

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

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
 (A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
 ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

INTRODUCTORY SECTION

Directory of Principal Officials		<u>Page</u> 1
--	--	------------------

FINANCIAL SECTION

Independent Auditors' Report		2-4
Management's Discussion and Analysis		5-12

	<u>Exhibit</u>	<u>Page</u>
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	1	13
Statement of Activities.....	2	14
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4	16
Statement of Revenues, Expenditures and Change in Fund Balances - Governmental Funds	5	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6	18
Notes to the Financial Statements.....		19-74
Required Supplementary Information:		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:		
Operating Fund	7	75
School Textbook Fund	8	76
Cafeteria Fund.....	9	77
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - Pension Plan .	10	78
Schedule of Employer's Share of Net Pension Liability (Asset) VRS		
Teacher Retirement Plan - Pension Plan	11	79
Schedule of Employer Contributions - Pension Plan	12	80
Notes to Required Supplementary Information - Pension Plan.....	13	81
Schedule of School Board's Proportionate Share of the Total OPEB Liability - Health Insurance		
Health Insurance	14	82
Notes to Required Supplementary Information - Health Insurance	15	83
Schedule of School Board's Share of Net OPEB Liability - Teacher Employee Health Insurance Credit (HIC) Plan		
Insurance Credit (HIC) Plan	16	84

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (Continued)

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information: (Continued)		
Schedule of Employer Contributions - Teacher Employee Health Insurance Credit (HIC) Plan	17	85
Notes to Required Supplementary Information - Teacher Employee Health Insurance Credit (HIC) Plan.....	18	86
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios - Health Insurance Credit (HIC) Plan.....	19	87
Schedule of Employer Contributions - Health Insurance Credit (HIC) Plan	20	88
Notes to Required Supplementary Information - Health Insurance Credit (HIC) Plan.....	21	89
Schedule of Employer’s Share of Net OPEB Liability - Group Life Insurance (GLI) Plan ...	22	90
Schedule of Employer Contributions - Group Life Insurance (GLI) Plan	23	91
Notes to Required Supplementary Information - Group Life Insurance (GLI) Plan	24	92
Other Supplementary Information:		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:		
Major Capital Project Fund - School Construction Assistance Fund.....	25	93
Nonmajor Special Revenue Fund - School Activity Fund	26	94
Nonmajor Capital Project Fund - Local Capital Projects Fund.....	27	95
Supporting Schedules:		
Schedule of Revenues - Budget and Actual - Governmental Funds	1	96-99
Schedule of Expenditures - Budget and Actual - Governmental Funds	2	100

COMPLIANCE SECTION

	<u>Page</u>
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 <i>Government Auditing Standards</i>	101-102
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	103-105
Schedule of Expenditures of Federal Awards	106-107
Schedule of Findings and Questioned Costs.....	108
Summary Schedule of Prior Audit Findings	109

INTRODUCTORY SECTION

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD

SCHOOL BOARD MEMBERS

Steve Fletcher, Vice Chair
Bill Hartley

Vanessa Guffey, Chair

Randy Alvis
Josh Slagle

SCHOOL OFFICIALS

Dr. David D. Scott
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, 2025, 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, 2025, 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 Principles

As described in Note 17 to the financial statements, in 2025, the City of Bristol, Virginia School Board adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 17 to the financial statements, in 2025, the City of Bristol, Virginia School Board restated beginning balances to reflect the requirements of GASB Statement No. 101. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

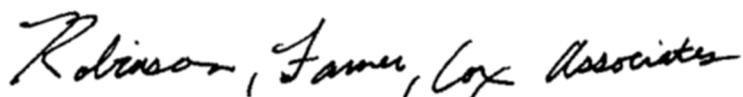
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements.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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board's basic financial statements. The accompanying other supplementary information and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2025, 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 26, 2025

**CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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, 2025.

Financial Highlights

- The assets and deferred outflows of the School Board exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$15,574,391 (net position). Of this amount, (\$17,625,452) 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 \$423,796. The increase is attributable the increase in deferred outflows of resources related to pension items.
- As of the close of the current fiscal year, the School Board's governmental funds reported combined ending fund balances of \$7,483,000 a decrease of \$365,999 in comparison with the prior year. All fund balances are nonspendable, restricted, committed, or assigned for particular purposes.

Overview of the Financial Statements

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

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

Overview of the Financial Statements (Continued)

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

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

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

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

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

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

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

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

Overview of the Financial Statements (Continued)

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

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School Board, assets and deferred outflows of the School Board exceeded its liabilities and deferred inflows by \$15,574,391 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		
	2025	2024
Current and Other Assets	\$ 9,994,599	\$ 10,916,988
Capital Assets	29,039,925	29,772,409
Total Assets	<u>39,034,524</u>	<u>40,689,397</u>
Deferred Outflows of Resources	6,889,784	5,925,381
Long-Term Liabilities	24,078,068	23,519,594
Other Liabilities	2,528,363	3,086,883
Total Liabilities	<u>26,606,431</u>	<u>26,606,477</u>
Deferred Inflows of Resources	3,743,486	3,234,685
Net Position		
Net invested in Capital Assets	26,061,175	26,616,468
Restricted	7,138,668	7,592,380
Unrestricted	(17,625,452)	(17,438,232)
Total Net Position	<u>\$15,574,391</u>	<u>\$ 16,770,616</u>

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 \$423,796 during the current fiscal year. The key element of this increase is revenues exceeding expenditures as seen below:

The School Board's Changes in Net Position		
	2025	2024
Revenues		
Program Revenues		
Charges for Services	\$ 70,027	\$ 97,172
Operating Grants and Contributions	19,678,600	22,581,895
Capital Grants and Contributions	490,818	1,503,580
General Revenues		
Intergovernmental Revenue	21,282,558	18,884,123
Unrestricted Investment Earnings	233,725	227,639
Other	1,241,303	1,272,760
Total Revenues	<u>42,997,031</u>	<u>44,567,169</u>
Expenses		
Administration	1,437,140	1,550,284
Instructional Costs	31,449,560	28,853,039
Attendance and Health Services	791,820	929,026
Transportation	1,670,557	1,332,392
Food Services	1,917,324	2,401,299
Operations and Maintenance	5,226,723	3,171,840
Interest on Long-term Debt	80,111	89,362
Total Expenses	<u>42,573,235</u>	<u>38,327,242</u>
Increase in Net Position	423,796	6,239,927
Beginning Net Position, as restated	15,150,595	10,530,689
Ending Net Position	<u>\$ 15,574,391</u>	<u>\$ 16,770,616</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 \$7,483,000 a decrease of \$365,999 in comparison with the prior year. The entire fund balance is not available for new spending because \$101,621 is considered nonspendable for inventories and prepaid items, \$4,034,253 is restricted for capital outlay use only, including the purchase of textbooks, \$2,132,596 is restricted for specific grant purposes, \$971,819 for use in food service and \$254,711 is committed for individual school activities. A net of (\$12,000) 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 (\$12,000). Any unexpended funds which are not specifically restricted by state regulation must be returned to the primary government. Therefore, there is no buildup of unassigned fund balances. The \$2,132,596 restricted fund balance is to be utilized for specific grant purposes only and \$12,000 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 \$1,069,323. The fund balance increased \$145,894 due to less 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 \$971,819 while total fund balance reached \$1,061,440. State regulation encourages school food service funds to maintain fund balance equal to three months operating expenses. Restricted fund balance represents 49.46% of total cafeteria fund expenditures, while total fund balance represents 54.02% of that same amount.

The special revenue - school construction assistance escrow fund is used to account for one-time construction funds provided by the Virginia General Assembly. As part of the new school agreement, the Board agreed to fund approximately \$500,000 of the debt service payment for the new school for three years. This agreement has been modified to utilize an updated and yet undetermined amount per year as instructed by the City CFO. At the end of the current fiscal year, restricted fund balance was \$1,726,424. No additional revenue is anticipated to be provided to this account other than interest earnings. Any earnings will be attributed to future debt payments and/or capital expenditures as approved by the School Board.

Financial Analysis of the Government's Funds (Continued)

The special revenue - local capital projects fund is used to account for funds the City has allowed to be carried over for future capital projects. These funds must be used solely for capital related expenditures. At the end of the current fiscal year, restricted fund balance was \$1,238,506, an increase of \$155,234. This increase is due primarily to the transfer of unexpended local funds to the capital projects fund as allowed up to \$200,000 per year.

The special revenue - school activity fund is used to account for revenues and expenditures related to school activity funds. Bristol Virginia Public Schools has four schools; one high, one middle and two elementary. At the end of the current fiscal year, committed fund balance was \$254,711, an increase of \$50,552.

Operating Fund Budgetary Highlights

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

Operating Fund	Original	Final	Actual
Revenues			
Intergovernmental	\$ 47,995,483	43,586,922	39,400,115
Charges for Services	7,000	7,000	5,049
Other	725,949	704,846	647,669
Total Revenues	48,728,432	44,298,768	40,052,833
Expenditures			
Expenditures	51,596,820	47,090,644	41,031,463
Other Financing Sources (Uses)	(321,193)	(320,821)	(1,471)
Change in Fund Balance	\$ (3,189,581)	\$ (3,112,697)	(980,101)

The final amended budget of revenues and appropriations was less than the original budget by \$4,506,176. This variance is due primarily to an decrease in the amount of grant carryover related costs, along with the offsetting grant revenue; specifically those related to COVID.

Actual revenues were less than final budget amounts by \$4,245,935 or 9.58%, while actual expenditures were \$6,059,181, or 12.87% less than final budget amounts. Highlights of comparison of final budget to actual figures for the fiscal year ended June 30, 2025, 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.
- 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.

During the year, actual expenditures and other financing uses were more than actual revenues, resulting in a net decrease in fund balance of \$980,101.

Capital Asset Administration

Capital Assets - The School Board's investment in capital assets for its governmental activities as of June 30, 2025, amounts to \$29,039,925 (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 decrease in the School Board's investment in capital assets for the current fiscal year was 2.46%. This decrease is attributed to the removal of closed school buildings and contents from the School Board records. 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 completion of a new intermediate school.

The School Board's Capital Assets		
	2025	2024
Land	\$ 214,049	\$ 267,711
Construction in Progress	178,528	5,506,036
Buildings and Improvements	42,539,506	40,285,674
Furniture, Books and Equipment	2,074,185	1,228,620
Technology	5,123,682	4,814,349
Vehicles and Buses	3,372,109	3,092,151
Intangible Right-To-Use Assets	1,000,676	657,731
Less Accumulated Depreciation/Amortization	<u>(25,462,810)</u>	<u>(26,079,863)</u>
Total	<u><u>\$ 29,039,925</u></u>	<u><u>\$ 29,772,409</u></u>

Additional information on the School Board's capital assets can be found in Note 8 on pages 45-46 of this report.

Economic Factors and Next Year's Budget

In setting the budgets for FY 2026, 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 2026 fiscal year.
- Health insurance cost sharing will be implemented to share increasing costs of health care.
- Capital improvements that address security and long-term infrastructure needs will be made a priority in all budget considerations.

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, 2025

	Primary Government Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 4,662,306
Accounts receivable	388,121
Due from other governmental units	2,211,933
Prepaid expenses	12,000
Inventories	89,621
Restricted assets:	
Cash and cash equivalents	2,630,618
Capital assets (net of accumulated depreciation/amortization):	
Land	214,049
Construction in progress	178,528
Buildings and improvements	23,186,247
Furniture, books, and equipment	1,062,855
Vehicles and buses	1,109,399
Technology	2,600,797
Intangible right-to-use lease assets:	
Equipment	221,568
Subscription assets	466,482
Total assets	\$ 39,034,524
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	\$ 5,518,315
OPEB related items	1,371,469
Total deferred outflows of resources	\$ 6,889,784
LIABILITIES	
Accounts payable	\$ 404,296
Wages payable	2,107,303
Accrued interest payable	16,764
Long-term liabilities:	
Due within one year	1,862,137
Due in more than one year	22,215,931
Total liabilities	\$ 26,606,431
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 2,944,330
OPEB related items	799,156
Total deferred inflows of resources	\$ 3,743,486
NET POSITION	
Net investment in capital assets	\$ 26,061,175
Restricted	
Capital projects	4,034,253
Cafeteria services	971,819
Grants	2,132,596
Unrestricted	(17,625,452)
Total net position	\$ 15,574,391

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, 2025

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT:					
Governmental activities:					
Administration	\$ 1,437,140	\$ -	\$ -	\$ -	\$ (1,437,140)
Instruction	31,449,560	5,049	17,626,739	-	(13,817,772)
Attendance and Health Services	791,820	-	-	-	(791,820)
Transportation	1,670,557	-	-	-	(1,670,557)
Food Services	1,917,324	64,978	2,051,861	-	199,515
Operations and Maintenance	5,226,723	-	-	490,818	(4,735,905)
Interest on Long-Term Debt	80,111	-	-	-	(80,111)
Total governmental activities	\$ 42,573,235	\$ 70,027	\$ 19,678,600	\$ 490,818	\$ (22,333,790)
General revenues:					
State basic aid					\$ 9,599,074
State sales tax					3,180,349
Unrestricted revenues from the use of money					233,725
Miscellaneous					1,241,303
Contributions from the City of Bristol, Virginia					8,503,135
Total general revenues					\$ 22,757,586
Change in net position					\$ 423,796
Net position - beginning, as previously issued					16,770,616
Restatement					(1,620,021)
Net position - beginning, as restated					\$ 15,150,595
Net position - ending					\$ 15,574,391

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, 2025

	Nonmajor Fund						Total
	Operating Fund	School Textbook Fund	Cafeteria Fund	School Construction Assistance Escrow Fund	Local Capital Projects Fund	School Activity Funds	
ASSETS							
Cash and cash equivalents	\$ 4,412,595	\$ -	\$ -	\$ -	\$ -	\$ 249,711	\$ 4,662,306
Accounts receivable	164,779	-	218,342	-	-	5,000	388,121
Due from other funds	-	1,069,323	-	-	1,282,616	-	2,351,939
Due from other governmental units	2,211,933	-	-	-	-	-	2,211,933
Prepaid expenses	12,000	-	-	-	-	-	12,000
Inventories	-	-	89,621	-	-	-	89,621
Restricted assets:							
Cash and cash equivalents	-	-	904,194	1,726,424	-	-	2,630,618
Total assets	\$ 6,801,307	\$ 1,069,323	\$ 1,212,157	\$ 1,726,424	\$ 1,282,616	\$ 254,711	\$ 12,346,538
LIABILITIES							
Accounts payable	\$ 359,811	\$ -	\$ 375	\$ -	\$ 44,110	\$ -	\$ 404,296
Wages payable	2,107,085	-	218	-	-	-	2,107,303
Due to other funds	2,201,815	-	150,124	-	-	-	2,351,939
Total liabilities	\$ 4,668,711	\$ -	\$ 150,717	\$ -	\$ 44,110	\$ -	\$ 4,863,538
FUND BALANCES							
Nonspendable:							
Inventories	\$ -	\$ -	\$ 89,621	\$ -	\$ -	\$ -	\$ 89,621
Prepaid items	12,000	-	-	-	-	-	12,000
Restricted:							
Capital projects	-	1,069,323	-	1,726,424	1,238,506	-	4,034,253
Grants	2,132,596	-	-	-	-	-	2,132,596
Food service	-	-	971,819	-	-	-	971,819
Committed:							
School activities	-	-	-	-	-	254,711	254,711
Unassigned							
Unassigned	(12,000)	-	-	-	-	-	(12,000)
Total fund balances	\$ 2,132,596	\$ 1,069,323	\$ 1,061,440	\$ 1,726,424	\$ 1,238,506	\$ 254,711	\$ 7,483,000
Total liabilities and fund balances	\$ 6,801,307	\$ 1,069,323	\$ 1,212,157	\$ 1,726,424	\$ 1,282,616	\$ 254,711	\$ 12,346,538

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, 2025

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	7,483,000	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land	\$	214,049	
Construction in progress		178,528	
Buildings and improvements		23,186,247	
Furniture, books, and equipment		1,062,855	
Vehicles and buses		1,109,399	
Technology		2,600,797	
Intangible right-to-use assets:			
Subscription assets		466,482	
Machinery and equipment		<u>221,568</u>	29,039,925
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items	\$	5,518,315	
OPEB related items		<u>1,371,469</u>	6,889,784
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	\$	(1,884,718)	
Net OPEB liabilities		(4,938,448)	
Net pension liabilities		(14,276,152)	
Accrued interest payable		(16,764)	
Subscription liabilities		(47,390)	
Lease liabilities		(222,454)	
Financed purchases		<u>(2,708,906)</u>	(24,094,832)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(2,944,330)	
OPEB related items		<u>(799,156)</u>	(3,743,486)
Net position of governmental activities		<u>\$</u>	<u>15,574,391</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 Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	Nonmajor Fund						Total
	Operating Fund	School Textbook Fund	Cafeteria Fund	School Construction Assistance Escrow Fund	Local Capital Projects Fund	School Activity Funds	
REVENUES							
Revenue from the use of money and property	\$ 66,650	\$ 15,628	\$ 39,961	\$ 70,355	\$ 41,131	\$ -	\$ 233,725
Charges for services	5,049	-	64,978	-	-	-	70,027
Miscellaneous	471,104	-	-	-	-	770,199	1,241,303
Recovered costs	109,915	-	-	-	-	-	109,915
Intergovernmental	39,400,115	-	2,051,861	-	-	-	41,451,976
Total revenues	<u>\$ 40,052,833</u>	<u>\$ 15,628</u>	<u>\$ 2,156,800</u>	<u>\$ 70,355</u>	<u>\$ 41,131</u>	<u>\$ 770,199</u>	<u>\$ 43,106,946</u>
EXPENDITURES							
Current:							
Administration	\$ 1,272,588	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,272,588
Instruction	32,170,031	190,555	-	-	-	703,435	33,064,021
Attendance and Health Services	804,218	-	-	-	-	-	804,218
Transportation	1,955,330	-	-	-	-	-	1,955,330
Food Services	-	-	1,964,733	-	-	-	1,964,733
Operations and Maintenance	3,564,705	-	-	-	-	-	3,564,705
Capital Projects	502,928	-	-	-	84,990	-	587,918
Debt service	761,663	-	-	-	-	-	761,663
Total expenditures	<u>\$ 41,031,463</u>	<u>\$ 190,555</u>	<u>\$ 1,964,733</u>	<u>\$ -</u>	<u>\$ 84,990</u>	<u>\$ 703,435</u>	<u>\$ 43,975,176</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (978,630)	\$ (174,927)	\$ 192,067	\$ 70,355	\$ (43,859)	\$ 66,764	\$ (868,230)
OTHER FINANCING SOURCES (USES)							
Transfers in	\$ -	\$ 320,821	\$ -	\$ -	\$ 199,093	\$ -	\$ 519,914
Transfers out	(503,702)	-	-	-	-	(16,212)	(519,914)
Issuance of SBITAs	296,646	-	-	-	-	-	296,646
Issuance of lease liabilities	205,585	-	-	-	-	-	205,585
Total other financing sources (uses)	<u>\$ (1,471)</u>	<u>\$ 320,821</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 199,093</u>	<u>\$ (16,212)</u>	<u>\$ 502,231</u>
Net change in fund balances	\$ (980,101)	\$ 145,894	\$ 192,067	\$ 70,355	\$ 155,234	\$ 50,552	\$ (365,999)
Fund balances - beginning	3,112,697	923,429	869,373	1,656,069	1,083,272	204,159	7,848,999
Fund balances - ending	<u>\$ 2,132,596</u>	<u>\$ 1,069,323</u>	<u>\$ 1,061,440</u>	<u>\$ 1,726,424</u>	<u>\$ 1,238,506</u>	<u>\$ 254,711</u>	<u>\$ 7,483,000</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 Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2025

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

Net change in fund balances - total governmental funds	\$	(365,999)
--	----	-----------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which the capital outlays exceeded depreciation/amortization in the current period.

Capital outlays	\$ 2,934,725	
Depreciation/amortization expenses	(2,561,658)	373,067

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

Loss on disposal of assets	\$ (8,905)	
Transfer of asset to City, net	(1,096,646)	(1,105,551)

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	\$ 78,574	
SBITAs	249,256	
Financed purchases	351,592	
SBITA issuance	(296,646)	
Lease issuance	(205,585)	177,191

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	\$ 199,882	
Changes in net OPEB liabilities and related items	66,799	
Changes in accrued interest payable	2,130	
Changes in net pension liabilities and related items	1,076,277	1,345,088
Change in net position of governmental activities		\$ 423,796

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, 2025

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, 2025

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, 2025

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

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

The School Board reports the following major capital projects funds:

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

The School Board reports the following nonmajor funds:

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

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

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

D. Deferred Outflows/Inflows of Resources:

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

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

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

1. Cash and Cash Equivalents/Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

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

1. Cash and Cash Equivalents/Investments (Continued)

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

2. Inventories and Prepaid Items

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.

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

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

3. Capital assets (Continued)

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:

Assets	Years
Building and structural improvements	50
Non-structural improvements	15-26
Furniture, books, and equipment	5-15
Technology	5-10
Vehicles and buses	8
Lease machinery and equipment	3-5
Subscription assets	3-5

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

4. Fund balance

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

- Nonspendable fund balance - amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the School Board prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation;

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

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

4. Fund balance (Continued)

- 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).

5. Compensated Absences

The School Board recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences - vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements.

Vacation

The School Board's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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 (Continued)

Sick Leave

The School Board's policy permits employees to accumulate earned but unused sick leave. Employees with 5 years of service and an age of 50 or greater are eligible for a sick leave payout. In addition, a liability for estimated value of sick leave that will be used by all employees as time off is included in the liability for compensated absences.

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.

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.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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 (Continued)

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.

10. Leases and Subscription-Based IT Arrangements

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). Subsequently, the lease liability is reduced by the principal portion of lease 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. Subsequently, the lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

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

10. Leases and Subscription-Based IT Arrangements (Continued)

Subscriptions

The School Board recognizes intangible right-to-use subscription assets (subscription assets) and corresponding subscription liabilities with an initial value of \$10,000, individually or in the aggregate, in the government-wide financial statements. At the commencement of the subscription, the subscription liability is measured at the present value of payments expected to be made during the subscription liability term (less any contract incentives). Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is measured at the initial amount of the subscription liability, adjusted for subscription payments made at or before commencement of the subscription term, and capitalizable implementation costs, less any incentives received. Subsequently, the subscription asset is amortized over the shorter of the subscription term or the useful life of the underlying IT 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
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 2-Stewardship, Compliance, and Accountability:

Budgets and Budgetary Accounting

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

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

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

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

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

Note 3-Deposits and Investments:

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

Investments: Statutes authorize the School Board to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard & Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP) and the Virginia Investment Pool (VIP). As of June 30, 2025, the School Board did not have any investments.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 4-Due from Other Governmental Units:

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

	Operating Fund
<u>Commonwealth of Virginia:</u>	
Local sales tax	\$ 550,089
VPSA grant	418,421
School grants	464,977
<u>Federal Government:</u>	
School grants	778,446
Total	\$ 2,211,933

Note 5-Interfund Transfers and Balances:

Interfund transfers for the year ended June 30, 2025, consisted of the following:

Fund	Transfers In	Transfers Out
Operating Fund	\$ -	\$ (503,702)
School Textbook Fund	320,821	-
Local Capital Projects Fund	199,093	-
School Activity Funds	-	(16,212)
Total	\$ 519,914	\$ (519,914)

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.

Fund	Due From	Due To
Operating Fund	\$ -	\$ 2,201,815
Cafeteria Fund	-	150,124
School Textbook Fund	1,069,323	-
Local Capital Projects Fund	1,282,616	-
Total	\$ 2,351,939	\$ 2,351,939

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
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 6-Long-term Obligations:

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

	Balance July 1, 2024	Restatement	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2025	Due Within One Year
Compensated absences	\$ 464,579	\$ 1,620,021	\$ 1,363,568	\$ (1,563,450)	\$ 1,884,718	\$ 1,413,539
Financed purchases	3,060,498	-	-	(351,592)	2,708,906	361,309
Subscription liabilities	-	-	296,646	(249,256)	47,390	11,497
Lease liabilities	95,443	-	205,585	(78,574)	222,454	75,792
Net OPEB liability	4,106,025	-	1,752,792	(920,369)	4,938,448	-
Net pension liability	15,793,049	-	6,874,119	(8,391,016)	14,276,152	-
Total	\$ 23,519,594	\$ 1,620,021	\$ 10,492,710	\$ (11,554,257)	\$ 24,078,068	\$ 1,862,137

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		Subscription Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 361,309	\$ 69,611	\$ 75,792	\$ 3,757	\$ 11,497	\$ 948
2027	371,296	59,624	62,712	2,322	11,728	718
2028	381,561	49,360	53,563	1,185	11,963	483
2029	392,109	38,812	30,387	288	12,202	244
2030	197,286	29,423	-	-	-	-
2031-2035	699,804	93,390	-	-	-	-
2036-2037	305,541	11,736	-	-	-	-
Total	\$2,708,906	\$ 351,956	\$ 222,454	\$ 7,552	\$ 47,390	\$ 2,393

The remainder of this page is left blank intentionally.

**CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

Note 6-Long-term Obligations: (Continued)

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
<u>Direct borrowings and Direct Placements:</u>						
<i>Financed purchases:</i>						
Energy improvements	2.83%	10/15/2014	2030	\$3,247,472	\$ 1,086,543	\$ 244,041
Energy improvements	2.55%	4/5/2022	2037	1,956,961	1,622,363	117,268
Total direct borrowings and direct placements					<u>\$ 2,708,906</u>	<u>\$ 361,309</u>
<u>Lease liabilities:</u>						
School copiers					\$ 222,454	\$ 75,792
<u>Subscription liabilities:</u>						
School Nutrition software					\$ 47,390	\$ 11,497
<u>Other Obligations:</u>						
Compensated absences					\$ 1,884,718	\$ 1,413,539
Net pension liability					14,276,152	-
Net OPEB liabilities					4,938,448	-
Total other obligations					<u>\$ 21,099,318</u>	<u>\$ 1,413,539</u>
Total long-term obligations					<u>\$ 24,078,068</u>	<u>\$ 1,862,137</u>

Note 7-Pension Plan:

School Board (Nonprofessional)

Plan Description

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

Benefit Structures

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

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

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 7-Pension Plan: (Continued)

School Board (Nonprofessional) (Continued)

Benefit Structures (Continued)

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

Average Final Compensation and Service Retirement Multiplier

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

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

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

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 7-Pension Plan: (continued)

School Board (Nonprofessional) (continued)

Employees Covered by Benefit Terms

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefit	31
Inactive members:	
Vested inactive members	4
Non-vested inactive members	31
Inactive members active elsewhere in VRS	2
Total inactive members	37
Active members	37
Total covered employees	105

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, 2025 was 5.72% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

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 \$86,795 and \$89,153 for the years ended June 30, 2025 and June 30, 2024, respectively.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 7-Pension Plan: (continued)

School Board (Nonprofessional) (continued)

Contributions (Continued)

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$18,767 for the School Board for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$8,997 for the School Board for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$1,269,125 for the School Board for the year ended June 30, 2025.

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, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024.

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, 2023, 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, 2024.

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

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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:

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	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Expected arithmetic nominal return**	7.07%

* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). 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 7.10%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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. For the year ended June 30, 2024, the employer contribution rate was 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2024, 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 112% of the actuarially determined contribution rate. From July 1, 2024 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, 2023	\$ 3,134,510	\$ 2,795,377	\$ 339,133
Changes for the year:			
Service cost	\$ 90,778	\$ -	\$ 90,778
Interest	209,270	-	209,270
Differences between expected and actual experience	90,167	-	90,167
Contributions - employer	-	89,153	(89,153)
Contributions - employee	-	61,007	(61,007)
Net investment income	-	267,894	(267,894)
Benefit payments, including refunds of employee contributions	(249,975)	(249,975)	-
Administrative expenses	-	(1,846)	1,846
Other changes	-	53	(53)
Net changes	\$ 140,240	\$ 166,286	\$ (26,046)
Balances at June 30, 2024	\$ 3,274,750	\$ 2,961,663	\$ 313,087

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School Board (Nonprofessional)			
Net Pension Liability (Asset)	\$ 665,052	\$ 313,087	\$ 23,390

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

For the year ended June 30, 2025, the School Board (nonprofessional) recognized pension expense of \$1,465. At June 30, 2025, the School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 53,514	\$ 10,289
Net difference between projected and actual earnings on pension plan investments	-	80,067
Employer contributions subsequent to the measurement date	86,795	-
Total	\$ 140,309	\$ 90,356

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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)

\$86,795 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, 2026. 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>
2026	\$ (44,549)
2027	39,328
2028	(15,094)
2029	(16,527)
2030	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-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.

The remainder of this page is left blank intentionally.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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, 2025 was 14.21% of covered employee compensation. This was the General Assembly approved rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. 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 \$2,383,976 and \$2,508,809 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$54,662 for the School Board for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$45,946 for the School Board for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$7,025,894 for the School Board for the year ended June 30, 2025.

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

At June 30, 2025, the school division reported a liability of \$13,963,065 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2024 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. 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, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the school division's proportion was 0.14875% as compared 0.15290% at June 30, 2023.

For the year ended June 30, 2025, the school division recognized pension expense of \$1,393,030. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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, 2025, 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	\$ 2,422,395	\$ 287,509
Change in assumptions	253,448	-
Net difference between projected and actual earnings on pension plan investments	-	1,922,024
Changes in proportion and difference between employer contributions and proportionate share of contributions	318,187	644,441
Employer contributions subsequent to the measurement date	2,383,976	-
Total	\$ 5,378,006	\$ 2,853,974

\$2,383,976 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, 2026. 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:

Year Ended June 30	School Board (Professional)
2026	\$ (889,219)
2027	1,023,835
2028	231,638
2029	(226,198)
2030	-
Thereafter	-

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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, 2023, 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, 2024.

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

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 7-Pension Plan: (continued)

School Board (Professional) (continued)

Actuarial Assumptions (continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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, 2024, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 60,622,260
Plan Fiduciary Net Position	51,235,326
Employers' Net Pension Liability (Asset)	<u>\$ 9,386,934</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 84.52%

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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>Discount Rate</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)	\$ 25,940,638	\$	13,963,065	\$ 4,153,814

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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	\$ 140,309	\$ 90,356	\$ 313,087	\$ 1,465
School Board Professional	5,378,006	2,853,974	13,963,065	1,393,030
Totals	<u>\$ 5,518,315</u>	<u>\$ 2,944,330</u>	<u>\$ 14,276,152</u>	<u>\$ 1,394,495</u>

Note 8-Capital Assets:

Capital asset activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 267,711	\$ -	\$ (53,662)	\$ 214,049
Construction in progress	5,506,036	178,527	(5,506,035)	178,528
Total capital assets not being depreciated	<u>\$ 5,773,747</u>	<u>\$ 178,527</u>	<u>\$ (5,559,697)</u>	<u>\$ 392,577</u>
Capital assets, being depreciated/amortized:				
Buildings and improvements	\$ 40,285,674	\$ 5,944,985	\$ (3,691,153)	\$ 42,539,506
Furniture, books, and equipment	1,228,620	1,014,298	(168,733)	2,074,185
Technology	4,814,349	333,000	(23,667)	5,123,682
Vehicles and buses	3,092,151	467,719	(187,761)	3,372,109
Lease machinery and equipment	265,473	205,585	(159,286)	311,772
Subscription asset	392,258	296,646	-	688,904
Total capital assets being depreciated	<u>\$ 50,078,525</u>	<u>\$ 8,262,233</u>	<u>\$ (4,230,600)</u>	<u>\$ 54,110,158</u>
Accumulated depreciation/Amortization:				
Buildings and improvements	\$ (20,737,934)	\$ (1,266,834)	\$ 2,651,510	\$ (19,353,258)
Furniture, books, and equipment	(1,098,021)	(71,648)	158,339	(1,011,330)
Technology	(1,771,332)	(773,368)	21,815	(2,522,885)
Vehicles and buses	(2,257,223)	(193,249)	187,761	(2,262,711)
Lease machinery and equipment	(168,937)	(80,553)	159,286	(90,204)
Subscription asset	(46,416)	(176,006)	-	(222,422)
Total accumulated depreciation/amortization	<u>\$ (26,079,863)</u>	<u>\$ (2,561,658)</u>	<u>\$ 3,178,711</u>	<u>\$ (25,462,810)</u>
Total capital assets being depreciated/amortized, net	<u>\$ 23,998,662</u>	<u>\$ 5,700,575</u>	<u>\$ (1,051,889)</u>	<u>\$ 28,647,348</u>
Governmental activities capital assets, net	<u>\$ 29,772,409</u>	<u>\$ 5,879,102</u>	<u>\$ (6,611,586)</u>	<u>\$ 29,039,925</u>

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 8-Capital Assets: (Continued)

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

Administration	\$	1,120,471
Instruction		1,298,876
Pupil transportation		118,435
Food service		5,145
Operation and maintenance		18,731
Total depreciation/amortization expense- governmental activities	\$	<u>2,561,658</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.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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, 2025 was \$62,600.

Total OPEB Liability

The School Board's total OPEB liability was measured as of July 1, 2024. The total OPEB liability was determined by an actuarial valuation as of July 1, 2024.

Actuarial Assumptions

The total OPEB liability in the July 1, 2024 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	4.09%
Healthcare Trend Rates	6.50, for fiscal year end 2025, decreasing 0.25% per year to an ultimate rate of 5.00%

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

Discount Rate

The discount rate used to measure the total OPEB liability was 4.09%. 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.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

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 (3.09%) or one percentage point higher (5.09%) than the current discount rate:

1% Decrease (3.09%)	Current Discount (4.09%)	1% Increase (5.09%)
\$ 2,680,400	\$ 2,485,700	\$ 2,305,200

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

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

1% Decrease (5.50%)	Healthcare Cost Trend Rates (6.50%)	1% Increase (7.50%)
\$ 2,282,800	\$ 2,485,700	\$ 2,718,700

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

At June 30, 2023, the School Board reported a liability of \$2,485,700 for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of July 1, 2024 and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of July 1, 2024. At June 30, 2025 and 2024, the School Board’s proportion was 53.32% and 39.73%, respectively.

For the year ended June 30, 2024, the School Board recognized OPEB expense in the amount of \$32,400.

At June 30, 2024, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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	\$ 712,200	\$ 320,800
Changes in assumptions	60,600	89,000
Net difference between projected and actual earnings on OPEB Plan investments	-	-
Employer contributions after measurement date but prior to fiscal year end	62,600	-
Total	\$ 835,400	\$ 409,800

\$62,600 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, 2026. 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:	
2026	\$ (57,900)
2027	59,700
2028	96,700
2029	126,200
2030	138,300
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

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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, 2025 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. 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 \$202,999 and \$190,291 for the years ended June 30, 2025 and June 30, 2024, respectively.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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, 2025, the school division reported a liability of \$1,696,376 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, 2024 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, 2023 and rolled forward to the measurement date of June 30, 2024. 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, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the school division’s proportion of the VRS Teacher Employee HIC Program was 0.14679% as compared to 0.15130% at June 30, 2023.

For the year ended June 30, 2025, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$108,572. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

At June 30, 2025, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 80,370
Change in assumptions	29,224	6,034
Change in proportionate share and differences between actual and expected contributions	63,335	107,408
Employer contributions subsequent to the measurement date	202,999	-
Total	\$ 295,558	\$ 193,812

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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)

\$202,999 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, 2026. 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:

<u>Year Ended June 30</u>		
2026	\$	(24,245)
2027		(10,328)
2028		(16,865)
2029		(27,082)
2030		(13,046)
Thereafter		(9,687)

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, 2023, 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, 2024.

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
 (A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

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

Mortality Rates - Teachers (Continued)

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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
 (A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

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, 2024, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,478,105
Plan Fiduciary Net Position		322,457
Teacher Employee Net HIC OPEB Liability (Asset)	\$	<u>1,155,648</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		
		21.82%

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

The remainder of this page is left blank intentionally.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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:

<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	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Leverage	2.00%	3.00%	0.06%
Cash	-3.00%	3.50%	-0.11%
 Total	 <u>100.00%</u>		 <u>7.07%</u>
		Expected arithmetic nominal return**	<u>7.07%</u>

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). 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 7.10%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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, 2024, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2024 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	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 1,929,202	\$ 1,696,376	\$ 1,499,034

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 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

Employees Covered by Benefit Terms

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	8
Active members	39
Total covered employees	47

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, 2025 was .55% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. 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 \$8,346 and \$7,931 for the years ended June 30, 2025 and June 30, 2024, respectively.

Net HIC OPEB Liability

The School Board’s net HIC OPEB liability was measured as of June 30, 2024. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2023, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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, 2023, 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, 2024.

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
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

Actuarial Assumptions (continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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

The remainder of this page is left blank intentionally.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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:

<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	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	<u>100.00%</u>		<u>7.07%</u>
		Expected arithmetic nominal return*	<u>7.07%</u>

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). 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 7.10%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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, 2024, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2024 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, 2023	\$ 32,677	\$ 15,864	\$ 16,813
Changes for the year:			
Service cost	\$ 563	\$ -	\$ 563
Interest	2,089	-	2,089
Differences between expected and actual experience	291	-	291
Contribution - employer	-	7,931	(7,931)
Net investment income	-	1,693	(1,693)
Benefit payments	(4,578)	(4,578)	-
Administrative expenses	-	(24)	24
Other changes	-	1	(1)
Net changes	\$ (1,635)	\$ 5,023	\$ (6,658)
Balances at June 30, 2024	\$ 31,042	\$ 20,887	\$ 10,155

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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	\$ 13,143	\$ 10,155	\$ 7,609

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, 2025, the School Board recognized HIC Plan OPEB expense of \$(6,951). At June 30, 2025, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board's HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,112	\$ 20,422
Net difference between projected and actual earnings on HIC OPEB plan investments	-	245
Change in assumptions	157	5,308
Employer contributions subsequent to the measurement date	8,346	-
Total	\$ 9,615	\$ 25,975

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
 (A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

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)

\$8,346 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, 2026. 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>		
2026	\$	(8,553)
2027		(7,814)
2028		(6,120)
2029		(2,235)
2030		16
Thereafter		-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2024-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

The remainder of this page is left blank intentionally.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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 \$9,532 as of June 30, 2025.

The remainder of this page is left blank intentionally.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% 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, 2025 was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the Group Life Insurance Program from the School Board (nonprofessional) were \$7,132 and \$7,786. for the years ended June 30, 2025 and June 30, 2024, respectively.

Contributions to the Group Life Insurance Program from the School Board (professional) were \$78,851 and \$84,923 for the years ended June 30, 2025 and June 30, 2024, 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, 2025, the School Board (nonprofessional) reported a liability of \$62,715 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2025, the School Board (professional) reported a liability of \$683,502 for its proportionate share of the Net GLI OPEB Liability.

The Net GLI OPEB Liability was measured as of June 30, 2024 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, 2023, and rolled forward to the measurement date of June 30, 2024. 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, 2024 relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2024, the School Board's (nonprofessional) proportion was 0.00562% as compared to 0.00590% at June 30, 2023.

At June 30, 2024, the School Board's (professional) proportion was 0.06125% as compared to 0.06404% at June 30, 2023.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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, 2025, the School Board (nonprofessional) recognized GLI OPEB expense of \$5,906. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

For the year ended June 30, 2025, the School Board (professional) recognized GLI OPEB expense of \$9,202. 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, 2025, 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	\$ 9,892	\$ 1,532	\$ 107,804	\$ 16,696
Net difference between projected and actual earnings on GLI OPEB program investments	-	5,286	-	57,612
Change in assumptions	357	3,108	3,896	33,873
Changes in proportionate share	5,112	3,704	17,852	47,758
Employer contributions subsequent to the measurement date	7,132	-	78,851	-
Total	\$ 22,493	\$ 13,630	\$ 208,403	\$ 155,939

\$7,132 and \$78,851 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, 2026. 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)
2026	\$ (1,097)	\$ (33,293)
2027	2,477	8,338
2028	(104)	(9,366)
2029	134	2,368
2030	321	5,566
Thereafter	-	-

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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, 2023, 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, 2024.

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.

The remainder of this page is left blank intentionally.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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

Mortality Improvement Scale:

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

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

Actuarial Assumptions (continued)

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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, 2024, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	4,196,055
Plan Fiduciary Net Position		3,080,133
Net GLI OPEB Liability (Asset)	\$	1,199,313
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		
		73.41%

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

NET GLI OPEB Liability (continued)

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:

<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	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Expected arithmetic nominal return**	7.07%

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). 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 7.10%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation, at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy 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, 2024, 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 113% of the actuarially determined contribution rate. From July 1, 2024 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	\$ 97,530	\$ 62,715	\$ 34,589
School Board's (Professional) proportionate share of the GLI Plan Net OPEB Liability	\$ 1,062,935	\$ 683,502	\$ 376,971

GLI Program Fiduciary Net Position

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 14-OPEB Summary:

	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
Stand-Alone Health Insurance Plan (Note 10)	\$ 835,400	\$ 409,800	\$ 2,485,700	\$ 32,400
VRS OPEB Plans:				
VRS Teacher Health Insurance Credit (Note 11)	295,558	193,812	1,696,376	108,572
VRS Health Insurance Credit (Note 12)	9,615	25,975	10,155	(6,951)
VRS Group Life - Nonprofessional (Note 13)	22,493	13,630	62,715	5,906
VRS Group Life - Professional (Note 13)	208,403	155,939	683,502	9,202
Totals	<u>\$ 1,371,469</u>	<u>\$ 799,156</u>	<u>\$ 4,938,448</u>	<u>\$ 149,129</u>

Note 15-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, 2025, 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, 2025

Note 17-Adoption of Accounting Principle:

The School Board implemented provisions of the Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. The objective of Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Beginning net position for the School Board was restated to include sick leave in compensated absences as part of implementation of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*.

	School Board
Beginning net position, as previously stated	\$ 16,770,616
Increase in compensated absences	(1,620,021)
Beginning net position, as restated	\$ 15,150,595

Note 18-Upcoming Pronouncements:

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of assets (lease assets, subscription assets, intangible right-to-use assets, and other intangible assets) to be disclosed separately in the capital asset note disclosures by major class of underlying asset. It also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Implementation Guide No. 2025-1, *Implementation Guidance Update–2025*, effective for fiscal years beginning after June 15, 2025.

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, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 10,000	\$ 10,003	\$ 66,650	\$ 56,647
Charges for services	7,000	7,000	5,049	(1,951)
Miscellaneous	649,529	596,948	471,104	(125,844)
Recovered costs	66,420	97,895	109,915	12,020
Intergovernmental	47,995,483	43,586,922	39,400,115	(4,186,807)
Total revenues	\$ 48,728,432	\$ 44,298,768	\$ 40,052,833	\$ (4,245,935)
EXPENDITURES				
Current:				
Administration	\$ 1,326,307	\$ 1,361,079	\$ 1,272,588	\$ 88,491
Instructional Costs	35,192,105	33,100,630	32,170,031	930,599
Attendance and Health Services	1,118,992	826,009	804,218	21,791
Transportation	2,302,640	2,020,484	1,955,330	65,154
Operations and Maintenance	3,285,597	3,725,603	3,564,705	160,898
Capital Projects	7,928,497	5,614,157	502,928	5,111,229
Debt service	442,682	442,682	761,663	(318,981)
Total expenditures	\$ 51,596,820	\$ 47,090,644	\$ 41,031,463	\$ 6,059,181
Excess (deficiency) of revenues over (under) expenditures	\$ (2,868,388)	\$ (2,791,876)	\$ (978,630)	\$ 1,813,246
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (321,193)	\$ (320,821)	\$ (503,702)	\$ (182,881)
Issuance of lease liabilities	-	-	205,585	205,585
Issuance of SBITA	-	-	296,646	296,646
Total other financing sources (uses)	\$ (321,193)	\$ (320,821)	\$ (1,471)	\$ 319,350
Net change in fund balances	\$ (3,189,581)	\$ (3,112,697)	\$ (980,101)	\$ 2,132,596
Fund balances - beginning	3,189,581	3,112,697	3,112,697	-
Fund balances - ending	\$ -	\$ -	\$ 2,132,596	\$ 2,132,596

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, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 15,628	\$ 15,628
Total revenues	\$ -	\$ -	\$ 15,628	\$ 15,628
EXPENDITURES				
Current:				
Instructional Costs	\$ 689,000	\$ 689,000	\$ 190,555	\$ 498,445
Total expenditures	\$ 689,000	\$ 689,000	\$ 190,555	\$ 498,445
Excess (deficiency) of revenues over (under) expenditures	\$ (689,000)	\$ (689,000)	\$ (174,927)	\$ 514,073
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 274,186	\$ 274,186	\$ 320,821	\$ 46,635
Total other financing sources (uses)	\$ 274,186	\$ 274,186	\$ 320,821	\$ 46,635
Net change in fund balances	\$ (414,814)	\$ (414,814)	\$ 145,894	\$ 560,708
Fund balances - beginning	414,814	414,814	923,429	508,615
Fund balances - ending	\$ -	\$ -	\$ 1,069,323	\$ 1,069,323

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, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 42,000	\$ 42,000	\$ 39,961	\$ (2,039)
Charges for services	64,175	64,175	64,978	803
Intergovernmental	2,008,268	2,008,268	2,051,861	43,593
Total revenues	\$ 2,114,443	\$ 2,114,443	\$ 2,156,800	\$ 42,357
EXPENDITURES				
Current:				
Food services	\$ 2,114,443	\$ 2,114,443	\$ 1,964,733	\$ 149,710
Total expenditures	\$ 2,114,443	\$ 2,114,443	\$ 1,964,733	\$ 149,710
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 192,067	\$ 192,067
Net change in fund balances	\$ -	\$ -	\$ 192,067	\$ 192,067
Fund balances - beginning	-	-	869,373	869,373
Fund balances - ending	\$ -	\$ -	\$ 1,061,440	\$ 1,061,440

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, 2015 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 90,778	\$ 101,396	\$ 95,178	\$ 77,352	\$ 67,263	\$ 65,224	\$ 58,409	\$ 31,780	\$ 32,602	\$ 28,122
Interest	209,270	208,057	210,003	192,689	191,291	186,773	181,007	182,965	181,160	174,748
Differences between expected and actual experience	90,167	(39,683)	(97,269)	48,561	12,056	96,673	84,571	(28,124)	34,594	110,892
Changes of assumptions		(232,367)	(253,576)	(245,579)	(254,211)	(243,935)	(239,292)	(219,874)	(225,257)	(219,075)
Benefit payments, including refunds of employee contributions	\$ (140,240)	\$ 37,403	\$ (45,664)	\$ 165,330	\$ 16,399	\$ 170,886	\$ 84,695	\$ (18,265)	\$ 23,099	\$ 94,687
Net change in total pension liability	\$ 3,134,510	\$ 3,097,107	\$ 3,142,771	\$ 2,977,441	\$ 2,961,042	\$ 2,790,156	\$ 2,705,461	\$ 2,723,726	\$ 2,700,627	\$ 2,605,940
Total pension liability - beginning	\$ 3,274,750	\$ 3,134,510	\$ 3,097,107	\$ 3,142,771	\$ 2,977,441	\$ 2,961,042	\$ 2,790,156	\$ 2,705,461	\$ 2,723,726	\$ 2,700,627
Total pension liability - ending (a)										
Plan fiduciary net position										
Contributions - employer	\$ 89,153	\$ 87,228	\$ 82,260	\$ 76,690	\$ 65,071	\$ 62,570	\$ 86,028	\$ 40,529	\$ 35,356	\$ 35,509
Contributions - employee	61,007	59,286	53,898	50,417	44,966	42,088	40,796	19,781	18,070	18,376
Net investment income	267,894	172,805	(788)	620,120	45,899	155,235	171,079	264,280	37,131	107,616
Benefit payments	(249,975)	(232,367)	(253,576)	(245,579)	(254,211)	(243,935)	(239,292)	(219,874)	(225,257)	(219,075)
Administrator charges	(1,846)	(1,750)	(1,790)	(1,612)	(1,643)	(1,646)	(1,544)	(1,648)	(1,565)	(1,617)
Other	53	69	64	58	(78)	(97)	(150)	(231)	(17)	(23)
Net change in plan fiduciary net position	\$ 166,286	\$ 85,271	\$ (119,932)	\$ 500,094	\$ (99,996)	\$ 14,215	\$ 56,917	\$ 102,837	\$ (136,282)	\$ (59,214)
Plan fiduciary net position - beginning	\$ 2,795,377	\$ 2,710,106	\$ 2,830,038	\$ 2,329,944	\$ 2,429,940	\$ 2,415,725	\$ 2,358,808	\$ 2,255,971	\$ 2,392,253	\$ 2,451,467
Plan fiduciary net position - ending (b)	\$ 2,961,663	\$ 2,795,377	\$ 2,710,106	\$ 2,830,038	\$ 2,329,944	\$ 2,429,940	\$ 2,415,725	\$ 2,358,808	\$ 2,255,971	\$ 2,392,253
School Division's net pension liability - ending (a) - (b)	\$ 313,087	\$ 339,133	\$ 387,001	\$ 312,733	\$ 647,497	\$ 531,102	\$ 374,431	\$ 346,653	\$ 467,755	\$ 308,374
Plan fiduciary net position as a percentage of the total pension liability	90.44%	89.18%	87.50%	90.05%	78.25%	82.06%	86.58%	87.19%	82.83%	88.58%
Covered payroll	\$ 1,441,942	\$ 1,408,054	\$ 1,280,637	\$ 1,191,594	\$ 1,060,397	\$ 985,389	\$ 936,956	\$ 427,785	\$ 378,275	\$ 374,688
School Division's net pension liability as a percentage of covered payroll	21.71%	24.09%	30.22%	26.24%	61.06%	53.90%	39.96%	81.03%	123.65%	82.30%

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, 2015 through June 30, 2024

Date (1)	Employer's Proportion of the Net Pension Liability (Asset) (2)	Employer's Proportionate Share of the Net Pension Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (6)
2024	0.14875%	\$ 13,963,065	\$ 15,726,545	88.79%	84.52%
2023	0.15290%	15,453,916	15,088,384	102.42%	82.45%
2022	0.15038%	14,317,076	13,867,989	103.24%	82.61%
2021	0.15699%	12,187,287	13,703,487	88.94%	85.46%
2020	0.15140%	22,031,221	13,192,007	167.00%	71.47%
2019	0.14900%	19,613,195	12,344,683	158.88%	73.51%
2018	0.15089%	17,745,000	12,091,612	146.75%	74.81%
2017	0.15727%	19,341,000	12,332,218	156.83%	72.92%
2016	0.16041%	22,480,000	12,230,845	183.80%	68.28%
2015	0.16291%	20,504,000	12,112,576	169.28%	70.68%

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, 2016 through June 30, 2025

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)					
2025	\$ 86,795	\$ 86,795	\$ -	\$ 1,517,385	5.72%
2024	89,153	89,153	-	1,441,942	6.18%
2023	87,409	87,409	-	1,408,054	6.21%
2022	83,119	83,119	-	1,280,637	6.49%
2021	77,577	77,577	-	1,191,594	6.51%
2020	65,202	65,202	-	1,060,397	6.15%
2019	62,570	62,570	-	985,389	6.35%
2018	86,122	86,122	-	936,956	9.19%
2017	40,529	40,529	-	427,785	9.47%
2016	36,314	36,314	-	378,275	9.60%
School Board (Professional)					
2025	\$ 2,383,976	\$ 2,383,976	\$ -	\$ 16,780,362	14.21%
2024	2,508,809	2,508,809	-	15,726,545	15.95%
2023	2,412,813	2,412,813	-	15,088,384	15.99%
2022	2,233,082	2,233,082	-	13,867,989	16.10%
2021	2,221,019	2,221,019	-	13,703,487	16.21%
2020	2,011,663	2,011,663	-	13,192,007	15.25%
2019	1,907,003	1,907,003	-	12,344,683	15.45%
2018	1,951,522	1,951,522	-	12,091,612	16.14%
2017	1,793,482	1,793,482	-	12,332,218	14.54%
2016	1,804,522	1,804,522	-	12,230,845	14.75%

*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, 2025

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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, 2024

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)
2025	53.32%	\$ 2,485,700	\$ 16,217,900	15.33%	0.00%
2024	39.73%	1,416,700	14,267,100	9.93%	0.00%
2023	39.85%	1,393,100	14,267,100	9.76%	0.00%
2022	38.61%	1,393,100	13,688,900	10.18%	0.00%
2021	38.97%	1,634,700	13,688,900	11.94%	0.00%
2020	45.52%	1,579,400	12,635,900	12.50%	0.00%
2019	45.97%	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%

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, 2025

School Board

Valuation Date: 7/1/2024

Measurement Date: 7/1/2024

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	4.09% as of July 1, 2023
Inflation	2.50% per year as of July 1, 2024
Healthcare Trend Rate	6.50% for fiscal year end 2025, decreasing 0.25% per year to an ultimate rate of 5.00%.
Salary Increase Rates	2.50% per year as of July 1, 2024
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, 2024

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)
2024	0.1468% \$	1,696,376 \$	15,726,545	10.79%	21.82%
2023	0.1513%	1,832,753	15,088,384	12.15%	17.90%
2022	0.1488%	1,858,581	13,867,989	13.40%	15.08%
2021	0.1550%	1,988,891	13,703,487	14.51%	13.15%
2020	0.1495%	1,950,122	13,192,007	14.78%	9.95%
2019	0.1472%	1,926,729	12,344,683	15.61%	8.97%
2018	0.1495%	1,898,000	12,091,612	15.70%	8.08%
2017	0.1563%	1,982,000	12,332,218	16.07%	7.04%

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

City of Bristol, Virginia School Board
(Component Unit of the City of Bristol, Virginia)
Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2016 through June 30, 2025

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 (Professional)					
2025	\$ 202,999	\$ 202,999	\$ -	\$ 16,780,362	1.21%
2024	190,291	190,291	-	15,726,545	1.21%
2023	182,528	182,528	-	15,088,384	1.21%
2022	167,803	167,803	-	13,867,989	1.21%
2021	165,812	165,812	-	13,703,487	1.21%
2020	157,280	157,280	-	13,192,007	1.19%
2019	148,136	148,136	-	12,344,683	1.20%
2018	148,727	148,727	-	12,091,612	1.23%
2017	136,888	136,888	-	12,332,218	1.11%
2016	129,647	129,647	-	12,230,845	1.06%

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, 2025

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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, 2024

	2024	2023	2022	2021	2020
Total HIC OPEB Liability					
Service cost	\$ 563	\$ 580	\$ 872	\$ 1,145	\$ -
Interest	2,089	4,237	4,938	4,541	-
Differences between expected and actual experience	291	(32,578)	2,418	-	-
Changes of assumptions	-	-	(14,674)	1,221	-
Benefit payments	(4,578)	(3,498)	(3,789)	-	67,264
Net change in total HIC OPEB liability	\$ (1,635)	\$ (31,259)	\$ (10,235)	\$ 6,907	\$ 67,264
Total HIC OPEB Liability - beginning	32,677	63,936	74,171	67,264	-
Total HIC OPEB Liability - ending (a)	\$ 31,042	\$ 32,677	\$ 63,936	\$ 74,171	\$ 67,264
Plan fiduciary net position					
Contributions - employer	\$ 7,931	\$ 7,744	\$ 7,052	\$ 6,554	\$ -
Net investment income	1,693	846	(42)	781	-
Benefit payments	(4,578)	(3,498)	(3,789)	-	-
Administrator charges	(24)	(22)	(20)	(29)	-
Other	1	14	273	-	-
Net change in plan fiduciary net position	\$ 5,023	\$ 5,084	\$ 3,474	\$ 7,306	\$ -
Plan fiduciary net position - beginning	15,864	10,780	7,306	-	-
Plan fiduciary net position - ending (b)	\$ 20,887	\$ 15,864	\$ 10,780	\$ 7,306	\$ -
School Board's net HIC OPEB liability - ending (a) - (b)	\$ 10,155	\$ 16,813	\$ 53,156	\$ 66,865	\$ 67,264
Plan fiduciary net position as a percentage of the total HIC OPEB liability	67.29%	48.55%	16.86%	9.85%	0.00%
Covered payroll	\$ 1,441,942	\$ 1,408,054	\$ 1,280,637	\$ 1,191,594	\$ -
School Board's net HIC OPEB liability as a percentage of covered payroll	0.70%	1.19%	4.15%	5.61%	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, 2025

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					
2025	\$ 8,346	\$ 8,346	\$ -	1,517,385	0.55%
2024	7,931	7,931	-	1,441,942	0.55%
2023	7,744	7,744	-	1,408,054	0.55%
2022	7,044	7,044	-	1,280,637	0.55%
2021	6,554	6,554	-	1,191,594	0.55%

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

**City of Bristol, Virginia School Board
 (Component Unit of the City of Bristol, Virginia)
 Notes to Required Supplementary Information - Health Insurance Credit (HIC) Plan
 For the Year Ended June 30, 2025**

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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, 2024

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
School Board (Nonprofessional)					
2024	0.00562%	\$ 62,715	\$ 1,441,942	4.35%	73.41%
2023	0.00590%	71,719	1,408,054	5.09%	69.30%
2022	0.00590%	70,921	1,280,637	5.54%	67.21%
2021	0.00580%	67,179	1,191,594	5.64%	67.45%
2020	0.00510%	85,945	1,060,397	8.10%	52.64%
2019	0.00503%	81,851	985,389	8.31%	52.00%
2018	0.00493%	74,000	936,956	7.90%	51.22%
2017	0.00232%	35,000	427,785	8.18%	48.86%
School Board (Professional)					
2024	0.06125%	\$ 683,502	\$ 15,726,545	4.35%	73.14%
2023	0.06404%	768,040	15,088,384	5.09%	69.30%
2022	0.06380%	767,611	13,867,989	5.54%	67.21%
2021	0.06640%	772,727	13,703,487	5.64%	67.45%
2020	0.06370%	1,062,715	13,192,007	8.06%	52.64%
2019	0.06297%	1,024,689	12,344,683	8.30%	52.00%
2018	0.06359%	966,000	12,091,612	7.99%	51.22%
2017	0.06686%	1,006,000	12,332,218	8.16%	48.86%

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

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

For the Years Ended June 30, 2016 through June 30, 2025

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)					
2025	\$ 7,132	\$ 7,132	\$ -	\$ 1,517,385	0.47%
2024	7,786	7,786	-	1,441,942	0.54%
2023	7,603	7,603	-	1,408,054	0.54%
2022	6,915	6,915	-	1,280,637	0.54%
2021	6,435	6,435	-	1,191,594	0.54%
2020	5,514	5,514	-	1,060,397	0.52%
2019	5,125	5,125	-	985,389	0.52%
2018	4,872	4,872	-	936,956	0.52%
2017	2,224	2,224	-	427,785	0.52%
2016	1,816	1,816	-	378,275	0.48%
School Board (Professional)					
2025	\$ 78,851	\$ 78,851	\$ -	\$ 16,780,362	0.47%
2024	84,923	84,923	-	15,726,545	0.54%
2023	81,459	81,459	-	15,088,384	0.54%
2022	74,887	74,887	-	13,867,989	0.54%
2021	73,999	73,999	-	13,703,487	0.54%
2020	68,155	68,155	-	13,192,007	0.52%
2019	64,193	64,193	-	12,344,683	0.52%
2018	62,126	62,126	-	11,947,307	0.52%
2017	64,128	64,128	-	12,332,218	0.52%
2016	58,708	58,708	-	12,230,845	0.48%

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, 2025

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, 2023 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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Other Supplementary Information

City of Bristol, Virginia School Board
(Component Unit of the City of Bristol, Virginia)
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Major Capital Project Fund - School Construction Assistance Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 5,000	\$ 5,000	\$ 70,355	\$ 65,355
Total revenues	\$ 5,000	\$ 5,000	\$ 70,355	\$ 65,355
EXPENDITURES				
Capital projects	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ 5,000	\$ 5,000	\$ 70,355	\$ 65,355
Net change in fund balances	\$ 5,000	\$ 5,000	\$ 70,355	\$ 65,355
Fund balances - beginning	(5,000)	(5,000)	1,656,069	1,661,069
Fund balances - ending	\$ -	\$ -	\$ 1,726,424	\$ 1,726,424

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, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ 950,000	\$ 950,000	\$ 770,199	\$ (179,801)
Total revenues	\$ 950,000	\$ 950,000	\$ 770,199	\$ (179,801)
EXPENDITURES				
Current:				
Instructional Costs	\$ 950,000	\$ 950,000	\$ 703,435	\$ 246,565
Total expenditures	\$ 950,000	\$ 950,000	\$ 703,435	\$ 246,565
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 66,764	\$ 66,764
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (16,212)	\$ (16,212)
Total other financing sources (uses)	\$ -	\$ -	\$ (16,212)	\$ (16,212)
Net change in fund balances	\$ -	\$ -	\$ 50,552	\$ 50,552
Fund balances - beginning	-	-	204,159	204,159
Fund balances - ending	\$ -	\$ -	\$ 254,711	\$ 254,711

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, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 41,131	\$ 41,131
Total revenues	\$ -	\$ -	\$ 41,131	\$ 41,131
EXPENDITURES				
Capital Projects	\$ 530,000	\$ 530,000	\$ 84,990	\$ 445,010
Total expenditures	\$ 530,000	\$ 530,000	\$ 84,990	\$ 445,010
Excess (deficiency) of revenues over (under) expenditures	\$ (530,000)	\$ (530,000)	\$ (43,859)	\$ 486,141
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 100,000	\$ 100,000	\$ 199,093	\$ (99,093)
Total other financing sources (uses)	\$ 100,000	\$ 100,000	\$ 199,093	\$ (99,093)
Net change in fund balances	\$ (430,000)	\$ (430,000)	\$ 155,234	\$ 387,048
Fund balances - beginning	430,000	430,000	1,083,272	653,272
Fund balances - ending	\$ -	\$ -	\$ 1,238,506	\$ 1,040,320

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, 2025

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ 10,000	\$ 10,003	\$ 66,650	\$ 56,647
Total revenue from use of money and property	\$ 10,000	\$ 10,003	\$ 66,650	\$ 56,647
Charges for services:				
Tuition	\$ 7,000	\$ 7,000	\$ 5,049	\$ (1,951)
Total charges for services	\$ 7,000	\$ 7,000	\$ 5,049	\$ (1,951)
Miscellaneous:				
Miscellaneous	\$ 649,529	\$ 596,948	\$ 471,104	\$ (125,844)
Total miscellaneous	\$ 649,529	\$ 596,948	\$ 471,104	\$ (125,844)
Recovered costs:				
Sale of equipment	\$ -	\$ 31,475	\$ 43,495	\$ 12,020
E-Rate savings	66,420	66,420	66,420	-
Total recovered costs	\$ 66,420	\$ 97,895	\$ 109,915	\$ 12,020
Total revenue from local sources	\$ 732,949	\$ 711,846	\$ 652,718	\$ (59,128)
Intergovernmental:				
Revenues from local governments:				
Contribution from the City of Bristol, Virginia	\$ 8,500,830	\$ 8,500,830	\$ 8,503,135	\$ 2,305
Total revenues from local governments	\$ 8,500,830	\$ 8,500,830	\$ 8,503,135	\$ 2,305
Revenue from the Commonwealth:				
Categorical aid:				
Sales tax	\$ 3,067,898	\$ 3,148,424	\$ 3,180,349	\$ 31,925
Basic school aid	9,669,702	9,599,074	9,599,074	-
Foster children	76,915	95,720	15,562	(80,158)
Remedial summer school	183,314	92,364	-	(92,364)
Gifted and talented	88,742	88,639	88,639	-
Remedial education	-	-	92,364	92,364
Special education	1,339,582	1,338,032	1,339,811	1,779
Vocational education	745,151	744,289	744,289	-
Social security	597,248	596,557	596,557	-
Retirement	1,281,829	1,280,346	1,280,346	-
Project Graduation	3,811	3,811	3,811	-
Early reading intervention	104,639	98,660	98,660	-
Homebound Instruction	35,728	49,507	49,507	-
Compensation Supplement	406,536	407,152	407,152	-
Group Life Payments	36,624	36,581	36,581	-
GED prep programs	8,203	8,027	8,027	-
Vocational education - equipment	7,481	7,481	7,401	(80)
Supplemental support for school	-	256,208	256,208	-

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, 2025

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
SOL algebra readiness	\$ 55,034	\$ 58,195	\$ 58,195	\$ -
At risk payments	4,289,724	4,289,092	4,289,092	-
Primary class size payments	512,634	338,215	338,215	-
Mentor teacher program	386	339	339	-
English as a second language	51,716	90,804	90,804	-
Hospitals, clinics, and detention homes	1,019,873	1,056,475	1,047,645	(8,830)
Virginia preschool initiative payments	539,041	658,049	658,050	1
Middle school teacher corps	5,000	5,000	-	(5,000)
Alternative education	524,942	524,942	524,942	-
Textbook funds	225,574	225,313	225,313	-
Lottery funds	626,583	627,917	627,917	-
Vocational occupation prep	8,085	9,733	1,666	(8,067)
Technology mini grant	412,000	321,847	96,269	(225,578)
Year round programs	-	-	200,000	200,000
School Construction Assistance Program (SCAP) grant	5,247,114	3,507,873	490,818	(3,017,055)
School security grants	-	59,448	44,394	(15,054)
Other state funds	709,176	816,647	852,692	36,045
Total categorical aid	\$ 31,880,285	\$ 30,440,761	\$ 27,350,689	\$ (3,090,072)
Total revenue from the Commonwealth	\$ 31,880,285	\$ 30,440,761	\$ 27,350,689	\$ (3,090,072)
Revenue from the federal government:				
Categorical aid:				
Title I, Part A - Improving basic programs	\$ 1,694,063	\$ 1,972,875	\$ 1,539,109	\$ (433,766)
Title I, Part D - Neglected and delinquent children	23,724	4,500	4,454	(46)
Vocational education	81,818	77,597	77,143	(454)
Title II, Part A - Improving teacher quality	244,815	273,493	161,606	(111,887)
Title VI-B, Special education	967,808	876,120	640,566	(235,554)
Title VI-B, Special education - preschool	20,337	20,064	20,064	-
21st century learning grant	549,426	829,628	669,524	(160,104)
Title III-english proficiency	7,261	6,293	2,502	(3,791)
COVID-19 grants	3,721,058	211,205	20,444	(190,761)
Student support and academic achievement	136,558	116,639	41,133	(75,506)
COPS grant	-	47,574	47,574	-
Other federal categorical aid	167,500	209,343	322,172	112,829
Total categorical aid	\$ 7,614,368	\$ 4,645,331	\$ 3,546,291	\$ (1,099,040)
Total revenue from the federal government	\$ 7,614,368	\$ 4,645,331	\$ 3,546,291	\$ (1,099,040)
Total Operating Fund	\$ 48,728,432	\$ 44,298,768	\$ 40,052,833	\$ (4,245,935)

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, 2025

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds:				
School Textbook Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 15,628	\$ 15,628
Total revenue from use of money and property	\$ -	\$ -	\$ 15,628	\$ 15,628
Total revenue from local sources	\$ -	\$ -	\$ 15,628	\$ 15,628
Total School Textbook Fund	\$ -	\$ -	\$ 15,628	\$ 15,628
Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 42,000	\$ 42,000	\$ 39,961	\$ (2,039)
Total revenue from use of money and property	\$ 42,000	\$ 42,000	\$ 39,961	\$ (2,039)
Charges for services:				
Cafeteria sales	\$ 64,175	\$ 64,175	\$ 64,978	\$ 803
Total charges for services	\$ 64,175	\$ 64,175	\$ 64,978	\$ 803
Total revenue from local sources	\$ 106,175	\$ 106,175	\$ 104,939	\$ (1,236)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 59,000	\$ 59,000	\$ 40,737	\$ (18,263)
Total categorical aid	\$ 59,000	\$ 59,000	\$ 40,737	\$ (18,263)
Total revenue from the Commonwealth	\$ 59,000	\$ 59,000	\$ 40,737	\$ (18,263)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 1,949,268	\$ 1,949,268	\$ 2,011,124	\$ 61,856
Total categorical aid	\$ 1,949,268	\$ 1,949,268	\$ 2,011,124	\$ 61,856
Total revenue from the federal government	\$ 1,949,268	\$ 1,949,268	\$ 2,011,124	\$ 61,856
Total Cafeteria Fund	\$ 2,114,443	\$ 2,114,443	\$ 2,156,800	\$ 42,357

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, 2025

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
School Activity Fund:				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ 950,000	\$ 950,000	\$ 770,199	\$ (179,801)
Total miscellaneous	<u>\$ 950,000</u>	<u>\$ 950,000</u>	<u>\$ 770,199</u>	<u>\$ (179,801)</u>
Total School Activity Fund	<u>\$ 950,000</u>	<u>\$ 950,000</u>	<u>\$ 770,199</u>	<u>\$ (179,801)</u>
Capital Projects Funds:				
Local Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 41,131	\$ 41,131
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,131</u>	<u>\$ 41,131</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,131</u>	<u>\$ 41,131</u>
Total Local Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,131</u>	<u>\$ 41,131</u>
School Construction Assistance Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 5,000	\$ 5,000	\$ 70,355	\$ 65,355
Total revenue from use of money and property	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 70,355</u>	<u>\$ 65,355</u>
Total revenue from local sources	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 70,355</u>	<u>\$ 65,355</u>
Total School Construction Assistance Fund	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 70,355</u>	<u>\$ 65,355</u>
Total School Board	<u>\$ 51,797,875</u>	<u>\$ 47,368,211</u>	<u>\$ 43,106,946</u>	<u>\$ (4,261,265)</u>

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, 2025

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Operating Fund:				
Administration	\$ 1,326,307	\$ 1,361,079	\$ 1,272,588	\$ 88,491
Instructional Costs	35,192,105	33,100,630	32,170,031	930,599
Attendance and Health Services	1,118,992	826,009	804,218	21,791
Transportation	2,302,640	2,020,484	1,955,330	65,154
Operations and Maintenance	3,285,597	3,725,603	3,564,705	160,898
Capital Projects	7,928,497	5,614,157	502,928	5,111,229
Debt Service	442,682	442,682	761,663	(318,981)
Total Operating Fund	<u>\$ 51,596,820</u>	<u>\$ 47,090,644</u>	<u>\$ 41,031,463</u>	<u>\$ 6,059,181</u>
Special Revenue Funds:				
School Textbook Fund:				
Instructional Costs	\$ 689,000	\$ 689,000	\$ 190,555	\$ 498,445
Total School Textbook Fund	<u>\$ 689,000</u>	<u>\$ 689,000</u>	<u>\$ 190,555</u>	<u>\$ 498,445</u>
Cafeteria Fund:				
Food Services	\$ 2,114,443	\$ 2,114,443	\$ 1,964,733	\$ 149,710
Total Cafeteria Fund	<u>\$ 2,114,443</u>	<u>\$ 2,114,443</u>	<u>\$ 1,964,733</u>	<u>\$ 149,710</u>
School Activity Fund:				
Instructional Costs	\$ 950,000	\$ 950,000	\$ 703,435	\$ 246,565
Total School Activity Fund	<u>\$ 950,000</u>	<u>\$ 950,000</u>	<u>\$ 703,435</u>	<u>\$ 246,565</u>
Capital Projects Fund:				
Local Capital Projects Fund:				
Capital Projects	\$ 530,000	\$ 530,000	\$ 84,990	\$ 445,010
Total Local Capital Projects Fund	<u>\$ 530,000</u>	<u>\$ 530,000</u>	<u>\$ 84,990</u>	<u>\$ 445,010</u>
Total School Board	<u>\$ 55,880,263</u>	<u>\$ 51,374,087</u>	<u>\$ 43,975,176</u>	<u>\$ 7,398,911</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, 2025, 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 26, 2025.

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 cursive script that reads "Robinson, James, Cox Associates".

Blacksburg, Virginia
November 26, 2025



**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, 2025. 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, 2025.

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 26, 2025

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, 2025

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:			
Child Nutrition Cluster:			
Virginia Department of Agriculture and Consumer Services:			
Food Distribution (Note C)	10.555	Not available	\$ 163,831
Virginia Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	APE40254, APE41108	\$ 1,152,365 \$ 1,316,196
Fresh Fruit and Vegetable Program	10.582	APE40252	\$ 35,616
School Breakfast Program	10.553	APE40253	525,076
Summer Food Service Program for Children	10.559	APE60302, APE60303	<u>19,767</u>
Total Child Nutrition Cluster			\$ 1,896,655
Child and Adult Care Food Program	10.558	APE70027, APE70028	<u>114,469</u>
Total Department of Agriculture			<u>\$ 2,011,124</u>
Department of Health and Human Services:			
Pass Through Payments from:			
Virginia Department of Medical Assistance Services:			
Medicaid Cluster:			
Medical Assistance Program	93.778	Not available	\$ 280,329
Total Department of Health and Human Services			<u>\$ 280,329</u>
Department of Justice:			
Direct Payments:			
COPS School Violence Prevention Program	16.710	Not applicable	\$ 47,574
Total Department of Justice			<u>\$ 47,574</u>
Department of Education:			
Pass Through Payments from:			
Virginia Department of Education:			
Title I Grants to Local Educational Agencies	84.010	APE42901	\$ 1,539,109
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	APE43071	\$ 640,566
Special Education - Preschool Grants (IDEA Preschool)	84.173	APE40286	<u>20,064</u>
Total Special Education Cluster (IDEA)			660,630
Career and Technical Education - Basic Grants to States	84.048	APE60031	77,143
Supporting Effective Instruction State Grants	84.367	APE61480	161,606
Twenty-First Century Community Learning Centers	84.287	APE60565	669,524
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	APE50175, APE50189, APE50193	20,444
Student Support and Academic Enrichment Program	84.424	APE60281	41,133

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, 2025

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	\$ 2,502
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	APE42948	4,454
			<u>\$ 3,176,545</u>
Total Department of Education			
Department of Treasury:			
Pass Through Payments from:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	21.027	APE45277,APE60054	\$ 41,843
			<u>\$ 5,557,415</u>
Total Expenditures of Federal Awards			

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, 2025. 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 15% de minimis indirect cost rate allowed under Uniform Guidance, but did elect to claim indirect costs at the VDOE approved rate of 12.50% for FY2025.

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	\$ 39,400,115
Less: Contribution from the City of Bristol, Virginia	(8,503,135)
Less: Revenue from the Commonwealth	(27,350,689)
Cafeteria Fund-Intergovernmental	2,051,861
Less: Revenue from the Commonwealth	<u>(40,737)</u>
Total School Board	<u>\$ 5,557,415</u>

City of Bristol, Virginia School Board
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2025

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
84.010	Title I Grants to Local Educational Agencies
84.287	Twenty-First Century Community Learning Centers

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
For the Year Ended June 30, 2025**

There were no findings in the prior year.