

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

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

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(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

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INTRODUCTORY SECTION

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD

SCHOOL BOARD MEMBERS

Steve Fletcher, Vice Chair
Breanne Forbes Hubbard

Randy Alvis, Chair

Randy White
Frank Goodpasture

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



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, 2022, 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, 2022, 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.

Change in Accounting Principle

As described in Note 17 to the financial statements, in 2022, the County adopted new accounting guidance, GASB Statement No. 87, *Leases*. 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

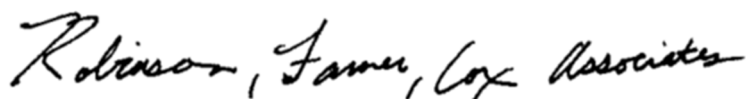
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. 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 combining and individual fund financial statements and schedules 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 combining and individual fund financial statements and schedules and the 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 22, 2022, on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 22, 2022

**CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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, 2022.

Financial Highlights

- The School Board continues to utilize resources awarded by the federal government to assist in managing COVID related costs. Each grant has specific requirements and grant periods. Many of the larger grants (ESSER) will run for multiple years. 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 2024 budget.
- The School Board utilized ESSER and other Coronavirus funding dollars to cover the costs of technology purchases, hotspot leases, curriculum purchases, counseling services, additional pay to staff for additional work duties, mitigation materials, updates to buildings to minimize mold and water infiltration, air quality projects, and more. It is expected that all ESSER and other Coronavirus funding will be fully expended by the close of fiscal year 2023.
- The liabilities and deferred inflows of the School Board exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$1,061,588 (net position). Of this amount, (\$21,928,483) 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 \$6,064,731. The increase is attributable mostly to the influx of federal funding received in response to fighting the global coronavirus pandemic and the resulting new equipment and building improvements and the reduction in the statewide net pension liability due to improved investment performance at the Virginia Retirement System.
- As of the close of the current fiscal year, the School Board's governmental funds reported combined ending fund balances of \$5,264,769 an increase of \$2,054,783 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.

Overview of the Financial Statements (Continued)

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.

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 five individual governmental funds. One fund is 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, local capital projects fund, and non-major fund of school activity fund.

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, liabilities and deferred inflows of the School Board exceeded its assets and deferred outflows by \$1,061,588 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		
	2022	2021
Current and Other Assets	\$ 8,949,111	\$ 6,198,642
Capital Assets	19,860,177	16,280,839
Total Assets	28,809,288	22,479,481
Deferred Outflows of Resources	6,094,527	6,561,312
Long-Term Liabilities	21,426,010	29,916,473
Other Liabilities	3,707,329	3,000,455
Total Liabilities	25,133,339	32,916,928
Deferred Inflows of Resources	10,832,064	3,250,184
Net Position		
Net invested in Capital Assets	17,003,702	14,284,280
Restricted	3,863,193	3,001,378
Unrestricted	(21,928,483)	(24,411,977)
Total Net Position	\$ (1,061,588)	\$ (7,126,319)

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 \$6,064,731 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		
	2022	2021
Revenues		
Program Revenues		
Charges for Services	\$ 109,874	\$ 70,784
Operating Grants and Contributions	20,857,065	17,415,406
General Revenues		
Intergovernmental Revenue	17,070,158	16,671,062
Unrestricted Investment Earnings	13,766	17,681
Other	995,843	604,337
Total Revenues	<u>39,046,706</u>	<u>34,779,270</u>
Expenses		
Administration	888,856	933,188
Instructional Costs	26,403,093	26,240,662
Attendance and Health Services	724,287	841,094
Transportation	422,941	769,150
Food Services	1,732,167	1,953,327
Operations and Maintenance	1,879,658	1,648,385
Interest on Long-term Debt	930,973	59,154
Total Expenses	<u>32,981,975</u>	<u>32,444,960</u>
Increase in Net Position	6,064,731	2,334,310
Beginning Net Position, as restated	(7,126,319)	(9,460,629)
Ending Net Position	<u>\$ (1,061,588)</u>	<u>\$ (7,126,319)</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 \$5,264,769, an increase of \$2,054,783 in comparison with the prior year. The entire fund balance is not available for new spending because \$418,705 is considered nonspendable for inventories and prepaid items, \$2,349,461 is restricted for capital outlay use only, including the purchase of textbooks, \$1,454,691 is restricted for specific grant purposes, \$264,893 is committed for individual school activity, and \$1,089,694 is assigned for use in food service. A net of (\$312,675) 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 (\$312,675). 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 \$2,485,344 restricted fund balance is to be utilized for specific grant purposes only and \$312,675 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 \$772,788. The fund balance increased \$52,682 due to decreased 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 \$1,089,694 while total fund balance reached \$1,195,724. State regulation encourages school food service funds to maintain fund balance equal to three months operating expenses. Restricted fund balance represents 57.86% of total cafeteria fund expenditures, while total fund balance represents 63.49% 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 - 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 \$564,020, a decrease of \$55,221. This decrease is due to expending of funds to improve and maintain facilities.

Financial Analysis of the Government's Funds (Continued)

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 \$364,893.

Operating Fund Budgetary Highlights

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

	Original	Final	Actual
Revenues			
Intergovernmental	\$ 45,762,461	44,234,267	35,749,205
Charges for Services	7,000	7,000	6,011
Other	668,598	1,468,289	494,613
Total Revenues	46,438,059	45,709,556	36,249,829
Expenditures			
Expenditures	46,214,162	45,484,152	36,174,194
Other Financing Sources (Uses)	(223,897)	(225,404)	1,555,658
Change in Fund Balance	\$ -	\$ -	1,631,293

The final amended budget of revenues and appropriations was less than the original budget by \$728,503. This variance is due primarily to a decrease in the amount of grant carryover related costs, along with the offsetting grant revenue.

Actual revenues were less than final budget amounts by \$9,459,727 or 20.58%, while actual expenditures were \$9,309,958, or 25.74% less than final budget amounts. Highlights of comparison of final budget to actual figures for the fiscal year ended June 30, 2022, 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 revenues were more than actual expenditures and other financing sources, resulting in a net increase in fund balance of \$1,631,293.

Capital Asset Administration

Capital Assets - The School Board's investment in capital assets for its governmental activities as of June 30, 2022, amounts to \$19,860,177 (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 21.98%. This increase is attributed to the ongoing facilities improvements and 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 and the start of construction on a new school.

The School Board's Capital Assets		
	2022	2021
Land	\$ 267,711	\$ 267,711
Construction in Progress	1,512,615	480,017
Buildings and Improvements	34,582,737	32,496,751
Furniture, Books and Equipment	1,218,134	1,107,675
Technology	1,764,718	980,282
Vehicles and Buses	3,072,363	2,706,643
Intangible Right-To-Use Assets	216,820	-
Less Accumulated Depreciation/Amortization	(22,774,921)	(21,758,240)
Total	<u>\$ 19,860,177</u>	<u>\$ 16,280,839</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 2023, 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 2023 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 2023 budget continues to contain significant COVID-19 funds. These funds are expected to be depleted by the close of FY 2023.
- Administration, teachers, and staff are focusing on increasing student performance in the aftermath of a global pandemic. The FY 2023 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 2022 due to supply and labor issues.
- Looking ahead during FY 2023 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, 2022

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash and cash equivalents	\$ 2,573,656
Accounts receivable	21,073
Due from other governmental units	2,846,270
Prepaid expenses	312,675
Inventories	106,030
Restricted assets:	
Cash and cash equivalents	3,089,407
Capital assets (net of accumulated depreciation/amortization):	
Land	267,711
Construction in progress	1,512,615
Buildings and improvements	15,868,879
Furniture, books, and equipment	218,488
Vehicles and buses	1,070,605
Technology	770,259
Intangible right-to-use lease assets:	
Equipment	151,620
Total assets	<u>\$ 28,809,288</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	\$ 5,325,654
OPEB related items	768,873
Total deferred outflows of resources	<u>\$ 6,094,527</u>
LIABILITIES	
Accounts payable	\$ 1,980,267
Wages payable	1,698,140
Accrued interest payable	22,987
Unearned revenue	5,935
Long-term liabilities:	
Due within one year	771,224
Due in more than one year	20,654,786
Total liabilities	<u>\$ 25,133,339</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 9,413,225
OPEB related items	1,418,839
Total deferred inflows of resources	<u>\$ 10,832,064</u>
NET POSITION	
Net investment in capital assets	\$ 17,003,702
Restricted	
Capital projects	1,318,808
Cafeteria services	1,089,694
Grants	1,454,691
Unrestricted	(21,928,483)
Total net position	<u>\$ (1,061,588)</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, 2022

<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	\$ 888,856	\$ -	\$ -	\$ -	\$	(888,856)
Instruction	26,403,093	6,011	18,775,351	-		(7,621,731)
Attendance and Health Services	724,287	-	-	-		(724,287)
Transportation	422,941	-	-	-		(422,941)
Food Services	1,732,167	103,863	2,081,714	-		453,410
Operations and Maintenance	1,879,658	-	-	-		(1,879,658)
Interest on Long-Term Debt	930,973	-	-	-		(930,973)
Total governmental activities	\$ 32,981,975	\$ 109,874	\$ 20,857,065	\$ -	\$	(12,015,036)
General revenues:						
State basic aid					\$	6,791,152
State sales tax						3,688,191
Unrestricted revenues from the use of money and property						13,766
Miscellaneous						995,843
Contributions from the City of Bristol, Virginia						6,590,815
Total general revenues					\$	18,079,767
Change in net position					\$	6,064,731
Net position - beginning						(7,126,319)
Net position - ending					\$	(1,061,588)

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, 2022

	Nonmajor Fund					
	Operating Fund	School Textbook Fund	Cafeteria Fund	Local Capital Projects Fund	School Activity Funds	Total
ASSETS						
Cash and cash equivalents	\$ 2,266,715	\$ -	\$ -	\$ -	\$ 306,941	\$ 2,573,656
Accounts receivable	13,765	-	-	-	7,308	21,073
Due from other funds	-	772,788	-	557,500	5,065	1,335,353
Due from other governmental units	2,822,107	-	24,163	-	-	2,846,270
Prepaid expenses	312,675	-	-	-	-	312,675
Inventories	-	-	106,030	-	-	106,030
Restricted assets:						
Cash and cash equivalents	1,824,463	-	1,264,944	-	-	3,089,407
Total assets	<u>\$ 7,239,725</u>	<u>\$ 772,788</u>	<u>\$ 1,395,137</u>	<u>\$ 557,500</u>	<u>\$ 319,314</u>	<u>\$ 10,284,464</u>
LIABILITIES						
Accounts payable	\$ 1,113,110	\$ -	\$ 7,446	11,480	\$ 54,421	\$ 1,186,457
Wages payable	1,698,140	-	-	-	-	1,698,140
Due to other funds	1,149,321	-	186,032	-	-	1,335,353
Unearned revenue	-	-	5,935	-	-	5,935
Liabilities payable from restricted assets	793,810	-	-	-	-	793,810
Total liabilities	<u>\$ 4,754,381</u>	<u>\$ -</u>	<u>\$ 199,413</u>	<u>\$ 11,480</u>	<u>\$ 54,421</u>	<u>\$ 5,019,695</u>
FUND BALANCES						
Nonspendable:						
Inventories	\$ -	\$ -	\$ 106,030	\$ -	\$ -	\$ 106,030
Prepaid items	312,675	-	-	-	-	312,675
Restricted:						
Capital projects	1,030,653	772,788	-	546,020	-	2,349,461
Grants	1,454,691	-	-	-	-	1,454,691
Food service	-	-	1,089,694	-	-	1,089,694
Committed:						
School activities	-	-	-	-	264,893	264,893
Unassigned	(312,675)	-	-	-	-	(312,675)
Total fund balances	<u>\$ 2,485,344</u>	<u>\$ 772,788</u>	<u>\$ 1,195,724</u>	<u>\$ 546,020</u>	<u>\$ 264,893</u>	<u>\$ 5,264,769</u>
Total liabilities and fund balances	<u>\$ 7,239,725</u>	<u>\$ 772,788</u>	<u>\$ 1,395,137</u>	<u>\$ 557,500</u>	<u>\$ 319,314</u>	<u>\$ 10,284,464</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, 2022

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	5,264,769
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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		1,512,615
Buildings and improvements		15,868,879
Furniture, books, and equipment		370,108
Vehicles and buses		1,070,605
Technology		770,259
		19,860,177

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

Pension related items	\$	5,325,654
OPEB related items		768,873
		6,094,527

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	\$	(508,500)
Net OPEB liabilities		(4,530,362)
Net pension liabilities		(12,500,020)
Accrued interest payable		(22,987)
Lease liabilities		(151,559)
Financed purchases		(3,735,569)
		(21,448,997)

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

Pension related items	\$	(9,413,225)
OPEB related items		(1,418,839)
		(10,832,064)

Net position of governmental activities	\$	(1,061,588)
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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, 2022

	<u>Nonmajor Fund</u>					
	Operating Fund	School Textbook Fund	Cafeteria Fund	Local Capital Projects Fund	School Activity Funds	Total
REVENUES						
Revenue from the use of money and property	\$ 11,548	\$ 651	\$ 434	\$ 1,133	\$ -	\$ 13,766
Charges for services	6,011	-	103,863	-	-	109,874
Miscellaneous	343,023	-	-	-	652,820	995,843
Recovered costs	140,042	-	-	-	-	140,042
Intergovernmental	35,749,205	-	2,081,714	-	-	37,830,919
Total revenues	\$ 36,249,829	\$ 651	\$ 2,186,011	\$ 1,133	\$ 652,820	\$ 39,090,444
EXPENDITURES						
Current:						
Administration	\$ 987,867	\$ -	\$ -	\$ -	\$ -	\$ 987,867
Instruction	29,493,454	173,375	-	-	529,475	30,196,304
Attendance and Health Services	770,444	-	-	-	-	770,444
Transportation	1,054,718	-	-	-	-	1,054,718
Food Services	-	-	1,883,327	-	-	1,883,327
Operations and Maintenance	2,625,986	-	-	-	-	2,625,986
Capital Projects	38,728	-	-	254,624	-	293,352
Debt service	1,202,997	-	-	-	-	1,202,997
Total expenditures	\$ 36,174,194	\$ 173,375	\$ 1,883,327	\$ 254,624	\$ 529,475	\$ 39,014,995
Excess (deficiency) of revenues over (under) expenditures	\$ 75,635	\$ (172,724)	\$ 302,684	\$ (253,491)	\$ 123,345	\$ 75,449
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ -	\$ 225,406	\$ -	\$ 198,270	\$ -	\$ 423,676
Transfers out	(423,676)	-	-	-	-	(423,676)
Issuance of lease liabilities	22,373	-	-	-	-	22,373
Issuance of financed purchase	1,956,961	-	-	-	-	1,956,961
Total other financing sources (uses)	\$ 1,555,658	\$ 225,406	\$ -	\$ 198,270	\$ -	\$ 1,979,334
Net change in fund balances	\$ 1,631,293	\$ 52,682	\$ 302,684	\$ (55,221)	\$ 123,345	\$ 2,054,783
Fund balances - beginning	854,051	720,106	893,040	601,241	141,548	3,209,986
Fund balances - ending	\$ 2,485,344	\$ 772,788	\$ 1,195,724	\$ 546,020	\$ 264,893	\$ 5,264,769

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, 2022

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

Net change in fund balances - total governmental funds	\$	2,054,783
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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 expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 4,556,000	
Depreciation expenses	(1,167,122)	3,388,878

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(3,987)
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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	\$ 65,261	
Financed purchases	217,951	
Lease issuance	(1,979,334)	(1,696,122)

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	\$ (12,750)	
Changes in net OPEB liabilities and related items	118,289	
Changes in accrued interest payable	(11,188)	
Changes in net pension liabilities and related items	2,226,828	2,321,179

Change in net position of governmental activities	\$	<u>6,064,731</u>
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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, 2022

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, 2022

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, 2022

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 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.

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.

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.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

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

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.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

- Nonspendable fund balance - amounts that are 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.

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).

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

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, 2022

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.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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, 2022

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 and Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP) and the Virginia Investment Pool (VIP). As of June 30, 2022, the School Board did not have any investments.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 4-Due from Other Governmental Units:

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

	<u>Operating Fund</u>	<u>Cafeteria Fund</u>
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 604,619	\$ -
VPSA grant	213,966	-
School grants	387,130	-
<u>Federal Government:</u>		
School grants	1,616,392	-
School food program	-	24,163
Total	<u>\$ 2,822,107</u>	<u>\$ 24,163</u>

Note 5-Interfund Transfers and Balances:

Interfund transfers for the year ended June 30, 2022, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Operating Fund	\$ -	\$ (423,676)
School Textbook Fund	225,406	-
Local Capital Projects Fund	198,270	-
Total	<u>\$ 423,676</u>	<u>\$ (423,676)</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	\$ -	\$ 1,149,321
Cafeteria Fund	-	186,032
School Textbook Fund	772,788	-
Local Capital Projects Fund	557,500	-
School Activity Fund	5,065	-
Total	<u>\$ 1,335,353</u>	<u>\$ 1,335,353</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.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 6-Long-term Obligations:

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

	Balance July 1, 2021	GASBS No. 87 Implementation	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2022	Due Within One Year
Compensated absences	\$ 495,750	\$ -	\$ 384,562	\$ (371,813)	\$ 508,500	\$ 381,337
Financed purchases	1,996,559	-	1,956,961	(217,951)	3,735,569	-
Lease liabilities	-	194,447	22,373	(65,261)	151,559	56,951
Net OPEB liability	4,745,446	-	951,132	(1,166,216)	4,530,362	332,936
Net pension liability	22,678,718	-	5,424,729	(15,603,427)	12,500,020	-
Total	\$ 29,916,473	\$ 194,447	\$ 8,739,757	\$ (17,424,668)	\$ 21,426,010	\$ 771,224

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
2023	\$ 332,936	\$ 97,985	\$ 56,951	\$ 2,475
2024	342,136	88,784	49,328	1,428
2025	351,592	79,329	36,814	488
2026	361,309	69,611	4,578	127
2027	371,296	59,624	3,888	36
2028-2032	1,240,352	165,476	-	-
2033-2037	735,948	57,245	-	-
Totals	\$3,735,569	\$ 618,054	\$ 151,559	\$ 4,554

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	\$ 1,778,609	\$ 224,200
Energy improvements	2.55%	4/5/2022	2037	1,956,961	1,956,960	108,736
Total direct borrowings and direct placements					\$ 3,735,569	\$ 332,936
<u>Lease liabilities:</u>						
School copiers					\$ 151,559	\$ 56,951
<u>Other Obligations:</u>						
Compensated absences					\$ 508,500	\$ 381,337
Net pension liability					12,500,020	-
Net OPEB liabilities					4,530,362	-
Total other obligations					\$ 17,538,882	\$ 381,337
Total long-term obligations					\$ 21,426,010	\$ 771,224

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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.
- 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.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7-Pension Plan: (continued)

School Board (Nonprofessional) (continued)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees 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.

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CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7-Pension Plan: (continued)

School Board (Nonprofessional) (continued)

Employees Covered by Benefit Terms

As of the June 30, 2020 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	38
Inactive members:	
Vested inactive members	2
Non-vested inactive members	24
Inactive members active elsewhere in VRS	<u>1</u>
Total inactive members	27
Active members	<u>39</u>
Total covered employees	<u><u>104</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, 2022 was 7.79% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board's nonprofessional employees were \$83,119 and \$77,577 for the years ended June 30, 2022 and June 30, 2021, respectively.

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CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021.

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, 2020, 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, 2021.

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
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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, 2020 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, 2022

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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.39%</u>

* The above allocation provides a one-year expected return of 7.39%. 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 6.94%, 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%.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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, 2021, the alternate rate was the employer contributions rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2021, 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, 2021 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, 2020	\$ 2,977,441	\$ 2,329,944	\$ 647,497
Changes for the year:			
Service cost	\$ 77,352	\$ -	\$ 77,352
Interest	192,689	-	192,689
Differences between expected and actual experience	48,561	-	48,561
Change in assumptions	92,307	-	92,307
Contributions - employer	-	76,690	(76,690)
Contributions - employee	-	50,417	(50,417)
Net investment income	-	620,120	(620,120)
Benefit payments, including refunds of employee contributions	(245,579)	(245,579)	-
Administrative expenses	-	(1,612)	1,612
Other changes	-	58	(58)
Net changes	\$ 165,330	\$ 500,094	\$ (334,764)
Balances at June 30, 2021	\$ 3,142,771	\$ 2,830,038	\$ 312,733

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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>Current Discount</u>	<u>1% Increase</u>
	<u>(5.75%)</u>	<u>Rate</u>	<u>(7.75%)</u>
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
School Board (Nonprofessional)			
Net Pension Liability (Asset)	\$ 624,005	\$ 312,733	\$ 50,130

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

For the year ended June 30, 2022, the School Board (nonprofessional) recognized pension expense of \$79,340. At June 30, 2022, 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	\$ 32,412	\$ -
Change in assumptions	56,390	-
Net difference between projected and actual earnings on pension plan investments	-	304,020
Employer contributions subsequent to the measurement date	83,119	-
Total	\$ 171,921	\$ 304,020

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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)

\$83,119 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, 2023. 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>
2023	\$ (13,386)
2024	(37,710)
2025	(70,742)
2026	(93,380)
2027	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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, 2022

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, 2022 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$2,233,082 and \$2,221,019 for the years ended June 30, 2022 and June 30, 2021, respectively.

In June 2021, the Commonwealth made a special contribution of approximately \$61.3 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 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, 2022, the school division reported a liability of \$12,187,287 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion was 0.15699% as compared 0.15140% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized pension expense of \$107,622. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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, 2022, 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	\$ -	\$ 1,038,039
Change in assumptions	2,135,181	-
Net difference between projected and actual earnings on pension plan investments	-	7,680,102
Changes in proportion and difference between employer contributions and proportionate share of contributions	785,470	391,064
Employer contributions subsequent to the measurement date	2,233,082	-
Total	\$ 5,153,733	\$ 9,109,205

\$2,233,082 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, 2023. 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>
2023	\$ (1,564,880)
2024	(1,281,675)
2025	(1,349,857)
2026	(1,995,718)
2027	3,576
Thereafter	-

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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, 2020, 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, 2021.

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, 2020 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, 2021, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 53,381,141
Plan Fiduciary Net Position	45,617,878
Employers' Net Pension Liability (Asset)	<u>\$ 7,763,263</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.46%

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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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>(6.75%)</u>	<u>(7.75%)</u>
School division's proportionate share of the VRS Teacher Employee Retirement Plan			
Net Pension Liability (Asset)	\$ 23,520,804	\$ 12,187,287	\$ 2,863,956

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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, 2022

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	\$ 171,921	\$ 304,020	\$ 312,733	\$ 79,340
School Board Professional	5,153,733	9,109,205	12,187,287	107,622
Totals	<u>\$ 5,325,654</u>	<u>\$ 9,413,225</u>	<u>\$ 12,500,020</u>	<u>\$ 186,962</u>

Note 8-Capital Assets:

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	GASBS No. 87 Implementation	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 267,711	\$ -	\$ -	\$ -	\$ 267,711
Construction in progress	480,017	-	1,512,615	(480,017)	1,512,615
Total capital assets not being depreciated	<u>\$ 747,728</u>	<u>\$ -</u>	<u>\$ 1,512,615</u>	<u>\$ (480,017)</u>	<u>\$ 1,780,326</u>
Capital assets, being depreciated:					
Buildings and improvements	\$ 32,496,751	\$ -	\$ 2,085,986	\$ -	\$ 34,582,737
Furniture, books, and equipment	1,107,675	-	110,459	-	1,218,134
Technology	980,282	-	784,436	-	1,764,718
Vehicles and buses	2,706,643	-	520,148	(154,428)	3,072,363
Total capital assets being depreciated	<u>\$ 37,291,351</u>	<u>\$ -</u>	<u>\$ 3,501,029</u>	<u>\$ (154,428)</u>	<u>\$ 40,637,952</u>
Accumulated depreciation:					
Buildings and improvements	\$ (17,931,237)	\$ -	\$ (782,621)	\$ -	\$ (18,713,858)
Furniture, books, and equipment	(931,610)	-	(68,036)	-	(999,646)
Technology	(915,812)	-	(78,647)	-	(994,459)
Vehicles and buses	(1,979,581)	-	(172,618)	150,441	(2,001,758)
Total accumulated depreciation	<u>\$ (21,758,240)</u>	<u>\$ -</u>	<u>\$ (1,101,922)</u>	<u>\$ 150,441</u>	<u>\$ (22,709,721)</u>
Total capital assets being depreciated, net	<u>\$ 15,533,111</u>	<u>\$ -</u>	<u>\$ 2,399,107</u>	<u>\$ (3,987)</u>	<u>\$ 17,928,231</u>
Intangible right-to-use lease assets:					
Machinery and equipment	\$ -	\$ 194,447	\$ 22,373	\$ -	\$ 216,820
Total intangible right-to-use lease assets being amortized	<u>\$ -</u>	<u>\$ 194,447</u>	<u>\$ 22,373</u>	<u>\$ -</u>	<u>\$ 216,820</u>
Accumulated amortization					
Machinery and equipment	\$ -	\$ -	\$ (65,200)	\$ -	\$ (65,200)
Total accumulated amortization	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (65,200)</u>	<u>\$ -</u>	<u>\$ (65,200)</u>
Net intangible right-to-use lease assets	<u>\$ -</u>	<u>\$ 194,447</u>	<u>\$ (42,827)</u>	<u>\$ -</u>	<u>\$ 151,620</u>
Governmental activities capital assets, net	<u>\$ 16,280,839</u>	<u>\$ 194,447</u>	<u>\$ 3,911,722</u>	<u>\$ (484,004)</u>	<u>\$ 19,860,172</u>

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Note 8-Capital Assets: (Continued)

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

Administration	\$ 256,710
Instruction	757,730
Pupil transportation	123,201
Food service	19,370
Operation and maintenance	<u>10,111</u>
Total depreciation expense-governmental	\$ <u>1,167,122</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)
JUNE 30, 2022

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, 2022 was \$10,300.

Total OPEB Liability

The School Board's total OPEB liability was measured as of July 1, 2021. The total OPEB liability was determined by an actuarial valuation as of July 1, 2020.

Actuarial Assumptions

The total OPEB liability in the July 1, 2020 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	1.92%
Healthcare trend rate	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 1.92%. 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 (.92%) or one percentage point higher (2.92%) than the current discount rate:

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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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
(.92%)	(1.92%)	(2.92%)
<u>\$ 1,767,700</u>	<u>\$ 1,634,700</u>	<u>\$ 1,510,900</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 (4.00%) or one percentage point higher (6.00%) than the current healthcare cost trend rates:

	Healthcare Cost	
1% Decrease	Trend Rates	1% Increase
(4.00%)	(5.00%)	(6.00%)
<u>\$ 1,480,900</u>	<u>\$ 1,634,700</u>	<u>\$ 1,819,700</u>

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

At June 30, 2021, the School Board reported a liability of \$1,634,700 for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of July 1, 2021 and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of July 1, 2020. At June 30, 2022 and 2021, the School Board's proportion was 38.61% and 38.97%, respectively.

For the year ended June 30, 2022, the School Board recognized OPEB expense in the amount of \$(109,100).

At June 30, 2022, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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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	\$ -	\$ 833,500
Changes in assumptions	155,600	86,900
Net difference between projected and actual earnings on OPEB Plan investments	-	-
Employer contributions after measurement date but prior to fiscal year end	10,300	-
Total	\$ <u>165,900</u>	\$ <u>920,400</u>

\$10,300 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, 2023. 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:

2023	\$ (231,700)
2024	(231,700)
2025	(161,000)
2026	(129,000)
2027	(11,400)
2028	-
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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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.

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, 2022 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$167,803 and \$165,812 for the years ended June 30, 2022 and June 30, 2021, respectively.

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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

At June 30, 2022, the school division reported a liability of \$1,988,891 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, 2021 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, 2020 and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion of the VRS Teacher Employee HIC Program was 0.1488% as compared to 0.14950% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$159,619. 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 proportion.

At June 30, 2022, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 34,706
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	26,200
Change in assumptions	53,763	7,993
Change in proportionate share	82,771	76,902
Employer contributions subsequent to the measurement date	<u>167,803</u>	<u>-</u>
Total	<u>\$ 304,337</u>	<u>\$ 145,801</u>

\$167,803 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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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)

Year Ended June 30

2023	\$	(13,229)
2024		(13,526)
2025		(9,980)
2026		(226)
2027		14,000
Thereafter		13,694

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, 2020, 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, 2021.

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

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

Actuarial Assumptions (continued)

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, 2020 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

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

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, 2021, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
		<hr/>
Total Teacher Employee HIC OPEB Liability	\$	1,477,874
Plan Fiduciary Net Position		194,305
Teacher Employee Net HIC OPEB Liability (Asset)	\$	<hr/> <hr/> 1,283,569
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		13.15%

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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. 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 6.94%, 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%.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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, 2021, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2021 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	\$ 2,238,940	\$ 1,988,891	\$ 1,777,290

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 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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, 2022

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)
JUNE 30, 2022

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

Employees Covered by Benefit Terms

As of the June 30, 2020 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>39</u>
Total covered employees	<u><u>57</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, 2022 was .55% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. 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 \$7,044 and \$6,554 for the years ended June 30, 2022 and June 30, 2021, respectively.

During the 2020 session, House Bill 1513 was enacted. This bill required the addition of Health Insurance Credit benefits for non-teacher employees effective July 1, 2021. While benefit payments became effective July 1, 2021, employers were required to pre-fund the benefits beginning July 1, 2020. The bill impacted 95 employers and resulted in approximately \$2.5 million of additional employer contributions in FY 2021.

Net HIC OPEB Liability

The School Board's net HIC OPEB liability was measured as of June 30, 2021. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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, 2020, 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, 2021.

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.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Actuarial Assumptions (continued)

The actuarial assumptions used in the June 30, 2020 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)
JUNE 30, 2022

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 ⁸
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. 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 6.94%, 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%.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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, 2021, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2021 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, 2020	\$ 67,264	\$ -	\$ 67,264
Changes for the year:			
Service cost	\$ 1,145	\$ -	\$ 1,145
Interest	4,541	-	4,541
Benefit changes	-	-	-
Differences between expected and actual experience	-	-	-
Assumption changes	1,221	-	1,221
Contribution - employer	-	6,554	(6,554)
Net investment income	-	781	(781)
Benefit payments	-	-	-
Administrative expenses	-	(29)	29
Other changes	-	-	-
Net changes	\$ 6,907	\$ 7,306	\$ (399)
Balances at June 30, 2021	\$ 74,171	\$ 7,306	\$ 66,865

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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	\$ 72,751	\$ 66,865	\$ 61,749

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, 2022, the School Board recognized HIC Plan OPEB expense of \$5,649. At June 30, 2022, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board's HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on HIC OPEB plan investments	-	449
Change in assumptions	955	-
Employer contributions subsequent to the measurement date	7,044	-
Total	\$ 7,999	\$ 449

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

\$7,044 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, 2023. 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>		
2023	\$	154
2024		154
2025		154
2026		44
2027		-
Thereafter		-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-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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CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
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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 \$8,722 as of June 30, 2022.

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CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the Group Life Insurance Program from the School Board (nonprofessional) were \$6,915 and \$6,435 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the Group Life Insurance Program from the School Board (professional) were \$74,887 and \$73,999 for the years ended June 30, 2022 and June 30, 2021, respectively.

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, 2022, the School Board (nonprofessional) reported a liability of \$67,179 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2022, the School Board (professional) reported a liability of \$772,727 for its proportionate share of the Net GLI OPEB Liability.

The Net GLI OPEB Liability was measured as of June 30, 2021 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, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2021, the School Board's (nonprofessional) proportion was 0.00580% as compared to 0.00510% at June 30, 2020.

At June 30, 2021, the School Board's (professional) proportion was 0.06640% as compared to 0.06370% at June 30, 2020.

For the year ended June 30, 2022, the School Board (nonprofessional) recognized GLI OPEB expense of \$11,931. 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.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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, 2022, the School Board (professional) recognized GLI OPEB expense of \$26,163. 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, 2022, 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	\$ 7,662	\$ 512	\$ 88,132	\$ 5,888
Net difference between projected and actual earnings on GLI OPEB program investments	-	16,034	-	184,433
Change in assumptions	3,704	9,191	42,600	105,726
Changes in proportionate share	26,287	-	40,450	30,405
Employer contributions subsequent to the measurement date	6,915	-	74,887	-
Total	\$ 44,568	\$ 25,737	\$ 246,069	\$ 326,452

\$6,915 and \$74,887 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, 2023. 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)
2023	\$ 5,869	\$ (43,562)
2024	6,370	(33,131)
2025	2,053	(25,934)
2026	(3,027)	(48,913)
2027	651	(3,730)
Thereafter	-	-

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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, 2020, 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, 2021.

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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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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, 2020 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
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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, 2020 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, 2021, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

NET GLI OPEB Liability (Continued)

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 3,577,346
Plan Fiduciary Net Position	2,413,074
Net GLI OPEB Liability (Asset)	<u>\$ 1,164,272</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.45%

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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	2.50%
		Expected arithmetic nominal return*	<u>7.39%</u>

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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 7.39%. 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 6.94%, 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, 2021, 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, 2021 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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School Board's (Nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	\$ 98,151	\$ 67,179	\$ 42,168
School Board's (Professional) proportionate share of the GLI Plan Net OPEB Liability	\$ 1,128,982	\$ 772,727	\$ (485,035)

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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)	\$ 165,900	\$ 920,400	\$ 1,634,700	\$ (109,100)
VRS OPEB Plans:				
VRS Teacher Health Insurance Credit (Note 11)	304,337	145,801	1,988,891	151,184
VRS Health Insurance Credit (Note 12)	7,999	449	66,865	5,649
VRS Group Life - Nonprofessional (Note 13)	44,568	25,737	67,179	11,931
VRS Group Life - Professional (Note 13)	246,069	326,452	772,727	26,163
Totals	<u>\$ 768,873</u>	<u>\$ 1,418,839</u>	<u>\$ 4,530,362</u>	<u>\$ 85,827</u>

Note 15-Commitments and Contingencies:

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.

Note 16-Litigation:

As of June 30, 2022, 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.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 17-Adoption of Accounting Principles:

The School Board implemented provisions of Governmental Accounting Standards Board Statement No. 87, *Leases* during the fiscal year ended June 30, 2022. Statement No. 87, *Leases* requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the leases:

		<u>Primary Government</u> <u>Governmental Activities</u>
Leased assets	\$	194,447
Lease liabilities		(194,447)

Note 18-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 19-Subsequent Events:

In an agreement between the City of Bristol, Virginia (the "City"), the Bristol Virginia School Board (BVPS), and the Industrial Development Authority of the City of Bristol, Virginia (the "Authority") , the City is currently building its first new school in over fifty years. The total current budget for the new school is \$27,050,000. Funding will be provided by several sources with the main funding being from the Authority.

The Authority will issue its \$24,520,000 Industrial Development Authority of the City of Bristol, Virginia Lease Revenue Bonds (Intermediate School Project), Series 2022A (the "Bonds") in order to finance a portion of the costs of the acquisition, design, construction and equipping of a new intermediate school. In connection with the Project and the issuance of the Bonds, the School Board will enter into a Deed of Lease dated as of May 1, 2022 and a Financing Lease dated as of May 1, 2022. The payments under the leases will equate the required payments of the revenue bonds.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 19-Subsequent Events: (Continued)

The school will be located 350 Van Pelt Circle, Bristol, Virginia and is expected to house approximately 600 students. Final completion is expected in the Spring of 2024 with occupancy of the school beginning in the Fall of 2024. Consolidation of three elementary schools is anticipated to generate savings that will be capable of funding the lease payments to the Authority. It is expected that Van Pelt Elementary will be renovated to house Pre-K - 1st Grade and the new school will house 2nd Grade - 5th Grade. The closure of Highland View Elementary, Stonewall Jackson Elementary, and Washington Lee Elementary is expected to occur in June 2024.

Note 20-Upcoming Pronouncements:

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

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

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

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.

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.

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, 2022

	<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	\$ 11,548	\$ 6,548
Charges for services	7,000	7,000	6,011	(989)
Miscellaneous	565,678	1,237,623	343,023	(894,600)
Recovered costs	97,920	225,666	140,042	(85,624)
Intergovernmental	45,762,461	44,234,267	35,749,205	(8,485,062)
Total revenues	\$ 46,438,059	\$ 45,709,556	\$ 36,249,829	\$ (9,459,727)
EXPENDITURES				
Current:				
Administration	\$ 943,147	\$ 989,008	\$ 987,867	\$ 1,141
Instructional Costs	40,364,778	39,597,500	29,493,454	10,104,046
Attendance and Health Services	793,217	771,231	770,444	787
Transportation	952,085	974,517	1,054,718	(80,201)
Operations and Maintenance	2,848,653	2,879,614	2,625,986	253,628
Capital Projects	40,000	-	38,728	(38,728)
Debt service	272,282	272,282	1,202,997	(930,715)
Total expenditures	\$ 46,214,162	\$ 45,484,152	\$ 36,174,194	\$ 9,309,958
Excess (deficiency) of revenues over (under) expenditures	\$ 223,897	\$ 225,404	\$ 75,635	\$ (149,769)
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (223,897)	\$ (225,404)	\$ (423,676)	\$ (198,272)
Issuance of lease liabilities	-	-	22,373	22,373
Issuance of financed purchase	-	-	1,956,961	1,956,961
Total other financing sources (uses)	\$ (223,897)	\$ (225,404)	\$ 1,555,658	\$ 1,781,062
Net change in fund balances	\$ -	\$ -	\$ 1,631,293	\$ 1,631,293
Fund balances - beginning	-	-	854,051	854,051
Fund balances - ending	\$ -	\$ -	\$ 2,485,344	\$ 2,485,344

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, 2022

	<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	\$ 651	\$ (4,349)
Total revenues	\$ 5,000	\$ 5,000	\$ 651	\$ (4,349)
EXPENDITURES				
Current:				
Instructional Costs	\$ 589,000	\$ 589,000	\$ 173,375	\$ 415,625
Total expenditures	\$ 589,000	\$ 589,000	\$ 173,375	\$ 415,625
Excess (deficiency) of revenues over (under) expenditures	\$ (584,000)	\$ (584,000)	\$ (172,724)	\$ 411,276
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 223,897	\$ 223,897	\$ 225,406	\$ 1,509
Total other financing sources (uses)	\$ 223,897	\$ 223,897	\$ 225,406	\$ 1,509
Net change in fund balances	\$ (360,103)	\$ (360,103)	\$ 52,682	\$ 412,785
Fund balances - beginning	360,103	360,103	720,106	360,003
Fund balances - ending	\$ -	\$ -	\$ 772,788	\$ 772,788

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, 2022

	<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	\$ 434	\$ (1,366)
Charges for services	30,000	30,000	103,863	73,863
Intergovernmental	1,765,000	1,765,000	2,081,714	316,714
Total revenues	<u>\$ 1,796,800</u>	<u>\$ 1,796,800</u>	<u>\$ 2,186,011</u>	<u>\$ 389,211</u>
EXPENDITURES				
Current:				
Food services	\$ 1,795,494	\$ 1,795,494	\$ 1,883,327	\$ (87,833)
Total expenditures	<u>\$ 1,795,494</u>	<u>\$ 1,795,494</u>	<u>\$ 1,883,327</u>	<u>\$ (87,833)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 1,306	\$ 1,306	\$ 302,684	\$ 301,378
Net change in fund balances	\$ 1,306	\$ 1,306	\$ 302,684	\$ 301,378
Fund balances - beginning	(1,306)	(1,306)	893,040	894,346
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,195,724</u>	<u>\$ 1,195,724</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, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 77,352	\$ 67,263	\$ 65,224	\$ 58,409	\$ 31,780	\$ 32,602	\$ 28,122	\$ 27,708
Interest	192,689	191,291	186,773	181,007	182,965	181,160	174,748	177,953
Differences between expected and actual experience	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	(245,579)	(254,211)	(243,935)	(239,292)	(219,874)	(225,257)	(219,075)	(283,803)
Net change in total pension liability	\$ 165,330	\$ 16,399	\$ 170,886	\$ 84,695	\$ (18,265)	\$ 23,099	\$ 94,687	\$ (78,142)
Total pension liability - beginning	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)	\$ 3,142,771	\$ 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	\$ 76,690	\$ 65,071	\$ 62,570	\$ 86,028	\$ 40,529	\$ 35,356	\$ 35,509	\$ 32,976
Contributions - employee	50,417	44,966	42,088	40,796	19,781	18,070	18,376	17,626
Net investment income	620,120	45,899	155,235	171,079	264,280	37,131	107,616	344,926
Benefit payments	(245,579)	(254,211)	(243,935)	(239,292)	(219,874)	(225,257)	(219,075)	(283,803)
Administrator charges	(1,612)	(1,643)	(1,646)	(1,544)	(1,648)	(1,565)	(1,617)	(2,044)
Other	58	(78)	(97)	(150)	(231)	(17)	(23)	19
Net change in plan fiduciary net position	\$ 500,094	\$ (99,996)	\$ 14,215	\$ 56,917	\$ 102,837	\$ (136,282)	\$ (59,214)	\$ 109,700
Plan fiduciary net position - beginning	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)	\$ 2,830,038	\$ 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)	\$ 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	90.05%	78.25%	82.06%	86.58%	87.19%	82.83%	88.58%	94.07%
Covered payroll	\$ 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	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, 2021

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

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

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, 2013 through June 30, 2022

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)					
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	47,237	(14,171)	352,512	13.40%
2013	33,124	47,320	(14,196)	353,136	13.40%
School Board (Professional)					
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%
2013	1,429,299	1,429,299	-	12,258,703	11.66%

*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, 2022

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, 2020 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, 2021

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)
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, 2022

School Board

Valuation Date: 7/1/2020

Measurement Date: 7/1/2021

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	1.92% as of July 1, 2021
Inflation	2.50% per year as of July 1, 2021
Healthcare Trend Rate	5.00% as of July 1, 2021
Salary Increase Rates	2.50% per year as of July 1, 2021
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, 2021

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)
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, 2013 through June 30, 2022

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)					
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%
2013	135,830	135,830	-	12,258,703	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, 2022

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, 2020 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, 2021

	2021	2020
Total HIC OPEB Liability		
Service cost	\$ 1,145	-
Interest	4,541	-
Differences between expected and actual experience	-	-
Changes of assumptions	1,221	-
Benefit payments	-	67,264
Net change in total HIC OPEB liability	\$ 6,907	67,264
Total HIC OPEB Liability - beginning	67,264	-
Total HIC OPEB Liability - ending (a)	\$ 74,171	67,264
 Plan fiduciary net position		
Contributions - employer	\$ 6,554	-
Contributions - employee	-	-
Net investment income	781	-
Benefit payments	-	-
Administrator charges	(29)	-
Other	-	-
Net change in plan fiduciary net position	\$ 7,306	-
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	\$ 7,306	-
 School Board's net HIC OPEB liability - ending (a) - (b)	\$ 66,865	67,264
 Plan fiduciary net position as a percentage of the total HIC OPEB liability	9.85%	0.00%
 Covered payroll	\$ 1,191,594	-
 School Board's net HIC OPEB liability as a percentage of covered payroll	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, 2022

		Contributions in Relation to			Contributions as a % of	
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Covered Payroll	
Date	(1)	(2)	(3)	(4)	(5)	
School Board						
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, 2022

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, 2020 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, 2021

Date	Employer's	Employer's	Employer's	Employer's	Plan Fiduciary
	Proportion of the	Proportionate		Proportionate Share of the	
Liability	Net GLI OPEB	Share of the	Covered	Liability	Net Position as a
(1)	(2)	Net GLI OPEB	Payroll	as a Percentage of	Percentage of Total
		Liability		Covered Payroll	GLI OPEB Liability
		(3)	(4)	(3)/(4)	(6)
School Board (Nonprofessional)					
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)					
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, 2013 through June 30, 2022

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)					
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%
2013	1,695	1,695	-	353,136	0.48%
School Board (Professional)					
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%
2013	58,842	58,842	-	12,258,703	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, 2022

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, 2020 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
Nonmajor Special Revenue Fund - School Activity Fund
For the Year Ended June 30, 2022

	<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	\$ -	\$ -	\$ 652,820	\$ -
Total revenues	\$ -	\$ -	\$ 652,820	\$ -
EXPENDITURES				
Current:				
Instructional Costs	\$ -	\$ -	\$ 529,475	\$ -
Total expenditures	\$ -	\$ -	\$ 529,475	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 123,345	\$ -
Net change in fund balances	\$ -	\$ -	\$ 123,345	\$ 123,345
Fund balances - beginning	-	-	141,548	141,548
Fund balances - ending	\$ -	\$ -	\$ 264,893	\$ 264,893

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, 2022

	<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	\$ 1,133	\$ (3,867)
Total revenues	\$ 5,000	\$ 5,000	\$ 1,133	\$ (3,867)
EXPENDITURES				
Capital Projects	\$ 444,000	\$ 444,000	\$ 254,624	\$ 189,376
Total expenditures	\$ 444,000	\$ 444,000	\$ 254,624	\$ 189,376
Excess (deficiency) of revenues over (under) expenditures	\$ (439,000)	\$ (439,000)	\$ (253,491)	\$ 185,509
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 527,039	\$ 527,039	\$ 198,270	\$ 328,769
Net change in fund balances	\$ 88,039	\$ 88,039	\$ (55,221)	\$ 514,278
Fund balances - beginning	(88,039)	(88,039)	601,241	689,280
Fund balances - ending	\$ -	\$ -	\$ 546,020	\$ 1,203,558

Supporting Schedules

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, 2022

<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	\$ 5,000	\$ 11,548	\$ 6,548
Total revenue from use of money and property	\$ 5,000	\$ 5,000	\$ 11,548	\$ 6,548
Charges for services:				
Tuition	\$ 7,000	\$ 7,000	\$ 6,011	\$ (989)
Total charges for services	\$ 7,000	\$ 7,000	\$ 6,011	\$ (989)
Miscellaneous:				
Miscellaneous	\$ 565,678	\$ 1,237,623	\$ 343,023	\$ (894,600)
Total miscellaneous	\$ 565,678	\$ 1,237,623	\$ 343,023	\$ (894,600)
Recovered costs:				
Sale of equipment	\$ -	\$ 8,783	\$ 8,782	\$ (1)
E-Rate savings	97,920	216,883	131,260	(85,623)
Total recovered costs	\$ 97,920	\$ 225,666	\$ 140,042	\$ (85,624)
Total revenue from local sources	\$ 675,598	\$ 1,475,289	\$ 500,624	\$ (974,665)
Intergovernmental:				
Revenues from local governments:				
Contribution from the City of Bristol, Virginia	\$ 6,588,510	\$ 6,588,510	\$ 6,590,815	\$ 2,305
Total revenues from local governments	\$ 6,588,510	\$ 6,588,510	\$ 6,590,815	\$ 2,305
Revenue from the Commonwealth:				
Categorical aid:				
Sales tax	\$ 2,945,612	\$ 3,334,214	\$ 3,688,191	\$ 353,977
Basic school aid	7,102,684	6,894,217	6,791,152	(103,065)
Foster children	12,317	18,893	5,579	(13,314)
Remedial summer school	17,421	366,601	366,601	-
Gifted and talented	76,729	77,246	77,246	-
Remedial education	401,018	403,717	403,717	-
Enrollment loss	244,484	-	39,065	39,065
Special education	1,184,235	1,192,204	1,192,204	-
Vocational education	441,555	444,526	444,526	-
Social security	511,045	514,484	514,484	-
Retirement	1,190,026	1,198,034	1,198,034	-
Project Graduation	4,012	3,945	3,945	-
Early reading intervention	61,759	130,930	130,930	-
Homebound Instruction	8,510	1,001	1,001	-
Compensation Supplement	531,818	539,472	535,389	(4,083)
Group Life Payments	36,193	36,437	36,437	-
GED prep programs	8,386	8,233	8,233	-
Vocational education - equipment	8,173	8,173	7,026	(1,147)

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, 2022

<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	\$ 47,358	\$ 44,902	\$ 44,902	\$ -
At risk payments	1,018,883	1,025,619	1,025,619	-
Primary class size payments	579,045	568,196	568,196	-
Mentor teacher program	1,475	-	-	-
English as a second language	24,932	24,932	24,932	-
Hospitals, clinics, and detention homes	1,057,178	1,062,338	1,046,702	(15,636)
Virginia preschool initiative payments	441,515	441,515	446,834	5,319
Middle school teacher corps	5,000	5,000	5,000	-
Alternative education	152,815	152,815	152,815	-
Textbook funds	155,586	156,634	156,633	(1)
Lottery funds	585,294	598,208	592,318	(5,890)
Vocational occupation prep	8,342	8,681	3,206	(5,475)
Technology mini grant	269,845	426,155	176,121	(250,034)
Year round programs	116,667	-	-	-
Other state funds	239,744	263,648	252,798	(10,850)
Total categorical aid	\$ 19,489,656	\$ 19,950,970	\$ 19,939,836	\$ (11,134)
Total revenue from the Commonwealth	\$ 19,489,656	\$ 19,950,970	\$ 19,939,836	\$ (11,134)
Revenue from the federal government:				
Categorical aid:				
Title I, Part A - Improving basic programs	\$ 1,656,695	\$ 1,562,058	\$ 1,354,877	\$ (207,181)
Title I, Part D - Neglected and delinquent children	-	5,283	1,518	(3,765)
Vocational education	104,063	87,036	68,322	(18,714)
Title II, Part A - Improving teacher quality	164,218	224,104	145,245	(78,859)
Title VI-B, Special education	747,605	970,604	647,594	(323,010)
Title VI-B, Special education - preschool	19,810	28,856	22,459	(6,397)
21st century learning grant	544,453	580,180	504,671	(75,509)
Title III-english proficiency	4,639	9,107	5,291	(3,816)
COVID-19 grants	16,028,936	12,981,136	6,024,207	(6,956,929)
Student support and academic achievement	129,408	110,540	25,439	(85,101)
Other federal categorical aid	284,468	1,135,883	418,931	(716,952)
Total categorical aid	\$ 19,684,295	\$ 17,694,787	\$ 9,218,554	\$ (8,476,233)
Total revenue from the federal government	\$ 19,684,295	\$ 17,694,787	\$ 9,218,554	\$ (8,476,233)
Total Operating Fund	\$ 46,438,059	\$ 45,709,556	\$ 36,249,829	\$ (9,459,727)

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, 2022

<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	\$ 651	\$ (4,349)
Total revenue from use of money and property	\$ 5,000	\$ 5,000	\$ 651	\$ (4,349)
Total revenue from local sources	\$ 5,000	\$ 5,000	\$ 651	\$ (4,349)
Total School Textbook Fund	\$ 5,000	\$ 5,000	\$ 651	\$ (4,349)
Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 1,800	\$ 1,800	\$ 434	\$ (1,366)
Total revenue from use of money and property	\$ 1,800	\$ 1,800	\$ 434	\$ (1,366)
Charges for services:				
Cafeteria sales	\$ 30,000	\$ 30,000	\$ 103,863	\$ 73,863
Total charges for services	\$ 30,000	\$ 30,000	\$ 103,863	\$ 73,863
Total revenue from local sources	\$ 31,800	\$ 31,800	\$ 104,297	\$ 72,497
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 25,000	\$ 25,000	\$ 58,956	\$ 33,956
Total categorical aid	\$ 25,000	\$ 25,000	\$ 58,956	\$ 33,956
Total revenue from the Commonwealth	\$ 25,000	\$ 25,000	\$ 58,956	\$ 33,956
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 1,740,000	\$ 1,740,000	\$ 2,022,758	\$ 282,758
Total categorical aid	\$ 1,740,000	\$ 1,740,000	\$ 2,022,758	\$ 282,758
Total revenue from the federal government	\$ 1,740,000	\$ 1,740,000	\$ 2,022,758	\$ 282,758
Total Cafeteria Fund	\$ 1,796,800	\$ 1,796,800	\$ 2,186,011	\$ 389,211

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, 2022

<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	\$ -	\$ -	\$ 652,820	\$ 652,820
Total miscellaneous	\$ -	\$ -	\$ 652,820	\$ 652,820
Total School Activity Fund	\$ -	\$ -	\$ 652,820	\$ 652,820
Capital Projects Fund:				
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	\$ 1,133	\$ (3,867)
Total revenue from use of money and property	\$ 5,000	\$ 5,000	\$ 1,133	\$ (3,867)
Total revenue from local sources	\$ 5,000	\$ 5,000	\$ 1,133	\$ (3,867)
Total Local Capital Projects Fund	\$ 5,000	\$ 5,000	\$ 1,133	\$ (3,867)
Total School Board	\$ 48,244,859	\$ 47,516,356	\$ 39,090,444	\$ (8,425,912)

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, 2022

<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	\$ 943,147	\$ 989,008	\$ 987,867	\$ 1,141
Instructional Costs	40,364,778	39,597,500	29,493,454	10,104,046
Attendance and Health Services	793,217	771,231	770,444	787
Transportation	952,085	974,517	1,054,718	(80,201)
Food Services				-
Operations and Maintenance	2,848,653	2,879,614	2,625,986	253,628
Capital Projects	40,000	-	38,728	(38,728)
Debt Service	272,282	272,282	1,202,997	(930,715)
Total Operating Fund	<u>\$ 46,214,162</u>	<u>\$ 45,484,152</u>	<u>\$ 36,174,194</u>	<u>\$ 9,309,958</u>
Special Revenue Funds:				
School Textbook Fund:				
Instructional Costs	\$ 589,000	\$ 589,000	\$ 173,375	\$ 415,625
Total School Textbook Fund	<u>\$ 589,000</u>	<u>\$ 589,000</u>	<u>\$ 173,375</u>	<u>\$ 415,625</u>
Cafeteria Fund:				
Food Services	\$ 1,795,494	\$ 1,795,494	\$ 1,883,327	\$ (87,833)
Total Cafeteria Fund	<u>\$ 1,795,494</u>	<u>\$ 1,795,494</u>	<u>\$ 1,883,327</u>	<u>\$ (87,833)</u>
School Activity Fund:				
Instructional Costs	\$ -	\$ -	\$ 529,475	\$ (529,475)
Total School Activity Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 529,475</u>	<u>\$ (529,475)</u>
Capital Projects Fund:				
Local Capital Projects Fund:				
Capital Projects	\$ 444,000	\$ 444,000	\$ 254,624	\$ 189,376
Total Local Capital Projects Fund	<u>\$ 444,000</u>	<u>\$ 444,000</u>	<u>\$ 254,624</u>	<u>\$ 189,376</u>
Total School Board	<u>\$ 49,042,656</u>	<u>\$ 48,312,646</u>	<u>\$ 39,014,995</u>	<u>\$ 9,297,651</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, 2022, 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 22, 2022.

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 22, 2022



**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, 2022. 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, 2022.

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 22, 2022

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, 2022

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	\$ 152,790	
Virginia Department of Education:				
<i>Child Nutrition Cluster:</i>				
COVID-19 National School Lunch Program	10.555	APE40254	\$ 6,093	
National School Lunch Program	10.555	APE40254	1,106,745	\$ 1,265,628
State Department of Education:				
School Breakfast Program	10.553	APE40253	\$ 468,794	
Summer Food Service Program for Children	10.559	APE60302	38,974	
<i>Total Child Nutrition Cluster</i>				\$ 1,773,396
Fresh Fruit and Vegetable Program	10.582	APE40252		75,186
Child and Adult Care Food Program	10.558	APE70027		171,113
COVID-19 Pandemic Electronic Benefit Transfer (P-EBT)	10.649	DOE86556		3,063
Distance Learning and Telemedicine Loans and Grants	10.855	Not available		110,340
Total Department of Agriculture				\$ 2,133,098
Department of Health and Human Services:				
Pass Through Payments from:				
Virginia Department of Medical Assistance Services:				
Medical Assistance Program	93.778	Not available		222,633
Total Department of Health and Human Services				\$ 222,633
Department of Education:				
Pass Through Payments from:				
Virginia Department of Education:				
Title I Grants to Local Educational Agencies	84.010	APE42901		\$ 1,354,877
<i>Special Education Cluster (IDEA):</i>				
Special Education - Grants to States	84.027	APE43071	\$ 569,817	
COVID-19 - Special Education - Grants to States (IDEA, Part B)	84.027	APE02870	77,777	647,594
Special Education - Preschool Grants	84.173	APE62521	22,459	
<i>Total Special Education Cluster (IDEA)</i>				670,053
Career and Technical Education - Basic Grants to States	84.048	APE60031		68,322
Supporting Effective Instruction State Grants	84.367	APE61480		145,245
Twenty-First Century Community Learning Centers	84.287	APE60565		504,671
COVID-19 Governor's Emergency Education Relief Fund	84.425C	APE70037	\$ 598	
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	APE50193	1,905,804	
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	APE50193	3,847,126	5,753,528
Student Support and Academic Enrichment Program	84.424	APE60281		25,439
School Improvement Grants	84.377	APE43040		85,958

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, 2022

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	5,291
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	APE42901	1,518
Total Department of Education			<u>\$ 8,614,902</u>
Department of Treasury:			
Pass Through Payments from:			
Virginia Department of Education:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	21.027	APE45277	270,679
Total Expenditures of Federal Awards			<u>\$ 11,241,312</u>

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, 2022. 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	\$ 35,749,205
Less: Contribution from the City of Bristol, Virginia	(6,590,815)
Less: Revenue from the Commonwealth	(19,939,836)
Cafeteria Fund-Intergovernmental	2,081,714
Less: Revenue from the Commonwealth	(58,956)
Total School Board	<u>\$ 11,241,312</u>

City of Bristol, Virginia School Board
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

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:	

Assistance Listing #	Name of Federal Program or Cluster
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
84.425C	COVID-19 Governor's Emergency Education Relief Fund
84.425D	COVID-19 Elementary and Secondary School Emergency Relief Fund
84.425U	COVID-19 American Rescue Plan—Elementary and Secondary Schools Emergency Relief Fund (ARP-ESSER)

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, 2022

There were no findings in the prior year.