

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021



ROANOKE CITY
PUBLIC SCHOOLS

40 Douglass Avenue, Northwest
Roanoke, Virginia 24012
www.rcps.info

Strong Students. Strong Schools. Strong City.

PHOTO CREDITS

Cover and Section Dividers: Our students and staff
Photographs by the Roanoke City Schools Communications and Marketing Department

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

Comprehensive Annual Financial Report
For the Year Ended June 30, 2021

Roanoke City School Board

Lutheria A. Smith, Chairperson
Eli C. S. Jamison, Ph.D., Vice Chairperson
Mark Cathey, Member
Laura D. Rottenborn, Member
Natasha N. Saunders, Member
Joyce W. Watkins, Member
Richard Willis, Member

Verletta White, Superintendent

**Prepared by the Accounting Department and
The Chief Financial Officer**

Table of Contents

	Page Number
INTRODUCTORY SECTION:	
Letter of Transmittal	1
Association of School Business Officials International Certificate of Excellence in Financial Reporting.	11
Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting	12
Organizational Chart	13
Officers and Principal Administrators	14
FINANCIAL SECTION:	
Independent Auditor's Report.	17
Management's Discussion and Analysis	20
Basic Financial Statements:	
Government-Wide Financial Statements:	
Exhibit 1 Statement of Net Position	27
Exhibit 2 Statement of Activities	28
Fund Financial Statements:	
Exhibit 3 Balance Sheet - Governmental Funds	29
Exhibit 4 Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	30
Notes to the Basic Financial Statements.	31
Required Supplementary Information:	
Schedule A Budgetary Comparison Schedule - General Fund.	69
Schedule B Budgetary Comparison Schedule - Food Service Fund	70
Notes to the Budgetary Comparison Schedules.	71
Schedule C Required Other Postemployment Benefits Schedules.	72
Notes to the Required Other Postemployment Benefits Schedules	75
Schedule D Required Pension Schedules.	76
Notes to the Required Pension Schedules	81
Other Supplementary Information:	
Schedule E Schedule of Insurance Coverage.	85

STATISTICAL SECTION (UNAUDITED):

Table 1	Roanoke City Public Schools Net Position by Component.	90
Table 2	Roanoke City Public Schools Changes in Net Position	91
Table 3	Roanoke City Public Schools Fund Balances of Governmental Funds	92
Table 4	Roanoke City Public Schools Changes in Fund Balance of Governmental Funds	93
Table 5	Roanoke City Public Schools Major Local Revenue Sources – General Fund and Food Service.	94
Table 6	City of Roanoke General Property Tax Levies and Collections.	95
Table 7	City of Roanoke Assessed and Estimated Actual Value of Taxable Property	96
Table 8	City of Roanoke Property Tax Rates and Tax Levies	96
Table 9	City of Roanoke Principal Property Taxpayers	97
Table 10	City of Roanoke Taxable Retail Sales	97
Table 11	City of Roanoke Ratio of General Bonded Debt to Total Estimated Actual Value and Bonded Debt Per Capita	98
Table 12	City of Roanoke Computation of Legal Debt Margin.	99
Table 13	City of Roanoke Ratio of Annual Debt Service Expenditures for General Long-Term Debt to Total General Expenditures.	99
Table 14	City of Roanoke Outstanding Debt Incurred by the City of Roanoke for Roanoke City Public School Projects	100
Table 15	City of Roanoke Legal Debt Margin Information	102
Table 16	City of Roanoke Demographic Statistics	103
Table 17	City of Roanoke Principal Employers	103
Table 18	Roanoke City Public Schools Educational Statistics.	104
Table 19	Roanoke City Public Schools Personnel Staffing – Full Time Equivalents (FTE).	104
Table 20	Roanoke City Public Schools Free Lunch Approvals by School	105
Table 21	Roanoke City Public Schools Capital Asset Statistics	106
Table 22	Roanoke City Public Schools Capital Assets by Location	107

COMPLIANCE SECTION:

Schedule of Expenditures of Federal Awards	111
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 <i>Government Auditing Standards</i>	113
Independent Auditor's Report on Compliance For Each Major Program and On Internal Control Over Compliance Required by the Uniform Guidance	115
Summary of Compliance Matters	117
Schedule of Findings and Questioned Costs.	118



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INTRODUCTORY SECTION



ROANOKE CITY
PUBLIC SCHOOLS

Strong Students. Strong Schools. Strong City.



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October 29, 2021

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

The Comprehensive Annual Financial Report 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, 2021, 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 Comprehensive Annual 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 1 to 96 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 financial report.

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 of 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 district 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 2021 estimated population as per the US Census Bureau from April 1, 2020 of 100,011 accounts for just under 32% of the 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 2020-21 school year, RCPS provided a comprehensive program of study for 13,853 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. Enrollment in 2020-21 decreased as a result of the pandemic. However, a modest growth is predicted in future years.

Roanoke's student population represents a diversity of cultures and ethnic groups. Approximately 43% of students are black, 32.2% are white, 15.8% are Hispanic, and 9% are Asian or another race.

The Virginia Department of Education (VDOE) posted that 96.4% of RCPS students qualified for free or reduced-price school meals during the 2020-2021 school year. This eligibility is determined based on the financial need of the individual student's family, or the overall needs in the school's 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. All student populations are currently being served meals (breakfast and lunch).

All of Roanoke City schools were labeled as "Accreditation Waived" for the 2021-2022 school year. Accreditation ratings are based on performance during the previous school year. Annual accreditation is waived for all Virginia public schools for the 2021-2022 school year due to the continuing impact of the of COVID-19 pandemic on schools and students. Student performance on SOL tests in English, mathematics and science are key metrics in the State Board of Education's school accreditation standards.

The Roanoke City Public Schools' strategic plan has affirmed that the school division's mission is to "graduate students prepared for life in a rapidly changing world." The plan also establishes RCPS' vision, which is "to be a model for urban public education." This vision means that our students will have the skills to be successful and opportunities to reach their full potential regardless of poverty, ethnicity, disabilities, or other challenges. Only a few urban places in the country have been able to achieve this and they are usually individual schools as opposed to entire school districts. 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 eight core beliefs, as follows:

- Our diversity is a source of strength
- Our schools must be safe
- All students are capable of meeting high expectations
- We are accountable for our students' success
- Every individual in RCPS contributes to our students' success
- We have a responsibility to work collaboratively with our families
- Respect, trust, and honest communication are the foundation of successful and productive relationships
- The vitality of our community depends on a strong school system

“Strong Students. Strong Schools. Strong City.” The School Board established the following priorities for the 2018-19 school year:

- Achieve full state accreditation and meet federal annual measurable objectives (AMO) targets.
- Ensure the safest schools for our students and staff.
- Attract, train, and retain the best staff for our urban Division.
- Ensure efficient use, maintenance, and improvement of the Division’s facilities and infrastructure.
- Enhance arts, athletics and extracurricular activities.

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, 24 of 24 schools are fully accredited. 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 2021-22
Based on 2020-21 Student Achievement**

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

**Roanoke City Public Schools
SAT Results 2021**

One hundred seventy-three (173) Roanoke City students took the SAT Reasoning Test. The division's mean Evidence- Based Reading and Writing (ERW) score was five hundred fifty-six (556), the mean Mathematics score was five hundred thirty-five (535). The difference in scores over time in RCPS should be compared to Virginia and U.S. in order to compare magnitude of the change.

The proportion of students by ethnic group who took the SAT in 2021:

	<u>Roanoke</u>	<u>Virginia</u>	<u>U.S.</u>
African American	27%	13%	11%
Other Ethnicities	20%	31%	39%
White	52 %	53%	42%

"No Response" in Ethnicity: Roanoke 1% Virginia 3% and U.S. 8%.

Mean scores of all students tested:

SAT Results	Roanoke	Virginia	U.S.	Difference
	Mean 2020 2021	Mean 2020 2021	Mean 2020 2021	RCPS vs VA US
ERW	518 556	567 584	528 533	-28 +23
Mathematics	492 535	549 567	523 528	-32 +7
Total Score	1009 1091	1116 1151	1051 1060	-60 +31

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 all students tested:

SAT Results	Roanoke	Virginia	U.S.	Difference
	Mean 2020 2021	Mean 2020 2021	Mean 2020 2021	RCPS vs VA US
ERW	518 556	567 584	528 533	-28 +23
Mathematics	492 535	549 567	523 528	-32 +7
Total Score	1009 1091	1116 1151	1051 1060	-60 +31

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 students tested by high school:

SAT Results	Patrick Henry		William Fleming	
	Mean	Difference VA US	Mean	Difference VA US
ERW	580	-4 +47	508	-76 -25
Mathematics	556	-11 +28	494	-73 -34
Total Score	1136	-15 +76	1002	-149 -58

**SAT I: Reasoning Test Scores for Graduating Seniors
Roanoke City Public Schools 2011-2021**

Table I. Mean Scores on SAT

	2011	2012	2013	2014	2015	2016	2017*	2018*	2019*	2020*	2021*
Mean Reading *ERW SAT Score	469~	475	473	487	483	464	522	527	514	518	556
Mean Mathematics SAT Score	464~	465	468	479	477	457	502	507	497	492	535
Writing	450~	458	453	464	461	433	-	-	-	-	-
Total	1383	1398	1394	1430	1421	1354	1025	1034	1011	1009	1091

~SAT data historically has included students who took the SAT at any point in high school through March of their senior year. Starting with 2011 the SAT data includes all students who tested through June of their senior year.

	<i>Black</i>											<i>White</i>										
YEAR	11	12	13	14	15	16	17*	18*	19*	20*	21*	11	12	13	14	15	16	17*	18*	19*	20*	21*
Mean Reading *ERW SAT Score	409~	409	410	410	422	417	456	462	460	458	484	541~	554	545	551	543	535	599	603	577	592	608
Mean Mathematics SAT Score	398~	399	407	404	419	411	445	443	438	437	463	537~	545	537	540	537	531	565	577	560	558	587
Writing	391~	396	395	395	404	388	-	-	-	-	-	515~	533	521	522	519	507	-	-	-	-	-
Total	1198	1204	1212	1209	1245	1216	901	905	898	895	947	1593	1632	1603	1613	1599	1573	1164	1180	1137	1151	1195

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

**Roanoke City Public Schools
2021 ACT Results**

Participation in ACT testing among Roanoke City Public School graduates declined during the school year 2021. During the 2021 school year 24 graduates participated in ACT, while 70 seniors took the ACT in 2020.

Total participants: 24

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

Percentage of Students Meeting College Readiness Benchmarks 2020/2021

	Roanoke City		State		National	
	2020	2021	2020	2021	2020	2021
English	54	67	82	86	58	56
Mathematics	44	63	62	68	37	36
Reading	47	58	69	75	45	44
Science	46	54	60	67	36	35
Composite	37	50	48	56	26	25

Comparison of Average ACT Scores 2020/2021

	Roanoke City		State		National	
	2020	2021	2020	2021	2020	2021
English	20.6	21.2	24.2	25.5	19.9	19.6
Mathematics	21.2	21.6	23.5	24.5	20.2	19.9
Reading	22.1	23.0	25.2	26.5	21.2	20.9
Science	21.4	22.5	24.0	25.1	20.6	20.4
Composite	21.4	22.3	24.4	25.5	20.6	20.3

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

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 district's ability to fund its major educational initiatives adequately is significantly affected by the City's economic outlook. City funding for fiscal year 2021 continued to follow the funding formula established in 2012, which stipulates that (a) the schools receive 40% of 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). Revenue projections for 2020-21 were very conservative because so much at that time was unknown about the extent and impact of the COVID-19 pandemic. Fortunately, revenue, in particular sales tax, was not as adversely impacted by the pandemic as initially feared. As a result, City revenue during 2020-21 exceeded budgeted revenue for the year. With the long-term economic impact of the pandemic still largely unknown, the City of Roanoke continues to be cautious in budgeting for revenue. Still, with the better-than-expected performance in 2020-21, the budgeted local funding for schools in 2021-22 increased by just under \$3 million year-over-year.

2020-21 is the first year in the two-year budget cycle adopted by the Commonwealth of Virginia General Assembly. Due to the uncertainty caused by the pandemic as the new budget was being developed in the Spring of 2020, the General Assembly reconvened in the fall and made further adjustments to the budget. These included reductions to expected tax revenue, but also included safeguards for Virginia school divisions including hold-harmless provisions to keep school divisions' state funding whole in spite of reductions that might result from the pandemic. In particular, a hold-harmless provision related to Average Daily Membership (ADM) was included for both years of the biennium (2020-21 and 2021-22).

Average Daily Membership (ADM), as measured annually on March 31, is a significant factor in state funding formulas for public education. RCPS enrollment has generally increased in recent years, but a sharp decline was experienced in 2020-21 as a result of the pandemic. Funded ADM in 2018-19 was 12,898.54 and in 2019-20 was 13,109.99. In 2020-21, funded ADM was 12,827.72 or 282.27 less than the prior year. At the time the RCPS budget was adopted, no action had been taken at the state level to hold school divisions harmless against the potential negative impacts on state funding of a drop in enrollment. As a result, RCPS budgeted with the expectation of a lower ADM of 12,850. This, combined with the reprieves put in place through the state's budget amendments made in the fall of 2020, helped RCPS to end 2020-21 with better-than-expected revenue experience. Because the General Assembly approved a two-year budget that included a provision in both years to hold school divisions harmless against the negative impact of enrollment loss, we budgeted for 2021-22 using the same ADM projection as that used by the Virginia Department of Education in establishing their budgeted funding for RCPS: 13,044.

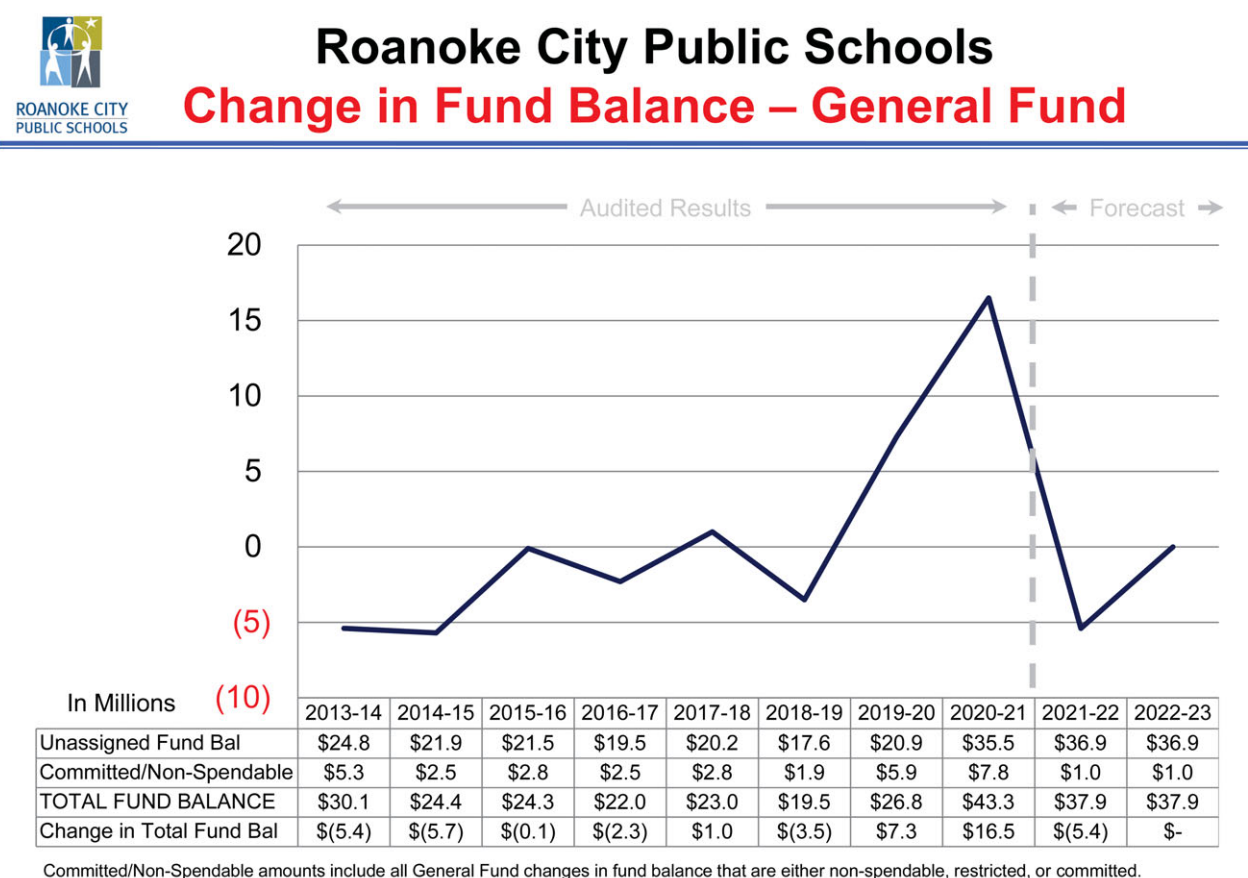
The Every Student Succeeds Act (ESSA), which replaced the No Child Left Behind Act of 2002, was signed into law on December 10, 2015. The Commonwealth of Virginia has an approved plan, and RCPS proceeds with utilizing important sources of federal funding, such as Title I-A, to supplement local and state funded efforts to meet the needs of our students. Additional entitlement funds under Title IV Part A became available to RCPS during 2017-18, and the school division's allocation out of these funds has increased in each subsequent year. These funds can be used to provide well rounded educational opportunities, services that develop safe and healthy students, and programs that support the effective use of technology.

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 is for school divisions is identified as the Elementary and Secondary School Emergency Relief (ESSER) Fund. Further support through the Coronavirus Relief Fund was made available to localities and direct aid from the state to public school divisions in the fall of 2020. The Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, which was passed in late December 2020, included a second round of ESSER funding for school divisions. A third round of ESSER funding was approved through the American Rescue Plan (ARP) Act which was approved in March 2021. ESSER I funds are available through

September 30, 2022, ESSER II funds are available through September 30, 2023, and ESSER III funds are available through September 30, 2024. All award periods are retroactive to March 13, 2020.

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. Establishing and maintaining a competitive teacher salary scale is a top priority. RCPS began a two-year process to increase teacher pay in 2019-20. This was put on hold in 2020-21 and salaries were initially frozen given the significant concern over how the pandemic would impact revenue. As General Assembly action early in FY2021 shored up state funding, and local revenues performed better than expected, RCPS was able to implement the originally planned raises mid-year and give a much-deserved bonus at year-end to acknowledge all staff members for making it through the extraordinary difficulties the pandemic brought about during the 2020-21 school year. For the 2021-22 budget year, RCPS is implementing a combination step and scale increase across all pay scales, to provide an average raise of 2.5% for employees. Pay and other recruitment efforts across all positions is of significant importance, particularly as worker shortages across all areas has reached an alarming level. RCPS is engaging in a compensation study in 2021-22 to have an independent review of our pay structures and receive guidance on how to advance our division's ability to attract and retain highly effective employees.

In light of the above, and in order to continue providing instruction at the level necessary to sustain the improvements achieved over the past several years, RCPS expects to be in a deficit spending position during fiscal year 2022, if current trends continue. The following chart illustrates the projected impact of this deficit spending on total General Fund 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 to properly record and adequately document transactions in order to compile information for 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, policy DBA, on Fund Balance Management. This policy clarifies definitions of fund balance availability and establishes guidelines for use of fund balance. Though some use of fund balance was originally authorized by the School Board through adoption of the 2020-21 budget, Exhibits 3 and 4 will show that revenue and expenditure experience were such that use of fund balance for the year ended June 30, 2021 was not needed.

The net increase in fund balance is due to the impact of the COVID-19 pandemic and the significant adjustments to the school division's operations that were required as a result. The school division started the 2020-21 school year with the majority of students learning virtually. This required a significant increase in some cost areas including technology to provide devices for at-home learning, but Federal pandemic relief funding helped the school division with these costs. Adjustments in response to the pandemic reduced other typical costs significantly such as student transportation, meal service, field trips, and professional development travel. With the pandemic relief funding, and the state holding school division's state funding harmless, revenue was higher than expected while less General Fund budget dollars were needed to perform typical activities. Additionally, RCPS entered into a contract to purchase a building in the downtown area of Roanoke City adjacent to the City Municipal Building in the spring of 2021. This purchase was approved by the School Board in 2020-21, however, the due-diligence period extended beyond the end of the fiscal year and the sale is not scheduled to close until the fall of 2021. This resulted in the temporary carry-forward of funds in fund balance restricted for this purpose.

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 2020 and 2021 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 assists the Audit Committee in a continuing review of the internal control and financial operations of the School Board and schools, and regularly reports his 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 auditor's 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 comprehensive annual financial report for the fiscal year ended June 30, 2020. 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 comprehensive annual financial report for the fiscal year ended June 30, 2020. 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 comprehensive annual 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 comprehensive annual financial report for fiscal year 1994, and the receipt of both certificates for over twenty 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, MBA, SFO
Chief Financial Officer



Donna A. Caldwell, CPA
Director of Accounting



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Roanoke City Public Schools

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2020.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'W. Edward Chabal'.

W. Edward Chabal
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**School Board of the City of Roanoke
Virginia**

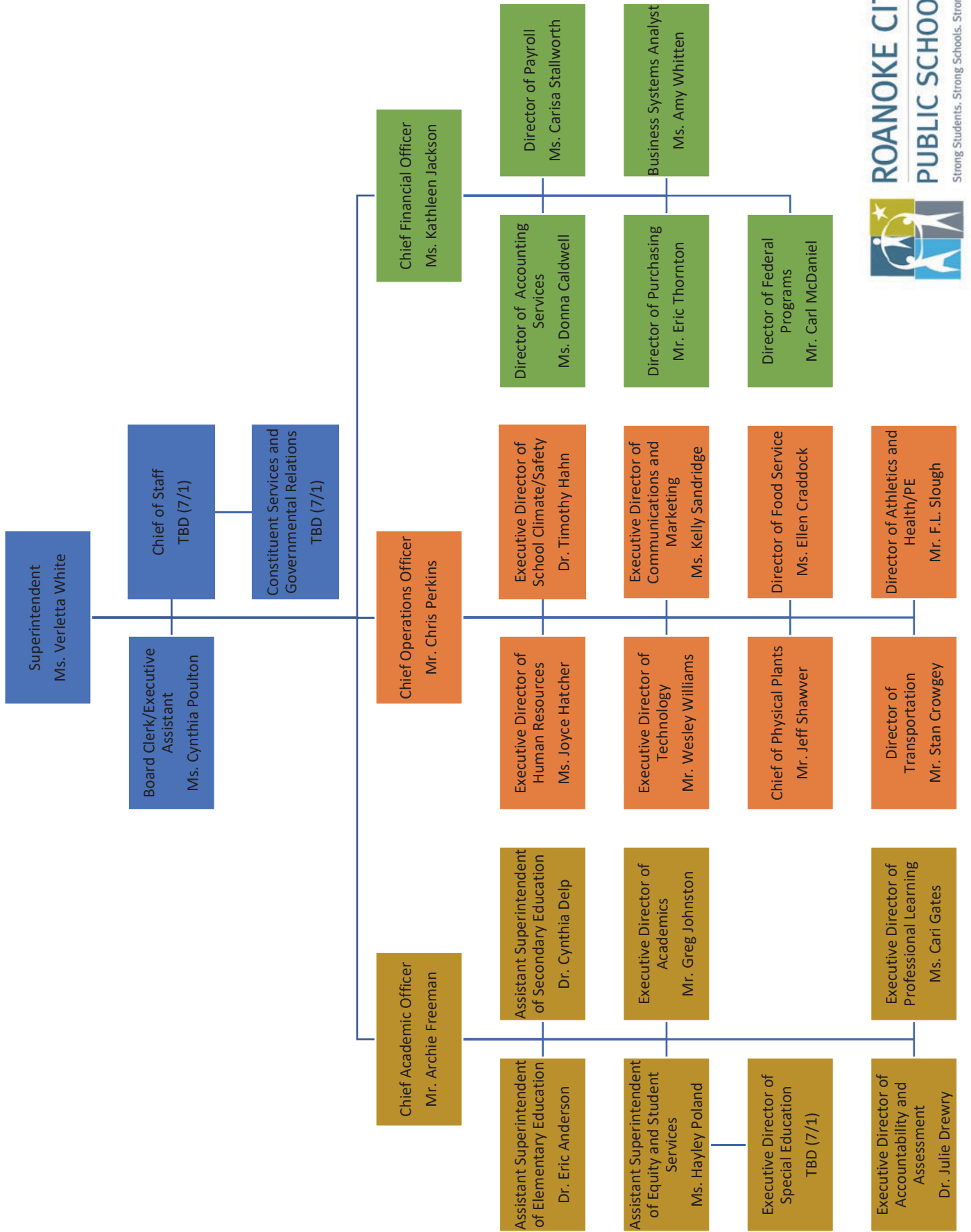
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrell

Executive Director/CEO

RCPS ORGANIZATIONAL STRUCTURE – LEADERSHIP TEAM



**Roanoke City Public Schools
Officers and Principal Administrators
(July 1, 2020 through June 30, 2021)**

Roanoke City School Board

Lutheria A. Smith	Chairperson
Eli C. S. Jamison, Ph.D.	Vice Chairperson
Mark K. Cathey	Member
Laura D. Rottenborn	Member
Natasha N. Saunders	Member
Joyce W. Watkins	Member
Richard Willis	Member
Cynthia H. Poulton	Clerk of the Board

Superintendent of Schools

Verletta White	Superintendent
----------------	----------------

Executive Staff

Archie Freeman	Chief Academic Officer
Chris Perkins	Chief Operations Officer
Kathleen M. Jackson	Chief Financial Officer
Eric Anderson, Ph.D.	Assistant Superintendent of Elementary Education
Cynthia Delp, Ph. D.	Assistant Superintendent of Secondary Education
Hayley Poland	Assistant Superintendent, Equity and Student Services
Timothy Hahn	Executive Director, School Climate/Safety
Joyce Hatcher	Executive Director, Human Resources
Greg Johnston	Executive Director, Academics
Wesley Williams	Executive Director, Technology
Kelly Sandridge	Executive Director, Communications and Marketing
Julie Drewry, Ph. D.	Executive Director, Accountability and Assessment
Cari Gates	Executive Director, Professional Learning

FINANCIAL SECTION



ROANOKE CITY
PUBLIC SCHOOLS

Strong Students. Strong Schools. Strong City.



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2021, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the School Board, as of June 30, 2021, 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.

Adoption of New Accounting Standard

As discussed in Note IV F to the financial statements, in 2021, the School Board adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

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, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board's basic financial statements. The introductory section, other supplementary information section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

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

Other Matters (Continued)

Other Information (Continued)

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2021 on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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
October 29, 2021

**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, 2021**

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, 2021. 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

- Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources at the close of the most recent fiscal year by (\$86,724,652) (net position). Of this amount, \$6,882,591 was invested in capital assets, leaving unrestricted net position totaling (\$94,645,501). Unrestricted net position is normally used to meet the School Board's ongoing obligations to citizens and creditors.
- Net position increased by \$19,290,027, an 19.00% increase from the prior fiscal year-end balance. Total assets increased by \$24,411,485. Total liabilities increased by \$14,537,967. The change in total assets was due to increases in cash and cash equivalents, due from other governments, and capital assets, offset by decreases in accounts receivable, due from City of Roanoke, pre-paid and other assets, and net pension and other post-employment benefit assets for an overall increase of 36.23% over the prior year. The change in total liabilities was due to increases in accounts payable, unearned revenue, compensated absences payable, and net pension and other post-employment benefit liability, offset by decreases in claims payable, notes payable, and workers' compensation for an overall increase of 7.69% over the prior year.
- The general fund experienced a net operating increase of \$14,215,244 largely due to a decrease in budgeted to actual expenditures in instruction, administration, technology and attendance, transportation, operations, and athletics. The food service fund experienced a net operating increase of \$774,047 primarily due to less budgeted to actual expenditures.
- Overall revenues were approximately \$233 million, \$17 million more than expenditures. This was largely due to decreased educational expenditures pertaining to operations, administration, technology and attendance largely along with increases in revenue from the City of Roanoke, Commonwealth of Virginia and Federal Government.
- The total cost of basic programs was approximately \$213 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 \$137 million.
- At the end of the current fiscal year, unassigned fund balance for the general fund was approximately \$35.5 million, or 21.0% of total general fund expenditures. Restrictions of fund balance are placed by sources external to RCPS while the School Board may make commitments of fund balance.
- Revenues reported in Student Activity Funds were \$489,748 and Expenditures were \$465,752. See Note F regarding the current year adoption of GASB Statement No. 84 *Fiduciary 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 of 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 of 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 four 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 three funds, all of which are considered to be major funds. The funds are the School Board's general fund, food service fund, school grants 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,	
	2021	2020
Current and other assets	\$ 69,121,074	\$ 48,585,845
Capital Assets, net	22,660,753	18,784,497
Total Assets	91,781,827	67,370,342
Total Deferred Outflows of Resources	37,960,802	29,615,538
Current and other liabilities	21,052,564	16,593,386
Long-term Liabilities	182,561,444	172,482,655
Total Liabilities	203,614,008	189,076,041
Total Deferred Inflows of Resources	12,853,273	14,983,157
Net investment in capital assets	6,882,591	6,620,465
Restricted - Pension and Other Post Employment Benefit Assets	1,038,258	1,223,861
Unrestricted	(94,645,501)	(114,917,644)
Total Net Position	\$ (86,724,652)	\$ (107,073,318)

Net position may serve, over time, as a useful indicator of a district's financial position. In the case of the School Board, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$86,724,652 at the close of the most recent fiscal year.

Current and other assets increased during the fiscal year by \$20,535,229. The overall variance was primarily comprised of \$32,659,685 increase in cash and cash equivalents, and \$408,213 increase in due from other governments, offset by decreases of \$7,437,981 in due from the City of Roanoke, \$326,411 in accounts receivable, \$3,885,630 in restricted cash, \$696,834 in pre-paid and other assets, and \$185,813 in net pension assets. The increase in cash is related to increased funding from the federal government due to the COVID-19 pandemic to support learning loss and less operating expenditures during the year as a result of virtual learning. There was an increase in capital assets of \$3,876,256.

The School Board's investment in capital assets, machinery and equipment net of accumulated depreciation, in the amount of \$22,660,753 represents (26.00%) of net position. 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. The large increase represents additional assets purchased as part of a capital lease project for energy improvements. Outstanding debt related to the capital lease project is \$16,728,500.

Current and other liabilities increased by \$4,459,178. The net increase for this category was primarily comprised of a decrease in claims payable and other current portions of long-term debt of \$52,062, offset by an increase of \$2,115,386 in accounts payable and accrued expenses and unearned revenue of \$2,395,854.

Long-term liabilities increased by \$10,078,789. The net increase for this category was due to \$94,103 in compensated absences (Note III.I.) and \$11,077,410 in net pension liability, offset by a decrease of \$216,724 in workers' compensation and \$271,500 in notes payable (Note III.G.).

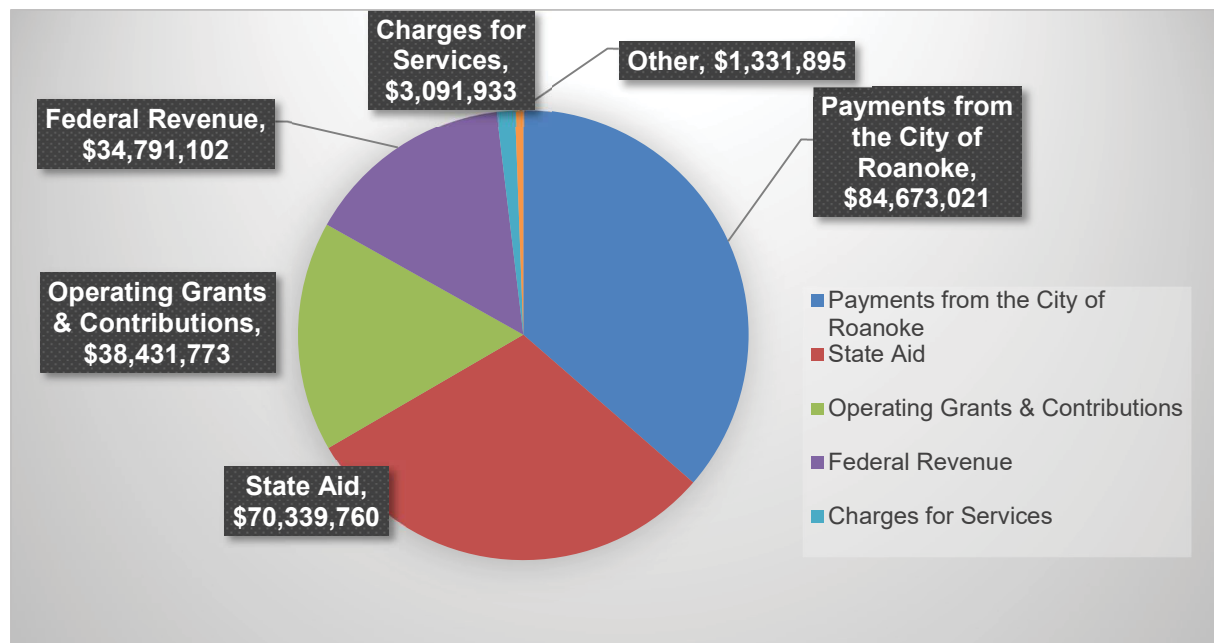
The School Board's net position, in the amount of \$49,959,033 exclusive of the net pension and OPEB liability represents resources that are available to be used to meet the School Board's ongoing obligations to students, staff, and creditors. The increase of unrestricted net position from the prior year is \$25,022,371.

Governmental Activities. Governmental activities resulted in an increase in the School Board's net position of \$19,290,027 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 \$137 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, \$78.6 million, comprises 57.4% of total governmental activities. The net cost of operations, maintenance, and facilities was \$18 million, or 13.2% of total governmental activities. The net costs of other functional activities were: athletics, \$1.0 million or .8%; transportation, \$10.8 million or 7.9%; payments to the primary government and capital lease vendor for debt service, \$12.0 million or 13.9%; support services, \$16.9 million or 12.4%. At fiscal year-end, food services had an operating gain in net position of \$646,655 or (0.5%) of the government-wide net cost. Net expenses for FY 2021 had a decrease of \$9.8 million in total compared to the prior year, with a \$12.2 million decrease in the cost of instructional programs largely due to a \$12.4 million decrease in regular instruction, a decrease of \$1.7 million in special education, and \$1 million increase in guidance. The net increases in other instructional areas was \$872,451. Other variances include a \$254,922 increase in food service, a \$3.0 million increase in the cost of operations and maintenance, a \$143,101 increase in support services related to operational expenses, an increase of \$501,480 in transportation, and a decrease of \$354,254 in athletics. Debt service payments also decreased \$658,901 from the previous year.
- General revenues not identifiable to specific functions or programs totaled \$156.3 million or \$19,290,027 more than the net cost of the division's programs. Total revenues for fiscal year 2021 increased \$18.3 million from the prior year. Program revenues increased by \$14.7 million or 24.0% and general revenue collections increased by \$3.53 million or 2.3%. The change in general revenue collection consisted of an increase in revenues from the state aid not restricted to specific programs of \$2.25 million or 3.3% from the prior year and an increase in revenue from the City of Roanoke of \$1.23 million or 1.5%.
- 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 \$3,876,256, 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 increase of \$3,876,256 (additions of \$5,231,050 less retirements of \$280,530) were offset by a net increase in accumulated depreciation for the year of \$1,074,264 (Note III.C.)
- The compensated absences liability increased by \$128,733.

Revenues and Expenses Summaries – Governmental Activities:

Revenues by Source – Governmental Activities:

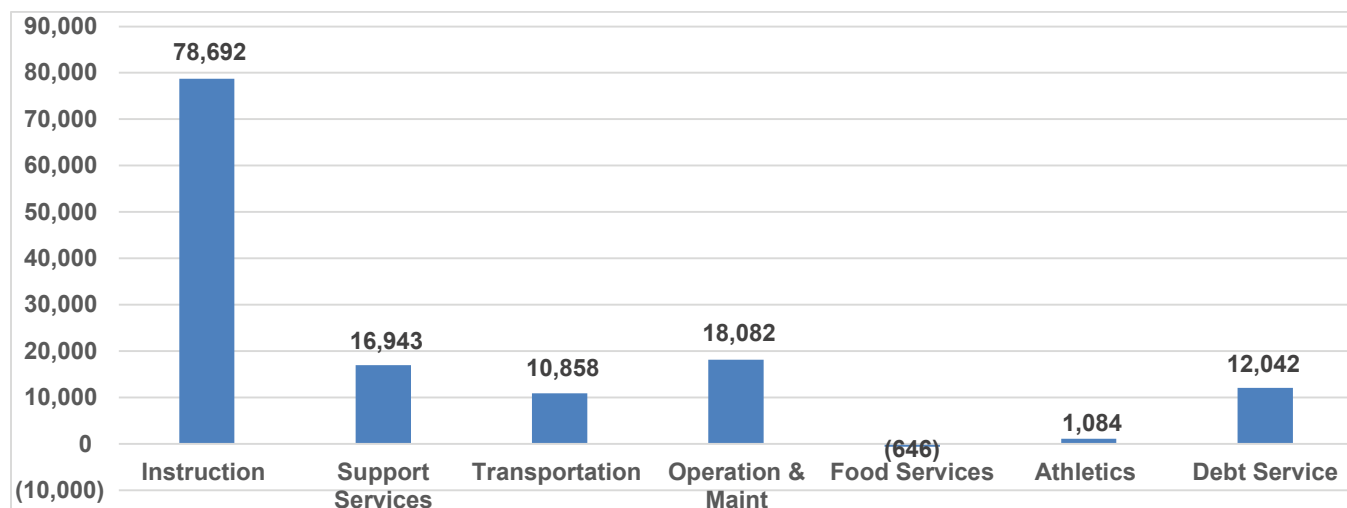


The School Board of the City of Roanoke, Virginia's Summary of Changes in Net Position Net Governmental Activities Net Cost of Programs - Governmental Activities

	Year Ended June 30,	
	2021	2020
Revenues:		
Program Revenues:		
Charges for services	\$ 3,091,933	\$ 7,072,499
Operating grants and contributions	73,222,875	54,455,142
General Revenues:		
Payments from the City of Roanoke	84,673,021	83,439,689
State aid not restricted to specific programs	70,339,760	68,084,321
Interest Income on Investments	52,340	334,654
Other(Miscellaneous on Exhibit 2)	1,279,555	956,322
Total Revenues	<u>232,659,484</u>	<u>214,342,627</u>
Expenses:		
Instruction	146,732,326	142,783,571
Support Services	17,052,935	16,876,989
Transportation	10,858,043	10,356,563
Operation & Maintenance of Plant	18,082,067	15,105,541
Food Services	7,456,071	8,951,186
Athletics	1,146,173	1,606,698
Payments for Debt Service	12,041,842	12,700,743
Total Expenses	<u>213,369,457</u>	<u>208,381,291</u>
Change in net position	19,290,027	5,961,336
Net position - Beginning of year, restated	(106,014,679)	(111,976,015)
Net position - End of year, restated	<u>\$ (86,724,652)</u>	<u>\$ (106,014,679)</u>

Net position - Beginning of year was restated for fiscal year 2021 due to the implementation of GASB 84 which now includes Student Activity Funds as a special revenue fund.

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



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. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the School Board's total governmental funds reported an ending fund balance of \$48,834,206, an increase of \$17,043,859 in comparison with the prior year. Of the ending fund balance, \$208,310 was non-spendable, \$950,338 was restricted, \$6,615,010 was committed, \$5,515,410 was assigned, and \$35,545,138 was unassigned.

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 \$43,318,796. 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 2021 total fund balance represents 24.9% of total general fund expenditures, compared to the prior year total fund balance which represented 14.6% of total general fund expenditures.

The fund balance of the School Board's general fund increased \$16,545,816 during the current fiscal year, substantially higher than the budgeted decrease of \$10.1 million. Key factors in this change are as follows:

- Revenues exceeded expenditures (excluding transfers) by \$14,215,244 or approximately 7.5% of total revenues. Revenues were higher than budget by \$6.5 million. Expenditures were less than the budget due to a variety of reduced costs in fiscal year 2021 including lower than anticipated personnel and benefits costs. Overall expenditures were \$19.0 million less than what was budgeted. This decrease in expenditures and revenue was largely due to the receipt of capital lease loan proceeds and the related expenditures. Another key factor contributing to the overall increase in fund balance is due to the COVID-19 state mandated school closures which resulted in less expenditures during the year than were budgeted.
- Transfers to the school grants fund for program local match funds, in the amount of \$1,056,845 reflect the commitment of the School Board to pursue grants and other special revenue sources that enhance the educational programs of the division.

The food service fund balance reflects an increase of revenues over expenditures (excluding transfers) of \$774,047. The increase is largely related to less spending as a result of the COVID-19 state mandated school closures. Revenues were less than budget by \$1,000,897. Expenditures were less than budget by \$1,774,944.

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.

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, 2021, totaled \$6,882,591 (net of accumulated depreciation). The investment in capital assets includes equipment and building improvements. The total increase in the School Board's gross balance of capital assets for the current fiscal year was \$5,231,050, netted against the retirement of assets with a net book value of \$2,973 and depreciation expense for the year of \$1,351,821, resulting in a net increase in capital assets of \$3,876,256. More detailed information about capital assets 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>

**THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
Statement of Net Position
June 30, 2021**

<u>Assets</u>	<u>Governmental Activities</u>
Cash:	
Cash and Cash Equivalents	\$ 50,148,189
Cash (restricted for Capital Leases)	950,338
Accounts Receivable	78,834
Due From City of Roanoke	3,541,202
Due From Other Governments	13,156,153
Prepays and Other Assets	208,310
Net Pension and Other Post Employment Benefit Assets	1,038,048
Capital Assets, net	22,660,753
Total Assets	<u>91,781,827</u>
 <u>Deferred Outflows of Resources</u>	
Deferred outflows related to Pensions and Other Post Employment Benefits (Note III. K.)	37,960,802
Total Deferred Outflows	<u>37,960,802</u>
 <u>Liabilities</u>	
Accounts Payable and Accrued Expenses	10,875,854
Unearned Revenue	3,660,133
Claims Payable and Long-Term Liabilities Due Within One Year	6,516,577
Long-Term Liabilities Due in More Than One Year:	
Notes Payable	15,852,500
Workers' Compensation	408,227
Compensated Absences Payable	2,521,117
Net Pension and Other Post Employment Benefits liability (Note III. K.)	163,779,600
Total Liabilities	<u>203,614,008</u>
 <u>Deferred Inflows of Resources</u>	
Deferred inflows related to Pensions and Other Post Employment Benefits (Note III. K.)	12,853,273
Total Deferred Inflows	<u>12,853,273</u>
 <u>Net Position</u>	
Net Investment in Capital Assets	6,882,591
Restricted - Pension and Other Post Employment Benefit Assets	1,038,258
Unrestricted	(94,645,501)
Total Net Position	<u><u>\$ (86,724,652)</u></u>

See accompanying notes to the basic financial statements.

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, 2021

<u>Functions</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
				<u>Governmental Activities</u>
Instruction:				
Regular Instruction	\$ (90,587,714)	\$ 56,642	\$ 47,453,629	\$ (43,077,443)
Special Education	(28,799,954)	1,995,596	13,824,007	(12,980,351)
Vocational Instruction	(3,679,547)	-	1,192,126	(2,487,421)
Gifted	(1,570,153)	897,619	1,042,611	370,077
Guidance	(5,331,948)	-	-	(5,331,948)
Media Services	(1,223,699)	-	747,224	(476,475)
School Administration	(12,439,212)	-	-	(12,439,212)
District-Wide Instructional Programs	(3,100,099)	-	830,868	(2,269,231)
Support Services:				
Administration	(14,644,467)	-	-	(14,644,467)
Attendance and Health Services	(2,408,468)	-	109,699	(2,298,769)
Transportation	(10,858,043)	-	-	(10,858,043)
Operation & Maintenance of Plant	(18,082,067)	-	-	(18,082,067)
Food Services	(7,456,071)	80,015	8,022,711	646,655
Athletics	(1,146,173)	62,061	-	(1,084,112)
Debt Service - Capital Lease	(633,845)	-	-	(633,845)
Debt Service - City of Roanoke	(11,407,997)	-	-	(11,407,997)
Total Governmental Activities	<u>\$ (213,369,457)</u>	<u>\$ 3,091,933</u>	<u>\$ 73,222,875</u>	<u>(137,054,649)</u>
General Revenues:				
				84,673,021
Revenues from the City of Roanoke				70,339,760
State Aid not Restricted to a Specific Program				1,279,555
Miscellaneous				52,340
Interest Income on Investments				
Total General Revenues				<u>156,344,676</u>
Change in Net Position				19,290,027
Net Position - Beginning of Year, restated				<u>(106,014,679)</u>
Net Position - End of Year				<u>\$ (86,724,652)</u>

See accompanying notes to the basic financial statements.

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2021

<u>Assets</u>	<u>General Fund</u>	<u>Food Service Fund</u>	<u>School Grants Fund</u>	<u>School Activity Fund</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and Cash Equivalents	\$ 44,404,642	\$ 4,655,145	\$ -	\$ 1,088,402	\$ 50,148,189
Cash (restricted for capital leases)	950,338	-	-	-	950,338
Accounts Receivable	16,391	-	62,443	-	78,834
Due From City of Roanoke	3,538,267	2,935	-	-	3,541,202
Due From Other Governments	2,459,316	468,632	10,228,205	-	13,156,153
Due From Other Funds	3,061,106	-	-	-	3,061,106
Prepays and Other Assets	208,310	-	-	-	208,310
Total Assets	<u>\$ 54,638,370</u>	<u>\$ 5,126,712</u>	<u>\$ 10,290,648</u>	<u>\$ 1,088,402</u>	<u>\$ 71,144,132</u>
<u>Liabilities, Deferred Inflows and Fund Balances</u>					
Liabilities:					
Accounts Payable and Accrued Expenditures	\$ 6,645,604	\$ 663,017	\$ 3,561,466	\$ 5,767	\$ 10,875,854
Claims Payable	4,669,774	30,920	12,139	-	4,712,833
Due to Other Funds	-	-	3,061,106	-	3,061,106
Unearned Revenue	4,196	-	3,655,937	-	3,660,133
Total Liabilities	<u>11,319,574</u>	<u>693,937</u>	<u>10,290,648</u>	<u>5,767</u>	<u>22,309,926</u>
Fund Balances:					
Non-spendable:	208,310	-	-	-	208,310
Restricted:					
Restricted for SNAP Performance Contract	950,338	-	-	-	950,338
Committed:					
Committed for Workers' Compensation	500,000	-	-	-	500,000
Committed for Transportation Sinking Fund	250,000	-	-	-	250,000
Committed for purchase and renovation of downtown location	5,865,010	-	-	-	5,865,010
Assigned:	-	4,432,775	-	1,082,635	5,515,410
Unassigned:	35,545,138	-	-	-	35,545,138
Total Fund Balances	<u>43,318,796</u>	<u>4,432,775</u>	<u>-</u>	<u>1,082,635</u>	<u>48,834,206</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 54,638,370</u>	<u>\$ 5,126,712</u>	<u>\$ 10,290,648</u>	<u>\$ 1,088,402</u>	

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	22,660,753
Capital Lease Payable	(16,728,500)

The following three reconciling items are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences payable	(3,448,861)

Workers' compensation claims payable - long term portion is not due and payable in the current period, and therefore, is not reported as a liability in the governmental funds.	(408,227)
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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	1,038,048	
Net Deferred outflows related to pensions and other post employment benefits	37,960,802	
Net Deferred inflows related to pensions and other post employment benefits	(12,853,273)	
Net pension and other post employment liability	<u>(163,779,600)</u>	(137,634,023)

Net position of governmental activities	<u>\$ (86,724,652)</u>
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See accompanying notes to the basic financial statements.

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, 2021

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>School Grants Fund</u>	<u>School Activity Fund</u>	<u>Total Governmental Funds</u>
Revenues:					
Investment Income	\$ 52,340	\$ -	\$ -	\$ -	\$ 52,340
Intergovernmental:					
City of Roanoke	85,258,328	-	-	-	85,258,328
Commonwealth of Virginia	101,681,682	188,983	6,873,442	-	108,744,107
Federal Government	-	7,833,728	26,957,374	-	34,791,102
Other Agencies	-	-	660,992	-	660,992
Charges for Services	54,252	148,347	1,995,596	268,199	2,466,394
Athletics	61,847	-	-	9,597	71,444
Miscellaneous	978,010	-	10,124	211,952	1,200,086
Total Revenues	<u>188,086,459</u>	<u>8,171,058</u>	<u>36,497,528</u>	<u>489,748</u>	<u>233,244,793</u>
Expenditures:					
Current - Education:					
Instruction	119,315,752	-	27,849,108	457,011	147,621,871
Administration, Technology, Attendance & Health	12,470,394	-	2,225,085	-	14,695,479
Transportation	9,606,666	-	1,208,851	-	10,815,517
Operation & Maintenance of Plant	19,324,385	-	3,134,573	-	22,458,958
Food Services	-	7,397,011	29,857	-	7,426,868
Athletics	1,112,176	-	19,482	8,741	1,140,399
Payments for Debt Service - Capital Lease	633,845	-	-	-	633,845
Payments for Debt Service - City of Roanoke	11,407,997	-	-	-	11,407,997
Total Expenditures	<u>173,871,215</u>	<u>7,397,011</u>	<u>34,466,956</u>	<u>465,752</u>	<u>216,200,934</u>
Revenues Over (Under) Expenditures	<u>14,215,244</u>	<u>774,047</u>	<u>2,030,572</u>	<u>23,996</u>	<u>17,043,859</u>
Other Financing Sources (Uses):					
Transfers From Other Funds	3,398,417	-	1,056,845	-	4,455,262
Transfers To Other Funds	(1,067,845)	(300,000)	(3,087,417)	-	(4,455,262)
Other Financing Sources (Uses), Net	<u>2,330,572</u>	<u>(300,000)</u>	<u>(2,030,572)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>16,545,816</u>	<u>474,047</u>	<u>-</u>	<u>23,996</u>	<u>17,043,859</u>
Fund Balances, Beginning of Year, restated	<u>26,772,980</u>	<u>3,958,728</u>	<u>-</u>	<u>1,058,639</u>	<u>31,790,347</u>
Fund Balances, End of Year	<u>\$ 43,318,796</u>	<u>\$ 4,432,775</u>	<u>\$ -</u>	<u>\$ 1,082,635</u>	<u>\$ 48,834,206</u>
Net Change in Fund Balances					<u>\$ 17,043,859</u>
Amounts reported for governmental activities in the Statement of Activities are different due to:					
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.					
					(585,307)
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.					
					3,876,256
Capital lease payments not reflected in governmental activities					
					271,500
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.					
					(128,733)
Write off of other long term asset					
					(616,197)
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			15,707,739		
Net Pension and Other Post Employment Benefits Expense			(16,495,814)		
					(788,075)
Decreases in long-term Worker's Compensation do not represent a use of current financial resources, and therefore, are not reported in governmental funds.					
					216,724
Change in net position of governmental activities					<u>\$ 19,290,027</u>

See accompanying notes to the basic financial statements.

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
Notes to the Basic Financial Statements
June 30, 2021

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 (City) using a funding formula whereby certain local taxes were apportioned in the amount of 40.0% to the schools. It also receives funding from tuition and fees, and from state and federal aid. Beginning in fiscal year 2012, the apportionment rate changed to 40% (from 36.42%) with the School Board assuming responsibility for additional debt service previously serviced by the City of Roanoke. The School Board is considered to be a component unit of the City because the City Council approves the School Board's budget, levies the necessary taxes to finance operations, and issues debt on behalf of the School Board. The School Board is fiscally dependent on the City and its operations are funded in part by payments from the City's general fund. The City Council is prohibited, however, from exercising control over School Board expenditures at the functional and budgetary line item levels.

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 of 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.

Agency fiduciary funds are unlike all other types of funds, reporting only assets and liabilities, and are reported on the accrual basis. As discussed in IV. F., upon adoption of GASB 84, the previously presented fiduciary fund is now a special revenue fund.

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 and the majority of the remaining funds come from operational receipts.

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 the majority of the remaining funding coming from the Commonwealth of Virginia.

The *School Activity Fund* accounts for assets held by the twenty-four Roanoke City Public Schools, the vocational school (Gibboney), the Roanoke Valley Regional Governor's School, the Noel C. Taylor Learning Academy, Forest Park Academy and the Adult Education program. 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 a money market account. 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 market 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, 2021 are \$3,061,106. There are no other amounts due to or from any other fund.

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 (or otherwise acquired) by debt issued by the City for the purpose of public education is the property of the City of Roanoke. The buildings range in age from 8 to 96 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.

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. 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.

Liabilities for compensated absences are not liquidated until leave is actually taken by employees or leave balances are paid upon termination. Accordingly, no expenditure is reported in the governmental fund statements for compensated absences until they are due for payment. Current (amounts expected to be paid within one year) and non-current portions of compensated absences totaling \$3,448,861 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. *Workers' Compensation Claims Payable*

In the fund financial statements, an actuarial estimate of the School Board's short-term liability for workers' compensation claims of \$475,465 is included as a component of claims payable. The remaining \$408,227 is deemed non-current and included as part of fund balance committed for workman's compensation claims, and a liability in the statement of net position. The liability for claims payable will be liquidated through the general fund as a function of human resources.

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, 2021 was \$3,660,133, of which \$4,196 was for the General Fund and \$3,655,937 was for the School Grants Fund.

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 a consumption of net position that applies to future periods and so will *not* be recognized as an outflow of resources (expense) until then.

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 position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time.

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. *Prepays*

Prepays 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 rent and unexpired insurance premiums, including excess workers' compensation insurance premiums, comprehensive liability and fire insurance premiums, 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.

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 does not have specified fund balance targets, however, the School Board adopted a Fund Balance Management policy (Policy DBA) on March 28, 2017 that stipulates a minimum of \$10 million will be held as a reserve to serve as a stabilization fund within the unassigned fund balance. Recommended levels of committed and/or assigned fund balance will be determined on a case by case basis, in accordance with School Board Policy, based on the needs of each fund and as recommended by officials and approved by the Board.

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, 2021.

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 \$3,876,256 difference are as follows:

	Capital Outlay	Depreciation Expense	Net Book Value of Assets Disposed	Net Change in Capital Assets
Regular Instruction	\$ 52,282	\$ (234,899)	\$ (2,973)	\$ (185,590)
Administration	115,605	(269,082)	-	(153,477)
Transportation	-	(42,964)	-	(42,964)
Operation/Maintenance	5,063,163	(804,876)	-	4,258,287
	<u>\$ 5,231,050</u>	<u>\$ (1,351,821)</u>	<u>\$ (2,973)</u>	<u>\$ 3,876,256</u>

Another element of that reconciliation states that certain liabilities (compensated absences and workers' compensation) 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 \$87,991 difference are as follows:

	Compensated Absences	Workers' Compensation	Total
Liability as of June 30, 2020	\$ 3,320,128	\$ 624,951	\$ 3,945,079
Liability as of June 30, 2021	3,448,861	408,227	3,857,088
Current Year Increase (Decrease)	<u>\$ (128,733)</u>	<u>\$ 216,724</u>	<u>\$ 87,991</u>

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 for the first part of the year, in a money market account with a local bank. 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, 2021, the School Board's investments, with their respective credit ratings, were as follows:

Investment Type	Credit Rating
Virginia LGIP	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 comprehensive annual 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/lqip.aspx> or by writing to the Virginia Department of the Treasury at 101 North 14th Street, Richmond, VA 23219.

As of June 30, 2021, the School Board had the following investments and maturities:

	Investment Maturity	
	Fair Value	Less than 1 year
Virginia LGIP	\$ 44,624,187	\$ 44,624,187
TOTAL	\$ 44,624,187	\$ 44,624,187

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, 2021 the School Board had the following cash and investments:

Cash	\$ 16,050
Deposits	5,507,952
Virginia LGIP	44,624,187
Virginia SNAP Restricted Cash	950,338
Total Cash and Investments	\$ 51,098,527

Statements of net position:

Cash and cash equivalents	\$ 50,148,189
Restricted Cash	950,338
Total Cash and Investments	\$ 51,098,527

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, 2021, 100.0 percent of the School Board's investment portfolio was invested in the Virginia LGIP.

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, 2021 for the School Board's individual major funds is as follows:

	<u>General</u>	<u>Food Service</u>	<u>School Grants</u>	<u>Total</u>
Commonwealth of Virginia	\$ 2,459,316	\$ -	\$ -	\$ 2,459,316
Federal Government	-	468,632	10,228,205	10,696,837
City of Roanoke	3,538,267	2,935	-	3,541,202
Totals	<u>\$ 5,997,583</u>	<u>\$ 272,247</u>	<u>\$ 10,032,584</u>	<u>\$ 16,697,355</u>

C. Capital Assets

Capital asset activity for the year ended June 30, 2021 is as follows:

	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
Capital Assets (not depreciated):				
Construction in Progress	\$ 10,211,668	\$ 3,126,478	\$ 13,338,146	\$ -
Capital Assets (depreciated)				
Instruction	\$ 4,039,836	\$ 52,282	\$ 193,455	\$ 3,898,663
Administration	2,663,637	115,605	87,075	2,692,167
Transportation	531,242	-	-	531,242
Maintenance	7,129,174	15,274,831	-	22,404,005
Total	\$ 14,363,889	\$ 15,442,718	\$ 280,530	\$ 29,526,077
Less:				
Accumulated Depreciation	(5,791,060)	(1,351,821)	277,557	(6,865,324)
Governmental activities, net	<u>\$ 18,784,497</u>	<u>\$ 17,217,375</u>	<u>\$ 13,341,119</u>	<u>\$ 22,660,753</u>

Depreciation per class:	Balance	Additions	Deletions	Balance
	June 30, 2020			June 30, 2021
Instruction	\$ (2,401,491)	\$ (234,899)	\$ 190,482	\$ (2,445,908)
Administration	(1,754,930)	(269,082)	87,075	(1,936,937)
Transportation	(92,894)	(42,964)	-	(135,858)
Maintenance	(1,541,745)	(804,876)	-	(2,346,621)
Accumulated Depreciation	\$ (5,791,060)	\$ (1,351,821)	\$ 277,557	\$ (6,865,324)

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.

D. Transfers

Transfers were made to provide local match requirements to School Grants and to reimburse the General Fund for expenditures related to Federal revenues received in the School Grants fund. Transfers were made from Food Service to the General Fund for indirect costs associated with that fund.

Inter-fund Transfers consisted of the following for the year ended June 30, 2021:

From:	To General Fund	To School Grants	Total
General Fund	\$ -	\$ 1,067,845	\$ 1,067,845
Food Service	300,000	-	300,000
School Grants	3,087,417		3,087,417
	<u>\$ 3,387,417</u>	<u>\$ 1,067,845</u>	<u>\$ 4,455,262</u>

E. 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	Total
Due From Other Funds	\$ 3,061,106	\$ -	\$ 3,061,106
Due To Other Funds		(3,061,106)	(3,061,106)
	<u>\$ 3,061,106</u>	<u>\$ (3,061,106)</u>	<u>\$ -</u>

F. Accounts Payable and Accrued Expenditures

The composition of accounts payable and accrued expenditures as of June 30, 2021, is as follows:

	General	Food Service	School Grants	School Activity	Total
Accrued Payroll	\$ 535,778	\$ -	\$ 786,233	\$ 5,767	\$ 1,327,778
Payroll Withholdings	189,554	3,530	324,092	-	517,176
Accounts Payable	5,920,272	659,487	2,451,141	-	9,030,900
Totals	<u>\$ 6,645,604</u>	<u>\$ 663,017</u>	<u>\$ 3,561,466</u>	<u>\$ 5,767</u>	<u>\$ 10,875,854</u>

G. 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. As part of the requirements of the lease agreement, the funds borrowed for the project were deposited into an investment fund through the Virginia SNAP, PFM Asset Management, LLC. As of June 30, 2021, the unused proceeds from the financing totaled \$950,338 and are included as restricted cash on the Statement of Net Position. Dividends earned on the investments totaled \$5,082 through June 30, 2021 at a rate of .07%. Total equipment expenditures during the year were \$3,126,478. The project was completed by the end of fiscal 21.

For the year ending June 30, 2021, the total liability for the note payable was \$16,728,500. Interest payments in fiscal year 2021 totaled \$362,345. The change in notes payable is summarized below:

Balance June 30, 2020	\$ 17,000,000
Increases	-
Decreases	(271,500)
Balance June 30, 2021	\$ 16,728,500
Amount Due within one year	(876,000)
Balance in LT June 30, 2021	\$ 15,852,500

Principal payments on the note are due as follows:

June 30, 2022	\$ 876,000
June 30, 2023	894,500
June 30, 2024	956,000
June 30, 2025	1,009,000
June 30, 2026	1,056,000
Thereafter	11,937,000

H. Claims Payable

As of June 30, 2021, the composition of claims payable includes amounts held to pay current health insurance and workers' compensation claims is as follows:

	General	Food Service	School Grants	Total
Health Insurance	\$ 4,224,981	\$ 12,387	\$ -	\$ 4,237,368
Workers' Compensation	444,793	18,533	12,139	475,465
	<u>\$ 4,669,774</u>	<u>\$ 30,920</u>	<u>\$ 12,139</u>	<u>\$ 4,712,833</u>

The total amount listed above is due and payable within one year. All health care claims cycle in less than a one-year period, thus no amounts are considered long term for report presentation. Workers' compensation does have claims considered payable in future periods. The chart presented above speaks only to the fund financial statements.

I. Compensated Absences Payable

The change in compensated absences payable is summarized below:

Balance June 30, 2020	\$	3,320,128
Increases		6,312,127
Decreases		<u>(6,183,394)</u>
Balance June 30, 2021	\$	3,448,861
Amount Due within one year		<u>(927,744)</u>
Balance in LT June 30, 2021	\$	<u><u>2,521,117</u></u>

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 restricted portion of fund balance in the general fund is \$950,338 related to unspent debt proceeds.

The non-spendable portion of fund balance in the general fund is \$208,310 related to prepaid expenses.

Commitments at June 30, 2021, consist of the following:

General Fund:

- 1) \$500,000 for long-term worker's compensation claims.
- 2) \$250,000 for transportation sinking fund.
- 3) \$5,865,010 for the purchase and renovation of downtown office location.

Assignments at June 30, 2021, consist of the following:

- 1) \$4,432,775 for the operational activities of the Food Service Fund.
- 2) \$1,082,635 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	\$ 1,015,228	VRS HIC, Non-Teachers	\$ 22,820
Total net pension asset	<u>\$ 1,015,228</u>	Total net OPEB asset	<u>\$ 22,820</u>
Deferred outflows of resources - Related to Pensions		Deferred outflows of resources - OPEB	
Teachers VRS Cost Sharing	\$ 34,366,038	VRS GLI	\$ 1,627,205
Non-Teachers VRS Multi Employer	312,221	VRS HIC, Teachers	1,366,927
City of Roanoke Pension	277,780	VRS HIC, Non-Teachers	10,631
Total deferred outflow of resources - Pensions	<u>\$ 34,956,039</u>	Total deferred outflow of resources - OPEB	<u>\$ 3,004,763</u>
Net pension liability		Net OPEB liability	
Teachers VRS Cost Sharing	\$ 141,329,284	VRS GLI	\$ 7,380,095
Non-Teachers VRS Multi Employer	-	VRS HIC, Teachers	12,665,029
City of Roanoke Pension	2,405,192	VRS HIC, Non-Teachers	-
Total net pension liability	<u>\$ 143,734,476</u>	Total net OPEB liability	<u>\$ 20,045,124</u>
Deferred inflows of resources - Related to Pensions		Deferred inflows of resources - OPEB	
Teachers VRS Cost Sharing	\$ 11,388,105	VRS GLI	\$ 493,759
Non-Teachers VRS Multi Employer	-	VRS HIC, Teachers	603,700
City of Roanoke Pension	359,336	VRS HIC, Non-Teachers	8,373
Total deferred inflow of resources - Pensions	<u>\$ 11,747,441</u>	Total deferred inflow of resources - OPEB	<u>\$ 1,105,832</u>
Net pension expense		Net OPEB expense	
Teachers VRS Cost Sharing	\$ 15,478,219	VRS GLI	\$ 245,158
Non-Teachers VRS Multi Employer	120,736	VRS HIC, Teachers	980,568
City of Roanoke Pension	237,020	VRS HIC, Non-Teachers	1,631
Total net pension expense	<u>\$ 15,835,975</u>	Total net OPEB expense	<u>\$ 1,227,357</u>

IV. Other Information

A. Defined Benefit Pension Plans

General Information about the Teacher Cost Sharing Pool

Plan Description

All full-time, salaried permanent (professional) employees of Virginia public school divisions, including the 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 employers 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/members/benefits/defined-benefit/plan1.asp>,
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>,
- <https://www.varetirement.org/hybrid.html>.

Actuarial Assumptions

The total pension liability for General Employees, in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.50%
General Employees – Salary increases, including inflation	3.50 – 5.35%
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*

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

Mortality rates: 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 RP-2014 Mortality Table Projected to 2020 with various set backs or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate,

which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rates at older ages, changed final retirement from 70 to 75; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; lowered disability rates, no change to salary scale, increased rate of line of duty disability from 14% to 20% (Largest 10) or 15% (All Others), and decreased discount rate from 7.00% to 6.75%.

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	34 %	4.65 %	1.58 %
Fixed Income	15	0.46	0.07
Credit Strategies	14	5.38	0.75
Real Assets	14	5.01	0.7
Private Equity	14	8.34	1.17
MAPS – Multi-Asset Public Strategies	6	3.04	0.18
PIP – Private Investment Partnership	3	6.49	0.19
Total	100 %		4.64 %
Inflation			2.5 %
*Expected arithmetic nominal return			7.14 %

- * The above allocation provides for a one-year return of 7.14%. 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 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2020, the

alternate rate was the employer contribution rate used in the FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever is greater. From July 1, 2020 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$13,881,761 and \$12,905,042 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$141,329,284 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion was .97116% as compared to .98736% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of \$15,478,219. 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.

At June 30, 2021, 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	\$ -	\$ 8,284,075
Change in assumptions	9,647,496	-
Net difference between projected and actual earnings on pension plan investments	10,749,657	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	87,124	3,104,030
Employer contributions subsequent to the measurement date	13,881,761	-
Total	\$ 34,366,038	\$ 11,388,105

The \$13,881,761 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 year ending June 30, 2022. 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 Ended June 30,	Increase (Reduction) to Pension Expense
2022	\$ (694,441)
2023	2,817,742
2024	4,022,759
2025	3,204,558
2026	(254,446)

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

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 51,001,855
Plan Fiduciary Net Position	36,449,229
Employers' Net Pension Liability (Asset)	\$ 14,552,626
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%

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.

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 Rate (5.750%)	Current Discount Rate (6.75%)	1.00% Increase Rate (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement plan net pension liability	<u>\$ 207,361,801</u>	<u>\$ 141,329,284</u>	<u>\$ 86,712,045</u>

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report. A copy of the 2020 VRS financial report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-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 – Nonprofessional Employees

Plan Description

All full-time, salaried permanent non-professional employees (non-teachers) of the Roanoke 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 (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. The plan provisions and features of the plans, as well as all actuarial assumptions, are substantially the same as those referenced for the Teacher Cost Sharing Pool.

The specific information for each plan and the eligibility for covered groups within each plan 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>.

Actuarial Assumptions, Long-Term Expected Rate of Return, and Discount Rate

The assumption, rate of return, and discount rates used by the actuaries for the nonprofessional plan are the same as those used for the Teacher Cost Sharing Pool plan.

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	15
Inactive members:	
Vested inactive members	16
Non-vested inactive members	134
Inactive members active elsewhere in VRS	22
Total inactive members	172
Active Members	125
Total covered employees	312

Contributions

The school division's contractually required contribution rate for the year ended June 30, 2021 was 8.17% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

Contributions to the pension plan from the school division were \$96,613 and \$103,807 for the years ended June 30, 2021 and June 30, 2020, respectively.

Changes in Net Pension Asset

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) – (b)
Balances at June 30, 2019	\$ 2,896,171	\$ 4,103,589	\$ (1,207,418)
Changes for the year:			
Service cost	341,743	-	341,743
Interest	193,074	-	193,074
Changes of assumptions	-		-
Differences between expected and actual experience	35,755	-	35,755
Contributions – employer	-	103,807	(103,807)
Contributions – employee	-	195,784	(195,784)
Net investment income	-	81,372	(81,372)
Benefit payments, including refunds of employee contributions	(71,644)	(71,644)	-
Administrative expenses	-	(2,482)	2,482
Other changes	-	(99)	99
Net changes	\$ 498,928	\$ 306,738	\$ 192,190
Balances at June 30, 2020	\$ 3,395,099	\$ 4,410,327	\$ (1,015,228)

Sensitivity of the Net Pension (Asset) to Changes in the Discount Rate

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

	<u>1.00% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1.00% Increase (7.75%)</u>
School division's net pension liability	<u>\$ (580,307)</u>	<u>\$ (1,015,228)</u>	<u>\$ (1,368,138)</u>

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

For the year ended June 30, 2021, the school division recognized pension expense of \$120,736. At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 51,068	\$ -
Change in assumptions	33,256	-
Net difference between projected and actual earnings on plan investments	131,284	-
Employer contributions subsequent to the Measurement date	<u>96,613</u>	<u>-</u>
Total	<u>\$ 312,221</u>	<u>\$ -</u>

The \$96,613 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 year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Increase (Reduction) to Pension Expense</u>
2022	\$ 78,334
2023	54,696
2024	41,932
2025	40,646
2026	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report. A copy of the 2019 VRS financial report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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 2021 and 2020, the annual required contribution was \$191,759 and \$200,174 respectively with a contribution rate of 11.31% in fiscal year 2021 and 12.70% in fiscal year 2020.

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	2.25 percent
Salary Increases	2.75% percent, inflation plus 0.5% for national productivity plus merit (age-based)
Investment Rate of Return	7.25 percent, net of investment expenses
Cost of Living Adjustments	1.5% percent for eligible participants, based on 2/3 of assumed inflation

Mortality rates or pre-retirement and healthy annuitants were based on 125% of RP-2000 Combined Healthy Mortality for males and females with generation mortality projection using Scale AA. For people with disabilities, mortality rates were based on 70% of PBGC Disabled Mortality Table 5A for males and 90% of PBGC Disabled Mortality Table 6A for females.

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 7.25 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	52.00%	5.20%
International Equity	22.00%	2.42%
Real Estate*	6.00%	0.42%
Fixed Income		
US Fixed Income	20.00%	1.00%
Total	100.00%	9.04%

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 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% decrease Rate (6.25%)	Current discount Rate (7.25%)	1.00% Increase Rate (8.25%)
Net Pension Liability – June 30, 2020	\$3,403,544	\$2,405,192	\$1,562,768

At June 30, 2021, the Schools reported a liability of \$2,405,192 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, 2020 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, 2020 relative to the total of the actuarially determined employer contributions to the pension plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for the City Plan's participating employers.

For the year ended June 30, 2021 the schools recognized pension expense of \$237,020. At June 30, 2021, the Schools' proportion was 1.58984% as compared to 1.78181% at June 30, 2020.

At June 30, 2021, 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	\$ 22,595	\$ 12,900
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	63,426	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	-	346,436
Employer contributions subsequent to the measurement date	191,759	-
Total	<u>\$ 277,780</u>	<u>\$ 359,336</u>

\$191,759 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, 2021. 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
2021	\$ (378,588)
2022	13,175
2023	56,800
2024	35,298
Thereafter	-

Pension Plan Fiduciary Net Position

Detailed information about the Fiduciary Net Portion of the City's pension plan is available in the separately issued Comprehensive Annual Financial Report. A copy of the 2021 financial report may be obtained by writing to the City's Retirement Office located at 215 Church Avenue, SW, Room 465, Roanoke, Virginia 24011.

B. Other Post-Employment Benefits Liabilities – Virginia Retirement System Plans

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/members/benefits/life-insurance/basic-group-life-insurance.asp>

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 about the Teacher HIC is available at <https://www.varetire.org/retirees/insurance/healthinscredit/index.asp>

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 plan.

As of the June 30, 2019 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	4
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members	-
Total inactive members	4
Active members	125
Total covered employees	129

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2019. 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. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	<i>Code of Virginia</i> 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:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2021 Contribution	\$ 482,620
June 30, 2020 Contribution	\$ 473,016

Teacher Health Insurance Credit Program

Governed by:	<i>Code of Virginia</i> 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, 2021 Contribution	\$ 1,051,413
June 30, 2020 Contribution	\$ 1,021,183

General Employee Health Insurance Credit Program

Governed by:	<i>Code of Virginia</i> 51.1-1402(E) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.
Total rate:	.11% of covered employee compensation.
June 30, 2021 Contribution	\$ 3,573
June 30, 2020 Contribution	\$ 5,207

The net OPEB liabilities were measured as of June 30, 2020 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by actuarial valuations as of that date. The covered employer's proportion of the net OPEB liabilities were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

	Teacher SGLI	Non-Teacher SGLI Plan 1	Non-Teacher SGLI Plan 2
June 30, 2021 proportionate share of liability	\$6,904,142	\$351,958	\$123,995
June 30, 2020 proportion	.41371 %	.02109%	.00743%
June 30, 2019 proportion	.42248 %	.02194%	.00820%
June 30, 2021 expense (income)	\$235,000	\$24,000	(\$14,000)

Teacher Health Insurance Credit Program

June 30, 2021 proportionate share of liability	\$12,665,029
June 30, 2020 proportion	0.97086%
June 30, 2019 proportion	0.98686%
June 30, 2021 expense	\$ 981,000

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.

General Employee Health Insurance Credit Program

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

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) – (b)
Balances at June 30, 2019	\$ 46,383	\$ 62,826	\$ (16,443)
Changes for the year:			
Service cost	4,174	-	4,174
Interest	3,126	-	3,126
Changes in Benefit terms	(902)	-	(902)
Changes of assumptions	-	-	-
Differences between expected and actual experience	(6,394)	-	(6,394)
Contributions – employer	-	5,207	(5,207)
Contributions – employee	-	-	-
Net investment income	-	1,307	(1,307)
Benefit payments	(135)	(135)	-
Administrative expenses	-	(132)	132
Other changes	-	(1)	1
Net changes	(131)	6,246	(6,377)
Balances at June 30, 2020	\$ 46,252	\$ 69,072	\$ (22,820)

For the year ended June 30, 2021, the School Board recognized \$1,631 of OPEB expense for general employees.

At June 30, 2021 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	\$ 473,365	\$ 66,286
Change in assumptions	369,090	154,101
Net difference between projected and actual earnings on OPEB plan investments	221,691	-
Changes in proportion	80,439	273,372
Employer contributions subsequent to the measurement date	482,620	-
Total	<u>\$ 1,627,205</u>	<u>\$ 493,759</u>

Teacher Health Insurance Credit Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 56,126	\$ 169,136
Change in assumptions	250,370	69,198
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportion	9,018	365,366
Employer contributions subsequent to the measurement date	1,051,413	-
Total	<u>\$ 1,366,927</u>	<u>\$ 603,700</u>

General Employee Health Insurance Credit Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,481	\$ 7,785
Change in assumptions	950	588
Net difference between projected and actual earnings on OPEB plan investments	2,627	-
Changes in proportion	3,573	-
Employer contributions subsequent to the measurement date	3,573	-
Total	<u>\$ 10,631</u>	<u>\$ 8,373</u>

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 year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Group Life Insurance Program

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2022	74,885
2023	137,491
2024	193,396
2025	210,942
2026	35,746
Thereafter	(1,634)

Teacher Health Insurance Credit Program

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2022	\$ (56,616)
2023	(51,053)
2024	(52,917)
2025	(48,183)
2026	(33,933)
Thereafter	(45,484)

General Employee Health Insurance Credit Program

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2022	\$ (492)
2023	(82)
2024	(67)
2025	66
2026	(42)
Thereafter	(698)

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2019, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020:

Inflation	2.5%
Salary increases, including inflation:	
• Locality- general employees	3.5 – 5.35%
• Teachers	3.5 – 5.95%
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	5.375 – 4.75%
Investment rate of return, net of expenses, including inflation*	GLI & HIC: 6.75%

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

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 June 30, 2020, 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	\$ 3,523,937	\$ 1,448,676
Plan fiduciary net position	1,885,102	144,160
Employers' net OPEB liability (asset)	<u>\$ 1,638,835</u>	<u>\$ 1,304,516</u>
Plan fiduciary net position as a percentage of total OPEB liability	52.64%	9.95%

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 and Health Insurance Credit 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	34.00 %	4.65 %	1.58 %
Fixed Income	15.00	0.46	0.07
Credit Strategies	14.00	5.38	0.75
Real Assets	14.00	5.01	0.70
Private Equity	14.00	8.34	1.1718
MAPS – Multi-Asset Public Strategies	6.00	3.04	0.21
PIP – Private Investment Partnership	3.00	6.49	0.19
Total	100.00 %		4.64 %
Inflation		2.50 %	
*Expected arithmetic nominal return		7.14 %	

- * The aforementioned allocation provides for a one-year return of 7.14%. 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 7.11%, including expected inflation of 2.5%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the fiscal year 2020 actuarial valuations provide a median return of 6.81%.

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 per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, 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. From July 1, 2020 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 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 OPEB liability.

Sensitivity of the Net OPEB Liability (Asset) 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) or one percentage point higher (7.75% HIC) than the current discount rate:

	1% decrease Rate (5.75%)	Current discount Rate (6.75%)	1.00% Increase Rate (7.75%)
GLI Net OPEB liability	\$ 9,682,294	\$ 7,380,095	\$ 5,354,649
Teacher HIC Net OPEB Liability	14,127,561	12,665,029	11,339,983
General Employee HIC Net OPEB liability (asset)	(16,559)	(22,820)	(28,038)
	<u>\$ 23,793,296</u>	<u>\$ 20,022,304</u>	<u>\$ 16,666,594</u>

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report. A copy of the 2020 VRS Comprehensive Annual Financial Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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, 2021 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 2021, RCPS expended \$125,281 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, etc., 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. Workers' compensation claims have been estimated by an actuary.

The School Board has general liability, vehicular liability, and property insurance coverage through commercial insurers through the Virginia Municipal Liability Pool. There have been no significant changes in insurance coverage, or settlements exceeding insurance coverage, during the past three years. At Morningside Elementary school, a vendor was hired to replace the roof on this building. The School Board and this vendor are in dispute regarding both reimbursements for uninsured damages and payments for services.

The School Board is self-insured for workers' compensation claims, as well as for health insurance claims. The following table shows the activity in the accounts for the past two years.

	Healthcare Claims	Workers' Compensation	Total
Fiscal Year 2020-21:			
Claims liability at July 1	\$ 4,637,071	\$ 1,391,904	\$ 6,028,975
Claims incurred (including IBNR and changes in estimates)	19,287,929	(225,032)	19,062,897
Claim payments	(19,687,633)	(283,180)	(19,970,813)
Claims liability at June 30	4,237,368	883,692	5,121,059
Due and payable within one year	4,237,368	475,465	4,712,833
Long-term payable	\$ -	\$ 408,227	\$ 408,227
Fiscal Year 2019-20:			
Claims liability at July 1	\$ 5,039,134	\$ 1,724,521	\$ 6,763,655
Claims incurred (including IBNR and changes in estimates)	19,287,929	66,264	19,354,193
Claim payments	(19,689,992)	(398,882)	(20,088,873)
Claims liability at June 30	4,637,071	1,391,904	6,028,975
Due and payable within one year	4,637,071	766,953	5,404,024
Long-term payable	\$ -	\$ 624,951	\$ 624,951

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. This contract can be renewed for an additional five-year period. During fiscal year 2021 and 2020, net payments to Durham School Services were \$9,574,722 and \$8,447,095 for contracted services.

On April 4, 2016, the School Board entered into a contract with SodexoMagic, LLC commencing April 4, 2016 and continuing through June 30, 2016 whereby SodexoMagic, LLC would provide management of school food programs. The parties could renew the agreement up to four additional one year terms beginning July 1, 2016. Due to the circumstances surrounding COVID-19 which prevented a competitive

bid from being achieved, the contract was extended for one year beginning on July 1, 2021 and ending on June 30, 2022.

Total net payments to SodexoMagic, LLC during fiscal year 2021 and 2020 were \$3,414,436 and \$8,106,507 respectively. Future payments to SodexoMagic, LLC will depend upon the level of services required by RCPS.

Commitment

The School Board entered into a contract with BH Media Group, Inc. on June 11, 2021 to purchase a building and its adjoining parking lots located in Downtown Roanoke adjacent to the Noel C. Taylor Municipal Building. The agreed-upon purchase price is \$5,850,000. This building is intended to serve as administrative offices, warehouse space, and meeting rooms for the school division. The purchase of the building was conditioned upon a feasibility study period which extended beyond the end of the fiscal year. As a result, the building was paid for in FY2022 out of carried-forward fund balance funds committed for this purpose. The closing date on the purchase was October 22, 2021.

Other Matters

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The School Board’s operations are heavily dependent on funding from the Commonwealth of Virginia and the City of Roanoke’s ability to raise taxes, assess fees, and access the capital markets. Additionally, access to grants and contracts from federal and state governments may decrease or may not be available depending on appropriations. The outbreak could continue to have a material adverse impact on economic and market conditions, due to pandemic triggering a period of global economic slowdown.

The impact of the COVID-19 outbreak continues to evolve as of the date of this report, and as such, the full magnitude of its effect on the Board’s financial condition, liquidity, and future results of operations is uncertain.

Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Board is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for future fiscal years.

The Board received \$12,754,836 in Coronavirus Aid, Relief, and Economic Security (CARES) Act funding that will be reported in the Schedule of Expenditures of Federal Awards for the Year Ending June 30, 2021 in a separate audit report. Further funds were made available after fiscal year end which will be reported in future periods.

F. Adoption of New Standard and Prior Period Restatement

In the current year the Schools adopted GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The following is a summary of the restatements to fund balance and net position, as applicable, resulting from the adoption of GASB Statement No. 84:

	<u>School Activities</u>	<u>Governmental Activities</u>
Fund balance / Net position July 1, 2020, as previously reported	\$ -	\$ (107,073,318)
Recognition of Fiduciary Activities in accordance with GASB No. 84	<u>1,058,639</u>	<u>1,058,639</u>
Fund balance / Net position July 1, 2020, as restated	<u>\$ 1,058,639</u>	<u>\$ (106,014,679)</u>

G. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective. The effective dates below are updated based on **Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*** due to the COVID-19 pandemic.

In June 2017, The GASB issued **Statement No. 87, *Leases***. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

In May 2019, the GASB issued **Statement No. 91, *Conduit Debt Obligations***. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In January 2020, the GASB issued **Statement No. 92, *Omnibus***. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued **Statement No. 93, *Replacement of Interbank Offered Rates***. This Statement addresses accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued **Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements***. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In May 2020, the GASB issued **Statement No. 96, *Subscription-Based Information Technology Arrangements***. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In June 2020, the GASB issued **Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a***

Supersession of GASB Statement No. 32. This Statement provides a more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

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

REQUIRED SUPPLEMENTARY INFORMATION



ROANOKE CITY
PUBLIC SCHOOLS

Strong Students. Strong Schools. Strong City.

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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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment Income	\$ -	\$ -	\$ 52,340	\$ 52,340
Intergovernmental:				-
City of Roanoke	82,788,981	82,788,981	85,258,328	2,469,347
Commonwealth of Virginia	96,728,531	97,593,508	101,681,682	4,088,174
Other Revenue	1,250,000	1,250,000	1,094,109	(155,891)
Total Revenues	180,767,512	181,632,489	188,086,459	6,453,970
Expenditures:				
Current - Education:				
Instruction	124,698,894	127,698,894	119,315,752	8,383,142
Administration, Technology, Attendance & Health	15,110,038	15,770,038	12,470,394	3,299,644
Transportation	11,201,639	12,204,139	9,606,666	2,597,473
Operation & Maintenance of Plant	18,402,722	22,666,511	19,324,385	3,342,126
Athletics	1,962,752	1,962,752	1,112,176	850,576
Payments for Debt Service	12,627,647	12,627,647	12,041,842	585,805
Total Expenditures	184,003,692	192,929,981	173,871,215	19,058,766
Revenues (Under) Over Expenditures	(3,236,180)	(11,297,492)	14,215,244	25,512,736
Other Financing Sources (Uses):				
Transfers From Other Funds	300,000	300,000	3,398,417	3,098,417
Transfers To Other Funds	892,433	892,433	(1,067,845)	(1,960,278)
Other Financing Sources (Uses), Net	1,192,433	1,192,433	2,330,572	1,138,139
Net Change in Fund Balance	(2,043,747)	(10,105,059)	16,545,816	26,650,875
Fund Balances, Beginning of Year	12,935,589	12,935,590	26,772,980	-
Fund Balances, End of Year	\$ 10,891,842	\$ 2,830,531	\$ 43,318,796	\$ 26,650,875

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
Budgetary Comparison Schedule
Food Service Fund
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original and Final</u>	<u>Actual Amounts</u>	
Revenues:			
Intergovernmental:			
Commonwealth of Virginia	\$ 224,939	\$ 188,983	\$ (21,850)
Federal Government	8,812,853	7,833,728	(284,679)
Charges for Services	677,320	148,347	(694,368)
Total Revenues	<u>9,715,112</u>	<u>8,171,058</u>	<u>(1,000,897)</u>
Expenditures:			
Current - Education:			
Food Services	9,665,112	7,397,011	1,774,944
Total Expenditures	<u>9,665,112</u>	<u>7,397,011</u>	<u>1,774,944</u>
Revenues (Under) Over Expenditures	<u>50,000</u>	<u>774,047</u>	<u>774,047</u>
Other Financing Sources (Uses):			
Transfers To Other Funds	(300,000)	(300,000)	-
Other Financing Sources (Uses), Net	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
Net Change in Fund Balance	(250,000)	474,047	774,047
Fund Balances, Beginning of Year	<u>3,084,801</u>	<u>3,958,728</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 2,834,801</u>	<u>\$ 4,432,775</u>	<u>\$ 774,047</u>

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, 2021

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.

II. Material Violations.

There were no material violations of the annual appropriated budget for the General Fund or Food Service Fund for the fiscal year ended June 30, 2021.

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, 2021

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

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2020 information was presented in the entity's fiscal year 2021 financial report.

Schedule is intended to show information for 10 years. Since fiscal year 2021 (plan year 2020) was the fourth year for this presentation, no earlier data is available. Additional years will be included as they become available.

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

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)					
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)					
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)					
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 2021 (plan year 2020) was the fourth 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, 2021

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
<u>Professional</u>					
Schools - Professional Employees (SGLI)					
2021	\$ 452,211	\$ 452,211	-	\$ 86,869,983	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)					
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%
<u>Nonprofessional</u>					
Schools - Nonprofessional Employees (SGLI)					
2021	\$ 30,409	\$ 30,409	-	\$ 5,847,907	0.52%
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)					
2021	\$ 3,573	\$ 3,573	-	\$ 4,466,752	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 2021 (plan year 2020) was the fourth 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
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021

Note 1. Changes of Benefit Terms

Other Postemployment Benefits (OPEB)

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

Largest 10 – Non-Hazardous Duty:

- Update mortality table to RP-2014 projected to 2020
- Lowered rates at older ages and extended final retirement age from 70 to 75
- Update withdrawal rates to better fit experience at each age and service year
- Lowered rates of disability retirement
- No changes to salary rates
- Increase Line of Duty Disability rates from 14% to 20%
- Decrease discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB
-

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

- Update mortality table to RP-2014 projected to 2020
- Lowered rates of retirement at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience at each age and service year
- Lowered disability rates
- No changes to salary rates
- Increased Line of Duty disability rate from 14% to 15%
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB

Teacher cost-sharing pool

- Update mortality table to RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience at each year age and service through 9 years of service
- Update disability rates to better fit experience
- No changes to salary rates
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB

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, 2021

Schools - Non Professional Employees

	2019-2020	2018-19
Total Pension Liability		
Service cost	\$ 341,743	\$ 330,934
Interest on total pension liability	193,074	157,720
Changes in benefit terms	-	-
Difference between expected and actual experience	35,755	77,685
Changes in assumptions	-	95,414
Benefit payments, including refunds of employee contributions	(71,644)	(37,449)
Net change in total pension liability	498,928	624,304
Total pension liability - beginning	2,896,171	2,271,867
Total pension liability - ending	3,395,099	2,896,171
Plan Fiduciary Net Position		
Contributions - employer	103,807	109,376
Contributions - employee	195,784	195,963
Net investment income	81,372	255,942
Benefit payments, including refunds of employee contributions	(71,644)	(37,449)
Administrative expenses	(2,482)	(2,153)
Other	(99)	(164)
Net change in plan fiduciary net position	306,738	521,515
Plan fiduciary net position - beginning	4,103,589	3,582,074
Plan fiduciary net position - ending	4,410,327	4,103,589
Net pension Asset - ending	\$ (1,015,228)	\$ (1,207,418)
Plan fiduciary net position as a percentage of total pension asset	130%	142%
Covered payroll	\$ 4,331,920	\$ 4,300,605
Net pension asset as a percentage of covered employee payroll	-23%	-28%

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, only six years of data is available. However, additional years will be included as they become available. Due to the length of the report, years 2015 through 2018 are continued on the following page.

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, 2021

Schools- Nonprofessional Employees

	2017-18	2016-17	2015-16	2014-15	2013-14
Total Pension Liability					
Service cost	\$ 303,752	\$ 327,500	\$ 292,621	\$ 250,347	\$ 238,778
Interest on total pension liability	137,429	115,185	90,855	75,430	57,278
Changes in benefit terms	-	-	-	-	-
Difference between expected and actual experience	(108,492)	22,079	3,596	(71,963)	-
Changes in assumptions	-	(95,226)	-	-	-
Benefit payments, including refunds of employee contributions	(48,197)	(55,331)	(23,660)	(43,270)	(30,199)
Net change in total pension liability	284,492	314,207	363,412	210,544	265,857
Total pension liability - beginning	1,987,375	1,673,168	1,309,756	1,099,212	833,355
Total pension liability - ending	2,271,867	1,987,375	1,673,168	1,309,756	1,099,212
Plan Fiduciary Net Position					
Contributions - employer	98,135	93,237	114,441	103,468	167,937
Contributions - employee	169,352	164,828	145,769	131,040	112,035
Net investment income	238,853	332,502	48,318	99,131	259,744
Benefit payments, including refunds of employee contributions	(48,197)	(55,331)	(23,660)	(43,270)	(30,199)
Administrative expenses	(1,842)	(1,688)	(1,296)	(1,144)	(1,173)
Other	(222)	(306)	(19)	(21)	14
Net change in plan fiduciary net position	456,079	533,242	283,553	289,204	508,358
Plan fiduciary net position - beginning	3,126,025	2,592,783	2,309,230	2,020,026	1,511,668
Plan fiduciary net position - ending	3,582,104	3,126,025	2,592,783	2,309,230	2,020,026
Net pension Asset - ending	<u>\$ (1,310,237)</u>	<u>\$ (1,138,650)</u>	<u>\$ (919,615)</u>	<u>\$ (999,474)</u>	<u>\$ (920,814)</u>
Plan fiduciary net position as a percentage of total pension assets	<u>158%</u>	<u>157%</u>	<u>155%</u>	<u>176%</u>	<u>184%</u>
Covered payroll	<u>\$ 3,688,153</u>	<u>\$ 2,615,319</u>	<u>\$ 2,662,777</u>	<u>\$ 2,505,966</u>	<u>\$ 2,220,265</u>
Net pension asset as a percentage of covered employee payroll	<u>-36%</u>	<u>-44%</u>	<u>-35%</u>	<u>-40%</u>	<u>-41%</u>

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, only seven years of data is available. However, additional years will be included as they become available.

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 PENSION CONTRIBUTIONS
June 30, 2021

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					
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%
2015	126,993	126,993	-	2,505,966	5.07%

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, only six years of data are available. Additional years will be included as they become available.

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, 2021

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)	Employer's 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
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, 2021

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)	Employer's Covered Employee 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
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%
2015	3.63%	4,256,291	2,927,301	145.40%	77.23%

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, only seven years of data are available. However, 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 PENSION CONTRIBUTIONS**

**VRS TEACHER RETIREMENT PLAN
June 30, 2021**

Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2021	\$ 13,881,761	\$ 13,881,761	\$ -	\$ 86,869,983	15.98%
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%
2015	11,825,296	11,825,296	-	74,342,482	15.91%

**CITY OF ROANOKE PENSION PLAN
June 30, 2021**

Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2021	\$ 191,759	\$ 191,759	\$ -	\$ 1,467,600	13.07%
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%
2015	527,115	527,115	-	2,690,736	19.59%

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, only seven years of data are available. However, 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
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021

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

Largest 10 – Non-Hazardous Duty:

- Update mortality table to RP-2014 projected to 2020
- Lowered rates at older ages and extended final retirement age from 70 to 75
- Update withdrawal rates to better fit experience at each age and service through 9 years of service
- Lowered rates of disability retirement
- No changes to salary rates
- Increased Line of Duty Disability rates from 14% to 20%
- Decrease discount rate from 7.00% to 6.75%

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

- Update mortality table to RP-2014 projected to 2020
- Lowered rates of retirement at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience at each age and service through 9 years of service
- Lowered disability rates
- No changes to salary rates
- Increased Line of Duty disability rate from 14% to 15%
- Decreased discount rate from 7.00% to 6.75%

Teacher cost-sharing pool

- Update mortality table to RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience at each year age and service through 9 years of service
- Update disability rates to better fit experience
- No changes to salary rates
- Decreased discount rate from 7.00% to 6.75%



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OTHER SUPPLEMENTARY INFORMATION



ROANOKE CITY
PUBLIC SCHOOLS

Strong Students. Strong Schools. Strong City.



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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, 2021**

	<u>Amount</u>
The Virginia Association of Counties Liability Pool Property and Scheduled Equipment Coverage	\$ 454,212,605
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

Strong Students. Strong Schools. Strong City.



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INTRODUCTION TO THE STATISTICAL SECTION

The Statistical Section of the Comprehensive Annual 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	90-93
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	94-97
These schedules contain information to help the reader assess the School Board's most significant local revenue source.	
Debt Capacity	98-102
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	103
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	104-107
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 comprehensive annual financial report for the relevant year.

Table 1

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

	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position
Fiscal Year 2012	\$ 2,787,940	\$ -	\$ 32,877,524	\$ 35,665,464
Fiscal Year 2013	2,760,872	-	32,188,392	34,949,264
Fiscal Year 2014	2,740,357	-	28,421,588	31,161,945
Fiscal Year 2015	3,016,131	-	(105,376,673)	(102,360,542)
Fiscal Year 2016	3,094,777	-	(102,095,468)	(99,000,691)
Fiscal Year 2017	2,913,761	-	(105,347,694)	(102,433,933)
Fiscal Year 2018	3,034,853	-	(120,571,651)	(117,536,798)
Fiscal Year 2019	3,489,869	-	(116,524,523)	(113,034,654)
Fiscal Year 2020	6,620,465	1,223,861	(114,917,644)	(107,073,318)
Fiscal Year 2021	6,882,591	1,038,258	(94,645,501)	(86,724,652)

Source: Statement of Net Position (Exhibit 1).

Table 2

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

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses:										
Instruction	\$ 146,732,326	\$ 142,783,571	\$ 138,139,038	\$ 135,484,910	\$ 134,380,569	\$ 125,138,180	\$ 124,257,802	\$ 115,218,083	\$ 113,261,181	\$ 108,920,537
Administration	14,644,467	14,453,252	13,804,248	12,000,357	13,231,068	14,014,816	12,521,240	12,161,115	12,319,863	10,847,658
Attendance & Health Services	2,408,468	2,423,737	2,323,395	2,204,531	2,300,578	2,088,754	2,008,631	4,464,234	4,164,983	3,998,564
Transportation	10,858,043	10,356,563	11,424,031	10,581,175	10,769,118	10,509,337	10,407,387	10,331,892	9,671,918	10,024,200
Operation & Maintenance of Plant	18,082,067	15,105,541	16,918,649	15,274,411	15,670,270	15,234,517	15,423,475	14,311,773	13,338,890	13,060,376
Food Services	7,456,071	8,951,186	8,795,164	8,382,447	8,918,197	7,417,602	6,882,007	6,709,067	6,816,374	6,231,331
Athletics	1,146,173	1,606,698	1,863,136	1,833,502	1,919,667	1,883,433	1,826,495	1,626,777	1,583,315	1,557,556
Payments for Debt Service	12,041,842	12,700,743	13,244,672	13,867,098	14,274,185	15,073,688	14,632,053	15,502,968	15,954,665	16,348,972
Total Expenses	213,369,457	208,381,291	206,512,333	199,628,431	201,463,652	191,360,327	187,959,090	180,325,909	177,111,189	170,989,194
Program revenues:										
Charges for services:										
Instruction	2,949,857	6,481,775	6,256,197	6,018,087	6,304,348	5,850,683	6,567,954	4,140,707	3,797,462	3,299,018
Administration	-	14,854	10,742	30,795	11,662	37,208	91,742	272,605	158,267	49,577
Technology	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	27,768	66,138	63,840
Operations & maintenance	-	-	-	-	-	-	-	3,721	74,037	43,041
Food Services	80,015	407,538	641,510	782,182	934,463	919,537	1,098,051	1,148,606	1,146,209	1,269,261
Athletics	62,061	168,332	179,868	191,342	182,988	171,751	186,764	171,605	162,282	184,231
Operating grants and contributions	73,222,875	54,455,142	55,453,563	53,096,581	49,701,684	49,230,834	42,055,561	42,615,404	44,492,512	50,542,428
Total revenues	76,314,808	61,527,641	62,541,880	60,118,967	57,135,145	56,210,013	50,000,072	48,380,416	49,896,907	55,451,396
Net expense	(137,054,649)	(146,853,650)	(143,970,453)	(139,509,464)	(144,328,507)	(135,150,314)	(137,959,018)	(131,945,493)	(127,214,282)	(115,537,798)
General revenues:										
Payments from the City of Roanoke	84,673,021	83,439,689	83,368,789	81,237,799	78,359,591	79,435,819	76,437,785	74,366,181	73,870,214	78,351,405
State aid	70,339,760	68,084,321	63,594,864	61,425,627	61,765,617	58,191,410	57,517,691	52,263,074	51,367,376	49,125,626
Grants not restricted to a specific program	-	-	-	-	-	-	-	-	15,809	18,695
Interest Income on Investments	52,340	334,654	428,310	293,687	120,075	49,145	49,049	73,939	68,365	35,626
Miscellaneous	1,279,555	956,322	1,080,634	938,651	649,982	833,791	703,547	1,454,980	1,176,318	1,253,544
Special Item - Gain from sale of transportation vehicles and equipment	-	-	-	-	-	-	-	-	-	-
Special Item - OPEB reduction in payable	-	-	-	-	-	-	-	-	-	-
Total general revenues	156,344,676	152,814,986	148,472,597	143,895,764	140,895,265	138,510,165	134,708,072	128,158,174	126,498,082	128,784,896
Change in net position	\$ 19,290,027	\$ 5,961,336	\$ 4,502,144	\$ 4,386,300	\$ (3,433,242)	\$ 3,359,851	\$ (3,250,946)	\$ (3,787,319)	\$ (716,200)	\$ 13,247,098

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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Post-GASB 54 implementation:										
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,835,968	\$ 950,338
Nonspendable	944,422	1,197,024	505,968	316,495	326,238	315,088	350,729	381,211	284,776	208,310
Committed	12,160,042	8,257,297	4,757,561	2,201,835	2,478,771	2,478,771	2,478,771	1,475,000	750,000	6,615,010
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	22,791,837	25,999,072	24,841,317	21,926,916	21,553,941	19,286,352	20,182,146	17,645,076	20,902,236	35,545,138
Total General Fund	\$ 35,896,301	\$ 35,453,393	\$ 30,104,846	\$ 24,445,246	\$ 24,358,950	\$ 22,080,211	\$ 23,011,646	\$ 19,501,287	\$ 26,772,980	\$ 43,318,796
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ 5,214	\$ -	\$ 15,727	\$ -	\$ 4,010	\$ -	\$ 4,171	\$ -
Committed	57,922	305,726	182,116	132,428	58,315	58,315	58,315	-	-	-
Assigned	2,989,357	2,100,558	2,147,563	2,052,546	2,999,943	3,043,436	3,312,476	3,746,386	3,954,557	5,515,410
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 3,047,279	\$ 2,406,284	\$ 2,334,893	\$ 2,184,974	\$ 3,073,985	\$ 3,101,751	\$ 3,374,801	\$ 3,746,386	\$ 3,958,728	\$ 5,515,410

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)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues:										
City of Roanoke	\$ 85,258,328	\$ 83,048,279	\$ 83,620,493	\$ 80,922,413	\$ 78,369,658	\$ 79,354,317	\$ 76,437,785	\$ 74,165,273	\$ 73,555,711	\$ 78,351,405
Commonwealth of Virginia	108,744,107	99,979,094	95,665,773	91,828,510	89,760,821	83,245,409	81,507,123	75,065,989	71,641,056	68,878,360
Federal Government	34,791,102	22,526,415	23,340,443	22,677,812	22,200,986	22,238,051	18,066,127	19,696,156	23,476,103	29,877,473
Charges for services	2,466,394	6,312,855	6,276,092	6,240,713	6,453,934	6,165,705	7,019,216	5,993,407	5,220,361	4,724,737
Other	1,984,862	2,024,575	2,347,178	2,029,397	1,275,078	1,706,196	1,677,891	1,426,953	2,882,255	2,899,317
Total revenue	233,244,793	213,951,218	211,271,979	203,698,845	198,040,477	192,709,678	184,708,144	175,947,778	176,575,486	184,731,292
Expenditures:										
Current:										
Instruction	\$ 147,621,871	\$ 144,193,949	\$ 145,581,963	\$ 139,251,038	\$ 135,705,770	\$ 127,510,179	\$ 127,695,320	\$ 120,501,033	\$ 117,629,772	\$ 113,318,331
Administration, Technology & Health	14,695,479	15,184,346	14,766,174	12,326,944	13,268,491	14,030,949	12,812,005	12,273,031	12,510,079	10,934,995
Transportation	10,815,517	10,338,749	11,795,033	10,795,797	10,721,840	10,516,866	10,561,909	10,331,893	9,668,779	9,969,049
Operation & Maintenance of Plant	22,458,958	30,511,709	18,037,689	15,869,791	15,605,677	15,531,154	16,036,918	14,257,716	13,392,881	12,964,536
Food Services	7,426,868	8,935,790	9,080,792	8,552,472	8,879,046	7,422,916	6,984,186	6,874,298	6,919,898	6,227,606
Athletics	1,140,399	1,601,897	1,904,430	1,831,220	1,836,441	1,821,212	1,795,272	1,626,777	1,583,315	1,563,321
Facilities Capital Outlay										
Payments for Debt Service	12,041,842	12,700,743	13,244,672	13,867,096	14,274,185	15,073,687	14,632,053	15,502,968	15,954,685	16,348,972
Total expenditures	216,200,934	223,467,183	214,410,753	202,494,360	200,291,450	191,906,963	190,517,663	181,367,716	177,659,389	171,326,810
Excess (deficiency) of revenues over (under) expenditures	17,043,859	(9,515,965)	(3,138,774)	1,204,485	(2,250,973)	802,715	(5,809,519)	(5,419,938)	(1,083,903)	13,404,482
Other financing sources (uses):										
Proceeds from Capital Lease Obligation	\$ -	\$ 17,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers from Other Funds	4,455,262	5,074,898	5,895,951	5,490,331	4,869,937	4,007,153	2,198,407	1,681,598	2,764,928	2,727,714
Transfers to Other Funds	(4,455,262)	(5,074,898)	(5,895,951)	(5,490,331)	(4,869,937)	(4,007,153)	(2,198,407)	(1,681,598)	(2,764,928)	(2,727,714)
Total other financing sources (uses)	-	17,000,000	-	-	-	-	-	-	-	-
Change in fund balances	17,043,859	7,484,035	(3,138,774)	1,204,485	(2,250,973)	802,715	(5,809,519)	(5,419,938)	(1,083,903)	13,404,482
Fund Balance - Beginning of Year, restated	31,790,347	24,306,312	26,386,447	25,181,962	27,432,935	26,630,220	32,439,739	37,859,677	38,943,580	25,539,098
Fund Balance - End of Year, restated	\$ 48,834,206	\$ 31,790,347	\$ 23,247,673	\$ 26,386,447	\$ 25,181,962	\$ 27,432,935	\$ 26,630,220	\$ 32,439,739	\$ 37,859,677	\$ 38,943,580
Debt Service as a Percentage (1)	24.66%	39.95%	56.97%	52.55%	56.68%	54.95%	54.95%	47.79%	42.14%	41.98%

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.

Table 5

Roanoke City Public Schools
Major or 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		
2012	\$	2,758,907	2012	\$	1,269,261
2013		3,314,639	2013		1,124,458
2014		4,120,989	2014		1,087,442
2015		4,757,979	2015		1,098,052
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

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

	2020-21	2019-20	2018-19	2017-18	2016-17	2015-2016	2014-15	2013-14	2012-13	2011-12
Total Tax Levies	\$ 136,379,330	\$ 131,348,076	\$ 126,568,227	\$ 123,059,222	\$ 120,894,494	\$ 119,869,392	\$ 115,885,506	\$ 113,183,821	\$ 113,209,446	\$ 112,485,925
Current Tax Collections	127,903,224	121,521,852	117,652,216	113,500,649	110,623,042	110,372,175	105,842,394	103,746,942	103,802,153	103,693,219
Current Tax Collections - State Share	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992
Collections in Subsequent Years (1)	-	-	-	3,141,283	3,007,291	2,799,543	3,926,119	4,193,129	4,838,415	2,972,963
Total Tax Collections	\$ 135,979,216	\$ 129,597,844	\$ 125,728,208	\$ 124,717,924	\$ 121,706,325	\$ 121,247,710	\$ 117,844,505	\$ 116,016,063	\$ 116,716,560	\$ 114,742,174
Current Tax Collections As Percent of Levies	99.71%	98.67%	99.34%	98.80%	98.18%	98.81%	98.30%	98.80%	98.82%	99.36%
Total Tax Collections As Percent of Levies (1)	99.71%	98.67%	99.34%	101.35%	100.67%	101.15%	101.69%	102.50%	103.10%	102.01%

(1) Prior to FY 2014, the City did not have the capability of determining the levy year for delinquent collections. Effective FY 2014, delinquent collections are recorded in the levy year for which they were collected.

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	Percentage		Assessment	Percentage		Assessment	Percentage		Assessment	Percentage		Total Assessed Value	Total Estimated Actual Value	
	Assessed Value	Growth (Decline)		Estimated Actual Value	Ratio		Assessed Value	Growth (Decline)		Estimated Actual Value	Ratio			Assessed Value
2012	6,794,772,298	1.44	6,794,772,298	1.00	816,148,651	7.55	1,360,247,752	0.60	360,309,314	0.31	360,309,314	7,971,230,263	8,515,329,364	
2013	6,725,168,858	(1.02)	6,725,168,858	1.00	840,633,111	3.00	1,401,055,185	0.60	416,800,579	15.68	418,303,022	7,982,602,548	8,544,527,065	
2014	6,679,969,872	(0.67)	6,679,969,872	1.00	859,809,462	2.28	1,433,015,770	0.60	414,953,913	(0.44)	413,969,355	7,954,733,247	8,526,954,997	
2015	6,693,874,349	0.21	6,693,874,349	1.00	899,096,367	4.57	1,498,493,945	0.60	437,573,144	5.45	441,997,287	8,030,543,860	8,634,365,581	
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	447,535,616	8,106,585,880	8,742,785,092	
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	460,947,191	8,178,453,858	8,817,419,846	
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)	446,761,907	8,364,431,204	9,011,349,475	
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	480,921,924	8,645,144,024	9,316,292,593	
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	497,726,617	8,964,903,808	9,661,222,140	
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	9,335,524,029	10,073,067,773	

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
2012	\$ 1.19	\$80,857,790	\$	\$ 3.45	\$ 27,311,532 (1)	\$	1	\$ 4.316,603	\$ 112,485,925	\$	1.74
2013	1.19	80,029,509		3.45	28,188,385 (1)		1.19	4,991,552	113,209,446		1.75
2014	1.19	79,491,642		3.45	28,709,212 (1)		1.19	4,982,967	113,183,821		1.76
2015	1.19	79,600,752		3.45	31,024,476 (1)		1.19	5,260,278	115,885,506		1.80
2016	1.22	82,035,606 (1)		3.45	32,374,952 (1)		1.22	5,458,834 (1)	119,869,392		1.82
2017	1.22	82,758,259		3.45	32,593,307 (1)		1.22	5,542,928	120,894,494		1.82
2018	1.22	85,037,691		3.45	32,639,181 (1)		1.22	5,382,350	123,059,222		1.81
2019	1.22	87,599,213		3.45	33,159,157 (1)		1.22	5,809,857	126,568,227		1.80
2020	1.22	90,822,140		3.45	34,507,463 (1)		1.22	6,018,473	131,348,076		1.81
2021	1.22	94,865,951		3.45	35,505,623 (2)		1.22	6,007,756	136,379,330		1.80

(1) Effective July 1, 2015, the rate became 1.22.

Table 9
Unaudited

CITY OF ROANOKE, VIRGINIA
PRINCIPAL PROPERTY TAXPAYERS
COMPARISON OF JUNE 30, 2021 AND JUNE 30, 2012

Taxpayer	Description	2021			2012		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Carilion Clinic	Healthcare Provider	\$ 278,062,858	1	2.98%	\$ 213,234,881	1	2.68%
Appalachian Power Co.	Public Utility	196,796,572	2	2.11%	124,033,424	2	1.56%
Norfolk Southern Railway	Transportation	167,609,242	3	1.80%	105,738,441	3	1.33%
Valley View Mall LLC	Shopping Mall	94,819,100	4	1.02%	74,940,200	4	0.94%
Roanoke Gas Company	Public Utility	68,763,433	5	0.74%	35,676,545	6	0.45%
Roanoke Electric Steel Corp	Primary Metals	55,902,173	6	0.60%	25,038,491	10	0.31%
HR Foundation, Inc.	Hotel	43,257,680	7	0.46%	-	-	-
Faison Roanoke Office, LP	Office Building	30,945,300	8	0.33%	30,770,100	8	0.39%
Verizon Virginia, Inc. (PSC)	Communications	30,784,623	9	0.33%	54,429,194	5	0.68%
Wholesome Harvest	Bakery	30,133,168	10	0.32%	30,796,449	7	0.39%
Advance Auto Parts	Auto Parts	-	-	-	29,092,678	9	0.36%
		\$ 997,074,149		3.06%	\$ 723,750,403		9.09%

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)
2012	\$1,732,017,118
2013	1,746,710,461
2014	1,785,467,436
2015	1,752,752,699
2016	1,732,156,837
2017	1,726,342,166
2018	1,839,762,418
2019	1,872,974,553
2020	1,824,837,393
2021	975,251,684

(1) Source: State Department of Taxation. Data excludes prescription drug sales.

Table 11
Unaudited

CITY OF ROANOKE, VIRGINIA
RATIO OF GENERAL BONDED DEBT TO
TOTAL ESTIMATED ACTUAL VALUE AND BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year	Population (A)	Total Estimated Actual Value	Governmental Activities Gross Bonded Debt (C)	Business-type Activities Gross Bonded Debt (C)	Gross Bonded Debt	Less Bonds Supported By Water Authority	Less Bonds Supported By Hotel Roanoke, LLC (B)	Less Amount Available in Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Total Estimated Actual Value	Net Bonded Debt Per Capita
2011	97,206 (est.)	8,442,505,382	250,315,325	27,342,979	277,658,304	19,875,450	1,355,000	1,133,011	255,294,843	3.02%	2,626.33
2012	97,206 (est.)	8,515,329,364	234,279,293	26,311,567	260,590,860	17,558,082	910,000	1,317,554	240,805,224	2.83%	2,477.27
2013	98,641 (est.)	8,544,527,065	225,402,117	26,944,093	252,346,210	13,389,900	-	1,493,056	237,463,254	2.78%	2,407.35
2014	98,913 (est.)	8,526,954,997	217,261,926	26,817,066	244,078,992	10,989,900	-	1,406,148	231,682,944	2.72%	2,342.29
2015	99,320 (est.)	8,634,365,581	214,885,676	27,203,128	242,088,804	9,968,500	-	1,508,122	230,612,182	2.67%	2,321.91
2016	99,681 (est.)	8,742,785,092	210,393,462	30,109,234	240,502,696	9,405,800	-	1,011,031	230,085,865	2.63%	2,308.22
2017	99,644 (est.)	8,817,419,846	208,814,498	33,675,339	242,489,837	8,213,900	-	539,265	233,736,672	2.65%	2,345.72
2018	99,837 (est.)	9,011,349,475	199,521,519	31,488,513	231,010,032	7,003,200	-	41,733	223,965,099	2.49%	2,243.31
2019	99,920 (est.)	9,316,391,122	200,500,454	30,765,932	231,266,386	5,769,800	-	17,890	225,478,696	2.42%	2,256.59
2020	99,348 (est.)	9,661,222,140	224,716,453	34,585,420	259,301,873	4,515,516	-	17,215	254,769,142	2.64%	2,564.41

Source - (A) Weldon - Cooper Center for Public Service

(B) Effective FY12, Hotel Roanoke, LLC debt was excluded from total bonded debt as a result of a change in the reporting of the Hotel Roanoke, LLC Note Receivable at the entity-wide level

(C) Gross Bonded Debt includes Capital Leases and Bond Premiums. See Table 15.

** Fiscal 2021 information was not available at the time the audit report was issued. This is the most current information provided by the City of Roanoke as of June 30, 2021.

	Capital Lease Payable Debt
2020	17,000,000
2021	16,728,500

Prior to FY 2020, the School Board of the City of Roanoke had no debt as a result of capital lease obligations. See Note 5 to the financial statements.

Table 12
Unaudited

CITY OF ROANOKE, VIRGINIA
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2020 **

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.

Total Assessed Value of Real Estate, 2020 (1)		\$	7,444,437,601
Legal Debt Limit: 10%	\$	744,443,760	744,443,760
Debt applicable to limitation:			
General Obligation Serial Bonds - Governmental Activities		163,381,776	
General Obligation Serial Bonds - Western Virginia Water Authority (WVWA)		4,515,516	
Premium on Bonds - Governmental Activities		8,066,174	
Bond Anticipation Note		27,340,906	
Qualified Zone Academy Bonds (QZAB)		1,706,284	
State Literary Fund Loans			
Virginia Public School Authority (VPSA) School Bonds		16,374,719	
Capital Leases		3,331,078	
Civic Facilities Enterprise Fund - Business-type Activities		12,972,838	
Premium on Bonds - Civic Facilities Enterprise Fund Debt		596,949	
Bond Anticipation Note - Civic Facilities		917,072	
Civic Facilities Enterprise Fund Capital Lease		13,506	
Parking Enterprise Fund Supported Debt - Business-type Activities		8,358,455	
Premium on Bonds - Parking Enterprise Fund Supported Debt		242,929	
Parking Enterprise Fund Capital Lease		5,371	
Stormwater Enterprise Fund Supported Debt - Business-type Activities		10,142,871	
Bond Anticipation Note - Stormwater		976,256	
Stormwater Enterprise Fund Capital Lease		7,744	
Premium on Bonds - Stormwater Enterprise Fund Supported Debt		351,429	
Total Debt	\$	259,301,873	
Less: Available in Debt Service Fund		(17,215)	\$ 259,284,658
			<u>\$ 485,159,102</u>

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	Principal (1)	Interest (1)	Total Debt Service	Total General Expenditures (2)	Percent of Debt Service to General Expenditures
2010-11	19,093,669	10,346,300	29,439,969	314,114,285	9.3%
2011-12	21,033,664	10,338,250	31,371,914	318,343,912	9.9%
2012-13	22,234,068	9,209,934	31,444,002	330,390,756	9.5%
2013-14	22,092,341	8,888,882	30,981,223	340,700,280	9.1%
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	20,842,984	8,385,823	29,228,807	368,676,839	7.9%
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%

**

(1) Principal and interest payments include all general long term debt payments supported by tax revenues of the City, including those related to capital leases. 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.

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.

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

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

** Fiscal 2021 information was not available at the time the audit report was issued. This is the most current information provided by the City of Roanoke as of June 30, 2021.

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, 2021
(Unaudited)

	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Issue Amount Designated for School Improvements</u>	<u>Balance as of June 30, 2021</u>
<u>General Obligation Bonds, RCPS Portion</u>					
Series 2012A Public Improvement Bonds	2.00% - 5.00%	3/14/2012	2/1/2032	\$ 1,725,000	\$ 85,000
Series 2012C Refunding Bonds	4.00% - 5.00%	3/14/2012	2/1/2025	7,805,000	1,895,000
Series 2013A Public Improvement Bonds	1.00% - 5.00%	2/27/2013	7/15/2033	2,000,000	1,146,600
Series 2013A Refunding Bonds	1.00% - 5.00%	2/27/2013	7/15/2033	8,085,000	5,188,000
Series 2014A Public Improvement Bonds	3.00%-5.00%	3/5/2014	4/1/2034	3,000,000	1,825,200
Series 2015 Public Improvement Bonds New Money	2.00% - 4.00%	3/25/2014	4/1/2035	5,000,000	3,750,000
Series 2015 Public Improvement Bonds Refunding	2.00% - 4.00%	3/25/2014	4/1/2035	1,765,000	1,765,000
Series 2016 Public Improvement Bonds New Money	2.00% - 5.00%	3/8/2016	4/1/2036	8,500,000	6,495,000
Series 2016 Public Improvement Bonds Refunding	2.00% - 5.00%	3/8/2016	4/1/2036	6,945,000	13,305,000
Series 2017 Public Improvement Bonds New Money	3.00% - 5.00%	3/23/2017	4/1/2037	22,050,000	4,090,000
Series 2019A Refunding Bonds	1.67%	11/22/2019	10/1/2021	3,628,744	618,839
Series 2019C Refunding Bonds BAN Takeout	2.79%	11/22/2019	4/1/2041	12,719,042	12,719,042
Series 2019C Refunding Bonds New Money	2.79%	11/22/2019	4/1/2041	67,263	67,263
Series 2020A Refunding Bonds	2.25% - 5.00%	5/14/2020	4/1/2043	5,779,471	5,779,471
Series 2020B Refunding Bonds	2.00% - 2.50%	5/14/2020	2/1/2034	6,340,601	6,195,070
Total General Obligation Bonds:				<u>95,410,121</u>	
<u>School Fund Bonds and Loans</u>					
Virginia Public School Authority - Series 2001B.1	3.10% - 5.35%	11/15/2001	7/15/2021	2,594,691 (1)	136,763
Virginia Public School Authority - Series 2001B.2	3.10% - 5.35%	11/15/2001	7/15/2021	2,358,808 (2)	124,330
Virginia Public School Authority - Series 2003C	3.10% - 5.35%	11/6/2003	7/15/2023	4,595,399 (3)	738,262
Virginia Public School Authority - Series 2004B	4.10% - 5.60%	11/1/2004	7/15/2024	1,118,756 (4)	252,295
Virginia Public School Authority - Series 2005D.1	4.60% - 5.10%	11/10/2005	7/15/2025	992,464 (5)	278,487
Virginia Public School Authority - Series 2005D.2	4.60% - 5.10%	11/11/2005	7/15/2025	3,291,459 (6)	923,573
Virginia Public School Authority - Series 2006B	4.22% - 5.10%	11/9/2006	7/15/2026	6,573,600 (7)	2,154,914
Virginia Public School Authority - Series 2008B	4.10% - 5.35%	12/11/2008	7/15/2028	10,580,000	2,769,437
Virginia Public School Authority - Series 2014B	3.00%- 5.00%	5/15/2014	7/15/2026	1,245,000	570,000
Virginia Public School Authority - Series 2015A	3.00% - 5.10%	2/17/2015	7/15/2028	7,400,000	5,375,000
Total Virginia Public School Authority Bonds:				<u>40,750,177</u>	
Qualified Zone Academy Bond - Patrick Henry H.S.	0%	12/27/2006	12/27/2022	1,097,571 (8)	207,680
Qualified Zone Academy Bond - School Capital Projects	0%	10/31/2012	6/1/2035	2,014,104 (8)	1,281,700
Total Qualified Zone Academy Bonds:				<u>3,111,675</u>	
Qualified School Construction Bonds-Elementary	0%	7/8/2010	6/1/2027	1,135,000 (9)	419,500
Total Qualified School Construction Bonds				<u>1,135,000</u>	
<u>Capital Lease Payable</u>					
TD Equipment Finance, Inc.	2.14%	12/06/2019	6/1/2035	17,000,000	16,728,500
Total Outstanding Bonded Debt and Capital Lease Payable				<u><u>\$ 157,406,973</u></u>	<u><u>\$ 96,884,925</u></u>

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 capital lease payable is included in the basic financial statements of the School Board of the City of Roanoke. See Note 5 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) \$2,750,000 proceeds received but repayment of only \$2,594,691 required.
- (2) \$2,500,000 proceeds received but repayment of only \$2,358,808 required.
- (3) \$5,000,000 proceeds received but repayment of only \$4,595,399 required.
- (4) \$1,300,000 proceeds received but repayment of only \$1,118,756 required.
- (5) \$1,160,900 proceeds received but repayment of only \$ 992,464 required.
- (6) \$3,850,000 proceeds received but repayment of only \$3,291,459 required.
- (7) \$7,500,000 proceeds received but repayment of only \$6,573,600 required.
- (8) Annual payments on Qualified Zone Academy Bonds are made to a sinking fund. No interest is accrued on this debt.
- (9) Interest expense on Qualified School Construction Bonds is reimbursed by federal subsidy, subject to available federal funding.

Table 15
Unaudited

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

	2019-20**	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
Debt Limit										
Total Net Debt Applicable to Limit	\$ 744,443,760	\$ 718,026,323	\$ 697,030,256	\$ 678,346,391	\$ 672,422,997	\$ 669,387,435	\$ 667,966,987	\$ 672,516,886	\$ 679,477,230	\$ 680,197,128
Legal Debt Margin	259,284,658	231,248,496	229,932,036	219,172,541	215,556,963	217,064,553	218,489,528	224,003,579	227,263,512	240,667,032
Total Net Debt	\$ 485,159,102	\$ 486,777,827	\$ 467,098,220	\$ 459,173,850	\$ 456,866,034	\$ 452,322,882	\$ 449,477,459	\$ 448,513,307	\$ 452,213,718	\$ 439,530,096
Applicable to Limit as a Percentage of Debt Limit	34.83%	32.21%	32.99%	32.31%	32.06%	32.43%	32.71%	33.31%	33.45%	35.38%

** Fiscal 2021 information was not available at the time the audit report was issued. This is the most current information provided by the City of Roanoke as of June 30, 2021.

Table 16
Unaudited

CITY OF ROANOKE
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Per Capita Income (2)	Personal Income	School Enrollment (3)	Local Unemployment Rate (4)	National Unemployment Rate (5)
2011-12	97,206	39,100	3,827,065,000	13,006	6.5	8.4
2012-13	98,641	38,453	3,799,698,000	13,192	6.4	7.8
2013-14	98,913	39,385	3,915,935,000	13,390	5.7	6.3
2014-15	99,320	39,385	3,915,935,000	13,513	5.6	5.5
2015-16	99,681	39,385	3,915,935,000	13,685	4.1	5.1
2016-17	99,644	40,947	4,090,520,000	13,580	4.5	4.5
2017-18	99,837	42,263	4,211,972,000	13,601	3.4	4.2
2018-19	99,920	41,946	4,187,753,000	13,636	2.8	3.4
2019-20	99,348	43,451	4,341,578,000	13,845	7.9	11.1
2020-2021	99,795	45,277	4,488,860,000	13,697	4.3	6.1

(1) Source: Weldon - Cooper Center for Public Service, except as noted

(2) Source: Bureau of Economic Analysis

(3) Source: Roanoke City Public Schools

(4) Source: Virginia Employment Commission (Roanoke Metropolitan Statistical Area & USA)-Month of June only

(5) Source: Bureau of Labor Statistics

Table 17
Unaudited

CITY OF ROANOKE, VIRGINIA
PRINCIPAL EMPLOYERS
COMPARISON AS OF DECEMBER 31, FISCAL YEARS 2021 AND 2011

Employer	December 31, 2021			31-Dec-11		
	Rank	Ownership	Number of Employees	Rank	Ownership	Number of Employees
Roanoke Memorial Community Hospital	1	Private	1,000+	1	Private	1,000+
Roanoke City Public Schools	2	Local Govt	1,000+	2	Local Govt	1,000+
Carlton 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	5	Private	500-999	7	Private	500-999
Walmart	6	Private	500-999	6	Private	500-999
United States Postal Service	7	Federal Govt	500-999	10	Federal Govt	500-999
Virginia Western Community College	8	State Govt	500-999	8	State Govt	500-999
Anthem	9	Private	500-999	-	Private	500-999
Steel Dynamics Roanoke Bar Div	10	Private	500-999	-	Private	500-999

Sources: Virginia Employment Commission (VEC) and Roanoke Regional Partnership
Note: Total employee count no longer available from VEC

Table 18

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

	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
Average Daily Membership	13,697	13,845	13,636	13,601	13,580	13,585	13,513	13,390	12,438	13,006
Total Graduates	874	928	885	858	781	811	783	667	744	746
Dropout Rate Percentage	3.58%	3.34%	3.37%	3.57%	3.19%	3.60%	3.67%	3.48%	4.91%	5.37%
Student Attendance Rate	91.6%	94.3%	94%	94%	94%	94%	94%	93.79	94%	94%
Total Per Pupil Cost	\$ 14,210	\$ 13,421	\$ 13,951	\$ 13,355	\$ 12,929	\$ 12,404	\$ 12,472	\$ 11,841	\$ 11,825	\$ 11,328
Local Composite Index of Ability to Pay	33%	34%	34%	34%	34%	34%	36%	37%	37%	37%
Average Teacher Salary	\$ 57,943	\$ 57,320	\$ 56,338	\$ 53,687	\$ 50,277	\$ 48,707	\$ 47,845	\$ 50,509	\$ 47,363	\$ 43,654
per 1,000 Students	*	*	*	110.2	113.7	112.1	116.1	110.9	115.0	87.7

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

104

Table 19

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

	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
Superintendent	1	1	1	1	1	1	1	1	1.0	1.0
Asst. Supt./Executive Director/Supervisor	13	8	7	6	6	7	7	7	6.0	6.0
Principal/Asst. Principal	33	29	33	35	34	34	35	31.55	36.6	33.0
Classroom Teacher	65	62	63	57.6	55.8	53.8	52.8	52.8	53.8	54.0
Guidance Counselor	1069.4	1052.56	1056.26	1047.66	1054.11	1045.61	1052.86	1050.56	1,045.4	1,034.0
Librarian	50.6	48.6	45.6	45.6	45.6	44.6	44.6	43.6	43.6	41.1
Other Professional	25.6	25.6	25.6	25.6	26	26	26	26	26.0	26.0
Clerical	85.1	81.6	80	80.6	81.4	81.4	69.8	61.9	72.4	57.0
Teacher Aides	83	86	92	101	96	96	96.55	96.55	97.1	96.5
Attendance & Health	326	343	347	342	318.8	308.8	308.1	296.92	302.1	313.0
Pupil Transportation	1	1	1	1	1	1	1	1	1.0	1.0
Maintenance of Plant	2	2	2	2	2	2	2	2	2.0	2.0
Operation of Plant	37	35	37	36	34	34	31	36	40.0	53.0
Food Services	119	125	125	124	121	122	119	121	119.0	132.5
Total Personnel	3	3	2	2	2	55	62	69	77.0	108.0
	1,913.70	1,903.36	1,917.46	1,907.06	1,878.71	1,912.21	1,908.71	1,896.88	1,922.93	1,958.10

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)

	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
Elementary Schools:										
Crystal Spring	68	74	57	63	57	48	55	51	57	63
Fairview	424	398	348	380	372	329	391	389	390	388
Fallon Park	464	451	363	452	453	461	551	553	533	517
Fishburn Park	140	158	111	185	201	143	134	167	152	132
Garden City	196	209	148	184	180	190	226	245	218	232
Grandin Court	127	103	104	106	102	92	108	104	95	114
Highland Park	220	192	164	201	203	200	217	230	213	231
Hurt Park	321	321	278	288	317	348	366	355	381	282
Lincoln Terrace	254	257	238	253	277	266	277	247	221	222
Monterey	297	293	262	260	268	301	400	386	339	316
Morningside	210	182	161	201	218	225	250	252	227	214
Preston Park	336	287	245	293	275	240	330	311	286	245
Roanoke Academy	292	291	254	283	303	325	432	411	398	411
Round Hill	545	524	397	424	422	428	534	530	500	419
Virginia Heights	185	184	160	180	166	206	214	246	230	253
Wasena	118	114	87	127	136	138	151	164	168	119
Westside	556	544	464	442	483	568	673	664	619	546
Middle Schools:										
Addison	537	472	388	433	403	393	467	480	476	431
Breckinridge	468	447	356	362	288	266	369	356	353	362
Fishwick	359	357	340	374	362	379	461	489	457	401
Madison	355	319	251	330	327	323	309	295	273	285
Wilson	401	351	261	277	240	252	233	263	254	260
High Schools:										
William Fleming	1053	881	735	839	757	672	957	891	841	827
Forest Park Academy(c)	99	87	0	0	0	82	125	119	156	156
Patrick Henry	1019	927	827	1154	1077	952	956	892	857	838
Noel Taylor Learning Center (c)	40	63	0	0	0	65	88	108	89	86
Total Free Lunch Approvals	9,084	8,486	6,976	8,064	7,892	9,274	9,198	8,783	8,350	8,265
		b.		a.						
Total ADM	13,697	13,845	13,636	13,601	13,580	13,771	13,623	13,552	13,192	13,006
Percentage Free Lunch	66.32%	61.29%	51.16%	59.29%	58.11%	57.31%	68.08%	67.87%	66.58%	64.20%

- 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 student to receive free lunch/breakfast. As such, only Crystal Spring and Grandin Court do 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
Unaudited

ROANOKE CITY PUBLIC SCHOOLS
CAPITAL ASSET STATISTICS
June 30, 2021
(Unaudited)

School Description	Total Current Classrooms	Constructed Student Capacity	Current Useable Student Capacity	Enrollment FY2019-20	Enrollment FY2020-21	% Of Constructed Capacity	% Of Useable Capacity	Modular Buildings
Elementary Schools:								
Crystal Spring	19.0	425	456	358	325	76%	71%	0
Fairview	30.0	775	600	555	565	73%	94%	0
Fallon Park	39.0	858	780	608	572	67%	73%	0
Fishburn Park	25.0	750	480	299	259	35%	54%	0
Garden City	25.0	575	456	296	278	48%	61%	0
Grandin Court	16.0	525	480	340	341	65%	71%	0
Highland Park	27.0	525	456	367	372	71%	82%	0
Hurt Park	27.0	600	384	375	367	61%	96%	0
Lincoln Terrace	26.0	600	360	329	291	49%	81%	1
Monterey	29.0	775	520	526	478	62%	92%	0
Morningside	26.0	500	312	244	249	50%	80%	2
Preston Park	23.0	525	474	498	534	102%	113%	1
Roanoke Academy	31.0	750	530	410	365	49%	69%	0
Round Hill	36.0	792	720	715	711	90%	99%	0
Virginia Heights	22.0	425	332	316	294	69%	89%	0
Wasena	15.0	400	288	238	223	56%	77%	0
Westside	48.0	850	816	716	739	87%	91%	0
	464.0							
Middle Schools:								
Addison	40.0	1,075	720	650	670	62%	93%	0
Breckinridge	33.0	550	630	710	697	127%	111%	1
Fishwick	37.0	775	660	532	622	80%	94%	0
Madison	35.0	900	690	615	507	56%	73%	0
Wilson	40.0	975	840	657	652	67%	78%	0
	185.0							
High Schools:								
William Fleming	93	2,100	1,850	1,897	1,747	83%	94%	0
Patrick Henry	81	2,059	1,850	1,655	1,995	97%	108%	0
	174							
Regional Program:								
Roanoke Valley Governor's School	12	160	275	268	266	166%	97%	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. Students are enrolled at their home schools; approximately half of the students are enrolled in other school districts within the region.

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA

Table of Capital Assets by Location

June 30, 2021

(Unaudited)

Location	Land	Buildings and Structures	Equipment and Improvements	Construction in Progress	Total
William Fleming High School	\$ 237,993	\$ 61,904,702	\$ 1,259,686	\$ -	\$ 63,402,381
Patrick Henry High School	31,127	60,510,237	2,281,596	757,938	\$ 63,580,898
Lucy Addison Aerospace Middle School	12,015	13,681,192	1,018,715	129,390	\$ 14,841,312
James Breckinridge Middle School	37,500	7,431,523	447,885	897	\$ 7,917,805
John P. Fishwick Middle School	36,005	6,509,332	3,825,769	-	\$ 10,371,106
James Madison Middle School	9,883	5,905,713	299,257	-	\$ 6,214,853
William Ruffner Operations Center	35,329	4,198,169	5,323,309	640,566	\$ 10,197,373
Woodrow Wilson Middle School	12,500	12,544,822	306,883	76,202	\$ 12,940,407
Crystal Spring School	153,444	5,394,577	359,856	-	\$ 5,907,877
Fairview School	21,566	5,223,924	239,562	5,607	\$ 5,490,659
Fallon Park School	13,700	15,966,372	394,995	7,741	\$ 16,382,808
Fishburn Park School	4,236	4,026,484	395,344	-	\$ 4,426,064
Forest Park Academy	27,992	3,907,707	545,000	10,469	\$ 4,491,167
Garden City School	26,850	5,360,053	205,846	-	\$ 5,592,749
Grandin Court School	33,700	2,980,198	172,684	1,045	\$ 3,187,627
Highland Park School	600	5,835,880	255,424	1,661	\$ 6,093,565
Hurt Park School	2,085	4,446,799	187,436	-	\$ 4,636,320
Lincoln Terrace School	18,000	3,129,723	371,597	-	\$ 3,519,320
Monterey School	15,000	4,783,754	492,040	2,797	\$ 5,293,591
Morningside School	22,700	3,345,357	621,293	900	\$ 3,990,250
Noel C. Taylor Academy at Oakland	78,727	2,067,505	1,498,593	17,323	\$ 3,662,148
Preston Park School	33,956	3,933,667	168,699	7,286	\$ 4,143,608
Raleigh Court School	18,750	1,153,738	-	-	\$ 1,172,488
Roanoke Academy for Math and Science	15,000	13,102,308	488,756	-	\$ 13,606,064
Round Hill School	47,790	18,358,524	411,692	-	\$ 18,818,006
Virginia Heights School	32,750	7,037,115	263,936	28,407	\$ 7,362,208
Wasena School	20,000	4,377,729	178,178	-	\$ 4,575,907
Westside School	45,000	7,066,612	261,188	47,625	\$ 7,420,425
Governor's School for Math and Science	-	4,116,507	376,319	44,579	\$ 4,537,405
School Administration	8,050	1,109,141	1,289,190	-	\$ 2,406,381
Warehouse	-	-	412,698	-	\$ 412,698
School Transportation	360,000	1,883,378	222,131	-	\$ 2,465,509
Total Capital Assets	<u>\$ 1,412,248</u>	<u>\$ 301,292,740</u>	<u>\$ 24,575,557</u>	<u>\$ 1,780,432</u>	<u>\$ 329,060,978</u>

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. This schedule is presented only for informational purposes.

Note (2): Construction in Progress is provided by the City of Roanoke.



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COMPLIANCE SECTION



ROANOKE CITY
PUBLIC SCHOOLS

Strong Students. Strong Schools. Strong City.



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**THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA**

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021**

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Grant Award Dates	Federal ALN Number	Pass-through Entity Identifying Number/Other Identifying information	Cluster Amounts	Federal Expenditures
<u>Department of Agriculture:</u>					
National School Lunch Program - Commodities Schools (2)	7/1/2020-6/30/2021	10.555	--	\$ 344,657	
Department of Education:					
Child Nutrition Cluster					
National School Breakfast Program - CARES Act	7/1/2020-6/30/2021	10.553	Project source APE402630	1,555	
National School Lunch Program - CARES Act	7/1/2020-6/30/2021	10.555	Project source APE402640	2,672	
Summer Food Service Program for Children	7/1/2020-6/30/2021	10.559	Project Source APE603020	4,759,179	
Summer Food Service Program for Children - CARES Act	7/1/2020-6/30/2021	10.559	Project Source APE601750	1,413,661	
Total Child Nutrition Cluster					6,521,724
Department of Health:					
Child and Adult Care Food Program	7/1/2020-6/30/2021	10.558	Project APE700280	1,656,661	
Total					1,656,661
Fresh Fruit and Vegetable Program	7/1/2020-6/30/2021	10.582	Project Source APE402520		
Total Department of Agriculture					\$ 8,178,385
<u>Department of Defense:</u>					
Direct Payments:					
ROTC language and culture training grants	12/17/2013	12.357	--	127,011	
Total Department of Defense					\$ 127,011
<u>Department of Education:</u>					
Passed Through Commonwealth of Virginia Department of Education:					
Adult Education - Basic Grants to States	7/1/2020-6/30/2021	84.002	Grant Award #, AEFLA-42801-139-1617, Federal Award ID #, V002A200047		126,927
Title I-A Improving Basic Programs 2020	7/1/2019-9/30/2021	84.010	S010A190046	2,199,583	
Title I-A Improving Basic Programs 2021	7/1/2020-9/30/2022	84.010	S010A200046	4,663,864	
Total Title I-A Improving Basic Programs					6,863,446
Title I-D SOP Detention Center Reading Program 2019	7/1/2018-9/30/2020	84.013	S013A180046	1,755	
Title I-D SOP Detention Center Reading Program 2021	7/1/2020-9/30/2022	84.013	S013A200046	855	
Total Title I-D SOP - Neglected and Delinquent					2,609
Special Education Cluster					
Special Education-Grants to States - Federal (IDEA, Part B Section 611 Flow-through) 2020	7/1/2019-9/30/2021	84.027	H027A190107	772,999	
Special Education-Grants to States - Federal (IDEA, Part B Section 611 Flow-through) 2021	7/1/2020-9/30/2022	84.027	H027A200107	3,109,155	
Special Education - preschool grants (IDEA, Part B Section 619) 2020	7/1/2019-9/30/2021	84.173	H173A190112	76,557	
Special Education - preschool grants (IDEA, Part B Section 619) 2021	7/1/2020-9/30/2022	84.173	H173A200112	33,968	
Total Special Education (IDEA)					3,992,579
Career and Technical Education: Basic grants to states (Perkins) 2021	7/1/2020-6/30/2021	84.048	V048A200046	453,564	
Career and Technical Education: Perkins Secondary Programs Reserve	7/1/2020-6/30/2021	84.048	V048A190046	4,581	
Total Career and Technical Education: Basic grants to states (Perkins)					458,145
Title X-C McKinney-Vento Homeless 2019	7/1/2018-9/30/2020	84.196	Direct, G12417	10,000	
Title X-C McKinney-Vento Homeless 2020	7/1/2019-9/30/2021	84.196	Direct, G12417	18,000	
Title X-C McKinney-Vento Homeless 2021	7/1/2020-9/30/2022	84.196	Direct, G12417	81,699	
Total X-C McKinney-Vento Homeless					109,699
21st Century CLC (Title IV-B) - Garden City Yr1 2020	7/1/2020-9/30/2022	84.287	S287C200047	103,279	
21st Century CLC (Title IV-B) - Addison Yr1 2020	7/1/2020-9/30/2022	84.287	S287C200047	108,748	
21st Century CLC (Title IV-B) - Hurt Park Yr2 2019	7/1/2019-9/30/2021	84.287	S287C190047	46,370	
21st Century CLC (Title IV-B) - Hurt Park Yr3 2020	7/1/2020-9/30/2022	84.287	S287C200047	109,179	
21st Century CLC (Title IV-B) - Westside Yr1 2020	7/1/2020-9/30/2022	84.287	S287C200047	156,652	
21st Century CLC (Title IV-B) - Lincoln Terrace Yr1 2020	7/1/2020-9/30/2022	84.287	S287C200047	129,772	
Total 21st Century Community Learning Centers (Title IV, Part B)					654,000
Title IV - Part A LEA Student Support and Academic Enrichment 2020	7/1/2019-9/30/2021	84.424	S424A190048	194,693	
Title IV - Part A LEA Student Support and Academic Enrichment 2021	7/1/2020-9/30/2022	84.424	S424A200048	170,740	
Total Title IV - Part A LEA Student Support and Academic Enrichment					365,432
English language acquisition grant (Title III, Part A)	7/1/2019-9/30/2021	84.365	S365A190046	60,455	
English language acquisition grant (Title III, Part A)	7/1/2020-9/30/2022	84.365	S365A200046	105,336	
Immigrant and Youth State Grant (Title III, Part A)	7/1/2020-9/30/2022	84.365	S365A200046	3,526	
Total Title III, Part A - Limited English Proficient					169,317
Improving Teacher Quality State Grants (Title II, Part A) 2019	7/1/2018-9/30/2020	84.367	S367A180044	1,986	
Improving Teacher Quality State Grants (Title II, Part A) 2020	7/1/2019-9/30/2021	84.367	S367A190044	52,051	
Improving Teacher Quality State Grants (Title II, Part A) 2021	7/1/2020-9/30/2022	84.367	S367A200044	763,231	
Total Improving Teacher Quality State Grants					817,268
CARES Act (ESSER)	3/13/2020-9/30/2022	84.425D	Award# S425D20008; APE60177	5,572,000	
CARES - City of Roanoke	8/12/2020-12/31/2021	21.019	-----	1,715,000	
CARES Act Coronavirus Relief Fund (CRF) 2020	3/01/2020-12/31/2021	21.019	APE700560	2,342,095	
CARES - Special Education Services & Support	3/13/2020-9/30/2022	84.425D	Award# S425D200008; APE60173	64,757	
CARES - Social Emotional Universal Screener	3/13/2020-9/30/2022	84.425D	Award #S425D200008; DOE86537	32,500	
CARES - Instructional Delivery Supports	3/13/2020-9/30/2022	84.425D	Award# S425D200008; APE60170	23,892	
CARES - VA Initiative to Support Internet Outside of School Networks (VISION)	3/13/2020-9/30/2022	84.425C	Award# S425C200042; APE70037	358,085	
CARES - Cleaning Supplies	3/13/2020-9/30/2022	84.425D	Award# S425D200008; APE60041	21,487	
CARES - Facilities Upgrade	3/13/2020-9/30/2022	84.425D	Award# S425D200008; APE60042	47,784	
CARES - Part-Time Regional Program Governor's School	3/13/2020-9/30/2022	84.425D	Award# S425D200008; DOE86529	12,198	
CRRSA Act ESSER II	3/13/2020-9/30/2023	84.425D	Award# S425D210008; APE50195	1,820,594	
American Rescue Plan Act ESSER III	3/13/2020-9/30/2024	84.425U	Award# S425U210008; APE50193	744,444	
Total CARES Act					12,754,836
Total Department of Education					\$ 26,314,260

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Department of Medical Assistance Services:

Passed Through Commonwealth of Virginia Department of Medical Assistance Services:					
FAMIS Reimbursement	7/1/2020-6/30/2021	93.767	--	28,471	
Medicaid Reimbursement	7/1/2020-6/30/2021	93.778	--	487,633	
Total Department of Medical Assistance Services					\$ 516,103
Total Expenditures of Federal Awards					<u>\$ 35,135,759</u>

NOTE 1 - BASIS OF PRESENTATION:

The accompanying schedule of federal expenditures includes the activity of all federally assisted programs of the School Board of the City of Roanoke, Virginia and is presented on the modified accrual basis of accounting, as described in Note 1 to the School Board of the City of Roanoke's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on this schedule.

NOTE 2 - FOOD DISTRIBUTION:

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

NOTE 3 - INDIRECT COST RATE

The School Board of the City of Roanoke, Virginia used the federal indirect cost rates as furnished by Virginia Department of Education. The restricted rates are 4.0% and 19.9%, respectively.

**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 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, 2021, 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 October 29, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Board's financial statements are free 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.**

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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
October 29, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the School Board of the City of Roanoke, Virginia's (the "School Board"), a component unit of the City of Roanoke, Virginia, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School Board's major federal programs for the year ended June 30, 2021. The School Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School Board, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

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

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
October 29, 2021

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA

SUMMARY OF COMPLIANCE MATTERS

June 30, 2021

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 of the City of Roanoke, Virginia'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

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal program selected for testing.

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2021

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies** relating to the audit of the financial statements were reported 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*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings relating to the major programs**.
7. The programs tested as major were:

Name of Program	Assistance Listing #
Child Nutrition Cluster – School Breakfast Program	10.553
Child Nutrition Cluster – National School Lunch Program	10.555
Child Nutrition Cluster – Summer Food Service Program for Children	10.559
Elementary and Secondary School Emergency Relief	84.425D and 84.425U
Governor's Emergency Education Relief Fund	84.425C
Coronavirus Relief Fund	21.019
Child and Adult Care Food Program	10.558

8. The threshold for distinguishing Type A and B programs was \$1,054,073.
9. The School Board of the City of Roanoke was determined to be a **low-risk auditee**.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None.

D. FINDINGS – COMMONWEALTH OF VIRGINIA

None.

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2021

2020-001: Coronavirus Relief Fund – CFDA No. 21.019 – Allowable Costs

Condition:

One payroll disbursement included in expenditures submitted under the program contained a portion of the employer's share of an employee's health insurance premium. This expenditure was not in response to the COVID-19 pandemic and the allocation method was not consistently applied to all employees that responded to COVID-19.

Recommendation:

We recommend that only eligible disbursements be included in the submissions.

Current Status:

Comment is no longer applicable. No similar instances were noted during testing in fiscal year 2021.



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