

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, 2018



PHOTO CREDITS

Cover and Section Dividers: Our students and staff
Photographs by the Roanoke City Schools Department of Community Relations

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, 2018

Roanoke City School Board

Annette Lewis, Chairman
Mark K. Cathey, Vice Chairman
William B. Hopkins, Jr.
Dr. Eli Jamison
Laura D. Rottenborn
Lutheria H. Smith
Richard Willis

Rita D. Bishop, Ed. D., Superintendent

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

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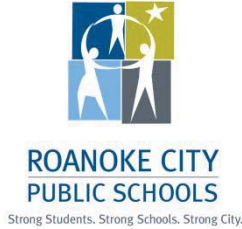
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INTRODUCTORY SECTION





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November 1, 2018

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

The Comprehensive Annual Financial Report (CAFR) 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, 2018, 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 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 CAFR.

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.

The independent audit of the basic financial statements of the School Board was performed in conjunction with a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The School Board is required to undergo an annual single audit in conformity with the

provisions of the *Single Audit Act Amendments of 1996* and Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the “Uniform Guidance”). The schedule of expenditures of federal awards and the independent auditor’s report on compliance for each major program and on internal control over compliance are included in this report.

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 2017 estimated population as per the US Census Bureau of 99,837 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.

During the 2017-18 school year, RCPS provided a comprehensive program of study for 13,788 students in grades pre-kindergarten through twelve. In 2017-18, there were 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 is predicted to increase at an average rate of .02% over the next two years.

Roanoke’s student population represents a diversity of cultures and ethnic groups. Approximately 45% of students are black, 36% are white, and 19% are Hispanic or other.

The USDA’s Community Eligibility Provision (CEP), implemented in fall 2015, provided free lunch for the overall student population at seventeen schools along with Forest Park Academy and Noel C. Taylor in 2017-2018. In 2017-18, 86.91% of RCPS students were provided free lunch through the Community Eligibility Provision (CEP).

For the first time, all of Roanoke City schools are accredited for the 2018-2019 school year. The comparisons of Roanoke City students’ pass rates on the State Standards of Learning (SOL) assessments in the 2017-18 school year are as follows: Reading decreased one point (74% to 73%), and writing decreased with a loss of seven points from (74% to 67%). A decline in Mathematics by two points (77% to 75%) and a decline in History from (79% to 75%). Science had no change by maintaining a 74% pass rate.

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 2017-18 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. School accreditation ratings for the 2018-2019 school year will be the first to reflect this new approach to accountability.

**Roanoke City Public Schools
Accreditation Status for 2017-18**
Based on 2017-18 Student Achievement

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

Roanoke City Public Schools SAT Results 2018

Three hundred thirty-nine (339) Roanoke City students took the SAT Reasoning Test. The division's mean Evidence-Based Reading and Writing score was five hundred twenty-seven (527), the mean Mathematics score was five hundred seven (507). 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 2018:

	<u>Roanoke</u>	<u>Virginia</u>	<u>U.S.</u>
African American	41%	19%	12%
Other Ethnicities	21%	27%	38%
White	37%	53%	44%

Mean scores of all students tested:

For the comparison in the chart the mean critical reading scores are being taken into account.

SAT Results	Roanoke	Virginia	U.S.	Difference
	Mean 2017 2018	Mean 2017 2018	Mean 2017 2018	2018 SAT results RCPS vs VA US
ERW**	522 527	560 567	538 536	-40 -9
Mathematics	502 507	541 550	533 531	-43 -24
Total Score	1025 1034	1101 1117	1071 1068*	-83 -34

*The mean scores for Evidence-Based Reading and Writing and Math don't add up to the total mean score because of rounding.

Mean scores of tested students by ethnicity:

For the comparison in the chart the mean critical reading scores are being taken into account.

SAT Results	Roanoke		Virginia		U.S.		Difference	
	Black	White	Black	White	Black	White	Black	White
	Mean	Mean	Mean	Mean	Mean	Mean	RCPS vs VA US	RCPS vs VA US
ERW**	462	603	499	589	483	566	-37 -21	+14 +37
Mathematics	443	577	475	568	463	557	-32 -20	+9 +20
Total Score	905	1180	974	1157	946	1123	-69 -41	+23 +57

Mean scores of students tested by high school:

For the comparison in the chart the mean critical reading scores are being taken into account.

SAT Results	Patrick Henry		William Fleming	
	Mean	Difference VA US	Mean	Difference VA US
ERW**	524	-43 -12	532	-35 -4
Mathematics	505	-45 -26	510	-40 -21
Total Score	1029	-88 -39	1042	-75 -26

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

The SAT and the one that came before are two different tests with two different scoring structures.

The scoring structure for the current SAT:

- **Total Score 400-1600**
- **Evidence-Based Reading and Writing Section: 200-800** (Writing is now COMBINED with Reading for one section.)
- **Math Section: 200-800**

**SAT I: Reasoning Test Scores for Graduating Seniors
Roanoke City Public Schools 2008-2018**

Table I. Mean Scores on SAT

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*	2018
Mean Reading *ERW SAT Score	474	484	480	469~	475	473	487	483	464	522	527
Mean Mathematics SAT Score	464	472	472	464~	465	468	479	477	457	502	507
Writing	464	460	460	450~	458	453	464	461	433	-	-
Total	1402	1416	1412	1383	1398	1394	1430	1421	1354	1025	1034

~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>										
	08	09	10	11	12	13	14	15	16	17*	18*	08	09	10	11	12	13	14	15	16	17*	18*
Mean Reading *ERW SAT Score	411	416	421	409~	409	410	410	422	417	456	462	541	548	545	541~	554	545	551	543	535	599	603
Mean Mathematics SAT Score	405	403	407	398~	399	407	404	419	411	445	443	527	534	535	537~	545	537	540	537	531	565	577
Writing	405	396	400	391~	396	395	395	404	388	-	-	529	521	522	515~	533	521	522	519	507	-	-
Total	1221	1212	1228	1198	1204	1212	1209	1245	1216	901	905	1597	1603	1603	1593	1632	1603	1613	1599	1573	1164	1180

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

**Roanoke City Public Schools
2018 ACT Results**

Participation in ACT testing among Roanoke City Public School graduates increased slightly. During 2018, eighty (80) seniors took the ACT compared with seventy-four (74) in 2017.

Total participants: 80

Patrick Henry High School: 47

William Fleming High School: 33

Percentage of Students Meeting College Readiness Benchmarks 2017/2018

	Patrick Henry 2017 / 2018	William Fleming 2017 / 2018	District 2017 / 2018	State 2017 / 2018	National 2017 / 2018
English Composition	78 / 85	36 / 45	62 / 69	80 / 80	61 / 60
College Algebra	72 / 79	21 / 21	53 / 55	60 / 60	41 / 40
Reading	70 / 79	29 / 36	54 / 61	67 / 66	47 / 46
Science	67 / 77	21 / 24	50 / 55	56 / 57	37 / 36
Composite	59 / 64	11 / 15	41 / 44	45 / 45	27 / 27

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

Comparison of Average ACT Scores

	English 2017 2018		Mathematics 2017 2018		Reading 2017 2018		Science 2017 2018		Composite 2017 2018	
PH	23.2	25.9	24.3	25.8	24.3	27.1	24.3	26.7	24.2	26.5
Fleming	17.6	18.1	18.7	19.2	19.8	19.5	19.3	19.4	19.0	19.2
RCPS	21.0	22.7	22.2	23.0	22.6	23.9	22.4	23.7	22.2	23.5
Virginia	23.5	23.8	23.3	23.3	24.6	24.7	23.5	23.5	23.8	23.9
National	20.3	20.2	20.7	20.5	21.4	21.3	21.0	20.7	21.0	20.8

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 2018 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). After a disappointing revenue experience in 2016-17 which came in far below budget projections, the City of Roanoke was very cautious in budgeting revenue for 2017-18. That approach paid off and instead of having to return funds to the city, as was the case in 2016-17 (over \$2 million), RCPS received an additional \$1.6 million above budget for 2017-18.

In its 2016-2018 biennial budget, the Commonwealth of Virginia made strides to move funding of public K-12 education closer to pre-recession levels. However, revenue in 2015-16 did not meet budget, resulting in the removal of funding for 2016-17 that was contingent on the Commonwealth meeting prior year targets. Sales tax revenue improved in 2017-18 compared to the prior year, but Roanoke City Public Schools' share was still slightly below budget. RCPS enrollment has increased for the past several years, but that growth has slowed in recent years and actually declined slightly for 2017-18. Funded Average Daily Membership (ADM) in 2017-18 was 12,822.83 compared with 12,825 in 2016-17. This is measured on March 31st of each year. The decline was unexpected because a significant gain of over 100 in fall membership (measured September 30 of each school year) was recorded. Because state funding is largely determined using formulas that are based on ADM, RCPS will be much more conservative in projecting funded ADM going forward. The year 2018 is the start of a new biennium, and the new biennial budget did not include a significant increase in funding for RCPS for the 2018-19 school year.

The Every Student Succeeds Act (ESSA), which replaced the No Child Left Behind Act of 2002, was signed into law on December 10, 2015. Implementation has been a slow process as new requirements are shared and processes for meeting those requirements are developed. The Commonwealth of Virginia's plan has been approved, and RCPS proceeds with utilizing important sources of federal funding, such as Title I-A, to supplement locally 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. 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.

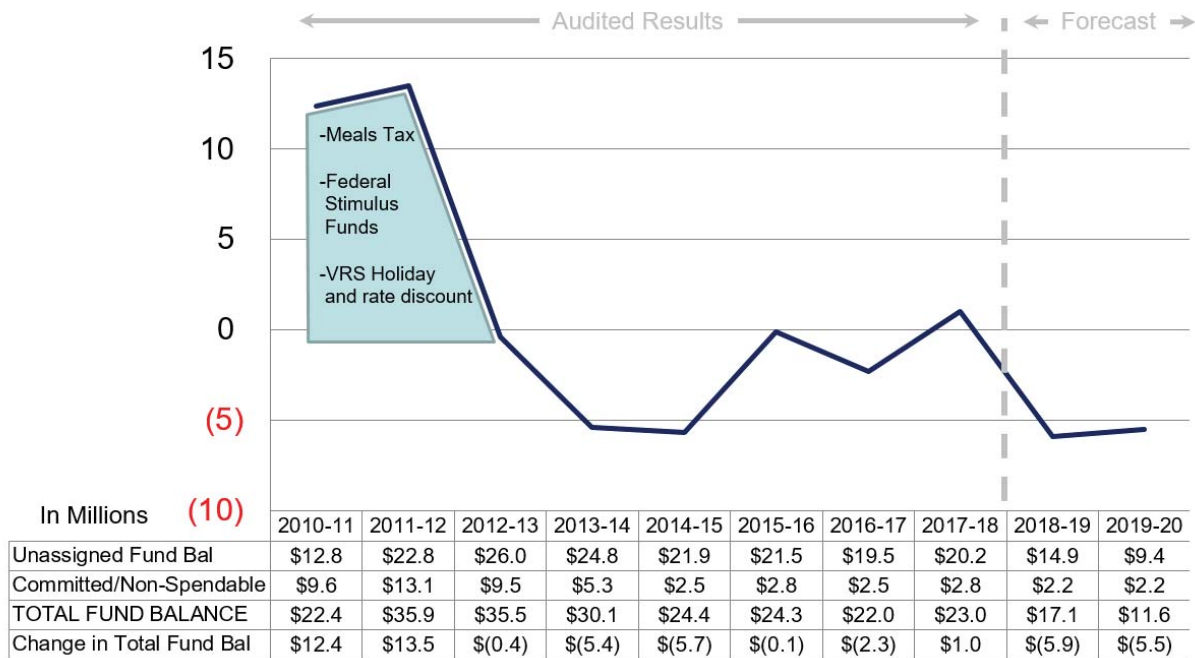
The growing shortage affecting the teaching profession nation-wide continues to be a challenge for Roanoke City Public Schools. The district's Human Resources professionals begin their recruiting efforts earlier each year. Establishing and maintaining a competitive teacher salary scale is a top priority. In June 2016, the School Board voted to adjust the teacher salary scales to correct a range of steps that lagged behind the average of like salary steps from a pool of comparable districts. Since then, RCPS has continued to provide a minimum 2% salary increase to all staff annually. RCPS has budgeted a 2% increase for all employees again in 2018-19. RCPS continues its efforts to keep salaries competitive with comparable districts, but average teacher pay across the nation, when compared with other professions, is grossly inadequate. Finding and retaining quality teachers will continue to be a challenge. This is particularly true for urban school districts like Roanoke City Public Schools where many students lack adequate resources or supports outside of school, and need additional support from their school family to be successful. RCPS added a recruiter position in 2017-18 to focus on employee recruitment and retention. This position is particularly focused on enhancing the school division's minority recruitment efforts.

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 2019 if current trends continue. The following chart illustrates the projected impact of this deficit spending on total General Fund fund balance:



Roanoke City Public Schools

Change in Fund Balance – General Fund



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. The School Board also maintains an encumbrance accounting system as an additional method of accomplishing budgetary control. Activities of the General Fund and Food Service Fund are included in the annual appropriated budget. Multi-year programs are adopted separately for the School Grants Fund.

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 2017-18 budget, Exhibits 3 and 4 will show that revenue and expenditure experience were such that the change in fund balance for the year ended June 30, 2018 was favorable.

Historically, Roanoke City Public Schools has budgeted conservatively in terms of budgetary impacts that cannot easily be predicted, such as salary lapse. Salary lapse is the savings that result during the time between when a position is vacated, and when a replacement employee can be hired. Inevitably RCPS experiences some salary lapse annually, but its variability makes its impact difficult to predict. RCPS did not count on a favorable budget impact from salary lapse or other variables in 2017-18 or prior years, but the variance between budget and actual expenditures in 2016-17, and the expectation that a similarly favorable variance would be experienced in 2017-18, led division administration to take a more aggressive approach to budget estimates for 2018-19. Actual revenue and expenditures as compared to budget are reviewed by administration and the School Board on a monthly basis.

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 2017 and 2018 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

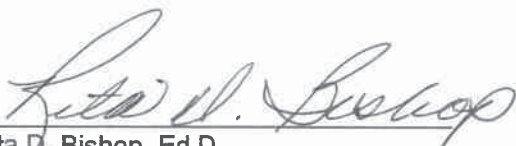
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the School Board of the City of Roanoke, Virginia, for its comprehensive annual financial report for the fiscal year ended June 30, 2017. The 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, 2017. 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.

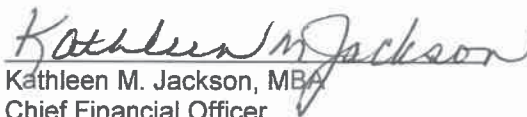
In order to be awarded a Certificate of Achievement, a school board must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. Such a CAFR must satisfy both U. S. generally accepted accounting principles and applicable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



Rita D. Bishop, Ed.D.
Superintendent of Schools



Kathleen M. Jackson, MBA
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**

School Board of the City of Roanoke, Virginia

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.'.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

A handwritten signature in black ink, reading 'John D. Musso'.

John D. Musso, CAE
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, 2017

Christopher P. Morrell

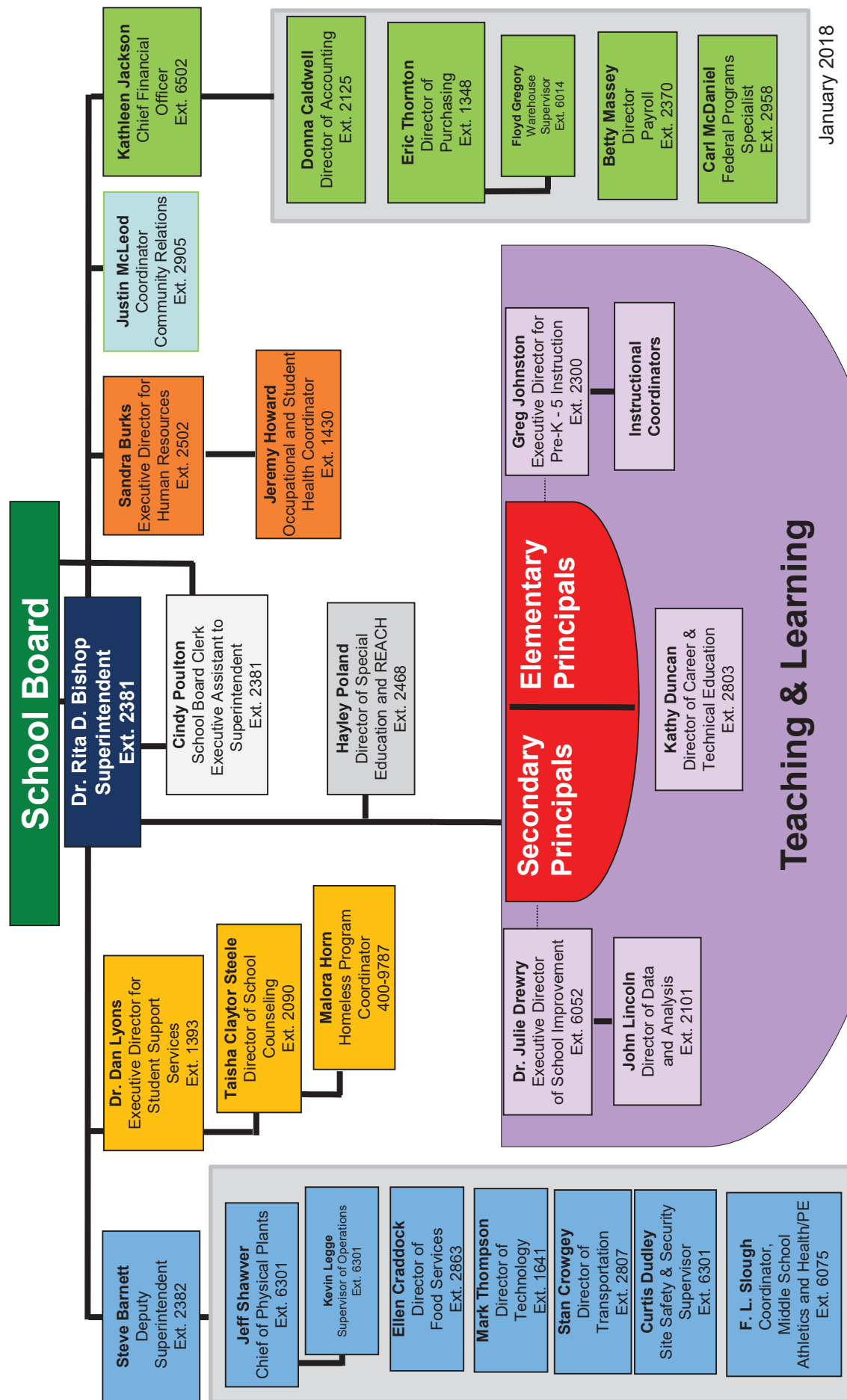
Executive Director/CEO



ROANOKE CITY
PUBLIC SCHOOLS

Roanoke City Public Schools

2017-18 Chart of Organization



**Roanoke City Public Schools
Officers and Principal Administrators
(July 1, 2017 through June 30, 2018)**

Roanoke City School Board

Annette Lewis	Chairman
Mark K. Cathey	Vice Chairman
William B. Hopkins, Jr.	Member
Dr. Eli Jamison	Member
Laura D. Rottenborn	Member
Lutheria A. Smith	Member
Richard Willis	Member
Cynthia H. Poulton	Clerk of the Board

Superintendent of Schools

Rita D. Bishop, Ed D.	Superintendent
-----------------------	----------------

Executive Staff

P. Steve Barnett	Deputy Superintendent
Kathleen M. Jackson	Chief Financial Officer
Dan Lyons, Ed. D.	Executive Director, Student Services
Julie Drewry, Ph.D.	Executive Director, School Improvement
Greg Johnston	Executive Director, K-5 Instruction
Sandra Burks	Executive Director, Human Resources

FINANCIAL SECTION





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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, each major fund, and the remaining fund information 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, 2018, 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 the *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, each major fund, and the remaining fund information of the School Board, as of June 30, 2018, 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.

Change in Accounting Principle

As described in note IIIG to the financial statements, in 2018 the School Board adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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*, 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.

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 November 1, 2018 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* the School Board's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 1, 2018

**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, 2018**

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, 2018. 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 (\$117,536,798) (net position). Of this amount, \$3,034,853 was invested in capital assets, leaving unrestricted net position totaling (\$120,571,651). Unrestricted net position is normally used to meet the School Board's ongoing obligations to citizens and creditors.
- Net position decreased by \$15,102,865, a 14.7% decrease from the prior fiscal year-end balance. Total assets increased by \$2,985,285. Total liabilities increased by \$2,077,583. The change in total assets was due to decreases in cash and cash equivalents and due from other governments, offset by increases in due from City of Roanoke, net pension asset, accounts receivable, capital assets, and prepaid and other assets for an overall increase of 7.07% over the prior year. The change in total liabilities was due to an increase in accounts payable and accrued expenses, claims payable, workers' compensation, and net pension and other post employment benefits liabilities offset by decreases in unearned revenue, long term liabilities due within one year, and compensated absences payable.
- The general fund experienced a net operating increase of \$3,406,986 largely due to an increase in budgeted to actual revenue in funding from City of Roanoke and favorable health care expenditures. The food service fund experienced a net operating increase of \$573,050 primarily due to increased efficiency in food inventory management and federal funding.
- Overall revenues were approximately \$204 million, \$1.2 million more than expenditures. The revenue increase of \$1,330,213 from the City of Roanoke was attributable to improvement of local tax collections.
- The total cost of basic programs was approximately \$200 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 \$140 million.
- At the end of the current fiscal year, unassigned fund balance for the general fund was approximately \$20.2 million, or 12.4% 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.
- As required by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which the Schools adopted as of July 1, 2007, the Schools actuarially determined the liability associated with other postemployment benefits (OPEB) for retirees. The Schools have committed a portion of its fund balance for the annual required contribution of \$829,210 as of the end of fiscal year 2018. As discussed later, GASB 75, which was adopted in 2018, replaced GASB 45. There was no impact on fund balance commitments.
- In 2018, the School Board adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The overall effect of this new standard is to reflect the School Board's long-term other postretirement benefit ("OPEB") obligations directly in the financial statements. Under previous accounting guidance, these amounts were recorded incrementally over time, but were not recognized in their entirety. Instead, the total liability which has now been recorded, was only disclosed. The new standard not only changes certain measurement methodologies, but also requires certain new disclosures and that the School Board record a net OPEB liability directly on the statement of net position. Beginning net position has been restated as discussed in Note III. G., and

this has had a significant impact on the School Board's net position. However, because similar information has been disclosed in prior years, both in the notes to the financial statements and in required supplementary information, the effect of this new standard is not expected to negatively affect how most governmental entities are viewed by sophisticated readers of their financial statements. Because information to restate prior years is not readily available, the prior year comparative information included in this discussion and analysis has not been restated.

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 can be divided into two categories: governmental funds and fiduciary fund.

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 three 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, and school grants 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.

Fiduciary Fund. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School Board's programs. The School Board's fiduciary fund consists of the school activity funds.

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,	
	2018	2017
Current and other assets	\$ 42,176,037	\$ 39,311,844
Capital Assets, net	3,034,853	2,913,761
Total Assets	45,210,890	42,225,605
Total Deferred Outflows of Resources	19,263,093	24,111,626
Current and other liabilities	14,390,351	13,288,275
Long-term Liabilities	151,271,216	150,295,709
Total Liabilities	165,661,567	163,583,984
Total Deferred Inflows of Resources	16,349,214	5,187,180
Investment in capital assets	3,034,853	2,913,761
Unrestricted	(120,571,651)	(105,347,694)
Total Net Position	\$ (117,536,798)	\$ (102,433,933)

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 \$117,536,798 at the close of the most recent fiscal year.

Current and other assets increased during the fiscal year by \$2,985,285. The increase was primarily comprised of increases of \$3,874,634 due from the City of Roanoke, \$39,652 prepaid and other assets, \$235,244 net pension asset, \$68,654 accounts receivable, and offset by decreases of \$1,048,370 in cash and cash equivalents, and \$305,621 due from other governments. The decrease in cash and cash equivalents directly relates to the increase in receivables from City of Roanoke at the end of the fiscal year. There was an increase in capital assets of \$121,092.

The School Board's investment in capital assets, machinery and equipment net of accumulated depreciation, in the amount of \$3,034,853 represents (2.6%) 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. No debt service exists for the reported capital assets.

Current and other liabilities increased by \$1,102,076. The net increase for this category was primarily comprised of an increase of \$899,973 in accounts payable and accrued expenses, an increase in claims payable of \$930,285 which resulted from increases in both health insurance and workers' compensation, and offset by decreases in net funds due to the City of Roanoke of \$688,253, in unearned revenue of \$33,427, and in long term liabilities due within one year of \$6,502.

Long-term liabilities increased by \$975,507. The net increase for this category was due to an increase of \$447,217 in the liability of workers' compensation benefits and \$545,962 in net pension liability, offset by a decrease in compensated absences of \$17,672.

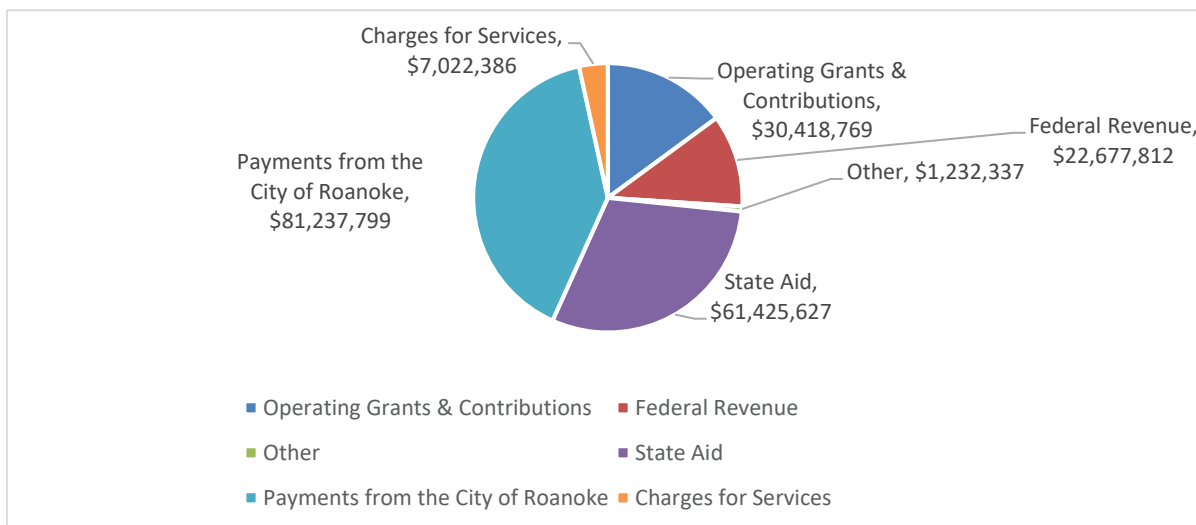
The School Board's change in net position, in the amount of \$26,403,925 exclusive of the net pension and OPEB liability represents resources that are available to be used to meet the School Board's ongoing obligations to students, staff, and creditors. The increase of unrestricted net position from the prior year is \$765,411.

Governmental Activities. Governmental activities resulted in an increase in the School Board's net position of \$4,386,300 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 \$139.5 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, \$84.8 million, comprises 60.6% of total governmental activities. The net cost of operations, maintenance, and facilities was \$15.2 million, or 10.9% of total governmental activities. The net costs of other functional activities were: athletics, \$1.6 million or 1.2%; transportation, \$10.6 million or 7.6%, payments to the primary government for debt service, \$13.9 million or 10.0%, support services, \$14.2 million or 10.2%. At fiscal year-end, food services had an operating gain in net position of \$743,075 or (0.5%) of the government-wide net cost. Expenses for FY 2018 decreased \$4.8 million in total compared to the prior year, with a \$1.9 million decrease in the cost of instructional programs largely due to a \$1.9 million decrease in regular instruction, a \$249,059 increase in school administration and a \$420,888 increase in special education instruction. There was a \$454,460 decrease in food service, a \$395,859 decrease in the cost of operations and maintenance, a \$1.25 million decrease in support services related to operational expenses, a decrease of \$187,943 in transportation, and a decrease of \$94,519 in athletics.
- General revenues not identifiable to specific functions or programs totaled \$143.8 million or \$4,386,300 more than the net cost of the division's programs. Total revenues for fiscal year 2018 increased \$6.0 million from the prior year. Program revenues increased by \$2.98 million or 5.2% and general revenue collections increased by \$3.0 million or 2.1%. The change in general revenue collection consisted of an increase in revenues from the City of Roanoke of \$2.9 million or 3.7%, and a decrease in state aid not restricted to specific programs of \$339,990 or (0.6%) from the prior year.
- 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 \$121,092, 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 \$543,568 (additions of \$717,227 less retirements of \$173,658) were offset by a net increase in accumulated depreciation for the year of \$422,477.
- The compensated absences liability decreased slightly by \$24,174.

Revenues and Expenses Summaries – Governmental Activities:

Revenues by Source – Governmental Activities:

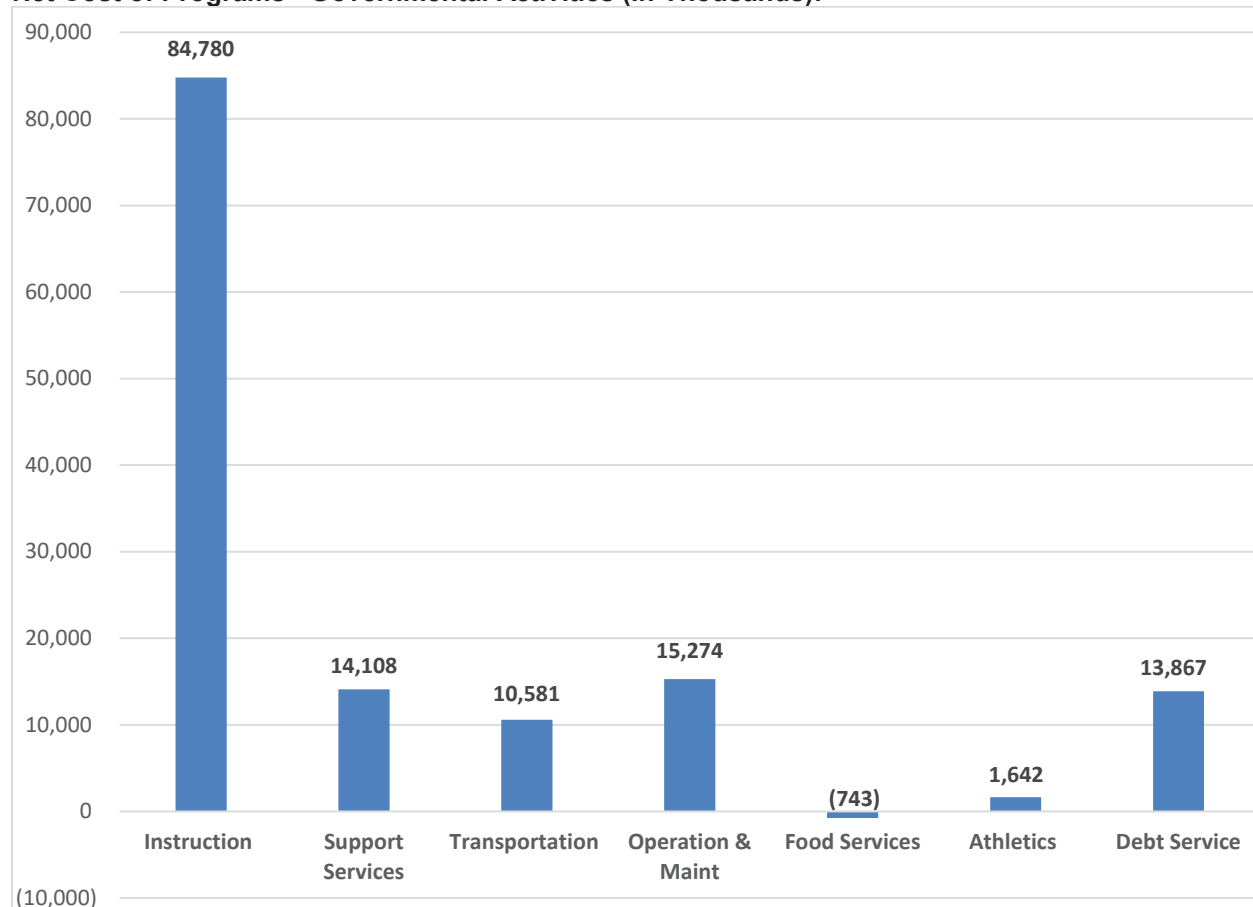


The School Board of the City of Roanoke, Virginia's Summary of Changes in Net Position

Governmental Activities

	Year Ended June 30,	
	2018	2017
Revenues:		
Program Revenues:		
Charges for services	\$ 7,022,386	\$ 7,433,461
Operating grants and contributions	53,096,581	49,701,684
General Revenues:		
Payments from the City of Roanoke	81,237,799	78,359,591
State aid not restricted to specific programs	61,425,627	61,765,617
Interest Income on Investments	293,687	120,075
Other(Miscellaneous on Exhibit 2)	938,651	649,982
Total Revenues	<u>204,014,731</u>	<u>198,030,410</u>
Expenses:		
Instruction	135,484,910	134,380,569
Support Services	14,204,888	15,531,646
Transportation	10,581,175	10,769,118
Operation & Maintenance of Plant	15,274,411	15,670,270
Food Services	8,382,447	8,918,197
Athletics	1,833,502	1,919,667
Payments for Debt Service	13,867,098	14,274,185
Total Expenses	<u>199,628,431</u>	<u>201,463,652</u>
Change in net position	4,386,299	(3,433,242)
Net position - Beginning of year as restated	(121,923,098)	(99,000,691)
Net position - End of year	<u>\$ (117,536,798)</u>	<u>\$ (102,433,933)</u>

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 \$26,386,447, an increase of \$1,204,485 in comparison with the prior year. Of that amount, \$354,739 was non-spendable, zero was restricted, \$2,537,086 was committed, \$3,312,476 was assigned, and \$20,182,146 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 \$23,011,646. 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 2018 total fund balance represents 14.2% of total general fund expenditures, compared to the prior year total fund balance which represented 13.7% of total general fund expenditures.

The fund balance of the School Board's general fund increased \$931,435 during the current fiscal year, substantially less than the budgeted decrease of \$4.9 million. Key factors in this change are as follows:

- Revenues exceeded expenditures (excluding transfers) by \$3.4 million or approximately 2.06% of total revenues. Revenues were lower than budget by \$788,098. Expenditures were less than the budget due to a variety of reduced costs in fiscal year 2018 including lower than anticipated personnel and benefits costs, and increased grant funding to cover extended school year programs.
- Transfers to the school grants fund for program local match funds, in the amount of \$3,982,941, 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 \$273,050. This increase was largely due to more efficient management of food costs and fewer meals served during the year than was anticipated.

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, 2018, totaled \$3,034,853 (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 \$717,227, netted against the retirement of assets with a net book value of \$30,916 and depreciation expense for the year of \$565,219, resulting in a net increase in capital assets of \$121,092. 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>

Exhibit 1

**THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
Statement of Net Position
June 30, 2018**

<u>Assets</u>	<u>Governmental Activities</u>
Cash and Cash Equivalents	\$ 28,932,665
Accounts Receivable	197,042
Due From City of Roanoke	3,881,538
Due From Other Governments	7,038,997
Prepays and Other Assets	970,936
Net Pension and Other Post Employment Benefit Assets	1,154,859
Capital Assets, net	3,034,853
Total Assets	45,210,890
<u>Deferred Outflows of Resources</u>	
Deferred outflows related to Pensions and Other Post Employment Benefits (Note III. I.)	19,263,093
Total Deferred Outflows	19,263,093
<u>Liabilities</u>	
Accounts Payable and Accrued Expenses	5,661,067
Unearned Revenue	2,133,702
Claims Payable	5,772,366
Long-Term Liabilities Due Within One Year	823,216
Long-Term Liabilities:	
Workers' Compensation	2,179,550
Compensated Absences Payable	2,237,064
Net Pension and Other Post Employment Benefits liability (Note III. I.)	146,854,602
Total Liabilities	165,661,567
<u>Deferred Inflows of Resources</u>	
Deferred inflows related to Pensions and Other Post Employment Benefits (Note III. I.)	16,349,214
Total Deferred Inflows	16,349,214
<u>Net Position</u>	
Investment in Capital Assets	3,034,853
Unrestricted	(120,571,651)
Total Net Position	\$ (117,536,798)

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, 2018

<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	(82,556,954)	\$ 188,277	\$ 26,378,129	\$ (55,990,548)
Special Education	(29,732,732)	5,205,826	12,937,272	(11,589,634)
Vocational Instruction	(3,111,264)	-	946,892	(2,164,372)
Gifted	(1,454,886)	623,964	945,786	114,864
Guidance	(4,219,783)	-	1,677,040	(2,542,743)
Media Services	(1,041,412)	-	690,585	(350,827)
School Administration	(10,270,763)	-	-	(10,270,763)
District-Wide Instructional Programs	(3,097,116)	-	1,111,537	(1,985,579)
Support Services:	-			
Administration	(12,000,357)	30,795	-	(11,969,562)
Attendance and Health Services	(2,204,531)	-	66,000	(2,138,531)
Transportation	(10,581,175)	-	-	(10,581,175)
Operation & Maintenance of Plant	(15,274,411)	-	-	(15,274,411)
Food Services	(8,382,447)	782,182	8,343,340	743,075
Athletics	(1,833,502)	191,342	-	(1,642,160)
Debt Service - City of Roanoke	(13,867,098)	-	-	(13,867,098)
Total Governmental Activities	<u>\$ (199,628,431)</u>	<u>\$ 7,022,386</u>	<u>\$ 53,096,581</u>	<u>(139,509,464)</u>
General Revenues:				
Revenues from the City of Roanoke				81,237,799
State Aid not Restricted to a Specific Program				61,425,627
Miscellaneous				938,651
Interest Income on Investments				293,687
Total General Revenues				<u>143,895,764</u>
Change in Net Position				4,386,300
Net Position - Beginning of Year as restated				<u>(121,923,098)</u>
Net Position - End of Year				<u>\$ (117,536,798)</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, 2018

<u>Assets</u>	<u>General Fund</u>	<u>Food Service Fund</u>	<u>School Grants Fund</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and Cash Equivalents	\$ 25,487,136	\$ 3,445,529	\$ -	\$ 28,932,665
Accounts Receivable	102,153	22,417	72,472	197,042
Due From City of Roanoke	3,881,538	-	-	3,881,538
Due From Other Governments	1,914,654	126,028	4,998,315	7,038,997
Due From Other Funds	1,971,020	-	-	1,971,020
Prepays and Other Assets	350,729	4,010	-	354,739
Total Assets	<u>\$ 33,707,230</u>	<u>\$ 3,597,984</u>	<u>\$ 5,070,787</u>	<u>\$ 42,376,001</u>
<u>Liabilities, Deferred Inflows and Fund Balances</u>				
Liabilities:				
Accounts Payable and Accrued Expenditures	\$ 4,551,418	\$ 196,640	\$ 913,009	\$ 5,661,067
Claims Payable	5,698,567	26,543	47,256	5,772,366
Due to Other Funds	-	-	1,971,020	1,971,020
Unearned Revenue	-	-	2,133,702	2,133,702
Total Liabilities	<u>10,249,985</u>	<u>223,183</u>	<u>5,064,987</u>	<u>15,538,155</u>
Deferred Inflows:				
Unavailable Revenue	445,599	-	5,800	451,399
Total Deferred Inflows	<u>445,599</u>	<u>-</u>	<u>5,800</u>	<u>451,399</u>
Fund Balances:				
Non-spendable:	350,729	4,010	-	354,739
Committed:				
Committed for Workers' Compensation	1,399,561	58,315	-	1,457,876
Committed for Other Postemployment Benefits	829,210	-	-	829,210
Committed for Transportation Sinking Fund	250,000	-	-	250,000
Assigned:	-	3,312,476	-	3,312,476
Unassigned:	20,182,146	-	-	20,182,146
Total Fund Balances	<u>23,011,646</u>	<u>3,374,801</u>	<u>-</u>	<u>26,386,447</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 33,707,230</u>	<u>\$ 3,597,984</u>	<u>\$ 5,070,787</u>	
Amounts reported for governmental activities in the statement of net position are different due to:				
Receivables on the Statement of Net Position that do not provide current financial resources are reported as unavailable revenues in the funds.				451,399
Capital assets used in governmental activities are not current financial resources				3,034,853
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				(3,060,280)
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.				(2,179,550)
Other assets				616,197
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				1,154,859
Net Deferred outflows related to pensions and other post employment benefits				19,263,093
Net Deferred inflows related to pensions and other post employment benefits				(16,349,214)
Net pension and other post employment liability				(146,854,602)
				(142,785,864)
Net position of governmental activities				<u>\$ (117,536,798)</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 Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>School Grants Fund</u>	<u>Total Governmental Funds</u>
Revenues:				
Investment Income	\$ 293,687	\$ -	\$ -	\$ 293,687
Intergovernmental:				
City of Roanoke	80,922,413	-	-	80,922,413
Commonwealth of Virginia	83,823,968	224,402	7,780,140	91,828,510
Federal Government	-	8,118,938	14,558,874	22,677,812
Other Agencies	-	-	611,218	611,218
Charges for Services	252,705	782,182	5,205,826	6,240,713
Athletics	197,842	-	-	197,842
Miscellaneous	176,650	-	750,000	926,650
Total Revenues	<u>165,667,265</u>	<u>9,125,522</u>	<u>28,906,058</u>	<u>203,698,845</u>
Expenditures:				
Current - Education:				
Instruction	108,791,961	-	30,459,077	139,251,038
Administration, Technology, Attendance & Health	11,334,229	-	992,715	12,326,944
Transportation	10,795,797	-	-	10,795,797
Operation & Maintenance of Plant	15,639,974	-	229,817	15,869,791
Food Services	-	8,552,472	-	8,552,472
Athletics	1,831,220	-	-	1,831,220
Payments for Debt Service - City of Roanoke	13,867,098	-	-	13,867,098
Total Expenditures	<u>162,260,279</u>	<u>8,552,472</u>	<u>31,681,609</u>	<u>202,494,360</u>
Revenues Over (Under) Expenditures	<u>3,406,986</u>	<u>573,050</u>	<u>(2,775,551)</u>	<u>1,204,485</u>
Other Financing Sources (Uses):				
Transfers From Other Funds	1,507,390	-	3,982,941	5,490,331
Transfers To Other Funds	<u>(3,982,941)</u>	<u>(300,000)</u>	<u>(1,207,390)</u>	<u>(5,490,331)</u>
Other Financing Sources (Uses), Net	<u>(2,475,551)</u>	<u>(300,000)</u>	<u>2,775,551</u>	<u>-</u>
Net Change in Fund Balances	931,435	273,050	-	1,204,485
Fund Balances, Beginning of Year	<u>22,080,211</u>	<u>3,101,751</u>	<u>-</u>	<u>25,181,962</u>
Fund Balances, End of Year	<u>\$ 23,011,646</u>	<u>\$ 3,374,801</u>	<u>\$ -</u>	<u>\$ 26,386,447</u>
Net Change in Fund Balances				\$ 1,204,485
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.				315,886
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.				121,092
Decrease 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.				24,174
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			14,575,002	
Net Pension and Other Post Employment Benefits Expense			<u>(11,407,122)</u>	3,167,880
Increases in long-term Worker's Compensation do not represent a use of current financial resources, and therefore, are not reported in governmental funds.				(447,217)
Change in net position of governmental activities				<u>\$ 4,386,300</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 Fiduciary Assets and Liabilities
June 30, 2018**

	<u>Agency Fund</u>
<u>Assets</u>	
Cash and Cash Equivalents	\$ 882,782
<u>Liabilities</u>	
Accounts Payable	\$ 15,249
Due to Students	867,533
Total Liabilities	\$ 882,782

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, 2018

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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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. The fiduciary fund financial statements of the student activity funds are reported on an accrual basis.

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.

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.

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.

Additionally, the School Board reports the following funds:

The *School Activity Fiduciary Funds* account 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. These agency funds are custodial in nature, and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting.

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, 2018 are \$1,971,020. 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 appropriate 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 \$3,060,280 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 \$675,712 is included as a component of claims payable. The remaining \$2,179,550 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 appropriate 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, 2018 was \$2,133,702 which 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 appropriate 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; to be reported as committed, amounts cannot be used for any other purposes unless the same highest level of action is taken to remove or change the constraint.

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, 2017.

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 \$121,092 difference are as follows:

	Capital Outlay	Depreciation Expense	Net Book Value of Assets Disposed	Net Change in Capital Assets
Regular Instruction	\$ 253,798	\$ (254,375)	\$ (17,096)	\$ (17,673)
Administration	228,467	(249,661)	(13,820)	(35,014)
Transportation	24,937	(10,204)	-	14,733
Operation/Maintenance	210,025	(50,979)	-	159,046
	<u>\$ 717,227</u>	<u>\$ (565,219)</u>	<u>\$ (30,916)</u>	<u>\$ 121,092</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 \$423,043 difference are as follows:

	Compensated Absences	Workers' Compensation	Total
Liability as of June 30, 2018	\$ 3,060,280	\$ 2,179,550	\$5,239,830
Liability as of June 30, 2017	3,084,454	1,732,333	4,816,787
Current Year Increase (Decrease)	<u>\$ (24,174)</u>	<u>\$ 447,217</u>	<u>\$ 423,043</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, 2018, 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, 2018, the School Board had the following investments and maturities:

	Investment Maturity	
	Fair Value	Less than 1 year
Virginia LGIP	\$ 26,840,587	\$ 26,840,587
TOTAL	\$ 26,840,587	\$ 26,840,587

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, 2018, the School Board had the following cash and investments:

Cash	\$ 30,704
Deposits	2,944,156
Virginia LGIP	26,840,587
Total Cash and Investments	\$ 29,815,447

Statements of net position:	
Cash and cash equivalents	\$ 28,932,665
Fiduciary fund cash and cash equivalents	882,782
Total Cash and Investments	\$29,815,447

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, 2018, 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, 2018 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	\$1,914,654	\$ -	\$1,150,866	\$3,065,520
Federal Government	-	126,028	3,847,449	3,973,477
City of Roanoke	3,881,538	-	-	3,881,538
Totals	<u>\$5,796,192</u>	<u>\$ 126,028</u>	<u>\$4,998,315</u>	<u>\$10,920,535</u>

C. Capital Assets

Capital asset activity for the year ended June 30, 2018 is as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Capital Assets				
Equipment:				
Instruction	\$ 3,779,196	\$ 253,798	\$ 75,663	\$ 3,957,331
Administration	1,927,172	228,467	97,995	2,057,644
Transportation	123,808	24,937	-	148,745
Maintenance	1,471,424	210,025	-	1,681,449
Total Equipment	7,301,600	717,227	173,658	7,845,169
Less:				
Accumulated Depreciation	(4,387,839)	(565,219)	142,742	(4,810,316)
Governmental activities, net	<u>\$ 2,913,761</u>	<u>\$ 152,008</u>	<u>\$ 30,916</u>	<u>\$ 3,034,853</u>

Depreciation expense and accumulated depreciation was allocated as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Depreciation per class:				
Instruction	\$ (1,914,834)	\$ (254,375)	\$ 58,568	\$ (2,110,641)
Administration	(1,260,829)	(249,661)	84,174	(1,426,316)
Transportation	(40,398)	(10,204)	-	(50,602)
Maintenance	(1,171,778)	(50,979)	-	(1,222,757)
Accumulated Depreciation	<u>\$ (4,387,839)</u>	<u>\$ (565,219)</u>	<u>\$ 142,742</u>	<u>\$ (4,810,316)</u>

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, 2018:

From:	To General Fund	To School Grants	Total
General Fund	\$ -	\$ 3,982,941	\$ 3,982,941
Food Service	300,000	-	300,000
School Grants	1,207,390	-	1,207,390
	<u>\$ 1,507,390</u>	<u>\$ 3,982,941</u>	<u>\$ 5,490,331</u>

E. Accounts Payable and Accrued Expenditures

The composition of accounts payable and accrued expenditures as of June 30, 2018, is as follows:

	<u>General</u>	<u>Food Service</u>	<u>School Grants</u>	<u>Total</u>
Accrued Payroll	\$ 571,443	\$ -	\$ 634,338	\$ 1,205,781
Payroll Withholdings	192,376	1,383	70,767	264,526
Flexible Spending	20,759	-	-	20,759
Accounts Payable	<u>3,766,840</u>	<u>195,257</u>	<u>207,905</u>	<u>4,170,002</u>
Totals	<u>\$ 4,551,418</u>	<u>\$ 196,640</u>	<u>\$ 913,009</u>	<u>\$ 5,661,067</u>

F. Claims Payable

As of June 30, 2018, the composition of claims payable includes amounts held to pay current health insurance and workers' compensation claims is as follows:

	<u>General</u>	<u>Food Service</u>	<u>School Grants</u>	<u>Total</u>
Health Insurance	\$ 5,061,537	\$ -	\$ 35,117	\$ 5,096,654
Workers' Compensation	<u>637,030</u>	<u>26,543</u>	<u>12,139</u>	<u>675,712</u>
	<u>\$ 5,698,567</u>	<u>\$ 26,543</u>	<u>\$ 47,256</u>	<u>\$ 5,772,366</u>

The total amount listed above is due 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.

G. Compensated Absences Payable

The change in compensated absences payable is summarized below:

Balance June 30, 2017	\$3,084,454
Increases	3,618,036
Decreases	<u>(3,642,210)</u>
Balance June 30, 2018	3,060,280
Amount Due Within One Year	<u>(823,216)</u>
Long-Term Payable	<u>\$2,237,064</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.

H. Fund Balances

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

The non-spendable portion of fund balance in the general fund is \$350,729.

The non-spendable portion of fund balance in the food service fund is \$4,010.

Commitments at June 30, 2018, consist of the following:

General Fund:

- 1) \$1,399,561 for long-term worker's compensation claims.
- 2) \$829,210 for other postemployment benefits.
- 3) \$250,000 for transportation sinking fund

Food Service Fund:

\$58,315 for long-term workers' compensation claims

Assignments at June 30, 2018, consist of the following:

Food Service Fund:

\$3,312,476 for the operational activities of the fund

I. 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.

	<u>Pensions</u>		<u>Other Post Employment Benefits</u>
Net pension asset		Net OPEB asset	
Non-Teachers VRS Multi Employer	\$ 1,138,650	VRS HIC, Non-Teachers	\$ 16,209
Total net pension asset	<u>\$ 1,138,650</u>	Total net OPEB asset	<u>\$ 16,209</u>
Deferred outflows of resources - Related to Pensions		Deferred outflows of resources - OPEB	
Teachers VRS Cost Sharing	\$ 16,856,612	VRS GLI	\$ 513,504
Non-Teachers VRS Multi Employer	114,998	VRS HIC, Teachers	1,003,227
City of Roanoke Pension	770,716	VRS HIC, Non-Teachers	4,036
Total deferred outflow of resources - Pensions	<u>\$ 17,742,326</u>	Total deferred outflow of resources - OPEB	<u>\$ 1,520,767</u>
Net pension liability		Net OPEB liability	
Teachers VRS Cost Sharing	\$ 123,985,000	VRS GLI	\$ 6,929,000
Non-Teachers VRS Multi Employer	-	VRS HIC, Teachers	12,810,000
City of Roanoke Pension	3,130,602	VRS HIC, Non-Teachers	-
Total net pension liability	<u>\$ 127,115,602</u>	Total net OPEB liability	<u>\$ 19,739,000</u>
Deferred inflows of resources - Related to Pensions		Deferred inflows of resources - OPEB	
Teachers VRS Cost Sharing	\$ 13,313,000	VRS GLI	\$ 827,000
Non-Teachers VRS Multi Employer	125,155	VRS HIC, Teachers	155,000
City of Roanoke Pension	1,926,251	VRS HIC, Non-Teachers	2,808
Total deferred inflow of resources - Pensions	<u>\$ 15,364,406</u>	Total deferred inflow of resources - OPEB	<u>\$ 984,808</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 school divisions, including the Roanoke School Board (the "School Division"), are automatically covered by the VRS Teacher Retirement Plan upon employment. This plan is a multiple employer cost-sharing plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their 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 funded 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 is as follows:

Plan 1 – Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

- **Hybrid Opt-In Election** – VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.
- **Retirement Contributions** – Employees contribute 5.00% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5.00% member contribution but all employees will be paying the full 5.00% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.
- **Creditable Service** – Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
- **Vesting** – Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.
- **Calculating the Benefit** – The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier, and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.
- **Average Final Compensation** – A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
- **Service Retirement Multiplier** – The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.
- **Normal Retirement Age** – Age 65.
- **Earliest Unreduced Retirement Eligibility** – Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.
- **Earliest Reduced Retirement Eligibility** – Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.

- **Cost-of-Living Adjustment (COLA) in Retirement** – The Cost-of-Living Adjustment (COLA) matches the first 3.00% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4.00%) up to a maximum COLA of 5.00%.
 - **Eligibility** – For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.
 - **Exceptions to COLA Effective Dates** – The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:
 - The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
 - The member retires on disability.
 - The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
 - The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
 - The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.
 - **Disability Coverage** – Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
 - **Purchase of Prior Service** – Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

Plan 2 – Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

- **Hybrid Opt-In Election** – Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.
- **Retirement Contributions** – Employees contribute 5.00% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5.00% member contribution but all employees will be paying the full 5.00% by July 1, 2016.
- **Creditable Service** – Same as Plan 1.
- **Vesting** – Same as Plan 1.
- **Calculating the Benefit** – See definition under Plan 1.

- **Average Final Compensation** – A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
- **Service Retirement Multiplier** – Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased, or granted on or after January 1, 2013.
- **Normal Retirement Age** – Normal Social Security retirement age.
- **Earliest Unreduced Retirement Eligibility** – Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.
- **Earliest Reduced Retirement Eligibility** – Age 60 with at least five years (60 months) of creditable service.
- **Cost-of-Living Adjustment (COLA) in Retirement** – The Cost-of-Living Adjustment (COLA) matches the first 2.00% increase in the CPI-U and half of any additional increase (up to 2.00%), for a maximum COLA of 3.00%.
 - **Eligibility** – Same as Plan 1.
 - **Exceptions to COLA Effective Dates** – Same as Plan 1.
- **Disability Coverage** – Same as Plan 1 except that the retirement multiplier is 1.65%.
- **Purchase of Prior Service** – Same as Plan 1.

Hybrid Retirement Plan – The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. The defined benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

- **Eligible Members** – Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes political subdivision employees; members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.
- **Non-Eligible Members** – Some employees are not eligible to participate in the Hybrid Retirement Plan. They include political subdivision employees who are covered by enhanced benefits for hazardous duty employees. Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
- **Retirement Contributions** – A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
- **Creditable Service** –
 - **Defined Benefit Component** – Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

- **Defined Contributions Component** – Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.
- **Vesting** –
 - **Defined Benefit Component** – Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.
 - **Defined Contributions Component** – Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. After two years, a member is 50% vested and may withdraw 50% of employer contributions. After three years, a member is 75% vested and may withdraw 75% of employer contributions. After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
- **Calculating the Benefit** –
 - **Defined Benefit Component** – See definition under Plan 1.
 - **Defined Contribution Component** – The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
- **Average Final Compensation** – Same as Plan 2 for the defined benefit component of the plan.
- **Service Retirement Multiplier** – The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. This is not applicable to sheriffs, regional jail superintendents, or hazardous duty employees.
- **Normal Retirement Age** –
 - **Defined Benefit Component** – Same as Plan 2.
 - **Defined Contribution Component** – Members are eligible to receive distributions upon leaving employment, subject to restrictions.
- **Earliest Unreduced Retirement Eligibility** –
 - **Defined Benefit Component** – Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.
 - **Defined Contribution Component** – Members are eligible to receive distributions upon leaving employment, subject to restrictions.
- **Earliest Reduced Retirement Eligibility** –
 - **Defined Benefit Component** – Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.
 - **Defined Contribution Component** – Members are eligible to receive distributions upon leaving employment, subject to restrictions.
- **Cost-of-Living Adjustment (COLA) in Retirement** –
 - **Defined Benefit Component** – Same as Plan 2.

- **Defined Contribution Component** – Not Applicable.
- **Eligibility** – Same as Plan 1 and 2.
- **Exceptions to COLA Effective Dates** – Same as Plan 1 and 2.
- **Disability Coverage** – Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
- **Purchase of Prior Service** –
 - **Defined Benefit Component** – Same as Plan 1, with the following exceptions:
 - Hybrid Retirement Plan members are ineligible for ported service.
 - The cost for purchasing refunded service is the higher or 4% of creditable compensation or average final compensation.
 - Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost.
 - **Defined Contribution Component** – Not Applicable.

Actuarial Assumptions – General Employees

The total pension asset for General Employees in the School Division's Retirement Plan was based on an actuarial valuation as of June 30, 2015, 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, 2017.

Inflation	2.50%
General Employees - Salary increases, including inflation	3.50 – 5.95%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation*
<ul style="list-style-type: none"> • 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities. 	

Mortality rates: General employees - 14% of deaths are assumed to be service related. Mortality is projected using the applicable RP-2000 Mortality Table Projected to 2020 with various setbacks or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees – Largest 10 – Non-LEOS and all Others (Non 10 Largest): Update mortality table; decrease in rates of service retirement; decrease in rates of disability retirement; and reduce rates of salary increase by 0.25% per year.

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
	Inflation		2.50%
*Expected arithmetic nominal return			7.30%

*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the school division's Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed 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. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer.

Each school division's contractually required contribution rate for the year ended June 30, 2018 was 16.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarial rate for the Teacher Retirement Plan was 21.32%.

The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the *Code of Virginia*, as amended, the contributions were funded at 68.28% of the actuarial rate for the year ended June 30, 2017. Contributions to the pension plan from the school division were \$12,791,612 and \$11,471,695 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the school division reported a liability of \$123,985,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. 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, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion was 1.00817% as compared to 1.00844% at June 30, 2016.

For the year ended June 30, 2018, the school division recognized pension expense of \$10,069,000. 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, 2018, 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	\$ -	\$ 8,779,000
Change in assumptions	1,809,000	-
Net difference between projected and actual earnings on pension plan investments	-	4,504,000
Changes in proportion and differences between Employer contributions and proportionate share of contributions	2,256,000	30,000
Employer contributions subsequent to the measurement date	12,791,612	-
Total	\$ 16,856,612	\$ 13,313,000

The \$12,791,612 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 ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Increase (Reduction) to Pension Expense
2019	\$ (3,948,000)
2020	443,000
2021	(1,185,000)
2022	(4,104,000)
2023	(454,000)

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, 2017, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 45,417,520
Plan Fiduciary Net Position	<u>33,119,545</u>
Employers' Net Pension Liability (Asset)	\$ 12,297,975
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.92%

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 (7.00%), 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	1.00% Decrease Rate (6.00%)	Current Discount Rate (7.00%)	1.00% Increase Rate (8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement plan net pension liability	<u>\$ 185,151,000</u>	<u>\$ 123,985,000</u>	<u>\$ 73,888,000</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 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-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 plan is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. The *Code of Virginia*, as amended, assigns the authority to establish and amend benefit provisions to the Virginia General Assembly. The System issues a publicly available comprehensive annual financial report for VRS. A copy of that report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annual-report.pdf>.

Plan participants are covered under three different benefit structures – Plan 1, Plan 2, and Hybrid. The provisions and features of the plans, as well as all actuarial assumptions, are substantially the same as those of the professional (teacher) plan.

Employees Covered by Benefit Terms

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>7</u>
Inactive members:	
Vested inactive members	8
Non-vested inactive members	129
Inactive members active elsewhere in VRS	<u>11</u>
Total inactive members	148
Active Members	<u>126</u>
Total covered employees	<u>281</u>

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5.00% member contribution.

The school division's contractually required contribution rate for the year ended June 30, 2018 was 8.36% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2018.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$98,135 and \$93,237 for the years ended June 30, 2018 and June 30, 2017, respectively.

Net Pension Asset

The school division's net pension asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Changes in Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) – (b)
Balances at June 30, 2016	\$ 1,673,168	\$ 2,592,783	\$ (919,615)
Changes for the year:			
Service cost	327,500	-	327,500
Interest	115,185	-	115,185
Changes of assumptions	(95,226)		(95,226)
Differences between expected and actual experience	22,079	-	22,079
Contributions – employer	-	93,237	(93,237)
Contributions – employee	-	164,828	(164,828)
Net investment income	-	332,502	(332,502)
Benefit payments, including refunds of employee contributions	(55,331)	(55,331)	-
Administrative expenses	-	(1,688)	1,688
Other changes	-	(306)	306
Net changes	\$ 314,207	\$ 533,242	\$ (219,035)
Balances at June 30, 2017	\$ 1,987,375	\$ 3,126,025	\$ (1,138,650)

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 7.00%, as well as what the net pension asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1.00% Decrease Rate (6.00%)	Current Discount Rate (7.00%)	1.00% Increase Rate (8.00%)
School division's net pension liability	<u>\$ (828,102)</u>	<u>\$ (1,138,650)</u>	<u>\$ (1,389,124)</u>

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

For the year ended June 30, 2017, the school division recognized pension expense of \$24,701. At June 30, 2017, 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	\$ 16,863	\$ 7,325
Change in assumptions	-	- 66,105
Net difference between projected and actual earnings on pension plan investments	-	- 51,725
Employer contributions subsequent to the measurement date	98,135	
Total	<u>\$ 114,998</u>	<u>\$ 125,155</u>

The \$98,135 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 ended June 30, 2018. 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 Ending June 30,</u>	<u>Increase (Reduction) to Pension Expense</u>
2019	\$ (52,409)
2020	(16,563)
2021	(10,523)
2022	(28,797)
2023	-
Thereafter	-

City of Roanoke Pension Plan

Plan Description

The City of Roanoke Pension Plan (Plan) is a cost-sharing, multiple employer, defined benefit pension plan. Of which the Roanoke City School Board is a participant and covers certain non-professional employees of the School Board who were hired prior to June 1, 2006. Effective July 1, 2006 this plan was closed to new employees.

The Pension 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. City Council appoints the nine-member Board. 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 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. As disclosed in the letter of transmittal, all Plan related administrative and benefit provisions are established by City ordinance, as contained in Chapter 22.3 of the Code of the City of Roanoke. 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 Pension 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 of Trustees. The Pension 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. If employees terminate before rendering ten years of service, they forfeit the right to receive any Pension Plan benefits. 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 of Trustees to enter into an agreement with the Virginia Retirement System or other school divisions of the Commonwealth of Virginia, having a defined benefit plan that is not supplemental to the Virginia Retirement System, 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 of Trustees has entered into Reciprocal Asset Transfer and Pension Portability Agreements with the Virginia Retirement System and the Newport News Employee's Retirement Fund.

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 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.

As part of Chapter 22.3 of City Code, The Plan provides cost of living supplements 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.

Employees do not contribute to the Plan unless purchasing service. Approximately 90 days prior to the beginning of each of the City's fiscal years, 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 2018 and 2017, the annual required contribution was \$248,488 and \$257,269 respectively with a contribution rate of 14.16% in fiscal year 2017 and 12.96% in fiscal year 2017.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2017, updated to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 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	1.83 percent for eligible participants, based on 2/3 of assumed inflation

Mortality rates for 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:

	Allocation Target	Weighted Contribution to Rate of Return
Equity		
US Equity	52.0%	5.20%
International		
Equity	22.0%	2.42%
Real Estate*	6.0%	0.42%
Fixed Income		
US Fixed Income	20.0%	1.00%
Total	100.0%	9.04%

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.

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 (6.75 percent) or 1-percentage-point higher (8.75 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, 2017	\$4,458,964	\$3,130,602	\$2,009,531

At June 30, 2018, the Schools reported a liability of \$3,130,602 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, 2017 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, 2017 relative to the total of the actuarially determined employer contributions to the pension plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for the City Plan's participating employers.

For the year ended June 30, 2018, the schools recognized pension expense of \$180,032. At June 30, 2017, the Schools' proportion was 2.17938% as compared to 2.9386% at June 30, 2016.

At June 30, 2017, 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	\$ -	\$ 161,353
Change in assumptions	88,403	-
Net difference between projected and actual earnings on pension plan investments	433,825	573,367
Changes in proportion and difference between employer contributions and proportionate share of contributions	-	1,191,531
Employer contributions subsequent to the measurement date	248,488	-
Total	<u>\$ 770,716</u>	<u>\$ 1,926,251</u>

\$522,228 is reported as deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2018. 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
2019	\$ (451,608)
2020	\$ (243,154)
2021	\$ (281,466)
2022	(427,795)
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 (CAFR). A copy of the 2017 CAFR may be obtained by writing to the City's Director of Finance at 215 Church Avenue, SW, Room 461, 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, 2016 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	2
Inactive members:	
Vested inactive members	1
Non-vested inactive members	0
Inactive members	0
	<hr/>
Total inactive members	3
Active members	126
Total covered employees	<hr/> <hr/>

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2015. 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 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.</i>
Total rate:	1.31% of covered employee compensation. Rate allocated 60/40; 0.79% employee and 0.52% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2018 Contribution	\$ 445,504
June 30, 2017 Contribution	\$ 441,640

Teacher Health Insurance Credit Program

Governed by:	<i>Code of Virginia 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.</i>
Total rate:	1.23% of covered employee compensation.
June 30, 2018 Contribution	\$ 987,227
June 30, 2017 Contribution	\$ 884,561

General Employee Health Insurance Credit Program

Governed by:	<i>Code of Virginia 51.1-1402(E) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.</i>
Total rate:	.11% of covered employee compensation.
June 30, 2018 Contribution	\$ 4,036
June 30, 2017 Contribution	\$ 3,534

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

The net OPEB liabilities were measured as of June 30, 2017 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, 2017 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, 2018 proportionate share of liability	\$6,504,000	\$262,000	\$163,000
June 30, 2017 proportion	.43222 %	.01741%	.01081%
June 30, 2016 proportion	.42798 %	.01709%	.01459%
June 30, 2018 expense (income)	\$ 84,000	\$ 4,000	(\$ 8,000)

Teacher Health Insurance Credit Program

June 30, 2018 proportionate share of liability	\$12,810,000
June 30, 2017 proportion	1.00976 %
June 30, 2016 proportion	1.00838 %
June 30, 2018 expense	\$ 1,044,000

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, 2016	\$ 29,212	\$ 42,312	\$ (13,100)
Changes for the year:			
Service cost	5,042	-	5,042
Interest	2,032	-	2,032
Benefit changes	-	-	-
Differences between expected and actual experience	-	-	-
Assumption changes	(1,356)	-	(1,356)
Contributions – employer	-	3,534	(3,534)
Net investment income	-	5,134	(5,134)
Benefit payments	(358)	(358)	-
Administrative expenses	-	(88)	88
Other changes	-	247	(247)
Net changes	\$ 5,360	\$ 8,469	\$ (3,109)
Balances at June 30, 2017	\$ 34,572	\$ 50,781	\$ (16,209)

For the year ended June 30, 2018, the School Board recognized \$3,233 of GLI OPEB expense for general employees.

At June 30, 2018, 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	\$ -	\$ 154,000
Change in assumptions	-	356,000
Net difference between projected and actual earnings on OPEB plan investments	-	261,000
Changes in proportion	68,000	56,000
Employer contributions subsequent to the measurement date	445,504	
Total	<u>\$ 513,504</u>	<u>\$ 827,000</u>

Teacher Health Insurance Credit Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	-	132,000
Net difference between projected and actual earnings on OPEB plan investments	-	23,000
Changes in proportion	16,000	
Employer contributions subsequent to the measurement date	987,227	-
Total	<u>\$ 1,003,227</u>	<u>\$ 155,000</u>

General Employee Health Insurance Credit Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	-	1,164
Net difference between projected and actual earnings on OPEB plan investments	-	1,644
Changes in proportion	-	-
Employer contributions subsequent to the measurement date	4,036	-
Total	<u>\$ 4,036</u>	<u>\$ 2,808</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, 2019. 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
2019	\$ (157,000)
2020	(157,000)
2021	(157,000)
2022	(157,000)
2023	(92,000)
Thereafter	(39,000)

Teacher Health Insurance Credit Program

<u>Year Ending June 30,</u>	<u>Increase (Reduction) to OPEB Expense</u>
2019	\$ (24,000)
2020	(24,000)
2021	(24,000)
2022	(24,000)
2023	(18,000)
Thereafter	(25,000)

General Employee Health Insurance Credit Program

<u>Year Ending June 30,</u>	<u>Increase (Reduction) to OPEB Expense</u>
2019	\$ (603)
2020	(603)
2021	(603)
2022	(603)
2023	(192)
Thereafter	(204)

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2016, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017:

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	7.75 – 5.00%
• Ages 65 and older	5.75 – 5.00%
Investment rate of return, net of expenses, including inflation*	GLI & HIC: 7.0%

- * 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 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, 2017, 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	\$ 2,942,426	\$ 1,364,702
Plan fiduciary net position	1,437,596	96,091
Employers' net OPEB liability (asset)	<u>\$ 1,504,840</u>	<u>\$ 1,268,611</u>
Plan fiduciary net position as a percentage of total OPEB liability	48.86%	7.04%

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	40.00 %	4.54 %	1.82 %
Fixed Income	15.00	0.69	0.10
Credit Strategies	15.00	3.96	0.59
Real Assets	15.00	5.76	0.86
Private Equity	15.00	9.53	1.43
Total	100.00 %		<u>4.80 %</u>
	Inflation		<u>2.50 %</u>
*Expected arithmetic nominal return			<u>7.30 %</u>

- * The above allocation provides for a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.5%.

Discount Rate

The discount rate used to measure the GLI and HIC OPEB liabilities was 7.00%. 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, 2019, 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, 2019 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 to Changes in the Discount Rate

The following presents the net OPEB liabilities 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 (6.00% HIC; GLI/2.56% LODA) or one percentage point higher (8.00% HIC; GLI/4.56%) than the current discount rate:

	1% decrease Rate (6.00%)	Current discount Rate (7.00%)	1.00% Increase Rate (8.00%)
GLI Net OPEB liability	\$ 8,961,950	\$ 6,929,000	\$ 5,280,984
Teacher HIC Net OPEB Liability	14,297,365	12,810,000	11,545,915
General Employee HIC Net OPEB liability (asset)	(11,324)	(16,209)	(20,244)
	<u>\$ 23,247,991</u>	<u>\$ 19,722,791</u>	<u>\$ 16,806,655</u>

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

C. Jointly Governed Organizations

The counties of Craig, Botetourt, and Franklin, and the cities of Roanoke and Salem jointly participate in a regional education program for severely handicapped students, operated by the Roanoke Valley Regional Board (Regional Board). The Regional Board is composed of six members, one from each participating locality. The School Board has control over budget and financing of the venture only to the extent of representation by the one board member appointed. Each locality's financial obligation is based on its proportionate share of students attending the regional program. For the fiscal year ended June 30, 2018, the School Board remitted \$5,570,380 to the Regional Board for services. The Regional Board has separately issued financial statements which can be obtained from the Regional Board, 143 Poor Farm Road, Fincastle, Virginia, 24090.

D. 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, 2018 we 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 2018, RCPS expended \$73,072 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.

E. 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 2017-18:			
Claims liability at July 1	\$ 4,289,485	\$ 2,284,929	\$ 6,574,414
Claims incurred (including IBNR and changes in estimates)	17,842,748	1,649,979	19,492,727
Claim payments	(17,035,577)	(1,079,646)	(18,115,223)
Claims liability at June 30	5,096,656	2,855,262	7,951,918
Due within one year	5,096,656	675,712	5,772,368
Long-term payable	\$ -	\$ 2,179,550	\$ 2,179,550

Fiscal Year 2016-17:

Claims liability at July 1	\$ 4,390,374	\$ 2,037,119	\$ 6,427,493
Claims incurred (including IBNR and changes in estimates)	18,361,236	1,080,666	19,441,902
Claim payments	(18,462,125)	(832,856)	(19,294,981)
Claims liability at June 30	4,289,485	2,284,929	6,574,414
Due within one year	4,289,485	552,596	4,842,081
Long-term payable	\$ -	\$ 1,732,333	\$ 1,732,333

F. 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 September 10, 2013, the School Board entered into a contract renewal with Mountain Valley Transportation, Inc. commencing July 1, 2014 continuing through June 30, 2019 whereby Mountain Valley will continue to provide student transportation services.

Total net payments to Mountain Valley Transportation during fiscal year 2018 and 2017 were \$10,405,543 and \$9,067,770 respectively. Future payments to Mountain Valley Transportation will depend upon the level of service (e.g., number of routes) required by RCPS.

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 may renew the agreement up to four additional one year terms beginning July 1, 2016.

Total net payments to SodexoMagic, LLC during fiscal year 2018 and 2017 were \$8,404,644 and \$8,442,667 respectively. Future payments to SodexoMagic, LLC will depend upon the level of services required by RCPS.

G. Adoption of New Standard and Prior Period Restatement

In the current year the School Board adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This standard replaces the requirements of GASB Statement No. 45 as it relates to governments that provide postemployment benefits other than pensions. The new Statement requires governments providing defined benefit postemployment benefits to recognize the long-term obligation for those benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of other postemployment benefits. The Statement also enhances

accountability and transparency through revised and new note disclosures and required supplementary information, including disclosing descriptive information about the types of benefits provided, how contributions to the plans are determined, and assumptions and methods used to calculate the liability. Comparative prior year information, to the extent presented, has not been restated because the necessary information is not available.

The following is a summary of the restatements to net position, as applicable, resulting from the adoption of GASB Statement No. 75:

	<u>Governmental Activities</u>
Net position July 1, 2017, as previously reported	\$ (102,433,933)
Recognition of other postemployment benefit related liabilities and related deferred outflows/inflows in accordance with GASB No. 75	<u>(19,489,165)</u>
Net position July 1, 2017, as restated	<u><u>\$ (121,923,098)</u></u>

H. New Accounting Pronouncements

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

The GASB issued **Statement No. 83**, *Certain Asset Retirement Obligations* in November 2016. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The requirements of this Statement are effective for periods beginning after June 15, 2018.

The GASB issued **Statement No. 84**, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2018.

The GASB issued **Statement No. 87**, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019.

The GASB issued **Statement No. 88**, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* in March 2018. This Statement improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowing and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The requirements of this Statement are effective for periods beginning after June 15, 2018.

The GASB issued **Statement No. 89**, *Accounting for Interest Cost Incurred before the End of a Construction Period* in June 2018. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for periods beginning after December 15, 2019. The requirements of this Statement should be applied prospectively.

The GASB issued **Statement No. 90**, *Major Equity Interests*, an amendment of GASB Statements No. 14 and No. 61 in August 2018. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

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



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REQUIRED SUPPLEMENTARY INFORMATION



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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, 2018

	<u>Budgeted Amounts</u>		<u>Variance with</u>
	<u>Original and Final</u>	<u>Actual</u>	<u>Final Budget</u>
		<u>Amounts</u>	<u>Positive</u>
			<u>(Negative)</u>
Revenues:			
Investment Income	\$ -	\$ 293,687	\$ 293,687
Intergovernmental:			-
City of Roanoke	79,592,200	80,922,413	1,330,213
Commonwealth of Virginia	84,843,163	83,823,968	(1,019,195)
Other Revenue	2,210,000	627,197	(1,392,803)
Total Revenues	<u>166,645,363</u>	<u>165,667,265</u>	<u>(788,098)</u>
Expenditures:			
Current - Education:			
Instruction	114,535,981	108,791,961	5,744,020
Administration, Technology, Attendance & Health	13,631,388	11,334,229	2,297,159
Transportation	11,112,495	10,795,797	316,698
Operation & Maintenance of Plant	16,520,265	15,639,974	880,291
Athletics	2,041,299	1,831,220	210,079
Payments for Debt Service	13,851,931	13,867,098	(15,167)
Total Expenditures	<u>171,693,359</u>	<u>162,260,279</u>	<u>9,433,080</u>
Revenues (Under) Over Expenditures	<u>(5,047,996)</u>	<u>3,406,986</u>	<u>8,644,982</u>
Other Financing Sources (Uses):			
Transfers From Other Funds	300,000	1,507,390	1,207,390
Transfers To Other Funds	-	(3,982,941)	(3,982,941)
Other Financing Sources (Uses), Net	<u>300,000</u>	<u>(2,475,551)</u>	<u>(2,775,551)</u>
Net Change in Fund Balance	(4,747,996)	931,435	5,869,431
Fund Balances, Beginning of Year	<u>22,080,211</u>	<u>22,080,211</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 17,332,215</u>	<u>\$ 23,011,646</u>	<u>\$ 5,869,431</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
Budgetary Comparison Schedule
Food Service Fund
For the Year Ended June 30, 2018

	<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	\$ 210,833	\$ 224,402	13,569
Federal Government	8,118,407	8,118,938	531
Charges for Services	842,715	782,182	(60,533)
Total Revenues	<u>9,171,955</u>	<u>9,125,522</u>	<u>(46,433)</u>
Expenditures:			
Current - Education:			
Food Services	9,171,955	8,552,472	619,483
Total Expenditures	<u>9,171,955</u>	<u>8,552,472</u>	<u>619,483</u>
Revenues (Under) Over Expenditures	<u>-</u>	<u>573,050</u>	<u>573,050</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	(300,000)	273,050	573,050
Fund Balances, Beginning of Year	3,101,751	3,101,751	-
Fund Balances, End of Year	<u>\$ 2,801,751</u>	<u>\$ 3,374,801</u>	<u>\$ 573,050</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, 2018

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, 2018.

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, 2018

	<u>2017-18</u>
Total OPEB Liability	
Service cost	\$ 5,042
Interest on total OPEB liability	2,032
Changes in benefit terms	-
Difference between expected and actual experience	-
Changes in assumptions	(1,356)
Benefit payments	(358)
Net change in total OPEB liability	<u>5,360</u>
Total OPEB liability - beginning	<u>29,212</u>
Total OPEB liability - ending	<u>34,572</u>
Plan Fiduciary Net Position	
Contributions - employer	3,534
Contributions - employee	-
Net investment income	5,134
Benefit payments	(358)
Administrative expenses	(88)
Other	247
Net change in plan fiduciary net position	<u>8,469</u>
Plan fiduciary net position - beginning	<u>42,312</u>
Plan fiduciary net position - ending	<u>50,781</u>
Net OPEB liability(asset)- ending	<u>\$ (16,209)</u>
Plan fiduciary net position as a percentage of total OPEB liability	<u>147%</u>
Covered employee payroll	<u>\$ 3,211,898</u>
Net OPEB liability (asset) as a percentage of covered employee payroll	<u>-1%</u>

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2017 information was presented in the entity's fiscal year 2018 financial report.

Schedule is intended to show information for 10 years. Since fiscal year 2018 (plan year 2017) was the first 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 Employee Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Schools - Professional Employees (SGLI)					
2018	0.43%	\$ 6,504,000	\$ 80,238,605	8.11%	48.86%
Schools - Professional Employees (HIC)					
2018	1.01%	\$ 12,810,000	\$ 80,236,537	15.97%	7.04%
Schools - Non Professional Employees (SGLI)					
2018	.017%/.011%	\$ 425,000	\$ 5,435,214	7.82%	48.86%

Schedule is intended to show information for 10 years. Since fiscal year 2018 (plan year 2017) was the first 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, 2018

Entity Fiscal Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
<u>Professional</u>					
Schools - Professional Employees (SGLI)					
2018	\$ 417,241	\$ 417,241	\$ -	\$ 80,238,605	0.52%
Schools - Teacher Health Insurance Credit Program (HIC)					
2018	\$ 987,227	\$ 987,227	\$ -	\$ 80,238,605	1.23%
<u>Nonprofessional</u>					
Schools - Nonprofessional Employees (SGLI)					
2018	\$ 28,263	\$ 28,263	\$ -	\$ 5,435,214	0.52%
Schools - Nonprofessional Employees (HIC)					
2018	\$ 4,036	\$ 4,036	\$ -	\$ 3,668,153	0.11%

Schedule is intended to show information for 10 years. Since fiscal year 2018 (plan year 2017) was the first 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 CHANGES IN NET PENSION ASSET AND RELATED RATIOS
June 30, 2018

	Schools- Nonprofessional Employees			
	2017-18	2016-17	2015-16	2014-15
Total Pension Liability				
Service cost	\$ 327,500	\$ 292,621	\$ 250,347	\$ 238,778
Interest on total pension liability	115,185	90,855	75,430	57,278
Changes in benefit terms	-	-	-	-
Difference between expected and actual experience	22,079	3,596	(71,963)	-
Changes in assumptions	(95,226)	-	-	-
Benefit payments, including refunds of employee contributions	(55,331)	(23,660)	(43,270)	(30,199)
Net change in total pension liability	314,207	363,412	210,544	265,857
Total pension liability - beginning	1,673,168	1,309,756	1,099,212	833,355
Total pension liability - ending	1,987,375	1,673,168	1,309,756	1,099,212
Plan Fiduciary Net Position				
Contributions - employer	93,237	114,441	103,468	167,937
Contributions - employee	164,828	145,769	131,040	112,035
Net investment income	332,502	48,318	99,131	259,744
Benefit payments, including refunds of employee contributions	(55,331)	(23,660)	(43,270)	(30,199)
Administrative expenses	(1,688)	(1,296)	(1,144)	(1,173)
Other	(306)	(19)	(21)	14
Net change in plan fiduciary net position	533,242	283,553	289,204	508,358
Plan fiduciary net position - beginning	2,592,783	2,309,230	2,020,026	1,511,668
Plan fiduciary net position - ending	3,126,025	2,592,783	2,309,230	2,020,026
Net pension Asset - ending	\$ (1,138,650)	\$ (919,615)	\$ (999,474)	\$ (920,814)
Plan fiduciary net position as a percentage of total pension asset	157%	155%	176%	184%
Covered employee payroll	\$ 2,615,319	2,099,489	\$ 2,291,740	\$ 2,220,265
Net pension asset as a percentage of covered employee payroll	-44%	-44%	-44%	-41%

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, only four years of data is available. However, 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 PENSION CONTRIBUTIONS
June 30, 2018

Entity Fiscal Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
Schools - Nonprofessional Employees					
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 four 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, 2018

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
2018	1.01%	\$ 123,985,000	\$ 80,236,536	154.52%	72.92%
2017	1.01%	141,324,000	79,683,440	177.36%	68.28%
2016	1.00%	125,881,000	76,869,589	188.29%	70.68%
2015	0.98%	118,679,000	74,342,482	159.64%	70.88%

CITY OF ROANOKE PENSION PLAN
June 30, 2018

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
2018	2.18%	\$ 3,130,602	\$ 1,757,341	178.14%	74.00%
2017	2.94%	4,984,640	1,985,104	251.10%	68.70%
2016	3.48%	4,882,739	2,690,735	186.52%	73.80%
2015	3.63%	4,256,291	2,937,608	144.89%	77.23%

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, only four 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

**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, 2018

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
2018	\$ 12,791,612	\$ 12,791,612	\$ -	\$ 80,236,536	15.94%
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, 2018

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
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	-	2,690,735	19.59%

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, only four 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, 2018

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. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 are not material.

Other Postemployment Benefits (OPEB)

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

Note 2. Changes of Assumptions

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 – Non-Hazardous Duty:

- Update mortality table
- Lowered in rates of service retirement
- Update withdrawal rates to better fit experience
- Lowered in rates of disability retirement
- No changes to salary rates
- Increase Line of Duty Disability rates
- Applicable to: Pension, GLI OPEB, and HIC OPEB

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

- Update mortality table
- Lowered rates of retirement at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience
- Lowered disability rates
- No changes to salary rates
- Increased Line of Duty disability rates from 14% to 15%
- Applicable to: Pension and GLI OPEB

Teacher cost-sharing pool

- Update mortality table
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience
- Update disability rates to better fit experience
- No changes to salary rates
- Applicable to: Pension, GLI OPEB, and HIC OPEB



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OTHER SUPPLEMENTARY INFORMATION





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THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
Schedule of Cash Receipts and Expenditures by School
School Activity Funds
For the Year Ended June 30, 2018

<u>School</u>	<u>Balance at Beginning of Year</u>	<u>Inter-School Transfers</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Balance at End of Year</u>
Due to Students					
High Schools:					
William Fleming High School	\$ 169,444	\$ (5,215)	\$ 253,424	\$ 263,375	\$ 154,278
Patrick Henry High School	181,074	(180)	377,694	366,427	\$ 192,161
Gibboney Technical Center	65,241	5,603	142,117	107,277	105,684
Roanoke Valley Governor's School	15,521	-	68,006	62,905	20,622
Noel C. Taylor Learning Academy	675	-	786	793	668
Forest Park Academy	2,338	-	7,842	7,767	2,413
Adult Education	57,404	-	2,825	4,969	55,260
Middle Schools:					
Lucy Addison Aerospace Middle School	3,633	(208)	32,141	30,502	5,063
James Breckinridge Middle School	4,333	-	13,374	12,836	4,871
Stonewall Jackson Middle School	2,718	-	5,424	4,387	3,756
James Madison Middle School	35,336	-	109,941	114,010	31,267
Woodrow Wilson Middle School	34,829	-	72,421	70,780	36,471
Elementary Schools:					
Crystal Spring Elementary School	36,076	-	24,232	23,612	36,697
Fairview Elementary School	7,465	-	28,969	29,421	7,014
Fallon Park Elementary School	14,289	-	6,585	9,359	11,515
Fishburn Park Elementary School	23,126	-	13,283	17,243	19,166
Garden City Elementary School	8,783	-	10,955	10,541	9,197
Grandin Court Elementary School	63,831	-	29,319	40,322	52,827
Highland Park Elementary School	18,297	-	39,439	41,210	16,525
Hurt Park Elementary School	3,065	-	4,601	4,902	2,765
Lincoln Terrace Elementary School	3,408	-	9,236	8,575	4,069
Monterey Elementary School	26,037	-	24,089	27,405	22,721
Morningside Elementary School	7,046	-	10,847	7,808	10,085
Preston Park Primary School	21,709	-	10,414	13,699	18,425
Roanoke Academy for Math and Science	24,024	-	8,637	16,474	16,187
Round Hill Primary School	2,222	-	10,728	10,436	2,514
Virginia Heights Elementary School	15,806	-	12,162	22,465	5,503
Wasena Elementary School	11,430	-	9,823	14,677	6,576
Westside Elementary School	9,105	-	18,224	15,240	12,090
Total Due to Students	<u>\$ 868,266</u>	<u>\$ -</u>	<u>\$ 1,357,539</u>	<u>\$ 1,359,416</u>	<u>\$ 866,388</u>
Fiscal Services	710	-	1,186	752	1,144
	<u>\$ 868,976</u>	<u>\$ -</u>	<u>\$ 1,358,725</u>	<u>\$ 1,360,169</u>	<u>\$ 867,533</u>
Current Year Accounts Payable					15,249
Total Cash Balance at June 30, 2018					<u>\$ 882,782</u>

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
Statement of Changes in Fiduciary Assets and Liabilities
For the Year Ended June 30, 2018

	<u>Assets</u>	<u>Agency Fund</u>
<u>Cash</u>		
Balance June 30, 2017	\$	915,237
Additions		1,373,975
Deductions		(1,406,430)
Balance June 30, 2018	\$	<u><u>882,782</u></u>
	<u>Liabilities</u>	
<u>Accounts Payable</u>		
Balance June 30, 2017	\$	46,261
Additions		15,249
Deductions		(46,261)
Balance June 30, 2018	\$	<u><u>15,249</u></u>
<u>Due to Students</u>		
Balance June 30, 2017	\$	868,976
Additions		1,358,725
Deductions		(1,360,169)
Balance June 30, 2018	\$	<u><u>867,533</u></u>
<u>Total Liabilities</u>		
Balance June 30, 2017	\$	915,237
Additions		1,373,975
Deletions		(1,406,430)
Balance June 30, 2018	\$	<u><u>882,782</u></u>

Schedule G

**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, 2018**

	<u>Amount</u>
The Virginia Municipal Liability Pool Property and Scheduled Equipment Coverage	\$ 476,012,898
The Virginia Municipal Liability Pool Local Government Liability Coverage	1,000,000
The Virginia Municipal Liability Pool Automobile Coverage	1,000,000
The Virginia Municipal Liability Pool No Fault Property Coverage	10,000
The Virginia Municipal Liability Pool Excess Liability Coverage	10,000,000
The Virginia Municipal Liability Pool Boiler and Machinery Coverage	1,000,000
The Virginia Municipal Liability Pool Fidelity/Crime Coverage	1,000,000
The Virginia Municipal Liability Pool Miscellaneous Equipment	2,887,608
United States Fire Insurance Company Student Accident Insurance - Coordinated with VHSLCI	1,000,000
Safety National 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)





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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	96-99
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	100-103
These schedules contain information to help the reader assess the School Board's most significant local revenue source.	
Debt Capacity	104-108
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	109
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	110-113
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	Unrestricted	Total Net Position
Fiscal Year 2009	4,137,983	4,945,470	9,083,453
Fiscal Year 2010	2,904,199	6,892,489	9,796,688
Fiscal Year 2011	2,799,326	19,619,040	22,418,366
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)

Source: Statement of Net Position (Exhibit 1).

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses:										
Instruction	\$ 135,484,910	\$ 134,380,569	\$ 125,138,180	\$ 124,257,802	\$ 115,218,083	\$ 113,261,181	\$ 108,920,537	\$ 107,067,285	\$ 109,338,130	\$ 111,483,779
Administration	12,000,357	13,231,068	14,014,816	12,521,240	12,161,115	12,319,863	10,847,658	8,032,822	11,206,444	10,017,243
Attendance & Health Services	2,204,531	2,300,578	2,088,754	2,008,631	4,464,234	4,164,983	3,998,564	2,279,228	1,709,483	3,414,687
Transportation	10,581,175	10,769,118	10,509,337	10,407,387	10,331,892	9,671,918	10,024,200	9,159,765	8,848,642	8,046,245
Operation & Maintenance of Plant	15,274,411	15,670,270	15,234,517	15,423,475	14,311,773	13,338,890	13,060,376	14,861,138	15,256,459	16,058,753
Food Services	8,382,447	8,918,197	7,417,602	6,882,007	6,709,067	6,816,374	6,231,331	5,613,676	5,232,656	5,324,523
Athletics (1)	1,833,502	1,919,667	1,883,433	1,826,495	1,626,777	1,583,315	1,557,556	1,380,626	1,181,887	1,512,359
Facilities	-	-	-	-	-	-	-	-	-	-
Payments for Debt Service	13,867,098	14,274,185	15,073,688	14,632,053	15,502,968	15,954,665	16,348,972	9,710,060	10,031,481	8,932,913
Total Expenses	199,628,431	201,463,652	191,360,327	187,959,090	180,325,909	177,111,189	170,989,194	158,104,600	162,805,182	164,790,502
Program revenues:										
Charges for services:										
Instruction	6,018,067	6,304,348	5,850,683	6,567,954	4,140,707	3,797,462	3,299,018	3,126,427	2,867,222	2,883,589
Administration	30,795	11,662	37,208	91,742	272,605	158,267	49,577	1,768,215	493,428	-
Technology	-	-	-	-	-	-	-	-	3,600	-
Transportation	-	-	-	-	27,768	66,138	63,840	209,661	154,061	974,079
Operations & maintenance	-	-	-	-	3,721	74,037	43,041	110,030	204,473	54,713
Food Services	782,182	934,463	919,537	1,098,051	1,148,606	1,146,209	1,269,261	1,138,961	1,248,571	1,368,128
Athletics (1)	191,342	182,988	171,751	186,764	171,605	162,282	184,231	213,892	179,060	110,995
Operating grants and contributions	53,096,581	49,701,684	49,230,834	42,055,561	42,615,404	44,492,512	50,542,428	46,888,580	43,808,957	40,880,659
Total revenues	60,118,967	57,135,145	56,210,013	50,000,072	48,380,416	49,896,907	55,451,396	53,455,756	48,959,372	46,272,163
Net expense	(139,509,464)	(144,328,507)	(135,150,314)	(137,959,018)	(131,945,493)	(127,214,282)	(115,537,798)	(104,648,844)	(113,845,810)	(118,518,339)
General revenues:										
Payments from the City of Roanoke	81,237,799	78,359,591	79,435,819	76,437,785	74,366,181	73,870,214	78,351,405	70,232,036	63,441,557	62,506,419
State aid	61,425,627	61,765,617	58,191,410	57,517,691	52,263,074	51,367,376	49,125,626	45,907,251	49,941,848	58,370,478
Grants not restricted to a specific program	-	-	-	-	-	15,809	18,695	23,074	8,197	25,473
Interest Income on Investments	293,687	120,075	49,145	49,049	73,939	68,365	35,626	-	-	-
Miscellaneous	938,651	649,982	833,791	703,547	1,454,980	1,176,318	1,253,544	791,469	144,787	151,797
Special item - Gain from sale of transportation vehicles and equipment	-	-	-	-	-	-	-	-	1,022,656	-
Special item - OPEB reduction in payable	-	-	-	-	-	-	-	316,692	-	-
Total general revenues	143,895,764	140,895,265	138,510,165	134,708,072	128,158,174	126,498,082	128,784,896	117,270,522	114,559,045	121,054,167
Change in net position	\$ 4,386,300	\$ (3,433,242)	\$ 3,359,851	\$ (3,250,946)	\$ (3,787,319)	\$ (716,200)	\$ 13,247,098	\$ 12,621,678	\$ 713,235	\$ 2,535,828

Source: Statement of Activities (Exhibit 2).

(1) In prior years Athletics expenses were not accounted for separately.

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

	2009	2010						
Pre-GASB 54 implementation:								
General Fund								
Reserved	\$ - *	\$ - *						
Unreserved	10,787,998	9,988,445						
Total General Fund	<u>10,787,998</u>	<u>9,988,445</u>						
All Other Governmental Funds								
Reserved	\$ -	\$ -						
Unreserved	1,111,426	2,817,037						
Total all other governmental funds	<u>1,111,426</u>	<u>2,817,037</u>						
	2011	2012	2013	2014	2015	2016	2017	2018
Post-GASB 54 implementation:								
General Fund								
Nonspendable	\$ 738,964	\$ 944,422	\$ 1,197,024	\$ 505,968	\$ 316,495	\$ 326,238	\$ 315,088	\$ 350,729
Committed	8,909,493	12,160,042	8,257,297	4,757,561	2,201,835	2,478,771	2,478,771	2,478,771
Assigned	-	-	-	-	-	-	-	-
Unassigned	12,704,697	22,791,837	25,999,072	24,841,317	21,926,916	21,553,941	19,286,352	20,182,146
Total General Fund	<u>22,353,154</u>	<u>35,896,301</u>	<u>35,453,393</u>	<u>30,104,846</u>	<u>24,445,246</u>	<u>24,358,950</u>	<u>22,080,211</u>	<u>\$ 23,011,646</u>
All Other Governmental Funds								
Nonspendable	\$ -	\$ -	\$ -	\$ 5,214	\$ -	\$ 15,727	\$ -	\$ 4,010
Committed	36,082	57,922	305,726	182,116	132,428	58,315	58,315	58,315
Assigned	3,149,862	2,989,357	2,100,558	2,147,563	2,052,546	2,999,943	3,043,436	3,312,476
Unassigned	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 3,185,944</u>	<u>\$ 3,047,279</u>	<u>\$ 2,406,284</u>	<u>\$ 2,334,893</u>	<u>\$ 2,184,974</u>	<u>\$ 3,073,985</u>	<u>\$ 3,101,751</u>	<u>\$ 3,374,801</u>

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

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

* As restated

Table 4

Roanoke City Public Schools
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Unaudited)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
City of Roanoke	\$ 80,922,413	\$ 78,369,658	\$ 79,354,317	\$ 76,437,785	\$ 74,165,273	\$ 73,555,711	\$ 78,351,405	\$ 70,232,036	\$ 63,441,557	\$ 62,506,419
Commonwealth of Virginia	91,828,510	89,760,821	83,245,409	81,507,123	75,065,989	71,641,056	68,878,360	66,050,074	70,342,651	81,114,482
Federal Government	22,677,812	22,200,866	22,238,051	18,086,127	19,696,156	23,476,103	29,877,473	26,373,082	23,035,591	17,578,897
Charges for services	6,240,713	6,433,934	6,165,705	7,019,218	5,593,407	5,220,361	4,724,737	6,263,751	2,537,590	5,280,509
Other	2,029,397	1,275,078	1,706,196	1,677,891	1,426,953	2,682,255	2,899,317	1,919,914	3,686,084	846,023
Total revenue	203,698,845	198,040,477	192,709,678	184,708,144	175,947,778	176,575,486	184,731,292	170,838,857	163,043,473	167,326,330
Expenditures:										
Current:										
Instruction	\$ 139,251,038	\$ 135,705,770	\$ 127,510,179	\$ 127,695,320	\$ 120,501,033	\$ 117,629,772	\$ 113,318,331	\$ 108,674,725	\$ 110,508,021	\$ 115,776,687
Administration, Technology & Health	12,326,944	13,268,491	14,030,949	12,812,005	12,273,031	12,510,079	10,934,955	10,098,271	11,168,822	11,325,604
Transportation	10,795,797	10,721,840	10,516,866	10,561,909	10,331,893	9,688,779	9,969,049	9,159,765	8,848,642	8,147,387
Operation & Maintenance of Plant	15,869,791	15,605,677	15,531,154	16,036,918	14,257,716	13,392,881	12,964,536	13,468,118	15,161,689	15,021,466
Food Services	8,552,472	8,879,046	7,422,916	6,984,186	6,874,298	6,919,898	6,227,606	5,613,676	5,236,873	5,321,241
Athletics	1,831,220	1,836,441	1,821,212	1,795,272	1,626,777	1,583,315	1,563,321	1,380,626	1,181,887	1,512,359
Facilities Capital Outlay	-	-	-	-	-	-	-	-	-	70,212
Payments for Debt Service	13,867,098	14,274,185	15,073,687	14,632,053	15,502,968	15,954,665	16,348,972	9,710,060	10,031,481	8,932,913
Total expenditures	202,494,360	200,291,450	191,906,963	190,517,663	181,367,716	177,659,389	171,326,810	158,105,241	162,137,415	166,107,869
Excess (deficiency) of revenues over (under) expenditures	1,204,485	(2,250,973)	802,715	(5,809,519)	(5,419,938)	(1,083,903)	13,404,482	12,733,616	906,058	1,218,461
Other financing sources (uses):										
Transfers from Other Funds	\$ 5,490,331	\$ 4,869,937	\$ 4,007,153	\$ 2,198,407	\$ 1,681,598	\$ 2,764,928	\$ 2,727,714	\$ 1,278,650	\$ 2,929,796	\$ 1,276,260
Transfers to Other Funds	(5,490,331)	(4,869,937)	(4,007,153)	(2,198,407)	(1,681,598)	(2,764,928)	(2,727,714)	(1,278,650)	(2,929,796)	(1,276,260)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Change in fund balances	\$ 1,204,485	\$ (2,250,973)	\$ 802,715	\$ (5,809,519)	\$ (5,419,938)	\$ (1,083,903)	\$ 13,404,482	\$ 12,733,616	\$ 906,058	\$ 1,218,461

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

Information is presented on a modified accrual basis of accounting.

Table 5

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

Regional Tuition - General Fund		Charges for Services - Food Services	
Annual Payment Received		Local Breakfast/Lunch Fees	
2009	1,990,872	2009	1,368,128
2010	2,169,750	2010	1,248,572
2011	2,500,940	2011	1,138,961
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

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

Table 6
Unaudited

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

	2017-18	2016-17	2015-2016	2014-15	2013-14	2012-13	2012-11	2011-10	2009-10	2008-09
Total Tax Levies	\$ 123,059,222	\$ 120,894,494	\$ 119,869,392	\$ 115,885,506	\$ 113,183,821	\$ 113,209,446	\$ 112,485,925	\$ 112,560,131	\$ 110,098,047	\$ 110,034,071
Current Tax Collections	113,368,012	110,623,042	110,372,175	105,842,394	103,746,942	103,802,153	103,693,219	102,130,123	100,833,008	98,726,769
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)	-	3,007,291	2,799,543	3,926,119	4,193,129	4,838,415	2,972,963	2,756,631	2,389,214	3,555,384
Delinquent Tax Collections - State Share (1)	-	-	-	-	-	-	-	-	-	-
Total Tax Collections	121,444,003	\$ 121,706,325	\$ 121,247,710	\$ 117,844,505	\$ 116,016,063	\$ 116,716,560	\$ 114,742,174	\$ 112,962,746	\$ 111,298,214	\$ 110,358,145
Current Tax Collections As										
Percent of Levies	98.69%	98.18%	98.81%	98.30%	98.80%	98.82%	99.36%	97.91%	98.92%	97.06%
Total Tax Collections As										
Percent of Levies (1)	98.69%	100.67%	101.15%	101.69%	102.50%	103.10%	102.01%	100.36%	101.09%	100.29%

(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	Assessed Value	Percentage Growth (Decline)		Estimated Actual Value	Assessment Ratio	Assessed Value	Percentage Growth (Decline)		Estimated Actual Value	Assessment Ratio	Assessed Value	Percentage Growth (Decline)		Estimated Actual Value
2009	\$6,564,294,962	4.92%	\$ 6,564,294,962	1.00	\$ 809,722,606	(3.22%)	\$ 1,349,537,677	0.60	\$ 335,086,164	6.51%	\$ 341,586,222	0.981	\$ 7,709,103,732	\$8,255,418,861
2010	\$6,698,391,113	2.04%	\$ 6,698,391,113	1.00	\$ 758,872,026	(6.28%)	\$ 1,264,786,710	0.60	\$ 359,212,368	7.20%	\$ 360,848,221	0.995	\$ 7,816,475,507	\$8,324,026,044
2011	\$6,801,971,286	1.55%	\$ 6,801,971,286	1.00	\$ 769,951,558	1.46%	\$ 1,283,252,597	0.60	\$ 353,515,462	(1.59%)	\$ 357,281,499	0.989	\$ 7,925,438,306	\$8,442,505,382
2012	\$6,794,772,298	(0.11%)	\$ 6,794,772,298	1.00	\$ 816,148,651	6.00%	\$ 1,360,247,752	0.60	\$ 360,309,314	1.92%	\$ 360,309,314	1.000	\$ 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	0.996	\$ 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	1.002	\$ 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	0.990	\$ 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	0.983	\$ 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	0.979	\$ 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	0.979	\$ 8,364,431,204	\$9,011,349,475

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	Assessed Value	Estimated Actual Value	Assessment Ratio	Assessed Value	Percentage Growth (Decline)		Estimated Actual Value	Assessment Ratio	Assessed Value	Percentage Growth (Decline)		Estimated Actual Value
2009	1.19	\$78,114,892	\$6,564,294,962	\$809,722,606	1.00	\$809,722,606	(3.22%)	\$ 1,349,537,677	\$335,086,164	0.60	\$335,086,164	6.51%	\$341,586,222	\$7,709,103,732
2010	1.19	\$79,710,636	\$6,698,391,113	\$758,872,026	1.00	\$758,872,026	(6.28%)	\$ 1,264,786,710	\$359,212,368	0.60	\$359,212,368	7.20%	\$360,848,221	\$7,816,475,507
2011	1.19	\$80,943,458	\$6,801,971,286	\$769,951,558	1.00	\$769,951,558	1.46%	\$ 1,283,252,597	\$353,515,462	0.60	\$353,515,462	(1.59%)	\$357,281,499	\$7,925,438,306
2012	1.19	\$80,857,790	\$6,794,772,298	\$816,148,651	1.00	\$816,148,651	6.00%	\$ 1,360,247,752	\$360,309,314	0.60	\$360,309,314	1.92%	\$360,309,314	\$7,971,230,263
2013	1.19	\$80,029,509	\$6,725,168,858	\$840,633,111	1.00	\$840,633,111	3.00%	\$ 1,401,055,185	\$416,800,579	0.60	\$416,800,579	15.68%	\$418,303,022	\$7,982,602,548
2014	1.19	\$79,491,642	\$6,679,969,872	\$859,809,462	1.00	\$859,809,462	2.28%	\$ 1,433,015,770	\$414,953,913	0.60	\$414,953,913	(0.44%)	\$413,969,355	\$7,954,733,247
2015	1.19	\$79,600,752	\$6,693,874,349	\$899,096,367	1.00	\$899,096,367	4.57%	\$ 1,498,493,945	\$437,573,144	0.60	\$437,573,144	5.45%	\$441,997,287	\$8,030,543,860
2016	1.22	\$82,035,606 (1)	\$6,724,229,966	\$942,611,706	1.00	\$942,611,706	4.84%	\$ 1,571,019,510	\$439,744,208	0.60	\$439,744,208	0.50%	\$447,535,616	\$8,106,585,880
2017	1.22	\$82,758,259	\$6,783,463,907	\$943,805,249	1.00	\$943,805,249	0.13%	\$ 1,573,008,748	\$451,184,702	0.60	\$451,184,702	2.60%	\$460,947,191	\$8,178,453,858
2018	1.22	\$85,037,691	\$6,970,302,556	\$956,571,007	1.00	\$956,571,007	1.35%	\$ 1,594,285,012	\$437,557,641	0.60	\$437,557,641	(3.02%)	\$446,761,907	\$8,364,431,204

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

Table 9
Unaudited

CITY OF ROANOKE, VIRGINIA
PRINCIPAL PROPERTY TAXPAYERS
COMPARISON OF JUNE 30, 2018 AND JUNE 30, 2009

		2018			2009		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
<u>Taxpayer</u>	<u>Description</u>						
Carilion Clinic	Healthcare Provider	\$ 249,511,824	1	2.98%	\$ 129,599,911	1	1.68%
Norfolk Southern Railway	Transportation	155,452,422	2	1.86%	95,983,901	3	1.25%
Appalachian Power	Public Utility	152,798,610	3	1.83%	104,041,819	2	1.35%
Valley View Mall LLC	Shopping Mall	87,491,600	4	1.05%	74,118,147	4	0.96%
Roanoke Gas Company	Public Utility	57,119,450	5	0.68%	30,278,088	7	0.39%
Roanoke Electric Steel Corp	Primary Metals	37,983,223	6	0.45%	35,702,395	6	0.46%
Wholesome Harvest Baking	Bakery	32,878,971	7	0.39%	25,185,751	8	0.33%
Verizon Virginia, Inc	Communications	31,531,352	8	0.38%	55,404,937	5	0.72%
Faison Roanoke Office Limited	Office Building	30,044,500	9	0.36%	-	-	-
Advance Auto Parts	Auto Parts	24,096,084	10	0.29%	-	-	-
Times-World Corp	Newspaper	-	-	-	22,438,451	9	0.29%
Coca-Cola Bottling Company	Bottling Plant	-	-	-	16,629,391	10	0.22%
		<u>\$ 858,908,036</u>		<u>10.27%</u>	<u>\$ 589,382,791</u>		<u>7.65%</u>

Source: City of Roanoke, Commissioner of the Revenue

Table 10
Unaudited

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

<u>Calendar Year</u>	<u>Total Retail Sales (1)</u>
2009	1,692,267,903
2010	1,676,331,018
2011	1,649,614,469
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 thru June	904,030,308

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

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 Western Virginia 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
2009	94,482	8,255,418,861	274,721,495	29,350,308	304,071,803	24,255,948	-	1,161,895	278,653,960	3.38%	2,949.28
2010	97,032	8,324,026,044	254,789,731	28,812,906	283,602,637	21,987,683	-	1,213,260	260,401,694	3.13%	2,683.67
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	195,603,381	31,485,399	227,088,780	7,003,200	-	123,138	219,962,442	2.44%	2,203.22

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.

Table 12
Unaudited

CITY OF ROANOKE, VIRGINIA
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2018

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, 2018 (1)		\$	6,970,302,556
Legal Debt Limit: 10%	\$	697,030,256	697,030,256
Debt applicable to limitation:			
General Obligation Serial Bonds - Governmental Activities			149,242,240
General Obligation Serial Bonds - Western Virginia Water Authority (WVWA)			7,003,200
Premium on Bonds - Governmental Activities			11,601,137
Deferred Bond Costs - Governmental Activities			(4,718,492)
Bond Anticipation Note			7,561,205
Qualified Zone Academy Bonds (QZAB)			2,090,712
State Literary Fund Loans			500,000
Virginia Public School Authority (VPSA) School Bonds			22,323,379
Capital Leases			3,964,359
Civic Facilities Enterprise Fund - Business-type Activities			12,628,500
Premium on Bonds - Civic Facilities Enterprise Fund Debt			828,999
Bond Anticipation Note - Civic Facilities			347,375
Civic Facilities Enterprise Fund Capital Lease			1,569
Deferred Bond Costs - Civic Facilities Enterprise Fund Debt			(246,680)
Parking Enterprise Fund Supported Debt - Business-type Activities			10,102,800
Premium on Bonds - Parking Enterprise Fund Supported Debt			475,171
Parking Enterprise Fund Capital Lease			206
Deferred Bond Costs - Parking Enterprise Fund Supported Debt			(789,183)
Stormwater Enterprise Fund Supported Debt - Business-type Activities			6,846,260
Bond Anticipation Note - Stormwater			5,773
Stormwater Enterprise Fund Capital Lease			1,340
Premium on Bonds - Stormwater Enterprise Fund Supported Debt			250,519
Total Debt		\$	230,020,389
Less: Available in Debt Service Fund			(123,138)
WVWA Supported Debt			(7,003,200)
Parking Enterprise Fund Supported Debt			(10,103,006)
Premium on Bonds - Parking Enterprise Fund Supported Debt			(475,171)
Deferred Bond Costs - Parking Enterprise Fund Supported Debt			789,183
Stormwater Enterprise Fund Supported Debt			(6,847,600)
Premium on Bonds - Stormwater Enterprise Fund Supported Debt			(250,519)
Legal Debt Margin		\$	206,006,938
		\$	491,023,318

(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
2008-09	20,480,823	11,121,043	31,601,866	340,360,591	9.3%
2009-10	21,869,664	11,436,671	33,306,335	324,345,350	10.3%
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%

(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. 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.

Table 14

THE SCHOOL BOARD OF THE CITY OF ROANOKE VIRGINIA
Table of Outstanding Debt Incurred by the City of Roanoke
for Roanoke City Public School Projects
June 30, 2018
(Unaudited)

	Interest Rates	Issue Date	Maturity Date	Issue Amount Designated for School Improvements	Balance as of June 30, 2018
<u>General Obligation Bonds, RCPS Portion</u>					
Series 2008 Public Improvement Bonds	3.25% - 5.00%	2/5/2008	2/1/2033	39,740,000	-
Series 2010A Refunding Bonds	2.00% - 5.00%	3/11/2010	10/1/2021	18,955,400	10,011,100
Series 2010C Public Improvement Bonds	2.00% - 4.00%	8/11/2010	7/15/2030	2,459,100	1,656,706
Series 2012A Public Improvement Bonds	2.00% - 5.00%	3/14/2012	2/1/2032	1,725,000	340,000
Series 2012C Refunding Bonds	4.00% - 5.00%	3/14/2012	2/1/2025	7,805,000	7,805,000
Series 2013A Public Improvement Bonds	1.00% - 5.00%	2/27/2013	7/15/2033	2,000,000	1,410,600
Series 2013A Refunding Bonds	1.00% - 5.00%	2/27/2013	7/15/2025	8,085,000	8,085,000
Series 2013B Refunding Bonds	.37% - 2.73%	2/27/2013	7/15/2024	3,195,000	1,500,000
Series 2014A Public Improvement Bonds	3.00%-5.00%	3/5/2014	4/1/2034	3,000,000	2,246,400
Series 2015 Public Improvement Bonds New Money	2.00% - 4.00%	3/25/2014	4/1/2035	5,000,000	4,350,000
Series 2015 Public Improvement Bonds Refunding	2.00% - 4.00%	3/25/2014	4/1/2029	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	7,410,000
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	5,000,000	(150,000)
Total General Obligation Bonds:				114,174,500	
<u>School Fund Bonds and Loans</u>					
Virginia Public School Authority-Series 1997	4.35% - 5.35%	11/1/1997	7/15/2017	4,578,704 (1)	
Virginia Public School Authority-Series 1998A	3.60% - 5.10%	11/19/1998	7/15/2018	5,000,000	250,000
Virginia Public School Authority-Series 1998B	3.60% - 5.10%	11/19/1998	7/15/2018	1,182,212 (2)	62,165
Virginia Public School Authority-Series 1999A	5.10% - 6.10%	11/18/1999	7/15/2019	3,100,000 (3)	310,000
Virginia Public School Authority-Series 1999B	5.10% - 6.10%	11/18/1999	7/15/2019	1,091,854 (4)	122,490
Virginia Public School Authority - Series 2000B	4.98% - 5.85%	11/16/2000	7/15/2020	2,504,568 (5)	406,045
Virginia Public School Authority - Series 2000B.1	4.98% - 5.85%	11/16/2000	7/15/2020	1,730,421 (6)	280,540
Virginia Public School Authority - Series 2000B.2	4.98% - 5.85%	11/16/2000	7/15/2020	1,730,421 (7)	280,540
Virginia Public School Authority - Series 2001B	3.10% - 5.35%	11/15/2001	7/15/2021	2,594,691 (8)	545,106
Virginia Public School Authority - Series 2001B	3.10% - 5.35%	11/15/2001	7/15/2021	2,358,808 (9)	495,550
Virginia Public School Authority - Series 2003C	3.10% - 5.35%	11/6/2003	7/15/2023	4,595,399 (10)	1,456,959
Virginia Public School Authority - Series 2004B	4.10% - 5.60%	11/1/2004	7/15/2024	1,118,756 (11)	432,957
Virginia Public School Authority - Series 2005D	4.60% - 5.10%	11/10/2005	7/15/2025	992,464 (12)	434,098
Virginia Public School Authority - Series 2005D	4.60% - 5.10%	11/11/2005	7/15/2025	3,291,459 (13)	1,439,639
Virginia Public School Authority - Series 2006B	4.22% - 5.10%	11/9/2006	7/15/2026	6,573,600 (14)	3,173,681
Virginia Public School Authority - Series 2008B	4.10% - 5.35%	12/11/2008	7/15/2028	10,580,000	2,643,609
Virginia Public School Authority - Series 2014B	3.00%- 5.00%	5/15/2014	7/15/2026	1,245,000	855,000
Total Virginia Public School Authority Bonds:				61,668,357	
Literary Fund Loan-Lucy Addison Middle School	4.00%	10/1999	10/01/2019	5,000,000	500,000
Total Literary Fund Loan Bonds:				5,000,000	
Qualified Zone Academy Bond - Fallon Park	0%	12/29/2004	12/29/2020	439,100 (15)	110,059
Qualified Zone Academy Bond - Patrick Henry H.S.	0%	12/27/2006	12/27/2022	1,097,571 (15)	424,303
Qualified Zone Academy Bond - School Capital Projects	0%	10/31/2012	6/1/2035	2,014,104 (15)	1,556,350
Total Qualified Zone Academy Bonds:				3,550,775	
Qualified School Construction Bonds-Elementary Schools	0%	7/8/2010	6/1/2027	1,135,000 (16)	615,000
Total Qualified School Construction Bonds				1,135,000	
Total Outstanding Bonded Debt				\$ 185,528,632	\$ 84,748,499

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.

Table 14 (continued)

The Virginia Public School Authority (VPSA) bonds are issued as replacements for requests

- (1) \$5,000,000 proceeds received but repayment of only \$4,578,704 required.
- (2) \$1,200,000 proceeds received but repayment of only \$1,182,212 required.
- (3) \$3,250,000 proceeds received but repayment of only \$3,100,000 required.
- (4) \$1,250,000 proceeds received but repayment of only \$1,091,854 required.
- (5) \$2,750,000 proceeds received but repayment of only \$2,504,568 required.
- (6) \$1,900,000 proceeds received but repayment of only \$1,730,421 required.
- (7) \$1,900,000 proceeds received but repayment of only \$1,730,421 required.
- (8) \$2,750,000 proceeds received but repayment of only \$2,594,691 required.
- (9) \$2,500,000 proceeds received but repayment of only \$2,358,808 required.
- (10) \$5,000,000 proceeds received but repayment of only \$4,595,399 required.
- (11) \$1,300,000 proceeds received but repayment of only \$1,118,756 required.
- (12) \$1,160,900 proceeds received but repayment of only \$ 992,464 required.
- (13) \$3,850,000 proceeds received but repayment of only \$3,291,459 required.
- (14) \$7,500,000 proceeds received but repayment of only \$6,573,600 required.
- (15) Annual payments on Qualified Zone Academy Bonds are made to a sinking fund.
No interest is accrued on this debt.
- (16) Interest expense on Qualified School Construction Bonds is reimbursed by
federal subsidy, subject to available federal funding.

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

Table 15
Unaudited

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Debt Limit										
Total Net Debt Applicable to Limit	\$ 697,030,256	\$ 678,346,391	\$ 672,422,997	\$ 669,387,435	\$ 667,966,987	\$ 672,516,886	\$ 679,477,230	\$ 680,197,128	\$ 669,839,111	\$ 656,429,496
Legal Debt Margin	206006938	219,172,541	215,556,963	217,064,553	218,489,528	224,003,579	227,263,512	240,667,032	244,769,119	263,493,652
Total Net Debt	\$ 491,023,318	\$ 459,173,850	\$ 456,866,034	\$ 452,322,882	\$ 449,477,459	\$ 448,513,307	\$ 452,213,718	\$ 439,530,096	\$ 425,069,992	\$ 392,935,844
Applicable to Limit as a Percentage of Debt Limit	29.55%	32.31%	32.06%	32.43%	32.71%	33.31%	33.45%	35.38%	36.54%	40.14%

Table 16
Unaudited

CITY OF ROANOKE
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Income (2)</u>	<u>Personal Income</u>	<u>School Enrollment (3)</u>	<u>Local Unemployment Rate (4)</u>	<u>National Unemployment Rate (5)</u>
2007-08	93,734	38,370	(est.) 3,645,705,000	12,286	3.9%	5.6%
2008-09	94,482	37,929	(est.) 3,636,678,000	12,303	7.7%	9.5%
2009-10	97,032	38,713	(est.) 3,747,025,000	12,266	7.4%	9.4%
2010-11	97,061	(est.) 36,948	(est.) 3,576,942,000	12,261	6.9%	9.1%
2011-12	97,206	(est.) 39,100	(est.) 3,827,065,000	13,006	6.5%	8.4%
2012-13	98,641	(est.) 38,453	(est.) 3,799,698,000	13,192	5.9%	7.8%
2013-14	98,913	(est.) 39,385	(est.) 3,915,935,000	13,390	5.7%	6.3%
2014-15	99,320	(est.) 43,053	(est.) 3,915,935,000	13,513	5.6%	5.5%
2015-16	99,681	(est.) 39,385	(est.) 3,915,935,000	13,585	4.1%	5.1%
2016-17	99,644	(est.) 40,947	(est.) 4,090,520,000	13,580	4.5%	4.5%
2017-18	99,837	(est.) 42,263	(est.) 4,211,972,000	13,601	3.4%	4.2%

- (1) Source: Weldon - Cooper Center for Public Service, except as noted
(2) Source: Bureau of Economic Analysis
(3) Source: Roanoke City Public Schools, Annual School Report
(4) Source: Virginia Employment Commission (Roanoke Metropolitan Statistical Area)
(5) Source: Bureau of Labor Statistics

Table 17
Unaudited

CITY OF ROANOKE, VIRGINIA
PRINCIPAL EMPLOYERS
COMPARISON AS OF DECEMBER 31, FISCAL YEARS 2017 AND 2008

<u>Employer</u>	<u>December 31, 2017</u>			<u>December 31, 2008</u>		
	<u>Rank</u>	<u>Ownership</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Ownership</u>	<u>Number of Employees</u>
Carilion	1	Private	1,000+	1	Private	1,000+
Roanoke City Public Schools	2	Local Govt	1,000+	2	Local Govt	1,000+
City of Roanoke	3	Local Govt	1,000+	3	Local Govt	1,000+
Carilion Services	4	Private	500-999	4	Private	1,000+
United Parcel Service	5	Private	500-999	5	Private	500-999
Walmart	6	Private	500-999	7	Private	500-999
United States Postal Service	7	Federal Govt	500-999	8	Federal Govt	500-999
Virginia Western Community College	8	State Govt	500-999	10	State Govt	500-999
Kroger	9	Private	500-999	-	Private	500-999
Anthem	10	Private	500-999	9	Private	500-999
Advance Auto Parts	-	Private	500-999	6	Private	500-999

Source: 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)**

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Average Daily Membership	13,601	13,580	13,585	13,513	13,390	12,438	13,006	12,262	12,266	12,303
Total Graduates	858	781	811	783	667	744	746	776	698	686
Dropout Rate Percentage	3.57%	3.19%	3.60%	3.67%	3.48%	4.91%	5.37%	4.03%	6.06%	5.40%
Student Attendance Rate	94%	94%	94%	94%	93.79	94%	94%	94%	94%	94%
Total Per Pupil Cost	\$ 13,355	\$ 12,929	\$ 12,404	\$ 12,472	\$ 11,841	\$ 11,825	\$ 11,328	\$11,083	\$11,227	\$11,615
Local Composite Index of Ability to Pay	34%	34%	34%	36%	37%	37%	37%	39%	35.82%	34.20%
Average Teacher Salary	\$ 53,687	\$ 50,277	\$ 48,707	\$ 47,845	\$ 50,509	\$ 47,363	\$ 43,654	\$44,425	\$43,276	\$46,727
per 1,000 Students	110.2	113.7	112.1	116.1	110.9	115.0	87.7	87.4	87.1	87.2

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

Table 19

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

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Superintendent	1	1	1	1	1	1.0	1.0	1.0	1.0	1.0
Asst. Supt./Executive Director/Supervisor	6	6	7	7	7	6.0	6.0	7.0	7.0	5.0
Principal/Asst. Principal	35	34	34	35	31.55	36.6	33.0	36.0	36.8	29.0
Classroom Teacher	57.6	55.8	53.8	52.8	52.8	53.8	54.0	52.8	52.0	58.0
Guidance Counselor	1047.66	1054.11	1045.61	1052.86	1050.56	1,045.4	1,034.0	1,008.4	1,064.6	1,135.9
Librarian	45.6	45.6	44.6	44.6	43.6	43.6	41.1	38.5	44.0	54.4
Other Professional	25.6	26	26	26	26	26.0	26.0	26.0	27.0	30.0
Clerical	80.6	81.4	81.4	69.8	61.9	72.4	57.0	18.0	19.0	1.5
Teacher Aides	101	96	96	96.55	96.55	97.1	96.5	97.8	91.0	108.0
Attendance & Health	342	318.8	308.8	308.1	296.92	302.1	313.0	340.6	321.1	283.5
Pupil Transportation	1	1	1	1	1	1.0	1.0	41.9	42.2	32.7
Maintenance of Plant	2	2	2	2	2	2.0	2.0	2.0	2.0	217.0
Operation of Plant	36	34	34	31	36	40.0	53.0	53.0	39.0	53.5
Food Services	124	121	122	119	121	119.0	132.5	118.0	117.0	136.7
Total Personnel	2	2	55	62	69	77.0	108.0	102.0	99.0	161.0
	1,907.1	1,878.7	1,912.2	1,908.7	1,896.9	1,922.9	1,958.1	1,942.9	1,962.7	2,273.0

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)**

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Elementary Schools:										
Crystal Spring	63	57	48	55	51	57	63	65	58	59
Fairview	380	372	329	391	389	390	388	387	387	346
Fallon Park	452	453	461	551	553	533	517	522	480	494
Fishburn Park	185	201	143	134	167	152	132	143	112	198
Garden City	184	180	190	226	245	218	232	218	239	202
Grandin Court	106	102	92	108	104	95	114	106	122	106
Highland Park	201	203	200	217	230	213	231	237	179	179
Huff Lane(c)	0	0	0	0	0	0	0	0	166	157
Hurt Park	288	317	348	366	355	381	282	258	269	221
Lincoln Terrace	253	277	266	277	247	221	222	169	250	206
Monterey	260	268	301	400	386	339	316	343	316	219
Morningside	201	218	225	250	252	227	214	223	216	266
Oakland (b)	0	0	0	0	0	0	0	0	0	137
Preston Park	293	275	240	330	311	286	245	217	222	185
Raleigh Court(a)	0	0	0	0	0	0	0	0	0	99
Roanoke Academy	283	303	325	432	411	398	411	448	302	356
Round Hill	397	422	428	534	530	500	430	429	201	186
Virginia Heights	180	166	206	214	246	230	253	265	214	203
Wasena	127	136	138	151	164	168	119	120	149	68
Westside	442	483	568	673	664	619	546	468	462	430
Middle Schools:										
Addison	433	403	393	467	480	476	431	398	392	338
Breckinridge	362	288	266	369	356	353	362	366	416	222
Jackson	374	362	379	461	489	457	401	394	434	283
Madison	330	327	323	309	295	273	285	279	294	163
Ruffner(a)	0	0	0	0	0	0	0	0	0	244
Wilson	277	240	252	233	263	254	260	237	244	233
High Schools:										
William Fleming	839	757	672	957	891	841	827	856	913	806
Forest Park Academy(e)	0	0	82	125	119	156	156	206	196	153
Patrick Henry	1154	1077	952	956	892	857	838	837	915	724
Noel Taylor Learning Center (e)	0	0	65	88	108	89	86	92	105	0
Total Free Lunch Approvals	8,064	7,887	7,892	9,274	9,198	8,783	8,350	8,265	8,311	7,483
	d.	d.	d.							
Total ADM	13,601	13,580	13,771	13,623	13,552	13,192	13,006	12,262	12,266	12,303
Percentage Free Lunch	59.29%	58.08%	57.31%	68.08%	67.87%	66.58%	64.20%	67.40%	67.76%	60.82%

a. Raleigh Court Elementary and William Ruffner Middle School closed at the end of the 2008-09 school year.

b. Oakland Intermediate School was consolidated with Preston Park Primary School as a single K-5 elementary school beginning with the 2009-10 school year.

c. Huff Lane Elementary School was consolidated with Round Hill Elementary School beginning with the 2010-2011 school year.

d. 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.

e. 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.

Source: Roanoke City Public Schools Department of Food and Nutrition

Table 21
Unaudited

ROANOKE CITY PUBLIC SCHOOLS
CAPITAL ASSET STATISTICS
June 30, 2018
(Unaudited)

School Description	Total Current Classrooms	Constructed Student Capacity	Current Useable Student Capacity	Enrollment FY2016-17	Enrollment FY2017-18	% Of Constructed Capacity	% Of Useable Capacity	Modular Buildings
Elementary Schools:								
Crystal Spring	19.0	425	456	328	344	81%	75%	0
Fairview	30.0	775	600	498	556	72%	93%	0
Fallon Park	43.0	850	624	600	660	78%	106%	2
Fishburn Park	25.0	750	480	241	321	43%	67%	0
Garden City	25.0	575	456	240	274	48%	60%	0
Grandin Court	16.0	525	480	335	342	65%	71%	0
Highland Park	27.0	525	456	345	355	68%	78%	0
Hurt Park	27.0	600	384	343	365	61%	95%	0
Lincoln Terrace	26.0	600	360	295	353	59%	98%	1
Monterey	29.0	775	520	507	495	64%	95%	0
Morningside	26.0	500	312	279	288	58%	92%	2
Preston Park	23.0	525	474	486	531	101%	112%	1
Roanoke Academy	31.0	750	530	321	450	60%	85%	0
Round Hill	36.0	695	792	576	694	100%	88%	0
Virginia Heights	22.0	425	332	314	322	76%	97%	0
Wasena	15.0	400	288	222	224	56%	78%	0
Westside	48.0	850	816	705	756	89%	93%	0
Middle Schools:								
Addison	40.0	1,075	720	599	609	57%	85%	0
Breckinridge	33.0	550	630	567	624	113%	99%	0
Jackson	37.0	775	660	592	571	74%	87%	0
Madison	35.0	900	690	586	585	65%	85%	0
Wilson	40.0	975	840	443	487	50%	58%	0
High Schools:								
William Fleming	93	2,100	1,850	1,519	1,659	79%	90%	0
Patrick Henry	81	2,059	1,850	1,888	1,923	93%	104%	0
Regional Program:								
Roanoke Valley Governor's School	12	160	275	264	275	172%	100%	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, 2018
(Unaudited)

Location	Land	Buildings and Structures	Equipment	Construction in Progress	Total
William Fleming High School	\$ 237,993	\$ 60,687,476	\$ 265,727	\$ -	\$ 61,191,196
Patrick Henry High School	31,127	60,516,647	736,698	-	\$ 61,284,472
Lucy Addison Aerospace Middle School	12,015	13,682,641	95,773	-	\$ 13,790,429
James Breckinridge Middle School	37,500	7,372,275	155,941	-	\$ 7,565,716
John P. Fishwick Middle School	36,005	6,510,021	165,156	-	\$ 6,711,182
James Madison Middle School	9,883	5,790,454	95,417	-	\$ 5,895,754
William Ruffner Operations Center	35,329	4,198,614	2,818,234	-	\$ 7,052,177
Woodrow Wilson Middle School	12,500	12,546,151	177,362	-	\$ 12,736,013
Crystal Spring School	153,444	5,395,149	141,603	-	\$ 5,690,196
Fairview School	21,566	5,224,477	95,090	-	\$ 5,341,133
Fallon Park School	13,700	4,441,392	63,285	211,130	\$ 4,729,507
Fishburn Park School	4,236	3,273,600	115,315	-	\$ 3,393,151
Forest Park Academy	27,992	3,908,120	68,656	-	\$ 4,004,768
Garden City School	26,850	5,360,621	68,423	-	\$ 5,455,894
Grandin Court School	33,700	2,980,513	77,201	-	\$ 3,091,414
Highland Park School	600	5,836,498	121,100	-	\$ 5,958,198
Hurt Park School	2,085	4,338,385	98,571	52,982	\$ 4,492,023
Lincoln Terrace School	18,000	3,070,018	108,833	-	\$ 3,196,851
Monterey School	15,000	4,784,261	109,323	-	\$ 4,908,584
Morningside School	22,700	3,345,711	107,201	-	\$ 3,475,612
Noel C. Taylor Academy at Oakland	78,727	2,067,724	43,418	-	\$ 2,189,869
Preston Park School	33,956	3,934,084	55,578	-	\$ 4,023,618
Raleigh Court School	18,750	1,153,860	-	-	\$ 1,172,610
Roanoke Academy for Math and Science	15,000	13,103,695	102,966	-	\$ 13,221,661
Round Hill School	47,790	18,237,431	233,947	-	\$ 18,519,168
Virginia Heights School	32,750	7,037,861	155,590	-	\$ 7,226,201
Wasena School	20,000	4,378,193	41,251	-	\$ 4,439,444
Westside School	45,000	7,067,361	189,414	-	\$ 7,301,775
Governor's School for Math and Science	-	4,116,943	256,351	-	\$ 4,373,294
School Administration	8,050	1,005,524	571,801	-	\$ 1,585,375
Warehouse	-	-	459,656	-	\$ 459,656
School Transportation	360,000	1,883,578	50,287	-	\$ 2,293,865
Total Capital Assets	<u>\$ 1,412,248</u>	<u>\$ 287,249,278</u>	<u>\$ 7,845,168</u>	<u>\$ 264,112</u>	<u>\$ 296,770,807</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





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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, 2018

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Grant Award Dates	Federal CFDA Number	Pass-through Entity Identifying Number	Cluster Amounts	Federal Expenditures
Program or Cluster Title					
National School Lunch Program - Commodities Schools (2)	7/1/2017-6/30/2018	10.555	CFDA #10.555	591,500	
Department of Education:					
National school breakfast program	7/1/2017-6/30/2018	10.553	Project source 405910	1,980,187	
National school lunch program	7/1/2017-6/30/2018	10.555	Project source 406230	5,371,909	
Summer Food Service Program for children	7/1/2017-6/30/2018	10.559	EIN 54-6001775; DUNS 809740459 + 3623	172,232	
Total National School Lunch					8,115,828
Department of Health:					
Child and Adult Care Food Program	7/1/2017-6/30/2018	10.560	EIN 54-6001775; DUNS 809740459 + 3623	212,110	
Total Child Nutrition					212,110
Fresh Fruit and Vegetable Program	7/1/2017-6/30/2018	10.582	Project source 405990		382,500
Total Department of Agriculture					\$ 8,710,438
Department of Defense:					
Direct Payments:					
ROTC language and culture training grants	12/17/2013	12.357	N/A		91,167
Total Department of Defense					\$ 91,167
Department of Criminal Justice:					
Direct Payments:					
Juvenile Justice & Delinquency Prevention - JUDP Title II Pass Program	1/1/2017-12/31/2017	16.540	17-A3230JJ13		24,910
Juvenile Justice & Delinquency Prevention - JUDP Title II Pass Program	1/1/2018-12/31/2018	16.540	18-B3230JJ15		16,064
Total Department of Criminal Justice					\$ 40,974
Department of Education:					
Passed Through Commonwealth of Virginia Department of Education:					
Adult Education - Basic Grants to States	7/1/2017-6/30/2018	84.002	Grant Award #, AEFLA-42801-139-1617, Federal Award ID #, V002A170047		129,903
Title I-A Improving Basic Programs 2017	7/1/2016-9/30/2018	84.010	S010A160046	1,464,216	
Title I-A Improving Basic Programs 2018	7/1/2017-9/30/2019	84.010	S010A170046	5,247,292	
Total Title I-A Improving Basic Programs					6,711,508
Title I-D SOP Detention Center Reading Program 2016	7/1/2015-9/30/2017	84.013	S013A150046	4	
Title I-D SOP Detention Center Reading Program 2017	7/1/2016-9/30/2018	84.013	S013A160046	1,000	
Title I-D SOP Detention Center Reading Program 2018	7/1/2017-9/30/2019	84.013	S013A170046	300	
Total Title I-D SOP - Neglected and Delinquent					1,304
Special Education-Grants to States - Federal (IDEA, Part B Section 611 Flow-through) 2017	7/1/2016-9/30/2018	84.027	H027A160107	1,818,223	
Special Education-Grants to States - Federal (IDEA, Part B Section 611 Flow-through) 2018	7/1/2017-9/30/2019	84.027	H027A170107	2,062,195	
Special Education - preschool grants (IDEA, Part B Section 619) 2017	7/1/2016-9/30/2018	84.173	H173A160112	29,523	
Special Education - preschool grants (IDEA, Part B Section 619) 2018	7/1/2017-9/30/2019	84.173	H173A170112	95,383	
Total Special Education (IDEA)					4,005,325
Career and Technical Education: Basic grants to states (Perkins) 2018	7/1/2017-6/30/2018	84.048	V048170046	397,443	
Career and Technical Education: Perkins Secondary Programs Reserve	7/1/2017-6/30/2018	84.048	V048150046	1,859	
Total Career and Technical Education: Basic grants to states (Perkins)					399,302
Title X-C McKinney-Vento Homeless 2018	7/1/2017-9/30/2019	84.196	Direct, G12417		66,000
21st Century CLC (Title IV-B) - Addison Yr3 2017	7/1/2016-9/30/2018	84.287	S287C160047	13,867	
21st Century CLC (Title IV-B) - Breckinridge Yr3 2017	7/1/2016-9/30/2018	84.287	S287C160047	30,495	
21st Century CLC (Title IV-B) - Garden City Yr2 2017	7/1/2016-9/30/2018	84.287	S287C160047	37,007	
21st Century CLC (Title IV-B) - Garden City Yr3 2018	7/1/2017-9/30/2019	84.287	S287C170047	165,449	
21st Century CLC (Title IV-B) - Hurt Park Yr2 2017	7/1/2016-9/30/2018	84.287	S287C160047	60,409	
21st Century CLC (Title IV-B) - Hurt Park Yr3 2018	7/1/2017-9/30/2019	84.287	S287C170047	134,411	
21st Century CLC (Title IV-B) - Fishwick Yr1 2017	7/1/2016-9/30/2018	84.287	S287C160047	32,394	
21st Century CLC (Title IV-B) - Jackson Yr2 2018	7/1/2017-9/30/2019	84.287	S287C170047	153,100	
21st Century CLC (Title IV-B) - Lincoln Terrace Yr3 2017	7/1/2016-9/30/2018	84.287	S287C160047	14,398	
21st Century CLC (Title IV-B) - Morningside Yr1 2017	7/1/2016-9/30/2018	84.287	S287C160047	65,154	
21st Century CLC (Title IV-B) - Morningside Yr2 2018	7/1/2017-9/30/2019	84.287	S287C170047	80,152	
21st Century CLC (Title IV-B) - RAMS Yr3 2017	7/1/2016-9/30/2018	84.287	S287C160047	22,922	
21st Century CLC (Title IV-B) - Round Hill Yr2 2017	7/1/2016-9/30/2018	84.287	S287C160047	85,897	
21st Century CLC (Title IV-B) - Round Hill Yr3 2018	7/1/2017-9/30/2019	84.287	S287C170047	104,640	
21st Century CLC (Title IV-B) - Westside Yr2 2017	7/1/2016-9/30/2018	84.287	S287C160047	39,104	
21st Century CLC (Title IV-B) - Westside Yr3 2018	7/1/2017-9/30/2019	84.287	S287C170047	162,220	
21st Century CLC (Title IV-B) - William Fleming High School Yr1 2017	7/1/2016-9/30/2018	84.287	S287C160047	38,968	
21st Century CLC (Title IV-B) - William Fleming High School Yr2 2018	7/1/2017-9/30/2019	84.287	S287C170047	127,477	
21st Century CLC (Title IV-B) - Woodrow Wilson Yr1 2017	7/1/2016-9/30/2018	84.287	S287C160047	37,088	
21st Century CLC (Title IV-B) - Woodrow Wilson Yr2 2018	7/1/2017-9/30/2019	84.287	S287C170047	133,897	
Total 21st Century Community Learning Centers (Title IV, Part B)					1,539,051
Title IV - Part A LEA Student Support and Academic Enrichment					13,152
English language acquisition grant (Title III, Part A)	7/1/2016-9/30/2018	84.365	S365A160046	9,973	
English language acquisition grant (Title III, Part A)	7/1/2016-9/30/2018	84.365	S365A160046	123,406	
English language acquisition grant (Title III, Part A)	7/1/2017-9/30/2019	84.365	S365A170046	11,504	
English language acquisition grant (Title III-A, Immigrant Children & Youth)	7/1/2016-6/30/2017	84.365	S365A160046	8,530	
Total English language acquisition grants					153,412
Improving Teacher Quality State Grants (Title II, Part A) 2017	7/1/2016-9/30/2018	84.367	S367A160044	17,939	
Improving Teacher Quality State Grants (Title II, Part A) 2018	7/1/2017-9/30/2019	84.367	S367A170044	750,378	
Online ESL Praxis Preparation Seminar	7/1/2016-9/30/2017	84.367	S367A160044	5,000	
Total Improving Teacher Quality State Grants					773,316
Total Department of Education					\$ 13,792,273

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, 2018

Department of Medical Assistance Services:

Passed Through Commonwealth of Virginia Department of Medical Assistance Services:					
FAMIS Reimbursement	7/1/2017-6/30/2018	93.767	--	\$	29,373
Medicaid Reimbursement	7/1/2017-6/30/2018	93.778	--		605,088
Total Department of Medical Assistance Services				\$	634,460
Total Expenditures of Federal Awards				\$	23,269,312

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 - DE MINIMIS 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 3.9% and 18.8%, 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, each major fund, and the remaining fund information 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, 2018, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements, and have issued our report thereon dated November 1, 2018.

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) to determine the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. **The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.**

Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 1, 2018

**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, 2018. 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 and 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 the major federal programs. 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 its major federal program for the year ended June 30, 2018.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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
November 1, 2018

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA

SUMMARY OF COMPLIANCE MATTERS

June 30, 2018

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
Procurement Laws

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 programs selected for testing.

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2018

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 program was 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 major programs**.
7. The major programs of the School Board are:

Name of Program	CFDA #
Child Nutrition Cluster	10.553, 10.555, 10.559
Improving Teacher Quality State Grants (Title II, Part A)	84.367

8. The threshold for distinguishing Type A and B programs was \$750,000.
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 PROGRAMS AUDIT

None.

D. FINDINGS – COMMONWEALTH OF VIRGINIA

None.



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