School Board of the City of Roanoke, Virginia
Component Unit of the City of Roanoke, Virginia

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2025

Roanoke City PUBLIC SCHOOLS

201 Campbell Ave. SW
Roanoke, VA 24011
www.rcps.info

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PHOTO CREDITS

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School Board of the City of Roanoke, Virginia,
A Component Unit of the City of Roanoke, Virginia

Annual Comprehensive Financial Report
For the Year Ended June 30, 2025

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Prepared by the Accounting Department and the Chief Financial Officer

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Introductory Section

Roanoke City PUBLIC SCHOOLS

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December 1, 2025

The School Board of the City of Roanoke, Virginia and Citizens of the City of Roanoke

The Annual Comprehensive Financial Report (ACFR) for the School Board of the City of Roanoke, Virginia (School Board), a Component Unit of the City of Roanoke, Virginia, for the fiscal year ended June 30, 2025, is herein submitted. Please note that the School Board is more commonly known as “Roanoke City Public Schools” or “RCPS.”

The report contains a complete set of basic financial statements presented in conformity with U.S. generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB) and audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards by a firm of licensed certified public accountants. The GASB requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A), which can be found following the report of the independent auditors. The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The report was prepared by the School Board's Accounting Department in conjunction with the Chief Financial Officer.

The School Board is considered a discretely presented component unit of the City of Roanoke (City) and, accordingly, the financial position and results of operations of the School Board are reflected in the Annual Comprehensive Financial Report of the City. The City is an independent full-service municipality with sole government taxing power within its boundaries. The School Board is a legally separate entity, which is fiscally dependent upon the City. The City Council of the City of Roanoke (City Council) appoints the seven members of the School Board, as well as, makes the annual appropriation for the School Board's operating budget. The City levies taxes for School Board operations, issues debt for capital projects, and retains ownership of school property and buildings. The buildings range in age from 2 to 102 years and it is the school board’s responsibility to maintain and upgrade the buildings as needed. The City Council is prohibited, however, from exercising control over School Board expenditures at the functional and budgetary line item levels of School Board funds.

Budgetary comparison schedules for the General and Food Services funds can be found in the Required Supplementary Information Section of the ACFR.

This report consists of management's representations concerning the finances of the School Board of the City of Roanoke, Virginia. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the School Board has established a comprehensive internal control framework that is designed both to protect the School Board’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the School Board's basic financial statements in conformity with GAAP. Since the cost of internal controls should not outweigh the benefits, the School Board's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

Profile of the School District

Roanoke City Public Schools is a progressive urban school division nestled in the heart of the Blue Ridge Mountains in the City of Roanoke, Virginia. Roanoke, the largest city in the Commonwealth of Virginia (Commonwealth) west of Richmond, is located at the southern end of the Shenandoah Valley, approximately 170 miles west of Richmond and 235 miles southwest of Washington, DC. Roanoke's 2024 population as per the Decennial Census from the U.S. Census Bureau was estimated at 97,712 which accounts for approximately 31% of the 315,749 population in its metropolitan statistical area (MSA), which includes the neighboring City of Salem, Town of Vinton and the Counties of Roanoke, Botetourt, Craig, and Franklin.

In the 2024-2025 school year, RCPS provided a comprehensive program of study for 13,706 students in grades pre-kindergarten through twelve (based on fall membership counts). The school division is made up of seventeen elementary schools, five middle schools, two high schools, the Roanoke Valley Governor's School for Science and Technology, a vocational school, two alternative education facilities, adult education programs, and preschool programs for at-risk children.

Roanoke's student population represents a diversity of cultures and ethnic groups. Approximately 38.5% of students are black, 28.7% are white, 22.7% are Hispanic, 6.6% are two or more races, and 3.6% are Asian or another race. Once overwhelmingly comprised of black and white students, RCPS's diversity has broadened in the last decade through decreases in the percentage of students identified as black or white and increases in the percentage of students who are Hispanic, Asian, two or more races, or another race.

In 2024-25, all RCPS students qualified for free or reduced-price school lunch based on the overall needs in the community as determined through the United States Department of Agriculture (USDA) Community Eligibility Provision (CEP). RCPS began participating in the CEP in the fall of 2015, providing free lunch for 84.7% of the overall student population through 19 school locations. In 2018-19, student needs led RCPS to apply and receive approval to expand participation and include all but two school sites in the CEP program. The final two schools were added as CEP schools at the beginning of the 2020-21 school year, making it possible for all RCPS students to have access to free breakfast and lunch daily without having to apply or provide individual family needs.

For the 2024-2025 school year all Roanoke City schools are accredited by VDOE. Accreditation ratings are based on performance during the previous school year. Student performance on SOL tests in English, mathematics and science are key metrics in the State Board of Education's school accreditation standards. These ratings are based on the school quality indicators.

The Roanoke City Public Schools Strategic Plan, *The Roadmap to Student Success* has affirmed that the school division's mission is to provide an inclusive and equitable, student-centered culture that empowers lifelong learning. Through meaningful, relevant, and engaging learning opportunities, we will empower all students to dream, excel, and meet their full potential to benefit our city and its citizens. The plan also establishes RCPS' vision, which is to provide all students with a strong educational foundation that enables them to become lifelong learners and contributing members and leaders of the global community. RCPS believes that we owe it to our children to set a very high bar.

The decisions, direction, and actions of RCPS are guided by five core beliefs, as follows:

- We put students first.
- We embrace equity and celebrate diversity.
- We value effective, high-quality instruction.
- We value our community.
- We value YOU!

The *Roadmap to Student Success* established the "Theory of Action" for students in Roanoke City Public Schools. In Roanoke City Public Schools, our theory of action is to graduate our students with a diploma and resume of skills and experiences that are based on effective daily instruction and relationship building. It is also steeped in our values of:

- Equity
- Collective teacher efficacy
- Community engagement and involvement
- Organizational trust

These practices will be evident in a literacy-rich learning environment for all students.

Narrowing the Achievement Gap. Roanoke City Public Schools is working to help all students achieve and improve with a special focus on closing achievement gaps between subgroups of students. In total, 19 of 24 schools are fully accredited and 5 are accredited with conditions. The Virginia Department of Education revised its accreditation standards to provide more comprehensive view of school quality while encouraging continuous improvement for all schools and placing increased emphasis on closing achievement gaps.

Roanoke City Public Schools
Accreditation Status for 2024-2025

School	Accreditation Status
Crystal Spring Elementary	Accredited
Fairview Elementary	Accredited
Fallon Park Elementary	Accredited with Conditions
Fishburn Park Elementary	Accredited
Garden City Elementary	Accredited
Grandin Court Elementary	Accredited
Highland Park Elementary	Accredited
Hurt Park Elementary	Accredited with Conditions
Lincoln Terrace Elementary	Accredited with Conditions
Monterey Elementary	Accredited
Morningside Elementary	Accredited
Preston Park Elementary	Accredited
Roanoke Academy Elementary	Accredited
Round Hill Elementary	Accredited
Virginia Heights Elementary	Accredited
Wasena Elementary	Accredited
Westside Elementary	Accredited
Lucy Addison Middle	Accredited
James Breckinridge Middle	Accredited with Conditions
John P. Fishwick Middle	Accredited
James Madison Middle	Accredited
Woodrow Wilson Middle	Accredited
Patrick Henry High	Accredited with Conditions
William Fleming High	Accredited

SAT Results 2025
Roanoke City Public Schools

One hundred forty-nine (149) Roanoke City students took the SAT Reasoning Test. The division's mean Evidence-Based Reading and Writing (ERW) score was five hundred sixty-five (565), the mean mathematics score was five hundred forty-one (541). The difference in scores over time in RCPS should be compared to Virginia and the U. S. to compare the magnitude of the change.

The students by ethnic group who took the SAT in 2025:

	Roanoke	Virginia	U.S.
Black/African American	22%	16%	13%
Other Ethnicities	21%	35%	42%
White	50%	44%	37%
"No Response" In Ethnicity:	*6%*	*4%*	*8%*

Mean scores of all students tested:

SAT Results	Roanoke Mean		Virginia Mean		U.S. Mean		Difference RCPS vs	
	2024	**2025**	2024	**2025**	2024	**2025**	**VA**	**US**
ERW	553	565	564	567	519	521	-2	+44
Mathematics	520	541	537	544	505	508	-3	+33
Total Score	1073	1107	1101	1112	1024	1029	-5	+78

The mean scores for Evidence-Based Reading and Writing and Math at times do not add up to the total mean score because of rounding.

Mean scores of tested students by ethnicity:

SAT Results	Roanoke			Virginia			U.S.			Difference				
	Black/ African Amer.	White	Hisp./ Latino	Black/ African Amer.	White	Hisp./ Latino	Black/ African Amer.	White	Hisp./ Latino	White		Hisp./ Latino		
	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean	RCPS vs		RCPS vs		
										US	VA	US	VA	US
ERW	498	602	526	503	593	516	464	550	474	+34	+9	+52	+10	+52
Mathematics	466	569	511	478	561	496	440	527	454	+26	+8	+42	+15	+57
Total Score	964	1171	1036	980	1155	1013	904	1077	928	+60	+16	+94	+23	+108

The mean scores for Evidence-Based Reading and Writing and Math at time do not add up to the total mean score because of rounding.

Mean scores of students tested by high school:

SAT Results	Patrick Henry			William Fleming		
	Mean	Difference		Mean	Difference	
		VA	US		VA	US
ERW	579	+12	+58	536	-31	+15
Mathematics	556	+12	+48	510	-34	+2
Total Score	1135	+23	+106	1046	-66	+17

SAT I: Reasoning Test Scores for Graduating Seniors
Roanoke City Public Schools 2015-2025

Mean Scores on SAT

Mean	2015	2016	2017*	2018*	2019*	2020*	2021*	2022*	2023*	2024*	2025*
Reading|*ERW SAT Score	483	464	522	527	514	518	556	540	532	553	565
Mathematics SAT Score	477	457	502	507	497	492	535	513	511	520	541
Writing	461	433	-	-	-	-	-	-	-	-	-
Total	**1421**	**1354**	**1025**	**1034**	**1011**	**1009**	**1091**	**1053**	**1043**	**1073**	**1107**

~SAT data historically has included students who took the SAT at any point in high school through March of their senior year. Starting with 2012, the SAT data includes all students who tested through June of their senior year.

Mean	BLACK/AFRICAN AMERICAN										
	2015	2016	2017*	2018*	2019*	2020*	2021*	2022*	2023*	2024*	2025*
Reading|*ERW SAT Score	422	417	456	462	460	458	484	460	484	481	498
Mathematics SAT Score	419	411	445	443	438/	437	463	439	448	437	466
Writing	404	388	-	-	-	-	-	-	-	-	-
Total	***1245***	***1216***	***901***	***905***	***898***	***895***	***947***	***899***	***932***	***918***	***964***

Mean	WHITE										
	2015	2016	2017*	2018*	2019*	2020*	2021*	2022*	2023*	2024*	2025*
Reading|*ERW SAT Score	543	535	599	603	577	592	608	609	582	609	602
Mathematics SAT Score	537	531	565	577	560	558	587	576	570	588	569
Writing	519	507	-	-	-	-	-	-	-	-	-
Total	***1599***	***1573***	***1164***	***1180***	***1137***	***1151***	***1195***	***1186***	***1152***	***1197***	***1171***

Mean	HISPANIC / LATINO										
	2024*	2025*									
Reading|*ERW SAT Score	536	526	-	-	-	-	-	-	-	-	-
Mathematics SAT Score	498	511	-	-	-	-	-	-	-	-	-
Total	***1033***	***1036***	-	-	-	-	-	-	-	-	-

ERW** is ***Evidence-Based Reading and Writing. It is replacing the separate Reading and Writing tests from 2011-2016.

2025 ACT Results

Participation in ACT Testing among Roanoke City Public Schools graduates increased during the school year 2024-2025. During the 2024-2025 school year 27 graduates participated in ACT, while 21 students took ACT in 2023-2024.

Total Participants: 27

Separate high school data will not be displayed due to low participation and the possibility of identifying scores of individual students.

Percentage of Students Meeting College Readiness Benchmarks 2024|2025

	Roanoke City		State		National	
	2024	**2025**	**2024**	**2025**	**2024**	**2025**
English	76	63	85	86	51	50
Mathematics	33	44	60	63	29	29
Reading	52	59	73	76	40	39
Science	57	59	64	68	30	30
Composite	24	37	49	52	20	20

Comparison of Average ACT Scores 2024|2025

	Roanoke City		State		National	
	2024	**2025**	**2024**	**2025**	**2024**	**2025**
English	20.7	21.6	24.8	25	18.6	18.4
Mathematics	19.8	21.7	23.5	23.8	19	18.9
Reading	21.4	24.1	26.1	26.5	20.1	20
Science	22.6	22.9	24.5	24.9	19.6	19.6
Composite	21.2	22.7	24.8	25.2	19.4	19.4

Benchmarks: English = 18; Math = 22; Reading = 22; Science = 23

The ACT reports **College Readiness Benchmark Scores** – A benchmark score is the minimum score needed on an ACT subject-area test to indicate a 50% chance of obtaining a B or higher or about a 75% chance of obtaining a C or higher in the corresponding credit-bearing college courses, which include English Composition, Algebra, Social Science, Biology, STEM and ELA. These scores were empirically derived based on the actual performance of students in college.

Source: Roanoke City Public Schools – Office of Accountability and Strategic Initiative Support 10/2025

Factors Affecting Financial Condition

The information presented in the basic financial statements is best understood when it is considered from the broader perspective of the specific environment within which the School Board operates.

Economic Condition and Outlook

The school division's ability to fund its major educational initiatives adequately is significantly affected by the City's economic outlook and City leadership's decisions on school funding. City funding for public education between 2012 and 2024 followed a revenue sharing agreement which stipulated that (a) the schools received 40% of most actual property and other local tax receipts levied by the City of Roanoke and (b) the schools pay 100% of the debt service associated with school projects (up from approximately 50% under the previous funding arrangement). For 2024-25 this policy was modified to fund schools at 40% of budgeted local revenues instead of actual revenues but included a provision for the school division to apply for up to 40% of any amount by which actual local tax revenue at year-end might exceed budget. At the time of this audit, the City of Roanoke's audit was still ongoing, so it is currently unknown whether, and by how much, revenue exceeded budget. Any application for a portion of excess FY25 revenue has yet to be determined.

For 2025-26, City Council further amended the city's School Funding Policy to establish 40% as a cap instead of a guarantee by changing the language to say, "up to 40%." Additionally, the amended policy approved by City Council on May 12, 2025 keeps funding of schools for 2025-26 flat, at the same budgeted level as was included in the 2024-25 budget. RCPS will receive no portion of the increased local tax revenue budgeted by the City of Roanoke in 2025-26. Discussions are currently underway regarding additional changes to the way the City of Roanoke funds schools which could further reduce the portion of local tax revenue invested in K-12 education.

2024-25 was the first year of the current two-year budget cycle adopted by the Commonwealth of Virginia General Assembly. The state experienced higher-than-budgeted revenues during the year, resulting in amendments to the budget that were debated and adopted in spring 2025. This resulted in a slight increase in budgeted funds for Roanoke City Public Schools of $1.5 million, plus an additional increase of $1.45 million for a one-time bonus for employees. The state calculated this amount based on $1,000 per position that is partially funded through Standards of Quality (SOQ) state funding. Unfortunately, the SOQs have not kept pace with resources actually needed for quality K-12 education, so a significant number of staff would have been left out of this bonus if we only provided it to positions that meet those minimum standards as identified by the Virginia Department of Education. Therefore, we provided this bonus to all staff (excluding executive levels) and the total was closer to $500 per person.

Average Daily Membership (ADM), as measured annually on March 31, is a significant factor in state funding formulas for public education. RCPS enrollment was on a strong upward trajectory pre-pandemic but has fluctuated significantly since 2019-20, which was the year when K-12 funded ADM was at its highest point in two decades at 13,109.99. March 31 ADM in 2024-25 was 12,903.94. Total fall membership in 2024-25 was 13,883. These counts vary widely because some groups of students, including preschool and students with intensive support needs, are funded separately by the state and so are excluded from the average daily membership calculation used in determining basic state aid.

Fluctuations in student enrollment make budgeting for state funding difficult. Basic state funding (excluding funds for specific groups of students like preschool) was approximately $10,800 in 2024-25. A loss of just 100 students can mean a loss of over $1 million in state aid in one year.

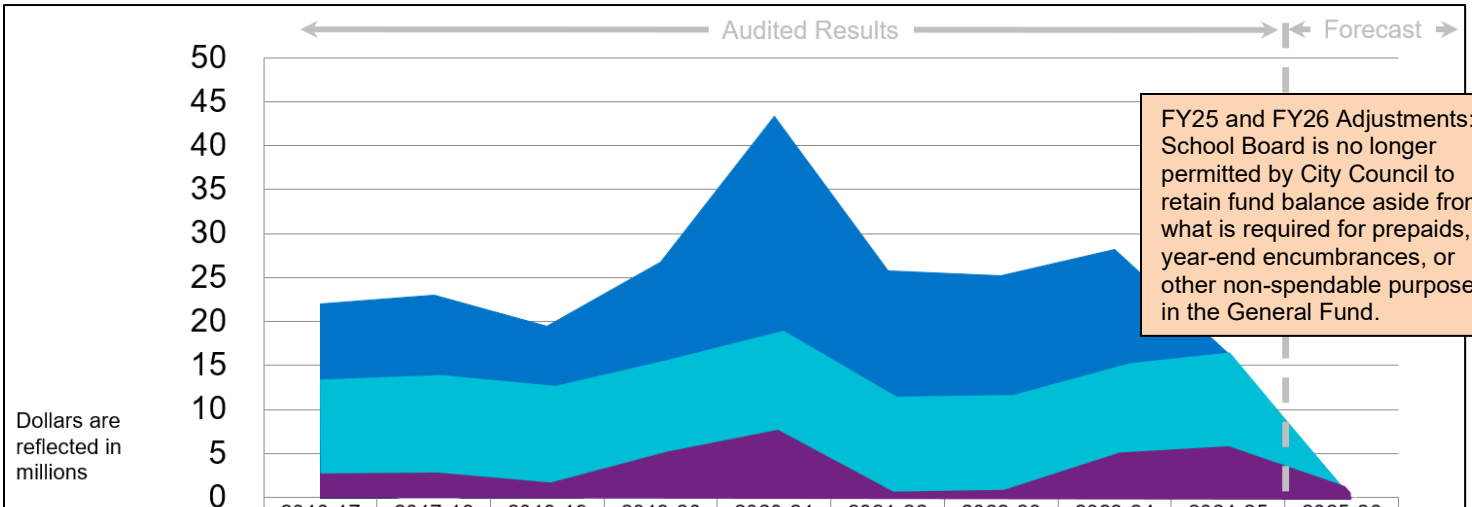
The Every Student Succeeds Act (ESSA), which replaced the No Child Left Behind Act of 2002, was signed into law on December 10, 2015. The Commonwealth of Virginia has an approved plan, and RCPS utilizes these important sources of federal funding, such as Title I-A, to supplement local and state-funded efforts to meet student needs. Additional entitlement funds support Roanoke City schools with teacher professional development and class-size reduction (Title II-A), supporting students who are English learners (Title III-A), and providing well-rounded educational opportunities, services that develop safe and healthy students, and programs that support the effective use of technology (Title IV-A).

Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funding was awarded to public school divisions using the Title I allocation formula in late spring 2020. The portion of relief under this Act that was for school divisions is identified as the Elementary and Secondary School Emergency Relief (ESSER) Fund. Two more installments of pandemic-relief funding followed, with the last being the American Rescue Plan (ARP) Act which was approved in March 2021. ESSER I funds were available through September 30, 2022, and ESSER II funds were available through September 30, 2023. The final round of pandemic-relief funding, ESSER III, was available through September 30, 2024. These funds have provided tremendously valuable support for schools. RCPS successfully expended these one-time funds by the final September 30, 2024 deadline.

Though a teacher shortage has been a growing struggle for school divisions across the nation for some time, the pandemic has exacerbated shortages across all industries. The level of vacancies that RCPS experienced in 2021-22 was unprecedented, at least over the last several decades. Establishing and maintaining a more competitive teacher salary scale became imperative. RCPS set out to adjust teacher pay to make it the highest in the region for the 2022-23 budget. This effort was successful. Additionally, RCPS adjusted classified position pay scales to ensure that no position has a minimum wage of less than $15 per hour. Pay and other recruitment efforts across all positions are of significant importance. The school division has been more successful in filling positions since that time yet opening schools with at least some unfilled vacancies is now the norm. Other school divisions in our region have also adjusted their pay to become more competitive with RCPS over the last few years, and most are close to catching up, or already caught up, to our teacher salary scale at this point.

Considering the above, particularly the unexpected change in local funding that included no funding increase in 2024-25, RCPS expects to be in a deficit spending position during fiscal year 2026. This was a one-time fix to keep programs moving forward but RCPS will not be permitted to use fund balance to manage cash flow, plan for future needs, or to cover unexpected shortfalls beyond 2025-26. The Roanoke City Council has eliminated the portion of the city's previous funding formula which provided for the school division to receive true-up funds after fiscal year end and retain those funds for future school needs and is requiring the school division to return any unspent fund balance accumulated from prior fiscal years. The following chart illustrates the projected impact on fund balance in the General Fund (note that establishment of a Capital Projects Fund in 2021-22 resulted in transfers from the General Fund for facility improvements, impacting available fund balance in the General Fund).

Change in Fund Balance – General Fund



	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Change in Total Fund Bal	$(2.3)	$1.0	$(3.5)	$7.3	$16.5	$(17.5)	$(0.6)	$3.0	$(11.9)	$(15.1)
Unassigned Fund Bal	19.2	20.2	17.6	20.9	35.5	25.3	24.7	22.8	9.8	0.0
Committed Fund Bal	2.8	2.8	1.9	5.9	7.8	0.5	0.5	5.4	6.6	1.3
TOTAL FUND BALANCE	22.0	23.0	19.5	26.8	43.3	25.8	25.2	28.2	16.4	1.3

Color Coding: Total Fund Balance | Fund Balance Reserve | Committed Fund Balance

Accounting System and Budgetary Controls

The School Board has established a comprehensive internal control framework designed to both safeguard the district's assets against loss from unauthorized use or theft and properly record and adequately document transactions to enable the presentation of the School Board's financial statements in conformity with GAAP.

The School Board maintains budgetary controls to ensure compliance with the annual appropriated categorical budget adopted by the School Board. In accordance with state law, the advertised and adopted budget is submitted to City Council for adoption and appropriation. City Council includes the School Board adopted budget with the city budget, which is, in turn, advertised and adopted by May 15. The School Board exercises management control over the budget at the cost center level within each fund, however, the budget is legally adopted at the fund level. Activities of the General Fund and Food Service Fund are included in the annual appropriated budget approved by City Council. Multi-year programs are appropriated separately for the School Grants Fund as awards are received. The School Board also maintains an encumbrance accounting system as an additional method of accomplishing budgetary control.

Financial Policies and Budgetary Initiatives Impacting the Financial Statements

Roanoke City Public Schools' financial statements are presented in accordance with School Board policies that govern the school division's financial practices. School Board policies, in turn, are informed by City Code and the Code of Virginia. Functional categories presented on Exhibit 2, and expenditure categories on Exhibit 4, are in accordance with budget categories based on budget classifications required by School Board Policy DB and Code of Virginia § 22.1-115. In the spring of 2017, the School Board adopted a new policy, DBA, on Fund Balance Management. This policy clarifies definitions of fund balance availability and establishes guidelines for use of fund balance. This policy was amended in 2023 to ensure it continues to provide appropriate levels of stability over time as inflation and enrollment change. This policy is expected to further change or be eliminated in 2025-26 based on the City Council discontinuing past practice of allowing the School Board to retain fund balance for future school needs.

As noted previously, a significant change to the City of Roanoke's methodology for funding public education impacts the 2024-25 financial statements. Funding of schools reflects a year-over-year decrease of $16.5 million based on the requirement that the School Board return funds the schools were formerly permitted to retain for future school use. Funds that were committed as of June 30, 2025, which the School Board was instructed to return to the city per communication dated July 1, 2025, could not be changed as of the 2024-25 statements, so it is anticipated that those funds will be uncommitted by the School Board during the 2025-26 fiscal year and returned to the city during that period.

General Operations

Management's Discussion and Analysis, which is contained in the financial section of this report, provides a discussion of financial results for fiscal years 2023 and 2024, as well as summaries of the government-wide financial statements.

Auditing

The School Board appoints an Audit Committee comprised of at least one School Board member. The Audit Committee acts in an advisory capacity to the School Board in all matters relating to the School Board's financial records. The Municipal Auditor, who is appointed by Roanoke City Council, assists the Audit Committee in a continuing review of the internal control and financial operations of the School Board and schools, and regularly reports findings to the Audit Committee.

Federal and state agencies also perform audits and reviews of School Board programs and financial records. The School Board's basic financial statements are audited annually by an independent public accounting firm, including a single audit of expenditures of federal awards. The current year independent auditors' reports are included in the Financial and the Compliance Sections of this report.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the School Board of the City of Roanoke, Virginia, for its annual comprehensive financial report for the fiscal year ended June 30, 2024. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In addition, the Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the School Board of the City of Roanoke, Virginia, for its annual comprehensive financial report for the fiscal year ended June 30, 2024. The Certificate of Excellence program is similar to the GFOA Certificate of Achievement program and is an international award recognizing excellence in the preparation and issuance of school system financial reports.

In order to be awarded a Certificate of Achievement, a school board must publish an easily readable and efficiently organized annual comprehensive financial report, whose contents conform to program standards. Such a financial report must satisfy both U. S. generally accepted accounting principles and applicable legal requirements.

The GFOA Certificate of Achievement and the ASBO Certificate of Excellence are valid for a period of one year only. The School Board issued its first annual comprehensive financial report for fiscal year 1994, and the receipt of both certificates for thirty-one consecutive years is a positive statement about the quality of accounting services provided by the Office of Fiscal Services. We believe our current report continues to conform to the Certificate of Achievement and Certificate of Excellence program requirements, and we are submitting it to both agencies for certification.

Sincerely,

Kathleen M Jackson

Kathleen M. Jackson, MBA, SFO
Chief Financial Officer

Donna A Caldwell

Donna A. Caldwell, CPA
Director of Accounting

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

The Certificate of Excellence in Financial Reporting is presented to

School Board of the City of Roanoke, Virginia

for its Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2024.

The district report meets the criteria established for ASBO International's Certificate of Excellence in Financial Reporting.

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

Ryan S. Stechschulte
President

James M. Rowan, CAE, SFO
CEO/Executive Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

School Board of the City of Roanoke
Virginia

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

Roanoke City Public Schools Officers and Principal Administrators
(July 1, 2024 through June 30, 2025)

Roanoke City School Board

Eli C. Jamison, Ph.D., Chairperson
Franny Apel, Vice Chairperson
Michael L. Cherry, II
Christopher T. Link
Auraliz C. Quintana
Deidre E. Trigg
Joyce W. Watkins

Kimberly Tresky, Clerk of the Board

Superintendent of Schools

Verletta White, Ed.D.	Superintendent

Executive Staff

Mr. Archie Freeman	Chief Instructional and Administrative Officer
Ms. Kathleen M. Jackson	Chief Financial Officer
Mr. Dominick McKee	Chief of Human Resources Officer
Mr. Chris Perkins	Chief Operations Officer
Dr. Cyndi Williams	Chief Academics and Accountability Officer

Roanoke City Public Schools Organizational Structure and Alignment to the Strategic Plan

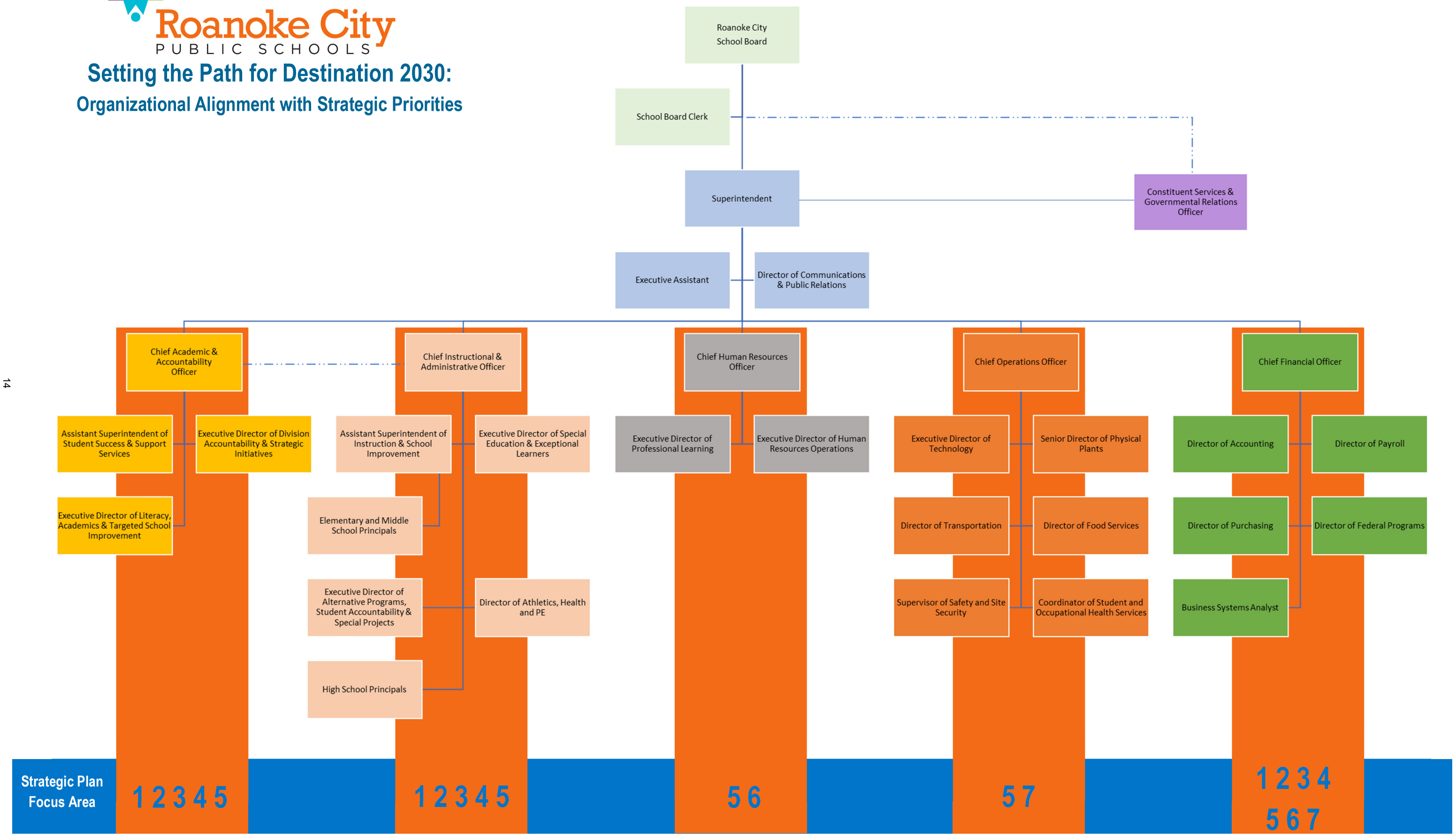
The organizational chart on the following page illustrates the leadership team structure of Roanoke City Public Schools' administration. It also illustrates the Strategic Plan pathways that each organizational area chiefly works towards achieving. The Roanoke City Public Schools 2022-2028 Strategic Plan, *The Roadmap to Student Success*, can be found on the school division's web site at https://www.rcps.info/departments/superintendent/strategic_plan for a more thorough explanation of the goals and strategies included, but the seven strategic pathways to which the organizational structure is aligned are:

Pathway 1: Academics and Post-Secondary Success
Pathway 2: Overall Well-Being and Sense of Community
Pathway 3: Communication and Community Engagement
Pathway 4: Recruitment, Retention, and Professional Growth
Pathway 5: Operations

Roanoke City
PUBLIC SCHOOLS

Setting the Path for Destination 2030:

Organizational Alignment with Strategic Priorities



Effective July 1, 2024

Financial Section

Roanoke City PUBLIC SCHOOLS

We Are One #RCPSProud

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BROWNEDWARDS
certified public accountants

Independent Auditor's Report

To the Honorable Members of the of the
Roanoke City School Board
Roanoke, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the School Board of the City of Roanoke, Virginia (the "School Board"), a component unit of the City of Roanoke, 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 and each major fund of the School Board, as of June 30, 2025, and the respective changes in financial position 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 *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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School Board of the City of Roanoke and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note I to the financial statements, in 2025, the Schools adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

Auditor's 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 auditor's 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 and other required supplementary information, 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.

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 schedule of insurance coverage is 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 schedule of insurance coverage is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 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 the School Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 1, 2025

The School Board of the City of Roanoke, Virginia
A Component Unit of the City of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2025

As management of the School Board of the City of Roanoke, Virginia (School Board), we offer readers of the financial statements this narrative overview and analysis for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

At the entity wide level, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources at the close of the most recent fiscal year by ($40,168,707) (net position). Of this amount, $29,426,964 was the net investment in capital assets, $1,158,444 was restricted for pension and other post-employment benefits, leaving unrestricted net position totaling ($70,754,115). In prior years, unrestricted net position was normally used to meet the School Board's ongoing obligations to citizens and creditors. Although the entity wide statements reflected a negative net position due to deferred inflows and outflows of pension and other post-employment liabilities, the school division was fortunate to have accumulated fund balance to rely on for future emergency needs and to fund capital projects without incurring additional debt. During fiscal year 25, the City of Roanoke made the decision to request prior fund balance retained in the school's financial portfolio to be returned to the city. As a result, the school board was required to return $20,877,137, the accumulation of prior years remaining fund balance, previously retained by the school board for the last 14 years. Had this change not been made, the school division would have contributed $678,856 to the existing fund balance. Fund balance remaining at June 30, 2025 reflects fund balance that is owed to the City of Roanoke in fiscal year 26 and is not available for use by the school division.

The general fund experienced an overall increase in net operating revenues of $1.51 million largely due to better than budgeted funding from the state and interest on investment income. Revenue from the state of Virginia exceeded budget by approximately $3.4 million. Investment income also increased over prior year by $240,000.

Federal revenue decreased from the prior year largely due to the elimination of funding from various pandemic relief grants that were one-time stimulus packages for School Boards to combat the impacts of the COVID-19 pandemic. A significant portion of the revenue was reflected in previous years and resulted in higher-than-normal grant revenue. The last expenditure window for the pandemic-relief funds closed in September 2024. This was true in the prior year and continued to impact revenue in Fiscal 25.

The capital fund was established during the 2021-22 fiscal year to provide the school division with the ability to commit funds for the purpose of capital outlays, including the acquisition or construction of capital facilities and other capital assets, and to be able to separately account for such funding and expenditures. The capital fund experienced a net operating decrease of $9,792,211. During the year, $12.8 million was transferred from the general fund balance to the capital fund balance for facilities renovations. The decrease in capital fund balance is due to the increased use of those funds during the year for ongoing projects. In addition, $8,345,694 was recorded as a transfer to the general fund and included as part of the liability due to the City of Roanoke because of the policy change made during fiscal 25 that required the school division to return unassigned fund balance back to the city at year end.

Overall revenues were approximately $292 million, ($32.9 million) less than expenditures. Approximately 63 percent of the negative variance reflects the liability back to the city for prior year's accumulated fund balance. The remaining variance of ($12.0 million) was due to an increase in expenditures across most all expenditure categories with the largest variance being instruction due to increased operational costs along and personnel costs previously covered by ESSER funding moved to the general fund.

The total cost of basic programs was approximately $320 million. Since a portion of those costs were paid with charges, fees and intergovernmental aid, the net cost to the School Board to operate basic programs was $227 million.

At the end of the current fiscal year, fund balance for the general fund was approximately $9.8 million, or 3.9% of total general fund expenditures. However, this will be returned to the City of Roanoke along with any additional contribution to fund balance at the end of fiscal 26, therefore is recorded as assigned fund balance. At the end of fiscal 25, the school division had committed fund balance of $250,000 for the transportation sinking fund and $5.0 million for transitional costs associated with the end of pandemic relief funding which also will be returned to the City of Roanoke in fiscal 26.

Revenues reported in Student Activity Funds were $1,425,971 and expenditures were $1,241,285. Overall revenues and expenditures reflected in the current year are a result of activities per school location and may include donations, fees collected and revenues from fundraising activities.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The School Board's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes 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 enterprise.

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

The Statement of Activities presents information showing how 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 result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The government-wide financial statements distinguish functions of the School Board that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the School Board include all activities of the School Board. The School Board does not operate any business-type (proprietary fund) activities.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School Board, like other state and local governments and other school districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the School 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 near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a district's near-term financing requirements.

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

The School Board maintains five individual governmental funds. 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 five funds, all of which are major funds. The funds are the School Board's general fund, food service fund, school grants fund, capital fund, and school activity fund.

The School Board adopts an annual appropriated budget for its general and food service funds. A budgetary comparison schedule has been provided as required supplementary information for each of these funds to demonstrate compliance with budgetary requirements.

Notes to the Basic Financial Statements. The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

The School Board of the City of Roanoke, Virginia's Summary of Net Position
Governmental Activities

	June 30,	
	2025	**2024**
Current and other assets	$ 83,217,778	$ 88,637,119
Capital Assets, net	53,204,839	49,942,212
Total Assets	136,422,617	138,579,331
Total Deferred Outflows of Resources	52,485,248	52,819,711
Current and other liabilities	62,616,364	31,551,493
Long-term Liabilities	146,391,283	157,571,412
Total Liabilities	209,007,647	189,122,905
Total Deferred Inflows of Resources	20,068,925	14,703,629
Net investment in capital assets	29,426,964	31,264,470
Restricted - Pension and Other Post Employment Benefit Assets	1,158,444	1,197,506
Unrestricted	(70,754,115)	(44,889,468)
Total Net Position	$ (40,168,707)	$ (12,427,492)

Net position can serve as a meaningful measure of a district's financial health over time. For the School Board, liabilities and deferred inflows of resources exceeded assets and deferred outflows by $40,168,707 at the close of the most recent fiscal year. The primary driver of the increased negative unrestricted fund balance was a new requirement mandating the School Board to return $20,877,137 in accumulated prior-year fund balance to the City of Roanoke at the end of fiscal year 2025. Net position for fiscal year 24 reflects the restatement for the adoption of GASB 101, *Compensated Absences*, explained further at Note III.I.

Current and other assets declined by ($5,419,341) during the fiscal year. This overall decrease was driven by several factors: a ($2,931,391) reduction in cash and cash equivalents, a ($128,256) decrease in accounts receivable, a ($9,186,629) decrease in amounts due from other governments, and a $5,695,117 increase in amounts due from the City of Roanoke. The increase in receivables from the City reflects pending reimbursements for capital projects. While the City appropriates debt funding for these projects, the School Board initially covers the costs and is reimbursed afterward.

Prepaid and other assets rose by $1,167,880, while net pension and other post-employment benefit assets decreased by ($39,062). The decline in cash and cash equivalents was primarily the result of the expiration of COVID-related ARP ESSER III funding in 2024, which significantly reduced year-end receivables. Additionally, greater reliance on fund balance in fiscal year 2025 further contributed to lower cash reserves.

The School Board's investment in capital assets, machinery, and equipment net of accumulated depreciation, in the amount of $53,204,839 represents (.76%) of net position. The net increase of $3,262,627 resulted largely from buildings that were in progress in the current year and will be transferred to the City of Roanoke as donated assets upon completion. Although the School Board manages the renovations and

construction of school facilities, the buildings are owned by the City of Roanoke, thus are transferred to the city at completion. The School Board uses these capital assets to provide services to students; consequently, these assets are not available for future spending. It should be noted that these assets reflect outlays made during the current fiscal year and previous years.

Current and other liabilities rose by $32,293,267 during the fiscal year. This increase was driven by a $4,836,194 rise in accounts payable and accrued expenses, a $10,827,926 increase in claims payable and long-term liabilities due within one year, and a ($4,247,990) decrease in unearned revenue. In addition, a new liability was recorded for the return of fund balance to the City of Roanoke, totaling $20,877,137. This requirement, not present in prior years, significantly contributed to the overall increase in the School Board’s liabilities for the year ended June 30, 2025.

Accounts payable were significantly higher due to textbooks that were purchased during the latter part of the fiscal year that were unpaid at year end. Claims Payable and Long-Term Liabilities Due Within One Year had a notable increase due to larger than anticipated healthcare claims. Unearned Revenue decreased due to COVID-19 grants that ended in fiscal 24 thereby lowering grant reimbursements that were not received by year end.

Long-term liabilities decreased by ($7,841,997). Compensated Absences Payable increased by $3,625,239 largely due to changes in the calculation of compensated absences from the new accounting pronouncement, GASB 101. At the end of the school year 2025, the school board had outstanding debt for a lease of $11,937,000 related to a lease purchase agreement for energy saving equipment. Notes payable decreased by $1,009,000 during the year (Note III.F.). The School Board adopted GASB 87 standard for leases in fiscal year 2022 and GASB 96, the standard for subscription-based information technology arrangements in fiscal year 2023. The balance in leases at the end of the year was $1,823,506 and the balance in subscriptions was $585,225. Lease payables increased by $775,180 and subscriptions increased by $48,648 (Note III.G.). The increases were largely due to additional vehicles purchased during the year and some additional software programs. Net pension liability decreased by ($10,469,704). The net pension liability is determined by an actuary evaluation provided by an independent audit of the state retirement system.

The School Board’s net position, in the amount of $53,023,098 exclusive of the net pension and OPEB assets and liability has in the past, represented resources that are available to be used to meet the School Board's ongoing obligations to students, staff, and creditors. The decrease in unrestricted net position from the prior year is ($30,431,175). Of that amount, $20,877,137 must be returned to the City of Roanoke, and the remaining portion was appropriated by the City Council of the City of Roanoke for use in the next fiscal year.

Governmental Activities. Governmental activities resulted in a decrease in the School Board’s net position of ($27,741,215) during the current fiscal year. Key elements of the change in net position are as follows:

Expenses for total governmental activities exceeded program revenues by $227 million. The division’s expenses by program have been netted against revenues that directly fund that program, resulting in the net cost of the program activity. The net cost of instructional activities, $133 million, comprises 58.8% of total governmental activities. The net cost of operations, maintenance, and facilities was $40.8 million, or 18.0% of total governmental activities. The net costs of other functional activities were athletics, $2.0 million

or 0.6%; transportation, $14.8 million or 6.5%; payments to the primary government for debt service, $10.4 million or 4.6%, note and lease payments, $1.3 or 0.6%, and support services, $24.4 million or 10.8%. At fiscal year-end, food services expenditures exceeded revenues (68,777) or (0.1%) of the government-wide net cost.

Net expenses for fiscal year 2025 increased by $43.7 million compared to the prior year. Much of this growth stemmed from a $33.1 million rise in instructional program costs, driven by a $27.3 million increase in regular instruction, $6.2 million in special education, $7,075 in vocational instruction, $550,845 in guidance services, $557,313 in school administration, and $193,001 in district-wide instructional programs. These increases were partially offset by decreases of $22,812 in gifted programs and $1,712,782 in media services.

The higher instructional expenditures were largely attributable to reduced program revenues compared to the prior year. Additional factors included a significant increase in health insurance liabilities impacting the general fund, lower grant revenues following the expiration of federal pandemic funding, and the prior year's capital grant funding being utilized more heavily in that period.

Further contributing to expense growth were textbook and software purchases made during the current fiscal year, along with employee pay raises averaging 3.5 percent. Special education costs also rose due to a larger number of students requiring services and higher costs under the Children's Services Act for private special education placements, which are paid to the City of Roanoke for students enrolled in Roanoke City Public Schools.

General revenues not tied to specific functions or programs totaled $199.1 million, which was ($27,741,215) less than the net cost of the division's programs. Overall revenues for fiscal year 2025 rose by $16.8 million compared to the prior year largely due to an increase in state aid. Program revenues declined by $18.5 million or 16.6%, while general revenue collections increased by $4.6 million or 2.3%.

The change in general revenue collections included a $20.3 million or 23.0% increase in unrestricted state aid and a $1.0 million or 141.8% increase in other income. These gains were offset by a ($16.5) million or 16.1% decrease in revenue from the City of Roanoke and a ($239,950) or 9.1% decline in investment income.

Prior to fiscal year 2025, revenues from the City of Roanoke were based on a formula allocating 40% of most local tax revenue. Beginning in fiscal year 2025, the City shifted its policy to appropriate only 40% of the budgeted fund balance. Later in the year, the City further amended this policy, requiring the School Board to return 14 years of accumulated fund balance. This change resulted in a significant reduction in funding from the City, including the accumulated balances through fiscal year 2024.

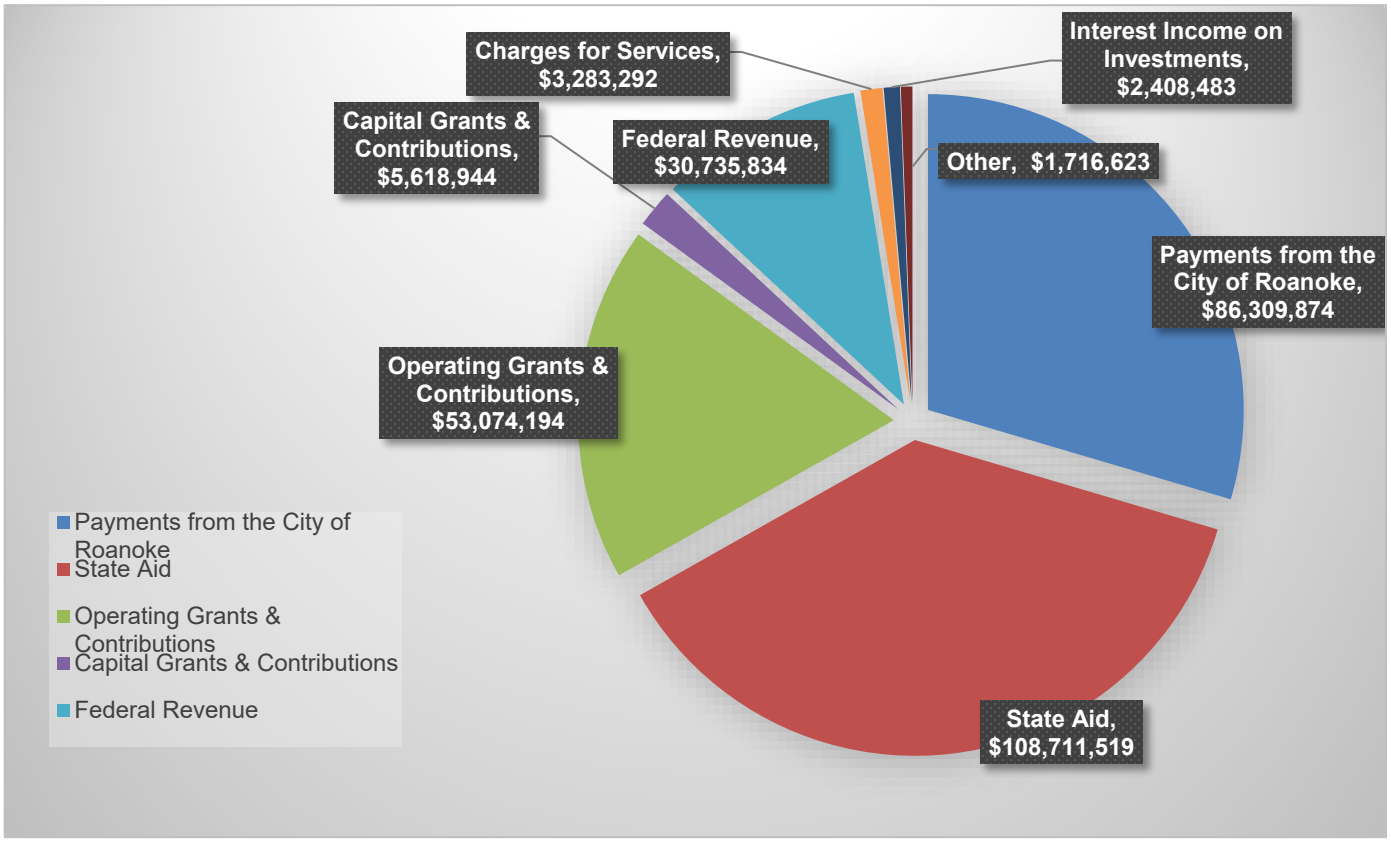
The acquisitions of capital assets are reported in the governmental funds as expenditures. However, for governmental activities, those costs are shown as capital assets in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. Net capital assets, accordingly, increased by $3,262,627, the amount by which capital asset purchases in the current period exceeded depreciation expense and the net book value of capital assets disposed. Net capital asset additions of $11,698,993, less retirements of $8,436,366, were offset by a net increase in accumulated depreciation for the year of $5,562,097 (Note III.C.).

The compensated absences liability increased by $392,760. This increase reflects the balance in fiscal year 2024 restated for the change in measurement resulting from the adoption of GASB statement 101 (Note III.I).

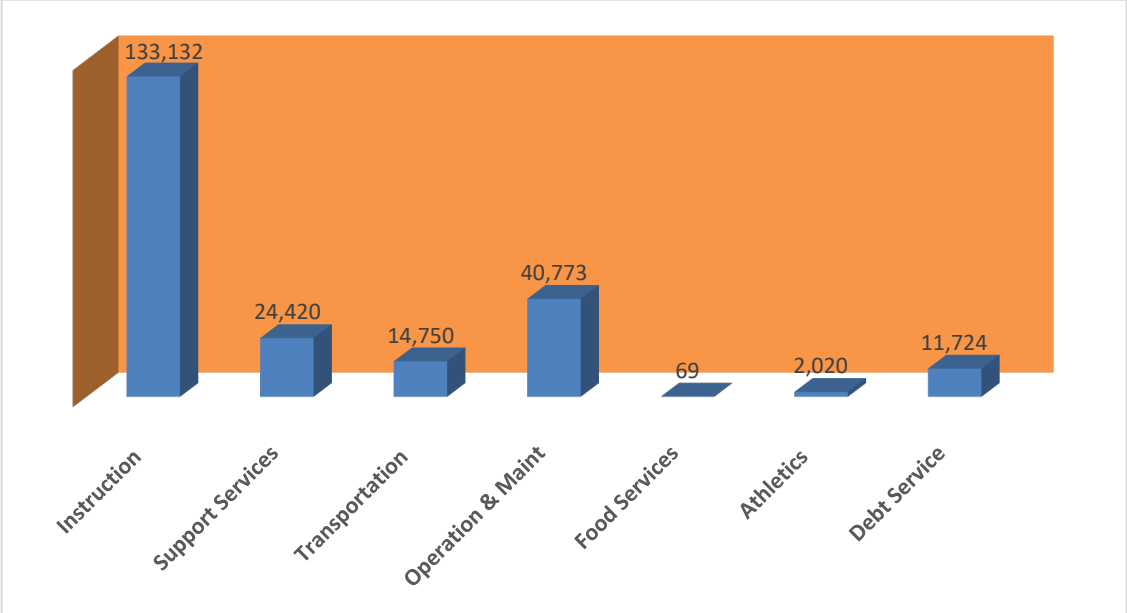
Food Services net revenue increased $88,085 from the prior year; however, expenditures still exceed revenues during the current year. Increased food and labor costs, coupled with continued increases in the number of meals served, led to higher costs.

Revenues and Expenses Summaries – Governmental Activities:

Revenues by Source – Governmental Activities:



Net Cost of Programs – Governmental Activities (In Thousands):



The School Board of the City of Roanoke, Virginia's
Summary of Changes in Net Position
Net
Governmental Activities
Net Cost of Programs - Governmental Activities

	Year Ended June 30, 2025	Year Ended June 30, 2024
Revenues:		
Program Revenues:		
Charges for services	$ 3,283,292	$ 3,424,797
Operating grants and contributions	83,810,028	98,938,759
Capital Grants and Contributions	5,618,944	8,861,152
General Revenues:		
Payments from the City of Roanoke	86,309,874	102,839,462
State aid not restricted to specific programs	108,711,519	88,377,939
Interest Income on Investments	2,408,483	2,648,433
Other (Miscellaneous on Exhibit 2)	1,716,623	709,872
Total Revenues	291,858,763	305,800,414
Expenses:		
Instruction	213,740,993	199,442,059
Support Services	24,553,549	20,642,860
Transportation	14,750,127	12,578,326
Operation & Maintenance of Plant	40,772,911	35,572,040
Food Services	11,589,362	11,278,798
Athletics	2,469,025	2,131,965
Payments for Debt Service	11,724,011	12,753,544
Total Expenses	319,599,978	294,399,592
Change in net position	(27,741,215)	11,400,822
Net position - Beginning of Year, restated	(12,427,492)	(23,828,314)
Net position - End of Year	$ (40,168,707)	$ (12,427,492)

Financial Analysis of the Governmental Funds

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

Governmental Fund – 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. 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. As of the end of the current fiscal year, the School Board's total governmental funds reported an ending fund balance of $31,309,716, a decrease of ($30,211,105) in comparison with the prior year. Of the ending fund balance, $1,297,794 was non-spendable, $250,000 was committed for transportation sinking fund, $5,000,000 was committed for transitional costs associated with the end of pandemic relief funding, $8,082,088 was committed for capital projects, $5,487,654 was assigned for Food Services, and $9,835,094 was assigned for use in the next fiscal year as appropriated by the City of Roanoke, and if there is any fund balance remaining, it will be returned to the city. The School Activity Fund fund balance, $1,357,166 is assigned for operational activities of that fund.

The general fund is the chief operating fund of the School Board. At the end of the current fiscal year, total fund balance of the general fund was $16,382,888. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures.

The fiscal year 2025 total fund balance represents 6.5% of total general fund expenditures, compared to the prior year total fund balance which represented 12.5% of total general fund expenditures.

The School Board's general fund balance declined by $11,852,587 during the current fiscal year due to a new requirement mandating the return of unassigned funds to the City of Roanoke. Similarly, the capital fund balance decreased by $18,137,905, of which approximately $8.3 million will also be remitted to the City under this requirement.

Expenditures exceeded revenues (excluding transfers and lease/SBITA activity) by $19,367,060, representing approximately 8.3% of total revenues. This variance is primarily attributable to the previously noted requirement to return fund balance to the City of Roanoke.

Revenues were less than budget by $16.7 million. Revenues did exceed budget in state revenue and other revenues, however, the return of fund balance to the City of Roanoke negatively impacted anticipated revenues compared to budget.

Expenditures exceeded the budget by $1.2 million, primarily due to instructional spending surpassing budgeted levels. The increase was further driven by the healthcare liability recorded at the end of the fiscal year, which contributed to the overall variance above budgeted expenditures.

Transfers to the school grants fund for program local match funds, in the amount of $4,669,060 reflect the commitment of the School Board to pursue grants and other special revenue sources that enhance the educational programs of the division.

The school grants fund does not reflect a fund balance, as the majority of the grants are reimbursed after the expenditure of funds has occurred. Revenue is recognized at the time that the outlays are identified; therefore, no fund balances are generated in the school grants fund.

The Capital Fund balance declined during the fiscal year as a result of ongoing projects in progress. At year-end, $8,345,694 was recorded as a liability to the City of Roanoke to comply with the requirement to return fund balance.

Capital Asset Administration

Land, buildings, structures, and construction in progress are owned by the City of Roanoke on behalf of the Roanoke City Public Schools and, as such, are not included in the basic financial statements of the School Board of the City of Roanoke.

The School Board's investment in capital assets for its governmental activities as of June 30, 2025, totaled $53,204,829 (net of accumulated depreciation). The investment in capital assets includes construction in progress, equipment and building improvements. The total increase in the School Board's gross balance of capital assets for the current fiscal year was $18,091,888, netted against the retirement of assets with a net book value of ($838,647) and depreciation expense for the year of $6,392,895, resulting in a net increase in capital assets of $3,262,627. The total increase in leases and subscriptions was $688,069 netted against disposals of $631,335 for a net change in leases and subscriptions less amortization of $36,734. More detailed information about capital assets, leases and subscriptions can be found in Notes I-D-3, II, and III-C of the basic financial statements.

Requests 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 School Board's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Superintendent for the School Board of the City of Roanoke, Virginia, P.O. Box 13145, Roanoke, Virginia, 24031, and telephone number (540) 853-2381.

Additional information may be obtained using the internet at: http://www.rcps.info.

Exhibit 1

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
Statement of Net Position
June 30, 2025

Assets	**Governmental Activities**
Cash and Cash Equivalents	$ 54,011,546
Accounts Receivable	3,823,561
Due From City of Roanoke	7,120,077
Due From Other Governments	15,806,356
Prepaids and Other Assets	1,297,794
Net Pension and Other Post Employment Benefit Assets	1,158,444
Capital Assets:	
Nondepreciable	6,604,047
Depreciable, Net	46,600,792
Total Assets	136,422,617
Deferred Outflows of Resources	
Deferred outflows related to Pensions and Other Post Employment Benefits (Note III. K.)	52,485,248
Total Deferred Outflows	52,485,248
Liabilities	
Accounts Payable and Accrued Expenses	17,511,177
Unearned Revenue	4,411,584
Claims Payable and Long-Term Liabilities Due Within One Year	19,816,466
Due to primary government - return of local funding	20,877,137
Long-Term Liabilities Due in More Than One Year:	
Notes and Leases Payable	14,345,731
Compensated Absences Payable	6,437,424
Net Pension and Other Post Employment Benefits liability (Note III. K.)	125,608,128
Total Liabilities	209,007,647
Deferred Inflows of Resources	
Deferred inflows related to Pensions and Other Post Employment Benefits (Note III. K.)	20,068,925
Total Deferred Inflows	20,068,925
Net Position	
Net Investment in Capital Assets	29,426,964
Restricted - Pension and Other Post Employment Benefit Assets	1,158,444
Unrestricted	(70,754,115)
Total Net Position	$ (40,168,707)

See accompanying notes to the basic financial statements.

Exhibit 2

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
Statement of Activities
For the Year Ended June 30, 2025

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position: Governmental Activities
Instruction:					
Regular Instruction	$ (124,434,584)	$ 109,542	$ 47,886,633	$ 5,618,944	$ (70,819,465)
Special Education	(48,812,322)	865,485	18,051,545	-	(29,895,292)
Vocational Instruction	(6,381,669)	-	1,543,057	-	(4,838,612)
Gifted	(1,831,728)	1,345,960	1,260,235	-	774,467
Guidance	(7,269,202)	-	-	-	(7,269,202)
Media Services	(3,903,914)	-	2,131,123	-	(1,772,791)
School Administration	(16,243,121)	-	-	-	(16,243,121)
District-Wide Instructional Programs	(4,864,453)	-	1,796,581	-	(3,067,872)
Support Services:					
Administration	(20,936,709)	3,945	-	-	(20,932,764)
Attendance and Health Services	(3,616,840)	-	129,933	-	(3,486,907)
Transportation	(14,750,127)	-	-	-	(14,750,127)
Operation & Maintenance of Plant	(40,772,911)	-	-	-	(40,772,911)
Food Services	(11,589,362)	509,664	11,010,921	-	(68,777)
Athletics	(2,469,025)	448,696	-	-	(2,020,329)
Debt Service - Note and Lease	(1,303,245)	-	-	-	(1,303,245)
Debt Service - City of Roanoke	(10,420,766)	-	-	-	(10,420,766)
Total Governmental Activities	$ (319,599,978)	$ 3,283,292	$ 83,810,028	$ 5,618,944	(226,887,714)

General Revenues:	
Revenues from the City of Roanoke	86,309,874
State Aid not Restricted to a Specific Program	108,711,519
Miscellaneous	1,716,623
Interest Income on Investments	2,408,483
Total General Revenues	199,146,499
Change in Net Position	(27,741,215)
Net Position - Beginning of Year, restated	(12,427,492)
Net Position - End of Year	$ (40,168,707)

See accompanying notes to the basic financial statements.

Exhibit 3

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2025

Assets	General Fund	Food Service Fund	School Grants Fund	Capital Fund	School Activity Fund	Total Governmental Funds
Assets:						
Cash and Cash Equivalents	$ 31,599,974	$ 4,260,103	$ -	$ 16,719,012	$ 1,432,457	$ 54,011,546
Accounts Receivable	924,893	-	2,898,668	-	-	3,823,561
Due From City of Roanoke	7,120,077	-	-	-	-	7,120,077
Due From Other Governments	3,509,029	1,498,880	10,798,447	-	-	15,806,356
Due From Other Funds	14,632,717	-	-	-	-	14,632,717
Prepaids and Other Assets	1,297,794	-	-	-	-	1,297,794
Total Assets	$ 59,084,484	$ 5,758,983	$ 13,697,115	$ 16,719,012	$ 1,432,457	$ 96,692,051
Liabilities, Deferred Inflows and Fund Balances						
Liabilities:						
Accounts Payable and Accrued Expenditures	$ 13,809,039	$ 271,329	$ 2,998,508	$ 291,310	$ 75,291	$ 17,445,477
Claims Payable	8,015,420	-	-	-	-	8,015,420
Due to City of Roanoke - return of Fund Balance	20,877,137	-	-	-	-	20,877,137
Due to Other Funds	-	-	6,287,023	8,345,694	-	14,632,717
Unearned Revenue	-	-	4,411,584	-	-	4,411,584
Total Liabilities	42,701,596	271,329	13,697,115	8,637,004	75,291	65,382,335
Fund Balances:						
Non-spendable:	1,297,794	-	-	-	-	1,297,794
Committed:						
Committed for Transportation Sinking Fund	250,000	-	-	-	-	250,000
Committed for Capital Projects	-	-	-	8,082,008	-	8,082,008
Committed for Transitional Costs Associated with the End of Pandemic-Relief Funding	5,000,000	-	-	-	-	5,000,000
Assigned:	9,835,094	5,487,654	-	-	1,357,166	16,679,914
Unassigned:	-	-	-	-	-	-
Total Fund Balances	16,382,888	5,487,654	-	8,082,008	1,357,166	31,309,716
Total Liabilities, Deferred Inflows and Fund Balances	$ 59,084,484	$ 5,758,983	$ 13,697,115	$ 16,719,012	$ 1,432,457	$ 96,692,051

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

Capital assets used in governmental activities are not current financial resources		53,204,839
Note and Leases Payable		(17,173,828)
Amount due to City pertaining City held construction in progress assets		(6,604,047)
Accrued Interest payable on leases		(65,700)
The following two reconciling items are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences payable		(8,806,326)
Pensions and Other Post Employment Benefits are applicable to future periods and, therefore, are not reported in the funds. therefore, are not reported in the funds.		
Net Pension and Other Post Employment Asset	1,158,444	
Net Deferred outflows related to pensions and other post employment benefits	52,485,248	
Net Deferred inflows related to pensions and other post employment benefits	(20,068,925)	
Net pension and other post employment liability	(125,608,128)	
		(92,033,361)
Net position of governmental activities		$ (40,168,707)

See accompanying notes to the basic financial statements.

Exhibit 4

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	General Fund	Food Service Fund	School Grants Fund	Capital Fund	School Activity Fund	Total Governmental Funds
Revenues:						
Investment Income	$ 2,408,483	$ -	$ -	$ -	$ -	$ 2,408,483
Intergovernmental:						
City of Roanoke	86,309,874	-	-	-	-	86,309,874
Commonwealth of Virginia	143,607,185	252,639	23,525,193	-	-	167,385,017
Federal Government	-	10,758,282	19,977,552	-	-	30,735,834
Other Agencies	-	-	1,235,596	-	-	1,235,596
Charges for Services	90,941	523,905	865,485	-	654,907	2,135,238
Athletics	243,074	-	-	-	212,352	455,426
Miscellaneous	628,851	-	5,733	-	558,712	1,193,296
Total Revenues	233,288,408	11,534,826	45,609,559	-	1,425,971	291,858,764
Expenditures:						
Current - Education:						
Instruction	177,848,139	-	40,359,891	-	1,100,306	219,308,336
Administration, Technology, Attendance & Health	18,903,297	-	2,461,347	-	-	21,364,644
Transportation	14,976,780	-	-	-	-	14,976,780
Operation & Maintenance of Plant	24,168,581	-	6,460,892	9,792,211	-	40,421,684
Food Services	-	11,767,449	-	-	-	11,767,449
Athletics	2,365,986	-	-	-	140,979	2,506,965
Payments for Leases and SBITA Assets	2,668,674	-	-	-	-	2,668,674
Payments for Debt Service - Lease	1,303,245	-	-	-	-	1,303,245
Payments for Debt Service - City of Roanoke	10,420,766	-	-	-	-	10,420,766
Total Expenditures	252,655,468	11,767,449	49,282,130	9,792,211	1,241,285	324,738,543
Revenues Over (Under) Expenditures	(19,367,060)	(232,623)	(3,672,571)	(9,792,211)	184,686	(32,879,779)
Other Financing Sources (Uses):						
Leases and SBITA Assets	2,668,674	-	-	-	-	2,668,674
Transfers From Other Funds	9,523,659	-	4,669,060	-	-	14,192,719
Transfers To Other Funds	(4,677,860)	(172,676)	(996,489)	(8,345,694)	-	(14,192,719)
Other Financing Sources (Uses), Net	7,514,473	(172,676)	3,672,571	(8,345,694)	-	2,668,674
Net Change in Fund Balances	(11,852,587)	(405,299)	-	(18,137,905)	184,686	(30,211,105)
Fund Balances, Beginning of Year	28,235,475	5,892,953	-	26,219,913	1,172,480	61,520,821
Fund Balances, End of Year	$ 16,382,888	$ 5,487,654	$ -	$ 8,082,008	$ 1,357,166	$ 31,309,716
Net Change in Fund Balances						$ (30,211,105)
Amounts reported for governmental activities in the Statement of Activities are different due to:	-	-	-	-	-	
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown as capital assets in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which purchases in the current period exceeded capital asset depreciation expense and losses on disposal.						2,360,050
Other financing sources - Leases and SBITA assets						(1,766,097)
Note and lease payments not reflected in governmental activities						2,853,846
Accrued interest on leases and subscriptions payable						(30,727)
Amount due to City pertaining City held construction in progress assets						(5,285,305)
Increase in compensated absences payable reported in the Statement of Activities, represent a use of current financial resources and therefore are reported as expenditures in governmental funds. Amounts were previously recorded in the statement of activities.						(392,760)
Governmental funds report employer pension contributions and other postemployment benefits as expenditures. However, in the statement of activities the cost of these benefits earned, net of employee contributions, is reported as an expense.						
Employer pension and other post employment contributions			20,076,011			
Net Pension and Other Post Employment Benefits Expense			(15,345,128)			
						4,730,883
Change in net position of governmental activities						$ (27,741,215)

See accompanying notes to the basic financial statements.

I. Summary of Significant Accounting Policies

A. Reporting Entity

The School Board of the City of Roanoke, Virginia (School Board) is a corporate body operating under the constitution of Virginia and the *Code of Virginia*. The City Council appoints the seven members of the School Board to serve three-year terms. The School Board is responsible for setting the educational policies of the Roanoke City Public Schools and employs a superintendent to implement the School Board's policies.

The School Board receives funding from local taxes collected and allocated by the City of Roanoke, Virginia, under a formula that apportions 40% of the budgeted fund balance to the schools. Beginning in fiscal year 2012, the apportionment rate increased from 36.42% to 40%, with the School Board assuming responsibility for debt service previously managed by the City. In fiscal year 2025, the City revised the funding formula to provide only 40% of the budgeted fund balance and introduced a requirement that the School Board return any unused fund balance annually. Adjustments for the prior year's return have been reflected in the financial statements for the year ended June 30, 2025. The School Board is considered a component unit of the City because the City Council approves its budget, levies taxes to finance operations, and issues debt on its behalf. While the School Board is fiscally dependent on the City and receives payments from the City's general fund, the City Council is prohibited from exercising control over expenditures at the functional or line-item level. In addition to local funding, the School Board also receives revenue from tuition and fees, as well as state and federal aid.

The financial statements of the School Board have been prepared in conformity with U. S. generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

All activities over which the School Board exercises financial accountability have been combined to form the School Board reporting entity. Financial accountability is determined by financial interdependency, selection of governing board, designation of management, responsibility for financial matters and the ability to significantly influence operations. Such activities include the general operations and support services of the School Board and school food services. The School Board has no component units.

B. Government-wide and Fund Financial Statements

Management's Discussion and Analysis (MD&A) - MD&A introduces the basic financial statements and provides an analytical overview of the School Board's financial activities in a narrative format. An analysis of the School Board's overall financial position and results of operations is included to assist users in assessing whether the financial position has improved or deteriorated as a result of the year's activities.

Government-wide Financial Statements - The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the School Board. The effect of interfund activity has been removed from these statements. The interfund services provided and used, however, are not eliminated in the process of consolidation. Governmental activities are normally supported by taxes and intergovernmental revenues. The School Board does not operate any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds. Individually major governmental funds are reported as separate columns in the fund financial statements.

Budgetary Comparison Schedules - These schedules are presented to demonstrate whether resources were obtained and used in accordance with the district's legally adopted budgets. The School Board revises the original budget over the course of the year for various reasons as necessary. Under the current reporting model, budgetary information continues to be provided and includes comparisons of the district's original adopted budget to the final budget and actual results.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 as soon as 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 School Board considers non-grant related revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

Interest income and grant revenue associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the district.

The School Board reports the following major governmental funds:

The *General Fund* is the School Board's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Food Service Fund* is a special revenue fund that accounts for the proceeds of specific revenue sources, legally restricted to the operation of the school food service program. The primary source of funding comes from the National School Lunch Program and the School Breakfast Program as provided by the Federal Government. Operational receipts, while not legally restricted are intended to fund school nutrition operations and thus are shown as assigned.

The *School Grants Fund* is a special revenue fund that accounts for the proceeds of specific revenue sources (other than the school food service program) that are restricted to expenditures for specified purposes. The primary source of grant funding comes from awards made by the Federal Government with most of the remaining funding coming from the Commonwealth of Virginia.

The *Capital Fund* accounts for financial resources to be used for the acquisition of capital assets that are not financed by the General Fund.

The S*chool Activity Fund* accounts for assets held by the twenty-five Roanoke City Public Schools, the vocational schools (Gibboney Roanoke Technical Education Center and Charles W. Day Technical Education Center), the Roanoke Valley Regional Governor's School, the Noel C. Taylor Learning Academy, Forest Park Academy, and the Adult Education program. The primary source of revenue for this fund are collections from students and donations. The proceeds are collected to support cocurricular and extracurricular student activities.

When both restricted and unrestricted resources are available for use, the school's policy is to use restricted resources first, then unrestricted resources as they are needed.

The Food Service and School Grants are special revenue funds that provide accounting for certain federal, state, and other grants awarded to the School Board.

The effect of interfund activity has been eliminated from the government-wide financial statements. The interfund services provided and used, however, are not eliminated in the process of consolidation.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balances

1. Deposits and Investments

The School Board's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Short-term investments consist of the Local Government Investment Pool (LGIP) and the Virginia Investment Pool (VIP). Interest income is allocated to the participating funds based on each fund's cash balance. School activity funds are managed by the individual school principals. Cash and cash equivalents are recorded at cost, which approximates fair value.

2. Due to/from Other Governments and Other Funds

Transactions between funds and other entities that are representative of the recognition of revenues or expenditures are referred to as "due to/from" the other funds or entities. "Other Funds" are funds managed by the School Board. "Other Governments" can include the Federal Government, the Commonwealth of Virginia (Commonwealth), or school divisions other than the City of Roanoke. Amounts due to the General Fund from the Grants Fund at June 30, 2025 are $6,287,023. There was also a due to the General Fund from the Capital Fund in the amount of $8,345,694 for the return of fund balance to the City of Roanoke.

3. Capital Assets

Capital assets acquired or constructed for educational purposes of the School Board, which include equipment acquired with a value of $5,000 or greater, are reported in governmental activities in the entity-wide financial statements. Such assets are recorded at historical cost if purchased or constructed. Gifts, contributions or donated capital assets are recorded at acquisition value when received. Depreciation is recorded on a straight-line basis over the estimated useful life of each asset. The estimated useful life for equipment ranges from 3-20 years.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Pursuant to the Roanoke City Charter, all real estate, including buildings and improvements thereon, financed by debt issued by the City, or otherwise acquired for the purpose of public education, is the property of the City of Roanoke. The buildings range in age from 2 to 103 years and it is the school board's responsibility to maintain and upgrade the buildings as needed. An annual five-year capital plan is approved by the School Board and the Roanoke City Council every year to identify the structures that need improvements or require replacement. The capital fund, established in 2021-22 fiscal year, commits funds for the purpose of capital outlays and equipment. Capital facilities acquired or constructed with the school board's capital fund become assets of the city upon completion of the acquisition or construction.

4. Compensated Absences Payable

It is the School Board's policy to permit employees to accumulate earned but unused compensated absences including vacation and sick leave. For government-wide financial reporting, a liability is recorded for compensated absences and salary-related benefits (the School Board's share of Social Security) when services are rendered, and employees have earned the right to receive compensation for such services.

Sick leave is payable for employees who retire or resign with ten years of benefited service with the School Board. The maximum unused sick leave days that can be paid out are 180 days. An estimate of the sick leave liability has been included with compensated absences based on current accumulated sick leave and management's estimate of those employees who will ultimately receive this payout. The liability for compensated absences will be liquidated through the general fund as a function of payroll.

In fiscal year 2025, the School Board implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. This standard establishes a consistent framework for recognizing liabilities related to earned but unused leave, replacing prior guidance under GASB 16. Implementation required the School Board to review its leave policies, identify all types of compensated absences, and adjust financial reporting accordingly. As a result, beginning balances and note disclosures were updated to reflect compliance with the new requirements, improving transparency and comparability of reported liabilities. Current (amounts expected to be paid within one year) and non-current portions of compensated absences totaling $8,806,326 are recorded for governmental activities in the entity-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

5. Leases and Subscriptions

Lease and subscription liabilities are recognized as right-to-use assets in the financial statements. The School Board recognizes these liabilities with an initial value of $5,000 or more. The liability is measured at the present value of payments expected to be made during the lease/subscription term.

Subsequently, the liabilities are reduced by the principal portion of the payments made at or before the commencement date, plus certain initial direct costs. The payments are amortized on a straight-line basis over their useful life. Interest rates are calculated using the lessors/vendors discount rate. If there is no discount rate provided, the estimated incremental borrowing rate is used as the discount rate for the leases and subscriptions.

Lease and subscription liabilities are reported with long term debt on the statement of net position.

6. Unearned Revenue

Unearned revenue represents revenue that is initially recorded as a liability but is expected to become an asset over time and/or through normal operations, such as a payment that has been received for work that has not yet been performed. Total unearned revenue at June 30, 2025 was $4,411,584, all of which represents grant and similar funds intended for future periods.

7. Deferred Inflows and Outflows

In addition to assets, the statements that present net position report a separate section for deferred outflows of resources. These items represent the consumption of net assets that applies to future periods.

In addition to liabilities, the statements that present financial position reports a separate section for deferred inflows of resources. These items represent an acquisition of net assets that applies to future periods.

8. Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring all financial statement elements related to pension and OPEB plans, information about the fiduciary net position of the School Board's Plans and the additions to/deductions from the School Board's Plan's net fiduciary 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. The liability for pensions and OPEB will be liquidated through the general fund as a function of payroll.

9. Prepaids

Prepaids represent payments made during a fiscal year which apply to benefits to be received in a subsequent fiscal year. Prepaid expenses are assets which are gradually consumed or used over time. The items recorded as prepaid expenses are usually regularly recurring costs of operations. For example, prepaid equipment rental, software licenses not considered leases, and insurance are items classified as prepaids. The School Board utilizes the consumption method of accounting for prepaid items.

10. Fund Balances and Net Position.

Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the School Board is bound to observe constraints imposed upon the use of the resources in the governmental funds.

The classifications are as follows:

Non-spendable – Amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed – Amounts constrained to specific purposes by the School Board, using its highest level of decision-making authority; amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action used previously to commit those amounts.

Assigned – Amounts the School Board intends to use for a specified purpose; intent can be expressed by the governing body.

Unassigned – Amounts that are available for any purpose; positive amounts are reported only in the general fund. For the year ended June 30, 2025, unassigned fund balance represents future funds appropriated by the City of Roanoke for the fiscal 26 budget.

The Board establishes fund balance commitments by passage of a resolution. This is typically done in conjunction with adoption and amendment of the budget. Assigned fund balance is established by the 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).

Restricted Amounts

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

Minimum Fund Balance Policy

The School Board has not established specific fund balance targets; however, on March 28, 2017, it adopted Policy DBA, the Fund Balance Management policy. This policy required that at least $10 million be maintained as a reserve within the unassigned fund balance to function as a stabilization fund. Each year, by March, the minimum stabilization fund amount is recalculated using the U.S. Bureau of Labor Statistics Consumer Price Index Inflation Calculator and documented in the adopted budget for the following fiscal year. In fiscal year 25, the minimum reserve was adjusted to $12.4 million. Although the policy remained in effect through the end of fiscal year 25, a new requirement mandating that any remaining fund balance be returned to the City of Roanoke means the policy will no longer apply in future years.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Management's policy is to cancel all open purchase orders at June 30th each year. Orders will then be reissued if necessary, during the new fiscal year. Therefore, no encumbrances of fund balance exist as of June 30, 2025.

E. Intergovernmental Revenue

Revenue from specific purpose federal, state, and other grants, which are provided to fund specific program expenditures, is recognized at the time that the specific expenditures are incurred and have met all eligibility requirements for reimbursement. Revenue from general purpose grants is recognized as revenue when all eligibility requirements are met and are considered available if they are collected within one year of the end of the current fiscal year.

F. Interfund Transactions

In the governmental fund financial statements, the flow of cash from one fund to another is classified as "transfers to/from other funds" and is reported as other financing sources/uses. These amounts are eliminated in the government-wide Statement of Activities.

G. Use of Estimates

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

H. Tax Status

The School Board, as a governmental entity, is not subject to federal, state, or local income taxes and, accordingly, no provision for income taxes is recorded.

II. Details of the Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

One element of that reconciliation explains that "the acquisitions of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown as capital assets in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital asset purchases in the current period exceeded depreciation expense and the net book value of capital assets disposed." The details of this $3,262,627 difference are as follows:

	Capital Outlay	Depreciation Expense	Net Book Value of Assets Disposed	Net Change in Capital Assets
Construction in Progress	$ 13,713,822	$ -	$ (8,428,517)	$ 5,285,305
Equipment and Vehicles	1,214,791	(831,716)	(7,849)	375,226
Improvements	494,601	(3,795,082)	-	(3,300,481)
Lease Assets:				-
Equipment and Vehicles	1,756,794	(787,092)	-	969,702
Vehicles	243,811	(403,768)	-	(159,957)
Subscriptions	668,069	(575,237)		92,832
	$ 18,091,888	$ (6,392,895)	$ (8,436,366)	$ 3,262,627

Another element of that reconciliation states that certain liabilities such as compensated absences reported in the statement of activities, do not represent a use of current financial resources and, therefore, are not reported as expenses in governmental funds. The details of this $392,760 difference are as follows:

	Compensated Absences
Liability as of June 30, 2025	$ 8,806,326
Liability as of June 30, 2024*	8,413,566
Current Year Increase (Decrease)	$ 392,760

* As restated, see Note III.I Compensated Absences Payable

III. Detailed Notes on Government-wide and Fund Financial Statements

A. Deposits and Investments

The School Board manages its own cash balances and invests excess cash with the Local Government Investment Pool, (LGIP), and the Virginia Stable NAV Liquidity Pool (VIP). Cash balances of the School Activity Fiduciary funds are deposited into a single bank account but with accountability by each school and club or activity assured through the accounting system used by Roanoke City Public Schools. Interest income is allocated to the participating schools based on each school's average quarterly cash balance.

Investment Policy. RCPS follows the investment policy of the City of Roanoke as adopted by City Council (Policy). The Policy, in accordance with the Code of Virginia and other applicable laws and regulations, articulates the City's investment objectives and authorized investments and serves as a guide for asset allocation development, cash equivalent development, fixed income development and investment performance measurement. Preservation of principal is the City's primary responsibility in making investment decisions and these decisions are made with the assumption that all investments will be held to maturity unless a specific case warrants otherwise.

The Policy limits investment maturities to five years maximum maturity for any negotiable certificate of deposit or any sovereign government obligation excluding those of the United States and to five years for any single corporate security or any single asset-backed security.

As of June 30, 2025, the School Board's investments, with its respective credit ratings, were as follows:

Investment Type	Credit Rating
Virginia LGIP	AAAm
Virginia Stable NAV Liquidity Pool (VIP)	AAAm

The State Treasurer's Office of the Commonwealth of Virginia has regulatory oversight over the LGIP. RCPS' fair value of investment in the LGIP is the same as the pooled value of its shares. As required by state statute, the Policy requires that commercial paper have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two of the following: Moody's Investors Service, Standard and Poor's, and Fitch Investor's Service, provided that the issuing corporation has a net worth of at least $50 million and its long-term debt is rated "A" or better by Moody's and Standard and Poor's. Banker's acceptances and Certificates of Deposit maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard and Poor's and "P-1" by Moody's Investor Service.

The Virginia LGIP issues a publicly available annual comprehensive financial report that includes basic financial statements and required supplementary information for LGIP. A copy of that report may be obtained from their website at https://www.trs.virginia.gov/Cash/lgip.aspx or by writing to the Virginia Department of the Treasury at 101 North 14th Street, Richmond, VA 23219.

The Virginia Investment Pool issues a publicly available annual financial report that includes financial statements, supplementary information, and compliance with internal controls. A copy of that report may be obtained from their website at:
https://virginiainvestmentpool.org/wp-content/uploads/2024/09/FY2024-VIP-Audited-Annual-Financial-Report.pdf

As of June 30, 2025, the School Board had the following investments and maturities:

	Investment Maturity	
	Fair Value	Less than 1 year
Virginia LGIP	$ 5,504,804	$ 5,504,804
Virginia Stable NAV Liquidity Pool	42,840,407	42,840,407
Total	$ 48,345,211	$48,345,211

The City's policy regarding certain types of investments is as follows:

Commercial Paper: Shall be rated by the Moody's Investors Service, Inc. (Moody's) of prime 1 and by Standard & Poor's Inc. (S & P), with a rating of A-1.
Corporate and Municipal Bonds: High quality corporate notes with a rating of at least Aa by Moody's and a rating of at least AA by S & P.
Banker's Acceptances: Must have a rating of B/C or better in the Keefe, Bruyette & Woods, Inc. ratings.
Savings Accounts, Certificates of Deposit, Demand and Time Deposits: Shall not exceed the maximum Security for Public Deposits Act.
Obligations of the Commonwealth: Those unconditionally guaranteed as to payment by the Commonwealth of Virginia.
Obligations of the United States, etc.: Those unconditionally guaranteed as to payment by the United States.
Repurchase Agreements: Collateralized by United States Treasury agency securities, shall at all times be no less than 110% of the value of term and open repurchase agreements and 102% of the value of overnight repurchase agreements.

As of June 30, 2025, the School Board had the following cash and investments:

Cash	$ 29,855
Deposits	5,636,480
Virginia LGIP	5,504,804
Virginia Stable NAV Liquidity Pool	42,840,407
Total Cash and Investments	$ 54,011,546
Statements of net position:	
Cash and cash equivalents	54,011,546
Total Cash and Investments	$ 54,011,546

Credit risk, custodial credit risk, concentration of credit risk, and interest rate risk are addressed in the following paragraphs.

Credit Risk. State law (Code of Virginia, Chapter 3, Title 26) limits local governments and other public bodies to investing in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or school divisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, bankers' acceptances, repurchase agreements, and the State and Local Government Investment Pool (LGIP).

Custodial Credit Risk - Investments. For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the School Board will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

Investments are considered to be exposed to custodial credit risk if they are uninsured and unregistered with the securities held by the counterparty or by its trust department or agent, but not in the School Board's name. The School Board does not hold any investments which are exposed to custodial credit risk.

Custodial Credit Risk - 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.

Concentration of Credit Risk. The Policy establishes limitations on portfolio composition by issuer in order to control concentration of credit risk. No single issue shall constitute more than five percent of the total value of the portfolio, except United States Treasury and Federal Agency obligations. Not more than thirty-five percent of the total funds available for investment may be invested in commercial paper, and no single industry group, as defined by Standard and Poor's, shall constitute more than twenty percent of the bond portfolio.

As of June 30, 2025, 90.0 percent of the School Board's investment portfolio was invested in the Virginia Stable NAV Liquidity Pool and 10.0 percent was invested in the Virginia Investment Pool.

Interest Rate Risk. The City's investment policy, which RCPS follows, limits maturities to a maximum of five years as a means of managing its exposure to fair value losses arising from increasing interest rates.

B. Due from Other Governments

Due from other governments as of June 30, 2025, for the School Board's individual major funds is as follows:

	General	Food Service	School Grants	Total
Commonwealth of Virginia	$ 3,509,029	$ -	$ -	$ 3,509,029
Federal Government	-	1,498,880	10,798,447	12,297,327
City of Roanoke	7,120,077	-	-	7,120,077
Totals	$ 10,629,106	$ 1,498,880	$ 10,798,447	$ 22,926,433

C. Capital Assets

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

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025
Capital Assets (not depreciated):				
Construction in Progress	$ 1,318,742	$ 13,713,822	$ (8,428,517)	$ 6,604,047
Total capital assets not being depreciated	1,318,742	13,713,822	(8,428,517)	6,604,047
Capital Assets (depreciated):				
Equipment and vehicles	13,909,653	1,214,791	(143,050)	14,981,394
Improvements	48,860,538	494,601	-	49,355,139
Lease Assets:				
Equipment	1,096,964	1,756,794	-	2,853,758
Vehicles	1,765,759	243,811	(64,262)	1,945,308
Subscriptions	2,398,086	668,069	(631,335)	2,434,820
Total capital assets being depreciated	68,031,000	4,378,066	(838,647)	71,570,419
Less accumulated depreciation for:				
Equipment and vehicles	(7,397,005)	(831,716)	135,201	(8,093,520)
Improvements	(10,036,435)	(3,795,082)	-	(13,831,517)
Lease Assets:				
Equipment	(249,608)	(787,092)	-	(1,036,700)
Vehicles	(454,648)	(403,768)	64,262	(794,154)
Subscriptions	(1,269,834)	(575,237)	631,335	(1,213,736)
Total accumulated depreciation	(19,407,530)	(6,392,895)	830,798	(24,969,627)
Capital assets, net	$ 49,942,212	$ 11,698,993	$ (8,436,366)	$ 53,204,839

Depreciation expense and amortization expense was charged to functions/programs of the governmental activities as follows:

Governmental activities:	
Administration	$ 313,669
Instruction	1,481,893
Maintenance	4,549,200
Transportation	48,133
Total depreciation and amortization expense	$ 6,392,895

Land, buildings, structures, and construction in progress are owned by the City of Roanoke on behalf of the Roanoke City Public Schools and, as such, are not included in the basic financial statements of the School Board of the City of Roanoke. Capital assets shown in this report reflect expenditures of the School Board's operating funds.

The School Board entered into a contract for a new elementary school for Preston Park. Construction in Progress, totaling $13,713,822 was reported in the Capital Fund and the Grant Fund. However, due to City code requirements, the asset will be reported as an asset of the City of Roanoke upon completion and at June 30, 2025 is reported as Due to the City of Roanoke and included in long-term liabilities due within one year on the Statement of Net Position. The current year disposals in construction in progress represents assets donated to the City. This amount totaled $8,428,517.

D. Transfers

Transfers from the School Grants Fund to the General Fund represent local match requirements and indirect costs. Transfers from Food Service to the General Fund represent indirect costs associated with that fund.

Inter-fund transfers consisted of the following as of June 30, 2025:

From:	To General Fund	To School Grants	To Capital	Total
General Fund	$ 8,800	$ 4,669,060	$ -	$ 4,677,860
Food Service	172,676	-	-	172,676
School Grants	996,489	-	-	996,489
Capital Fund	8,345,694	-	-	8,345,694
	$ 9,523,659	$ 4,669,060	$ -	$ 14,192,719

Due to/from Other Funds

Interfund receivables and payable amounts between the General Fund and the School Grants Fund arise due to short-term cash needs of funds, which are repaid within one year from the date of the financial statements.

	General Fund	School Grants Fund	Capital Fund	Total
Due From Other Funds	$ 14,632,717	$ -	-	$ 14,632,717
Due To Other Funds	-	(6,287,023)	(8,345,694)	(14,632,717)
	$ 14,632,717	$ (6,287,023)	$ (8,345,694)	$ -

E. Accounts Payable and Accrued Expenditures

The composition of accounts payable and accrued expenditures as of June 30, 2025, is as follows:

	General	Food Service	School Grants	School Activity	Capital	Total
Accrued Payroll	$ 602,030	$ 839	$ 347,344	$ 466	$ -	$ 950,679
Payroll Withholdings	2,969,915	-	-	-	-	2,969,915
Accounts Payable	10,237,094	270,490	2,651,164	74,825	291,310	13,524,883
Totals	$ 13,809,039	$ 271,329	$ 2,998,508	$ 75,291	$ 291,310	$ 17,445,477

F. Notes Payable

On December 6, 2019, the School Board entered into a $17,000,000 lease purchase agreement with TD Equipment Finance, Inc. to purchase energy saving equipment for the district. Bi-annual payments starting at $136,000 including principal and interest at 2.14% commenced on December 1, 2020, and continue through June 1, 2035. Bi-annual principal payments will increase over the life of the lease as noted in the schedule of payments.

For the year ending June 30, 2025, the total liability for the note payable was $12,993,000. Interest payments in fiscal year 2025 totaled $294,245. The change in notes payable is summarized below:

Balance June 30, 2024	$ 14,002,000
Increases	-
Decreases	1,009,000
Balance June 30, 2025	$ 12,993,000
Amount Due within one year	1,056,000
Balance in LT June 30, 2025	$ 11,937,000

	Principal	Interest
2026	$ 1,056,000	$ 272,401
2027	1,116,500	249,476
2028	1,152,000	225,396
2029	1,198,500	200,497
2030	1,272,000	174,453
2031-2035	7,198,000	439,540

G. Leases and Subscriptions

Interest rates for leases and subscriptions are calculated using the lessors/vendors discount rate which ranges from 1.00% to 3.00%.

A summary of significant leases and subscriptions as the lessee are as follows:

	Leases	Subscriptions
Balance June 30, 2024	$ 2,237,746	$ 1,119,254
Increases	2,000,605	668,069
Decreases	(1,225,425)	(619,421)
Balance June 30, 2025	$ 3,012,926	$ 1,167,902
Amount Due within one year	1,189,420	582,677
Balance in LT June 30, 2025	$ 1,823,506	$ 585,225

Principal and interest payments on the note are due as follows:

	Leases		Subscriptions	
	Principal	**Interest**	**Principal**	**Interest**
2026	$ 1,189,420	$ 77,530	$ 582,677	$ 32,430
2027	1,196,485	43,301	324,149	16,805
2028	549,278	9,543	168,681	7,646
2029	57,582	1,443	92,395	2,815
2030	20,161	237	-	-

H. Claims Payable

As of June 30, 2025, the composition of claims payable includes amounts held to pay current health insurance claims is as follows:

	General	Food Service	School Grants	Total
Health Insurance	$ 8,015,420	$ -	$ -	$ 8,015,420
	$ 8,015,420	$ -	$ -	$ 8,015,420

I. Compensated Absences Payable

In fiscal year 2025, the School Board adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This statement provides updated recognition and measurement guidance for compensated absences. Under the new standard, liabilities are recorded for unused leave when the leave is attributable to services already rendered, is capable of accumulating, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Consistent with GASB Statement No. 100, Accounting Changes and Error Corrections, the adoption of this accounting principle has been applied retroactively by restating beginning net position to reflect the cumulative effect of the change on prior periods. The cumulative effect of restating beginning net position is as follows:

		Statement of Activities
Net Position June 30, 2024, as previously reported	$	(7,860,964)
Recognition of Compensated Absences in accordance with GASB 101		(4,566,528)
Net Position June 30, 2024, as restated	$	(12,427,492)

Compensated absences at June 30, 2025, is summarized below:

Balance June 30, 2024, as restated	$	8,413,566
Increases *		392,760
Balance June 30, 2025	$	8,806,326
Amount Due within one year		(2,368,902)
Balance in LT June 30, 2025	$	6,437,424

*The change in compensated absences above is a net change for the year.

Long-term payables are liquidated using general fund resources unless funds are otherwise committed in fund balance. See note III.H. for further details of commitments.

J. Fund Balances

Except for those required to comply with accounting standards, all commitments of governmental fund balances reflect City Code requirements or School Board and City Council action in the context of adoption of the School Board's budget.

The non-spendable portion of fund balance in the general fund is $1,297,794 related to prepaid expenses.

General Fund:

$250,000 for transportation sinking fund and $5,000,000 committed for transitional costs associated with the end of pandemic-relief funding. However, as part of the new requirement by the City of Roanoke, these committed balances will be returned to the City during the year ending June 30, 2026.

Capital Fund:

$8,082,008 committed for future capital needs.

Assignments at June 30, 2025, consist of the following:

1)$5,487,654 for the operational activities of the Food Service Fund. 2)$1,357,166 for the operational activities of the Student Activity Fund.

K. Summary of Pension and Other Postemployment Benefit Elements

This table is included to provide additional detail of the net pension and OPEB asset, deferred outflows of resources related to pensions and OPEB, net pension and OPEB liabilities, and deferred inflows of resources related to pensions and OPEB on Exhibit 1. Detail of the plans follow in IV. Other Information.

	Pensions		Other Post Employment Benefits
Net pension asset		**Net OPEB asset**	
Non-Teachers VRS Multi Employer	$ 1,122,460	VRS HIC, Non-Teachers	$ 35,984
Total net pension asset	$ 1,122,460	Total net OPEB asset	$ 35,984
Deferred outflows of resources - Related to Pensions		**Deferred outflows of resources - OPEB**	
Teachers VRS Cost Sharing	$ 45,880,599	VRS GLI	$ 2,093,185
Non-Teachers VRS Multi Employer	467,889	VRS HIC, Teachers	2,994,565
City of Roanoke Pension	1,035,529	VRS HIC, Non-Teachers	13,481
Total deferred outflow of resources - Pensions	$ 47,384,017	Total deferred outflow of resources - OPEB	$ 5,101,231
Net pension liability		**Net OPEB liability**	
Teachers VRS Cost Sharing	$ 103,463,732	VRS GLI	$ 5,519,351
Non-Teachers VRS Multi Employer	-	VRS HIC, Teachers	12,729,347
City of Roanoke Pension	3,895,698	VRS HIC, Non-Teachers	-
Total net pension liability	$ 107,359,430	Total net OPEB liability	$ 18,248,698
Deferred inflows of resources - Related to Pensions		**Deferred inflows of resources - OPEB**	
Teachers VRS Cost Sharing	$ 17,727,200	VRS GLI	$ 1,064,763
Non-Teachers VRS Multi Employer	183,061	VRS HIC, Teachers	928,776
City of Roanoke Pension	146,682	VRS HIC, Non-Teachers	18,443
Total deferred inflow of resources - Pensions	$ 18,056,943	Total deferred inflow of resources - OPEB	$ 2,011,982
Net pension expense		**Net OPEB expense**	
Teachers VRS Cost Sharing	$ 12,851,542	VRS GLI	$ 224,627
Non-Teachers VRS Multi Employer	302,266	VRS HIC, Teachers	1,145,084
City of Roanoke Pension	822,422	VRS HIC, Non-Teachers	(813)
Total net pension expense	$ 13,976,230	Total net OPEB expense	$ 1,368,898

IV. Other Information

A. Defined Benefit Pension Plans

General Information about the Teacher Cost Sharing Pool

All full-time, salaried permanent (professional) employees of Virginia public school divisions, including Roanoke City School Board, (the "School Division"), are automatically covered by the VRS Teacher Retirement Plan upon employment. This multiple employer, cost sharing plan is 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.

The System administers three different benefit structures for covered employees in the VRS Teacher Retirement Plan – Plan 1, Plan 2, and Hybrid. The provisions and features of the plans, as well as all actuarial assumptions and long-term expected rate of return, are available at

- https://www.varetire.org/members/benefits/defined-benefit/plan1.asp
- https://www.varetire.org/members/benefits/defined-benefit/plan2.asp
- https://www.varetirement.org/hybrid.html

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 school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required 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 $17,399,886 and $18,616,272 for the years ended June 30, 2025 and 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 $556,112 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 $4,348,538 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled $57,040,565 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 $103,463,732 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 1.10221% as compared to 1.11325% at June 30, 2023.

For the year ended June 30, 2025, the School Division recognized pension expense of $12,851,542. 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 the expected and actual contributions is included with the pension expense calculation.

At June 30, 2025, the School Division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 17,949,499	$ 2,130,390
Change in assumptions	1,878,005	-
Net difference between projected and actual earnings on pension plan investments	-	14,241,846
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,653,209	1,354,964
Employer contributions subsequent to the measurement date	17,399,886	-
	$ 45,880,599	$ 17,727,200

The $17,399,886 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 as follows:

Year Ending June 30,	Effect on Pension Expense
2026	$ (3,490,772)
2027	11,562,062
2028	4,101,874
2029	(1,419,651)
2030	-
Thereafter	-

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 are 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)	$ 9,386,934
Plan fiduciary net position as a percentage of the total pension liability	84.52%

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.

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. Through the fiscal year ending June 30, 2024, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 112% of the actuarially determined contribution rate. From July 1, 2024, on, school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to

make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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 of the School Division 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:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
School Division's proportionate share of the VRS Teacher Employee Retirement plan net pension liability	$ 192,215,335	$ 103,463,732	$ 30,778,994

Pension Plan Data

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2024 Annual Report. A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/media/shared/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.

Defined Benefit Pension Plan – School Nonprofessionals

Plan Description

All full-time, salaried permanent employees of the Roanoke City School Board, (the "School Division"), are automatically covered by the VRS Retirement Plan upon employment. This multi-employer agent plan is administered by the Virginia Retirement System ("VRS" or 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.

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

https://www.varetire.org/retirement-plans/defined-benefit/plan1/
https://www.varetire.org/retirement-plans/defined-benefit/plan2/
https://www.varetire.org/retirement-plans/hybrid/

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:

	Number
Inactive members or their beneficiaries currently receiving benefits	28
Inactive members	
Vested inactive members	17
Non-vested inactive members	162
Inactive members active elsewhere in VRS	21
Total inactive members	200
Active members	156
Total covered employees	**384**

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 Division's contractually required contribution rate for the year ended June 30, 2025 was 9.21% 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 Division were $274,020 and $153,133 for the years ended June 30, 2025 and 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 $57,922 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 $177,266 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled $5,823,062 for the year ended June 30, 2025.

Net Pension Liability

The net pension liability 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. For Political Subdivisions, the 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 rolled forward to the measurement date of June 30, 2024.

Actuarial Assumptions

The total pension liability for General Employees, Public Safety employees with Hazardous Duty Benefits, and the VRS Teacher Retirement Plan in the Political Subdivision's 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%
General Employees – Salary increases, including inflation	3.50 – 5.35%
Public Safety Employees with hazardous duty benefits – Salary increases, including inflation	3.50 – 4.75%
Teacher Cost Sharing Plan – Salary increases, including inflation	3.50 – 5.95%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 45% to 70% of deaths are assumed to be service related. Mortality is projected using the applicable Pub-2010 Mortality Table and a Modified MP-2020 Improvement Scale with various setbacks or set forwards for both males and females.

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 are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Updated mortality table; adjusted retirement rates to better fit experience; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; no change to disability rates; no change to salary scale; no change to line of duty disability; and no change to discount rate.

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Updated mortality table; adjusted retirement rate to better fit experience and increased final retirement age to 70; decreased rates of withdrawal; no change to disability rates; no changes to salary scale; no change to line of duty disability; and no change to discount rate.

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)	Target 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 Partnership	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 for a one-year 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 rate of return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is 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%.

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 was 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. From July 1, 2024, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rate. 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

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (Asset) (a) – (b)**
Balances at June 30, 2023	$ 5,580,869	$ 6,744,806	$ (1,163,937)
Changes for the year			
Service cost	585,917	-	585,917
Interest	411,221	-	411,221
Benefit changes	-	-	-
Differences between expected and actual experience	189,015	-	189,015
Assumption changes	-	-	-
Contributions – employer	-	153,133	(153,133)
Contributions – employee	-	321,402	(321,402)
Net investment income	-	673,557	(673,557)
Benefit payments, including refunds of employee contributions	(149,257)	(149,257)	-
Refunds of employee contributions	-	-	-
Administrative expenses	-	(3,591)	3,591
Other changes	-	175	(175)
Net changes	1,036,896	995,419	41,477
Balances at June 30, 2024	$ 6,617,765	$ 7,740,225	$ (1,122,460)

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

The following presents the net pension liability of the Political Subdivision using the discount rate of 6.75%, as well as what the Political Subdivision's net pension liability would be if it were calculated using a discount 460rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Political Subdivision's net pension liability (asset)	$ (93,102)	$ (1,122,460)	$ (1,932,047)

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

For the year ended June 30, 2025, the school division recognized pension expense of $302,266. At June 30, 2025, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 193,869	$ -
Change in assumptions		
Net difference between projected and actual earnings on pension plan investments	-	183,061
Employer contributions subsequent to the measurement date	274,020	
	$ 467,889	$ 183,061

The $274,020 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 as follows:

Year Ending June 30,	Effect on Pension Expense
2026	$ (11,555)
2027	103,523
2028	(39,676)
2029	(41,484)
2030	-
Thereafter	-

Pension Plan Data

Information about the VRS School Division's Retirement Plans is also available in the separately issued VRS 2024 Annual Report. A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/media/shared/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.

Payables to the Pension Plan

At June 30, 2025, approximately $2,260,839 was payable to the Virginia Retirement System for the legally required contributions related to June 2025 payroll.

City of Roanoke Pension Plan

Plan Description

The City of Roanoke, Virginia Pension Plan (Plan) is a cost-sharing, multiple employer, defined benefit pension plan. The participating entities are:

City of Roanoke, Virginia (City)
City of Roanoke, Virginia School Board (School Board) Roanoke Regional Airport Commission (RRAC)
Roanoke Valley Detention Commission (RVDC) Roanoke Valley Resource Authority (RVRA)
Western Virginia Water Authority (WVWA)

The Plan was established by the City on July 1, 1946. The responsibility for the general administration and proper operation of the Plan is vested in the Board of Trustees (Board), a nine-member Board, appointed by City Council. The Board consists of the Mayor, City Manager (or his designee), and the Director of Finance, all of whom serve as ex-officio members, two non-member citizen trustees, who must have experience in the investment of institutional funds or pension administration, one member trustee, who must be an employee of the City's Police or Fire departments, one member trustee who is a City employee other than Police or Fire, one member trustee, who is employed by one of the Plan's other participating employers, and one retired member trustee.

The Plan covers substantially all full-time employees of the City, RRAC and the RVDC. The Plan also covers certain employees of the RVRA, certain employees of the WVWA, and certain non-professional School Board employees, but is closed to new employee entrants of these employers. The Roanoke Valley Resource Authority (RVRA), who no longer has active membership, is a participating entity. The City is the major contributor of employer contributions to the Plan.

The Plan is established under authority of City Council and is governed by, and administered in accordance with, Chapter 22.3, Pensions and Retirement, of the *Code of the City of Roanoke* (as amended). City Council maintains the authority to establish or amend the provisions of this Chapter. As of July 1, 1984, the Plan changed its name from Employees' Retirement System (ERS) of the City of Roanoke, Virginia to the City of Roanoke Pension Plan and incorporated a provision for an Employees' Supplemental Retirement System (ESRS), which modified certain benefits as defined by ERS. All Plan related administrative and benefit provisions are established by City ordinance, as contained in Chapter 22.3 of the City Code. The Plan maintains a single trust from which ERS and ESRS benefits, and all Plan expenses are paid.

Coverage under the ESRS was mandatory for all employees hired or rehired on or after July 1, 1984. On November 28, 1994, June 1, 1998, November 2, 1998, and June 5, 2000, City Council authorized the Plan to offer members of the ERS an opportunity to transfer to the ESRS. Both the ERS and the ESRS share a common trust fund from which all benefits are paid without distinction as to the source of funds and are administered by the Board.

The Plan provides retirement benefits as well as death and disability benefits. Employees who are members of the ERS with 30 years of service or age 60 (normal retirement age) are entitled to an annual retirement benefit equal to 1/70 (1.429%) of their average final compensation (highest consecutive 12 months), excluding overtime, for each year of service. Employees may retire with 20 years of service and receive a reduced retirement benefit. For employees who are married at their retirement date, a joint and survivor annuity is payable monthly. There is no mandatory retirement age.

Employees who are members of the ESRS with 5 years or more of credited service and age 65 or over, general employees who have attained age 50 with age plus service equal to 80, and police officers and firefighters who have attained age 45 with age plus service equal to 70, are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 2.1 percent of their final average compensation for each year of credited service up to a maximum of 63 percent. Final average compensation is the employee's average salary, excluding overtime, over the highest 36 consecutive months of credited service. Employees with 5 years of credited service may retire at age 55 and receive a reduced retirement benefit. Employees may elect to receive their retirement benefits in the form of a single life annuity or a joint and survivor annuity payable monthly from retirement. If employees under age 65 terminate before rendering five years of service, they forfeit the right to receive any Pension Plan benefits. There is no mandatory retirement age.

On May 15, 2000, City Council authorized the Board to enter into an agreement with the Virginia Retirement System (VRS) or another political subdivision of the Commonwealth of Virginia, having a defined benefit plan that is not supplemental to the VRS, allowing eligible members of ESRS the option of portability of creditable service between plans. Portability provides ESRS members the opportunity to transfer their vested pension benefits from one Virginia government employer to another. The Board has entered into Reciprocal Asset Transfer and Pension Portability Agreements with the VRS, the City of Newport News Employees' Retirement Fund, and the Employees' Retirement System of the City of Norfolk.

Effective July 1, 2000, City Council adopted provisions providing members of ESRS an opportunity to purchase eligible prior service credit in the Plan. This provision permits members who were formerly grant employees and members who have participated in the portability provisions of the plan to purchase certain eligible service credit.

The Plan also received a private letter ruling dated August 7, 2000, from the Internal Revenue Service allowing the purchase of eligible prior service credit via payroll deduction on a tax-deferred basis.

Effective July 1, 2001, an additional monthly supplement equal to the greater of (a) $159 or (b) 75% of the amount the City contributes toward the cost of a single, active employee's health insurance shall be paid for eligible retirees until the month in which the retiree attains age 65. Any member of the Plan who is an employee of the City (not including employees of the City of Roanoke School Board) and, who retired after earning 20 or more years of creditable service, but prior to attaining the age of 65, is eligible for this supplement.

Effective June 1, 2002, City Council adopted a restatement of the Chapter of the City Code governing the Plan. Included in the restatement was a provision allowing the purchase of prior service credit using a trustee-to-trustee transfer of eligible funds from Internal Revenue Code Section 457 and 403(b) deferred compensation plans.

Effective July 16, 2012, City Council established Chapter 22.3 of City Code, which includes modifications to employees hired on or after July 1, 2013 and July 1, 2014. This plan was already closed to school board employees effective July 1, 2006. With the new plan, all employees contribute 5% of earnable compensation. This includes Roanoke City Schools employees participating in the plan.

In addition, Chapter 22.3 of *City Code*, provides COLA to members that retire before July 1, 2014 and those members that retire on or after July 1, 2014 and have at least 15 years of creditable service. Members must be retired for one full year to be eligible for a cost of living supplement. The amount of the cost of living supplement is determined annually as 2/3rds of the United States Average Consumer Price Index. The percentage increase for any one (1) year shall not exceed the lesser of four (4) percent or the pay raise awarded generally to active employees.

Approximately 90 days prior to the beginning of the City's fiscal year, the Plan files with the City Manager its certification of the appropriation necessary to pay the required contribution as certified by the actuary and such amount is included in the City's annual budget and adopted by City Council. As a governmental plan, the Plan is currently not subject to the provisions of the Employee Retirement Income Security Act (ERISA) of 1974, as amended.

For the fiscal year 2024 and 2023, the annual required contribution was $228,045 and $285,022 respectively with a contribution rate of 18.58% in fiscal year 2024 and 11.92% in fiscal year 2023.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2020, updated to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	2.75 percent, inflation plus 0.5% for national Productivity plus merit (age-based)
Investment Rate of Return	7.00 percent, net of investment expenses
Cost of Living Adjustments	1.67 percent for eligible participants, based on 2/3 of assumed inflation

Mortality rates for healthy and disabled general employee lives were based on Pub-2010 table amount-weighted with Scale MP-2021, and for healthy and disabled public safety employee lives were based on Pub-2010 table amount-weighted with Scale MP-2021.

Investment Rate of Return. The long-term expected rate of return on pension plan investments was determined using projected long-term rates of returns developed for each asset class. The expected long-term rate of return for each asset class as weighted by the Investment Policy target asset allocation was used, to derive the overall expected rate of return for the portfolio. The following table reflected the long-term expected rate of return based upon the defined target allocation for each asset class as defined in the Statement of Investment Policy:

Discount Rate. The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan would be made based on actuarially determined contribution rates. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	Allocation Target	Weighted Contribution to Rate of Return
Equity		
US Equity	48.00%	4.80%
International Equity	16.00%	1.76%
Real Estate	6.00%	0.42%
Fixed Income		
US Fixed Income	30.00%	1.54%
Total	100.00%	8.52%

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City of Roanoke Pension Plan – Roanoke City School Board, calculated using the discount rate of 7.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% decrease Rate (6.00%)	Current discount Rate (7.00%)	1.00% Increase Rate (8.00%)
Net Pension Liability – June 30, 2024	$5,186,175	$3,895,698	$2,823,057

At June 30, 2025, the Schools reported a liability of $3,895,698 for its proportionate share of the Collective Net Pension Liability of the City's Pension Plan. The Collective Net Pension Liability was measured as of June 30, 2024, and the total pension liability used to calculate the Collective Net Pension Liability was determined by an actuarial valuation as of that date. The Schools' proportion of the Collective Net Pension Liability was based on the Schools' 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 to the pension plan for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for the City Plan's participating employers.

For the year ended June 30, 2025, the schools recognized pension expense of $822,422. At June 30, 2025, the Schools' proportion was 1.51426% as compared to 1.51426% at June 30, 2024.

At June 30, 2024, the schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 322,929	$
Change in assumptions	317,670	-
Net difference between projected and actual earnings on pension plan investments	166,885	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	-	146,682
Employer contributions subsequent to the measurement date	228,045	-
Total	$1,035,529	$ 146,682

$228,045 is reported as deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date and will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Increase (Reduction) to Pension Expense
2026	$ 476,482
2027	320,749
2028	(83,715)
2029	(52,714)
2030	-
Thereafter	-

Pension Plan Fiduciary Net Position

Detailed information about the Fiduciary Net Position of the City's pension plan is available in the separately issued Annual Comprehensive Financial Report. A copy of the 2024 financial report may be obtained by writing to the City's Retirement Office located at 215 Church Avenue, SW, Room 465, Roanoke, Virginia 24011.

Group Life Insurance Program

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the School Board also participates in various cost-sharing and agent multi-employer other postemployment benefit plans, described as follows.

Plan Descriptions

Group Life Insurance Program

All full-time teachers and employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment. In addition to the Basic Group Life Insurance Benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

Specific information for the GLI is available at https://www.varetire.org/benefits-and-programs/benefits/life-insurance/.

Teacher Employee Health Insurance Credit Program

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

Specific information for the GLI is available at https://www.varetire.org/retirees/insurance/healthinscredit/index.html

The GLI and Teacher HIC are administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Both of these plans are considered multiple-employer, cost-sharing plans.

General Employee Health Insurance Credit Program

The General Employee Health Insurance Credit Program (HIC) is available for all full time, salaried employees of local government entities other than teachers. The General Employee HIC provides all the same benefits as the Teacher HIC, except that this plan is considered a multi-employer, agent defined benefit plan.

As of the June 30, 2024 actuarial valuation, the following employees were covered by the benefit terms of the General Employee Health Insurance Credit Program:

	Number
Inactive members or their beneficiaries currently receiving benefits	23
Vested inactive members	1
Active members	156
Total covered employees	180

Teacher Employee Virginia Local Disability Program

All full-time, salaried permanent (professional) employees of public school divisions who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Teacher Employee Virginia Local Disability Program (VLDP).

General Employee Virginia Local Disability Program

All full-time, salaried general employees; including local law enforcement officers, firefighters, or emergency medical technicians of local governments who do not provide enhanced hazardous duty benefits; who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-

sponsored program are automatically covered by the VRS General Employee Virginia Local Disability Program (VLDP).

The Teacher VLDP and General VLDP are administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Both of these plans are considered multiple-employer, cost-sharing plans.

Specific information about VLDP is available at https://www.varetirement.org/hybrid/benefits/disability/virginia-local-disability-program.html

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2023. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability, with the exception of GLI which was also combined with employee contributions. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	*Code of Virginia* 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.18% of covered employee compensation. Rate allocated 60/40; 0.71% employee and 0.47% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2025 Contribution	$619,292
June 30, 2024 Contribution	$686,878

Teacher Health Insurance Credit Program

Governed by:	*Code of Virginia* 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.
Total rate:	1.21% of covered employee compensation.
June 30, 2025 Contribution	$1,475,070
June 30, 2024 Contribution	$1,429,905

General Employee Health Insurance Credit Program

Governed by:	*Code of Virginia* 51.1-1402(E) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.
Total rate:	1.12% of covered employee compensation.
June 30, 2025 Contribution	$4,862
June 30, 2024 Contribution	$6,705

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

The net OPEB liabilities were measured as of June 30, 2024 and the total OPEB liabilities used to calculate the net OPEB liabilities 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 OPEB liabilities, except for LODA, were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. LODA proportion was determined based on pay-as-you-go employer contributions instead of actuarially determined contributions.

Group Life Insurance Program

	Teacher SGLI	Non-Teacher SGLI Plan 1	Non-Teacher SGI Plan 2
June 30, 2025 proportionate share of liability	$ 5,128,889	$ 323,841	$ 66,621
June 30, 2024 proportion	0.45961%	0.02902%	0.00597%
June 30, 2023 proportion	0.47158%	0.02836%	0.00671%
June 30, 2025 expense	$ 200,576	$ 31,966	$ (7,915)

Teacher Health Insurance Credit Program

June 30, 2025 proportionate share of liability	$ 12,729,347
June 30, 2024 proportion	1.10149%
June 30, 2023 proportion	1.11323%
June 30, 2025 expense	$ 1,145,084

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

Changes in net OPEB liability (asset) of the General Employee Health Insurance Credit Program were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) – (b)
Balances at June 30, 2023	$ 77,627	$ 111,196	$ (33,569)
Changes for the year			
Service cost	5,399	-	5,399
Interest	5,589	-	5,589
Benefit changes	-	-	-
Differences between expected and actual experience	-	-	-
Assumption changes	8,789	-	8,789
Contributions – employer	-	11,175	11,175
Net investment income	-	11,178	11,178
Benefit payments	(439)	(439)	-
Administrative expenses	-	(161)	(161)
Other changes	-	-	-
Net changes	19,338	21,753	(2,415)
Balances at June 30, 2024	$ 96,965	$ 132,753	$ (35,984)

In addition, for the year ended June 30, 2024, the School Board recognized OPEB revenue of $813 related to the General Employee Health Insurance Credit Program.

At June 30, 2025, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Group Life Insurance Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 870,529	$ 134,819
Change in assumptions	31,461	273,528
Net difference between projected and actual earnings on OPEB plan investments	-	465,223
Changes in proportion	571,903	191,193
Employer contributions subsequent to the measurement date	619,292	-
	$ 2,093,185	$ 1,064,763

Teacher Health Insurance Credit Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 603,086
Change in assumptions	219,290	-
Net difference between projected and actual earnings on OPEB plan investments	-	45,279
Changes in proportion	1,300,205	280,411
Employer contributions subsequent to the measurement date	1,475,070	-
	$ 2,994,565	$ 928,776

General Employee Health Insurance Credit Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,417	$ 7,221
Change in assumptions	202	8,565
Net difference between projected and actual earnings on OPEB plan investments	-	2,657
Changes in proportion	-	-
Employer contributions subsequent to the measurement date	4,862	-
	$ 13,481	$ 18,443

The 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 Net 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:

Group Life Insurance Program

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2026	$ (146,657)
2027	214,381
2028	114,818
2029	162,079
2030	64,509
Thereafter	-
	$ 409,130

Teacher Health Insurance Credit Program

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2026	$ 90,025
2027	152,889
2028	129,475
2029	119,357
2030	138,564
Thereafter	(39,591)
	$ 590,719

General Employee Health Insurance Credit Program

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2026	$ (4,205)
2027	(2,162)
2028	(2,981)
2029	(2,110)
2030	1,431
Thereafter	203
	$ (9,824)

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2023, 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%
Teachers	3.50 – 5.95%
Healthcare cost trend rates:	
Under age 65	7.25 – 4.25%
Ages 65 and older	6.50 – 4.25%
Investment rate of return, net of expenses, including inflation*	GLI, HIC: 6.75%;

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note IV A.

Net OPEB Liabilities

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program	Teacher Employee HIC OPEB Plan
Total OPEB liability	$ 4,196,055	$ 1,478,105
Plan fiduciary net position	3,080,133	322,457
Employers' net OPEB liability (asset)	1,115,922	1,155,648
Plan fiduciary net position as a percentage of total OPEB liability	73.41%	21.82%

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

Long-Term Expected Rate of Return

Group Life Insurance, Health Insurance Credit Programs, and Virginia Local Disability Programs

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	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 Partnership	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 for 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 rate of return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is 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 inflation of 2.50%.

Discount Rate

The discount rate used to measure the GLI and HIC OPEB liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2024, the rate contributed by the employer for the OPEB liabilities 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 for GLI and 100% of the actuarially determined contribution rate for all other OPEB plans. From July 1, 2024 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' 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 OPEB liability.

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

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

OPEB Plan Fiduciary Net Position

	1% decrease Rate (5.75%)	Current discount Rate (6.75%)	1.00% Increase Rate (7.75%)
GLI Net OPEB liability	$ 8,583,307	$ 5,519,351	$ 3,044,071
Teacher HIC Net OPEB Liability	14,476,443	12,729,347	11,248,523
General Employee HIC Net OPEB liability (asset)	(20,459)	(35,984)	(48,726)
	$23,039,291	$ 18,212,714	$ 14,243,873

Information about the various VRS OPEB plan 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 https://www.varetire.org/media/shared/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.

Payables to the OPEB Plan

At June 30, 2025, the following amounts were payable to the Virginia Retirement System for the legally required contributions related to June 2025 payroll.

Group Life Insurance	$ 148,546
Teacher Employee Health Insurance Credit	142,498
General Employee Health Insurance Credit	413

C. Pollution Remediation Obligation

In accordance with GASB No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, The School Board is obligated to address pollution remediation activities associated with normal repair and maintenance activities. As of June 30, 2025, the School Board had contracts for ongoing asbestos monitoring, annual walkthroughs, permit review and sampling. The total obligation for the remaining portion of these contracts is $0. During fiscal year 2025, RCPS expended $347,844 for pollution remediation of certain environmental products including paints, solvents and cleaners and asbestos monitoring which is included in amounts shown for Operation and Maintenance of Plant on both the district-wide Statement of Activities (Exhibit 2) and the governmental Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit 4). Management is not aware of any obligation related to removal or disposal of any other paints, chemicals, cleaning fluids, et., other than those items already properly removed and disposed.

D. Risk Management

The School Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The school division, through a competitive procurement process, is using the professional services of a firm to assist in determining appropriate levels of insurance coverage. Further, the firm assists with the placement of coverage with third party providers, including the Virginia Municipal League, as noted below. Risk management activities are accounted for in the General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. These losses include an estimate for claims that have been incurred but not reported (IBNR) primarily based upon past claims and an estimate by a qualified claims adjuster with a third-party administrator.

The School Board has general liability, vehicular liability, and property insurance coverage through commercial insurers through the Virginia Municipal Liability Pool. During Fiscal Year 2022, the school board began using VaCorp, a different liability pool, to handle all workers' compensation claims.

The School Board is self-insured for health insurance claims. The following table shows the activity in the account for the past two years.

	Healthcare Claims
Fiscal Year 2024-25:	
Claims liability at July 1	4,619,208
Claims incurred (including IBNR and changes in estimates)	(34,249,941)
Claim payments	30,853,729
Claims liability at June 30	8,015,420
Due and payable within one year	8,015,420
Long-term payable	$ -
Fiscal Year 2023-24:	
Claims liability at July 1	5,562,859
Claims incurred (including IBNR and changes in estimates)	30,499,450
Claim payments	(31,443,101)
Claims liability at June 30	4,619,208
Due and payable within one year	4,619,208
Long-term payable	$ -

E. Contingent Liabilities

Grants

Grants are subject to audit to determine compliance with their requirements. School Board officials believe that if any refunds are required, they would not have a significant effect on the financial condition or liquidity of the School Board.

Litigation

Various claims and lawsuits are pending against the School Board. It is the opinion of management, after consulting with legal counsel, that the potential loss, if any, on all claims and lawsuits will not materially affect the School Board's financial position due to adequate insurance coverage.

Contract Renewal

On July 1, 2019, the School Board entered into a contract with Durham School Services to provide transportation services, commencing on July 1, 2019 and continuing through June 30, 2024. The contract was not renewed at the end of fiscal year 2024, however, they did provide services for the month of July 2024. The School Board entered into a contract with Zum Services, Inc. on August 1, 2024 through July 31, 2029, with an option to extend the contract for an additional term of five years upon mutual consent of the School Board and the vendor. During fiscal year 2025, net payments to Zum Services, Inc. were $14,408,649.

The School Board entered into a contract for outsourced food services with Southwest Foodservice Excellence, LLC commencing on July 1, 2022, which was continued through June 30,2025. This contract shall be eligible for three additional one-year renewals. Net payments to Southwest Foodservice Excellence, LLC in fiscal year 2025 and 2024 were $10,765,857 and $10,687,410 for contracted services, respectively.

Other Matters

The City of Roanoke implemented a School Funding Policy in 2011-12 that was in place, with minimal adjustments, through 2023-24. This policy provided 40% of most local tax revenues to the school division for school purposes. In 2024-25, the policy was changed from 40% of actual revenues to 40% of budgeted revenues, with a caveat included that the school division could apply to City Council for up to 40% of any amount by which actual revenues exceeded budget at year-end. At the time of this audit, the City of Roanoke's audit was still ongoing, so it is currently unknown whether, and by how much, revenue exceeded budget. Any application for a portion of excess FY25 revenue has yet to be determined.

For 2025-26, City Council further amended the City's School Funding Policy to establish 40% as a cap instead of a guarantee by changing the language to say, "up to 40%." Additionally, the amended policy approved by City Council on May 12, 2025 keeps funding of Schools for 2025-26 flat, at the same budgeted level as was included in the 2024-25 budget. RCPS will receive no portion of the increased local tax revenue budgeted by the City of Roanoke in 2025-26. Discussions are currently underway regarding additional changes to the way the City of Roanoke funds schools which could further reduce the portion of local tax revenue invested in K-12 education.

During fiscal year 2025, the City also mandated that the School Board return all unassigned accumulated fund balance remaining at the end of fiscal year 2024. The School Board had previously taken responsibility for cash flow management using this fund balance, in addition to using it to support future capital projects and reduce the need for debt financing. This change in the will of Roanoke City leadership will require new procedures for budgeting, cash flow management, and the closing process for each fiscal year.

In addition to these local funding uncertainties, Roanoke City Public Schools is also facing questions about education funding at the state and federal levels. A new Governor will take office in Virginia in January 2026. Though the incumbent will present a budget for the next biennium in December, there will likely be changes when the new administration takes office, which could delay the process. Presently, a federal budget has not yet been approved, and both the President's and House of Representatives' budget proposals include substantial cuts to education funding. Together, these factors contribute to significant financial uncertainty for RCPS, affecting both operational budgets and long-term capital planning.

F. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective.

In April 2024, the GASB issued **Statement No. 103**, Financial Reporting Model Improvements. This statement 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 as well as addresses certain application issues. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

In September 2024, GASB issued **Statement No. 104**, Disclosure of Certain Capital Assets, which improves visibility into capital assets held for sale and other specific asset types. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

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

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Required Supplementary Info

Roanoke City PUBLIC SCHOOLS

We Are One #RCPSProud

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Schedule A

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Amended	Actual Amounts	
Revenues:				
Investment Income	$ -	$ -	$ 2,408,483	$ 2,408,483
Intergovernmental:				.
City of Roanoke	106,900,961	106,900,961	86,309,874	(20,591,087)
Commonwealth of Virginia	140,184,573	140,184,573	143,607,185	3,422,612
Other Revenue	2,950,000	2,950,000	962,866	(1,987,134)
Total Revenues	250,035,534	250,035,534	233,288,408	(16,747,126)
Expenditures:				
Current - Education:				
Instruction	173,481,843	175,281,843	177,848,139	(2,566,296)
Administration, Technology, Attendance & Health	21,283,194	19,483,194	18,903,297	579,897
Transportation	15,648,420	15,648,420	14,976,780	671,640
Operation & Maintenance of Plant	23,933,065	23,933,065	24,168,581	(235,516)
Athletics	2,570,364	2,570,364	2,365,986	204,378
Payments for Debt Service	11,833,528	11,833,528	11,724,011	109,517
Total Expenditures	248,750,414	248,750,414	249,986,794	(1,236,380)
Revenues Over Expenditures	1,285,120	1,285,120	(16,698,386)	(17,983,506)
Other Financing Sources (Uses):				
Transfers From Other Funds	1,576,847	1,576,847	9,523,659	7,946,812
Transfers To Other Funds	(4,615,281)	(4,615,281)	(4,677,860)	(62,579)
Other Financing Sources (Uses), Net	(3,038,434)	(3,038,434)	4,845,799	7,884,233
Net Change in Fund Balance	$ (1,753,314)	$ (1,753,314)	$ (11,852,587)	$ (10,099,273)

See accompanying notes to the budgetary comparison schedules.
The adopted budget does not include any effects pertaining to leases and SBITA assets.

Schedule B

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
Budgetary Comparison Schedule
Food Service Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental:				
Commonwealth of Virginia	$ 175,864	$ 175,864	$ 252,639	$ 76,775
Federal Government	11,190,496	11,190,496	10,758,282	(432,214)
Charges for Services	440,892	440,892	523,905	83,013
Total Revenues	11,807,252	11,807,252	11,534,826	(272,426)
Expenditures:				
Current - Education:				
Food Services	13,011,435	13,011,435	11,767,449	1,243,986
Total Expenditures	13,011,435	13,011,435	11,767,449	1,243,986
Revenues (Under) Over Expenditures	(1,204,183)	(1,204,183)	(232,623)	971,560
Other Financing Sources (Uses):				
Transfers To Other Funds	(300,000)	(300,000)	(172,676)	(127,324)
Other Financing Sources (Uses), Net	(300,000)	(300,000)	(172,676)	(127,324)
Net Change in Fund Balance	(1,504,183)	(1,504,183)	(405,299)	844,236
Fund Balances, Beginning of Year	5,892,953	5,892,953	5,892,953	-
Fund Balances, End of Year	$ 4,388,770	$ 4,388,770	$ 5,487,654	$ 844,236

See accompanying notes to the budgetary comparison schedules.

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
Notes to the Budgetary Comparison Schedules
For the Year Ended June 30, 2025

Stewardship, Compliance, and Accountability.

I. Budgetary Information.

Annual budgets, as required by state statute, are adopted on a basis consistent with U. S. generally accepted accounting principles for the General and Food Service Funds. The School Grants Fund adopts project-length budgets. All annual appropriations are adopted by City Council on a fund basis, which is the legal level of control by City Council over the School Board budget as established by state statute and city ordinance. The Food Service Fund is considered a state category in its entirety, although for management purposes differentiation is made between operating and capital outlays. All annual appropriations lapse at fiscal year-end.

On or before March 15 of each year, the School Board submits to the City Manager a proposed operating budget for the General Fund and the Food Service Fund for the fiscal year commencing July 1. The operating budgets include proposed expenditures detailed at the categorical level and the means of financing them.

The multi-year school grant budgets are originally appropriated on a project-length basis under which the total outlay for each grant is estimated for the length of the grant period. The budget for each school grant is legally enacted for the length of the grant. No budgetary comparison schedule is presented for the school grants fund.

Public hearings are conducted to obtain citizen comments on the proposed budgets. Prior to May 15, the budgets are legally adopted through the passage of an appropriation ordinance by City Council.

Formal budgetary integration is employed as a management control device during the year for the General and Food Service Funds.

Schedule C

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS

June 30, 2025

	Plan Year 2024-25	Plan Year 2023-24	Plan Year 2022-23
Total OPEB Liability			
Service cost	$ 5,399	$ 4,597	$ 3,178
Interest on total OPEB liability	5,589	5,362	3,605
Changes in benefit terms	-	-	31,151
Difference between expected and actual experience	8,789	(6,852)	551
Changes in assumptions	-	-	(13,471)
Benefit payments	(439)	(650)	(141)
Net change in total OPEB liability	19,338	2,457	24,873
Total OPEB liability - beginning	77,627	75,170	50,297
Total OPEB liability - ending	96,965	77,627	75,170
Plan Fiduciary Net Position			
Contributions - employer	11,175	10,017	5,613
Contributions - employee	-	-	-
Net investment income	11,178	6,357	(36)
Benefit payments	(439)	(650)	(141)
Administrative expenses	(161)	(165)	(171)
Other	-	(30)	(583)
Net change in plan fiduciary net position	21,753	15,529	4,682
Plan fiduciary net position - beginning	111,196	95,667	90,985
Plan fiduciary net position - ending	132,949	111,196	95,667
Net OPEB liability(asset)- ending	$ (35,984)	$ (33,569)	$ (20,497)
Plan fiduciary net position as a percentage of total OPEB liability	137%	143%	127%
Covered payroll	$ 7,450,579	$ 6,682,549	$ 4,466,752
Net OPEB liability (asset) as a percentage of covered employee payroll	-0.48%	-0.50%	-0.46%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2023 information was presented in the entity's fiscal year 2024 financial report.

Schedule is intended to show information for 10 years. Since fiscal year 2025 (plan year 2024) was the eighth year for this presentation, no earlier data is available. Additional years will be included as they become available.

Schedule C

(continued)

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA

A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS

GENERAL EMPLOYEE HEALTH INSURANCE CREDIT

June 30, 2025

	Plan Year				
	2021-22	**2019-20**	**2018-19**	**2017-18**	**2016-17**
Total OPEB Liability					
Service cost	$ 4,449	$ 4,174	$ 4,467	$ 4,524	$ 5,042
Interest on total OPEB liability	3,118	3,126	2,384	2,324	2,032
Changes in benefit terms	-	(902)	-	-	-
Difference between expected and actual experience	(1,284)	(6,394)	4,849	-	-
Changes in assumptions	(2,097)	-	1,324	(3,907)	(1,356)
Benefit payments	(141)	(135)	(1,400)	(2,754)	(358)
Net change in total OPEB liability	4,045	(131)	11,624	187	5,360
Total OPEB liability - beginning	46,252	46,383	34,759	34,572	29,212
Total OPEB liability - ending	50,297	46,252	46,383	34,759	34,572
Plan Fiduciary Net Position					
Contributions - employer	3,573	5,207	5,161	4,036	3,534
Contributions - employee	-	-	-	-	-
Net investment income	18,713	1,307	3,762	3,664	5,134
Benefit payments	(141)	(135)	(1,400)	(2,754)	(358)
Administrative expenses	(232)	(132)	(84)	(88)	(88)
Other	-	(1)	(5)	(247)	247
Net change in plan fiduciary net position	21,913	6,246	7,434	4,611	8,469
Plan fiduciary net position - beginning	69,072	62,826	55,392	50,781	42,312
Plan fiduciary net position - ending	90,985	69,072	62,826	55,392	50,781
Net OPEB liability(asset)- ending	$ (40,688)	$ (22,820)	$ (16,443)	$ (20,633)	$ (16,209)
Plan fiduciary net position as a percentage of total OPEB liability	181%	149%	135%	159%	147%
Covered payroll	$ 4,335,058	$ 4,300,605	$ 4,096,741	$ 3,877,422	$ 3,211,898
Net OPEB liability (asset) as a percentage of covered employee payroll	-1%	-1%	0%	-1%	-1%

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
June 30, 2025

Year Ended June 30	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Schools - Professional Employees (SGLI)					
2025	0.46%	$ 5,129,000	$ 118,215,227	4.34%	73.41%
2024	0.47%	5,652,000	110,322,533	5.12%	69.30%
2023	0.42%	5,034,000	90,904,849	5.54%	67.21%
2022	0.42%	4,904,000	86,963,725	5.64%	67.45%
2021	0.41%	6,904,000	85,100,982	8.11%	52.64%
2020	0.42%	6,875,000	82,812,213	8.30%	52.00%
2019	0.42%	6,410,000	80,238,605	7.99%	51.22%
2018	0.43%	6,504,000	79,683,440	8.16%	48.86%
Schools - Professional Employees (HIC)					
2025	1.10%	$ 12,729,000	$ 118,215,227	10.77%	21.82%
2024	1.11%	13,486,000	110,322,533	12.22%	17.90%
2023	0.98%	12,186,000	90,904,849	13.41%	15.08%
2022	0.98%	12,608,000	86,869,983	14.51%	13.15%
2021	0.97%	12,700,000	85,100,982	14.92%	9.95%
2020	0.99%	12,919,000	82,812,213	15.60%	8.97%
2019	0.99%	12,597,000	80,238,605	15.70%	8.08%
2018	1.01%	12,810,000	79,683,440	16.08%	7.04%
Schools - Non Professional Employees (SGLI)					
2025	0.03%/.006%	$ 390,000	$ 8,994,645	4.34%	73.41%
2024	0.03%/.007%	421,000	6,682,549	6.30%	69.30%
2023	0.21%/0.006%	339,000	6,114,380	5.54%	67.21%
2022	.022%/.0067%	330,000	6,047,907	5.46%	67.45%
2021	.021%/.0074%	476,000	5,866,775	8.11%	52.64%
2020	.021%/.0082%	490,000	5,907,182	8.29%	52.00%
2019	.019%/.0093%	434,000	5,435,214	7.98%	51.22%
2018	.017%/.011%	425,000	5,205,263	8.16%	48.86%

Schedule is intended to show information for 10 years. Since fiscal year 2025 (plan year 2024) was the eighth year for this presentation, no earlier data is available. Additional years will be included as they become available. The covered payroll amounts above are for the entity's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
June 30, 2025

Entity Fiscal Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Professional					
Schools - Professional Employees (SGLI)					
2025	$ 575,435	$ 575,435	-	$ 122,433,084	0.47%
2024	638,363	638,363	-	118,215,227	0.54%
2023	595,742	595,742	-	110,322,533	0.54%
2022	523,904	523,904	-	90,904,849	0.58%
2021	452,211	452,211	-	86,963,725	0.52%
2020	442,525	442,525	-	85,100,982	0.52%
2019	430,624	430,624	-	82,812,213	0.52%
2018	417,241	417,241	-	80,238,605	0.52%
Schools - Teacher Health Insurance Credit Program (HIC)					
2025	$ 1,475,070	$ 1,475,070	-	$ 122,433,084	1.20%
2024	1,429,905	1,429,905	-	118,215,227	1.21%
2023	1,387,693	1,387,693	-	110,322,533	1.26%
2022	1,100,269	1,100,269	-	90,904,849	1.21%
2021	1,051,413	1,051,413	-	86,869,983	1.21%
2020	1,021,183	1,021,183	-	85,100,982	1.20%
2019	993,285	993,285	-	82,812,213	1.23%
2018	987,227	987,227	-	80,238,605	1.23%
Nonprofessional					
Schools - Nonprofessional Employees (SGLI)					
2025	$ 43,857	$ 43,867	-	$ 9,331,252	0.47%
2024	48,515	48,515	-	8,984,328	0.54%
2023	44,608	44,608	-	8,260,731	0.54%
2022	33,018	33,018	-	6,114,380	0.54%
2021	30,409	30,409	-	6,047,907	0.50%
2020	30,491	30,491	-	5,866,775	0.52%
2019	30,717	30,717	-	5,907,182	0.52%
2018	28,263	28,263	-	4,535,214	0.62%
Schools - Nonprofessional Employees (HIC)					
2025	$ 4,863	$ 4,863	-	$ 8,107,077	0.06%
2024	6,705	6,705	-	7,450,579	0.09%
2023	6,011	6,011	-	6,682,549	0.09%
2022	3,815	3,815	-	4,466,752	0.09%
2021	3,573	3,573	-	4,335,058	0.08%
2020	5,207	5,207	-	4,300,605	0.12%
2019	5,161	5,161	-	4,096,741	0.11%
2018	4,036	4,036	-	3,877,422	0.10%

Schedule is intended to show information for 10 years. Since fiscal year 2025 (plan year 2024) was the eighth year for this presentation, no earlier data is available. Additional years will be included as they become available. The covered payroll amounts above are for the entity's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

Note 1. Changes of Benefit Terms

Other Postemployment Benefits (OPEB)

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

Note 2. 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, 2022. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

Note 2. Changes of Assumptions (Continued)

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

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to line of duty rates.
- No change to discount rate.

All Others (Non 10 Largest) – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

Teacher cost-sharing pool

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to discount rate.

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA

A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION ASSET AND RELATED RATIOS

June 30, 2025

	Schools - Non Professional Employees				
	2023-2024	**2022-2023**	**2021-2022**	**2020-2021**	**2019-2020**
Total Pension Liability					
Service cost	$ 585,917	$ 507,416	$ 380,028	$ 350,268	$ 341,743
Interest on total pension liability	411,221	341,673	287,728	226,226	193,074
Changes in benefit terms	-	-	-	-	-
Difference between expected and actual experience	189,015	249,532	130,110	107,958	35,755
Changes in assumptions	-	-	-	(55,829)	-
Benefit payments, including refunds of employee contributions	(149,257)	(144,308)	(107,825)	(87,207)	(71,644)
Net change in total pension liability	1,036,896	954,313	690,041	541,416	498,928
Total pension liability - beginning	5,580,869	4,626,556	3,936,515	3,395,099	2,896,171
Total pension liability - ending	6,617,765	5,580,869	4,626,556	3,936,515	3,395,099
Plan Fiduciary Net Position					
Contributions - employer	153,133	144,691	100,742	96,613	103,807
Contributions - employee	321,402	289,903	208,626	198,042	195,784
Net investment income	673,557	408,957	(13,490)	1,249,405	81,372
Benefit payments, including refunds of employee contributions	(149,257)	(144,308)	(107,825)	(87,207)	(71,644)
Administrative expenses	(3,591)	(3,728)	(3,545)	(2,826)	(2,482)
Other	175	167	142	120	(99)
Net change in plan fiduciary net position	995,419	695,682	184,650	1,454,147	306,738
Plan fiduciary net position - beginning	6,744,806	6,049,124	5,864,474	4,410,327	4,103,589
Plan fiduciary net position - ending	7,740,225	6,744,806	6,049,124	5,864,474	4,410,327
Net pension Asset - ending	$ (1,122,460)	$ (1,163,937)	$ (1,422,568)	$ (1,927,959)	$ (1,015,228)
Plan fiduciary net position as a percentage of total pension assets	117%	121%	131%	149%	130%
Covered payroll	$ 7,450,579	$ 6,682,549	$ 4,771,350	$ 4,466,752	$ 4,331,920
Net pension asset as a percentage of covered payroll	-15%	-17%	-30%	-43%	-23%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year.

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION ASSET AND RELATED RATIOS
June 30, 2025

	Schools- Nonprofessional Employees				
	2018-19	**2017-18**	**2016-17**	**2015-16**	**2014-15**
Total Pension Liability					
Service cost	$ 330,934	$ 303,752	$ 327,500	$ 292,621	$ 250,347
Interest on total pension liability	157,720	137,429	115,185	90,855	75,430
Changes in benefit terms	-		-	-	-
Difference between expected and actual experience	77,685	(108,492)	22,079	3,596	(71,963)
Changes in assumptions	95,414	-	(95,226)	-	-
Benefit payments, including refunds of employee contributions	(37,449)	(48,197)	(55,331)	(23,660)	(43,270)
Net change in total pension liability	624,304	284,492	314,207	363,412	210,544
Total pension liability - beginning	2,271,867	1,987,375	1,673,168	1,309,756	1,099,212
Total pension liability - ending	2,896,171	2,271,867	1,987,375	1,673,168	1,309,756
Plan Fiduciary Net Position					
Contributions - employer	109,376	98,135	93,237	114,441	103,468
Contributions - employee	195,963	169,352	164,828	145,769	131,040
Net investment income	255,942	238,853	332,502	48,318	99,131
Benefit payments, including refunds of employee contributions	(37,449)	(48,197)	(55,331)	(23,660)	(43,270)
Administrative expenses	(2,153)	(1,842)	(1,688)	(1,296)	(1,144)
Other	(164)	(222)	(306)	(19)	(21)
Net change in plan fiduciary net position	521,515	456,079	533,242	283,553	289,204
Plan fiduciary net position - beginning	3,582,074	3,126,025	2,592,783	2,309,230	2,020,026
Plan fiduciary net position - ending	4,103,589	3,582,104	3,126,025	2,592,783	2,309,230
Net pension Asset - ending	$ (1,207,418)	$ (1,310,237)	$ (1,138,650)	$ (919,615)	$ (999,474)
Plan fiduciary net position as a percentage of total pension assets	142%	158%	157%	155%	176%
Covered payroll	$ 4,300,605	$ 3,688,153	$ 2,615,319	$ 2,662,777	$ 2,505,966
Net pension asset as a percentage of covered payroll	-28%	-36%	-44%	-35%	-40%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year.

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY

VRS TEACHER RETIREMENT PLAN
June 30, 2025

Entity Fiscal Year Ended June 30	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	1.10%	$ 103,463,732	$ 118,215,227	87.52%	84.52%
2024	1.11%	112,518,457	110,322,533	101.99%	82.45%
2023	0.98%	92,947,701	90,904,849	102.25%	84.70%
2022	0.98%	76,257,682	86,962,725	87.69%	85.46%
2021	0.97%	141,329,284	85,100,982	166.07%	71.47%
2020	0.99%	129,942,187	82,767,236	157.00%	73.51%
2019	0.99%	116,773,000	80,236,536	145.54%	74.81%
2018	1.01%	123,985,000	79,683,440	155.60%	72.92%
2017	1.01%	141,324,000	76,869,589	183.85%	68.28%
2016	1.00%	125,881,000	74,342,482	188.29%	70.68%
2015	0.98%	118,679,000	71,721,119	165.47%	70.88%

CITY OF ROANOKE PENSION PLAN
June 30, 2025

Entity Fiscal Year Ended June 30	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	1.46%	$ 3,895,698	$ 1,534,026	253.95%	63.90%
2024	1.51%	4,001,149	1,572,268	254.48%	62.80%
2023	1.48%	3,679,849	1,407,674	261.41%	63.70%
2022	1.55%	715,812	1,380,554	51.85%	92.00%
2021	1.59%	2,405,192	1,515,322	158.72%	73.70%
2020	1.78%	2,476,003	1,607,148	154.06%	75.60%
2019	1.95%	2,476,295	1,757,341	140.91%	77.30%
2018	2.18%	3,130,602	1,985,104	157.70%	74.00%
2017	2.94%	4,984,640	2,617,813	190.41%	68.70%
2016	3.48%	4,882,739	2,690,736	186.52%	73.80%

The covered payroll amounts above are for the entity's fiscal year - i.e., the covered payroll on which required contributions were based for the same year.

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS

VRS TEACHER RETIREMENT PLAN
June 30, 2025

Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Employee Payroll
2025	$ 17,399,886	$ 17,399,886	-	$ 122,433,084	14.21%
2024	18,616,272	18,616,272	-	118,215,227	15.75%
2023	17,573,360	17,573,360	-	110,322,533	15.93%
2022	14,482,200	14,482,200	-	90,904,849	15.93%
2021	13,896,958	13,896,958	-	86,869,983	16.00%
2020	12,870,331	12,870,331	-	85,100,982	15.12%
2019	12,653,417	12,653,417	-	82,767,236	15.29%
2018	12,842,165	12,842,165	-	80,236,536	16.01%
2017	11,471,695	11,471,695	-	79,683,440	14.40%
2016	11,164,143	11,164,143	-	76,869,589	14.52%

CITY OF ROANOKE PENSION PLAN
June 30, 2025

Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Employee Payroll
2025	$ 228,045	$ 228,045	-	$ 1,279,113	17.83%
2024	285,022	285,022	-	1,582,436	18.01%
2023	187,414	187,414	-	1,643,393	11.40%
2022	183,654	183,654	-	1,407,674	13.05%
2021	191,759	191,759	-	1,380,554	13.89%
2020	200,200	200,200	-	1,515,322	13.21%
2019	222,911	222,911	-	1,607,148	13.87%
2018	248,488	248,488	-	1,757,341	14.14%
2017	257,269	257,269	-	1,985,104	12.96%
2016	340,838	340,838	-	2,617,813	13.02%

The covered payroll amounts above are for the entity's fiscal year - i.e., the covered payroll on which required contributions were based for the same year.

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2025

Entity Fiscal Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Schools - Nonprofessional Employees					
2025	$ 274,020	$ 274,020	-	$ 8,107,077	3.38%
2024	153,133	153,133	-	7,450,579	2.06%
2023	144,787	144,787	-	6,682,549	2.17%
2022	100,737	100,737	-	4,771,350	2.11%
2021	96,613	96,613	-	4,466,752	2.16%
2020	109,376	109,376	-	4,331,920	2.52%
2019	109,254	109,254	-	4,300,605	2.54%
2018	98,135	98,135	-	3,688,153	2.66%
2017	93,497	93,497	-	2,615,319	3.57%
2016	126,073	126,073	-	2,662,777	4.73%

The covered payroll amounts above are for the entity's fiscal year - i.e., the covered payroll on which required contributions were based for the same year.

Note 1. Changes of Benefit Terms

Pension

There have been no actuarially material changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation.

Note 2. 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, 2022. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age.
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

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

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scape MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age.
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to line of duty rates.
- No change to discount rate.

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

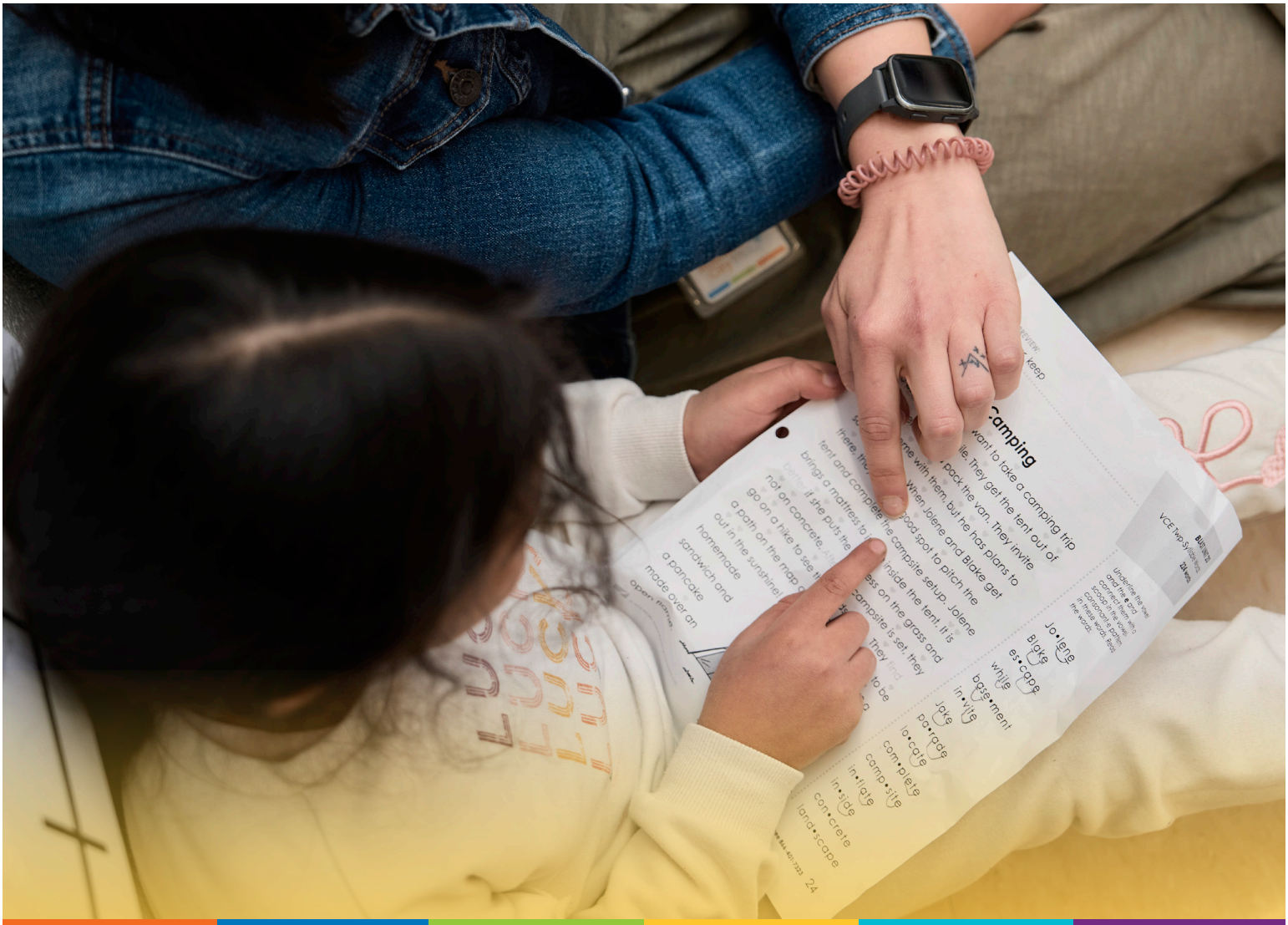
Note 2. Changes of Assumptions (Continued)

All Others (Non 10 Largest) – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scape MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

Teacher cost-sharing pool

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scape MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to discount rate.



Other Supplementary Info

Roanoke City PUBLIC SCHOOLS

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Schedule E

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
Schedule of Insurance Coverage
For the Year Ended June 30, 2025

	Amount
The Virginia Association of Counties Liability Pool	
Property and Scheduled Equipment Coverage	$ 538,668,110
The Virginia Association of Counties Liability Pool	
Local Government Liability Coverage	2,000,000
The Virginia Association of Counties Liability Pool	
Automobile Coverage	2,000,000
The Virginia Association of Counties Liability Pool	
No Fault Property Coverage	10,000
The Virginia Association of Counties Liability Pool	
Excess Liability Coverage	9,000,000
The Virginia Association of Counties Liability Pool	
Fidelity/Crime Coverage	1,000,000
The Virginia Association of Counties Liability Pool	
Cyber Liability	5,000,000
United States Fire Insurance Company	
Student Accident Insurance - Coordinated with VHSLCI	5,000,000
The Virginia Association of Counties Liability Pool	
Workers' Compensation Employer's Liability Maximum	1,000,000
ReliaStar Life Insurance Company	
Health Insurance aggregate reimbursement maximum	1,000,000

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Statistical Section (Unaudited)

Roanoke City PUBLIC SCHOOLS

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INTRODUCTION TO THE STATISTICAL SECTION

The Statistical Section of the Annual Comprehensive Financial Report for the School Board of the City of Roanoke, Virginia, presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information indicates about the School Board's overall financial condition.

Contents

Page

Financial Trends 92-95

These schedules contain trend information to help the reader understand how the School Board's financial performance and well-being have changed over time.

Revenue Capacity 96-99

These schedules contain information to help the reader assess the School Board's most significant local revenue source.

Debt Capacity 100-105

The City of Roanoke levies taxes for the School Board operation and issues debt for School Board capital projects. These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Indicators 106

These schedules offer demographic and economic indicators to help the reader understand the environment within which the School Board's financial activities take place.

Operating Information 107-110

These schedules contain service and infrastructure data to help the reader understand how the information in the School Board's financial report relates to the services provided and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial report for the relevant year.

Table 1

Roanoke City Public Schools
Net Position by Component
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position
2016	$ 3,094,777	$ -	$ (102,095,468)	$ (99,000,691)
2017	2,913,761	-	(105,347,694)	(102,433,933)
2018	3,034,853	-	(120,571,651)	(117,536,798)
2019	3,489,869	-	(116,524,523)	(113,034,654)
2020	6,620,465	1,223,861	(114,917,644)	(107,073,318)
2021	6,882,591	1,038,258	(94,645,501)	(86,724,652)
2022	19,840,128	1,968,647	(68,618,152)	(46,809,377)
2023	26,183,954	1,443,065	(46,888,805)	(19,261,786)
2024	31,264,470	1,197,506	(44,889,468)	(12,427,492) *
2025	29,426,964	1,158,444	(70,754,115)	(40,168,707)

Source: Statement of Net Position (Exhibit 1).

* Fiscal Year 2024 as restated.

Table 2

Roanoke City Public Schools
Changes in Net Position
Last Ten Fiscal Years
(Unaudited)

	2025	2024	2023	2022	2021
Expenses:					
Instruction	$ 213,740,993	$ 199,442,059	$ 175,577,982	$ 151,667,633	$ 146,732,326
Administration	20,936,709	17,246,756	17,515,875	15,089,912	14,644,467
Attendance & Health Services	3,616,840	3,396,104	2,878,727	2,511,263	2,408,468
Transportation	14,750,127	12,578,326	10,938,682	10,085,290	10,858,043
Operation & Maintenance of Plant	40,772,911	35,572,040	41,591,438	27,104,007	18,082,067
Food Services	11,589,362	11,278,798	10,547,129	9,145,096	7,456,071
Athletics	2,469,025	2,131,965	2,021,948	1,731,244	1,146,173
Payments for Debt Service	11,724,011	12,753,544	11,791,878	11,798,638	12,041,842
Total Expenses	319,599,978	294,399,592	272,863,659	229,133,083	213,369,457
Program revenues:					
Charges for services:					
Instruction	2,320,987	2,681,917	1,898,065	1,681,590	2,949,857
Administration	3,945	2,305	3,515	-	-
Technology	-	-	-	-	-
Transportation	-	-	-	-	-
Operations & maintenance	-	-	4,371,606	-	-
Food Services	509,664	428,920	430,869	269,308	80,015
Athletics	448,696	311,655	290,028	256,673	62,061
Operating grants and contributions	83,810,028	98,938,759	111,138,873	93,425,571	73,222,875
Capital grants and contributions	5,618,944	8,861,152	-	-	-
Total revenues	92,712,264	111,224,708	118,132,956	95,633,142	76,314,808
Net expense	(226,887,714)	(183,174,884)	(154,730,703)	(133,499,941)	(137,054,649)
General revenues:					
Payments from the City of Roanoke	86,309,874	102,839,462	96,177,037	91,780,854	84,673,021
State aid	108,711,519	88,377,939	83,026,300	79,844,140	70,339,760
Interest Income on Investments	2,408,483	2,648,433	1,910,199	113,938	52,340
Miscellaneous	1,716,623	709,872	1,164,758	1,676,284	1,279,555
Total general revenues	199,146,499	194,575,706	182,278,294	173,415,216	156,344,676
Change in net position	$ (27,741,215)	$ 11,400,822	$ 27,547,591	$ 39,915,275	$ 19,290,027

	2020	2019	2018	2017	2016
Expenses:					
Instruction					
Administration					
Attendance & Health Services	$ 142,783,571	$ 138,139,038	$ 135,484,910	$ 134,380,569	$ 125,138,180
Transportation	14,453,252	13,804,248	12,000,357	13,231,068	14,014,816
Operation & Maintenance of Plant	2,423,737	2,323,395	2,204,531	2,300,578	2,088,754
Food Services	10,356,563	11,424,031	10,581,175	10,769,118	10,509,337
Athletics	15,105,541	16,918,649	15,274,411	15,670,270	15,234,517
Facilities	8,951,186	8,795,164	8,382,447	8,918,197	7,417,602
Payments for Debt Service	1,606,698	1,863,136	1,833,502	1,919,667	1,883,433
Total Expenses	-	-	-	-	-
	12,700,743	13,244,672	13,867,098	14,274,185	15,073,688
Program revenues:	208,381,291	206,512,333	199,628,431	201,463,652	191,360,327
Charges for services:					
Instruction					
Administration					
Attendance & health	6,481,775	6,256,197	6,018,067	6,304,348	5,850,683
Technology	14,854	10,742	30,795	11,662	37,208
Transportation	-	-	-	-	-
Operations & maintenance	-	-	-	-	-
Food Services	-	-	-	-	-
Athletics	-	-	-	-	-
Operating grants and contributions	407,538	641,510	782,182	934,463	919,537
Capital grants and contributions	168,332	179,868	191,342	182,988	171,751
Total revenues	54,455,142	55,453,563	53,096,581	49,701,684	49,230,834
Net expense	-	-	-	-	-
	61,527,641	62,541,880	60,118,967	57,135,145	56,210,013
	(146,853,650)	(143,970,453)	(139,509,464)	(144,328,507)	(135,150,314)
General revenues:					
Payments from the City of Roanoke					
State aid					
Interest Income on Investments	83,439,689	83,368,789	81,237,799	78,359,591	79,435,819
Miscellaneous	68,084,321	63,594,864	61,425,627	61,765,617	58,191,410
Special Item - Gain from sale of	334,654	428,310	293,687	120,075	49,145
transportation vehicles and equipment	956,322	1,080,634	938,651	649,982	833,791
Special Item - OPEB reduction in payable					
	-	-	-	-	-
Total general revenues	-	-	-	-	-
Change in net position	152,814,986	148,472,597	143,895,764	140,895,265	138,510,165
	$ 5,961,336	$ 4,502,144	$ 4,386,300	$ (3,433,242)	$ 3,359,851

Source: Statement of Activities (Exhibit 2).

Table 3

Roanoke City Public Schools
Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2025	2024	2023	2022	2021
Post-GASB 54 implementation:					
General Fund					
Restricted	$ -	$ -	$ -	$ -	$ 950,338
Nonspendable	1,297,794	129,914	196,725	268,941	208,310
Committed	5,250,000	5,250,000	250,000	250,000	6,615,010
Assigned	9,835,094	-	-	-	-
Unassigned		22,855,561	24,736,975	25,307,250	35,545,138
Total General Fund	$ 16,382,888	$ 28,235,475	$ 25,183,700	$ 25,826,191	$ 43,318,796
All Other Governmental Funds					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Committed	8,082,008	26,219,913	28,975,791	23,110,358	-
Assigned	6,844,820	7,065,433	7,331,641	6,991,208	5,515,410
Unassigned	-	-	-	-	-
Total all other governmental funds	$ 14,926,828	$ 33,285,346	$ 36,307,432	$ 30,101,566	$ 5,515,410

	2020	2019	2018	2017	2016
General Fund					
Restricted	$ 4,835,968	$ -	$ -	$ -	$ -
Nonspendable	284,776	381,211	350,729	315,088	326,238
Assigned	-				-
Unassigned	20,902,236	17,645,076	20,182,146	19,286,352	21,553,941
Total General Fund	$ 26,772,980	$ 19,501,287	$ 23,011,646	$ 22,080,211	$ 24,358,950
All Other Governmental Funds					
Nonspendable	$ 4,171	$ -	$ 4,010	$ -	$ 15,727
Committed	-	-	58,315	58,315	58,315
Assigned	3,954,557	3,746,386	3,312,476	3,043,436	2,999,943
Unassigned	-	-	-	-	-
Total all other governmental funds	$ 3,958,728	$ 3,746,386	$ 3,374,801	$ 3,101,751	$ 3,073,985

Source: Balance Sheet - Governmental Funds (Exhibit 3).

Note: 2011 was the first year of implementing GASB 54 which revised fund balance classifications.

Table 4

Roanoke City Public Schools
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Unaudited)
Fiscal Year Ended June 30, 2025

	2025	2024	2023	2022	2021
Revenues:					
City of Roanoke	$ 86,309,874	$ 102,839,462	$ 99,027,420	$ 88,930,471	$ 85,258,328
Commonwealth of Virginia	167,385,017	148,908,845	132,785,782	115,847,291	108,744,107
Federal Government	30,735,834	47,246,549	65,720,274	57,407,820	34,791,102
Charges for services	2,135,238	2,433,707	1,710,324	1,393,426	2,466,394
Other	5,292,801	4,371,851	4,017,833	2,618,967	1,984,862
Total revenue	291,858,764	305,800,414	303,261,633	266,197,975	233,244,793
Expenditures:					
Current:					
Instruction	$ 219,308,336	$ 206,505,404	$ 189,232,900	$ 165,071,658	$ 147,621,871
Administration, Technology & Health	21,364,644	18,081,418	18,893,971	16,842,945	14,695,479
Transportation	14,976,780	12,861,314	11,731,832	10,815,328	10,815,517
Operation & Maintenance of Plant	40,421,684	41,856,744	51,674,134	42,038,171	22,458,958
Food Services	11,767,449	11,532,549	11,311,887	9,807,076	7,426,868
Athletics	2,506,965	2,179,752	2,167,157	1,854,607	1,140,399
Facilities Capital Outlay	-	-	-	-	-
Payments for Leases and SBITA Assets	2,668,674	2,418,517	2,868,198	711,963	-
Payments for Debt Service:					
Interest (3)	3,433,377	3,507,907	3,427,557	3,263,554	3,365,757
Principal	8,290,634	9,245,637	9,258,821	9,411,084	8,676,085
Total expenditures	324,738,543	308,189,242	300,566,457	259,816,386	216,200,934
Excess (deficiency) of revenues over (under) expenditures	(32,879,779)	(2,388,828)	2,695,176	6,381,589	17,043,859
Other financing sources (uses):					
Proceeds from Capital Lease Obligation	$ -	$ -	$ -	$ -	$ -
Leases and SBITA Assets	2,668,674	2,418,517	2,868,198	711,963	-
Transfers from Other Funds	14,192,719	10,589,954	18,992,103	36,105,100	4,455,262
Transfers to Other Funds	(14,192,719)	(10,589,954)	(18,992,103)	(36,105,100)	(4,455,262)
Total other financing sources (uses)	2,668,674	2,418,517	2,868,198	711,963	-
Change in fund balances	(30,211,105)	29,689	5,563,374	7,093,552	17,043,859
Fund Balance - Beginning of Year, restated (2)	61,520,821	61,491,132	55,927,758	48,834,206	31,790,347
Fund Balance - End of Year, restated	$ 31,309,716	$ 61,520,821	$ 61,491,132	$ 55,927,758	$ 48,834,206
Debt Service as a Percentage (1)	3.79%	4.31%	4.64%	4.98%	6.02%

	2020	2019	2018	2017	2016
Revenues:					
City of Roanoke	$ 83,048,279	$ 83,620,493	$ 80,922,413	$ 78,369,658	$ 79,354,317
Commonwealth of Virginia	99,979,094	95,685,773	91,828,510	89,760,821	83,245,409
Federal Government	22,526,415	23,340,443	22,677,812	22,200,986	22,238,051
Charges for services	6,372,855	6,278,092	6,240,713	6,433,934	6,165,705
Other	2,024,575	2,347,178	2,029,397	1,275,078	1,706,196
Total revenue	213,951,218	211,271,979	203,698,845	198,040,477	192,709,678
Expenditures:					
Current:					
Instruction	$ 144,193,949	$ 145,581,963	$ 139,251,038	$ 135,705,770	$ 127,510,179
Administration, Technology & Health	15,184,346	14,766,174	12,326,944	13,268,491	14,030,949
Transportation	10,338,749	11,795,033	10,795,797	10,721,840	10,516,866
Operation & Maintenance of Plant	30,511,709	18,037,689	15,869,791	15,605,677	15,531,154
Food Services	8,935,790	9,080,792	8,552,472	8,879,046	7,422,916
Athletics	1,601,897	1,904,430	1,831,220	1,836,441	1,821,212
Facilities Capital Outlay	-	-	-	-	-
Payments for Leases and SBITA Assets	-	-	-	-	-
Payments for Debt Service:	-	-	-	-	-
Interest (3)	3,312,500	-	-	-	-
Principal	9,388,243	13,244,672	13,867,098	14,274,185	15,073,687
Total expenditures	223,467,183	214,410,753	202,494,360	200,291,450	191,906,963
Excess (deficiency) of revenues over (under) expenditures	(9,515,965)	(3,138,774)	1,204,485	(2,250,973)	802,715
Other financing sources (uses):					
Proceeds from Capital Lease Obligation	$ 17,000,000	$ -	$ -	$ -	$ -
Leases and SBITA Assets	-	-	-	-	-
Transfers from Other Funds	5,074,898	5,895,951	5,490,331	4,869,937	4,007,153
Transfers to Other Funds	(5,074,898)	(5,895,951)	(5,490,331)	(4,869,937)	(4,007,153)
Total other financing sources (uses)	17,000,000	-	-	-	-
Change in fund balances	7,484,035	(3,138,774)	1,204,485	(2,250,973)	802,715
Fund Balance - Beginning of Year, restated (2)	24,306,312	26,386,447	25,181,962	27,432,935	26,630,220
Fund Balance - End of Year, restated	$ 31,790,347	$ 23,247,673	$ 26,386,447	$ 25,181,962	$ 27,432,935
Debt Service as a Percentage (1)	5.71% #	6.20% #	6.87% #	7.15% #	7.89%

Source: Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (Exhibit 4).

Information is presented on a modified accrual basis of accounting.

(1) Debt Service as a Percentage of Non-Capital Expenditures
(2) FY 2020 was restated as a result of the adoption of GASB 84; See Note F to the financial statements.
(3) FY 2020 began breaking out debt service interest from principal. Data before this year is not readily available.

Table 5

Roanoke City Public Schools
Major Local Revenue Sources - General Fund and Food Service
Last Ten Fiscal Years
(Unaudited)

Regional Tuition - General Fund				Charges for Services - Food Services		
Annual Payment Received				Local Breakfast/Lunch Fees		
2016	$	4,974,388		2016	$	919,538
2017		5,266,542		2017		871,425
2018		5,205,826		2018		705,412
2019		5,362,910		2019		664,067
2020		5,777,885		2020		512,751
2021		1,995,596	*	2021		148,347
2022		-		2022		333,258
2023		-		2023		464,226
2024		-		2024		443,800
2025		-		2025		523,905

Source: Detail Billings from the Roanoke Valley Regional Board and Fiscal Year Annual Comprehensive Financial Reports.

* This program ended in fiscal 2020. The majority of the proceeds received in fiscal 2021 were from a final pay out of the program.

Table 6

Unaudited

CITY OF ROANOKE, VIRGINIA
GENERAL PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

	2024-25	2023-24	2022-23	2021-22	2020-21
Total Tax Levies	**$ 177,292,434**	**$ 163,450,466**	**$ 148,193,002**	**$ 153,887,747**	**$ 136,379,330**
Current Tax Collections	156,434,308	148,080,643	133,369,630	123,230,936	118,751,936
Current Tax Collections - State Share	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992
Collections in Subsequent Years (1)	11,077,962	8,236,358	-	5,578,762	2,647,637
Total Tax Collections	**$ 175,588,262**	**$ 164,392,993**	**$ 141,445,622**	**$ 136,885,690**	**$ 129,475,565**
Current Tax Collections As Percent of Levies	**92.79%**	**95.54%**	**95.45%**	**85.33%**	**93.00%**
Total Tax Collections As Percent of Levies (1)	**99.04%**	**100.58%**	**95.45%**	**88.95%**	**94.94%**

	2019-20	2018-19	2017-18	2016-17	2015-2016
Total Tax Levies					
Current Tax Collections	**$ 131,348,076**	**$ 126,568,227**	**$ 123,059,222**	**$ 120,894,494**	**$ 119,869,392**
Current Tax Collections - State Share	113,093,282	108,667,501	106,201,641	103,165,694	102,275,497
Collections in Subsequent Years (1)	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992
Total Tax Collections	6,452,163	4,047,295	3,167,248	3,762,800	3,862,990
Current Tax Collections As		-	-	-	-
Percent of Levies	**$ 127,621,437**	**$ 120,790,788**	**$ 117,444,881**	**$ 115,004,486**	**$ 114,214,479**
Total Tax Collections As Percent of Levies (1)	**92.25%**	**92.24%**	**92.86%**	**92.02%**	**92.06%**
	97.16%	**95.44%**	**95.44%**	**95.13%**	**95.28%**

(1) Effective FY23 information collected from Treasurer's tax collection system and Department of Finance accounting system. Prior data sources were from Department of Finance accounting system.
2022-2023 Collections in Subsequent Years not calculated due to software conversion changes.

CITY OF ROANOKE, VIRGINIA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS

Table 7
Unaudited

	REAL PROPERTY				PERSONAL PROPERTY				PUBLIC SERVICE CORPORATIONS					
Year	Assessed Value	Percentage Growth (Decline)	Estimated Actual Value	Assessment Ratio	Assessed Value	Percentage Growth (Decline)	Estimated Actual Value	Assessment Ratio	Assessed Value	Percentage Growth (Decline)	Estimated Actual Value	Assessment Ratio	Total Assessed Value	Total Estimated Actual Value
2016	$ 6,724,229,966	0.45	$ 6,724,229,966	1.00	$ 942,611,706	4.84	$ 1,571,019,510	0.60	$ 439,744,208	0.50	447,235,982	0.983	$ 8,106,585,880	$ 8,742,485,458
2017	6,783,463,907	0.88	6,783,463,907	1.00	943,805,249	0.13	1,573,008,748	0.60	451,184,702	2.60	460,658,865	0.979	8,178,453,858	8,817,131,520
2018	6,970,302,556	2.75	6,970,302,556	1.00	956,571,007	1.35	1,594,285,012	0.60	437,557,641	(3.02)	446,411,247	0.980	8,364,431,204	9,010,998,815
2019	7,180,263,331	3.01	7,180,263,331	1.00	993,064,403	3.82	1,655,107,338	0.60	471,816,290	7.83	480,577,945	0.982	8,645,144,024	9,315,948,614
2020	7,444,437,601	3.68	7,444,437,601	1.00	1,031,434,753	3.86	1,719,057,922	0.60	489,031,454	3.65	497,647,214	0.983	8,964,903,808	9,661,142,737
2021	7,764,101,330	4.29	7,764,101,330	1.00	1,083,274,770	5.03	1,805,457,950	0.60	488,147,929	(0.18)	503,508,493	0.969	9,335,524,029	10,073,067,773
2022	8,629,427,867	11.15	8,629,427,867	1.00	1,207,279,732	11.45	2,012,132,887	0.60	450,208,362	(7.77)	468,296,275	0.961	10,286,915,961	11,109,857,029
2023	8,512,032,700	(1.36)	8,512,032,700	1.00	1,165,244,218	(3.48)	1,942,073,697	0.60	221,613,090	(50.78)	247,098,230	0.897	9,898,890,008	10,701,204,627
2024	9,676,864,200	13.68	9,676,864,200	1.00	1,165,244,218	0.00	1,942,073,697	0.60	483,846,036	118.33	499,955,461	0.968	11,325,954,454	12,118,893,358
2025	10,669,254,800	10.26	10,669,254,800	1.00	1,236,041,484	6.08	2,060,069,140	0.60	555,542,665	14.82	572,260,535	0.971	12,460,838,949	13,301,584,475

(1)Beginning in 2023 reporting on original assessed value.
(2) Beginning FY23, based on a revision of City Code Sec. 32-124, tangible personal property taxes of public service corporations are due on the 5th of December of the tax year for which such taxes are assessed. Therefore, personal property taxes of public service corporatons were not assessed and billed in FY23. Previously taxes were billed April 5th based upon an estimated assessment with December 5th billing a true-up to actual assessments.

CITY OF ROANOKE, VIRGINIA
PROPERTY TAX RATES AND TAX LEVIES
LAST TEN YEARS

Table 8
Unaudited

	REAL PROPERTY		PERSONAL PROPERTY		PUBLIC SERVICE CORPORATIONS			
Year	Direct Tax Rate Per $100	Levy	Direct Tax Rate Per $100	Levy	Direct Tax Rate Per $100	Levy	Total Tax Levies	Total Direct Rate
2016	$ 1.22	$ 82,035,606 (1)	$ 3.45	$ 32,374,952	$ 1.22	$ 5,458,834	$ 119,869,392	$ 1.82
2017	1.22	82,758,259	3.45	32,593,307	1.22	5,542,928	120,894,494	1.82
2018	1.22	85,037,691	3.45	32,639,181	1.22	5,382,350	123,059,222	1.81
2019	1.22	87,599,213	3.45	33,159,157	1.22	5,809,857	126,568,227	1.80
2020	1.22	90,822,140	3.45	34,507,463	1.22	6,018,473	131,348,076	1.81
2021	1.22	94,865,951	3.45	35,505,623	1.22	6,007,756	136,379,330	1.80
2022	1.22	105,279,020	3.45	42,661,925	1.22	5,946,802	153,887,747	1.84
2023	1.22	106,698,610	3.45	38,964,270	1.22	3,130,122 (2)	148,793,002	1.81
2024	1.22	116,803,324	3.45	40,673,359	1.22	5,973,783	163,450,466	1.77
2025	1.22	128,464,850	3.45	41,964,441	1.22	6,863,144	177,292,434	1.75

(1) In fiscal year 1999, the Commonwealth initiated the Personal Property Tax Relief Act. This levy includes the Commonwealth Portion.
(2) Beginning FY23, based on a revision of City Code Sec. 32-124, tangible personal property taxes of public service corporations are due on the 5th of December of the tax year for which such taxes are assessed. Therefore, personal property taxes of public service corporatons were not assessed and billed in FY23. Previously taxes were billed April 5th based upon an estimated assessment with December 5th billing a true-up to actual assessments.

Table 9
Unaudited

CITY OF ROANOKE, VIRGINIA
PRINCIPAL PROPERTY TAXPAYERS
COMPARISON OF JUNE 30, 2025 AND JUNE 30, 2016

		2025			2016		
Taxpayer	Description	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Appalachian Power Co. (PSC)	Public Utility	$ 257,657,209	1	2.25%	$ 153,038,718	3	1.89%
Carilion	Healthcare Provider	250,268,266	2	2.18%	223,819,909	1	2.76%
Norfolk Southern Railway	Transportation	154,451,519	3	1.35%	168,338,807	2	2.08%
Roanoke Gas Company (PSC)	Public Utility	86,903,136	4	0.76%	46,663,319	5	0.58%
Valley View Mall LLC	Shopping Mall	76,905,700	5	0.67%	83,533,700	4	1.03%
Blue Ridge Multi-Family LLC	Apartments	47,998,900	6	0.42%	-	-	0.00%
BRC Orange Avenue LLC	Apartments	46,035,500	7	0.40%	-	-	0.00%
Steel Dynamics Roanoke BAR Division	Primary Metals	42,806,979	8	0.37%	38,616,461	6	0.48%
HR Foundation Inc	Hotel	41,875,700	9	0.37%	-	-	0.00%
Verizon Virginia	Communications	41,406,402	10	0.36%	34,901,868	7	0.43%
Faison Roanoke Office Ltd	Office Building	-	-	-	29,885,900	8	0.37%
Advance Auto Parts	Auto Parts	-	-	-	24,552,514	9	0.30%
Maple Leaf Bakery	Bakery	-	-	-	15,792,700	10	0.19%
		$ 1,046,309,311		**9.13%**	**$ 819,143,896**		**10.11%**

Source: City of Roanoke, Commissioner of the Revenue

Table 10
Unaudited

CITY OF ROANOKE, VIRGINIA
TAXABLE RETAIL SALES
LAST TEN CALENDAR YEARS

Calendar Year	Total Retail Sales (1)
2016	$ 1,824,416,057
2017	1,837,473,382
2018	1,933,216,680
2019	1,969,546,727
2020	1,894,999,374
2021	2,075,100,883
2022	2,292,504,068
2023	2,352,300,649
2024	2,386,808,419
2025	594,202,841

(1) Source: State Department of Taxation. Data excludes prescription drug sales.
(2) For 2025 through second quarter.

Table 11
Unaudited

CITY OF ROANOKE, VIRGINIA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

	Governmental Activities		Business-type Activities					
Fiscal Year	General Obligation Bonds (1)	Subscriptions	Leases (2)	General Obligation Bonds	Leases (2)	Total Primary Government	Percentage of Personal Income	Per Capita
2015-16	$ 210,393,463	$ -	$ 5,356,637	$30,109,234	$ 19,412	$245,878,746	6.28	2,473
2016-17	208,814,498	-	4,692,759	33,675,339	11,750	247,194,346	6.04	2,474
2017-18	195,557,160	-	3,964,359	31,485,398	3,115	231,010,032	5.48	2,316
2018-19	197,186,001	-	3,314,453	30,765,932	-	231,266,386	5.52	2,315
2019-20	221,385,375	-	3,331,078	34,558,799	26,621	259,301,873	5.97	2,594
2020-21	232,819,907	-	2,493,881	36,922,954	15,251	272,251,993	6.06	2,744
2021-22	253,008,781	-	2,747,891	36,857,879	33,857	272,246,993	6.32	2,953
2022-23	231,023,607	568,123	1,518,854	33,955,551	23,198	267,089,333	5.34	2,702
2023-24	251,471,116	431,034	3,782,984	36,425,921	11,869	292,122,924	5.88	2,975
2024-25	318,764,123	290,703	11,930,857	39,135,664	6,166	370,127,513	7.40	4,150

(1) General Obligation Bonds include Bond Anticipation Notes, Bond Premiums, and Bond Discounts.
(2) Leases includes Financed Purchases and Operating Leases.

Table 12
Unaudited

CITY OF ROANOKE, VIRGINIA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

The Charter of the City of Roanoke limits the Legal Debt to 10% of the Assessed Valuation of Real Estate within the City limits. The City has no overlapping debt.

Legal Debt Margin Calculation for Fiscal year 2025:			$ 10,669,254,800
Legal Debt Limit: 10%	$ 1,066,925,480		1,066,925,480
Debt applicable to limitation:			
Gross Total Primary Government Debt		$ 370,127,513	
Less Available Debt Service Fund Balance		(249,051)	
General Net Direct Debt Oustanding			
Less: Available in Debt Service Fund			$ 369,878,462
			$ 697,047,018

Legal Debt Margin
(1) Source: City of Roanoke, Commissioner of the Revenue.

Table 13
Unaudited

CITY OF ROANOKE, VIRGINIA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL LONG-TERM DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS

Fiscal Year (1)	Principal (2)(3)	Interest (2)(4)(5)	Total Debt Service	Total General Expenditures (2)	Percent of Debt Service to General Expenditures
2014-15	$ 20,591,147	$ 8,898,421	$ 29,489,568	$ 355,808,118	8.3%
2015-16	22,571,454	8,301,585	30,873,039	347,306,775	8.9%
2016-17	20,374,492	8,009,420	28,383,912	359,445,090	7.9%
2017-18	20,922,884	8,622,820	29,545,704	344,489,393	8.5%
2018-19	20,025,191	8,045,279	28,070,470	384,480,284	7.3%
2019-20	19,595,744	7,943,729	27,539,473	400,927,915	6.9%
2020-21	16,989,063	4,706,775	21,695,838	383,666,414	5.7%
2021-22	19,036,126	7,753,163	26,789,289	424,029,070	6.3%
2022-23	20,879,069	8,076,371	28,955,440	452,821,961	6.4%
2023-24	20,084,703	8,954,464	29,039,171	536,366,460	5.4%

(1) Data for this table relies on the availability of Total General Expenditures data from the City of Roanoke. At the point of publication, the information was unavailable for Fiscal Year 2024-25. For Fiscal Year 2024-25 information, readers may refer to the City's ACFR, which will be published subsequent to this document.

(2) Principal and interest payments include all general long term debt payments supported by tax revenues of the City, including those related to capital leases and SBITAs. Debt payments made on behalf of the Roanoke Civic Center and City of Roanoke Technology Fund are included. The Technology Fund was closed effective June 30, 2017. Debt payments made by the Roanoke City Parking Fund, Western Virginia Water Authority and the Hotel Roanoke Conference Center Commission are excluded.

(3) Includes expenditures of the General Funds of the City and School Board less the transfer from the General Fund to the School Board.

(4) During Fiscal Year 2017, the Stormwater Fund assumed responsibility for all stormwater debt, including that issued prior to the Fund's formation in FY2014. Debt payments made by the Roanoke City Stormwater Fund are excluded.

(5) Interest payments exclude federal interest subsidies for Recovery Zone Economic Development (RZED) bonds and Qualified School Construction Bonds (QSCB).

Table 14

THE SCHOOL BOARD OF THE CITY OF ROANOKE VIRGINIA
Table of Outstanding Debt Incurred by Roanoke City Public Schools and the City of Roanoke
for Roanoke City Public School Projects
June 30, 2025
(Unaudited)

	Interest Rates	Issue Date	Maturity Date	Issue Amount Designated for School Assets		Balance as of June 30, 2025
General Obligation Bonds, RCPS Portion						
Series 2015 Public Improvement Bonds New Money	2.00% - 4.00%	3/25/2014	4/1/2035	$ 5,000,000		$ 3,085,000
Series 2015 Public Improvement Bonds Refunding	2.00% - 4.00%	3/25/2014	4/1/2035	1,765,000		1,680,000
Series 2016 Public Improvement Bonds New Money	2.00% - 5.00%	3/8/2016	4/1/2036	8,500,000		5,065,000
Series 2016 Public Improvement Bonds Refunding	2.00% - 5.00%	3/8/2016	4/1/2036	6,945,000		13,205,000
Series 2017 Public Improvement Bonds New Money	3.00% - 5.00%	3/23/2017	4/1/2037	22,050,000		3,300,000
Series 2019C Refunding Bonds	2.79%	11/22/2019	4/1/2041	12,786,305		10,229,039
Series 2020A Refunding Bonds	2.25% - 5.00%	5/14/2020	4/1/2043	5,779,471		4,983,794
Series 2020B Refunding Bonds	2.00% - 2.50%	5/14/2020	2/1/2034	6,340,601		1,536,740
Series 2021A Refunding Bonds	2.00% - 5.00%	10/1/2021	4/1/2042	11,065,000		9,400,000
Series 2021B Refunding Bonds	1.95% - 3.00%	10/1/2021	4/1/2034	1,447,290		1,288,170
Series 2021A GOB New Money	2.00% - 5.00%	10/1/2021	4/1/2044	4,395,000		4,175,000
Series 2022 GOB New Money	4.00% - 5.00%	10/1/2022	4/1/2042	4,625,000		3,925,000
Series 2023 GOB New Money	4.00% - 5.00%	10/1/2023	4/1/2043	12,045,000		11,440,000
Series 2024B GOB New Money	4.00% - 5.00%	10/1/2024	4/1/2024	11,945,000		11,945,000
Series 2024C GOB New Money	5.00%	10/1/2024	4/1/2032	1,914,353		1,914,353
Total General Obligation Bonds:				116,603,020		
School Fund Bonds and Loans						
Virginia Public School Authority - Series 2004B	4.10% - 5.60%	11/1/2004	7/15/2024	1,118,756	(1)	-
Virginia Public School Authority - Series 2005D.1	4.60% - 5.10%	11/10/2005	7/15/2025	992,464	(2)	57,591
Virginia Public School Authority - Series 2005D.2	4.60% - 5.10%	11/11/2005	7/15/2025	3,291,459	(3)	190,995
Virginia Public School Authority - Series 2006B	4.22% - 5.10%	11/9/2006	7/15/2026	6,573,600	(4)	738,402
Virginia Public School Authority - Series 2008B	4.10% - 5.35%	12/11/2008	7/15/2028	10,580,000		1,440,757
Virginia Public School Authority - Series 2014B	3.00%- 5.00%	5/15/2014	7/15/2026	1,245,000		190,000
Virginia Public School Authority - Series 2015A	3.00% - 5.10%	2/17/2015	7/15/2028	7,400,000		2,595,000
Total Virginia Public School Authority Bonds:				31,201,279		
Qualified Zone Academy Bond - School Capital Projects	0%	10/31/2012	6/1/2035	2,014,104	(5)	915,500
Total Qualified Zone Academy Bonds:				2,014,104		
Qualified School Construction Bonds-Elementary Schools	0%	7/8/2010	6/1/2027	1,135,000	(6)	139,500
Total Qualified School Construction Bonds				1,135,000		
Lease Payable						
TD Equipment Finance, Inc.	2.14%	12/06/2019	6/1/2035	17,000,000		12,993,000
Leases and SBITA	Various	Various	Various	4,180,828		4,180,828
Total Outstanding Bonded Debt and Lease Payable				$ 172,134,231		$ 110,613,669

Debt incurred by the City of Roanoke to fund capital projects designated for school improvements, the capital assets which are owned by the City of Roanoke, are not included in the basic financial statements of the School Board of the City of Roanoke.

The lease payable is included in the basic financial statements of the School Board of the City of Roanoke. See Note 3f to the financial statements.

Table 14 (continued)

The Virginia Public School Authority (VPSA) bonds are issued as replacements for requests for loans from the State Literary Fund. The State Department of Education provides an additional amount of state funding to each VPSA issue to increase the amount of funds received by the locality to the original requested amount and to establish an effective interest rate for the life of each bond at 4 percent, as indicated:

(1) $1,300,000 proceeds received but repayment of only $1,118,756 required.

(2) $1,160,900 proceeds received but repayment of only $ 992,464 required.

(3) $3,850,000 proceeds received but repayment of only $3,291,459 required.

(4) $7,500,000 proceeds received but repayment of only $6,573,600 required.

(5) Annual payments on Qualified Zone Academy Bonds are made to a sinking fund. No interest is accrued on this debt.

(6) Interest expense on Qualified School Construction Bonds is reimbursed by federal subsidy, subject to available federal funding.

Roanoke City Schools
Notes and Leases/Subscriptions Payable
Table 14 (continued)

The School Board is responsible for the maintenance, utilities, and general upkeep of all facilities designated as school facilities. The school division funds this through funding that is provided by the City of Roanoke and the Commonwealth of Virginia and managed by the School Board. Capital needs are typically funded through bond proceeds from municipal bonds issued by the City of Roanoke. In Virginia, school divisions cannot issue their own debt. Through the City of Roanoke's School Funding Policy, adopted by Roanoke City Council on May 9, 2011 and last amended May 14, 2018, RCPS is responsible for capital expenditures and / or paying 100% of the debt service on any bonds used to fund capital projects in "property and buildings controlled by the School Board." However, school properties are owned by the City of Roanoke. Those debt issues are presented in the City's financial statements and excluded from the Schools financial statements, but are included in Tables 14 and 15. Below are the notes and long term leases entered into by the Schools directly and included in the Schools financial statements.

	Outstanding Balance at June 30				
Debt Issue	**2025**	**2024**	**2023**	**2022**	**2021**
2019 Lease Purchase Agreement	$ 12,993,000	$ 14,002,000	$ 14,958,000	$ 15,852,500	$ 16,728,500
Operating lease and subscription liabilities:					
Copiers, postage meters, and printers	1,798,311	863,735	80,117	341,422	-
Vehicle	1,214,615	1,374,011	1,095,723	43,405	-
Software and licenses	1,167,902	1,119,254	1,109,861	-	-
Total	$ 17,173,828	$ 17,359,000	$ 17,243,701	$ 16,237,327	$ 16,728,500
Debt service expenditures (Note 1)	$ 1,303,245	$ 1,270,986	$ 1,228,955	$ 1,229,303	$ 633,845
Noncapital expenditures (Note 2)	320,766,624	304,499,739	296,469,304	257,875,120	215,567,089
Debt service as a percentage of noncapital	0.41%	0.42%	0.41%	0.48%	0.29%

Debt Issue	**2020**	**2019**	**2018**	**2017**	**2016**
2019 Lease Purchase Agreement	$ 17,000,000	$ -	$ -	$ -	$ -
Operating lease and subscription liabilities:					
Copiers, postage meters, and printers	-	-	-	-	-
Vehicle	-	-	-	-	-
Software and licenses	-	-	-	-	-
Total	$ 17,000,000	$ -	$ -	$ -	$ -
Debt service expenditures (Note 1)	$ 176,847	$ -	$ -	$ -	$ -
Noncapital expenditures (Note 2)	223,290,336	214,410,753	202,494,360	200,291,450	191,906,963
Debt service as a percentage of noncapital	0.08%	0.00%	0.00%	0.00%	0.00%

Note 1 - Debt service for purposes of the above ratio includes only debt service expenditures related to the debt liabilities included on the Schools financial statements (Exhibit 4).

Note 2 - Noncapital expenditures includes total expenditures for all governmental funds less payments for debt service per Ex 4.

Table 15
Unaudited

CITY OF ROANOKE, VIRGINIA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	2024-25	2023-24	2022-23	2021-22	2020-21
Debt Limit	$ 1,066,925,480	$ 965,825,961	$ 851,203,270	$ 878,836,470	$ 776,410,133
Total Net Debt Applicable to Limit	369,878,463	291,993,637	267,422,504	292,408,629	272,170,177
Legal Debt Margin	$ 697,047,017	$ 673,832,324	$ 583,780,766	$ 586,427,841	$ 504,239,956
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	34.67%	30.23%	31.42%	33.27%	35.05%

	2019-20	2018-19	2017-18	2016-17	2015-16
Debt Limit	$ 744,443,760	$ 718,026,323	$ 697,030,256	$ 678,346,391	$ 672,422,997
Total Net Debt Applicable to Limit	259,284,658	231,248,497	229,932,036	219,172,541	215,556,963
Legal Debt Margin	$ 485,159,102	$ 486,777,826	$ 467,098,220	$ 459,173,850	$ 456,866,034
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	34.83%	32.21%	32.99%	32.31%	32.06%

Table 16
Unaudited

CITY OF ROANOKE
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Per Capita Income (1)	Personal Income (1)	School Enrollment (2)	Local Unemployment Rate (3)	National Unemployment Rate (4)
2015-16	99,681	39,385	3,763,972,000	13,678	4.1	5.1
2016-17	99,644	40,947	3,937,623,000	13,677	4.5	4.5
2017-18	99,837	42,263	3,887,953,000	13,788	3.4	4.2
2018-19	99,920	41,946	3,956,936,000	13,754	2.8	3.4
2019-20	99,348	43,451	4,109,693,000	14,049	7.9	11.1
2021-21	99,795	45,277	4,178,049,000	13,854	4.3	6.1
2021-22	99,058	46,727	4,576,308,000	13,722	3.4	3.8
2022-23	98,865	50,599	4,942,547,000	13,707	3.1	3.6
2023-24	97,847	50,807	5,149,660,000	13,709	3.7	4.5
2024-25	97,171	56,075	5,448,837,000	13,882	3.2	4.1

(1) Source: 2014-20023 Bureau of Economi Analysis, *Personal Income Summary (CAINCI)*
(2) Source: Virginia Department of Education, *Fall Membership Report*
(3) Source: Virginia Employment Commission (Roanoke Metropolitan Statistical Area)
(4) Source: Bureau of Labor Statistics
*Note: Data coming from Bureau of Economic Analysis is lagged one year

Table 17
Unaudited

CITY OF ROANOKE, VIRGINIA
PRINCIPAL EMPLOYERS
COMPARISON AS OF DECEMBER 31, FISCAL YEARS 2025 AND 2015

	December 31, 2025			December 31, 2015		
Employer	Rank	Ownership	Number of Employees	Rank	Ownership	Number of Employees
Roanoke Memorial Community Hospital	1	Private	1,000+	-	Private	1,000+
Roanoke City Public Schools	2	Local Govt	1,000+	2	Local Govt	1,000+
Carilion Services	3	Private	1,000+	1	Private	1,000+
City of Roanoke	4	Local Govt	1,000+	3	Local Govt	1,000+
United Parcel Service "UPS"	5	Private	1,000+	6	Private	1,000+
Walmart	6	Private	500-999	7	Private	500-999
Virginia Transformer Corporation	7	Private	500-999	-	Private	500-999
United States Postal Service	8	Federal Govt	500-999	9	Federal Govt	500-999
US Department of Veteran Affairs	9	Federal Govt	500-999	-	Federal Govt	500-999
Steel Dynamics - Roanoke Bar Div.	10	Private	250-499	-	Private	250-499

Source: Virginia Employment Commission (VEC) and Roanoke Regional Partnership

Table 18

ROANOKE CITY PUBLIC SCHOOLS
EDUCATIONAL STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Average Daily Membership	13,706	13,610	13,509	13,664	13,697	13,845	13,636	13,601	13,580	13,585
Total Graduates	902	886	860	907	874	928	885	858	781	811
Dropout Rate Percentage	12.43%	5.41%	4.47%	4.97%	3.58%	3.34%	3.37%	3.57%	3.19%	3.60%
Student Attendance Rate	92.2%	91.9%	92.0%	91.9%	91.6%	94.3%	94%	94%	94%	94%
Total Per Pupil Cost	$ 20,752	$ 18,977	$ 18,751	$ 15,699	$ 14,210	$ 13,421	$ 13,951	$ 13,355	$ 12,929	$ 12,404
Local Composite Index of Ability to Pay	34%	34%	34%	33%	34%	34%	34%	34%	34%	36%
Average Teacher Salary	$ 72,103	$ 69,733	$ 67,567	$ 59,871	$ 57,320	$ 56,338	$ 53,687	$ 50,277	$ 48,707	$ 47,845
per 1,000 Students	*	*	*	*	*	*	*	110.2	113.7	112.1

Source: Department of Testing, Roanoke City Public Schools and the Annual School Report
Average Daily Membership for this table is taken from end of year data in the Annual School Report
* Effective FY 19, this information was no longer available on the Annual School Report

Table 19

ROANOKE CITY PUBLIC SCHOOLS
PERSONNEL STAFFING - FULL TIME EQUIVALENTS (FTE)
LAST TEN FISCAL YEARS
(Unaudited)

	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Superintendent	1	1	1	1	1	1	1	1	1	1
Asst. Supt./Executive	14	14	14	16	13	8	7	6	6	7
Director/Supervisor	57	61	51	48	33	29	33	35	34	34
Principal/Asst. Principal	68	70	69	68	65	62	63	57.6	55.8	53.8
Classroom Teacher	1138.4	1126.5	1103.1	1063.75	1069.4	1052.56	1056.26	1047.66	1054.11	1045.61
Guidance Counselor	58	54	53.6	50.6	50.6	48.6	45.6	45.6	45.6	44.6
Librarian	24	26.6	26	23.6	25.6	25.6	25.6	25.6	26	26
Other Professional	120.5	120.8	107.8	86.1	85.1	81.6	80	80.6	81.4	81.4
Clerical	105	100	95	93	83	86	92	101	96	96
Teacher Aides	449	436.3	404.3	325.5	326	343	347	342	318.8	308.8
Attendance & Health	1	1	1	1	1	1	1	1	1	1
Pupil Transportation	2	1	2	2	2	2	2	2	2	2
Maintenance of Plant	37	42	39	43	37	35	37	36	34	34
Operation of Plant	142	137	136	114	119	125	125	124	121	122
Food Services	3	3	3	3	3	3	2	2	2	55
Total Personnel	2,219.90	2,194.20	2,105.80	1,938.55	1,913.70	1,903.36	1,917.46	1,907.06	1,878.71	1,912.21

Source: Roanoke City Public Schools, Department of Human Resources

Table 20

ROANOKE CITY PUBLIC SCHOOLS
FREE LUNCH APPROVALS BY SCHOOL
LAST TEN FISCAL YEARS
(Unaudited)

	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Elementary Schools:										
Crystal Spring	48	56	65	58	68	74	57	63	57	48
Fairview	353	384	404	385	424	398	348	380	372	329
Fallon Park	449	464	424	426	464	451	363	452	453	461
Fishburn Park	163	183	187	160	140	158	111	185	201	143
Garden City	212	236	216	197	196	209	148	184	180	190
Grandin Court	114	115	100	107	127	103	104	106	102	92
Highland Park	178	215	226	207	220	192	164	201	203	200
Hurt Park	261	295	298	279	321	321	278	288	317	348
Lincoln Terrace	211	207	269	228	254	257	238	253	277	266
Monterey	335	319	331	292	297	293	262	260	268	301
Morningside	198	202	212	205	210	182	161	201	218	225
Preston Park	294	338	337	317	336	287	245	293	275	240
Roanoke Academy	321	362	346	309	292	291	254	283	303	325
Round Hill	540	541	547	528	545	524	374	397	422	428
Virginia Heights	122	145	163	161	185	184	160	180	166	206
Wasena	132	154	150	118	118	114	87	127	136	138
Westside	435	502	484	445	556	544	464	442	483	568
Middle Schools:										
Addison	384	404	430	411	537	472	388	433	403	393
Breckinridge	456	428	455	393	468	447	356	362	288	266
Fishwick	325	366	334	327	359	357	340	374	362	379
Madison	333	328	336	305	355	319	251	330	327	323
Wilson	329	394	404	362	401	351	261	277	240	252
High Schools:										
William Fleming	1119	1206	1200	994	1053	881	735	839	757	672
Forest Park Academy(c)	104	100	91	90	99	87	0	0	0	82
Patrick Henry	1048	1131	1080	963	1019	927	827	1154	1077	952
Noel Taylor Learning Center (c)	144	110	100	79	40	63	0	0	0	65
Total Free Lunch Approvals	8,608	9,185	9,189	8,346	9,084	7,892	9,274	9,198	8,783	8,350
						b.			c.	a.
Total ADM	13,706	13,610	13,509	13,664	13,697	13,845	13,636	13,601	13,580	13,771
Percentage Free Lunch	62.80%	67.49%	68.02%	61.08%	66.32%	57.00%	68.01%	67.63%	64.67%	60.63%

a. During Fiscal Year 16, Roanoke City Schools participated in the Community Eligibility Provision, a program that allows the highest poverty school districts to serve breakfast and lunch at no cost to all enrolled students without the burden of collecting household applications. The total free lunch approvals decreased in fiscal 16 because the school division no longer had to take income applications for participation in free lunch which the above table represents.

b. In Fiscal Year 20, Roanoke City Schools reported identified students (IS) eligible for free/reduced lunch in the table above. Per the CEP Program, if the individual students to enrollment percentage exceeds 40% then that school is eligible for all students to receive free lunch/breakfast. As such, only Crystal Spring and Grandin Court did not meet the 40% threshold. Fiscal Years 16-19 were not restated to reflect the change in the students reported.

c. Forest Park Academy and Noel C. Taylor Learning Academy students' approvals are in the home school in which the students are assigned beginning the 2016-17 school year.

In 2019-20 school year, the students were not reported with their home school.

Source: Roanoke City Public Schools Department of Food and Nutrition

Table 21

ROANOKE CITY PUBLIC SCHOOLS
CAPITAL ASSET STATISTICS
June 30, 2025
(Unaudited)

School Description	Total Current Classrooms *	Current Useable Student Capacity	Enrollment FY2023-24	Enrollment FY2024-25	% Of Useable Capacity	Modular Buildings
Elementary Schools:						
Crystal Spring	19.0	423	304	323	76%	0
Fairview	30.0	706	476	481	68%	0
Fallon Park	42.0	902	574	591	66%	0
Fishburn Park	21.0	404	295	280	69%	0
Garden City	22.0	486	309	303	62%	0
Grandin Court	18.0	414	361	331	80%	0
Highland Park	23.0	521	383	362	69%	0
Hurt Park	22.0	506	333	321	63%	0
Lincoln Terrace	21.0	482	248	287	60%	1
Monterey	24.0	584	493	508	87%	0
Morningside	23.0	494	228	278	56%	0
Preston Park	30.0	695	513	535	77%	3
Roanoke Academy	28.0	581	404	465	80%	0
Round Hill	41.0	914	706	725	79%	0
Virginia Heights	20.0	421	260	247	59%	0
Wasena	14.0	318	252	247	78%	0
Westside	42.0	982	645	626	64%	0
Middle Schools:						
Addison	39.0	889	485	542	61%	0
Breckinridge	41.0	963	596	734	76%	0
Fishwick	22.0	550	582	457	83%	0
Madison	31.0	731	560	601	82%	0
Wilson	36.0	837	693	608	73%	0
			2,916	2,942		
High Schools:						
William Fleming	69	1,649	1,921	1,970	119%	0
Patrick Henry	70	1,674	2,031	2,054	123%	0
			3,952	4,024		
Regional Program:						
Roanoke Valley Governor's School	11	275	268	271	99%	0

Source: Roanoke City Public Schools Department of Fiscal Services

Note: The Roanoke Valley Governor's School has a morning session and an afternoon session, with approximately 60% of the student body attending the morning session.

* Standard Classrooms: OT/PT Speech, MD, Reach & SPED. Excludes Art & Music.

Program Alternative Learning Sites:	Number of Classroom	Current Useable Student Capacity
Taylor Academy	13	323
ROTEC	11	220
Forest Park	14	313
DAYTEC	17	340

Central Administration:	Square Footage
William B. Roberston 201 Campbell Ave SW	136,000
Administration on Douglass 40 Douglass Ave NW	42,000

Table 22

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
Table of Capital Assets by Location
June 30, 2025
(Unaudited)

Location	Land	Buildings and Structures	Equipment and Improvements	Construction in Progress	Total
William Fleming High School	$ 237,993	$ 61,880,894	$ 3,970,327	$ -	$ 66,089,214
Patrick Henry High School	31,127	63,351,432	3,078,609	-	66,461,168
Lucy Addison Aerospace Middle School	12,015	15,046,702	5,944,875	-	21,003,592
James Breckinridge Middle School	37,500	16,490,251	1,613,001	-	18,140,752
John P. Fishwick Middle School	36,005	7,469,769	4,557,941	-	12,063,715
James Madison Middle School	9,883	5,903,442	943,948	-	6,857,273
Woodrow Wilson Middle School	12,500	13,960,520	3,654,239	-	17,627,259
William Ruffner Operations Center	-	.	7,703,570	-	7,703,570
Roanoke Technical Education Center	-	-	369,206	-	369,206
Charles W. Day Technical Education Center	35,329	22,801,278	2,768,165	-	25,604,772
Crystal Spring School	153,444	5,472,411	716,278	-	6,342,133
Fairview School	21,566	5,856,863	3,347,991	-	9,226,420
Fallon Park School	13,700	23,908,992	445,927	-	24,368,619
Fishburn Park School	4,236	4,316,467	424,359	-	4,745,062
Forest Park Academy	27,992	3,959,703	767,849	-	4,755,544
Garden City School	26,850	5,860,560	677,982	-	6,565,392
Grandin Court School	33,700	3,550,277	329,298	-	3,913,275
Highland Park School	600	6,530,708	464,244	-	6,995,552
Hurt Park School	2,085	4,680,518	2,173,296	-	6,855,899
Lincoln Terrace School	18,000	3,128,519	1,546,486	-	4,693,005
Monterey School	15,000	5,384,890	956,809	-	6,356,699
Morningside School	22,700	9,175,277	1,168,984	-	10,366,961
Noel C. Taylor Academy at Oakland	78,727	2,155,372	1,679,384	-	3,913,483
Preston Park School	33,956	4,210,823	263,413	6,604,047	11,112,239
Raleigh Court School	18,750	576,647	-	-	595,397
Roanoke Academy for Math and Science	15,000	13,146,784	1,513,451	-	14,675,235
Round Hill School	47,790	18,351,463	568,478	-	18,967,731
Virginia Heights School	32,750	7,672,320	392,756	-	8,097,826
Wasena School	20,000	4,613,333	731,769	-	5,365,102
Westside School	45,000	7,207,031	1,305,283	-	8,557,314
Governor's School for Math and Science	-	4,247,070	505,299	-	4,752,369
School Administration	2,948,679	11,900,024	9,516,997	-	24,365,700
School Transportation	360,000	1,882,654	236,319	-	2,478,973
Total Capital Assets	$ 4,352,877	$ 364,692,994	$ 64,336,533	$ 6,604,047	$ 439,986,451

Note (1) Land, buildings, structures, and construction in progress are owned by the City of Roanoke on behalf of the Roanoke City Public Schools and, as such, are not included in the basic financial statements of the School Board of the City of Roanoke. Equipment of the School Board is shown by location without any adjustment for accumulated depreciation. Improvements include construction in progress for assets that are owned by the School Board of the City of Roanoke. This schedule is presented only for informational purposes.

Note (2): Construction in Progress includes amounts for construction undertaken by the School Board of the City of Roanoke. These assets will be transferred over to the City of Roanoke upon completion. The Construction in Progress also includes other amounts which are provided by the City of Roanoke.

Note (3): Equipment and improvements do not include lease or subscription assets.

Compliance Section

Roanoke City PUBLIC SCHOOLS

We Are One #RCPSProud

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BROWNEDWARDS
certified public accountants

Independent Auditor's 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
Roanoke City School Board
Roanoke, 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 and each major fund of the School Board of the City of Roanoke, Virginia (the "School Board"), a component unit of the City of Roanoke, 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 December 1, 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 have not been identified.**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Board's financial statements are free of 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards*, described in the accompanying schedule of findings and responses, as item 2025-001.**

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 School Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 1, 2025

The School Board of The City of Roanoke, Virginia

Summary of Compliance Matters

June 30, 2025

As more fully described in the Independent Auditor's 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*, we performed tests of the School Board's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

State Compliance Matters

Code of Virginia

Budget and Appropriation Laws
Cash and Investment Laws
Conflicts of Interest Act
Local Retirement Systems
Debt Provisions
Procurement Laws
Uniform Disposition of Unclaimed Property Act

State Agency Requirements

Education

The School Board of The City of Roanoke, Virginia

Schedule of Findings and Responses

June 30, 2025

A – Findings – Financial Statement Audit

None.

B – Findings – Commonwealth of Virginia

2025-001: Budget Appropriation

Condition: Instructional and operations & maintenance expenditures exceeded budget appropriations, which resulted in expenditures for the general fund in total to be over budget. The Schools are required to keep expenditures within budgeted amounts.

Recommendation: Steps be taken to ensure that excess expenditures over budgeted appropriations be approved by the School Board and the budget amended accordingly.

View of Responsible Officials: Management acknowledges that General Fund expenditures exceeded the approved expenditure budget at year-end.

This variance was primarily due to a higher-than-anticipated accrual for health insurance liabilities. Under the current insurance plan, 10 month employees are permitted to submit insurance claims through August 31 of the prior fiscal year, with outstanding claim data finalized by September 30. Because this information was not available until after the fiscal year had closed, Management was unable to properly amend the budget in advance.

To address this issue, the School Board will collaborate with its insurance consultants to develop improved forecasting methods and explore strategies for anticipating these costs more accurately in future years.