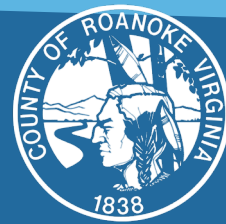
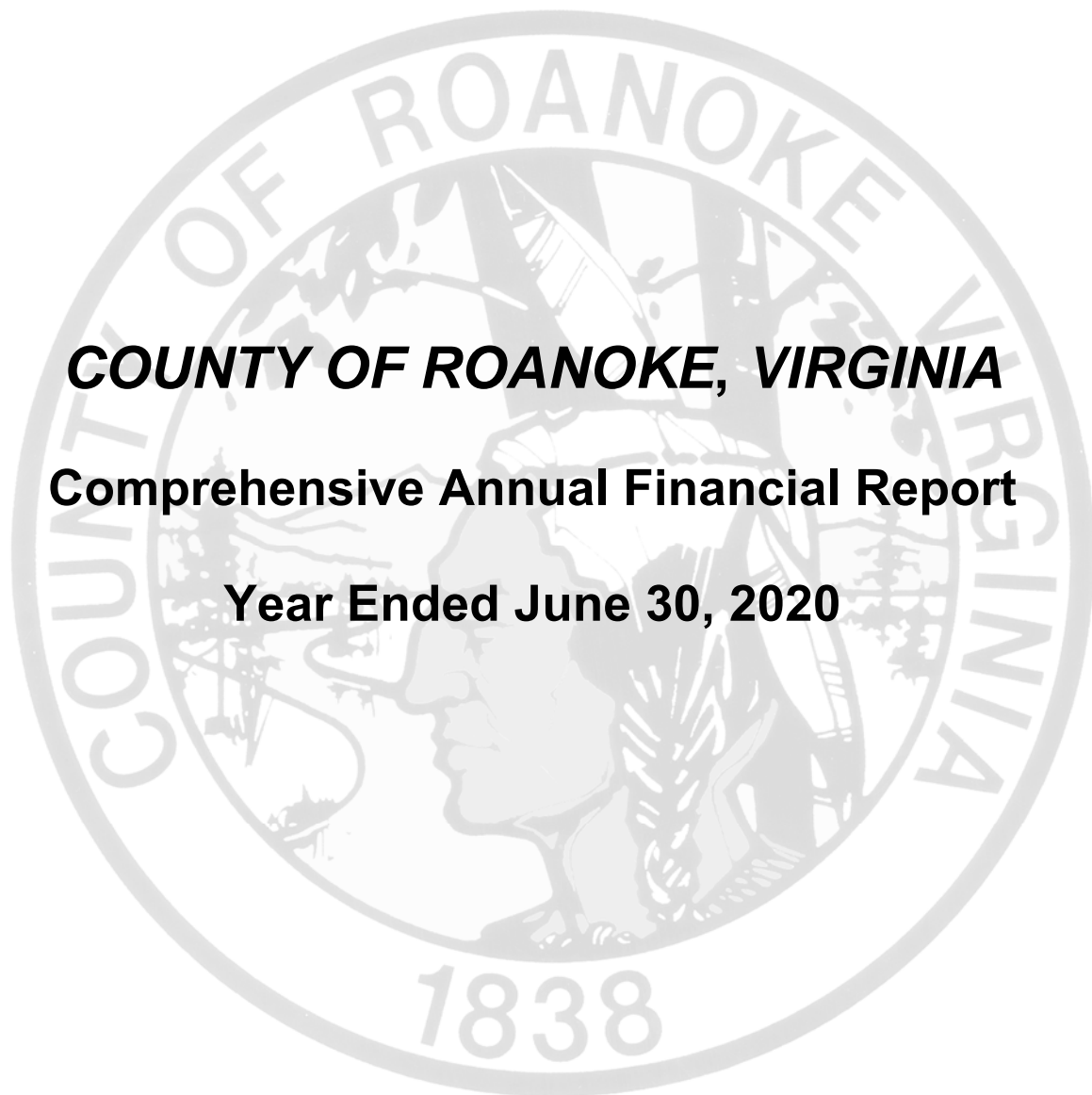


County of Roanoke, Virginia

Comprehensive Annual Financial Report



Year Ended June 30, 2020



COUNTY OF ROANOKE, VIRGINIA
Comprehensive Annual Financial Report
Year Ended June 30, 2020

Prepared by the

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County of Roanoke Board of Supervisors



David F. Radford, Chairman
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Phil C. North, Vice-Chair
Hollins District



Martha B. Hooker
Catawba District



Paul M. Mahoney
Cave Spring District



P. Jason Peters
Vinton District



Daniel R. O'Donnell
County Administrator



COUNTY OF ROANOKE, VIRGINIA
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June 30, 2020

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INTRODUCTORY SECTION



COUNTY OF ROANOKE

Department of Finance and Management Services
5204 Bernard Drive, PO Box 29800
Roanoke, VA 24018

November 16, 2020

To the Honorable Chairman, Members of the Board of Supervisors,
and Citizens of the County of Roanoke, Virginia:

It is with pleasure that we submit to you the Comprehensive Annual Financial Report (CAFR) of the County of Roanoke, Virginia (the County) for the fiscal year ended June 30, 2020. State law requires that all local governments have their accounts and records, including those of the constitutional officers, audited annually as of June 30 by an independent certified public accountant and that the audited financial report be submitted on or before November 30 to the Auditor of Public Accounts of the Commonwealth of Virginia (APA). This report has been prepared by the County's Department of Finance and Management Services in accordance with the standards of financial reporting as prescribed by the Governmental Accounting Standards Board (GASB).

The CAFR was prepared with an emphasis on full disclosure of the financial activities of the County. Responsibility for both the completeness and reliability of the information contained in this report rests solely with County management, and is based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The auditing firm of Brown, Edwards & Company, L.L.P., a firm of independent certified public accountants, has issued unmodified opinions on the County's basic financial statements as of and for the fiscal year ended June 30, 2020. Those opinions are located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the report of the independent auditor and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of the Government

The County of Roanoke is primarily the suburban hub of the Roanoke Valley. Within the County's geographical boundaries lie the independent cities of Roanoke and Salem, as well as the Town of Vinton. The County's provisional population is 93,805¹, up 1.5% from the 2010 census population of 92,376. The County is part of the Roanoke Metropolitan Statistical Area (MSA) that has a total population of 312,900, reflecting an increase of 1.4% over the 2010 census. The County is within easy reach of major markets for local manufacturers and distributors via Interstate 81 and railway access.

The County is governed by a charter approved by the 1986 session of the Virginia General Assembly, which grants additional authority to the County Administrator. The Board of Supervisors (the Board) is the governing body of the County. Members of the Board, one from each of five magisterial districts, are elected to four-year terms. Board members annually select a Chairman and Vice-Chairman to each serve a one-year term.

¹ Population source: Weldon Cooper Center for Public Service, University of Virginia.

The Board appoints a County Administrator to act as administrative head of the County. The County Administrator, who serves at the pleasure of the Board, carries out its policies and directs business procedures. All department heads report to the County Administrator, except for the County Attorney, who reports directly to the Board. Five constitutional officers (Commissioner of the Revenue, Commonwealth's Attorney, Clerk of the Circuit Court, Sheriff and Treasurer) are elected by the voters of the County and are not accountable to the Board, but work closely with the Board and the County Administrator.

The County provides a full range of services, including police and fire protection, curbside trash and brush collection, general public improvements, planning and zoning management, recreation and cultural activities, economic development and general administrative support. Residents enjoy certain other services provided through joint cooperation with neighboring localities, such as airport facilities, solid waste facilities, and water and sewer services.

The County provides education through its Roanoke County Public Schools system (School System) administered by the Roanoke County Public School Board (School Board) and promotes industry through the Economic Development Authority (EDA). The School System and EDA have been reflected as discretely presented component units in the accompanying financial statements because, under GASB pronouncements, they are legally separate entities for which the County is financially accountable. The School Board administers the County's schools and its own appropriations within the categories defined by the *Code of Virginia*, but is fiscally dependent upon the County because the Board of Supervisors approves the budget, levies the necessary taxes to finance operations and issues debt to finance capital projects. Additional information for the Schools is available in the separately published Roanoke County Public Schools comprehensive annual financial report. The EDA has the power to issue tax-exempt industrial development revenue bonds to qualifying enterprises wishing to utilize that form of financing. Those bonds represent limited obligations of the EDA and are to be repaid solely from revenue and receipts derived from the projects funded with the proceeds. The outstanding debt does not constitute a debt or pledge for the faith and credit of the County or the EDA.

The annual budget serves as the foundation of the County's financial planning and control. All departments of the County generally submit requests to the Department of Finance and Management Services in November of each year. The County Administrator uses these requests as the starting point for developing a proposed budget. The County Administrator then presents the proposed budget to the Board. The Board is required to hold a public hearing on the proposed budget and to adopt a final budget no later than June 30, the close of the County's fiscal year. The appropriated budget is prepared by fund, function (i.e., public safety), and department (i.e., Sheriff's office) with the budget appropriation resolution, adopted by the Board of Supervisors, placing legal restrictions on expenditures at the fund level.

Economic Condition and Outlook

Local Economy

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (COVID-19) and the risks to the international community as the virus spreads globally beyond its point of origin. Economic impacts of COVID-19 emerged in March 2020, resulting in restrictions to travel and public gatherings, take-out only restaurant orders, and closure of non-essential businesses. The effects on these restrictions had a direct impact on revenues in multiple categories that support Roanoke County. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report.

The unemployment rate for Roanoke County as of June 30, 2020 is 6.8%, which is a sharp increase from last year's rate of 2.7%. The increase in the unemployment rate is primarily due to the COVID-19 pandemic and is comparable to the state's average unemployment rate of 8.1% and to the national average unemployment rate of 11.1%.

Additionally, according to the “Greater Roanoke Virginia Statistical Guide” produced by the Roanoke Regional Chamber of Commerce, the Valley’s overall cost of living index is 86.9, indicating that costs in Roanoke are 13.1% lower than the national average of 100%. The composite index is based on six component categories: housing, utilities, grocery items, transportation, health care, and miscellaneous goods and services.

Economic Development

The County and region strive to promote a healthy and growing economic base that includes a diverse mix of manufacturing, medical, wholesale/retail trade, finance, insurance and banking, corporate headquarters and related businesses. The County’s multi-faceted economic development strategy includes an active business attraction, retention and expansion program, infrastructure and site development initiatives, and the redevelopment of key County properties. Ongoing outreach efforts with business leaders enable the County to identify company needs and provide appropriate assistance.

The Roanoke Valley Broadband Authority (RVBA) continues to invest in, support, and partner with Roanoke County to improve economic opportunity for all local citizens. This past year, the RVBA expanded its local Roanoke County network by 10 miles to the Western Virginia Regional Jail and beyond to the Western Virginia Water Authority’s Spring Hollow Reservoir facility to establish a co-location disaster recovery center. A core fiber network of approximately 25 miles has been constructed throughout Roanoke County to support continued commercial and industrial growth.

Following an extensive regional survey, the RVBA also launched a Fiber to the Home (FTTH) initiative with residential network partners this year. Roanoke County continues to leverage state and regional partners and resources to identify grant opportunities for broadband expansion and service to residents in unserved and underserved areas of the County.

The 110-acre Woodhaven Technology Park will be the largest, prepared site in the urban area and represents the greatest economic opportunity for the region, given its gateway location at the intersection of I-81 and I-581. The technology park is a joint development of Roanoke County, the City of Roanoke, and City of Salem through the Western Virginia Regional Industrial Facility Authority. Additional property was acquired in fiscal year 2020 and the Park was rezoned to incorporate this property into the park master plan. Water and sewer utility extensions, construction of the entrance road including curb and gutter, and design plans for a 53-acre pad site capable of supporting 1 million square feet was also completed. Development concept plans, grading of a portion of the site and installation of a park entrance sign will begin in fiscal year 2021 to further enhance site readiness and marketability of the property.

The Route 419 corridor is the center of commerce for Roanoke County, and a key economic driver for the community. Roanoke County’s vision is to revitalize this corridor through the 419 Town Center Study, a planning study of 390 acres from Route 220 to Starkey Road in the Route 419 area near Tanglewood Mall. The plan was adopted by the Board of Supervisors in fiscal year 2019, with implementation strategies underway beginning in fiscal year 2020.

Nearly \$30 million in transportation improvements have been awarded for the Route 419 corridor to address congestion in the 419 Town Center Study area. Improvements include the design and construction of a Diverging Diamond Interchange at the intersection of Route 419 and Route 220, the widening of 419 from Ogden to Route 220, and the Fallowater extension project to open up new development sites across from Tanglewood Mall. The Fallowater project progressed in fiscal year 2020 with right of way acquisition from multiple property owners and design plans completed. Construction is expected to begin on the new road in fiscal years 2021 and 2022.

Tanglewood Mall continues to represent significant opportunity to repurpose this property for greater economic development outcomes. The Mall is the County’s most noted and high-profile commercial development, located in the County’s busiest commercial corridor, and is a catalyst site highlighted in the Route 419 Town Center Plan. Redevelopment scenarios continue to be evaluated and development

concepts created, consistent with the goals and strategies outlined in the Plan to enhance the livability, accessibility and economic impact of the area. Retail shifts occurred during the year due to the COVID-19 pandemic, with several large retailers announcing their closure. Ongoing projects are backfilling some spaces including the new Carilion Children's project announcement, with construction activities underway as they reposition the former JC Penny space for a new pediatrics facility.

Leading the way in new business announcements was the Mack Trucks medium-duty truck manufacturing facility bringing a \$13 million investment and more than 250 new jobs to the County this year. Also, First Team Automotive Group expanded its footprint with the announcement of a new \$3 million state-of-the-art Volkswagen Sales and Service center. The new 15,000 sq. ft. facility represents the 9th expansion of the First Team Automotive Group in Western Virginia over the past 30 years. Site work began on 53 acres in the Center for Research and Technology for a new 75,000 sf. highly secured mission critical facility for AEP. This project represents a \$60+ million investment and 50 new jobs with expected completion in fiscal year 2022. Also announced was a Springhill Suites by Marriott hotel bringing a \$12 million investment and an 86 room all-suite hotel to the Hollins area.

Many economic development initiatives are multi-year in nature, with implementation occurring in stages. Redevelopment projects that continued this year, included the announcement of the Vinyard Station project in the Town of Vinton. The \$3 million redevelopment will repurpose the former Vinton Motors property into three new commercial spaces, with a confirmed restaurant anchor tenant to open in fiscal year 2021. This project reflects the trend over the past five years of redeveloping historic buildings throughout the area. Repurposing underutilized public facilities to breathe new life into Vinton has seen transformative results through redevelopment projects.

The County's Economic Development Department successfully utilizes provisions under the public/private partnership policy that allows businesses to receive assistance from the County for qualifying facility expansions and relocations. The expected return on investment in new taxes and employment is a critical measure governing the use of public funds to assist businesses and industries. The Department is an Accredited Economic Development Organization (AEDO), through the International Economic Development Council (IEDC) and has maintained this status since its original designation in 2004.

The County recognizes the importance of expanding the business tax base to provide revenues for needed services. Further, the County is committed to attracting and retaining quality jobs and investments that will diversify the economy, broaden the tax base, and provide long-term employment opportunities for residents.

Long-Term Financial Planning

The County annually prepares a Capital Improvement Plan (CIP). The CIP serves as a planning tool for efficient, effective and equitable distribution of public improvements throughout the County. The CIP represents a balance between finite resources and an ever-increasing number of competing County priorities. This balance was achieved using the priorities and objectives established by the Board of Supervisors.

The Board of Supervisors adopted a formal policy for the establishment, maintenance, and use of unassigned general fund balance to provide for the long-term economic stability of the County of Roanoke. This policy increases the unassigned fund balance incrementally over several years with the ultimate goal of 12% of general government fund revenues. Rating agencies carefully monitor levels of unassigned fund balance in a government's general fund to evaluate a government's continued credit worthiness.

At June 30, 2020 the unassigned fund balance for the general government fund was 12% of the fiscal year 2020 general government fund budgeted revenues. This is a tenet of the Board's commitment to prudent financial planning because it eliminates the need for short-term borrowing, ensures that current obligations, including debt payments, can be met and provides a cushion against the potential shock of any unexpected change in revenues. This practice, along with our prudent debt management policies, allows the County to

maintain strong bond ratings. The County has bond ratings on outstanding lease revenue bonds as follows: Standard & Poor's AA+, Moody's Investor Service Aa1, and Fitch AA+.

Relevant Financial Policies

Fiscal integrity is a top priority for the County of Roanoke. The County recognizes financial policies establish the framework for financial planning and management and provide guidelines against which budgetary performance can be measured and proposals for future funding can be evaluated. Financial policies further ensure that the County can continue to be a model for excellence in government by providing direction in the areas of revenues, operating expenditures, Capital Improvement Program, reserves and debt management.

The County of Roanoke has adopted a Comprehensive Financial Policy to create the framework for making sound financial decisions. The County Administrator is responsible for the daily administration of the Board's policies and general County operations. The County Administrator may designate other County officials to assist in the administration of these policies. The Comprehensive Financial Policy is a statement of the guidelines and goals that influence and guide the financial management practices of the County of Roanoke and can be found on our website.

Major Initiatives

Initiatives of the County of Roanoke promote economic progress, improve the community's quality of life, and position the County to respond to future development needs. The County is committed to providing quality housing and continues to receive positive publicity for the quality of life enjoyed by citizens and potential business prospects. Roanoke County saw the continuation of major capital and educational initiatives during the fiscal year. Major initiatives for 2019-2020 included:

Education: Roanoke County Public Schools is the 18th largest of 132 school systems in the Commonwealth of Virginia. The School Board consists of five members elected to four-year terms.

The School System provides a broad spectrum of general, special, gifted, career and technical education opportunities for 14,100 students (including preschool) between the ages of 3 and 21 at sixteen elementary schools, five middle schools, five high schools, and one specialty center. Roanoke County Public Schools had a strong year in terms of standards of learning (SOL) performance. The School system again had all of its 26 schools fully accredited for the 2020-2021 school year based on 2019-2020 results.

Eastern Section of the Roanoke River Greenway: This project entails the planning, design and construction of approximately 2.7 miles of the Roanoke River Greenway in the eastern portion of the County, from the water treatment plant in the City of Roanoke to the Blue Ridge Parkway and will end in Explore Park. The project has completed the design phase and is in the right of way acquisition stage. The project is funded through approximately \$6.8 million in VDOT Transportation Alternatives and Regional Surface Transportation Program (RSTP) funds with a local match of approximately \$193,000. The project is estimated to be completed in the summer of fiscal year 2024.

Western Section of the Roanoke River Greenway: This project entails the planning, design and construction of approximately 1.6 miles of the Roanoke River Greenway in the western portion of the County, from Green Hill Park in Roanoke County to Riverside Park in the City of Salem. The project has completed its design stage and is in the right of way acquisition stage. The project is funded through approximately \$8.03 million in VDOT Open Container (OC), Regional Surface Transportation Program (RSTP) funds and VDOT SMART SCALE funds. The project is estimated to be completed in the summer of fiscal year 2024.

Explore Park: Explore Park is an 1,100-acre outdoor recreation park located in the eastern part of Roanoke County connecting with the Blue Ridge Parkway. In 2016, the Board of Supervisors adopted the Explore Park Adventure Plan that outlines the 15 year development plan for a regional park that will host not only local users but tourists from the surrounding region. Explore Park's plan focuses on private development for many of the recreational amenities such as a lodge, campground, cabins, restaurant, gas station, country store, rental facilities, ropes course and river access, creating a positive economic impact to the Roanoke Valley. In fiscal year 2018, the public water and sewer project was completed to Explore Park. In fiscal year 2019, the public water and sewer system was completed in the park to serve the Blue Ridge Parkway Visitor Center and park buildings. The cabin and yurt campground project was completed in the fall of 2018 with a project cost of \$900,000. Explore Park has two private vendors currently in operation with cabins and camping operations with a new private operator that started operating historic Brugh Tavern in the fall of 2019. Treetop Quest, Explore Park's signature aerial adventure park opened to the public in the summer of 2019. The park is completing its second full season of operations with private vendors in the park. Even with restrictions put in place by COVID-19, park attendance has increased in 2020. Explore Park's newest signature event, Illuminights, hosted over 43,000 visitors in an event that spanned 26 nights in the 2019-2020 holiday season. For the 2020-2021 holiday season, Illuminights will host 41 nights of lights. Explore Park has become a regional outdoor destination for local residents and tourists.

Plantation Road Project: The Plantation Road Bicycle, Pedestrian and Streetscape Improvement Project was started in 2009. The project encompasses the length of Plantation Road (Route 115) from Interstate 81 to Williamson Road (Route 11), a distance of nine-tenths of one mile. The proposed improvements include sidewalks, pedestrian crosswalks, pedestrian signals, bicycle facilities, street trees, pedestrian-scaled lighting, a Hollins community identification sign, landscaping and drainage improvements. Shared-use trails are envisioned to connect Walrond Park to the Hollins University segment of the Tinker Creek Greenway and ultimately to the 60 miles of trails at Carvins Cove Natural Reserve. Phase 1 was completed in 2018 and includes a shared use path from Williamson Road to Walrond Drive with curb, gutter, street trees and a Welcome to Hollins sign. A total of about \$1.3 million was awarded in 2016 for Lila Drive Intersection Safety Improvements, which are under construction and will be completed by the end of 2020. Another \$1.8 million was awarded in 2017 for Phase 2 of the Plantation Road Project which will continue sidewalks, curb and gutter from Walrond Drive to Gander Way/Friendship Lane. The project will also include Walrond Drive intersection improvements, pedestrian signals and crosswalks at the Gander Way/Friendship Lane intersection. Construction is anticipated to begin in early 2021.

Public Service Center Facility: This multi-phase project was initiated in the fiscal year 2017 Capital Improvement Plan (CIP) through the completion of a comprehensive building planning study to identify options for the replacement of this existing facility that provides office space, shops, storage, and equipment staging for multiple County Departments. Fiscal year 2018 resulted in contracting for the acquisition of a key property on Hollins Road adjacent to the County's Fleet Service Center necessary for Phase I of the project. Architectural and Engineering services were procured in fiscal year 2019 for Phase I and completed in late fiscal year 2020. Property necessary for Phase II construction was procured in fiscal year 2020. Phase I construction bids were received in August of 2020 and construction will commence in the Fall of 2020. Phase II is currently planned for funding in fiscal year 2023. The total cost for all prior and future project phases is anticipated to be \$17 million.

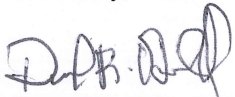
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Roanoke for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. This was the thirty-sixth consecutive year that Roanoke County has received this prestigious honor. In order to be awarded a Certificate of Achievement, governments have to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements. In addition, the County received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2019. This was the thirty-fourth consecutive year that the government received this esteemed recognition. In order to qualify for the Distinguished

Budget Presentation Award, the government's budget document must be judged proficient as a policy document, a financial plan, an operations guide and a communications device.

In closing, we would like to express our sincere gratitude to the personnel in the Department of Finance and Management Services for their dedication to assuring the financial integrity of the County of Roanoke and the preparation of this report. Appreciation is also extended to the Board of Supervisors and the administration, whose continuing leadership and support is essential to the financial health of the County of Roanoke.

Sincerely,



Daniel R. O'Donnell
County Administrator



Laurie L. Gearheart
Director of Finance and Management Services



History of Roanoke County, Virginia

In the 1740s, the first Scotch-Irish and German settlers reached the upper Roanoke Valley by traveling from Pennsylvania through the Shenandoah Valley. They were joined by Tidewater Virginians of English ancestry who journeyed up the valleys of the James and Roanoke Rivers.

Roanoke County, named after the Roanoke River, was formed in 1838 from a portion of Botetourt County and in 1849 a portion of Montgomery County was added. Roanoke County's name comes from the Indian word "Rawrenock", which means wampum. Wampum were white shell beads worn by Native Americans. This explanation comes from Captain John Smith, who wrote about the origins of Roanoke Island in North Carolina's Albemarle Sound.

Most of Roanoke County was rural in nature and farming was predominant throughout the area. By the latter half of the 20th century, Roanoke County, (the "County"), was in transition from farm to factory, but the County's rural population was still relatively large in 1920.

The County today has a population of approximately 93,805 and is a mostly suburban area that surrounds the City of Roanoke. Its 251 square miles include the Town of Vinton; Hollins, home of the prestigious Hollins University for women; and historic Bonsack. A diversified economic base helps to provide security from market fluctuations related to particular products.

The County is governed by a charter approved by the 1986 session of the Virginia General Assembly, which grants additional authority to the County Administrator. The Board of Supervisors is the governing body of the County. Members of the Board, one from each of five magisterial districts, are elected to four-year terms. Board members annually select a Chairman and Vice-Chairman to each serve a one-year term.

The Board appoints a County Administrator to act as administrative head of the County. The County Administrator serves at the pleasure of the Board, carries out its policies and directs business procedures. All department heads report to the County Administrator except for the County Attorney who reports directly to the Board. Five constitutional officers (Commissioner of the Revenue, Commonwealth's Attorney, Clerk of the Circuit Court, Sheriff, and Treasurer) are elected by the voters of the County and are not accountable to the Board, but work closely with the Board and the County Administrator.

On July 1, 1980, the Roanoke County Public Service Authority (therein called the "Authority") was dissolved and the sewer utility operation became a part of the utility department within the County government. The water utility operation had previously been transferred to the County effective July 1, 1976. Effective July 1, 2004, these utility operations were transferred to the newly created Western Virginia Water Authority as discussed in more detail on the next page.

The County participates in the Roanoke Regional Airport Commission, formed in 1987 through an act of the Virginia General Assembly. The Commission's five Board members are each appointed a four year term by both the Roanoke City Council and the Roanoke County Board of Supervisors. This is representative of a new cooperative, promotional spirit that is emerging in the Roanoke Valley between local governments.

In November 1992, the Roanoke County Police Department became the first nationally accredited department in Southwest Virginia through the Commission on Accreditation for Law Enforcement Agencies, Inc. (CALEA). The department has maintained national accreditation since November 1997. Existing departmental programs, including criminal investigations, traffic enforcement, domestic violence, crime prevention, criminal apprehension, and community-involved policing, are enhanced through the accreditation process.

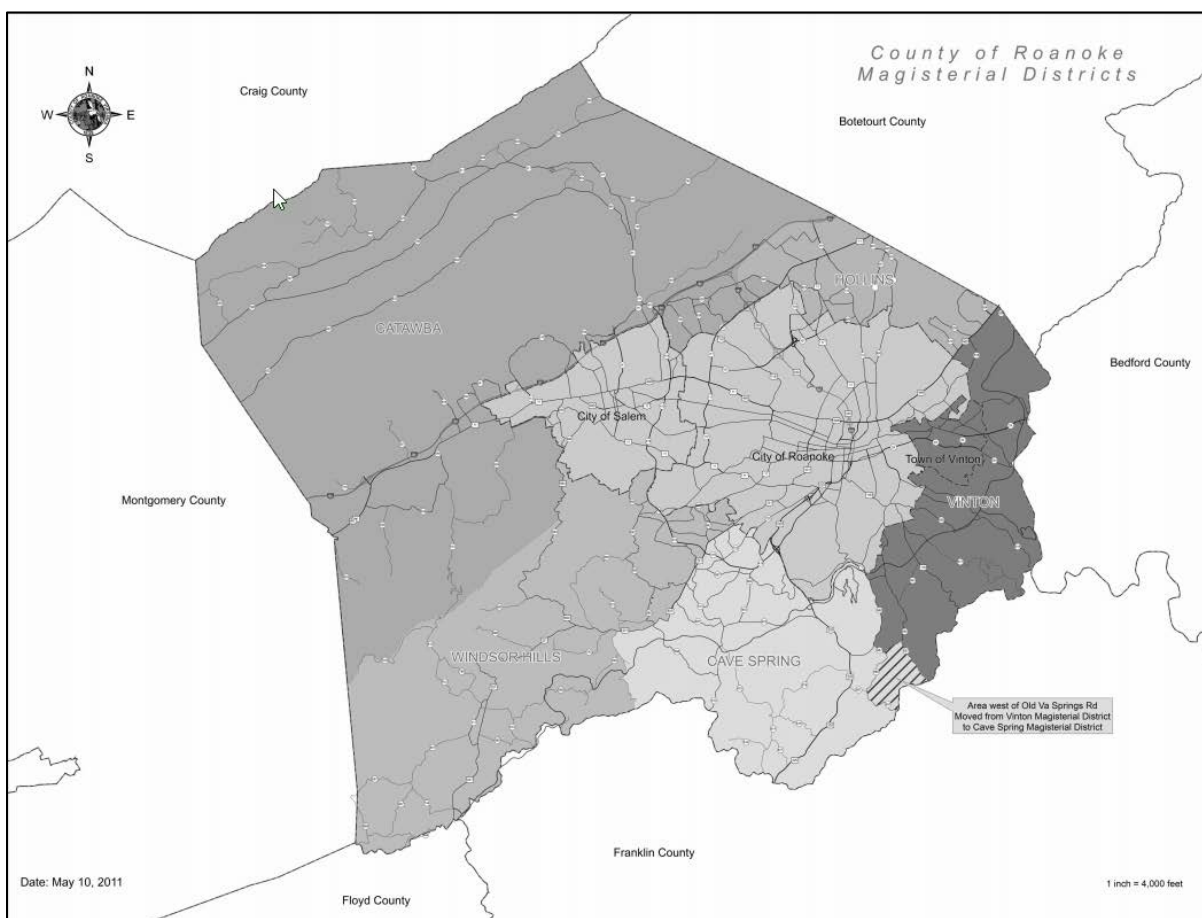
The Roanoke Valley Resource Authority (RVRA) was established on October 23, 1991 under a user agreement between the County of Roanoke, the City of Roanoke and the Town of Vinton to develop a regional solid waste disposal facility. In 2016, the City of Salem joined the RVRA. A nine-member board appointed by the governing bodies of the Charter Members presently governs the RVRA. The County has

control over the budget and financing of the Authority only to the extent of representation by board members appointed. The old regional sanitary landfill operated by the Roanoke Valley Regional Solid Waste Management Board was closed on September 30, 1993.

On July 1, 2004, the County of Roanoke and the City of Roanoke, Virginia (City) formed the Western Virginia Water Authority, a regional water and wastewater authority. This full service authority serves both County and City citizens ensuring a reliable and efficient means of providing water and wastewater treatment, at the lowest cost and best rate and service for its customers. The assets and liabilities of the County and City water and wastewater utilities were merged into one full service authority.

The Western Virginia Regional Jail Authority was formed in June 2005 by the counties of Roanoke, Franklin, and Montgomery and the City of Salem. This regional initiative was undertaken to address overcrowded conditions experienced by each of the partner jurisdictions. The Western Virginia Regional Jail houses post-sentencing inmates and special populations, while the local jails remain operational and are used to house pre-sentencing inmates.

In 2016, the Board of Supervisors adopted the first-ever Community Strategic Plan. The Community Strategic Plan focuses on Community Health and Well-Being, Economic Development, Education, Public Safety, Quality of Life, and Transportation through seven Strategic Initiatives identified through a series of citizen surveys.



County of Roanoke
County Officials
June 30, 2020

Board of Supervisors

David F. Radford, Chairman, Windsor Hills District
Phil C. North, Vice-Chairman, Hollins District
Martha B. Hooker, Catawba District
Paul M. Mahoney, Cave Spring District
P. Jason Peters, Vinton District

County Administration

Daniel R. O'Donnell, County Administrator

County Attorney	Peter S. Lubeck
Assistant County Administrator	Richard L. Caywood
Assistant County Administrator	Rebecca E. Owens
Clerk to the Board	Deborah C. Jacks
Chief of Fire and Rescue.	Stephen G. Simon
Chief of Police	Howard B. Hall
Director of Planning.....	Philip G. Thompson
Director of Development Services	Tarek M. Moneir
Director of Economic Development	Jill B. Loope
Director of Finance and Management Services.....	Laurie L. Gearheart
Director of General Services	Howard R. Light
Director of Human Resources.....	Anita J. Hassell
Director of Communications and Information Technology	William F. Hunter
Director of Library Services.....	Shari A. Henry
Director of Parks, Recreation and Tourism.....	Douglas M. Blount
Director of Real Estate Assessments	Kenneth E. Fay
Director of Social Services	Joyce W. Earl
General Registrar	Anna L. Cloeter
Unit Coordinator for Virginia Cooperative Extension	Leslie R. Prillaman

Constitutional Officers

Clerk of the Circuit Court.....	Steven A. McGraw, Sr.
Commissioner of the Revenue.....	Nancy J. Horn
Commonwealth Attorney.....	Brian T. Holohan
Sheriff	Joseph E. Orange
Treasurer	F. Kevin Hutchins

**Roanoke County Public Schools
Principal Officials
June 30, 2020**

School Board Members

Donald T. Butzer, Chairman, Catawba District
Michael A. Wray, Vice-Chairman, Cave Spring District
Timothy D. Greenway, Vinton District
David M. Linden, Hollins District
Jason B. Moretz, Windsor Hills District

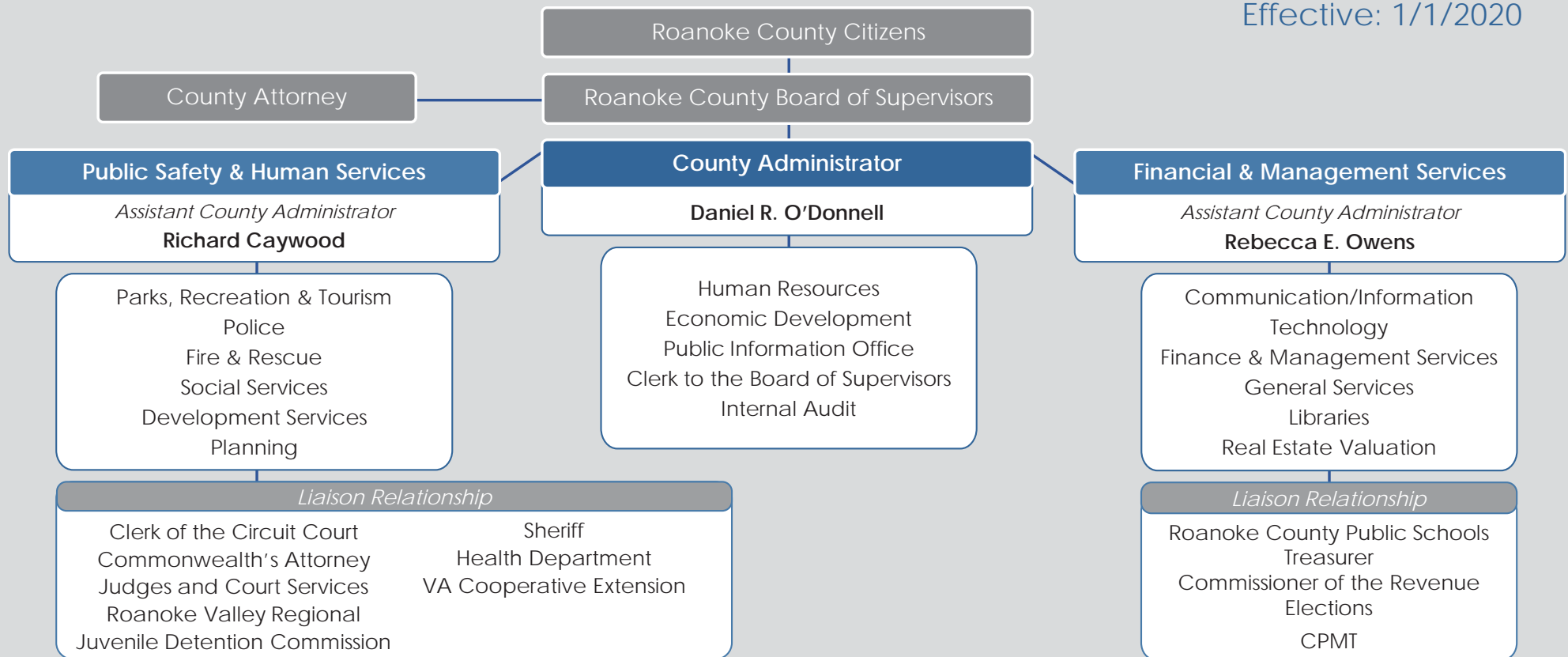
School Administration

Dr. Kenneth E. Nicely, Superintendent of Schools

Assistant Superintendent of Instruction
and Leadership Dr. Rebecca G. Eastwood
Assistant Superintendent of Student Services
and Human Resources Dr. Jessica M. McClung
Executive Director of Administration Dr. Rhonda Stegall
Executive Director of Elementary Instruction Ms. Stephanie M. Hogan
Executive Director of Secondary Instruction Mr. Michael J. Riley
Director of Assessment and Research Mr. Ben J. Williams
Director of Career and Technical Education Mr. Jason D. Suhr
Director of Facilities and Operations Mr. Mark G. Kitta
Director of Finance Mrs. Susan L. Peterson
Director of Human Resources Mr. James R. Bradshaw
Director of Technology Mr. Jeff A. Terry
Director of School Counseling Dr. Shawn D. Hughes
Director of Special Education Ms. Elisabeth P. Harmon

Roanoke County Organizational Chart

Effective: 1/1/2020





Government Finance Officers Association

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**County of Roanoke
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the Board of Supervisors
County of Roanoke, Virginia
Roanoke, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Roanoke, Virginia (the "County"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County'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 did not audit the financial statements of the South Peak Community Development Authority (the "CDA"), as a discretely presented component unit of the County, which represents 5.4% of the respective assets, 0.4% of the respective revenues, and 0.5% of the respective net position of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the CDA, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Roanoke, Virginia, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information other than management's discussion and analysis, 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 County's basic financial statements. The introductory section, supplementary information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The supplementary information and the schedule of expenditures and federal awards 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 supplementary information and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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 16, 2020 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 16, 2020

COUNTY OF ROANOKE, VIRGINIA
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020

Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These financial statements provide information about the County as a whole using the accrual basis of accounting, which is the method used by most private-sector companies. All current year revenues and expenses are reported in the Statement of Activities regardless of when cash is received or paid. These statements allow readers to answer the question: "Is the County's financial position, as a whole, better or worse as a result of the year's activities?"

One of the main goals of these two financial statements is to report the County's net position and changes that affected net position during the fiscal year. The amount of net position, which is the difference between assets and deferred outflows and liabilities and deferred inflows, is one way to measure the County's financial position. Over time, increases or decreases in net position are indicators of whether the County's financial condition is improving or deteriorating. Other nonfinancial factors, such as changes in the County's property tax base and the physical condition of the County's infrastructure should also be considered in assessing the overall financial condition of the County.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate Roanoke County Public Schools and a legally separate Economic Development Authority for which the County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 33-34 of this report.

In the Statement of Net Position and the Statement of Activities, the County's fund-based activity is classified as follows:

Governmental activities – Most of the County's basic services are reported as governmental activities, including public safety, public works, judicial administration, library, health and welfare, parks, recreation and cultural, community development, education, and general government. Property and other local taxes, and state and federal grants finance most of these activities.

Fund Financial Statements

Government financial statements have traditionally been prepared using the fund financial statement presentation. They provide more detailed information about the County's funds, focusing on its most significant or "major" funds – not the system as a whole. The County utilizes three types of funds:

- Governmental funds: Most of the County's basic services are reported in governmental funds, which focus on how resources flow into and out of those funds and the remaining balances at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. The relationship (or differences) between governmental activities (reported in the

COUNTY OF ROANOKE, VIRGINIA
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020

Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation accompanying the fund financial statements.

- Proprietary funds: The County uses Internal Service funds to provide for health, other post-employment benefits, dental, and workers' compensation coverage for employees and for general and automobile liability coverage.
- Fiduciary funds: The County is trustee, or fiduciary, for the Fire and Rescue Pension Trust Length of Service Awards Program. The County acts in an agency capacity or fiscal agent, for the Roanoke Valley Resource Authority, Virginia Recreational Facilities Authority, the Western Virginia Regional Jail Authority, the Regional Center for Animal Control and Protection and other local agencies. Resources held for other governments, individuals or agencies not part of the County are reported as fiduciary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The County excludes these activities from the government-wide financial statements because the County cannot use these assets to finance its operations.

The governmental fund financial statements can be found beginning on page 35 of this report.

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. The notes to the basic financial statements can be found beginning on page 46 of this report.

Required supplementary information – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's budgetary comparisons, contributions and progress in funding its obligation to provide pension and postemployment health care benefits to its employees. Required supplementary information can be found beginning on page 121 of this report.

Certain additional *supplementary information* is presented immediately following the required supplementary information. Supplementary information includes combining schedules of governmental funds (including budgetary comparisons), combining schedules of internal service funds, and combining schedules of fiduciary funds. Also included are statements of component units. Supplementary information can be found beginning on page 142 of this report.

COUNTY OF ROANOKE, VIRGINIA
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Summary of Net Position

As noted earlier, the amount of net position may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed Summary of Net Position as presented in the government-wide financial statements:

Summary of Net Position As of June 30, 2020 and 2019			
	<u>Governmental Activities</u>		<u>Percent</u>
	<u>2020</u>	<u>2019</u>	<u>Change</u>
Current and other assets	\$ 101,671,197	\$ 108,281,871	-6.1%
Capital assets, net	<u>238,828,845</u>	<u>232,050,807</u>	<u>2.9%</u>
Total assets	<u>340,500,042</u>	<u>340,332,678</u>	<u>0.0%</u>
Deferred outflows	<u>16,358,922</u>	<u>9,555,460</u>	<u>71.2%</u>
Other liabilities	18,998,143	16,384,903	15.9%
Long-term liabilities	<u>249,255,138</u>	<u>243,085,084</u>	<u>2.5%</u>
Total liabilities	<u>268,253,281</u>	<u>259,469,987</u>	<u>3.4%</u>
Deferred inflows	<u>20,054,030</u>	<u>15,955,209</u>	<u>25.7%</u>
Net investment in capital assets	90,616,318	94,294,227	-3.9%
Restricted	3,568,610	3,396,762	5.1%
Unrestricted	<u>(25,633,275)</u>	<u>(23,228,047)</u>	<u>10.4%</u>
Total net position	<u><u>\$ 68,551,653</u></u>	<u><u>\$ 74,462,942</u></u>	<u><u>-7.9%</u></u>

In the case of the County, assets and deferred outflows exceed liabilities and deferred inflows by \$68.6 million at the close of fiscal year 2020. This decrease of \$5.9 million reflects an overall decrease in the County's financial position and is the result of a combination of factors including a decrease in net capital assets due to an increase in asset values offset by annual depreciation expense and expenses exceeding revenues for the year ended.

The largest portion of the County's net position is \$90.6 million (132.2%) and reflects its *net investment in capital assets* (i.e., land, buildings, machinery and equipment) less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The County's *restricted net position* of \$3.6 million (5.2%) represents funds externally restricted for specific state and federal grant programs.

The remaining balance of \$(25.6) million, or -37.4%, is *unrestricted net position*. A negative balance indicates that no funds were available for discretionary purposes.

COUNTY OF ROANOKE, VIRGINIA
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020

At the end of the current fiscal year, the County was able to report a positive balance in both the net investment in capital assets and the restricted categories and a negative balance in the unrestricted net position category.

Changes in Net Position

The following table presents a condensed summary of changes in net position for governmental activities:

Changes in Net Position			
For the Year Ended June 30, 2020 and 2019			
	<u>Governmental Activities</u>		<u>Percent</u>
	<u>2020</u>	<u>2019</u>	<u>Change</u>
Revenues			
Program Revenues:			
Charges for services	\$ 12,950,046	\$ 14,168,473	-8.6%
Operating grants & contributions	31,976,337	29,868,781	7.1%
General Revenues:			
Property taxes	122,406,123	119,113,019	2.8%
Sales taxes	12,151,618	11,011,106	10.4%
Business license taxes	7,307,262	7,101,616	2.9%
Communication taxes	3,266,038	3,342,247	-2.3%
Consumer utility taxes	3,596,614	3,738,985	-3.8%
Tax on prepared food	4,151,643	4,382,887	-5.3%
Motor vehicle licenses	2,467,320	2,416,603	2.1%
Other local taxes	5,312,507	5,747,923	-7.6%
Non-categorical state aid	12,229,856	12,229,857	0.0%
Other revenues	2,335,598	2,912,969	-19.8%
Total revenues	<u>220,150,962</u>	<u>216,034,466</u>	<u>1.9%</u>
Expenses			
General government	14,959,070	16,846,002	-11.2%
Judicial administration	3,287,260	3,330,368	-1.3%
Public safety	58,816,946	48,393,359	21.5%
Public works	18,565,362	19,401,962	-4.3%
Library	6,030,245	5,894,548	2.3%
Health & welfare	21,564,398	19,288,522	11.8%
Parks, recreation and culture	9,863,100	10,318,020	-4.4%
Community development	3,653,856	2,436,934	49.9%
Education	81,396,425	88,884,391	-8.4%
Interest and other charges	7,925,589	8,497,775	-6.7%
Total expenses	<u>226,062,251</u>	<u>223,291,881</u>	<u>1.2%</u>
Change in net position	(5,911,289)	(7,257,415)	-18.5%
Total net position, beginning of year	74,462,942	81,720,357	-8.9%
Total net position, end of year	<u>\$ 68,551,653</u>	<u>\$ 74,462,942</u>	<u>-7.9%</u>

COUNTY OF ROANOKE, VIRGINIA
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020

Governmental Activities

Governmental activities decreased the County's net position by \$5.9 million. The County's total revenues increased from the prior year by 1.9% to \$220.2 million and expenses for all programs and services increased 1.2% to \$226.1 million.

Approximately 55.6% of the County's revenues come from property taxes, 3.3% from business license tax, 1.5% from communications tax, 1.6% from consumer utility tax, 1.9% from tax on prepared food, 1.1% from motor vehicle licenses, 2.4% from other local tax, 5.9% from charges for services, 14.5% from operating grants and contributions, 5.6% from non-categorical state aid, 5.5% from sales tax, and 1.1% from other and miscellaneous revenues.

The County's expenses cover a range of services, with about 36.0% related to Education, 26.0% to Public Safety, 8.2% to Public Works, 9.5% to Health and Welfare, 1.5% to Judicial Administration, 2.7% to Library, 4.4% to Parks, Recreation and Culture, 1.6% to Community Development, 6.6% to General Government, and 3.5% for interest and other charges.

Revenues for governmental activities increased \$4.1 million (1.9%) and total expenses increased \$2.8 million (1.2%) when compared to the prior year.

Key elements of these changes were as follows:

- Property tax revenues increased by \$3.3 million (2.8%) during the year. This increase was primarily due to modest growth in both real and personal property tax values.
- Sales tax revenues increased by \$1.1 million (10.4%). This increase was primarily due to modest growth in local business revenues and the change in legislation effective July 1, 2020 to allow for the collection of sales tax revenues on internet sales.
- Business license tax revenues increased by \$0.2 million (2.9%). This increase was primarily due to modest growth in local business revenues.
- General Government expenses decreased by \$1.9 million (-11.2%) due to expenditure freezes and other decreased spending as a result of the COVID-19 pandemic.
- Public Safety expenses increased by \$10.4 million (21.5%) due to the County absorbing the Town of Vinton's Fire and Rescue Department. This resulted in an increase in salaries, benefits, and operating and capital expenses.
- Public Works expenses decreased by \$0.8 million (-4.3%) primarily due to fewer stormwater management projects in fiscal year 2020.
- Health and Welfare expenses increased by \$2.3 million (11.8%) due to an increase in demand for services.
- Parks, Recreation and Culture expenses decreased by \$0.5 million (-4.4%) as a result of library closures and fewer scheduled parks and recreation activities due to the COVID-19 pandemic.
- Community Development expenses increased by \$1.2 million (49.9%) primarily due to an increase in capital outlays related to transportation alternative grants, transportation improvement grants, and greenway improvement grants.

COUNTY OF ROANOKE, VIRGINIA
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental Funds

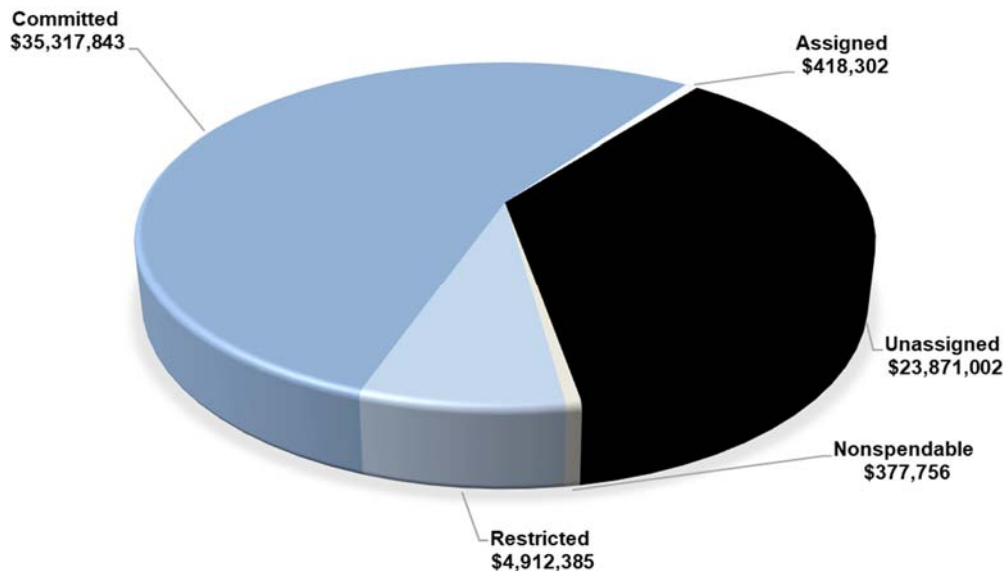
Governmental funds consist of the General Fund, Special Revenue Fund, Debt Service Fund and Capital Projects Fund and account for the general operations of the County. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In fiscal year 2011, the County implemented new reporting guidance, which replaced the traditional fund balance components. The components of fund balance now include non-spendable, restricted, committed, assigned and unassigned. The County has fund balances in all components at year end.

As of the end of the fiscal year, the County's governmental funds reported combined fund balance of \$64.9 million, a decrease of \$12.5 million in comparison with fiscal year 2019. Of this amount 0.6% (\$0.4 million) constitutes *non-spendable fund balance* which reflects inventories and prepaid assets that are non-liquid in form and cannot be spent, 7.6% (\$4.9 million) constitutes *restricted fund balance*, which is externally restricted for State and Federal grant programs, 54.4% (\$35.3 million) constitutes *committed fund balance*, which is designated for future capital projects, education, community development, stormwater management, LOSAP pension liability, and other general government programs, 0.6% (\$0.4 million) constitutes *assigned fund balance*, which is designated for parks and recreation and other various general government programs, and 36.8% (\$23.9 million) constitutes *unassigned fund balance* which reflects the County's unappropriated fund balances for all general governmental accounts.

The fund balance of the General Fund increased \$0.7 million during the current fiscal year. This increase is primarily attributed to less transfers out of the General Fund to County Capital.

The Special Revenue Fund accounts for proceeds of specific revenue sources that are restricted to expenditures for specific purposes. The restricted fund balance decreased from prior year by \$32,849 as a result of the decrease in the taxes received from the South Peak district.

The Capital Projects Fund is used to account for the acquisition or construction of major capital facilities. At the end of the current fiscal year, the Capital Projects Fund balance consisted of \$26.4 million committed and \$1.3 million restricted for future capital projects. The fund balance decreased by \$13.3 million primarily due to less bond proceeds received for the construction of the Public Service Center when compared to prior year bond proceeds received for the renovation of Cave Spring High School.



COUNTY OF ROANOKE, VIRGINIA
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020

GENERAL FUND BUDGETARY HIGHLIGHTS

The County's budget is prepared in accordance with the *Code of Virginia*. During the year, the County amended the original budget primarily for the following purposes:

- To reappropriate monies to pay for commitments in the form of encumbrances established prior to June 30, 2020 but not paid by that date.
- To reappropriate grants, donations and other revenues authorized in fiscal year 2020 or earlier, but not expended or encumbered as of June 30, 2020.
- To appropriate grants, donations, and other revenues accepted or adjusted in fiscal year 2020 when official notice of approval was received.
- To appropriate the designated general fund balance to capital projects.

Below is a condensed version of the budgetary comparison of the General Fund original budget, amended budget, and actual amounts for fiscal year 2020.

Budgetary Highlights - General Fund For the Year Ended June 30, 2020			
	Original Budget	Budget as Amended	Actual
Revenues	\$ 209,622,790	\$ 235,797,408	\$ 210,149,162
Expenditures	118,387,299	146,578,428	117,836,065
Transfers out, net	92,404,636	91,972,581	91,652,580
Net change in fund balance	<u>\$ (1,169,145)</u>	<u>\$ (2,753,601)</u>	<u>\$ 660,517</u>

Actual General Fund total revenues fell short of the amended budget by \$25.6 million for fiscal year 2020. The deficit is primarily the result of several reimbursable federal and state grants budgeted for the Roanoke River Greenway, Corridor improvements, Coronavirus Relief Funds, and other various projects. During the year, planning for the projects continued; however, minimal expenditures were incurred and, therefore, few revenues were received. Expenditures and transfers were less than budgetary estimates by \$29.0 million, resulting in savings at year end primarily due to grant awards budgeted, but not fully expended.

The County Board of Supervisors appropriated \$3.1 million in transfers in fiscal year 2020 to allocate the prior year ending fund balance for future expenditures and capital projects. The County ending fund balance decreased at June 30, 2020 by \$12.5 million compared to the prior fiscal year end largely due to reduced bond proceeds received for new capital projects offset by increased capital outlay expenditures. The School Board and County Board of Supervisors have a jointly adopted financial policy designating year end balances for major and minor capital projects.

Proprietary Funds

The County Internal Service Funds, a proprietary fund type, are presented on the same basis as the government-wide financial statements but is presented in more detail in the fund financial statements.

COUNTY OF ROANOKE, VIRGINIA
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020

Unrestricted net position of the Health Insurance, Dental Insurance, and Risk Management funds at the end of the year amounted to \$3,382,690. The net position of Risk Management increased by \$139,628, Health Insurance increased by \$1,911,994 as a result of favorable claims experience, and Dental Insurance decreased by \$(92,136).

CAPITAL ASSETS

As of June 30, 2020, the County had invested \$238.8 million, net of accumulated depreciation, in a variety of capital assets including land, buildings, construction-in-progress, land improvements, and equipment. The total net increase in the County's investment in capital assets for the current year was \$6.8 million.

Additional information about the County's capital assets can be found in Note 9 to the basic financial statements. Capital assets are illustrated in the following table:

Capital Assets		
As of June 30, 2020 and 2019		
	Governmental Activities	
	2020	2019
Land	\$ 15,203,683	\$ 14,747,553
Buildings, improvements and systems	337,353,258	336,458,654
Furniture, fixtures, and equipment	77,956,033	71,761,486
Construction in progress	38,975,192	20,772,388
Subtotal	<u>469,488,166</u>	<u>443,740,081</u>
Accumulated depreciation	(230,659,321)	(211,689,274)
Totals	<u><u>\$ 238,828,845</u></u>	<u><u>\$ 232,050,807</u></u>

Major capital asset events during the current fiscal year included the following:

- Furniture, fixtures, and equipment increased by \$6.2 million primarily due to the purchase and disposal of vehicles and heavy equipment, the completion of a public safety radio replacement, and the completion of a new Payroll ERP system.
- Construction in progress increased by \$18.2 million for the continuation of the construction of Cave Spring High School.

LONG-TERM DEBT

At June 30, 2020, the County had a number of bonded debt issues outstanding. These include \$0.9 million of general obligation debt (which is privately held), \$83.1 million of Virginia Public School Authority (VPSA) bonds for School purposes and \$81.0 million outstanding of lease revenue bonds. Although the issuance of bonds by Virginia counties is not subject to any limitations on amount, counties are prohibited from issuing general obligation bonds unless the issuance has been approved by public referendum. Outstanding debt at June 30, 2020 decreased by a net amount of \$3.5 million as a result of the issuance of new lease revenue bonds and of scheduled debt payments made during the year that reduced the principal balance of outstanding debt.

COUNTY OF ROANOKE, VIRGINIA
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020

The County has adopted a debt policy that establishes guidelines and limitations for the issuance of debt. The debt policy addresses the level of total indebtedness the County can reasonably expect to incur without jeopardizing its financial position and to ensure the efficient and effective operation of the County. The County measures its total level of debt through three ratios: 1) net debt per capita (excluding business type funds) should not exceed \$2,500, 2) net debt per assessments should not exceed 3%, and 3) debt service to general fund expenditures should not exceed 10%. As of June 30, 2020, the County's net debt per capita ratio was \$1,884, the net debt to assessments ratio was 1.71%, and the percent of debt service to general fund expenditures was 6.76% based on total debt outstanding.

The County has bond ratings on outstanding lease revenue bonds as follows: Standard & Poor's AA+, Moody's Investor Service Aa1, and Fitch AA+.

Additional information on the County's long-term debt can be found in Note 8 to the basic financial statements. The following table illustrates the County's outstanding debt:

Outstanding Debt		
As of June 30, 2020 and 2019		
	Governmental Activities	
	2020	2019
General Obligation bonds	\$ 948,122	\$ 1,866,987
Lease Revenue bonds	81,000,000	75,035,000
Virginia Public School Authority bonds	83,061,766	91,947,188
Bond Premiums	11,716,653	11,356,388
Totals	<u>\$ 176,726,541</u>	<u>\$ 180,205,563</u>

FACTORS INFLUENCING FUTURE BUDGETS AND RATES

Key factors that are expected to impact future budgets include:

- Current financial market volatility and continued uncertainty of the economy.
- Current and projected State budget reductions.
- Projected increases in retirement contribution rates assessed by the Virginia Retirement System.
- Projected increases in health insurance premiums.
- Funding for the Capital Improvements Program.
- Volatility of CSA program expenditures.

ECONOMIC FACTORS

During the first half of fiscal year 2020, the State economy mirrored the slow, yet steady, recovery of the national economy. However, economic impacts of COVID-19 emerged in March 2020, resulting in restrictions to travel and public gatherings, take-out only restaurant orders, and closure of non-essential businesses. The effects on these restrictions had a direct impact on revenues in multiple categories that support Roanoke County. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report.

COUNTY OF ROANOKE, VIRGINIA
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020

The County continues to forecast and experience relatively flat revenue growth in the local tax base, further challenging the ability to maintain existing service levels. While we have always kept a watchful eye on the year-to-date revenue collections and regularly update revenue forecasts, our current fiscal climate dictates that continuous revenue budgeting be a top priority. However, even with this emphasis, it is important to be aware of the pitfalls of estimating future revenues in this continuing unstable economic environment.

The County recognizes the value of properly illustrating year-end commitments. Accordingly, the County is able to utilize all or portions of surpluses at the end of the current year as a source of funding in a subsequent year, while also meeting the County's fund balance and capital policies, and maintaining desired reserves for future needs.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the Director of Finance and Management Services, County of Roanoke, 5204 Bernard Drive, Suite 300E, Roanoke, Virginia 24018, telephone (540) 283-8126, or visit the County's web site at www.roanokecountyva.gov.



COUNTY OF ROANOKE, VIRGINIA
Statement of Net Position
June 30, 2020

Exhibit I

	Governmental	Component
ASSETS	Activities	Units
Cash and cash equivalents	\$ 39,423,272	\$ 33,727,695
Cash and investments with fiscal agents	14,379,720	-
Investments	13,107,120	7,138,083
Restricted cash and cash equivalents	786,802	700,000
Accounts receivable	16,903,176	276,767
Due from other governments	16,099,340	3,904,839
Inventories	187,266	581,057
Land held for resale	-	4,162,324
Prepaid and other assets	784,501	138,841
Net asset from pension	-	793,372
Capital assets:		
Land and construction in progress	54,178,875	20,239,408
Other capital assets, net	184,649,970	42,241,740
Capital assets, net	238,828,845	62,481,148
Total assets	340,500,042	113,904,126
DEFERRED OUTFLOWS		
Deferred charges on refundings of debt	758,430	-
Resources related to pension plan	11,981,698	26,795,502
Other postemployment benefits provided by Virginia Retirement System	1,004,394	2,869,438
Other postemployment benefits provided by Roanoke County and Roanoke County Public Schools	2,614,400	734,251
Total deferred outflows	16,358,922	30,399,191
LIABILITIES		
Accounts payable	4,632,549	3,475,514
Accrued liabilities	1,987,089	797,395
Unearned revenues	9,845,103	529,832
Accrued interest payable	2,533,402	126,203
Due to other governments	87,775	-
Long-term liabilities:		
Portion due or payable within one year:		
Bonds payable	12,964,398	249,000
Bond premiums	939,504	-
Compensated absences	3,389,754	726,635
Claims payable	1,383,427	1,698,474
Portion due or payable after one-year:		
Bonds payable	152,045,490	6,009,000
Bond premiums	10,777,149	-
Compensated absences	2,806,411	1,915,420
Claims payable	1,561,740	581,562
Net pension liabilities	40,908,988	122,684,122
Net LOSAP pension liability	10,780,197	-
Other postemployment benefits provided by Virginia Retirement System	5,119,460	18,809,967
Other postemployment benefits provided by Roanoke County and Roanoke County Public Schools	6,490,845	10,223,547
Total liabilities	268,253,281	167,826,671
DEFERRED INFLOWS		
Deferred tax revenues	12,508,470	-
Resources related to pension plan	3,288,234	16,000,711
Other postemployment benefits provided by Virginia Retirement System	333,004	1,350,478
Other postemployment benefits provided by Roanoke County and Roanoke County Public Schools	3,924,322	8,962,407
Total deferred inflows	20,054,030	26,313,596
NET POSITION		
Net investment in capital assets	90,616,318	56,223,148
Restricted for:		
Grants and other governmental programs	3,568,610	3,739,586
Emergency contingency	-	2,000,000
Unrestricted	(25,633,275)	(111,799,684)
Total net position	\$ 68,551,653	\$ (49,836,950)

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Units
Primary Government						
General government	\$ 14,959,070	\$ 1,400,415	\$ 768,123	\$ -	\$ (12,790,532)	\$ -
Judicial administration	3,287,260	813,853	1,371,920	-	(1,101,487)	-
Public safety	58,816,946	4,245,721	8,066,184	-	(46,505,041)	-
Public works	18,565,362	368,915	55,953	-	(18,140,494)	-
Library	6,030,245	268,317	169,014	-	(5,592,914)	-
Health and welfare	21,564,398	1,010,080	13,245,819	-	(7,308,499)	-
Parks, recreation, and culture	9,863,100	4,245,587	508,262	-	(5,109,251)	-
Community development	3,653,856	597,158	578,512	-	(2,478,186)	-
Education	81,396,425	-	7,212,550	-	(74,183,875)	-
Interest and other charges	7,925,589	-	-	-	(7,925,589)	-
	<u>\$ 226,062,251</u>	<u>\$ 12,950,046</u>	<u>\$ 31,976,337</u>	<u>\$ -</u>	<u>(181,135,868)</u>	<u>-</u>
Total component units	<u>\$ 173,236,780</u>	<u>\$ 3,791,419</u>	<u>\$ 35,731,337</u>	<u>\$ 556,392</u>	<u>-</u>	<u>(133,157,632)</u>
General revenues:						
					122,406,123	-
					12,151,618	-
					7,307,262	-
					3,266,038	-
					3,596,614	-
					4,151,643	-
					2,467,320	-
					5,312,507	-
					-	72,347,386
					-	302,493
					12,229,856	56,937,049
					-	631,278
					227,275	145,868
					1,417,470	25,940
					690,853	1,144,466
					<u>175,224,579</u>	<u>131,534,480</u>
					(5,911,289)	(1,623,152)
					74,462,942	(48,213,798)
					<u>\$ 68,551,653</u>	<u>\$ (49,836,950)</u>

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2020

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 20,516,615	\$ 787,908	\$ 222,087	\$ 13,187,866	\$ 34,714,476
Cash and investments with fiscal agents	3,663,122	-	37,373	10,679,225	14,379,720
Investments	7,002,828	-	-	4,498,190	11,501,018
Restricted cash and cash equivalents	786,802	-	-	-	786,802
Receivables	16,716,101	-	-	22,826	16,738,927
Due from other governments	15,995,427	-	-	103,913	16,099,340
Prepaid items and other assets	159,235	1,475	-	29,780	190,490
Inventories	187,266	-	-	-	187,266
Total assets	<u>\$ 65,027,396</u>	<u>\$ 789,383</u>	<u>\$ 259,460</u>	<u>\$ 28,521,800</u>	<u>\$ 94,598,039</u>
LIABILITIES					
Accounts payable	\$ 3,103,320	\$ 6,812	\$ 28,926	\$ 766,216	\$ 3,905,274
Accrued wages and benefits	1,987,089	-	-	-	1,987,089
Due to other governments	87,775	-	-	-	87,775
Unearned revenues	9,845,103	-	-	-	9,845,103
Total liabilities	<u>15,023,287</u>	<u>6,812</u>	<u>28,926</u>	<u>766,216</u>	<u>15,825,241</u>
DEFERRED INFLOWS					
Deferred tax revenues	12,508,470	-	-	-	12,508,470
Unavailable revenues	1,367,040	-	-	-	1,367,040
	<u>13,875,510</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,875,510</u>
FUND BALANCES					
Nonspendable	346,501	1,475	-	29,780	377,756
Restricted	2,787,514	781,096	-	1,343,775	4,912,385
Committed	8,705,280	-	230,534	26,382,029	35,317,843
Assigned	418,302	-	-	-	418,302
Unassigned	23,871,002	-	-	-	23,871,002
Total fund balances	<u>36,128,599</u>	<u>782,571</u>	<u>230,534</u>	<u>27,755,584</u>	<u>64,897,288</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 65,027,396</u>	<u>\$ 789,383</u>	<u>\$ 259,460</u>	<u>\$ 28,521,800</u>	<u>\$ 94,598,039</u>

COUNTY OF ROANOKE, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2020

Reconciliation of the Governmental Funds' Balance Sheet to the Statement of Net Position

Total fund balances for governmental funds (Exhibit III)	\$ 64,897,288
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Total net capital assets reported for governmental activities in the Statement of Net Position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (Note 9). Those assets consist of:

Land and construction in progress	54,178,875	
Other capital assets, net of \$230,659,321 of accumulated depreciation	<u>184,649,970</u>	
Total capital assets, net		238,828,845

Internal service funds (Exhibit V) are used by the County to charge the cost of health, dental, and risk management to individual funds. These assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position. Internal service fund net position (deficit) is:	3,382,690
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County revenues that are earned but not considered available are not current financial resources and, therefore, are not reported in the governmental funds.	1,367,040
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Long-term assets or liabilities are not due and payable in the current period and, therefore, are not reported as assets or liabilities in the governmental funds. Balances at June 30, 2020 are:

Prepaid and other assets	18,026	
Accrued interest payable	(2,533,402)	
Bonds payable	(165,009,888)	
Bond premiums	(11,716,653)	
Compensated absences	(6,196,165)	
Other postemployment benefit OPEB liabilities	(11,610,305)	
Net pension liabilities	<u>(51,689,185)</u>	
Total long-term assets and liabilities		(248,737,572)

Deferred outflows and inflows or resources related to debt refunds, pensions and OPEB are applicable to future periods and, therefore, are not reported in the governmental funds. Balances at June 30, 2020 are:

Deferred outflow from debt refundings resulting in loss transactions	758,430	
Deferred outflows of resources related to pension plan	11,981,698	
Deferred outflows of resources related to other postemployment benefits	3,618,794	
Deferred inflows of resources related to other postemployment benefits	(4,257,326)	
Deferred inflow of resources related to pension plan	<u>(3,288,234)</u>	
Total deferred outflows and inflows		8,813,362

Total net position of governmental activities (Exhibit I)	<u>\$ 68,551,653</u>
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COUNTY OF ROANOKE, VIRGINIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
REVENUES					
General property taxes	\$ 122,773,860	\$ 277,086	\$ -	\$ -	\$ 123,050,946
Other local taxes	37,338,598	354,192	-	-	37,692,790
Permits, fees, and licenses	837,800	-	-	-	837,800
Fines and forfeitures	364,007	-	-	-	364,007
Use of money and property	383,995	-	708	397,428	782,131
Charges for services	8,511,703	-	-	735,652	9,247,355
Intergovernmental revenue	36,207,558	-	4,125,345	3,087,205	43,420,108
Locality compensation payments	-	-	124,444	-	124,444
Miscellaneous	3,731,641	-	288,711	325,482	4,345,834
Total revenues	<u>210,149,162</u>	<u>631,278</u>	<u>4,539,208</u>	<u>4,545,767</u>	<u>219,865,415</u>
EXPENDITURES					
Current operating:					
General government	14,631,086	-	-	-	14,631,086
Judicial administration	2,982,275	-	-	-	2,982,275
Public safety	49,882,643	-	-	-	49,882,643
Public works	14,991,285	-	-	-	14,991,285
Library	4,839,143	-	-	-	4,839,143
Health and welfare	20,500,549	-	-	-	20,500,549
Parks, recreation, and culture	7,654,122	-	-	-	7,654,122
Community development	2,354,962	26,529	-	-	2,381,491
Education	70,320,166	-	-	-	70,320,166
Debt service:					
Principal	-	222,000	12,864,287	-	13,086,287
Interest and other charges	-	415,598	7,464,442	285,258	8,165,298
Capital outlay	-	-	-	32,341,885	32,341,885
Total expenditures	<u>188,156,231</u>	<u>664,127</u>	<u>20,328,729</u>	<u>32,627,143</u>	<u>241,776,230</u>
Excess (deficiency) of revenues over (under) expenditures	<u>21,992,931</u>	<u>(32,849)</u>	<u>(15,789,521)</u>	<u>(28,081,376)</u>	<u>(21,910,815)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of bonds	-	-	-	9,025,000	9,025,000
Premium on bonds	-	-	-	1,245,358	1,245,358
Proceeds from sale of land, buildings and equipment	-	-	-	227,275	227,275
Transfers in	461,964	-	16,048,336	4,757,722	21,268,022
Transfers out	(21,794,378)	-	(132,955)	(461,782)	(22,389,115)
Total other financing sources (uses), net	<u>(21,332,414)</u>	<u>-</u>	<u>15,915,381</u>	<u>14,793,573</u>	<u>9,376,540</u>
Net change in fund balances	660,517	(32,849)	125,860	(13,287,803)	(12,534,275)
Total fund balances at beginning of year	35,468,082	815,420	104,674	41,043,387	77,431,563
Total fund balances at end of year	<u>\$ 36,128,599</u>	<u>\$ 782,571</u>	<u>\$ 230,534</u>	<u>\$ 27,755,584</u>	<u>\$ 64,897,288</u>

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities**

Net change in fund balances - total governmental funds (Exhibit IV) \$ (12,534,275)

Total change in net position reported for governmental activities in the Statement of Activities is different due to:

Internal service funds (Exhibit VI) are used by the County to charge the cost of health, dental, and risk management to individual funds. The change in net position of internal service funds is reported with governmental activities. 1,959,486

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. 115,540

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and the net book value of disposals (\$27,885,746) were over depreciation expense (\$21,107,708) in the current period. 6,778,038

Long-term liabilities, including bond and other obligation proceeds, are reported as financing sources in governmental funds and, thus, contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the change in net position. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position.

Obligation under debt issuances	(10,270,358)	
Repayments of principal	12,864,287	
Locality compensation payment	<u>(124,444)</u>	
Net adjustment		2,469,485

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, which is presented on the accrual basis, expenses and changes in liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net change of the following:

Compensated absences	(620,376)	
Accrued interest payable	<u>461,709</u>	
Net adjustment		(158,667)

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. (2,798,585)

Governmental funds report other postemployment benefit contributions as expenditures. However, in the Statement of Activities, the cost of other postemployment benefits earned net of employee contributions is reported as pension expense. (1,742,311)

Change in net position of governmental activities (Exhibit II) \$ (5,911,289)

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Statement of Net Position
Proprietary Funds
June 30, 2020

	Internal Service Funds
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,708,796
Investments	1,606,102
Accounts receivable	164,249
Prepaid expenses	575,985
Total current assets	<u>7,055,132</u>
LIABILITIES	
Current liabilities:	
Accounts payable	727,275
Claims payable	1,383,427
Total current liabilities	<u>2,110,702</u>
Noncurrent liabilities:	
Claims payable	<u>1,561,740</u>
Total noncurrent liabilities	<u>1,561,740</u>
Total liabilities	<u>3,672,442</u>
Net Position:	
Unrestricted	<u>3,382,690</u>
Total net position	<u><u>\$ 3,382,690</u></u>

See accompanying notes to basic financial statements

COUNTY OF ROANOKE, VIRGINIA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Internal Service Funds
OPERATING REVENUES	
Charges for services	\$ 13,673,859
Total operating revenues	<u>13,673,859</u>
OPERATING EXPENSES	
Purchased services	2,791,919
Personal services	36,129
Claims	10,074,594
Total operating expenses	<u>12,902,642</u>
Operating income	771,217
NONOPERATING REVENUES	
Investment income	67,176
Total nonoperating revenues	<u>67,176</u>
Net income before transfers	<u>838,393</u>
TRANSFERS	
Transfers in	1,232,965
Transfers out	(111,872)
Net transfers	<u>1,121,093</u>
Change in net position	1,959,486
Total net position at beginning of year	1,423,204
Total net position at end of year	<u><u>\$ 3,382,690</u></u>

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from interfund services provided	\$ 13,673,859
Payments to suppliers	(3,550,961)
Payments to employees	(36,129)
Claims paid	(10,238,552)
Other payments, net	(474,353)
Cash used in operating activities	<u>(626,136)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	1,121,093
Cash provided by noncapital financing activities	<u>1,121,093</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of investments	733,004
Interest and dividends received	67,176
Cash provided by investing activities	<u>800,180</u>
Increase in cash and cash equivalents	1,295,137
Cash and cash equivalents at beginning of the year	<u>3,413,659</u>
Cash and cash equivalents at end of the year	<u><u>\$ 4,708,796</u></u>
<u>Reconciliation of operating income to net cash used in operating activities:</u>	
Operating income	\$ 771,217
Adjustments to reconcile operating income to net cash used in operating activities:	
Change in assets and liabilities:	
Accounts receivable	101,632
Prepaid expenses	(575,985)
Accounts payable	(759,042)
Claims payable	(163,958)
Net cash used in operating activities	<u><u>\$ (626,136)</u></u>

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	OPEB Trust	Agency Funds
ASSETS		
Cash and cash equivalents	\$ -	\$ 31,901,564
Investments	-	3,772,006
Investments held by trustee, at fair value:		
Other pooled funds	7,280,052	-
Total assets	<u>7,280,052</u>	<u>\$ 35,673,570</u>
LIABILITIES		
Accounts payable	-	35,673,570
Total liabilities	<u>-</u>	<u>\$ 35,673,570</u>
NET POSITION		
Fiduciary Net Position	<u>\$ 7,280,052</u>	

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Statement of Changes in Fiduciary Net Position
OPEB Trust
For the Year Ended June 30, 2020

ADDITIONS

Contributions from employer	\$ 121,825
Investment income:	
Interest and dividends	3,646
Unrealized/Realized gains	211,280
Total Investment Gain	<u>214,926</u>
Less Investment Expenses	<u>(8,209)</u>
Net Investment Income	<u>206,717</u>
Total additions	<u>328,542</u>

DEDUCTIONS

Benefit Payments	<u>-</u>
Total deductions	<u>-</u>

Change in net position 328,542

Total net position at beginning of year	<u>6,951,510</u>
Total net position at ending of year	<u>\$ <u>7,280,052</u></u>

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Net Position
Component Units
June 30, 2020

	Roanoke County Public Schools	Economic Development Authority	South Peak Community Development Authority	Total Component Units
ASSETS				
Cash and cash equivalents	\$ 32,337,178	\$ 1,390,517	\$ -	\$ 33,727,695
Investments	7,138,083	-	-	7,138,083
Restricted cash and cash equivalents	-	700,000	-	700,000
Accounts and other receivables	276,189	578	-	276,767
Due from other governments	3,123,743	-	781,096	3,904,839
Inventory	581,057	-	-	581,057
Land held for resale	-	4,162,324	-	4,162,324
Prepaid and other assets	135,616	1,750	1,475	138,841
Net asset from pension	793,372	-	-	793,372
Capital assets:				
Land and construction in progress	14,909,345	-	5,330,063	20,239,408
Other capital assets, net	42,241,740	-	-	42,241,740
Capital assets, net	57,151,085	-	5,330,063	62,481,148
Total assets	101,536,323	6,255,169	6,112,634	113,904,126
DEFERRED OUTFLOWS OF RESOURCES				
Resources related to pension plan	26,795,502	-	-	26,795,502
Other postemployment benefit provided by Virginia Retirement System	2,869,438	-	-	2,869,438
Other postemployment benefit provided by Roanoke County Public Schools	734,251	-	-	734,251
Total deferred outflows of resources	30,399,191	-	-	30,399,191
LIABILITIES				
Accounts payable	3,475,514	-	-	3,475,514
Accrued liabilities	797,395	-	-	797,395
Unearned revenue	529,832	-	-	529,832
Accrued interest payable	-	-	126,203	126,203
Long-term liabilities:				
Portion due or payable within one year:				
Bonds payable	-	-	249,000	249,000
Compensated absences	726,635	-	-	726,635
Claims payable	1,698,474	-	-	1,698,474
Portion due or payable after one year:				
Bonds payable	-	-	6,009,000	6,009,000
Compensated absences	1,915,420	-	-	1,915,420
Claims payable	581,562	-	-	581,562
Net pension liability	122,684,122	-	-	122,684,122
Net liability from other postemployment benefit provided by Virginia Retirement System	18,809,967	-	-	18,809,967
Net liability from other postemployment benefit provided by Roanoke County Public Schools	10,223,547	-	-	10,223,547
Total liabilities	161,442,468	-	6,384,203	167,826,671
DEFERRED INFLOWS OF RESOURCES				
Resources related to pension plan	16,000,711	-	-	16,000,711
Other postemployment benefit provided by Virginia Retirement System	1,350,478	-	-	1,350,478
Other postemployment benefit provided by Roanoke County Public Schools	8,962,407	-	-	8,962,407
Total deferred inflows of resources	26,313,596	-	-	26,313,596
NET POSITION				
Net investment in capital assets	57,151,085	-	(927,937)	56,223,148
Restricted for:				
Emergency contingency	2,000,000	-	-	2,000,000
Nutrition	3,739,586	-	-	3,739,586
Unrestricted (deficit)	(118,711,221)	6,255,169	656,368	(111,799,684)
Total net (deficit) position	\$ (55,820,550)	\$ 6,255,169	\$ (271,569)	\$ (49,836,950)

See accompanying notes to basic financial statements

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Public Schools	Economic Development Authority	South Peak Community Development Authority	Total Component Units
Roanoke County Public Schools	\$ 171,916,700	\$ 3,791,419	\$ 35,731,337	\$ 556,392	\$ (131,837,552)	\$ -	\$ -	\$ (131,837,552)
Economic Development Authority	893,320	-	-	-	-	(893,320)	-	(893,320)
South Peak Community Development Authority	426,760	-	-	-	-	-	(426,760)	(426,760)
Total component units	<u>\$ 173,236,780</u>	<u>\$ 3,791,419</u>	<u>\$ 35,731,337</u>	<u>\$ 556,392</u>	<u>(131,837,552)</u>	<u>(893,320)</u>	<u>(426,760)</u>	<u>(133,157,632)</u>
General revenues:								
Payments from Roanoke County					72,303,722	43,664	-	72,347,386
Payments from other local governments					-	302,493	-	302,493
Non-categorical state aid					56,237,049	700,000	-	56,937,049
Incremental tax revenues					-	-	631,278	631,278
Gain on sale of capital assets					145,868	-	-	145,868
Interest and Investment earnings					-	25,940	-	25,940
Miscellaneous					1,073,513	70,953	-	1,144,466
Total general revenues					<u>129,760,152</u>	<u>1,143,050</u>	<u>631,278</u>	<u>131,534,480</u>
Change in net position					(2,077,400)	249,730	204,518	(1,623,152)
Total net (deficit) position at beginning of year					<u>(53,743,150)</u>	<u>6,005,439</u>	<u>(476,087)</u>	<u>(48,213,798)</u>
Total net (deficit) position at end of year					<u>\$ (55,820,550)</u>	<u>\$ 6,255,169</u>	<u>\$ (271,569)</u>	<u>\$ (49,836,950)</u>

See accompanying notes to basic financial statements

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2020

(1) Summary of Significant Accounting Policies

Financial Reporting Entity

Formed in 1838, the County of Roanoke, Virginia (County) is a county government within the Commonwealth of Virginia (Commonwealth or State). The County is a municipal corporation governed by an elected five-member Board of Supervisors (Board), one from each of the five magisterial districts that appoints a County Administrator. There are also five elected Constitutional Officers who are independent of the Roanoke County Government by law and serve as Clerk of the Circuit Court, Commissioner of the Revenue, Commonwealth Attorney, Sheriff and Treasurer.

The County's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County's financial reporting entity is defined and its financial statements are presented in accordance with GAAP, which defines the distinction between the County as the Primary Government and its related entities. Accordingly, these financial statements present the County and its component units, entities for which the County is considered to be financially accountable, hereafter referred to as the Reporting Entity.

Discretely Presented Component Units

Discretely presented component units are entities that are legally separate organizations for which the elected officials of the Primary Government are financially accountable or for which the nature and significance of their relationship with a Primary Government are such that exclusion would cause the Reporting Entity's financial statements to be misleading. They are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

Roanoke County Public Schools

The Roanoke County Public School Board (School Board) is responsible for overseeing elementary and secondary public education within the government's jurisdiction. The members of the School Board are elected by the citizens of Roanoke County. However, the Roanoke County Public Schools (School System) is fiscally dependent upon the County because its Board approves the School System's budget, levies the necessary taxes to finance operations, and approves the borrowing of money and issuance of debt to support School System operations and infrastructure. The School System's financial information is presented within the Discretely Presented Component Units' column to emphasize that it is legally separate from the Primary Government. The School System has separately issued financial statements, which may be obtained by writing the Roanoke County Public Schools Department of Finance, 5937 Cove Road, Roanoke, VA 24018 or visit their website www.rcps.us.

Economic Development Authority of Roanoke County, Virginia

The Economic Development Authority of Roanoke County, Virginia (EDA or Authority) was created as a political subdivision of the Commonwealth of Virginia by ordinance of the Roanoke County Board on August 11, 1971, pursuant to the provisions of the Industrial Development and Revenue Bond Act (Chapter 49, Section 15.2 et. Seq., of the *Code of Virginia* (1950), as amended). The Authority is governed by a board of directors appointed by the County's Board. As a result, the Authority's revenues and expenses may be influenced by the decisions made by the County. The Authority is authorized to acquire, own, lease, and dispose of properties aimed at promoting industry and developing trade by encouraging enterprises to locate and remain in the Roanoke Valley. In addition, the Authority is authorized to issue revenue bonds for the purpose of obtaining and constructing facilities, for which related liabilities may be retained by the Authority or may be assumed by the enterprises for which facilities are constructed. Collection of revenues pledged to

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2020

liquidate the bonds may be assigned to a trustee. The revenue bonds are not deemed to constitute a debt of pledge of the faith and credit of the Commonwealth of Virginia or any municipality thereof and are payable solely from revenues generated from the lease of facilities constructed, which may be secured by a deed of trust on those facilities. The EDA financial information is presented within the Discretely Presented Component Units' column to emphasize that it is legally separate from the primary government. The Authority does not issue separate financial statements.

South Peak Community Development Authority

The South Peak Community Development Authority (CDA) was created as a political subdivision of the Commonwealth of Virginia by ordinance of the County Board on August 24, 2010 pursuant to the provisions of the Virginia Water and Waste Authorities Act (Chapter 51, Section 15.2 et. Seq., of the *Code of Virginia* (1950), as amended). The CDA is governed by a board of directors appointed by the County's Board. As a result, the CDA's revenues and expenses may be influenced by the decisions made by the County. The creation of the CDA was the result of a petition filed with the Board by the land owners within the South Peak Community Development District (District). The District consists of approximately 62.5 acres of land within the County intended to be a mixed-use development consisting of commercial and residential properties. The CDA was created to assist in financing the infrastructure, improvements and services in connection with the development of the land. The funding for these improvements will be through bonds issued by the CDA, special assessments to be levied pursuant to Section 15.2-5158(A)(5) of the *Code of Virginia* (1950), as amended, and contributions made by the County of certain incremental tax revenues generated within the District. Any bonds issued by the CDA, or any other financing arrangements entered into by the CDA are the obligations of the CDA, and will not be a debt or other obligation of the County nor does it constitute a pledge of the faith and credit of the County. The CDA's financial information is presented within the Discretely Presented Component Units' column to emphasize that it is legally separate from the primary government. The CDA has separately issued financial statements, which may be obtained by writing to the County of Roanoke Department of Finance and Management Services, 5204 Bernard Drive, Roanoke, VA 24018.

Related Organizations

As the custodian of public funds, the County's Treasurer invests all public monies held on deposit with the County. In the case of the separate agencies listed below, the County serves as fiscal agent, but is not financially accountable for their operations. Accordingly, the activities of the following organizations are accounted for as Agency funds within the County's financial records:

Roanoke Valley Resource Authority (RVRA)
Commonwealth Fund
Special Welfare Fund
Cable TV (RVTV)
Roanoke Valley Greenway Commission (RVGC)
Regional Fire Training Center
Virginia Recreational Facilities Authority (VRFA)
Western Virginia Regional Jail Authority (WVRJA)
Regional Center for Animal Care and Protection (RCACP)

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements with all non-fiduciary activities categorized as governmental or proprietary. Fiduciary activities, whose resources are not available to finance the County's programs, are not included in the government-wide statements. In accordance with GAAP, the County's financial statements are comprised of the following components:

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2020

Government-wide Financial Statements

The reporting model includes financial statements prepared using full accrual accounting for all the County's activities. This approach includes not just current assets and liabilities but also capital assets, deferred inflows and outflows, and long-term liabilities. Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.

Statement of Net Position

The Statement of Net Position is designed to display the financial position of the Primary Government and its discretely presented component units. The County reports all capital assets, net of accumulated depreciation, in the government-wide Statement of Net Position and report depreciation expense – the cost of “using up” capital assets - in the Statement of Activities. The net position of a government may be broken down into three categories: 1) net investment in capital assets, 2) restricted, and 3) unrestricted.

Statement of Activities

The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each government function. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

Fund Financial Statements

The Fund financial statements organize and report the financial transactions and balances of the County on the basis of fund categories. Separate statements for each of the County's three fund categories – Governmental (e.g., General), Proprietary (e.g., Internal Service) and Fiduciary are presented. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. For the governmental funds, the financial statements consist of a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances, which are presented on current financial resources and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. For the Internal Service funds, the financial statements consist of a Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues and expenditures or expenses, as appropriate. Fiduciary fund statements are used to report assets that are held in a trustee or agency capacity and consist of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Reconciliation of Government-wide and Fund Financial Statements

A summary reconciliation of the difference between the total governmental fund balances and total net position for governmental activities, as shown in the government-wide Statement of Net Position, is presented in an accompanying reconciliation to the governmental funds' Balance Sheet. The asset, liability and deferred inflows and outflows of resources elements, which comprise the reconciliation differences, stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the governmental-wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

A summary reconciliation of the difference between net changes in governmental fund balances and change in net position for governmental activities as shown on the government-wide Statement of Activities is presented in a reconciliation to the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balances. The revenue and expense elements, which comprise the reconciliation differences, stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2020

wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

Measurement Focus and Basis of Presentation

Government-wide Financial Statements: The Statement of Net Position and the Statement of Activities display information about the County as a whole, except for fiduciary funds, and are prepared using the economic resources measurement focus, which differs from the manner in which governmental fund financial statements are prepared.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and, therefore, are clearly identifiable to a particular function. Program revenues include charges for services, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County. The County does not allocate indirect expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this rule is where the elimination of the interfund activity would distort the direct costs and program revenues reported for the various functions.

Fund Financial Statements: Financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances and changes therein. Fund financial statements are designed to present financial information of the County at this more detailed level. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. The following is a brief description of the specific funds used by the County:

- **Governmental Funds** – These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year-end. Accordingly, real and personal property taxes are recorded as deferred revenue and receivables when billed. Sales taxes, which are collected by the State by year-end and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the State, which is generally in the month preceding receipt by the County. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. The individual governmental funds are:
 - General Fund – This fund accounts for all revenues and expenditures applicable to the general operations of the County that are not required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Roanoke County Public Schools. The General Fund is considered a major fund for reporting purposes.
 - Special Revenue Fund – This fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Special Revenue Fund consists of activity related to the CDA. Revenues are derived primarily from property taxes,

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2020

other local taxes, and special assessments collected within the South Peak district. The Special Revenue Fund is considered a major fund for reporting purposes.

- **Debt Service Fund** – This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and other related costs. The Debt Service Fund is considered a major fund for reporting purposes.
- **Capital Projects Fund** – This fund accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by the proprietary fund. The Capital Projects Fund is considered a major fund for reporting purposes.
- **Internal Service Funds** – These funds account for employee health, dental, and workers' compensation coverage provided to other departments on a cost-reimbursement basis and they derive their funding from charges assessed to the user departments and employees. These funds are included in the governmental activities for government-wide reporting purposes. As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. The excess revenue or expenses for the fund are allocated to the appropriate functional activity.

Additionally, the County reports the following Fiduciary funds:

- **Other Postemployment Benefits (OPEB) Trust Fund** – This fiduciary fund is used to account for the assets held in trust for the employees and beneficiaries of its OPEB plan.
- **Agency Funds** – These are fiduciary funds used to account for assets held by the County in a trustee capacity or as agent or custodian for other governmental units or other funds. They are presented in the fund financial statements by type. The County's Agency funds include assets held for entities for which the County is the fiscal agent. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. Agency funds for the County include the Roanoke Valley Resource Authority, Commonwealth Fund, Special Welfare Fund, Cable TV, Roanoke Valley Greenway Commission, Regional Fire Training Center, Virginia Recreational Facilities Authority, Western Virginia Regional Jail Authority, and Regional Center for Animal Care and Protection.

Basis of Accounting

The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements.

Government-wide, Proprietary Fund, and Fiduciary Fund Financial Statements.

The government-wide, proprietary, pension and other postemployment benefits trust fund 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Agency funds report assets and liabilities and have no measurement focus and only use the accrual basis of accounting.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting wherein revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year-end. Expenditures are recorded when the related fund liability is incurred, except compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2020

Revenues: Exchange and Non-exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available means expected to be received within thirty days of fiscal year end.

Non-exchange transactions are transactions in which the County receives value without directly giving value in return. Taxes (e.g. real and personal property, sales), licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Taxes are levied to fund a subsequent fiscal period are recorded as a deferred inflow at fiscal year-end. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). All other revenue items are considered to be measurable and available only when cash is received by the County. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

Deferred Outflows and Inflows of Resources – The Statement of Net Position reports a separate section for deferred outflows of resources in addition to assets. The County reports deferred outflows of resources for deferred charges on refunding, amounts related to pensions, and amounts related to other postemployment benefits (OPEB) in the government-wide Statement of Net Position. The deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or the refunding debt. Deferred outflows for pensions and OPEB result from changes in actuarial assumptions, pension returns that exceed projected earnings, change in the proportion, actual economic experience that is different than estimated, and pension/OPEB contributions made subsequent to the measurement date. Changes in deferred outflows of resources, except contributions subsequent to the measurement date, are amortized over the remaining service life of all plan participants with the exception of investment experience amounts, which are deferred and amortized over a closed five-year period.

The Statement of Net Position reports a separate section for deferred inflows of resources in addition to liabilities. Deferred inflows of resources in the governmental funds' Balance Sheet represent unavailable revenue for amounts billed and not collected. Deferred inflows of resources in the government-wide Statement of Net Position represent unearned revenues for amounts received in advance of meeting timing requirements or amounts collected in advance of the fiscal year to which they apply. Deferred inflows of resources are also reported for amounts related to pensions and OPEB in the government-wide statement of net position. Actuarial losses resulting from a difference in expected and actual experience, investment results, changes in actuarial assumptions and changes in proportionate share are deferred and amortized. Changes in deferred inflows of resources are amortized over the remaining service life of all plan participants with the exception of investment experience amounts, which are deferred and amortized over a closed five-year period.

Unearned Revenue – Unearned revenue arises when assets are recognized before revenue recognition criteria can be satisfied and also when assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period. Grants and entitlements received before the eligibility requirements are met have been recorded as unearned revenue.

Cash and Cash Equivalents – The County considers cash and cash equivalents in proprietary funds to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2020

to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent. For purposes of the Statement of Cash Flows, cash and cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and investments with maturities of 90 days or less. For purposes of the Statement of Cash Flows, cash includes unrestricted cash and cash equivalents and restricted cash. Restricted cash equivalents are defined differently and are not considered available for operations and, therefore, are not considered to be cash equivalents for the Statement of Cash Flows. Note 4 provides a detailed disclosure regarding cash equivalents and investments held by the County.

Investments – Cash received by the County is deposited in various bank accounts. Monies legally required to be maintained individually, such as trust balances and contractor escrows, are deposited and maintained in individual segregated bank accounts. All other monies are deposited in a pool of bank accounts and are used to purchase investments that are specifically allocated to the appropriate funds. Interest earned on pooled investments is accrued as earned and distributed to the General Fund and other qualifying funds utilizing a formula based on the average month end balance of cash and cash equivalents of all pooled funds. Short-term investments are stated at amortized cost or at fair value and may consist of certificates of deposits, repurchase agreements, commercial paper, bankers' acceptances, Local Government Investment Pool (LGIP) and U.S. government securities. Investments are stated at fair value with any net appreciation or depreciation in fair value reflected as investment income. Investments consist of equity interest in long-term investments in U.S. government accounts. Interest earned is allocated based on average monthly balance. Note 4 provides a detailed disclosure regarding investments held by the County.

The County requires all banking institutions holding its public funds to protect such funds in accordance with the Virginia Security for Public Deposits Act (Act). The Act established a single body of law applicable to the pledge of security as collateral for public funds on deposit in banking institutions so that the procedures for securing public deposits is uniform throughout the Commonwealth. Under the Act, banks holding public deposits must pledge certain levels of collateral and make monthly filings with the State Treasury Board.

Fair Value Measurement – The County categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and are described as follows.

- Level 1 inputs are quoted prices in active markets for identical assets;
- Level 2 inputs are significant other observable inputs;
- Level 3 inputs are significant unobservable inputs.

Receivables – Local taxes and governmental fund accounts receivable are recorded in the County's accounts as both receivables and unearned revenue when billed. Property taxes paid in advance are recorded as unearned revenue until such time as the taxes become due. The reporting entity determines allowances for uncollectible accounts using historical collection data, specific account analysis and management's judgment.

Prepays – Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements. These payments are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

Inventories – Inventories consist of various consumable supplies and are maintained on a perpetual basis with periodic verification based on physical count. All inventories are valued at cost using the first-in first-out method for the government-wide statements. The cost of the consumable supplies is recorded as expenditures when consumed in the General Fund.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2020

Capital Assets – Capital outlays are recorded as expenditures in the governmental funds and as assets in the government-wide financial statements, to the extent the County's capitalization threshold is met. The County defines capital assets as assets with an initial individual cost of more than \$10,000 and an estimated useful life of at least two years. Major additions, including those that significantly prolong a capital asset's economic life or expand usefulness, are capitalized. Normal repairs that merely maintain the asset in its present condition are recorded as expenditures and are not capitalized. Depreciation expense for capital assets is identified with a function, whenever possible, and is included as a direct expense.

All capital assets are capitalized at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and donated capital assets received in a service concession arrangement would be reported at acquisition value rather than fair value. Upon the sale or retirement of a capital asset, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	40-50 years
Building Improvements	10-25 years
Furniture, Fixtures, and Equipment	3-25 years

According to the *Code of Virginia*, when a local government incurs a financial obligation payable over more than one fiscal year to fund an acquisition, construction or improvement of public school property, the local government acquires title to the school property as a tenant in common with the local school board for the term of the financial obligation. For financial reporting purposes, the local government may report the school property and related financial obligation. At the time the financial obligation is paid in full, the net value of the school property is transferred to the local school board and reflected as program revenue and expense in the government-wide financial statements for the local school board and the local government, respectively.

Pension Plan – The Virginia Retirement System (VRS) County Retirement Plan is a multiple-employer, agent plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's Retirement plan and the additions to/deductions from the County's Retirement plan's net fiduciary position have been determined on the same basis as they were reported by the VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB) – In connection with the County's funding of other postemployment benefits in fiscal year 2009, the County joined the Virginia Pooled OPEB Trust (OPEB Trust Fund). The County plans to contribute amounts to the OPEB Trust Fund sufficient to fund the actuarially determined contribution (ADC), an actuarially determined rate in accordance with GAAP. The OPEB Trust Fund assets are recorded at fair value. The Trust Board of Trustees establishes investment objectives, risk tolerance, and asset allocation policies based on the investment policy, market and economic conditions, and generally prevailing prudent investment practices.

Health Insurance Credit Program – The VRS Political Subdivision Health Insurance Credit Program is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. The Political Subdivision Health Insurance Credit Program was established pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended.

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For purposes of measuring the net Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Health Insurance Credit Program OPEB, and the Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the VRS Political Subdivision Health Insurance Credit Program; and the additions to/deductions from the VRS Political Subdivision Health Insurance Credit Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Group Life Insurance Program – The VRS Group Life Insurance Program is a multiple-employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers.

For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the VRS Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Temporary Literary Loan Proceeds – The County receives drawdowns from the Commonwealth of Virginia from approved Literary Loans. These loans are accounted for as short-term borrowings until the entire proceeds have been received by the County at which time the repayment schedules are finalized and the amounts established as long-term debt.

Self-Insurance – The County is self-insured for workers' compensation, health insurance, general liability and automobile liability. Estimates for accrued liabilities in each program at the end of the year have been recorded.

Compensated Absences – The liability for compensated absences reported at the government-wide level consists of unpaid accumulated vacation and sick leave balances. The liability is based on the sick leave and vacation leave accumulated at June 30. Limited vacation and sick leave may be accumulated until retirement or termination. Accumulated sick leave is paid at a fixed daily rate and accumulated vacation is paid at the employee's current wage upon retirement or termination.

Long-term Obligations – Long-term debt and other obligations are reported as liabilities in the Statement of Net Position in the government-wide financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using straight line amortization. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period but no related long-term liabilities. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as an other financing source while discounts on debt issuances are reported as other financing uses. Payments to an escrow agent to defease debt is reported as other financing uses while issuance costs and repayments of principal and interest are reported as debt service expenditures. Matured principal and interest payments are reported when due.

Interfund Transactions – On fund financial statements, receivables and payables resulting from interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities' column of the Statement of Net Position. Flow of cash or goods from one fund

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to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

Encumbrances – The County uses encumbrance accounting, wherein purchase orders, contracts, and other commitments for the expenditure of funds are recorded to restrict, commit, or assign that portion of the applicable appropriation.

Net Position – Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net position is divided into three components:

- Net investment in capital assets - consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding which was used to finance those assets.
- Restricted - consists of assets where there are limitations imposed on their use through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.
- Unrestricted - all other net position is reported in this category.

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

Fund Balance – Except when required to comply with GAAP, all commitments and restrictions of Governmental Fund balances reflect County Board action in the context of adoption of the County's budget.

Net Investment in Direct Financing Leases – The Authority may acquire and improve properties and retain title to them. Where transfer of title at the completion of a lease to a tenant is not reasonably assured by bargain purchase options or other lease provision, the Authority accounts for activities in its role as lessor as either capital leases or operating leases in accordance with GAAP.

Pollution and Remediation – In accordance with GAAP, the County yearly analyzes the requirements for reporting liabilities related to cleaning up pollution and/or contamination. As of June 30, 2020, the County has determined that there is no related liability.

Use of Estimates – Management of the County has made a number of estimates and assumptions relating to the reporting of assets and deferred outflows, liabilities and deferred inflows, revenues, expenditures, and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with GAAP. Actual results could differ from those estimates.

New Accounting Pronouncements – The following accounting pronouncements have been implemented by the County.

- GASB Statement No. 90, *Major Equity Interests-an amendment of GASB Statements No. 14 and 61* – improves consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and improves the relevance of financial statement information for certain component units. In practice, there have been no material changes to the financial statements of the County as a result of Statement No. 90.

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Coronavirus (COVID-19) Impact

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

The County's operations are heavily dependent on the ability to raise taxes, assess fees, and access the capital markets. Additionally, access to grants and contracts from federal and state governments may decrease or may not be available depending on appropriations. The outbreak will have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation has depressed the tax bases and other areas in which the County received revenue during fiscal year 2020. As such, the County's financial condition and liquidity may be negatively impacted for the fiscal year 2021.

As a result of COVID-19, the County has received total Federal funding in the amount of \$16,434,730 under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). As of June 30, 2020, the County had received \$8,217,365. The unspent balance is reported as unearned revenue until appropriate expenditure requirements have been met.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on the County's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the County is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

(2) Property Taxes

Property taxes are levied annually in April on assessed values as of January 1. In addition, personal property transactions during the year are taxed on a prorated basis. Real estate tax is payable in two equal installments on or before December 5, and June 5, and personal property tax is due on or before May 31, or within 30 days subsequent to assessment. Taxes levied and due December 5 are intended to fund operations of that fiscal year. A lien is created when the real estate taxes are levied, and after three years it becomes enforceable by judicial sale of the property. Personal property taxes do not create a lien on property; however, the County reports delinquent taxpayers to the Virginia Department of Motor Vehicles (DMV) twice a year. At that time, the taxpayer will no longer be able to conduct any business with the DMV until the outstanding taxes are paid. The County bills and collects both real estate and personal property taxes. The County recognizes tax revenue when levied to the extent that they are collected during the fiscal year and within 30 days after year-end.

The annual assessment for real estate is based on 94% of the assessed fair market value. A penalty of 10% of the unpaid tax is due for late payment. Interest is accrued at 10% for the initial year of delinquency, and thereafter at the maximum annual rate authorized by the Internal Revenue Code Section 6621(b). On April 14, 2020, in response to the coronavirus pandemic, the Board of Supervisors passed an Emergency Ordinance to temporarily suspend the imposition of penalty and interest on tax year 2020 delinquent personal property taxes until August 1, 2020. This temporary suspension did not have material impacts on fiscal year 2020 property tax revenues.

The effective tax rates per \$100 of assessed value for the year ended June 30, 2020 were as follows:

Real Estate	\$1.09
Personal Property	3.50
Machinery and Tools	2.85

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(3) Fund Balances

The Board has adopted policies that provide a framework for the County's overall fiscal planning and management. The County's unassigned General Fund fund balance has been built over the years to provide the County with sufficient working capital to finance unforeseen emergencies without borrowing. The County is dedicated to maintaining a diversified and stable revenue system to shelter the government from fluctuations in any single revenue source and to ensure its ability to provide ongoing services. The County's policy is to fund current expenditures with current revenues. If it becomes necessary to fund current expenditures with fund balance, amounts already set aside for that specific purpose will be utilized unless otherwise directed by the County Board.

The County, in accordance with GAAP, categorizes its governmental-type fund balances using the following guidance:

- **Nonspendable** – Represents County assets that will never convert to cash (e.g., inventory and prepaid items).
- **Restricted** – Represents County resources with externally enforceable limitations on their use imposed by grantor, or laws and regulations of other governments.
- **Committed** – Represents County resources that can be used only for specific purposes, as determined by the County's highest level of decision-making authority, the Board, and is imposed by formal appropriation, which is an ordinance. The County policy is that formal Board action is required to establish or rescind a committed fund balance.
- **Assigned** – Represents County resources that are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. The County Board has approved limited authority to the parks and recreation management to have the flexibility in decisions on the use of certain funds as deemed necessary by an approved ordinance dated September 27, 1994.
- **Unassigned** – Represents County resources that have no spending restrictions under any of the preceding four classifications. The County has adopted a Board policy for establishing unappropriated fund balance. The General Fund is the only fund that reports a positive unassigned fund balance amount.

It is the policy of the County to spend all restricted monies first, committed funds second, with assigned funds third, and unassigned funds being spent last for any projects with multiple funding sources.

Fund balances classified in accordance with GAAP at June 30, 2020 are as follows:

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Nonspendable:					
Prepays	\$ 159,235	\$ 1,475	\$ -	\$ 29,780	\$ 190,490
Inventory	187,266	-	-	-	187,266
	<u>\$ 346,501</u>	<u>\$ 1,475</u>	<u>\$ -</u>	<u>\$ 29,780</u>	<u>\$ 377,756</u>
Restricted for:					
Children's Services Act	\$ 885,866	\$ -	\$ -	\$ -	\$ 885,866
Law Enforcement	1,002,950	-	-	-	1,002,950
Clerk of Circuit Court	-	-	-	15,950	15,950
Fire and Rescue	7,175	-	-	551,201	558,376
Parks and Recreation	400,530	-	-	18,571	419,101
Stormwater Management	-	-	-	30,978	30,978
Community Development	267,326	781,096	-	-	1,048,422
Education	-	-	-	727,075	727,075
Other purposes	223,667	-	-	-	223,667
	<u>\$ 2,787,514</u>	<u>\$ 781,096</u>	<u>\$ -</u>	<u>\$ 1,343,775</u>	<u>\$ 4,912,385</u>

COUNTY OF ROANOKE, VIRGINIA
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	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Committed to:					
Law Enforcement	\$ 488,545	\$ -	\$ -	\$ 80,333	\$ 568,878
LOSAP pension	3,663,121	-	-	-	3,663,121
Fire and Rescue	20,574	-	-	422,750	443,324
Garage and Motor Pool	150,590	-	-	-	150,590
Information Technology and Communications Shop	570,692	-	-	1,405,515	1,976,207
Integrated Financial System	-	-	-	466,691	466,691
Human Resources and Payroll System	-	-	-	10,474	10,474
Public Works	208,364	-	-	-	208,364
Parks and Recreation	513	-	-	1,026,523	1,027,036
Libraries	-	-	-	368,043	368,043
General Services	58,965	-	-	12,275,704	12,334,669
Debt Service Reserves	-	-	230,534	-	230,534
Education	-	-	-	3,989,817	3,989,817
Future Capital Projects	3,435,627	-	-	3,289,439	6,725,066
Community Development	-	-	-	2,785,908	2,785,908
Stormwater Management	-	-	-	-	-
Transportation	-	-	-	-	-
Assessment	-	-	-	110,832	110,832
Other purposes	108,289	-	-	150,000	258,289
	<u>\$ 8,705,280</u>	<u>\$ -</u>	<u>\$ 230,534</u>	<u>\$ 26,382,029</u>	<u>\$ 35,317,843</u>
Assigned to:					
Law enforcement	\$ 3,167	\$ -	\$ -	\$ -	\$ 3,167
Parks and Recreation	415,135	-	-	-	415,135
	<u>\$ 418,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 418,302</u>
Unassigned	<u>\$ 23,871,002</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,871,002</u>
Total Fund Balances	<u>\$ 36,128,599</u>	<u>\$ 782,571</u>	<u>\$ 230,534</u>	<u>\$ 27,755,584</u>	<u>\$ 64,897,288</u>

The adopted Comprehensive Financial Policy states under Section 10 the County of Roanoke's General Government Fund Unassigned Balance will be maintained to provide the County with sufficient working capital and a comfortable margin of safety to address emergencies and unexpected declines in revenue. The General Government Fund's Unassigned Fund Balance should not be used to support recurring operating expenditures outside of the current budget year. If a budget variance requires the use of Unassigned Fund Balance, the County will decrease the General Government Fund's expenditures and/or increase the General Government Fund's revenues to prevent using the Unassigned Fund balance for two consecutive fiscal years to subsidize General Fund operations. The General Government Fund's Unassigned Fund balance will be 12% of budgeted annual General Government expenditures. In the event that the General Government Fund's Unassigned Fund Balance is used to provide for temporary funding of unforeseen emergency needs, the County shall restore the balance to the 12% minimum within two fiscal years following the fiscal year in which the event occurred. This will provide for full recovery of the targeted General Government Fund Unassigned Fund Balance in a timely manner.

COUNTY OF ROANOKE, VIRGINIA
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(4) Deposits and Investments

At June 30, 2020, the fair value and maturity of the County's and Component Units' total deposits and investments were as follows:

Deposits and Investments	Fair Value	Original Investment Maturity		Credit Rating
		Less Than 1 Year	1-6 Year	
Demand and time deposits	\$ 21,328,507	\$ 21,328,507	\$ -	not applicable
Interest-earning investment contract	3,663,121	3,663,121	-	AA-
Money market mutual funds	59,381,133	59,381,133	-	AAAm
Virginia LGIP	38,756,865	38,756,865	-	AAAm
Federal agency bonds and notes	24,017,209	-	24,017,209	AAA
Investment in other pooled funds	8,363,835	8,363,835	-	not applicable
Total	\$ 155,510,670	\$ 131,493,461	\$ 24,017,209	

The investment in other pooled funds categorizes its investments within the fair value hierarchy established by general accepted accounting principles. A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the Net Asset Value (NAV) per share (or its equivalent) of the investment. Investments in the pooled funds are valued using the NAV per share, which is determined by dividing the total value of the pooled funds by the number of outstanding shares. The NAV per share changes with the value of the underlying investments in the pooled funds. Generally, participants may redeem their investment at the end of a calendar quarter upon 90 days' written notice. As of June 30, 2020, excluding the pooled funds, there were no other investments.

Below is the carrying value of cash and investments for the Reporting Entity as of June 30, 2020:

Entity	Cash and Cash Equivalents	Cash and Investments with Fiscal Agents	Investments	Restricted Cash	Total
County	\$ 39,423,272	\$ 14,379,720	\$ 13,107,120	\$ 786,802	\$ 67,696,914
Component Units:					
School System	32,337,178	-	7,138,083	-	39,475,261
Authority	1,390,517	-	-	700,000	2,090,517
	<u>33,727,695</u>	<u>-</u>	<u>7,138,083</u>	<u>700,000</u>	<u>41,565,778</u>
Fiduciary Funds:					
Roanoke County	31,901,564	7,280,052	3,772,006	-	42,953,622
School System	2,210,573	1,083,783	-	-	3,294,356
	<u>34,112,137</u>	<u>8,363,835</u>	<u>3,772,006</u>	<u>-</u>	<u>46,247,978</u>
Total	\$ 107,263,104	\$ 22,743,555	\$ 24,017,209	\$ 1,486,802	\$ 155,510,670

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Fair Value

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The County has the following recurring fair value measurements as of June 30, 2020:

	Level 1	Level 2	Level 3	Total
Debt securities				
U.S. governmental bonds & notes	\$ -	\$ 24,017,209	\$ -	\$ 24,017,209

Debt securities classified in Level 2 of the fair value hierarchy are valued using matrix technique pricing.

Credit and Concentration of Credit Risk

In accordance with the *Code of Virginia* and other applicable laws, including regulations, the County's investment policy (Policy) limits credit risk by restricting authorized investments to the following: bonds, notes and other direct obligations of the United States; bonds, notes and other direct obligations of the Commonwealth of Virginia or political subdivisions thereof; bonds and other obligations issued, guaranteed or assumed by the International Bank for Reconstruction and Development and the Asian Development Bank; prime quality commercial paper; certificates of deposits; bankers' acceptances; repurchase agreements; and money market funds. The Policy requires that commercial paper have a minimum Standard & Poor's (S&P) rating (or Moody's equivalent) of A-1.

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with 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. The LGIP is administered by the Treasury Board pursuant to Sections 2.2-4600 through 2.2-4606 of the *Code of Virginia*. The Treasury Board has delegated the management of the LGIP to the State Treasurer. The fair value of the County's position in the LGIP is the same as the value of the pool shares measured at amortized cost.

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issue. The Policy establishes limitations on portfolio composition, both by investment type and by issuer, in order to control concentration of credit risk. The maximum percentage of the portfolio permitted in each eligible security with the limit to any one issuer is as follows:

U.S. Treasury Obligations	70%
U.S. Treasury Agency Securities and Instrumentalities of Government Sponsored Corporations	80%
Bankers' Acceptance with no more than 25% with any one Institution and a maximum of 10% in any one issuance	40%
Repurchase Agreement Overnight with no more than 20% with any one institution	70%
Repurchase Agreement Two or more nights with no more than 20% with any one institution	25%
Certificate of Deposit with Commercial Banks with no more than 45% with any one institution	100%
Certificate of Deposit with Savings and Loan Associations with no more than \$100,000 with any one institution	10%
Commercial Paper with no more than 35% with any one institution and a maximum of 10% or \$1 million dollars in any one issuance	35%
Local Government Investment Pool	75%

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As of June 30, 2020, the portion of the County and School System's portfolio, excluding the LGIP, State Non-Arbitrage Program (SNAP), interest-earning investment contract and investment in other pooled funds held by fiduciary agents, and U.S. Government guaranteed obligations, that exceeded 5% of the total portfolio are as follows:

<u>Issuer</u>	<u>% of Portfolio</u>
Federal Farm Credit Bank Bonds	15.07%

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the depositor will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Policy requires that all investment securities purchased by the County or held as collateral on deposits or investments shall be held by the County or by a third-party custodial agent who may not otherwise be counterparty to the investment transaction. As of June 30, 2020, with the exception of the LOSAP funds, all other County investments are held by the County or in a bank's trust department in the County's name.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Policy requires maturity scheduling be timed to anticipated need and scheduled to coincide with projected cash flow needs. All funds shall be considered short-term except those reserved for capital projects and prepayment funds being held for debt retirement. As of June 30, 2020, the County had investments totaling \$8,006,206 with a maturity greater than 24 months.

(5) Receivables

Receivables at June 30, 2020 are as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental activities				
General	\$ 3,570,323	\$ 13,145,778	\$ 15,995,427	\$ 32,711,528
Capital Projects	22,826	-	103,913	126,739
Internal Service	164,249	-	-	164,249
Total governmental activities	<u>\$ 3,757,398</u>	<u>\$ 13,145,778</u>	<u>\$ 16,099,340</u>	<u>\$ 33,002,516</u>

(6) Interfund Transfers

Interfund transfers for the year ended June 30, 2020 consisted of the following amounts:

	<u>Transfer Out</u>				
<u>Transfer To</u>	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Internal Service</u>	<u>Total</u>
General Fund	\$ -	\$ -	\$ 461,782	\$ 182	\$ 461,964
Debt Service Fund	16,048,336	-	-	-	16,048,336
Capital Projects Fund	4,613,077	132,955	-	11,690	4,757,722
Internal Service Fund	1,132,965	-	-	100,000	1,232,965
Totals	<u>\$ 21,794,378</u>	<u>\$ 132,955</u>	<u>\$ 461,782</u>	<u>\$ 111,872</u>	<u>\$ 22,500,987</u>

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Transfers are used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget required to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and 3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(7) Payables

Payables at the government-wide level at June 30, 2020 are as follows:

	Vendors	Accrued Wages and Benefits	Other Governments	Total
Governmental funds:				
General	\$ 3,103,320	\$ 1,987,089	\$ 87,775	\$ 5,178,184
Special Revenue	6,812	-	-	6,812
Debt Service	28,926	-	-	28,926
Capital Projects	766,216	-	-	766,216
Total governmental funds	<u>\$ 3,905,274</u>	<u>\$ 1,987,089</u>	<u>\$ 87,775</u>	<u>\$ 5,980,138</u>
Proprietary funds:				
Internal Service	\$ 727,275	\$ -	\$ -	\$ 727,275
Total proprietary funds	<u>\$ 727,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 727,275</u>
Accrued interest payable				2,533,402
Total governmental activities				<u>\$ 9,240,815</u>

(8) Long-Term Liabilities

The County's outstanding debt consists of General Obligation Bonds, Lease Revenue Bonds, and Virginia Public School Authority (VPSA) Bonds. Debt is issued to provide funds for the acquisition, construction and improvement of major capital facilities. Federal arbitrage regulations are managed by SNAP and Virginia Resource Authority (VRA) for state obligations and all other obligations are managed by a private consulting firm. The issuance of bonds by Virginia counties is not subject to any limitation on amount.

Outstanding long-term liabilities at June 30, 2020 are as follows:

	Governmental Activities
\$6,503,586 - 2013 General Obligation Refunding Bonds due in annual installments of \$898,188 to \$948,122 through June 1, 2021; interest at 2.4%	\$ 948,122
\$16,500,000 - 2001 Series A VPSA Bonds due in annual installments of \$825,000 through July 15, 2021; interest at 5.1%	1,650,000
\$12,968,814 - 2001 Series B VPSA Bonds due in annual installments of \$675,397 to \$683,564 through July 15, 2021; interest at 3.1% to 5.1%	1,366,600
\$20,630,000 - 2003 Series C VPSA Bonds due in annual installments of \$1,030,000 through July 15, 2023; interest at 4.6% to 5.1%	4,120,000

COUNTY OF ROANOKE, VIRGINIA
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	Governmental Activities
\$14,900,000 - 2007 Non-subsidized VPSA bonds due in annual installments of \$745,000 through July 15, 2027; interest at 4.4% to 5.1%	\$ 5,960,000
\$6,364,713 - 2007 subsidized VPSA bonds due in annual installments of \$317,799 to \$371,160 through July 15, 2027; interest at 4.4% to 5.1%	2,785,166
\$43,830,000 - 2009 B VPSA Bonds due in annual installments of \$2,190,000 through July 15, 2029; interest at 4.1% to 5.1%	21,900,000
\$9,080,000 - 2011 VPSA Bonds due in annual installments of \$450,000 to \$455,000 through July 15, 2031; interest at 3.3% to 5.1%	5,440,000
\$17,835,000 - 2014 Series C VPSA bonds due in annual installments of \$890,000 to \$895,000 through July 15, 2034; interest at 3.6% to 5.1%	13,360,000
\$27,875,000 - 2018 VPSA Bonds due in annual installments of \$1,390,000 to \$1,395,000 through July 15, 2038; interest at 3.6% to 5.1%	26,480,000
\$58,595, 000 - Lease Revenue bond Series 2008 due in annual installments of \$1,345,000 to \$1,825,000 through October 15, 2020; interest at 4.0% to 5.0%	1,345,000
\$20,625,000 - 2013B VRA Refunding and Lease Revenue Bonds due in annual installments of \$510,000 to \$1,645,000 through October 1, 2033; interest at 4.1% to 4.8%	15,660,000
\$5,770,000 - 2014A VRA Refunding Bonds due in annual installments of \$15,000 to \$1,415,000 through October 1, 2033; interest at 3.1% to 4.9%	5,770,000
\$44,175,000 - Lease Revenue bond Series 2015 due in annual installments of \$105,000 to \$3,215,000 through October 15, 2037; interest at 3.0% to 5.0%	43,320,000
\$6,440,000 - Lease Revenue bond Series 2017 due in annual installments of \$245,000 to \$420,000 through October 1, 2037; interest at 3.1% to 5.1%	5,880,000
\$9,025,000 - Lease Revenue bond Series 2019 due in annual installments of \$275,000 to \$640,000 through October 1, 2039; interest at 3.1% to 5.1%	9,025,000
	<u>\$ 165,009,888</u>
Bond premiums	11,716,653
Accrued compensated absences	6,196,165
Claims payable	2,945,167
LOSAP liability	10,780,197
Net OPEB liability provided by VRS	5,119,460
Net OPEB liability provided by County	6,490,845
Net Pension liability	40,908,988
	<u>\$ 249,167,363</u>

COUNTY OF ROANOKE, VIRGINIA
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All of the indenture agreements for the Virginia Public Schools Authority bond issuances require the County to pledge the facility constructed as collateral for the bonds. In addition, the 2013A and 2014A Virginia Resources Authority (VRA) bonds have the Public Safety Facility as collateral, the 2008 and 2015 VRA bonds are collateralized by the Green Ridge Recreation Facility, the South County Library, the North County Fire Station, and the Vehicle Fleet Maintenance Facility, the 2017 VRA bonds are collateralized by the Vinton Library, and the 2019 VRA bonds are collateralized by Roanoke County's Social Services building and the cold storage facility located at 5285 Hollins Road.

Changes in long-term liabilities for the year ended June 30, 2020 were as follows:

	Outstanding June 30, 2019	Additions	Deletions	Outstanding June 30, 2020	Amounts Due Within One Year
Primary Government					
Governmental Activities:					
General Obligation Bonds	\$ 1,866,987	\$ -	\$ 918,865	\$ 948,122	\$ 948,122
VPSA School Bonds	91,947,188	-	8,885,422	83,061,766	8,546,276
Lease Revenue Bonds	75,035,000	9,025,000	3,060,000	81,000,000	3,470,000
	168,849,175	9,025,000	12,864,287	165,009,888	12,964,398
Bond premiums	11,356,389	1,245,358	885,093	11,716,653	939,504
Accrued compensated absences	5,575,789	3,974,703	3,354,327	6,196,165	3,389,754
Claims payable	3,109,125	9,291,747	9,455,705	2,945,167	1,383,427
LOSAP liability	9,921,930	1,263,627	405,360	10,780,197	-
Net OPEB liability provided by VRS	4,865,393	436,282	182,215	5,119,460	-
Net OPEB liability provided by County	7,360,705	1,437,498	2,307,358	6,490,845	-
Net Pension liability	32,046,579	30,241,558	21,379,149	40,908,988	-
	<u>\$ 243,085,084</u>	<u>\$56,915,773</u>	<u>\$50,833,494</u>	<u>\$ 249,167,363</u>	<u>\$ 18,677,083</u>
Component Units					
School System:					
Accrued compensated absences	\$ 2,483,332	\$ 1,327,325	\$ 1,168,602	\$ 2,642,055	\$ 726,635
Claims payable	2,348,823	15,219,738	15,288,525	2,280,036	1,698,474
Net Pension liability	112,596,000	48,961,700	38,873,578	122,684,122	-
Net OPEB liability provided by VRS	18,502,000	2,527,767	2,219,800	18,809,967	-
Net OPEB liability provided by RCPS	10,012,145	918,510	707,108	10,223,547	-
	<u>\$ 145,942,300</u>	<u>\$68,955,040</u>	<u>\$58,257,613</u>	<u>\$ 156,639,727</u>	<u>\$ 2,425,109</u>
CDA:					
Bond payable	<u>\$ 6,480,000</u>	<u>\$ -</u>	<u>\$ 222,000</u>	<u>\$ 6,258,000</u>	<u>\$ 249,000</u>

The Debt Service Fund is used to liquidate most long-term liabilities of governmental activities as shown above; however, a portion of compensated absences, claims payable, net pension, and net OPEB liabilities are liquidated by the General Fund.

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The annual requirements to amortize governmental activities' debt outstanding as of June 30, 2020 are as follows:

	General Obligation Serial Bonds		Virginia Public School Authority Bonds		Lease Revenue Bonds		Total Government Debt	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 948,122	\$ 27,010	\$ 8,546,276	\$ 3,653,582	\$ 3,470,000	\$ 3,253,929	\$ 12,964,398	\$ 6,934,521
2022	-	-	8,552,438	3,226,863	3,630,000	3,092,588	12,182,438	6,319,450
2023	-	-	7,043,501	2,835,696	3,800,000	2,919,159	10,843,501	5,754,855
2024	-	-	7,048,369	2,482,881	3,990,000	2,741,194	11,038,369	5,224,075
2025	-	-	6,024,794	2,151,981	4,235,000	2,546,006	10,259,794	4,697,987
2026-2030	-	-	27,966,388	6,540,306	23,535,000	9,452,310	51,501,388	15,992,616
2031-2035	-	-	12,320,000	2,147,945	24,990,000	4,600,143	37,310,000	6,748,088
2036-2040	-	-	5,560,000	405,185	13,350,000	802,149	18,910,000	1,207,334
Total	\$ 948,122	\$ 27,010	\$ 83,061,766	\$ 23,444,438	\$ 81,000,000	\$ 29,407,478	\$ 165,009,888	\$ 52,878,926

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(9) Capital Assets

In accordance with GAAP, all school related bond obligations are reported herein as County debt since the County is legally responsible for debt repayment. All related capital assets for which the County and the School System maintain a tenancy in common relationship have been reported as County assets. As of June 30, 2020, the related capital assets totaled \$79,470,300 net of accumulated depreciation, and \$30,045,277 of CIP.

Bondholders of the lease revenue bonds have a security leasehold interest in the underlying assets purchased with the proceeds of those bonds until the bonds are paid off or refinanced.

Primary Government capital asset activity for the year ended June 30, 2020 was as follows:

Governmental Activities

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 14,747,553	\$ 456,130	\$ -	\$ 15,203,683
Construction in progress	20,772,388	23,408,095	(5,205,291)	38,975,192
Total capital assets at historical cost not being depreciated	35,519,941	23,864,225	(5,205,291)	54,178,875
Capital assets being depreciated:				
Building and improvements	336,458,654	1,366,123	(471,519)	337,353,258
Furniture, fixtures, and equipment	71,761,486	8,041,760	(1,847,213)	77,956,033
Total capital assets at historical cost being depreciated	408,220,140	9,407,883	(2,318,732)	415,309,291
Less accumulated depreciation:				
Buildings and improvements	(157,070,791)	(15,105,292)	307,353	(171,868,730)
Furniture, fixtures, and equipment	(54,618,483)	(6,002,416)	1,830,308	(58,790,591)
Total accumulated depreciation	(211,689,274)	(21,107,708)	2,137,661	(230,659,321)
Total capital assets, being depreciated, net	196,530,866	(11,699,825)	(181,071)	184,649,970
Governmental activities capital assets, net	\$ 232,050,807	\$ 12,164,400	\$ (5,386,362)	\$ 238,828,845

Depreciation expense for the year ended June 30, 2020 was charged to functions/programs of the Primary Government as follows:

General government	\$ 838,749
Judicial administration	90,759
Public Safety	3,730,083
Public Works	2,051,482
Health and welfare	978,654
Parks, recreation and culture	754,774
Library	1,722,532
Community development	44,617
Education	10,896,058
Total depreciation expense - governmental activities	<u>\$ 21,107,708</u>

The County has begun construction on a new Public Service Center as of June 30, 2020. This project is being financed with County capital funds and bond proceeds.

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The South Peak Community Development Authority's capital asset activity for the year ended June 30, 2020 was as follows:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020
Capital assets not being depreciated:				
Infrastructure	\$ 5,330,063	\$ -	\$ -	\$ 5,330,063
Total capital assets at historical cost not being depreciated	<u>\$ 5,330,063</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,330,063</u>

The Roanoke County Public Schools' capital asset activity for the year ended June 30, 2020 was as follows:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 5,683,473	\$ -	\$ -	\$ 5,683,473
Construction in progress	3,585,325	7,420,151	(1,779,604)	9,225,872
Total capital assets at historical cost not being depreciated	<u>9,268,798</u>	<u>7,420,151</u>	<u>(1,779,604)</u>	<u>14,909,345</u>
Capital assets being depreciated:				
Building and improvements	91,532,121	2,065,329	(717,535)	92,879,915
Furniture, fixtures, and equipment	42,283,448	1,812,252	(1,210,631)	42,885,069
Total capital assets at historical cost being depreciated	<u>133,815,569</u>	<u>3,877,581</u>	<u>(1,928,166)</u>	<u>135,764,984</u>
Less accumulated depreciation:				
Buildings and improvements	(58,591,567)	(2,765,008)	717,535	(60,639,040)
Furniture, fixtures, and equipment	(31,275,753)	(2,819,082)	1,210,631	(32,884,204)
Total accumulated depreciation	<u>(89,867,320)</u>	<u>(5,584,090)</u>	<u>1,928,166</u>	<u>(93,523,244)</u>
Total capital assets, being depreciated, net	<u>43,948,249</u>	<u>(1,706,509)</u>	<u>-</u>	<u>42,241,740</u>
Governmental activities capital assets, net	<u>\$ 53,217,047</u>	<u>\$ 5,713,642</u>	<u>\$ (1,779,604)</u>	<u>\$ 57,151,085</u>

Depreciation expense for the Roanoke County Public Schools' charged to function/program activities for the year ended June 30, 2020 was as follows:

Instruction	\$ 4,344,534
Administration	310,636
Transportation	824,157
Operations and maintenance	31,551
School nutrition	73,212
Total depreciation expense	<u>\$ 5,584,090</u>

(10) Operating Leases

The County leases several sites around the Roanoke Valley for the purpose of maintaining towers and antennae for its public safety radio communications system and a 0.680 acre lot in Salem for Courthouse parking. The non-cancelable leases range in terms from one and half years remaining to open-ended. Rental expense in the amount of \$91,034 was incurred for the fiscal year ended June 30, 2020.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
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Future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2020 were as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2021	\$ 94,954
2022	98,555
2023	49,035
2024	35,116
2025	24,044
2026-2030	<u>98,920</u>
Total	<u>\$ 400,624</u>

(11) Risk Management

The County of Roanoke is self-insured for workers' compensation, health insurance, general liability and automobile liability as follows:

Workers' Compensation – The County established a self-insured Workers' Compensation program July 1, 1986. On July 1, 1990, the School System also implemented a self-insured Workers' Compensation program. Premiums are paid into the Internal Service Fund and the Component Unit Internal Service Fund by all other funds and are available to pay claims, claims reserves and administrative costs of the programs. An excess coverage insurance policy covers each accident in excess of \$500,000 for both the County and the School System, with a higher threshold of \$550,000 for emergency personnel, with statutory limits for all claims prior to June 30, 2015. Effective July 1, 2015, the County and Schools joined the Virginia Association of Counties Group Self-Insurance Risk Pool (VACORP) for any claims in excess of \$200,000. At June 30, 2020, the County and the School System have accrued liabilities of \$2,100,000 and \$857,000, respectively, based primarily upon an estimate by a qualified actuary. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as interfund services provided and used.

Health Insurance – The County established a self-insured health insurance program July 1, 1988. On July 1, 1990, the School System also implemented a self-insured health insurance program. Monthly contributions are paid into the Internal Service Fund and the Component Unit Internal Service Fund from the County and School System funds and the County and School System employees based upon estimates from the claims processor that should cover administrative expenses, stop loss insurance premiums, and claims. An excess coverage insurance policy covers each individual's pooled claims in excess of \$200,000. At June 30, 2020, incurred but not yet reported (IBNR) claims for the County and School System are estimated to be \$753,867 and \$1,423,036 respectively. Interfund premiums are based upon the employees within that fund who are enrolled in the plan.

General Liability – The County established a self-insured program for general liability and automobile insurance July 1, 1994. The County purchased excess insurance with \$250,000 retention, with limits of \$2,000,000 per occurrence, and no aggregate limit. At June 30, 2020, the County has an accrued general liability of \$20,300, based primarily upon an estimate by a qualified actuary.

Automobile Liability – The County continues to be self-insured up to \$250,000 and has certain deductibles in place for auto physical damage and comprehensive/collision. Effective July 1, 2017, the County purchased coverage for physical damage to and liability associated with the operation of the County's fleet, including Fire and Rescue and Solid Waste. At June 30, 2020, the County has an accrued automotive liability of \$71,000, based primarily upon an estimate by a qualified actuary.

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Settled claims have not exceeded insurance coverage for the past four years. Unpaid claims are included as accrued liabilities on the balance sheet. Changes in the balances of claims liabilities during the past two years are as follows:

Primary Government:

	Workers' Compensation	Health Insurance	General Liability	Automobile Liability	Total
Unpaid Claims June 30, 2018	\$ 2,064,000	\$ 935,431	\$ 8,419	\$ 26,222	\$ 3,034,072
Incurred claims*	1,179,104	8,341,524	2,500	-	9,523,128
Claim Payments	<u>(1,055,104)</u>	<u>(8,368,330)</u>	<u>(8,419)</u>	<u>(16,222)</u>	<u>(9,448,075)</u>
Unpaid Claims June 30, 2019	2,188,000	908,625	2,500	10,000	3,109,125
Incurred claims*	882,768	8,421,479	(2,500)	(10,000)	9,291,747
Claim Payments	<u>(970,768)</u>	<u>(8,576,237)</u>	<u>20,300</u>	<u>71,000</u>	<u>(9,455,705)</u>
Unpaid Claims June 30, 2020	<u>\$ 2,100,000</u>	<u>\$ 753,867</u>	<u>\$ 20,300</u>	<u>\$ 71,000</u>	<u>\$ 2,945,167</u>

**Incurred claims includes claims incurred but not reported and changes in estimates.*

School System Component Unit:

	Workers' Compensation	Health Insurance	Total
Unpaid Claims June 30, 2018	\$ 882,000	\$ 1,757,826	\$ 2,639,826
Incurred claims*	240,864	14,471,159	14,712,023
Claim Payments	<u>(374,864)</u>	<u>(14,628,162)</u>	<u>(15,003,026)</u>
Unpaid Claims June 30, 2019	748,000	1,600,823	2,348,823
Incurred claims*	111,671	15,108,067	15,219,738
Claim Payments	<u>(2,671)</u>	<u>(15,285,854)</u>	<u>(15,288,525)</u>
Unpaid Claims June 30, 2020	<u>\$ 857,000</u>	<u>\$ 1,423,036</u>	<u>\$ 2,280,036</u>

**Incurred claims includes claims incurred but not reported and changes in estimates.*

COUNTY OF ROANOKE, VIRGINIA
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(12) Pension Plan

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

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and, Hybrid. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the following table.

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE

PLAN 1	PLAN 2	HYBRID PLAN
About Plans		
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.	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.	<p>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> • 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 Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.	Employees are in 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.	<p>Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held

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PLAN 1	PLAN 2	HYBRID PLAN
<p><u>Hybrid Opt-In Election</u> 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.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>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.</p>	<p><u>Hybrid Opt-In Election</u> 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.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>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.</p>	<p>January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.</p> <p><u>*Non-Eligible Members</u> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • 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.
<u>Retirement Contributions</u>		
<p>Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. 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.</p>	<p>Same as Plan 1.</p>	<p>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.</p> <p>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.</p>
<u>Creditable Service</u>		
<p>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</p>	<p>Same as Plan 1.</p>	<p><u>Defined Benefit Component</u> 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</p>

COUNTY OF ROANOKE, VIRGINIA
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PLAN 1	PLAN 2	HYBRID PLAN
<p>purchased or additional creditable service the member was granted.</p> <p>A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit.</p> <p>It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>		<p>service the member has purchased or additional creditable service the member was granted.</p> <p>A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit.</p> <p>It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contribution Component</u> Creditable service is used to determine vesting for the employer contribution portion of the plan.</p>
<u>Vesting</u>		
<p>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.</p> <p>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.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Same as Plan 1.</p>	<p><u>Defined Benefit Component</u> Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become 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.</p> <p><u>Defined Contribution Component</u> 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.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>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.</p>

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PLAN 1	PLAN 2	HYBRID PLAN
		<ul style="list-style-type: none"> • 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. <p>Distribution is not required by law until age 70½.</p>
Calculating the Benefit		
<p>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.</p> <p>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.</p>	Same as Plan 1.	<p><u>Defined Benefit Component</u> Same as Plan 1.</p> <p><u>Defined Contribution Component</u> 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.</p>
Average Final Compensation		
A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier		
<p>The retirement multiplier is a factor used in the formula to determine a final retirement benefit.</p> <p>The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p>	<p>Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013.</p> <p>For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p>	<p><u>Defined Benefit Component</u> The retirement multiplier for the defined benefit component is 1.00%.</p> <p>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.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p>

COUNTY OF ROANOKE, VIRGINIA
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PLAN 1	PLAN 2	HYBRID PLAN
Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	Political subdivision hazardous duty employees: Same as Plan 1.	Political subdivision hazardous duty employees: Not applicable. <u>Defined Contribution Component</u> Not applicable.
Normal Retirement Age		
Age 65. Political subdivision hazardous duty employees: Age 60.	Normal Social Security retirement age. Political subdivision hazardous duty employees: Same as Plan 1.	<u>Defined Benefit Component</u> Same as Plan 2. Political subdivision hazardous duty employees: Not applicable. <u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
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. Political subdivision hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90. Political subdivision hazardous duty employees: Same as Plan 1.	<u>Defined Benefit Component</u> Same as Plan 2. Political subdivision hazardous duty employees: Not applicable. <u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
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. Political subdivision hazardous duty employees: Age 50 with at least five years of creditable service.	Age 60 with at least five years (60 months) of creditable service. Political subdivision hazardous duty employees: Same as Plan 1.	<u>Defined Benefit Component</u> Same as Plan 2. Political subdivision hazardous duty employees: Not applicable. <u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.

COUNTY OF ROANOKE, VIRGINIA
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PLAN 1	PLAN 2	HYBRID PLAN
Cost-of-Living Adjustment (COLA) in Retirement		
<p>The COLA matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility</u> 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.</p> <p>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.</p> <p><u>Exceptions to COLA Effective Dates</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • 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 	<p>The COLA matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility</u> Same as Plan 1.</p> <p><u>Exceptions to COLA Effective Dates</u> Same as Plan 1.</p>	<p><u>Defined Benefit Component</u> Same as Plan 2.</p> <p><u>Defined Contribution Component</u> Not applicable.</p> <p><u>Eligibility</u> Same as Plan 1 and Plan 2.</p> <p><u>Exceptions to COLA Effective Dates</u> Same as Plan 1 and Plan 2.</p>

COUNTY OF ROANOKE, VIRGINIA
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PLAN 1	PLAN 2	HYBRID PLAN
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.	Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.	<p>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 and employer-paid comparable program for its members.</p> <p>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.</p>
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. Members also may be eligible to purchase periods of leave without pay.	Same as Plan 1.	<p><u>Defined Benefit Component</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. <p><u>Defined Contribution Component</u> Not applicable.</p>

Pension Plan Data – The System issues a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at <https://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Employees Covered by Benefit Terms – As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

COUNTY OF ROANOKE, VIRGINIA
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	County of Roanoke	School System Non-Professional Plan
Inactive members or their beneficiaries currently receiving benefits	703	421
<i>Inactive members:</i>		
Vested	190	114
Non-vested	298	173
Active elsewhere in VRS	312	103
Total inactive members	800	390
Active members	1,004	96
Total covered employees	2,507	907

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 localities and school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The County's contractually required contribution rate for the year ended June 30, 2020 was 12.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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. Employer contributions to the pension plan from the County were \$5,846,191 and \$5,664,637 for the years ended June 30, 2020 and June 30, 2019, respectively.

In addition, the School System's contractually required employer contribution rates for the year ended June 30, 2020 were 15.68% and 1.92% of covered employee compensation for the Teacher and Non-Professional Plans, respectively. These rates were based on actuarially determined rates from actuarial valuations as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The actuarial rate for the Teacher Retirement Plan was 15.68%. Contributions to the pension plan from the School System Teacher Retirement Plan were \$12,283,727 and \$11,968,521 and from the Non-Professional Plan were \$56,224 and \$50,964 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the County and School System, the net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018 rolled forward to the measurement date of June 30, 2019.

COUNTY OF ROANOKE, VIRGINIA
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Actuarial Assumptions – General Employees

The total pension liability for General Employees in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation	2.50%
Salary increases	3.50% to 5.35%, including inflation
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

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

Mortality rates – Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.
Post-Retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.
Post-Disablement	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on the VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020 (Pre-retirement, post-retirement healthy, and disabled)
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

COUNTY OF ROANOKE, VIRGINIA
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Inflation.....	2.50%
Salary increases.....	3.50% to 4.75%, including inflation
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

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

Mortality rates – Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement.....	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.
Post-Retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.
Post-Disablement.....	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on the VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates	Update to a more current mortality table – RP-2014 projected to 2020 (Pre-retirement, post-retirement healthy, and disabled)
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability....	Decrease rate from 60.00% to 45.00%
Discount Rate.....	Decreased rate from 7.00% to 6.75%

Long-Term Expected Rate of Return

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

COUNTY OF ROANOKE, VIRGINIA
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Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
Multi-Asset Public Strategies (MAPS)	6.00%	3.52%	0.21%
Private Investment Partnership (PIP)	3.00%	6.29%	0.19%
Total	<u>100.00%</u>		<u>5.13%</u>
Inflation			<u>2.50%</u>
	Expected arithmetic nominal return*		<u>7.63%</u>

* The above allocation provides a one-year return of 7.63%. 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 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; Counties were also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2019 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

COUNTY OF ROANOKE, VIRGINIA
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Changes in Net Pension Liability (Asset)

	County of Roanoke			School System - Non-Professional		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (a) - (b)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (a) - (b)
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
Balances at June 30, 2018	\$ 237,988,886	\$ 205,942,307	\$ 32,046,579	\$ 32,098,842	\$ 33,943,704	\$ (1,844,862)
Changes for the year:						
Service cost	5,345,891	-	5,345,891	300,766	-	300,766
Interest	16,178,857	-	16,178,857	2,172,731	-	2,172,731
Change in assumptions between expected and actual experience	7,368,804	-	7,368,804	743,564	-	743,564
Difference between expected and actual experience	1,203,647	-	1,203,647	190,670	-	190,670
Impact in change of proportion	(703,792)	(609,022)	(94,770)	-	-	-
Contribution - employer	-	5,491,969	(5,491,969)	-	50,964	(50,964)
Contributions - employee	-	2,215,083	(2,215,083)	-	144,753	(144,753)
Net investment income	-	13,577,327	(13,577,327)	-	2,185,110	(2,185,110)
Benefit payments including refunds of employee contributions	(12,317,141)	(12,317,141)	-	(2,119,648)	(2,119,648)	-
Administrative expense	-	(135,811)	135,811	-	(23,221)	23,221
Other changes	-	(8,548)	8,548	-	(1,365)	1,365
Net Changes	17,076,266	8,213,857	8,862,409	1,288,083	236,593	1,051,490
Balances at June 30, 2019	\$ 255,065,152	\$ 214,156,164	\$ 40,908,988	\$ 33,386,925	\$ 34,180,297	\$ (793,372)

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

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

	Net Pension Liability (Asset)		
	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
<u>County of Roanoke:</u>			
Retirement Plan	\$ 74,356,811	\$ 40,908,988	\$ 14,238,924
<u>School System:</u>			
Teacher Retirement Plan	\$ 184,692,918	\$ 122,684,122	\$ 71,414,352
Non-Professional Plan	2,509,054	(793,372)	(3,473,265)

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

For the year ended June 30, 2020, the County and the School System recognized pension expense (benefit) of \$7,613,840, \$11,549,693, and \$1,151,937 in the Retirement Plan, the Teacher Retirement Plan and the Non-Professional Plan, respectively. At June 30, 2020, the County and School System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

COUNTY OF ROANOKE, VIRGINIA
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	County of Roanoke		School System			
	Retirement Plan		Teacher Retirement Plan		Non-Professional Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 902,588	\$ 1,206,225	\$ -	\$ 7,855,984	\$ -	\$ -
Change in assumptions	5,232,919	85,270	12,148,605	-	-	-
Net difference between projected and actual earnings on plan investments	-	-	-	2,693,852	436,952	724,976
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,996,739	1,869,994	4,725,899	-	-
Employer contributions subsequent to the measurement date	5,846,191	-	12,283,727	-	56,224	-
Total	<u>\$ 11,981,698</u>	<u>\$ 3,288,234</u>	<u>\$ 26,302,326</u>	<u>\$ 15,275,735</u>	<u>\$ 493,176</u>	<u>\$ 724,976</u>

\$5,846,191, \$12,283,727, and \$56,224 reported as deferred outflows of resources related to pensions resulting from the County and School System's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021, for the Retirement Plan, Teacher, and Non-Professional Plans, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	County of Roanoke	School System	
	Retirement Plan	Teacher Retirement Plan	Non-Professional Plan
2021	\$ 1,527,448	\$ (733,272)	\$ 15,673
2022	148,495	(2,793,364)	(323,079)
2023	1,045,410	384,214	(5,169)
2024	125,920	1,169,560	24,551
Thereafter	-	715,726	-
	<u>\$ 2,847,273</u>	<u>\$ (1,257,136)</u>	<u>\$ (288,024)</u>

Payable to the Pension Plan

At June 30, 2020, the Teacher and Non-Professional Plans reported payables of \$196,213, and \$3,302, respectively, for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

COUNTY OF ROANOKE, VIRGINIA
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(13) Other Postemployment Benefits (OPEB)

Retiree Medical Program

Plan Description - The County administers and sponsors a single-employer defined benefit healthcare plan (Retiree Medical Plan). All full-time employees hired before July 1, 2016 who retire directly from the County prior to age 55 with 10 years of continuous full-time service with the County through the date of retirement are eligible to receive early or regular retiree health benefits until they are eligible for Medicare. Specific information about the County's Retiree Medical Plan, including eligibility, coverage, and benefits is set out in the table that follows:

OPEB PLAN PROVISIONS – RETIREE MEDICAL	
Eligible Members	
<p>All full-time employees hired before July 1, 2016, who meet the following criteria, are eligible to for post-retirement medical coverage:</p> <ul style="list-style-type: none"> ○ Retire directly from the County and are eligible to receive an early or regular retirement benefit from the VRS ○ Have 10 years of continuous full-time service with the County through the date of retirement ○ Have 5 years of enrollment in the County sponsored medical plan immediately prior to retirement <p>Eligible dependents on the employee's health insurance may continue to receive the County's contribution toward the health plan.</p>	
Benefit Amounts	
<p>For plan members receiving benefits, the County contributes a specified amount monthly towards the cost of the health insurance premium.</p>	
Program Notes	
<p>Active employees hired after July 1, 2016 are not eligible.</p> <p>The Retiree Medical Plan is assumed to be the primary plan of benefits prior to age 65. Once the retiree or spouse becomes eligible for Medicare, they must then enroll in the Medicare Advantage Plan.</p>	

The County participates in the OPEB Trust Fund, an irrevocable trust established for the purpose of accumulating assets to fund postemployment benefits other than pensions. The OPEB Trust Fund issues a separate report, which can be obtained by requesting a copy from the plan administrator, Virginia Municipal League (VML), at P.O. Box 12164, Richmond, Virginia 23241.

Long-Term Expected Rate of Return - The long-term expected rate of return on OPEB 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 plan 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:

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Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Large Cap Equity (Domestic)	26.00%	11.01%	2.86%
Small Cap Equity (Domestic)	10.00%	12.27%	1.23%
International Equity (Developed)	13.00%	11.99%	1.56%
Emerging Markets	5.00%	13.28%	0.66%
Private Equity	5.00%	13.64%	0.68%
Core Bonds	7.00%	6.22%	0.44%
Core Plus	14.00%	6.49%	0.91%
Diversified Hedge Funds	10.00%	9.74%	0.97%
Private Core Real Estate	5.00%	9.39%	0.47%
Private Value Add Real Estate	2.00%	10.63%	0.21%
Commodities	3.00%	5.66%	0.17%
Cash	0.00%	0.00%	0.00%
Total	100.00%		10.16%
		Inflation	3.48%
	*Expected arithmetic nominal return		13.64%

Benefits will be financed through a combination of accumulated trust funds and on a pay as you go basis until sufficient funds are accumulated in the OPEB trust. The discount rate used to measure the total OPEB liability is 7.50% based on the current expected return on assets and the investment portfolio.

Retiree Medical Program – OPEB Plan Disclosures

Employees Covered by Benefits Terms - As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the Retiree Medical Plan:

Inactive members:	
Retirees	90
Active members	642
Total covered members	732

Contributions - The Retiree Medical Plan is funded with contributions from plan members and the County. Plan members receiving benefits contribute specified amounts monthly, ranging from 42.8% to 72.7%, towards the cost of the health insurance premiums. For fiscal year ended June 30, 2020, the retirees contributed approximately \$779,487 or 53.2% of total premiums, through their required contributions of \$374.36 to \$2,228.14 per month depending on the coverage (single, single plus dependent, single plus spouse, or family and the number of years of service completed by the employee).

The County's actuarially determined contribution rate for the year ended June 30, 2020 was 2.7% of covered employee compensation for the Retiree Medical Plan. The total amount contributed was \$941,499. This rate was based on the actuarially determined rate from actuarial valuations as of June 30, 2020.

Net OPEB Liability - The Plan data for the Retiree Medical Plan was measured as of June 30, 2020 based on an actuarial valuation performed as of June 30, 2020.

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Actuarial Methods and Assumptions - The net OPEB liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Discount rate	7.50%
Salary increases.....	3.50%, including a 2.50% inflation assumption and a 1.00% productivity component
Investment rate of return	7.50%
Healthcare cost trend rate – Medical	Initial rate of 8.00% decreasing down by 0.50% annually to an ultimate rate of 4.50%

Mortality rates

General Retirees	SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019
Surviving Spouses	SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2019
Disabled Retirees	SOA Pub-2010 Non-Safety Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2019

OPEB Liabilities and OPEB Expense for the Retiree Medical Plan as of 2020 measurement date

	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2019	\$ 13,477,018	\$ 6,951,510	\$ 6,525,508
Changes for the year:			
Service cost	237,164	-	237,164
Interest	998,382	-	998,382
Difference between expected and actual experience	(1,577,201)	-	(1,577,201)
Change of assumptions	(884,021)	-	(884,021)
Contribution - employer	-	941,499	(941,499)
Net investment income	-	214,926	(214,926)
Benefit payments including refunds of member contributions	(819,674)	(819,674)	-
Administrative expense	-	(8,209)	8,209
Net Changes	(2,045,350)	328,542	(2,373,892)
Balances at June 30, 2020	\$ 11,431,668	\$ 7,280,052	\$ 4,151,616

Net OPEB Liability - The net OPEB liability (NOL) is calculated separately, the OPEB Plan represents its total OPEB liability determined in accordance with GAAP, less the fiduciary net position. As of June 30, 2020, NOL amounts are as follows:

COUNTY OF ROANOKE, VIRGINIA
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Total OPEB Liability	\$ 11,431,668
Plan Fiduciary Net Position	7,280,052
Net OPEB Liability	<u>\$ 4,151,616</u>

Fiduciary Net Position as a Percentage of Total OPEB Liability	63.68%
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Sensitivity to Changes in the Discount Rate - The following presents the County's net OPEB liability using the discount rate of 7.50%, as well as what it would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	1.00% Decrease (6.50%)	Current Rate (7.50%)	1.00% Increase (8.50%)
Net OPEB Liability	\$ 4,970,373	\$ 4,151,616	\$ 3,403,540

Sensitivity to the Changes in the Healthcare Cost Rate - The following presents the County's net OPEB liability using the health care cost rate of 8.00% grading to 4.50%, as well as what it would be if it were calculated using a healthcare cost rate that is one percentage point lower (7.00% grading to 3.50%) or one percentage point higher (9.00% grading to 5.50%) than the current rate:

	1.00% Decrease (7.00% decreasing to 3.50%)	Current Rate (8.00% decreasing to 4.50%)	1.00% Increase (9.00% decreasing to 5.50%)
Net OPEB Liability	\$ 3,273,946	\$ 4,151,616	\$ 5,158,218

Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Retiree Medical Plan - At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to the Retiree Medical Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,610,484
Change in assumptions	2,158,141	757,732
Net difference between projected and actual earnings on OPEB plan investments	368,366	102,613
Total	<u>\$ 2,526,507</u>	<u>\$ 5,470,829</u>

COUNTY OF ROANOKE, VIRGINIA
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Amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in the OPEB expense in future reporting periods as follows:

Year ended June 30:

2021	\$ (552,614)
2022	(496,873)
2023	(473,436)
2024	(502,985)
2025	(566,810)
Thereafter	(351,604)
	<u>\$ (2,944,322)</u>

Retiree Medical Program – Employer Recognition of the OPEB Plan

Employees Covered by Benefits Terms - As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the Retiree Medical Plan:

Inactive members:	
Retirees	126
Active members	686
Total covered members	<u>812</u>

Contributions - The County's actuarially determined contribution rate for the year ended June 30, 2019 was 3.3% of covered employee compensation. The total amount contributed was \$1,038,918. This rate was based on the actuarially determined rate from actuarial valuations as of June 30, 2018.

Net OPEB Liability - The Employer data for the Retiree Medical Plan was measured as of June 30, 2019. The total OPEB liability was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019. The actuarial valuation was performed for the County and its fiscal agents as a whole. The below information reflects the County portion only.

Actuarial Methods and Assumptions - The net OPEB liability was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Discount rate	7.50%
Salary increases.....	2.00%
Investment rate of return	7.50%
Healthcare cost trend rate – Medical	Initial rate of 7.50% decreasing down to 5.00% over ten years beginning in 2018

Administrative expenses for the medical plan were \$465 for pre-65 coverage, and \$0 for post-65 coverage, increasing at 5.0% per year.

COUNTY OF ROANOKE, VIRGINIA
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Mortality rates

Pre-retirement RP-2000, Males set forward 2 years, Females setback 3 years, projected to 2020 with Scale AA
Post-retirement..... RP-2000, Females setback 1 year (no setback for Males), projected to 2020 with Scale AA
Disability RP-2000, Males setback 3 years, no future mortality improvements

OPEB Liabilities and OPEB Expense

	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2018	\$ 14,116,465	\$ 6,755,760	\$ 7,360,705
Changes for the year:			
Service cost	494,709	-	494,709
Interest	935,262	-	935,262
Difference between expected and actual experience	(1,220,339)	(254,589)	(965,750)
Impact in change in proportion	(8,448)	(4,259)	(4,189)
Contribution - employer	-	1,033,399	(1,033,399)
Net investment income	-	304,020	(304,020)
Benefit payments including refunds of member contributions	(912,221)	(912,221)	-
Administrative expense	-	(7,527)	7,527
Net Changes	(711,037)	158,823	(869,860)
Balances at June 30, 2019	\$ 13,405,428	\$ 6,914,583	\$ 6,490,845

For the year ended June 30, 2020, the County recognized OPEB expense of \$702,184.

Net OPEB Liability - The net OPEB liability (NOL) is calculated separately, the OPEB Plan represents its total OPEB liability determined in accordance with GAAP, less the fiduciary net position. As of June 30, 2020, NOL amounts are as follows:

Total OPEB Liability	\$ 13,405,428
Plan Fiduciary Net Position	6,914,583
Net OPEB Liability	<u>\$ 6,490,845</u>

Fiduciary Net Position as a Percentage
of Total OPEB Liability 51.58%

The County of Roanoke has fiscal entities who participate in the Retiree Medical Program. The above information reflects only the County's portion of the total OPEB liability.

COUNTY OF ROANOKE, VIRGINIA
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Sensitivity to Changes in the Discount Rate - The following presents the County's net OPEB liability using the discount rate of 7.50%, as well as what it would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	1.00% Decrease (6.50%)	Current Rate (7.50%)	1.00% Increase (8.50%)
Net OPEB Liability	\$ 7,971,161	\$ 6,490,845	\$ 5,217,211

Sensitivity to the Changes in the Healthcare Cost Rate - The following presents the County's net OPEB liability using the health care cost rate of 8.00% grading to 5.00% over six years, as well as what it would be if it were calculated using a healthcare cost rate that is one percentage point lower (7.00% grading to 4.00% over six years) or one percentage point higher (9.00% grading to 6.00% over six years) than the current rate:

	1.00% Decrease (7.00% decreasing to 4.00% over 6 years)	Current Rate (8.00% decreasing to 5.00% over 6 years)	1.00% Increase (9.00% decreasing to 6.00% over 6 years)
Net OPEB Liability	\$ 4,801,680	\$ 6,490,845	\$ 8,534,566

Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Retiree Medical Plan - At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to the Retiree Medical Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,894,882
Change in assumptions	2,577,700	-
Net difference between projected and actual earnings on OPEB plan investments	-	29,440
Change in proportionate share	36,700	-
Employer contributions subsequent to the measurement date	1,155,334	-
Total	<u>\$ 3,769,734</u>	<u>\$ 3,924,322</u>

Deferred outflows of resources resulting from the contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021 in addition to other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended June 30:

2020	\$ (243,862)
2021	(243,862)
2022	(209,080)
2023	(184,705)
2024	(214,207)
Thereafter	(214,206)
	<u>\$ (1,309,922)</u>

VRS Health Insurance Credit and Group Life Insurance Programs

Plan Description - All full-time, salaried permanent employees of the County are automatically covered by the VRS Political Subdivision Health Insurance Credit Program (HIC) upon employment. All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment.

These plans are administered by the Virginia Retirement System (System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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. 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.

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 Group Life Insurance Program OPEB.

The specific information about the Health Insurance Credit Program and the Group Life Program, including eligibility, coverage, and benefits is set out in the table below:

OPEB PLAN PROVISIONS BY PLAN STRUCTURE

HEALTH INSURANCE CREDIT	GROUP LIFE INSURANCE
Eligible Members	
<p>The County's Retiree Health Insurance Credit Program was established July 1, 1993 for retired County employees who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include full-time, permanent, salaried employees of the County who are covered under the VRS pension plan.</p>	<p>The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.</p> <p>Basic group life insurance coverage is automatic upon employment. Coverage end for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.</p>

COUNTY OF ROANOKE, VIRGINIA
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HEALTH INSURANCE CREDIT	GROUP LIFE INSURANCE
Benefit Amounts	
<p>The County's Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p> <p><u>At Retirement</u></p> <p>For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month.</p> <p><u>Disability Retirement</u></p> <p>For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.</p>	<p>The benefits payable under the Group Life Insurance Program have several components.</p> <p><u>Natural Death Benefit</u></p> <p>The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.</p> <p><u>Accidental Death Benefit</u></p> <p>The accidental death benefit is double the natural death benefit.</p> <p><u>Other Benefit Provisions</u></p> <p>In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:</p> <ul style="list-style-type: none"> • Accidental dismemberment benefit • Safety belt benefit • Repatriation benefit • Felonious assault benefit • Accelerated death benefit option
Program Notes	
<p>The monthly Health Insurance Credit benefit cannot exceed the individual premium amount.</p> <p>No Health Insurance Credit for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans.</p> <p>Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.</p>	<p><u>Reduction in Benefit Amounts</u></p> <p>The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p> <p><u>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</u></p> <p>For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,463.</p>

Detailed information about the VRS Political Subdivision Health Insurance Credit Program's Fiduciary Net Position and the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2019 CAFR. A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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Employees Covered by Benefit Terms - As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

Inactive members or their beneficiaries currently receiving benefits	216
Active members	762
Total covered members	<u>978</u>

Contributions - Under the Health Insurance Credit Program, the contribution requirement for active employees is governed by §51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Under the Group Life Program, the contribution requirements are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of the funding provided to state agencies and school divisions by the Virginia General Assembly.

The County's contractually required employer contribution rate for the year ended June 30, 2020 was 0.30% of covered employee compensation for employees in the Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the Political Subdivision Health Insurance Credit Program were \$144,688 and \$104,564 for the years ended June 30, 2020 and June 30, 2019, respectively.

The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$247,275 and \$240,118 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net OPEB Liability - The County's net Health Insurance Credit OPEB liability and Group Life Insurance OPEB liability were measured as of June 30, 2019. The total OPEB liability for each program was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Actuarial Assumptions - The total OPEB liability for the Health Insurance Credit Program and Group Life Insurance Program was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation.....	2.50%
Salary increases, including inflation.....	3.50% – 5.35%
Investment rate of return	6.75% net of investment expenses, including inflation*

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

COUNTY OF ROANOKE, VIRGINIA
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long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

Mortality rates – General Employees

Pre-Retirement.....	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.
Post-Retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.
Post-Disablement.....	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016 except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS board action are as follows:

Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020 (pre-retirement, post-retirement healthy, and disabled)
Retirement Rates	Lowered retirement rates at older ages and, for the HIC Program, extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability....	Increased rate from 14.00% to 15.00%
Discount Rate.....	Decreased rate from 7.00% to 6.75%

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
Multi-asset Public Strategies	6.00%	3.52%	0.21%
Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

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* The above allocation provides a one-year return of 7.63%. 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 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate - The discount rate used to measure the total OPEB liability for the Health Insurance Credit Program and the Group Life Insurance Program was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the OPEB plans 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, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net positions were projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

Net OPEB Liability - Health Insurance Credit Program

	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2018	\$ 1,629,497	\$ 586,104	\$ 1,043,393
Changes for the year:			
Service cost	33,450	-	33,450
Interest	110,052	-	110,052
Changes of assumptions	42,641	-	42,641
Difference between expected and actual experience	27,799	-	27,799
Contribution - employer	-	142,727	(142,727)
Contributions - member	-	-	-
Net investment income	-	39,488	(39,488)
Benefit payments, including refunds of member contributions	(114,650)	(114,650)	-
Administrative expense	-	(862)	862
Other changes	-	(47)	47
Net Changes	99,292	66,656	32,636
Balances at June 30, 2019	\$ 1,728,789	\$ 652,760	\$ 1,076,029

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Net OPEB Liability - Group Life Insurance Program - The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the Group Life Insurance Program is as follows:

Total GLI OPEB Liability	\$ 8,423,815
Plan Fiduciary Net Position	4,380,384
Net OPEB Liability	<u>\$ 4,043,431</u>

Fiduciary Net Position as a Percentage of Total OPEB Liability	52.00%
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The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the County's notes to the financial statements and required supplementary information.

Sensitivity of the Health Insurance Credit Net OPEB Liability and the County's proportionate Share of the net GLI OPEB Liability to Changes in the Discount Rate - The following presents the County's Health Insurance Credit Program net HIC OPEB liability and proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the County's net HIC OPEB liability and proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Rate (6.75%)	1.00% Increase (7.75%)
Net HIC OPEB Liability	\$ 1,265,334	\$ 1,076,029	\$ 915,265
Net GLI OPEB Liability	5,311,949	4,043,431	3,014,699

Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Program OPEB - For the year ended June 30, 2020, the County recognized Health Insurance Credit Program OPEB expense of \$102,561. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to the Health Insurance Credit Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 23,656	\$ 2,730
Change in assumptions	36,286	24,035
Net difference between projected and actual earnings on OPEB plan investments	-	6,384
Employer contributions subsequent to the measurement date	144,688	-
Total	<u>\$ 204,630</u>	<u>\$ 33,149</u>

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\$144,688 reported as deferred outflows of resources related to the HIC OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the Fiscal Year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year ended June 30:

2021	\$ 128
2022	127
2023	4,161
2024	4,877
2025	10,048
Thereafter	7,452
	<u>\$ 26,793</u>

Group Life Insurance Program OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

- At June 30, 2020, the entities reported a liability of \$4,043,431 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was 0.24848% as compared to 0.25166% at June 30, 2018.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$93,361. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 268,912	\$ 52,448
Change in assumptions	255,279	121,927
Changes in Proportionate Share	28,298	42,425
Net difference between projected and actual earnings on OPEB plan investments	-	83,055
Employer contributions subsequent to the measurement date	247,275	-
Total	<u>\$ 799,764</u>	<u>\$ 299,855</u>

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\$247,275 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year ended June 30:

2021	\$ 14,227
2022	14,231
2023	49,408
2024	78,297
2025	75,942
Thereafter	20,529
	\$ 252,634

Other Postemployment Benefits – VRS – School System

Plan Description – All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit Program (Health Credit Program). All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program (Group Life Program) upon employment. These plans are administered by the Virginia Retirement System (System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

Members of the Health Credit Program earn one month of service credit toward the benefit of 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.

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 Group Life Insurance Program OPEB.

The specific information for the Health Credit Program and the Group Life Program, including eligibility, coverage, and benefits is set out in the table on the following pages.

Health Credit Program	Group Life Program
Eligible Members	
The Teacher Employee Retiree Health Credit Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.	The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.

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Health Credit Program	Group Life Program
<p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> • Full-time permanent (professional) salaried employees of public school divisions covered under VRS. 	<p>Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.</p>
Benefit Amounts	
<p>The Health Credit Program provides the following benefits for eligible employees.</p> <p><u>At Retirement</u> For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.</p> <p><u>Disability Retirement</u> For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either:</p> <ul style="list-style-type: none"> • \$4.00 per month, multiplied by twice the amount of service credit, or • \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower. 	<p>The benefits payable under the Group Life Program have several components.</p> <p><u>Natural Death Benefit</u> The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.</p> <p><u>Accidental Death Benefit</u> The accidental death benefit is double the natural death benefit.</p> <p><u>Other Benefit Provisions</u> In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:</p> <ul style="list-style-type: none"> • Accidental dismemberment benefit • Safety belt benefit • Repatriation benefit • Felonious assault benefit • Accelerated death benefit option
Program Notes	
<p>The monthly Health Insurance Credit benefit cannot exceed the individual premium amount.</p> <p>Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the health insurance credit as a retiree.</p>	<p><u>Reduction in benefit Amounts</u> The benefit amounts provided to members covered under the Group Life Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p> <p><u>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</u> For covered members with at least 30 years of service credit, there is a minimum benefit payable under the Group Life Program. The minimum benefit was set at \$8,000 by statute in 2015. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for COLA was \$8,463 effective June 30, 2020.</p>

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OPEB Plan Data - The system issues a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information for the Health Care and Group Life programs administered by VRS. A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Contributions – Under the Health Credit Program, the contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Under the Group Life Program, the contribution requirements are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly.

Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 1.20% of covered employee compensation for employees in the Health Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School System to the Health Credit Program were \$963,455 and \$930,288 for the years ended June 30, 2020 and June 30, 2019, respectively.

The total rate for the Group Life Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Although not required, the School System elected to pay the employee component, which is separate from the contractually required employer component. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the Group Life Program from the entity were \$431,938 and \$419,260 for the years ended June 30, 2020 and June 30, 2019, respectively.

OPEB Liabilities and OPEB Expense – At June 30, 2020, the School System reported \$12,114,255 for its proportionate share of the Health Credit Program Net OPEB Liability. The Health Credit Program Net OPEB Liability was measured as of June 30, 2019 and the Health Credit Program total OPEB liability used to calculate the Health Credit Program Net OPEB Liability was determined by an actuarial valuation as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The School System's proportion of the Health Credit Program Net OPEB Liability was based on the School System's actuarially determined employer contributions to the Health Credit Program OPEB plan for the year ended June 30, 2019, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the School System's proportion of the Health Credit Program was 0.92539% as compared to 0.95240% at June 30, 2019.

At June 30, 2020, the School System reported \$6,444,462 and \$251,250 for its proportionate share of the Group Life Program Net OPEB Liability for the teachers and non-professional employees, respectively. The Group Life Program Net OPEB Liability was measured as of June 30, 2020 and the Group Life Program total OPEB liability used to calculate the Group Life Program Net OPEB Liability was determined by an actuarial valuation as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Group Life Program Net OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Program for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all

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participating employers. At June 30, 2020, the participating employer's proportion was 0.39603% and 0.01544% for teachers and non-professional employees, respectively, as compared to 0.40541% and 0.01657% for teachers and non-professional employees, respectively, at June 30, 2019.

OPEB Expense – For the year ended June 30, 2020, the School System recognized Health Credit Program OPEB expense of \$957,750. For the year ended June 30, 2020, School System recognized Group Life Program OPEB expense of \$133,119 and \$1,641 for teachers and non-professional employees, respectively. Since there was a change in proportionate share between measurement dates, a portion of the Health Credit Program and Group Life Program OPEB expense was related to deferred amounts from changes in proportion.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans – At June 30, 2020, the School System reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plans from the following sources:

	Health Credit Program		Group Life Program			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Teacher Plan		Non-Professional Plan	
			Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 68,617	\$ 428,595	\$ 83,591	\$ 16,710	\$ 3,259
Net difference between projected and actual earnings on OPEB plan investments	765	-	-	132,374	-	5,161
Change in assumptions	281,955	84,177	406,866	194,329	15,862	7,576
Changes in Proportionate Share	190,719	490,568	132,573	261,098	-	19,728
Employer contributions subsequent to the measurement date	963,455	-	416,199	-	15,739	-
Total	\$ 1,436,894	\$ 643,362	\$ 1,384,233	\$ 671,392	\$ 48,311	\$ 35,724

\$963,455, \$416,199, and \$15,739 of deferred outflows of resources resulting from the School System's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021 for the Health Credit Program, Group Life Program Teacher Plan, and Group Life Program Non-Professional Plan, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB programs will be recognized in OPEB expense as follows:

Year ended June 30:

	Health Credit Program	Group Life Program	
		Teacher Plan	Non-Professional Plan
2021	\$ (27,790)	\$ 6,995	\$ (3,276)
2022	(27,802)	7,000	(3,276)
2023	(22,493)	63,066	(1,090)
2024	(24,270)	93,099	1,645
2025	(34,545)	97,327	2,342
Thereafter	(33,023)	29,155	503
	\$ (169,923)	\$ 296,642	\$ (3,152)

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Payable to the OPEB Plans – At June 30, 2020, the Health Credit Program, Group Life Program Teacher Plan, and Group Life Program Non-Professional Plan reported payables of \$15,268, \$16,667, and \$2,872, respectively, for the outstanding amount of contributions to the OPEB plans required for the year ended June 30, 2020.

Actuarial Assumptions – The total OPEB liability for the Health Credit Program and Group Life Program was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation.....	2.50%
Salary increases, including inflation.....	3.50% to 5.95% for Health Credit Program
	3.50% to 5.95% for Group Life Program-Teacher Plan
	3.50% to 5.35% for Group Life Program-Non-Professional Plan
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*

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

Mortality rates – Health Credit Program and Group Life Program Teacher Plan

Pre-Retirement.....	RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.
Post-Retirement	RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1.00% increase compounded from ages 70 to 90; females set back 3 years with 1.50% increase compounded from ages 65 to 70 and 2.00% increase compounded from ages 75 to 90.
Post-Disablement.....	RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

Mortality rates – Group Life Program Non-Professional Plan

Pre-Retirement.....	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to age 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.
Post-Retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.00% increase compounded from ages 70 to 90.
Post-Disablement.....	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

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Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020 (pre-retirement, post-retirement healthy, and disabled)
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service (Health Credit Program and Group Life Program Teacher Plan)
	Adjusted termination rates to better fit experience at each age and service (Group Life Program Non-Professional Plan)
Disability Rates	Adjusted rates to better match experience (Health Credit Program and Group Life Program Teacher Plan)
	Lowered disability rates (Group Life Program Non-Professional Plan)
Salary Scale	No change
Discount Rate.....	Decrease rate from 7.00% to 6.75%

Net OPEB Liability – The net OPEB liability (NOL) is calculated separately for each school division and represents that particular division's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the School System's participation in the OPEB Plans is as follows:

	Health Credit Program	Group Life Program Teacher Plan	Non-Professional Plan
Total OPEB Liability	\$13,308,156	\$ 13,426,360	\$ 523,453
Plan Fiduciary Net Position	1,193,901	6,981,898	272,203
Net OPEB Liability	<u>\$12,114,255</u>	<u>\$ 6,444,462</u>	<u>\$ 251,250</u>
 Fiduciary Net Position as a Percentage of Total OPEB Liability	 8.97%	 52.00%	 52.00%

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

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB Plan's fiduciary net position is available in the separately issued VRS 2019 CAFR, which was previously referenced.

Discount Rate – The discount rate used to measure the total OPEB liability was 6.75%. For the Health Credit Program, the projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. For the Group Life Program, the projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by the school division for the OPEB Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rates. From July 1, 2019 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees for the Health Credit Program and eligible employees for the Group Life Program. Therefore,

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the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
Multi-asset Public Strategies	6.00%	3.52%	0.21%
Private Investment Partnership	3.00%	6.29%	0.19%
Total	<u>100.00%</u>		<u>5.13%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.63%</u>

* The above allocation provides a one-year return of 7.63%. 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 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Sensitivity of the School System's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate – The following presents the School System's proportionate share of the Net OPEB liability using the discount rate of 6.75%, as well as what the School System's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Rate (6.75%)	1.00% Increase (7.75%)
Health Credit Program	\$ 13,557,911	\$ 12,114,255	\$ 10,887,871
Group Life Program: Teacher Plan	8,466,239	6,444,462	4,804,857
Group Life Program: Non-Professional Plan	330,073	251,250	187,327

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Other Postemployment Benefits – Employer Recognition of the OPEB Plan – School System

Plan Description – The School System administers and sponsors a single-employer defined benefit healthcare plan (Retiree Medical Plan). Employees are eligible for this benefit if they retire after age 55 with at least 10 years of service and 12 months enrollment in the School System's self-insured health insurance program. Information for the June 30, 2020 School System Retiree Medical Plan balances are based on the June 30, 2020 actuarial valuation with a measurement date of June 30, 2020.

The School System participates in the OPEB Trust Fund, an irrevocable trust established for the purpose of accumulating assets to fund postemployment benefits other than pensions. The OPEB Trust Fund issues a separate report, which can be obtained by requesting a copy from the plan administrator, Virginia Municipal League (VML) at P.O. Box 12164, Richmond, VA 23241.

Benefits Provided – The School System contributes up to \$2,500 per year towards the total medical premium for each eligible retiree for up to five years after retiring under the Employee Extended Work Plan. In addition, the total retiree medical premium is calculated as a blended rate based on the medical claims of all active and retired participants resulting in an implicit subsidy that benefits the retiree with a lower cost medical premium.

All health care benefits are provided through the School System's self-insured health insurance program. The benefit levels are the same as those provided to active employees. Benefits include general inpatient and outpatient medical services, mental, nervous and substance abuse care, vision care, and prescriptions. Once a retiree reaches age 65, retirees are removed from the plan.

The benefits, employee contributions, and employer contributions are governed by School Board policy and can be amended through School Board action.

Employees Covered by Benefit Terms – As of the Valuation Date of June 30, 2020, the following employees were covered by the benefit terms in the Retiree Medical Plan:

Inactive employees or beneficiaries currently receiving benefits	108
Active employees	<u>1,779</u>
Total covered employees	<u><u>1,887</u></u>

Contributions – The Retiree Medical Plan is funded through member and employer contributions. Plan members receiving benefits contribute monthly premiums towards the cost of the health insurance depending on the coverage selected (single, single plus dependent, single plus spouse, or family).

For the fiscal year ended June 30, 2020, the School System's average contribution rate was 1.26% of covered employee payroll. The total amount contributed was \$671,774. This rate was based on the actuarially determined rate from the actuarial valuation performed as of June 30, 2020.

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Net OPEB Liability and OPEB Expense – At June 30, 2020, the Retiree Medical Plan reported a net OPEB liability of \$10,223,547. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2020.

	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2018	\$ 10,756,321	\$ 744,176	\$ 10,012,145
Changes for the year:			
Service cost	593,436	-	593,436
Interest	323,704	-	323,704
Contribution - employer	-	671,774	(671,774)
Net investment income	-	35,334	(35,334)
Benefit payments, including refunds of member contributions	(487,194)	(487,194)	-
Administrative expense	-	(1,370)	1,370
Net Changes	429,946	218,544	211,402
Balances at June 30, 2019	\$ 11,186,267	\$ 962,720	\$ 10,223,547

For the year ended June 30, 2020, the School System recognized OPEB expense of \$(57,349).

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – At June 30, 2020, the School System reported deferred outflows of resources and deferred inflows of resources related to the Retiree Medical Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$2,897,297
Net difference between projected and actual earnings on OPEB plan investments	69,778	19,287
Change in assumptions	-	6,045,823
Employer contributions subsequent to the measurement date	664,473	-
Total	\$ 734,251	\$8,962,407

\$664,473 of deferred outflows of resources resulting from the School System's contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended June 30:

2020	\$ (1,339,357)
2021	(1,339,355)
2022	(1,332,933)
2023	(1,330,787)
2024	(1,336,933)
Thereafter	(2,213,264)
	<u>\$ (8,892,629)</u>

Actuarial Assumptions – The total OPEB liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age normal actuarial market value method and the following assumptions:

Inflation.....	2.50% per annum
Discount rate	7.50% as of June 30, 2020 per annum
	2.98% as of July 1, 2019 for accounting disclosure purposes
Salary increases.....	3.50% per annum plus a step-rate/promotional component based on the VRS actuarial valuation as of June 30, 2019
Investment rate of return	7.50% per annum
Medical cost trend rate	8.00% graded down to 5.00% over 8 years beginning in 2021

Mortality rates

Professionals.....	SOA Pub-2010 Teacher Headcount Weighted Mortality Table fully generational using Scale MP-2019
Non-Professionals.....	SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019
Surviving Spouses	SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2019
Disabled Retirees.....	SOA Pub-2010 Non-Safety Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2019

The following changes were made to the actuarial assumptions and methods effective June 30, 2020:

- The percentage of health care coverage election rate was updated from 42.50% to 60.00%.
- The mortality assumptions were updated from the RP-2000 to the SOA Pub-2010.
- The payroll growth was updated from a flat 2.00% annually to follow the most recent tables provided in the VRS actuarial report as of June 30, 2020.
- Retirement rates have been updated to follow the most recent tables provided in the VRS actuarial valuation as of June 30, 2019, including a distinction between Plan 1 and Plan 2/Hybrid members following the VRS tables.
- Termination rates and disability rates have been updated to follow the most recent tables provided in the VRS actuarial valuation as of June 30, 2019.
- Health care trend rates have been updated from an initial rate of 7.50% decreasing by 0.25% annually to an ultimate rate of 5.00% to an initial rate of 8.00% decreasing by 0.50% annually down to an ultimate rate of 4.50%.
- Spousal coverage election rate has been updated from 8.80% to 15.00%.
- The discount rate has been updated as of June 30, 2020 (measurement date) based on the long-term rate of return information for the Trust's target investment policy provided by the Virginia Pooled OPEB Trust Fund CAFR as of June 30, 2020. The discount rate is 2.98% as of July 1, 2019 and 7.50% as of June 30, 2020 for accounting disclosure purposes.

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Net OPEB Liability – The net OPEB liability (NOL) for the Retiree Medical Plan represents its total OPEB liability calculated by the actuary in accordance with GASB Statement No. 74 less the fiduciary net position. As of June 30, 2020, NOL amounts are as follows:

Total OPEB Liability	\$ 11,186,267
Plan Fiduciary Net Position	962,720
Net OPEB Liability	<u>\$ 10,223,547</u>

Fiduciary Net Position as a Percentage of Total OPEB Liability	8.61%
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Long-Term Expected Rate of Return – The long-term expected rate of return on Retiree Medical Plan 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 Plan 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>
Large Cap Equity (Domestic)	26.00%	11.01%	2.86%
Small Cap Equity (Domestic)	10.00%	12.27%	1.23%
International Equity (Developed)	13.00%	11.99%	1.56%
Emerging Markets	5.00%	13.28%	0.66%
Private Equity	5.00%	13.64%	0.68%
Core Bonds	7.00%	6.22%	0.44%
Core Plus	14.00%	6.49%	0.91%
Diversified Hedge Funds	10.00%	9.74%	0.97%
Private Core Real Estate	5.00%	9.39%	0.47%
Private Value Add Real Estate	2.00%	10.63%	0.21%
Commodities	3.00%	5.66%	0.17%
Cash	0.00%	0.00%	0.00%
Total	<u>100.00%</u>		<u>10.16%</u>
		Inflation	<u>3.48%</u>
		*Expected arithmetic nominal return	<u>13.64%</u>

Benefits will be financed through a combination of accumulated trust funds and on a pay as you go basis until sufficient funds are accumulated in the OPEB trust. Therefore, the discount rate of 2.98% used to measure the total OPEB liability is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2020.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the Retiree Medical Plan's net OPEB liability using the discount rate of 2.98%, as well as what it would be if it were calculated using a discount rate that is one percentage point lower (1.98%) or one percentage point higher (3.98%) than the current rate:

COUNTY OF ROANOKE, VIRGINIA
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	1.00% Decrease (1.98%)	Current Rate (2.98%)	1.00% Increase (3.98%)
Net OPEB Liability	\$ 11,551,077	\$ 10,223,547	\$ 9,063,931

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following presents the Retiree Medical Plan's net OPEB liability using the health care cost rate of 7.50% decreasing to 5.00% over 10 years, as well as what it would be if it were calculated using a healthcare cost rate that is one percentage point lower (6.50% decreasing to 4.00% over 10 years) or one percentage point higher (8.50% decreasing to 6.00% over 10 years) than the current rate:

	1.00% Decrease (6.50% decreasing to 4.00% over 10 years)	Current Rate (7.50% decreasing to 5.00% over 10 years)	1.00% Increase (8.50% decreasing to 6.00% over 10 years)
Net OPEB Liability	\$ 9,017,491	\$ 10,223,547	\$ 11,686,859

Other Postemployment Benefits – Retiree Medical Plan Disclosures – School System

The GASB issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, in June 2015. This GASB Statement requires the School System to report extensive note disclosures and required supplementary information (RSI) about the Retiree Medical Plan since the plan does not issue a separate financial report. Information for these required disclosures and RSI are based on the June 30, 2020 actuarial valuation with measurement date of June 30, 2020. Given this, the information for the Retiree Medical Plan below is one year subsequent to the required Employer Disclosures of the Plan as recognized in the Statement of Net Position and discussed in Note 12.

Employees Covered by Benefit Terms – As of the valuation of June 30, 2020 and measurement date of June 30, 2020, the following employees were covered by the benefit terms in the Retiree Medical Plan:

Inactive employees or beneficiaries currently receiving benefits	108
Active employees	<u>1,427</u>
Total covered employees	<u><u>1,535</u></u>

Contributions – As of the valuation of June 30, 2020 and measurement date of June 30, 2020, the School System's average contribution rate was 0.80% of covered employee payroll. The total amount contributed was \$664,473.

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Net OPEB Liability – As of the valuation of June 30, 2020 and measurement date of June 30, 2020, the Retiree Medical Plan reported a net OPEB liability of \$5,790,970.

	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2019	\$ 11,186,267	\$ 962,720	\$ 10,223,547
Changes for the year:			
Service cost	889,124	-	889,124
Interest	351,384	-	351,384
Changes of assumptions	(3,877,843)	-	(3,877,843)
Difference between expected and actual experience	(1,101,996)	-	(1,101,996)
Contribution - employer	-	664,473	(664,473)
Net investment income	-	30,365	(30,365)
Benefit payments, including refunds of member contributions	(572,183)	(572,183)	-
Administrative expense	-	(1,592)	1,592
Net Changes	(4,311,514)	121,063	(4,432,577)
Balances at June 30, 2020	\$ 6,874,753	\$ 1,083,783	\$ 5,790,970

Net OPEB Expense – For the valuation date of June 30, 2020 and measurement date ended June 30, 2020, the School System recognized OPEB expense of \$172,801.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – As of the valuation of June 30, 2020 and measurement date of June 30, 2020, the School System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 54,592	\$ 2,415,792
Net difference between projected and actual earnings on OPEB plan investments	-	10,716
Change in assumptions	-	5,181,356
Total	\$ 54,592	\$ 7,607,864

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Year ended June 30:

2021	\$ (1,339,355)
2022	(1,332,933)
2023	(1,330,787)
2024	(1,336,933)
2025	(553,315)
Thereafter	(1,659,949)
	<u>\$ (7,553,272)</u>

Actuarial Assumptions – The total OPEB liability was based on an actuarial valuation date of June 30, 2020, using the Entry Age normal actuarial market value method and the following assumptions:

Inflation.....	2.50% per annum
Discount rate	7.50% as of June 30, 2020 per annum
Salary increases.....	3.50% per annum plus a step-rate/promotional component based on the VRS actuarial valuation as of June 30, 2019
Investment rate of return	7.50% per annum
Medical	8.00% graded down to 5.0% over 8 years beginning in 2021

Mortality rates

Professionals.....	SOA Pub-2010 Teacher Headcount Weighted Mortality Table fully generational using Scale MP-2019
Non-Professionals.....	SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019
Surviving Spouses	SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2019
Disabled Retirees.....	SOA Pub-2010 Non-Safety Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2019

The following changes were made to the actuarial assumptions and methods effective June 30, 2020:

- The percentage of health care coverage election rate was updated from 42.50% to 60.00%.
- The mortality assumptions were updated from the RP-2000 to the SOA Pub-2010.
- The payroll growth was updated from a flat 2.00% annually to follow the most recent tables provided in the VRS actuarial report as of June 30, 2020.
- Retirement rates have been updated to follow the most recent tables provided in the VRS actuarial valuation as of June 30, 2019, including a distinction between Plan 1 and Plan 2/Hybrid members following the VRS tables.
- Termination rates and disability rates have been updated to follow the most recent tables provided in the VRS actuarial valuation as of June 30, 2019.
- Health care trend rates have been updated from an initial rate of 8.00% decreasing by 0.25% annually to an ultimate rate of 5.00% to an initial rate of 8.00% decreasing by 0.50% annually down to an ultimate rate of 4.50%.
- Spousal coverage election rate has been updated from 8.80% to 15.00%.
- The discount rate has been updated as of June 30, 2020 (measurement date) based on the long-term rate of return information for the Trust's target investment policy provided by the Virginia Pooled OPEB Trust Fund CAFR as of June 30, 2020. The discount rate is 2.98% as of July 1, 2019 and 7.50% as of June 30, 2020 for accounting disclosure purposes.

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Net OPEB Liability – The net OPEB liability (NOL) for the Retiree Medical Plan represents its total OPEB liability calculated by the actuary in accordance with GASB Statement No. 74 less the fiduciary net position. As of the valuation date of June 30, 2020 and measurement date of June 30, 2020, NOL amounts are as follows:

Total OPEB Liability	\$ 6,874,753
Plan Fiduciary Net Position	<u>1,083,783</u>
Net OPEB Liability	<u><u>\$ 5,790,970</u></u>

Fiduciary Net Position as a Percentage of Total OPEB Liability	15.76%
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Long-Term Expected Rate of Return – The long-term expected rate of return on Retiree Medical Plan 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 Plan 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>
Large Cap Equity (Domestic)	26.00%	11.01%	2.86%
Small Cap Equity (Domestic)	10.00%	12.27%	1.23%
International Equity (Developed)	13.00%	11.99%	1.56%
Emerging Markets	5.00%	13.28%	0.66%
Private Equity	5.00%	13.64%	0.68%
Core Bonds	7.00%	6.22%	0.44%
Core Plus	14.00%	6.49%	0.91%
Diversified Hedge Funds	10.00%	9.74%	0.97%
Private Core Real Estate	5.00%	9.39%	0.47%
Private Value Add Real Estate	2.00%	10.63%	0.21%
Commodities	3.00%	5.66%	0.17%
Cash	0.00%	0.00%	0.00%
Total	<u>100.00%</u>		<u>10.16%</u>
		Inflation	<u>3.48%</u>
		*Expected arithmetic nominal return	<u><u>13.64%</u></u>

Benefits will be financed through a combination of accumulated trust funds and on a pay as you go basis until sufficient funds are accumulated in the OPEB trust. Therefore, the discount rate of 7.50% used to measure the total OPEB liability is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2020.

COUNTY OF ROANOKE, VIRGINIA
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Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the Retiree Medical Plan's net OPEB liability using the discount rate of 7.50%, as well as what it would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	1.00% Decrease (6.50%)	Current Rate (7.50%)	1.00% Increase (8.50%)
Net OPEB Liability	\$ 6,239,057	\$ 5,790,970	\$ 5,369,491

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following presents the Retiree Medical Plan's net OPEB liability using the health care cost rate of 8.00% decreasing to 4.50% over 10 years, as well as what it would be if it were calculated using a healthcare cost rate that is one percentage point lower (7.00% decreasing to 3.50% over 10 years) or one percentage point higher (9.00% decreasing to 5.50% over 10 years) than the current rate:

	1.00% Decrease (7.00% grading to 3.50% over 10 years)	Current Rate (8.00% grading to 4.50% over 10 years)	1.00% Increase (9.00% decreasing to 5.50% over 10 years)
Net OPEB Liability	\$ 5,263,464	\$ 5,790,970	\$ 6,404,407

(14) Fire and Rescue Pension Trust Length of Service Awards Program

Plan Description

The County established a Length of Service Awards Program (LOSAP) on January 1, 1989, to recognize the service the volunteers for the County Fire and Rescue provide to the County. LOSAP is a single employer, noncontributory defined benefit plan. It is owned by the County and governed by the Volunteer Fireman's Insurance Services, Inc. (VFIS). The plan's fiscal year follows the calendar year January 1 through December 31. It was active until December 31, 2005, at which time the County Board froze all member benefits in the program. LOSAP was open to any volunteer member over 18 years of age who met specific eligibility and service requirements. No assets are accumulated in a trust that meets the reporting and disclosure criteria of GAAP. Plan assets are accumulated in a revocable trust reported in the General Fund.

Benefits provided. The Plan provides a benefit of \$12 for each year of credited fire or rescue service completed after January 1, 1989, plus \$12 for each year of credited fire or rescue service completed between January 1, 1979 and January 1, 1989. No participant receives credit for more than a total of 20 years of fire or rescue service. The maximum per month benefit under this plan is \$240. The plan does not provide for post-retirement increases. Members vested over a ten year period in accordance with the following vesting schedule:

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Years of Service	Vested Percentage
Less than 5 years	0%
5 years	50%
6 years	60%
7 years	70%
8 years	80%
9 years	90%
10 years	100%

Volunteers Covered by Benefit Terms - As of the most recent actuarial report, the program membership consisted of the following:

Vested-Terminated Members	211
Retired and Beneficiaries	<u>219</u>
Total	430

The program is closed to new entrants.

Total Pension Liability

The County's total LOSAP pension liability of \$10,780,197 was measured as of July 31, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of August 1, 2018 rolled forward to July 31, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	0.00%
Salary increases	Not applicable
Investment rate of return	3.09%, net of pension plan investment expense, including inflation
Mortality	No pre-retirement mortality; Post retirement RP2000 projected to 2030
Retirement	First eligible
Turnover	None
Disability	None

The discount rate was based on the 20-year, AA general obligation bond rate of 3.09% as of July 31, 2019 (the disclosure date).

COUNTY OF ROANOKE, VIRGINIA
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Changes in the Total Pension Liability

	Total Pension Liability
Balance at August 1, 2018	\$ 9,921,930
Charges for the year:	
Service cost	6,440
Interest	300,425
Differences between expected and actual experience	44,042
Changes of assumptions	912,720
Benefit payments	(405,360)
Net changes	858,267
Balance at July 31, 2019	\$ 10,780,197

Changes in assumptions reflect change in the discount rate from 3.69% to 3.09%.

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

The following presents the total pension liability of the County as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.09 percent) or 1-percentage point higher (4.09 percent) than the current discount rate:

	1% Decrease (2.09%)	Current Discount Rate (3.09%)	1% Increase (4.09%)
Total Pension Liability	\$ 11,559,834	\$ 10,780,197	\$ 9,983,200

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

For the year ended July 31, 2019, the LOSAP recognized pension expense of \$1,263,627. At July 31, 2019, there were no deferred outflows of resources nor deferred inflows of resources related to LOSAP pensions.

(15) Unearned and Unavailable Revenues

Unearned revenues, representing amounts for which asset recognition criteria have been met but for which revenue recognition criteria have not been met, was comprised of the following as of June 30, 2020:

	County	School System
Grant Revenue	\$ 7,649,483	\$ 313,847
Prepaid Adult and Student Food	-	215,985
Registration and Other Fees	1,331,059	-
Contractor Escrows	786,802	-
Rental Income & STARS Revenue	77,759	-
Total	\$ 9,845,103	\$ 529,832

COUNTY OF ROANOKE, VIRGINIA
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Unavailable revenues in the fund financial statements at June 30, 2020 were comprised of the following:

	General Fund
	<hr/>
Sales Tax	\$ 1,096,780
Other local tax	270,260
	<hr/>
Total	\$ 1,367,040
	<hr/>

(16) Commitments, Contingencies, and Other Information

Encumbrances – The County had \$866,127 of encumbrances reported as restricted and committed under the general governmental funds and \$4,910,235 for capital projects.

Litigation – Various claims are pending against the County. In the opinion of County management, after consulting with legal counsel, the potential loss on all claims will not materially affect the County's financial position or activities.

Grant Programs – Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement of the grantor agencies. County management believes disallowances, if any, would not be material to the financial position of the County at June 30, 2020.

Other Commitments –

- In August 1999, the Board adopted a resolution to enter into a Local Participation Agreement with Virginia's First Regional Industrial Facility Authority, and to purchase 10,000 shares of a 150,000 share pool for the financing of the initial phase of the New River Valley Commerce Park Project. The County's annual required payment for the shares and the administrative costs are currently \$34,255 per year.
- In November 2007, the Board approved a three party agreement between the Western Virginia Water Authority (WVWA), Franklin County, and the County. The agreement is to provide for the construction of a water line in the Route 220 corridor from Clearbrook in the County to the Wirtz Plateau in Franklin County. The WVWA will design, construct, and issue revenue bonds for this \$5.5 million project. The County's contribution to this project is approximately \$2.3 million payable over 20 years, beginning in FY 2009. The County's contribution to the WVWA for the year ended June 30, 2020 totaled \$184,847.
- The Economic Development Authority of Roanoke County, Virginia (Authority) entered into an agreement with R.R. Donnelley and Sons Company, Inc. in February 2006 to assume any maintenance obligations for the Valley TechPark stormwater facilities, under existing uniform local policies and ordinances. In the unlikely event that the County adopts an ordinance or policy imposing a stormwater fee on property owned by R.R. Donnelley, the County of Roanoke will appropriate to the Authority a sum sufficient to pay R.R. Donnelley's pro rata share of this fee, for a period of ten years from the imposition of the fee. After ten years, any such fees shall be paid by R.R. Donnelley.

Although obligation under the revenue bonds issued to date through the Authority is secured by lease proceeds and the underlying properties and the Authority retains no liability on pass through leases, the Authority and the County may choose at their option to assume responsibility for the bonds in the event of default by lessees to preserve the credit rating of the Authority for future issues.

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- The Roanoke Valley Broadband Authority (RVBA), formed by the County, City of Roanoke, City of Salem, and Botetourt County, has constructed a core fiber network of approximately 25 miles to service Roanoke County. The County's contribution to this project is expected to be approximately \$3.85 million payable over 10 years. The County's contribution to the RVBA for the year ended June 30, 2020 totaled \$702,946, which included contributions for debt related principal and interest payments of \$375,748 and operating support of \$327,198.
- The Western Virginia Regional Industrial Facility Authority (WVRIFA) was formed in 2014 and includes the County, Franklin County, Botetourt County, Town of Vinton, City of Salem and City of Roanoke. The purpose of the WVRIFA was to provide a mechanism for local jurisdictions to engage in partnerships that would facilitate economic growth and development in the Roanoke Valley. The County, City of Salem and Roanoke City entered into a partnership agreement for the acquisition of the Woodhaven Property. The County's contribution to this project is approximately \$4.4 million payable over 20 years, beginning in FY 2018. The County's debt related payments for the year ended June 30, 2020 totaled \$163,540.

(17) Jointly Governed Organizations

The following entities are considered to be jointly governed. The County has no ongoing financial responsibility or interest in jointly governed organizations.

Roanoke Valley Resource Authority

The Roanoke Valley Resource Authority (RVRA) was established on October 23, 1991 under a user agreement between the County, City of Roanoke, Virginia (City), and the Town of Vinton, Virginia (Town) to develop a regional solid waste disposal facility. The old regional sanitary landfill operated by the Roanoke Valley Regional Solid Waste Management Board was closed on September 30, 1993. The City of Salem became a member of the RVRA, effective November 1, 2016.

RVRA is presently governed by a nine member board appointed by the governing bodies of the Charter Members. The County has control over the budget and financing of the RVRA only to the extent of representation by the board members appointed. For the fiscal year ended June 30, 2020, the County remitted \$2,200,431 to RVRA for services. Participating localities are responsible for their pro-rata share, based on population, of any year-end deficit. RVRA is currently self-supporting and is expected to remain as such in the future. The County is the fiscal agent for RVRA and reports its assets and liabilities in an agency fund.

Roanoke Regional Airport Commission

The Roanoke Regional Airport Commission (Commission) was established on July 1, 1987 by legislative act of the Commonwealth of Virginia to own and operate the Roanoke Regional Airport. The Commission is composed of five members.

Two members are appointed by the County Board and three by City Council. The County and the City are each responsible for their pro-rata share, based on population, of any year-end operating deficit or capital expenditures if any additional funding is required. The Commission is responsible for paying all outstanding debt. No subsidy has been required since inception.

Roanoke Valley Detention Commission

The Counties of Botetourt, Craig, and Roanoke, and the Cities of Roanoke and Salem formed the Roanoke Valley Detention Commission (RVDC) to renovate, expand, and operate a detention facility for juveniles. RVDC is governed by a six member board. Each locality's financial obligation is based on the number of juveniles housed at the facility. The County's contribution for the year

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ended June 30, 2020 was \$375,843. RVDC has the authority to issue debt and such debt is the responsibility of RVDC.

Blue Ridge Behavioral Healthcare

The Counties of Botetourt, Craig, and Roanoke, and the Cities of Roanoke and Salem formed Blue Ridge Community Services (Blue Ridge) to provide a system of comprehensive community mental health, mental retardation, and substance abuse services. Blue Ridge is governed by a sixteen member board. Each locality's financial obligation is based on the type and amount of services performed for individuals in the locality. The annual contribution for the year ended June 30, 2020 was \$260,000.

Fifth Planning District Disability Services Board

The Counties of Allegheny, Botetourt, Craig, and Roanoke, the Town, and the Cities of Roanoke, Salem, Covington, and Clifton Forge jointly participate in the Fifth Planning District Disability Services Board, which provides input to state and local agencies on service needs and priorities with physical and sensory disabilities.

Regional Center for Animal Care and Protection

The Regional Center for Animal Care and Protection (Regional Pound) was created by an intergovernmental agreement dated December 11, 2012 between the charter members of the County, the City, the Town, and Botetourt County pursuant to code section 3.26546 of the *Code of Virginia* which requires the governing body of each county, town, or city to maintain or cause a "pound" to be maintained and allows one or more local governing bodies to operate a single "pound" in conjunction with one another. This agreement established a format to transition the management of the "pound" from the Roanoke Valley Society for the Prevention of Cruelty to Animals to the governing localities and also established the County as the fiscal agent effective July 1, 2013. Participating localities are responsible for their pro-rata share of the operating budget, which is billed on a monthly basis. Effective July 1, 2019, the County of Roanoke was responsible for payment of the Town of Vinton's pro-rata share of operating, debt, and capital expenses due to the equitable ending of the Vinton Gainsharing Agreement. For the year ended June 30, 2020, the County's share was \$481,048.

In addition, the City issued \$1,829,500 on November 1, 2013 to purchase the property and equipment from the Roanoke Valley Society for the Prevention of Cruelty to Animals on behalf of the Regional Pound. Participating localities are responsible for their pro-rata share of the outstanding debt, which is billed on a quarterly basis. For the year ended June 30, 2020, the County's share of principal and interest was \$59,691.

Beginning in FY 2020, participating localities are responsible for their pro-rata share of the capital budget, which is billed on a monthly basis. For the year ended June 30, 2020, the County's share was \$11,880.

Western Virginia Water Authority

The Western Virginia Water Authority (WVWA) was created by the County and the City on July 1, 2004. The WVWA is a full service authority that provides water and wastewater treatment to both County and City citizens. The WVWA is governed by a seven member board of which two are appointed by the County Board. The County has no financial responsibility for the debt issued by the WVWA.

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Western Virginia Regional Jail Authority

The Counties of Roanoke, Franklin, Montgomery, and the City of Salem formed the Western Virginia Regional Jail Authority (WVRJA) in June 2005 for the purpose of developing and operating a regional jail authority for the benefit of the Member Jurisdictions. The Board consists of three representatives from each of the Member Jurisdictions. The Member Jurisdictions will each be responsible for a per diem cost based on their prisoner days used. For the year ended June 30, 2020, the County's share was approximately \$2,838,775.

Roanoke Valley Broadband Authority

In 2011, the regional business community initiated a work group to examine the region's broadband infrastructure. Based on the findings of the work group, the County of Roanoke, City of Roanoke, City of Salem, and Botetourt County concurrently took action to form the Roanoke Valley Broadband Authority (RVBA) for the purpose of bringing enhanced broadband services to the Roanoke Valley. In 2015, the City of Salem and the City of Roanoke, through the RVBA, initiated construction of approximately 47 miles of fiber network in their respective jurisdictions, which became operational in early 2016.

In May 2016, the Roanoke County Board of Supervisors authorized an expansion of the RVBA fiber network to include construction of approximately 25 miles of broadband infrastructure in Roanoke County. As a result, RVBA issued a revenue bond on June 17, 2016 in the amount of \$3,000,000 (plus amounts for a required Local Debt Service Reserve Fund, administrative costs, and costs of issuance) to design, construct, and operate the expanded network. The County is responsible for the amount of debt service on the Series 2016 Local Bond. Additionally, the County of Roanoke, City of Roanoke, and City of Salem will each be responsible for one-third of the operation and maintenance expenses related to the expansion. The County's contribution to the RVBA for the year ended June 30, 2020 totaled \$702,946, which included contributions for debt-related payments of \$375,748 and operating support of \$327,198.

Western Virginia Regional Industrial Facility Authority

The Western Virginia Regional Industrial Facility Authority (WVRIFA) was formed in 2014, and includes the Counties of Roanoke, Franklin, and Botetourt, the Town of Vinton, and the Cities of Roanoke and Salem. The purpose of the WVRIFA is to provide a mechanism for local jurisdictions to engage in partnerships that would facilitate economic growth and development in the Roanoke Valley.

Through the WVRIFA, the County entered into a partnership agreement with the Cities of Salem and Roanoke for the acquisition of the Wood Haven Property, which consists of several tracts of land comprising over 100 acres of developable land situated at the intersection of Interstate 81 and 581. According to the terms of the Partnership Agreement, the costs of acquisition and site development will be shared by the County (44.2%), City of Roanoke (44.2%), and the City of Salem (11.6%). The County's contribution to this project is expected to be approximately \$4.4 million payable over 20 years, beginning in FY 2018. For the year ended June 30, 2020, the County share of principal and interest was \$163,540.

(18) Incentive Agreements and Tax Abatements

The County, along with the Economic Development Authority of Roanoke County, which is reported as a discretely presented component unit, provides economic development incentive grants as permitted by *Code of Virginia* section 15.2-4905, Powers of authorities. During the fiscal year ended June 30, 2020, the County abated taxes and fees totaling \$341,297 through such agreements. A summary of the key provisions of each agreement follows.

On August 11, 2015, the Authority, in conjunction with the County and Town of Vinton, approved an agreement with Old School Partners, LLC, whereby the Company shall acquire from the County and redevelop the old Roland E. Cook Elementary School building for the Company's use that will

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contain twenty-one (21) apartments, including a complete restoration, while maintaining the historic character of the building and incorporating modern conveniences. This agreement provides for the Authority, with funds provided by the County and the Town of Vinton, to grant funds not to exceed \$150,000 for the Economic Development Incentive Grant, based on new local tax revenues collected in calendar years 2017 through 2026. The agreement also calls for reimbursement by the Authority of certain permitting and other fees imposed by the County and of utility connection fees imposed by the Town of Vinton. In accordance with the terms of this agreement, Roanoke County local tax revenues in the amount of \$20,029 and Town of Vinton local tax revenues in the amount of \$1,286 were reimbursed to the Company in the form of an Economic Development Incentive Grant during the year ended June 30, 2020.

On April 7, 2016, the Authority, in conjunction with the County, approved an agreement with Waukeshaw Development, Inc., whereby the Company shall acquire from the County the Old William Byrd High School building and associated acreage for the Company's use. The Company will convert the building to market rate apartments, at a density and unit mix to be determined by the Town of Vinton's zoning requirements and the Company's sole discretion. In accordance with the agreement, the Company was required to deposit \$200,000 in escrow payable to the County or the Authority prior to commencing any renovation or construction. The agreement provides for the Authority, with funds provided by the County and Town of Vinton, to provide an Economic Development Incentive Grant not to exceed \$1 million based on new real estate tax revenues collected in calendar years 2018 through 2027. In accordance with the terms of this agreement, Roanoke County local tax revenues in the amount of \$18,775 and Town of Vinton local tax revenues in the amount of \$1,207 were reimbursed to the Company in the form of an Economic Development Incentive Grant during the year ended June 30, 2020.

On June 26, 2016, the Authority, in conjunction with the County, approved an agreement with Vindos, LLC, whereby the Company shall acquire from the County the old Vinton Library for \$700,000. The Company will convert the building into a restaurant. The agreement provides for the Authority, with funds provided by the Town of Vinton, to provide an Economic Development Incentive Grant not to exceed \$500,000 based on new meals tax revenues collected in calendar years 2018 through 2027. In accordance with the terms of this agreement, Town of Vinton meals tax revenues in the amount of \$50,000 were reimbursed to the Company in the form of an Economic Development Incentive Grant during the year ended June 30, 2020.

On November 6, 2019, the Authority, in conjunction with the County and Town of Vinton, approved an agreement with Vinyard Station, LLC, whereby the Company shall redevelop a group of real estate located at the intersection of Washington Avenue and South Pollard Street in the Town of Vinton. The agreement calls for the Authority, with funds provided by the Town of Vinton, to provide an Economic Development Incentive Grant of \$750,000 over a ten year term. Roanoke County agrees to contribute up to \$40,000 per year of new tax revenue, not to exceed \$200,000 over a five year period. In accordance with the terms of this agreement, Town of Vinton reimbursed the Company \$250,000 in the form of an Economic Development Incentive Grant during the year ended June 30, 2020.

(19) Special Assessment – Component Unit

On February 8, 2012, the CDA approved the issuance of the Series 2012 bonds by resolution to finance the infrastructure improvements and facilities for approximately 62.5 acres of land within the County as mixed-use commercial and residential development. The Series 2012 bonds were issued in December 2012 in the amount of \$7,000,000 with maturation in 20 years. Neither the faith nor credit of the Commonwealth of Virginia nor the County is pledged to the payment of the principal or interest of the Series 2012 bonds. By memorandum of understanding dated February 1, 2011, the County will collect and pay to the CDA or Trustee the incremental tax revenues generated by the District. In addition, the County will levy a special assessment on property owners in the district as approved annually by the CDA. A special assessment was not levied for tax year 2020.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2020
(Unaudited)

	Original Budget	Final Budget, as Amended	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
General property taxes	\$ 134,425,000	\$ 122,195,144	\$ 122,773,860	\$ 578,716
Other local taxes	36,837,983	36,837,983	37,338,598	500,615
Permits, fees, and licenses	814,385	814,385	837,800	23,415
Fines and forfeitures	453,500	453,500	364,007	(89,493)
Use of money and property	396,300	403,577	383,995	(19,582)
Charges for services	10,865,526	11,150,121	8,511,703	(2,638,418)
Intergovernmental revenues	22,154,159	59,989,585	36,207,558	(23,782,027)
Miscellaneous	3,675,937	3,953,113	3,731,641	(221,472)
Total revenues	209,622,790	235,797,408	210,149,162	(25,648,246)
Expenditures:				
General government:				
Board of Supervisors	339,239	390,889	365,753	25,136
County Administrator	351,011	382,744	357,434	25,310
Community Relations	205,869	217,456	213,638	3,818
Internal Auditor	120,427	129,061	131,796	(2,735)
Human resources	887,535	1,000,324	883,390	116,934
County Attorney	641,123	703,083	680,557	22,526
Commissioner of Revenue	855,252	934,500	890,543	43,957
Assessor	866,541	939,184	856,975	82,209
Treasurer	964,462	1,052,750	1,016,161	36,589
Assistant County Administrator - Management services	217,997	234,644	219,949	14,695
Finance	1,544,399	1,706,926	1,571,171	135,755
Management and budget	361,304	387,843	278,951	108,892
Procurement	437,008	475,070	462,592	12,478
Electoral Board and officials	409,010	456,079	585,810	(129,731)
Judicial administration:				
Circuit Court	307,068	307,068	293,340	13,728
General District Court	105,440	105,440	69,570	35,870
Special magistrates	1,590	1,590	2,432	(842)
Juvenile and Domestic Relations Court	39,086	39,086	31,351	7,735
Clerk of the Circuit Court	1,136,221	1,151,410	1,124,684	26,726
Commonwealth's Attorney	1,254,632	1,449,446	1,460,898	(11,452)
Public safety:				
Sheriff and police	14,624,921	17,885,591	17,335,806	549,785
E911 maintenance	3,220,411	3,220,411	3,102,072	118,339
Fire and rescue services	16,552,510	19,131,243	19,096,897	34,346
Confinement and care of prisoners	8,739,206	8,794,666	8,843,886	(49,220)
Court service unit	495,500	495,500	382,828	112,672
VJCCCA grant	298,094	298,094	237,557	60,537
Animal control	670,810	691,548	883,597	(192,049)

See accompanying notes to required supplementary information.
See accompanying independent auditors' report.

(continued)

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2020
(Unaudited)

	Original Budget	Final Budget, as Amended	Actual	Variance with Final Budget Positive (Negative)
Public works:				
General services administration	\$ 614,961	\$ 3,612,973	\$ 1,053,333	\$ 2,559,640
Refuse disposal	5,146,905	5,149,260	5,216,717	(67,457)
Maintenance of general buildings and grounds	5,265,448	5,321,566	5,256,590	64,976
Engineering	1,862,851	2,827,146	2,435,995	391,151
Inspections	1,173,526	1,145,896	1,028,650	117,246
Health and welfare:				
Public health	500,358	500,358	506,261	(5,903)
Social services administration	7,371,040	8,157,964	7,857,167	300,797
Comprehensive Services Act	7,750,007	7,750,007	7,515,841	234,166
Public assistance	4,718,666	5,168,666	4,621,280	547,386
Parks, recreation and cultural:				
Assistant County Administrator - Human Services	200,172	216,170	209,976	6,194
Parks and recreation	7,942,573	21,966,918	7,444,146	14,522,772
Library	4,182,511	5,265,706	4,839,143	426,563
Community development:				
Planning and zoning	1,243,272	6,052,043	1,215,913	4,836,130
Cooperative extension program	87,097	87,097	62,471	24,626
Economic development	452,528	501,381	463,054	38,327
Public transportation	738,909	743,524	613,524	130,000
Nondepartmental:	13,489,809	9,530,107	6,116,366	3,413,741
Total Expenditures	118,387,299	146,578,428	117,836,065	28,742,363
Excess of revenues over expenditures	91,235,491	89,218,980	92,313,097	3,094,117
Other Financing Sources (Uses):				
Transfers in	-	461,964	461,964	-
Transfers out	(92,404,636)	(92,434,545)	(92,114,544)	320,001
Total other financing uses, net	(92,404,636)	(91,972,581)	(91,652,580)	320,001
Net change in fund balances	(1,169,145)	(2,753,601)	660,517	3,414,118
Fund balances at beginning of the year	34,434,366	23,265,741	35,468,082	12,202,341
Fund balances at end of year	\$ 33,265,221	\$ 20,512,140	\$ 36,128,599	\$ 15,616,459

See accompanying notes to required supplementary information.
See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For the Year Ended June 30, 2020
(Unaudited)

Exhibit XIII

Virginia Retirement System Measurement Date:	County of Roanoke Employees					
	2020 6/30/2019	2019 6/30/2018	2018 6/30/2017	2017 6/30/2016	2016 6/30/2015	2015 6/30/2014
<i>Total pension liability:</i>						
Service Cost	\$ 5,345,891	\$ 5,269,835	\$ 5,358,767	\$ 5,283,828	\$ 5,207,280	\$ 5,273,706
Interest	16,178,857	15,786,598	15,156,698	14,606,824	14,176,909	13,590,501
Changes in assumptions between expected and actual experience	7,368,804	-	(504,631)	-	-	-
Differences between expected and actual experience	1,203,647	(2,793,363)	283,025	156,418	(3,178,877)	-
Impact in change on proportion	(703,792)	(86,209)	(1,732,097)	(182,776)	(1,384,013)	-
Benefit payments, including refunds of employee contributions	(12,317,141)	(11,593,993)	(10,824,191)	(10,095,057)	(9,666,752)	(8,539,110)
Net change in total pension liability	17,076,266	6,582,868	7,737,571	9,769,236	5,154,547	10,325,097
Total pension liability - beginning	237,988,886	231,406,018	223,668,447	213,899,211	208,744,662	198,419,565
Total pension liability - ending (a)	<u>\$ 255,065,152</u>	<u>\$ 237,988,886</u>	<u>\$ 231,406,018</u>	<u>\$ 223,668,447</u>	<u>\$ 213,899,209</u>	<u>\$ 208,744,662</u>
<i>Plan fiduciary net position:</i>						
Impact in change on proportion	(609,022)	(73,075)	(1,393,043)	(154,093)	(1,171,025)	-
Contributions -- employer	5,491,969	4,943,269	4,812,332	4,697,194	4,589,017	4,090,698
Contributions -- employee	2,215,083	2,214,542	2,219,705	2,136,523	2,064,188	2,061,935
Net investment income	13,577,327	14,440,097	21,594,685	3,083,905	8,008,131	24,311,664
Benefit payments, including refunds of employee contributions	(12,317,141)	(11,593,993)	(10,824,191)	(10,095,057)	(9,666,752)	(8,539,110)
Administrative expense	(135,811)	(126,070)	(125,909)	(112,789)	(110,989)	(131,901)
Other	(8,548)	(12,782)	(19,169)	(1,320)	(1,682)	1,281
Net change in plan fiduciary net position	8,213,857	9,791,988	16,264,410	(445,637)	3,710,888	21,794,567
Plan fiduciary net position -- beginning	205,942,307	196,150,319	179,885,909	180,331,546	176,620,656	154,826,089
Plan fiduciary net position -- ending (b)	<u>\$ 214,156,164</u>	<u>\$ 205,942,307</u>	<u>\$ 196,150,319</u>	<u>\$ 179,885,909</u>	<u>\$ 180,331,544</u>	<u>\$ 176,620,656</u>
Total net pension liability -- beginning	32,046,579	35,255,699	43,782,538	33,567,665	32,124,006	43,593,476
Total net pension liability (asset) -- ending (a - b)	<u>\$ 40,908,988</u>	<u>\$ 32,046,579</u>	<u>\$ 35,255,699</u>	<u>\$ 43,782,538</u>	<u>\$ 33,567,665</u>	<u>\$ 32,124,006</u>
Plan fiduciary net position as a percentage of total pension liability (asset)	83.96%	86.53%	84.76%	80.43%	84.31%	84.61%
Covered payroll	\$ 45,853,501	\$ 45,263,004	\$ 43,733,860	\$ 42,627,702	\$ 41,432,034	\$ 40,544,179
Net pension liability (asset) as a percentage of covered payroll	89.22%	70.80%	80.61%	102.71%	81.02%	79.23%

Note:

Schedule is intended to show information for 10 years. Since 2020 is the sixth year for this presentation, only five additional years of data are available. However, additional years will be included as they become available.

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For the Year Ended June 30, 2020
(Unaudited)

Exhibit XIII
(continued)

Virginia Retirement System Measurement Date:	School System Non-Professional Employees					
	2020 6/30/2019	2019 6/30/2018	2018 6/30/2017	2017 6/30/2016	2016 6/30/2015	2015 6/30/2014
<i>Total pension liability:</i>						
Service Cost	\$ 300,766	\$ 298,984	\$ 318,248	\$ 326,990	\$ 590,031	\$ 642,968
Interest	2,172,731	2,167,570	2,177,707	2,219,068	2,164,578	2,114,246
Changes in assumptions between expected and actual experience	743,564	-	(66,597)	-	-	-
Differences between expected and actual experience	190,670	(282,722)	(496,773)	(1,113,216)	76,137	-
Benefit payments, including refunds of employee contributions	(2,119,648)	(2,100,554)	(2,054,245)	(1,993,180)	(2,111,460)	(1,964,916)
Net change in total pension liability	1,288,083	83,278	(121,660)	(560,338)	719,286	792,298
Total pension liability - beginning	32,098,842	32,015,564	32,137,224	32,697,562	31,978,276	31,185,978
Total pension liability - ending (a)	<u>\$ 33,386,925</u>	<u>\$ 32,098,842</u>	<u>\$ 32,015,564</u>	<u>\$ 32,137,224</u>	<u>\$ 32,697,562</u>	<u>\$ 31,978,276</u>
<i>Plan fiduciary net position:</i>						
Contributions -- employer	50,964	147,119	144,668	209,100	206,447	306,710
Contributions -- employee	144,753	153,729	150,511	152,767	152,195	293,796
Net investment income	2,185,110	2,419,142	3,725,620	525,814	1,454,882	4,569,047
Benefit payments, including refunds of employee contributions	(2,119,648)	(2,100,554)	(2,054,245)	(1,993,180)	(2,111,460)	(1,964,916)
Administrative expense	(23,221)	(21,956)	(22,797)	(20,892)	(21,377)	(25,570)
Other	(1,365)	(2,107)	(3,259)	(231)	(305)	241
Net change in plan fiduciary net position	236,593	595,373	1,940,498	(1,126,622)	(319,618)	3,179,308
Plan fiduciary net position -- beginning	33,943,704	33,348,331	31,407,833	32,534,455	32,854,073	29,674,765
Plan fiduciary net position -- ending (b)	<u>\$ 34,180,297</u>	<u>\$ 33,943,704</u>	<u>\$ 33,348,331</u>	<u>\$ 31,407,833</u>	<u>\$ 32,534,455</u>	<u>\$ 32,854,073</u>
Total net pension liability -- beginning	(1,844,862)	(1,332,767)	729,391	163,107	(875,797)	1,511,213
Total net pension liability (asset) -- ending (a - b)	<u>\$ (793,372)</u>	<u>\$ (1,844,862)</u>	<u>\$ (1,332,767)</u>	<u>\$ 729,391</u>	<u>\$ 163,107</u>	<u>\$ (875,797)</u>
Plan fiduciary net position as a percentage of total pension liability (asset)	102.38%	105.75%	104.16%	97.73%	99.50%	102.74%
Covered payroll	\$ 3,039,400	\$ 3,112,471	\$ 3,068,829	\$ 3,081,526	\$ 3,027,639	\$ 5,875,694
Net pension liability (asset) as a percentage of covered payroll	-26.10%	-59.27%	-43.43%	23.67%	5.39%	-14.91%

Note:

Schedule is intended to show information for 10 years. Since 2020 is the sixth year for this presentation, only five additional years of data are available. However, additional years will be included as they become available.

COUNTY OF ROANOKE, VIRGINIA
Required Supplemental Information
Schedule of Employer's Proportionate Share of Net Pension Liability
For the Year Ended June 30, 2020
(Unaudited)

<u>Virginia Retirement System</u> Measurement Date:	School System Teacher Retirement Plan					
	2020	2019	2018	2017	2016	2015
	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Schools System's proportion of the net pension liability	0.93221%	0.95745%	0.97725%	0.94772%	0.94973%	0.97506%
Schools System's proportionate share of the net pension liability	\$ 122,684,122	\$ 112,596,000	\$ 120,182,000	\$ 132,815,000	\$ 119,536,000	\$ 117,833,000
Schools System's covered payroll	\$ 77,499,484	\$ 77,053,264	\$ 76,745,715	\$ 72,258,672	\$ 70,615,294	\$ 71,286,776
Schools System's proportionate share of the net pension liability as a percentage of its covered payroll	158.30%	146.13%	156.60%	183.80%	169.28%	165.29%
Plan fiduciary net position as a percentage of the total pension liability	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

Note:

Schedule is intended to show information for 10 years. Since 2020 is the sixth year for this presentation, only five additional years of data are available. However, additional years will be included as they become available.

COUNTY OF ROANOKE, VIRGINIA
Required Supplemental Information
Schedule of Contributions
For the Year Ended June 30, 2020
(Unaudited)

Exhibit XV

Year Ended	Actuarial Valuation Date	Contractually Required Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution (Deficiency) Excess	Covered Payroll	Contributions as a % of Covered Payroll
<u>County of Roanoke Retirement Plan:</u>						
June 30, 2020	June 30, 2018	\$ 5,846,191	\$ 5,846,191	\$ -	\$ 47,123,041	12.41%
June 30, 2019	June 30, 2017	5,664,637	5,664,637	-	45,853,501	12.35%
June 30, 2018	June 30, 2016	5,081,170	5,081,170	-	45,263,004	11.23%
June 30, 2017	June 30, 2016	4,893,436	4,893,436	-	43,733,860	11.19%
June 30, 2016	June 30, 2014	4,638,384	4,638,384	-	42,627,702	10.88%
June 30, 2015	June 30, 2014	4,090,698	4,090,698	-	41,432,034	9.87%
<u>School System Teacher Retirement Plan:</u>						
June 30, 2020	June 30, 2018	\$ 12,605,053	\$ 12,283,727	\$ (321,326)	\$ 80,389,368	15.28%
June 30, 2019	June 30, 2017	12,647,916	11,968,521	(679,395)	77,499,484	15.44%
June 30, 2018	June 30, 2016	12,575,093	12,566,803	(8,290)	77,053,264	16.31%
June 30, 2017	June 30, 2016	11,097,430	11,251,117	153,687	76,745,715	14.66%
June 30, 2016	June 30, 2014	10,159,569	10,159,568	(1)	72,258,672	14.06%
June 30, 2015	June 30, 2014	10,239,218	10,238,755	(463)	70,615,294	14.50%
<u>School System Non-Professional Retirement Plan:</u>						
June 30, 2020	June 30, 2018	\$ 58,584	\$ 56,224	\$ (2,360)	\$ 3,051,242	1.84%
June 30, 2019	June 30, 2017	58,356	50,964	(7,392)	3,039,400	1.68%
June 30, 2018	June 30, 2016	150,332	153,066	2,734	3,112,471	4.92%
June 30, 2017	June 30, 2016	148,224	148,080	(144)	3,068,829	4.83%
June 30, 2016	June 30, 2014	210,776	210,558	(218)	3,081,526	6.83%
June 30, 2015	June 30, 2014	210,776	207,090	(3,686)	3,027,639	6.84%

Actuarial Assumptions:

County of Roanoke and School System Non-Professional Retirement Plans:

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age Normal
Amortization method	Level percentage of payroll, closed
Payroll growth	3.00%
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Salary increases	3.50 - 5.35%
Investment rate of return	6.75%
Inflation	2.50%
Cost of living adjustments	2.25 - 2.50%

School System Teacher Retirement Plan:

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age Normal
Amortization method	Level percentage of payroll, closed
Payroll growth	3.00%
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Salary increases	3.50 - 5.95%
Investment rate of return	6.75%
Inflation	2.50%
Cost of living adjustments	2.25 - 2.50%

Note:

Schedule is intended to show information for 10 years. Since 2020 is the sixth year for this presentation, only five additional years of data are available. However, additional years will be included as they become available.

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Schedules of Changes in Total Pension Liability and Related Ratios
Fire and Rescue Pension Trust Length of Service Awards Program
For the Year Ended June 30, 2020
(Unaudited)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Measurement Date:	6/30/2019	6/30/2018	6/30/2017	6/30/2016
Actuarial Valuation Date:	7/31/2019	7/31/2019	7/31/2018	7/31/2017
<i>Total pension liability:</i>				
Service cost	\$ 6,440	\$ 6,440	\$ 6,050	\$ 5,613
Interest on total pension liability	300,425	343,290	354,080	295,965
Changes of assumptions ①	912,720	455,355	1,562,137	(574,306)
Differences between expected and actual experience	44,042	19,496	-	-
Benefit payments	(405,360)	(405,360)	(422,801)	(347,975)
Net change in total pension liability	858,267	419,221	1,499,466	(620,703)
 Total pension liability - beginning	 \$ 9,921,930	 9,502,709	 8,003,243	 \$ 8,623,946
Total pension liability - ending	<u>\$ 10,780,197</u>	<u>\$ 9,921,930</u>	<u>\$ 9,502,709</u>	<u>\$ 8,003,243</u>
 Covered Payroll ②	 \$ -	 \$ -	 \$ -	 \$ -
 Net pension liability (asset) as a percentage of covered payroll	 N/A	 N/A	 N/A	 N/A

① Changes of assumptions reflect change in the discount rate from 3.50% to 3.69% and changes in the mortality tables used.

② There is no covered employee payroll since this plan provides benefits for volunteers.

Note:

Schedule is intended to show information for 10 years. Since 2020 is the fourth year for this presentation, only three additional years of data are available. However, additional years will be included as they become available.

See accompanying notes to required supplementary information.
See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios
For the Year Ended June 30, 2020
(Unaudited)

Exhibit XVII

Measurement Date:	County of Roanoke Members			
	2021 6/30/2020	2020 6/30/2019	2019 6/30/2018	2018 6/30/2017
<i>Total OPEB liability:</i>				
Service Cost	\$ 237,164	\$ 497,351	\$ 891,598	\$ 849,141
Interest	998,382	940,257	1,024,059	943,357
Differences between expected and actual experience	(1,577,201)	-	(5,174,702)	(56,957)
Changes of assumptions	(884,021)	-	3,453,025	-
Contributions - employee	-	-	502,321	470,020
Benefit payments, including refunds of employee contributions	(819,674)	(917,093)	(1,204,285)	(1,493,500)
Net change in total OPEB liability	(2,045,350)	520,515	(507,984)	712,061
Total OPEB liability - beginning	13,477,018	12,956,503	13,464,487	12,752,426
Total OPEB liability - ending (a)	<u>\$ 11,431,668</u>	<u>\$ 13,477,018</u>	<u>\$ 12,956,503</u>	<u>\$ 13,464,487</u>
<i>Plan fiduciary net position:</i>				
Contributions - employer	941,499	1,038,918	823,789	1,219,282
Contributions - employee	-	-	502,321	470,020
Net investment income	214,926	305,644	560,627	661,110
Benefit payments, including refunds of employee contributions	(819,674)	(917,093)	(1,204,285)	(1,493,500)
Administrative expense	(8,209)	(7,567)	(7,071)	(6,596)
Net change in plan fiduciary net position	328,542	419,902	675,381	850,316
Plan fiduciary net position - beginning	6,951,510	6,531,608	5,856,227	5,005,911
Plan fiduciary net position - ending (b)	<u>\$ 7,280,052</u>	<u>\$ 6,951,510</u>	<u>\$ 6,531,608</u>	<u>\$ 5,856,227</u>
Total net OPEB liability - beginning	6,525,508	6,424,895	7,608,260	7,746,515
Total net OPEB liability - ending (a - b)	<u>\$ 4,151,616</u>	<u>\$ 6,525,508</u>	<u>\$ 6,424,895</u>	<u>\$ 7,608,260</u>
Plan fiduciary net position as a percentage of total OPEB liability	63.68%	51.58%	50.41%	43.49%
Covered payroll	\$ 34,512,829	\$ 34,634,840	\$ 33,955,725	\$ 39,941,319
Net OPEB liability as a percentage of covered payroll	12.03%	18.84%	18.92%	19.05%

The County of Roanoke has fiscal entities who participate in the Retiree Medical OPEB plan. The above information reflects the total plan liability and related ratios. However, the "Retiree Medical Program - Employer Recognition of the OPEB Plan" section of footnote 13 only reflects the County employer portion.

Note:

Schedule is intended to show information for 10 years. Since 2020 is the fourth year for this presentation, only three additional years of data are available. However, additional years will be included as they become available.

(continued)

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios
For the Year Ended June 30, 2020
(Unaudited)

Exhibit XVII
(continued)

Measurement Date:	School System Members			
	2021 6/30/2020	2020 6/30/2019	2019 6/30/2018	2018 6/30/2017
<i>Total OPEB liability:</i>				
Service Cost	\$ 889,124	\$ 593,436	\$ 977,606	\$ 931,053
Interest	351,384	323,704	471,102	476,676
Differences between expected and actual experience	(1,101,996)	-	(2,488,407)	(28,590)
Changes of assumptions	(3,877,843)	-	(3,035,172)	-
Contributions - employee	-	-	939,187	94,298
Benefit payments, including refunds of employee contributions	(572,183)	(487,194)	(1,785,359)	(684,162)
Net change in total OPEB liability	(4,311,514)	429,946	(4,921,043)	789,275
Total OPEB liability - beginning	11,186,267	10,756,321	15,677,364	14,888,089
Total OPEB liability - ending (a)	<u>\$ 6,874,753</u>	<u>\$ 11,186,267</u>	<u>\$ 10,756,321</u>	<u>\$ 15,677,364</u>
<i>Plan fiduciary net position:</i>				
Contributions - employer	664,473	671,774	846,172	682,154
Contributions - employee	-	-	939,187	94,298
Net investment income	30,365	35,334	65,111	74,106
Benefit payments, including refunds of employee contributions	(572,183)	(487,194)	(1,785,359)	(684,162)
Administrative expense	(1,592)	(1,370)	(1,263)	(1,169)
Net change in plan fiduciary net position	121,063	218,544	63,848	165,227
Plan fiduciary net position - beginning	962,720	744,176	680,328	515,101
Plan fiduciary net position - ending (b)	<u>\$ 1,083,783</u>	<u>\$ 962,720</u>	<u>\$ 744,176</u>	<u>\$ 680,328</u>
Total net OPEB liability - beginning	10,223,547	10,012,145	14,997,036	14,372,988
Total net OPEB liability - ending (a - b)	<u>\$ 5,790,970</u>	<u>\$ 10,223,547</u>	<u>\$ 10,012,145</u>	<u>\$ 14,997,036</u>
Plan fiduciary net position as a percentage of total OPEB liability	15.76%	8.61%	6.92%	4.34%
Covered payroll	\$ 82,164,292	\$ 53,150,640	\$ 53,150,640	\$ 65,279,124
Net OPEB liability as a percentage of covered payroll	7.05%	19.24%	18.84%	22.97%

Note:

Schedule is intended to show information for 10 years. Since 2020 is the fourth year for this presentation, only three additional years of data are available. However, additional years will be included as they become available.

COUNTY OF ROANOKE, VIRGINIA
Required Supplemental Information
Schedule of Employer Contributions
Other Postemployment Benefits Plan
For the Year Ended June 30, 2020
(Unaudited)

Exhibit XVIII

Year Ended	Actuarial Valuation Date	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution (Deficiency) Excess	Percentage Contributed	Employer's Covered Payroll	Contributions as a % of Covered Payroll
<u>County of Roanoke Members:</u>							
June 30, 2020	June 30, 2020	\$ 927,268	\$ 941,499	\$ 14,231	101.53%	\$ 34,512,829	2.73%
June 30, 2019	June 30, 2018	1,137,882	1,038,918	(98,964)	91.30%	\$ 34,634,840	3.00%
June 30, 2018	June 30, 2018	1,644,235	823,789	(820,446)	50.10%	\$ 33,955,725	2.43%
June 30, 2017	June 30, 2016	1,219,282	1,415,084	195,802	116.06%	\$ 39,941,319	3.54%
<u>School System Members:</u>							
June 30, 2020	June 30, 2020	\$ 2,009,130	\$ 664,473	\$ (1,344,657)	33.07%	\$ 82,164,292	0.81%
June 30, 2019	June 30, 2018	1,289,794	671,774	(618,020)	52.08%	\$ 53,150,640	1.26%
June 30, 2018	June 30, 2018	1,997,378	846,172	(1,151,206)	42.36%	\$ 53,150,640	1.59%
June 30, 2017	June 30, 2016	682,154	682,154	-	100.00%	\$ 65,279,124	1.04%

Actuarial Assumptions:

County of Roanoke Plan:

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Remaining amortization period	18 years
Asset valuation method	Market Value
Inflation	Included in the investment rate of return and healthcare cost trend rates
Salary increases	3.50%, including a 2.50% inflation assumption and a 1.00% productivity component
Investment rate of return	7.50%
Healthcare cost trend rate	8.00% graded down to 3.50%
Retirement age	In the 2020 actuarial valuation, expected retirement ages of employees were updated to the assumptions
Mortality	In the 2020 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the SOA

School System Plan:

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Remaining amortization period	18 years
Asset valuation method	Market Value
Inflation	Included in the investment rate of return and healthcare cost trend rates
Salary increases	3.50%
Investment rate of return	7.50%
Healthcare cost trend rate	7.00% graded down to 3.50%
Retirement age	In the 2020 actuarial valuation, expected retirement ages of employees were updated to the assumptions
Mortality	In the 2020 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the SOA

Note:

Schedule is intended to show information for 10 years. Since 2020 is the fourth year for this presentation, only three additional years of data are available. However, additional years will be included as they become available.

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Schedule of Investment Returns
Other Postemployment Benefits Plan
For the Year Ended June 30, 2020
(Unaudited)

County of Roanoke				
	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense:	TBD	6.31%	9.52%	13.04%

School System				
	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense:	TBD	6.31%	9.52%	13.04%

Note:

Schedule is intended to show information for 10 years. Since 2020 is the fourth year for this presentation, only three additional years of data are available. However, additional years will be included as they become available.

See accompanying notes to required supplementary information.

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Virginia Retirement System Health Insurance Credit Program
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2020
(Unaudited)

Measurement Date:	<u>2020</u> 6/30/2019	<u>2019</u> 6/30/2018	<u>2018</u> 6/30/2017
<i>Total OPEB liability:</i>			
Service Cost	\$ 33,450	\$ 33,005	\$ 32,415
Interest	110,052	108,211	107,974
Differences between expected and actual experience	27,799	(3,870)	-
Changes of assumptions	42,641	-	(42,521)
Benefit payments, including refunds of employee contributions	(114,650)	(107,448)	(81,531)
Net change in total OPEB liability	99,292	29,898	16,337
Total OPEB liability - beginning	1,629,497	1,599,599	1,583,262
Total OPEB liability - ending (a)	<u>\$ 1,728,789</u>	<u>\$ 1,629,497</u>	<u>\$ 1,599,599</u>
<i>Plan fiduciary net position:</i>			
Contributions -- employer	142,727	142,874	135,458
Net investment income	39,488	37,774	50,806
Benefit payments, including refunds of employee contributions	(114,650)	(107,448)	(81,531)
Administrative expense	(862)	(941)	(905)
Other changes	(47)	(2,370)	2,370
Net change in plan fiduciary net position	66,656	69,889	106,198
Plan fiduciary net position -- beginning	586,104	516,215	410,017
Plan fiduciary net position -- ending (b)	<u>\$ 652,760</u>	<u>\$ 586,104</u>	<u>\$ 516,215</u>
Total net OPEB liability -- beginning	1,043,393	1,083,384	1,173,245
Total net OPEB liability -- ending (a - b)	<u>\$ 1,076,029</u>	<u>\$ 1,043,393</u>	<u>\$ 1,083,384</u>
Plan fiduciary net position as a percentage of total OPEB liability	37.76%	35.97%	32.27%
Covered payroll	\$ 45,253,004	\$ 43,733,860	\$ 42,627,702
Net OPEB liability as a percentage of covered payroll	2.38%	2.39%	2.54%

Note:

Schedule is intended to show information for 10 years. Since 2020 is the third year for this presentation, only two additional years of data are available. However, additional years will be included as they become available.

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Virginia Retirement System Health Insurance Credit Program
Schedule of Employer Contributions
For the Year Ended June 30, 2020
(Unaudited)

Year Ended	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution (Deficiency) Excess	Employer's Covered Payroll	Contributions as a % of Covered Payroll
<i>County of Roanoke Employees:</i>					
June 30, 2020	\$ 144,688	\$ 144,688	\$ -	\$ 47,123,041	0.31 %
June 30, 2019	104,564	104,564	-	45,253,004	0.23
June 30, 2018	135,906	135,906	-	43,733,860	0.31
June 30, 2017	106,244	106,244	-	42,627,702	0.25
June 30, 2016	95,257	95,257	-	41,432,034	0.23
June 30, 2015	80,354	80,354	-	40,544,179	0.20
June 30, 2014	103,865	103,865	-	41,545,798	0.25
June 30, 2013	92,999	92,999	-	38,749,497	0.24
June 30, 2012	94,223	94,223	-	39,259,763	0.24
June 30, 2011	122,293	122,293	-	39,449,375	0.31
<i>School System Employees:</i>					
June 30, 2020	\$ 964,672	\$ 963,455	\$ (1,217)	\$ 80,389,368	1.20 %
June 30, 2019	929,994	930,288	294	77,499,484	1.20
June 30, 2018	947,755	947,188	(567)	77,053,264	1.23
June 30, 2017	851,877	851,887	10	76,745,715	1.11
June 30, 2016	765,942	765,995	53	72,258,672	1.06
June 30, 2015	748,522	748,490	(32)	70,615,294	1.06
June 30, 2014	791,283	791,284	1	71,286,776	1.11
June 30, 2013	801,954	801,962	8	72,248,134	1.11
June 30, 2012	412,070	412,070	-	68,678,251	0.60
June 30, 2011	405,912	405,912	-	67,652,004	0.60

See accompanying notes to required supplementary information.
See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Required Supplemental Information
Virginia Retirement System Group Life Insurance Program
Schedule of Employer's Proportionate Share of Net OPEB Liability
For the Year Ended June 30, 2020
(Unaudited)

Measurement Date:	<u>2020</u> 6/30/2019	<u>2019</u> 6/30/2018	<u>2018</u> 6/30/2017
Employer's proportion of the Net GLI OPEB Liability	0.24848%	0.25166%	0.25093%
Employer's proportionate share of the Net GLI OPEB Liability	\$ 4,043,431	\$ 3,822,000	\$ 3,776,000
Employer's covered payroll	\$ 50,329,550	\$ 46,284,675	\$ 44,698,860
Employer's proportionate share of the Net GLI OPEB Liability as a percentage of its covered payroll	8.03%	8.26%	8.45%
Plan Fiduciary Net Position as a percentage of the Total GLI OPEB Liability	52.00%	51.22%	48.86%

Note:

Schedule is intended to show information for 10 years. Since 2020 is the third year for this presentation, only two additional years of data are available. However, additional years will be included as they become available.

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Virginia Retirement System Group Life Insurance Program
Schedule of Employer Contributions
For the Year Ended June 30, 2020
(Unaudited)

Year Ended	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution (Deficiency) Excess	Employer's Covered Payroll	Contributions as a % of Covered Payroll
<i>County of Roanoke Employees:</i>					
June 30, 2020	\$ 247,275	\$ 247,275	\$ -	\$ 48,710,165	0.51 %
June 30, 2019	240,118	240,118	-	47,852,850	0.50
June 30, 2018	237,653	237,653	-	46,284,675	0.51
June 30, 2017	230,974	230,974	-	44,698,860	0.52
June 30, 2016	229,672	208,005	(21,667)	43,334,385	0.48
June 30, 2015	225,194	203,949	(21,245)	42,489,422	0.48
June 30, 2014	221,837	200,909	(20,928)	41,855,983	0.48
June 30, 2013	171,259	108,983	(62,276)	38,922,453	0.28
June 30, 2012	173,072	110,136	(62,936)	39,334,458	0.28
June 30, 2011	142,183	80,001	(62,182)	39,495,312	0.20
<i>School System Employees:</i>					
June 30, 2020	\$ 433,891	\$ 431,938	\$ (1,953)	\$ 83,440,610	0.52 %
June 30, 2019	418,802	419,260	458	80,538,884	0.52
June 30, 2018	416,862	420,490	3,628	80,165,735	0.52
June 30, 2017	415,036	419,387	4,351	79,814,544	0.53
June 30, 2016	361,633	359,464	(2,169)	75,340,198	0.48
June 30, 2015	353,486	351,815	(1,671)	73,642,933	0.48
June 30, 2014	370,380	367,834	(2,546)	77,162,470	0.48
June 30, 2013	377,134	374,671	(2,463)	78,569,574	0.48
June 30, 2012	208,944	83,684	(125,260)	74,623,028	0.11
June 30, 2011	206,348	82,540	(123,808)	73,695,601	0.11

See accompanying notes to required supplementary information.
See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Required Supplemental Information
Roanoke County Public Schools
Schedule of Employer's Proportionate Share of Net OPEB Liability
For the Year Ended June 30, 2020
(Unaudited)

Measurement Date:	<u>2020</u> 6/30/2019	<u>2019</u> 6/30/2018	<u>2018</u> 6/30/2017
<u><i>VRS Health Insurance Credit Program</i></u>			
Employer's proportion of the Net GLI OPEB Liability	0.92539%	0.95240%	0.97245%
Employer's proportionate share of the Net GLI OPEB Liability	\$ 12,114,255	\$ 12,093,000	\$ 12,337,000
Employer's covered payroll	\$ 77,499,484	\$ 77,053,264	\$ 76,745,715
Employer's proportionate share of the Net GLI OPEB Liability as a percentage of its covered payroll	15.63%	15.69%	16.08%
Plan Fiduciary Net Position as a percentage of the Total GLI OPEB Liability	8.97%	8.08%	7.04%
<u><i>VRS Group Life Insurance Program - Teacher Plan</i></u>			
Employer's proportion of the Net GLI OPEB Liability	0.39603%	0.40541%	0.41724%
Employer's proportionate share of the Net GLI OPEB Liability	\$ 6,444,462	\$ 6,157,000	\$ 6,279,000
Employer's covered payroll	\$ 77,499,484	\$ 77,053,264	\$ 76,745,715
Employer's proportionate share of the Net GLI OPEB Liability as a percentage of its covered payroll	8.32%	7.99%	8.18%
Plan Fiduciary Net Position as a percentage of the Total GLI OPEB Liability	52.00%	51.22%	48.86%
<u><i>VRS Group Life Insurance Program - Non-Professional Plan</i></u>			
Employer's proportion of the Net GLI OPEB Liability	0.01544%	0.01657%	0.01666%
Employer's proportionate share of the Net GLI OPEB Liability	\$ 251,250	\$ 252,000	\$ 250,000
Employer's covered payroll	\$ 3,039,400	\$ 3,112,471	\$ 3,068,829
Employer's proportionate share of the Net GLI OPEB Liability as a percentage of its covered payroll	8.27%	8.10%	8.15%
Plan Fiduciary Net Position as a percentage of the Total GLI OPEB Liability	52.00%	51.22%	48.98%

Note:

Schedule is intended to show information for 10 years. Since 2020 is the third year for this presentation, only two additional years of data are available. However, additional years will be included as they become available.

COUNTY OF ROANOKE, VIRGINIA
Notes to Required Supplementary Information
For the Year Ended June 30, 2020
(Unaudited)

1. Budgetary Accounting and Control

Annual Budget Adoption - Annual budgets are legally adopted for the General, Debt Service, and School Board Component Unit Operating Funds. The Debt Service Fund is budgeted for principal and interest payments to be paid. Capital Projects Fund is budgeted on a project basis. The County follows these procedures in establishing the budgetary data reflected in the required supplementary information. The Code of Virginia requires adoption of a balanced budget by June 30 of each year. The County Board of Supervisors formally adopted the fiscal year 2019-2020 budget appropriation on May 28, 2019.

Budgetary Basis of Accounting - The General and Debt Service Fund budgets are adopted on the modified accrual basis of accounting, a basis of accounting consistent with accounting principles generally accepted in the United States of America.

Budgetary Process - At least sixty days prior to June 30, the County Administrator submits to the Board of Supervisors a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain citizen comments. Prior to June 30, the budget is legally enacted through an ordinance passed by the County Board of Supervisors.

Budgetary Controls - Legal budgetary control is maintained at the fund level. However, for management purposes, the budget is segregated into three categories: personnel, operating, and capital expenditures by department. The Department Head may use discretion to transfer from one category to another as long as the departmental total does not change. County debt is segregated into a separate fund for budgetary purposes. The County Administrator may authorize or delegate the authorization of a transfer of any unencumbered balance or portion thereof from one department to another within a fund. All other transfers require approval of the Board of Supervisors.

Formal budgetary integration into the financial accounting system is employed as a management control device during the year for the governmental type funds. Management control is maintained at the category level (i.e. personnel, operating, capital) and supplemental appropriations during the year-end cannot exceed the undesignated fund balance. Actual expenditures and operating transfers out may not legally exceed budget appropriations at the fund level. Unspent appropriations lapse at year-end for legally adopted budgets. The Board of Supervisors must approve any budget amendments increasing or decreasing appropriations. Major amendments are budget amendments that exceed one percent of the original budget, which is \$2.3 million for fiscal year 2019-2020. These major amendments must go through the same public hearing requirements as the original budget.

2. Other Postemployment Benefits Plan - VRS Health Insurance Credit (HIC) and Group Life Insurance (GLI) Programs

Changes of benefit terms – There have been no actuarially material changes to the benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016 except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS board action are as follows:

COUNTY OF ROANOKE, VIRGINIA
Notes to Required Supplementary Information
For the Year Ended June 30, 2020
(Unaudited)

Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020 (pre-retirement, post-retirement healthy, and disabled)
Retirement Rates	Lowered retirement rates at older ages and, for the HIC Program, extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability....	Increased rate from 14.00% to 15.00%
Discount Rate.....	Decreased rate from 7.00% to 6.75%

3. Other Postemployment Benefits Plan - Retiree Medical

Changes of benefit terms – There have been no actuarially material changes to the benefit provisions since the prior actuarial valuation.

Changes of assumptions – The following changes in actuarial assumptions and methods were made effective for measurement date June 30, 2020:

Coverage Election.....	Updated from a health care coverage election rate of 61.40% to 65.00% (active employees with current coverage)
Mortality Rates	Updated to a more current mortality table – SOA Pub-2010 fully generational using Scale MP-2019 (general retirees, surviving spouses, disabled retirees)
Retirement Rates	Updated to follow the most recent tables provided in the VRS actuarial valuation as of June 30, 2019, including a distinction between Plan 1 and Plan 2/Hybrid members following the VRS tables.
Termination Rates.....	Updated to follow the most recent tables provided in the VRS actuarial valuation as of June 20, 2019.
Disability Rates	Lowered disability rates
Salary Scale	Updated from a flat 2.00% annually to follow the most recent tables provided in the VRS actuarial valuation as of June 20, 2019
Health care Trend Rate.	Updated to an initial rate of 8.00% decreasing by 0.50% annually down to an ultimate rate of 4.50%

4. Pension Plan – Virginia Retirement System

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

Changes of assumptions – General Employees – The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on the VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020 (Pre-retirement, post-retirement healthy, and disabled)
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service

COUNTY OF ROANOKE, VIRGINIA
Notes to Required Supplementary Information
For the Year Ended June 30, 2020
(Unaudited)

Disability RatesLowered rates
Salary ScaleNo change
Line of Duty Disability....Increase rate from 14.00% to 15.00%
Discount Rate.....Decreased rate from 7.00% to 6.75%

Mortality rates – Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement.....RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-RetirementRP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement.....RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

Changes of assumptions – Public Safety Employees with Hazardous Duty Benefits – The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on the VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality RatesUpdate to a more current mortality table – RP-2014 projected to 2020 (Pre-retirement, post-retirement healthy, and disabled)
Retirement RatesIncreased age 50 rates, and lowered rates at older ages
Withdrawal RatesAdjusted rates to better fit experience at each year age and service through 9 years of service
Disability RatesAdjusted rates to better fit experience
Salary ScaleNo change
Line of Duty Disability....Decrease rate from 60.00% to 45.00%
Discount Rate.....Decreased rate from 7.00% to 6.75%

Mortality rates – Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement.....RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-RetirementRP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement.....RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

GOVERNMENTAL FUNDS

The **General Fund** is the general operating fund of the County which is used to account for all of the financial resources, except those required to be accounted for in another fund.

The **Debt Service Fund** is the fund used to account for the financial resources for, and the payment of, general long-term debt principal, interest, and related costs.

The **Capital Projects Fund** is the fund used to account for the financial resources to be used for the acquisition or construction of capital activities.



COUNTY OF ROANOKE, VIRGINIA
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Locality Compensation Payment	\$ 124,444	\$ 124,444	\$ 124,444	\$ -
Interest Income	-	-	708	708
Miscellaneous	165,913	288,711	288,711	1
Total Revenues	290,357	413,155	413,863	709
Expenditures				
Principal Payments				
General Obligation Bonds				
General Government	918,865	918,865	918,865	-
Schools Virginia Public Schools Authority Bonds	8,885,422	8,885,422	8,885,422	-
Total General Obligation Bonds	9,804,287	9,804,287	9,804,287	-
Lease Revenue Bonds				
General Government	3,060,000	3,060,000	3,060,000	-
Total Lease Revenue Bonds	3,060,000	3,060,000	3,060,000	-
Total Principal Payments	12,864,287	12,864,287	12,864,287	-
Interest Payments				
General Obligation Bonds				
General Government	44,434	53,187	53,187	-
Schools Virginia Public Schools Authority Bonds	4,377,330	4,377,330	4,377,329	1
Total General Obligation Bonds	4,421,764	4,430,517	4,430,516	1
Lease Revenue Bonds				
General Government	3,012,076	3,012,076	3,012,075	1
Total Lease Revenue Bonds	3,012,076	3,012,076	3,012,075	1
Total Interest Payments	7,433,840	7,442,593	7,442,591	2
Miscellaneous Costs	30,061	31,587	9,407	22,180
Total Expenditures	20,328,188	20,338,467	20,316,285	22,182
Excess (deficit) of revenues over (under) expenditures	(20,037,831)	(19,925,312)	(19,902,422)	22,891
Other financing sources (uses):				
Transfers				
Transfer from County General Fund	16,048,337	16,048,337	16,048,336	(1)
Transfer from School General Fund	4,125,345	4,125,345	4,125,345	-
Transfer (to) County Capital Fund	(82,956)	(132,955)	(132,955)	-
Transfer (to) School Capital Fund	-	(12,444)	(12,444)	-
Total other financing sources, net	20,090,726	20,028,283	20,028,282	(1)
Net change in fund balance	52,895	102,971	125,860	22,890
Fund balance at beginning of year	117,734	104,674	104,674	-
Fund balance at end of year	\$ 170,629	\$ 207,645	\$ 230,534	\$ 22,890

See accompanying independent auditors' report

COUNTY OF ROANOKE, VIRGINIA
Budgetary Comparison Schedule
Capital Projects Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property	\$ -	\$ -	\$ 397,428	\$ 397,428
Charges for services	1,045,778	761,818	735,652	(26,166)
Intergovernmental revenue	9,917,291	9,216,649	3,087,205	(6,129,444)
Miscellaneous	100,000	146,565	325,482	178,917
Total revenues	11,063,069	10,125,032	4,545,767	(5,579,265)
EXPENDITURES				
Capital outlay	26,029,393	65,299,347	32,627,143	32,672,204
Total expenditures	26,029,393	65,299,347	32,627,143	32,672,204
Excess (deficiency) of revenues over (under) expenditures	(14,966,324)	(55,174,315)	(28,081,376)	27,092,939
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of land, buildings, and equipment	188,000	188,000	227,275	(39,275)
Proceeds from sale of bonds	10,000,000	9,025,000	9,025,000	-
Premium on bonds	-	1,245,358	1,245,358	-
Transfers in	4,708,324	4,746,032	4,757,722	(11,690)
Transfers out	-	(461,782)	(461,782)	-
Total other financing sources, net	14,896,324	14,742,608	14,793,573	(50,965)
Net change in fund balance	(70,000)	(40,431,707)	(13,287,803)	27,143,904
Fund balance at beginning of year	70,000	41,043,387	41,043,387	-
Fund balance at end of year	\$ -	\$ 611,680	\$ 27,755,584	\$ 27,143,904

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2020

Schedule 3

	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
From local sources:			
General property taxes:			
Real property taxes	\$ 96,420,000	\$ 96,217,867	\$ (202,133)
Real and personal public service corporation property taxes	3,400,000	3,605,949	205,949
Payments in lieu of taxes	180,000	181,421	1,421
Personal property taxes	21,445,144	22,123,800	678,656
Penalties and interest	750,000	644,823	(105,177)
Total general property taxes	<u>122,195,144</u>	<u>122,773,860</u>	<u>578,716</u>
Other local taxes:			
Local sales and use taxes	11,370,594	12,050,233	679,639
Business license taxes	6,775,000	7,307,262	532,262
Motor vehicle licenses	2,383,600	2,467,320	83,720
Bank franchise taxes	820,000	659,071	(160,929)
Taxes on recordation and wills	1,509,509	1,606,420	96,911
Utility license tax	530,000	719,995	189,995
Communications sales and use tax	3,250,000	3,251,883	1,883
Consumer utility tax	3,800,000	3,596,614	(203,386)
E911 tax	330,923	352,260	21,337
Hotel and motel tax	1,468,357	1,105,759	(362,598)
Tax on prepared food	4,510,000	4,151,643	(358,357)
Admissions tax	90,000	70,138	(19,862)
Total other local taxes	<u>36,837,983</u>	<u>37,338,598</u>	<u>500,615</u>
Permits, fees, and licenses:			
Animal licenses	42,500	52,775	10,275
Permits and other licenses	771,885	785,025	13,140
Total permits, fees, and licenses	<u>814,385</u>	<u>837,800</u>	<u>23,415</u>
Fines and forfeitures	<u>453,500</u>	<u>364,007</u>	<u>(89,493)</u>
Use of money and property	<u>403,577</u>	<u>383,995</u>	<u>(19,582)</u>
Charges for services:			
Refuse costs	17,200	16,040	(1,160)
Court costs	88,500	55,816	(32,684)
Charges for correction and detention	262,095	262,004	(91)
Charges for parks and recreation	6,535,702	4,245,587	(2,290,115)
Rescue fees	3,466,975	3,241,064	(225,911)
Other charges	779,649	691,192	(88,457)
Total charges for services	<u>11,150,121</u>	<u>8,511,703</u>	<u>(2,638,418)</u>
Miscellaneous:			
Reimbursements - shared programs	1,408,473	1,521,770	113,297
Miscellaneous	1,340,120	1,168,523	(171,597)
Legal services	11,250	11,586	336
Jail	480,000	341,284	(138,716)
Welfare department	86,074	59,985	(26,089)
Resource Authority	61,185	59,079	(2,106)
WVWA	52,304	52,304	-
WVRJA	163,707	167,110	3,403
Host locality fee	350,000	350,000	-
Total miscellaneous	<u>3,953,113</u>	<u>3,731,641</u>	<u>(221,472)</u>
Total revenue from local sources	<u>175,807,823</u>	<u>173,941,604</u>	<u>(1,866,219)</u>

(continued)

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2020

Schedule 3
(continued)

	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
From the Commonwealth:			
Non-categorical aid:			
Motor vehicles carriers tax	\$ 18,000	\$ 16,718	\$ (1,282)
Trailer tax	384,000	427,954	43,954
Personal property tax relief	12,229,856	12,229,856	-
Total non-categorical aid	<u>12,631,856</u>	<u>12,674,528</u>	<u>42,672</u>
Categorical aid:			
Shared expenditures:			
Commonwealth's Attorney	753,644	778,299	24,655
Sheriff	3,371,994	3,545,962	173,968
Commissioner of the Revenue	252,687	256,012	3,325
Treasurer	216,543	286,513	69,970
Registrar/Electoral Board	47,700	51,702	4,002
Clerk of Court	585,665	580,821	(4,844)
Total shared expenditures	<u>5,228,233</u>	<u>5,499,309</u>	<u>271,076</u>
Other categorical aid:			
EMS	127,599	56,401	(71,198)
Recovered costs - welfare	4,380,000	3,750,554	(629,446)
Confiscated goods	41,814	41,814	-
VJCCCA grant	273,450	212,913	(60,537)
Library	157,095	169,014	11,919
Comprehensive Services Act	3,900,933	3,585,512	(315,421)
Police department grant	1,920,141	1,995,028	74,887
Other state grants	2,966,597	262,142	(2,704,455)
Total other categorical aid	<u>13,767,629</u>	<u>10,073,378</u>	<u>(3,694,251)</u>
Total categorical aid	<u>18,995,862</u>	<u>15,572,687</u>	<u>(3,423,175)</u>
Total from the Commonwealth	<u>31,627,718</u>	<u>28,247,215</u>	<u>(3,380,503)</u>
From the Federal government:			
Categorical aid:			
Seized goods	52,918	52,918	-
Greenways	9,287,558	121,713	(9,165,845)
Welfare reimbursement	4,675,000	5,860,544	1,185,544
Other federal grants	14,346,391	1,925,168	(12,421,223)
Total categorical aid	<u>28,361,867</u>	<u>7,960,343</u>	<u>(20,401,524)</u>
Total from the Federal government	<u>28,361,867</u>	<u>7,960,343</u>	<u>(20,401,524)</u>
Total Intergovernmental revenues	<u>59,989,585</u>	<u>36,207,558</u>	<u>(23,782,027)</u>
Total revenues	<u>235,797,408</u>	<u>210,149,162</u>	<u>(25,648,246)</u>

(continued)

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2020

Schedule 3
(continued)

	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
Expenditures:			
General government administration:			
Legislative:			
Board of Supervisors	\$ 390,889	\$ 365,753	\$ 25,136
General and financial administration:			
County Administrator	382,744	357,434	25,310
Community Relations	217,456	213,638	3,818
Internal Auditor	129,061	131,796	(2,735)
Human Resources	1,000,324	883,390	116,934
County Attorney	703,083	680,557	22,526
Commissioner of Revenue	934,500	890,543	43,957
Assessor	939,184	856,975	82,209
Treasurer	1,052,750	1,016,161	36,589
Assistant County Administrator -			
Management Services	234,644	219,949	14,695
Finance	1,706,926	1,571,171	135,755
Management and Budget	387,843	278,951	108,892
Procurement	475,070	462,592	12,478
Total general and financial administration	<u>8,163,585</u>	<u>7,563,157</u>	<u>600,428</u>
Electoral Board and officials	<u>456,079</u>	<u>585,810</u>	<u>(129,731)</u>
Total general government administration	<u>9,010,553</u>	<u>8,514,720</u>	<u>495,833</u>
Judicial administration			
Courts:			
Circuit Court	307,068	293,340	13,728
General District Court	105,440	69,570	35,870
Special magistrates	1,590	2,432	(842)
Juvenile and Domestic Relations Court	39,086	31,351	7,735
Clerk of the Circuit Court	1,151,410	1,124,684	26,726
Total courts	<u>1,604,594</u>	<u>1,521,377</u>	<u>83,217</u>
Commonwealth's Attorney	<u>1,449,446</u>	<u>1,460,898</u>	<u>(11,452)</u>
Total judicial administration	<u>3,054,040</u>	<u>2,982,275</u>	<u>71,765</u>
Public safety:			
Law enforcement and traffic control:			
Sheriff and Police	17,885,591	17,335,806	549,785
E911 maintenance	3,220,411	3,102,072	118,339
Total law enforcement and traffic control	<u>21,106,002</u>	<u>20,437,878</u>	<u>668,124</u>
Fire and rescue services:			
Fire and rescue services	<u>19,131,243</u>	<u>19,096,897</u>	<u>34,346</u>
Total fire and rescue services	<u>19,131,243</u>	<u>19,096,897</u>	<u>34,346</u>

(continued)

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2020

Schedule 3
(continued)

	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
Correction and detention:			
Confinement and care of prisoners	\$ 8,794,666	\$ 8,843,886	\$ (49,220)
Court service unit	495,500	382,828	112,672
VJCCCA grant	298,094	237,557	60,537
Total correction and detention	<u>9,588,260</u>	<u>9,464,271</u>	<u>123,989</u>
Animal control	691,548	883,597	(192,049)
Total public safety	<u>50,517,053</u>	<u>49,882,643</u>	<u>634,410</u>
Public Works:			
General services administration	3,612,973	1,053,333	2,559,640
Refuse disposal	5,149,260	5,216,717	(67,457)
Maintenance of general buildings and grounds	5,321,566	5,256,590	64,976
Engineering	2,827,146	2,435,995	391,151
Inspections	1,145,896	1,028,650	117,246
Total public works	<u>18,056,841</u>	<u>14,991,285</u>	<u>3,065,556</u>
Health and welfare:			
Public health	500,358	506,261	(5,903)
Social services administration	8,157,964	7,857,167	300,797
Comprehensive Services Act	7,750,007	7,515,841	234,166
Public assistance	5,168,666	4,621,280	547,386
Total health and welfare	<u>21,576,995</u>	<u>20,500,549</u>	<u>1,076,446</u>
Parks, recreation and cultural:			
Assistant County Administrator - Human Services	216,170	209,976	6,194
Parks and recreation	21,966,918	7,444,146	14,522,772
Library	5,265,706	4,839,143	426,563
Total parks, recreation and cultural	<u>27,448,794</u>	<u>12,493,265</u>	<u>14,955,529</u>

(continued)

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2020

Schedule 3
(continued)

	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
Community development:			
Planning and zoning	\$ 6,052,043	\$ 1,215,913	\$ 4,836,130
Cooperative extension program	87,097	62,471	24,626
Economic development	501,381	463,054	38,327
Public transportation	743,524	613,524	130,000
Total community development	<u>7,384,045</u>	<u>2,354,962</u>	<u>5,029,083</u>
Nondepartmental:			
Employee benefits	1,008,782	719,478	289,304
Dixie Caverns landfill cleanup	52,000	40,611	11,389
Miscellaneous	7,099,325	4,016,340	3,082,985
Tax relief for the elderly and handicapped	960,000	1,229,937	(269,937)
Refuse credit - Town of Vinton	110,000	110,000	-
Board contingency	300,000	-	300,000
Total nondepartmental	<u>9,530,107</u>	<u>6,116,366</u>	<u>3,413,741</u>
Total expenditures	<u>146,578,428</u>	<u>117,836,065</u>	<u>28,742,363</u>
Excess of revenues over expenditures	<u>89,218,980</u>	<u>92,313,097</u>	<u>3,094,117</u>
Other financing uses:			
Transfer to internal service fund	(1,132,783)	(1,132,783)	-
Transfer to debt service fund	(6,910,931)	(6,910,930)	1
Payment to school board	(79,777,572)	(79,457,572)	320,000
Transfer to capital projects fund	(4,151,295)	(4,151,295)	-
Total other financing uses	<u>(91,972,581)</u>	<u>(91,652,580)</u>	<u>320,001</u>
Net change in fund balance	(2,753,601)	660,517	3,414,118
Fund balance at beginning of year	23,265,741	35,468,082	12,202,341
Fund balance at end of year	<u>\$ 20,512,140</u>	<u>\$ 36,128,599</u>	<u>\$ 15,616,459</u>

See accompanying independent auditors' report.

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of services, provided by one department to other departments of the County, on a cost reimbursement basis.

The **Health Insurance Fund** is a self-insured fund used to account for health care costs and other postemployment benefits.

The **Dental Insurance Fund** is a fully insured fund used to account for dental care costs.

The **Risk Management Fund** is a self-insured fund used to account for workers' compensation costs for employees injured on the job.



COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Net Position
Internal Service Funds
June 30, 2020

	Internal Service Funds			
	Health Insurance	Dental Insurance	Risk Management	Total Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,518,040	\$ 16,917	\$ 2,173,839	\$ 4,708,796
Investments	858,867	5,770	741,465	1,606,102
Accounts receivable	156,449	7,794	6	164,249
Prepaid expenses	-	32,895	543,090	575,985
Total current assets	<u>3,533,356</u>	<u>63,376</u>	<u>3,458,400</u>	<u>7,055,132</u>
LIABILITIES				
Current liabilities:				
Accounts payable	650,493	-	76,782	727,275
Claims payable	753,867	-	629,560	1,383,427
Total current liabilities	<u>1,404,360</u>	<u>-</u>	<u>706,342</u>	<u>2,110,702</u>
Noncurrent liabilities:				
Claims payable	-	-	1,561,740	1,561,740
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>1,561,740</u>	<u>1,561,740</u>
Total liabilities	<u>1,404,360</u>	<u>-</u>	<u>2,268,082</u>	<u>3,672,442</u>
NET POSITION				
Unrestricted	2,128,996	63,376	1,190,318	3,382,690
Total net position	<u>\$ 2,128,996</u>	<u>\$ 63,376</u>	<u>\$ 1,190,318</u>	<u>\$ 3,382,690</u>

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2020

	Health Insurance	Dental Insurance	Risk Management	Total Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 10,983,411	\$ 772,942	\$ 1,917,506	\$ 13,673,859
Total operating revenues	<u>10,983,411</u>	<u>772,942</u>	<u>1,917,506</u>	<u>13,673,859</u>
OPERATING EXPENSES				
Purchased services	1,877,452	-	914,467	2,791,919
Personal services	-	-	36,129	36,129
Claims	8,421,479	770,347	882,768	10,074,594
Total operating expenses	<u>10,298,931</u>	<u>770,347</u>	<u>1,833,364</u>	<u>12,902,642</u>
Operating income	684,480	2,595	84,142	771,217
NONOPERATING REVENUES				
Investment income	-	-	67,176	67,176
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>67,176</u>	<u>67,176</u>
Net income before transfers	<u>684,480</u>	<u>2,595</u>	<u>151,318</u>	<u>838,393</u>
TRANSFERS				
Transfers in	1,227,514	5,451	-	1,232,965
Transfers out	-	(100,182)	(11,690)	(111,872)
Net transfers	<u>1,227,514</u>	<u>(94,731)</u>	<u>(11,690)</u>	<u>1,121,093</u>
Change in net position	1,911,994	(92,136)	139,628	1,959,486
Total net position at beginning of year	<u>217,002</u>	<u>155,512</u>	<u>1,050,690</u>	<u>1,423,204</u>
Total net position at end of year	<u>\$ 2,128,996</u>	<u>\$ 63,376</u>	<u>\$ 1,190,318</u>	<u>\$ 3,382,690</u>

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2020

	Health Insurance	Dental Insurance	Risk Management	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from interfund services provided	\$ 10,983,411	\$ 772,942	\$ 1,917,506	\$ 13,673,859
Payments to suppliers	(2,694,396)	-	(856,565)	(3,550,961)
Payments to employees	-	-	(36,129)	(36,129)
Claims paid	(8,576,237)	(770,347)	(891,968)	(10,238,552)
Other payments, net	83,574	(30,985)	(526,942)	(474,353)
Net cash used in operating activities	(203,648)	(28,390)	(394,098)	(626,136)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from (to) other funds	1,227,514	(94,731)	(11,690)	1,121,093
Net cash provided by (used in) noncapital financing activities	1,227,514	(94,731)	(11,690)	1,121,093
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments	97,903	53,517	581,584	733,004
Interest and dividends received	-	-	67,176	67,176
Net cash provided by investing activities	97,903	53,517	648,760	800,180
Net increase (decrease) in cash and cash equivalents	1,121,769	(69,604)	242,972	1,295,137
Cash and cash equivalents at beginning of the year	1,396,271	86,521	1,930,867	3,413,659
Cash and cash equivalents at end of the year	\$ 2,518,040	\$ 16,917	\$ 2,173,839	\$ 4,708,796
<u>Reconciliation of operating income to net cash used in operating activities:</u>				
Operating income	\$ 684,480	\$ 2,595	\$ 84,142	\$ 771,217
<i>Adjustments to reconcile operating income to net cash used in operating activities</i>				
Change in assets and liabilities:				
Accounts receivable	83,574	1,910	16,148	101,632
Prepaid expenses	-	(32,895)	(543,090)	(575,985)
Accounts payable	(816,944)	-	57,902	(759,042)
Claims payable	(154,758)	-	(9,200)	(163,958)
Net cash used in operating activities	\$ (203,648)	\$ (28,390)	\$ (394,098)	\$ (626,136)

AGENCY FUNDS

The **Roanoke Valley Resource Authority Fund** reflects cash held by the County as fiscal agent for the Roanoke Valley Resource Authority.

The **Commonwealth Fund** reflects activity related to monies collected in the County for the Commonwealth of Virginia.

The **Special Welfare Fund** reflects the receipt and disbursement of monies maintained in individual agency accounts for certain County welfare recipients.

The **Cable TV Fund** reflects cash held by the County as fiscal agent for the Cable TV Committee.

The **Roanoke Valley Greenway Commission Fund** reflects cash held by the County as fiscal agent for Roanoke Valley Greenway Commission.

The **Regional Fire Training Center Fund** reflects the receipts and disbursements to fund the operating costs of the Regional Fire Training Center.

The **Virginia Recreational Facilities Authority Fund** reflects cash held by the County as fiscal agent for the Virginia Recreation Facilities Authority.

The **Western Virginia Regional Jail Authority Fund** reflects cash held by the County as fiscal agent for the Western Virginia Regional Jail Authority.

The **Regional Center for Animal Care and Protection Fund** reflects cash held by the County as fiscal agent for the Regional Center for Animal Care and Protection.



COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2020

	Roanoke Valley Resource Authority	Common- wealth Fund	Special Welfare Fund	Cable TV	Roanoke Valley Greenway Commission	Regional Fire Training Center	Virginia Recreational Facilities Authority	Western Virginia Regional Jail Authority	Regional Center For Animal Care and Protection	Total
ASSETS										
Equity in cash and cash equivalents	\$ 11,073,221	\$ 9,773	\$ 121,919	\$ 996,005	\$ 87,250	\$ 8,314	\$ 9,959	\$ 19,228,736	\$ 366,387	\$ 31,901,564
Equity in investments	3,772,006	-	-	-	-	-	-	-	-	3,772,006
Total assets	<u>\$ 14,845,227</u>	<u>\$ 9,773</u>	<u>\$ 121,919</u>	<u>\$ 996,005</u>	<u>\$ 87,250</u>	<u>\$ 8,314</u>	<u>\$ 9,959</u>	<u>\$ 19,228,736</u>	<u>\$ 366,387</u>	<u>\$ 35,673,570</u>
LIABILITIES										
Accounts payable	\$ 14,845,227	\$ 9,773	\$ 121,919	\$ 996,005	\$ 87,250	\$ 8,314	\$ 9,959	\$ 19,228,736	\$ 366,387	\$ 35,673,570
Total liabilities	<u>\$ 14,845,227</u>	<u>\$ 9,773</u>	<u>\$ 121,919</u>	<u>\$ 996,005</u>	<u>\$ 87,250</u>	<u>\$ 8,314</u>	<u>\$ 9,959</u>	<u>\$ 19,228,736</u>	<u>\$ 366,387</u>	<u>\$ 35,673,570</u>

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2020

Schedule 8

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
Roanoke Valley Resource Authority				
Assets:				
Equity in Cash, Cash Equivalents and Investments	\$ 18,110,259	\$ 20,188,765	\$ 23,453,797	\$ 14,845,227
Total Assets	<u>\$ 18,110,259</u>	<u>\$ 20,188,765</u>	<u>\$ 23,453,797</u>	<u>\$ 14,845,227</u>
Liabilities:				
Accounts Payable	\$ 18,110,259	\$ 20,188,765	\$ 23,453,797	\$ 14,845,227
Total Liabilities	<u>\$ 18,110,259</u>	<u>\$ 20,188,765</u>	<u>\$ 23,453,797</u>	<u>\$ 14,845,227</u>
Commonwealth Fund				
Assets:				
Equity in Cash And Cash Equivalents	\$ 80,679	\$ 3,297,624	\$ 3,368,530	\$ 9,773
Total Assets	<u>\$ 80,679</u>	<u>\$ 3,297,624</u>	<u>\$ 3,368,530</u>	<u>\$ 9,773</u>
Liabilities:				
Accounts Payable	\$ 80,679	\$ 3,297,624	\$ 3,368,530	\$ 9,773
Total Liabilities	<u>\$ 80,679</u>	<u>\$ 3,297,624</u>	<u>\$ 3,368,530</u>	<u>\$ 9,773</u>
Special Welfare Fund				
Assets:				
Equity in Cash And Cash Equivalents	\$ 69,258	\$ 173,214	\$ 120,553	\$ 121,919
Total Assets	<u>\$ 69,258</u>	<u>\$ 173,214</u>	<u>\$ 120,553</u>	<u>\$ 121,919</u>
Liabilities:				
Accounts Payable	\$ 69,258	\$ 173,214	\$ 120,553	\$ 121,919
Total Liabilities	<u>\$ 69,258</u>	<u>\$ 173,214</u>	<u>\$ 120,553</u>	<u>\$ 121,919</u>
Cable TV				
Assets:				
Equity in Cash And Cash Equivalents	\$ 995,519	\$ 480,405	\$ 479,919	\$ 996,005
Total Assets	<u>\$ 995,519</u>	<u>\$ 480,405</u>	<u>\$ 479,919</u>	<u>\$ 996,005</u>
Liabilities:				
Accounts Payable	\$ 995,519	\$ 480,405	\$ 479,919	\$ 996,005
Total Liabilities	<u>\$ 995,519</u>	<u>\$ 480,405</u>	<u>\$ 479,919</u>	<u>\$ 996,005</u>
Roanoke Valley Greenway Commission				
Assets:				
Equity in Cash And Cash Equivalents	\$ 83,435	\$ 114,011	\$ 110,196	\$ 87,250
Total Assets	<u>\$ 83,435</u>	<u>\$ 114,011</u>	<u>\$ 110,196</u>	<u>\$ 87,250</u>
Liabilities:				
Accounts Payable	\$ 83,435	\$ 114,011	\$ 110,196	\$ 87,250
Total Liabilities	<u>\$ 83,435</u>	<u>\$ 114,011</u>	<u>\$ 110,196</u>	<u>\$ 87,250</u>

(continued)

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2020

Schedule 8
(continued)

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
Regional Fire Training Center				
Assets:				
Equity in Cash And Cash Equivalents	\$ 5,170	\$ 92,350	\$ 89,206	\$ 8,314
Total Assets	<u>\$ 5,170</u>	<u>\$ 92,350</u>	<u>\$ 89,206</u>	<u>\$ 8,314</u>
Liabilities:				
Accounts Payable	\$ 5,170	\$ 92,350	\$ 89,206	\$ 8,314
Total Liabilities	<u>\$ 5,170</u>	<u>\$ 92,350</u>	<u>\$ 89,206</u>	<u>\$ 8,314</u>
Virginia Recreational Facilities Authority				
Assets:				
Equity in Cash And Cash Equivalents	\$ 7,386	\$ 10,070	\$ 7,497	\$ 9,959
Total Assets	<u>\$ 7,386</u>	<u>\$ 10,070</u>	<u>\$ 7,497</u>	<u>\$ 9,959</u>
Liabilities:				
Accounts Payable	\$ 7,386	\$ 10,070	\$ 7,497	\$ 9,959
Total Liabilities	<u>\$ 7,386</u>	<u>\$ 10,070</u>	<u>\$ 7,497</u>	<u>\$ 9,959</u>
Western Virginia Regional Jail Authority				
Assets:				
Equity in Cash And Cash Equivalents	\$ 20,054,591	\$ 35,460,102	\$ 36,285,957	\$ 19,228,736
Total Assets	<u>\$ 20,054,591</u>	<u>\$ 35,460,102</u>	<u>\$ 36,285,957</u>	<u>\$ 19,228,736</u>
Liabilities:				
Accounts Payable	\$ 20,054,591	\$ 35,460,102	\$ 36,285,957	\$ 19,228,736
Total Liabilities	<u>\$ 20,054,591</u>	<u>\$ 35,460,102</u>	<u>\$ 36,285,957</u>	<u>\$ 19,228,736</u>
Regional Center for Animal Care and Protection				
Assets:				
Equity in Cash And Cash Equivalents	\$ 84,520	\$ 2,440,089	\$ 2,158,222	\$ 366,387
Total Assets	<u>\$ 84,520</u>	<u>\$ 2,440,089</u>	<u>\$ 2,158,222</u>	<u>\$ 366,387</u>
Liabilities:				
Accounts Payable	\$ 84,520	\$ 2,440,089	\$ 2,158,222	\$ 366,387
Total Liabilities	<u>\$ 84,520</u>	<u>\$ 2,440,089</u>	<u>\$ 2,158,222</u>	<u>\$ 366,387</u>
Total Agency Funds				
Assets:				
Equity in Cash, Cash Equivalents and Investments	\$ 39,490,817	\$ 62,256,630	\$ 66,073,877	\$ 35,673,570
Total Assets	<u>\$ 39,490,817</u>	<u>\$ 62,256,630</u>	<u>\$ 66,073,877</u>	<u>\$ 35,673,570</u>
Liabilities:				
Accounts Payable	\$ 39,490,817	\$ 62,256,630	\$ 66,073,877	\$ 35,673,570
Total Liabilities	<u>\$ 39,490,817</u>	<u>\$ 62,256,630</u>	<u>\$ 66,073,877</u>	<u>\$ 35,673,570</u>

See accompanying independent auditors' report.



Component Units

Component units are organizations for which the primary government is financially accountable. The component units represent the financial data for the Roanoke County Public School System, the Economic Development Authority of Roanoke County, Virginia, and the South Peak Community Development Authority.



COUNTY OF ROANOKE, VIRGINIA
Component Unit
Roanoke County Public Schools
Statement of Net Position
June 30, 2020

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 32,337,178
Investments	7,138,083
Accounts receivable	276,189
Due from other governments	3,123,743
Inventory	581,057
Prepaid and other assets	135,616
Net asset from pension	793,372
<i>Capital assets:</i>	
Land and construction in progress	14,909,345
Other capital assets, net	42,241,740
Capital assets, net	<u>57,151,085</u>
Total assets	<u>101,536,323</u>
Deferred outflows of resources	
Pension	26,795,502
Other postemployment benefit provided by Virginia Retirement System	2,869,438
Other postemployment benefit provided by Roanoke County Public Schools	734,251
Total deferred outflows of resources	<u>30,399,191</u>
Liabilities	
Accounts payable	3,475,514
Accrued liabilities	797,395
Unearned revenues	529,832
<i>Long-term liabilities due or payable within one year:</i>	
Compensated absences	726,635
Claims payable	1,698,474
<i>Long-term liabilities due or payable after one year:</i>	
Compensated absences	1,915,420
Claims payable	581,562
Net liability from pension	122,684,122
Net liability from other postemployment benefit provided by Virginia Retirement System	18,809,967
Net liability from other postemployment benefit provided by Roanoke County Public Schools	10,223,547
Total liabilities	<u>161,442,468</u>
Deferred inflows of resources	
Pension	16,000,711
Other postemployment benefit provided by Virginia Retirement System	1,350,478
Other postemployment benefit provided by Roanoke County Public Schools	8,962,407
Total deferred inflows of resources	<u>26,313,596</u>
Net Position	
Net investment in capital assets	57,151,085
<i>Restricted for:</i>	
Emergency contingency	2,000,000
Nutrition	3,739,586
Unrestricted deficit	(118,711,221)
Total net position	<u><u>\$ (55,820,550)</u></u>

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Roanoke County Public Schools
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Instruction	\$ 126,974,714	\$ 1,541,264	\$ 33,236,426	\$ 528,535	\$ (91,668,489)
<i>Support services:</i>					
Administration	4,046,141	-	-	-	(4,046,141)
Attendance and health	2,210,782	-	-	-	(2,210,782)
Transportation	7,078,949	-	-	-	(7,078,949)
Operations and maintenance	13,601,829	65,286	-	27,857	(13,508,686)
Technology	8,938,042	-	-	-	(8,938,042)
Nutrition	5,504,686	2,184,869	2,494,911	-	(824,906)
Interest	1,361,557	-	-	-	(1,361,557)
Payment for future capital	2,200,000	-	-	-	(2,200,000)
Total governmental activities	<u>\$ 171,916,700</u>	<u>\$ 3,791,419</u>	<u>\$ 35,731,337</u>	<u>\$ 556,392</u>	<u>(131,837,552)</u>
<i>General revenues:</i>					
Roanoke County					72,303,722
Non-categorical State aid					56,237,049
Gain on sale of assets					145,868
Miscellaneous					<u>1,073,513</u>
Total general revenues					<u>129,760,152</u>
Change in net position					(2,077,400)
Total net position, beginning					<u>(53,743,150)</u>
Total net position, ending					<u>\$ (55,820,550)</u>

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Roanoke County Public Schools
Balance Sheet
Governmental Funds
June 30, 2020

	General	Grant	Nutrition	Capital Projects	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 6,244,600	\$ -	\$ 2,880,017	\$ 11,802,934	\$ 20,927,551
Investments	2,129,942	-	982,332	4,025,809	7,138,083
Accounts receivable	97,453	-	20,874	-	118,327
Due from other governments	2,455,764	466,352	106,273	-	3,028,389
Due from other fund	239,132	-	-	-	239,132
Inventory	233,066	-	347,991	-	581,057
Prepaid and other assets	58,092	77,524	-	-	135,616
Total assets	<u>\$ 11,458,049</u>	<u>\$ 543,876</u>	<u>\$ 4,337,487</u>	<u>\$ 15,828,743</u>	<u>\$ 32,168,155</u>
Liabilities					
Accounts payable	\$ 220,396	\$ 71,350	\$ 13,677	\$ 3,170,091	\$ 3,475,514
Accrued liabilities	757,347	6,687	20,248	-	784,282
Unearned revenues	-	313,847	215,985	-	529,832
Due to other fund	-	239,132	-	-	239,132
Total liabilities	<u>977,743</u>	<u>631,016</u>	<u>249,910</u>	<u>3,170,091</u>	<u>5,028,760</u>
Deferred inflows of resources					
Unavailable revenue	841,623	-	-	-	841,623
Total deferred inflows of resources	<u>841,623</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>841,623</u>
Fund balances					
<i>Nonspendable:</i>					
Inventory	233,066	-	347,991	-	581,057
<i>Restricted for:</i>					
Emergency contingency	2,000,000	-	-	-	2,000,000
Nutrition	-	-	3,739,586	-	3,739,586
<i>Committed to:</i>					
Instruction	2,520,486	-	-	12,658,652	15,179,138
Administration	59,010	-	-	-	59,010
Attendance and health	52,581	-	-	-	52,581
Transportation	1,013,874	-	-	-	1,013,874
Operations and maintenance	162,781	-	-	-	162,781
Technology	1,848,547	-	-	-	1,848,547
Nutrition	144,377	-	-	-	144,377
Capital Outlay	1,603,961	-	-	-	1,603,961
<i>Unassigned</i>	-	(87,140)	-	-	(87,140)
Total fund balances	<u>9,638,683</u>	<u>(87,140)</u>	<u>4,087,577</u>	<u>12,658,652</u>	<u>26,297,772</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,458,049</u>	<u>\$ 543,876</u>	<u>\$ 4,337,487</u>	<u>\$ 15,828,743</u>	<u>\$ 32,168,155</u>

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Roanoke County Public Schools
Reconciliation of the Balance Sheet
to the Statement of Net Position
June 30, 2020

Total fund balances - total governmental funds **\$ 26,297,772**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Internal service funds are used to charge the cost of health, dental, and workers' compensation insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. 9,369,694

Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the governmental funds. 57,151,085

Revenues earned but not considered available are not current financial resources and, therefore, are not reported in the governmental funds. 841,623

Long-term assets or liabilities are not due and payable in the current period and, therefore, are not reported as assets or liabilities in the governmental funds:

Net asset from pension	793,372
Compensated absences	(2,642,055)
Net liability from pension	(122,684,122)
Net liability from other postemployment benefit provided by Virginia Retirement System	(18,809,967)
Net liability from other postemployment benefit provided by Roanoke County Public Schools	(10,223,547)

Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the governmental funds:

Deferred outflows of resources:

Pension	26,795,502
Other postemployment benefit provided by Virginia Retirement System	2,869,438
Other postemployment benefit provided by Roanoke County Public Schools	734,251

Deferred inflows of resources:

Pension	(16,000,711)
Other postemployment benefit provided by Virginia Retirement System	(1,350,478)
Other postemployment benefit provided by Roanoke County Public Schools	(8,962,407)

Net position of governmental activities **\$ (55,820,550)**

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Roanoke County Public Schools
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	General	Grant	Nutrition	Capital Projects	Total Governmental Funds
Revenues					
<i>Intergovernmental:</i>					
Roanoke County	\$ 72,303,722	\$ -	\$ -	\$ 528,535	\$ 72,832,257
Commonwealth of Virginia	82,024,606	908,564	123,453	-	83,056,623
Federal government	1,334,223	4,824,708	3,075,285	-	9,234,216
Charges for services	1,012,341	-	2,184,869	-	3,197,210
Investment income	283,310	-	59,713	-	343,023
Miscellaneous	481,618	10,723	48,855	51,307	592,503
Total revenues	<u>157,439,820</u>	<u>5,743,995</u>	<u>5,492,175</u>	<u>579,842</u>	<u>169,255,832</u>
Expenditures					
<i>Current:</i>					
Instruction	111,664,987	5,470,131	-	39,200	117,174,318
Administration	3,557,399	2,557	-	-	3,559,956
Attendance and health	2,009,920	101,680	-	-	2,111,600
Transportation	7,049,944	1,362	-	9,693	7,060,999
Operations and maintenance	11,851,500	56,833	-	1,261,454	13,169,787
Technology	8,568,091	174,156	-	310,820	9,053,067
Nutrition	12,752	24,416	5,393,675	-	5,430,843
<i>Debt service:</i>					
Principal	2,763,788	-	-	-	2,763,788
Interest	1,361,557	-	-	-	1,361,557
Payment for future capital	2,200,000	-	-	-	2,200,000
Capital outlay	200,021	-	-	8,300,766	8,500,787
Total expenditures	<u>151,239,959</u>	<u>5,831,135</u>	<u>5,393,675</u>	<u>9,921,933</u>	<u>172,386,702</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,199,861</u>	<u>(87,140)</u>	<u>98,500</u>	<u>(9,342,091)</u>	<u>(3,130,870)</u>
Other financing sources (uses)					
Proceeds from sale of property	136,870	-	-	8,998	145,868
Transfers in	-	-	-	6,101,206	6,101,206
Transfers out	(6,157,830)	-	-	-	(6,157,830)
Total other financing sources (uses), net	<u>(6,020,960)</u>	<u>-</u>	<u>-</u>	<u>6,110,204</u>	<u>89,244</u>
Net change in fund balances	178,901	(87,140)	98,500	(3,231,887)	(3,041,626)
Total fund balances, beginning	9,459,782	-	3,989,077	15,890,539	29,339,398
Total fund balances, ending	<u>\$ 9,638,683</u>	<u>\$ (87,140)</u>	<u>\$ 4,087,577</u>	<u>\$ 12,658,652</u>	<u>\$ 26,297,772</u>

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Roanoke County Public Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020

Net change in fund balances - total governmental funds **\$ (3,041,626)**

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

Internal service funds are used to charge the costs of health, dental, and workers' compensation insurance to individual funds. The change in net position of internal service funds is reported with governmental activities. 1,695,602

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate the cost of those assets over the life of the assets.

Capital outlay	9,742,271
Capital donated by County, Schools, and Parent Organizations	27,857
Depreciation expense	(5,584,090)
Expenditure of asbestos abatement	(252,000)

Revenues earned but not considered available in the Statement of Activities are not reported as revenues in governmental funds. This is the amount by which the current year amount exceeds the prior year available resources. 251,779

Expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	(158,723)
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Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Deferred outflows of resources	10,006,017
Cost of benefits earned net of employee contributions	(10,394,782)

Governmental funds report other postemployment benefit provided by Virginia Retirement System contributions as expenditures. However, in the Statement of Activities, the cost of other postemployment benefit provided by Virginia Retirement System benefits earned net of employee contributions is reported as pension expense.

Deferred outflows of resources	803,890
Cost of benefits earned net of employee contributions	(497,445)

Governmental funds report other postemployment benefit provided by Roanoke County Public Schools contributions as expenditures. However, in the Statement of Activities, the cost of other postemployment benefit provided by Roanoke County Public Schools benefits earned net of employee contributions is reported as pension expense.

Deferred outflows of resources	(288,855)
Cost of benefits earned net of employee contributions	(4,387,295)

Change in net position of governmental activities	\$ (2,077,400)
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COUNTY OF ROANOKE, VIRGINIA
Component Unit
Economic Development Authority of Roanoke County, Virginia
Balance Sheet
Governmental Fund
June 30, 2020

Assets

Cash and cash equivalents	\$ 1,390,517
Restricted Cash	700,000
Interest receivable	578
Prepaid Items	1,750
Land held for resale	<u>4,162,324</u>
 Total assets	 <u><u>\$ 6,255,169</u></u>

Liabilities and Fund Balances

Liabilities:

Accrued liabilities	<u>\$ -</u>
Total liabilities	<u>-</u>

Fund balances:

Unassigned	<u>6,255,169</u>
Total fund balances	<u>6,255,169</u>

Total liabilities and fund balances	<u><u>\$ 6,255,169</u></u>
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See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Economic Development Authority of Roanoke County, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund
For the Year Ended June 30, 2020

REVENUES

Bondholders' assessments	\$ 70,953
Roanoke County contributions:	
Roland E Cook Project	20,029
Waukeshaw/William Byrd	18,775
Other projects	4,860
Town of Vinton contributions:	
Roland E. Cook Project	1,286
Waukeshaw/William Byrd	1,207
Vindos LLC-Macados	50,000
Vinyard Station	250,000
Commonwealth of VA contributions:	
Mack Truck	700,000
Investment income	25,940
Total revenues	<u>1,143,050</u>

EXPENDITURES

Professional fees	5,305
Miscellaneous	940
Project disbursements:	
Roland E Cook Project	21,315
Waukeshaw/William Byrd	19,982
Vindos LLC-Macados	50,000
Vinyard Station	250,000
Other Projects	545,778
Total operating expenditures	<u>893,320</u>
Excess of revenues over expenditures	<u>249,730</u>
Net change in fund balance	249,730
Fund balance at beginning of year	6,005,439
Fund balance at end of year	<u><u>\$ 6,255,169</u></u>

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Economic Development Authority of Roanoke County, Virginia
Schedule of Revenue Bonds and Notes Outstanding
For the Year Ended June 30, 2020

<u>Bondholders/Noteholders</u>	<u>Date Issued</u>	<u>Original Issue</u>	<u>Balance June 30, 2020</u>	<u>Type of Project</u>
Roanoke County	03/27/08	\$ 58,595,000	\$ 1,345,000	Public Facility Projects
Richfield Retirement Community	01/01/19	93,520,000	93,520,000	Richfield Residential Care Facility
		<u>\$ 152,115,000</u>	<u>\$ 94,865,000</u>	

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Component Unit
South Peak Community Development Authority
Statement of Net (Deficit) Position
June 30, 2020

ASSETS

Current assets:	
Due from Primary Government	\$ 781,096
Prepaid expenses	1,475
Total current assets	<u>782,571</u>
Noncurrent assets:	
Capital assets	5,330,063
Total noncurrent assets	<u>5,330,063</u>
Total assets	<u>6,112,634</u>

LIABILITIES

Current liabilities:	
Accrued interest payable	126,203
Current portion of long-term debt	249,000
Total current liabilities	<u>375,203</u>
Noncurrent liabilities:	
Bonds payable	6,009,000
Total noncurrent liabilities	<u>6,009,000</u>
Total liabilities	<u>6,384,203</u>

NET (DEFICIT) POSITION

Net investment in capital assets	(927,937)
Unrestricted	656,368
Total net (deficit) position	<u>\$ (271,569)</u>

COUNTY OF ROANOKE, VIRGINIA
Component Unit
South Peak Community Development Authority
Statement of Revenues, Expenses, and Changes in Net (Deficit) Position
For the Year Ended June 30, 2020

OPERATING REVENUES

Incremental tax revenues	\$ 631,278
Total operating revenues	<u>631,278</u>

OPERATING EXPENSES

Administrative fees	15,554
Legal fees	5,000
Insurance expenses	1,475
Legal fees	4,500
Total operating expenses	<u>26,529</u>

Operating income	604,749
------------------	---------

NON-OPERATING EXPENSE

Note Interest Expense	<u>(400,231)</u>
Total Non-Operating Expenses	<u>(400,231)</u>

Change in net position	<u>204,518</u>
------------------------	----------------

Total net (deficit) position at beginning of year	<u>(476,087)</u>
Total net (deficit) position at end of year	<u>\$ (271,569)</u>

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Component Unit
South Peak Community Development Authority
Statement of Cash Flows
For the Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	\$ -
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	-
Net increase in cash and cash equivalents	-
Cash and cash equivalents at beginning of year	-
Cash and cash equivalents at end of year	\$ -

Reconciliation of operating income to net cash used in operating activities:

Operating income	\$ 604,749
Adjustments to reconcile operating income to net cash used in operating activities	
Change in assets and liabilities:	
Increase in accrued revenues	34,324
Accrued revenues used for debt service	(637,598)
Increase in prepaid expenses	(1,475)
Net cash used in operating activities	\$ -

See accompanying independent auditors' report.



STATISTICAL SECTION

Statistical Section (Unaudited)

This part of the County comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Contents

Financial Trends

Page

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time. 174

Revenue Capacity Information

These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes. 179

Debt Capacity Information

These schedules contain information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future. 183

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments. 186

Operating Information

These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs. 188

COUNTY OF ROANOKE, VIRGINIA
Net Position by Component
Last Ten Fiscal Years
(unaudited)
(accrual basis of accounting)

Table 1

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
			①				②			
Governmental activities										
Net investment										
in capital assets	\$ 90,616,318	\$ 94,294,227	\$ 108,276,652	\$ 111,249,469	\$ 117,285,621	\$ 130,671,059	\$ 127,038,171	\$ 125,321,272	\$ 124,727,913	\$ 120,640,542
Restricted	3,568,610	3,396,762	4,018,119	3,558,562	5,228,778	6,302,613	7,106,651	9,514,571	9,651,709	8,807,540
Unrestricted	(25,633,275)	(23,228,047)	(30,574,414)	(11,844,228)	(1,370,979)	(4,712,743)	36,965,323	35,148,307	34,348,766	32,380,363
Total governmental activities										
net position	<u>\$ 68,551,653</u>	<u>\$ 74,462,942</u>	<u>\$ 81,720,357</u>	<u>\$ 102,963,803</u>	<u>\$ 121,143,420</u>	<u>\$ 132,260,929</u>	<u>\$ 171,110,145</u>	<u>\$ 169,984,150</u>	<u>\$ 168,728,388</u>	<u>\$ 161,828,445</u>

① Fiscal year 2017 net position was restated in fiscal year 2018 due to the implementation of GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions."

② Fiscal year 2014 net position was restated in fiscal year 2015 due to the implementation of GASB Statement 68, "Accounting and Financial Reporting for Pensions" and GASB Statement 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date."

COUNTY OF ROANOKE, VIRGINIA
Changes in Net Position, Last Ten Fiscal Years
(unaudited)
(accrual basis of accounting)

Table 2

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities:										
Expenses										
General government	\$ 14,959,070	\$ 16,846,002	\$ 16,027,976	\$ 14,712,459	\$ 12,313,823	\$ 12,397,721	\$ 16,914,828	\$ 12,834,641	\$ 12,593,044	\$ 12,767,696
Judicial administration	3,287,260	3,330,368	3,009,591	3,044,106	2,956,266	2,749,238	2,700,700	2,679,794	2,684,829	2,677,709
Public safety	58,816,946	48,393,359	50,771,951	48,191,825	48,014,484	48,719,989	47,455,056	44,950,933	44,176,676	44,716,348
Public works	18,565,362	19,401,962	16,438,048	17,411,621	20,913,459	18,065,834	15,520,933	14,996,985	13,691,054	14,433,587
Library	6,030,245	5,894,548	5,871,360	6,803,503	5,296,128	4,757,017	5,211,675	3,779,294	3,976,041	4,207,795
Health and welfare	21,564,398	19,288,522	19,625,816	19,624,895	19,481,808	15,240,781	15,716,422	15,369,139	15,215,796	17,157,554
Parks, recreation, and culture	9,863,100	10,318,020	9,533,021	8,487,614	9,673,809	9,782,293	6,640,738	9,320,763	9,219,851	8,843,246
Community development	3,653,856	2,436,934	8,378,672	3,796,642	3,030,851	2,793,445	3,011,776	2,368,102	2,878,957	2,694,899
Education	81,396,425	88,884,391	80,977,546	83,509,170	85,645,780	77,890,528	75,386,420	74,001,766	69,625,724	69,593,033
Interest and other charges	7,925,589	8,497,775	8,314,005	8,594,638	6,325,692	7,787,622	7,243,036	8,189,147	8,592,219	8,956,954
Total governmental activities' expenses	226,062,251	223,291,881	218,947,986	214,176,473	213,652,100	200,184,468	195,801,584	188,490,564	182,654,191	186,048,821
Program Revenues										
Charges for services:										
General government	1,400,415	1,437,214	1,136,666	844,265	675,994	569,654	439,139	491,777	551,590	297,785
Judicial administration	813,853	987,506	957,315	884,334	1,058,476	1,110,870	1,131,167	1,374,270	1,429,817	1,492,024
Public safety	4,245,721	4,528,571	4,449,517	4,862,372	4,321,703	5,066,198	4,729,349	4,517,466	4,008,320	3,677,631
Public works	368,915	368,628	367,506	367,076	328,883	316,412	325,220	315,511	317,366	317,459
Library	268,317	356,175	366,911	383,560	53,919	59,325	74,108	61,909	-	-
Health and welfare	1,010,080	953,319	1,601,167	673,735	854,523	717,266	801,325	746,537	1,379,369	1,536,402
Parks, recreation, and culture	4,245,587	4,782,249	4,778,218	4,915,280	4,942,739	4,976,079	4,730,172	4,731,114	5,311,248	4,920,779
Community development	597,158	754,811	445,432	468,198	474,818	509,108	454,035	468,892	347,766	347,766
Operating grants and contributions	31,976,337	29,868,781	30,095,411	27,434,634	27,784,548	27,090,413	30,515,001	24,218,404	23,185,995	45,488,815
Total governmental activities' revenues	44,926,383	44,037,254	44,198,143	40,833,454	40,495,603	40,415,325	43,199,516	36,925,880	36,531,471	58,078,661
Net (Expense)/Revenue	(181,135,868)	(179,254,627)	(174,749,843)	(173,343,019)	(173,156,497)	(159,769,143)	(152,602,068)	(151,564,684)	(146,122,720)	(127,970,160)
General Revenues and Other Changes in Net Position										
Taxes										
Real estate and personal property	122,406,123	119,113,019	115,215,532	113,049,822	110,987,417	108,825,422	106,338,649	105,819,996	105,800,481	105,068,835
Local share of sales tax	12,151,618	11,011,106	10,273,373	10,708,955	10,060,910	9,900,197	9,869,029	9,410,322	9,351,254	8,782,444
Other local taxes	26,101,384	26,730,261	25,942,685	25,689,973	25,144,513	24,461,049	24,450,249	23,444,438	22,340,305	22,638,322
Non-categorical state aid	12,229,856	12,229,857	12,229,857	12,229,857	12,229,857	12,229,857	12,229,857	12,229,857	12,229,857	12,229,857
Gain on sale of capital assets	227,275	253,267	219,762	792,488	1,618,880	123,232	90,862	160,337	56,408	95,553
Capital contribution	-	-	-	-	-	-	-	-	-	(1,077,603)
Investment earnings	1,417,470	1,832,127	1,189,032	1,121,537	1,664,589	1,582,887	1,355,822	1,547,328	1,553,498	1,548,862
Miscellaneous	690,853	827,575	280,514	194,716	332,822	79,381	115,337	208,168	1,690,860	42,103
Total general revenues										
and other changes in net position	175,224,579	171,997,212	165,350,755	163,787,348	162,038,988	157,202,025	154,449,805	152,820,446	153,022,663	149,328,373
Change in Net Position	\$ (5,911,289)	\$ (7,257,415)	\$ (9,399,088)	\$ (9,555,671)	\$ (11,117,509)	\$ (2,567,118)	\$ 1,847,737	\$ 1,255,762	\$ 6,899,943	\$ 21,358,213

Table 3

COUNTY OF ROANOKE, VIRGINIA
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(unaudited)
(modified accrual basis of accounting)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund:										
Nonspendable	\$ 346,501	\$ 224,057	\$ 400,304	\$ 182,259	\$ 283,984	\$ 189,474	\$ 239,384	\$ 217,648	\$ 164,378	\$ 380,491
Restricted	2,787,514	2,581,342	3,205,947	2,773,044	4,521,364	5,907,985	6,961,640	9,514,571	9,651,709	8,807,540
Committed	8,705,280	7,299,040	6,583,134	7,976,704	8,818,598	10,876,727	12,243,948	10,646,747	10,687,402	3,929,813
Assigned	418,302	926,701	1,084,220	1,046,647	1,108,425	1,801,280	1,951,749	2,065,969	1,052,100	725,925
Unassigned	23,871,002	24,436,942	23,160,761	23,720,456	22,950,883	22,224,946	21,799,195	21,266,557	20,572,318	25,105,706
Total General Fund	<u>\$ 36,128,599</u>	<u>\$ 35,468,082</u>	<u>\$ 34,434,366</u>	<u>\$ 35,699,110</u>	<u>\$ 37,683,254</u>	<u>\$ 41,000,412</u>	<u>\$ 43,195,916</u>	<u>\$ 43,711,492</u>	<u>\$ 42,127,907</u>	<u>\$ 38,949,475</u>
All Other Governmental Funds:										
Nonspendable	\$ 31,255	\$ 181,422	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,000	\$ -	\$ -
Restricted	2,124,871	22,929,713	1,633,267	1,223,632	1,399,111	3,855,709	6,972,721	583,510	439,867	1,590,715
Committed	26,612,563	18,852,346	24,933,361	22,388,838	20,997,219	30,762,309	27,589,865	22,571,058	29,809,261	51,711,936
Total All Other Governmental Funds	<u>\$ 28,768,689</u>	<u>\$ 41,963,481</u>	<u>\$ 26,566,628</u>	<u>\$ 23,612,470</u>	<u>\$ 22,396,330</u>	<u>\$ 34,618,018</u>	<u>\$ 34,562,586</u>	<u>\$ 23,190,568</u>	<u>\$ 30,249,128</u>	<u>\$ 53,302,651</u>
Total fund balances - all governmental funds	<u>\$ 64,897,288</u>	<u>\$ 77,431,563</u>	<u>\$ 61,000,994</u>	<u>\$ 59,311,580</u>	<u>\$ 60,079,584</u>	<u>\$ 75,618,430</u>	<u>\$ 77,758,502</u>	<u>\$ 66,902,060</u>	<u>\$ 72,377,035</u>	<u>\$ 92,252,126</u>

COUNTY OF ROANOKE, VIRGINIA
Changes in Fund Balances
Governmental Funds
(unaudited)
Last Ten Fiscal Years

Table 4

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
REVENUES										
General property taxes	\$ 123,050,946	\$ 119,943,294	\$ 115,981,678	\$ 113,850,872	\$ 111,878,323	\$ 109,715,187	\$ 107,236,063	\$ 106,612,790	\$ 106,577,030	\$ 105,757,875
Other local taxes	37,692,790	37,204,213	35,815,717	35,978,018	34,806,191	34,248,528	33,777,424	32,867,664	31,953,379	31,965,165
Permits, fees, and licenses	837,800	1,005,537	722,265	710,051	796,474	743,224	713,047	706,560	670,373	642,732
Fines and forfeitures	364,007	512,634	478,764	452,348	497,757	549,582	567,686	803,636	793,542	888,995
Use of money and property	782,131	1,044,290	544,563	388,978	836,201	726,956	714,616	801,931	820,663	883,689
Charges for services	9,247,355	9,384,384	9,584,739	9,282,927	8,566,239	9,173,010	8,836,231	8,260,131	8,681,856	7,905,937
Intergovernmental revenue	43,420,108	42,062,047	42,103,481	39,900,415	40,121,358	39,375,596	42,167,620	36,630,966	34,969,934	56,345,534
Locality compensation payments	124,444	124,894	125,284	124,301	124,624	124,568	124,459	124,251	125,469	125,119
Miscellaneous	4,345,834	4,571,191	4,052,530	3,229,658	3,391,456	2,904,696	3,555,382	3,099,981	4,817,465	4,053,395
Total revenues	219,865,415	215,852,484	209,409,021	203,917,568	201,018,623	197,561,347	197,692,528	189,907,910	189,409,711	208,568,441
EXPENDITURES										
General government	14,631,086	15,644,724	14,401,607	13,564,460	12,405,928	12,680,566	11,377,635	11,951,092	11,312,307	11,208,849
Judicial administration	2,982,275	2,888,851	2,906,165	2,809,515	2,786,803	2,675,518	2,714,526	2,559,664	2,518,735	2,535,222
Public safety	49,882,643	46,470,016	47,266,283	44,876,375	43,753,458	44,001,157	44,006,263	43,147,408	40,967,084	42,170,041
Public works	14,991,285	15,188,632	14,104,319	14,622,163	16,639,108	16,526,594	14,058,502	13,420,416	12,802,861	13,078,780
Library	4,839,143	5,040,832	4,802,369	4,887,940	4,216,532	3,826,494	3,752,433	3,402,388	3,333,501	3,171,140
Health and welfare	20,500,549	19,114,976	18,913,665	18,244,195	18,623,203	17,272,394	15,352,905	14,979,463	14,615,516	16,614,818
Parks, recreation, and culture	7,654,122	7,767,986	7,492,934	7,484,888	8,070,880	8,151,576	8,161,222	7,564,437	7,704,845	7,351,415
Community development	2,381,491	2,667,160	4,691,220	2,373,565	2,146,072	2,142,359	2,033,821	2,091,085	2,288,881	2,554,430
Education	70,320,166	68,662,247	67,580,428	67,666,376	66,637,354	65,947,374	67,132,105	64,332,561	64,339,603	62,819,511
Debt service:										
Principal	13,086,287	12,151,043	12,161,384	11,906,869	13,104,653	11,389,614	10,593,023	13,129,978	12,534,407	12,269,095
Interest and other charges	8,165,298	6,983,180	7,574,249	7,736,239	7,891,500	8,090,015	8,168,073	8,952,723	9,050,745	9,563,362
Capital outlay	32,341,885	25,338,792	12,226,887	8,698,654	21,503,018	30,473,036	8,568,487	11,867,812	38,029,888	34,135,287
Total expenditures	241,776,230	227,918,439	214,121,510	204,871,239	217,778,509	223,176,697	195,918,995	197,399,027	219,498,373	217,471,950
(Deficiency) excess of revenues over/(under) expenditures	(21,910,815)	(12,065,955)	(4,712,489)	(953,671)	(16,759,886)	(25,615,350)	1,773,533	(7,491,117)	(30,088,662)	(8,903,509)

(continued)

COUNTY OF ROANOKE, VIRGINIA
Changes in Fund Balances
Governmental Funds
(unaudited)
Last Ten Fiscal Years

Table 4
(continued)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
OTHER FINANCING SOURCES (USES)										
Proceeds from lease purchase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,148,037
Issuance of bonds	9,025,000	27,875,000	6,440,000	-	44,175,000	17,835,000	32,898,586	-	9,080,000	-
Premium on bonds	1,245,358	2,201,943	857,521	-	2,331,690	2,204,864	1,888,404	-	954,878	-
Refunded escrow agent payment	-	-	-	-	(46,237,048)	-	(26,219,862)	-	-	-
Debt issuance costs	-	-	-	-	-	-	(227,809)	-	-	-
Proceeds from sale of land, machinery and equipment	227,275	253,267	219,762	792,488	1,618,880	123,232	90,862	160,337	56,408	95,553
Transfers in	21,268,022	20,665,441	23,080,070	22,345,552	24,408,165	21,161,659	24,684,884	22,493,225	19,620,902	19,166,458
Transfers out	(22,389,115)	(22,499,127)	(24,195,450)	(22,952,373)	(25,075,647)	(21,070,157)	(24,032,156)	(20,637,420)	(19,498,617)	(19,200,792)
Total other financing sources, net	9,376,540	28,496,524	6,401,903	185,667	1,221,040	20,254,598	9,082,909	2,016,142	10,213,571	1,209,256
Net change in fund balances	<u>\$ (12,534,275)</u>	<u>\$ 16,430,569</u>	<u>\$ 1,689,414</u>	<u>\$ (768,004)</u>	<u>\$ (15,538,846)</u>	<u>\$ (5,360,752)</u>	<u>\$ 10,856,442</u>	<u>\$ (5,474,975)</u>	<u>\$ (19,875,091)</u>	<u>\$ (7,694,253)</u>
Debt service as a percentage of noncapital expenditures	9.9%	9.6%	9.8%	10.2%	9.9%	11.7%	11.8%	11.7%	10.8%	10.9%

Table 5

COUNTY OF ROANOKE, VIRGINIA
Assessed Value and Estimated Actual Value of Taxable Property
(Unaudited)
Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Public Service Corporation	Total Taxable Assessed Value	Real Property Total Direct Tax Rate	Personal Property Tax Rate		Estimated Actual Taxable Value
						Tangible	Machinery & Tools	
2020	\$ 8,993,754,200	\$ 998,431,217	\$ 329,478,800	\$ 10,321,664,217	\$1.09	\$3.50	\$2.85	\$ 11,219,200,236
2019	8,719,015,700	991,949,413	305,072,700	10,016,037,813	1.09	3.50	2.85	10,886,997,623
2018	8,448,729,500	927,786,840	293,523,830	9,670,040,170	1.09	3.50	2.85	10,287,276,777
2017	8,254,177,800	916,529,122	275,690,440	9,446,397,362	1.09	3.50	2.90	10,157,416,518
2016	8,098,986,500	899,232,061	277,724,570	9,275,943,131	1.09	3.50	2.95	9,868,024,607
2015	7,972,937,500	889,550,760	267,613,790	9,130,102,050	1.09	3.50	3.00	9,712,874,521
2014	7,850,267,000	855,450,240	257,490,630	8,963,207,870	1.09	3.50	3.00	9,146,130,480
2013	7,798,171,500	835,361,990	247,863,410	8,881,396,900	1.09	3.50	3.00	9,062,649,898
2012	7,968,030,200	814,156,400	233,411,860	9,015,598,460	1.09	3.50	3.00	9,391,248,396
2011	8,053,281,600	782,346,945	223,646,000	9,059,274,545	1.09	3.50	3.00	9,847,037,549

Source: Roanoke County Real Estate Land Books

Note: Property in Roanoke County is assessed annually and is assessed at approximately 96% of actual value for fiscal year 2020 and at approximately 94.9% for fiscal years 2011-2019. Estimated actual taxable value is calculated by dividing taxable assessed value by those percentages. Tax rates are per \$100 of assessed value. Personal Property Tax Rates = \$3.50 for Personal Property; \$2.85 for Machinery and Tools. Real Estate Tax Rate = \$1.09

COUNTY OF ROANOKE, VIRGINIA
Direct and Overlapping Property Tax Rates
(Unaudited)
Last Ten Fiscal Years

Table 6

Fiscal Year	Direct Rates					Overlapping Rates		
	County of Roanoke					Town of Vinton		
	Real Property		Total	Personal Property		Real Property	Personal Property	
	First Half	Second Half		Tangible	Machinery & Tools		Tangible	Machinery & Tools
2020	0.545	0.545	\$1.09	\$3.50	\$2.85	\$0.07	\$1.00	\$1.00
2019	0.545	0.545	1.09	3.50	2.85	0.07	1.00	1.00
2018	0.545	0.545	1.09	3.50	2.85	0.07	1.00	1.00
2017	0.545	0.545	1.09	3.50	2.90	0.07	1.00	1.00
2016	0.545	0.545	1.09	3.50	2.95	0.07	1.00	1.00
2015	0.545	0.545	1.09	3.50	3.00	0.07	1.00	1.00
2014	0.545	0.545	1.09	3.50	3.00	0.03	1.00	1.00
2013	0.545	0.545	1.09	3.50	3.00	0.03	1.00	1.00
2012	0.545	0.545	1.09	3.50	3.00	0.03	1.00	1.00
2011	0.545	0.545	1.09	3.50	3.00	0.03	1.00	1.00

Source: Roanoke County Real Estate Land Books

Notes:

All tax rates per \$100 of assessed value.

The County's tax rates are determined each year by the Roanoke County Board of Supervisors.

Overlapping rates are those of the Town of Vinton, which is located in the County of Roanoke. Only those residents living in Vinton are subject to the Town of Vinton's tax, in addition to the County of Roanoke's tax.

COUNTY OF ROANOKE, VIRGINIA
Principal Property Tax Payers
(unaudited)
Fiscal Years 2020 and 2011

Table 7

Taxpayer	2020			2011		
	Taxable Assessed Value (Millions)	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value (Millions)	Rank	Percentage of Total County Taxable Assessed Value
Appalachian Power Company	\$ 191	1	1.85 %	\$ 112	1	1.24 %
Kroger Limited Partnership	42	2	0.41	40	3	0.44
Roanoke Owner 1 LLC (Formerly Pebble Creek, LLC)	37	3	0.36	15	10	0.17
Cellco Partnership dba Verizon Wireless	31	4	0.30	-	-	-
Roanoke Gas Company	31	5	0.30	17	8	0.19
Walmart Real Estate Business	28	6	0.27	29	5	0.32
Norfolk and Western Railway Company	23	7	0.23	-	-	-
Tanglewood Venture LLC (Formerly Roanoke Tanglewood LLC)	23	8	0.22	41	2	0.45
Mikeone EK Roanoke LLC	22	9	0.21	-	-	-
Verizon Virginia LLC	21	10	0.20	40	4	0.44
Integrity Windows, Inc.	-	-	-	19	6	0.21
First States Investors 3300 LLC	-	-	-	18	7	0.20
Lowes Home Centers Inc.	-	-	-	17	9	0.19
				-		
Total	\$ 449		4.35 %	\$ 348		3.85 %

Source: County Real Estate Assessment Department

COUNTY OF ROANOKE, VIRGINIA
Property Tax Levies and Collections
(Unaudited)
Last Ten Fiscal Years

Table 8

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy			Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy			Amount	Percentage of Levy
2020	\$ 136,412,657	\$ 129,752,896	95.12	%	\$ -	\$ 129,752,896	95.12 %
2019	131,070,799	126,869,715	96.79		3,972,548	130,842,263	99.83
2018	126,405,991	123,195,790	97.46		3,854,436	127,050,226	100.51
2017	123,991,274	120,899,417	97.51		4,173,641	125,073,058	100.87
2016	123,023,949	118,615,971	96.42		4,054,406	122,670,377	99.71
2015	120,224,376	116,398,283	96.82		3,055,977	119,454,260	99.36
2014	118,192,461	113,964,831	96.42		3,138,163	117,102,994	99.08
2013	118,489,124	113,917,134	96.14		3,784,758	117,701,892	99.34
2012	118,634,364	113,978,854	96.08		4,181,928	118,160,782	99.60
2011	118,335,928	113,612,208	96.01		3,988,037	117,600,245	99.38

Source: Roanoke County Commissioner of Revenue and Treasurer's Department

COUNTY OF ROANOKE, VIRGINIA
Ratios of Outstanding Debt by Type
(Unaudited)
Last Ten Fiscal Years

Table 9

Fiscal Year	Governmental Activities						Total Primary Government	Component Unit	Percentage of Assessed Value of Taxable Property ①	Percentage Of Personal Income ②	Per Capita Personal Income ②
	General Obligation Debt	Lease Revenue Bonds	VPSA School Bonds	State Literary Bonds	Capital Leases	Bond Premiums		School Board Capital Lease			
2020	\$ 948,122	\$ 81,000,000	\$ 83,061,766	\$ -	\$ -	\$ 11,716,653	\$ 176,726,541	\$ -	1.71 %	2.83 %	\$ 1,884
2019	1,866,987	75,035,000	91,947,188	-	-	11,356,388	180,205,563	-	1.80	2.88	1,924
2018	2,765,175	77,970,000	72,194,043	-	-	9,929,441	162,858,659	-	1.68	2.60	1,737
2017	3,640,935	74,535,000	80,301,667	-	-	9,832,624	168,310,226	-	1.78	2.82	1,792
2016	4,497,704	77,275,000	88,460,767	-	-	10,564,744	180,798,215	484,939	1.95	3.13	1,933
2015	5,332,236	74,886,582	97,117,015	1,825,775	741,516	9,256,934	189,160,058	937,225	2.08	3.30	2,032
2014	6,150,390	76,993,268	87,191,051	2,273,592	849,437	7,636,915	181,094,653	1,358,518	2.04	3.36	1,968
2013	6,440,000	71,048,816	95,104,061	2,721,409	952,889	6,223,963	182,491,138	1,750,401	2.07	3.57	1,976
2012	8,565,000	73,553,388	103,057,169	3,169,225	1,052,372	6,669,073	196,066,227	2,114,385	2.20	3.98	2,138
2011	10,615,000	75,952,287	101,503,194	3,617,042	1,148,037	6,112,426	198,947,986	2,488,325	2.22	4.21	2,177

① Assessed Property Value from Table 5 Assessed Value and Estimated Actual Value of Taxable Property.

② Population, per capita personal income and personal income from Table 12 Demographic Statistics.

COUNTY OF ROANOKE, VIRGINIA
Ratios of General Bonded Debt Outstanding
(Unaudited)
Last Ten Fiscal Years

Table 10

Fiscal Year	General Bonded Debt Outstanding - Governmental Activities ^①						Percentage of Actual Value of Taxable Property ^②	Per Capita Personal Income ^③
	General Obligation Debt	Lease Revenue Bonds	VPSA School Bonds	State Literary Bonds	Bond Premiums	Total		
2020	\$ 948,122	\$ 81,000,000	\$ 83,061,766	\$ -	\$ 11,716,653	\$ 176,726,541	1.71 %	\$ 1,884
2019	1,866,987	75,035,000	91,947,188	-	11,356,388	180,205,563	1.80	1,924
2018	2,765,175	77,970,000	72,194,043	-	9,929,441	162,858,659	1.68	1,737
2017	3,640,935	74,535,000	80,301,667	-	9,832,624	168,310,226	1.78	1,792
2016	4,497,704	77,275,000	88,460,767	-	10,564,744	180,798,215	1.95	1,928
2015	5,332,236	74,886,582	97,117,015	1,825,775	9,256,934	188,418,542	2.06	2,014
2014	6,150,390	76,993,268	87,191,051	2,273,592	7,636,915	180,245,216	2.01	1,944
2013	6,440,000	71,048,816	95,104,061	2,721,409	6,223,963	181,538,249	2.04	1,947
2012	8,565,000	73,553,388	103,057,169	3,169,225	6,669,073	195,013,855	2.16	2,104
2011	10,615,000	75,952,287	101,503,194	3,617,042	6,112,426	197,799,949	2.18	2,138

① Details regarding the County's outstanding debt can be found in the notes to the financial statements. All debt listed above is to be repaid with general government resources.

② Assessed Property Value from Table 5 Assessed Value and Estimated Actual Value of Taxable Property.

③ Population and per capita personal income from Table 12 Demographic Statistics.

COUNTY OF ROANOKE, VIRGINIA
Debt Policy Information
(Unaudited)
Last Ten Fiscal Years

Table 11

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General bonded debt outstanding ①										
General Obligation Bonds	\$ 948,122	\$ 1,866,987	\$ 2,765,175	\$ 3,640,935	\$ 4,497,704	\$ 5,332,236	\$ 6,150,390	\$ 6,440,000	\$ 8,565,000	\$ 10,615,000
Lease Revenue Bonds	81,000,000	75,035,000	77,970,000	74,535,000	77,275,000	74,886,582	76,993,268	71,048,816	73,553,388	75,952,287
VPSA School Bonds	83,061,766	91,947,188	72,194,043	80,301,667	88,460,767	97,117,015	87,191,051	95,104,061	103,057,169	101,503,194
State Literary Bonds	-	-	-	-	-	1,825,775	2,273,952	2,721,409	3,169,225	3,617,042
Bond Premiums	11,716,653	11,356,388	9,929,441	9,832,624	10,564,744	9,256,934	7,636,915	6,223,963	6,669,073	6,112,426
Total net debt applicable to debt limits	<u>\$176,726,541</u>	<u>\$180,205,563</u>	<u>\$ 162,858,659</u>	<u>\$168,310,226</u>	<u>\$180,798,215</u>	<u>\$188,418,542</u>	<u>\$180,245,576</u>	<u>\$181,538,249</u>	<u>\$195,013,855</u>	<u>\$197,799,949</u>
Ratio of net debt to assessed taxable property value ②										
Actual	1.71%	1.80%	1.68%	1.78%	1.95%	2.08%	2.04%	2.07%	2.20%	2.22%
Debt limit per policy	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Ratio of net debt per capita ③										
Actual	\$ 1,884	\$ 1,924	\$ 1,737	\$ 1,792	\$ 1,933	\$ 2,032	\$ 1,968	\$ 1,976	\$ 2,138	\$ 2,177
Debt limit per policy	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Ratio of net debt to general fund governmental expenditures ④										
Actual	6.76%	6.26%	6.57%	6.78%	7.57%	7.14%	7.20%	8.51%	8.29%	8.51%
Debt limit per policy	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%

① Details regarding the County's outstanding debt can be found in the notes to the financial statements.

② Assessed Property Value from Table 5 Assessed Value and Estimated Actual Value of Taxable Property.

③ Population and per capita personal income from Table 12 Demographic Statistics.

④ General governmental expenditures include the Governmental Fund expenditures, the School Board component unit expenditures, and County and School transfer to Capital Projects and Proprietary funds.

Note:

The County does not have any Constitutional or Statutory Debt Limits.

COUNTY OF ROANOKE, VIRGINIA
Demographic Statistics
Last Ten Fiscal Years
(Unaudited)

Table 12

Fiscal Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	School Enrollment	Unemployment Rate
	①	②	②	③	④
2020	93,805	\$ 6,254,966	\$ 52,248	13,576	6.80 %
2019	93,672	6,254,966	52,248	13,671	2.70
2018	93,735	6,254,966	52,248	13,779	3.10
2017	93,924	5,962,802	49,860	13,830	3.60
2016	93,775	5,785,780	48,384	13,982	3.50
2015	93,569	5,758,037	48,047	13,909	4.50
2014	92,703	5,435,865	45,577	13,929	5.20
2013	93,256	5,159,100	42,288	13,958	5.50
2012	92,687	4,984,547	42,288	14,081	5.60
2011	92,524	4,789,030	40,688	14,259	5.70

Sources:

- ① Weldon Cooper Center for Public Service, Demographics Research Group, www.coopercenter.org/demographics
- ② Personal Income & Per Capita Personal Income from the Bureau of Economic Analysis. Latest information available is for 2018. The figures for 2019 and 2020 have not been updated.
- ③ Roanoke County Public School's Administration Department
- ④ Virginia Employment Commission and the U.S. Bureau of Labor Statistics

COUNTY OF ROANOKE, VIRGINIA
Principal Employers
(unaudited)
Fiscal Years 2020 and 2011

Table 13

Employer	2020			2011		
	Rank	Ownership	Number of Employees	Rank	Ownership	Number of Employees
Roanoke County Schools	1	Local Govt.	2,000+	1	Local Govt.	1,000+
Wells Fargo Operations Center	2	Private	2,000+	2	Private	1,000+
County of Roanoke	3	Local Govt.	1,000+	3	Local Govt.	1,000+
Kroger	4	Private	500-999	-	-	-
Friendship Retirement Community	5	Private	500-999	6	Private	500-999
Richfield Recovery & Care Center	6	Private	500-999	7	Private	500-999
Elbit Systems Ltd.	7	Private	500-999	-	-	-
Allstate Insurance Company	8	Private	500-999	4	Private	1,000+
Integrity Windows & Doors	9	Private	250-499	-	-	-
Wal-mart	10	Private	250-499	-	-	-
ITT Industries	-	-	-	5	Private	1,000+
Friendship Manor, Inc.	-	-	-	8	Private	500-999
Berkshire Health Care Center	-	-	-	9	Private	250-499
Medeco High Security Locks	-	-	-	10	Private	250-499

Source: Roanoke County Economic Development Department

COUNTY OF ROANOKE, VIRGINIA
Full-time Equivalent County Government Employees by Function/Program
(unaudited)
Last Ten Fiscal Years

Table 14

Function/Program	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General government										
Legislative	6	6.5	6.5	6	7	7	7	7	7	7
General and financial administration	71	70.5	70.5	72	69	70	69	71	72	72
Other	63	63	62	61	61	61	57	53	53	54
Judicial administration										
Courts	16	16	16	16	16	16	16	16	16	16
Commonwealth attorney	14	14	14	14	14	14	14	14	14	14
Public safety										
Sheriff	87	87	87	86	86	85	84	84	84	84
Police	156	156	156	156	154	154	154	154	153	153
Emergency Communication Center	42	42	42	42	42	42	44	44	43	43
Fire & rescue	188	177	168	164	164	159	153	153	153	153
Public works										
General services administration	3	3	3	3	3	3	3	3	3	3
Refuse disposal	34	34	34	34	34	34	34	34	35	34
Maintenance of general buildings and grounds	19	19	19	19	18	18	21	21	21	21
Garage	12	12	12	12	11	11	11	11	11	12
Engineering and inspections	31	32	33	33	32	32	32	32	34	36
Library	43	43	43	43	42	39	41	40	40	38
Health and welfare	113	107	103	103	101	99	98	98	95	95
Parks, recreation, and culture	74	75	69	69	69	69	69	67	68	66
Community development	21	19	19	19	19	19	19	23	23	24
Total	<u>993</u>	<u>976</u>	<u>957</u>	<u>952</u>	<u>942</u>	<u>932</u>	<u>926</u>	<u>925</u>	<u>925</u>	<u>925</u>

Source: Roanoke County Budget Division

COUNTY OF ROANOKE, VIRGINIA
Operating Indicators by Function/Program
(Unaudited)
Last Ten Fiscal Years

Table 15

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Function/Program										
General government										
Number of sales	1,443	1,388	1,183	1,114	1,029	938	953	748	636	800
Median assessment/sales ratio	94.10%	94.10%	91.86%	92.23%	92.73%	92.87%	94.00%	98.00%	98.00%	95.00%
Coefficient of dispersion	5.67%	5.64%	7.20%	6.82%	6.62%	6.44%	7.18%	7.37%	6.23%	6.76%
Judicial administration										
Circuit Court civil cases concluded*	2,710	2,943	2,286	722	836	883	998	1,121	973	939
General District Court concluded	25,846	25,233	21,032	22,025	23,045	24,118	26,029	27,238	27,984	33,138
Juvenile and Domestic cases concluded	5,390	4,400	4,533	4,902	5,313	5,038	4,940	5,487	5,706	5,389
Public safety										
Physical arrests	4,376	4,736	3,818	3,710	3,633	3,403	3,611	4,676	3,948	4,224
Calls for service police	83,363	81,500	74,200	76,100	79,600	79,200	75,500	71,600	69,500	75,300
Calls for service fire	15,047	15,923	16,060	15,502	15,177	14,770	13,857	14,164	14,014	13,293
Fire inspections	1,432	1,516	1,137	1,194	1,109	1,218	1,158	1,293	1,245	984
Public works										
New business licenses	446	572	834	465	475	690	785	741	643	762
New prospect inquires Econ Dev	45	43	44	77	56	54	40	40	40	28
Waste tonnage to RVRA	42,524	41,503	39,268	37,970	39,070	40,070	40,003	42,922	40,046	40,570
Library										
Patrons registered	70,411	90,082	90,917	84,374	75,067	76,847	70,670	65,069	59,185	76,581
Total circulation	740,205	968,246	1,088,190	1,250,670	1,349,997	1,352,031	1,330,625	1,298,834	1,315,015	1,235,094
Health and welfare										
Individuals enrolled in Medicaid	17,560	15,231	14,783	14,699	14,167	12,795	11,158	12,453	9,881	8,676
Households receiving Supplemental Nutrition Assistance	2,957	2,892	3,113	3,199	3,503	3,736	4,087	4,001	3,800	3,404
Number of children in foster care	107	105	89	92	98	165	144	132	120	109
Community development										
Building permits issued	1,002	1,138	1,111	1,075	1,011	1,110	1,097	1,067	1,025	1,089

*Starting with 2018 report, the Virginia Court system reclassified many Miscellaneous cases as Civil cases.

Source: Various County departments

County of Roanoke
Capital Asset Statistics by Function/Program
(unaudited)
Last Ten Fiscal Years

Table 16

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Function/Program										
General Government										
Administration Buildings	8	8	8	8	8	9	9	9	9	7
Judicial Administration										
Courthouses	1	1	1	1	1	1	1	1	1	1
Public Safety										
Fire Stations	12	12	12	12	12	12	12	12	12	12
Rescue Stations	13	13	11	11	11	11	11	11	11	11
Fire Units	27	28	28	28	28	27	28	27	27	27
Ambulances	21	21	20	24	24	24	24	24	23	24
Jails	1	1	1	1	1	1	1	1	1	1
Law Enforcement Vehicles	159	158	156	153	145	145	143	137	143	141
Public Works										
Refuse Collection Trucks	23	26	28	26	25	24	23	23	23	20
Libraries	6	6	6	6	6	6	6	6	6	6
Parks, Recreation, and Tourism										
Parks	36	31	31	31	30	30	30	29	29	28
Park Acreage	2,346	2,090	2,090	2,090	2,160	2,160	2,160	1,092	1,092	1,075
Recreation Centers	2	3	3	3	3	3	3	3	3	3
Park District Maintenance Centers	3	3	3	3	3	3	3	3	3	3
Education										
Elementary Schools	16	16	16	16	16	16	16	16	16	16
Middle/Junior High Schools	5	5	5	5	5	5	5	5	5	5
High Schools	5	5	5	5	5	5	5	5	5	5
Vocational-Technical Schools	1	1	1	1	1	1	1	1	1	1

Source: Various County departments



COMPLIANCE SECTION

COUNTY OF ROANOKE, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2020

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
Department of Agriculture							
Passed Through the Commonwealth of Virginia:							
<u>Department of Agriculture and Consumer Services</u>							
Non-Cash Assistance: National School Lunch Program - Commodities	10.555 ¹	Child Nutrition Cluster		\$ 377,919			
<u>Department of Education</u>							
School Breakfast Program	10.553	Child Nutrition Cluster		479,646			
National School Lunch Program	10.555 ¹	Child Nutrition Cluster		1,513,893			
Summer Food Service Program for Children	10.559	Child Nutrition Cluster		703,357			
State Administrative Expense for Child Nutrition	10.560	Child Nutrition Cluster		470			
<u>Department of Social Services</u>							
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	SNAP Cluster		1,148,542			
<u>Forest Service</u>							
Schools and Roads - Grants to States	10.665			2,635			
Total for Child Nutrition Cluster (10.553, 10.555, 10.559, 10.560)					\$ 3,075,285		
Total for SNAP Cluster (10.561)					1,148,542		
Total for Forest Service Schools and Roads Cluster (10.665)					2,635		
¹ - Total for National School Lunch Program (10.555)						\$ 1,891,812	
Department of Justice							
Direct Awards:							
Coronavirus Emergency Supplemental Funding Program	16.034		2020-VD-BX-0280	30,467			
Bulletproof Vest Partnership Program	16.607			6,848			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		2017-DJ-BX-0728	2,778		2,778	
Edward Byrne Memorial Competitive Grant Program	16.751		2015-WY-BX-0007	56,088			\$ 32,813
STOP School Violence	16.839			46,434			
Equitable Sharing Program	16.922			73,639			
Passed Through the Commonwealth of Virginia:							
<u>Department of Criminal Justice Services</u>							
Crime Victim Assistance	16.575		20-Y8561VW18	121,504			
Department of Transportation							
Passed Through the Commonwealth of Virginia:							
<u>Department of Conservation and Recreation</u>							
Recreational Trails Program	20.219		VRT-318-N-170	52,946			

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual program may be found at the end of each federal grantor section.

COUNTY OF ROANOKE, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2020

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
<u>Department of Motor Vehicles</u>							
State and Community Highway Safety	20.600	Highway Safety Cluster	FSC-2019-59095-9095 FOP-2019-59094-9094 FSC-2020-50320-20320 FOP-2020-50147-20147	45,352			
Alcohol Open Container Requirements	20.607		154AL-2020-50324-20324 154AL-2019-59194-9194 154AL-2020-50418-20418	127,838			
National Priority Safety Programs	20.616	Highway Safety Cluster	M6OT-2019-59168-9168 M6OT-2019-59195-9195	29,514			
<u>Department of Transportation</u>							
Highway Planning and Construction	20.205	Highway Planing and Construction Cluster	UPC 91191 UPC 97171 UPC 110155 UPC 111356 UPC 111366	243,677			
Total for Highway Safety Cluster (20.600, 20.616)					74,866		
Total for Highway Planning and Construction Cluster (20.205)					243,677		
United States Department of the Treasury							
Direct Awards:							
Coronavirus Relief Fund (CARES)	21.019			900,801			16,245
Environmental Protection Agency							
Direct Awards:							
2019 Diesel Emission Reduction Act School Bus Rebates	66.040			200,000			
Department of Education							
Passed Through the Commonwealth of Virginia:							
<u>Department of Education</u>							
Title I Grants to Local Educational Agencies	84.010		S010A170046 S010A180046 S010A190046	1,205,991			
Special Education - Grants to States	84.027	Special Education Cluster	H027A170107 H027A180107 H027A190107	2,967,338			
Career and Techincal Education - Basic Grants to States	84.048		V048A190046	138,143			
Special Education - Preschool Grants	84.173	Special Education Cluster	H173A180112 H173A170112 H173A190112	135,914			

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual program may be found at the end of each federal grantor section.

COUNTY OF ROANOKE, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2020

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
English Language Acquisition State Grants	84.365		S365A170046	24,872			
			S365A180046				
			S365A190046				
			S365A190046				
Supporting Effective Instruction State Grants	84.367		S367A170044	140,077			
			S367A180044				
			S367A190044				
Preschool Development Grants - Expansion	84.419		S419B150010	86,427			
Student Support and Academic Enrichment Program	84.424		S424A170048	50,943			
			S424A180048				
			S424A190048				
Total for Special Education Cluster (IDEA) (84.027, 84.173)					3,103,252		
Department of Health and Human Services							
Direct Awards:							
Provider Relief Fund	93.498			137,305			
Passed Through The United Way:							
Federal Preschool Development Grant Birth-5	93.434			9,033			
Passed Through the Commonwealth of Virginia:							
<u>Department of Social Services</u>							
Promoting Safe and Stable Families	93.556			73,934			
Temporary Assitance for Needy Families	93.558	TANF Cluster		502,914			
Refugee and Entrant Assistance_State Administered Programs	93.566			693			
Low-Income Home Energy Assitance	93.568			85,476			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CCDF Cluster		93,518			
Chafee Education and Training Vouchers Program	93.599			7,816			
Adoption and Legal Guardianship Incentive Payments	93.603			1,145			
Stephanie Tubbs Jones Child Welfare Services Program	93.645			771			
Foster Care_Title IV-E	93.658			1,018,824			
Adoption Assistance	93.659			1,245,671			
Social Services Block Grant	93.667			501,254			
Chafee Foster Care Independence Program	93.674			9,244			
Children's Health Insurance Program	93.767			17,800			
Medical Assistance Program	93.778	Medicaid Cluster		1,724,743			
Total for CCDF Cluster (93.596)					93,518		
Total for Medicaid Cluster (93.778)					1,724,743		
Total for TANF Cluster (93.558)					502,914		

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual program may be found at the end of each federal grantor section.

COUNTY OF ROANOKE, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2020

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
Executive Office of the President							
Passed Through Washington/Baltimore HIDTA: High Intensity Drug Trafficking Areas Program	95.001		I-2019ROANOKE I-2020ROANOKE	53,179			
Department of Homeland Security							
Direct Awards:							
Disaster Grants - Public Assistance	97.036			8,917			
Staffing for Adequate Fire and Emergency Response	97.083			280,751			
Passed Through the Commonwealth of Virginia: <u>Department of Emergency Management</u>							
Emergency Management Performance Grant Program	97.042		7864 8214	25,633			
				\$ 16,712,674			\$ 49,058

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual program may be found at the end of each federal grantor section.



COUNTY OF ROANOKE, VIRGINIA
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

1) *Basis of Accounting*

Federal Programs are accounted for on the modified accrual basis of accounting.

2) *Reporting Entity*

The Schedule of Expenditures of Federal Awards includes all Federal grants awarded to the County of Roanoke, Virginia (County). The reporting entity is defined in Note 1 of the County's basic financial statements.

3) *In-Kind Contributions*

The County received commodities at the fair market value of \$377,919 from the U.S. Department of Agriculture during fiscal year 2020. These in-kind contributions are included in the basic financial statements.

4) *Indirect Costs*

For fiscal year 2020, the County adopted the Department of Education methodology for calculating the Local Educational Agency indirect costs. The restricted rate is used each year to calculate indirect costs for Federal Programs. The 10% de minimus rate was not utilized.

**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 Board of Supervisors
County of Roanoke, Virginia
Roanoke, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Roanoke, Virginia (the "County"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 16, 2020. Our report includes a reference to other auditors who audit the financial statements of the South Peak Community Development Authority, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. **The results of our tests disclosed no instances of noncompliance 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 County'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 16, 2020

COUNTY OF ROANOKE, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
June 30, 2020

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 County's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia

Budget and Appropriation Laws
Cash and Investment Laws
Conflicts of Interest Act
Local Retirement Systems
Debt Provisions
Procurement Laws
Children's Services Act
Uniform Disposition of Unclaimed Property Act
Sheriff Internal Controls
Fire Programs Aid to Localities

State Agency Requirements

Education
Social Services



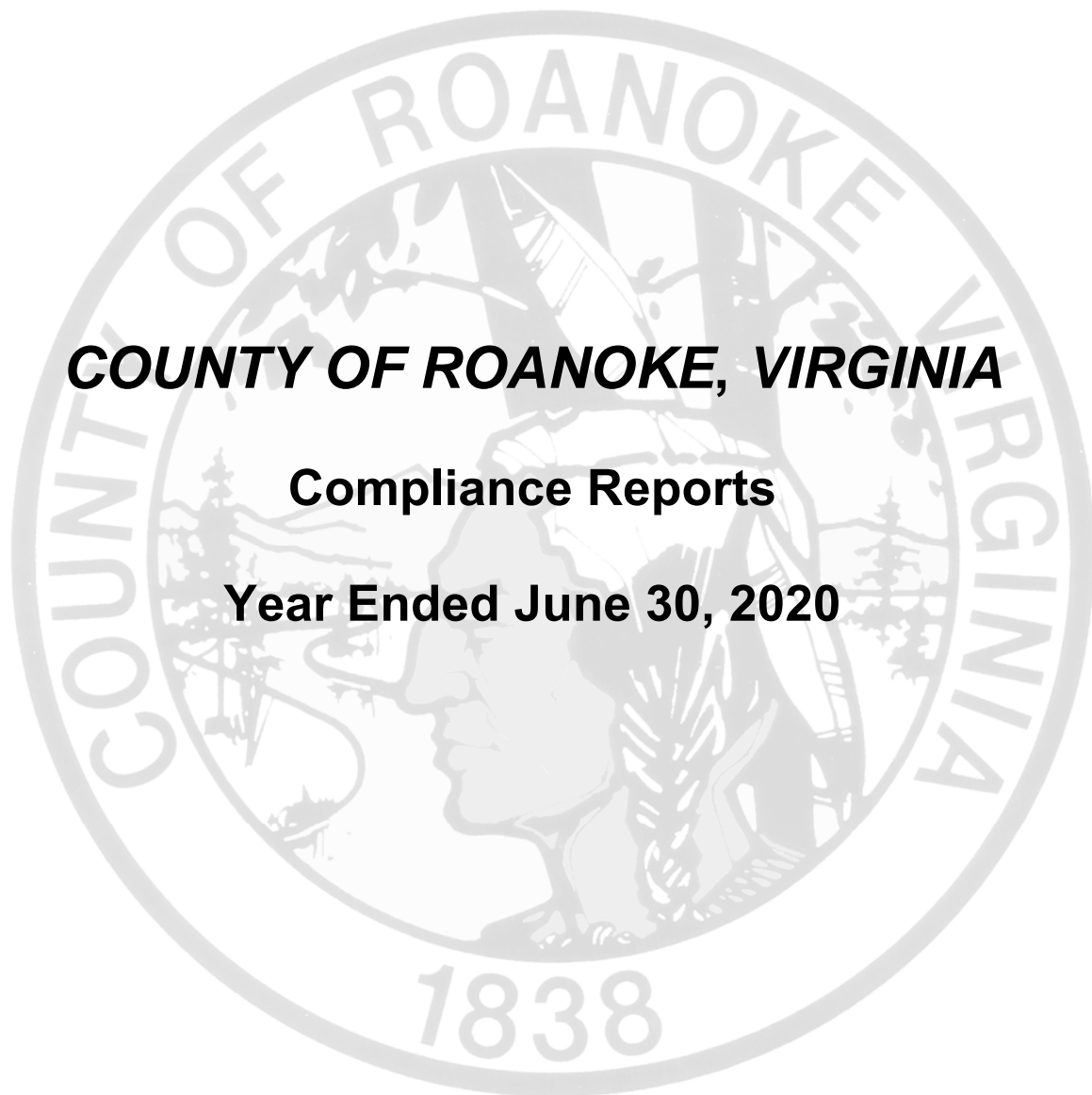


County of Roanoke, Virginia

Compliance Reports and Reports of Independent Auditor



Year Ended June 30, 2020



COUNTY OF ROANOKE, VIRGINIA

Compliance Reports

Year Ended June 30, 2020

Prepared by the

Department of Finance and Management Services
5204 Bernard Drive
P.O. Box 29800
Roanoke, VA 24018-0798

540-772-2020

www.roanokecountyva.gov

COUNTY OF ROANOKE, VIRGINIA
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June 30, 2020

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COMPLIANCE REPORTS

**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 Board of Supervisors
County of Roanoke, Virginia
Roanoke, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Roanoke, Virginia (the "County"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 16, 2020. Our report includes a reference to other auditors who audit the financial statements of the South Peak Community Development Authority, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. **The results of our tests disclosed no instances of noncompliance 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 County'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
January 22, 2021

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

To the Honorable Members of the Board of Supervisors
County of Roanoke, Virginia
Roanoke, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Roanoke, Virginia's (the "County's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the County's major federal programs for the year ended June 30, 2020. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, 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 County'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 County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the County 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 County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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.**

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated November 16, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

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
January 22, 2021

COUNTY OF ROANOKE, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
June 30, 2020

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 County's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia

Budget and Appropriation Laws
Cash and Investment Laws
Conflicts of Interest Act
Local Retirement Systems
Debt Provisions
Procurement Laws
Children's Services Act
Uniform Disposition of Unclaimed Property Act
Sheriff Internal Controls
Fire Programs Aid to Localities

State Agency Requirements

Education
Social Services

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

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



SCHEDULES

COUNTY OF ROANOKE, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2020

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
Department of Agriculture							
Passed Through the Commonwealth of Virginia:							
<u>Department of Agriculture and Consumer Services</u>							
Non-Cash Assistance: National School Lunch Program - Commodities	10.555 ¹	Child Nutrition Cluster		\$ 377,919			
<u>Department of Education</u>							
School Breakfast Program	10.553	Child Nutrition Cluster		448,497			
COVID-19 School Breakfast Program	10.553	Child Nutrition Cluster		31,149			
National School Lunch Program	10.555 ¹	Child Nutrition Cluster		1,418,396			
COVID-19 National School Lunch Program	10.555 ¹	Child Nutrition Cluster		95,497			
Summer Food Service Program for Children	10.559	Child Nutrition Cluster		703,357			
State Administrative Expense for Child Nutrition	10.560	Child Nutrition Cluster		470			
<u>Department of Social Services</u>							
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	SNAP Cluster		1,148,542			
<u>Forest Service</u>							
Schools and Roads - Grants to States	10.665			2,635			
Total for Child Nutrition Cluster (10.553, 10.555, 10.559, 10.560)					\$ 3,075,285		
Total for SNAP Cluster (10.561)					1,148,542		
Total for Forest Service Schools and Roads Cluster (10.665)					2,635		
¹ - Total for National School Lunch Program (10.555)						\$ 1,891,812	
Department of Justice							
Direct Awards:							
Coronavirus Emergency Supplemental Funding Program	16.034		2020-VD-BX-0280	30,467			
Bulletproof Vest Partnership Program	16.607			6,848			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		2017-DJ-BX-0728	2,778		2,778	
Edward Byrne Memorial Competitive Grant Program	16.751		2015-WY-BX-0007	56,088			\$ 32,813
STOP School Violence	16.839			46,434			
Equitable Sharing Program	16.922			73,639			
Passed Through the Commonwealth of Virginia:							
<u>Department of Criminal Justice Services</u>							
Crime Victim Assistance	16.575		20-Y8561VW18	121,504			
Department of Transportation							
Passed Through the Commonwealth of Virginia:							
<u>Department of Conservation and Recreation</u>							
Recreational Trails Program	20.219		VRT-318-N-170	52,946			

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual program may be found at the end of each federal grantor section.

COUNTY OF ROANOKE, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2020

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
<u>Department of Motor Vehicles</u>							
State and Community Highway Safety	20.600	Highway Safety Cluster	FSC-2019-59095-9095 FOP-2019-59094-9094 FSC-2020-50320-20320 FOP-2020-50147-20147	45,352			
Alcohol Open Container Requirements	20.607		154AL-2020-50324-20324 154AL-2019-59194-9194 154AL-2020-50418-20418	127,838			
National Priority Safety Programs	20.616	Highway Safety Cluster	M6OT-2019-59168-9168 M6OT-2019-59195-9195	29,514			
<u>Department of Transportation</u>							
Highway Planning and Construction	20.205	Highway Planing and Construction Cluster	UPC 91191 UPC 97171 UPC 110155 UPC 111356 UPC 111366	243,677			
Total for Highway Safety Cluster (20.600, 20.616)					74,866		
Total for Highway Planning and Construction Cluster (20.205)					243,677		
United States Department of the Treasury							
Direct Awards:							
Coronavirus Relief Fund (CARES)	21.019			900,801			16,245
Environmental Protection Agency							
Direct Awards:							
2019 Diesel Emission Reduction Act School Bus Rebates	66.040			200,000			
Department of Education							
Passed Through the Commonwealth of Virginia:							
<u>Department of Education</u>							
Title I Grants to Local Educational Agencies	84.010		S010A170046 S010A180046 S010A190046	1,205,991			
Special Education - Grants to States	84.027	Special Education Cluster	H027A170107 H027A180107 H027A190107	2,967,338			
Career and Techincal Education - Basic Grants to States	84.048		V048A190046	138,143			
Special Education - Preschool Grants	84.173	Special Education Cluster	H173A180112 H173A170112 H173A190112	135,914			

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual program may be found at the end of each federal grantor section.

COUNTY OF ROANOKE, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2020

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
English Language Acquisition State Grants	84.365		S365A170046 S365A180046 S365A190046 S365A190046	24,872			
Supporting Effective Instruction State Grants	84.367		S367A170044 S367A180044 S367A190044	140,077			
Preschool Development Grants - Expansion	84.419		S419B150010	86,427			
Student Support and Academic Enrichment Program	84.424		S424A170048 S424A180048 S424A190048	50,943			
Total for Special Education Cluster (IDEA) (84.027, 84.173)					3,103,252		
Department of Health and Human Services							
Passed Through The United Way:							
Federal Preschool Development Grant Birth-5	93.434			9,033			
Passed Through the Commonwealth of Virginia:							
<u>Department of Social Services</u>							
Promoting Safe and Stable Families	93.556			73,934			
Temporary Assistance for Needy Families	93.558	TANF Cluster		502,914			
Refugee and Entrant Assistance_State Administered Programs	93.566			693			
Low-Income Home Energy Assistance	93.568			85,476			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CCDF Cluster		93,518			
Chafee Education and Training Vouchers Program	93.599			7,816			
Adoption and Legal Guardianship Incentive Payments	93.603			1,145			
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Adoption Assistance	93.659			1,245,671			
Social Services Block Grant	93.667			501,254			
Chafee Foster Care Independence Program	93.674			9,244			
Children's Health Insurance Program	93.767			17,800			
Medical Assistance Program	93.778	Medicaid Cluster		1,724,743			
Total for CCDF Cluster (93.596)					93,518		
Total for Medicaid Cluster (93.778)					1,724,743		
Total for TANF Cluster (93.558)					502,914		

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual program may be found at the end of each federal grantor section.

COUNTY OF ROANOKE, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2020

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
Executive Office of the President							
Passed Through Washington/Baltimore HIDTA: High Intensity Drug Trafficking Areas Program	95.001		I-2019ROANOKE I-2020ROANOKE	53,179			
Department of Homeland Security							
Direct Awards:							
Disaster Grants - Public Assistance	97.036			8,917			
Staffing for Adequate Fire and Emergency Response	97.083			280,751			
Passed Through the Commonwealth of Virginia: <u>Department of Emergency Management</u> Emergency Management Performance Grant Program	97.042		7864 8214	25,633			
				\$ 16,575,369			\$ 49,058

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual program may be found at the end of each federal grantor section.

COUNTY OF ROANOKE, VIRGINIA
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

1) *Basis of Accounting*

Federal Programs are accounted for on the modified accrual basis of accounting.

2) *Reporting Entity*

The Schedule of Expenditures of Federal Awards includes all Federal grants awarded to the County of Roanoke, Virginia (County). The reporting entity is defined in Note 1 of the County's basic financial statements.

3) *In-Kind Contributions*

The County received commodities at the fair market value of \$377,919 from the U.S. Department of Agriculture during fiscal year 2020. These in-kind contributions are included in the basic financial statements.

4) *Indirect Costs*

For fiscal year 2020, the County adopted the Department of Education methodology for calculating the Local Educational Agency indirect costs. The restricted rate is used each year to calculate indirect costs for Federal Programs. The 10% de minimus rate was not utilized.

COUNTY OF ROANOKE, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2020

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 was reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion** on all programs.
6. The audit disclosed **no audit findings** relating to the major programs.
7. The programs tested as major were:

<u>Name of Program</u>	<u>CFDA #</u>
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561
Coronavirus Relief Fund (CARES)	21.019
Title I Grants to Local Educational Agencies	84.010
Adoption Assistance	93.659
Medical Assistance Program	93.778

8. The **threshold** for distinguishing Type A and B programs was **\$750,000**.
9. The County of Roanoke is 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.

