



Comprehensive Annual Financial Report



City of Roanoke, Virginia Fiscal Year Ended June 30, 2020



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COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year July 1, 2019 to June 30, 2020



DEPARTMENT OF FINANCE
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INTRODUCTORY SECTION

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CITY OF ROANOKE
OFFICE OF THE CITY MANAGER

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February 26, 2021

The Honorable Mayor, Members of the City Council and Citizens of Roanoke, Virginia:

We are pleased to present the City of Roanoke, Virginia (the City) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020 in accordance with Section 25.1(f) of the Roanoke City Charter. The Charter requires the City to issue an annual report on its financial position and activity and that the financial statements included in the report be audited by an independent firm of certified public accountants. This report was prepared by the Department of Finance in conformity with generally accepted accounting principles in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB) and the financial statements included in the report were audited by Brown Edwards & Company.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. The data as presented is accurate in all material respects and is reported in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of the various funds and component units. Management of the City believes that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included. Management of the City is also responsible for establishing and maintaining an internal control framework to protect the City's assets from loss, provide objective assurance and consulting activity designed to add and improve the organizations operations.

The City engaged Brown Edwards & Company, licensed certified public accountants and advisors, to independently audit the City's financial statements. The goal of the audit is to provide reasonable assurance that the financial statements found herein are free from material misstatement. Tests of the City's internal control structure and of its compliance with applicable laws and regulations were conducted. However, even the most robust comprehensive framework of internal controls faces inherent limitations. Examples of such limitations include: 1) the cost of an internal control should not exceed the benefit received. Management must analyze the risk against the cost of preventing such risk, 2) control related policies and procedures that are established by management are also subject to being overridden by management, 3) collusion poses a limitation on internal controls when an employee, whose function is to check the work of another employee, chooses instead to work with the other employee(s) to circumvent a control. Because of the inherent limitations on internal controls, the objective is to provide a reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The auditor's review regarding the City's internal control structure and concomitant compliance is included in this report.

The CAFR is presented in the following three sections:

- (1) Introductory Section – This section is unaudited and includes this letter of transmittal, the City's Government Finance Officers Association of the United States and Canada (GFOA) *Certificate of Achievement for Excellence in Financial Reporting*, a list of the City's principal officials and an organizational chart.
- (2) Financial Section – This section includes the independent auditors' report on the basic financial statements, Management's Discussion and Analysis (MD&A), which is unaudited supplementary information required by GASB, basic financial statements, notes to the basic financial statements, other unaudited required supplementary information, and combining fund financial statements.

- (3) Statistical Section – This section is unaudited and includes selected financial and demographic information, generally presented on a multi-year comparative basis.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of the Government

Roanoke, the largest city in the Commonwealth of Virginia (Commonwealth) west of Richmond, is located in Virginia's Blue Ridge Region, approximately 170 miles west of Richmond and 235 miles southwest of Washington, DC. Its position in the southeastern United States gives the City ready access, within a day's drive, to nearly one-half of the total population of the United States. In addition, the City lies at the region's crossroads of major rail and highway systems, making it the principal trade, industrial, transportation, medical and cultural center of western Virginia.

Chartered by the Commonwealth of Virginia as a city in 1884, Roanoke encompasses a land area of forty-three square miles and operates under a council-manager form of government. The City's 2020 estimated population is 99,348 and accounts for 31.8% of the population in its Metropolitan Statistical Area (MSA), which includes the neighboring City of Salem, Town of Vinton, and the Counties of Roanoke, Botetourt, Craig, and Franklin.

The primary government provides a full range of services including general government administration, public safety, public works, recreational activities, judicial administration, health and welfare activities, and community development activities. The City also owns and operates a civic center and several parking facilities including both garages and surface lots.

Annually, the City adopts a budget which provides the basis for financial planning and control, the purpose of which is to ensure compliance with the legal provisions established by the City Council approved, appropriated budget. The budget process begins with a strategic planning session with City Council in the fall of each year. Based on the planning session strategy, the City develops its annual budget using Budgeting for Outcomes, a process that supports established priorities whereby departments submit requests for appropriations in support of these priorities. The review and recommendation of funding for inclusion in the annual budget is the responsibility of the Budget Committee. The Budget Committee, which includes the City Manager, considers funding recommendations and ultimately balances the budget. The City Manager then presents the balanced budget as a recommendation to City Council in April for review and deliberation. It is the recommended budget that is presented at the public hearing. Pursuant to the public hearing, the Budget Committee incorporates Council and Public comments and requests as appropriate for further deliberation in May. Changes and amendments are incorporated into the final budget ordinance for adoption no later than May 15th of each year.

The financial reporting entity reflected in the CAFR is based on the fundamental concept that publicly elected officials are accountable to their constituents.

The City's reporting entity includes two discretely presented component units. A component unit is a legally separate entity for which the City is accountable. The City's discretely presented component units are presented in separate columns in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from that of the primary government.

- The Greater Roanoke Transit Company (Transit Company) is responsible for managing Roanoke's mass transit system. It is overseen by a seven-member board appointed by City Council. The Board is comprised of two City Council members, two City employees, City of Salem representative, a Town of Vinton representative, and one representative of the physically challenged community. The Transit Company is wholly owned by the City of Roanoke, and it receives significant financial support from the City.
- The School Board of the City of Roanoke (School Board) is comprised of seven members, appointed by City Council, to oversee operation of the City's school system. The school system receives significant financial support from the City.

Economic Condition and Outlook

Local Economy

As has been the case with many communities across the Commonwealth of Virginia, the COVID-19 Pandemic took a toll on the Roanoke Region during this fiscal year. The Roanoke Regional Partnership estimated that the region has lost approximately 14,000 jobs following the initial government shutdown in March 2020. In addition, unemployment increased in the region from 3.4 percent in March to approximately 10.5 percent in April. While these losses were historically significant, they were well below estimations provided by the Virginia Economic Development Partnership, which had projected losses of 20,000 or more regionally.

The City of Roanoke entered into Phase Two of COVID-19 recovery in early June, paving the way for the reopening of restaurants, farmer's markets and non-essential brick and mortar businesses, with adherence to specific safety protocols. The region soon after began the recovery process in several additional sectors, including leisure/hospitality, retail trade, and manufacturing.

Economic Development

Despite the recent tumult caused by the COVID-19 pandemic, the City continues to be the center of a strong regional business environment, with a creative, diverse and growing economy. The City stimulates and supports economic development for the purpose of attracting new businesses and encouraging the retention and expansion of existing businesses. The City's Economic Development Department (Department) continues to focus on its core initiatives, such as: business retention/expansion/attraction; asset development/redevelopment; asset promotion/marketing/awareness; and building strong relationships with partners across the Roanoke region and the Commonwealth.

The Department regularly updates its marketing materials to better publicize and create awareness of Roanoke's assets and amenities. The BizRoanoke.com website includes the latest information on sites and properties available for development and the latest edition of the monthly newsletter BizNews. It also includes current episodes of the monthly television show, BizRoanoke, and videos to showcase our amenities, business leaders and community events. The Department's social media outlets continue to garner regional, national, and international attention with weekly posts, while our staff remains dedicated to serving every business in our growing business community. As a result of ongoing efforts, the first six months of fiscal year 2019-2020 yielded numerous announcements across multiple sectors totaling over \$71 million in new investment and creating 217 new jobs, many of which are located in our downtown business district.

Significant projects have occurred in the following sectors during fiscal year 2019 – 2020:

- Manufacturing
- Finance
- Education
- Health Care
- Retail and Development

Manufacturing

Rainwater Management Solutions, headquartered in Salem, VA, has recently moved their national headquarters to Roanoke. The company is an industry-leading supplier, system integrator, and professional services firm, specializing in turnkey solutions for rainwater and stormwater management. The investment totaled \$1.5 million and brought 12 jobs to Roanoke.

Finance

Member One Federal Credit Union (Member One) opened its 14th retail-banking center at 2926 Franklin Road, SW, in August 2019. This marked Member One's first venture in Southwest Roanoke. Investment in the project totaled approximately \$1 million and created six new jobs.

Nashville-based Pinnacle Bank completed a \$3 million regional headquarters and branch office in downtown Roanoke in March 2020. Located on a former surface lot at the busy, highly visible corner of Williamson Road and Campbell Avenue, SE, the three-story building will feature retail-banking services on the ground level and office spaces on the second and third floors. The Roanoke Valley is home to eight Pinnacle Bank branches, offering a range of retail and commercial banking products and services. The company was included on Fortune Magazine's 2019 list of "100 Best Companies to work for in the US."

Freedom First Federal Credit Union (Freedom First) purchased real estate in downtown Roanoke in March 2020 for \$3 million on which it plans to build its future headquarters. Construction on this long-term project will begin when "financially prudent" according to company officials. The new property is adjacent to Elmwood Park on Third Street, SE. The new headquarters will bring approximately 100 jobs to downtown Roanoke. Freedom First is the second largest credit union based in the Roanoke Valley with assets totaling \$716 million as of June 30, 2020.

Education

The education sector in the City of Roanoke continues to exhibit strong growth.

The Virginia Tech Carilion campus added another state of the art facility in the form of a 149,000 square foot addition to the Fralin Biomedical Research Institute (FBRI). The state-of-the-art facility, completed in the fall of 2020, will be home to at least 25 new teams of biomedical researchers specializing in cardiovascular research, obesity and metabolism, body-device interfaces, cancer, and more. The \$68 million building also features a green roof, classrooms, lab space, and a LINAC particle accelerator to help pets with cancer. This expansion will allow as many as 300 additional employees to call FBRI home.

Virginia Western Community College (VWCC) opened its long awaited STEM (Science, Technology, Engineering, and Mathematics) Building in August 2019. The 72,000 square foot facility, featuring state of the art equipment and contemporary classrooms, focuses on allowing students to move seamlessly from a lecture-style setting to group work. Programs located within the \$37 million building include mechatronics, engineering, biology, chemistry, biotechnology, physics, and mathematics. In addition, a courtyard constructed between the STEM Building, the Strauss Family Student Life Center, and Webber Hall will serve as a new hive for student activity and allows the

new facility to blend in beautifully within the Colonial Avenue streetscape.

Virginia Western Community College's School of Career and Corporate Training announced in January 2020 the launch of a new Certified Nurse Aide (CNA) Program. This CNA program, which is approved by the Virginia Board of Nursing, prepares students with the knowledge and skills they need in less than 6 weeks to pass the National Nurse Aide Assessment Program (NNAAP) exam and become certified as a Nurse Aide. CNAs are in extreme demand in the Roanoke Region as hospitals, home health agencies, rehabilitation centers, and nursing homes are experiencing shortages. Employment as a CNA is also a great step to a career in patient care and nursing.

The Build Smart Institute opened its doors in Roanoke in February 2020. The privately owned construction trade school is located in a 12,000 square foot building in the Gainsboro neighborhood. With a curriculum geared toward meeting the demand for tradesmen and women in the construction industry, the Institute provides a combination of virtual learning, classroom instruction and hands-on laboratory skill practice that trains, tests, and gives students the tools to be successful in the construction industry. The Build Smart Institute has four full-time employees.

Health Care and Innovation

Healthcare and its related industries - business, research, and educational operations – continue to play a significant role in our current economy, a role anticipated to grow in the years to come.

Construction began on the Richfield Health Center – Roanoke Campus, located at 1030 Mecca Street in Northeast Roanoke. The \$25 million investment is Richfield's first entry into the Roanoke market, which will focus on skilled nursing and rehabilitation. The Richfield Living concept is the first nursing facility in Southwest Virginia practicing the Household Model of Care in which 19 all-private bedrooms surround a central kitchen and living area. Residents determine the course of their day, including wake-up time, mealtimes, daily activities, and when to receive personal care from cross trained team members dedicated specifically to the household. The concept is designed to make residents feel "at home" and will be a welcomed alternative for seniors in Roanoke seeking attractive long-term care options.

The Virginia Tech Carilion School of Medicine (SOM) received the requisite approvals to increase its yearly class size from 42 to 49 in April 2020. This expansion will begin with the Class of 2024, which is set to enroll in the fall of 2020. Dr. Lee Learman made growing the class size a priority upon assuming the role of Dean of the SOM in January 2019. Since its charter class in 2010, the SOM has received thousands of applications annually for 42 available spots. This includes 4,400 applications in 2019.

Carilion Clinic broke ground on the expansion of its Roanoke facilities in early 2020 with the demolition of the former City of Roanoke tennis courts and antiquated utility infrastructure to allow for construction of the seven-story Crystal Spring Tower. The Tower, which will be constructed just south of the existing Roanoke Memorial Hospital, will expand the existing emergency room by 95 additional beds, as well as a 40-bed observational unit for cardiovascular procedures. Additional work will include construction of a new building for psychiatric care and a new parking garage with 550 spaces along South Jefferson Street. City Council approved the health care provider's \$300 million expansion in November 2019.

The Regional Acceleration and Mentorship Program (RAMP) welcomed six high-growth startups as part of its fourth cohort in June 2020. RAMP focuses on companies in the fields of science, technology, engineering, math and health. Companies in this cohort spanned a range of sectors, including software development, satellite design, and food services. The companies took part in a rigorous curriculum designed to test the viability and marketability of their products before they enter a larger market. These efforts culminated with cohort companies presenting at RAMP's fourth annual "Demo Day" in October 2020. Since launching in 2016, RAMP has been home to 20 companies and created 15 jobs in the Roanoke Region.

The Valleys Innovation Council (VIC) will receive \$982,000 in Build to Scale grant funds as part of a \$2 million three-year project to scale up current accelerator and startup assistance programming through the Regional Accelerator and Mentoring Program (RAMP) and to continue VIC's work growing the regional innovation ecosystem. The grant, one of only 52 awarded nationally, is part of a total \$35 million the U.S. Department of Commerce will deploy to recipients in 36 states to support high growth entrepreneurship. The grant will be directed to specific programming designed to support scalable startups in technology and health and life sciences across the GO Virginia Region 2 service footprint, which spans the New River Valley, Roanoke Valley, Alleghany Highlands, and Greater Lynchburg region.

Retail & Development

The Monument Companies, LLC completed its redevelopment of the former Heironimus Building in June 2020. The company invested \$18 million in the historic four-story Roanoke landmark, transforming it into a residential and commercial property that includes 80 market-rate apartments, a fitness facility, and an on-site pool. In April 2020, Mast General Store opened its 11th location (its first in Virginia) in the 25,000 square feet commercial space. The Heironimus Building is located at 401 S. Jefferson Street.

Virginia Varsity Transfer completed Varsity Park in 4th quarter of FY 19-20. Located at 1948 Franklin Road, the \$17 million project features a 93,000 square foot building on the 2.2 acre site of the former Graves-Humphreys Building. Varsity Park houses an innovative Class-A storage facility adjacent to the burgeoning Virginia Tech Carilion Riverside Campus offering the latest storage and business services. The property features 3,000 square feet of tenant space that includes a gymnasium and 500 square feet of event space, as well as hybrid loft spaces meant to serve as private retreat areas.

The Grandin Village Neighborhood saw significant retail activity during FY 19-20. In January 2020, Cardinal Bicycle purchased the former 11,000-square-foot Mick-or-Mack Grocery building at 1312 Winborne Street, SW. Cardinal plans to relocate to the space after renovations are complete in 2021. This will be a \$750,000 investment in the neighborhood. In addition, the Grey Goose, a vintage home décor store moved into the former Starlight and Cardinal Bicycle space located at 1502 Grandin Road, SW. The Jolly Grape, a wine shop offering an array of wines from all over the world, also opened at 1418 Grandin Road, SW, in January 2020.

Bloom, a high-end tapas restaurant and wine bar, opened its doors in July 2019. Located at 1109 Main Street, SW, in the Wasena neighborhood, owners Nate and Sarah Sloane invested approximately \$50,000 while working with building owner Garland Properties to transform the space into one of Roanoke's trendiest new eateries. Bloom employees 11 people.

Tourism

With support from over 1,500 government and industry partners, Visit Virginia's Blue Ridge (VBR) experienced a tenth consecutive year of record growth in tourism related events and employment. Prior to the onset of the COVID-19 pandemic, tourism related revenues topped a record \$920 million in direct travel expenditures, an increase of 3% over the previous year according to the U.S. Travel Association. Tourism also generated 8,177 jobs in the VBR region and \$66 million in state and local taxes. The increase has been attributed to a variety of factors, including the opening of new hotels and restaurants, an increase in sports tournaments, and growth of meetings and conferences, as well as the popularity of festivals and events. Since the onset of the pandemic, VBR has successfully pivoted to aid tourism-related businesses obtain funds from state and federal aid programs, published a dining guide to promote local eateries, and helped the sports industry in its efforts to safely relaunch tournaments in our region. In addition, Blue Ridge Outdoors named Roanoke one of the country's "Top Adventure Towns."

Fairfax-based Savara Properties (Savara) is continuing its efforts to restore the Liberty Trust Building for use as Roanoke's first boutique hotel. Located at 101 South Jefferson Street, the property was constructed for use as a bank headquarters in 1910. Savara plans to invest over \$10 million to redevelop the property, which will include

54 luxury rooms as well as meeting space. Despite a temporary hiatus caused by the COVID-19 pandemic, Savara intends to complete the project by the third quarter of calendar year 2021.

Star City Lodging, LLC in June 2020 unveiled a new Holiday Inn Express at 1303 Williamson Road, NE, in an effort to provide additional moderately priced hotel rooms in Roanoke. The \$2 million investment features 90 rooms on four floors.

Long-Term Financial Planning

Comprehensive Plan

After implementing much of what was recommended in the Vision 2001-2020 plan, Roanoke will soon adopt a new 20-year comprehensive plan to guide its future. The plan will be organized into six general themes: resilient economy, community health, interwoven equity, livable built environment, responsible regionalism, and harmony with nature. Roanoke's comprehensive plan consists of over 30 component plans. Some focus on special topics like housing and greenways while others are place-focused on neighborhoods and development areas. Our strategy is to understand and make the most of interconnections between quality of life and economic prosperity.

Budgeting for Outcomes

Roanoke was the first city in Virginia to implement the Budgeting for Outcomes (BFO) process. Budgeting for Outcomes was designed to facilitate the alignment of resources with prioritized programs and services. City Council identified and has subsequently reaffirmed seven priority areas which guide the allocation of resources: economy, education, good government, human services, infrastructure, livability, and safety. The BFO process emphasizes the allocation of resources to obtain specified outcomes. Innovation and collaboration with department and agency partners help the organization realize efficiencies and improve services while limiting additional resources required. The City has a customized Budgeting for Outcomes software system which was developed internally by the City's Department of Technology staff. The City has received state and national recognition for its BFO system and process.

Long Term Financial Planning

The City incorporates long-term financial planning during the development of each fiscal year operating budget. The planning process facilitates City Council and City management's efforts towards a long-term strategy ensuring economic growth and stability and meeting the needs of the City's citizen and business partners.

Capital Improvement Program (CIP)

In conjunction with the preparation of an annual operating budget, the City prepares a five-year Capital Improvement Program Update. This serves as a planning tool for efficient, effective and equitable distribution of public improvement resources throughout the City. The CIP focuses on maintaining capital assets, infrastructure investment for livability and economic development, and targeted livability investments. The CIP represents a balance between finite funding and competing community priorities. The CIP specifies the capital improvement and construction projects over the upcoming five-year period in order to maintain or enhance the City's \$720 million in capital assets. Detailed project descriptions, cost estimates, and funding sources are included in the CIP. The City's Capital Improvement Program for FY 2021 through FY 2025 represents \$167 million of public improvements to the City's schools, infrastructure, parks, libraries, public buildings, technology improvements, fleet replacement, and Roanoke's civic center (the Berglund Center). The CIP includes important public safety improvements such as the Fire EMS Master Plan for the construction and/or relocation of three Fire/EMS stations as well as downtown improvements surrounding the Campbell Court redevelopment and transit facility relocation.

An important part of the City's CIP, Berglund Center houses a 10,500 seat Coliseum, 2,148 seat Performing Arts Theatre (BPAT), 14,000 square foot Exhibit Hall and 46,000 square foot Special Events Center. Current and recent capital improvements include Coliseum restroom renovations, theatrical lighting upgrades, security enhancements, BPAT stage and rigging system replacement, kitchen upgrades, and HVAC improvements. Plans for FY 2021 include the continuation of restroom renovations, electrical improvements, and further HVAC improvements.

Relevant Financial Policies

Financial policies serve as the framework for the financial operation of city government as well as the basis for budget development. The City's financial policy statements in their entirety can be located in the City's Adopted Budget. Policies are in place to provide guidance in the areas of budget, expenditures, reserves, revenues, and debt management. Reserves may only be used upon appropriation by City Council, and the reserve policies contain stipulations regarding reserve usage and replenishment.

Major Initiatives and Accomplishments

Education

Roanoke City Council places education as the top priority of the government and its citizens, providing more funding toward education than any other area of the government. Roanoke Schools have demonstrated significant performance improvements in recent years. In 2019-20, 87.9% of the graduation cohort graduated on time. All 24 schools are fully accredited by the Commonwealth of Virginia based on 2018-19 assessment data. The Governor's order that schools in Virginia close as of March 13, 2020, and the subsequent cancellation of 2020 year-end standardized tests due to the COVID-19 pandemic, resulted in the state waiving accreditation determination for the foreseeable future. The schools had to pivot quickly to virtual instruction, something that will continue to be a significant means of providing instruction while the pandemic persists.

Roanoke is committed to providing students with safe and effective learning environments, and to that end, Roanoke City Public Schools updates its Capital Improvement Plan annually. The most significant project involves the construction of a new Fallon Park Elementary School building, which is scheduled to be completed early in the new fiscal year. Other projects recently completed or underway include repaving at Grandin Court Elementary, Fairview Elementary and Noel C. Taylor Academy; installation of new playground equipment at Fallon Park, Fishburn Park, Grandin Court, Preston Park, and Virginia Heights Elementary Schools; new roofs at Garden City Elementary, Grandin Court Elementary, and Breckinridge Middle Schools; and air conditioning the gymnasiums at Addison and Breckinridge Middle Schools. More information regarding the important achievements of Roanoke City Public Schools is available in the separately published School CAFR.

The Roanoke region is home to several institutions of higher learning including Hollins University, the Jefferson College of Health Sciences, Roanoke College, and Virginia Western Community College and is in close proximity to leading universities such as Virginia Tech and Radford. Roanoke works closely with these institutions in developing partnerships which benefit the City's citizenry, businesses and environs.

Public Safety

Public safety is one of the top priorities of the City. Roanoke is in an elite group of cities with accreditation of all three of its primary public safety departments – Police, Fire-EMS and Sheriff. Each agency is committed to public safety and continuously evaluates services, community interaction, technology and initiatives in an effort to provide the most effective utilization of resources.

The Roanoke Police Department has been accredited by the Commission on Accreditation for Law Enforcement Agencies (CALEA) since July 1994, and is one of only four law enforcement agencies in the Commonwealth of Virginia to attain accreditation in two CALEA programs – Law Enforcement and Training Academies. Roanoke Police successfully launched the Roanoke Valley HOPE Initiative in August 2016. The program is designed to connect drug users with police and the right health resources. The program has helped over 900 people find detox and treatment for substance use disorders.

Roanoke Fire-EMS has been an accredited agency with the Commission on Fire Accreditation International Inc. (CFAI) since 2002, meeting the criteria established through the CFAI's voluntary self-assessment and accreditation program. The fire protection services of the City of Roanoke, as rated by an insurance industry advisory company, improved to a Class 1 ISO rating from a Class 2. The classification by the Insurance Service Office (ISO), known as the Public Protection Classification program, assesses the fire-protection efforts in a particular community. The City of Roanoke is one of 252 nationwide Internationally Accredited Fire agencies and one of only six in Virginia that hold an ISO rating of Class 1 as well as holding accreditation. The Fire-EMS Department is also a partner with Roanoke County and the City of Salem in a Regional Fire-EMS Training Center, a regional hiring process, and has automatic and enhanced mutual aid response agreements in place to ensure the closest and most efficient response of Fire-EMS resources. The regional hiring process has enabled Roanoke Fire-EMS to increase its emphasis on recruiting a diverse workforce, including the launch of a new website. As a strategy to provide a more diverse and inclusive workforce, the City's Fire-EMS Department lowered its hiring age to 18.

The Roanoke City Sheriff's Office remains nationally accredited through the American Correctional Association, since 1991, and the National Commission on Correctional Healthcare, since 1987. In 2013, the department earned the accreditation of the Virginia Law Enforcement Professional Standards Commission (VLESPC), followed by the federal Prison Rape Elimination Act (PREA) in August of 2014. The Sheriff's Office became a member agency for Project Lifesaver International Headquarters in 2017. There have been 35 clients who have benefited from the resources this program provides for the community.

Human Services

Roanoke, as the largest city west of the state capitol, supports a high demand for human services from the community. The Human Services staff unites public and private institutions to encourage and support caring communities by assisting individuals and families to achieve self-sufficiency and healthy lives with a variety of financial and employment programs. A partnership with Roanoke City Public Schools and the City of Roanoke Central Intake program provides assistance to 168 students by preventing them from entering into homelessness or rehousing them to a stable home environment. The City of Roanoke's Central Intake program also partners with Western Virginia Water Authority to provide water bill assistance to customers who are facing a utility cutoff or to assist with re-connections for those whose services have been disconnected. Last year, 417 households were provided critical utility assistance through the Authority Cares program. In 2019, we successfully prevented 4,417 individuals from entering homelessness through our Central Intake, Community Housing Resource Center, and Total Action for Progress (TAP), Supportive Services for Veteran Families (SSVF), Presbyterian Community Center, RAM House, Salvation Army and Commonwealth Catholic Charities programs. Our community also provided critical housing services for individuals and families to quickly exit homelessness and stabilize in permanent housing. In 2019, 339 individuals were rapidly re-housed through the Community Housing Resource Center and TAP's SSVF program. Permanent supportive housing was provided to 212 veterans and chronically homeless individuals through ARCH Services and the Salem VA Medical Center.

Neighborhoods

The City understands attractive, healthy and safe neighborhoods contribute to the overall welfare of the community. Promoting the development of neighborhoods into vibrant and sustainable places for people of all ages, ethnicity, lifestyles, and income translates into a quality of life with broader economic effects such as increasing property values. Community organizations in conjunction with law and code enforcement initiatives play an important

role in preventing neighborhoods from becoming environments for crime, blight and other types of deterioration. Residents participating in these organizations are often more engaged in their communities, and, as such, provide a great link of communication between local government and residents. The City continues to support the development of neighborhoods and those who inhabit them.

The City also provides opportunities for civic groups to enhance their neighborhoods by making financial resources available to undertake self-help projects through the Office of Neighborhood Services Neighborhood Development Grant Program. The City continues to encourage individuals and neighborhood organizations to enhance their neighborhood's quality of life.

Roanoke has a high-performing HUD-funded Lead Safe program. The program assessed and removed lead hazards in hundreds of homes. HUD awarded another 3-year grant to continue the Lead Safe program through 2020.

The City leverages federal, local and in-kind contributions from public and private sources with the utilization of Community Development Block Grant (CDBG) funding and city funding to support neighborhood improvement. Roanoke focuses its community development resources into a single neighborhood over four to five years to maximize impact and see ongoing results. Most activity focuses on improving existing housing and constructing new housing. Typically, these target neighborhood efforts include an infrastructure project and support for development of a community facility.

Recreational and Outdoor Opportunities

The City is branded by its unique combination of urban amenities surrounded by significant natural beauty and outdoor and recreational activities. The City's Parks and Recreation Department offers more than 2,000 recreation programs, supports more than 100 cultural events on an annual basis, and serves more than 115,000 individuals.

The GO Outside Festival (GO Fest) has become a fall staple with over 150 outdoor activities and events. This year, the GO Fest served more than 30,000 people over the course of three days. This annual event encourages healthy and active outdoor recreation by combining the things outdoor enthusiasts love, such as camping, music, gear, races, and demonstrations, all in a beautiful outdoor setting.

The Appalachian Trail and Blue Ridge Parkway surround the city. The City's greenway system continues to grow and develop, gaining favor with visitors as well as residents of the Roanoke Valley. More than 19 miles of paved trails currently exist. The Lick Run, Garden City, Tinker Creek, Murray Run, Mill Mountain, and Roanoke River greenways serve thousands of patrons annually. The City continues to enhance accessibility to roadways and trailways for cycling enthusiasts and is a "Bicycle Friendly Community." With more than 90 miles of natural surface trails, the City has become a national destination for mountain biking enthusiasts. Together with neighboring localities, the region received the Silver Ride Center designation from the International Mountain Bicycling Association, the only such center on the East Coast.

Libraries

The City supports and promotes lifelong learning for all citizens. The Library Master Plan includes projects to enhance the delivery of programs and services throughout the community at the seven library locations. The Roanoke Public Libraries provide many resources to citizens including free computer training, free internet and free wireless access at all locations, as well as a range of free events for children and adults throughout the year. One of the largest programs offered by the Roanoke Public Libraries is the Summer Reading Program, which continues to grow. In 2020, the Libraries had over 260,000 views on their virtual Summer Reading Program social media videos and distributed almost 7,000 literacy kits in curbside delivery to youth of all ages. Pivoting to a safer, yet expansive summer program distribution during COVID-19 was very successful. These numbers are compared to the 16,602 children who participated in the Summer Reading Program in 2017.

For more than a decade, the Libraries have been undergoing an extensive system-wide renovation process. In

conjunction with the 2014 renovation of the City's Main Library, the City completed renovations to the Raleigh Court library in 2016. Raleigh Court library reopened in March 2016 and includes a community room that can be used for meetings outside of opening hours, a separate teen area, a recording studio, and a courtyard. Since reopening, circulation at the Raleigh Court branch has more than tripled. Expansion and renovation of the Williamson Road branch has been completed and the branch reopened on November 13, 2017. Improvements at Williamson Road include an expansion that doubled the square footage of the branch, a large community room available for use after hours, an enclosed patio for programs, study rooms and an expanded youth and teen center. The Melrose branch construction is complete and the new facility opened July 22, 2019. The branch square footage is over double in size. It includes a teen center, a community room, small business center, new computers and books, a STEAM Lab for science and art classes, a music lab, a dedicated children's area, adult books and materials and a quiet reading area. Outside program space includes a large patio and an enclosed area for children's programs.

Libraries support the public education programs of Roanoke City Public Schools through a variety of partnerships and initiatives, including the All-America City Award-winning Star City Reads initiative. Star City reads is a citywide coalition of 33 community partners, spearheaded by the Libraries, working to improve the grade-level reading outcomes of Roanoke children. In June 2019, the City was awarded the first ever All America City Hall of Fame Award for Star City Reads and the Feed and Read initiative. Its programs include the Summer Reading Program, which is coordinated with the RCPS+ summer enrichment program; Books on Buses, a collaboration with Valley Metro that creates mobile libraries; an Educational toy program, Feed and Read, that is a partnership with Feeding America and the YMCA to provide free USDA-approved meals and literacy activities for children year round at every library; and distribution of the Roanoke Baby Board Book to every child born at Carilion with the support of Turn the Page volunteers. Since 2014, Turn the Page volunteers have worked with the Libraries to distribute the Roanoke Baby Board Book to more than 16,000 children born at Carilion Clinic. In addition, the Libraries coordinate all book distribution for Star City Reads with over 125,000 books given to Roanoke's children since 2012. The Libraries continue to promote education for all of the Roanoke Valley with relevant programs for children, teens, and adults.

Transportation and Parking

Economic activity is directly associated with the City's position as the major trade and transportation center in Western Virginia. The City is located at the intersection of major rail and highway routes.

The City has worked diligently to address the transportation and parking needs of citizens and visitors in the downtown area. The City-owned Greater Roanoke Transit Company, or Valley Metro, provides a range of transit services to address the needs of the community. Services include: fixed route, Starline Trolley which circulates between downtown and the Carilion Clinic Campus, Smart Way which links the Roanoke Valley to the New River Valley, Smart Way Express which directly links Virginia Tech Carilion and the campus of Virginia Tech, and STAR paratransit service.

The City's public parking system in downtown includes seven garages and four surface lots, and the monitoring and enforcement of on-street parking. The parking system offers competitive daily, overnight, and monthly rates, and, at limited locations, free after hours and weekend parking. "Park Roanoke" accepts credit/debit cards at the garages and lots, and at the main parking offices downtown.

Environmental Leadership

Roanoke government is committed to the protection of the environment while providing first class municipal services to citizens and visitors. Education and training, pollution control, reduction of the City's carbon footprint, reduction of solid and hazardous waste and improving the environmental management system are components of this program.

The City's Stormwater Utility is actively working to reduce flooding, improve water quality, and to improve and maintain the City's stormwater infrastructure and assets. The stormwater fee collected by the utility provides a dedicated source of revenue to address an estimated \$300 million in necessary water quality and drainage improvement projects as well as increase the maintenance of the City's existing drainage infrastructure. Stormwater management activities do more than meet regulatory mandates. Stormwater management activities are designed to transform the Roanoke River and its tributaries into community assets, focal points, and sources of pride for those that live, work, learn, and play in their watersheds.

Regional Cooperation

The City of Roanoke works closely with regional partners on economic development and service delivery. The Roanoke Valley Broadband Authority continues to expand connectivity within the region. Regional local governments also continued in partnership in the Western Virginia Regional Industrial Facilities Authority. Previously, through this authority, the cities of Roanoke and Salem and Roanoke County worked with a private foundation to assemble 104 acres of land near the interchange of Interstates 81 and 581 for future industrial development. This year saw the completion of the entrance road to the park and new lighted entrance sign installed making the Wood Haven Technology Park officially marketable to prospects. The Park is actively being marketed by the Roanoke Regional Partnership and the Virginia Economic Development Partnership.

Future Challenges

2020 has been a year like no other. Roanoke, like much of the nation, has spent a significant amount of 2020 grappling with the challenges associated with political polarization, social inequity, and institutional racism for some time; however, none of these have had a more profound and disruptive impact on our City than the COVID-19 pandemic. Roanoke weathered the "Great Recession" well and has since boosted reserves, confirmed its strong bond rating, improved high school graduation rates, and real estate values have increased at a stable, sustainable rate. In addition, population increases, low unemployment, new residential and commercial real estate investment, and increased tourism signaled a strong recovery from the economic disaster of 2007-2008.

Despite the continued economic growth and resiliency of the City of Roanoke, the future holds many challenges and unknowns. The perennial challenges of providing core services still remain—inflation outpacing revenue growth, the uncertainty of intergovernmental revenues, the high cost of infrastructure replacement, rising healthcare costs, and increased demand for governmental services; however, the additional challenges related to controlling and eradicating the COVID-19 virus is expected to extend well into 2021. It is also expected that both the economic and social impact will be significant. From a fiscal standpoint the COVID effect is expected to directly and significantly impact several major revenue categories such as Meals Tax, Transient Lodging Tax, and Business License Tax. While Real Estate Taxes could be significantly affected indirectly (over time) the fiscal impact is difficult to anticipate due to the fact that commercial/retail real estate values are currently at-risk due to COVID-19 behaviors and residential sales and values are very healthy.

Awards and Acknowledgements

The GFOA awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of Roanoke, Virginia, for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. In order to be awarded a Certificate of Achievement, a government unit must publish an informational and efficiently organized CAFR, whose content conforms to program standards. The CAFR must satisfy both U.S. generally accepted accounting principles and applicable legal requirements. A copy of the GFOA Certificate of Achievement is included in the Introductory Section of the CAFR and is valid for a period of one year. The City has received a Certificate of Achievement for 46 consecutive years. This report was prepared in conformity with the Certificate of Achievement program requirements and standards, and it will be submitted to the GFOA to determine eligibility for another certificate.

In addition, the City also received the GFOA *Distinguished Budget Presentation Award* for its annual budget document for the fiscal year ended June 30, 2020. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide and a communication device. The City has been a recipient of the Distinguished Budget Presentation Award for the last 35 consecutive years.

Other Awards and Recognitions:

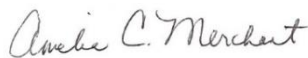
- Roanoke was recognized as a Top Digital City Award in the 75,000 to 125,000 population category.
- The City received the Governor's Technology Award for the "NextGen 911 PSAP" Project.
- The E911 Center retained its accreditation from the Commission on Accreditation for Law Enforcement Agencies (CALEA).
- GFOA recognized Roanoke with the Distinguished Budget Presentation Award.
- Roanoke won an APWA Mid-Atlantic Project of the Year award for "Structures Less than \$5 Million" for the Melrose Branch Library project.
- The Public Works Service Center was named 2019 Exemplary Environmental Enterprise for the ninth year in a row by the Virginia DEQ.
- Roanoke was one of 22 high performing municipalities recognized nationwide during the 5th Annual National Municipal Stormwater and Green Infrastructure Awards. The City received two awards: Gold recognition in Program Management and Silver recognition in Innovation.
- The Stormwater Utility Division's Educational PSA, produced in collaboration with Roanoke Valley Television, received a Gold Summit Award from the Public Relations Society of America-Blue Ridge Chapter.
- Parks and Recreation received the Gold Leaf Award from the International Society of Arboriculture for our Arbor Day Celebration (along with Trees Roanoke).
- The Virginia Recreation and Park Society recognized Roanoke Parks and Recreation with the Most Innovative Marketing Strategy award for the "Do You Gnome Our Parks?" campaign.

The preparation of this report would not have been possible without the efficient and dedicated services of the Department of Finance. We would like to thank the members of City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Robert S. Cowell, Jr.
City Manager



Amelia C. Merchant
Director of Finance

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***CITY OF ROANOKE
DIRECTORY OF PRINCIPAL OFFICIALS
JUNE 30, 2020***

Members of City Council

Sherman P. Lea, Sr.
Joseph L. Cobb
William D. Bestpitch
Patricia White-Boyd
Michelle L. Davis
Djuna L. Osborne
Anita J. Price

Mayor
Vice-Mayor

Constitutional Officers

Brenda L. Hamilton
Timothy A. Allen
Donald S. Caldwell
Evelyn W. Powers
Sherman A. Holland

Clerk of Circuit Court
Sheriff
Commonwealth's Attorney
Treasurer
Commissioner of the Revenue

City Council Appointed Officials

Robert S. Cowell, Jr.
Daniel J. Callaghan
Cecelia F. McCoy
Troy A. Harmon, CPA

City Manager
City Attorney
City Clerk
Municipal Auditor

Other City Officials

Sherman M. Stovall
R. Brian Townsend
Amelia C. Merchant

Assistant City Manager
Assistant City Manager
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Roanoke
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

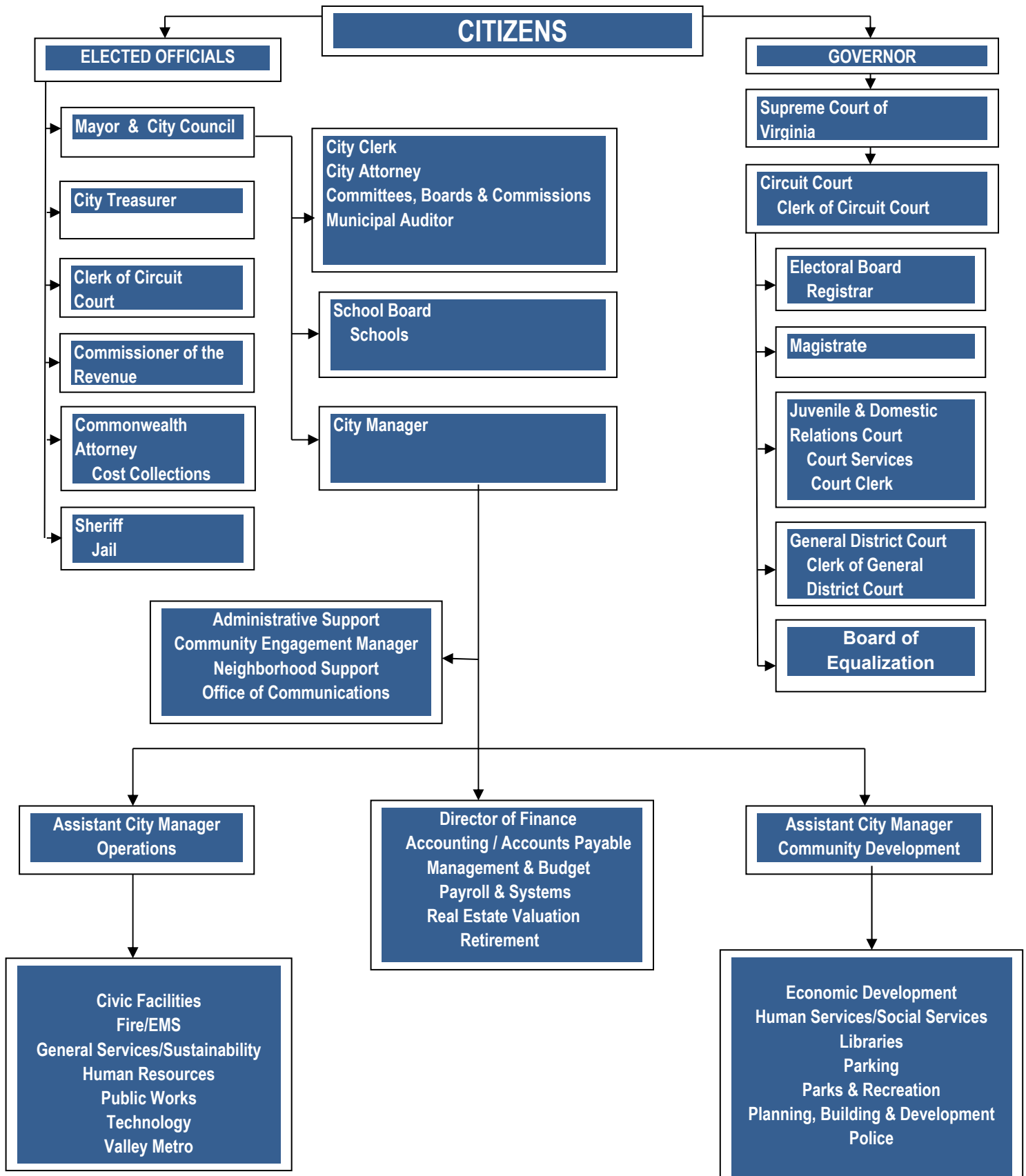
Christopher P. Morill

Executive Director/CEO

CITY OF ROANOKE, VIRGINIA

Organizational Chart

FY2019 - FY2020



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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the City Council
City of Roanoke
Roanoke, Virginia

Report on the Financial Statements

We have audited the accompanying 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 City of Roanoke, Virginia (the "City") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, 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 other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City'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 of 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 the 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 February 26, 2021 on our consideration of the City'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 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 City's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
February 26, 2021

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**CITY OF ROANOKE, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

This section of the City of Roanoke, Virginia's (City) Comprehensive Annual Financial Report (CAFR) presents Management's Discussion and Analysis (MD&A) of the City's financial performance during the fiscal year ended June 30, 2020. The MD&A should be read in conjunction with the preceding transmittal letter and the City's financial statements.

FINANCIAL HIGHLIGHTS

- At the end of the fiscal year, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$410.6 million. This amount represents an increase of \$19.6 million, or 5.0%, over the prior year's ending balance of \$391.0 million. Net position was comprised of \$492.0 million, attributable to the City's net investment in capital assets, \$17,215 restricted for debt service, offset by a negative unrestricted amount of \$81.4 million.
- Net position for governmental activities increased \$19.1 million. For the fiscal year, \$349.0 million of revenues, generated by taxes and other revenues for governmental programs, exceeded expenses by \$22.3 million (before transfers), a deterioration over the prior year of \$23.1 million.
- In the City's business-type activities, net position increased by \$0.5 million compared to a prior year increase of \$2.4 million. Total change in net position before transfers for business-type activities experienced a deterioration of \$2.3 million over the prior year.
- The City's governmental funds reported a combined ending fund balance of \$76.5 million, a 34.0% increase compared to prior year. Of the total fund balance, 0.1% was non spendable, 25.4 % was restricted, 14.0% was committed (mainly for projects in the capital improvement program) and 60.5% remained available for spending at the City's discretion as unassigned.
- The City has maintained its bond rating of Aa2 from Moody's rating agency.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements.

The City's financial statements present two types of statements, each with a different focus on the City's finances. The focus is on both the City as a whole (government-wide) and the fund financial statements. The government-wide financial statements provide both short-term and long-term information about the City's overall financial status. The fund financials focus on the individual parts of City government, reporting the City's operations in more detail than the government-wide statements, which present a longer-term view. Presentation of both perspectives provides the user a broader overview, enhances the basis for comparisons, and better reflects the City's accountability.

Government-Wide Financial Statements

The government-wide financial statements include the Statement of Net Position (Exhibit A) and the Statement of Activities (Exhibit B). These statements provide information about the City as a whole using the full accrual basis of accounting, which is the method used by most private-sector enterprises. All current year revenues and expenses are reported in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how it has changed. Net Position, the difference between the City's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, is one way to measure the financial health, or position, of the City. Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the City, one needs to consider other nonfinancial factors such as changes in the City's property tax base and condition of the City's infrastructure.

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

Governmental activities – Most of the City's basic services are reported here, including general government, judicial administration, public safety, public works, health and welfare, parks, recreation, and culture, and community development departments. Property taxes, other local taxes, and federal and state grants finance most of these activities.

Business-type activities – The City's Stormwater Utility, Civic Facilities and Parking operations are reported here as the City charges fees for services.

Component units – The City includes two discretely presented component units in this report, the School Board of the City of Roanoke (School Board) and the Greater Roanoke Transit Company (GRTC). Although legally separate, the component units are included as the City is financially accountable for them and as such, exclusion could cause the City's financial statements to be misleading.

Fund Financial Statements

The fund financial statements provide detailed information about the City's most significant funds - not the City as a whole. Funds are accounting units that the City uses to keep track of specific sources of funding and spending for particular purposes. The City has three types of funds:

Governmental funds – Most of the City's basic services are reported in governmental funds. These funds are reported on the modified accrual basis of accounting, which measures cash and other liquid assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term overview that helps the reader determine the financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided that explains the relationship (or differences) between them. Governmental funds include the General Fund, Debt Service Fund, Capital Projects Fund, and Special Revenue Fund (Grant Fund).

Proprietary funds – When the City charges for the services it provides, these services are generally reported in proprietary funds, which like the government-wide financial statements, utilize the full accrual basis of accounting and their statements provide both short and long-term financial information.

The City's enterprise funds, a type of proprietary fund, are accounted for in the same manner as the government-wide business-type activities; however, the fund financial statements provide more detail and additional information, such as cash flows. The City's enterprise funds include Stormwater Utility, Civic Facilities and Parking.

The City uses an internal service fund, another type of proprietary fund, to report activities that provide or cover services by one City department to other City departments on a cost reimbursement basis. The City had only the Risk Management Fund as an internal service fund. This fund is utilized to cover cost of claims made against the City either for medical and dental, workers' compensation or other general liabilities and the related litigation expenses. The City is self-insured.

Internal service fund activity is reported as governmental activity on the government-wide financial statements.

Fiduciary funds – Resources held for other governments, individuals, or agencies not part of the City are reported as fiduciary funds. These activities are excluded from the government-wide financial statements because the City cannot use these assets to finance its operations. The accounting used for fiduciary funds is much like that used for proprietary funds. The City of Roanoke Pension Plan is reported as a pension trust fund. Additionally, the City reports assets for other postemployment benefits (OPEB) related to its healthcare plan for retirees and line of duty benefits for its public safety employees in an OPEB trust fund. The City reports assets held on behalf of the Hotel Roanoke Conference Center Commission as an agency fund, which are custodial in nature and do not involve measurement of results of operations.

FINANCIAL ANALYSIS OF THE PRIMARY GOVERNMENT

A comparative analysis of government-wide information follows:

**Summary of Net Position
as of June 30, 2020 and 2019
(In Millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 140.3	\$ 111.8	\$ 14.9	\$ 11.7	\$ 155.2	\$ 123.5
Capital assets, net	642.8	622.7	77.1	75.7	719.9	698.4
Total assets	783.1	734.5	92.0	87.4	875.1	821.9
Deferred outflows of resources	22.6	21.2	3.8	2.9	26.4	24.1
Other liabilities*	68.9	32.6	6.2	5.7	75.1	38.3
Long-term liabilities	364.2	362.0	37.8	33.1	402.0	395.1
Total liabilities	433.1	394.6	44.0	38.8	477.1	433.4
Deferred inflows of resources	13.4	21.1	0.4	0.6	13.8	21.7
Net Position:						
Net investment in capital assets	444.8	432.9	47.2	44.9	492.0	477.8
Unrestricted (deficit)	(85.7)	(92.9)	4.3	6.1	(81.4)	(86.8)
Total net position	\$ 359.1	\$ 340.0	\$ 51.5	\$ 51.0	\$ 410.6	\$ 391.0

Net Position:

The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$410.6 million at the close of the fiscal year. The City's combined net position, (the City's bottom line) increased by \$19.6 million from prior year's ending balance of \$391.0 million. Net position from governmental activities increased by \$19.1 million. Business-type activities resulted in an increase in net position of \$0.5 million.

The largest component of the City's net position was the investment in capital assets (\$492.0 million) (e.g., land, buildings, infrastructure improvements, machinery, and equipment, net of accumulated depreciation) less any related outstanding debt used to acquire those assets, plus any unspent bond proceeds. The increase in the City's net position was a result of increases in capital asset investment offset by an increase in the deficit balance in unrestricted net position and restricted debt funding. Net position is reported as restricted when constraints on its use are

externally imposed by creditors, grantors, contributors, regulators, or are imposed by law through constitutional provisions or enabling legislation. Restricted net position related to debt service totaled \$17,215. The City's unrestricted net position, which is used to finance the day-to-day operations of the City, totaled a negative \$81.4 million, a decrease of \$5.4 million from fiscal year 2019 unrestricted net position.

Summary of Changes in Net Position:

The following table summarizes the changes in net position:

Summary of Changes in Net Position
For the Years Ended June 30, 2020 and 2019
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues:						
Charges for services	\$ 37.4	\$ 39.5	\$ 16.1	\$ 17.4	\$ 53.5	\$ 56.9
Operating grants and contributions	72.1	68.3	0.9	0.3	73.0	68.6
Capital grants and contributions	9.3	13.4	-	0.3	9.3	13.7
General Revenues:						
Property taxes	124.5	120.5	-	-	124.5	120.5
Local portion of state sales tax	22.2	22.4	-	-	22.2	22.4
Business and professional occupational license taxes	14.7	13.8	-	-	14.7	13.8
Utility taxes	9.3	9.6	-	-	9.3	9.6
Prepared food and beverage taxes	15.5	17.3	-	-	15.5	17.3
Commonwealth share-personal property taxes	8.0	8.1	-	-	8.0	8.1
Cigarette taxes	2.0	2.1	-	-	2.0	2.1
Transient room taxes	3.7	4.8	-	-	3.7	4.8
Telecommunications taxes	5.8	5.9	-	-	5.8	5.9
Motor vehicle license tax	2.6	2.9	-	-	2.6	2.9
Other tax	4.1	5.3	-	-	4.1	5.3
Other	4.8	9.1	0.6	0.3	5.4	9.4
Payment from Component Unit	12.5	13.2	-	-	12.5	13.2
Interest and investment income	0.5	1.1	1.6	1.0	2.1	2.1
Total Revenues	\$ 349.0	\$ 357.3	\$ 19.2	\$ 19.3	\$ 368.2	\$ 376.6

(Continued)

Summary of Changes in Net Position
For the Years Ended June 30, 2020 and 2019
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Expenses						
General Government	\$ 27.2	\$ 24.2	\$ -	\$ -	\$ 27.2	\$ 24.2
Judicial Administration	10.4	8.8	-	-	10.4	8.8
Public Safety	77.5	76.4	-	-	77.5	76.4
Public Works	40.1	41.4	-	-	40.1	41.4
Health and Welfare	45.2	41.1	-	-	45.2	41.1
Parks, Recreation and Cultural	12.2	7.7	-	-	12.2	7.7
Community Development	13.3	12.9	-	-	13.3	12.9
Education	89.8	88.6	-	-	89.8	88.6
Economic Development	0.2	0.2	-	-	0.2	0.2
Interest and Fiscal Charges	8.8	8.6	-	-	8.8	8.6
Civic Facilities	-	-	11.7	11.3	11.7	11.3
Parking	-	-	4.0	3.4	4.0	3.4
Stormwater Utility	-	-	6.2	5.0	6.2	5.0
Other	2.0	2.0	-	-	2.0	2.0
Total Expenses	326.7	311.9	21.9	19.7	348.6	331.6
Increase in Net Position						
before Transfers	22.3	45.4	(2.7)	(0.4)	19.6	45.0
Transfers	(3.2)	(2.8)	3.2	2.8	-	-
Increase in Net Position	19.1	42.6	0.5	2.4	19.6	45.0
Total Net Position, Beginning	340.0	297.4	51.0	48.6	391.0	346.0
Total Net Position, Ending	\$ 359.1	\$ 340.0	\$ 51.5	\$ 51.0	\$ 410.6	\$ 391.0

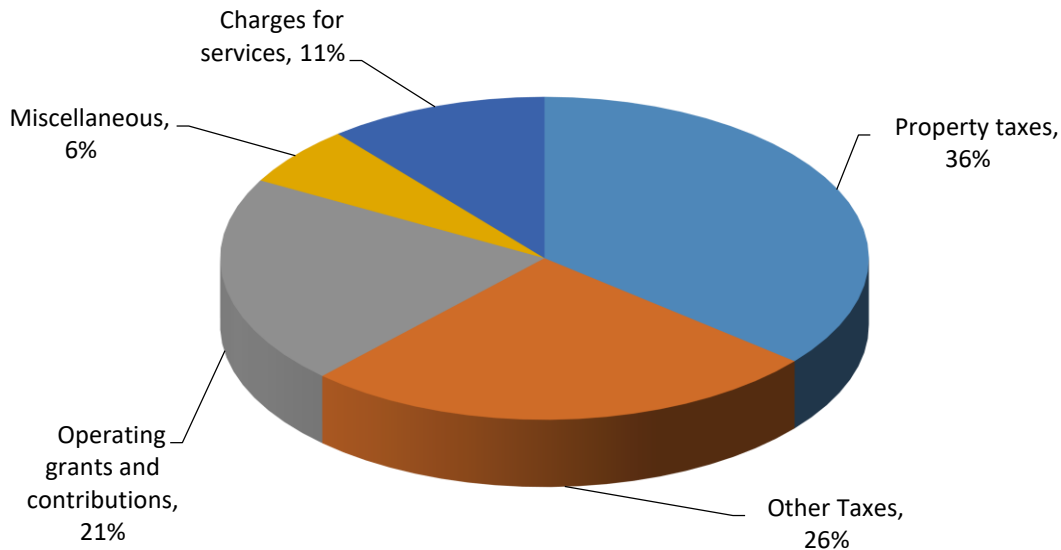
Governmental Activities

The net position of governmental activities increased \$19.1 million as compared to the \$42.6 million increase in prior year. Significant current year activities affecting net position include:

- Governmental Activities revenues decreased 2.3% and were mainly due to decreased revenue in prepared food and beverage, transient taxes and investment income. These revenues were partially offset by increases in property and business license taxes. Sales tax revenues remained flat over prior year.
- The City continued to maintain and implement financial controls to ensure that the expenses of general government programs were contained within budget. Staffing was at levels based on ongoing program activities and departments maintained fiscal restraint.

Revenues generated for governmental activities are presented below by category:

Revenue by Source – Primary Government for the year ended June 30, 2020



The property tax classification was approximately 36% of the total revenue generated by governmental activities and included real estate tax, the local portion of personal property tax, and public service corporation taxes. Real estate tax revenue, the largest source of revenue for the City, totaled \$91.1 million. The assessed value of real property in the City increased 3.68% for the 2020 calendar year mainly due to new construction.

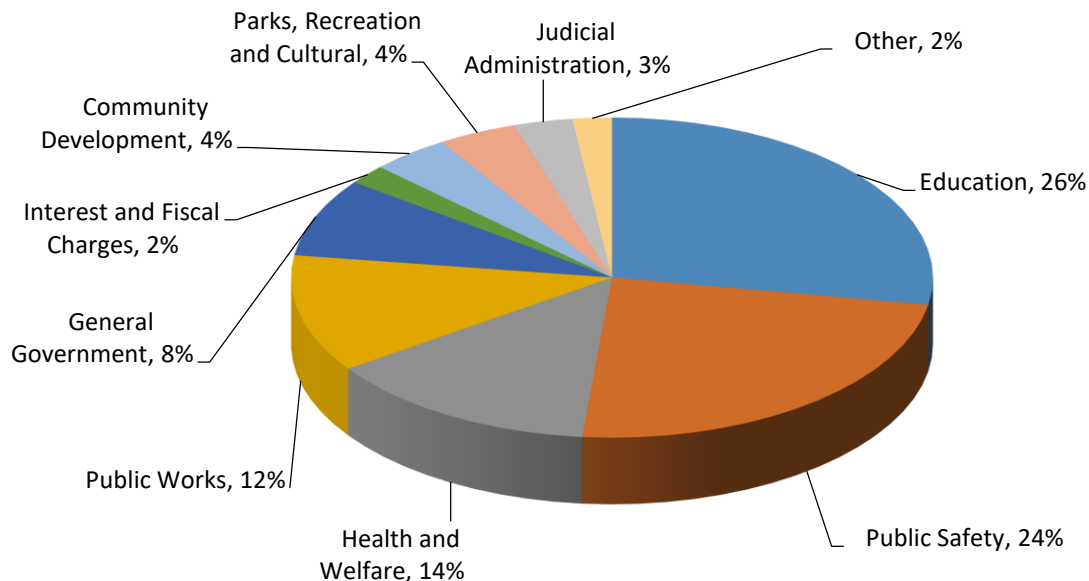
Personal property tax revenue, including the Commonwealth share and public service tax, totaled \$39.3 million. The revenue received locally from citizens totaled \$31.2 million. Funding from the Commonwealth under its amended Personal Property Tax Relief Act (PPTRA) program provided revenue totaling \$8.1 million. Revenue from the Commonwealth provided relief of 48.3% on the first \$20,000 in vehicle value for the current fiscal year and is included in the other taxes category.

Sales, prepared food and beverage, business and professional occupational license, utility, telecommunication, transient room and cigarette taxes, as well as funding from the Commonwealth under PPTRA, comprised the majority of other local taxes collected by the City. Other taxes equated to approximately 26% of total revenues generated for governmental activities.

Operating grants and contributions was approximately 21% of governmental activities revenues. Social service programs, street maintenance funds, reimbursement for shared expenses of constitutional officers, reimbursement for funding received under House Bill 599 for law enforcement, and jail per diems are some of the major sources of revenue included in this category.

Charges for services included items such as fines, court fees, inspection fees, reimbursements for housing prisoners, solid waste collection fees, and recreation and other program-based fees. Expenses of the governmental activities are shown below by functional area:

Expenses – Primary Government for the year ended June 30, 2020



Education comprised 26% of governmental activities. Funding of \$89.8 million was provided to the Roanoke City School Board to support operations and debt service.

Public Safety expenses comprised approximately 24% of expenses of the governmental activities. Operations of the City Jail, Police and Fire Departments were included in this category, along with expenses of Emergency Medical Services, Communications (E911 Call Center), and the cost of juvenile justice programs.

Public Works and Health and Welfare expenses comprised approximately 12% and 14%, respectively, of governmental activities expenses. Expenses for Solid Waste Management, Building Maintenance, Street Paving, and Street Maintenance were included in the Public Works category. The Children's Services Act and social services programs were the majority of expenses reported in the Health and Welfare category.

Business-type Activities

The net position of business-type activities increased the City's net position \$0.5 million, primarily related to Charges for services and other. Expenses for the City's business-type activities totaled \$21.9 million. The increase compared to the prior fiscal year was mainly related to the Civic facilities and City's stormwater utility operation.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds - For the fiscal year ended June 30, 2020 the governmental funds reported a combined ending fund balance of \$76.5 million, an increase of \$19.4 million from the prior year. Approximately 60.5% of this total (\$46.3 million) constitutes unassigned fund balance and consists of the Unassigned General Fund Reserve and Unassigned Stabilization Reserve, which provides the City with sufficient working capital and a margin of financial safety to address unforeseen, one-time expenditure emergencies or declines in revenues for which there is no other budgetary resource or other designations of fund balance available to satisfy the funding need. Committed fund balance of approximately \$10.7 million consisted of funding for outstanding purchase commitments and future years' capital project expenditures. Approximately \$19.4 million of the fund balance is restricted and consists of funds, provided by bonded debt, for future capital project expenditures and funds restricted to debt service. The remaining fund balance of approximately \$38,499 is nonspendable and consists of inventory.

The City reports fund balance in accordance with accounting principles generally accepted in the United State of America (GAAP), which categorizes fund balance into five classifications based upon constraints placed on the use of resources. See Note 1 of the Notes to Basic Financial Statements for additional information on the fund balance categories.

The General Fund is the primary operating fund of the City. The total fund balance increased by \$2.3 million (revenue of \$299.6 million less expenditures of \$273.6 million and other financing uses of \$23.7 million net transfers) and the unassigned fund balance increased by \$3.6 million to \$43.0 million.

Local taxes decreased by 0.01% compared to last year. Taxes related to real estate, personal property, public service, and business and occupational license, all increased for the fiscal year 2020. The state sales, transient, admissions, and prepared foods and beverages taxes all decreased for the fiscal year 2020. Real Estate taxes, the City's largest single source of revenue, increased 3.2% as a result primarily of an increase in property value.

Intergovernmental revenue is the second largest source of General Fund revenues accounting for \$74.4 million in fiscal year 2020. The Commonwealth is the primary source of Intergovernmental revenue by providing revenues for social services programs, street maintenance funds, and law enforcement funding received under House Bill 599.

In fiscal year 2020 the total increase in funding from the Commonwealth compared to fiscal year 2019 was approximately \$821,300 million or 1.1%.

The Capital Projects Fund balance increased \$17.1 million compared to the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund begins each fiscal year with budgeted revenue and expenditure amounts that are equal. During the year, encumbrances unpaid at the end of the prior year are liquidated,

increasing expenditures. Other budgetary adjustments are made to recognize additional sources and uses of funding or to accept donations.

Actual General Fund revenues were \$3.5 million or 1.2% higher than the original adopted fiscal year 2020 revenues estimates, and were lower than the final revenue estimates by \$166.4 thousand or 0.1%. The General Fund revenue increase was driven by local revenue performance, primarily real estate tax, personal property tax, and business and occupational license taxes.

In the local tax area, real estate and personal property taxes exceeded the original adopted budget. The 2020 budget projected modest growth in these categories, while the actual growth increased slightly in both categories. However, the fiscal year 2020 also indicated an under estimate of the local economy due to the impact of the COVID-19 pandemic. Performance of other local taxes, primarily sales, transient, and prepared food and beverage taxes were adversely impacted as businesses were constrained in this post COVID-19 economic environment.

Intergovernmental revenue is the second largest source of General Fund revenue accounting for \$74.4 million in fiscal year 2020. The Commonwealth is the primary source of Intergovernmental revenue by providing revenues for social services programs, street maintenance funds, and law enforcement funding received under House Bill 599. The funding from the Commonwealth increased \$821.3 thousand or 1.1% in fiscal year 2020 compared to fiscal year 2019.

General Fund expenditures and transfers were higher than the original budget by \$3.5 million or 1.2% due to an increase in one-time transfers to other funds for capital projects as a result of higher than anticipated tax revenues and unassigned fund balance. Commitments at the departmental level were closely monitored during the fiscal year as the impact of the COVID-19 Pandemic deeply impacted our local tax environment. LEAN methodology continues to be a focus for the City to continually improve efficiencies and reduce costs for the benefit of Roanoke citizens.

During fiscal year 2020, City Council amended the budget several times. These budget amendments or supplemental appropriation ordinances were primarily for the following purposes:

- To reappropriate funds to pay commitments in the form of encumbrances established prior to June 30, 2019, but not paid by that date. Encumbrances for General Fund purchase orders authorized and issued, but for which goods and services were not received or paid by June 30, 2019 totaled \$2.1 million.
- To appropriate funding from the Federal government under the Coronavirus Emergency Supplement Funding for personal protective equipment and supplies.
- To appropriate funding from the Federal government under Coronavirus Aid, Relief, and Economic Security Act (CARES) Coronavirus Relief Fund (CRF) for necessary expenditures incurred due to the COVID-19 Pandemic totaling \$8.6 million.
- To appropriate funding from the Federal government under the Coronavirus Aid, Relief, and Economic Security Act (CARES) Provider Relief Fund (PRF) for Medicare service providers impacted by the COVID-19 Pandemic.

CAPITAL ASSETS

As of June 30, 2020, the City's capital assets for its governmental and business-type activities amounted to \$719.9 million net of accumulated depreciation. This investment includes land, historical treasures, construction in progress, land improvements, buildings and structures, equipment and infrastructure. The City's capital assets increased year over year by \$21.5 million or 3.1% when compared to fiscal year ended 2019.

The following table shows summarized balances of major categories of capital assets as of June 30, 2020 and 2019.

**Summary of Capital Assets
Net of Depreciation
as of June 30, 2020 and 2019
(In Millions)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land and Improvements	\$ 49.0	\$ 49.5	\$ 5.1	\$ 5.2	\$ 54.1	\$ 54.7
Buildings and Improvements	290.1	282.4	48.9	50.8	339.0	333.2
Equipment	32.3	29.9	3.6	3.6	35.9	33.5
Infrastructure	242.7	235.3	14.3	14.4	257.0	249.7
Construction in Progress	28.0	24.9	5.2	1.7	33.2	26.6
Historical Treasures	0.7	0.7	-	-	0.7	0.7
Total	<u>\$ 642.8</u>	<u>\$ 622.7</u>	<u>\$ 77.1</u>	<u>\$ 75.7</u>	<u>\$ 719.9</u>	<u>\$ 698.4</u>

The City uses the Modified Approach for certain infrastructure assets deemed 'inexhaustible' as defined by GAAP, and is required to conduct a semi-annual (January and July) assessment of the condition level of 100% of the Flood Reduction infrastructure asset. The assessment is based on the United States Army Corps of Engineers (USACE) 'Inspection, Maintenance and Operational Report'. City and USACE policy require the condition level to be maintained at or above a Fair (2) rating. As of June 30, 2020, the infrastructure had an average assessment rating of 2.2, which is above the required minimum rating of 2. The fiscal year 2020 Budget (estimated) of \$317,338 insured adequate funding for maintenance if the maintenance was performed by procured contractors. Actual costs were lower because the City procured less services for maintenance of several bench cuts during the year.

Comparison of Estimated to Actual Maintenance Costs

<u>2018</u>	<u>2019</u>	<u>2020</u>
\$75,000	\$54,599	\$317,338
\$81,595	\$12,454	\$295,772

Detailed information regarding capital assets is disclosed in Note 6 of the Notes to the Basic Financial Statements and Required Supplementary Information, Section 3.

LONG-TERM DEBT

At June 30, 2020, the City's long-term liabilities, excluding net pension liability, compensated absences and claims payable, totaled \$259.3 million, comprised of \$224.7 million related to governmental activities and \$34.6 million related to business-type activities. Total debt increased by \$23.3 million during the fiscal year. The City issued bonds on two separate occasions: November 22, 2019 and May 12, 2020. Interest and fiscal charges for 2020 were \$7.6 million, or 2.2% of total governmental funds' expenditures.

Moody's reaffirmed the City's issuer ratings in April 16, 2020 as Aa2. The City ratings for S&P and Fitch rating agencies are AA+. The City's continued strong bond ratings will translate into reduced borrowing costs related to its capital improvement projects.

The *Charter of the City* and *Code of Virginia* limit the City's net debt to 10% of the assessed valuation of real estate within the City limits. The limit applies to tax supported debt paid by the governmental funds. Long-term liabilities of business-type funds will be met by revenues generated by those funds. The City considers long-term debt of its Stormwater Utility and Parking Enterprise Funds to be self-supporting. Additionally, in accordance with its contractual agreement with the Western Virginia Water Authority, the City will receive funding from the Authority toward \$4.5 million of general obligation debt. The City's tax-supported debt of \$255.6 million less the Debt Service Fund Balance of \$17,215 designated for the repayment of debt service is well below the legal debt limit of \$744.4 million.

The School Board Component Unit relies upon the City to provide full faith and credit for any debt obligations incurred. Therefore, the City reports School Board Component Unit long-term liabilities, other than claims payable, net pension liability, other postemployment benefits and compensated absences, as its own. In addition to bonded debt and capital lease obligations, the City's long-term obligations include compensated absences and claims payable.

Detailed information concerning the City's long-term liabilities and School Board Component Unit capital lease is presented in Notes 9, 10, 12 and 13 of the Notes to Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The average unemployment in the Roanoke Metropolitan Statistical Area (MSA), which includes the City, for fiscal year 2020 was 7.9%, according to the Bureau of Labor Statistics, up from an average of 2.8% in the prior fiscal year. Comparatively, the national unemployment in fiscal year 2020 was 11.1% for fiscal year up from 3.4%. Employment in Roanoke is diverse with representation within the area of all census-defined industries. The industries providing the largest number of jobs in the region are health care and social assistance. Additional information concerning the City's demographics and employment is presented in Tables 10, 18, and 20 of the Statistical Section.

Roanoke's income levels trail the state and national averages; however, they compare quite well when adjusted for the cost of living. Prior to the onset of the COVID-19 Pandemic, fiscal year

2020 financial performance was indicative of an improving economy. However, the City anticipates significant challenges lingering with the uncertain economic conditions.

The City's General Fund tax revenues decreased slightly in FY 2020. Increases in real estate and personal property taxes categories were offset by decreases in sales, transient, and prepared food and beverage taxes. The City was able to increase the General Fund unassigned fund balance for general reserves and stabilization reserves by \$3.6 million to ensure sufficient working capital, coverage for risk claims, to fund community development projects, and to provide financial security during the current COVID-19 Pandemic, as well as, unforeseen future events and economic and cyclical downturns. Current funding levels have exceeded the 12.5% funding goals set for fiscal year 2020.

The average assessed value of single-family housing units increased from \$132,091 in fiscal year 2019 to \$136,837 in fiscal year 2020, or 3.6%. The value for residential permits increased 27.4% and the value for commercial permits increased 22.4% from fiscal year 2019 to fiscal year 2020.

Fiscally responsible budgeting for 2020 provided for continued programming levels for services in response to modest increases in property tax revenues. Programming levels remained stable.

General Fund fiscal year 2020 estimated revenues increased 1.2% compared to the fiscal year 2020 adopted budget. The increase was attributable to economic growth in real estate, and personal property taxes, partially offset by decreases in sales, transient, and prepared food and beverage taxes. General property taxes increased \$1.6 million compared to the fiscal year 2020 adopted budget, a positive economic indicator in an otherwise recessed current economy.

The City's Pension Plan decrease in Net Position Restricted for Pensions in 2020 is primarily due to benefit payments having exceeded contributions and investment income, which fell short of the long-term expected rate of return for the portfolio. The Plan experienced an investment return of 4.3%, net of fees, for the fiscal year ended June 30, 2020, with the Fixed Income and Convertible Securities allocations producing the greatest absolute returns. While investment performance declined compared to the prior year, the Plan's long-term annualized returns ranked in the top decile of the investment advisor's comparative universe of all retirement plans. Our outlook for the U.S. economy remains cautiously optimistic given positive economic indicators and investment performance experienced since the end of the fiscal year. We believe the well diversified portfolio remains well positioned in light of expected continued volatility due to the on-going COVID-19 pandemic and the uncertainty arising from the U.S. Presidential election.

For fiscal year 2021, total local tax revenues are expect to increase 0.97% or \$242,350 from an adopted budget amount of \$204.1 million in 2020 to \$206.1 million in fiscal year 2021. This increase is primarily attributable to decreased Sales Tax, Transient Occupancy Tax, Prepared Food and Beverage Tax offset by increased Real Estate Tax revenue and Charges for Services revenue. Funding from the Commonwealth is projected to increase 0.23% in fiscal year 2021 over fiscal year 2020. Funding to Schools is projected at \$82.8 million, a decrease of \$557,884, or 0.7% less than fiscal year 2020 budgeted amount. As the City looks ahead toward fiscal year 2022, budgetary pressures and uncertainty continue around an economic recovery surrounding the 2020 fallout from COVID-19. Strategic budget priorities include employee compensation, community safety, neighborhood vitality, the comprehensive plan, capital planning, implementing Comprehensive Plan recommendations and the parks and recreation master plan.

As revenues and the economy rebound, finite resources will be prioritized and allocated in an equitable and empowering manner.

The residential real estate market in the City shows signs of an increasing market due to the low interest rates and the lack of supply of the current housing listing market. The commercial sector in the City is showing signs of stability, except for retail and the hospitality markets. These markets balance each other out and we are monitoring the situation carefully and expect information prior to the beginning of the budgeting process for fiscal year 2022. The real estate assessment process aligns well with the budgeting process in that real estate assessments are established in January of each year with an effective date of July 1st of the same year. This allows the City to plan and revise programs as needed to maintain a balanced budget as real estate tax revenues are known and defined.

The Roanoke economy appears to be showing signs of recovery. Local taxes indicate a slight increase in economic activity. Management believes that the conservative current fiscal year 2021 revenue estimates will be achieved. Challenges exist in predicting the timing and rate of improvement moving forward. Performance of local taxes, excluding real estate and personal property taxes, will be a key indicator of the pace of economic recovery. It continues to be difficult to anticipate the level of funding from the Commonwealth and federal governments in upcoming years. There will be significant pressure on the federal and state governments to approve a second round of stimulus funding as the economy struggles to fund programs previously funded by these government entities in areas such as public education and social services. The City's focus will be on a deliberate prioritization of services and programs that are responsive to the needs of those who are being served.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives and their uses. Questions concerning this report or requests for additional information should be directed to the Director of Finance, 215 Church Avenue, SW, Room 357, Roanoke, Virginia 24011, telephone (540) 853-2824 or email finance@roanokeva.gov. The City's website address is www.roanokeva.gov.

CITY OF ROANOKE, VIRGINIA
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	GRTC
Assets					
Cash and Cash Equivalents					
Unrestricted	\$ 71,828,257	\$ 9,686,936	\$ 81,515,193	\$ 22,324,472	\$ 1,212,645
Restricted	19,408,029	3,672,441	23,080,470	-	-
Investments	6,706,918	791,818	7,498,736	-	-
Due from City of Roanoke	-	-	-	10,979,183	-
Due from Component Unit	477,675	-	477,675	-	-
Due from Other Governments	18,004,173	396,516	18,400,689	12,747,940	3,259,339
Internal Balances	163,501	(163,501)	-	-	-
Taxes and Accounts Receivable, Net	22,941,061	322,319	23,263,380	405,245	256,121
Inventory	38,499	50,093	88,592	-	496,106
Other Assets	715,505	123,512	839,017	905,144	3,602
OPEB Prepayment	-	-	-	16,443	-
Net Pension Asset	-	-	-	1,207,418	-
Capital Assets:					
Non-depreciable Capital Assets	141,047,206	10,452,252	151,499,458	10,211,668	720,724
Depreciable Capital Assets, Net	501,781,566	66,642,647	568,424,213	8,572,829	13,713,921
Capital Assets, Net	642,828,772	77,094,899	719,923,671	18,784,497	14,434,645
Total Assets	783,112,390	91,975,033	875,087,423	67,370,342	19,662,458
Deferred Outflows of Resources					
Deferred Outflows related to Pensions and OPEB	19,793,146	2,828,064	22,621,210	29,615,538	-
Deferred Outflows from Debt Refundings	2,794,482	999,544	3,794,026	-	-
Total Deferred Outflows of Resources	22,587,628	3,827,608	26,415,236	29,615,538	-
Liabilities					
Accounts Payable and Accrued Expenses	19,845,771	1,040,341	20,886,112	8,282,793	2,556,872
Accrued Interest Payable	1,738,184	268,354	2,006,538	-	-
Due to Component Unit	10,979,183	-	10,979,183	-	-
Due to City of Roanoke	-	-	-	477,675	-
Due to Fiduciary Funds	453,614	18,565	472,179	-	-
Due to Other Governments	523,472	-	523,472	-	-
Unearned Revenues	8,863,096	1,802,194	10,665,290	1,264,279	-
Other Liabilities	-	-	-	-	1,799,882
Long-term Liabilities Due Within One Year	26,525,408	3,036,277	29,561,685	6,568,639	-
Long-term Liabilities Due In More Than One Year:					
Net Pension Liability	127,908,923	5,267,539	133,176,462	132,418,190	-
Net OPEB Liability	15,532,110	770,208	16,302,318	20,284,000	-
Other Long-term Liabilities Due in More Than One Year, Net	220,784,750	31,760,701	252,545,451	19,780,465	-
Total Liabilities	433,154,511	43,964,179	477,118,690	189,076,041	4,356,754
Deferred Inflows of Resources					
Uncollected Service Charges	946,834	-	946,834	-	-
Deferred Inflows related to Pensions and OPEB	12,452,538	400,908	12,853,446	14,983,157	-
Total Deferred Inflows of Resources	13,399,372	400,908	13,800,280	14,983,157	-
Net Position					
Net Investment in Capital Assets	444,848,704	47,102,962	491,951,666	6,620,465	14,434,645
Restricted for:					
Debt Service	17,215	-	17,215	1,223,861	-
Unrestricted	(85,719,784)	4,334,592	(81,385,192)	(114,917,644)	871,059
Total Net Position	\$ 359,146,135	\$ 51,437,554	\$ 410,583,689	\$ (107,073,318)	\$ 15,305,704

See Notes to Basic Financial Statements.

**CITY OF ROANOKE, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 27,158,236	\$ 4,273,796	\$ 2,748,450	\$ 6,179,228
Judicial Administration	10,364,530	2,398,626	8,297,430	-
Public Safety	77,543,957	17,365,172	9,889,024	-
Public Works	40,141,167	6,697,115	15,398,476	3,118,832
Health and Welfare	45,196,737	3,995,491	32,948,068	-
Parks, Recreation and Cultural	12,210,560	1,601,120	181,785	41,183
Community Development	13,345,284	943,623	2,574,538	-
Education	89,801,480	-	-	-
Economic Development	155,659	-	-	-
Greater Roanoke Transit Company	2,031,161	-	6,500	-
Interest and Fiscal Charges	8,721,727	142,513	6,691	-
Total Governmental Activities	326,670,498	37,417,456	72,050,962	9,339,243
Business-type Activities:				
Civic Facilities	11,740,778	5,912,920	-	-
Parking	3,999,771	3,978,149	-	-
Stormwater Utility	6,178,250	6,160,617	887,295	-
Total Business-type Activities	21,918,799	16,051,686	887,295	-
Total Primary Government	\$ 348,589,297	\$ 53,469,142	\$ 72,938,257	\$ 9,339,243
Component Units:				
School Board of the City of Roanoke	\$ 208,381,291	7,072,499	54,455,142	-
Greater Roanoke Transit Company	12,260,699	1,340,659	-	2,388,134

General Revenues:

Taxes:

General Property - Real Estate and Personal Property

Local Portion of State Sales

Business and Professional Occupational License

Utility

Prepared Food and Beverage

Commonwealth Share - Personal Property

Cigarette

Transient Room

Telecommunication

Motor Vehicle License

Other taxes

Recovered Costs

Other

State Aid Not Restricted to a Specific Program

Payment from City of Roanoke

Payment from Component Unit

Grants and Contributions Not Restricted to Specific Programs

Interest and Investment Income

Miscellaneous

Transfers**Total General Revenues and Transfers**

Change in Net Position

Total Net Position at Beginning of Year**Total Net Position at End of Year**

**Net (Expense) Revenue and
Changes in Net Position**

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	School Board	GRTC
\$ (13,956,762)	\$ -	\$ (13,956,762)	\$ -	\$ -
331,526	-	331,526	-	-
(50,289,761)	-	(50,289,761)	-	-
(14,926,744)	-	(14,926,744)	-	-
(8,253,178)	-	(8,253,178)	-	-
(10,386,472)	-	(10,386,472)	-	-
(9,827,123)	-	(9,827,123)	-	-
(89,801,480)	-	(89,801,480)	-	-
(155,659)	-	(155,659)	-	-
(2,024,661)	-	(2,024,661)	-	-
(8,572,523)	-	(8,572,523)	-	-
(207,862,837)	-	(207,862,837)	-	-
-	(5,827,858)	(5,827,858)	-	-
-	(21,622)	(21,622)	-	-
-	869,662	869,662	-	-
-	(4,979,818)	(4,979,818)	-	-
\$ (207,862,837)	\$ (4,979,818)	\$ (212,842,655)	\$ -	\$ -
-	-	-	(146,853,650)	-
-	-	-	-	(8,531,906)
\$ 124,453,259	\$ -	\$ 124,453,259	\$ -	\$ -
22,192,411	-	22,192,411	-	-
14,667,288	-	14,667,288	-	-
9,271,091	-	9,271,091	-	-
15,545,028	-	15,545,028	-	-
8,075,992	-	8,075,992	-	-
1,969,011	-	1,969,011	-	-
3,678,683	-	3,678,683	-	-
5,763,219	-	5,763,219	-	-
2,630,898	-	2,630,898	-	-
4,147,754	-	4,147,754	-	-
428,287	-	428,287	-	-
-	-	-	-	453,983
1,659,767	-	1,659,767	68,084,321	-
-	-	-	83,439,689	1,527,260
12,523,896	-	12,523,896	-	-
1,146,311	-	1,146,311	-	7,516,932
452,756	616,517	1,069,273	334,654	-
1,558,618	1,673,322	3,231,940	956,322	-
(3,171,072)	3,171,072	-	-	-
\$ 226,993,197	\$ 5,460,911	\$ 232,454,108	\$ 152,814,986	\$ 9,498,175
19,130,360	481,093	19,611,453	5,961,336	966,269
340,015,775	50,956,461	390,972,236	(113,034,654)	14,339,435
\$ 359,146,135	\$ 51,437,554	\$ 410,583,689	\$ (107,073,318)	\$ 15,305,704

CITY OF ROANOKE, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Debt Service Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents					
Unrestricted	\$ 38,279,714	\$ 2,060	\$ 9,003,548	\$ 14,209,573	\$ 61,494,895
Restricted	-	-	-	19,408,029	19,408,029
Investments	3,574,899	192	840,552	1,326,575	5,742,218
Due from Other Funds	163,501	-	374	-	163,875
Due from Component Unit	408,530	67,695	1,450	-	477,675
Due from Other Governments	11,236,729	-	1,507,632	744,297	13,488,658
Taxes Receivable, net of Allowance	21,569,130	-	-	-	21,569,130
Accounts Receivable, net of Allowance	974,416	249,205	54,774	2,067	1,280,462
Inventory	38,499	-	-	-	38,499
Other	55,505	-	-	-	55,505
Total Assets	\$ 76,300,923	\$ 319,152	\$ 11,408,330	\$ 35,690,541	\$ 123,718,946
LIABILITIES					
Accounts Payable and Accrued Expenditures	\$ 14,352,000	\$ 254,962	\$ 2,108,991	\$ 3,126,308	\$ 19,842,261
Due to Other Governments	33,280	-	490,192	-	523,472
Due to Other Funds	453,669	-	-	319	453,988
Due to Component Unit	8,061,248	-	2,745	2,915,190	10,979,183
Unearned Revenues	10,052	46,975	8,806,028	-	8,863,055
Total Liabilities	22,910,249	301,937	11,407,956	6,041,817	40,661,959
DEFERRED INFLOWS OF RESOURCES					
Uncollected Taxes and Charges	6,596,172	-	-	2,067	6,598,239
Total Deferred Inflows of Resources	6,596,172	-	-	2,067	6,598,239
FUND BALANCES					
Nonspendable	38,499	-	-	-	38,499
Restricted	-	17,215	-	19,408,029	19,425,244
Committed	3,713,461	-	-	7,025,589	10,739,050
Unassigned	43,042,542	-	374	3,213,039	46,255,955
Total Fund Balances	46,794,502	17,215	374	29,646,657	76,458,748
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 76,300,923	\$ 319,152	\$ 11,408,330	\$ 35,690,541	\$ 123,718,946

See Notes to Basic Financial Statements

CITY OF ROANOKE, VIRGINIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS'
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total Fund Balance - Governmental Funds \$ 76,458,748

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

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

Governmental capital assets, at cost	1,038,526,925	
Less: accumulated depreciation	<u>(395,698,153)</u>	642,828,772

Other assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the governmental funds.

Deferred outflows of resources from debt refundings resulting in loss	6,890,348	
Less: accumulated amortization	(4,095,867)	
Receivable from Western Virginia Water Authority	<u>4,515,516</u>	7,309,997

Property taxes receivable, which are expected to be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds.

5,651,405

Long-term liabilities, including bonds payable with related accrued interest, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

Governmental bonds and loans payable	(185,978,296)	
Governmental BANs payable	(27,340,906)	
Capital lease obligation	(3,331,079)	
Bond premium	(14,641,622)	
Less: accumulated amortization of bond premium	6,575,449	
Compensated absences	(8,295,019)	
Accrued interest payable	<u>(1,738,184)</u>	(234,749,657)

Long-term liabilities and deferred flows of resources related to pensions and other post-employment benefits (OPEB) are applicable to future periods and, therefore, are not reported in the governmental funds.

Net deferred outflows related to pensions	17,786,570	
Net deferred inflows related to pensions	(10,442,228)	
Net pension liability	(127,908,923)	
Net deferred outflows of resources related to OPEB	2,006,576	
Net deferred inflows of resources related to OPEB	(2,010,310)	
Net OPEB liability	<u>(15,532,110)</u>	(136,100,425)

Internal Service Fund is used by management to charge the costs of certain activities to individual funds. The assets, deferred outflows of resources, liabilities, deferred inflows and net position of the Internal Service Fund are included with governmental activities in the Statement of Net Position.

(2,252,705)

\$ 359,146,135

Total Net Position of Governmental Activities

See Notes to Basic Financial Statements

CITY OF ROANOKE, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Debt Service Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES					
Local Taxes	\$ 204,306,603	\$ -	\$ -	\$ -	\$ 204,306,603
Permits, Fees and Licenses	1,202,393	-	-	-	1,202,393
Fines and Forfeitures	1,061,114	-	-	-	1,061,114
Rental Income	137,561	-	-	-	137,561
Investment Income	386,787	-	2,927	208,482	598,196
Intergovernmental	74,419,878	14,192,166	8,242,756	5,788,997	102,643,797
Charges for Services	17,162,967	-	-	-	17,162,967
Miscellaneous	879,961	317,175	125,201	2,748,828	4,071,165
Total Revenues	299,557,264	14,509,341	8,370,884	8,746,307	331,183,796
EXPENDITURES					
Current Operating:					
General Government	20,580,134	-	2,049,436	-	22,629,570
Judicial Administration	8,911,364	-	448,191	-	9,359,555
Public Safety	67,082,886	-	1,735,228	-	68,818,114
Public Works	30,732,556	-	275,464	-	31,008,020
Health and Welfare	41,040,289	-	1,868,716	-	42,909,005
Parks, Recreation and Cultural	9,937,193	-	14,597	-	9,951,790
Community Development	9,817,366	-	3,023,911	-	12,841,277
Greater Roanoke Transit Company	2,031,161	-	-	-	2,031,161
Education	83,439,689	-	4,981	-	83,444,670
Other	5,926	-	-	-	5,926
Debt Service:					
Principal Retirement	-	19,659,044	-	-	19,659,044
Interest and Other Charges	-	7,579,138	-	-	7,579,138
Capital Outlays	-	-	-	39,850,527	39,850,527
Total Expenditures	273,578,564	27,238,182	9,420,524	39,850,527	350,087,797
Excess (Deficiency) of Revenues Over (Under) Expenditures	25,978,700	(12,728,841)	(1,049,640)	(31,104,220)	(18,904,001)
OTHER FINANCING SOURCES (USES)					
Issuance of Bonds	-	-	-	19,565,901	19,565,901
Issuance of Capital Lease	-	-	-	649,509	649,509
Issuance of Bond Anticipation Notes	-	-	-	19,993,702	19,993,702
Issuance of Refunding Bonds	-	47,671,451	-	-	47,671,451
Payment to Refunded Bond Escrow Agent	-	(47,874,217)	-	-	(47,874,217)
Premium on Sale of Bonds	-	322,001	-	1,136,832	1,458,833
Transfers In	3,386,459	12,608,931	1,050,014	10,652,064	27,697,468
Transfers Out	(27,083,727)	-	-	(3,784,813)	(30,868,540)
Total Other Financing Sources and (Uses), net	(23,697,268)	12,728,166	1,050,014	48,213,195	38,294,107
Net Change in Fund Balances	2,281,432	(675)	374	17,108,975	19,390,106
Fund Balances at Beginning of Year	44,513,070	17,890	-	12,537,682	57,068,642
Fund Balances at End of Year	\$ 46,794,502	\$ 17,215	\$ 374	\$ 29,646,657	\$ 76,458,748

See Notes to Basic Financial Statements

**CITY OF ROANOKE, VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Net Change in Fund Balance - Governmental Funds \$ 19,390,106

Amounts reported for Governmental Activities in the Statement of Activities are different due to:

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 asset.

Expenditures for capital assets	45,751,143	
Loss on disposal of asset	(285,631)	
Less current year depreciation expense	(25,374,977)	20,090,535

Revenues in the Statement of Activities that were previously recognized in the Statement of Activities.

Net change in deferred revenue related to taxes	9,984	
Net principal reimbursed by Western Virginia Water Authority	(1,254,284)	(1,244,300)

Bond and other long-term debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Bond and other long-term debt proceeds	(87,961,969)	
Amortization of deferred bond premium	1,523,645	
Amortization of deferred bond cost	(956,225)	
Principal payments	65,973,031	(21,421,518)

Governmental funds report employer pension and other post employment benefit contributions as expenditures. However, in the Statement of Activities, the cost of benefits earned net of employee contributions is reported as pension expense.

Subsequent employer pension contribution	12,400,482	
Employer pension expense	(13,092,508)	
Subsequent employer OPEB contribution and administrative expense	695,091	
Employer OPEB expense	(93,695)	(90,630)

Certain 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.

Change in long-term compensated absences	(672,697)	
Change in accrued interest payable	310,235	(362,462)

The Internal Service Fund is used by management to charge the costs of certain services to individual funds. The change in net position of the Internal Service Fund is reported with Governmental Activities.

2,768,629

Change in Net Position - Governmental Activities \$ 19,130,360

See Notes to Basic Financial Statements

CITY OF ROANOKE, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Enterprise Funds				Internal
	Stormwater	Civic Facilities	Parking	Total	Service Fund
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 5,392,542	\$ 1,198,697	\$ 3,095,697	\$ 9,686,936	\$ 10,333,362
Investments	503,436	-	288,382	791,818	964,700
Due from Other Governments	396,516	-	-	396,516	-
Accounts Receivable, Net	250,561	71,758	-	322,319	91,469
Inventory	-	50,093	-	50,093	-
Other Assets	-	123,512	-	123,512	660,000
Total Current Assets	6,543,055	1,444,060	3,384,079	11,371,194	12,049,531
Capital Assets:					
Cash and investments - restriced	2,009,325	1,659,518	3,598	3,672,441	-
Land, Land Improvements, and Infrastructure	15,942,066	1,215,005	3,431,515	20,588,586	-
Buildings and Structures	320,312	43,556,858	48,862,626	92,739,796	-
Equipment and Other Capital Assets	5,370,536	2,501,736	610,236	8,482,508	-
Construction in Progress	3,394,154	1,015,829	811,974	5,221,957	-
Less Accumulated Depreciation	(3,986,990)	(23,066,712)	(22,884,246)	(49,937,948)	-
Capital Assets, Net	23,049,403	26,882,234	30,835,703	80,767,340	-
Total Assets	29,592,458	28,326,294	34,219,782	92,138,534	12,049,531
Deferred Outflows of Resources					
Pension Experience, Assumptions, and Earnings	69,148	57,976	1,208	128,332	-
Pension Changes in Proportion	311,552	1,431,336	34,925	1,777,813	-
Pension Subsequent Contributions	260,632	211,273	5,894	477,799	-
OPEB Experience, Assumptions, and Earnings	42,146	30,578	569	73,293	-
OPEB Subsequent Contributions	17,731	16,530	267	34,528	-
Deferred Outflow for Net OPEB Liability	60,102	271,681	4,516	336,299	-
Deferred Outflows from Debt refundings	79,557	301,280	618,707	999,544	-
Total Deferred Outflows of Resources	840,868	2,320,654	666,086	3,827,608	-
Liabilities					
Current Liabilities:					
Accounts Payable and Accrued Expenses	589,323	228,436	222,583	1,040,342	3,510
Accrued Interest Payable	80,017	109,960	78,377	268,354	-
Due to Other Funds	12,769	168,970	327	182,066	-
Unearned Revenue	-	1,657,751	144,443	1,802,194	41
Long-Term Liabilities Due Within One Year	524,389	1,480,071	1,031,817	3,036,277	2,473,685
Total Current Liabilities	1,206,498	3,645,188	1,477,547	6,329,233	2,477,236
Long-Term Liabilities:					
Compensated Absences Payable	128,151	81,567	1,839	211,557	-
Claims Payable	-	-	-	-	14,298,685
Bond Anticipation Notes Payable	976,256	917,072	-	1,893,328	-
General Obligation Bonds Payable, Net	10,494,300	13,569,787	8,601,384	32,665,471	-
Capital Lease Obligations	7,744	13,506	5,371	26,621	-
Net Pension Liability	2,838,274	2,379,688	49,577	5,267,539	-
Net OPEB Liability	395,553	368,685	5,970	770,208	-
Less Current Maturities	(524,389)	(1,480,071)	(1,031,817)	(3,036,277)	(2,473,685)
Total Long-Term Liabilities	14,315,889	15,850,234	7,632,324	37,798,447	11,825,000
Total Liabilities	15,522,387	19,495,422	9,109,871	44,127,680	14,302,236
Deferred Inflows of Resources					
Pension Experience, Assumptions, and Earnings	179,614	150,592	3,137	333,343	-
OPEB Experience, Assumptions, and Earnings	27,172	25,327	410	52,909	-
OPEB Changes in Proportion	5,243	6,762	217	12,222	-
Deferred Inflows for Defeasance Debt	-	2,434	-	2,434	-
Total Deferred Inflows of Resources	212,029	185,115	3,764	400,908	-
Net Position					
Net Investment in Capital Assets	11,640,714	12,628,552	22,833,696	47,102,962	-
Unrestricted (deficit)	3,058,196	(1,662,141)	2,938,537	4,334,592	(2,252,705)
Total Net Position	\$ 14,698,910	\$ 10,966,411	\$ 25,772,233	\$ 51,437,554	\$ (2,252,705)

See Notes to Basic Financial Statements

CITY OF ROANOKE, VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Enterprise Funds				
	Stormwater	Civic Facilities	Parking	Total	Internal Service Fund
<u>Operating Revenues</u>					
Charges for Services	\$ -	\$ 5,912,920	\$ 3,978,149	\$ 9,891,069	\$ 16,667,279
Stormwater Fees	6,160,617	-	-	6,160,617	-
Other Revenue	-	1,355,113	318,209	1,673,322	697,687
Total Operating Revenues	6,160,617	7,268,033	4,296,358	17,725,008	17,364,966
<u>Operating Expenses</u>					
Personal Services	2,870,960	2,958,967	60,868	5,890,795	-
Other Services and Charges	668,766	5,683,727	1,976,823	8,329,316	14,738,850
Materials and Supplies	1,453,812	1,085,603	421,517	2,960,932	-
Depreciation	865,572	1,303,044	1,047,698	3,216,314	-
Total Operating Expenses	5,859,110	11,031,341	3,506,906	20,397,357	14,738,850
Operating Income (Loss)	\$ 301,507	\$ (3,763,308)	\$ 789,452	\$ (2,672,349)	\$ 2,626,116
<u>Nonoperating Revenues (Expenses)</u>					
Operating Grants	\$ 887,295	\$ -	\$ -	\$ 887,295	\$ -
Investment Income	97,824	293,011	225,682	616,517	142,513
Interest Expense	(319,140)	(709,437)	(492,865)	(1,521,442)	-
Net Nonoperating Revenues (Expenses)	665,979	(416,426)	(267,183)	(17,630)	142,513
Income (Loss) Before Transfers	967,486	(4,179,734)	522,269	(2,689,979)	2,768,629
<u>Transfers</u>					
Transfers In	-	3,171,072	-	3,171,072	-
Net Transfers	-	3,171,072	-	3,171,072	-
Change in Net Position	\$ 967,486	\$ (1,008,662)	\$ 522,269	\$ 481,093	\$ 2,768,629
Total Net Position at Beginning of Year	\$ 13,731,424	\$ 11,975,073	\$ 25,249,964	\$ 50,956,461	\$ (5,021,334)
Total Net Position at End of Year	\$ 14,698,910	\$ 10,966,411	\$ 25,772,233	\$ 51,437,554	\$ (2,252,705)

See Notes to Basic Financial Statements

CITY OF ROANOKE, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Enterprise Funds				
	Stormwater	Civic Facilities	Parking	Total	Internal Service Fund
Cash Flow From Operating Activities					
Cash Received from Customers	\$ 5,727,821	\$ 6,588,013	\$ 3,978,149	\$ 16,293,983	\$ 16,673,811
Cash Payments to Suppliers for Goods and Services	(1,313,710)	(6,190,626)	(1,992,565)	(9,496,901)	(3,171,470)
Cash Payments to Other Funds for Interfund Services	(184,691)	-	(101,510)	(286,201)	-
Cash Payments from Other Funds for Interfund Services	-	122,295	-	122,295	-
Cash Payments to Employees	(2,838,036)	(3,017,916)	(68,518)	(5,924,470)	-
Cash Payments for Claims	-	-	-	-	(15,210,190)
Cash Received from Other Operating Revenues	-	1,355,113	310,724	1,665,837	367,687
Net Cash Provided by (Used in) Operating Activities	\$ 1,391,384	\$ (1,143,121)	\$ 2,126,280	\$ 2,374,543	\$ (1,340,162)
Cash Flow From Noncapital Financing Activities:					
VDOT Match for Stormwater Improvements	887,295	-	-	887,295	-
Transfers In	\$ -	\$ 3,171,072	\$ -	\$ 3,171,072	\$ -
Net Cash Provided by (Used In) Noncapital Financing Activities	\$ 887,295	\$ 3,171,072	\$ -	\$ 4,058,367	\$ -
Cash Flow From Capital and Related Financing Activities:					
Acquisition and Construction of Capital Assets	\$ (3,605,407)	\$ (1,169,468)	\$ (601,472)	\$ (5,376,347)	\$ -
Capital Lease Obligation	9,057	15,787	6,278	31,122	-
Bond Anticipation Note Issuance	953,803	507,985	-	1,461,788	-
General Obligation Bond Issuance	1,900,000	1,656,054	-	3,556,054	-
Proceeds from Sale of Refunding Bonds	2,593,511	4,674,785	1,493,455	8,761,751	-
Principal Paid to Refunded Bond Escrow Agent	(2,515,933)	(4,356,838)	(1,404,100)	(8,276,871)	-
Principal Paid on Bonds and Capital Lease Obligations	(355,373)	(1,202,181)	(929,507)	(2,487,061)	-
Interest Paid on Bonds and Capital Lease Obligations	(190,716)	(907,535)	(687,441)	(1,785,692)	-
Net Cash Used in Capital and Related Financing Activities	\$ (1,211,058)	\$ (781,411)	\$ (2,122,787)	\$ (4,115,256)	\$ -
Cash Flow From Investing Activities:					
Interest Received	\$ 97,824	\$ 293,010	\$ 225,683	\$ 616,517	\$ 142,513
Net Cash Provided by Investing Activities	\$ 97,824	\$ 293,010	\$ 225,683	\$ 616,517	\$ 142,513
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 1,165,445	\$ 1,539,550	\$ 229,176	\$ 2,934,171	\$ (1,197,649)
Cash and Cash Equivalents at July 1	\$ 6,739,858	\$ 1,318,665	\$ 3,158,501	\$ 11,217,024	\$ 12,495,711
Cash and Cash Equivalents at June 30	\$ 7,905,303	\$ 2,858,215	\$ 3,387,677	\$ 14,151,195	\$ 11,298,062

See Notes to Basic Financial Statements

(Continued)

**CITY OF ROANOKE, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Enterprise Funds				Internal Service Fund
	Stormwater	Civic Facilities	Parking	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating Income (Loss)	\$ 301,507	\$ (3,763,308)	\$ 789,452	\$ (2,672,349)	\$ 2,626,116
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Depreciation	865,572	1,303,044	1,047,698	3,216,314	-
Changes in Assets and Liabilities:					
(Increase) in Due From Other Governments	(396,516)	-	-	(396,516)	-
Decrease (Increase) in Accounts Receivable	(36,280)	151,731	-	115,451	6,491
Decrease in Inventory	-	5,349	-	5,349	-
Increase in Other Assets	(72,815)	(161,675)	39,342	(195,148)	(330,000)
Increase in Deferred Charges	(9,199)	(752,927)	-	(762,126)	-
Increase (Decrease) in Accounts Payable and Accrued Expenses	328,041	(31,238)	195,796	492,599	(777,564)
Increase in Due to Other Funds	4,749	161,233	327	166,309	-
Increase (Decrease) in Other Liabilities	362,717	1,387,075	51,826	1,801,618	-
Increase in Compensated Absences Payable	43,608	34,233	1,839	79,680	-
Increase in Unearned Revenues	-	523,362	-	523,362	41
(Decrease) in Claims Payable	-	-	-	-	(2,865,246)
Total Adjustments	\$ 1,089,877	\$ 2,620,187	\$ 1,336,828	\$ 5,046,892	\$ (3,966,278)
Net Cash Provided by (Used in) Operating Activities	\$ 1,391,384	\$ (1,143,121)	\$ 2,126,280	\$ 2,374,543	\$ (1,340,162)
Reconciliation to Exhibit G					
Cash and Cash Equivalents	\$ 5,392,542	\$ 1,198,697	\$ 3,095,697	\$ 9,686,936	\$ 10,333,362
Investments	503,436	-	288,382	791,818	964,700
Cash and investments - restricted	2,009,325	1,659,518	3,598	3,672,441	-
	<u>\$ 7,905,303</u>	<u>\$ 2,858,215</u>	<u>\$ 3,387,677</u>	<u>\$ 14,151,195</u>	<u>\$ 11,298,062</u>

Noncash Capital and Financing Activities:

Stormwater Fund noncash activities in fiscal year 2020 consisted of capital asset acquisitions of \$406,901 recorded as accounts payable at June 30, 2020.

Civic Facilities Fund noncash activities in fiscal year 2020 consisted of capital asset acquisitions of \$142,174 recorded as accounts payable at June 30, 2020.

Parking Fund noncash activities in fiscal year 2020 consisted of capital asset acquisitions of \$176,080 recorded as accounts payable at June 30, 2020.

See Notes to Basic Financial Statements

CITY OF ROANOKE, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	Pension and OPEB Trust Funds	Agency Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 560,085	\$ 4,092,185
Investments	-	2,003,680
Receivables:		
Employer Contributions (Includes Due From Other Funds of \$472,179)	583,026	-
Employee Contributions	138,648	-
Investment Income	385,605	-
Receivable for Security Transactions	126,510	-
Due from Other Governments	-	20,000
Total Receivables	<u>1,233,789</u>	<u>20,000</u>
Total Current Assets	<u>1,793,874</u>	<u>6,115,865</u>
Investments Held by Trustee, at Fair Value:		
Cash Equivalents	4,712,202	-
Government Securities	1,400,998	-
Municipal and Agency Bonds	19,784,197	-
Corporate Bonds	29,238,215	-
Convertible Bond Mutual Funds	20,023,356	-
Common Stocks	60,750,782	-
Domestic Mutual Funds	166,533,551	-
International Mutual Funds	94,211,976	-
Real Estate Mutual Funds	25,830,079	-
Investment in Pooled Funds	7,708,323	-
Total Investments	<u>430,193,679</u>	<u>-</u>
Total Assets	<u>431,987,553</u>	<u>6,115,865</u>
LIABILITIES		
Accounts Payable and Accrued Expenses	220,876	-
Payable for Security Transactions	337,380	-
Due to other governments	-	6,115,865
Total Liabilities	<u>558,256</u>	<u>6,115,865</u>
Net Position Restricted for Benefits	<u><u>\$ 431,429,297</u></u>	<u><u>\$ -</u></u>

See Notes to Basic Financial Statements

CITY OF ROANOKE, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Pension and OPEB Trust Funds
<u>Additions/(Reductions)</u>	
Contributions from Employer	\$ 13,836,304
Contributions from Employee	3,813,475
Investment Income	
Net Appreciation in Fair Value of Investments	3,987,651
Interest and Dividends	14,192,427
Other	7,126
Total Investment Income	18,187,204
Less Investment Expenses	(1,178,194)
Net Investment Income	17,009,010
Total Additions	34,658,789
<u>Deductions</u>	
Benefit Payments	40,842,946
Administrative Expenses	516,616
Total Deductions	41,359,562
Change in Net Position	(6,700,773)
Fiduciary Net Position at Beginning of Year	438,130,070
Fiduciary Net Position at End of Year	\$ 431,429,297

See Notes to Basic Financial Statements.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

(1) Summary of Significant Accounting Policies

The accounting policies of the City of Roanoke, Virginia (the City) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments.

A. Reporting Entity

The City is a municipal corporation organized under the laws of the Commonwealth of Virginia (the Commonwealth) and governed by seven elected City Council members. The City's reporting entity consists of the Primary Government, as well as its component units, which are legally separate organizations for which the elected officials of the Primary Government are financially accountable. Financially accountable is defined as appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the Primary Government, or (b) the possibility that the component unit will provide a financial benefit or impose a financial burden on the Primary Government.

The accompanying financial statements present the City and its component units. The financial data of the component units are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Discretely Presented Component Units

The School Board of the City of Roanoke, Virginia (School Board) is a legally separate entity which operates seventeen elementary schools, five middle schools, and two high schools for students residing in the City. School Board members are appointed by City Council. City Council also provides fiscal guidance because it levies taxes to fund School Board's operations and issues debt for its capital projects. In accordance with GAAP, the City reports the School Board as a discretely presented component unit. Certain note disclosures are included in the City's Comprehensive Annual Financial Report for component unit transactions which are material. Additional disclosures are available in the separately published School Board Component Unit Comprehensive Annual Financial Report (CAFR).

Complete financial statements for this discretely presented component unit may be obtained by writing to the School Board of the City of Roanoke, P.O. Box 13145, Roanoke, Virginia 24031.

The Greater Roanoke Transit Company (GRTC) is a public service bus company organized to provide mass transportation services to the Roanoke Valley. GRTC, known locally as Valley Metro, is a private non-profit public service organization wholly owned by the City of Roanoke. Operations began in 1975 when the privately owned transit system, the Roanoke City Lines, went public. GRTC is dependent on various operating grants to subsidize operations. Even though GRTC is legally separate, it is reported as if were part of the City because City council and staff members also serve as four of the seven members of the governing board. In addition, the City provides financial support to GRTC through annual appropriations for the GRTC operating budget.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

Complete financial statements for this discretely presented component unit may be obtained by writing to the Greater Roanoke Transit Company, P.O. Box 13247, Roanoke, Virginia 24032.

B. Financial Statement Presentation

The City's financial statements, which have been prepared in accordance with GAAP as promulgated by the Governmental Accounting Standards Board (GASB) includes:

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

Government-Wide Financial Statements – Financial statements are prepared using the economic resources measurement focus and full accrual accounting for all of the City's activities. These statements include all assets, liabilities, revenues and expenses of the Primary Government and its component units, excluding fiduciary activities.

The effect of interfund activity, other than service provided and used, has been eliminated from these statements. Excess revenues or expenses of the internal service funds are allocated to the appropriate governmental functional activity. The City does not allocate indirect expenses. The government-wide statements segregate governmental activities, which are normally supported by taxes and intergovernmental revenues, and business-type activities, which rely on user fees and charges for support. The Roanoke City Public Schools and Greater Roanoke Transit Company (GRTC), which are legally separate discretely presented component units, are segregated accordingly.

Statement of Net Position – presents both governmental and business-type activities on the full accrual, economic resource basis of accounting, which incorporates long-term assets and receivables, as well as long-term debt and obligations and deferred flows of resources

Statement of Activities – presents the net cost of each individual function. Program revenues are presented as a reduction of the total cost of providing program services. Program revenues include charges for services, operating grants and contributions and capital grants that are directly associated with a specific function. Taxes and other revenue sources not reported as program revenue are included as general revenue.

Fund Financial Statements – These statements are organized on the basis of funds, each of which is considered to be a separate accounting entity. The emphasis is on major governmental and enterprise funds. The operation of each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances or net position, revenues, and expenditures or expenses, as appropriate.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the basic financial statements into three broad fund categories as follows:

Governmental Funds account for expendable financial resources, other than proprietary fund types. Governmental fund types use the flow of current financial resources measurement focus. The major governmental funds are:

General Fund – Accounts for all revenues and expenditures which are not accounted for in other funds. The General Fund finances the regular day-to-day operations of the City.

Debt Service Fund – Accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and fiscal charges not being financed by proprietary funds.

Special Revenue Fund – Accounts for the proceeds of specific revenue sources (other than expendable trusts or funds for major capital projects) that are legally restricted to expenditures for specified purposes. The Special Revenue Fund provides accounting for certain federal and state grants awarded to the City.

Capital Projects Fund – Accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

Proprietary Funds account for operations that are financed and operated in a manner similar to private business enterprises. The proprietary fund measurement focus is on the flow of economic resources. Operating revenues include charges for services and other revenue. Operating expenses include personal services, as well as other services and charges, materials and supplies and depreciation. All revenues and expenses, excluding capital contributions and transfers, not meeting these definitions are reported as non-operating revenues and expenses. The proprietary fund types are:

Enterprise Funds – Account for the financing of services to the general public where all or most of the operating expenses involved are recovered in the form of charges to users of such services. All funds included in this category are major funds and are as follows:

Civic Facilities Fund – Accounts for the operation of the Roanoke Civic Center. The City manages the civic center operations.

Parking Fund – Accounts for the operation of seven parking garages and several parking lots. REEF Technology manages the parking operations on the City's behalf.

Stormwater Utility Fund – Accounts for stormwater activities related to the City's stormwater infrastructure.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

Internal Service Fund – Accounts for the financing of goods or services provided by one department primarily or solely to other departments within the City government on a cost-reimbursement basis. The fund included in this category is:

Risk Management Fund – Finances workers' compensation, employee medical, auto, and general liability insurance coverage. Accounts for court settlements and related legal expenses.

Fiduciary Funds account for assets held by the City in a trustee capacity or as an agent for individuals, other governmental units, or other funds. The fiduciary funds are:

Pension Trust Fund – Accounts for the operations of the City's Pension Fund. It is accounted for in the same manner as a proprietary fund type. Measurement focus is upon determination of the change in net position.

OPEB Trust Fund – Accounts for the assets held for, and costs of, other post-employment benefits (OPEB). It is accounted for in the same manner as a proprietary fund type. Measurement focus is upon determination of the change in net position.

Agency Fund – Accounts for assets held for, and due to the Hotel Roanoke Conference Center Commission. This fund is custodial in nature and does not involve measurement of results of operations.

C. Basis of Accounting

Basis of accounting refers to the point at which revenues and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Governmental activities in the government-wide statements are presented using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability has been incurred, regardless of the timing of related cash flows.

Governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. General fund tax revenues are considered measurable when they have been levied. To be considered available and thus susceptible to accrual, taxes must be collected with the City's period of availability of 60 days. Uncollected taxes at the end of this period are reported as deferred revenues. Interest income and intergovernmental receivables (state and federal grants to the extent of allowable expenditures) are considered susceptible to accrual. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is due.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

The City generally uses restricted assets first for expenses incurred for which both restricted and unrestricted assets are available. The City may defer the use of restricted assets based on a review of the specific situation.

As a result of the different measurement focus and basis of accounting used in preparing the government-wide statements, a reconciliation between the government-wide and fund financial statements is necessary. Exhibit D presents a reconciliation of the net position as reported on the Statement of Net Position (Exhibit A) to total governmental fund balance as reported on the Balance Sheet - Governmental Funds (Exhibit C). Exhibit F presents a reconciliation of the total change in net position as reported on the Statement of Activities (Exhibit B) and the total net change in fund balances as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit E).

D. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded in order to reserve the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as Committed Fund Balance since they do not constitute current year expenditures or liabilities and as such, are approved by Council for inclusion in the next fiscal year budget. Encumbrances are reported as expenditures using the budgetary basis of accounting. Unspent appropriations lapse at year-end. These encumbrances are subject to re-appropriation by City Council in the succeeding fiscal year. For fiscal year ended June 30, 2020, significant encumbrances in the General Fund totaled \$2.9 million and related to fleet management, social services, prisoner sustenance and street and other maintenance contracts. In the Capital Projects fund, \$11.8 million was related to various capital improvement construction contracts. In Proprietary funds, \$1.8 million was encumbered related to capital projects, equipment, and contractual services and supplies.

E. Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash from all funds is consolidated in one City account. Short-term investments may consist of certificates of deposit, repurchase agreements, commercial paper, investments in the Local Government Investment Pool (LGIP), and the Commonwealth Cash Reserve Fund. Cash balances, other than GRTC balances, Roanoke City Public Schools balances, Roanoke Civic Center balances, OPEB Trust Fund balances and a portion of the Pension Trust Fund balances are deposited in a pooled account, which in turn purchases short-term investments. Interest income is allocated to the participating funds based on each fund's average daily cash balance. Cash and cash equivalents are recorded at cost, which approximates market value.

Applicable investments are measured at fair value and are categorized within the fair value hierarchy using valuation techniques as promulgated by GAAP. The hierarchy is based on the valuation of inputs used to measure the fair value of an asset and categorizes these inputs into one of three levels. See Footnote 3 for additional information regarding the

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

categorical fair value measurement of investments. Investments of the Capital Projects Fund consist of government securities. Investments of the Pension Trust Fund consist of investments in bank common trust funds, government securities, corporate bonds, stocks, and mutual funds. The fair value of underlying assets held in the Pension Trust Fund's real estate fund is based upon independent appraisal conducted periodically throughout the year, but not less than annually.

F. Interfund Receivables and Payables

Outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide statements as internal balances. Outstanding balances between the City and its component units are reported as due to/from component unit or due to/from Primary Government.

G. Allowance for Uncollectible Taxes and Accounts Receivable

The City calculates its allowance for uncollectible receivables based on historical collection data and specific account analyses. At June 30, 2020, the allowance for General Fund uncollectible taxes receivable was \$4,168,874 or 19.3% of the outstanding balance of taxes receivable. At June 30, 2020, the allowance for General Fund uncollectible accounts receivable was \$2,204,983 or 69.4% of the outstanding balance of accounts receivable. In the Stormwater Fund, an allowance in the amount of \$ 39,627 or 13.7% of the delinquent stormwater fee receivables of \$290,188.

H. Property Taxes

Property taxes are assessed annually as of January 1. Real estate tax is payable in two equal installments, each due on or before October 5 and April 5. On April 6, real property taxes become an enforceable lien against the property. The annual assessment for real estate is based on 100% of the assessed fair market value. The tax rates are established annually, without limitation, by City Council. The tax rate for real estate was \$1.22 per \$100 of assessed value for the year.

Personal property tax is normally due on or before May 31 during the year of assessment. However, in response to the COVID-19 health crisis, the City extended the deadline for Personal Property Tax payments by one month, to June 30. The personal property tax rate was \$3.45 per \$100 of assessed value for the year. The Commonwealth funds localities for a portion of the personal property taxes billed to property tax owners. The Personal Property Tax Relief Act as amended provides a flat amount of reimbursement to localities, such as the City of Roanoke, thereby altering the percent of tax relief provided. The Commonwealth's share of the tax was 52.4% for tax year 2020. A penalty of 10% of unpaid real estate and personal property tax is due for late payment. Interest on unpaid taxes is 10% in the first year. Thereafter, the interest is calculated using the Internal Revenue Service (IRS) rate. At June 30, 2020, the IRS rate was 5%.

The City bills and collects taxes and recognizes revenue upon levy for government-wide purposes. For the fund financial statements, the City recognizes revenue to the extent that it results in current receivables.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

I. Inventory

Inventory for proprietary funds is valued at cost, determined using the moving weighted average method. Inventory consists of materials and supplies held for consumption and are adjusted to actual based on an annual physical count. The cost is recorded as an expense when individual items of inventory are used.

J. Pension Trust Fund

The City's policy is to fully fund actuarially determined pension costs, which include both normal costs and amortization of unfunded accrued liability. Pension Trust Fund investments are measured at fair value using valuation techniques categorized under the hierarchy as set forth in GAAP. See Footnote 3 for additional information regarding the categorical fair value measurement of investments. Security transactions are recognized on the trade date which is the date the order to buy or sell is originated. Securities lending fees are included as a component of investment expenses.

K. Other Postemployment Benefits Trust Fund

The City's policy is to fully fund actuarially determined OPEB costs, which include both normal costs and amortization of unfunded accrued liability, by contributing to the Virginia Pooled OPEB Trust Fund (OPEB Trust Fund). The OPEB Trust Fund investments are recorded at fair value. See Footnote 3 for additional information regarding the categorical fair value measurement of investments. The Trust Board of Trustees establishes investment objectives, risk tolerance and asset allocation policies in light of the investment policy, market and economic conditions, and generally prevailing prudent investment practices. OPEB includes retirement benefits and line of duty benefits other than pension costs.

L. Virginia Retirement System Pension and Other Postemployment Benefit Plans

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan is a multi-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 Political Subdivision's Retirement Plan and the additions to/deductions from the Political Subdivision's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Virginia Retirement System (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

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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.

The 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. For purposes of measuring the net Political Subdivision Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Health Insurance Credit Program OPEB, and the Political Subdivision Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (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.

M. Capital Assets

Capital assets acquired or constructed by the City with a value in excess of \$5,000 are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets belonging to proprietary funds are also reported in the applicable fund financial statements. Capital assets are recorded at historical cost or estimated historical cost. Gifts or contributions of capital assets are recorded at acquisition value when received. Depreciation is recorded on a straight-line basis over the estimated useful life of each capital asset. No depreciation expense is recorded for land, inexhaustible infrastructure (e.g. flood reduction), construction-in-progress, or items designated as historical treasures. The estimated useful lives for capital assets are as follows:

Land Improvements	15-40 years
Buildings and Structures	5-50 years
Equipment	2-20 years
Infrastructure	15-50 years
Software	3 years

The City has adopted the modified approach allowed for in GAAP for certain assets determined 'inexhaustible'. Assets in this category are characterized as those whose economic benefit or service potential is used up so slowly that the estimated useful life is extraordinarily long. Assets of this nature are not depreciated, but are required to be

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

maintained at a certain condition level. See Footnote 6 for additional information regarding the City's application of the modified approach.

Pursuant to the City Charter, all real estate, including buildings and improvements thereon, financed by debt issued by the City for the purpose of public education on behalf of the School Board component unit are the property of the City.

N. Compensated Absences Payable

It is the City's policy to permit employees to accumulate earned but unused compensated absences. For government-wide reporting, a liability is recorded for compensated absences when services are rendered and employees have earned the right to receive compensation for such services.

Liabilities for compensated absences are not liquidated until leave is actually taken by employees or leave balances are paid upon termination. Accordingly, in the governmental fund's financial statements, no expenditure is reported for compensated absences until they are paid. Current and non-current portions of compensated absences totaling \$8,295,019 are recorded for governmental activities in the government-wide statements and represent a reconciling item between the government-wide and governmental fund presentations.

O. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is comprised of three components:

Net Investment in Capital Assets - Consists of the historical cost of capital assets net of any accumulated depreciation and outstanding debt which was used to finance those assets.

Restricted - Consists of assets where limitations are imposed on their use through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or the laws and regulations of other governments.

Unrestricted - Net position not reported as net investment in capital assets or restricted.

Fund Balances – Governmental Funds

Within GAAP, fund balance is potentially divided into five classifications based upon the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted fund balance is reported as restricted when constraints placed on the use of resources is either externally imposed by creditors, grantors, constitutional provisions or

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

enabling legislation (City ordinances). Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed fund balance classification includes amounts that can be used only for specific purposes imposed by formal action such as ordinance of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned amounts are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed and is reserved for capital projects that have not yet been approved by the governing body. In the General Fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter Section 34 and the City's adoption of the annual budget at the second meeting in May of each year. Further, in accordance with the laws of the Commonwealth, the chief financial officer of the City is required to file a detailed annual statement of the fund balance with the Auditor of Public Accounts. See Virginia Code Section 15.2.2510.

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending or over-encumbering for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available.

Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The City maintains fund balance reserve policies to ensure sound financial management, protecting the City's credit ratings, ensuring prudent use of the City's debt issuance authority and guiding the City and its managers in policy and debt issuance decisions. Key components of the reserve policies are as follows as of June 30, 2020:

CITY OF ROANOKE, VIRGINIA
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The Unassigned General Fund Reserve target is 12% of the expenditure budget to provide the City with sufficient working capital and margin of financial safety to address unforeseen, one-time expenditure emergencies or significant unforeseen declines in revenues in a specific fiscal year.

A Stabilization Reserve serves to provide coverage for an economic downturn to smooth financial operation, cover the risk exposure the City has relating to its self-insurance program, and demonstrate a commitment to financial planning for economic and community development projects. The minimum funding level for the Stabilization Reserve is 3% of General Fund Expenditures.

The fund balance reserves may only be used upon appropriation by City Council and the reserve policies contain stipulations regarding reserve usage and replenishment.

P. Use of Estimates

Management of the City has made use of estimates and assumptions relating to the reporting of assets, liabilities, revenues, expenditures/expenses and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with GAAP. Actual results could differ from those estimates.

Q. Deferred Inflows/Outflows of Resources

Deferred inflows and outflows of resources represent the acquisition and consumption, respectively, of net position that applies to a future period. At June 30, 2020, the Primary Government had \$2.8 million in deferred outflows of resources representing debt refundings resulting in loss transactions, which are amortized over the life of the refunded debt and \$19.8 million in deferred charges related to Pension and OPEB contributions, experience, assumptions, earnings, and proportion. The Primary Government also had \$12.9 million in deferred inflows of resources related to changes in the Pension and OPEB experience, assumptions, earnings, and proportion which are amortized over the average future service life of all plan members, except earnings, which are amortized over a five year period and \$0.9 million related to uncollected service charges which includes penalties, interest, and other fees.

R. Subsequent Events

There were no subsequent events.

S. New GASB Pronouncements

The City has adopted these pronouncements in the fiscal year ending June 30, 2020.

GASB pronouncements are reviewed upon issuance to determine applicability and adoption. The following pronouncements have been analyzed by the City:

- The GASB issued Statement No. 84, *Fiduciary Activities* in January 2017, (Amended by GASB Statement No. 95 in May 2020). This Statement establishes

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NOTES TO BASIC FINANCIAL STATEMENTS
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standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2019.

- The GASB issued Statement No. 90, *Majority Equity Interests*, an amendment of GASB Statements No. 14 and No. 61 in August 2018, (Amended by GASB Statement No. 95 in May 2020). The comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for periods beginning after December 15, 2019.
- Implementation Guide No. 2019-2, *Fiduciary Activities*. The requirement of this Implementation Guide are effective for financial reporting periods beginning after December 15, 2019.

T. Future GASB Pronouncements

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

- The GASB issued Statement No. 87, *Leases* in June 2017 (Amended by GASB Statement No. 95 in May 2020). This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after June 15, 2021.
- The GASB issued Statement No. 91, *Conduit Debt Obligations* in May 2019 (Amended by GASB Statement No. 95 in May 2020). This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.
- The GASB issued Statement No. 92, *Omnibus 2020* in January 2020, (Amended by GASB Statement No. 95 in May 2020). This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Certain requirements

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of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

- The GASB issued Statement No. 93, *Replacement of Interbank Offer Rates* in March 2020, (Amended by GASB Statement No. 95 in May 2020). This Statement addresses accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.
- The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships, and Availability of Payment Arrangements* in March 2020. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.
- The GASB issued Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, was issued in May 2020. This Statement provides temporary relief to governments in light of the COVID-19 pandemic. The effective dates of certain provisions contained in Statements No. 83, 84, 88, 89, 90, 91, 92, and 93, as well as Implementation Guides No. 2017-3, 2018-1, 2019-1, and 2019-2, were postponed by one year. Also, the effective dates of Statement No. 87 and Implementation Guide No. 2019-3 were postponed by 18 months.
- The GASB issued Statement No. 96, *Subscription-Based Information Technology Agreements*, in May 2020. (SBITAs). This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.
- The GASB issued No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, in June 2020. This Statement provides a more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

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

**CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
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(2) Accounting Changes and Restatements

The City reports that it had no prior period adjustments, accounting changes, or error corrections that required a restatement of prior balances for its financial statements for the fiscal year ended June 30, 2020.

CITY OF ROANOKE, VIRGINIA
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(3) Deposits and Investments

Governmental Funds

The City maintains a consolidated account that is available for use by all funds, including fiduciary funds. Each fund's portion of this account is presented in the basic financial statements as "Cash and Cash Equivalents". The School Board component unit maintains separate cash and investment accounts with a combined balance as of June 30, 2020 of \$23,498,740, which includes \$1,174,268 held on behalf of a fiduciary fund. The GRTC component unit maintains separate cash and investment accounts consisting of cash and overnight repurchase agreements collateralized by government securities. Investments for GRTC and the School Board are presented in conjunction with City investments. The City acts as one of the fiscal agents for the Hotel Roanoke Conference Center Commission (HRCCC) and holds total cash and investments of \$6,095,865 on HRCCC's behalf. Investments and related disclosures for the City of Roanoke Pension Plan and the OPEB Trust Fund, which are fiduciary funds, are presented separately.

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

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

Commercial Paper: The issuing corporation, or its guarantor, has a short-term debt rating of no less than A-1 or its equivalent by at least two of the Nationally Recognized Statistical Rating Organizations and must have a maturity of 270 days or less.

Corporate and Municipal Bonds: High quality corporate notes with a rating of at least AA by Moody's and Standard & Poor's Inc. with a final maturity of five (5) years or less.

Bankers' Acceptances: Must have a short-term debt rating of no less than A-1 or its equivalent by at least two of the Nationally Recognized Statistical Rating Organizations, issued by domestic banks or a federally chartered office of a foreign bank, eligible for purchase by the Federal Reserve System, and with a maturity of 180 days or less.

Negotiable Certificates of Deposit and Bank Deposit Notes: Negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks with a rating of at least A-1 by Standard & Poor's Inc., and P-1 by Moody's Investor Service, Inc., for maturities of one year or less, and a rating of at least AA by Standard & Poor's and Aa by Moody's Investor Service, Inc., for maturities over one (1) year. The final maturity may not exceed a period of five (5) years from the time of purchase.

CITY OF ROANOKE, VIRGINIA
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Obligations of the Commonwealth: Those unconditionally guaranteed as to payment by the Commonwealth of Virginia. Bonds, notes, and other general obligations of the Commonwealth of Virginia and its agencies, authorities, and political subdivisions upon which there is no default, has a rating of at least AA by Standard & Poor's and Aa by Moody's Investor Services, Inc., matures within five (5) years of the date of purchase and otherwise meets the requirements of *Code of Virginia* 2.2 – 4501.

Obligations of the United States: Those unconditionally guaranteed as to payment by the United States with a final maturity not to exceed five (5) years.

Repurchase Agreements: Collateralized by United States Treasury agency securities, with a maximum maturity of five years, having a market value at all times of at least 102% of the value of the overnight repurchase agreements. The securities must be free and clear of any lien and held by an independent third party custodian acting solely as agent for the City, provided such third party is not the seller under the repurchase agreement. For repurchase agreements with terms of maturity of greater than one (1) day, the City will value the collateral securities daily and require that if additional collateral is required then that collateral must be delivered within one business day. The counterparty must be a primary government securities dealer who reports daily to the Federal Reserve Bank of New York or a bank, savings and loan association, or diversified securities broker-dealer having at least \$5 billion in assets and \$500 million in capital and subject to regulation of capital standards by any state or federal regulatory agency. The counterparty must have a long-term credit rating of at least AA or the equivalent from an NRSRO, been in operation for at least 5 years, and is reputable among market participants.

Money Market Funds: One or more open-end investment funds, provided that the funds are registered under the Federal Investment Company Act of 1940 and provided that the fund is rated at least AAAm or the equivalent by a Nationally Recognized Statistical Rating Organization. The mutual fund must comply with all requirements of Rule 2(a) – 7, or any successor rule, of the United States Securities and Exchange Commission, provided the investments by such funds are restricted to investments and otherwise permitted by the Code of Virginia for political subdivisions.

Local Government Investment Pool (LGIP): Administered by the Treasury Board of the Commonwealth of Virginia and is rated AAAm by Standard & Poor's, Inc.

CDARS for Public Funds: Certificates of Deposit with a maximum maturity of five years with no minimum credit rating required as long as the securities are 100% FDIC insured.

Virginia Investment Pool (VIP): Administered by the Virginia Municipal League/Virginia Association of Counties and is an alternative investment pool for local governments for assets held six months or longer.

State Non-Arbitrage Program (SNAP): The Commonwealth of Virginia SNAP was established pursuant to the Local Government Non-Arbitrage Investment Act to make available to Virginia counties, cities, and towns assistance with the investment of and accounting for bond proceeds in compliance with rebate requirements of the Internal Revenue Code of 1986, as amended. The program is managed by PFM Asset Management LLC, an investment advisor registered with the Securities and Exchange Commission. SNAP provides local governments with a convenient

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

method of pooling proceeds of bonds and notes for temporary investment pending their capital project expenditures. The SNAP program is sponsored by the Virginia Treasury Board and it is a GASB Statement 79 compliant local government investment pool.

Investments at June 30, 2020 consisted of the following:

	Total Primary Government	School Board Component Unit	Fiduciary Funds
Investment in pooled funds, including Virginia LGIP & VIP	\$ 8,670,142	\$ 11,776,928	\$ 4,726,722
Certificates of Deposit	7,763,405	-	-
Money Market Accounts	57,445,421	-	-
Fixed Income	5,750,000	-	-
Mutual Funds	23,080,470	-	-
Federal Agency Bonds/Notes	1,998,736	-	-
Total	<u>\$ 104,708,174</u>	<u>\$ 11,776,928</u>	<u>\$ 4,726,722</u>

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

Credit Risk. State law limits local governments and other public bodies to investing in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, bankers’ acceptances, repurchase agreements, and the LGIP. The State Treasurer’s Office of the Commonwealth of Virginia has regulatory oversight over the LGIP. The City’s fair value of investment in the LGIP is the same as the pooled value of its shares. It is the City’s policy to limit its investments in commercial paper to the top rating issued by Nationally Recognized Statistical Rating Organizations (NRSROs).

At June 30, 2020 investment holdings as a percentage of total investments, excluding OPEB Trust Fund investments, were as follows:

Investment Type	Primary Government	School Board Component Unit	Fiduciary Fund	Credit Rating
Virginia LGIP	8.3%	100.0%	15.4%	AAAm
Virginia Investment Pool	0.0%	0.0%	84.6%	AA+f/S1
Certificates of Deposit	7.4%	0.0%	0.0%	
Money Market Accounts	54.8%	0.0%	0.0%	AAAm
Fixed Income	5.5%	0.0%	0.0%	AAAm
Mutual Funds	22.1%	0.0%	0.0%	AAAm
Federal Agency Bonds/Notes	1.9%	0.0%	0.0%	AA+
Total Investment Percentage	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
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Custodial Credit Risk - Investments. For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments at June 30, 2020 were held in the name of the City. The City's investment policy requires all Purchase Securities, Money Market instruments and Certificates of Deposit with maturity dates less than thirty (30) days to be held by the Bank or Securities Dealer through which they were purchased.

Securities with maturity dates exceeding thirty days are electronically transferred and held by a third party.

Investments are considered to be exposed to custodial credit risk if they are uninsured and unregistered with the securities held by the counterparty or by its trust department or agent, but not in the City's name. At June 30, 2020, the City did not hold any investments considered to be exposed to custodial credit risk. The School Board and GRTC component units do not hold any investments exposed to custodial credit risk.

Custodial Credit Risk – Deposits. In the case of a deposit, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The carrying value of the City's deposits was \$75,541,534, including Fiduciary HRCCC Funds of \$1,369,143. The City's bank balance of deposits was \$75,460,677. The City's investment policy requires all deposits to be federally secured or held in accordance with the Virginia Security for Public Deposits Act. In agreement with the policy, the entire balance was covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act.

Concentration of Credit Risk. The City's investment policy establishes limitations on portfolio composition by issuer in order to control concentration of credit risk. No single issue shall constitute more than 5% of the total value of the portfolio, except U.S. Treasury and Federal Agency obligations. Not more than 35% of the total funds available for investment may be invested in commercial paper, and no single industry group, as defined by Standard & Poor's, shall constitute more than 5% of the bond portfolio.

At June 30, 2020, the portions of the City's debt securities that exceed 5% of the total value, excluding certificates of deposit, which were fully insured by Federal Deposit Insurance Corporation (FDIC) and the Virginia LGIP, were as follows:

<u>Issuer</u>	<u>Percent of Portfolio Primary Government</u>
State Non-Arbitrage Program	22.1%

At June 30, 2020, of the School Board's investment portfolio was invested in the Virginia LGIP \$11,776,928.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
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Interest Rate Risk. The City's investment policy limits maturities to a maximum of five years as a means of managing its exposure to fair value losses arising from increasing interest rates. However, as a means of limiting its exposure to an even higher degree, the City's investments are highly concentrated in investments of less than one year, and the City holds no investments with a maturity date of greater than three years.

As of June 30, 2020, the Primary Government had the following investments and maturities:

	Investment Maturity		
	Fair Value	Less than 1 year	More than 1 year
Virginia LGIP	\$ 8,670,142	\$ 8,670,142	\$ -
Certificates of Deposit	7,763,405	7,763,405	-
Money Market Accounts	57,445,421	57,445,421	-
Fixed Income	5,750,000	5,750,000	-
Mutual Funds	23,080,470	23,080,470	-
Federal Agency Bonds/Notes	1,998,736	-	1,998,736
TOTAL	\$ 104,708,174	\$ 102,709,438	\$ 1,998,736

As of June 30, 2020, the School Board Component Unit had the following investments and maturities:

	Investment Maturity	
	Fair Value	Less than 1 year
Virginia LGIP	\$ 11,776,928	\$ 11,776,928

As of June 30, 2020, the Hotel Roanoke Conference Center Commission, an agency fund, had the following investments and maturities:

	Investment Maturity	
	Fair Value	Less than 1 year
Virginia LGIP & VIP	\$ 4,726,722	\$ 4,726,722

CITY OF ROANOKE, VIRGINIA
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YEAR ENDED JUNE 30, 2020

Separately Presented Fiduciary Funds

Pension Trust Fund

Investment Policy. The Board has adopted a Statement of Investment Policy Guidelines and Objectives (Policy), which articulates the Plan's investment objectives and risk tolerance and serves as a guide for asset allocation development, investment manager and fund selection, investment performance monitoring and evaluation. The Policy addresses credit risk, concentration risk, and foreign currency risk as outlined in the following paragraphs.

Plan Investments as of June 30, 2020 consisted of the following:

	<u>2020</u>
Cash Equivalents	157,575
Investment in pooled funds ⁽¹⁾	4,773,063
U.S. Government Securities	1,400,998
Municipal and Agency Bonds	19,784,197
Corporate Bonds	29,238,215
Convertible Bond Mutual Funds	20,023,356
Common Stocks	60,750,782
Domestic Mutual Funds	166,533,551
International Mutual Funds	94,211,976
Real Estate Funds	25,830,079
Total Investments	<u>\$ 422,703,792</u>

CITY OF ROANOKE, VIRGINIA
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		Fair Value Measures Using	
		Quoted Price	
		In Active	Significant
		Markets for	Other
	Fair Asset	Identical	Observable
	Value as of	Assets	Inputs
	6/30/2020	(Level 1)	(Level 2)
Investments By fair value Level			
Fixed Income			
U.S. Government Securities	\$ 1,400,998	\$ -	\$ 1,400,998
Municipal and Agency Bonds	19,784,197	-	19,784,197
Corporate Bonds	29,238,215	-	29,238,215
Domestic Bond Mutual Funds	2,763,980	2,763,980	-
Total Fixed Income	53,187,390	2,763,980	50,423,410
Domestic Equity			
Financial and Utility Common Stock	18,783,494	18,783,494	-
Basic Industrial and Materials Common Sto	10,891,637	10,891,637	-
Consumer and Service Common Stock	18,914,482	18,914,482	-
Technology and Telecommunications Comr	12,161,169	12,161,169	-
Domestic Equity Mutual Fund	107,543,503	107,543,503	-
Total Domestic Equity	168,294,285	168,294,285	-
Convertible Securities			
Convertible Bond Mutual Funds	20,023,356	20,023,356	-
Total Convertible Securities	20,023,356	20,023,356	-
International Equity			
International Equity Mutual Fund	77,969,657	77,969,657	-
Total International Equity	77,969,657	77,969,657	-
Short Term Investments			
Cash and Cash Equivalents	4,712,202	4,712,202	-
Total Short Term Investments	4,712,202	4,712,202	-
Total Investments by Fair Value Level	\$ 324,186,890	\$ 273,763,480	\$ 50,423,410

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
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Fair Value of Investments

The Plan categorizes the 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 give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

- **Level 1** - Unadjusted quoted prices for identical instruments in active markets for identical assets
- **Level 2** - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.
- **Level 3** - Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the net position value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. The Plan's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest, which approximates market or fair value.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Investments Measured at the Net Position Value

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Fixed Income Investments				
Co-mingled domestic fixed income	\$ 26,969,850	-	Daily	0-3 Days
Total Fixed Income Investments measured at the NAV	26,969,850	-		
Equity Investments				
Co-mingled domestic equity	29,256,218	-	Daily	0-3 Days
Co-mingled international equity	16,242,319	-	Daily, Bi-Monthly, Monthly	3-30 Days
Total Equity Investments measured at the NAV	45,498,537	-		
Real Estate Investments				
Real Estate	25,830,079	-	Quarterly	45-90 Days
Total Real Estate Investments measured at the NAV	25,830,079	-		
Total Investments Measured at the NAV	\$ 98,298,466	-		

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
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Credit Risk. Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligation to the Plan. The Plan's investment policy limits investments in fixed income securities to issues which are rated at least Baa or BBB by either Moody's or Standard and Poor's. Investment grade fixed income securities below may be purchased and held in accounts specifically selected to hold such issues. Purchases of non-U.S. government securities are restricted to issues of \$50 million or greater.

At June 30, 2020, the Plan's pooled and fixed income investments consisted of the following:

	<u>2020</u>	<u>Moody's Rating</u>
U.S. Government Securities	\$ 1,400,998 <u>\$ 1,400,998</u>	Aaa
Municipal and Agency Bonds	\$ 8,307,651 613,253 348,281 84,558 29,703 ¹ <u>10,400,751</u> <u>\$ 19,784,197</u>	Aaa Aa1 Aa2 Aa3 A2 NR
Corporate Bonds	\$ 2,379,214 94,845 228,303 1,274,329 2,111,464 10,098,441 8,269,242 3,245,495 <u>1,536,882</u> <u>\$ 29,238,215</u>	Aaa Aa1 Aa2 Aa3 A1 A2 A3 Baa1 & Below NR
Domestic Bond Mutual Funds	18,535,911 <u>8,414,751</u> <u>\$ 26,950,662</u>	Aaa BB
Investment in Pooled Funds	\$ 4,554,627 <u>218,436</u> <u>\$ 4,773,063</u>	Aaa AAAm

CITY OF ROANOKE, VIRGINIA
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Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Plan's deposits may not be returned to it. The Plan's investment policy does not specifically address custodial credit risk. The City maintains a cash and investment pool, in which the Plan is a participant. The carrying amount of the Plan's deposits was \$5,272,287 equal to the bank balance as of June 30, 2020. Of the bank balance, \$560,085 as of June 30, 2020 was covered by Federal depository insurance or collateralized pursuant to agreements with all participating financial institutions to pledge assets on a pooled basis to secure public deposits pursuant to the Virginia Security for Public Deposits Act (Act) Regulations of the Code of Virginia.

Such collateralization qualifies as state depository insurance. Accordingly, the bank balance of \$560,085 as of June 30, 2020 is considered to be insured. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loans. The remaining bank balance of \$4,712,202 as of June 30, 2020, respectively, is uninsured and uncollateralized. The uninsured and uncollateralized deposits are held by Comerica Bank.

Custodial Credit Risk – Investments. The Plan held the following investments as of June 30, 2020: cash equivalents; investment in pooled funds, U.S. government securities; agency and municipal bonds; corporate bonds; convertible bond mutual funds; common stocks; domestic, international, and real estate mutual funds. Investments in external investment pools and in open-end mutual funds are not considered to be exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. Investments are considered to be exposed to custodial credit risk if they are uninsured and unregistered with the securities held by the counterparty or by its trust department or agent but not in the Plan's name. The Plan's investments are not considered to be exposed to custodial credit risk.

Concentration of Credit Risk. The Plan's investment policy prohibits the investment of more than 5% of plan assets in either fixed income or equity securities of any single issuer based on cost. Securities of the U.S. government and investment company shares (mutual funds) are exempted from this limitation. The Plan did not own securities of a single organization, other than positions in mutual funds, representing five percent or more of the Plan's fiduciary net position at June 30, 2020.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Plan's Policy does not address investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Policy does define the investment objectives for both the passive and actively managed segments of the fixed income portfolio. The objective of the passive segment is to replicate the return of the Bloomberg Barclays Aggregate Bond Index, thus providing broad diversification that, in the Board's opinion, would be impractical to achieve in an actively managed portfolio. The objective of the actively managed fixed income portfolio is to outperform the Bloomberg Barclays Aggregate Bond Index over a moving 3 – 5 year range, with the exception of long duration fixed income, which has an objective of outperforming the Bloomberg Barclays Capital Long Government/Credit Index over a

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

moving 3 – 5 year range.

The fair value of the Plan's fixed income portfolio consisted of the following investment and maturities as of June 30, 2020:

Investment Type	Fair Value	Maturities			
		<1	1-5	5-10	>10
U.S. Government Securities	\$ 1,400,998	\$ -	\$ 1,014,701	\$ 386,297	\$ -
Municipal and Agency Bonds	19,784,197	2,263,803	8,582,794	3,339,011	5,598,589
Corporate Bonds	29,238,215	-	6,450,877	17,545,375	5,241,963
Bond Mutual Funds	26,969,850	-	-	8,433,939	18,535,911
	<u>\$ 77,393,260</u>	<u>\$ 2,263,803</u>	<u>\$ 16,048,372</u>	<u>\$ 29,704,622</u>	<u>\$ 29,376,463</u>

The City maintains a cash and investment pool in which the Plan is a participant. The fair value of the Plan's investments in the pool at June 30, 2020 were:

Investment Type	Fair Value	<1
Virginia LGIP	\$ 218,436	\$ 218,436
	<u>\$ 218,436</u>	<u>\$ 218,436</u>

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Plan's investment policy prohibits investment in securities that are not denominated in U.S. dollars and/or that are traded solely on exchanges outside the U.S., with the exception of international commingled funds. The Plan had no investments that were not denominated in U.S. dollars or that were traded solely on exchanges outside the U.S. as of June 30, 2020.

OPEB Trust Fund

The City's OPEB Trust Fund is a participant in the Virginia Pooled OPEB Trust. Funds of participating jurisdictions are pooled and are invested in name of the OPEB Trust Fund. The City's share in this pool is reported as an asset on the Statement of Fiduciary Net Position of the OPEB Trust Fund (Exhibit J).

Investment Policy. The Board of Trustees of the OPEB Trust Fund has adopted an investment policy to achieve a compound annualized total expected rate of return over a market cycle, including current income and capital appreciation, of 7.5%. Investment decisions for the funds' assets are made by the Board of Trustees, which establishes investment objectives, risk tolerance and asset allocation policies in light of the investment policy, market and economic conditions, and generally prevailing prudent investment practices. The Board of Trustees also monitors the investments to ensure adherence to the adopted policies and guidelines. In addition, the Trustees review, monitor, and evaluate the performance of the investments and the Board's investment advisors in light of available investment opportunities, market conditions, and publicly available indices for the generally accepted evaluation and measurement of such performance. Specific investment information for the OPEB Trust Fund can be obtained by writing to VML/VACo Finance, 919 East Main Street, Suite 1100, Richmond, Virginia 23219.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
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Credit Risk. State law (*Code of Virginia*, Chapter 3, Title 26) limits local governments and other public bodies to investing in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, bankers’ acceptances, repurchase agreements, and the LGIP. As of June 30, 2020, the City’s OPEB Trust Fund was exclusively invested in the OPEB Trust Fund.

Custodial Credit Risk - Investments. For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are considered to be exposed to custodial credit risk if they are uninsured and unregistered with the securities held by the counterparty or by its trust department or agent but not in the City’s name. At June 30, 2020, the OPEB Trust Fund did not hold any investments considered to be exposed to custodial credit risk.

Concentration of Credit Risk. The OPEB investment policy establishes limitations on portfolio composition by issuer in order to control concentration of credit risk. No single issue shall constitute more than 5% of the total value of the portfolio, except U.S. Treasury and Federal Agency obligations. Not more than 35% of the total funds available for investment may be invested in commercial paper, and no single industry group, as defined by Standard & Poor’s, shall constitute more than 5% of the bond portfolio.

As of June 30, 2020, the OPEB Trust Fund did not own securities other than the OPEB Trust Fund, which classified as a co-mingled multi-strategy pooled investment fund. The value of these investments has been allocated among the participants using a net asset value per share.

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Multistrategy Investments				
Co-mingled multistrategy investment fund				
Total Multistrategy Investments				
measured at the NAV	<u>\$ 7,708,323</u>	<u>\$ -</u>	<u>Daily</u>	<u>0-3 Days</u>

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
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The market value of the OPEB Trust Fund's fixed income holdings within the OPEB Trust Fund consisted of the following investments and maturities at June 30, 2020:

Investment Type	Fair Value	Maturities	
		< 5 years	5 - 10 years
Bond Mutual Funds	\$ 1,902,773	\$ -	\$ 1,902,773
Virginia VIP	341,204	341,204	-
	<u>\$ 2,243,977</u>	<u>\$ 341,204</u>	<u>\$ 1,902,773</u>

Interest Rate Risk. The investment policy of the OPEB Trust Fund does not address investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

(4) Receivables

Receivables as of June 30, 2020 consisted of the following:

<u>Governmental Funds</u>					Internal	Total	School Board	GRTC
<u>Receivables</u>	General	Debt Service	Special Revenue	Capital Projects	Service Fund	Governmental Activities	Component Unit	Component Unit
Federal Government	\$ 207,532	\$ -	\$ 1,375,417	\$ -	\$ -	\$ 1,582,949	\$ 10,601,794	\$ 2,411,044
State Government	10,250,881	-	132,215	744,297	-	11,127,393	2,146,146	807,771
City of Roanoke	-	-	-	-	-	-	10,979,183	-
WVWA	-	4,515,516	-	-	-	4,515,516	-	-
Other Governments	778,316	-	-	-	-	778,316	-	40,524
Total Governments	<u>\$ 11,236,729</u>	<u>\$ 4,515,516</u>	<u>\$ 1,507,632</u>	<u>\$ 744,297</u>	<u>\$ -</u>	<u>\$ 18,004,174</u>	<u>\$ 23,727,123</u>	<u>\$ 3,259,339</u>
Taxes, net of Allowance	\$ 21,569,130	\$ -	\$ -	\$ -	\$ -	\$ 21,569,130	\$ -	\$ -
Accounts	3,179,399	249,205	54,775	2,067	91,469	3,576,915	405,245	256,121
Less: Allowance for								
Uncollectible Accounts	(2,204,983)	-	-	-	-	(2,204,983)	-	-
Subtotal	<u>\$ 22,543,546</u>	<u>\$ 249,205</u>	<u>\$ 54,775</u>	<u>\$ 2,067</u>	<u>\$ 91,469</u>	<u>\$ 22,941,062</u>	<u>\$ 405,245</u>	<u>\$ 256,121</u>
Governmental Fund Receivables	<u>\$ 33,780,275</u>	<u>\$ 4,764,721</u>	<u>\$ 1,562,407</u>	<u>\$ 746,364</u>	<u>\$ 91,469</u>	<u>\$ 40,945,236</u>	<u>\$ 24,132,368</u>	<u>\$ 3,515,460</u>
<u>Enterprise Funds</u>								
<u>Receivables</u>	Stormwater	Civic Facilities	Total Enterprise Funds					
State Government	\$ 396,516	\$ -	\$ 396,516					
Accounts	290,188	71,758	361,946					
Less: Allowance for								
Uncollectible Accounts	(39,627)	-	(39,627)					
Total Receivables	<u>\$ 647,077</u>	<u>\$ 71,758</u>	<u>\$ 718,835</u>					

The taxes receivable account is largely comprised of the current and past nineteen years of uncollected tax levies on real property, the current and prior four years of uncollected tax levies for personal property, and business and professional occupational license tax. The ability to collect these accounts has been considered in the allowance for uncollectible accounts.

Net taxes and accounts receivable, as reported on the government-wide Statement of Net Position, include taxes receivable of approximately \$5.7 million that are not available to pay for current period expenditures and are accordingly recorded as deferred revenue in the governmental funds balance sheet. A \$4,515,516 receivable from the Western Virginia Water Authority (WVWA) related to long-term liabilities is reported on the Statement of Net Position. Further details are presented in Footnotes 9 and 17. Governmental Funds and Governmental Activities accounts receivable included \$477,675 related to Roanoke City Public Schools miscellaneous accounts receivable accounts which were reported by them as an accounts payable liability.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

(5) Interfund Balances and Transfers

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

DUE TO (FUND)	DUE FROM (FUND)							
	General	Capital Projects	Special Revenue	Stormwater Utility	Civic Facilities	Parking	Total	
	General Fund	\$ -	\$ -	\$ 374	\$ -	\$ 163,501	\$ -	\$ 163,875
	Pension Trust	453,295	319	-	12,769	5,469	327	472,179
	TOTAL	\$ 453,295	\$ 319	\$ 374	\$ 12,769	\$ 168,970	\$ 327	\$ 636,054

All interfund balances represent timing differences resulting from the difference between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments are made.

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

		TRANSFER OUT (FUND)		
TRANSFER IN (FUND)		General	Capital Projects	Total
	General	\$ -	\$ 3,386,459	\$ 3,386,459
	Debt Service	12,608,931	-	12,608,931
	Special Revenue	651,660	398,354	1,050,014
	Capital Projects	10,652,064	-	10,652,064
	Civic Facilities	3,171,072	-	3,171,072
	TOTAL	<u>\$ 27,083,727</u>	<u>\$ 3,784,813</u>	<u>\$ 30,868,540</u>

Transfers are used (1) to move revenues from the funds that are required by statute or budget to collect them to the funds that are required by statute or budget to spend them, (2) to move receipts restricted for debt service from the funds collecting them to the Debt Service Fund as debt service payments become due, and (3) to move unrestricted revenues collected in the General Fund, which finance various programs accounted for in other funds in accordance with budgetary authorizations. In fiscal year 2020, the City transferred funding for an annual operating subsidy for the Civic Center, debt service and capital projects. Throughout the course of FY20 \$3,386,459 was transferred to the general fund from the capital projects fund for various fund re-allocations. Additionally, the City provided required/matching funding for grants in the Special Revenue fund.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

(6) **Changes in Capital Assets**

Primary Government

Changes in capital assets for the year ended June 30, 2020 consisted of the following:

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 44,330,431	\$ -	\$ (275,000)	\$ 44,055,431
Infrastructure - Right of Way	20,238,508	32,645	-	20,271,153
Infrastructure - Inexhaustible	47,995,346	-	-	47,995,346
Construction in Progress - City	24,857,920	37,541,432	(34,353,874)	28,045,478
Historical Treasures	679,798	-	-	679,798
Total Capital Assets, Not Being Depreciated	\$ 138,102,003	\$ 37,574,077	\$ (34,628,874)	\$ 141,047,206
Capital Assets, Being Depreciated:				
Land Improvements	\$ 10,782,562	\$ 462,444	\$ (11,210)	\$ 11,233,796
Accumulated Depreciation	(5,582,642)	(682,660)	7,474	(6,257,828)
Net Land Improvements	\$ 5,199,920	\$ (220,216)	\$ (3,736)	\$ 4,975,968
Building Structures	\$ 443,301,117	\$ 16,461,502	\$ -	\$ 459,762,619
Accumulated Depreciation	(160,933,373)	(8,730,071)	-	(169,663,444)
Net Building and Structures	\$ 282,367,744	\$ 7,731,431	\$ -	\$ 290,099,175
Infrastructure	\$ 307,706,987	\$ 16,234,200	\$ -	\$ 323,941,187
Accumulated Depreciation	(140,566,132)	(8,952,684)	-	(149,518,816)
Net Infrastructure	\$ 167,140,855	\$ 7,281,516	\$ -	\$ 174,422,371
Equipment	\$ 96,236,642	\$ 9,372,793	\$ (3,067,318)	\$ 102,542,117
Accumulated Depreciation	(66,308,927)	(7,009,561)	3,060,423	(70,258,065)
Net Equipment	\$ 29,927,715	\$ 2,363,232	\$ (6,895)	\$ 32,284,052
Total Capital Assets Being Depreciated	\$ 858,027,308	\$ 42,530,939	\$ (3,078,528)	\$ 897,479,719
Less: Accumulated Depreciation	(373,391,074)	(25,374,976)	3,067,897	(395,698,153)
Net Total Capital Assets Being Depreciated	\$ 484,636,234	\$ 17,155,963	\$ (10,631)	\$ 501,781,566
Governmental Activities' Capital Assets, Net	\$ 622,738,237	\$ 54,730,040	\$ (34,639,505)	\$ 642,828,772

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

Changes in capital assets for Business-type activities for the year ended June 30, 2020 consisted of the following:

	<u>June 30, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2020</u>
<u>Business-type Activities:</u>				
<u>Capital Assets, Not Being Depreciated:</u>				
Land	\$ 5,122,073	\$ -	\$ -	\$ 5,122,073
Right of Way/Easements	108,222	-	-	108,222
Construction in Progress	1,745,986	4,817,102	(1,341,128)	5,221,957
Total Capital Assets, Not Being Depreciated	\$ 6,976,281	\$ 4,817,102	\$ (1,341,128)	\$ 10,452,252
<u>Capital Assets, Being Depreciated:</u>				
Land Improvements	\$ 73,696	\$ -	\$ -	\$ 73,696
Accumulated Depreciation	(70,039)	(350)	-	(70,389)
Net Land Improvements	\$ 3,657	\$ (350)	\$ -	\$ 3,307
Building and Structure	\$ 92,515,547	\$ 224,249	\$ -	\$ 92,739,796
Accumulated Depreciation	(41,682,600)	(2,209,065)	-	(43,891,665)
Net Building and Structures	\$ 50,832,947	\$ (1,984,816)	\$ -	\$ 48,848,131
Infrastructure	\$ 14,981,304	\$ 303,291	\$ -	\$ 15,284,595
Accumulated Depreciation	(744,614)	(378,049)	-	(1,122,663)
Net Infrastructure	\$ 14,236,690	\$ (74,758)	\$ -	\$ 14,161,932
Equipment	\$ 7,870,711	\$ 647,682	\$ (35,885)	\$ 8,482,508
Accumulated Depreciation	(4,260,267)	(628,849)	35,885	(4,853,230)
Net Equipment	\$ 3,610,444	\$ 18,833	\$ -	\$ 3,629,278
Total Capital Asset Being Depreciated	\$ 115,441,258	\$ 1,175,222	\$ (35,885)	\$ 116,580,595
Less: Accumulated Depreciation	(46,757,520)	(3,216,314)	35,885	(49,937,948)
Net Total Capital Assets Being Depreciated	\$ 68,683,738	\$ (2,041,092)	\$ -	\$ 66,642,647
Business-type Activities' Capital Assets, Net	\$ 75,660,019	\$ 2,776,010	\$ (1,341,128)	\$ 77,094,899

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

Depreciation was charged to functions as follows:

Government Activities:

General Government	\$2,700,883
Judicial Administration	220,710
Public Safety	1,856,109
Public Works	12,479,442
Health and Welfare	243,848
Parks, Recreation, and Cultural	1,374,300
Community Development	45,307
Economic Development	149,733
Education	6,304,645
Total	<u><u>\$25,374,976</u></u>

Business-type activities:

Stormwater	865,572
Civic Facilities	1,303,044
Parking	1,047,698
Total	<u><u>\$3,216,314</u></u>

School Board Component Unit:

	<u>Balance</u>				<u>Balance</u>
	<u>June 30, 2019</u>	<u>Increases</u>	<u>Decreases</u>		<u>June 30, 2020</u>
<u>Capital Assets, Not Being Depreciated:</u>					
Construction in Progress	\$ -	\$ 10,211,668	\$ -		\$10,211,668
<u>Capital Assets, Being Depreciated:</u>					
Instruction	\$ 3,994,826	\$ 136,418	\$ 91,408	\$	4,039,836
Administration	2,585,461	219,180	141,004		2,663,637
Transportation	266,645	264,597	-		531,242
Maintenance	1,801,967	5,399,734	72,527		7,129,174
Less: Accumulated Depreciation	(5,159,030)	(921,797)	289,767		(5,791,060)
Net Total Capital Assets Being Depreciated	<u>3,489,869</u>	<u>5,098,132</u>	<u>594,706</u>		<u>8,572,829</u>
Component Unit Capital Assets, Net	<u>\$ 3,489,869</u>	<u>\$ 15,309,800</u>	<u>\$ 594,706</u>	<u>\$</u>	<u>18,784,497</u>

GRTC Component Unit:

	<u>Balance</u>				<u>Balance</u>
	<u>June 30, 2019</u>	<u>Increases</u>	<u>Decreases</u>		<u>June 30, 2020</u>
<u>Capital Assets, Not Being Depreciated:</u>					
Land	\$ 720,724	\$ -	\$ -	\$	720,724
<u>Capital Assets, Being Depreciated:</u>					
Building and Structures	11,795,786	223,986	-		12,019,772
Equipment	22,914,466	2,279,181	-		25,193,647
Less: Accumulated Depreciation	(21,544,942)	(1,954,556)			(23,499,498)
Net Total Capital Assets Being Depreciated	<u>13,165,310</u>	<u>548,611</u>	<u>-</u>		<u>13,713,921</u>
Component Unit Capital Assets, Net	<u>\$ 13,886,034</u>	<u>\$ 548,611</u>	<u>\$ -</u>	<u>\$</u>	<u>14,434,645</u>

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

(7) Construction in Progress and Contract Commitments

A summary of construction in progress by function and contract commitments (encumbrances) at June 30, 2020 is as follows:

Primary Government:

		Expended/ Expensed as of	Contract
	Project	June 30, 2020	Commitments
<u>Governmental Activities:</u>	<u>Authorizations</u>		<u>(Encumbrances)</u>
<u>Function</u>			
General Government	\$ 3,241,061	\$ 508,437	\$ 82,706
Parks, Recreation and Cultural	21,007,474	7,832,776	2,200,040
Economic Development	6,806,475	6,636,759	-
Community Development	3,486,686	2,567,996	159,773
Public Safety	7,455,073	3,913,564	3,152,875
Public Works	24,910,990	14,826,333	2,657,063
Technology	7,494,274	5,569,310	232,425
Fleet	69,390	-	-
Education	24,992,396	21,845,915	-
Subtotal	\$ 99,463,819	\$ 63,701,090	\$ 8,484,882
Non-Capitalized Projects City	\$ 32,821,734	\$ 15,642,778	\$ 589,734
Non-Capitalized Projects Education	\$ 1,297,670	\$ -	\$ -
Total	\$ 133,583,223	\$ 79,343,868	\$ 9,074,616

Business-type Activities:

<u>Fund</u>			
Stormwater Utilities	\$ 13,905,877	\$ 3,412,587	\$ 495,836
Civic Facilities	3,209,496	1,610,293	549,956
Parking	1,441,898	1,322,597	34,157
Total	\$ 18,557,271	\$ 6,345,477	\$ 1,079,949

School Board Component Unit:

Non-Capitalized Projects	\$ -	10,211,668	-
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CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

(8) Unearned Revenues

Unearned revenues represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenues for the Civic Facilities and Parking proprietary funds (shown as Business-type activities in the table below) is reported as such on the face of the statements (see Exhibit G). Unearned revenues as reported in the governmental and proprietary funds financial statements at June 30, 2020 consists of the following:

Governmental activities:

	General Fund	Debt Service Fund	Special Revenue Fund	Internal Service Fund	Total
Unearned Revenue	\$ 10,052	\$ 46,975	\$ 8,806,028	\$ 41	\$ 8,863,096

Business-type activities:

	Civic Facilities Fund	Parking Fund	Total
Unearned Revenue	\$ 1,657,751	\$ 144,443	\$ 1,802,194

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

(9) Long-Term Liabilities

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are subject to the provisions of the Internal Revenue Code of 1986 related to arbitrage and interest income tax regulations under those provisions. The fund balance of the Debt Service Fund at June 30, 2020 of \$17,215 was restricted for future retirement of long-term debt. The City Charter limits the legal debt to 10% of the assessed valuation of real estate within the City limits. The City's legal debt margin at June 30, 2020 was \$488,847,492. The City has no overlapping debt. The City issues general obligation bonds to provide for the acquisition and construction of major capital facilities. Outstanding long-term liabilities, gross of governmental activities deferred refunding amounts, at June 30, 2020, were comprised of the following:

Long Term Debt Summary

At June 30, 2020 the long-term indebtedness of the City consisted of the following:

Series/Description	Interest Rates	Issue Date	Maturity	Issue Amount	Governmental Activities
<u>General Obligation Bonds</u>					
2010B Public Improvement Bonds	1.25% - 5.80%	3/11/2010	10/1/2029	\$ 2,680,000	\$ 1,400,000
2010C Public Improvement Bonds	2.00% - 4.00%	8/11/2010	7/15/2030	2,605,000	135,000
2010D Public Improvement Bonds	2.00% - 4.00%	8/11/2010	7/15/2030	5,470,000	3,135,000
2010E Public Improvement Bonds	2.00% - 4.00%	8/11/2010	7/15/2030	5,665,000	380,000
2012A Public Improvement Bonds	2.00% - 5.00%	3/14/2012	2/1/2032	6,925,000	587,700
2012B Refunding Bonds	0.43% - 2.96%	3/14/2012	10/1/2023	6,880,000	1,480,000
2012C Refunding Bonds	4.00% - 5.00%	3/14/2012	2/1/2025	11,140,000	4,330,000
2013A Refunding Bonds	0.37% - 2.73%	2/27/2013	7/15/2025	20,426,800	8,959,136
2013B Refunding Bonds	0.37% - 2.73%	2/27/2013	7/15/2024	15,350,000	1,920,000
2013C RCACP	2.46%	11/1/2013	9/30/2022	1,829,500	496,300
2014A Public Improvement Bonds	3.00% - 5.00%	3/5/2014	4/1/2034	11,073,200	6,993,504
2015 Public Improvement Bonds	2.00% - 4.00%	3/25/2015	4/1/2035	17,420,000	14,121,400
2015 Refunding Bonds	2.00% - 4.00%	3/25/2015	4/1/2029	6,130,000	5,514,900
2016 Public Improvement Bonds	2.00% - 5.00%	3/8/2016	4/1/2036	15,170,000	13,040,000
2016 Refunding Bonds	2.00% - 5.00%	3/8/2016	4/1/2033	16,505,000	15,632,000
2017 Public Improvement Bonds	3.00% - 5.00%	3/23/2017	4/1/2037	20,980,000	18,865,000
2019A Refunding Bonds	1.67%	11/22/2019	10/1/2021	6,137,366	6,137,366
2019B Refunding Bonds	2.00%	11/22/2019	10/1/2030	3,940,097	3,940,097
2019C Refunding Bonds	2.79%	11/22/2019	4/1/2041	28,355,939	28,355,939
2020A Refunding Bonds	2.25% - 5.00%	5/14/2020	4/1/2043	1,170,000	1,170,000
2020A Public Improvement Bonds	2.25% - 5.00%	5/14/2020	4/1/2043	13,460,000	13,460,000
2020B Refunding Bonds	2.00% - 2.25%	5/14/2020	2/1/2034	13,328,434	13,328,434
QZAB - Fallon Park (1)	0.00%	12/29/2004	12/29/2020	439,100	51,406
QZAB - Patrick Henry High School (1)	0.00%	12/27/2006	12/27/2022	1,097,571	281,628
QZAB - School Capital Projects - 2012 (1)	0.00%	10/31/2012	12/1/2034	2,014,104	1,373,250
					<u>\$ 165,088,060</u>
<u>General Obligation Bonds (Water Fund-to be contractually repaid by the Western Virginia Water Authority)</u>					
2012B Refunding Bonds - Water (WVWA)	0.43% - 2.96%	3/14/2012	10/1/2023	7,105,000	3,670,000
2019A Refunding Bonds - Water (WVWA)	1.67%	11/22/2019	10/1/2021	845,516	845,516
					<u>\$ 4,515,516</u>

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Capital Lease Liabilities

Social Services Building Lease	11.80%	2/1/2004	1/1/2024	\$ 4,857,000	\$ 1,826,163
Xerox Lease - General, DOT, Fleet and Risk	12.00%	7/3/2019	7/3/2025	680,631	555,680
RDS Lease	3.97%	10/1/2015	9/1/2025	1,648,155	949,235
					<u>\$ 3,331,078</u>

Bond Anticipation Note

Capital Projects BAN - 2019	2.84%	4/5/2018	4/4/2021	\$ 37,600,000	\$ 27,340,906
					<u>\$ 27,340,906</u>

School Fund Bonds and Loans (1)

2000B VPSA Subsidized Garden City	4.98% - 5.85%	11/16/2000	7/15/2020	\$ 2,750,000	\$ 136,763
2000B VPSA Subsidized Grandin Court	4.98% - 5.85%	11/16/2000	7/15/2020	1,900,000	94,490
2000B VPSA Subsidized Preston Park	4.98% - 5.85%	11/16/2000	7/15/2020	1,900,000	94,490
2001B VPSA Subsidized Fairview	3.10% - 5.35%	11/15/2001	7/15/2021	2,750,000	273,420
2001B VPSA Subsidized Fishburn Park	3.10% - 5.35%	11/15/2001	7/15/2021	2,500,000	248,564
2003C VPSA Subsidized Roanoke Academy	3.10% - 5.35%	11/6/2003	7/15/2023	5,000,000	979,460
2004B VPSA Subsidized Lincoln Terrace	4.10% - 5.60%	11/1/2004	7/15/2024	1,300,000	313,442
2005D VPSA Subsidized Fallon Park	4.60% - 5.10%	11/10/2005	7/15/2025	1,160,900	331,269
2005D VPSA Subsidized Westside	4.60% - 5.10%	11/10/2005	7/15/2025	3,850,000	1,098,618
2006B VPSA Subsidized Patrick Henry	4.23% - 5.10%	11/9/2006	7/15/2026	7,500,000	2,498,050
2008B VPSA Non-Subsidized William Fleming/Roofs	3.60% - 5.35%	12/11/2008	7/15/2028	7,500,000	3,086,153
2010 VPSA Qualified School Constr Bonds (QSCB)	0%	7/8/2010	6/1/2027	1,135,000	485,000
2014B VPSA Refunding	3.00% - 5.00%	5/15/2014	7/15/2026	1,245,000	665,000
2015A VPSA Refunding	4.10% - 5.35%	2/17/2015	7/15/2028	9,555,000	6,070,000
					<u>\$ 16,374,719</u>

Subtotal Government Activities

\$ 216,650,279

	Interest Rates	Issue Date	Maturity	Issue Amount	Business-Type Activities
Enterprise Fund Bonds					
2012A Civic Facilities Bonds	2.00% - 5.00%	3/14/2012	2/1/2032	\$ 685,000	\$ 60,000
2012C Civic Facilities Refunding Bonds	4.00% - 5.00%	3/14/2012	2/1/2025	3,345,000	1,325,000
2013A Civic Facilities Refunding Bonds	1.00% - 5.00%	2/27/2013	7/15/2025	2,898,200	996,800
2014A Civic Facilities Bonds	3.00% - 5.00%	3/5/2014	4/1/2034	936,800	655,200
2015 Civic Facilities Bonds	2.00% - 4.00%	3/25/2015	4/1/2035	980,000	795,000
2015 Civic Facilities Refunding Bonds	2.00% - 4.00%	3/25/2015	4/1/2025	70,000	70,000
2016 Civic Facilities Bonds	2.00% - 5.00%	3/8/2016	4/1/2036	2,795,000	2,410,000
2016 Civic Facilities Refunding Bonds	2.00% - 5.00%	3/8/2016	4/1/2033	330,000	330,000
2019A Civic Facilities Refunding Bonds	1.67%	11/22/2019	10/1/2021	716,913	716,913
2019C Civic Facilities Refunding Bonds	2.79%	11/22/2019	4/1/2041	1,005,992	1,005,992
2020A Civic Facilities New Money	2.25% - 5.00 %	5/14/2020	4/1/2043	1,350,000	1,425,000
2020B Civic Facilities Refunding Bonds	2.00 % - 2.25%	5/14/2020	2/1/2034	3,182,933	3,182,933
2012C Parking Refunding Bonds	4.00% - 5.00%	3/14/2012	2/1/2025	900,000	395,000
2013A Parking Refunding Bonds	1.00% - 5.00%	2/27/2013	7/15/2025	1,255,000	770,000
2014B Parking Refunding Bonds	1.00% - 4.25%	3/5/2014	4/1/2032	7,110,000	4,995,000
2015 Parking Refunding Bonds	2.00% - 4.00%	3/25/2015	4/1/2025	160,000	160,000
2016 Parking Refunding Bonds	2.00% - 5.00%	3/8/2016	4/1/2028	545,000	545,000
2019A Parking Refunding Bonds	1.67%	11/22/2019	10/1/2021	679,704	679,704
2020B Parking Refunding Bonds	2.00 % - 2.25%	5/14/2020	2/1/2034	813,751	813,751
2012A Stormwater Utility Bonds	2.00% - 5.00%	3/14/2012	2/1/2032	382,470	102,300
2013A Stormwater Utility Bonds	1.00% - 5.00%	2/27/2013	7/15/2033	1,001,624	204,064
2014A Stormwater Utility Refunding Bonds	3.00% - 5.00%	3/5/2014	4/1/2034	1,020,058	751,296
2015 Stormwater Utility Refunding Bonds	2.00% - 4.00%	3/25/2015	4/1/2029	125,250	110,100
2016 Stormwater Utility Refunding Bonds	2.00% - 5.00%	3/8/2016	4/1/1933	721,500	663,000
2015 Stormwater Utility Bonds	2.00% - 4.00%	3/25/2015	4/1/2035	1,090,000	883,600
2016 Stormwater Utility Bonds	2.00% - 5.00%	3/8/2016	4/1/2036	1,805,000	1,550,000
2017 Stormwater Utility Bonds	3.00% - 5.00%	3/8/2016	4/1/2037	1,540,000	1,385,000
2019C Stormwater Utility Refunding Bonds	2.79%	11/22/2019	4/1/2041	2,013,630	2,013,630
2020A Stormwater Utility Bonds	2.25% - 5.00 %	5/14/2020	4/1/2043	1,800,000	1,900,000
2020B Stormwater Utility Refunding Bonds	2.00 % - 2.25%	5/14/2020	2/1/2034	579,881	579,881
					<u>\$ 31,474,164</u>

CITY OF ROANOKE, VIRGINIA
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YEAR ENDED JUNE 30, 2020

Capital Lease Liabilities

Xerox Lease - Stormwater Fund	4%	7/3/2019	7/3/2025	\$	7,862	\$	7,744
Xerox Lease - Civic Facilities	4%	7/3/2019	7/3/2025		13,704		13,506
Xerox Lease - Parking Fund	4%	7/3/2019	7/3/2025		5,450		5,371
						\$	<u>26,621</u>

Bond Anticipation Note

Civic Facilities BAN	2.61%	3/1/2019	4/15/2022	\$	1,500,000	\$	917,072
Stormwater Utility Fund BAN	2.61%	3/1/2019	4/15/2022		2,000,000		976,256
						\$	<u>1,893,328</u>

Subtotal Business-type Activities **\$ 33,394,113**

- (1) QZAB = Qualified Zone Academy Bond
(2) VPSA = Virginia Public School Authority

The Annual Requirements to amortize primary government debt outstanding at June 30, 2020 are as follows:

FISCAL YEAR	GENERAL OBLIGATION SERIAL BONDS		WESTERN VIRGINIA WATER AUTHORITY GENERAL OBLIGATION SERIAL BONDS		VPSA/LITERARY FUND LOANS		TOTAL GOVERNMENTAL ACTIVITIES DEBT	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2020-21	\$ 12,918,846	\$ 5,046,354	\$ 1,314,901	\$ 98,048	\$ 2,631,658	\$ 788,464	\$ 16,865,405	\$ 5,932,866
2021-22	13,764,529	4,806,411	1,330,615	68,709	2,328,350	670,061	17,423,494	5,545,182
2022-23	11,517,587	4,327,788	925,000	40,765	2,085,618	562,032	14,528,205	4,930,585
2023-24	12,044,529	3,926,801	945,000	13,995	2,104,201	461,012	15,093,730	4,401,808
2024-25	13,057,593	3,535,798	-	-	1,872,148	366,087	14,929,741	3,901,886
2025-30	47,343,035	12,586,368	-	-	5,352,744	570,564	52,695,779	13,156,931
2030-35	37,094,688	5,915,424	-	-	-	-	37,094,688	5,915,424
2035-40	14,143,420	1,458,847	-	-	-	-	14,143,420	1,458,847
2041-43	3,203,833	137,764	-	-	-	-	3,203,833	137,764
TOTAL	\$ 165,088,060	\$ 41,741,556	\$ 4,515,516	\$ 221,517	\$ 16,374,719	\$ 3,418,221	\$ 185,978,295	\$ 45,381,294

The following general obligation debt is issued to support business-type activities. The annual requirements to amortize business-type activities debt outstanding as of June 30, 2020 are as follows:

CITY OF ROANOKE, VIRGINIA
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YEAR ENDED JUNE 30, 2020

FISCAL YEAR	CIVIC FACILITIES FUND SERIAL BONDS		PARKING FUND SERIAL BONDS		STORMWATER FUND SERIAL BONDS		TOTAL BUSINESS-TYPE DEBT	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2020-21	\$ 1,361,155	\$ 366,354	\$ 994,742	\$ 252,329	\$ 370,018	\$ 317,147	\$ 2,725,915	\$ 935,830
2021-22	1,408,741	352,184	997,530	252,065	455,929	312,458	2,862,200	916,707
2022-23	1,291,339	293,387	834,362	222,368	456,705	293,741	2,582,406	809,496
2023-24	1,379,799	248,543	866,168	195,630	500,390	273,785	2,746,357	717,958
2024-25	1,412,283	213,151	876,851	164,058	509,972	255,481	2,799,106	632,690
2025-30	2,662,886	715,935	2,858,802	475,539	3,020,034	978,747	8,541,722	2,170,220
2030-35	2,234,895	359,901	930,000	53,550	2,880,748	519,876	6,045,643	933,327
2035-40	892,228	108,300	-	-	1,464,944	174,227	2,357,172	282,527
2040-43	329,512	16,514	-	-	484,131	23,264	813,643	39,778
TOTAL	\$ 12,972,838	\$ 2,674,268	\$ 8,358,455	\$ 1,615,538	\$ 10,142,871	\$ 3,148,726	\$ 31,474,164	\$ 7,438,532

CHANGES IN GENERAL LONG-TERM LIABILITIES

	Balance			Amounts	
	June 30, 2019	Increases	Decreases	Balance June 30, 2020	Due Within One Year
Primary Government - Governmental Activities:					
General Obligation Serial Bonds:					
General Obligation Serial Bonds	\$ 136,532,168	\$ 66,391,836	\$ 37,835,944	\$ 165,088,060	\$ 12,918,846
General Obligation Serial Bonds - WVWA	5,769,800	845,516	2,099,800	4,515,516	1,314,901
Add: Bond Premiums	9,589,819	1,458,833	2,982,478	8,066,174	773,785
Subtotal General Obligation Serial Bonds	\$ 151,891,787	\$ 68,696,185	\$ 42,918,222	\$ 177,669,750	\$ 15,007,532
Bond Anticipation Note	\$ 29,672,349	\$ 19,993,703	\$ 22,325,146	\$ 27,340,906	\$ -
State Literary Fund Loans	250,000	-	250,000	-	-
VPSA School Bonds	19,203,977	-	2,829,258	16,374,719	2,631,658
Capital Lease Obligations	3,314,453	649,509	632,883	3,331,078	708,048
Claims Payable	17,163,931	9,121,026	11,986,272	14,298,685	2,473,685
Compensated Absences Payable	7,622,323	7,829,546	7,156,850	8,295,019	5,704,485
Subtotal Governmental Activities:	\$ 229,118,820	\$ 106,289,969	\$ 88,098,631	\$ 247,310,157	\$ 26,525,408
Primary Government - Business-type Activities:					
General Obligation Serial Bonds:					
General Obligation Serial Bonds	\$ 27,135,079	\$ 12,317,806	\$ 7,978,721	\$ 31,474,164	\$ 2,725,915
Add: Bond Premiums	1,363,134	332,303	504,129	1,191,309	137,202
Subtotal General Obligation Serial Bonds	\$ 28,498,213	\$ 12,650,109	\$ 8,482,850	\$ 32,665,473	\$ 2,863,117
Bond Anticipation Note	3,212,252	1,461,787	2,780,711	1,893,328	-
Capital Lease Obligations	-	31,122	4,501	26,621	4,691
Compensated Absences Payable	131,877	158,528	78,848	211,557	\$ 168,470
Subtotal Business-type Activities:	\$ 31,842,342	\$ 14,301,546	\$ 11,346,910	\$ 34,796,979	\$ 3,036,278
Total Primary Government Long-Term Liabilities	\$ 260,961,162	\$ 120,591,515	\$ 99,445,541	\$ 282,107,136	\$ 29,561,686
School Board Component Unit:					
Claims Payable	\$ 6,763,655	\$ 19,354,193	\$ 20,088,873	\$ 6,028,976	\$ 5,404,025
Compensated Absences Payable	3,192,023	5,878,133	5,750,028	3,320,128	893,114
Capital Lease Obligation	-	17,000,000	-	17,000,000	271,500
Total School Board Component Unit	\$ 9,955,678	\$ 42,232,326	\$ 25,838,901	\$ 26,349,104	\$ 6,568,639

CITY OF ROANOKE, VIRGINIA
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YEAR ENDED JUNE 30, 2020

During fiscal year 2020, the Debt Service Fund was used to account for the repayment of long-term liabilities of governmental activities as shown in the tables preceding this paragraph.

On November 22, 2019 the City issued \$43,715,901 principal amount of General Obligation Public Improvement and Refunding Bonds (Bonds) Series 2019ABC consisting of \$6,190,202 principal amount of improvement bonds and \$37,525,699 principle amount of refunding bonds. Series 2019A Public Improvement Refunding Bonds were used to refund Series 2010A. Series 2019B Public Improvement Refunding Bonds were used to advance refund Series 2010E. Series 2019C Public Improvement Bonds were used to pay off the City's outstanding 2018 Bond Anticipation Note and to fund certain project costs associated with the City's Capital Improvement Program. See further discussion of the advance refundings below.

In addition, On May 12, 2020 the City also issued Series 2020AB in the amount of \$35,860,000. Series 2020A General Obligation Public Improvement bonds were issued for the purpose of providing funds towards current school capital projects, library improvements, civic center improvement projects, stormwater management projects, curb, gutter and sidewalk improvement projects, streetscape improvements, fleet capital replacements, technology capital projects, fire station construction projects, upgrades to the public works service center, and capital building maintenance. Series 2020A bonds were also to refund a portion of 2010C (tax-exempt). Series 2020B Public Improvement Refunding Bonds were used to refund 2006B, advance refund a portion of 2012C and 2013A. See further discussion of the advance refundings below.

Advance Refundings

The Series 2019B bonds were issued in the amount of \$3,940,097 on November 22, 2019 with a true interest cost of 2.08%. The bond proceeds were used to refund, in advance of their stated maturities, \$3,940,097 principal from the City's Series 2010E (Taxable – Recovery Zone Economic Development Bonds). The 2010E (Taxable Recovery Zone Economic Development Bonds), was dated August 11, 2010 and subject to mature on July 15 in the years 2021 through 2025. The 2019B refunding transactions resulted in an economic gain of approximately \$113,341 and a decrease of approximately \$464,112 in future debt service payments.

On May 12, 2020, the Series 2020A refunding portion of the bonds was used to advance refund \$1,350,000 for the Series 2010C General Obligation and Refunding Public Improvement Bonds, dated August 11, 2010. Series 2010C was subject to mature on July 15, 2027 and July 15, 2030. The series 2020A bonds were issued with a true interest cost of 2.41%. The 2020A refunding transactions resulted in an economic gain of approximately \$23,826 and a decrease of approximately \$261,225 in future debt service payments.

Also on May 12, 2020, the city also issued Series 2020B to advance refund the City's outstanding Series 2012C and 2013A Public Improvement and Refunding Bonds. The amount issued to advance refund Series 2012C was \$7,055,000. Series 2012C, dated March 14, 2012 and subject to mature on February 1 in the years 2023 through 2025. \$8,790,000 was used to advance refund Series 2013A which was dated February 27, 2013, maturing in instalments on July 15 of each of the years 2024 through 2029. The Series 2020B bonds were issued with a true interest cost of 1.74%. The 2020A refunding transactions resulted in an economic gain of approximately \$925,720 and a decrease of approximately \$1,455,327 in future debt service payments.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
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The proceeds relating to both refundings, Series 2019 and 2020, were deposited with Wilmington Trust, National Association, as Escrow Agent for the City under the Escrow Deposit Agreements dated November 22, 2019 and May 14, 2020. Such proceeds will be invested in Government Securities (as defined in the City's Escrow Deposit Agreement). The Government Securities will mature and bear interest payable at such times and in such amounts as shall be sufficient (i) to pay interest on the Series 2010C refunded Bonds to their July 15, 2020 redemption date. (ii) to pay the redemption price of the Series 2010C Refunded Bonds on their July 15, 2020 redemption date at a redemption price equal to 100% of the principal amount of the Series 2010C Refunded Bonds to be redeemed, together with the interest accrued thereon to their redemption date. (iii) To pay interest on the Series 2010E Refunded Bonds to their July 15, 2020 redemption date; (iv) To pay the redemption price of the Series 2010E Refunded Bonds on their redemption date of July 15, 2020 at a redemption price equal to 100% of the principal amount of the Series 2010E Refunded Bonds to be redeemed, together with the interest accrued thereon to their redemption date. (v) to pay the interest, when due, on the Refunded Series 2012C Bonds to February 1, 2022, (vi) to pay the redemption price of the Series 2012C Refunded Bonds on their redemption date of February 1, 2022 at a redemption price equal to 100% of the principal amount of the Series 2012C Refunded Bonds to be redeemed, together with the interest accrued thereon to their redemption date (vii) to pay the redemption price of the Series 2013A Refunded Bonds on their redemption date of July 15, 2023 at a redemption price equal to 100% of the principal amount of the Series 2013A Refunded Bonds to be redeemed, together with the interest accrued thereon to their redemption date.

The City typically refunds and defeases debt for several reasons including generating interest rate cost savings with a present value of 3% or greater, or if the nature of use or circumstances change, or if the City is involved in a pooled financing situation whereby it is subject to the refunding initiatives of the issuer of the pooled funds, which may have a positive or negative impact. As of June 30, 2020, the amount of defeased debt outstanding was \$21,135,097 and consisted of maturities from the City's 2010C, 2010E, 2012C and 2013A series.

On July 1, 2004, WVWA commenced operations. In conjunction with its formation, the Authority assumed certain indebtedness of the City, and it agreed to pay the City amounts equal to debt service on Water and Water Pollution Control debt to be retained by the City. As of June 30, 2020, the City had \$4,515,516 in outstanding general obligation debt, which will contractually be repaid by the Water Authority over the remaining 5 year life of the bonds. Further details are presented in footnotes 4 and 17.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

(10) Capital Leases

Blue Eagle Partnership

During 2004, the City entered into an agreement with Blue Eagle Partnership to rent the third floor of a building to house the City's Social Services Department. Under the lease agreement, the City paid monthly rent in the range of \$52,300 to \$57,400 to Blue Eagle, representing principal and interest payments with interest at 11.8%. After 2006, the rent increase is a maximum of 2% or 50% of CPI, whichever is lower. The lease term is 20 years. Ownership of the building is retained by Blue Eagle Partnership. Capital lease accounting is required due to the net present value of payments through the term of the lease.

The building lease asset and obligation are accounted for as Governmental Activities. At June 30, 2020, the original cost of the building under the capital lease totaled \$4,857,000 and accumulated depreciation on the building totaled \$3,865,096.

Xerox, Inc.

In July 2019, the City entered into an agreement with Xerox, Inc. to lease copy machines and related equipment. Under the lease agreement, the City pays \$9,847 monthly to Xerox, Inc., representing principal and interest with interest at 4.0%. The lease term is 5 years. Ownership of the equipment does not transfer to the City at the completion of the lease term. Capital lease accounting is required due to the net present value of payments through the term of the lease.

The Xerox lease asset and obligation are accounted for as Governmental Activities and in various proprietary funds. At June 30, 2020, the original cost of the equipment under the capital lease totaled \$680,631 and there was \$124,004 of accumulated depreciation on these assets.

Recycling Disposal and Solutions (RDS) Lease

In October 2015, the City entered into an agreement with Recycling Disposal and Solutions for equipment to initiate a recycling program. Under the lease agreement, the City pays \$199,300 annually to Recycling Disposal and Solutions representing principal and interest at 3.97%. The lease term is for 10 years.

The Recycling Disposal and Solution lease asset and obligation are accounted for as Governmental Activities. At June 30, 2020, the original cost of the equipment under the capital lease totaled \$1,648,155 and there was \$1,537,602 of accumulated depreciation on the assets.

Future lease obligations for capital leases are as follows:

CITY OF ROANOKE, VIRGINIA
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	Governmental		Total
<u>Future Minimum Lease Payments:</u>	<u>Funds</u>	<u>Enterprise Funds</u>	<u>(Memo Only)</u>
2021	\$ 1,028,850	\$ 5,403	\$ 1,034,253
2022	1,043,186	5,403	1,048,589
2023	1,057,808	5,403	1,063,211
2024	753,574	5,403	758,977
2025	332,638	5,009	337,647
2026 and thereafter	49,825		49,825
Minimum lease payments	\$ 4,265,881	\$ 26,621	\$ 4,292,502
Less: Amounts representing interest	(934,803)	-	(934,803)
Present value of minimum lease payments	\$ 3,331,078	\$ 26,621	\$ 3,357,699
Less: Current portion	(708,048)	(4,691)	(712,739)
Long-term lease obligation at June 30, 2020	<u>\$ 2,623,030</u>	<u>\$ 21,930</u>	<u>\$ 2,644,960</u>

School Board Component Unit

On December 6, 2019, the School Board entered into a \$17,000,000 lease purchase agreement with TD Equipment Finance, Inc. to purchase energy saving equipment for the district. Bi-annual payments starting at \$136,000 including principal and interest at 2.14% will commence on December 1, 2020 and continue through June 1, 2035. Bi-annual principal payments will increase over the life of the lease as noted in the schedule of payments. As part of the requirements of the lease agreement, the funds borrowed for the project were deposited into an investment fund through the Virginia SNAP, PFM Asset Management, LLC. As of June 30, 2020, the unused proceeds from the financing totaled \$4,835,968 and are included as restricted cash on the Statement of Net Position. Dividends earned on the investments totaled \$76,623 through June 30, 2020 at a rate of .53%. Total equipment expenditures during the year were \$13,722,671 with the remaining balance of the project to be completed in fiscal year 21.

For the year ending June 30, 2020, the total liability for the note payable was \$17,000,000. Interest payments in fiscal year 2020 totaled \$176,847.

Future Minimum Lease Payments:

2021	\$ 633,845
2022	1,229,303
2023	1,228,956
2024	1,270,987
2025	1,303,244
2026 and thereafter	14,554,761
Minimum lease payments	\$ 20,221,096
Less: Amounts representing interest	(3,221,096)
Present value of minimum lease payments	\$ 17,000,000
Less: Current portion	(271,500)
Long-term lease obligation at June 30, 2020	<u>\$ 16,728,500</u>

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(11) Fund Balances/Net Position

All classifications of Governmental Fund balances reflect City Code requirements or City Council action in the context of adoption of the City's budget except for those required to comply with accounting standards. Reserve policies include a required review every two years to ensure adequacy and appropriateness in light of economic changes. Additional information regarding these reserve policies may be found in the City of Roanoke's Reserve and Debt Management Policies.

All fiscal year 2020 outstanding purchase commitments were re-appropriated to the 2020-21 fiscal year by City Council on June 15, 2020.

The General Fund balance of \$46,794,502 is categorized as non-spendable, committed or unassigned. The City had committed funds of \$2,863,461 for outstanding purchase commitments for goods and services ordered, but not received by June 30, 2020 and \$850,000 held in reserves. The City had a non-spendable fund balance of \$38,499 consisting of gasoline inventory. The remaining fund balance of \$6,077,291 in stabilization reserves and \$36,965,251 General Fund Reserve is categorized as unassigned.

The Debt Service Fund balance of \$17,215 is restricted for future debt service payments.

The Capital Projects Fund balance of \$29,646,657 is comprised of 19,408,029 related to unspent bond proceeds and is categorized as restricted and \$7,025,589 is categorized as committed for outstanding purchase commitments for goods and services ordered but not received by June 30, 2020. The remaining fund balance of \$3,213,039 is categorized as unassigned.

The Governmental activities has a negative unrestricted balance of \$85,719,784 at year-end. The deficit relates primarily to the City's Pension and OPEB liabilities.

The Civic Facilities Fund has a deficit unrestricted net position of \$1,662,141 at year-end. The deficit results from the cancelling of several events due to COVID-19. It is expected that the deficit will be funded by future show revenues or a transfer from the General Fund.

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(12) Pensions and Deferred Compensation Plans

Summary of Pension Plans

	Primary Government	Component Units
Net Pension Assets		
VRS - General Employee Plan	\$ -	\$ 1,207,418
Total	<u>\$ -</u>	<u>\$ 1,207,418</u>
Deferred Outflows of Resources		
City of Roanoke Pension Plan	\$ 15,134,395	\$ 260,523
VRS - General Employee Plan	3,263,782	227,914
VRS - Teacher Plan	-	26,247,393
Total	<u>\$ 18,398,177</u>	<u>\$ 26,735,830</u>
Net Pension Liability		
City of Roanoke Pension Plan	\$ 123,942,077	\$ 2,476,003
VRS - General Employee Plan	9,234,385	-
VRS - Teacher Plan	-	129,942,187
Total	<u>\$ 133,176,462</u>	<u>\$ 132,418,190</u>
Deferred Inflows of Resources		
City of Roanoke Pension Plan	\$ 10,176,662	\$ 775,151
VRS - General Employee Plan	1,190,812	78,191
VRS - Teacher Plan	-	13,084,557
Total	<u>\$ 11,367,474</u>	<u>\$ 13,937,899</u>
Net Pension Expense		
City of Roanoke Pension Plan	\$ 12,635,406	\$ (417,596)
VRS - General Employee Plan	1,917,957	35,327
VRS - Teacher Plan	-	14,078,499
Total	<u>\$ 14,553,363</u>	<u>\$ 13,696,230</u>

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City Pension Plans

City employees participate in one of two different pension plans and may participate in a deferred compensation plan. The first plan is primarily for City employees, the City of Roanoke Pension Plan (Pension Plan). Sheriff's employees participate in the second plan, the Virginia Retirement System (VRS). All City employees may also participate in an Internal Revenue Code Section 457 deferred compensation Plan. Disclosure concerning these plans is as follows:

City of Roanoke Pension Plan - Plan Description

The Pension Plan is a cost-sharing multiple-employer defined benefit plan established by City Council and is included in the City's basic financial statements as a Pension Trust Fund. The Pension Plan was established by City Ordinance No. 8559 dated May 27, 1946, effective July 1, 1946. The Pension Plan covers substantially all employees of the City, all employees of the Roanoke Regional Airport Commission, and the Roanoke Valley Juvenile Detention Center, as well as certain employees of the City of Roanoke School Board, the Roanoke Valley Resource Authority, and the Western Virginia Water Authority. The City is the major contributor of employer contributions to the Pension Plan. City Council appoints members of the Pension Plan Board of Trustees to administer the Pension Plan. The Pension Plan is not subject to the provisions of the Employee Retirement Income Security Act (ERISA) of 1974.

Effective July 1, 1984, the Pension Plan changed its name from the Employees' Retirement System of the City of Roanoke, Virginia (ERS) to City of Roanoke Pension Plan and incorporated a provision for an Employees' Supplemental Retirement System (ESRS) which modified certain benefits as defined by the ERS. All employees covered under the provisions of the ERS at June 30, 1984, could elect to remain with the ERS or be covered under the provisions of the ESRS. Coverage under the ESRS was mandatory for all employees hired or rehired on or after July 1, 1984. On November 28, 1994, June 1, 1998, November 2, 1998, and June 5, 2000, City Council authorized the Pension Plan to offer members of the ERS an opportunity to transfer to the ESRS. The option was available from February 1, 1995 to May 16, 1995, July 1, 1998 through August 31, 1998, December 1, 1998 through December 31, 1998, and July 1, 2000 through July 31, 2000. Both the ERS and the ESRS share a common trust fund from which all benefits are paid without distinction as to the source of funds and are administered by the Board of Trustees. The Pension Plan provides retirement benefits as well as death and disability benefits.

Effective July 16, 2012, City Council adopted a restatement of the Chapter of the City Code governing the Pension Plan. The restated Chapter 22.3, Pensions and Retirement, provides for the introduction of an Internal Revenue Code Section 401(h) health savings account, established as a component of the Pension Plan effective July 1, 2013, and established new benefit tiers effective July 1, 2014. The restated Chapter 22.3 also provides for a defined cost of living adjustment effective July 1, 2013.

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

CITY OF ROANOKE, VIRGINIA
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Employees who are members of the ESRS, hired prior to July 1, 2014, with 5 years or more of credited service and age 65 or over, general employees who have attained age 50 with age plus service equal to 80, and deputized police officers and firefighters who have attained age 45 with age plus service equal to 70, are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 2.1% of their final average compensation for each year of credited service up to a maximum of 63%. Final average compensation is the employee's average salary, excluding overtime, over the highest 36 consecutive months of credited service. Employees with 5 years of credited service may retire at age 55 and receive a reduced retirement benefit. Employees may elect to receive their retirement benefits in the form of a single life annuity or a joint and survivor annuity payable monthly from retirement. If employees terminate before rendering five years of service, they forfeit the right to receive any Pension Plan benefits. There is no mandatory retirement age.

Employees hired after June 30, 2014 become members of ESRS and choose between participation as a traditional defined benefit ESRS member or as a Hybrid member. Employees hired after June 30, 2014 were required to contribute 5% of earnable compensation to the plan. Effective July 1, 2015, the required contribution of 5% of earnable compensation was extended to employees hired prior to July 1, 2015. Employees have 60 days from their date of hire to make an irrevocable election to participate as either a traditional defined benefit ESRS member or a Hybrid member. Employees electing Hybrid membership participate in ESRS and accrue a lesser defined benefit than traditional defined benefit ESRS members and also participate in a defined contribution plan established under Section 401(a) of the Internal Revenue Code. Employees who make no election participate as traditional defined benefit ESRS members. ESRS members hired after June 30, 2014, choosing participation as a traditional defined benefit member may retire with 5 years or more of credited service and age 65 or over, general employees who have attained age 55 with age plus service equal to 85, and deputized police officers and firefighters who have attained age 50 with age plus service equal to 75, are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 2.0% of their final average compensation for each year of credited service up to a maximum of 63%. Final average compensation is the employee's average salary, excluding overtime, over the highest 60 consecutive months of credited service. Employees with 15 years of credited service may retire at age 55 (age 50 for deputized police officers and firefighters) and receive a reduced retirement benefit. Employees may elect to receive their retirement benefits in the form of a single life annuity or a joint and survivor annuity payable monthly from retirement. If employees terminate before rendering five years of service, they forfeit the right to receive any Pension Plan benefits. There is no mandatory retirement age. Member contributions for traditional defined benefit participants are invested in the pension trust fund.

Employees choosing participation as Hybrid members participate in ESRS for the defined benefit component of their retirement benefit, subject to the same eligibility criteria as outlined for the traditional defined benefit participants. Hybrid members' defined benefit component is payable monthly for life in an amount equal to 1.0% of their final average compensation for each year of credited service up to a maximum of 63%. Final average compensation is the employee's average salary, excluding overtime, over the highest 60 consecutive months of credited service. Hybrid member contributions are deposited in a defined contribution plan established under Section 401(a) of the Internal Revenue Code. Hybrid members are responsible for the investment of funds in their defined contribution plan account.

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Effective July 1, 2000, an additional monthly supplement equal to the greater of (a) \$159 or (b) 75% of the amount the City contributes toward the cost of a single active employee's health insurance shall be paid for eligible retirees terminating the month in which the retiree attains age 65. Any member of the City of Roanoke Pension Plan who was an employee of one of the participating employers of the Pension Plan (not including employees of the City of Roanoke School Board) and who retired after earning 20 or more years of creditable service but prior to attaining the age of 65 is eligible for this supplement. This supplement is not available to retirees receiving the early retiree incentive plan supplement granted in 1991. Employees hired after June 30, 2013 are not eligible for this supplement.

The Internal Revenue Code Section 401(h) health savings account operates similarly to a defined contribution plan. Employees eligible to participate in the City of Roanoke Pension Plan are required to contribute 1% of earnable compensation in their health savings account. Employees hired after June 30, 2013 and employees hired prior to July 1, 2014, who made an irrevocable election to forego eligibility for the monthly supplemental benefit enacted effective July 1, 2000, receive an employer paid matching contribution equal to 1% of their earnable compensation. Employees vest in the employer paid matching contribution upon the attainment of 5 years of creditable service in the Pension Plan. The Board of Trustees has delegated authority for the oversight of the 401(h) health savings account to the Defined Contribution Board established under the Chapter 22.3 of the City Code. The Defined Contribution Board has contracted with an independent financial services organization for the custody and administration of the 401(h) accounts. Assets accumulated in the individual accounts are available for use upon separation from service for reimbursement of qualified medical expenses, as defined in section 213(d) of the Internal Revenue Code, as a tax-free distribution. Non-vested employer contributions, including earnings thereon, are forfeited upon separation from service. Any balance remaining in the account is forfeited upon death or attainment of maximum age of the last eligible recipient.

Contributions

Effective July 1, 2015, employees contribute 5% of earnable compensation into the pension trust. Employees hired on or after July 1, 2014, electing participation as a Hybrid plan member contribute 5% of earnable compensation into a defined contribution plan member account. Employer contributions to the Pension Plan are based on a percentage of the earnable compensation of the active members. The City's contribution rate for the fiscal year ended June 30, 2020 was 16.08%, which, when combined with the required employee contribution of 5%, totaled 21.08%. For fiscal year 2020, the total contribution rate of 21.08% of earnable compensation, actuarially determined as an amount that is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were \$11,288,969 for fiscal year ended June 30, 2020.

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

At June 30, 2020 the City reported a liability of \$123,942,077 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the Pension Plan relative to the projected contributions of all Pension Plan participating employers, actuarially determined. At June 30, 2019 the City's

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proportion was 89.19%, which was an increase of .22% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$12,635,406. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>
Differences between expected and actual experience	\$ 903,599	\$ -
Change in assumptions	1,093,252	-
Net difference between projected and actual earnings on pension plan investments	-	6,820,631
Changes in proportion and differences between employer contributions and proportionate share of contributions	857,855	-
City contributions subsequent to the measurement date	11,287,903	-
Change from Net to Gross	991,786	3,356,031
Total	<u>\$ 15,134,395</u>	<u>\$ 10,176,662</u>

The City reported \$11,287,903 as deferred outflows of resources, resulting from the City's contributions subsequent to the measurement date, will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the City's Pension will be recognized in the City's Pension expense in future reporting periods as follows:

Year Ending June 30,	<u>Amount</u>
2021	\$ 572,127
2022	(5,701,159)
2023	(602,778)
2024	1,765,884
Thereafter	-
	<u>\$ (3,965,925)</u>

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Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2019, updated to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary Increases	3.50 percent, average, including inflation
Investment Rate of Return	7.25 percent, net of investment expenses
Cost of Living Adjustments	1.5 percent for eligible participants, based on 2/3 of assumed inflation

Mortality rates or pre-retirement and healthy annuitants were based on 125% of RP-2000 Combined Healthy Mortality for males and females with generation mortality projection using Scale AA. For Disabled's, mortality rates were based on Society of Actuaries RP-2014 adjusted to 2006 Disabled Retiree Mortality Table.

Investment Rate of Return

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

	Allocation Target	Weighted Contributions to Rate of Return
U.S. Equity	52.0%	5.20%
International Equity	22.0%	2.42%
Real Estate	6.0%	0.42%
U.S. Fixed Income	20.0%	1.00%
Total	100%	9.04%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions will be made at the actuarially determined 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 on Pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Sensitivity of the City's Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% decrease 5.75%	Current 6.75%	1% increase 8.75%
City's Net Pension Plan Liability	\$ 179,454,958	\$ 123,942,076	\$ 77,087,710

Detailed information about the pension fund's fiduciary net position is available in a separately issued City of Roanoke Pension Plan CAFR. That report may be obtained by writing to the City of Roanoke Retirement Office, 215 Church Ave, SW, Room 461, Roanoke, Virginia 24011 or via the City's website at <http://www.roanokeva.gov>.

Virginia Retirement System - Plan Description

The City contributes to the VRS, a mixed agent and cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System (VRS or the System). All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees hired prior to July 1 2010 and members vested as of January 1, 2013 are eligible for an unreduced retirement benefit at age 65 with five years of service (age 60 with five years of service for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters and sheriffs). Non-hazardous duty employees hired after July 1, 2010 and those not vested as of January 1, 2013 are eligible for an unreduced retirement benefit when they reach their normal Social Security retirement age or when their age and service equal the sum of 90. Benefits are payable monthly for life in an amount equal to 1.7% of their average final salary (AFS) for each year of credited service, and 1.85% of their (AFS) for each year of credited service for elected Sheriffs. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases limited to 5% per year beginning in their second year of retirement. Average final salary is defined as the highest consecutive 36 months of salary for employees hired prior to July 1 2010 and members vested as of January 1, 2013, for all others average final salary is defined the highest consecutive 60 months of salary. Non-hazardous duty employees hired on or after January 1, 2014 become members of the VRS Hybrid Retirement Plan. The VRS Hybrid Retirement Plan combines features of a defined benefit and a defined contribution plan. Employees covered under the VRS Hybrid Plan are eligible for an unreduced benefit when they reach their normal Social Security retirement age or when their age and service equal the sum of 90. Benefits are payable monthly for life in an amount equal to 1% of their AFS for each year of credited service. Hybrid members make mandatory contributions to the defined contribution component of the plan and may make additional voluntary contributions to the plan, which the employer is required to match. Employees vest in the matching employer contributions based upon a tiered schedule. Employees are 100% vested in all matching employer contributions upon reaching 4 years of creditable service. Participating local law enforcement officers, firefighters and sheriffs may receive a monthly benefit supplement if they retire prior to

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age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia. The System issues a publicly available CAFR that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained from their website at the following address: <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

VRS Contributions

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. In addition, the City is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The City's contribution rate for the fiscal year ended June 30, 2020 was 15.56% of annual covered payroll. Contributions to the VRS from the City were \$1,590,379 for the fiscal year ended June 30, 2020.

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

At June 30, 2020 the City reported a liability of \$9,234,385 for its proportionate share of the net pension liability for employees covered under the Virginia Retirement System (VRS). The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2020, the City recognized pension expense of \$1,917,957 for employees covered under the VRS. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2020 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 203,341	\$ 641,256
Change in assumptions	1,470,062	38,767
Net difference between projected and actual earnings on pension plan investments	-	510,789
City contributions subsequent to the measurement date	1,590,379	-
Total	<u>\$ 3,263,782</u>	<u>\$ 1,190,812</u>

The City reported \$1,590,379 as deferred outflows of resources, resulting from the City's contributions subsequent to the measurement date, will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred

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outflows of resources and deferred inflows of resources related to the City's Pension will be recognized in the City's Pension expense in future reporting periods as follows:

Year Ending June 30,	Amount
2021	\$ 303,166
2022	(94,620)
2023	236,225
2024	37,820
2025	-
Thereafter	-
	\$ 482,591

VRS Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, updated to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	3.5% - 4.75%
Investment Rate of Return	6.75%, net of plan investment expenses, including inflation*
Pre-retirement mortality	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.
Post-retirement mortality	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years
Disableds mortality	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male

* 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 6.75% to simplify preparation of the pension liabilities.

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VRS Investment Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34%	5.61%	1.91%
Fixed Income	15%	0.88%	0.13%
Credit Strategies	14%	5.13%	0.72%
Real Assets	14%	5.27%	0.74%
Private Equity	14%	8.77%	1.23%
Multi-Asset Public Strategies	6%	3.52%	0.21%
Private Invest Partnerships	3%	6.29%	0.19%
	<u>100.0%</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%.

VRS 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 and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	\$ 66,506,902	\$ 58,686,643	\$ 7,820,259
Changes for the year:			
Service cost	1,347,664	-	1,347,664
Interest	4,539,086	-	4,539,086
Changes of assumptions	2,014,530	-	2,014,530
Difference between expected and actual experience	(717,393)		(717,393)
Contributions - employer	-	1,490,872	(1,490,872)
Contributions - employee	-	451,026	(451,026)
Net investment income	-	3,869,084	(3,869,084)
Benefit payments, including refunds of employee contributions	(3,325,626)	(3,325,626)	-
Administrative expenses	-	(38,781)	38,781
Other changes	-	(2,440)	2,440
Net changes	<u>3,858,261</u>	<u>2,444,135</u>	<u>1,414,126</u>
Balances at June 30, 2019	<u>\$ 70,365,163</u>	<u>\$ 61,130,778</u>	<u>\$ 9,234,385</u>

Sensitivity of the City's Net Pension Liability to Changes in the Discount Rate

The following presents the City's net pension liability calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% decrease 5.75%	Current 6.75%	1% increase 7.75%
Net Pension Liability	<u>\$ 18,405,029</u>	<u>\$ 9,234,385</u>	<u>\$ 1,911,899</u>

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School Board Component Unit Plans

Defined Benefit Pension Plans

The School Board participates in and contributes to three pension systems. Professional and non-professional employees of the School Board participate in the VRS. Professional employees participate in a VRS statewide teacher cost-sharing pool, and non-professional employees hired after July 1, 2006 participate as a separate group in the agent multiple-employer retirement system. Operational, maintenance and food service (non-professional) employees hired prior to July 1, 2006 participate in the City of Roanoke Pension Plan (Plan). The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to School Board by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Disclosure concerning these three plans is as follows:

A. Plan Description

The School Board contributes to a cost-sharing and agent multiple-employer defined benefit pension plan (Plan 1, Plan 2 and Hybrid) administered by the Virginia Retirement System (System). All full-time, salaried permanent employees of participating employers must participate in one VRS cost sharing plan. Benefits vest after 5 years of service. Employees are eligible for an unreduced retirement benefit when they meet the age and service requirements for their plan. The plans also provide for a reduced benefit based on age and service requirements specific to each plan. The unreduced benefit is actuarially reduced to calculate the reduced benefit amount. A cost-of-living adjustment (COLA) based on changes in the Consumer Price Index for all Urban Consumers is granted on July 1 of the second calendar year after retirement and is effective each July 1 thereafter, when provided. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Actuarial assumptions common to the various VRS plans are disclosed below. Plan specific disclosures follow.

B. Actuarial Assumptions

Long-Term Expected Rate of Return

The long-term expected rate of return on the pension 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 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.

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The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34%	5.61%	1.91%
Fixed Income	15%	0.88%	0.13%
Credit Strategies	14%	5.13%	0.72%
Real Assets	14%	5.27%	0.74%
Private Equity	14%	8.77%	1.23%
Multi-Asset Public Strategies	6%	3.52%	0.21%
Private Invest Partnerships	3%	6.29%	0.19%
	<u>100.0%</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 System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific plan provisions and features of the plans, as well as actuarial assumptions, are available at:

<https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>

<https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>

<https://www.varetirement.org/hybrid.html>

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the school division's Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all

CITY OF ROANOKE, VIRGINIA
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periods of projected benefit payments to determine the total pension liability.

C. Virginia Retirement System – Statewide Professional Cost-Sharing Pool

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required contribution rate for the year ended June 30, 2020 was 15.68% 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 earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board were \$12,870,331 and \$12,653,417 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the School Board reported a liability of \$129,942,187 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The School Board's proportion of the Net Pension Liability was based on the School Board's actuarially determined employer contributions to the pension 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, 2019, the School Board's proportion was 0.98736% as compared to .99297% at June 30, 2018. For the year ended June 30, 2020, the School Board recognized pension expense of \$14,078,499. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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At June 30, 2020, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 8,320,747
Change in assumptions	12,867,323	-
Net difference between projected and actual earnings on pension plan investments	-	2,853,222
Changes in proportion and differences between employer contributions and proportionate share of contributions	509,739	1,910,588
Employer contributions subsequent to the measurement date	12,870,331	-
Total	<u>\$ 26,247,393</u>	<u>\$ 13,084,557</u>

The \$12,870,331 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 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:

Year Ending June 30,	Amount
2021	\$ (112,201)
2022	(2,979,969)
2023	592,210
2024	1,814,437
2025	978,028
	<u>\$ 292,505</u>

The components of the net pension liability as of June 30, 2019 were as follows:

Total net pension liability	\$ 49,683,336
Plan fiduciary net position	36,522,769
Net pension liability	<u>\$ 13,160,567</u>

Fiduciary net position as a percent of total net pension liability	73.51%
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CITY OF ROANOKE, VIRGINIA
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Sensitivity of the School Board's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% decrease 5.75%	Current 6.75%	1% increase 7.75%
School proportionate share of the VRS Teacher Employee Retirement plan net pension liability	\$ 195,619,442	\$ 129,942,187	\$ 75,639,261

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan'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 to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

D. Virginia Retirement System – Nonprofessional Employees (Non-teachers)

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:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	14
Inactive members:	
Vested inactive members	16
Non-vested inactive members	133
Inactive members active elsewhere in VRS	16
Total inactive members	165
Active members	128
Total covered employees	307

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of

CITY OF ROANOKE, VIRGINIA
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their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The School Board's contractually required contribution rate for the year ended June 30, 2020 was 8.64% 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. Contributions to the pension plan from the political subdivision were \$105,180 and \$109,376 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Asset

The political subdivision's net pension asset was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset 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.

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Changes in Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at June 30, 2018	\$ 2,271,867	\$ 3,582,074	\$ (1,310,207)
Changes for the year:			
Service cost	330,934	-	330,934
Interest	157,720	-	157,720
Changes of assumptions	95,414	-	95,414
Difference between expected and actual experience	77,685	-	77,685
Contributions - employer	-	109,376	(109,376)
Contributions - employee	-	195,963	(195,963)
Net investment income	-	255,942	(255,942)
Benefit payments, including refunds of employee contributions	(37,449)	(37,449)	-
Administrative expenses	-	(2,153)	2,153
Other changes	-	(164)	164
Net changes	624,304	521,515	102,789
Balances at June 30, 2019	\$ 2,896,171	\$ 4,103,589	\$ (1,207,418)

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

	1% decrease 5.75%	Current 6.75%	1% increase 7.75%
School division's net pension liability	\$ (836,559)	\$ (1,207,418)	\$ (1,495,740)

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

For the year ended June 30, 2020, the political subdivision recognized pension expense of (\$35,327). At June 30, 2020, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 54,203	\$ 32,888
Change in assumptions	64,335	7,863
Net difference between projected and actual earnings on pension plan investments	-	37,440
Employer contributions subsequent to the measurement date	109,376	-
Total	<u>\$ 227,914</u>	<u>\$ 78,191</u>

The \$109,376 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 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:

Year Ending June 30,	Amount
2021	\$ 11,313
2022	25,927
2023	2,289
2024	818
2025	-
	<u>\$ 40,347</u>

City of Roanoke Pension Plan (School Board participants)

Plan Description

Effective July 1, 2006, this plan was closed to new employees. As of that date, new School Board non-professional employees' are members of a VRS agent multiple-employer retirement plan which is described in detail in previous sections. Details regarding the School Board Pension Plan may be found previously in this footnote. School Board employees contribute 5% of eligible compensation. The School Board's contribution is based on a percentage of the annual compensation of the active members.

CITY OF ROANOKE, VIRGINIA
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Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the Pension Plan – School Board, calculated using the discount rate of 7.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage- point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% decrease 6.25%	Current 7.25%	1% increase 8.25%
Net Pension Liability	<u>\$ 3,584,989</u>	<u>\$ 2,476,003</u>	<u>\$ 1,539,988</u>

At June 30, 2020, the Schools reported a liability of \$2,476,003 for its proportionate share of the Collective Net Pension Liability of the City's Pension Plan. The Collective Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Collective Net Pension Liability was determined by an actuarial valuation as of that date. The School Board's proportion of the Collective Net Pension Liability was based on the Schools' actuarially determined employer contributions to the pension plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for the City Plan's participating employers.

At June 30, 2020, the School Board's proportion was 1.78181% as compared to 1.94872% at June 30, 2019.

For the year ended June 30, 2020, the School Board recognized pension expense of (\$417,596). Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2020 the schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 38,483	\$ (20,432)
Change in assumptions	21,840	-
Net difference between projected and actual earnings on pension plan investments		(136,256)
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(618,463)
Employer contributions subsequent to the measurement date	200,200	-
Total	<u>\$ 260,523</u>	<u>\$ (775,151)</u>

\$200,200 is reported as deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the

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Net Pension Liability in the year ended June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2021	\$ (302,754)
2022	(422,389)
2023	(19,290)
2024	29,605
Thereafter	-
	<u>\$ (714,828)</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2019, updated to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary Increases	2.75 percent, average, including inflation
Investment Rate of Return	7.25 percent, net of investment expenses
Cost of Living Adjustments	1.83 percent for eligible participants, based on 2/3 of assumed inflation

Mortality rates or pre-retirement and healthy annuitants were based on 125% of RP-2000 Combined Healthy Mortality for males and females with generation mortality projection using Scale AA. For Disabled's, mortality rates were based on Society of Actuaries RP-2014 adjusted to 2006 Disabled Retiree Mortality Table

Investment Rate of Return

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

	Allocation Target	Weighted Contributions to Rate of Return
U.S. Equity	52.0%	5.20%
International Equity	22.0%	2.42%
Real Estate	6.0%	0.42%
U.S. Fixed Income	20.0%	1.00%
Total	100%	9.04%

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Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions will be made at the actuarially determined 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 on Pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF ROANOKE, VIRGINIA
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(13) Other Postemployment Benefit Plans

Summary of Other Postemployment Benefits Plans

	Primary Government	Component Units
Net OPEB Assets		
VRS Health Insurance Credit	\$ -	\$ 16,443
Total	<u>\$ -</u>	<u>\$ 16,443</u>
Deferred Outflows of Resources		
Post-Retirement Health Plan	\$ 418,355	\$ -
Line of Duty Benefits	32,737	-
VRS Health Insurance Credit	28,342	1,345,692
VRS Group Life Insurance	915,535	1,534,016
Total	<u>\$ 1,394,969</u>	<u>\$ 2,879,708</u>
Net OPEB Liability		
Post-Retirement Health Plan	\$ 8,659,747	\$ -
Line of Duty Benefits	1,064,538	-
VRS Health Insurance Credit	311,260	12,919,000
VRS Group Life Insurance	6,266,774	7,365,000
Total	<u>\$ 16,302,319</u>	<u>\$ 20,284,000</u>
Deferred Inflows of Resources		
Post-Retirement Health Plan	\$ 150,807	\$ -
Line of Duty Benefits	599,781	-
VRS Health Insurance Credit	1,510	392,258
VRS Group Life Insurance	332,966	653,000
Total	<u>\$ 1,085,064</u>	<u>\$ 1,045,258</u>
Net OPEB Expense		
Post-Retirement Health Plan	\$ 927,621	\$ -
Line of Duty Benefits	(112,871)	-
VRS Health Insurance Credit	15,615	1,028,685
VRS Group Life Insurance	103,815	152,000
Total	<u>\$ 934,180</u>	<u>\$ 1,180,685</u>

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Primary Government – OPEB Employees’ Post-Retirement Health Plan

A. Plan Description

Employees with 15 continuous years of active service and under the age of 65 who retire from the City may participate in the Employees’ Post-Retirement Health Plan and benefit from a lower insurance rate as a result of inclusion in the plan with active City employees. This lower rate results in an implicit benefit that qualifies as an OPEB as defined by GAAP. The City Plan (the Plan) is a single employer OPEB plan and is administered by the City of Roanoke to provide medical insurance to eligible retirees. The Health OPEB and LODA OPEB are indeed two separate plans, but are included in one single trust. All assets are available to pay to any plan member or beneficiary. The OPEB for City retirees was authorized by the City Council. The Plan does not issue a standalone financial report.

B. Plan Membership

As of the June 30, 2019 actuarial valuation, plan membership was as follows:

	2019
Active Participants	1,645
Retired Participants	114
Non-duty disabled Participants	1
Spouses	33
Total Participants	1,793

C. Contributions

The contribution requirements of the Plan members and the City are established and may be amended by City Council. The required contribution is based on projected pay-as-you-go financing requirements under which contributions are made in amounts sufficient to cover benefits paid, administrative costs, and anticipated inflationary increases. For health insurance, the employees retiring prior to January 1, 2010, contribute 100% of the blended premium payment. Employees retiring on or after January 1, 2010, contribute 100% of the blended premium plus an additional amount based on the tier of coverage chosen. For the fiscal year ended June 30, 2020, the retirees contributed \$768,000 to the Plan for health insurance. The City contributed \$255,000 to a qualified trust as defined by GAAP, to fund the annual required contribution of \$1,023,000 for fiscal year 2020. It is the City’s intent to fully fund the annual required contribution each year.

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

At June 30, 2020 the City reported a net OPEB liability of \$8,659,747. The net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

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For the year ended June 30, 2020, the City recognized OPEB expense of \$927,621. OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2020, the City 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	\$ 157,418	\$ -
Net difference between projected and actual earnings on pension plan investments	-	150,807
City contributions subsequent to the measurement date	255,000	-
Administrative fees subsequent to the measurement date	5,937	-
Total	<u>\$ 418,355</u>	<u>\$ 150,807</u>

The City reported \$255,000 as deferred outflows of resources, resulting from the City's contributions subsequent to the measurement date, will be recognized as a reduction of the Net OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the City's OPEB will be recognized in the City's OPEB expense in future reporting periods as follows:

Year Ended June 30,	Amounts
2020	\$ (41,426)
2021	(41,425)
2022	(330)
2023	22,541
2024	90,679
Thereafter	<u>(23,428)</u>
	<u>\$ 6,611</u>

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The components of the net OPEB liability as of June 30, 2020 were as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Total Net OPEB Liability
Balances at June 30, 2019	\$ 13,272,331	\$ 4,526,115	\$ 8,746,216
Changes for the year:			
Service Cost	339,171		339,171
Interest	925,050		925,050
Change in experience	(163,990)	-	(163,990)
Changes of assumptions			
Contributions - employer		976,000	(976,000)
Net investment income		216,095	(216,095)
Benefit payments	(793,000)	(793,000)	-
Admin expenses	-	(5,395)	5,395
Other changes			
Net Changes	<u>307,231</u>	<u>393,700</u>	<u>(86,469)</u>
Balances at June 30, 2020	<u>\$ 13,579,562</u>	<u>\$ 4,919,815</u>	<u>\$ 8,659,747</u>

E. Actuarial Method and Significant Assumptions

The total OPEB liability was determined as part of the actuarial valuation at the date indicated, using the following actuarial assumptions:

Valuation Date	July 1, 2019
Measurement Date	June 30, 2019
Valuation Method	Entry Age Actuarial Cost
Investment Rate of Return	7.0%
Long-term projected salary increase	None Assumed
Healthcare cost trend rates	A range of 7.50% in 2019 to 5.5% in 2034
Pre-retirement mortality	125% of the RP-2000 Combined Healthy Mortality Table for males and females with generational mortality projection using Scale AA
Post-retirement mortality	125% of the RP-2000 Combined Healthy Mortality Table for males and females with generational mortality projection using Scale AA
Disabled mortality	SOA RP-2014 Adjusted to 2006 Disabled Retiree Mortality table with base rates only

F. Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expenses and inflation) are developed for each

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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.

In an effort to assist local governments in funding their OPEB liabilities, the Virginia Association of Counties and the Virginia Municipal League established the VML/VACo OPEB Trust Fund. The OPEB Trust Fund is an irrevocable trust offered to local governments and authorities and is governed by a Board of Trustees consisting of local officials of participants in the OPEB Trust Fund. The Board of Trustees has adopted an investment policy to achieve a compound annualized rate of return over a market cycle, including current income and capital appreciation, in excess of 5% after inflation, in a manner consistent with prudent risk-taking.

The Trust currently invests in the following assets classes and strategies:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Total Equity	65%	10.56%	7.81%
Large Cap Equity (Domestic)	26%	9.87%	7.12%
Small Cap Equity (Domestic)	10%	11.18%	8.43%
International Equity (Developed)	13%	10.90%	8.15%
Emerging Markets	5%	12.24%	9.49%
Private Equity	5%	13.19%	10.44%
Long/Short Equity	6%	8.21%	5.46%
Fixed Income	25%	5.61%	2.86%
Core Bonds	7%	5.36%	2.61%
Core Plus	14%	5.62%	2.87%
Liquid Absolute Return	4%	6.00%	3.25%
Real Assets	10%	9.47%	6.72%
Real Estate	7%	9.47%	6.72%
Commodities	3%	2.53%	0.00%
	<u>100%</u>		<u>4.75%</u>
		Inflation	<u>2.75%</u>
		*Expected arithmetic nominal return	<u>7.50%</u>

* The above allocation provides a one-year return of 7.50%, however, one-year returns do not take into account the volatility present in each of the asset classes.

Specific investment information for the Trust can be obtained by writing to VML/VACo Finance Program, 919 East Main Street, Suite 1100 Richmond, Virginia 23219

CITY OF ROANOKE, VIRGINIA
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G. Discount Rate

The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at current contribution rates. Based on the current and historical commitment of the City to fully fund actuarially determined contribution amounts, the OPEB Plan's fiduciary net position combined with future contributions is sufficient to cover all projected future payments. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

H. Sensitivity of net OPEB liability to changes in the discount rate

The net OPEB liability is shown below as calculated on the current 7.00% discount rate and also as calculated using discount rates 1 percent lower or 1 percent higher:

1% decrease	Current	1% increase
6.00%	7.00%	8.00%
<u>\$ 10,144,871</u>	<u>\$ 8,659,747</u>	<u>\$ 7,375,930</u>

I. Sensitivity of net OPEB liability to changes in healthcare cost trend rates

The net OPEB liability is shown below as calculated on the projected healthcare cost trend 9.25% rate for 2019 decreasing to 5.50% in 2034 and also as calculated using rates 1 percent lower or 1 percent higher:

1% decrease	Current	1% increase
8.25%	9.25%	10.25%
<u>\$ 7,192,945</u>	<u>\$ 8,659,747</u>	<u>\$ 10,385,269</u>

Primary Government – OPEB Line of Duty Benefits

A. Plan Description

The Line of Duty Act (LODA) provides benefits to local government employees who hold specified hazardous duty positions (Code of Virginia §9.1-400 et seq.). By statute, LODA benefits must be provided. The Virginia Department of Accounts administers the benefit. As of July 1, 2011, the General Assembly shifted the financial responsibility from the state government to local governments. The Line of Duty plan is a single employer OPEB plan to provide a death benefit of \$100,000 to beneficiaries of public safety officers who die in the line of duty and a death benefit of \$25,000 to beneficiaries of public safety employees who die within five years of becoming disabled as a result of a qualifying illness as defined in the LODA. A medical benefit is also provided to the disabled public safety employees, their surviving spouses, and their dependents. The Health OPEB and LODA OPEB are indeed two separate plans, but are included in one single trust. All assets are available to pay to any plan member or beneficiary. The Commonwealth of Virginia has the authority to establish and amend Line of Duty Plan benefits. The City of Roanoke Line of Duty plan does not issue a stand-alone financial report.

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B. Plan Membership

As of the June 30, 2019 actuarial valuation, plan membership was as follows:

	<u>2019</u>
Active Participants	716
Disableds	6
Spouses	7
Dependent Children	8
Total Participants	<u><u>737</u></u>

C. Contributions

The contribution requirements of the City are established and may be amended by the Commonwealth of Virginia. The required contribution is based on projected pay-as-you-go financing requirements under which contributions are made in amounts sufficient to cover benefits paid, administrative costs, and anticipated inflationary increases. For the fiscal year ended June 30, 2020, members of the plan did not contribute. The City contributed \$192,800 to the Line of Duty plan for death benefits and health insurance based on projected pay-as-you-go financing. The City also contributed \$29,700 to a qualified trust as defined by GAAP, to fund the actuarially determined contribution of \$222,500 for fiscal year 2020. It is the City's intent to fully fund the actuarially determined contribution each year.

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

At June 30, 2020 the City reported a Net OPEB liability of \$1,064,538. The net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2020, the City recognized OPEB expense of \$112,871. OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 538,855
Net difference between projected and actual earnings on pension plan investments	-	60,926
City contributions subsequent to the measurement date	29,700	-
Administrative fees subsequent to the measurement date	3,037	-
Total	<u><u>\$ 32,737</u></u>	<u><u>\$ 599,781</u></u>

CITY OF ROANOKE, VIRGINIA
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The City reported \$29,700 as deferred outflows of resources, resulting from the City's contributions subsequent to the measurement date, will be recognized as a reduction of the Net OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the City's OPEB will be recognized in the City's OPEB expense in future reporting periods as follows:

Year Ended June 30:	Amounts
2020	\$ (86,447)
2021	(86,447)
2022	(69,991)
2023	(60,655)
2024	(70,267)
Thereafter	<u>(225,974)</u>
	<u>\$ (599,781)</u>

The components of the net OPEB liability as of June 30, 2020 were as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Total Net OPEB Liability
Balances at June 30, 2019	\$ 3,369,053	\$ 2,162,674	\$ 1,206,379
Changes for the year:			
Service Cost	105,329		105,329
Interest	236,984		236,984
Change in experience	(182,205)	-	(182,205)
Changes of assumptions			
Contributions - employer		204,200	(204,200)
Net investment income		100,571	(100,571)
Benefit payments	(177,800)	(177,800)	-
Admin expenses	-	(2,822)	2,822
Other changes			
Net Changes	<u>(17,692)</u>	<u>124,149</u>	<u>(141,841)</u>
Balances at June 30, 2020	<u>\$ 3,351,361</u>	<u>\$ 2,286,823</u>	<u>\$ 1,064,538</u>

E. Actuarial Method and Significant Assumptions

The total OPEB liability was determined as part of the actuarial valuation at the date indicated, using the following actuarial assumptions:

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Valuation Date	July 1, 2019
Measurement Date	June 30, 2019
Valuation Method	Entry Age Actuarial Cost
Investment Rate of Return	7.0%
Long-term projected salary increase	None Assumed
Healthcare cost trend rates	A range of 7.0 % in 2019 to 5.0% in 2023 for Pre-Medicare and 5.5 % in 2018 to 5.00% in 2023 for Post-Medicare
Pre-retirement mortality	125% of the RP-2000 Combined Healthy Mortality Table for males and females with generational mortality projection using Scale AA
Post-retirement mortality	125% of the RP-2000 Combined Healthy Mortality Table for males and females with generational mortality projection using Scale AA

F. Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expenses 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.

In an effort to assist local governments in funding their OPEB liabilities, the Virginia Association of Counties and the Virginia Municipal League established the VML/VACo OPEB Trust Fund. The OPEB Trust Fund is an irrevocable trust offered to local governments and authorities and is governed by a Board of Trustees consisting of local officials of participants in the OPEB Trust Fund. The Board of Trustees has adopted an investment policy to achieve a compound annualized rate of return over a market cycle, including current income and capital appreciation, in excess of 5% after inflation, in a manner consistent with prudent risk-taking. The Trust currently invests in the following assets classes and strategies:

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<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>
Total Equity	65%	10.56%	7.81%
Large Cap Equity (Domestic)	26%	9.87%	7.12%
Small Cap Equity (Domestic)	10%	11.18%	8.43%
International Equity (Developed)	13%	10.90%	8.15%
Emerging Markets	5%	12.24%	9.49%
Private Equity	5%	13.19%	10.44%
Long/Short Equity	6%	8.21%	5.46%
Fixed Income	25%	5.61%	2.86%
Core Bonds	7%	5.36%	2.61%
Core Plus	14%	5.62%	2.87%
Liquid Absolute Return	4%	6.00%	3.25%
Real Assets	10%	9.47%	6.72%
Real Estate	7%	9.47%	6.72%
Commodities	3%	2.53%	0.00%
	<u>100%</u>		<u>4.75%</u>
		Inflation	<u>2.75%</u>
		*Expected arithmetic nominal return	<u>7.50%</u>

* The above allocation provides a one-year return of 7.50%, however, one-year returns do not take into account the volatility present in each of the asset classes.

G. Discount Rate

The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at current contribution rates. Based on the current and historical commitment of the City to fully fund actuarially determined contribution amounts, the OPEB Plan's fiduciary net position combined with future contributions is sufficient to cover all projected future payments. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

H. Sensitivity of Net OPEB Liability to Changes in The Discount Rate

The net OPEB liability is shown below as calculated on the current 7.00% discount rate and also as calculated using discount rates 1 percent lower or 1 percent higher:

1% decrease	Current	1% increase
6.00%	7.00%	8.00%
<u>\$ 1,451,184</u>	<u>\$ 1,064,538</u>	<u>\$ 743,485</u>

CITY OF ROANOKE, VIRGINIA
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I. Sensitivity of net OPEB liability to changes in healthcare cost trend rates

The net OPEB liability is shown below as calculated on the projected healthcare cost trends and also as calculated using rates 1 percent lower or 1 percent higher:

1% decrease	Current	1% increase
6.00%	7.00%	8.00%
<u>\$ 708,208</u>	<u>\$ 1,064,538</u>	<u>\$ 1,493,306</u>

Primary Government – Health Insurance Credit Program

A. Plan Description

The 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. Employees of the City Sheriff's Department participate in the VRS program which provides a credit toward the cost of health insurance coverage for employees retiring with 15 or more years of creditable service. The amount of monthly health insurance credit is \$2.50 per year of creditable service to a maximum of \$75 per month, and may not exceed the monthly health insurance premium paid by the retiree. VRS issues a stand-alone CAFR, which includes the Health Insurance Credit Program (HIC).

B. Plan Membership

As of the June 30, 2019 measurement date, plan membership was as follows:

	<u>2019</u>
Active Participants	1
Inactive members receiving benefits	83
Total Participants	<u>84</u>

C. Contributions

The contribution requirement for active employees is governed by §51.1-1400(D) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. The City's contractually required employer contribution rate for the year ended June 30, 2020 was 0.29% of covered employee compensation for employees in the VRS HIC 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 City to the VRS HIC Program were \$27,802 and \$26,103 for the years ended June 30, 2020 and June 30, 2019, respectively.

CITY OF ROANOKE, VIRGINIA
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D. State Employee HIC Program OPEB Liabilities, State Employee HIC Program OPEB Expense, and Deferred Outflows of Resources and Inflows of Resources Related to State Employee HIC Program OPEB

At June 30, 2020 the City reported a net OPEB liability of \$311,260. The Net VRS HIC Program OPEB Liability was measured as of June 30, 2019. The total VRS HIC Program OPEB liability used to calculate the Net VRS HIC Program OPEB Liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2020, the City recognized VRS HIC Program OPEB expense of \$15,615.

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the VRS HIC Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 540	\$ -
Net difference between projected and actual earnings on State HIC OPEB plan investments	-	1,510
City contributions subsequent to the measurement date	27,802	-
Total	<u>\$ 28,342</u>	<u>\$ 1,510</u>

	Total OPEB Liability	Plan Fiduciary Net Position	Total Net OPEB Liability
Balances at June 30, 2019	\$ 393,032	\$ 98,678	\$ 294,354
Changes for the year:			
Service Cost	5,183		5,183
Interest	26,787		26,787
Change in experience	6,868	-	6,868
Changes of assumptions	10,417		10,417
Contributions - employer		26,085	(26,085)
Net investment income		6,415	(6,415)
Benefit payments	(20,719)	(20,719)	-
Admin expenses	-	(143)	143
Other changes		(8)	8
Net Changes	<u>28,536</u>	<u>11,630</u>	<u>16,906</u>
Balances at June 30, 2020	<u>\$ 421,568</u>	<u>\$ 110,308</u>	<u>\$ 311,260</u>

CITY OF ROANOKE, VIRGINIA
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The HIC OPEB reported \$27,802 as deferred outflows of resources, resulting from the City'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,	Amounts
2021	\$ (616)
2022	(614)
2023	125
2024	135
2025	-
Thereafter	-
	<u>\$ (970)</u>

E. Actuarial Method and Significant Assumptions

The total HIC OPEB liability for the VRS State Employee HIC 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	2.5%
Salary Increases	3.5% - 5.35%
Investment Rate of Return	6.75 %, net of plan investment expenses, including inflation
Pre-retirement mortality	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year
Post-retirement mortality	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 with 1.0% increase compounded from ages 70 to 90; females set forward 3 years
Disabled mortality	RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward 2 years; unisex usign 100% male

* 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

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to be 6.75% to simplify preparation of the OPEB liabilities.

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. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, postretirement healthy, and disabled)	Updated to a more current mortality table – RP2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted 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 60% to 70%
Discount Rate	Decrease rate from 7.00% to 6.75%

F. Long-Term Expected Rate of Return

The long-term expected rate of return on VRS System investments was determined using a lognormal 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%	5.61%	1.91%
Fixed Income	15%	0.88%	0.13%
Credit Strategies	14%	5.13%	0.72%
Real Assets	14%	5.27%	0.74%
Private Equity	14%	8.77%	1.23%
Multi-Asset Public Strategies	6%	3.52%	0.21%
Private Invest Partnerships	3%	6.29%	0.19%
	<u>100.0%</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

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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%.

E. Discount Rate

The discount rate used to measure the total VRS HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by the City for the VRS HIC Program 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, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

F. Sensitivity of the City's HIC Net OPEB Liability to Changes in the Discount Rate

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

	1% decrease 5.75%	Current 6.75%	1% increase 7.75%
City's VRS HIC Net OPEB Liability	<u>\$ 357,634</u>	<u>\$ 311,260</u>	<u>\$ 272,044</u>

G. VRS HIC OPEB Fiduciary Net Position

Detailed information about the VRS HIC 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: <https://www.varetire.org/publications/>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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City - Group Life Insurance Program

The VRS Group Life Insurance (GLI) Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI 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 GLI Program is a defined benefit plan that provides a basic GLI benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI Program OPEB, and GLI Program OPEB expense, information about the fiduciary net position of the VRS GLI program OPEB and the additions to/deductions from the VRS GLI 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.

A. Plan Description

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. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB. The City of Roanoke plans of the VRS Group Life Insurance Program contain City, Airport, Detention Center, and Roanoke Valley Broadband employees. The City reports its proportional share of the liability, which was 91.75% as of the June 30, 2019 measurement date.

B. Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI 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, 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. Contributions for the GLI program were \$408,139 and \$394,214 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

The net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuations as of that date. The covered employer's proportion of the net OPEB liability was based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2020 the City reported a net OPEB liability of \$6,266,774 for its proportionate share of the VRS GLI program Net OPEB Liability. The Net VRS GLI program OPEB Liability was measured as of June 30, 2019. The total VRS GLI program OPEB liability used to calculate the Net VRS GLI program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The City's proportion of the VRS GLI program OPEB Liability was calculated based on the City's actuarially determined employer contributions to the VRS GLI 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, 2019, the City's proportion was 0.3793% and 0.3844% for the years ended June 30, 2020 and June 30, 2019, respectively.

For the year ended June 30, 2020 the City recognized VRS GLI OPEB expense of \$103,815. Since there was a change in proportionate share between June 30, 2017 and June 30, 2019 a portion of the VRS GLI Net OPEB expense was related to deferred amounts from changes in proportion.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 111,709	\$ -
Change in assumptions	395,684	-
Net difference between projected and actual earnings on OPEB plan investments	-	129,310
Changes in proportion	-	203,656
Employer contributions subsequent to the measurement date	408,142	-
Total	<u>\$ 915,535</u>	<u>\$ 332,966</u>

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The City reported \$408,142 as deferred outflows of resources, resulting from the City's contributions subsequent to the measurement date, will be recognized as a reduction of the Net VRS Group Life Insurance 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 VRS Group Life Insurance program OPEB will be recognized in the VRS Group Life Insurance expense in future reporting periods as follows:

Year Ended June 30,	Amounts
2020	\$ (18,690)
2021	(18,686)
2022	30,616
2023	67,845
2024	86,215
Thereafter	<u>27,127</u>
	<u>\$ 174,427</u>

D. Actuarial Method and Significant Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal 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.

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Inflation	2.5%
Salary Increases, Including Inflation	
Locality - general employees	3.5% - 5.35%
VaLORS employees	3.5% - 4.75%
Investment Rate of Return	6.75%, net of investment expenses, including inflation*
Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees:	
Pre-Retirement	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 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 with 1.0% increase compounded from ages 70 to 90; females set forward 3 years
Post-Disablement	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male
Mortality Rates - Non-Largest Ten Locality Employers - 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% 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.

* 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 the OPEB liabilities.

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E. Long-Term Expected Rate of Return

The long-term expected rate of return on VRS System investments was determined using a lognormal 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%	5.61%	1.91%
Fixed Income	15%	0.88%	0.13%
Credit Strategies	14%	5.13%	0.72%
Real Assets	14%	5.27%	0.74%
Private Equity	14%	8.77%	1.23%
Multi-Asset Public Strategies	6%	3.52%	0.21%
Private Invest Partnerships	3%	6.29%	0.19%
	<u>100.0%</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%.

F. Discount Rate

The discount rate used to measure the GLI OPEB liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF ROANOKE, VIRGINIA
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G. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the VRS GLI Program net GLI OPEB liability using the discount rate of 6.75%, as well as what the City's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% decrease 5.75%	Current 6.75%	1% increase 7.75%
City's Proportionate share of the VRS GLI Net OPEB Liability	\$ 8,223,542	\$ 6,266,774	\$ 4,667,118

H. GLI Program Fiduciary Net Position

Detailed information about the GLI 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 <https://varetire.org/publications/> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

School Board – General Employee Health Insurance Credit Program

A. Plan Description

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

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the General Employee HIC Program:

	2019
Active Participants	128
Inactive members receiving benefits	5
Vested inactive members	-
Total Participants	133

B. Contributions

Contributions to the VRS General Employee HIC programs were based on actuarially determined rates from actuarial valuations as of June 30, 2017. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability.

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The General Employee HIC program is governed by *Code of Virginia* 51.1-1402(E) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly. The total contribution rate was .11% of covered employee compensation. Contributions for the HIC program were \$5,207 and \$5,161 for the years ended June 30, 2020 and June 30, 2019, respectively.

C. OPEB Asset, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

The net OPEB asset was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB asset was determined by actuarial valuations as of that date. The covered employer's proportion of the net OPEB asset was based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2019.

At June 30, 2020 the School Board reported a net OPEB asset of \$16,443 for the VRS General Employee HIC. The HIC OPEB Asset was measured as of June 30, 2019. The total HIC program OPEB liability used to calculate the Net HIC OPEB Liability was determined by an actuarial valuation as of that date. The School Board's HIC OPEB Asset was calculated based on the School Board's actuarially determined employer contributions to the VRS HIC OPEB plan for the year ended June 30, 2019. For the year ended June 30, 2020 the School Board recognized VRS HIC OPEB expense of \$2,685.

At June 30, 2020, the School Board reported deferred outflows of resources and deferred inflows of resources related to the VRS HIC program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,165	\$ 2,805
Change in assumptions	1,137	780
Net difference between projected and actual earnings on OPEB plan investments	-	673
Changes in proportion	-	-
Employer contributions subsequent to the measurement date	5,207	-
Total	<u>\$ 10,509</u>	<u>\$ 4,258</u>

The School Board reported \$5,207 as deferred outflows of resources, resulting from the School Board's contributions subsequent to the measurement date, will be recognized as a reduction of the Net VRS General Employee 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 VRS HIC OPEB will be recognized in the VRS HIC expense in future reporting periods as follows:

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Year Ended June 30,	Amounts
2021	\$ (249)
2022	(249)
2023	161
2024	176
2025	308
Thereafter	897
	<u>\$ 1,044</u>

Changes in net OPEB asset of the General Employee HIC Program were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at June 30, 2018	\$ 34,759	\$ 55,392	\$ (20,633)
Changes for the year:			
Service cost	4,467	-	4,467
Interest	2,384	-	2,384
Changes in experience	4,849	-	4,849
Changes of assumptions	1,324	-	1,324
Contributions - employer	-	5,161	(5,161)
Net investment income	-	3,762	(3,762)
Benefit payments	(1,400)	(1,400)	-
Administrative expenses	-	(84)	84
Other changes	-	(5)	5
Net changes	<u>11,624</u>	<u>7,434</u>	<u>4,190</u>
Balances at June 30, 2018	<u>\$ 46,383</u>	<u>\$ 62,826</u>	<u>\$ (16,443)</u>

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D. Actuarial Method and Significant Assumptions

The total HIC OPEB liability for the VRS General Employee HIC was based on an actuarial valuation as of June 30, 2018, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.5%
Salary Increases	3.5% - 5.35%
Healthcare cost trend rates	
Under age 65	7.25% - 4.75%
Ages 65 and older	5.50% - 4.75%
Investment Rate of Return	6.75%, net of 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 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 the OPEB liabilities.

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail in Footnote 12.

E. Long-Term Expected Rate of Return

The long-term expected rate of return on VRS System investments was determined using a lognormal 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:

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<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34%	5.61%	1.91%
Fixed Income	15%	0.88%	0.13%
Credit Strategies	14%	5.13%	0.72%
Real Assets	14%	5.27%	0.74%
Private Equity	14%	8.77%	1.23%
Multi-Asset Public Strategies	6%	3.52%	0.21%
Private Invest Partnerships	3%	6.29%	0.19%
	<u>100.0%</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 6.75%, including expected inflation of 2.50%.

F. Discount Rate

The discount rate used to measure the HIC OPEB liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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G. Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the School Board's proportionate share of the VRS General Employee HIC Credit net OPEB liability using the discount rate of 6.75%, as well as what the School Board's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% decrease 5.75%	Current 6.75%	1% increase 7.75%
HIC Net OPEB Liability (Asset)	\$ (10,498)	\$ (16,443)	\$ (21,405)

H. OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan 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 <https://www.varetire.org/publications/>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

School Board – Teacher Health Insurance Credit Program

A. Plan Description

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

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

The Teacher HIC is administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. This plan is considered a multiple employer, cost sharing plan.

B. Contributions

Contributions to the VRS Teacher HIC programs were based on actuarially determined rates from actuarial valuations as of June 30, 2017. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability.

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The Teacher HIC program is governed by *Code of Virginia* 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. The total contribution rate was 1.20% of covered employee compensation. Contributions for the HIC program were \$1,021,183 and \$993,298 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

The net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuations as of that date. The covered employer's proportion of the net OPEB liability was based on the covered employer's actuarially determined employer contributions 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 Board reported a net OPEB liability of \$12,919,000 for its proportionate share of the VRS Teacher HIC Net OPEB Liability. The Net HIC OPEB Liability was measured as of June 30, 2019. The total HIC program OPEB liability used to calculate the Net HIC OPEB Liability was determined by an actuarial valuation as of that date. The School Board's proportion of the Net HIC OPEB Liability was calculated based on the School Board's actuarially determined employer contributions to the VRS HIC OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. the School Board's proportions were 0.98686 % and .99215% for June 30, 2019 and June 30, 2018 respectively.

For the year ended June 30, 2020 the School Board recognized VRS HIC OPEB expense of \$1,026,000. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher HIC OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the School Board reported deferred outflows of resources and deferred inflows of resources related to the VRS HIC program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 1,000	\$ 73,000
Change in assumptions	301,000	90,000
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in Proportion	12,000	225,000
Employer contributions subsequent to the measurement date	1,021,183	-
Total	<u>\$ 1,335,183</u>	<u>\$ 388,000</u>

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The School Board reported \$1,021,183 as deferred outflows of resources, resulting from the School Board's contributions subsequent to the measurement date, will be recognized as a reduction of the VRS Teacher 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 VRS HIC OPEB will be recognized in the VRS HIC expense in future reporting periods as follows:

Year Ended June 30,	Amounts
2021	\$ (24,000)
2022	(24,000)
2023	(19,000)
2024	(21,000)
2025	(15,000)
Thereafter	29,000
	<u>\$ (74,000)</u>

D. Actuarial Method and Significant Assumptions

The total HIC OPEB liability for the VRS Teacher HIC was based on an actuarial valuation as of June 30, 2018, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.5%
Salary Increases	3.5% - 5.95%
Healthcare cost trend rates	
Under age 65	7.25% - 4.75%
Ages 65 and older	5.50% - 4.75%
Investment Rate of Return	6.75 %, net of 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 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 the OPEB liabilities.

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail in Footnote 12.

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E. Net OPEB Liabilities

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2019, net OPEB liability amount is as follows: (amounts expressed in thousands):

Total OPEB Liability	\$ 1,438,114
Plan fiduciary net position	<u>129,016</u>
Employers net OPEB liability	<u><u>\$ 1,309,098</u></u>

Plan fiduciary net position as a percentage of total OPEB liability	8.97%
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The total liability is calculated by the VRS actuary and each plan's fiduciary net position is reported in the VRS financial statements. The net OPEB liability is disclosed in accordance with the requirements of GAAP in the VRS notes to the financial statements and required supplementary information.

F. Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34%	5.61%	1.91%
Fixed Income	15%	0.88%	0.13%
Credit Strategies	14%	5.13%	0.72%
Real Assets	14%	5.27%	0.74%
Private Equity	14%	8.77%	1.23%
Multi-Asset Public Strategies	6%	3.52%	0.21%
Private Invest Partnerships	<u>3%</u>	<u>6.29%</u>	<u>0.19%</u>
	<u>100.0%</u>		<u>5.13%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u><u>7.63%</u></u>

* The above allocation provides a one-year return of 7.63%. However, one-year returns do

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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%.

G. Discount Rate

The discount rate used to measure the HIC OPEB liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the School Board's proportionate share of the VRS Teacher HIC net OPEB liability using the discount rate of 6.75%, as well as what the School Board's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% decrease 5.75%	Current 6.75%	1% increase 7.75%
HIC Net OPEB Liability	<u>\$ 14,458,545</u>	<u>\$ 12,919,000</u>	<u>\$ 11,611,140</u>

I. OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan 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 <https://www.varetire.org/publications/>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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School Board - Group Life Insurance Program

A. Plan Description

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

The GLI program is administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. The GLI program is considered a multiple employer, cost sharing plan.

Specific information for the GLI is available at:

<https://www.varetire.org/members/benefits/lifeinsurance/basic-group-life-insurance.asp>

B. Contributions

Contributions to the VRS GLI programs were based on actuarially determined rates from actuarial valuations as of June 30, 2017. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability.

The GLI program is governed by *Code of Virginia* 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly. The total contribution rate was 1.31% of covered employee compensation with the rate allocated between employee at 0.79% and employer at 0.52%, with employers being able to pay all or part of the employee contribution. Contributions for the GLI program were \$473,016 and \$461,380 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

The net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuations as of that date. The covered employer's proportion of the net OPEB liability was based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers.

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At June 30, 2020 the School Board reported a net OPEB liability of \$7,365,000 for its proportionate share of the VRS GLI program Net OPEB Liability. The Net VRS GLI program OPEB Liability was measured as of June 30, 2019. The total VRS GLI program OPEB liability used to calculate the Net VRS GLI program OPEB Liability was determined by an actuarial valuation as of that date. The School Board's proportion of the Net VRS GLI program OPEB Liability was calculated based on the School Board's actuarially determined employer contributions to the VRS GLI 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, 2019, the School Board's proportions of the VRS GLI program were as follows:

	Teacher SGLI	Non-Teacher SGLI Plan 1	Non-Teacher SGLI Plan 2
June 30, 2020 Proportionate Share of Liability	\$ 6,875,000	\$ 357,000	\$ 133,000
June 30, 2019 Proportion	0.4225%	0.0219%	0.0082%
June 30, 2019 Proportion	0.4221%	0.0193%	0.0093%
June 30, 2020 expense (income)	\$ 145,000	\$ 21,000	\$ (14,000)

For the year ended June 30, 2020 the School Board recognized VRS GLI OPEB expense of \$152,000. Since there was a change in proportionate share between measurement dates a portion of the VRS GLI Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the School Board reported deferred outflows of resources and deferred inflows of resources related to the VRS GLI program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 490,000	\$ 96,000
Change in assumptions	-	222,000
Net difference between projected and actual earnings on OPEB plan investments	465,000	151,000
Changes in Proportion	106,000	184,000
Employer contributions subsequent to the measurement date	473,016	-
Total	<u>\$ 1,534,016</u>	<u>\$ 653,000</u>

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The School Board reported \$473,016 as deferred outflows of resources, resulting from the School Board's contributions subsequent to the measurement date, will be recognized as a reduction of the Net VRS 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 VRS Group Life Insurance program OPEB will be recognized in the VRS GLI expense in future reporting periods as follows:

Year Ended June 30,	Amounts
2021	\$ 8,000
2022	8,000
2023	72,000
2024	129,000
2025	147,000
Thereafter	44,000
	<u>\$ 408,000</u>

D. Actuarial Method and Significant Assumptions

The total GLI OPEB liability for the VRS GLI Program was based on an actuarial valuation as of June 30, 2018, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.5%
Salary Increases, Including Inflation	
Locality - general employees	3.5% - 5.35%
Teachers	3.5% - 5.95%
Investment Rate of Return	6.75%, net of 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 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 the OPEB liabilities.

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail in Footnote 12.

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E. Net OPEB Liabilities

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2019, net OPEB liability amount is as follows: (amounts expressed in thousands):

Total OPEB Liability	\$ 3,390,238
Plan fiduciary net position	<u>1,762,972</u>
Employers net OPEB liability	<u><u>\$ 1,627,266</u></u>

Plan fiduciary net position as a percentage of total OPEB liability	52.00%
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The total liability is calculated by the VRS actuary and each plan's fiduciary net position is reported in the VRS financial statements. The net OPEB liability is disclosed in accordance with the requirements of GAAP in the VRS notes to the financial statements and required supplementary information.

F. Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34%	5.61%	1.91%
Fixed Income	15%	0.88%	0.13%
Credit Strategies	14%	5.13%	0.72%
Real Assets	14%	5.27%	0.74%
Private Equity	14%	8.77%	1.23%
Multi-Asset Public Strategies	6%	3.52%	0.21%
Private Invest Partnerships	3%	6.29%	0.19%
	<u>100.0%</u>		<u>5.13%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.63%</u>

CITY OF ROANOKE, VIRGINIA
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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%.

G. Discount Rate

The discount rate used to measure the GLI OPEB liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the School Board's proportionate share of the VRS GLI Program net GLI OPEB liability using the discount rate of 6.75%, as well as what the City's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% decrease 5.75%	Current 6.75%	1% increase 7.75%
GLI Net OPEB Liability	<u>\$ 9,676,007</u>	<u>\$ 7,365,000</u>	<u>\$ 5,491,513</u>

I. OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan 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 <https://www.varetire.org/publications/>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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(14) Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Risk management activities related to claims and settlements are accounted for in the Risk Management Internal Service Fund. Beginning in fiscal year 2018, all other risk management activities are accounted for in the General Fund.

Claims expenditures/expenses and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate for claims that have been incurred but not reported (IBNR) based on an annual actuarial study performed by a third party.

The City self-insures general liability and automotive liability insurance with a self-insured retention of \$1,000,000 per occurrence; worker's compensation has a self-insured retention of \$1,250,000 per occurrence. The City purchases excess liability and worker's coverage to protect against settlements that exceed the amount of the self-insured retention. The amount of settlements did not exceed insurance coverage for each of the past 12 years.

The City has property insurance coverage that includes boiler and machinery with a \$25,000 per occurrence deductible for property, and a \$1,000 per occurrence deductible for boiler and machinery. Flood insurance is purchased through the National Flood Insurance Program which is administered by the Federal Emergency Management Agency (FEMA) to protect properties that are located in designated flood zones with a deductible of \$5,000 based on damage assessment and replacement cost. Pollution legal liability coverage is purchased and provides coverage of up to \$5 million over a three-year period with a \$100,000 deductible per occurrence. The amount of insurance claims did not exceed coverage limits. The City has Cyber Insurance coverage which includes cost of defense, event management, network interruption, limited extortion coverage, and judgement if sued up to limits of policy of \$1,000,000.

The City purchases a liability policy and an accidental injury medical policy to protect up to 100 active volunteers who perform tasks on behalf of the City. The amount of settlements did not exceed insurance coverage for each of the past ten years. The City is self-insured for employee health insurance and worker's compensation with stop loss provisions to limit catastrophic claims exceeding \$1,250,000 for worker's compensation and \$300,000 for health insurance.

Included in long-term liabilities at June 30, 2020 were claims payables of \$14,298,685 as a provision for unasserted claims. Other risks insured through the City's self-insurance program adequately covered any claims incurred over each of the past 12 years.

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Changes in the reported liability during the past two years are shown in the following tabulation:

	2019-20	2018-19
Claims liability at July 1	\$ 17,163,931	\$ 19,013,708
Claims incurred	9,121,026	13,298,682
Claims payments	(11,986,272)	(15,148,459)
Claims liability at June 30	<u>\$ 14,298,685</u>	<u>\$ 17,163,931</u>

Surety Bond coverage is as follows:

Company:	Amount:
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Travelers Property Casualty Insurance Company:

Public Employee Pension/Crime/Dishonesty	\$1,000,000
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NGM Insurance Company:

Treasurer – Public Official Bond	1,000,000
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Self-insurance program through Commonwealth of Virginia Division of Risk Management

All Other Constitutional Officers' Employees Liability Insurance	1,000,000
City Treasurer's Bond	500,000
City Sheriff Bond	30,000
Commissioner of Revenue Bond	3,000
Clerk of Circuit Court Bond	3,000,000
City Sheriff's Liability Insurance	1,500,000

GAAP addresses the requirements for reporting liabilities related to cleaning up pollution and/or contamination. The City has evaluated the requirements of GAAP and determined the City had no material liability.

The City adopted comprehensive financial policies that included a Risk Management Reserve. The purpose of the reserve is to mitigate risk exposure of the City due to its self-insurance program. The City is currently self-insured for health insurance, workers' compensation, general liability and automotive claims.

The minimum funding level for The Risk Management Reserve is:

- 25% of the three year average of self-insured claims costs
- plus 10% of the three year average of fully insured premiums
- plus a \$1 million to cover catastrophic claims

CITY OF ROANOKE, VIRGINIA
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On August 20, 2018 the City revised its financial policies to establish a Budget Stabilization Reserve with a part of its purpose to provide coverage for risk exposure that the City has due to its self-insurance program and unanticipated risk management expenses. The stabilization reserve is targeted to equal a minimum 3% of General Fund Expenditures and is reported in the unassigned category of the governmental fund balance sheet in the General Fund.

School Board Component Unit

The School Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The school division, through a competitive procurement process is using the professional services of a firm to assist in determining appropriate levels of insurance coverage. Further, the firm assists with the placement of coverage with third party providers, including the Virginia Municipal Liability Pool as noted below. Risk management activities are accounted for in the General Fund.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate for claims that have been incurred but not reported (IBNR) primarily based upon past claims and an estimate by a qualified claims adjuster with a third party administrator. Workers' compensation claims have been estimated by an actuary.

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

The School Board is self-insured for workers' compensation claims, as well as for health insurance claims. Changes in the reported liability during the past two years are shown in the following tabulation:

	<u>2019-20</u>	<u>2018-19</u>
Claims liability at July 1	\$ 6,763,655	\$ 7,951,918
Claims incurred	19,354,193	22,195,863
Claims payments	<u>(20,088,873)</u>	<u>(23,384,126)</u>
Claims liability at June 30	<u><u>\$ 6,028,975</u></u>	<u><u>\$ 6,763,655</u></u>

CITY OF ROANOKE, VIRGINIA
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(15) Tax Abatements

As of June 30, 2020, the City provides tax abatements through four programs:

Tax Abatement Programs	Taxes Abated for FY 2020
Real Estate Rehabilitation Abatements	\$ 1,252,065
Solar Energy Equipment, Facilities, and Devices Exemption	3,780
Energy Efficient Buildings Special Rate	0
Economic Development Grants	1,278,809

The **Real Estate Rehabilitation Abatement** program is administered by the Real Estate Valuation Department in accordance with Chapter 32, Article II, Division 5 of Code of Ordinances for the City of Roanoke. Abatements and exemptions only apply to the change in value resulting from the renovation or new construction. The amount of the abatement is deducted from the recipient's tax bill. The program is composed of four tax abatement incentives:

1. An abatement of real property taxes on residential, commercial, and industrial properties to encourage rehabilitation of existing structures. To receive this abatement, the renovation must be completed within two years after the date of application. Residential properties must be no less than 40 years in age and be improved so as to increase their values no less than 40%. Commercial and industrial properties must be no less than 25 years in age and be improved so as to increase the value of their structures no less than 60%, without increasing total square footage by more than 100%.
2. A partial real property tax exemption for commercial and industrial properties within Enterprise Zone Two to encourage rehabilitation of existing structures. To receive this exemption, the property must have been no less than 15 years in age, have been renovated so as to increase the assessed value of the structure by at least \$50,000, have not received another exemption under Division 5 of the Code, and the rehabilitation must have been completed within one year after the date of the application. This program was closed to new applications as of December 31, 2015, but is still available for renewal for existing applicants in future periods. Program application fees follow the below guideline:

Program Application Fees:

- a. Residential Single Family Buildings (Must have assessed value of \$250,000 or less to qualify) \$175.00
 - b. Multi-Family Residential: \$250.00*
 - c. Commercial – Mixed Use: \$250.00*
- *per principle structure in application

3. A partial real property tax exemption for commercial, mixed-use commercial, and industrial properties in Enterprise Zone One A to encourage rehabilitation of existing structures. To receive this exemption, the property must be no less than 15 years in age, be renovated so as to increase the assessed value of the structure by at least \$50,000, have not received another exemption under Division 5 of the Code, and the rehabilitation must

CITY OF ROANOKE, VIRGINIA
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be completed within two years after the date of the application. Additionally, mixed-use commercial property must not be more than 80% residential use in order to qualify. Lastly, residential and non-residential (Commercial/mixed use) buildings must be constructed prior to January 1, 1970.

4. A partial real property tax exemption for residential and commercial properties in redevelopment and conservation areas, as well as rehabilitation districts, to encourage the construction of new structures or other improvements.
5. The following timelines on Real Estate Tax Abatement durations will apply to those granted herein as follows:
 - a. Five (5) years for eligible buildings city-wide;
 - b. Seven (7) years for eligible buildings located within the H-1 and H-2 local historic districts;
 - c. Seven (7) years for eligible buildings located within a designated redevelopment, rehabilitation or conservation district

For residential properties to receive this exemption, the new structure or improvement must have an assessed value, after construction or improvement, of at least 120% of the median value of other residential structures in the neighborhood. Commercial properties must be located in a district zoned Commercial Neighborhood (CN) and must be designed for and used for purposes permitted in a CN district.

For both residential and commercial properties, the construction or improvement must be completed within 2 years after the date of the application.

6. The exemption provided in this division shall not apply when any existing structure is demolished or razed and a replacement structure is constructed, unless the assessed value of the existing structure is less than ten thousand dollars (\$10,000.00). The replacement structure must be in a single-family residence, and it must have an assessed value of at least one hundred twenty (120) percent of the median value of other dwelling units in the neighborhood, as determined by the director of real estate valuation. Such exemption shall not apply when the structure to be demolished is a Virginia registered landmark, or is determined by the Division of Historic Resources to contribute to the significance of a registered historic district.

The **Solar Energy Equipment, Facilities, and Devices** program provides for an exemption on real estate or machinery and tools taxes to encourage investment in certified solar energy equipment, facilities, and devices, as specified in Chapter 32, Article II, Division 8 of the Code of the City of Roanoke. Taxpayers must file an application with the Department of Planning, Building, and Development, along with supporting documents that can be used to verify the costs, ownership, and nature of the property involved. The taxpayer may choose to apply the exemption to real estate taxes or machinery and tool taxes, as applicable. The exemption is determined by applying the appropriate local tax rate to the value of the qualified solar energy equipment, facilities, and devices.

The **Energy-Efficient Buildings** program provides a special classification to buildings certified as energy-efficient, which provides for a lower tax rate than that applied to other real property.

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Applications are reviewed by the City's Department of Planning, Building, and Development, as specified under Chapter 32, Article II, Division 9 of the Code of the City of Roanoke. If approved, the building is given the special classification for five years. For the year ended June 30, 2020, the real estate tax rate applicable to Energy-Efficient Buildings was \$1.10 per \$100 of assessed value.

Economic Development Grants are provided to local developers who complete projects that promote economic development within the city, as determined in advance by the city administration in accordance with the Code of Ordinances for the City of Roanoke, Ordinance Numbers 40709 and 39447. Such projects are expected to provide additional tax revenue, jobs, and services that will benefit city residents. The local taxes collected from businesses located in these developments are used to fund the grants. Applicable local taxes include real estate tax, local option sales tax, business professional and occupational license tax, tangible personal property tax, and prepared food and beverage tax. Payments to developers are based on the taxes collected the preceding fiscal year. Grants paid during the fiscal year ended June 30, 2020, were between 50 and 75% of the local tax revenues generated from applicable projects.

CITY OF ROANOKE, VIRGINIA
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(16) Joint Ventures

Blue Ridge Behavioral Healthcare

The counties of Botetourt, Craig and Roanoke, and the cities of Roanoke and Salem formed Blue Ridge Behavioral Health Care (BRBH) a community services board, to provide a system of comprehensive community mental health, intellectual disability and substance abuse services. BRBH is governed by a 16 member board. Roanoke City Council appoints three members. Each locality's financial obligation is based on the type and amount of services performed for individuals in the locality. For the fiscal year ended June 30, 2020, the City remitted approximately \$653,642 to BRBH. Financial statements may be obtained from Blue Ridge Behavioral Healthcare, 611 McDowell Avenue, Roanoke, Virginia 24016.

Hotel Roanoke Conference Center Commission

The City is a participant with Virginia Polytechnic Institute and State University (Virginia Tech) in a joint venture to establish and operate a publicly-owned Conference Center in the City of Roanoke in conjunction with the Hotel Roanoke, which is adjacent to the Conference Center. The Hotel Roanoke Conference Center Commission (HRCCC) is composed of six members, three of whom are appointed by City Council and three of whom are appointed by Virginia Tech. The HRCCC has the authority to issue debt and such debt is the responsibility of the HRCCC. The City issued general obligation bonds in its name for its share of the Conference Center construction costs and was obligated to repay this debt. The City has incurred no related future obligation.

The intention of the HRCCC is to be self-supporting through its user fees. The City and Virginia Tech share equally in any operating deficit or if additional funding is needed for capital expenditures. The City has no equity interest in the HRCCC; however, as previously mentioned, additional funding or subsidies may be necessary to support ongoing operations. For the fiscal year ended June 30, 2020, the City contributed \$80,000 to the HRCCC. Financial statements may be obtained from the Hotel Roanoke Conference Center Commission, 106 Shenandoah Avenue, Roanoke, Virginia 24016.

Roanoke Valley Broadband Authority

The Roanoke Valley Broadband Authority (Authority) was created under the Virginia Wireless Services Facilities Act by the cities of Roanoke and Salem, and the counties of Botetourt and Roanoke. The Authority was formed in order to provide quality affordable access to broadband technologies. The Board of the Authority consists of five members of which the City appoints one member for a four year term. The Authority is in the process of engineering a 46 mile network in the Valley that will serve business parks, large institutions, government facilities, and businesses. For the fiscal year ended June 30, 2020, the City remitted \$331,345 to Roanoke Valley Broadband Authority for bond payments and \$569,933 for its commitment for the broadband project. Financial statements may be obtained from Roanoke Valley Broadband Authority, 601 South Jefferson Street, Suite 110, Roanoke, Virginia 24011.

Roanoke Valley Regional Fire-EMS Training Center

The City along with the County of Roanoke, City of Salem, and Town of Vinton jointly operate a Fire-EMS training center (Center). The Center is governed by a committee of eight members,

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designated by the participating jurisdictions. New Fire-EMS recruits are required to take a 17 week training course at the facility before being assigned to a station. Upon completion of the training, the new recruits are state certified. Each jurisdiction is responsible for a percentage of the annual operating costs of the facility. The City is responsible for 44% of the annual operating costs. For the fiscal year ended June 30, 2020, the City paid \$39,000 of the total annual operating costs and \$100,000 to the Debt Service Fund for principal and interest on an inter-fund loan related to the construction of the facility. Financial statements may be obtained from the Roanoke Valley Regional Fire-EMS Training Center, 1220 Kessler Mill Road, Salem, Virginia 24153.

Roanoke Valley Resource Authority

The City of Roanoke, the County of Roanoke, and the Town of Vinton jointly participate in the Roanoke Valley Resource Authority (Authority), which operates the regional sanitary landfill, waste collection and transfer station, and related treatment facilities. The Authority is governed by a board composed of seven members designated by the participating jurisdictions. Roanoke City Council appoints two members. The City has control over the budget and financing for the Authority only to the extent of representation by the board members appointed. The participating localities are each responsible for their pro rata share, based on population, of any year-end operating deficit. For the fiscal year ended June 30, 2020, the City remitted \$2,776,534 to the Authority for services. Financial statements may be obtained from Roanoke Valley Resource Authority, 1020 Hollins Road, Roanoke, Virginia 24012.

Regional Center for Animal Care and Protection

The City of Roanoke along with the Counties of Roanoke and Botetourt, and the Town of Vinton jointly participate on the Advisory Board which is responsible for the general fiscal and management policies for the Regional Center for Animal Care and Protection (RCACP). The regional care center is comprised of an animal control and animal education facilities that are adjacent to each other and are owned and operated by the Roanoke Valley Society for the Prevention of Cruelty to Animals, Inc. (RVSPCA). The animal control facility was financed by bonds in the amount of \$3.5 million which were issued by the RVSPCA. This debt was defeased and reissued by the participating localities in connection with the purchase and operations of the control facility. Each participating locality pays monthly amounts for its share of operating costs, debt service, and to fund reserves for operating and maintenance needs of the RCACP based on the locality's average use of the facility. During the year ended June 30, 2020, the City's share was 58% on debt payments and 57% for operations, and the City remitted approximately \$1,173,782 for its share of RCACP expenses.

Western Virginia Regional Industrial Facility Authority

The Western Virginia Regional Industrial Facility Authority was created as a combined effort with Roanoke City, Roanoke County, the City of Salem, Botetourt County, Franklin County and the Town of Vinton to enhance these localities economic base and stimulate economic growth by developing new opportunities in these areas. For fiscal year ending June 30, 2020, the City remitted \$18,192 for services and \$81,770 for capital reimbursements.

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E911/VA811 Communications Center

In September 2019, the E911/VA811 Communications Center was created as a nonprofit corporation under the laws of the Commonwealth of Virginia. This new communications center, located in the Roanoke Centre for Industry and Technology, houses the City's E911 Center and the VA811 Contact Center. The public/private partnership will provide for the continued growth in emergency communications. The City's E911 Center receives more than 250,000 call each year; Virginia 811 receives more than one quarter of a million requests each year. To accommodate both agencies volume of calls or contacts, a new building was constructed with a total budget of \$15.7 million, which included upgrades to both computer and radio systems. The new facility began operations in August 2020. The City's share of the project budget was \$9.4 million, while the Virginia Utility Protection Services portion was \$5.3 million.

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(17) Jointly Governed Organizations

Roanoke Valley Regional Board

The Counties of Botetourt, Craig, and Franklin, and the Cities of Roanoke and Salem jointly participate in a regional education program for severely disabled students operated by the Roanoke Valley Regional Board (Regional Board). The Regional Board is composed of five members, one from each participating locality. The City has control over budget and financing only to the extent of representation by the one board member appointed. Each locality's financial obligation is based on its proportionate share of students attending the regional program. For the fiscal year ended June 30, 2020, the City of Roanoke School Board, a component unit of the City, remitted \$6,217,531 to the Regional Board for services.

Roanoke Valley Detention Commission

The Counties of Botetourt, Franklin and Roanoke and the Cities of Roanoke and Salem formed the Roanoke Valley Detention Commission (Commission) in 1998 to renovate, expand and operate a detention facility for juveniles. The Commission is governed by a six member board. Roanoke City Council appoints two members. Localities using the facility are guaranteed a number of beds according to the terms of the agreement. Each locality's financial obligation is based on the number of juveniles housed at the 81 bed facility. The Commission has the authority to issue debt, and such debt is the responsibility of the Commission. For the fiscal year ended June 30, 2020, the City remitted \$925,106 to the Roanoke Valley Detention Commission in per diem charges for juveniles housed by the Commission.

Western Virginia Water Authority

The City and the County of Roanoke combined its water and water pollution control functions to form the Western Virginia Water Authority (WVWA). The WVWA is responsible for the supply, treatment, distribution, and transmission of water and the collection and treatment of wastewater. In November 2009, Franklin County joined the WVWA to provide services to the western side of the County. The WVWA is governed by a seven member board consisting of three City of Roanoke appointees, three County of Roanoke appointees, and one Franklin County appointee. The City has control over the budget and financing for the WVWA only to the extent of representation by the board members appointed. Upon formation of the WVWA, the City retained \$38 million of general obligation bonds, which are to be repaid contractually by the WVWA in accordance with its operating agreement. During fiscal year 2020, the WVWA paid \$1.26 million to the City in principal and interest payments on the bonds. As of June 30, 2020, the remaining principal balance of these bonds was approximately \$4.51 million. The City paid \$836,600 in debt refunding related to WVWA. This amount was recorded as a Due from Other Governments in the Statement of Net Position of the basic financial statements.

Virginia's First Regional Industrial Facility Authority

The Cities of Radford, Roanoke and Salem; the Counties of Bland, Craig, Giles, Montgomery, Pulaski, Roanoke and Wythe; and the Towns of Christiansburg, Dublin, Narrows, Pearisburg and Pulaski all participate in the Virginia's First Regional Industrial Facility Authority (Authority). The Authority's purpose is to enhance the member localities economic base in Virginia's First Region. The Authority is governed by a board composed of twenty-nine members, two of which

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are appointed by Roanoke City Council. The City has control over the budget and financing for the Authority only to the extent of representation by the board members appointed. Each locality is obligated to annual dues of \$5,000. Authority member localities, who are also participants in the Regional Commerce Park like the City, are obligated to an annual amount based on the number of shares owned. The City owns 10,000 shares and has an annual obligation of \$27,500. For the fiscal year ended June 30, 2020, the City remitted \$32,500 to Virginia's First Regional Industrial Facility Authority.

Market Building Foundation Inc.

The Market Building Foundation Inc., is a public non-profit entity created and incorporated to ensure the preservation of the City Market Building in Downtown Roanoke. The Foundation manages the rehabilitation, maintenance, and operation of the City Market Building. The Foundation has a board of seven members representing individuals from several organizations in the downtown area. These organizations include the City of Roanoke, Downtown Roanoke, Inc., the Roanoke Regional Chamber of Commerce and the private business community. These board members are responsible for the oversight and governance of the facility as well as the management, leasing, and operational performance of the City Market Building. The City does not have authority to override the Foundation board regarding decisions about rates or operations but it is obligated to finance deficits of the Foundation. The City has an annual obligation to the Market Building of \$300,000 for an operating contribution. For the fiscal year ended June 30, 2020, the City paid the Market Building Foundation Inc. \$301,400 for the annual operating contribution and equipment replacement services.

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(18) Related Organizations

Economic Development Authority

The Economic Development Authority issues low-interest, tax-free industrial revenue bonds in its name for the construction or renovation of properties sold or leased to enterprises locating to or remaining in the City. City Council is responsible for appointing the seven member board; however, the City, the state, and any political subdivision thereof are not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2020, there were nine series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$377.6 million.

Roanoke Redevelopment and Housing Authority

The Roanoke Redevelopment and Housing Authority (Housing Authority) is a political subdivision of the Commonwealth of Virginia created to provide low income and subsidized housing, promote self-sufficiency and foster economic development. Commissioners of the Housing Authority are appointed by City Council. The Housing Authority is financially independent of the City and has administrative control of its operations, but its overall housing plans require the approval of City Council. The City provides a financial benefit through federal pass-through grant funds awarded to the Housing Authority on a contractual basis to implement certain grant programs. The Housing Authority also directly receives other federal and state subsidies and rents for operating its housing programs. During the year ended June 30, 2020, the City remitted \$7,400 to the Housing Authority.

Roanoke Regional Airport Commission

The City and Roanoke County formed the Roanoke Regional Airport Commission (Airport Commission) in 1987 to own and operate The Roanoke Blacksburg Regional Airport. The Airport Commission is composed of five members. Three commissioners are appointed by Roanoke City Council and two are appointed by the Roanoke County Board of Supervisors. Airport operations are financed by user fees. The City and Roanoke County are each responsible for their pro rata share, based on population, of any year-end operating deficit or unfunded capital projects if any additional funding is required. The Airport Commission may incur debt and is responsible for paying all outstanding debt. The City has control over budget and financing only to the extent of representation by the board members appointed. No subsidy has been required since inception.

**CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

(19) Commitments, Contingencies and Other Matters

Litigation

The City is named as a defendant in litigation involving claims for personal injury or property damages. City officials estimate that any ultimate liability not covered by insurance would not have a material effect on the City's financial position.

Grants

Federal grant programs in which the City participates have been audited in accordance with the provisions of the Office of Management and Budget 2 CFR 200, Uniform Administrative Requirements. In addition, these grant programs are subject to financial and compliance audits by the federal government, which may result in disallowed expenditures. Based on prior experience, City management believes such disallowances, if any, would not have a material effect on the City's financial position.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

(20) COVID-19 Impact

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

The City’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 City received revenue during fiscal year 2020. As such, our financial condition and liquidity will be negatively impacted for fiscal year 2021.

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 City’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 City 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.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020
(UNAUDITED)

(1) Budgetary Comparison Schedule - General Fund

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance from Final Budget Over/(Under)
Resources (Inflows):				
General Property Taxes	\$ 122,704,220	\$ 122,704,220	\$ 124,280,902	\$ 1,576,682
Other Local Taxes	81,372,780	81,372,780	80,025,701	(1,347,079)
Permits, Fees, and Licenses	929,800	958,935	1,186,676	227,741
Fines and Forfeitures	1,049,350	1,049,350	1,061,113	11,763
Revenue from Use of Money and Property	477,000	477,000	540,066	63,066
Charges for Services	16,509,208	16,579,208	17,162,967	583,759
Intergovernmental	75,748,134	75,811,269	74,419,878	(1,391,391)
Miscellaneous	640,508	654,908	879,961	225,053
Transfers from Other Funds	-	3,502,459	3,386,459	(116,000)
Amounts Available for Appropriation	\$ 299,431,000	\$ 303,110,129	\$ 302,943,723	\$ (166,406)

Charges to Appropriations (Outflows):

General Government

City Treasurer	\$ 1,994,837	\$ 1,931,587	\$ 1,928,526	\$ (3,061)
Commissioner of the Revenue	1,467,524	1,502,761	1,502,760	(1)
City Council	39,226	49,124	43,714	(5,410)
City Council - Mayor Lea	33,138	36,335	33,565	(2,770)
City Council - Vice Mayor Price	28,625	26,460	26,171	(289)
City Council - Council Member - Bestpitch	32,238	32,124	31,919	(205)
City Council - Council Member - Dykstra	32,244	30,663	30,450	(213)
City Council - Council Member Cobb	33,893	33,913	33,705	(208)
City Council - Council Member Osborne	32,243	31,793	31,581	(212)
City Council - Council Member White - Boyd	24,808	24,566	24,307	(259)
City Attorney	1,041,601	1,093,117	1,093,117	-
City Clerk	491,317	467,048	467,048	-
Municipal Auditing	843,226	966,071	965,403	(668)
Department of Finance	2,178,693	2,189,707	2,170,320	(19,387)
Real Estate Valuation	1,223,016	1,254,112	1,252,164	(1,948)
Board of Equalization	11,450	5,979	5,437	(542)
Electoral Board	619,689	460,829	451,064	(9,765)
Office of Communications	371,433	440,500	440,499	(1)
City Manager	990,760	966,965	966,416	(549)
Citizen Engagement	114,986	121,499	120,575	(924)
Human Resources	1,611,339	1,677,238	1,658,457	(18,781)
Employee Health Services	833,871	989,189	989,188	(1)
Department of Management and Budget	693,691	651,754	647,195	(4,559)
Information Technology	4,185,921	3,678,128	3,678,128	-
DOT Capital Outlay	1,000,000	-	-	-
Radio Technology	562,231	464,124	462,714	(1,410)
Purchasing	526,418	620,894	619,807	(1,087)
Risk Management	1,221,385	1,149,108	1,052,598	(96,510)
Director of General Services	195,938	241,987	241,986	(1)
Environmental Management	477,287	425,302	424,383	(919)

(Continued)

CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020
(UNAUDITED)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance from Final Budget Over/(Under)
Judicial Administration				
Clerk of Circuit Court	\$ 1,751,608	\$ 1,570,078	\$ 1,565,260	\$ (4,818)
Juvenile and Domestic Relations Court Services	1,065,923	1,055,240	1,055,240	-
Juvenile and Domestic Relations Court Clerk	51,674	64,649	64,648	(1)
Magistrates Office	4,000	4,096	4,095	(1)
General District Court	82,950	110,316	110,315	(1)
Circuit Court	570,233	530,983	525,563	(5,420)
Sheriff	2,787,387	3,461,374	3,461,374	-
Commonwealth's Attorney	1,809,518	1,906,895	1,906,894	(1)
Cost Collection Unit	87,822	86,680	86,415	(265)
Law Library	133,953	131,806	131,806	-
Public Safety				
Jail	\$ 15,990,188	\$ 16,301,614	\$ 16,089,995	\$ (211,619)
E911	2,447,806	2,501,890	2,501,890	-
E911 - Wireless	606,050	403,351	403,350	(1)
Fire - Administration	653,281	799,200	799,200	-
Fire - Support	940,012	1,473,137	1,473,137	-
Fire - Operations	18,972,410	19,867,766	19,867,764	(2)
E911/VA811 Shared Expenses	-	73,678	73,677	(1)
Emergency Management	120,874	141,471	138,603	(2,868)
Building Inspections	933,049	764,612	758,212	(6,400)
Outreach Detention	310,336	318,043	318,042	(1)
Youth Haven I	410,678	365,108	341,189	(23,919)
Enhanced Community Services	78,660	72,017	70,174	(1,843)
Substance Abuse Services	63,080	64,406	64,405	(1)
Police - Administration	2,259,315	2,573,121	2,562,061	(11,060)
Police - Investigation	4,096,275	3,389,427	3,389,426	(1)
Police - Patrol	11,214,233	13,803,514	13,803,514	-
Police - Services	2,779,598	2,130,227	2,079,063	(51,164)
Police - Training	733,547	683,266	682,536	(730)
Police - Animal Control	1,683,058	1,692,749	1,631,495	(61,254)
Public Works				
Custodial Services	\$ 681,456	\$ 769,306	\$ 769,306	\$ -
Building Maintenance	4,721,572	4,662,277	4,662,277	-
Director of Public Works	174,303	189,313	189,311	(2)
Transportation - Streets and Traffic	3,761,606	3,659,551	3,649,564	(9,987)
Transportation - Paving Program	4,439,924	4,893,917	4,893,916	(1)
Transportation - Snow Removal	219,033	43,707	43,706	(1)
Transportation - Street Lighting	1,268,221	1,236,809	1,236,809	-
Transportation - Engineering and Operations	1,811,498	1,674,750	1,674,747	(3)
Solid Waste Management	6,131,837	6,613,470	6,613,470	-
Engineering	1,378,892	1,296,620	1,296,619	(1)
Fleet Management - Op	4,413,550	4,842,294	4,842,293	(1)
Fleet Management - NonOp	3,000,569	2,804,308	2,804,307	(1)

(Continued)

CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020
(UNAUDITED)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance from Final Budget Over/(Under)
Health and Welfare				
Human Services Support	\$ 298,070	\$ 341,535	\$ 341,535	\$ -
Health Department	1,720,668	1,771,720	1,771,720	-
Blue Ridge Behavioral Health Care	563,611	563,611	563,611	-
Human Services Committee	430,000	430,000	425,000	(5,000)
Social Services	26,640,870	26,797,287	25,561,297	(1,235,990)
Children's Services Act	12,915,387	12,915,387	12,423,873	(491,514)
Parks, Recreation and Cultural				
Roanoke Arts Commission	\$ 340,000	\$ 344,500	\$ 344,500	\$ -
Recreation	4,257,741	4,394,531	4,330,866	(63,665)
Parks	-	2,950	2,950	-
Parks & Recreation - Administration	1,578,656	1,544,597	1,526,884	(17,713)
Libraries	3,857,213	3,797,276	3,797,276	-
Community Development				
Memberships and Affiliations	\$ 4,096,279	3,704,863	\$ 3,704,862	\$ (1)
Economic Development	3,278,719	3,142,052	3,142,051	(1)
Planning, Building and Development	1,442,358	1,623,870	1,615,176	(8,694)
Neighborhood Support	97,784	109,811	108,733	(1,078)
Neighborhood Services	1,231,341	1,210,082	1,210,081	(1)
Virginia Cooperative Extension	77,217	77,217	77,217	-
Nondepartmental				
Residual Fringe Benefits	\$ 4,795,555	\$ 5,926	\$ 5,926	\$ -
Transfers to Other Funds	5,965,053	14,474,798	14,474,796	(2)
Transfers to Debt Service Fund	12,027,458	12,593,931	12,608,931	15,000
Transfers to Agency Fund	-	-	-	-
Transfers to Component Units	85,378,026	85,470,851	85,470,850	(1)
Miscellaneous	405,620	-	-	-
Personnel Lapse	(2,258,633)	-	-	-
Funding for Reserves	1,125,000	1,125,000	-	(1,125,000)
Contingency	1,614,000	-	-	(1)
Total Charges to Appropriations	\$ 299,431,000	\$ 307,031,708	\$ 303,537,000	\$ (3,494,708)
Net Resources Over (Under) Expenditures	\$ -	\$ (3,921,579)	\$ (593,277)	\$ 3,328,302
Fund Balance - Beginning of Year	44,513,070	44,513,070	44,513,070	-
Fund Balance - End of Year	\$ 44,513,070	\$ 40,591,491	\$ 43,919,793	\$ 3,328,302

See Accompanying Note to Budgetary Comparison Schedule (RSI 2)

See Accompanying Report of Independent Auditor

**CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/Inflows of Resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 302,943,723
The fund balance at the beginning of the year is a budgetary resource, but is not a current year revenue for financial reporting purposes (Exhibit E).	
Transfers from other funds are a budgetary resource, but not a revenue for financial reporting purposes (Exhibit E)	<u>(3,386,459)</u>
Total general fund revenues as reported on the statement of revenues, expenditures, and changes in fund balances (Exhibit E).	<u><u>\$ 299,557,264</u></u>

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 303,537,000
Transfers to other funds are outflows of budgetary resources, but are not expenditures for financial reporting purposes (Exhibit E).	(27,083,726)
Encumbrances for goods and services ordered but not received are reported in the year the orders are placed for budgetary purposes, but are reported in the year goods and services are received for GAAP purposes (Exhibit C).	<u>(2,874,710)</u>
Total general fund expenditures as reported on the statement of revenues, expenditures, and changes in fund balances (Exhibit E).	<u><u>\$ 273,578,564</u></u>

**CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

(2) Note to Budgetary Comparison Schedule – General Fund

(A) Budgets and Budgetary Accounting

The City adheres to the following procedures in establishing the budgetary data reflected in the Budgetary Comparison Schedule located in the Required Supplementary Information:

1. Proposal – At least sixty days prior to June 30, the City Manager submits to City Council a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.

2. Projects and Grants – The capital projects budget is prepared on a project-length basis under which the total outlay for each project is estimated for the length of the project. The Special Revenue Fund budget is adopted on a grant-length basis as grants are received by the City. Grant budgets are not legally enacted on an annual period basis; therefore, a budgetary comparison statement is not presented for the Special Revenue Fund.

3. Adoption – Public hearings are conducted to obtain citizen comments on the proposed budget. Prior to May 14, the budget is legally adopted at the departmental-level through passage of an appropriation ordinance by City Council.

4. Amendment – The City Manager is authorized to transfer any amount, within or between funds and departments during the fiscal year. The Director of Finance reports to City Council on a quarterly basis all transfers in excess of \$100,000 between funds, as well as between project and program accounts in the Capital Project Fund and Grant Fund. All other transfers or supplemental appropriations must be approved by City Council. During the year, \$7,816,936 in supplemental appropriations were approved by City Council. These amendments consisted primarily of appropriations of prior year encumbrances, the appropriation of restricted, committed or assigned fund balance, and the appropriation of additional intergovernmental grants received during the year.

5. Integration – Formal budgetary integration is employed as a management control device during the year for the General and Capital Projects Funds. Formal budgetary integration is not employed for the Debt Service Fund because effective budgetary control is alternatively achieved through budgeted transfers from the General Fund to the Debt Service Fund for debt payments.

6. Legal Compliance – Actual expenditures and operating transfers out may not legally exceed budget appropriations for each department. City Council legally adopts an annual budget for the General Fund. Its budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America except for the recognition of encumbrances, the classification of certain transfers as expenditures, and the consideration of beginning fund balance as a budgetary resource. A reconciliation of the actual General Fund uses of financial resources presented in accordance with generally accepted accounting principles is presented as part of the Budgetary Comparison Schedule located in the Required Supplementary Information.

**CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

(3) Infrastructure Assets Under Modified Approach

INFRASTRUCTURE – FLOOD REDUCTION

In conjunction with the adoption of the modified approach for flood reduction asset accounting, the City is required to conduct semi-annual (January and July) condition level assessments for 100% of these assets. These assessments are based on the United States Army Corps of Engineers (USACE) ‘Inspection, Maintenance and Operational Report’ and are conducted by City personnel. Individual components assessed include bench cuts (14) and training walls (2), which both directly impact the level of flood reduction benefit the assets provide. These components are evaluated by examining the number of obstructions or amount of damage observed, and then establishing the extent to which it has affected the infrastructure. These individual assessments are then used to determine an overall condition rating, as defined below.

Independent evaluations are also conducted periodically by the USACE using the same assessment criteria. City and USACE policy requires condition levels to be maintained at or above a Fair (2) rating. Deficiencies discovered by either party, which would cause the condition level to fall below this standard are the City’s responsibility and should be addressed prior to the next assessment.

<u>Condition</u>	<u>Rating</u>
Good	3
Fair	2
Poor	1

Assessment Ratings of Infrastructure Components

	<u>Number Assessed</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Training Walls	2	3	3	2.5	2	2
Bench Cuts	14	2	2.7	2.7	2.8	2.3

Comparison of Estimated to Actual Maintenance Costs

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020 *</u>
Estimated	\$54,500	\$75,000	\$75,000	\$54,599	\$317,338
Actual	\$36,414	\$27,204	\$81,595	\$12,454	\$295,772

*Reflects costs associated with the study that is associated with flooding in relation to the Roanoke River Flood Reduction Project. Supporting information such GIS photos, surveys, and maps of the areas impacted are required for the completion of the project. The study was approximately \$169 thousand.

See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020
(UNAUDITED)

(4) Schedule of City Pension Contributions - City Plan

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 11,158,359	\$ 11,345,222	\$ 11,266,984	\$ 10,451,101	\$ 10,184,532	\$ 13,122,478	\$ 11,136,823
Contributions in Relation to Actuarially Determined Contribution	11,158,359	11,345,222	11,266,984	10,451,101	10,184,532	13,122,478	11,136,823
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered Payroll	\$ 67,097,768	\$ 68,221,419	\$ 66,120,798	\$ 66,104,371	\$ 65,118,496	\$ 59,030,490	\$ 60,633,287
Contributions as a Percentage of Covered Payroll	16.63%	16.63%	17.04%	15.81%	15.64%	22.23%	18.37%

Notes to Schedule:

Valuation Date:	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
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Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-Age Normal Cost method
Amortization method	Level percent closed, 30-years with phase-in of codified COLA
Amortization period	31.89 years, with 25 years remaining as of June 30, 2018
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	3.50%
Investment rate of return	7.25%
Mortality	125% of RP-2000 Combined Healthy Mortality for male and females with generational mortality projection using Scale AA

Other information:

The Plan changed actuarial cost methods to entry age normal with the valuation effective June 30, 2014 in accordance with Generally Accepted Accounting Principles (GAAP).

The Plan utilized the Projected Unit Credit cost method for the valuations performed effective June 30, 2013 and June 30, 2012.

The Plan changed the expected Inflation from 2.75% to 2.25% and expected investment rate of return from 7.75% to 7.25% based on an experience study performed 6/30/2018 effective for Fiscal Year 2018.

Schedule is intended to show information for 10 years. As 2014 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

**CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

(5) Schedule of City's Proportionate Share of the Net Pension Liability - City Plan

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's Proportion of Net Pension Liability	89.19%	88.97%	88.53%	87.81%	86.73%	86.38%
City's Proportionate Share of Net Pension Liability	\$ 123,942,077	\$ 113,060,409	\$ 127,175,183	\$ 148,945,372	\$ 121,555,328	\$ 101,395,947
Covered Payroll	\$ 67,097,768	\$ 66,120,798	\$ 66,104,370	\$ 65,118,496	\$ 59,030,490	\$ 60,633,287
City's Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	184.72%	170.99%	192.39%	228.73%	205.90%	167.23%
Plan Fiduciary Net Position as a Percentage of Total Net Pension Liability	75.62%	77.32%	74.00%	68.70%	73.81%	77.23%

Schedule is intended to show information for 10 years. As 2015 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020
(UNAUDITED)

(6) Schedule of School Board Pension Contributions - City Plan

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 200,200	\$ 222,911	\$ 248,488	\$ 257,269	\$ 340,838	\$ 527,115
Contributions in Relation to Actuarially Determined Contribution	200,200	222,911	248,488	257,269	340,838	527,115
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered Payroll	\$ 1,575,944	\$ 1,607,148	\$ 1,757,341	\$ 1,985,104	\$ 2,617,813	\$ 2,690,735
Contributions as a Percentage of Covered Payroll	12.70%	13.87%	14.14%	12.96%	13.02%	19.59%

Notes to Schedule:

Valuation Date:	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
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Methods and assumptions used to determine contribution rates:

Actuarial cost method (1)	Entry-Age Normal Cost method
Amortization method	Level percent closed, 30-years with phase-in of codified COLA
Amortization period	31.89 years, with 25 years remaining as of June 30, 2018
Asset valuation method	5-year smoothed market
Inflation (2)	2.75%
Salary increases	3.50%
Investment rate of return (2)	7.25%
Mortality	125% of RP-2000 Combined Healthy Mortality for male and females with generational mortality projection using Scale AA

Other Information:

(1) The Plan changed actuarial cost methods to entry age normal with the valuation effective June 30, 2014 in accordance with Generally Accepted Accounting Principles (GAAP)

The Plan utilized the Projected Unit Credit cost method for the valuations performed effective June 30, 2013.

(2) The Plan changed the expected Inflation from from 2.75% to 2.25% and expected investment rate of return from 7.75% to 7.25% based on an experience study performed 6/30/2018 effective for Fiscal Year 2018.

Schedule is intended to show information for 10 years. As 2015 was the first year of presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020
(UNAUDITED)

(7) Schedule of School Board's Proportionate Share of the Net Pension Liability - City Plan

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School Board's Proportion of Net Pension Liability	1.78%	1.95%	2.18%	2.94%	3.48%	3.63%
School Board's Proportionate Share of Net Pension Liability	\$ 2,476,003	\$ 2,476,295	\$ 3,130,602	\$ 4,984,640	\$ 4,882,739	\$ 4,256,291
Covered Payroll	\$ 1,607,148	\$ 1,757,341	\$ 1,985,100	\$ 1,985,104	\$ 2,690,735	\$ 3,005,980
School Board's Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	154.06%	140.91%	157.71%	251.10%	181.46%	141.59%
Plan Fiduciary Net Position as a Percentage of Total Net Pension Liability	75.60%	77.30%	74.00%	68.70%	73.81%	77.23%

Schedule is intended to show information for 10 years. As 2015 was the first year of presentation, no other data is available. Additional years will be included as they become available.

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)

(8) Schedule of City's Pension Contributions - VRS

(For employees covered under VRS)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Determined Contribution	\$ 1,588,914	\$ 1,493,066	\$ 1,446,685	\$ 1,443,062	\$ 1,499,615	\$ 1,514,713
Contributions in Relation to						
Contractually Determined Contribution	\$ 1,588,914	\$ 1,493,066	\$ 1,446,685	\$ 1,443,062	\$ 1,499,615	\$ 1,514,713
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 9,571,771	\$ 8,994,376	\$ 8,842,818	\$ 8,761,712	\$ 8,537,263	\$ 8,650,983
Contributions as a Percentage						
of Covered Payroll	16.60%	16.60%	16.36%	16.47%	17.57%	17.51%

Notes to Schedule

Valuation Date: June 30, 2018 June 30, 2017 June 30, 2016 June 30, 2015 June 30, 2014 June 30, 2013

Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay, closed
Remaining amortization period	25 years (decreasing by one each year in subsequent valuation until reaching 0 years.
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	3.50% - 5.35%
Cost of living adjustment	2.25% - 2.50%
Investment rate of return	6.75%
Mortality	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% increase compounded from ages 70 to 90; females set forward 3 years
Post-Disablement	RP-2014 Disabled Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male

(1) Beginning with 2019, the Virginia Retirement System provided participants with covered payroll and contribution data based on creditable compensation. Data from 2019 and on uses this newly available information.

Other information:

Mortality improvement is anticipated under the post-retirement mortality assumption as projected with Scale BB

Schedule is intended to show information for 10 years. As 2015 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020
(UNAUDITED)

(9) Schedule of School Board's Pension Contributions - VRS - Non-professionals' Plan

(For employees covered under VRS)

	2020	2019 (1)	2018	2017	2016	2015
Contractually Required Contribution	\$ 105,180	\$ 139,770	\$ 98,135	\$ 93,497	\$ 126,073	\$ 126,993
Contributions in Relation to Contractually Determined Contribution	\$ 105,180	\$ 139,770	\$ 98,135	\$ 93,497	\$ 126,073	\$ 126,993
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 4,338,669	\$ 4,300,605	\$ 3,688,153	\$ 2,615,319	\$ 2,662,777	\$ 2,505,966
Contributions as a Percentage of Covered Payroll	3.25%	3.25%	2.66%	3.57%	4.73%	5.07%

Notes to Schedule:

Valuation Date: June 30, 2018 June 30, 2017 June 30, 2016 June 30, 2015 June 30, 2014 June 30, 2013

Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay, closed
Remaining amortization period	25 years (decreasing by one each year in subsequent valuations until reaching 0 years)
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	3.50% - 5.35%
Cost of living adjustment	2.25% - 2.50%
Investment rate of return	6.75%
Mortality	45% of deaths are assumed to be service related.
Pre-Retirement	RP-2014 Employee Mortality Table projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years
Post-Retirement	RP-2014 Combined Mortality Table projected with Scale AA to 2020 with males set forward 1 year
Post-Disablement	RP-2014 Disabled Life Mortality Table with males set back 3 years and no provision for future mortality improvement

(1) Beginning with 2019, the Virginia Retirement System provided participants with covered payroll and contribution data based on creditable compensation. Data from 2019 and on uses this newly available information.

Other Information:

Mortality improvement is anticipated under the post-retirement mortality assumption as projected with Scale AA

Schedule is intended to show information for 10 years. As 2015 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020
(UNAUDITED)

(10) Schedule of Changes in City's Net Pension Liability and Related Ratios - VRS
(CAFR reporting year - measurement date June 30 of prior year)

	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service Cost	\$ 1,347,664	\$ 1,337,903	\$ 1,348,893	\$ 1,380,941	\$ 1,312,849	\$ 1,333,127
Interest	4,539,086	4,339,444	4,195,752	4,042,340	3,859,768	3,680,676
Changes of Assumptions	2,014,530	-	(159,919)	-	-	-
Differences Between Expected and Actual Experience	(717,393)	430,539	(320,535)	(396,031)	101,336	-
Benefit Payments, Including Refunds of Employee Contributions	(3,325,626)	(3,186,070)	(2,836,839)	(2,834,452)	(2,497,107)	(2,413,588)
Net Change in Total Pension Liability	3,858,261	2,921,816	2,227,352	2,192,798	2,776,846	2,600,215
Total Pension Liability - Beginning	66,506,902	63,585,086	61,357,734	59,164,936	56,388,090	53,787,875
Total Pension Liability - Ending	\$ 70,365,163	\$ 66,506,902	\$ 63,585,086	\$ 61,357,734	\$ 59,164,936	\$ 56,388,090
Plan Fiduciary Net Position						
Contributions - Employer	\$ 1,490,872	\$ 1,444,142	\$ 1,439,698	\$ 1,499,615	\$ 1,514,713	\$ 1,460,269
Contributions - Employee	451,026	440,860	451,501	428,612	432,153	424,175
Net Investment Income	3,869,084	4,102,791	6,147,715	872,926	2,245,173	6,752,670
Benefit Payments, Including Refunds of Employee Contributions	(3,325,626)	(3,186,070)	(2,836,839)	(2,834,452)	(2,497,107)	(2,413,588)
Administrative Expense	(38,781)	(35,783)	(35,693)	(31,738)	(30,828)	(36,491)
Other	(2,440)	(3,643)	(5,465)	(372)	(473)	356
Net Change in Plan Fiduciary Net Position	2,444,135	2,762,297	5,160,917	(65,409)	1,663,631	6,187,391
Plan Fiduciary Net position - Beginning	58,686,643	55,924,346	50,763,429	50,828,838	49,165,207	42,977,816
Plan Fiduciary Net Position - Ending	\$ 61,130,778	\$ 58,686,643	\$ 55,924,346	\$ 50,763,429	\$ 50,828,838	\$ 49,165,207
Total Net Pension Liability - Beginning	\$ 7,820,259	\$ 7,660,740	\$ 10,594,305	\$ 8,336,098	\$ 7,222,883	\$ 10,810,059
Total Net Pension Liability - Ending	\$ 9,234,385	\$ 7,820,259	\$ 7,660,740	\$ 10,594,305	\$ 8,336,098	\$ 7,222,883
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.88%	88.24%	87.95%	82.73%	85.91%	87.19%
Covered Payroll	\$ 8,937,535	\$ 8,848,224	\$ 8,761,712	\$ 8,537,263	\$ 8,650,983	\$ 8,430,964
Net Pension Liability as a Percentage of Covered Payroll	103.32%	88.38%	87.43%	124.09%	96.36%	85.67%

Schedule is intended to show information for 10 years. As 2015 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
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(UNAUDITED)

(11) Schedule of School Board's Pension Contributions - VRS - Teacher Retirement Plan

(For employees covered under VRS)

	<u>2020</u>	<u>2019 (1)</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 12,870,331	\$ 12,653,417	\$ 12,842,165	\$ 11,471,695	\$ 11,164,143	\$ 11,825,296
Contributions in Relation to						
Contractually Determined Contribution	12,870,331	12,653,417	12,842,165	\$ 11,471,695	\$ 11,164,143	\$ 11,825,296
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered Payroll	\$ 85,100,982	\$ 82,767,236	\$ 80,236,536	\$ 79,683,440	\$ 76,869,589	\$ 74,342,482
Contributions as a Percentage of Covered Payroll	15.12%	15.29%	16.01%	14.40%	14.52%	15.91%

Notes to Schedule:

Valuation Date:	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
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(1) Beginning with 2019, the Virginia Retirement System provided participants with covered payroll and contribution data based on creditable compensation. Data from 2019 on uses this newly available information.

Other Information:

Schedule is intended to show information for 10 years. As 2015 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
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(UNAUDITED)

(12) Schedule of School Board's Proportionate Share of Net Pension Liability - VRS Teachers Plan

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's Proportion of Net Pension Liability	0.99%	0.99%	1.01%	1.01%	1.00%	0.98%
Employer's Proportionate Share of Net Pension Liability	\$129,942,187	\$116,773,000	\$123,985,000	\$141,324,000	\$125,881,000	\$118,679,000
Covered Payroll	\$ 82,767,236	\$ 82,774,838	\$ 80,236,536	\$ 79,683,440	\$ 76,869,589	\$ 74,342,482
Employer's Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	157.00%	141.07%	154.52%	177.36%	163.76%	159.64%
Plan Fiduciary Net Position as a Percentage of Total Net Pension Liability	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

Schedule is intended to show information for 10 years. As 2015 was the first year of presentation, no other data is available. Additional years will be included as they become available.

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020
(UNAUDITED)

(13) Schedule of School Board's Changes in Net Pension Asset and Related Ratios - VRS
(CAFR reporting year - measurement date June 30 of prior year)

	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service Cost	\$ 330,934	\$ 303,752	\$ 327,500	\$ 292,621	\$ 250,347	\$ 238,778
Interest	157,720	137,429	115,185	90,855	75,430	57,278
Changes in Assumptions	95,414	-	(95,226)	-	-	-
Differences Between Expected and Actual Experience	77,685	(108,492)	22,079	3,596	(71,963)	-
Benefit Payments, Including Refunds of Employee Contributions	(37,449)	(48,197)	(55,331)	(23,660)	(43,270)	(30,199)
Net change in Total Pension Liability	\$ 624,304	\$ 284,492	\$ 314,207	\$ 363,412	\$ 210,544	\$ 265,857
Total Pension Liability - Beginning	2,271,867	1,987,375	1,673,168	1,309,756	1,099,212	833,355
Total Pension Liability - Ending	\$ 2,896,171	\$ 2,271,867	\$ 1,987,375	\$ 1,673,168	\$ 1,309,756	\$ 1,099,212
Plan Fiduciary Net Position						
Contributions - Employer	\$ 109,376	\$ 98,135	\$ 93,237	\$ 114,441	\$ 103,468	\$ 167,937
Contributions - Employee	195,963	169,352	164,828	145,769	131,040	112,035
Net Investment Income	255,942	238,823	332,502	48,318	99,131	259,744
Benefit Payments, Including Refunds of Employee Contributions	(37,449)	(48,197)	(55,331)	(23,660)	(43,270)	(30,199)
Administrative Expense	(2,153)	(1,842)	(1,688)	(1,296)	(1,144)	(1,173)
Other	(164)	(222)	(306)	(19)	(21)	14
Net change in Plan Fiduciary Net Position	\$ 521,515	\$ 456,049	\$ 533,242	\$ 283,553	\$ 289,204	\$ 508,358
Plan Fiduciary Net Position - Beginning	3,582,074	3,126,025	2,592,783	2,309,230	2,020,026	1,511,668
Plan Fiduciary Net Position - Ending	\$ 4,103,589	\$ 3,582,074	\$ 3,126,025	\$ 2,592,783	\$ 2,309,230	\$ 2,020,026
Total Net Pension Asset - Beginning	\$ (1,310,207)	\$ (1,138,650)	\$ (919,615)	\$ (999,474)	\$ (920,814)	\$ (678,313)
Total Net Pension Asset - Ending	\$ (1,207,418)	\$ (1,310,207)	\$ (1,138,650)	\$ (919,615)	\$ (999,474)	\$ (920,814)
Plan Fiduciary Net Position as a of Total Percentage Pension Asset	141.69%	157.67%	157.29%	154.96%	176.31%	183.77%
Covered Payroll	\$ 4,300,605	\$ 3,688,153	\$ 2,615,319	\$ 2,099,489	\$ 2,291,710	\$ 2,220,265
Net Pension Asset as a Percentage of Covered Payroll	(28.08%)	(35.52%)	(43.54%)	(43.80%)	(43.61%)	(41.47%)

Schedule is intended to show information for 10 years. As 2015 was the first year of presentation, no other data is available. Additional years will be included as they become available.

Per GAAP, net pension assets are reported using the measurement date, which is one year prior to the reporting date.

See Accompanying Report of Independent Auditor

**CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

(14) Schedule of Investment Returns

City of Roanoke - OPEB Trust

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Annual money weighted rate of return, net of investment expense	3.01%	4.67%	9.52%	13.04%

The City of Roanoke utilizes the VACo/VML Pooled OPEB Trust Portfolio I for investment of funds related to its Other Post Employment Benefits for the Post Employment Health Plan and Line of Duty Benefits. Thus, a single Schedule of Investment Returns is applicable to and presented for both components of the City's OPEB Trust.

Schedule is intended to show information for 10 years. As 2017 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
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(UNAUDITED)

(15) Schedule of City's OPEB Contributions - Employees' Post Retirement Health Plan

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially Determined Contribution	\$ 1,023,000	\$ 976,000	\$ 898,000	\$ 947,000	\$ 1,071,000
Contributions in Relation to Actuarially Determined Contribution	1,023,000	976,000	898,000	947,000	1,071,000
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 75,773,316	\$ 75,773,316	\$ 73,943,000	\$ 73,167,000	\$ 71,512,000
Contributions as a Percentage of Covered Payroll	1.35%	1.29%	1.21%	1.29%	1.50%
Notes to Schedule:					
Valuation Date:	July 1, 2019	July 1, 2019	July 1, 2018	July 1, 2017	July 1, 2017
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially Determined Contribution	\$ 982,000	\$ 957,000	\$ 877,000	\$ 1,278,000	\$ 1,235,000
Contributions in Relation to Actuarially Determined Contribution	982,000	957,000	877,000	1,337,000	1,306,000
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ (59,000)	\$ (71,000)
Covered Payroll	\$ 69,346,000	\$ 70,052,000	\$ 66,641,000	\$ 68,086,000	\$ 68,086,000
Contributions as a Percentage of Covered Payroll	1.42%	1.37%	1.32%	1.96%	1.92%
Notes to Schedule:					
Valuation Date:	July 1, 2017	July 1, 2017	July 1, 2017	July 1, 2017	July 1, 2017

Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year. 2017 is the first year for this presentation, therefore, data from 2010 to 2017 was measured with the 2017 valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period	20 years
Asset valuation method	Market Value of Assets
Inflation	2.25%
Medical Inflation	5.50%
Payroll growth	2.50%
Investment rate of return	7.00%
Mortality	
Pre-Retirement	125% of the RP-
Healthy Annuitants	125% of the RP-
Disabled Annuitants	2014 Adjusted

Mortality improvement is anticipated under the post-retirement mortality assumption as projected with Scale AA
See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020
(UNAUDITED)

(16) Schedule of City's OPEB Contributions - Line of Duty Benefits

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially Determined Contribution	\$ 222,500	\$ 204,200	\$ 334,900	\$ 328,000	\$ 367,100
Contributions in Relation to Actuarially Determined Contribution	222,500	204,200	334,900	328,000	367,100
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered Payroll	\$ 33,943,700	\$ 33,943,700	\$ 34,133,600	\$ 33,524,900	\$ 32,921,200
Contributions as a Percentage of Covered Payroll	0.66%	0.60%	0.98%	0.98%	1.12%
Notes to Schedule:					
Valuation Date:	July 1, 2019	July 1, 2019	July 1, 2018	July 1, 2017	July 1, 2017
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	
Actuarially Determined Contribution	\$ 370,900	\$ 349,100	\$ 248,000	\$ 238,800	
Contributions in Relation to Actuarially Determined Contribution	370,900	349,100	330,000	311,200	
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (82,000)</u></u>	<u><u>\$ (72,400)</u></u>	
Covered Payroll	\$ 32,577,300	\$ 33,055,600	\$ 31,425,600	\$ 29,618,000	
Contributions as a Percentage of Covered Payroll	1.14%	1.06%	1.05%	1.05%	
Notes to Schedule:					
Valuation Date:	July 1, 2017	July 1, 2017	July 1, 2017	July 1, 2017	

Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year. 2017 is the first year for this presentation, therefore, data from 2012 to 2017 was measured with the 2017 valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period	20 years
Asset valuation method	Market Value of Assets
Inflation	2.25%
Payroll growth	2.50%
Investment rate of return	7.00%
Mortality	
Pre-Retirement	125% of the RP-2000 Combined Health Mortality Table for males and females with generational mortality projection using Scale AA
Healthy Annuitants	125% of the RP-2000 Combined Health Mortality Table for males and females with generational mortality projection using Scale AA
Disabled Annuitants	The SOA RP-2014 Adjusted to 2006 Disabled Retiree Mortality Table with base rates only. This assumption was changed from 70% of the PBGC Disabled Mortality Table 5A for males and 90% of the PBGC Disabled Mortality Table 6A for females due to the 2016 experience study

Schedule is intended to show information for 10 years. As of the first year for this presentation data was available for 2012, no other data is available, however, additional years will be included as they become available.

See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
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(UNAUDITED)

(17) Schedule of Changes in Net OPEB Liability and Related Ratios
OPEB Trust - Employees' Post Retirement Health Plan

	2020	2019	2018
Total OPEB Liability			
Service Cost	\$ 339,171	\$ 314,967	\$ 307,511
Interest	925,050	840,955	852,459
Differences Between Expected and Actual Experience	(163,990)	798,742	(602,777)
Benefit Payments, Including Refunds of Employee Contributions	(793,000)	(762,000)	(696,000)
Net Change in Total OPEB Liability	307,231	1,192,664	(138,807)
Total OPEB Liability - Beginning	13,272,331	12,079,667	12,218,474
Total OPEB Liability - Ending	\$ 13,579,562	\$ 13,272,331	\$ 12,079,667
 Plan Fiduciary Net Position			
Contributions - Employer	\$ 976,000	\$ 898,000	\$ 947,000
Net Investment Income	216,095	384,002	430,894
Benefit Payments, Including Refunds of Employee Contributions	(793,000)	(762,000)	(696,000)
Administrative Expense	(5,395)	(4,961)	(4,408)
Net Change in Plan Fiduciary Net Position	393,700	515,041	677,486
Plan Fiduciary Net position - Beginning	4,526,115	4,011,074	3,333,588
Plan Fiduciary Net position - Ending	\$ 4,919,815	\$ 4,526,115	\$ 4,011,074
 Total Net OPEB Liability - Beginning	8,746,216	8,068,593	8,884,886
Total Net OPEB Liability - Ending	\$ 8,659,747	\$ 8,746,216	\$ 8,068,593
 Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	36.23%	34.10%	33.21%
 Covered Payroll	\$ 75,773,316	\$ 73,943,000	\$ 73,167,000
 Net OPEB Liability as a Percentage of Covered Payroll	11.43%	11.83%	11.03%

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

Schedule is intended to show information for 10 years. As 2018 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
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(UNAUDITED)

(18) Schedule of Changes in Net OPEB Liability and Related Ratios
OPEB Trust - Line of Duty Act

	2020	2019	2018
Total OPEB Liability			
Service Cost	\$ 105,329	\$ 161,651	\$ 149,688
Interest	236,984	284,709	266,113
Changes of Benefit Terms	-	(412,038)	-
Differences Between Expected and Actual Experience	(182,205)	(490,047)	(30,411)
Benefit payments, including refunds of employee contributions	(177,800)	(161,700)	(101,700)
Net Change in Total OPEB Liability	(17,692)	(617,425)	283,690
Total OPEB Liability - Beginning	3,369,053	3,986,478	3,702,788
Total OPEB Liability - Ending	\$ 3,351,361	\$ 3,369,053	\$ 3,986,478
Plan Fiduciary Net Position			
Contributions - Employer	\$ 204,200	\$ 334,900	\$ 328,000
Net Investment Income	100,571	174,061	183,124
Benefit payments, including refunds of employee contributions	(177,800)	(161,700)	(101,700)
Administrative Expense	(2,822)	(2,504)	(2,137)
Net Change in Plan Fiduciary Net Position	124,149	344,757	407,287
Plan Fiduciary Net position - Beginning	2,162,674	1,817,917	1,410,630
Plan Fiduciary Net position - Ending	\$ 2,286,823	\$ 2,162,674	\$ 1,817,917
Total Net OPEB Liability - Beginning	1,206,379	2,168,561	2,292,170
Total Net OPEB Liability - Ending	\$ 1,064,538	\$ 1,206,379	\$ 2,168,561
 Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	 68.24%	 64.19%	 45.60%
 Covered Payroll	 \$ 33,943,700	 \$ 34,133,600	 \$ 33,524,900
 Net OPEB Liability as a Percentage of Covered Payroll	 3.14%	 3.53%	 6.47%

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

Schedule is intended to show information for 10 years. As 2018 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020
(UNAUDITED)

(19) Schedule of Changes in Net OPEB Liability and Related Ratios
OPEB Trust - Health Insurance Credit

	2020	2019	2018
Total OPEB Liability			
Service Cost	\$ 5,183	\$ 5,416	\$ 5,836
Interest	26,787	25,772	25,637
Differences Between Expected and Actual Experience	6,868	6,681	-
Changes of Assumptions	10,417	-	(6,386)
Benefit Payments, Including Refunds of Employee Contributions	(20,719)	(26,022)	(20,294)
Net Change in Total OPEB Liability	28,536	11,847	4,793
Total OPEB Liability - Beginning	393,032	381,185	376,392
Total OPEB Liability - Ending	\$ 421,568	\$ 393,032	\$ 381,185
 Plan Fiduciary Net Position			
Contributions - Employer	\$ 26,085	\$ 22,982	\$ 22,904
Net Investment Income	6,415	6,618	9,633
Benefit Payments, Including Refunds of Employee Contributions	(20,719)	(26,022)	(20,294)
Administrative Expense	(143)	(153)	(158)
Other	(8)	(480)	480
Net Change in Plan Fiduciary Net Position	11,630	2,945	12,565
Plan Fiduciary Net position - Beginning	98,678	95,733	83,168
Plan Fiduciary Net position - Ending	\$ 110,308	\$ 98,678	\$ 95,733
 Total Net OPEB Liability - Beginning	294,354	285,452	293,224
Total Net OPEB Liability - Ending	\$ 311,260	\$ 294,354	\$ 285,452
 Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	26.17%	25.11%	25.11%
 Covered Payroll	\$ 9,586,952	\$ 9,000,883	\$ 8,761,712
 Net OPEB Liability as a Percentage of Covered Payroll	3.25%	3.27%	3.26%

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

Schedule is intended to show information for 10 years. As 2018 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

**CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

(20) Schedule of City's Proportionate Share of the Net OPEB Liability - VRS Group Life Insurance

	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's Proportion of Net OPEB Liability	0.414%	0.384%	0.401%
City's Proportionate Share of Net OPEB Liability	\$ 6,266,774	\$ 5,938,000	\$ 6,029,685
Covered Payroll	\$ 78,160,123	\$ 75,352,500	\$ 73,908,260
City's Proportionate Share of Net OPEB Liability as a Percentage of Covered Payroll	8.02%	7.88%	8.16%
Plan Fiduciary Net Position as a Percentage of Total Net OPEB Liability	52.00%	51.22%	48.86%

Per GAAP, net other postemployment benefit liabilities are reported using the measurement date, which is one year prior to the reporting date.

The City of Roanoke plans of the VRS Life Insurance Program contains other plan participants. This schedule only provides data for City employees. Other plan participants take full financial responsibility for their portion of the plan.

Schedule is intended to show information for 10 years. As 2018 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020
(UNAUDITED)

(21) Schedule of City Contributions - VRS Group Life Insurance

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 442,978	\$ 394,214	\$ 389,032
Contributions in Relation to Actuarially Determined Contribution	442,978	394,214	389,032
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered Payroll	\$ 85,188,077	\$ 75,810,385	\$ 74,813,846
Contributions as a Percentage of Covered Payroll	0.52%	0.52%	0.52%

Notes to Schedule:

Valuation Date:	June 30, 2018	June 30, 2017	June 30, 2016
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The City of Roanoke plans of the VRS Life Insurance Program contains other plan participants. This schedule only provides data for City employees. Other plan participants take full financial responsibility for their portion of the plan.

Schedule is intended to show information for 10 years. As 2018 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020
(UNAUDITED)

(22) Schedule of School Board Contributions - Group Life Insurance (Non-Professionals)

	<u>2020</u>	<u>2019 (1)</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 30,491	\$ 30,717	\$ 28,263
Contributions in Relation to Actuarially Determined Contribution	30,491	30,717	28,263
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 5,863,638	\$ 5,907,183	\$ 5,435,214
Contributions as a Percentage of Covered Payroll	0.52%	0.52%	0.52%
Notes to Schedule:			
Valuation Date:	June 30, 2018	June 30, 2017	June 30, 2016

(1) Beginning with 2019, the Virginia Retirement System provided participants with covered payroll and contribution data based on creditable compensation. Data from 2019 and on uses this newly available information.

Other Information:

Schedule is intended to show information for 10 years. As 2018 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020
(UNAUDITED)

(23) Schedule of School Board Contributions - Group Life Insurance (Professionals)

	<u>2020</u>	<u>2019 (1)</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 442,525	\$ 430,663	\$ 417,241
Contributions in Relation to Actuarially Determined Contribution	442,525	430,663	417,241
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered Payroll	\$ 85,100,982	\$ 82,819,814	\$ 80,238,605
Contributions as a Percentage of Covered Payroll	0.52%	0.52%	0.52%

Notes to Schedule:

Valuation Date:	June 30, 2018	June 30, 2017	June 30, 2016
-----------------	---------------	---------------	---------------

(1) Beginning with 2019, the Virginia Retirement System provided participants with covered payroll and contribution data based on creditable compensation. Data from 2019 and on uses this newly available information.

Other Information:

Schedule is intended to show information for 10 years. As 2018 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020
(UNAUDITED)

(24) Schedule of School Board Contributions - Health Insurance Credit (General Employees)

	<u>2020</u>	<u>2019 (1)</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 5,207	\$ 5,161	\$ 4,036
Contributions in Relation to Actuarially Determined Contribution	5,207	5,161	4,036
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 4,331,920	\$ 4,300,605	\$ 3,668,153
Contributions as a Percentage of Covered Payroll	0.12%	0.11%	0.11%
Notes to Schedule:			
Valuation Date:	June 30, 2018	June 30, 2017	June 30, 2016

(1) Beginning with 2019, the Virginia Retirement System provided participants with covered payroll and contribution data based on creditable compensation. Data from 2019 and on uses this newly available information.

Other Information:

Schedule is intended to show information for 10 years. As 2018 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020
(UNAUDITED)

(25) Schedule of School Board Contributions - Health Insurance Credit (Teachers)

	<u>2020</u>	<u>2019 (1)</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 1,021,183	\$ 993,285	\$ 987,227
Contributions in Relation to Actuarially Determined Contribution	1,021,183	993,285	987,227
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 85,100,982	\$ 82,812,213	\$ 80,238,605
Contributions as a Percentage of Covered Payroll	1.20%	1.23%	1.23%

Notes to Schedule:

Valuation Date:	June 30, 2018	June 30, 2017	June 30, 2016
-----------------	---------------	---------------	---------------

(1) Beginning with 2019, the Virginia Retirement System provided participants with covered payroll and contribution data based on creditable compensation. Data from 2019 and on uses this newly available information.

Other Information:

Schedule is intended to show information for 10 years. As 2018 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020
(UNAUDITED)

(26) Schedule of School Board's Proportionate Share of the Net VRS Group Life Insurance Liability
(Non-Professionals)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
School Board's Proportion of Net OPEB Liability	0.030%	0.029%	0.028%
School Board's Proportionate Share of Net OPEB Liability	490,000	434,000	425,000
Covered Payroll	\$ 5,907,182	\$ 5,435,214	\$ 5,205,263
School Board's Proportionate Share of Net OPEB liability as a Percentage of Covered Payroll	8.29%	7.98%	8.16%
Plan Fiduciary Net Position as a Percentage of Total Net OPEB Liability	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. As 2018 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020
(UNAUDITED)

(27) Schedule of School Board's Proportionate Share of the Net VRS Group Life Insurance Liability
(Professional Employees)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
School Board's Proportion of Net OPEB Liability	0.42%	0.42%	0.43%
School Board's Proportionate Share of Net OPEB Liability	\$ 6,875,000	\$ 6,410,000	\$ 6,504,000
Covered Payroll	\$ 82,812,213	\$ 80,238,605	\$ 79,683,440
School Board's Proportionate Share of Net OPEB liability as a Percentage of Covered Payroll	8.30%	7.99%	8.16%
Plan Fiduciary Net Position as a Percentage of Total Net OPEB Liability	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. As 2018 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020
(UNAUDITED)

**(28) Schedule of School Board's Proportionate Share of the Net VRS Health Insurance Credit Liability
(Teachers)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
School Board's Proportion of Net OPEB Liability	0.987%	0.992%	1.010%
School Board's Proportionate Share of Net OPEB Liability	\$ 12,919,000	\$ 12,597,000	\$ 12,810,000
Covered Payroll	\$ 82,812,213	\$ 80,238,605	\$ 79,683,440
School Board's Proportionate Share of Net OPEB Liability as a Percentage of its Covered Payroll	15.60%	15.70%	16.08%
Plan Fiduciary Net Position as a Percentage of Total Net OPEB Liability	8.97%	8.08%	7.04%

Schedule is intended to show information for 10 years. As 2018 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

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SUPPLEMENTARY INFORMATION

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CITY OF ROANOKE, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	Pension Trust Fund	OPEB Trust Fund	Total Fiduciary Funds
<u>Assets</u>			
Cash and Cash Equivalents	\$ 560,085	\$ -	\$ 560,085
Receivables:			
Employer Contributions	583,026	-	583,026
Employee Contributions	138,648	-	138,648
Investment Income	385,605	-	385,605
Receivable for Security Transactions	126,510	-	126,510
Total Receivables	1,233,789	-	1,233,789
Investments Held by Trustee, at Fair Value:			
Cash Equivalents	4,712,202	-	4,712,202
Government Securities	1,400,998	-	1,400,998
Municipal and Agency Bonds	19,784,197	-	19,784,197
Corporate Bonds	29,238,215	-	29,238,215
Convertible Bond Mutual Funds	20,023,356	-	20,023,356
Common Stocks	60,750,782	-	60,750,782
Domestic Mutual Funds	166,533,551	-	166,533,551
International Mutual Funds	94,211,976	-	94,211,976
Real Estate Mutual Funds	25,830,078	-	25,830,078
Investment in Pooled Funds	-	7,708,323	7,708,323
Total Investments	422,485,355	7,708,323	430,193,678
Total Assets	424,279,229	7,708,323	431,987,552
<u>Liabilities</u>			
Accounts Payable and Accrued Expenses	220,876	-	220,876
Payable for Security Transactions	337,380	-	337,380
Total Liabilities	558,256	-	558,256
Net Position Restricted for Benefits	\$ 423,720,973	\$ 7,708,323	\$ 431,429,296

See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Pension Trust Fund	OPEB Trust Fund	Total Fiduciary Funds
<u>Additions/(Reductions)</u>			
Contributions from Employer	\$ 12,590,804	\$ 1,245,500	\$ 13,836,304
Contributions from Employee	3,813,475	-	3,813,475
Investment Income			
Net Appreciation in Fair Value of Investments	3,761,693	225,958	3,987,651
Interest and Dividends	14,192,427	-	14,192,427
Other	7,126	-	7,126
Total Investment Income	17,961,246	225,958	18,187,204
Less Investment Expenses	(1,169,220)	(8,974)	(1,178,194)
Net Investment Income	16,792,026	216,984	17,009,010
Total Additions	33,196,305	1,462,484	34,658,789
<u>Deductions</u>			
Benefit Payments	39,882,146	960,800	40,842,946
Administrative Expenses	516,617	-	516,617
Total Deductions	40,398,763	960,800	41,359,563
Change in Net Position	(7,202,458)	501,684	(6,700,774)
Fiduciary Net Position at Beginning of Year	430,923,432	7,206,638	438,130,070
Fiduciary Net Position at End of Year	\$ 423,720,974	\$ 7,708,323	\$ 431,429,297

See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2020

	Hotel Roanoke Conference Center Commission
<u>Assets</u>	
Cash and Cash Equivalents	\$ 4,092,185
Investments	2,003,680
Due from Other Governments	20,000
Total Assets	\$ 6,115,865
<u>Liabilities</u>	
Due to Other Governments	\$ 6,115,865
Total Liabilities	\$ 6,115,865

See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
<u>Assets</u>				
Cash and Cash Equivalents	\$ 5,339,112	\$ 7,333,885	\$ 8,580,812	\$ 4,092,185
Investments	-	2,003,680	-	2,003,680
Due from Other Governments	870,611	1,152,073	2,002,684	\$ 20,000
Total Assets	\$ 6,209,723	\$ 10,489,638	\$ 10,583,496	\$ 6,115,865
<u>Liabilities</u>				
Due to Other Governments	\$ 6,209,723	\$ 10,489,638	\$ 10,583,496	\$ 6,115,865
Total Liabilities	\$ 6,209,723	\$ 10,489,638	\$ 10,583,496	\$ 6,115,865

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STATISTICAL SECTION (UNAUDITED)

This part of the City of Roanoke, Virginia's 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 indicates about the government's overall financial condition.

Contents	Page
Financial Trends	210
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	217
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.</i>	
Debt Capacity	220
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Indicators	224
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	226
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

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

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Table 1
Unaudited

CITY OF ROANOKE, VIRGINIA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14 (2)	2012-13	2011-12	2010-11
Governmental Activities										
Net Investment in Capital Assets	\$ 444,848,704	\$ 432,942,418	\$ 411,618,245	\$ 391,326,816	\$ 386,671,621	\$ 371,085,207	\$ 344,420,223	\$ 335,651,602	\$ 329,493,504	\$ 269,948,200
Restricted for:										
Debt Service	17,215	17,890	41,733	539,265	1,011,031	1,508,122	1,406,148	1,493,056	-	-
Other Purposes	-	-	-	-	48,411	-	-	6,746,307	-	-
Unrestricted (deficit)	(85,719,784)	(92,944,533)	(114,223,642)	(98,655,788)	(100,167,028)	(99,306,461)	(102,194,393)	22,261,350	29,219,419	44,235,521
Total Governmental Activities										
Net Position	\$ 359,146,135	\$ 340,015,775	\$ 297,436,336	\$ 293,210,293	\$ 287,564,035	\$ 273,286,868	\$ 243,631,978	\$ 366,152,315	\$ 358,712,923	\$ 314,183,721
Business-type Activities										
Net Investment in Capital Assets	47,102,962	44,847,603	44,576,168	\$ 41,274,658	\$ 35,765,948	\$ 35,092,265	\$ 33,828,819	\$ 33,675,512	\$ 34,264,716	\$ 33,964,073
Unrestricted	4,334,592	6,108,858	3,985,881	4,706,651	2,246,546	1,918,868	1,642,447	1,446,904	840,542	1,109,365
Total Business-type Activities										
Net Position	\$ 51,437,554	\$ 50,956,461	\$ 48,562,049	\$ 45,981,309	\$ 38,012,494	\$ 37,011,133	\$ 35,471,266	\$ 35,122,416	\$ 35,105,258	\$ 35,073,438
										(1)
Primary Government										
Net Investment in Capital Assets	\$ 491,951,666	\$ 477,790,021	\$ 456,194,413	\$ 432,601,474	\$ 422,437,569	\$ 406,177,472	\$ 378,249,042	\$ 369,327,114	\$ 363,758,220	\$ 303,912,273
Restricted for:										
Debt Service	17,215	17,890	41,733	539,265	1,011,031	1,508,122	1,406,148	1,493,056	-	-
Other Purposes	-	-	-	-	48,411	-	-	6,746,307	-	-
Unrestricted (deficit)	(81,385,192)	(86,835,675)	(110,237,761)	(93,949,137)	(97,920,482)	(97,387,593)	(100,551,946)	23,708,254	30,059,961	45,344,886
Total Primary Government										
Net Position	\$ 410,583,689	\$ 390,972,236	\$ 345,998,385	\$ 339,191,602	\$ 325,576,529	\$ 310,298,001	\$ 279,103,244	\$ 401,274,731	\$ 393,818,181	\$ 349,257,159

Information is presented on a full accrual basis of accounting.

- (1) Effective in fiscal year 2011, Greater Roanoke Transit Company (GRTC) was reported as a discretely presented component unit. Accordingly, the fiscal year 2010 Net Position included \$16.7 million whereas in fiscal year 2011, GRTC Net Position is no longer reported as a business-type activity. Fiscal year 2010 also included Net Position of \$4.6 million for the City's Market Building Fund which was discontinued in fiscal year 2011.
- (2) Ending Net Position was restated for implementation of GASB statements No. 68 and No. 71

Table 2
Unaudited

CITY OF ROANOKE, VIRGINIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
Expenses										
Governmental Activities:										
General Government	\$ 27,158,236	\$ 24,187,074	\$ 24,328,091	\$ 17,492,500	\$ 16,832,704	\$ 14,277,141	\$ 13,994,522	\$ 14,036,094	\$ 15,192,371	\$ 13,934,968
Judicial Administration	10,364,530	8,770,903	9,467,166	9,547,223	9,399,253	8,581,552	8,718,527	8,704,405	8,777,516	7,644,774
Public Safety	77,543,957	76,422,012	74,345,373	76,212,279	72,549,379	64,530,235	66,886,151	66,852,582	69,882,446	63,287,015
Public Works	40,141,167	41,407,772	37,807,388	28,640,405	34,278,578	27,794,564	29,671,503	27,835,679	28,672,051	18,654,587
Health and Welfare	45,196,737	41,146,481	44,859,128	44,873,765	40,378,769	38,466,658	39,093,358	37,453,267	41,124,917	42,111,631
Parks, Recreation and Cultural	12,210,560	7,691,899	11,933,151	12,675,738	12,193,652	11,427,529	11,090,084	10,908,904	13,301,508	11,420,919
Community Development	13,345,284	12,902,803	16,736,291	12,966,412	12,812,996	11,853,575	11,305,174	11,398,126	9,452,579	10,706,299
Transportation	-	-	-	-	1,812,105	1,754,105	1,527,146	1,654,105	1,654,105	1,177,324
Education	89,801,480	88,613,076	86,800,538	83,842,601	84,378,194	81,406,796	79,397,641	79,011,455	83,072,419	74,772,599
Economic Development	155,659	183,755	287,114	4,998,061	853,466	1,167,670	414,274	3,079,428	2,022,694	3,904,121
Other	2,031,161	1,996,965	1,911,156	2,013,693	-	3,056	58,700	83,466	4,595	98,494
Interest and Fiscal Charges	8,721,727	8,594,427	9,050,841	9,108,045	10,924,644	10,156,610	12,654,695	12,047,146	11,551,668	12,002,689
Total Governmental Activities Expenses	\$ 326,670,498	\$ 311,917,167	\$ 317,526,237	\$ 302,370,722	\$ 296,413,740	\$ 271,419,491	\$ 274,811,775	\$ 273,064,657	\$ 284,708,869	\$ 259,715,420
Business-type Activities:										
Transit Company	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Civic Facilities	11,740,778	11,302,943	6,444,174	5,683,284	4,759,841	4,843,800	4,587,589	4,581,203	4,509,327	4,511,711
Parking	3,999,771	3,404,310	3,542,666	3,283,745	3,449,510	3,362,282	3,809,369	3,454,022	3,483,658	2,755,253
Stormwater Utility	6,178,250	5,040,114	4,860,983	4,076,625	2,863,855	1,802,924	69,525	-	-	-
Market Building	-	-	-	-	-	-	-	-	-	163,992
Total Business-type Activities Expenses	\$ 21,918,799	\$ 19,747,367	\$ 14,847,823	\$ 13,043,654	\$ 11,073,206	\$ 10,009,006	\$ 8,466,483	\$ 8,035,225	\$ 7,992,985	\$ 7,430,956
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 4,273,796	\$ 4,488,371	\$ 4,739,554	\$ 2,287,076	\$ 4,730,687	\$ 4,404,474	\$ 4,188,317	\$ 4,408,777	\$ 3,700,916	\$ 6,035,893
Judicial Administration	2,398,626	2,816,512	2,820,550	1,984,517	3,124,725	3,547,051	3,928,176	3,820,609	3,782,588	3,755,301
Public Safety	17,365,172	18,365,518	17,607,863	8,180,496	5,336,837	5,080,861	5,255,890	4,952,127	4,702,979	5,323,523
Public Works	6,697,115	6,497,541	4,523,202	309,576	270,402	340,693	266,683	381,886	340,438	2,168,980
Health and Welfare	3,995,491	4,150,671	4,045,350	1,514,952	30,606	26,363	32,356	40,111	93,991	131,520
Parks, Recreation and Cultural	1,601,120	1,855,019	1,732,638	778,101	557,759	578,905	543,186	342,005	414,693	399,968
Community Development	943,623	1,084,811	939,662	511,681	169,656	299,571	190,372	146,061	154,041	167,314
Other	-	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	142,513	239,376	82,445	-	-	-	-	-	-	-
Operating Grants and Contributions	72,050,962	68,311,913	71,235,623	70,782,914	66,228,087	66,929,796	62,762,426	64,201,295	64,457,688	68,572,662
Capital Grants and Contributions	9,339,243	13,353,527	6,725,666	7,105,056	13,695,997	5,673,238	6,056,338	2,168,673	3,677,359	5,665,618
Total Governmental Activities Program Revenues	\$ 118,807,661	\$ 121,163,259	\$ 114,452,553	\$ 93,454,369	\$ 94,144,756	\$ 86,880,952	\$ 83,223,744	\$ 80,461,544	\$ 81,324,693	\$ 92,220,779
Business-type Activities:										
Charges for Services										
Transit Company	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Civic Facilities	5,912,920	7,630,029	2,675,281	2,358,795	2,151,235	2,238,759	2,460,384	2,701,142	2,559,400	2,405,370
Parking	3,978,149	3,675,298	3,471,777	3,240,441	3,195,168	2,987,015	3,074,017	3,365,930	3,316,277	2,840,685
Stormwater Utility	6,160,617	6,053,348	-	-	-	-	-	-	-	-
Market Building	-	-	-	-	-	-	-	-	-	10,452
Operating Grants and Contributions	887,295	305,302	1,830,854	2,128,772	-	-	-	-	-	-
Capital Grants and Contributions	-	307,366	-	1,110,542	1,116,640	811,558	480,815	-	-	-
Total Business-type Activities Program Revenues	\$ 16,938,981	\$ 17,971,343	\$ 7,977,912	\$ 8,838,550	\$ 6,463,043	\$ 6,037,332	\$ 6,015,216	\$ 6,067,072	\$ 5,875,677	\$ 5,256,507
Total Primary Government Program Revenues	\$ 135,746,642	\$ 139,134,602	\$ 122,430,465	\$ 102,292,919	\$ 100,607,799	\$ 92,918,284	\$ 89,238,960	\$ 86,528,616	\$ 87,200,370	\$ 97,477,286
Net (Expense)/Revenue:										
Governmental Activities	(207,862,837)	(190,753,908)	(203,073,684)	(208,916,353)	(202,268,984)	(184,538,539)	(191,588,031)	(192,603,113)	(203,384,176)	(167,494,641)
Business-type Activities	(4,979,818)	(1,776,024)	(6,869,911)	(4,205,104)	(4,610,163)	(3,971,674)	(2,451,267)	(1,968,153)	(2,117,308)	(2,174,449)
Total Primary Government Net Expense	<u>\$ (212,842,655)</u>	<u>\$ (192,529,932)</u>	<u>\$ (209,943,595)</u>	<u>\$ (213,121,457)</u>	<u>\$ (206,879,147)</u>	<u>\$ (188,510,213)</u>	<u>\$ (194,039,298)</u>	<u>\$ (194,571,266)</u>	<u>\$ (205,501,484)</u>	<u>\$ (169,669,090)</u>

Table 2
Unaudited
Continued

CITY OF ROANOKE, VIRGINIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
General Property - Real Estate and Personal Property	\$ 124,453,259	\$ 120,503,375	\$ 116,947,597	\$ 114,172,203	\$ 109,218,854	\$ 108,241,653	\$ 107,151,665	\$ 103,429,235	\$ 105,653,485	\$ 107,328,296
Local Portion of State Sales	22,192,411	22,389,566	21,426,783	19,696,458	20,600,395	20,564,044	19,236,561	19,437,336	19,147,211	18,602,105
Business and Professional Occupational License	14,667,288	13,755,818	13,557,252	12,932,282	12,421,851	12,731,564	12,317,760	12,063,755	11,769,433	11,276,263
Utility	9,271,091	9,579,846	10,118,287	9,726,709	9,828,466	9,870,443	9,981,896	9,812,703	9,584,366	9,937,596
Prepared Food and Beverage	15,545,028	17,335,596	16,609,514	15,996,897	15,705,629	13,857,569	13,231,279	13,737,840	17,216,380	16,030,878
Commonwealth Share - Personal Property	8,075,992	8,075,992	8,133,906	8,075,992	8,075,992	8,075,992	8,076,000	8,075,992	8,075,992	8,075,992
Cigarette	1,969,011	2,108,127	2,152,811	2,267,939	2,371,201	2,256,249	2,332,536	2,431,242	2,456,680	2,338,732
Transient Room	3,678,683	4,784,182	5,375,713	4,317,618	4,305,977	4,162,522	3,874,018	3,391,403	2,983,586	2,918,631
Telecommunications	5,763,219	5,897,696	6,357,300	6,562,456	6,727,824	6,933,071	6,994,183	7,115,248	7,096,425	7,247,911
Motor Vehicle License Tax	2,630,898	2,914,811	2,955,266	2,765,343	2,594,635	2,123,181	2,046,686	2,069,531	2,130,312	2,002,299
Other Taxes and Fees	4,147,754	5,312,113	4,311,908	3,514,679	5,851,370	6,717,642	5,246,978	3,154,317	3,011,116	2,810,326
Payment from Component Unit	12,523,896	13,244,672	13,867,878	14,261,464	15,072,438	14,621,813	15,502,968	15,928,396	16,373,216	9,752,655
Grants and Contributions Not Restricted to Specific Program	2,806,078	3,239,161	4,166,455	4,084,439	-	-	-	-	-	2,880
Interest and Investment Income	452,756	1,084,321	499,454	260,051	798,323	1,634,045	1,450,625	1,380,818	1,071,384	960,375
Miscellaneous	1,986,905	5,890,514	1,860,958	1,800,886	4,117,156	-	1,394,408	-	-	-
Special Item	-	-	-	-	-	-	-	-	43,322,018	(3,492,982)
Transfers	(3,171,072)	(2,782,443)	(2,884,671)	(2,328,398)	(1,143,960)	(3,290,944)	(2,117,439)	(1,985,311)	(1,978,226)	(569,468)
Total Governmental Activities	226,993,197	233,333,347	225,456,411	218,107,018	216,546,151	208,498,844	206,720,124	200,042,505	247,913,378	195,222,489
Business-type Activities:										
Stormwater Fee (1)	-	-	6,074,799	6,041,973	3,979,349	2,049,963	-	-	-	-
Grants and Contributions Not Restricted to Specific Program	-	-	138,229	-	-	-	-	-	-	-
Interest and Investment Income	616,517	342,277	226,209	215,141	190,765	170,634	-	-	170,902	112,028
Miscellaneous	1,673,322	1,045,716	478,154	(202,445)	-	-	-	-	-	-
Special Item	-	-	-	-	-	-	-	-	-	(3,204,514)
Transfers	3,171,072	2,782,443	2,884,671	2,328,398	1,143,960	3,290,944	2,117,439	1,985,311	1,978,226	569,468
Transfers - Capital Assets	-	-	-	-	297,450	-	953,065	-	-	-
Total Business-type Activities	5,460,911	4,170,436	9,802,062	8,383,067	5,611,524	5,511,541	3,070,504	1,985,311	2,149,128	(2,523,018)
Total Primary Government	232,454,108	237,503,783	235,258,473	226,490,085	222,157,675	214,010,385	209,790,628	202,027,816	250,062,506	192,699,471
Change in Net Position										
Governmental Activities	19,130,360	42,579,439	22,382,727	9,190,665	14,277,167	23,984,931	15,132,093	7,439,392	44,529,202	27,727,848
Business-type Activities	481,093	2,394,412	2,932,151	4,424,408	1,001,361	1,539,867	619,237	17,158	31,820	(4,697,467)
Total Primary Government	\$ 19,611,453	\$ 44,973,851	\$ 25,314,878	\$ 13,615,073	\$ 15,278,528	\$ 25,524,798	\$ 15,751,330	\$ 7,456,550	\$ 44,561,022	\$ 23,030,381

Information is presented on a full accrual basis of accounting.

(1) Stormwater Fees reclassified to Charges for Service beginning in 2018-19

Table 3
Unaudited

CITY OF ROANOKE, VIRGINIA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
General Property Tax-Real Estate and Personal Property	\$ 124,453,259	\$ 120,503,375	\$ 116,947,597	\$ 114,172,203	\$ 109,218,854	\$ 108,241,653	\$ 107,151,667	\$ 103,429,235	\$ 105,653,485	\$ 107,328,296
Sales Tax	22,192,411	22,389,566	21,426,783	19,696,458	20,600,395	20,564,044	19,236,561	19,437,336	19,147,211	18,602,105
Business License Tax	14,667,288	13,755,818	13,557,252	12,932,282	12,421,851	12,731,564	12,317,760	12,063,755	11,769,433	11,276,263
Utility Consumer Tax	9,271,091	9,579,846	10,118,287	9,726,709	9,828,466	9,870,443	9,981,896	9,812,703	9,584,366	9,937,596
Prepared Food and Beverage Tax (1)	15,545,028	17,335,596	16,609,514	15,996,897	15,705,629	13,857,569	13,231,279	13,737,840	17,216,380	16,030,878
Commonwealth Share Personal										
Property Tax	8,075,992	8,075,992	8,133,906	8,075,992	8,075,992	8,075,992	8,076,000	8,075,992	8,075,992	8,075,992
Cigarette Tax	1,969,011	2,108,127	2,152,811	2,267,939	2,371,201	2,256,249	2,332,535	2,431,242	2,456,680	2,338,732
Transient Room Tax (2)	3,678,683	4,784,182	5,375,713	4,317,618	4,305,977	4,162,522	3,874,018	3,391,403	2,983,586	2,918,631
Telecommunications (3)	5,763,219	5,897,696	6,357,300	6,562,456	6,727,824	6,933,071	6,994,183	7,115,248	7,096,425	7,247,911
Motor Vehicle License Tax	2,630,898	2,914,811	2,955,266	2,765,343	2,594,635	2,123,181	2,046,686	2,069,531	2,130,312	2,002,299
Other Taxes	4,147,754	5,312,113	4,311,906	3,514,679	5,851,370	6,717,642	5,246,978	3,154,317	3,011,116	2,810,326
Total Governmental Activities Tax Revenues	<u>\$ 212,394,634</u>	<u>\$ 212,657,122</u>	<u>\$ 207,946,335</u>	<u>\$ 200,028,576</u>	<u>\$ 197,702,194</u>	<u>\$ 195,533,930</u>	<u>\$ 190,489,562</u>	<u>\$ 184,718,602</u>	<u>\$ 189,124,986</u>	<u>\$ 188,569,029</u>

Information is presented on a full accrual basis of accounting.

(1) Effective July 1, 2010, the Prepared Food and Beverage Tax increased from 5% to 7%. The tax rate reverted to 5% on July 1, 2012.

(2) Effective January 1, 2013, the Transient Room Tax increased from 7% to 8%.

(3) On January 1, 2007, the State began the new Telecommunications Tax which replaced the Telephone Surcharge as well as Cable TV Franchise Tax, and Telephone and Cellular Utility Taxes.

Table 4
Unaudited

CITY OF ROANOKE, VIRGINIA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2019-20	2018-19	2017-18 (4)	2016-17 (3)	2015-16	2014-15	2013-14 (2)	2012-13	2011-12	2010-11 (1)
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ 48,411	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	3,713,461	4,955,894	4,904,658	3,523,769	2,593,822	1,750,624	1,905,812	1,562,056	1,084,361	1,379,076
Assigned	-	-	-	-	-	-	-	-	-	1,407,485
Unassigned	43,042,542	39,465,308	34,854,168	29,757,294	28,795,510	28,050,350	26,757,052	26,060,594	26,000,436	25,535,754
Nonspendable	38,499	91,868	85,885	-	-	-	-	-	-	-
Total General Fund	<u>\$ 46,794,502</u>	<u>\$ 44,513,070</u>	<u>\$ 39,844,711</u>	<u>\$ 33,281,063</u>	<u>\$ 31,437,743</u>	<u>\$ 29,800,974</u>	<u>\$ 28,662,864</u>	<u>\$ 27,622,650</u>	<u>\$ 27,084,797</u>	<u>\$ 28,322,315</u>
All Other Governmental Funds										
Restricted	\$ 19,425,244	\$ 2,976,975	\$ 5,656,989	\$ 11,909,625	\$ 8,332,563	\$ 11,788,796	\$ 7,076,107	\$ 8,239,363	\$ 4,686,212	\$ 3,465,004
Committed	7,025,589	16,789,504	7,059,280	13,507,663	7,521,487	4,225,885	13,859,029	15,544,610	17,131,452	16,368,501
Unreserved, reported in:										
Special Revenue Fund	374	-	-	-	-	-	-	-	-	-
Capital Projects Fund	3,213,039	(7,210,907)	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 29,664,246</u>	<u>\$ 12,555,572</u>	<u>\$ 12,716,269</u>	<u>\$ 25,417,288</u>	<u>\$ 15,854,050</u>	<u>\$ 16,014,681</u>	<u>\$ 20,935,136</u>	<u>\$ 23,783,973</u>	<u>\$ 21,817,664</u>	<u>\$ 19,833,505</u>

Information is presented on a modified accrual basis of accounting.

- (1) The City adopted GASB Statement No. 54 in fiscal year 2011.
- (2) Fiscal year ending 2013-14 fund balance was restated for construction in process retainage not previously included.
- (3) For fiscal year 2016-17 the beginning fund balance was restated for stormwater debt and related assets moved to the Stormwater Fund.
- (4) For fiscal year 2017-18 the beginning fund balance was restated due to GASB 75 implementation and dissolving the Internal Service Funds into the General Fund.

CITY OF ROANOKE, VIRGINIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2019-20	2018-19	2017-18	2016-17 (3)	2015-16 (2)
Revenues					
Local Taxes	\$ 204,306,603	\$ 204,319,350	\$ 199,197,682	\$ 191,055,771	\$ 191,205,770
Permits, Fees and Licenses	1,202,393	1,182,535	1,415,842	1,014,623	888,328
Fines and Forfeitures	1,061,114	1,183,005	1,167,250	1,211,208	1,014,511
Rental Income	137,561	279,409	190,533	208,127	150,923
Investment Income	598,196	1,089,913	502,541	167,716	172,510
Intergovernmental	102,643,797	106,339,039	102,660,298	106,245,943	103,474,969
Charges for Services	17,162,967	17,302,622	15,138,288	11,970,192	11,010,903
Miscellaneous	4,071,165	6,760,262	4,608,137	1,450,370	4,808,427
Total Revenues	<u>331,183,796</u>	<u>338,456,135</u>	<u>324,880,571</u>	<u>313,323,950</u>	<u>312,726,341</u>
Expenditures					
Current Operating:					
General Government	22,629,570	19,754,792	19,734,967	15,951,767	15,857,483
Judicial Administration	9,359,555	9,038,700	8,475,762	8,905,780	8,917,856
Public Safety	68,818,114	68,516,177	67,098,311	70,411,215	69,892,637
Public Works	31,008,020	32,770,988	28,327,969	25,406,877	25,253,641
Health and Welfare	42,909,005	41,641,883	42,765,196	43,850,760	39,346,495
Parks, Recreation and Cultural	9,951,790	9,648,344	9,445,923	10,529,089	10,301,293
Community Development	12,841,277	13,376,493	12,849,049	12,701,995	12,251,778
Transportation	2,031,161	1,991,161	1,899,605	1,899,605	1,812,105
Education	83,444,670	83,383,419	81,289,167	78,429,620	79,053,977
Other	5,926	5,804	11,551	114,088	-
Debt Service:					
Principal Retirement	19,659,044	20,053,892	20,898,484	20,004,267	21,778,211
Interest and Other Charges	7,183,199	7,728,888	8,467,108	7,632,824	8,306,238
Bond Issuance Cost	395,939	166,024	121,399	348,146	1,493,517
Capital Outlays	<u>39,850,527</u>	<u>45,200,609</u>	<u>40,383,339</u>	<u>24,214,097</u>	<u>33,858,879</u>
Total Expenditures	<u>350,087,797</u>	<u>353,277,174</u>	<u>341,767,830</u>	<u>320,400,130</u>	<u>328,124,110</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,904,001)	(14,821,039)	(16,887,259)	(7,076,180)	(15,397,769)
Other Financing Sources (Uses)					
Issuance of Bonds/Anticipation Note	39,559,603	22,111,144	7,479,800	20,980,000	15,170,000
Issuance of Refunding Bonds	47,671,451	-	-	-	15,710,000
Payment to Refunded Bond Escrow	(47,874,217)	-	-	-	(15,275,000)
Premium on Sale of Bonds	1,458,833	-	-	1,251,508	2,368,860
Capital Lease	649,509	-	-	-	1,681,463
Transfers In	27,697,468	20,706,574	22,008,923	14,747,887	15,861,385
Transfers Out	<u>(30,868,540)</u>	<u>(23,489,017)</u>	<u>(24,893,593)</u>	<u>(18,387,991)</u>	<u>(18,642,801)</u>
Total Other Financing Sources (Uses), net	<u>38,294,107</u>	<u>19,328,701</u>	<u>4,595,130</u>	<u>18,591,404</u>	<u>16,873,907</u>
Net Change in Fund Balances	<u>19,390,106</u>	<u>4,507,662</u>	<u>(12,292,129)</u>	<u>11,515,224</u>	<u>1,476,138</u>
Fund Balances--Beginning of Year	<u>57,068,642</u>	<u>52,560,980</u>	<u>64,853,109</u>	<u>47,291,793</u>	<u>45,815,655</u>
Fund Balances--End of Year	<u>\$ 76,458,748</u>	<u>\$ 57,068,642</u>	<u>\$ 52,560,980</u>	<u>\$ 58,807,017</u>	<u>\$ 47,291,793</u>
Debt Service as a Percentage (4)	8.7%	9.0%	9.7%	9.3%	10.2%

(1) In Fiscal year 2013-14 fund balance was restated due to a change in accounting policy related to retainage in construction in process.

(2) In Fiscal year 2015-16, a Recycling and Disposal lease obligation that is accounted for as a Governmental activity was initiated.

(3) In Fiscal year 2016-17, other Operating Expenses includes payments for Affordable Care Act and Debt Set Off.

(4) Debt Service as a Percentage of Non-Capital Expenditures

See Table 17 for additional information relating to the ratio of debt service expenditures to total noncapital expenditures.

Information is presented on an modified accrual basis of accounting.

Table 5
Unaudited
Continued

2014-15	2013-14 (1)	2012-13	2011-12	2010-11
\$ 184,464,956	\$ 179,576,940	\$ 178,073,456	\$ 181,456,770	\$ 178,308,587
1,140,606	1,092,534	966,903	857,561	969,800
1,188,103	1,209,575	1,439,961	1,531,145	1,805,083
166,025	146,602	111,834	117,154	210,633
92,447	98,276	93,291	136,277	177,577
98,349,593	94,352,004	93,839,219	95,942,714	91,502,519
10,812,015	11,066,281	10,919,251	10,262,192	11,624,417
1,086,545	5,315,274	2,915,807	1,902,037	4,717,123
297,300,290	292,857,486	288,359,722	292,205,850	289,315,739
14,397,926	14,333,910	13,064,653	13,420,641	13,043,582
8,621,436	8,507,385	8,327,159	8,075,746	7,336,125
67,358,507	65,388,178	63,848,864	62,753,894	60,845,503
24,328,878	24,857,169	23,842,020	23,696,320	22,133,031
38,777,239	38,783,646	36,802,549	39,683,737	41,755,947
10,162,961	9,787,505	9,547,523	9,632,815	10,314,592
11,645,063	11,115,802	10,829,570	9,045,363	10,481,809
1,754,105	1,527,146	1,654,105	1,654,105	1,177,324
76,371,925	74,366,181	73,870,214	78,351,405	70,232,036
-	-	-	-	-
20,348,785	23,529,050	24,523,873	23,426,997	20,778,546
8,593,585	8,611,669	9,522,590	10,936,143	11,479,778
823,289	492,516	590,381	801,658	204,463
32,624,252	21,663,696	15,291,837	12,373,816	13,251,045
315,807,951	302,963,853	291,715,338	293,852,640	283,033,781
(18,507,661)	(10,106,367)	(3,355,616)	(1,646,790)	6,281,958
17,420,000	11,820,000	12,269,104	5,533,829	7,121,925
12,870,000	1,829,500	24,870,000	25,125,000	2,017,600
(12,655,000)	(1,829,500)	(28,239,596)	(27,734,307)	(2,136,507)
1,279,190	351,572	2,165,563	3,371,482	248,563
-	-	-	-	-
16,237,615	15,997,869	17,427,478	18,088,403	26,925,336
(20,426,489)	(18,878,993)	(22,632,771)	(21,990,976)	(30,744,766)
14,725,316	9,290,448	5,859,778	2,393,431	3,432,151
(3,782,345)	(815,919)	2,504,162	746,641	9,714,109
49,598,000	51,406,623	48,902,461	48,155,820	38,441,711
\$ 45,815,655	\$ 49,598,000	\$ 51,406,623	\$ 48,902,461	\$ 48,155,820
10.2%	11.4%	12.3%	12.2%	12.0%

Table 6
Unaudited

CITY OF ROANOKE, VIRGINIA
LOCAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS

	2019-20	2018-19	2017-2018	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
General Property Tax	\$ 124,280,901	\$ 120,758,870	\$ 116,465,065	\$ 113,275,390	\$ 113,081,794	\$ 108,639,136	\$ 106,192,008	\$ 105,475,896	\$ 105,846,418	\$ 104,463,578
Sales Tax	22,191,888	22,389,378	21,426,783	19,696,458	20,600,395	20,564,044	19,236,561	19,437,336	19,147,211	18,602,105
Utility Consumer Tax	9,271,091	9,579,846	9,640,336	9,270,713	9,363,331	9,386,233	9,486,778	9,325,645	9,115,344	9,433,181
Cigarette Tax	1,969,011	2,108,127	2,152,811	2,267,939	2,371,201	2,256,249	2,332,535	2,431,242	2,456,680	2,338,732
Recordation and Probate Tax	1,350,270	1,122,549	1,085,920	1,017,518	1,034,652	961,270	863,485	947,178	880,865	740,733
Business, Professional, and Occupational License Tax	14,810,889	13,893,514	13,425,036	12,932,282	12,421,850	12,731,565	12,317,759	12,063,755	11,769,433	11,276,263
Utility Consumption Tax	455,400	481,088	477,951	455,996	465,136	484,210	495,118	487,059	469,022	504,415
Transient Room Tax (1)	3,678,683	4,784,182	5,375,713	4,317,618	4,305,977	4,162,522	3,874,018	3,391,403	2,983,586	2,918,631
Admissions Tax	709,614	972,422	992,421	447,622	462,216	443,116	439,693	417,015	433,932	422,279
Telecommunications/Telephone Surcharge - E911	5,763,219	5,897,696	6,357,300	6,562,456	6,727,824	6,933,071	6,994,183	7,115,248	7,096,448	7,247,927
Motor Vehicle License Tax	2,630,898	2,914,811	2,955,266	2,765,343	2,594,635	2,123,181	2,046,686	2,069,532	2,130,313	2,002,299
Franchise Tax	399,756	403,332	482,719	449,488	496,151	338,193	485,678	479,215	447,420	474,064
Prepared Food and Beverage Tax (2)	15,545,216	17,335,630	16,609,514	15,996,897	15,704,954	13,856,899	13,225,652	12,874,902	17,216,380	16,030,878
Bank Stock Tax	1,249,767	1,677,904	1,750,847	1,600,050	1,575,655	1,585,268	1,586,786	1,558,030	1,463,718	1,853,502
Total Local Taxes	\$ 204,306,603	\$ 204,319,349	\$ 199,197,682	\$ 191,055,770	\$ 191,205,771	\$ 184,464,956	\$ 179,576,940	\$ 178,073,456	\$ 181,456,770	\$ 178,308,587

- (1) Effective January 1, 2013, the Transient Room Tax increased from 7% to 8%.
(2) Effective July 1, 2010, the Prepared Food and Beverage Tax increased from 5% to 7%. The tax rate reverted to 5% on July 1, 2012.

Table 7
Unaudited

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

	2019-20	2018-19	2017-18	2016-17	2015-2016	2014-15	2013-14	2012-13	2011-12	2010-11
Total Tax Levies	\$ 131,348,076	\$ 126,568,227	\$ 123,059,222	\$ 120,894,494	\$ 119,869,392	\$ 115,885,506	\$ 113,183,821	\$ 113,209,446	\$ 112,485,925	\$ 112,560,131
Current Tax Collections	121,521,852	117,652,216	113,500,649	110,623,042	110,372,175	105,842,394	103,746,942	103,802,153	103,693,219	102,130,123
Current Tax Collections - State Share	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992
Collections in Subsequent Years (1)	-	2,249,673	3,141,283	3,007,291	2,799,543	3,926,119	4,193,129	4,838,415	2,972,963	2,756,631
Total Tax Collections	\$ 129,597,844	\$ 127,977,881	\$ 124,717,924	\$ 121,706,325	\$ 121,247,710	\$ 117,844,505	\$ 116,016,063	\$ 116,716,560	\$ 114,742,174	\$ 112,962,746
Current Tax Collections As Percent of Levies	98.67%	99.34%	98.80%	98.18%	98.81%	98.30%	98.80%	98.82%	99.36%	97.91%
Total Tax Collections As Percent of Levies (1)	98.67%	101.11%	101.35%	100.67%	101.15%	101.69%	102.50%	103.10%	102.01%	100.36%

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

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

Table 8
Unaudited

Year	REAL PROPERTY				PERSONAL PROPERTY				PUBLIC SERVICE CORPORATIONS				Total	Total
	Assessed Value	Percentage Growth (Decline)	Estimated Actual Value	Assessment Ratio	Assessed Value	Percentage Growth (Decline)	Estimated Actual Value	Assessment Ratio	Assessed Value	Percentage Growth (Decline)	Estimated Actual Value	Assessment Ratio	Assessed Value	Estimated Actual Value
2011	\$ 6,801,971,286	1.55%	\$ 6,801,971,286	1.00	\$ 769,951,558	1.46%	\$ 1,283,252,597	0.60	\$ 353,515,462	-1.59%	\$ 357,281,499	0.989	\$ 7,925,438,306	\$ 8,442,505,382
2012	6,794,772,298	(0.11)	6,794,772,298	1.00	816,148,651	6.00	1,360,247,752	0.60	360,309,314	1.92	360,309,314	1.000	7,971,230,263	8,515,329,364
2013	6,725,168,858	(1.02)	6,725,168,858	1.00	840,633,111	3.00	1,401,055,185	0.60	416,800,579	15.68	418,303,022	0.996	7,982,602,548	8,544,527,065
2014	6,679,969,872	(0.67)	6,679,969,872	1.00	859,809,462	2.28	1,433,015,770	0.60	414,953,913	(0.44)	413,969,355	1.002	7,954,733,247	8,526,954,997
2015	6,693,874,349	0.21	6,693,874,349	1.00	899,096,367	4.57	1,498,493,945	0.60	437,573,144	5.45	441,997,287	0.990	8,030,543,860	8,634,365,581
2016	6,724,229,966	0.45	6,724,229,966	1.00	942,611,706	4.84	1,571,019,510	0.60	439,744,208	0.50	447,535,616	0.983	8,106,585,880	8,742,785,092
2017	6,783,463,907	0.88	6,783,463,907	1.00	943,805,249	0.13	1,573,008,748	0.60	451,184,702	2.60	460,947,191	0.979	8,178,453,858	8,817,419,846
2018	6,970,302,556	2.75	6,970,302,556	1.00	956,571,007	1.35	1,594,285,012	0.60	437,557,641	(3.02)	446,761,907	0.979	8,364,431,204	9,011,349,475
2019	7,180,263,331	3.01	7,180,263,331	1.00	993,064,403	3.82	1,655,107,338	0.60	471,816,290	7.83	480,921,924	0.981	8,645,144,024	9,316,292,593
2020	7,444,437,601	3.68	7,444,437,601	1.00	1,031,434,753	3.86	1,719,057,922	0.60	489,031,454	3.65	497,726,617	0.983	8,964,903,808	9,661,222,140

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

Table 9
Unaudited

Year	REAL PROPERTY		PERSONAL PROPERTY		PUBLIC SERVICE CORPORATIONS		Total Tax Levies	Total Direct Rate
	Direct Tax Rate Per \$100	Levy	Direct Tax Rate Per \$100	Levy	Direct Tax Rate Per \$100	Levy		
2011	\$ 1.19	\$ 80,943,458	\$ 3.45	\$ 27,385,166 (2)	\$ 1.19	\$ 4,231,507	\$ 112,560,131	\$ 1.74
2012	1.19	80,857,790	3.45	27,311,532 (2)	1.19	4,316,603	112,485,925	1.74
2013	1.19	80,029,509	3.45	28,188,385 (2)	1.19	4,991,552	113,209,446	1.75
2014	1.19	79,491,642	3.45	28,709,212 (2)	1.19	4,982,967	113,183,821	1.76
2015	1.19	79,600,752	3.45	31,024,476 (2)	1.19	5,260,278	115,885,506	1.80
2016	1.22	82,035,606 (1)	3.45	32,374,952 (2)	1.22	5,458,834 (1)	119,869,392	1.82
2017	1.22	82,758,259	3.45	32,593,307 (2)	1.22	5,542,928	120,894,494	1.82
2018	1.22	85,037,691	3.45	32,639,181 (2)	1.22	5,382,350	123,059,222	1.81
2019	1.22	87,599,213	3.45	33,159,157 (2)	1.22	5,809,857	126,568,227	1.80
2020	1.22	90,822,140	3.45	34,507,463 (2)	1.22	6,018,473	131,348,076	1.81

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

(2) In fiscal year 1999, the Commonwealth initiated the Personal Property Tax Relief Act. This levy includes the Commonwealth Portion.

Table 10
Unaudited

CITY OF ROANOKE, VIRGINIA
PRINCIPAL PROPERTY TAXPAYERS
COMPARISON OF JUNE 30, 2020 AND JUNE 30, 2011

<u>Taxpayer</u>	<u>Description</u>	2020			2011		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Carilion Clinic	Healthcare Provider	\$ 266,555,570	1	2.97%	\$ 212,127,891	1	2.70%
Appalachian Power Co.	Public Utility	180,645,060	2	2.02%	122,649,830	2	1.56%
Norfolk Southern Railway	Transportation	158,067,253	3	1.76%	100,573,358	3	1.28%
Valley View Mall LLC	Shopping Mall	98,097,600	4	1.09%	74,630,800	4	0.95%
Roanoke Gas Company	Public Utility	65,432,762	5	0.73%	33,037,661	7	0.42%
Roanoke Electric Steel Corp	Primary Metals	57,532,587	6	0.64%	35,265,625	6	0.45%
HR Foundation, Inc.	Hotel	40,096,507	7	0.45%	-	-	-
Wholesome Harvest	Bakery	33,896,003	8	0.38%	30,693,150	8	0.39%
Verizon Virginia, Inc.	Communications	30,405,724	9	0.34%	57,292,169	5	0.73%
Faison Roanoke Office Limited	Office Building	30,193,400	10	0.34%	-	-	-
Advance Auto Parts	Auto Parts	-	-	0.00%	27,656,967	9	0.35%
Mozart Investments Inc.	Aircraft	-	-	0.00%	24,104,340	10	0.31%
		\$ 960,922,466		10.72%	\$ 718,031,791		9.14%

Source: City of Roanoke, Commissioner of the Revenue

Table 11
Unaudited

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

<u>Calendar Year</u>	<u>Total Retail Sales (1)</u>
2011	\$ 1,649,614,469
2012	1,732,017,118
2013	1,746,710,461
2014	1,785,467,436
2015	1,752,752,699
2016	1,732,156,837
2017	1,726,342,166
2018	1,839,762,418
2019	1,872,974,553
2020	857,484,534

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

Table 12
Unaudited

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

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

Source (A) Weldon - Cooper Center for Public Service

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

(C) Gross Bonded Debt includes Capital Leases and Bond Premiums. See Table 13.

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

**Table 13
Unaudited**

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds (2)	Capital Leases	General Obligation Bonds	Capital Leases			
2010-11	\$ 250,315,325	\$ 4,528,184	\$ 28,121,356	\$ 285,366	\$ 283,250,231	7.92%	\$ 2,926
2011-12	234,279,293	4,178,505	26,771,200	215,083	265,444,081	6.94	2,712
2012-13	225,402,117	3,782,784	26,944,093	141,434	256,270,428	6.74	2,593
2013-14	217,261,927	4,287,946	26,817,066	93,645	248,460,584	6.34	2,499
2014-15	214,885,676	4,256,650	27,203,128	17,507	246,362,961	6.29	2,478
2015-16	210,393,463	5,356,637	30,109,234	19,412	245,878,746	6.28	2,473
2016-17	208,814,498	4,692,759	33,675,339	11,750	247,194,346	6.04	2,474
2017-18	195,557,160	3,964,359	31,485,398	3,115	231,010,032	5.48	2,316
2018-19	197,186,001	3,314,453	30,765,932	-	231,266,386	5.52	2,315
2019-20	221,385,375	3,331,078	34,558,799	26,621	259,301,873	5.97	2,594

(1) See Table 18 for Personal Income and Population data.

(2) General Obligation Bonds include Bond Anticipation Notes, Bond Premiums, and Bond Costs. See Table 15.

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

**Table 14
Unaudited**

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
Debt Limit	\$ 744,443,760	\$ 718,026,323	\$ 697,030,256	\$ 678,346,391	\$ 672,422,997	\$ 669,387,435	\$ 667,966,987	\$ 672,516,886	\$ 679,477,230	\$ 680,197,128
Total Net Debt Applicable to Limit	259,284,658	231,248,497	229,932,036	219,172,541	215,556,963	217,064,553	218,489,528	224,003,579	227,263,512	240,667,032
Legal Debt Margin	\$ 485,159,102	\$ 486,777,826	\$ 467,098,220	\$ 459,173,850	\$ 456,866,034	\$ 452,322,882	\$ 449,477,459	\$ 448,513,307	\$ 452,213,718	\$ 439,530,096
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	34.83%	32.21%	32.99%	32.31%	32.06%	32.43%	32.71%	33.31%	33.45%	35.38%

Table 15
Unaudited

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

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

Total Assessed Value of Real Estate, 2020 (1)	\$	7,444,437,601
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Legal Debt Limit: 10%	\$	744,443,760
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Debt applicable to limitation:

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

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

Table 16
Unaudited

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

Fiscal Year	Principal (1)	Interest (1)	Total Debt Service	Total General Expenditures (2)	Percent of Debt Service to General Expenditures
2010-11	\$ 19,093,669	\$ 10,346,300	\$ 29,439,969	\$ 314,114,285	9.3%
2011-12	21,033,664	10,338,250	31,371,914	318,343,912	9.9
2012-13	22,234,068	9,209,934	31,444,002	330,390,756	9.5
2013-14	22,092,341	8,888,882	30,981,223	340,700,280	9.1
2014-15	20,591,147	8,898,421	29,489,568	355,808,118	8.3
2015-16	22,571,454	8,301,585	30,873,039	347,306,775	8.9
2016-17	20,374,492	8,009,420	28,383,912	359,445,090	7.9
2017-18	20,922,884	8,622,820	29,545,704	344,489,393	8.5
2018-19	20,025,191	8,045,279	28,070,470	384,480,284	7.3
2019-20	19,595,744	7,943,729	27,539,473	400,927,915	6.9

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

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

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

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

Table 17
Unaudited

CITY OF ROANOKE
DEBT SERVICE AS A PERCENTAGE OF NON-CAPITAL EXPENDITURES
LAST TEN FISCAL YEARS

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
Debt Service:										
Principal Retirement	\$ 19,659,044	\$ 20,053,892	\$ 20,978,384	\$ 20,004,268	\$ 21,778,211	\$ 20,348,785	\$ 23,529,050	\$ 24,523,873	\$ 23,426,997	\$ 20,778,546
Interest and Paying Agent Charges	7,579,138	7,728,888	8,508,607	7,632,823	8,306,238	8,593,585	8,611,669	9,522,590	10,936,143	11,372,995
Total Debt Service Payments	27,238,182	27,782,780	29,486,991	27,637,091	30,084,449	28,942,370	32,140,719	34,046,463	34,363,140	32,151,541
Total Government Funds Expenditures	350,087,797	353,277,174	341,767,830	320,400,130	328,124,110	315,807,951	302,963,853	291,715,338	293,852,640	283,033,781
Capital Outlays	(45,751,143)	(53,975,003)	(40,438,589)	(25,472,445)	(29,501,207)	(33,583,493)	(22,588,742)	(13,855,461)	(10,456,003)	(17,436,961)
Total Noncapital Expenditures	\$ 304,336,654	\$ 299,302,171	\$ 301,329,241	\$ 294,927,685	\$ 298,622,903	\$ 282,224,458	\$ 280,375,111	\$ 277,859,877	\$ 283,396,637	\$ 265,596,820
Percentage of Noncapital Expenditures	8.95%	9.28%	9.79%	9.37%	10.07%	10.26%	11.46%	12.25%	12.13%	12.11%

Information is presented on the modified accrual basis of accounting.

Table 18
Unaudited

CITY OF ROANOKE, VIRGINIA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Per Capita Income (2)	Personal Income	School Enrollment (3)	Local Unemployment Rate (4)	National Unemployment Rate (5)
2010-11	97,061	\$ 36,948	\$3,576,942,000	12,261	6.9%	9.1%
2011-12	97,206	39,100	3,827,065,000	13,006	6.5	8.4
2012-13	98,641	38,453	3,799,698,000	13,192	6.4	7.8
2013-14	98,913	39,385	3,915,935,000	13,390	5.7	6.3
2014-15	99,320	39,385	3,915,935,000	13,513	5.6	5.5
2015-16	99,681	39,385	3,915,935,000	13,585	4.1	5.1
2016-17	99,644	40,947	4,090,520,000	13,580	4.5	4.5
2017-18	99,837	42,263	4,211,972,000	13,601	3.4	4.2
2018-19	99,920	41,946	4,187,753,000	13,636	2.8	3.4
2019-20	99,348	43,451	4,341,578,000	13,845	7.9	11.1

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

(2) Source: Bureau of Economic Analysis

(3) Source: Roanoke City Public Schools

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

(5) Source: Bureau of Labor Statistics

(6) Note: The significant increase in both the local and national unemployment rates was a result of the COVID-19 Pandemic.

Table 19
Unaudited

CITY OF ROANOKE, VIRGINIA
CONSTRUCTION STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	COMMERCIAL CONSTRUCTION		RESIDENTIAL CONSTRUCTION	
	Number of Permits	Value	Number of Permits	Value
2010-11	533	\$ 80,571,667	686	\$ 15,535,733
2011-12	538	69,398,478	678	14,628,255
2012-13	567	123,146,541	693	20,764,757
2013-14	583	107,120,600	709	21,150,152
2014-15	535	113,585,224	610	17,416,192
2015-16	541	128,368,145	625	20,843,406
2016-17	2,302	78,154,510	2,642	43,531,306
2017-18	2,496	179,936,191	1,556	22,051,158
2018-19	1,171	109,105,574	1,664	23,021,002
2019-20	1,155	133,592,810	1,481	29,332,097

Source: City of Roanoke, Planning, Building and Development Department

Table 20
Unaudited

CITY OF ROANOKE, VIRGINIA
PRINCIPAL EMPLOYERS
COMPARISON AS OF DECEMBER 31, FISCAL YEARS 2019 AND 2010

Employer	December 31, 2019			December 31, 2010		
	Rank	Ownership	Number of Employees	Rank	Ownership	Number of Employees
Carilion	1	Private	1,000+	1	Private	1,000+
Roanoke City Public Schools	2	Local Govt	1,000+	2	Local Govt	1,000+
City of Roanoke	3	Local Govt	1,000+	3	Local Govt	1,000+
Carilion Services	4	Private	500-999	4	Private	1,000+
United Parcel Service	5	Private	500-999	5	Private	500-999
Walmart	6	Private	500-999	7	Private	500-999
United States Postal Service	7	Federal Govt	500-999	10	Federal Govt	500-999
Virginia Western Community College	8	State Govt	500-999	8	State Govt	500-999
Anthem	9	Private	500-999	9	Private	500-999
Healthmarc	10	Private	500-999	6	Private	500-999

Source: Virginia Employment Commission (VEC)

Note: Total employee count no longer available from VEC. Estimates are used.

Table 21
Unaudited

CITY OF ROANOKE, VIRGINIA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	<u>2020</u> (3)	<u>2019</u>	<u>2018</u>	<u>2017</u> (2)	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u> (1)
Function:										
General Government	189	184	192	194	204	213	213	211	218	218
Judicial Administration:										
Sheriff	58	31	37	39	34	38	38	35	34	35
Other	50	53	55	54	60	57	54	53	53	58
Public Safety:										
Police	287	306	308	310	313	306	306	305	305	305
Jail	156	159	154	151	173	170	170	173	171	171
Fire	264	241	241	245	253	257	254	254	253	258
Other	60	59	57	62	70	76	71	81	76	75
Public Works:										
Engineering	11	11	13	13	13	14	13	14	16	18
Maintenance/Other	108	98	107	97	113	114	114	112	111	114
Transportation	65	60	65	63	65	65	65	69	83	91
Stormwater	44	33	33	33	37	37	28	22	-	-
Health and Welfare	215	226	209	213	231	234	225	225	221	231
Parks, Recreation and Cultural	106	99	99	99	104	104	102	102	98	118
Civic Facilities	24	25	-	-	-	-	-	-	-	-
Community Development	56	56	53	48	52	52	51	51	52	50
Total	<u>1,693</u>	<u>1,641</u>	<u>1,623</u>	<u>1,621</u>	<u>1,722</u>	<u>1,737</u>	<u>1,704</u>	<u>1,707</u>	<u>1,691</u>	<u>1,742</u>

- (1) In fiscal year 2011, the City began reporting full time equivalent positions instead of full time employees. Like data is unavailable in prior years for comparative purposes.
- (2) Starting with fiscal year 2017, using the guidance of the GFOA General Purpose Checklist, the City went back to reporting full time employees instead of full time equivalent positions.
- (3) In fiscal year 2020, Civic Facilities included 11 furloughed positions.

Source: City of Roanoke, Department of Finance

Table 22
Unaudited

CITY OF ROANOKE, VIRGINIA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
General Government										
Levied property taxes	\$36,675,751	\$34,817,151	\$34,027,464	\$34,198,200	\$33,465,503	\$31,719,207	\$30,244,961	\$30,301,304	\$30,005,358	\$29,197,629
Number of business licenses issued	8,291	9,780	7,570	6,741	6,989	7,156	7,253	7,400	7,129	7,458
Number of property & building permits	2,032	2,297	2,167	3,837	3,719	4,127	4,170	4,234	4,038	4,145
Police										
Number of traffic summons	9,546	12,606	12,720	8,455	9,535	11,787	22,069	22,314	24,111	27,425
Number of assistance call responses	92,930	92,140	144,678	87,422	88,250	85,307	85,393	88,154	93,670	89,498
Number of hours of training conducted	26,720	29,789	34,232	32,058	26,122	39,990	42,415	47,584	48,230	34,916
Fire										
Number of emergency call responses	28,616	30,191	28,682	28,314	26,900	25,715	25,299	25,251	23,805	23,941
Highways and Streets										
Number of lane miles resurfaced	57	52	53	40	75	58	61	25	24	19
Number of street lights added	47	16	14	(18)	60	15	27	16	10	14
Judicial Administration										
Number of criminal cases	6,867	7,836	7,536	7,350	6,700	7,702	9,585	10,225	11,792	11,562
Number of traffic cases	15,928	19,109	18,323	16,366	16,221	21,435	27,353	26,557	27,975	30,555
Number of civil cases	16,362	19,222	17,926	16,485	18,459	19,750	20,947	20,624	20,919	20,292
Parks & Recreation										
Number of participants served	113,898	174,994	177,500	166,000	163,000	151,673	133,179	188,101	140,220	130,755
Education										
Number of instructional personnel	1,903	1,787	1,688	1,724	1,116	1,123	1,120	1,115	1,101	1,073
Number of students	13,845	13,636	13,601	13,580	13,585	13,513	13,390	13,192	13,006	12,261
Libraries										
Number of volumes	352,081	288,546	283,291	268,306	258,615	289,979	245,241	341,741	311,495	319,014
Number of audio materials	25,035	27,261	16,558	14,637	13,355	14,524	13,490	12,553	12,120	11,660
Number of video materials	46,345	41,993	42,851	36,505	32,435	29,359	31,158	24,813	21,307	18,791
Number of annual library visits	484,895	679,799	625,586	558,883	554,042	530,295	509,963	686,196	660,559	659,672
Economic Development										
Number of business contacts made	861	1,166	737	808	766	996	838	841	840	504
Housing and Neighborhood Services										
Total housing units	47,281	47,210	47,288	47,305	47,381	47,356	45,416	45,378	45,340	45,665
Average assessed value of single-family housing units	\$ 137,947	\$ 132,091	\$ 128,453	\$ 125,495	\$ 124,482	\$ 125,165	\$ 125,545	\$ 127,244	\$ 129,932	\$ 133,340

Sources: Various City of Roanoke departments and Roanoke City Public Schools

Table 23
Unaudited

CITY OF ROANOKE, VIRGINIA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
Police										
Number of vehicular units	152	163	157	156	161	156	157	160	158	165
Fire										
Number of stations	(1) 11	11	11	11	11	11	11	11	11	11
Number of fire trucks	30	30	29	29	29	28	28	27	27	28
Highways and Streets										
Miles of streets (lane miles)	1,114	1,054	1,054	1,054	1,054	1,067	1,067	998	998	998
Number of street lights	10,049	10,014	9,998	9,984	10,002	9,942	9,927	9,900	9,960	9,950
Parks and Recreation										
Parks, plazas and recreation sites	70 (4)	71	71	71	71	71	70	69	69 (2)	72
Playgrounds/play areas	73 (5)	97	97	94	94	94	94	94	94 (3)	39
Football/soccer fields	24	28	28	24	24	24	24	24	24	26
Baseball/softball fields	27	27	27	29	29	29	29	29	29	31
Olympic-size swimming pools	2	2	2	2	2	2	2	2	2	2
Community centers	8	8	8	6	6	6	6	6	6	6
Education										
Elementary schools	17	17	17	17	17	17	17	17	17	17
Middle schools	5	5	5	5	5	5	5	5	5	5
High schools	2	2	2	2	2	2	2	2	2	2
Libraries										
Libraries	7	7	7	7	7	7	7	7	7	7
Kiosks	2	2	2	2	2	2	2	2	2	2

(1) Excludes non-staffed fire stations

(2) Prior to fiscal year 2012, certain separate facilities located within parks were counted as individual sites. Effective fiscal year 2012, these facilities are included as part of the park site and not a separate site.

(3) Prior to fiscal year 2012, multiple play structures were considered a single unit. Effective fiscal year 2012, each play structure is now considered an individual unit.

(4) Historically, fitness stations were counted in three different parks. Effective fiscal year 2020, they were consolidated into one per location.

(5) Effective fiscal year 2020, adjacent playgrounds that were in close proximity to one another were consolidated into one per location.

Source: City of Roanoke - various departments and Roanoke City Public Schools

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COMPLIANCE SECTION

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CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Federal Award Date	Total Expenditures	Passed through to Subrecipients	Notes
<u>Department of Agriculture</u>						
Passed Through Commonwealth of Virginia						
Department of Agriculture:						
Food Distribution - Commodities	10.04 915	10.555	10/1/15	\$ 4,054	\$ -	3
Subtotal Food Distribution - Commodities				<u>4,054</u>		
Passed Through Commonwealth of Virginia						
Department of Health:						
Summer Food Service Program for Children FY19	N/A	10.559	N/A	(634)	-	
Summer Food Service Program for Children FY20	N/A	10.559	N/A	28,102	-	
Summer Food Service Program for Children FY21	N/A	10.559	N/A	<u>2,745</u>	-	
Subtotal Summer Food Service Program for Children				<u>30,213</u>		
Total Child Nutrition Cluster				<u>34,267</u>		
Passed Through Commonwealth of Virginia						
Department of Social Services:						
State Administrative Matching Grants for Food Stamp Program	-	10.561	multiple	<u>2,361,726</u>	-	
Subtotal Matching Grants for Food Stamp Program				<u>2,361,726</u>		
Passed Through Commonwealth of Virginia						
Department of Forestry:						
Urban and Community Forestry FY19-Projects	18UCF06	10.664	8/2/18	<u>4,076</u>	-	
Subtotal Urban and Community Forestry				<u>4,076</u>		
Subtotal Passed Through Commonwealth of Virginia				<u>2,400,069</u>		
Total Department of Agriculture				<u>2,400,069</u>		
<u>Department of Election Assistance Commission</u>						
Passed Through Virginia Department of Elections						
Department of Election Assistance Commission						
CARES Act Election Offices Grant FY20		90.404	8/18/20	<u>3,115</u>	-	
Subtotal CARES Act Election Offices Grant FY20				<u>3,115</u>		
Subtotal Passed Through Virginia Department of Elections				<u>3,115</u>		
Total Department of Election Assistance Commission				<u>3,115</u>		

(Continued)

CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Federal Award Date	Total Expenditures	Passed through to Subrecipients	Notes
<u>Department of Housing and Urban Development</u>						
Direct Programs:						
Community Development Block Grant FY18	B17MC5-10020	14.218	9/12/17	\$ 125,818	\$ 125,818	5.1
Community Development Block Grant FY19	B18MC5-10020	14.218	8/7/18	432,678	410,686	5.1
Community Development Block Grant FY20	B19MC5-10020	14.218	7/31/19	615,975	219,854	5.1
Subtotal Community Development Block Grant				<u>1,174,471</u>		
Emergency Shelter Grant FY19	E18MC5-10020	14.231	8/7/18	11,913	11,721	5.2
Emergency Shelter Grant FY20	E19MC5-10020	14.231	7/31/19	128,973	126,578	5.2
Subtotal Emergency Shelter Grant				<u>140,886</u>		
HOME Investment in Affordable Housing 18	M17MC5-10206	14.239	9/12/17	20,529	20,529	5.3
HOME Investment in Affordable Housing 19	M18MC5-10206	14.239	8/7/18	292,577	280,394	5.3
HOME Investment in Affordable Housing 20	M19MC5-10206	14.239	7/31/19	338,622	279,465	5.3
Subtotal HOME Investment in Affordable Housing				<u>651,728</u>		
Continuum of Care Homeless Assistance Team FY19	VA0031L3F021811	14.267	2/19/19	107,632	-	
Continuum of Care Homeless Assistance Team FY20	VA0031L3F021912	14.267	3/17/20	29,019	-	
Continuum of Care Planning FY 19	VA0374L3F021900	14.267	7/30/19	45,235	45,235	5.5
Continuum of Care Coordinated Assessment FY 19	VA0300L3F021802	14.267	1/26/19	40,963	-	
Continuum of Care Coordinated Assessment FY 20	VA0300L3F021903	14.267	3/17/20	8,348	-	
Subtotal Continuum of Care				<u>231,197</u>		
Lead Hazard Control FY18	VALHB0642-17	14.900	6/27/17	984,685	-	
Subtotal Lead Hazard Control				<u>984,685</u>		
Subtotal Department of Housing and Urban Development Direct Programs				<u>3,182,967</u>		
Total Department of Housing and Urban Development				<u>3,182,967</u>		
<u>Department of Justice</u>						
Direct Programs:						
State Criminal Alien Assistance Program FY19	2019-AP-BX-0549	16.606	1/2/19	8,351	-	
Subtotal SCAAP Program				<u>8,351</u>		
Bulletproof Vests FY18 (Police & Sheriff)	2017BUBX17087809	16.607	6/26/17	(1,673)	-	
Bulletproof Vests FY19 (Police & Sheriff)	-	16.607	-	9,074	-	
Bulletproof Vests FY20 (Police & Sheriff)	-	16.607	-	1,150	-	
Subtotal Bulletproof Vests				<u>8,551</u>		

(Continued)

CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Federal Award Date	Total Expenditures	Passed through to Subrecipients	Notes
<u>Department of Justice (continued)</u>						
Justice Assistance Grant FY16 (Bike Patrol/Tech Improve)	2016-DJ-BX-0146	16.738	8/9/16	\$ 12,307	\$ -	
Justice Assistance Grant FY17 (Bike Patrol/Tech Improve)	2017-DJ-BX-0722	16.738	6/26/18	29,316	-	
Justice Assistance Grant FY18 (Bike Patrol/Tech Improve)	2018-DJ-BX-0262	16.738	10/1/18	13,846	-	
Justice Assistance Grant FY19 (Bike Patrol/Tech Improve)	2019-DJ-BX-0828	16.738	9/18/19	1,280	-	
Bureau of Justice Assistance FY19	2019-WY-BX-0010	16.738	9/9/19	1,436	-	
Subtotal Justice Assistance				<u>58,185</u>		
Body Worn Camera Grant FY17	2016-BC-BX-K076	16.835	9/26/16	88,767	-	
Subtotal Body Worn Camera Program				<u>88,767</u>		
Equitable Sharing Funds - Department of Justice	-	16.922	multiple	75,827	3,000	5.4
Subtotal Equitable Sharing Funds DOJ Program				<u>75,827</u>		
Subtotal Department of Justice Direct Programs				<u>239,681</u>		
Passed Through Commonwealth of Virginia						
Department of Criminal Justice Services:						
Passed Through Commonwealth of Virginia:						
Victim Witness Assistance FY19	19-Y8554VW17	16.575	7/23/18	1,966	-	
Victim Witness Assistance FY20	20-Z8554VW18	16.575	7/1/19	202,452	-	
Subtotal Victim Witness Assistance				<u>204,418</u>		
Police Domestic Violence Unit CY19	19-U3153VA18	16.588	12/14/18	9,043	-	
Police Domestic Violence Unit CY20	20-V3153VA19	16.588	10/29/19	20,782	-	
Subtotal Police Domestic Violence				<u>29,825</u>		
Justice Assistance Grant FY20 (Positive Action Initiative)	20-D4052AD16	16.738	10/1/19	23,393	23,393	5.6
Subtotal Edward Byrne Memorial Justice Assistance				<u>23,393</u>		
Subtotal Passed Through Commonwealth of Virginia				<u>257,636</u>		
Total Department of Justice				<u>497,317</u>		
<u>Department of Labor</u>						
Passed Through Commonwealth of Virginia						
Virginia Community College System/USDOL:						
WIOA PY2018 - Adult Program	LWA 3-18-04T	17.258	10/1/18	210,755	210,755	5.7
WIOA PY2019 - Adult Program	LWA 3-19-03	17.258	10/1/19	71,874	71,874	5.7
Subtotal Workforce Innovation and Opportunity Act Adult				<u>282,629</u>		

(Continued)

CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Federal Award Date	Total Expenditures	Passed through to Subrecipients	Notes
<u>Department of Labor (continued)</u>						
WIOA PY2018 -Youth Activities	LWA 3-18-04T	17.259	10/1/18	\$ 318,842	\$ 318,842	5.7
WIOA PY2019 -Youth Activities	LWA 3-19-03	17.259	10/1/19	59,380	59,380	5.7
Subtotal Workforce Innovation and Opportunity Act Youth				378,222		
WIOA PY2018 - Dislocated Worker	LWA 3-18-04T	17.278	10/1/18	203,827	203,827	5.7
WIOA PY2019 - Dislocated Worker	LWA 3-19-03	17.278	10/1/19	72,120	72,120	5.7
WIOA H-1B Job Training Grant	HG-30136-17-60-A-51	17.268	3/1/17	72,418	72,418	5.7
Subtotal Workforce Innovation and Opportunity Act Dislocated Worker				348,365		
Subtotal Passed Through Commonwealth of Virginia				1,009,216		
Total Department of Labor				1,009,216		
Total Workforce Investment Cluster				1,009,216		
<u>Department of Transportation</u>						
Passed Through Commonwealth of Virginia						
Department of Motor Vehicles:						
Occupant Protection FY19	69A37518300004/FOP-2019	20.600	9/30/18	7,675	-	
Occupant Protection FY20	69A37518300004/FOP-2020	20.600	9/30/19	4,664	-	
Pedestrian/Bike Enforcement FY20	69A37519300004/FPS-2020	20.600	9/30/19	1,514	-	
DMV Traffic Safety FY19	69A37518300004/FSC-2019	20.600	9/30/18	9,612	-	
DMV Traffic Safety FY20	69A37519300004/FSC-2020	20.600	9/30/19	9,804	-	
DMV Pedestrian Safety Campaign FY20	69A37519300004/FPS-2020	20.600	9/30/19	146,153	-	
Subtotal Highway Safety				179,422		
Alcohol Enforcement FY19	18X920405DVA15	20.601	9/30/18	12,872	-	
Subtotal Alcohol Impaired Driving				12,872		
DUI Taskforce FY19	18X9205464VA17	20.607	9/30/18	23,288	-	
Alcohol Enforcement FY20	69A37518300001/154AL-2020	20.607	9/30/19	17,674	-	
Subtotal Alcohol Open Container Requirements				40,962		
Roanoke River Greenway - Bridge the Gap	UPC 105439	20.205	1/30/14	14,934	-	
Transportation Alternative RR Grant - Garden City Greenway	UPC 106265	20.205		169,880	-	
Edgewood Street Transit Accessibility IMP	UPC109288	20.205	10/14/16	740,222	-	
Colonial Avenue Improvements	UPC108896	20.205	9/7/16	1,884,174	-	
Subtotal Highway Planning and Construction				2,809,210		
Total Highway Planning and Construction Cluster				2,809,210		
Subtotal Passed Through Commonwealth of Virginia				3,042,466		
Total Department of Transportation				3,042,466		

(Continued)

**CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Federal Award Date	Total Expenditures	Passed through to Subrecipients	Notes
<u>Department of Treasury</u>						
Direct Programs:						
Equitable Sharing Funds - Department of Treasury	-	21.000	multiple	\$ (5,630)	\$ 12,000	5.8
Passed Through Virginia Department of Accounts						
Cares Act Coronavirus Relief Funds	SLT0022	21.019	5/19/20	1,990,204	-	
Subtotal Equitable Sharing Funds DOT Programs				<u>1,984,574</u>		
Total Department of Treasury				<u>1,984,574</u>		
<u>National Endowment of the Arts</u>						
Direct Programs:						
National Endowment of the Arts FY19	1831175-78-18	45.024	4/24/18	3,334	-	
Subtotal National Endowment of the Arts Programs				<u>3,334</u>		
Total National Endowment of the Arts				<u>3,334</u>		
<u>Environmental Protection Agency</u>						
Direct Programs:						
EPA Brownfield Site Assessment FY16	96339901	66.818	9/2/15	6,571	-	
EPA Brownfield Site Assessment FY17	96354907	66.818	8/9/17	16,126	-	
Subtotal Brownfield Remedial Programs				<u>22,697</u>		
Subtotal Environmental Protection Agency Direct Programs				<u>22,697</u>		
Passed Through James Madison University:						
Vehicle Emission Reduction FY16	96341801	66.039	9/24/15	65,419	-	
Subtotal Passed Through James Madison University				<u>65,419</u>		
Total Department of Environmental Protection Agency				<u>88,116</u>		
<u>Department of Education</u>						
Passed Through Commonwealth of Virginia Department of Education:						
21st Century Literacy FY 19	00124-APE60565-S287C180047	84.287C	8/8/18	4,626	-	
Subtotal 21st Century CLC Program				<u>4,626</u>		
Subtotal Passed Through Commonwealth of Virginia				<u>4,626</u>		
Total Department of Education				<u>4,626</u>		
<u>Substance Abuse Mental Health Services Administration</u>						
Passed Through Commonwealth of Virginia						
Virginia Commonwealth University (VCU):						

(Continued)

CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Federal Award Date	Total Expenditures	Passed through to Subrecipients	Notes
<u>Department of Homeland Security</u>						
Direct Programs:						
Passed Through Commonwealth of Virginia						
Department of Homeland Security:						
Emergency Management Assistance	-	97.042	10/1/15	\$ 74,669	\$ -	
Subtotal Emergency Management Assistance Programs				<u>74,669</u>		
State Homeland Security Heavy Technical Rescue FY19	EMW-2018-SS-00093 7912	97.067	11/1/18	75,888	-	
State Homeland Security Heavy Technical Rescue FY20	EMW-2019-SS-00079-S01 8255	97.067	11/6/19	8,100	-	
State Homeland Security Haz-Mat FY18	EMW-2017-SS-00088 7548	97.067	5/16/18	(135)	-	
State Homeland Security Haz-Mat FY19	EMW-2017-SS-00093-S01 7911	97.067	11/1/18	20,506	-	
State Homeland Security Haz-Mat FY20	EMW-2019-SS-00079-S01	97.067	11/6/19	7,405	-	
State Homeland Security FY19	EMW-2019-SS-00079-S01	97.067	10/7/19	45,750	-	
Subtotal Homeland Security Grant Programs				<u>157,514</u>		
Subtotal Passed Through Commonwealth of Virginia				<u>232,183</u>		
Total Department of Homeland Security				<u>232,183</u>		
<u>Department of Health and Human Services</u>						
Passed Through Commonwealth of Virginia						
Department of Social Services:						
Promoting Safe and Stable Families	-	93.556	multiple	85,641	-	
Subtotal Promoting Safe and Stable Family Programs				<u>85,641</u>		
Temporary Assistance for Needy Families	-	93.558	multiple	1,466,678	121,056	5.9
Refugee & Entrant Assistance-State Administered Program	-	93.566	multiple	6,802	-	
Low-Income Home Energy Assistance Program	-	93.568	multiple	276,998	-	
Child Care and Development Fund	-	93.596	multiple	269,561	-	
Total CCDF Cluster				<u>2,020,039</u>		
Chafee Education & Training Vouchers Program	-	93.599	multiple	7,117	-	
Adoption Incentive Payments	-	93.603	multiple	1,346	-	
Child Welfare Services	-	93.645	multiple	3,340	-	
Foster Care Title IV-E	-	93.658	multiple	1,871,916	-	
Adoption Assistance Title IV-E	-	93.659	multiple	4,252,811	-	
Social Services Block Grant	-	93.667	multiple	1,439,968	-	
PSSF Child Abuse Prevention FY20	FAM-18-069-11 / FY20	-	7/1/19	21,783	-	
Foster Care Independent Living Program	-	93.674	multiple	23,396	-	

(Continued)

CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Federal Award Date	Total Expenditures	Passed through to Subrecipients	Notes
<u>Department of Health and Human Services (continued)</u>						
FAMIS 20 Children's Insurance Program	-	93.767	multiple	\$ 43,314	\$ -	
DMAS 20 Medical Assistance Program	-	93.778	multiple	2,496,909	-	
Subtotal Passed Through Commonwealth of Virginia				<u>10,161,900</u>		
Total Department of Health and Human Services				<u>12,267,580</u>		
Grand Total Federal Financial Assistance				<u><u>\$ 24,715,563</u></u>	<u><u>\$ 2,688,945</u></u>	

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2020

Note 1 – Basis of Accounting

This Schedule of Expenditures of Federal Awards (Schedule) is prepared on the same basis of accounting as the City of Roanoke's financial statements. The City uses the modified accrual basis of accounting, in which expenditures are generally recognized when the related fund liability is incurred. However, debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is due. Program income earned while administering Federal programs or projects are reported using the additive method. Under this method, expenditures from this income is reported on the SEFA in addition to expenditures made from the original grant.

Note 2 – Program Costs

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the City's portion, are more than shown. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Non-cash Awards – food donations

The amount of food commodities reported on the Schedule is the value of the food received by the Roanoke Juvenile Detention Home through the U.S. Department of Agriculture donated food distribution program during current year and priced as net dollar, fair market value as furnished by the U.S. Department of Agriculture.

Note 4 – Indirect Cost Rate

The City uses a direct cost method for administrative expenses within Federal Programs. The City has not elected to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 5 – Subrecipient Expenditure Summary

The following chart summarizes Federal funds that passed through the City to subrecipients for the fiscal year ending June 30, 2020:

Note	Group	Total Expenditures
5.1	Community Development Block Grants	\$ 756,357
5.2	Emergency Shelter	138,299
5.3	HOME Investment in Affordable Housing	580,388
5.4	Equitable Sharing Funds - Department of Justice	3,000
5.5	Continuum of Care	45,235
5.6	Justice Assistance Grant	23,393
5.7	Workforce Investment	1,009,216
5.8	Equitable Sharing Funds - Department of Treasury	12,000
5.9	Temporary Assistance for Needy Families	121,056
	Total	<u>\$ 2,688,945</u>

**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 City Council
City of 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Roanoke, Virginia (the "City"), as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated, February 26, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be a material weakness and significant deficiencies.

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. **We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-001 to be a material weakness.**

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. **We consider the deficiencies described in the schedule of findings and questioned costs as items 2020-002 and 2020-003 to be significant deficiencies.**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as items 2020-005.**

City's Response to Findings

The City's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 City'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
February 26, 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 City Council
City of Roanoke, Virginia

Report on Compliance for Each Major Federal Program

We have audited the City of Roanoke, Virginia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City'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 City'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 City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City 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 Compliance for Each Major Federal Program (Continued)

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-004. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion the response.

Report on Internal Control over Compliance

Management of the City 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 City'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 City's internal control over compliance.

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

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

Purpose of this Report

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
February 26, 2021

CITY 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 City's compliance with certain provisions of 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
Debt Provisions
Local Retirement Systems
Procurement Laws
Uniform Disposition of Unclaimed Property Act
Stormwater Utility Program
Comprehensive Services Act
Sheriff Internal Controls
Fire Program Aid

State Agency Requirements:

Highway Maintenance Funds
Social Services

LOCAL COMPLIANCE MATTERS

City Charter

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

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

CITY OF ROANOKE, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2020

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **One material weakness and two significant deficiencies** relating to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. **No significant deficiencies** relating to the audit of the major federal award programs were reported in the Report on Compliance for Each Major Program and on Internal Control over Compliance as Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award program expresses an **unmodified opinion**.
6. The audit disclosed **one audit finding listed at 2020-004 relating to major programs**.
7. The major programs of the City were:

Name of Program	CFDA#
Lead Hazard Control	14.900
Highway Planning and Construction	20.205
Coronavirus Relief Funds	21.019
Foster Care – Title IV-E	93.658
Adoption Assistance	93.659

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The City of Roanoke was not determined to be a **low-risk auditee**.

CITY OF ROANOKE, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2020

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2020-001: Audit Adjustments (Material Weakness)

Condition:

During the audit, we noted that several year-end audit adjustments were required to ensure that the financials were prepared in accordance with accounting principles generally accepted in the United States of America. The adjustments were related to cash, unearned revenue, liabilities, debt, pension, and capital assets.

Criteria:

Audit adjustments were required to correct balances in order for the financial statements to be presented in accordance with accounting principles generally accepted in the United States of America.

Cause:

With regard to capital assets, it appears that the rollforward workbook and depreciation schedules were not reviewed before year-end entries were made. The City's policy on recording unearned revenue was not applied consistently as year-end entries were made. With regard to cash, the June bank reconciliation was reviewed but reconciling items were not recorded properly. The IBNR liability was not adjusted to incorporate current information. Unearned revenue was recorded using an incorrect report. The accrued interest entry was not reviewed before entries were made. Bond premiums and deferred costs related to the partial refunding of bonds were not removed from amortization schedules. Pension schedules were not reviewed before entries were made, resulting in additional adjustments to deferred inflows and outflows.

Effect:

There is an increased risk of financial statement misstatement.

Recommendation:

We recommend establishing procedures in which qualified supervisors are reviewing year-end workpapers and reconciliations that feed into the final general ledger and focusing on the accuracy of year-end balances.

View of Responsible Officials and Planned Corrective Action:

During fiscal year 2020, the City's Finance Department experienced significant transitions at the managerial, supervisory, and staff levels, which diminished the technical abilities and required departmental personnel available with the level of experience to fully analyze the myriad of transactions the City enters into annually. A fully-trained and experienced staff is required in order to effectively, efficiently, compliantly, and timely prepare the City's Comprehensive Annual Financial Report (CAFR) in accordance with accounting principles generally accepted in the United States of America (GAAP). This diminished level of technical strength in the City Finance Department has been a detriment and impedance to timely external audit preparation.

CITY OF ROANOKE, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2020

B. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)

2020-001: Audit Adjustments (Material Weakness) (Continued)

View of Responsible Officials and Planned Corrective Action: (Continued)

The turnover of staff in the Finance Department has impacted the adjustments noted in the preceding paragraph. Management level, supervisory level, and several staff level positions were vacant for a portion of the 2020 fiscal year. The capital asset, deferred revenue, and cash reconciliation issues were all related to policies and procedures that were unfamiliar to new and inexperienced staff members. Procedures have been established going forward to strengthen the review process of workpapers and reconciliations. Staff retention, education, and development is key to strengthening our technical abilities, which will in turn reduce the number of year-end adjustments required for timely preparation of the annual external financial reporting.

2020-002: Segregation of Duties – Civic Facilities (Significant Deficiency)

Condition:

A fundamental concept of internal controls is the separation of duties. No one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. A proper segregation of duties has not been established in functions related to journal entries, monthly financial statements, accounts receivable reconciliations, and the cash vaults at the Civic Facilities.

Criteria:

During our review of the Civic Facilities' journal entries, monthly financial statements, and accounts receivable reconciliations we noted instances where an accountant was preparing but no supervisor review or approval was documented. We also noted an instance in which a manager had access to the cash vault, handled cash, and prepared deposit slips without supervisor review. Finally, we noted that the Accounting Supervisor has administrative rights to accounting software.

Cause:

Civic Facilities did not have sufficient segregation of duties in place during the year.

Effect:

There is a risk that misstatements or fraudulent activity could go undetected.

Recommendation:

We recommend establishing segregation of duties as much as possible, which would include supervisor review. We also recommend that supervisors sign and date their reviews.

CITY OF ROANOKE, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2020

B. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)

2020-002: Segregation of Duties – Civic Facilities (Significant Deficiency) (Continued)

View of Responsible Officials and Planned Corrective Action:

The auditee concurs that the daily journal entries that are prepared by the Senior Accountant will be reviewed and signed off by the Accounting Supervisor. Journal entries that are prepared by the Accounting Supervisor will be reviewed and signed by the General Manager. With regard to the vaults and cash handling, the daily ticket sales reports, worksheets, and deposit ticket prepared by the Director of Ticketing, will be reviewed and signed by the Accounting Supervisor.

2020-003: Bank and Investment Reconciliations (Significant Deficiency)

Condition:

During our review of bank and investment reconciliations, we noted that there was no timestamp to identify who prepared and reviewed the reconciliations and when these processes were completed.

Criteria:

Bank and investment reconciliations were not appropriately documented.

Cause:

Reconciliations were being completed but not documented. Supervisory review, if performed, was not documented.

Effect:

Risk that accounting and bank errors or fraud is not being prevented and detected if reconciliations are not performed timely and reviewed by supervisors.

Recommendation:

We recommend establishing a timestamp procedure to identify who prepared and reviewed and when these processes were completed.

View of Responsible Officials and Planned Corrective Action:

As mentioned in the previous paragraphs, the turnover of staff in the Finance Department has directly impacted performance of the bank reconciliation process. The Cash Accountant position was vacant for several months during fiscal year 2020 before being filled prior to the end of the fiscal year. Future work planning will require vacant position responsibilities to be temporarily assigned to existing staff until the accounting position is filled, and responsibilities are assumed by the new staff member.

CITY OF ROANOKE, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2020

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

2020-004: Coronavirus Relief Funds – CFDA #21.019 Allowable Costs

Condition:

Two instances in which the expenditure was not directly related to the COVID-19 pandemic.

Criteria:

Coronavirus Relief Funds can only be used for COVID-19 related expenditures.

Cause:

Management review of expenditures did not detect that an expenditure was not directly related to the COVID-19 response.

Effect:

The ineligible expenditures were inappropriately charged to the program.

Questioned Cost Amount:

The amount of these transactions totaled \$373.77 from our sample selection. Those questioned costs would project to \$755.61 over the total population.

Perspective Information:

This finding occurred in two of 25 accounts payable disbursements selected for testing.

Recommendation:

We recommend reviewing supporting documentation closely to ensure they are directly related to response to the COVID-19 pandemic.

View of Responsible Officials and Planned Corrective Action:

Management concurs with the recommendation and will review supporting documentation to ensure costs are directly related to the response to the COVID-19 pandemic.

CITY OF ROANOKE, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2020

D. FINDINGS – COMMONWEALTH OF VIRGINIA

2020-005: Commonwealth of Virginia – Disclosure Statements

Condition:

Nine of 73 disclosure statements were not filed timely and four of 73 statements were not received.

Recommendations:

We recommend implementing procedures to ensure that all disclosure statements are filed timely.

View of Responsible Officials and Planned Corrective Action:

Management concurs with the recommendation and will ensure that disclosures are filed timely.

CITY OF ROANOKE, VIRGINIA

SUMMARY SCHEDULE OF PRIOR AUDIT YEAR FINDINGS

Year Ended June 30, 2020

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

2019-001: Medical Assistance Program – CFDA # 93.778

Condition: Recertification for continued benefits was not completed timely for two individuals.

Criteria: Per the Compliance Supplement for the Medical Assistance Program, the City is required to recertify individuals for medical benefits in order to facilitate the continuance or discontinuance of benefits based on changes in circumstances that could impact eligibility.

Cause: In the first instance, the recertification application was received timely but not processed by the case worker for several months. The recipient continued to receive benefits without recertification. In the second instance, the recertification application was not received timely and benefits continued to be provided to the recipient. Both of these instances were handled by the same case worker.

Effect: Benefits continued to be received by individuals who had not completed recertification.

Context: Two instances out of 25 tested.

Recommendation: We recommend that case workers and supervisors monitor recertification deadlines closely for Medical Assistance Program recipients.

Current Status: Comment no longer applicable.

**Department of Finance
City of Roanoke, Virginia**

Amelia Merchant	Director of Finance
Ann Bostic, CPA	Manager of Accounting & Systems
Carol Farley	Administrative Assistant III
Cindy Kirby	Administrative Assistant IV

Accounting / Accounts Payable

Corey Alshouse	Senior Accountant
Jennifer Bowers	Account Technician
Kaylee Buchanan	Grant Accountant
Amanda Dooley	Accounts Payable Coordinator
Rosa Em	Capital Accountant
Dorothy Hoskins	Senior Accountant
Maryna Mabes	Account Technician
Lori Ramey	Senior Accountant
Mary Talley	Accounting Supervisor

Management and Budget

Kathleen Davis	Budget Business Analyst
R. B. Lawhorn, Jr.	Budget Manager
Lesha VanBuren	Budget Analyst
Paul Workman	Budget Business Analyst

Payroll

Connie Altice	Senior Payroll Technician
Suzanne Barnett	Payroll Accountant
Jody Lawson	Payroll & Systems Supervisor

Retirement

Tiffany Gilbert	Retirement Account Technician
Kayla Gunter	Senior Accountant
Harold Harless, Jr.	Financial Analyst
Karen Mullen	Accountant
Andrea Trent	Retirement Systems Manager

Systems

Bettie Clay	Senior Financial Systems Accountant
Angela Lancaster	Financial Systems Technician

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