

School Board of the City of Roanoke, Virginia
Component Unit of the City of Roanoke, Virginia
Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2020



PHOTO CREDITS

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

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

Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Roanoke City School Board

Mark K. Cathey, Chairman
Lutheria H. Smith, Vice Chairman
William B. Hopkins, Jr.
Laura D. Rottenborn
Joyce W. Watkins
Richard Willis

Rita D. Bishop, Ed D., Superintendent

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

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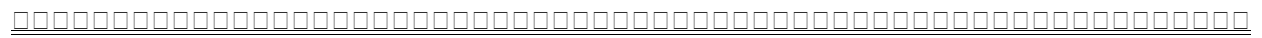
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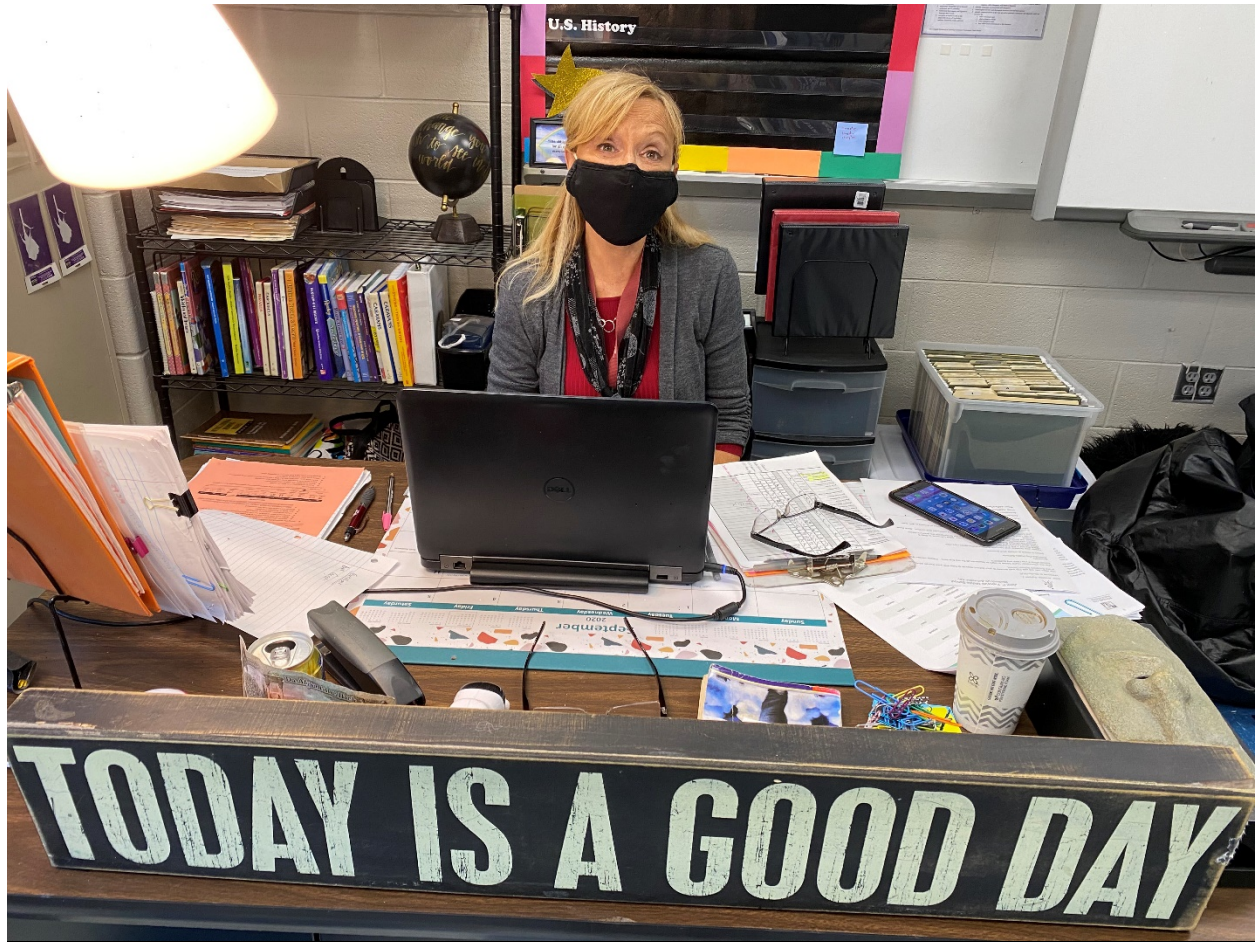
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INTRODUCTORY SECTION







October 30, 2020

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

The Comprehensive Annual Financial Report (CAFR) for the School Board of the City of Roanoke, Virginia (School Board), a Component Unit of the City of Roanoke, Virginia, for the fiscal year ended June 30, 2019, is herein submitted. Please note that the School Board is more commonly known as “Roanoke City Public Schools” or “RCPS.”

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

The School Board is considered a discretely presented component unit of the City of Roanoke (City) and, accordingly, the financial position and results of operations of the School Board are reflected in the Comprehensive Annual Financial Report of the City. The City is an independent full-service municipality with sole government taxing power within its boundaries. The School Board is a legally separate entity, which is fiscally dependent upon the City. The City Council of the City of Roanoke (City Council) appoints the seven members of the School Board, as well as, makes the annual appropriation for the School Board’s operating budget. The City levies taxes for School Board operations, issues debt for capital projects, and retains ownership of school property and buildings. The buildings range in age from 1 to 96 years and it is the school board’s responsibility to maintain and upgrade the buildings as needed. The City Council is prohibited, however, from exercising control over School Board expenditures at the functional and budgetary line item levels of School Board funds.

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

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

Profile of the School District

Roanoke City Public Schools is a progressive urban school district nestled in the heart of the Blue Ridge Mountains in the City of Roanoke, Virginia. Roanoke, the largest city in the Commonwealth of Virginia (Commonwealth) west of Richmond, is located at the southern end of the Shenandoah Valley, approximately 170 miles west of Richmond and 235 miles southwest of Washington, DC. Roanoke's 2020 estimated population as per the US Census Bureau of 99,143 accounts for just under 32% of the population in its metropolitan statistical area (MSA), which includes the neighboring City of Salem, Town of Vinton and the Counties of Roanoke, Botetourt, Craig and Franklin.

In the 2019-20 school year, RCPS provided a comprehensive program of study for 14,039 students in grades pre-kindergarten through twelve (based on fall membership counts). The school division is made up of seventeen elementary schools, five middle schools, two high schools, the Roanoke Valley Governor's School for Science and Technology, a vocational school, two alternative education facilities, adult education programs, and preschool programs for at-risk children. A significant enrollment increase was experienced in 2019-20, but the Coronavirus (COVID-19) pandemic, that began to affect the United States in January and February 2020, has changed the way public education operates for the foreseeable future. RCPS is preparing for possible enrollment loss in 2020-21 due to fears of the virus. Beyond the coming year, modest growth is expected.

Roanoke's student population represents a diversity of cultures and ethnic groups. Approximately 42.5% of students are black, 33.5% are white, 15% are Hispanic, and 9% are Asian or another race.

In 2019-20, 96.42% of RCPS students qualified for free or reduced price school lunch, where eligibility is determined based on the financial need of the individual student's family, or the overall needs in the school's community as determined through the United States Department of Agriculture (USDA) Community Eligibility Provision (CEP). RCPS began participating in the CEP in the fall of 2015, providing free lunch for 84.7% of the overall student population through 19 school locations. In 2018-19, student needs led RCPS to apply, and receive approval, to include all but two school sites in the CEP program. Students at all but two elementary schools have access to free breakfast and lunch daily without having to apply or prove individual family need. At the two schools that are not participating in CEP, students can still receive free or reduced price school lunch (and breakfast) through the traditional application process.

All of Roanoke City schools were accredited for the 2019-2020 school year. However, for 2020-2021, Roanoke City schools have been labeled as "Accreditation Waived". Accreditation ratings are based on performance during the previous school year. The statewide closure of schools in March in response to the coronavirus pandemic resulted in the cancellation of spring Standards of Learning testing. Student performance on SOL tests in English, mathematics and science are key metrics in the State Board of Education's school accreditation standards. Due to the impact of these closures, school accreditation for the 2020-2021 academic year based on data from 2019-2020 will be waived.

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

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

- Our diversity is a source of strength
- Our schools must be safe
- All students are capable of meeting high expectations
- We are accountable for our students' success
- Every individual in RCPS contributes to our students' success
- We have a responsibility to work collaboratively with our families

- Respect, trust, and honest communication are the foundation of successful and productive relationships
- The vitality of our community depends on a strong school system

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

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

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

**Roanoke City Public Schools
Accreditation Status for 2020-21**
Based on 2019-20 Student Achievement

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

Roanoke City Public Schools SAT Results 2020

Three hundred fifty-nine (359) Roanoke City students took the SAT Reasoning Test. The division's mean Evidence- Based Reading and Writing (ERW) score was five hundred eighteen (518), the mean Mathematics score was four hundred ninety-two (492). The difference in scores over time in RCPS should be compared to Virginia and U.S. in order to compare magnitude of the change.

The proportion of students by ethnic group who took the SAT in 2020:

	<u>Roanoke</u>	<u>Virginia</u>	<u>U.S.</u>
African American	37%	17%	12%
Other Ethnicities	23%	30%	41%
White	36 %	51%	41%

"No Response" in Ethnicity: Roanoke 4% Virginia 2% and U.S. 6%.

Mean scores of all students tested:

SAT Results	Roanoke	Virginia	U.S.	Difference
	Mean 2019 2020	Mean 2019 2020	Mean 2019 2020	RCPS vs VA US
ERW	514 518	567 567	531 528	-49 -10
Mathematic	497 492	551 549	528 523	-57 -31
Total Score	1011 1009	1119 1116	1059 1051	-107 -42

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

Mean scores of tested students by ethnicity:

SAT Results	Roanoke		Virginia		U.S.		Difference	
	Black	White	Black	White	Black	White	Black	White
	Mean	Mean	Mean	Mean	Mean	Mean	RCPS vs	RCPS vs VA US
ERW	458	592	496	588	473	557	-38 -15	+4 +35
Mathematic	437	558	472	565	454	547	-35 -17	-7 +11
Total Score	895	1151	967	1153	927	1104	-72 -32	-2 +47

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

Mean scores of students tested by high school:

SAT Results	Patrick Henry		William Fleming	
	Mean	Difference VA US	Mean	Difference VA US
ERW	556	-11 +28	474	-93 -54
Mathematics	526	-23 +3	452	-97 -71
Total Score	1082	-34 +31	926	-190 -125

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

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

The scoring structure for the current SAT:

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

**SAT I: Reasoning Test Scores for Graduating Seniors
Roanoke City Public Schools 2010-2020**

Table I. Mean Scores on SAT

	2010	2011	2012	2013	2014	2015	2016	2017*	2018*	2019*	2020*
Mean Reading *ERW SAT Score	480	469~	475	473	487	483	464	522	527	514	518
Mean Mathematics SAT Score	472	464~	465	468	479	477	457	502	507	497	492
Writing	460	450~	458	453	464	461	433	-	-	-	-
Total	1412	1383	1398	1394	1430	1421	1354	1024	1034	1011	1010

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

	Black												White											
YEAR	10	11	12	13	14	15	16	17*	18*	19*	20*	10	11	12	13	14	15	16	17*	18*	19*	20*		
Mean Reading *ERW SAT Score	421	409~	409	410	410	422	417	456	462	460	458	545	541~	554	545	551	543	535	599	603	577	592		
Mean Mathematics SAT Score	407	398~	399	407	404	419	411	445	443	438	437	535	537~	545	537	540	537	531	565	577	560	558		
Writing	400	391~	396	395	395	404	388	-	-	-	-	522	515~	533	521	522	519	507	-	-	-	-		
Total	1228	1198	1204	1212	1209	1245	1216	901	905	898	895	1603	1593	1632	1603	1613	1599	1573	1164	1180	1137	1151		

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

**Roanoke City Public Schools
2020 ACT Results**

The data for the 2019-2020 ACT tests results was not available for the current year to include in this report. Therefore, the data presented is from the prior year which is the most recent data available. Participation in ACT testing among Roanoke City Public School graduates decreased slightly. During 2019 seventy (70) seniors took the ACT compared with eighty (80) in 2018.

Total participants: 70
Patrick Henry High School: 44
William Fleming High School: 26

Percentage of Students Meeting College Readiness Benchmarks 2018/2019

	Patrick Henry 2018 / 2019	William Fleming 2018 / 2019	District 2018 / 2019	State 2018 / 2019	National 2018 / 2019
English Composition	85 / 82	45 / 35	69 / 64	80 / 80	60 / 59
College Algebra	79 / 59	21 / 4	55 / 39	60 / 60	40 / 39
Reading	79 / 70	36 / 31	61 / 56	66 / 67	46 / 45
Science	77 / 59	24 / 12	55 / 41	57 / 57	36 / 36
Composite	64 / 52	15 / 0	44 / 33	45 / 46	27 / 26

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

Comparison of Average ACT Scores

	English 2018 2019		Mathematics 2018 2019		Reading 2018 2019		Science 2018 2019		Composite 2018 2019	
PH	25.9	23.2	25.8	23.2	27.1	24.9	26.7	24.9	26.5	24.2
Fleming	18.1	17.1	19.2	16.7	19.5	19.2	19.4	18.3	19.2	18.0
RCPS	22.7	20.9	23.0	20.8	23.9	22.8	23.7	22.4	23.5	21.9
Virginia	23.8	23.8	23.3	23.3	24.7	24.8	23.5	23.6	23.9	24.0
National	20.2	20.1	20.5	20.4	21.3	21.2	20.7	20.6	20.8	20.7

Factors Affecting Financial Condition

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

Economic Condition and Outlook

The district's ability to fund its major educational initiatives adequately is significantly affected by the City's economic outlook. City funding for fiscal year 2020 continued to follow the funding formula established in 2012, which stipulates that (a) the schools receive 40% of property and other local tax receipts levied by the City of Roanoke and (b) the schools pay 100% of the debt service associated with school projects (up from approximately 50% under the previous funding arrangement). Revenue experience during the first part of 2019-20 was very favorable, and it appeared the city, and by extension the schools, were poised to exceed budgeted revenue for the year. Then, the COVID-19 pandemic reached Virginia. The City of Roanoke's revenue expectations went down dramatically based on the Governor's stay-at-home order and the temporary closure of many businesses. Fortunately, the City finance department's conservative budgeting, coupled with better-than-expected tax receipts, resulted in city funding of schools coming much closer to originally budgeted projections than expected. With the true economic impact of the pandemic still largely unknown at the time 2020-21 budgets were prepared, the City of Roanoke adjusted its revenue projections down, and RCPS adjusted its projected budget accordingly.

2019-20 is the second year in the two-year budget cycle adopted by the Commonwealth of Virginia General Assembly. State funding for public schools was not significantly affected by the Governor's stay-at-home order and closure of school buildings and other businesses in March as a result of the COVID-19 pandemic. RCPS expected to see a sharp decline in state sales tax funding, but declines did not materialize as anticipated. This was perhaps due in part to taxation on internet sales.

Average Daily Membership (ADM), as measured annually on March 31, is a significant factor in state funding formulas for public education. RCPS enrollment has increased for the past several years, but that growth slowed in recent years and actually declined slightly for 2017-18, before rebounding. Funded ADM in 2018-19 was 12,898.54 and in 2019-20 was 13,109.99. (ADM for 2019-20 was measured through March 12, 2020, the last day of in-person instruction prior to the Governor's order that schools close for the remainder of the year due to the pandemic.) RCPS budgeted state funding for 2019-20 based on an estimated ADM of 12,875. Having the actual ADM so much higher than expected helped result in higher-than-budgeted state funding for the year. Based on the last two years of growth, RCPS initially prepared a 2020-21 budget using a much higher ADM estimate, but as the pandemic's impact grew, it brought with it concerns over families' comfort with students returning to the classroom and how that might impact enrollment. As a result, RCPS adopted a 2020-21 budget that was developed using an ADM estimate of 12,850 for 2020-21.

The Every Student Succeeds Act (ESSA), which replaced the No Child Left Behind Act of 2002, was signed into law on December 10, 2015. Implementation has been a slow process as new requirements are shared and processes for meeting those requirements are developed. The Commonwealth of Virginia has an approved plan, and RCPS proceeds with utilizing important sources of federal funding, such as Title I-A, to supplement locally and state funded efforts to meet the needs of our students. Additional entitlement funds under Title IV Part A became available to RCPS during 2017-18, and the school division's allocation out of these funds has increased in each subsequent year. These funds can be used to provide well rounded educational opportunities, services that develop safe and healthy students, and programs that support the effective use of technology. Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funding has been awarded to public school divisions using the Title I allocation formula. These funds are retroactive to March 2020. Further support through the Coronavirus Relief Fund has been made available through localities and direct aid from the state to public school divisions subsequent to year-end. RCPS expects to use the majority of these federal funds during the 2020-21 fiscal year.

The growing shortage affecting the teaching profession nation-wide continues to be a challenge for Roanoke City Public Schools. The district's Human Resources professionals begin their recruiting efforts earlier each year. Establishing and maintaining a competitive teacher salary scale is a top priority. RCPS provided an average 2% increase for all employees in 2019-20, in addition to making substantial changes

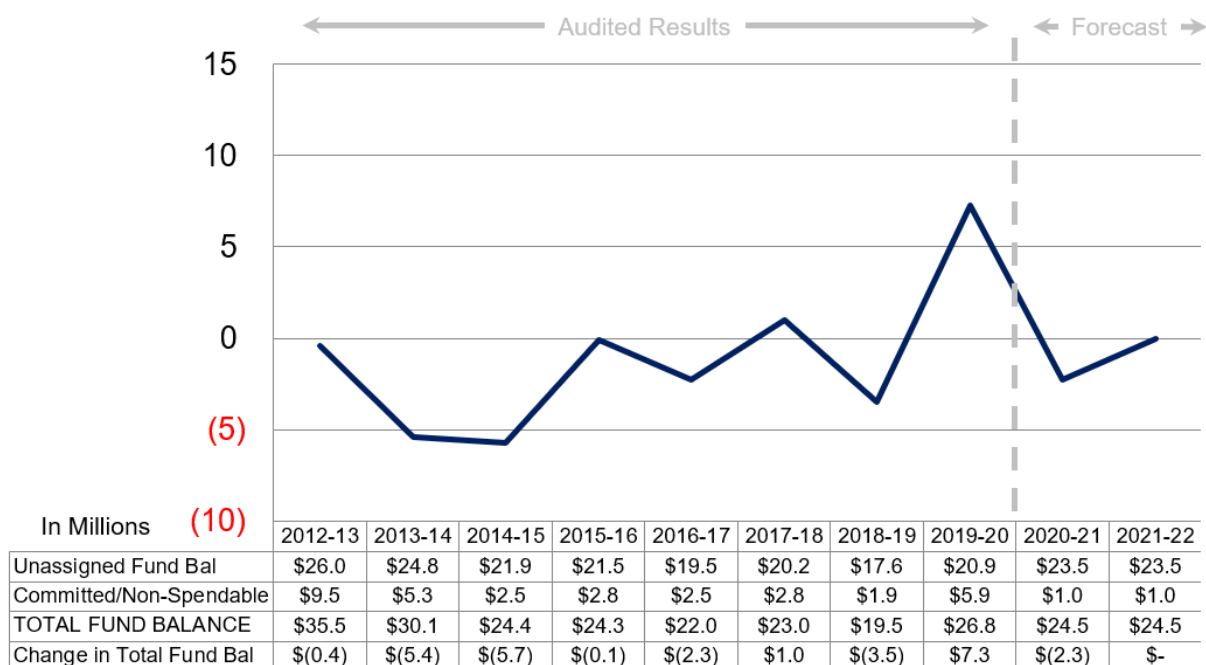
to its professional (teacher) pay scale as part of a two-year plan to make increases between steps uniform, and increase the starting salary for new teachers. Unfortunately, due to the significantly reduced projections for both city and state funding for schools in 2020-21 due to the pandemic, RCPS, like most other school divisions in Virginia, found it necessary to freeze salaries for 2020-21. That change is hoped to be temporary and the school division is committed to reinstating raises as soon as financially possible. The COVID-19 pandemic is expected to negatively impact an already concerning shortage of teaching professionals.

In light of the above, and in order to continue providing instruction at the level necessary to sustain the improvements achieved over the past several years, RCPS expects to be in a deficit spending position during fiscal year 2021, if current trends continue. The following chart illustrates the projected impact of this deficit spending on total General Fund fund balance:



Roanoke City Public Schools

Change in Fund Balance – General Fund



Committed/Non-Spendable amounts include all General Fund changes in fund balance that are either non-spendable, restricted, or committed.

Accounting System and Budgetary Controls

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

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

Fund and Food Service Fund are included in the annual appropriated budget. Multi-year programs are adopted separately for the School Grants Fund.

Financial Policies and Budgetary Initiatives Impacting the Financial Statements

Roanoke City Public Schools' financial statements are presented in accordance with School Board policies that govern the school division's financial practices. School Board policies, in turn, are informed by City Code, and the Code of Virginia. Functional categories presented on Exhibit 2, and expenditure categories on Exhibit 4, are in accordance with budget categories based on budget classifications required by School Board Policy DB and Code of Virginia § 22.1-115. In the spring of 2017, the School Board adopted a new policy, policy DBA, on Fund Balance Management. This policy clarifies definitions of fund balance availability and establishes guidelines for use of fund balance. Though some use of fund balance was originally authorized by the School Board through adoption of the 2019-20 budget, Exhibits 3 and 4 will show that revenue and expenditure experience were such that use of fund balance for the year ended June 30, 2020 was not needed.

This variance is due, in part, to the impact of the COVID-19 pandemic and the state-required closure of Virginia's public schools beginning March 13, 2020. Also impacting the variance in use of fund balance is the school division's engagement in an energy-saving performance agreement which began in December 2019. This project includes \$17 million in energy upgrades to all buildings including lighting, heating, ventilation and air conditioning (HVAC), building envelope, and plumbing upgrades designed to enable the school division to realize energy cost savings that at least cover the cost of the upgrades over the 15-year life of the loan. The projects are nearing completion, but were not intended to be completed prior to FY2020 year-end, so the remaining funds restricted for that project are also reflected in FY2020 General Fund fund balance.

General Operations

Management's Discussion and Analysis, which is contained in the financial section of this report, provides a discussion of financial results for fiscal years 2019 and 2020 as well as summaries of the government-wide financial statements.

Auditing

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

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

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the School Board of the City of Roanoke, Virginia, for its comprehensive annual financial report for the fiscal year ended June 30, 2018. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In addition, the Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the School Board of the City of Roanoke, Virginia, for its comprehensive annual financial report for the fiscal year ended June 30, 2019. The Certificate of Excellence program is similar to the GFOA Certificate of Achievement program and is an international award recognizing excellence in the preparation and issuance of school system financial reports.

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

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

Sincerely,



Kathleen M. Jackson, MBA, SFO
Chief Financial Officer



Donna A. Caldwell, CPA
Director of Accounting



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Roanoke City Public Schools

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2019.**

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



A handwritten signature in black ink, reading 'Claire Hertz'.

Claire Hertz, SFO
President

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

David J. Lewis
Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

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

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

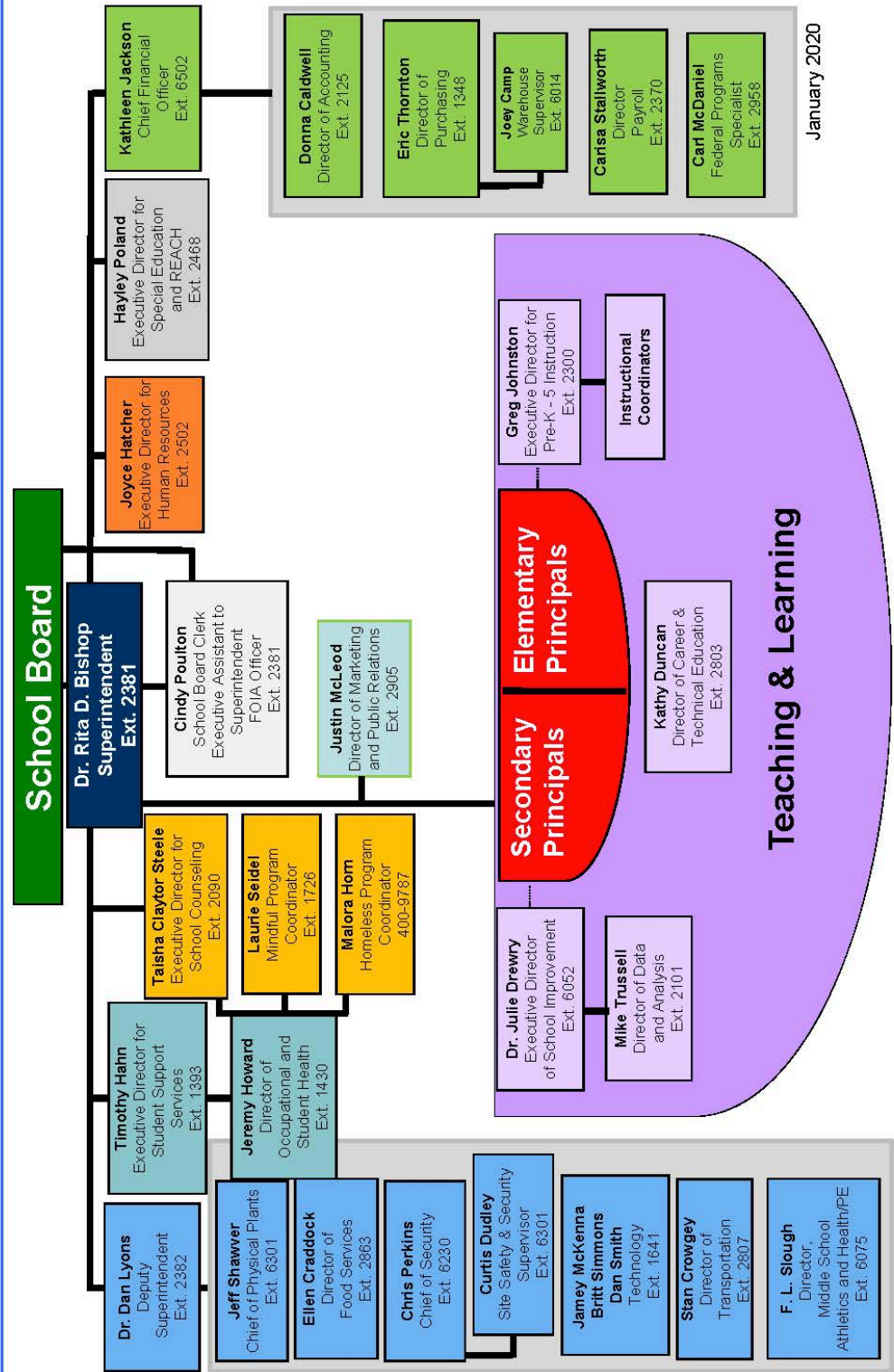
June 30, 2019

Christopher P. Morrill

Executive Director/CEO

Roanoke City Public Schools

2019-20 Chart of Organization



January 2020

**Roanoke City Public Schools
Officers and Principal Administrators
(July 1, 2019 through June 30, 2020)**

Roanoke City School Board

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

Superintendent of Schools

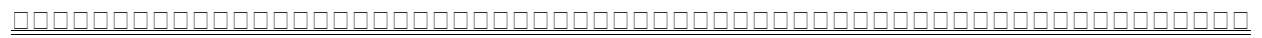
Rita D. Bishop, Ed D.	Superintendent
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Executive Staff

Dan E. Lyons, Ed. D.	Deputy Superintendent
Kathleen M. Jackson	Chief Financial Officer
Julie Drewry, Ph.D.	Executive Director, School Improvement
Timothy Hahn	Executive Director, Student Services
Joyce Hatcher	Executive Director, Human Resources
Greg Johnston	Executive Director, K-5 Instruction
Hayley Poland	Executive Director, Special Education
Taisha Steele	Executive Director, Counseling and Equity

FINANCIAL SECTION





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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of the School Board of the City of Roanoke, Virginia (the "School Board"), a component unit of the City of Roanoke, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining fund information of the School Board, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board's basic financial statements. The introductory section, other supplementary information section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is 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 other supplementary information is 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 October 30, 2020 on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
October 30, 2020

**The School Board of the City of Roanoke, Virginia
A Component Unit of the City of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

As management of the School Board of the City of Roanoke, Virginia (School Board), we offer readers of the financial statements this narrative overview and analysis for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources at the close of the most recent fiscal year by (\$107,073,318) (net position). Of this amount, \$6,620,465 was invested in capital assets, leaving unrestricted net position totaling (\$114,917,644). Unrestricted net position is normally used to meet the School Board's ongoing obligations to citizens and creditors.
- Net position increased by \$5,961,336, a 5.27% increase from the prior fiscal year-end balance. Total assets increased by \$23,438,507. Total liabilities increased by \$31,259,470. The change in total assets was due to increases in cash and cash equivalents, accounts receivable, due from City of Roanoke, due from other governments, and capital assets, offset by decreases in pre-paid and other assets, and net pension and other post-employment benefit assets for an overall increase of 56.86% over the prior year. The change in total liabilities was due to increases in accounts payable, notes payable, and net pension and other post-employment benefit liability, offset by decreases in unearned revenue, claims payable, and workers' compensation for an overall increase of 19.81% over the prior year.
- The general fund experienced a net operating decrease of \$7,295,442 largely due to an increase in budgeted to actual expenditures in operations for capital lease expenditures related to a contract to provide energy performance upgrades, offset by decreases in instruction and administrative expenditures. The food service fund experienced a net operating increase of \$512,342 primarily due to catering services provided during the year throughout the district
- Overall revenues were approximately \$214 million, \$9.5 million less than expenditures. Increased educational expenditures pertaining to instruction and administration, technology and attendance largely offset the increase in revenue from the City of Roanoke and Commonwealth of Virginia in addition to increased costs due to the capital lease expenditures for energy performance upgrades.
- The total cost of basic programs was approximately \$208.4 million. Since a portion of those costs were paid with charges, fees and intergovernmental aid, the net cost to the School Board to operate basic programs was \$146 million.
- At the end of the current fiscal year, unassigned fund balance for the general fund was approximately \$20.9 million, or 11.4% of total general fund expenditures. Restrictions of fund balance are placed by sources external to RCPS while the School Board may make commitments of fund balance.

Overview of the Basic Financial Statements

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

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the School Board's finances, in a manner similar to a private-sector enterprise.

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

The Statement of Activities presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

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

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School Board, like other state and local governments and other school districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School Board can be divided into two categories: governmental funds and fiduciary fund.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a district's near-term financing requirements.

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

The School Board maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the three funds, all of which are considered to be major funds. The funds are the School Board's general fund, food service fund, and school grants fund.

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

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

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

Government-Wide Financial Analysis

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

	June 30,	
	2020	2019
Current and other assets	\$ 48,585,845	\$ 40,441,966
Capital Assets, net	18,784,497	3,489,869
Total Assets	67,370,342	43,931,835
 Total Deferred Outflows of Resources	 29,615,538	 17,896,947
 Current and other liabilities	 16,593,386	 15,912,013
Long-term Liabilities	172,482,655	141,904,558
Total Liabilities	189,076,041	157,816,571
 Total Deferred Inflows of Resources	 14,983,157	 17,046,865
 Net investment in capital assets	 6,620,465	 3,489,869
Restricted - Pension and Other Post Employment Benefit Assets	1,223,861	-
Unrestricted	(114,917,644)	(116,524,523)
Total Net Position	\$ (107,073,318)	\$ (113,034,654)

Net position may serve, over time, as a useful indicator of a district's financial position. In the case of the School Board, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$107,073,318 at the close of the most recent fiscal year.

Current and other assets increased during the fiscal year by \$8,143,879. The overall variance was primarily comprised of, \$115,875 increase in accounts receivable, \$5,909,722 due from the City of Roanoke, and \$540,633 due from other governments, offset by decreases of \$3,059,077 in cash and cash equivalents, increase in restricted cash of \$4,835,968, decrease of \$92,263 in pre-paid and other assets, and \$106,979 in net pension assets. The decrease in cash and cash equivalents directly relates to an increase in receivable balances in the general fund at year end. There was an increase in capital assets of \$15,294,628.

The School Board's investment in capital assets, machinery and equipment net of accumulated depreciation, in the amount of \$18,784,497 represents (17.54%) of net position. The School Board uses these capital assets to provide services to students; consequently, these assets are not available for future spending. It should be noted that these assets reflect outlays made during the current fiscal year and previous years. The large increase represents assets purchased as part of a capital lease project for energy improvements. Debt related to the capital lease project is \$17,000,000.

Current and other liabilities increased by \$681,373. The net increase for this category was primarily comprised of a decrease in claims payable and other current portions of long-term debt of \$172,776, and unearned revenue of \$576,656, offset by an increase of \$1,430,805 in accounts payable and accrued expenses.

Long-term liabilities increased by \$30,578,097. The net increase for this category was due to an increase of \$16,728,500 in notes payable, \$93,645 in compensated absences and \$14,011,895 in net pension liability, offset by a decrease of \$255,943 in workers' compensation.

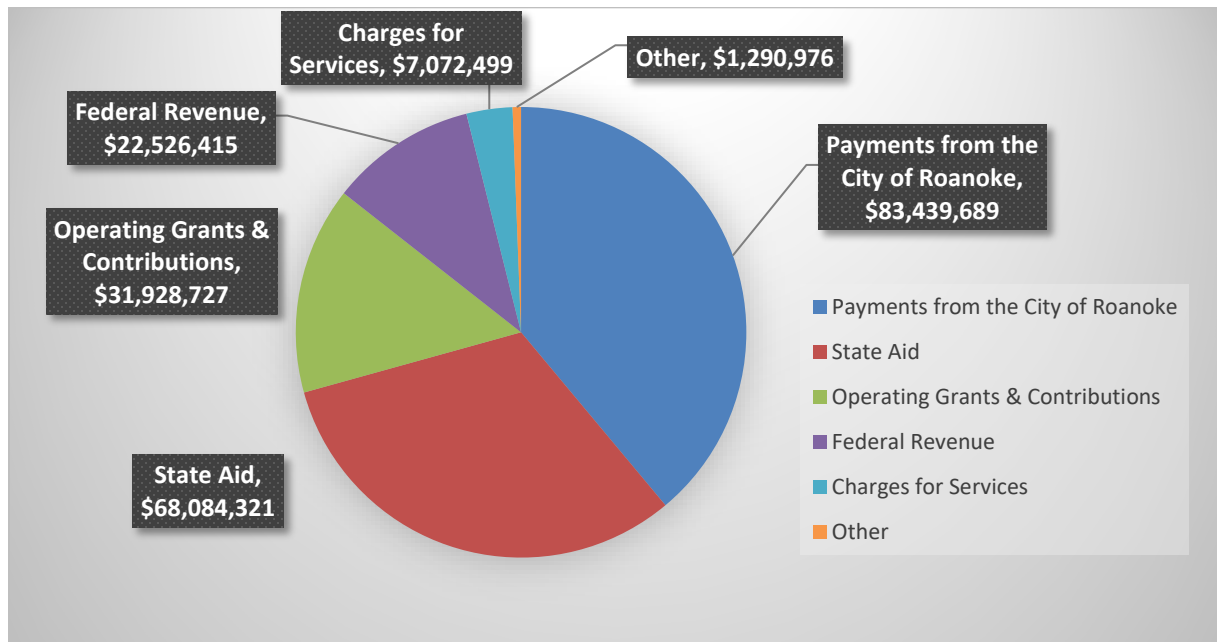
The School Board's net position, in the amount of \$24,936,662 exclusive of the net pension and OPEB liability represents resources that are available to be used to meet the School Board's ongoing obligations to students, staff, and creditors. The increase of unrestricted net position from the prior year is \$1,606,879.

Governmental Activities. Governmental activities resulted in an increase in the School Board's net position of \$5,961,337 during the current fiscal year. Key elements of the change in net position are as follows:

- Expenses for total governmental activities exceeded program revenues by \$146.8 million. The division's expenses by program have been netted against revenues that directly fund that program, resulting in the net cost of the program activity. The net cost of instructional activities, \$90.8 million, comprises 61.8% of total governmental activities. The net cost of operations, maintenance, and facilities was \$15 million, or 10.3% of total governmental activities. The net costs of other functional activities were: athletics, \$1.4 million or 1.0%; transportation, \$10.3 million or 7.1%; payments to the primary government and capital lease vendor for debt service, \$12.7 million or 8.7%; support services, \$16.8 million or 11.5%. At fiscal year-end, food services had an operating gain in net position of \$391,733 or (0.3%) of the government-wide net cost. Net expenses for FY 2020 had an increase of \$2.8 million in total compared to the prior year, with a \$5.3 million increase in the cost of instructional programs largely due to a \$2.3 million increase in guidance education, an increase of \$1.3 million in regular instruction, and \$873,000 increase in school administration. The net increases in other instructional areas was \$797,000. Other variances include a \$542,922 decrease in food service, a \$1.8 million decrease in the cost of operations and maintenance, a \$751,000 decrease in support services related to operational expenses, a decrease of \$1.1 million in transportation, and a decrease of \$244,902 in athletics. Debt service payments to the City of Roanoke also decreased \$720,776 from the previous year.
- General revenues not identifiable to specific functions or programs totaled \$152.8 million or \$5,961,337 more than the net cost of the division's programs. Total revenues for fiscal year 2020 increased \$3.3 million from the prior year. Program revenues decreased by \$1.01 million or (1.6%) and general revenue collections increased by \$4.34 million or 2.9%. The change in general revenue collection consisted of an increase in revenues from the state aid not restricted to specific programs of \$4.49 million or 7.1% from the prior year.
- The acquisitions of capital assets are reported in the governmental funds as expenditures. However, for governmental activities, those costs are shown as capital assets in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. Net capital assets, accordingly, increased by \$15,294,628, the amount by which capital asset purchases in the current period exceeded depreciation expense and the net book value of capital assets disposed. Net capital asset increase of \$15,294,628 (additions of \$16,231,597 less retirements of \$304,939) were offset by a net increase in accumulated depreciation for the year of \$632,030.
- The compensated absences liability increased by \$128,105.

Revenues and Expenses Summaries – Governmental Activities:

Revenues by Source – Governmental Activities:

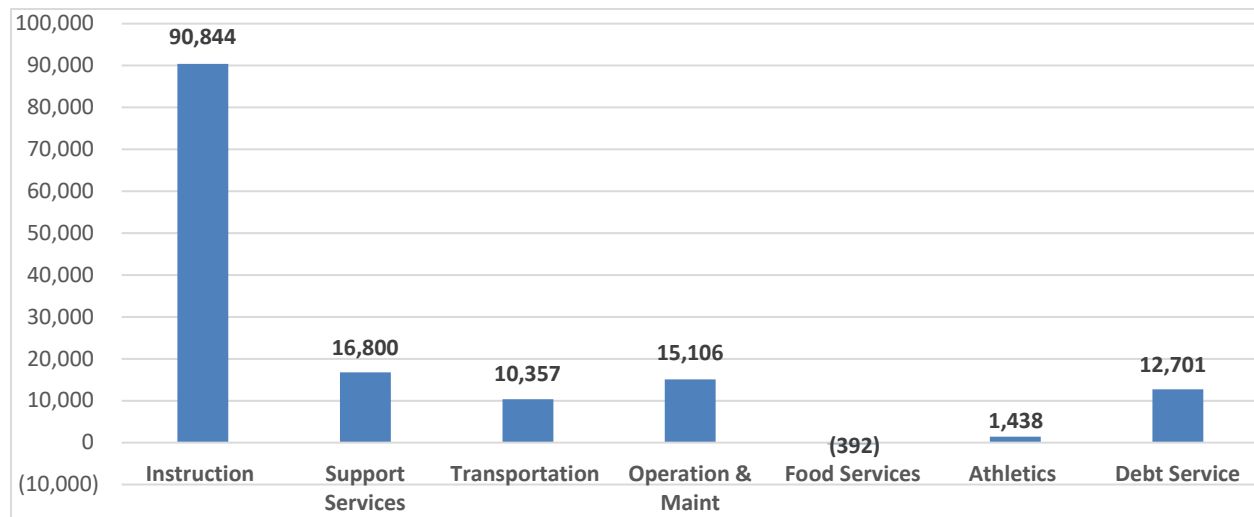


**The School Board of the City of Roanoke, Virginia's
Summary of Changes in Net Position**

**Governmental Activities
Net Cost of Programs - Governmental Activities (In Thousands):**

	Year Ended June 30,	
	2020	2019
Revenues:		
Program Revenues:		
Charges for services	\$ 7,072,499	\$ 7,088,317
Operating grants and contributions	54,455,142	55,453,563
General Revenues:		
Payments from the City of Roanoke	83,439,689	83,368,789
State aid not restricted to specific programs	68,084,321	63,594,864
Interest Income on Investments	334,654	428,310
Other(Miscellaneous on Exhibit 2)	956,322	1,080,634
Total Revenues	214,342,627	211,014,477
Expenses:		
Instruction	142,783,571	138,139,038
Support Services	16,876,989	16,127,643
Transportation	10,356,563	11,424,031
Operation & Maintenance of Plant	15,105,541	16,918,649
Food Services	8,951,186	8,795,164
Athletics	1,606,698	1,863,136
Payments for Debt Service	12,700,743	13,244,672
Total Expenses	208,381,291	206,512,333
Change in net position	5,961,336	4,502,144
Net position - Beginning of year	(113,034,654)	(117,536,798)
Net position - End of year	\$ (107,073,318)	\$ (113,034,654)

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



Financial Analysis of the Governmental Funds

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

Governmental Fund – The focus of the School Board's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School Board's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the School Board's total governmental funds reported an ending fund balance of \$30,731,707, an increase of \$7,484,034 in comparison with the prior year. Of the ending fund balance, \$4,835,968 was restricted, \$288,947 was non-spendable, \$750,000 was committed, \$3,954,557 was assigned, and \$20,902,236 was unassigned.

The general fund is the chief operating fund of the School Board. At the end of the current fiscal year, total fund balance of the general fund was \$26,772,980. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. The fiscal year 2020 total fund balance represents 14.6% of total general fund expenditures, compared to the prior year total fund balance which represented 11.3% of total general fund expenditures.

The fund balance of the School Board's general fund increased \$7,271,693 during the current fiscal year, substantially less than the budgeted decrease of \$6.2 million. Key factors in this change are as follows:

- Expenditures exceeded revenues (excluding transfers) by \$7,295,442 or approximately (4.1%) of total revenues. Revenues were higher than budget by \$1.5 million. Expenditures were less than the budget due to a variety of reduced costs in fiscal year 2019 including lower than anticipated personnel and benefits costs, and increased grant funding to cover extended school year programs. Overall expenditures were \$3.6 million less than what was budgeted. This increase in expenditures and revenue was largely due to the receipt of capital lease loan proceeds and the related expenditures. Loan proceeds totaled \$17,000,000 and related expenditures totaled \$13,722,671. Another key factor contributing to the overall increase in fund balance is due to the COVID-19 state mandated school closures which resulted in less expenditures during the year than were budgeted.
- Transfers to the school grants fund for program local match funds, in the amount of \$3,747,432 reflect the commitment of the School Board to pursue grants and other special revenue sources that enhance the educational programs of the division.

The food service fund balance reflects an increase of revenues over expenditures (excluding transfers) of \$512,342. The increase is largely related to increased funding and less spending as a result of the COVID-19 state mandated school closures. Revenues were higher than budget by \$276,000. Expenditures were less than budget by \$512,000.

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

Capital Asset Administration

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

The School Board's investment in capital assets for its governmental activities as of June 30, 2020, totaled \$6,620,465 (net of accumulated depreciation). The investment in capital assets includes equipment and building improvements. The total increase in the School Board's gross balance of capital assets for the current fiscal year was \$16,231,597, netted against the retirement of assets with a net book value of \$15,172 and depreciation expense for the year of \$921,797, resulting in a net increase in capital assets of \$15,294,628. More detailed information about capital assets can be found in Notes I-D-3, II, and III-C of the basic financial statements.

Requests for Information

This financial report is designed to provide a general overview of the School Board's finances for all those with an interest in the School Board's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Superintendent for the School Board of the City of Roanoke, Virginia, P.O. Box 13145, Roanoke, Virginia, 24031, and telephone number (540) 853-2381.

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

Exhibit 1

**THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
Statement of Net Position
June 30, 2020**

<u>Assets</u>	<u>Governmental Activities</u>
Cash:	
Cash and Cash Equivalents	\$ 17,488,504
Cash (restricted for Capital Leases)	4,835,968
Accounts Receivable	405,245
Restricted:	
Due From City of Roanoke	10,979,183
Due From Other Governments	12,747,940
Prepays and Other Assets	905,144
Net Pension and Other Post Employment Benefit Assets	1,223,861
Capital Assets, net	18,784,497
Total Assets	<u>67,370,342</u>
 <u>Deferred Outflows of Resources</u>	
Deferred outflows related to Pensions and Other Post Employment Benefits (Note III. J.)	29,615,538
	<u>29,615,538</u>
 <u>Liabilities</u>	
Accounts Payable and Accrued Expenses	8,760,468
Unearned Revenue	1,264,279
Claims Payable and Long-Term Liabilities Due Within One Year	6,568,639
Long-Term Liabilities Due in More Than One Year:	
Notes Payable	16,728,500
Workers' Compensation	624,951
Compensated Absences Payable	2,427,014
 Net Pension and Other Post Employment Benefits liability (Note III. J.)	 152,702,190
 Total Liabilities	 <u>189,076,041</u>
 <u>Deferred Inflows of Resources</u>	
Deferred inflows related to Pensions and Other Post Employment Benefits (Note III. J.)	14,983,157
	<u>14,983,157</u>
 <u>Net Position</u>	
Net Investment in Capital Assets	6,620,465
Restricted - Pension and Other Post Employment Benefit Assets	1,223,861
Unrestricted	(114,917,644)
Total Net Position	<u>\$ (107,073,318)</u>

See accompanying notes to the basic financial statements.

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
Statement of Activities
For the Year Ended June 30, 2020

Functions	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
				Governmental Activities
Instruction:				
Regular Instruction	\$ (82,672,090)	\$ 67,365	\$ 27,111,117	\$ (55,493,608)
Special Education	(33,944,545)	5,777,885	13,488,258	(14,678,402)
Vocational Instruction	(3,591,753)	-	1,047,318	(2,544,435)
Gifted	(1,501,977)	636,525	994,629	129,177
Guidance	(5,116,898)	-	874,684	(4,242,214)
Media Services	(1,073,514)	-	726,647	(346,867)
School Administration	(11,716,481)	-	-	(11,716,481)
District-Wide Instructional Programs	(3,166,313)	-	1,215,108	(1,951,205)
Support Services:				
Administration	(14,453,252)	14,854	-	(14,438,398)
Attendance and Health Services	(2,423,737)	-	62,000	(2,361,737)
Transportation	(10,356,563)	-	-	(10,356,563)
Operation & Maintenance of Plant	(15,105,541)	-	-	(15,105,541)
Food Services	(8,951,186)	407,538	8,935,381	391,733
Athletics	(1,606,698)	168,332	-	(1,438,366)
Debt Service - Capital Lease	(176,847)	-	-	(176,847)
Debt Service - City of Roanoke	(12,523,896)	-	-	(12,523,896)
Total Governmental Activities	<u>\$ (208,381,291)</u>	<u>\$ 7,072,499</u>	<u>\$ 54,455,142</u>	<u>(146,853,650)</u>
General Revenues:				
				83,439,689
				68,084,321
				956,322
				334,654
Total General Revenues				<u>152,814,986</u>
Change in Net Position				5,961,336
Net Position - Beginning of Year				<u>(113,034,654)</u>
Net Position - End of Year				<u>\$ (107,073,318)</u>

See accompanying notes to the basic financial statements.

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2020

<u>Assets</u>	<u>General Fund</u>	<u>Food Service Fund</u>	<u>School Grants Fund</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and Cash Equivalents	\$ 14,028,267	\$ 3,460,237	\$ -	\$ 17,488,504
Cash (restricted for capital leases)	4,835,968	-	-	4,835,968
Accounts Receivable	400,530	-	4,715	405,245
Due From City of Roanoke	10,976,438	2,745	-	10,979,183
Due From Other Governments	2,146,146	818,167	9,783,627	12,747,940
Due From Other Funds	7,998,078	-	-	7,998,078
Prepays and Other Assets	284,776	4,171	-	288,947
Total Assets	<u>\$ 40,670,203</u>	<u>\$ 4,285,320</u>	<u>\$ 9,788,342</u>	<u>\$ 54,743,865</u>
<u>Liabilities, Deferred Inflows and Fund Balances</u>				
Liabilities:				
Accounts Payable and Accrued Expenditures	\$ 7,992,824	\$ 289,976	\$ 477,668	\$ 8,760,468
Claims Payable	5,319,092	36,616	48,317	5,404,025
Due to Other Funds	-	-	7,998,078	7,998,078
Unearned Revenue	-	-	1,264,279	1,264,279
Total Liabilities	<u>13,311,916</u>	<u>326,592</u>	<u>9,788,342</u>	<u>23,426,850</u>
Deferred Inflows:				
Unavailable Revenue	585,307	-	-	585,307
Total Deferred Inflows	<u>585,307</u>	<u>-</u>	<u>-</u>	<u>585,307</u>
Fund Balances:				
Non-spendable:	284,776	4,171	-	288,947
Restricted:				
Restricted for SNAP Performance Contract	4,835,968	-	-	4,835,968
Committed:				
Committed for Workers' Compensation	500,000	-	-	500,000
Committed for Transportation Sinking Fund	250,000	-	-	250,000
Assigned:	-	3,954,557	-	3,954,557
Unassigned:	20,902,236	-	-	20,902,236
Total Fund Balances	<u>26,772,980</u>	<u>3,958,728</u>	<u>-</u>	<u>30,731,708</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 40,670,203</u>	<u>\$ 4,285,320</u>	<u>\$ 9,788,342</u>	
Amounts reported for governmental activities in the statement of net position are different due to:				
Receivables on the Statement of Net Position that do not provide current financial resources are reported as unavailable revenues in the funds.				585,307
Capital assets used in governmental activities are not current financial resources				18,784,497
Capital Lease Payable				(17,000,000)
Capital Lease				
The following three reconciling items are not due and payable in the current period and therefore are not reported in the funds.				
Compensated absences payable				(3,320,128)
Workers' compensation claims payable - long term portion is not due and payable in the current period, and therefore, is not reported as a liability in the governmental funds.				(624,951)
Other assets				616,197
Pensions and Other Post Employment Benefits are applicable to future periods and, therefore, are not reported in the funds.				
Net Pension and Other Post Employment Asset				1,223,861
Net Deferred outflows related to pensions and other post employment benefits				29,615,538
Net Deferred inflows related to pensions and other post employment benefits				(14,983,157)
Net pension and other post employment liability				<u>(152,702,190)</u>
				(136,845,948)
Net position of governmental activities				<u>\$ (107,073,318)</u>

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	General Fund	Food Service Fund	School Grants Fund	Total Governmental Funds
Revenues:				
Investment Income	\$ 334,654	\$ -	\$ -	\$ 334,654
Intergovernmental:				
City of Roanoke	83,048,279	-	-	83,048,279
Commonwealth of Virginia	91,934,851	243,021	7,801,222	99,979,094
Federal Government	-	8,692,360	13,834,055	22,526,415
Other Agencies	-	-	671,300	671,300
Charges for Services	82,219	512,751	5,777,885	6,372,855
Athletics	174,832	-	-	174,832
Miscellaneous	835,037	-	8,752	843,789
Total Revenues	<u>176,409,872</u>	<u>9,448,132</u>	<u>28,093,214</u>	<u>213,951,218</u>
Expenditures:				
Current - Education:				
Instruction	114,995,005	-	29,198,944	144,193,949
Administration, Technology, Attendance & Health	13,794,269	-	1,390,077	15,184,346
Transportation	10,338,749	-	-	10,338,749
Operation & Maintenance of Plant	30,275,470	-	236,239	30,511,709
Food Services	-	8,935,790	-	8,935,790
Athletics	1,601,077	-	820	1,601,897
Payments for Debt Service - Capital Lease	176,847	-	-	176,847
Payments for Debt Service - City of Roanoke	12,523,896	-	-	12,523,896
Total Expenditures	<u>183,705,313</u>	<u>8,935,790</u>	<u>30,826,080</u>	<u>223,467,183</u>
Revenues Over (Under) Expenditures	<u>(7,295,441)</u>	<u>512,342</u>	<u>(2,732,866)</u>	<u>(9,515,965)</u>
Other Financing Sources (Uses):				
Proceeds from Capital Lease Obligation	17,000,000	-	-	17,000,000
Transfers From Other Funds	1,314,566	-	3,747,432	5,061,998
Transfers To Other Funds	(3,747,432)	(300,000)	(1,014,566)	(5,061,998)
Other Financing Sources (Uses), Net	<u>14,567,134</u>	<u>(300,000)</u>	<u>2,732,866</u>	<u>17,000,000</u>
Net Change in Fund Balances	7,271,693	212,342	-	7,484,035
Fund Balances, Beginning of Year	<u>19,501,288</u>	<u>3,746,385</u>	<u>-</u>	<u>23,247,673</u>
Fund Balances, End of Year	<u>\$ 26,772,980</u>	<u>\$ 3,958,728</u>	<u>\$ -</u>	<u>\$ 30,731,708</u>
Net Change in Fund Balances				\$ 7,484,035
Amounts reported for governmental activities in the Statement of Activities are different due to:				
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.				391,410
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown as capital assets in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which purchases in the current period exceeded capital asset depreciation expense and losses on disposal.				15,294,628
The issuance of capital leases provides current financial resources to governmental funds. This transaction has no effect on net position.				(17,000,000)
Increase in compensated absences payable reported in the Statement of Activities, represent a use of current financial resources and therefore are reported as expenditures in governmental funds. Amounts were previously recorded in the statement of activities.				(128,105)
Governmental funds report employer pension contributions and other postemployment benefits as expenditures. However, in the statement of activities the cost of these benefits earned, net of employee contributions, is reported as an expense.				
Employer pension and other post employment contributions			14,679,313	
Net Pension and Other Post Employment Benefits Expense			<u>(15,015,888)</u>	(336,575)
Decreases in long-term Worker's Compensation do not represent a use of current financial resources, and therefore, are not reported in governmental funds.				<u>255,943</u>
Change in net position of governmental activities				<u>\$ 5,961,336</u>

See accompanying notes to the basic financial statements.

**THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
Statement of Fiduciary Assets and Liabilities
June 30, 2020**

	<u>Agency Fund</u>
<u>Assets</u>	
Cash and Cash Equivalents	\$ 1,174,268
<u>Liabilities</u>	
Accounts Payable	\$ 115,629
Due to Students	1,058,640
Total Liabilities	\$ 1,174,268

See accompanying notes to the basic financial statements.

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
Notes to the Basic Financial Statements
June 30, 2020

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

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

B. Government-wide and Fund Financial Statements.

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Individually major governmental funds are reported as separate columns in the fund financial statements.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The fiduciary fund financial statements of the student activity funds are reported on an accrual basis.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School Board considers non-grant related revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

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

Agency fiduciary funds are unlike all other types of funds, reporting only assets and liabilities, and are reported on the accrual basis.

The School Board reports the following major governmental funds:

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

The *Food Service Fund* is a special revenue fund that accounts for the proceeds of specific revenue sources, legally restricted to the operation of the school food service program. The primary source of funding comes from the National School Lunch Program and the School Breakfast Program as provided by the Federal Government and the majority of the remaining funds come from operational receipts.

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

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

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

Additionally, the School Board reports the following funds:

The *School Activity Fiduciary Funds* account for assets held by the twenty-four Roanoke City Public Schools, the vocational school (Gibboney), the Roanoke Valley Regional Governor's School, the Noel C. Taylor Learning Academy, Forest Park Academy and the Adult Education program. These agency funds are custodial in nature, and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting.

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

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

1. *Deposits and Investments.*

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

2. *Due to/from Other Governments and Other Funds.*

Transactions between funds and other entities that are representative of the recognition of revenues or expenditures are referred to as "due to/from" the other funds or entities. "Other Funds" are funds managed by the School Board. "Other Governments" can include the Federal Government, the Commonwealth of Virginia (Commonwealth), or school divisions other than the City of Roanoke. Amounts due to the General Fund from the Grants Fund at June 30, 2020 are \$7,998,078. There are no other amounts due to or from any other fund.

3. *Capital Assets.*

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

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

Pursuant to the Roanoke City Charter, all real estate, including buildings and improvements thereon, financed (or otherwise acquired) by debt issued by the City for the purpose of public education is the property of the City of Roanoke. The buildings range in age from 8 to 96 years and it is the school board's responsibility to maintain and upgrade the buildings as needed. An annual five-year capital plan is approved by the School Board and the Roanoke City Council every year to identify the structures that need improvements or require replacement.

4. *Compensated Absences Payable.*

It is the School Board's policy to permit employees to accumulate earned but unused compensated absences including vacation and sick leave. For government-wide financial reporting, a liability is recorded for compensated absences and salary-related benefits (the School Board's share of Social Security) when services are rendered and employees have earned the right to receive compensation for such services. Sick leave is payable for employees who retire or resign with ten years of benefited service with the School Board. The maximum unused sick leave days that can be paid out are 180. An estimate of the sick leave liability has been included with compensated absences based on current accumulated sick leave and

management's estimate of those employees who will ultimately receive this payout. The liability for compensated absences will be liquidated through the general fund as a function of payroll.

Liabilities for compensated absences are not liquidated until leave is actually taken by employees or leave balances are paid upon termination. Accordingly, no expenditure is reported in the governmental fund statements for compensated absences until they are due for payment. Current (amounts expected to be paid within one year) and non-current portions of compensated absences totaling \$3,320,128 are recorded for governmental activities in the entity-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

5. *Workers' Compensation Claims Payable*

In the fund financial statements, an actuarial estimate of the School Board's short-term liability for workers' compensation claims of \$766,953 is included as a component of claims payable. The remaining \$624,951 is deemed non-current and included as part of fund balance committed for workman's compensation claims, and a liability in the statement of net position. The liability for claims payable will be liquidated through the general fund as a function of human resources.

6. *Unearned Revenue*

Unearned revenue represents revenue that is initially recorded as a liability but is expected to become an asset over time and/or through normal operations, such as a payment that has been received for work that has not yet been performed. Total unearned revenue at June 30, 2020 was \$1,264,279 which was for the School Grants Fund.

7. *Deferred Inflows and Outflows*

In addition to assets, the statements that present net position report a separate section for deferred outflows of resources. These items represent a consumption of net position that applies to future periods and so will *not* be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statements that present financial position reports a separate section for deferred inflows of resources. These items represent an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time.

8. *Pensions and Other Postemployment Benefits(OPEB):.*

For purposes of measuring all financial statement elements related to pension and OPEB plans, information about the fiduciary net position of the School Board's Plans and the additions to/deductions from the School Board's Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The liability for pensions and OPEB will be liquidated through the general fund as a function of payroll.

9. *Prepays*

Prepays represent payments made during a fiscal year which apply to benefits to be received in a subsequent fiscal year. Prepaid expenses are assets which are gradually consumed or used over time. The items recorded as prepaid expenses are usually regularly recurring costs of operations. For example, prepaid rent and unexpired insurance premiums, including excess workers' compensation insurance premiums, comprehensive liability and fire insurance premiums, are items classified as prepaids. The School Board utilizes the consumption method of accounting for prepaid items.

10. *Fund Balances and Net Position.*

Fund Balances

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

The classifications are as follows:

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

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

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

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

Unassigned – Amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board establishes fund balance commitments by passage of a resolution. This is typically done in conjunction with adoption and amendment of the budget. Assigned fund balance is established by the Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

Restricted Amounts

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

Minimum Fund Balance Policy

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

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Management's policy is to cancel all open purchase orders at June 30th each year. Orders will then be reissued if necessary during the new fiscal year. Therefore, no encumbrances of fund balance exist as of June 30, 2020.

E. Intergovernmental Revenue

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

F. Interfund Transactions

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

G. Use of Estimates

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

H. Tax Status

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

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

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

One element of that reconciliation explains that "the acquisitions of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown as capital assets in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital asset purchases in the current period exceeded depreciation expense and the net book value of capital assets disposed". The details of this \$15,294,628 difference are as follows:

	Capital Outlay	Depreciation Expense	Net Book Value of Assets Disposed	Net Change in Capital Assets
Regular Instruction	\$ 136,418	\$ (230,905)	\$ (14,064)	\$ (108,551)
Administration	219,180	(306,944)	(1,108)	(88,872)
Transportation	264,597	(31,663)	-	232,934
Operation/Maintenance	15,611,402	(352,285)	-	15,259,117
	<u>\$ 16,231,597</u>	<u>\$ (921,797)</u>	<u>\$ (15,172)</u>	<u>\$ 15,294,628</u>

Another element of that reconciliation states that certain liabilities (compensated absences and workers' compensation) reported in the statement of activities, do not represent a use of current financial resources and, therefore, are not reported as expenses in governmental funds. The details of this \$(204,512) difference are as follows:

	Compensated Absences	Workers' Compensation	Total
Liability as of June 30, 2020	\$ 3,320,128	\$ 1,391,904	\$ 4,712,032
Liability as of June 30, 2019	3,192,023	1,724,521	4,916,544
Current Year Increase (Decrease)	<u>\$ 128,105</u>	<u>\$ (332,617)</u>	<u>\$ (204,512)</u>

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

A. Deposits and Investments

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

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

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

As of June 30, 2020, the School Board's investments, with their respective credit ratings, were as follows:

Investment Type	Credit Rating
Virginia LGIP	AAAm

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

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

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

	Investment Maturity	
	Fair Value	Less than 1 year
Virginia LGIP	\$ 11,776,928	\$ 11,776,928
TOTAL	<u>\$ 11,776,928</u>	<u>\$ 11,776,928</u>

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

Commercial Paper: Shall be rated by the Moody's Investors Service, Inc. (Moody's) of prime 1 and by Standard & Poor's Inc. (S & P), with a rating of A-1.

Corporate and Municipal Bonds: High quality corporate notes with a rating of at least Aa by Moody's and a rating of at least AA by S & P.

Banker's Acceptances: Must have a rating of B/C or better in the Keefe, Bruyette & Woods, Inc. ratings.

Savings Accounts, Certificates of Deposit, Demand and Time Deposits: Shall not exceed the maximum Security for Public Deposits Act.

Obligations of the Commonwealth: Those unconditionally guaranteed as to payment by the Commonwealth of Virginia.

Obligations of the United States, etc.: Those unconditionally guaranteed as to payment by the United States.

Repurchase Agreements: Collateralized by United States Treasury agency securities, shall at all times be no less than 110% of the value of term and open repurchase agreements and 102% of the value of overnight repurchase agreements.

As of June 30, 2020 the School Board had the following cash and investments:

Cash	\$ 8,674
Deposits	6,877,170
Virginia LGIP	11,776,928
Virginia SNAP Restricted Cash	4,835,968
Total Cash and Investments	<u>\$ 23,498,740</u>
Statements of net position:	
Cash and cash equivalents	\$ 17,488,504
Restricted Cash	4,835,968
Fiduciary fund cash and cash equivalents	1,174,268
Total Cash and Investments	<u>\$ 23,498,740</u>

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

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

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

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

Custodial Credit Risk - Deposits. Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et.seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

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

As of June 30, 2020, 100.0 percent of the School Board's investment portfolio was invested in the Virginia LGIP.

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

B. Due from Other Governments

Due from other governments as of June 30, 2020 for the School Board's individual major funds is as follows:

	<u>General</u>	<u>Food Service</u>	<u>School Grants</u>	<u>Total</u>
Commonwealth of Virginia	\$ 2,146,146	\$ -	\$ -	\$ 2,146,146
Federal Government	-	818,167	9,783,627	10,601,794
City of Roanoke	10,976,438	2,745	-	10,979,183
Totals	<u>\$ 13,122,584</u>	<u>\$ 272,247</u>	<u>\$ 10,032,584</u>	<u>\$ 23,727,123</u>

C. Capital Assets

Capital asset activity for the year ended June 30, 2020 is as follows:

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
Capital Assets (not depreciated):				
Construction in Progress	\$ -	\$ 10,211,668	\$ -	\$ 10,211,668
Capital Assets (depreciated)				
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
Total	<u>\$ 8,648,899</u>	<u>\$ 6,019,929</u>	<u>\$ 304,939</u>	<u>\$ 14,363,889</u>
Less:				
Accumulated Depreciation	(5,159,030)	(921,797)	289,767	(5,791,060)
Governmental activities, net	<u>\$ 3,489,869</u>	<u>\$ 15,309,800</u>	<u>\$ 15,172</u>	<u>\$ 18,784,497</u>

Depreciation expense and accumulated depreciation was allocated as follows:

	Balance			Balance
Depreciation per class:	June 30, 2019	Additions	Deletions	June 30, 2020
Instruction	\$ (2,247,930)	\$ (230,905)	\$ 77,344	\$ (2,401,491)
Administration	(1,587,882)	(306,944)	139,896	(1,754,930)
Transportation	(61,231)	(31,663)	-	(92,894)
Maintenance	(1,261,987)	(352,285)	72,527	(1,541,745)
Accumulated Depreciation	\$ (5,159,030)	\$ (921,797)	\$ 289,767	\$ (5,791,060)

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

D. Transfers

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

Inter-fund Transfers consisted of the following for the year ended June 30, 2020:

From:	To General Fund	To School Grants	Total
General Fund	\$ -	\$ 3,747,432	\$ 3,747,432
Food Service	300,000	-	300,000
School Grants	1,014,566		1,014,566
	\$ 1,314,566	\$ 3,747,432	\$ 5,061,998

E. Accounts Payable and Accrued Expenditures

The composition of accounts payable and accrued expenditures as of June 30, 2020, is as follows:

	General	Food Service	School Grants	Total
Accrued Payroll	\$ 249,331	\$ -	\$ 33,356	\$ 282,687
Payroll Withholdings	331,215	3,118	215,488	549,821
Accounts Payable	7,412,278	286,858	228,824	7,927,960
Totals	\$ 7,992,824	\$ 289,976	\$ 477,668	\$ 8,760,468

F. Notes Payable

On December 6, 2019, the School Board entered into a \$17,000,000 lease purchase agreement with TD Equipment Finance, Inc. to purchase energy saving equipment for the district. Bi-annual payments starting at \$136,000 including principal and interest at 2.14% 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 \$76,622.65 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 \$176,847.22. Principal payments on the note are due as follows:

June 30, 2021	\$ 271,500
June 30, 2022	876,000
June 30, 2023	894,500
June 30, 2024	956,000
June 30, 2025 and thereafter	14,002,000

G. Claims Payable

As of June 30, 2020, the composition of claims payable includes amounts held to pay current health insurance and workers' compensation claims is as follows:

	General	Food Service	School Grants	Total
Health Insurance	\$ 4,594,471	\$ 6,423	\$ -	\$ 4,600,894
Workers' Compensation	724,621	30,193	48,317	803,131
	<u>\$ 5,319,092</u>	<u>\$ 36,616</u>	<u>\$ 48,317</u>	<u>\$ 5,404,025</u>

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

H. Compensated Absences Payable

The change in compensated absences payable is summarized below:

Balance June 30, 2019	\$ 3,192,023
Increases	5,878,133
Decreases	<u>(5,750,028)</u>
Balance June 30, 2020	\$ 3,320,128
Amount Due within one year	<u>(893,114)</u>
Balance in LT June 30, 2020	<u>\$ 2,427,014</u>

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

I. Fund Balances

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

The restricted portion of fund balance in the general fund is \$4,835,968 and represents unspent proceeds from the capital lease.

The non-spendable portion of fund balance in the general fund is \$284,776.

The non-spendable portion of fund balance in the food service fund is \$4,171.

Commitments at June 30, 2020, consist of the following:

General Fund:

- 1) \$500,000 for long-term worker's compensation claims.
- 2) \$250,000 for transportation sinking fund

Assignments at June 30, 2020, consist of the following:

Food Service Fund:

\$3,954,557 for the operational activities of the fund

J. Summary of Pension and Other Postemployment Benefit Elements

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

	Pensions		Other Post Employment Benefits
Net pension asset		Net OPEB asset	
Non-Teachers VRS Multi Employer	1,207,418	VRS HIC, Non-Teachers	16,443
Total net pension asset	1,207,418	Total net OPEB asset	16,443
Deferred outflows of resources - Related to Pensions		Deferred outflows of resources - OPEB	
Teachers VRS Cost Sharing	26,247,393	VRS GLI	1,534,016
Non-Teachers VRS Multi Employer	227,914	VRS HIC, Teachers	1,335,183
City of Roanoke Pension	260,523	VRS HIC, Non-Teachers	10,509
Total deferred outflow of resources - Pensions	26,735,830	Total deferred outflow of resources - OPEB	2,879,708
Net pension liability		Net OPEB liability	
Teachers VRS Cost Sharing	129,942,187	VRS GLI	7,365,000
Non-Teachers VRS Multi Employer	-	VRS HIC, Teachers	12,919,000
City of Roanoke Pension	2,476,003	VRS HIC, Non-Teachers	-
Total net pension liability	132,418,190	Total net OPEB liability	20,284,000
Deferred inflows of resources - Related to Pensions		Deferred inflows of resources - OPEB	
Teachers VRS Cost Sharing	13,084,557	VRS GLI	653,000
Non-Teachers VRS Multi Employer	78,191	VRS HIC, Teachers	388,000
City of Roanoke Pension	775,151	VRS HIC, Non-Teachers	4,258
Total deferred inflow of resources - Pensions	13,937,899	Total deferred inflow of resources - OPEB	1,045,258
Net pension expense		Net OPEB expense	
Teachers VRS Cost Sharing	14,078,499	VRS GLI	152,000
Non-Teachers VRS Multi Employer	35,327	VRS HIC, Teachers	1,026,000
City of Roanoke Pension	(417,596)	VRS HIC, Non-Teachers	2,685
Total net pension expense	13,696,230	Total net OPEB expense	1,180,685

IV. Other Information

A. Defined Benefit Pension Plans

General Information about the Teacher Cost Sharing Pool

Plan Description

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

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

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

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 employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division 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 division 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 division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was .98736% as compared to .99297% at June 30, 2018.

For the year ended June 30, 2020, the school division 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.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 8,320,747
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	\$ 26,247,393	\$ 13,084,557

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,	Increase (Reduction) to Pension Expense
2021	\$ (112,201)
2022	(2,979,969)
2023	592,210
2024	1,814,437
2025	978,028

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 49,683,336
Plan Fiduciary Net Position	36,522,769
Employers' Net Pension Liability (Asset)	<u>\$ 13,160,567</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1.00% Decrease Rate (5.75%)	Current Discount Rate (6.75%)	1.00% Increase Rate (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement plan net pension liability	<u>\$ 195,619,442</u>	<u>\$ 129,942,187</u>	<u>\$ 75,639,261</u>

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (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.

Defined Benefit Pension Plan – Nonprofessional Employees

Plan Description

All full-time, salaried permanent non-professional employees (non-teachers) of the Roanoke School Board, (the "School division") are automatically covered by the VRS Retirement Plan upon employment. This multi-employer agent plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service. The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. The plan provisions and features of the plans, as well as all actuarial assumptions, are substantially the same as those referenced for the Teacher Cost Sharing Pool. The specific information for each plan and the eligibility for covered groups within each plan are available at

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

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 school division'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.

Contributions to the pension plan from the school division were \$105,180 and \$109,376 for the years ended June 30, 2020 and June 30, 2019, respectively.

Changes in Net Pension Asset

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Asset (a) – (b)</u>
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
Differences 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)

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
School division's net pension liability	<u>\$ (836,559)</u>	<u>\$ (1,207,418)</u>	<u>\$ (1,495,740)</u>

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 54,203	\$ 32,888
Change in assumptions	64,335	7,863
Net difference between projected and actual earnings on 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 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,	Increase (Reduction) to Pension Expense
2021	\$ 11,313
2022	25,927
2023	2,289
2024	818
2025	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (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.

City of Roanoke Pension Plan

Plan Description

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

The Pension Plan was established by the City on July 1, 1946 and currently consists of 39 participants. The responsibility for the general administration and proper operation of the Plan is vested in the Board of Trustees. City Council appoints the nine-member Board. The Board consists of the Mayor, City Manager (or his designee), and the Director of Finance, all of whom serve as ex-officio members, two non-member citizen trustees, who must have experience in the investment of institutional funds or pension administration, one member trustee, who must be an employee of the City's Police or Fire departments, one member trustee who is a City employee other than Police or Fire, one member trustee, who is employed by one of the Plan's other participating employers, and one retired member trustee.

The Plan is established under authority of City Council and is governed by, and administered in accordance with, Chapter 22.3, Pensions and Retirement, of the Code of the City of Roanoke (as amended). City Council maintains the authority to establish or amend the provisions of this Chapter.

As of July 1, 1984, the Plan changed its name from Employees' Retirement System (ERS) of the City of Roanoke, Virginia to the City of Roanoke Pension Plan and incorporated a provision for an Employees' Supplemental Retirement System (ESRS) which modified certain benefits as defined by ERS. As disclosed in the letter of transmittal, all Plan related administrative and benefit provisions are established by City ordinance, as contained in Chapter 22.3 of the Code of the City of Roanoke. The Plan maintains a single trust from which ERS and ESRS benefits and all Plan expenses are paid.

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

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

Employees who are members of the ESRS with 5 years or more of credited service and age 65 or over, general employees who have attained age 50 with age plus service equal to 80, and police officers and firefighters who have attained age 45 with age plus service equal to 70, are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 2.1 percent of their final

average compensation for each year of credited service up to a maximum of 63 percent. Final average compensation is the employee's average salary, excluding overtime, over the highest 36 consecutive months of credited service. Employees with 5 years of credited service may retire at age 55 and receive a reduced retirement benefit. Employees may elect to receive their retirement benefits in the form of a single life annuity or a joint and survivor annuity payable monthly from retirement. If employees under age 65 terminate before rendering five years of service, they forfeit the right to receive any Pension Plan benefits. There is no mandatory retirement age.

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

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

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

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

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

Employees do not contribute to the Plan unless purchasing service. Approximately 90 days prior to the beginning of each of the City's fiscal years, the Plan files with the City Manager its certification of the appropriation necessary to pay the required contribution as certified by the actuary and such amount is included in the City's annual budget and adopted by City Council. As a governmental plan, the Plan is currently not subject to the provisions of the Employee Retirement Income Security Act (ERISA) of 1974, as amended. For the fiscal year 2020 and 2019, the annual required contribution was \$200,200 and \$222,911 respectively with a contribution rate of 12.70% in fiscal year 2020 and 14.14% in fiscal year 2019.

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, inflation plus 0.5% for national productivity plus merit (age-based)
Investment Rate of Return	7.25 percent, net of investment expenses
Cost of Living Adjustments	1.83 percent for eligible participants, based on 2/3 of assumed inflation
Mortality rates or pre-retirement and healthy annuitants were based on 125% of RP-2000 Combined Healthy Mortality for males and females with generation mortality projection using Scale AA. For people with disabilities, mortality rates were based on 70% of PBGC Disabled Mortality Table 5A for males and 90% of PBGC Disabled Mortality Table 6A for females.	

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

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan would be made based on actuarially determined contribution rates. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	Allocation Target	Weighted Contribution to Rate of Return
Equity		
US Equity	52.00%	5.20%
International Equity	22.00%	2.42%
Real Estate*	6.00%	0.42%
Fixed Income		
US Fixed Income	20.00%	1.00%
Total	100.00%	9.04%

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

	1% decrease Rate (6.25%)	Current discount Rate (7.25%)	1.00% Increase Rate (8.25%)
Net Pension Liability – June 30, 2019	\$3,584,989	\$2,476,003	\$1,539,988

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 Schools' proportion of the Collective Net Pension Liability was based on the Schools' actuarially determined employer contributions to the pension plan for the year ended June 30, 2019 relative to the total of the 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.

For the year ended June 30, 2020 the schools recognized pension expense of \$(417,596). At June 30, 2020, the Schools' proportion was 1.78181% as compared to 1.94872% at June 30, 2019.

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

	Increase (Reduction) to Pension Expense
2021	\$ (302,754)
2022	(422,389)
2023	(19,290)
2024	29,605
Thereafter	

Pension Plan Fiduciary Net Position

Detailed information about the Fiduciary Net Portion of the City's pension plan is available in the separately issued Comprehensive Annual Financial Report (CAFR). A copy of the 2020 CAFR may be obtained by writing to the City's Director of Finance at 215 Church Avenue, SW, Room 461, Roanoke, Virginia 24011.

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

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

Plan Descriptions

Group Life Insurance Program

All full-time teachers and employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

In addition to the Basic Group Life Insurance Benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance

Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>

Teacher Employee Health Insurance Credit Program

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

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

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

General Employee Health Insurance Credit Program

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

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

	Number
Inactive members or their beneficiaries currently receiving benefits	5
Inactive members:	
Vested inactive members	0
Non-vested inactive members	0
Inactive members	<u>0</u>
Total inactive members	5
Active members	<u>128</u>
Total covered employees	<u><u>133</u></u>

Contributions

Contributions to the VRS OPEB 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. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	<i>Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.</i>
Total rate:	1.31% of covered employee compensation. Rate allocated 60/40; 0.79% employee and 0.52% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2020 Contribution	\$ 473,016
June 30, 2019 Contribution	\$ 461,380

Teacher Health Insurance Credit Program

Governed by:	<i>Code of Virginia 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.</i>
Total rate:	1.20% of covered employee compensation.
June 30, 2020 Contribution	\$ 1,021,183
June 30, 2019 Contribution	\$ 993,298

General Employee Health Insurance Credit Program

Governed by:	<i>Code of Virginia 51.1-1402(E) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.</i>
Total rate:	.11% of covered employee compensation.
June 30, 2020 Contribution	\$ 5,207
June 30, 2019 Contribution	\$ 5,161

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

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

Group Life Insurance Program

	Teacher SGLI	Non-Teacher SGLI Plan 1	Non-Teacher SGLI Plan 2
June 30, 2020 proportionate share of liability	\$6,875,000	\$357,000	\$133,000
June 30, 2019 proportion	.42248 %	.02194%	.00820%
June 30, 2018 proportion	.42206 %	.01929%	.00929%
June 30, 2020 expense (income)	\$145,000	\$21,000	(\$14,000)

Teacher Health Insurance Credit Program

June 30, 2020 proportionate share of liability	\$12,919,000
June 30, 2019 proportion	0.98686%
June 30, 2018 proportion	0.99215%
June 30, 2020 expense	\$ 1,026,000

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

General Employee Health Insurance Credit Program

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

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) – (b)
Balances at June 30, 2018	\$ 34,759	\$ 55,392	\$ (20,633)
Changes for the year:			
Service cost	4,467	-	4,467
Interest	2,384	-	2,384
Changes in Benefit terms	-	-	-
Changes of assumptions	1,324		
Differences between expected and actual experience	4,849	-	4,849
Contributions – employer	-	5,161	(5,161)
Contributions – employee		-	
Net investment income	-	3,762	(3,762)
Benefit payments	(1,400)	(1,400)	-
Administrative expenses	-	(84)	84
Other changes	-	(5)	5
Net changes	11,624	7,434	4,190
Balances at June 30, 2019	\$ 46,383	\$ 62,826	\$ (16,443)

For the year ended June 30, 2020, the School Board recognized \$2,685 of OPEB expense for general employees.

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

Group Life Insurance Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 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>

Teacher Health Insurance Credit Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual 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>

General Employee Health Insurance Credit Program

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

Group Life Insurance Program

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2021	\$ 8,000
2022	8,000
2023	72,000
2024	129,000
2025	147,000
Thereafter	44,000

Teacher Health Insurance Credit Program

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2021	\$ (24,000)
2022	(24,000)
2023	(19,000)
2024	(21,000)
2025	(15,000)
Thereafter	29,000

General Employee Health Insurance Credit Program

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2021	\$ (249)
2022	(249)
2023	161
2024	176
2025	308
Thereafter	897

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date 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%
Healthcare cost trend rates:	
• Under age 65	7.25 – 4.75%
• Ages 65 and older	5.50 – 4.75%
Investment rate of return, net of expenses, including inflation*	GLI & HIC: 6.75%

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

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

Net OPEB Liabilities

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

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

	Group Life Insurance Program	Teacher Employee HIC OPEB Plan
Total OPEB Liability	\$ 3,390,238	\$ 1,438,114
Plan fiduciary net position	1,762,972	129,016
Employers' net OPEB liability (asset)	<u>\$ 1,627,266</u>	<u>\$ 1,309,098</u>
Plan fiduciary net position as a percentage of total OPEB liability	52.00%	8.97%

Long-Term Expected Rate of Return

Group Life Insurance and Health Insurance Credit Programs

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

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

- * The above allocation provides for 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 rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.5%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

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

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

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

	<u>1% decrease Rate (5.75%)</u>	<u>Current discount Rate (6.75%)</u>	<u>1.00% Increase Rate (7.75%)</u>
GLI Net OPEB liability	\$ 9,676,007	\$ 7,365,000	\$ 5,491,513
Teacher HIC Net OPEB Liability	14,458,545	12,919,000	11,611,140
General Employee HIC Net OPEB liability (asset)	(10,498)	(16,443)	(21,405)
	<u>\$ 24,124,054</u>	<u>\$ 20,267,557</u>	<u>\$ 17,081,248</u>

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (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.

C. Jointly Governed Organizations

The counties of Craig, Botetourt, and Franklin, and the cities of Roanoke and Salem jointly participate in a regional education program for severely handicapped students, operated by the Roanoke Valley Regional Board (Regional Board). The Regional Board is composed of six members, one from each participating locality. The School Board has control over budget and financing of the venture only to the extent of representation by the one board member appointed. Each locality's financial obligation is based on its proportionate share of students attending the regional program. For the fiscal year ended June 30, 2020, the School Board remitted \$6,217,531 to the Regional Board for services. The Regional Board has separately issued financial statements which can be obtained from the Regional Board, 143 Poor Farm Road, Fincastle, Virginia, 24090.

D. Pollution Remediation Obligation

In accordance with GASB No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, The School Board is obligated to address pollution remediation activities associated with normal repair and maintenance activities. As of June 30, 2020 we had contracts for ongoing asbestos monitoring, annual walkthroughs, permit review and sampling. The total obligation for the remaining portion of these contracts is \$0. During fiscal year 2020, RCPS expended \$58,602 for pollution remediation of certain environmental products including paints, solvents and cleaners and asbestos monitoring which is included in amounts shown for Operation and Maintenance of Plant on both the district-wide Statement of Activities (exhibit 2) and the governmental Statement of Revenues, Expenditures, and Changes in Fund Balances (exhibit 4). Management is not aware of any obligation related to removal or disposal of any other paints, chemicals, cleaning fluids, etc., other than those items already properly removed and disposed.

E. Risk Management

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

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

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

	Healthcare Claims	Workers' Compensation	Total
Fiscal Year 2019-20:			
Claims liability at July 1	\$ 5,039,134	\$ 1,724,521	\$ 6,763,655
Claims incurred (including IBNR and changes in estimates)	19,287,929	66,264	19,354,193
Claim payments	(19,689,992)	(398,882)	(20,088,873)
Claims liability at June 30	4,637,071	1,391,904	6,028,975
Due and payable within one year	4,637,071	766,953	5,404,024
Long-term payable	\$ -	\$ 624,951	\$ 624,951
Fiscal Year 2018-19:			
Claims liability at July 1	\$ 5,096,656	\$ 2,855,262	\$ 7,951,918
Claims incurred (including IBNR and changes in estimates)	22,232,093	(36,230)	22,195,863
Claim payments	(22,289,615)	(1,094,511)	(23,384,126)
Claims liability at June 30	5,039,134	1,724,521	6,763,655
Due and payable within one year	5,039,134	843,627	5,882,761
Long-term payable	\$ -	\$ 880,894	\$ 880,894

F. Contingent Liabilities

Grants

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

Litigation

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

Contract Renewal

On September 10, 2013, the School Board entered into a contract renewal with Mountain Valley Transportation, Inc. commencing July 1, 2014 continuing through June 30, 2019 whereby Mountain Valley continued to provide student transportation services. The contract with Mountain Valley ended on August 2, 2019 and was not renewed.

Total net payments to Mountain Valley Transportation during fiscal year 2020 and 2019 were \$2,007,344 and \$10,995,078 respectively.

On July 1, 2019, the School Board entered into a contract with Durham School Services to provide transportation services, commencing on July 1, 2019 and continuing through June 30, 2024. This contract can be renewed for an additional five-year period. During fiscal year 2020, net payments to Durham School Services were \$8,447,095 for contracted services and \$500,000 for unanticipated costs over and above the contracted services. The School Board is negotiating changes to the existing contract that are expected to include additional anticipated costs of approximately \$1.0 million.

On April 4, 2016, the School Board entered into a contract with SodexoMagic, LLC commencing April 4, 2016 and continuing through June 30, 2016 whereby SodexoMagic, LLC would provide management of school food programs. The parties could renew the agreement up to four additional one year terms beginning July 1, 2016. Due to the circumstances surrounding COVID-19 which prevented a competitive bid from being achieved, the contract was extended for one year beginning on July 1, 2020 and ending on June 30, 2021.

Total net payments to SodexoMagic, LLC during fiscal year 2020 and 2019 were \$8,106,507 and \$8,629,574 respectively. Future payments to SodexoMagic, LLC will depend upon the level of services required by RCPS.

Other Matters

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

The Board's operations are heavily dependent on funding from the Commonwealth of Virginia and the City of Roanoke's ability to raise taxes, assess fees, and access the capital markets. Additionally, access to grants and contracts from federal and state governments may decrease or may not be available depending on appropriations. The outbreak 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 from which the School Board receives revenue. Other factors, including a higher-than-budgeted student membership, upon which a majority of state funding is based, and higher than anticipated local and state revenues for the first three quarters of the fiscal year, helped to offset the impact of this economic slowdown on Roanoke City Public Schools in fiscal year 2020.

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

The Board spent \$2,137,862 during 2020 in advance of receiving the Coronavirus Aid, Relief, and Economic Security (CARES) Act funding that will be reported in the Schedule of Expenditures of Federal Awards for the Year Ending June 30, 2020 in a separate audit report. The funds were not received by the end of the fiscal year and were therefore not reported as revenue.

G. New Accounting Pronouncements

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

In January 2017, the GASB issued **Statement No. 84, *Fiduciary Activities***. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

In March 2018, the GASB issued **Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements***. This Statement improves the information disclosed in the notes to government financial statements related to debt. The requirements of this Statement are effective for fiscal years beginning after June 15, 2019.

In June 2018, the GASB issued **Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period***. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for periods beginning after December 15, 2020. The requirements of this Statement should be applied prospectively.

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

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using

the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

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 reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

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

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

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

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

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

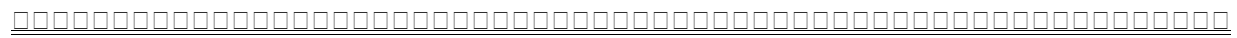
In June 2020, the GASB issued **Statement No. 97**, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. This Statement provides a more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. Certain

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

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

REQUIRED SUPPLEMENTARY INFORMATION





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THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment Income	\$ -	\$ -	\$ 334,654	\$ 334,654
Intergovernmental:				
City of Roanoke	83,346,865	83,346,865	83,048,279	(298,586)
Commonwealth of Virginia	90,186,876	90,186,876	91,934,851	1,747,975
Other Revenue	1,340,000	1,340,000	1,092,088	(247,912)
Total Revenues	174,873,741	174,873,741	176,409,872	1,536,131
Expenditures:				
Current - Education:				
Instruction	122,232,076	120,732,076	114,995,005	5,737,071
Administration, Technology, Attendance & Health	15,059,472	14,559,472	13,794,269	765,203
Transportation	10,599,526	10,599,526	10,338,749	260,777
Operation & Maintenance of Plant	19,200,909	19,200,909	30,275,470	(11,074,561)
Athletics	2,070,130	2,070,130	1,601,077	469,053
Payments for Debt Service	10,893,982	12,893,982	12,700,743	193,239
Total Expenditures	180,056,095	180,056,095	183,705,313	(3,649,218)
Revenues (Under) Over Expenditures	(5,182,354)	(5,182,354)	(7,295,441)	(2,113,087)
Other Financing Sources (Uses):				
Proceeds from Capital Lease Obligation	-	-	17,000,000	17,000,000
Transfers From Other Funds	300,000	300,000	1,314,566	1,014,566
Transfers To Other Funds	717,681	717,681	(3,747,432)	(4,465,113)
Other Financing Sources (Uses), Net	1,017,681	1,017,681	14,567,134	13,549,453
Net Change in Fund Balance	(4,164,673)	(4,164,673)	7,271,693	11,436,366
Fund Balances, Beginning of Year	17,100,262	17,100,263	19,501,287	-
Fund Balances, End of Year	\$ 12,935,589	\$ 12,935,590	\$ 26,772,980	\$ 11,436,366

See accompanying notes to the budgetary comparison schedules.

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
Budgetary Comparison Schedule
Food Service Fund
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original and Final</u>	<u>Actual Amounts</u>	
Revenues:			
Intergovernmental:			
Commonwealth of Virginia	\$ 200,911	\$ 243,021	\$ 32,188
Federal Government	8,674,729	8,692,360	573,953
Charges for Services	667,310	512,751	(329,964)
Total Revenues	<u>9,542,950</u>	<u>9,448,132</u>	<u>276,177</u>
Expenditures:			
Current - Education:			
Food Services	9,532,950	8,935,790	236,165
Total Expenditures	<u>9,532,950</u>	<u>8,935,790</u>	<u>236,165</u>
Revenues (Under) Over Expenditures	<u>10,000</u>	<u>512,342</u>	<u>512,342</u>
Other Financing Sources (Uses):			
Transfers To Other Funds	(300,000)	(300,000)	-
Other Financing Sources (Uses), Net	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
Net Change in Fund Balance	(290,000)	212,342	512,342
Fund Balances, Beginning of Year	<u>3,374,801</u>	<u>3,746,385</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 3,084,801</u>	<u>\$ 3,958,727</u>	<u>\$ 512,342</u>

See accompanying notes to the budgetary comparison schedules.

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
Notes to the Budgetary Comparison Schedules
For the Year Ended June 30, 2020

Stewardship, Compliance, and Accountability.

I. Budgetary Information.

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

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

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

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

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

II. Material Violations.

There were no material violations of the annual appropriated budget for the General Fund or Food Service Fund for the fiscal year ended June 30, 2020. However, the General Fund expenditures exceeded budgeted expenditures during the current year by \$2.1 million due to unbudgeted expenditures from a capital lease project that was negotiated later in the fiscal year. The impact of the new capital project on the General Fund was identified at a point when it was no longer feasible to make amendments to the budget.

Schedule C**THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA****A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA****REQUIRED SUPPLEMENTARY INFORMATION****SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS****VRS General Employee Health Insurance Credit****June 30, 2020**

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

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2019 information was presented in the entity's fiscal year 2020 financial report.

Schedule is intended to show information for 10 years. Since fiscal year 2020 (plan year 2019) was the third year for this presentation, no earlier data is available. Additional years will be included as they become available.

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

Year Ended June 30	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Schools - Professional Employees (SGLI)					
2020	0.42%	\$ 6,875,000	\$ 82,812,213	8.30%	52.00%
2019	0.42%	6,410,000	80,238,605	7.99%	51.22%
2018	0.43%	6,504,000	79,683,440	8.16%	48.86%
Schools - Professional Employees (HIC)					
2020	0.99%	\$ 12,919,000	\$ 82,812,213	15.60%	8.97%
2019	0.99%	12,597,000	80,238,605	15.70%	8.08%
2018	1.01%	12,810,000	79,683,440	16.08%	7.04%
Schools - Non Professional Employees (SGLI)					
2020	.021%/.0082%	\$ 490,000	\$ 5,907,182	8.29%	52.00%
2019	.019%/.0093%	434,000	5,435,214	7.98%	51.22%
2018	.017%/.011%	425,000	5,205,263	8.16%	48.86%

Schedule is intended to show information for 10 years. Since fiscal year 2020 (plan year 2019) was the third year for this presentation, no earlier data is available. Additional years will be included as they become available.

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

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
June 30, 2020

Entity Fiscal Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
<u>Professional</u>					
Schools - Professional Employees (SGLI)					
2020	442,525	\$ 442,525		\$ 85,100,982	0.52%
2019	430,624	430,624	-	82,812,213	0.52%
2018	417,241	417,241	-	80,238,605	0.52%
Schools - Teacher Health Insurance Credit Program (HIC)					
2020	1,021,183	\$ 1,021,183		\$ 85,100,982	1.20%
2019	993,285	993,285	-	82,812,213	1.23%
2018	987,227	987,227	-	80,238,605	1.23%
<u>Nonprofessional</u>					
Schools - Nonprofessional Employees (SGLI)					
2020	30,491	\$ 30,491		\$ 5,863,638	0.52%
2019	30,717	30,717	-	5,907,182	0.52%
2018	28,263	28,263	-	4,535,214	0.62%
Schools - Nonprofessional Employees (HIC)					
2020	5,207	\$ 5,207		\$ 4,331,920	0.12%
2019	5,161	5,161	-	4,300,605	0.11%
2018	4,036	4,036	-	3,668,153	0.11%

Schedule is intended to show information for 10 years. Since fiscal year 2020 (plan year 2019) was the third year for this presentation, no earlier data is available. Additional years will be included as they become available.

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

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION ASSET AND RELATED RATIOS
June 30, 2020

Schools - Non Professional Employees

	2018-19
Total Pension Liability	
Service cost	\$ 330,934
Interest on total pension liability	157,720
Changes in benefit terms	-
Difference between expected and actual experience	77,685
Changes in assumptions	95,414
Benefit payments, including refunds of employee contributions	(37,449)
Net change in total pension liability	624,304
Total pension liability - beginning	2,271,867
Total pension liability - ending	2,896,171
Plan Fiduciary Net Position	
Contributions - employer	109,376
Contributions - employee	195,963
Net investment income	255,942
Benefit payments, including refunds of employee contributions	(37,449)
Administrative expenses	(2,153)
Other	(164)
Net change in plan fiduciary net position	521,515
Plan fiduciary net position - beginning	3,582,074
Plan fiduciary net position - ending	4,103,589
Net pension Asset - ending	\$ (1,207,418)
Plan fiduciary net position as a percentage of total pension asset	142%
Covered payroll	\$ 4,300,605
Net pension asset as a percentage of covered employee payroll	-28%

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

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

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION ASSET AND RELATED RATIOS
June 30, 2020

Schools- Nonprofessional Employees

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

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

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

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2020

Entity Fiscal Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Schools - Nonprofessional Employees					
2020	\$ 109,376	\$ 109,376	\$ -	\$ 4,331,920	2.52%
2019	109,254	109,254	-	4,300,605	2.54%
2018	98,135	98,135	-	3,688,153	2.66%
2017	93,497	93,497	-	2,615,319	3.57%
2016	126,073	126,073	-	2,662,777	4.73%
2015	126,993	126,993	-	2,505,966	5.07%

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

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

**VRS TEACHER RETIREMENT PLAN
June 30, 2020**

Entity Fiscal Year Ended June 30	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.99%	\$ 129,942,187	\$ 82,767,236	157.00%	73.51%
2019	0.99%	116,773,000	80,236,536	145.54%	74.81%
2018	1.01%	123,985,000	79,683,440	155.60%	72.92%
2017	1.01%	141,324,000	76,869,589	183.85%	68.28%
2016	1.00%	125,881,000	74,342,482	188.29%	70.68%
2015	0.98%	118,679,000	71,721,119	165.47%	70.88%

**CITY OF ROANOKE PENSION PLAN
June 30, 2020**

Entity Fiscal Year Ended June 30	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	1.78%	\$ 2,476,003	\$ 1,607,148	154.06%	75.60%
2019	1.95%	2,476,295	1,757,341	140.91%	77.30%
2018	2.18%	3,130,602	1,985,104	157.70%	74.00%
2017	2.94%	4,984,640	2,617,813	190.41%	68.70%
2016	3.48%	4,882,739	2,690,736	186.52%	73.80%
2015	3.63%	4,256,291	2,927,301	145.40%	77.23%

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

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

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

**VRS TEACHER RETIREMENT PLAN
June 30, 2020**

Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2020	\$ 12,870,331	\$ 12,870,331		\$ 85,100,982	15.12%
2019	12,653,417	12,653,417	-	82,767,236	15.29%
2018	12,842,165	12,842,165	-	80,236,536	16.01%
2017	11,471,695	11,471,695	-	79,683,440	14.40%
2016	11,164,143	11,164,143	-	76,869,589	14.52%
2015	11,825,296	11,825,296	-	74,342,482	15.91%

**CITY OF ROANOKE PENSION PLAN
June 30, 2020**

Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2020	\$ 200,200	\$ 200,200		\$ 1,575,944	12.70%
2019	222,911	222,911	-	1,607,148	13.87%
2018	248,488	248,488	-	1,757,341	14.14%
2017	257,269	257,269	-	2,617,813	9.83%
2016	340,838	340,838	-	2,617,813	13.02%
2015	527,115	527,115	-	2,690,735	19.59%

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

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

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020

Note 1. Changes of Benefit Terms

Pension

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

Other Postemployment Benefits (OPEB)

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

Note 2. Changes of Assumptions

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

Largest 10 – Non-Hazardous Duty:

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

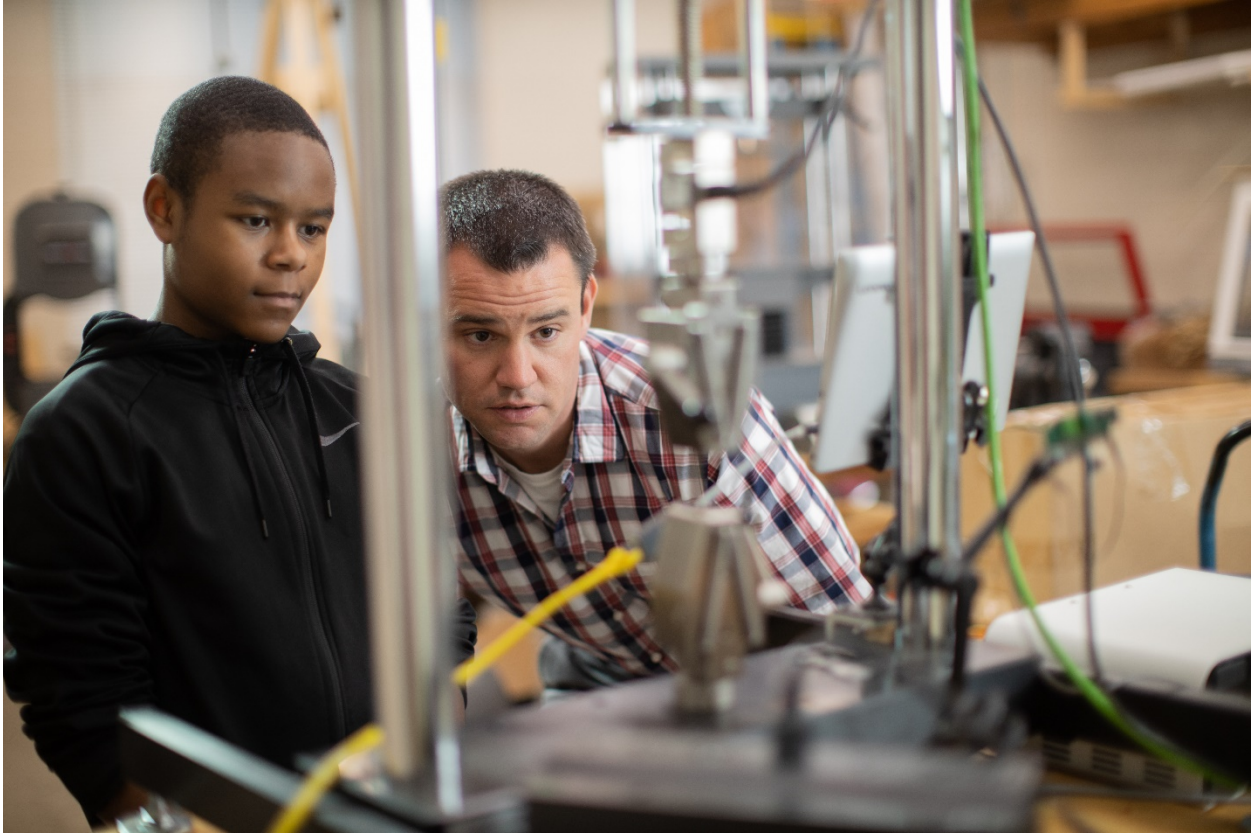
All Others (Non 10 Largest) – Non-Hazardous Duty:

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

Teacher cost-sharing pool

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

OTHER SUPPLEMENTARY INFORMATION



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THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
Schedule of Cash Receipts and Expenditures by School
School Activity Funds
For the Year Ended June 30, 2020

<u>School</u>	<u>Balance at Beginning of Year</u>	<u>Inter-School Transfers</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Balance at End of Year</u>
Due to Students					
High Schools:					
William Fleming High School	\$ 168,756	\$ (8,025)	\$ 141,768	\$ 105,231	\$ 197,268
Patrick Henry High School	219,007	(5)	268,465	231,383	256,084
Gibboney Technical Center	130,991	8,025	130,824	111,422	158,418
Roanoke Valley Governor's School	12,652		55,830	52,073	16,409
Noel C. Taylor Learning Academy	146		27	-	173
Forest Park Academy	3,600		2,295	3,026	2,869
Adult Education	41,397		3,225	5,171	39,451
Middle Schools:					
Lucy Addison Aerospace Middle School	14,673		7,268	7,192	14,749
James Breckinridge Middle School	7,882	(33)	20,447	15,682	12,614
John P. Fishwick Middle School	5,719		2,667	5,712	2,674
James Madison Middle School	20,737	(55)	83,111	82,270	21,523
Woodrow Wilson Middle School	39,749	(13)	53,138	46,441	46,433
Elementary Schools:					
Crystal Spring Elementary School	38,550	(44)	37,159	34,585	41,080
Fairview Elementary School	7,091		16,622	10,735	12,978
Fallon Park Elementary School	10,306		5,041	4,189	11,158
Fishburn Park Elementary School	21,914	(10)	6,229	8,203	19,930
Garden City Elementary School	7,205		5,434	4,592	8,047
Grandin Court Elementary School	38,118	(60)	7,993	14,245	31,806
Highland Park Elementary School	13,201	(110)	33,099	33,865	12,325
Hurt Park Elementary School	5,839		18,609	5,488	18,960
Lincoln Terrace Elementary School	5,576		9,997	9,873	5,700
Monterey Elementary School	15,671	(15)	30,745	24,960	21,441
Morningside Elementary School	11,072		5,385	6,887	9,570
Preston Park Primary School	18,221	(125)	8,795	10,587	16,304
Roanoke Academy for Math and Science	13,326		6,438	4,968	14,796
Round Hill Primary School	1,903		10,199	10,401	1,701
Virginia Heights Elementary School	4,342		8,680	8,679	4,343
Wasena Elementary School	6,987	(69)	22,500	9,739	19,679
Westside Elementary School	14,357		9,612	6,104	17,865
Total Due to Students	<u>\$ 898,988</u>	<u>\$ (539)</u>	<u>\$ 1,011,602</u>	<u>\$ 873,703</u>	<u>\$ 1,036,348</u>
 Fiscal Services	 893		 674	 486	 1,081
Chess Club	5,670	539	5,533	6,534	5,208
Chess Club	-	-	19,506	3,504	16,002
	<u>\$ 905,551</u>	<u>\$ -</u>	<u>\$ 1,037,315</u>	<u>\$ 884,227</u>	<u>\$ 1,058,639</u>
		-			
 Current Year Accounts Payable	 <u>30,127</u>				 <u>115,629</u>
 Total Cash Balance at June 30, 2020	 <u>\$ 935,677</u>				 <u>\$ 1,174,268</u>

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
Statement of Changes in Fiduciary Assets and Liabilities
For the Year Ended June 30, 2020

	<u>Assets</u>	<u>Agency Fund</u>
<u>Cash</u>		
Balance June 30, 2019	\$	935,677
Additions		1,152,944
Deductions		(914,353)
Balance June 30, 2020	\$	<u><u>1,174,268</u></u>
	<u>Liabilities</u>	
<u>Accounts Payable</u>		
Balance June 30, 2019	\$	30,127
Additions		115,629
Deductions		(30,127)
Balance June 30, 2020	\$	<u><u>115,629</u></u>
<u>Due to Students</u>		
Balance June 30, 2019	\$	905,551
Additions		1,037,316
Deductions		(884,227)
Balance June 30, 2020	\$	<u><u>1,058,639</u></u>
<u>Total Liabilities</u>		
Balance June 30, 2019	\$	935,677
Additions		1,152,944
Deletions		(914,353)
Balance June 30, 2020	\$	<u><u>1,174,268</u></u>

Schedule G

**THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
Schedule of Insurance Coverage
For the Year Ended June 30, 2020**

	<u>Amount</u>
The Virginia Association of Counties Liability Pool Property and Scheduled Equipment Coverage	\$ 452,504,379
The Virginia Association of Counties Liability Pool Local Government Liability Coverage	2,000,000
The Virginia Association of Counties Liability Pool Automobile Coverage	2,000,000
The Virginia Association of Counties Liability Pool No Fault Property Coverage	10,000
The Virginia Association of Counties Liability Pool Excess Liability Coverage	9,000,000
The Virginia Association of Counties Liability Pool Fidelity/Crime Coverage	1,000,000
American International Group (AIG) Cyber Liability	1,000,000
United States Fire Insurance Company Student Accident Insurance - Coordinated with VHSLCI	5,000,000
Safety National Workers' Compensation Employer's Liability Maximum	1,000,000
ReliaStar Life Insurance Company Health Insurance aggregate reimbursement maximum	1,000,000



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STATISTICAL SECTION (Unaudited)





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INTRODUCTION TO THE STATISTICAL SECTION

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

Contents	Page
Financial Trends	90-93
These schedules contain trend information to help the reader understand how the School Board's financial performance and well-being have changed over time.	
Revenue Capacity	94-97
These schedules contain information to help the reader assess the School Board's most significant local revenue source.	
Debt Capacity	98-102
The City of Roanoke levies taxes for the School Board operation and issues debt for School Board capital projects. These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Indicators.....	103
These schedules offer demographic and economic indicators to help the reader understand the environment within which the School Board's financial activities take place.	
Operating Information	104-107
These schedules contain service and infrastructure data to help the reader understand how the information in the School Board's financial report relates to the services provided and the activities it performs.	

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

Table 1

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

	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position
Fiscal Year 2011	\$ 2,799,326	\$ -	\$ 19,619,040	\$ 22,418,366
Fiscal Year 2012	2,787,940	-	32,877,524	35,665,464
Fiscal Year 2013	2,760,872	-	32,188,392	34,949,264
Fiscal Year 2014	2,740,357	-	28,421,588	31,161,945
Fiscal Year 2015	3,016,131	-	(105,376,673)	(102,360,542)
Fiscal Year 2016	3,094,777	-	(102,095,468)	(99,000,691)
Fiscal Year 2017	2,913,761	-	(105,347,694)	(102,433,933)
Fiscal Year 2018	3,034,853	-	(120,571,651)	(117,536,798)
Fiscal Year 2019	3,489,869	-	(116,524,523)	(113,034,654)
Fiscal Year 2020	6,620,465	1,223,861	(114,917,644)	(107,073,318)

Source: Statement of Net Position (Exhibit 1).

Table 2

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses:										
Instruction	\$ 142,783,571	\$ 138,139,038	\$ 135,484,910	\$ 134,380,569	\$ 125,138,180	\$ 124,257,802	\$ 115,218,083	\$ 113,261,181	\$ 108,920,537	\$ 107,067,285
Administration	14,453,252	13,804,248	12,000,357	13,231,068	14,014,816	12,521,240	12,161,115	12,319,863	10,847,658	8,032,822
Attendance & Health Services	2,423,737	2,323,395	2,204,531	2,300,578	2,088,754	2,008,631	4,464,234	4,164,983	3,998,564	2,279,228
Transportation	10,356,563	11,424,031	10,581,175	10,769,118	10,509,337	10,407,387	10,331,892	9,671,918	10,024,200	9,159,765
Operation & Maintenance of Plant	15,105,541	16,918,649	15,274,411	15,670,270	15,234,517	15,423,475	14,311,773	13,338,890	13,060,376	14,861,138
Food Services	8,951,186	8,795,164	8,382,447	8,918,197	7,417,602	6,882,007	6,709,067	6,816,374	6,231,331	5,613,676
Athletics	1,606,698	1,863,136	1,833,502	1,919,667	1,883,433	1,826,495	1,626,777	1,583,315	1,557,556	1,380,626
Payments for Debt Service	12,700,743	13,244,672	13,867,098	14,274,185	15,073,688	14,632,053	15,502,968	15,954,665	16,348,972	9,710,060
Total Expenses	208,381,291	206,512,333	199,628,431	201,463,652	191,360,327	187,959,090	180,325,909	177,111,189	170,989,194	158,104,600
Program revenues:										
Charges for services:										
Instruction	6,481,775	6,256,197	6,018,067	6,304,348	5,850,683	6,567,954	4,140,707	3,797,462	3,299,018	3,126,427
Administration	14,854	10,742	30,795	11,662	37,208	91,742	272,605	158,267	49,577	1,768,215
Technology	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	27,768	66,138	63,840	209,661
Operations & maintenance	-	-	-	-	-	-	3,721	74,037	43,041	110,030
Food Services	407,538	641,510	782,182	934,463	919,537	1,098,051	1,148,606	1,146,209	1,269,261	1,138,961
Athletics	168,332	179,868	191,342	182,988	171,751	186,764	171,605	162,282	184,231	213,882
Operating grants and contributions	54,455,142	55,453,563	53,096,581	49,701,684	49,230,834	42,055,561	42,615,404	44,492,512	50,542,428	46,888,580
Total revenues	61,527,641	62,541,880	60,118,967	57,135,145	56,210,013	50,000,072	48,380,416	49,896,907	55,451,396	53,455,756
Net expense	(146,853,650)	(143,970,453)	(139,509,464)	(144,328,507)	(135,150,314)	(137,959,018)	(131,945,493)	(127,214,282)	(115,537,798)	(104,648,844)
General revenues:										
Payments from the City of Roanoke	83,439,689	83,368,789	81,237,799	78,359,591	79,435,819	76,437,785	74,366,181	73,870,214	78,351,405	70,232,036
State aid	68,084,321	63,594,864	61,425,627	61,765,617	58,191,410	57,517,691	52,263,074	51,367,376	49,125,626	45,907,251
Grants not restricted to a specific program	-	-	-	-	-	-	-	15,809	18,695	23,074
Interest Income on Investments	334,654	428,310	293,687	120,075	49,145	49,049	73,939	68,365	35,626	-
Miscellaneous	956,322	1,080,634	938,651	649,982	833,791	703,547	1,454,980	1,176,318	1,253,544	791,469
Special Item - Gain from sale of transportation vehicles and equipment	-	-	-	-	-	-	-	-	-	-
Special Item - OPEB reduction in payable	-	-	-	-	-	-	-	-	-	316,692
Total general revenues	152,814,986	148,472,597	143,895,764	140,895,265	138,510,165	134,708,072	128,158,174	126,498,082	128,784,896	117,270,522
Change in net position	\$ 5,961,336	\$ 4,502,144	\$ 4,386,300	\$ (3,433,242)	\$ 3,359,851	\$ (3,250,946)	\$ (3,787,319)	\$ (716,200)	\$ 13,247,098	\$ 12,621,678

Source: Statement of Activities (Exhibit 2).

Table 3

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Post-GASB 54 implementation:										
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,835,968
Nonspendable	738,964	944,422	1,197,024	505,968	316,495	326,238	315,088	350,729	381,211	284,776
Committed	8,909,493	12,160,042	8,257,297	4,757,561	2,201,835	2,478,771	2,478,771	2,478,771	1,475,000	750,000
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	12,704,697	22,791,837	25,999,072	24,841,317	21,926,916	21,553,941	19,286,352	20,182,146	17,645,076	20,902,236
Total General Fund	\$ 22,353,154	\$ 35,896,301	\$ 35,453,393	\$ 30,104,846	\$ 24,445,246	\$ 24,358,950	\$ 22,080,211	\$ 23,011,646	\$ 19,501,287	\$ 26,772,980
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	5,214	\$ -	15,727	\$ -	4,010	\$ -	4,171
Committed	36,082	57,922	305,726	182,116	132,428	58,315	58,315	58,315	-	-
Assigned	3,149,862	2,989,357	2,100,558	2,147,563	2,052,546	2,999,943	3,043,436	3,312,476	3,746,386	3,954,557
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 3,185,944	\$ 3,047,279	\$ 2,406,284	\$ 2,334,893	\$ 2,184,974	\$ 3,073,985	\$ 3,101,751	\$ 3,374,801	\$ 3,746,386	\$ 3,958,728

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

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

Table 4

Roanoke City Public Schools
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Unaudited)
Fiscal Year Ended June 30, 2020

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
City of Roanoke	\$ 83,048,279	\$ 83,620,493	\$ 80,922,413	\$ 78,369,658	\$ 79,354,317	\$ 76,437,785	\$ 74,165,273	\$ 73,555,711	\$ 78,351,405	\$ 70,232,036
Commonwealth of Virginia	99,979,094	95,685,773	91,828,510	89,760,821	83,245,409	81,507,123	75,065,989	71,641,056	68,878,360	66,050,074
Federal Government	22,526,415	23,340,443	22,677,812	22,200,986	22,238,051	18,066,127	19,696,156	23,476,103	29,877,473	26,373,082
Charges for services	6,372,855	6,278,092	6,240,713	6,433,934	6,165,705	7,019,218	5,593,407	5,220,361	4,724,737	6,263,751
Other	2,024,575	2,347,178	2,029,397	1,275,078	1,706,196	1,677,891	1,426,953	2,682,255	2,899,317	1,919,914
Total revenue	213,951,218	211,271,979	203,698,845	198,040,477	192,709,678	184,708,144	175,947,778	176,575,486	184,731,292	170,838,857
Expenditures:										
Current:										
Instruction	\$ 144,193,949	\$ 145,581,963	\$ 139,251,038	\$ 135,705,770	\$ 127,510,179	\$ 127,695,320	\$ 120,501,033	\$ 117,629,772	\$ 113,318,331	\$ 108,674,725
Administration, Technology & Health	15,184,347	14,766,174	12,326,944	13,268,491	14,030,949	12,812,005	12,273,031	12,510,079	10,934,995	10,098,271
Transportation	10,338,749	11,795,033	10,795,797	10,721,840	10,516,866	10,561,909	10,331,893	9,668,779	9,969,049	9,159,765
Operation & Maintenance of Plant	30,511,709	18,037,689	15,869,791	15,605,677	15,531,154	16,036,918	14,257,716	13,392,881	12,964,536	13,468,118
Food Services	8,935,790	9,080,792	8,552,472	8,879,046	7,422,916	6,984,186	6,874,298	6,919,898	6,227,606	5,613,676
Athletics	1,601,897	1,904,430	1,831,220	1,836,441	1,821,212	1,795,272	1,626,777	1,583,315	1,563,321	1,380,626
Facilities Capital Outlay	-	-	-	-	-	-	-	-	-	-
Payments for Debt Service	12,700,743	13,244,672	13,867,098	14,274,185	15,073,687	14,632,053	15,502,968	15,954,665	16,348,972	9,710,060
Total expenditures	223,467,184	214,410,753	202,494,360	200,291,450	191,906,963	190,517,663	181,367,716	177,659,389	171,326,810	158,105,241
Excess (deficiency) of revenues over (under) expenditures	(9,515,966)	(3,138,774)	1,204,485	(2,250,973)	802,715	(5,809,519)	(5,419,938)	(1,083,903)	13,404,482	12,733,616
Other financing sources (uses):										
Proceeds from Capital Lease Obligation	\$ 17,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers from Other Funds	5,074,897	5,895,951	5,490,331	4,869,937	4,007,153	2,198,407	1,681,598	2,764,928	2,727,714	1,278,650
Transfers to Other Funds	(5,074,897)	(5,895,951)	(5,490,331)	(4,869,937)	(4,007,153)	(2,198,407)	(1,681,598)	(2,764,928)	(2,727,714)	(1,278,650)
Total other financing sources (uses)	17,000,000	-	-	-	-	-	-	-	-	-
Change in fund balances	\$ 7,484,034	\$ (3,138,774)	\$ 1,204,485	\$ (2,250,973)	\$ 802,715	\$ (5,809,519)	\$ (5,419,938)	\$ (1,083,903)	\$ 13,404,482	\$ 12,733,616

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

Information is presented on a modified accrual basis of accounting.

Table 5

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

<u>Regional Tuition - General Fund</u>		<u>Charges for Services - Food Services</u>	
<u>Annual Payment Received</u>		<u>Local Breakfast/Lunch Fees</u>	
2011	\$ 2,500,940	2011	\$ 1,138,961
2012	2,758,907	2012	1,269,261
2013	3,314,639	2013	1,124,458
2014	4,120,989	2014	1,087,442
2015	4,757,979	2015	1,098,052
2016	4,974,388	2016	919,538
2017	5,266,542	2017	871,425
2018	5,205,826	2018	705,412
2019	5,362,910	2019	664,067
2020	5,777,885	2020	512,751

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

Table 6
Unaudited

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

	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)	-	-	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	\$ 125,728,208	\$ 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%	99.34%	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 7
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 8
Unaudited

Year	REAL PROPERTY			PERSONAL PROPERTY			PUBLIC SERVICE CORPORATIONS			Total	Total
	Direct Tax Rate		Levy	Direct Tax Rate		Levy	Direct Tax Rate		Levy	Tax Levies	Direct Rate
	Per \$100			Per \$100			Per \$100				
2011	\$ 1.19	\$ 80,943,458		\$ 3.45	\$ 27,385,166 (1)		\$ 1.19	\$ 4,231,507		\$ 112,560,131	\$ 1.74
2012	1.19	80,857,790		3.45	27,311,532 (1)		1.19	4,316,603		112,485,925	1.74
2013	1.19	80,029,509		3.45	28,188,385 (1)		1.19	4,991,552		113,209,446	1.75
2014	1.19	79,491,642		3.45	28,709,212 (1)		1.19	4,982,967		113,183,821	1.76
2015	1.19	79,600,752		3.45	31,024,476 (1)		1.19	5,260,278		115,885,506	1.80
2016	1.22	82,035,606 (1)		3.45	32,374,952 (1)		1.22	5,458,834 (1)		119,869,392	1.82
2017	1.22	82,758,259		3.45	32,593,307 (1)		1.22	5,542,928		120,894,494	1.82
2018	1.22	85,037,691		3.45	32,639,181 (1)		1.22	5,382,350		123,059,222	1.81
2019	1.22	87,599,213		3.45	33,159,157 (1)		1.22	5,809,857		126,568,227	1.80
2020	1.22	90,822,140		3.45	34,507,463 (1)		1.22	6,018,473		131,348,076	1.81

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

Table 9
Unaudited

CITY OF ROANOKE, VIRGINIA
PRINCIPAL PROPERTY TAXPAYERS
COMPARISON OF JUNE 30, 2020 AND JUNE 30, 2011

		2020			2011		
				Percentage of Total City			Percentage of Total City
		Taxable Assessed		Taxable Assessed	Taxable Assessed		Taxable Assessed
<u>Taxpayer</u>	<u>Description</u>	<u>Value</u>	<u>Rank</u>	<u>Value</u>	<u>Value</u>	<u>Rank</u>	<u>Value</u>
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	-	-	-	27,656,967	9	0.35
Mozart Investments Inc.	Aircraft	-	-	-	24,104,340	10	0.31
		<u>\$ 960,922,466</u>		<u>10.72%</u>	<u>\$ 718,031,791</u>		<u>9.14%</u>

Source: City of Roanoke, Commissioner of the Revenue

Table 10
Unaudited

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

<u>Calendar Year</u>	<u>Total Retail Sales (1)</u>
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 11
Unaudited

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

Fiscal Year	Population (A)	Total Estimated Actual Value	Governmental Activities Gross Bonded Debt (C)	Business-type Activities Gross Bonded Debt (C)	Gross Bonded Debt	Less Bonds Supported By 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
2010	97,032	8,324,026,044	254,789,731	28,812,906	283,602,637	21,987,683	-	1,213,260	260,401,694	3.13%	2,683.67
2011	97,206 (est.)	8,442,505,382	250,315,325	27,342,979	277,658,304	19,875,450	1,355,000	1,133,011	255,294,843	3.02%	2,626.33
2012	97,206 (est.)	8,515,329,364	234,279,293	26,311,567	260,590,860	17,558,082	910,000	1,317,554	240,805,224	2.83%	2,477.27
2013	98,641 (est.)	8,544,527,065	225,402,117	26,944,093	252,346,210	13,389,900	-	1,493,056	237,463,254	2.78%	2,407.35
2014	98,913 (est.)	8,526,954,997	217,261,926	26,817,066	244,078,992	10,989,900	-	1,406,148	231,682,944	2.72%	2,342.29
2015	99,320 (est.)	8,634,365,581	214,885,676	27,203,128	242,088,804	9,968,500	-	1,508,122	230,612,182	2.67%	2,321.91
2016	99,681 (est.)	8,742,785,092	210,393,462	30,109,234	240,502,696	9,405,800	-	1,011,031	230,085,865	2.63%	2,308.22
2017	99,644 (est.)	8,817,419,846	208,814,498	33,675,339	242,489,837	8,213,900	-	539,265	233,736,672	2.65%	2,345.72
2018	99,837 (est.)	9,011,349,475	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

**

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

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

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

Table 12
Unaudited

CITY OF ROANOKE, VIRGINIA
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2019 **

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, 2019 (1) \$ 7,180,263,228

Legal Debt Limit: 10% \$ 718,026,323 718,026,323

Debt applicable to limitation:

General Obligation Serial Bonds - Governmental Activities	134,632,520	
General Obligation Serial Bonds - Western Virginia Water Authority (WVWA)	5,769,800	
Premium on Bonds - Governmental Activities	9,589,819	
Deferred Bond Costs - Governmental Activities	(3,750,707)	
Bond Anticipation Note	29,590,944	
Qualified Zone Academy Bonds (QZAB)	1,899,648	
State Literary Fund Loans	250,000	
Virginia Public School Authority (VPSA) School Bonds	19,203,977	
Capital Leases	3,314,453	
Civic Facilities Enterprise Fund - Business-type Activities	11,423,800	
Premium on Bonds - Civic Facilities Enterprise Fund Debt	649,548	
Bond Anticipation Note - Civic Facilities	1,184,025	
Deferred Bond Costs - Civic Facilities Enterprise Fund Debt	(154,302)	
Parking Enterprise Fund Supported Debt - Business-type Activities	9,197,700	
Premium on Bonds - Parking Enterprise Fund Supported Debt	391,970	
Deferred Bond Costs - Parking Enterprise Fund Supported Debt	(705,428)	
Stormwater Enterprise Fund Supported Debt - Business-type Activities	6,513,580	
Bond Anticipation Note - Stormwater	2,028,226	
Premium on Bonds - Stormwater Enterprise Fund Supported Debt	236,813	
Total Debt	\$ 231,266,386	
Less: Available in Debt Service Fund	(17,890)	\$ 231,248,496
		<u>\$ 486,777,827</u>

Legal Debt Margin

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

Table 13
Unaudited

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

Fiscal Year	Principal (1)	Interest (1)	Total Debt Service	Total General Expenditures (2)	Percent of Debt Service to General Expenditures
2009-10	21,869,664	11,436,671	33,306,335	324,345,350	10.3%
2010-11	19,093,669	10,346,300	29,439,969	314,114,285	9.3%
2011-12	21,033,664	10,338,250	31,371,914	318,343,912	9.9%
2012-13	22,234,068	9,209,934	31,444,002	330,390,756	9.5%
2013-14	22,092,341	8,888,882	30,981,223	340,700,280	9.1%
2014-15	20,591,147	8,898,421	29,489,568	355,808,118	8.3%
2015-16	22,571,454	8,301,585	30,873,039	347,306,775	8.9%
2016-17	20,374,492	8,009,420	28,383,912	359,445,090	7.9%
2017-18	20,842,984	8,385,823	29,228,807	368,676,839	7.9%
2018-19	20,025,191	8,045,279	28,070,470	384,480,284	7.3%

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

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

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

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

** Fiscal 2020 information was not available at the time the audit report was issued. This is the most current information provided by the City of Roanoke as of June 30,, 2020.

Table 14

THE SCHOOL BOARD OF THE CITY OF ROANOKE VIRGINIA
Table of Outstanding Debt Incurred by the City of Roanoke
for Roanoke City Public School Projects
June 30, 2020
(Unaudited)

	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Issue Amount Designated for School Improvements</u>	<u>Balance as of June 30, 2020</u>
<u>General Obligation Bonds, RCPS Portion</u>					
Series 2010C Public Improvement Bonds	2.00% - 4.00%	8/11/2010	7/15/2030	2,459,100	1,401,828
Series 2012A Public Improvement Bonds	2.00% - 5.00%	3/14/2012	2/1/2032	1,725,000	850,000
Series 2012C Refunding Bonds	4.00% - 5.00%	3/14/2012	2/1/2025	7,805,000	6,615,000
Series 2013A Public Improvement Bonds	1.00% - 5.00%	2/27/2013	7/15/2033	2,000,000	1,234,800
Series 2013A Refunding Bonds	1.00% - 5.00%	2/27/2013	7/15/2025	8,085,000	7,405,000
Series 2014A Public Improvement Bonds	3.00%-5.00%	3/5/2014	4/1/2034	3,000,000	1,965,600
Series 2015 Public Improvement Bonds New Money	2.00% - 4.00%	3/25/2014	4/1/2035	5,000,000	3,960,000
Series 2015 Public Improvement Bonds Refunding	2.00% - 4.00%	3/25/2014	4/1/2029	1,765,000	1,765,000
Series 2016 Public Improvement Bonds New Money	2.00% - 5.00%	3/8/2016	4/1/2036	8,500,000	6,815,000
Series 2016 Public Improvement Bonds Refunding	2.00% - 5.00%	3/8/2016	4/1/2036	6,945,000	13,305,000
Series 2017 Public Improvement Bonds New Money	3.00% - 5.00%	3/23/2017	4/1/2037	22,050,000	4,270,000
Series 2019A Refunding Bonds	1.67%	11/22/2019	10/1/2021	3,628,744	3,628,744
Series 2019C Refunding Bonds BAN Takeout	2.79%	11/22/2019	4/1/2041	12,719,042	12,719,042
Series 2019C Refunding Bonds New Money	2.79%	11/22/2019	4/1/1941	67,263	67,263
Total General Obligation Bonds:				85,749,149	
<u>School Fund Bonds and Loans</u>					
Virginia Public School Authority - Series 2000B	4.98% - 5.85%	11/16/2000	7/15/2020	2,504,568 (1)	136,763
Virginia Public School Authority - Series 2000B.1	4.98% - 5.85%	11/16/2000	7/15/2020	1,730,421 (2)	94,490
Virginia Public School Authority - Series 2000B.2	4.98% - 5.85%	11/16/2000	7/15/2020	1,730,421 (3)	94,490
Virginia Public School Authority - Series 2001B	3.10% - 5.35%	11/15/2001	7/15/2021	2,594,691 (4)	273,420
Virginia Public School Authority - Series 2001B	3.10% - 5.35%	11/15/2001	7/15/2021	2,358,808 (5)	248,564
Virginia Public School Authority - Series 2003C	3.10% - 5.35%	11/6/2003	7/15/2023	4,595,399 (6)	979,460
Virginia Public School Authority - Series 2004B	4.10% - 5.60%	11/1/2004	7/15/2024	1,118,756 (7)	313,442
Virginia Public School Authority - Series 2005D	4.60% - 5.10%	11/10/2005	7/15/2025	992,464 (8)	331,269
Virginia Public School Authority - Series 2005D	4.60% - 5.10%	11/11/2005	7/15/2025	3,291,459 (9)	1,098,618
Virginia Public School Authority - Series 2006B	4.22% - 5.10%	11/9/2006	7/15/2026	6,573,600 (10)	2,498,050
Virginia Public School Authority - Series 2008B	4.10% - 5.35%	12/11/2008	7/15/2028	10,580,000	3,086,153
Virginia Public School Authority - Series 2014B	3.00%- 5.00%	5/15/2014	7/15/2026	1,245,000	665,000
Virginia Public School Authority - Series 2015A	3.00% - 5.10%	2/17/2015	7/15/2028	7,400,000	6,070,000
Total Virginia Public School Authority Bonds:				46,715,587	
Qualified Zone Academy Bond - Fallon Park	0%	12/29/2004	12/29/2020	439,100 (11)	51,407
Qualified Zone Academy Bond - Patrick Henry H.S.	0%	12/27/2006	12/27/2022	1,097,571 (11)	281,627
Qualified Zone Academy Bond - School Capital Projects	0%	10/31/2012	6/1/2035	2,014,104 (11)	1,373,250
Total Qualified Zone Academy Bonds:				3,550,775	
Qualified School Construction Bonds-Elementary Schools	0%	7/8/2010	6/1/2027	1,135,000 (12)	485,000
Total Qualified School Construction Bonds				1,135,000	
Total Outstanding Bonded Debt				\$ 137,150,511	\$ 84,083,280

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

Table 14 (continued)

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

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

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

**Table 15
Unaudited**

	2018-19 **	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Debt Limit	\$ 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	\$ 669,839,111
Total Net Debt Applicable to Limit	231,248,496	229,932,036	219,172,541	215,556,963	217,064,553	218,489,528	224,003,579	227,263,512	240,667,032	244,769,119
Legal Debt Margin	<u>\$ 486,777,827</u>	<u>\$ 467,098,220</u>	<u>\$ 459,173,850</u>	<u>\$ 456,866,034</u>	<u>\$ 452,322,882</u>	<u>\$ 449,477,459</u>	<u>\$ 448,513,307</u>	<u>\$ 452,213,718</u>	<u>\$ 439,530,096</u>	<u>\$ 425,069,992</u>
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	32.21%	32.99%	32.31%	32.06%	32.43%	32.71%	33.31%	33.45%	35.38%	36.54%

Table 16
Unaudited

CITY OF ROANOKE
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Per Capita Income (2)	Personal Income	School Enrollment (3)	Local Unemployment Rate (4)	National Unemployment Rate (5)
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

Table 17
Unaudited

		December 31, 2018 **		31-Dec-09		
Employer	Rank	Ownership	Number of Employees	Rank	Ownership	Number of Employees
Carlion	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+
Carlion 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	-	Federal Govt	-
Virginia Western Community College	8	State Govt	500-999	9	State Govt	500-999
Kroger	9	Private	500-999	10	Private	500-999
Anthem	10	Private	500-999	8	Private	500-999
Healthmarc	-	Private	-	6	Private	500-999

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

Note: Total employee count no longer available from VEC

Table 18

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

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
Average Daily Membership	13,845	13,636	13,601	13,580	13,585	13,513	13,390	12,438	13,006	12,262
Total Graduates	928	885	858	781	811	783	667	744	746	776
Dropout Rate Percentage	3.34%	3.37%	3.57%	3.19%	3.60%	3.67%	3.48%	4.91%	5.37%	4.03%
Student Attendance Rate	94.3%	94%	94%	94%	94%	94%	93.79	94%	94%	94%
Total Per Pupil Cost	\$ 13,421	\$ 13,951	\$ 13,355	\$ 12,929	\$ 12,404	\$ 12,472	\$ 11,841	\$ 11,825	\$ 11,328	\$11,083
Local Composite Index of Ability to Pay	34%	34%	34%	34%	34%	36%	37%	37%	37%	39%
Average Teacher Salary	\$ 57,320	\$ 56,338	\$ 53,687	\$ 50,277	\$ 48,707	\$ 47,845	\$ 50,509	\$ 47,363	\$ 43,654	\$44,425
per 1,000 Students	*	*	110.2	113.7	112.1	116.1	110.9	115.0	87.7	87.4

Source: Department of Testing, Roanoke City Public Schools and the Annual School Report

Average Daily Membership for this table is taken from end of year data in the Annual School Report

* Effective FY 19, this information was no longer available on the Annual School Report

Table 19

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

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
Superintendent	1	1	1	1	1	1	1	1.0	1.0	1.0
Asst. Supt./Executive	8	7	6	6	7	7	7	6.0	6.0	7.0
Director/Supervisor	29	33	35	34	34	35	31.55	36.6	33.0	36.0
Principal/Asst. Principal	62	63	57.6	55.8	53.8	52.8	52.8	53.8	54.0	52.8
Classroom Teacher	1052.56	1056.26	1047.66	1054.11	1045.61	1052.86	1050.56	1,045.4	1,034.0	1,008.4
Guidance Counselor	48.6	45.6	45.6	45.6	44.6	44.6	43.6	43.6	41.1	38.5
Librarian	25.6	25.6	25.6	26	26	26	26	26.0	26.0	26.0
Other Professional	81.6	80	80.6	81.4	81.4	69.8	61.9	72.4	57.0	18.0
Clerical	86	92	101	96	96	96.55	96.55	97.1	96.5	97.8
Teacher Aides	343	347	342	318.8	308.8	308.1	296.92	302.1	313.0	340.6
Attendance & Health	1	1	1	1	1	1	1	1.0	1.0	41.9
Pupil Transportation	2	2	2	2	2	2	2	2.0	2.0	2.0
Maintenance of Plant	35	37	36	34	34	31	36	40.0	53.0	53.0
Operation of Plant	125	125	124	121	122	119	121	119.0	132.5	118.0
Food Services	3	2	2	2	55	62	69	77.0	108.0	102.0
Total Personnel	1,903.36	1,917.46	1,907.06	1,878.71	1,912.21	1,908.71	1,896.88	1,922.93	1,958.10	1,942.91

Source: Roanoke City Public Schools, Department of Human Resources

Table 20

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

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
Elementary Schools:										
Crystal Spring	74	57	63	57	48	55	51	57	63	65
Fairview	398	348	380	372	329	391	389	390	388	367
Fallon Park	451	363	452	453	461	551	553	533	517	522
Fishburn Park	158	111	185	201	143	134	167	152	132	143
Garden City	209	148	184	180	190	226	245	218	232	218
Grandin Court	103	104	106	102	92	108	104	95	114	106
Highland Park	192	164	201	203	200	217	230	213	231	239
Hurt Park	321	278	288	317	348	366	355	381	282	258
Lincoln Terrace	257	238	253	277	266	277	247	221	222	169
Monterey	293	262	260	268	301	400	386	339	316	343
Morningside	182	161	201	218	225	250	252	227	214	223
Preston Park	287	245	293	275	240	330	311	286	245	217
Roanoke Academy	291	254	283	303	325	432	411	398	411	448
Round Hill	524	374	397	422	428	534	530	500	419	429
Virginia Heights	184	160	180	166	206	214	246	230	253	265
Wasena	114	87	127	136	138	151	164	168	119	120
Westside	544	464	442	483	568	673	664	619	546	468
Middle Schools:										
Addison	472	388	433	403	393	467	480	476	431	398
Breckinridge	447	356	362	288	266	369	356	353	362	366
Fishwick	357	340	374	362	379	461	489	457	401	394
Madison	319	251	330	327	323	309	295	273	285	279
Wilson	351	261	277	240	252	233	263	254	260	237
High Schools:										
William Fleming	881	735	839	757	672	957	891	841	827	856
Forest Park Academy(c)	87	0	0	0	82	125	119	156	156	206
Patrick Henry	927	827	1154	1077	952	956	892	857	838	837
Noel Taylor Learning Center (c)	63	0	0	0	65	88	108	89	86	92
Total Free Lunch Approvals	8,486	6,976	8,064	7,892	9,274	9,198	8,783	8,350	8,265	8,311
	b.			a.						
Total ADM	13,845	13,636	13,601	13,580	13,771	13,623	13,552	13,192	13,006	12,262
Percentage Free Lunch	61.29%	51.16%	59.29%	58.11%	57.31%	68.08%	67.87%	66.58%	64.20%	67.40%

- a. During Fiscal Year 16, Roanoke City Schools participated in the Community Eligibility Provision, a program that allows the highest poverty school districts to serve breakfast and lunch at no cost to all enrolled students without the burden of collecting household applications. The total free lunch approvals decreased in fiscal 16 because the school division no longer had to take income applications for participation in free lunch which the above table represents.
- b. In Fiscal Year 20, Roanoke City Schools reported identified students (IS) eligible for free/reduced lunch in the table above. Per the CEP Program, if the individual students to enrollment percentage exceeds 40% then that school is eligible for all student to receive free lunch/breakfast. As such, only Crystal Spring and Grandin Court do not meet the 40% threshold. Fiscal Years 16-19 were not restated to reflect the change in the students reported.
- c. Forest Park Academy and Noel C. Taylor Learning Academy students' approvals are in the home school in which the students are assigned beginning the 2016-17 school year. In 2019-20 school year, the students' were not reported with their home school.

Source: Roanoke City Public Schools Department of Food and Nutrition

**ROANOKE CITY PUBLIC SCHOOLS
CAPITAL ASSET STATISTICS
June 30, 2020
(Unaudited)**

**Table 21
Unaudited**

School Description	Total Current Classrooms	Constructed Student Capacity	Current Useable Student Capacity	Enrollment FY2018-19	Enrollment FY2019-20	% Of Constructed Capacity	% Of Useable Capacity	Modular Buildings
Elementary Schools:								
Crystal Spring	19.0	425	456	342	358	84%	79%	0
Fairview	30.0	775	600	533	555	72%	93%	0
Fallon Park	39.0	858	780	568	608	71%	78%	0
Fishburn Park	25.0	750	480	233	299	40%	62%	0
Garden City	25.0	575	456	260	296	51%	65%	0
Grandin Court	16.0	525	480	345	340	65%	71%	0
Highland Park	27.0	525	456	380	367	70%	80%	0
Hurt Park	27.0	600	384	348	375	63%	98%	0
Lincoln Terrace	26.0	600	360	294	329	55%	91%	1
Monterey	29.0	775	520	533	526	68%	101%	0
Morningside	26.0	500	312	228	244	49%	78%	2
Preston Park	23.0	525	474	481	498	95%	105%	1
Roanoke Academy	31.0	750	530	304	410	55%	77%	0
Round Hill	36.0	792	720	612	715	90%	99%	0
Virginia Heights	22.0	425	332	309	316	74%	95%	0
Wasena	15.0	400	288	201	238	60%	83%	0
Westside	48.0	850	816	666	716	84%	88%	0
Middle Schools:								
Addison	40.0	1,075	720	593	650	60%	90%	0
Breckinridge	33.0	550	630	674	710	129%	113%	1
Fishwick	37.0	775	660	529	532	69%	81%	0
Madison	35.0	900	690	576	615	68%	89%	0
Wilson	40.0	975	840	564	657	67%	78%	0
High Schools:								
William Fleming	93	2,100	1,850	1,678	1,897	90%	103%	0
Patrick Henry	81	2,059	1,850	1,943	1,655	80%	89%	0
Regional Program:								
Roanoke Valley Governor's School	12	160	275	264	268	168%	97%	0

Source: Roanoke City Public Schools Department of Fiscal Services

Note: The Roanoke Valley Governor's School has a morning session and an afternoon session, with approximately 60% of the student body attending the morning session. Students are enrolled at their home schools; approximately half of the students are enrolled in other school districts within the region.

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
Table of Capital Assets by Location
June 30, 2020
(Unaudited)

Location	Land	Buildings and Structures	Equipment and Improvements	Construction in Progress	Total
William Fleming High School	\$ 237,993	\$ 61,904,702	\$ 1,259,686	\$ -	\$ 63,402,381
Patrick Henry High School	31,127	60,510,237	2,281,596	134,213	\$ 62,957,173
Lucy Addison Aerospace Middle School	12,015	13,681,192	1,018,715	173,122	\$ 14,885,044
James Breckinridge Middle School	37,500	7,431,523	447,885	576,755	\$ 8,493,663
John P. Fishwick Middle School	36,005	6,509,332	3,825,769	-	\$ 10,371,106
James Madison Middle School	9,883	5,905,713	299,257	-	\$ 6,214,853
William Ruffner Operations Center	35,329	4,198,169	5,323,309	9,165	\$ 9,565,972
Woodrow Wilson Middle School	12,500	12,544,822	306,883	-	\$ 12,864,205
Crystal Spring School	153,444	5,394,577	359,856	8,920	\$ 5,916,797
Fairview School	21,566	5,223,924	239,562	50,934	\$ 5,535,986
Fallon Park School	13,700	15,966,372	394,995	2,141,496	\$ 18,516,563
Fishburn Park School	4,236	4,026,484	395,344	-	\$ 4,426,064
Forest Park Academy	27,992	3,907,707	545,000	-	\$ 4,480,699
Garden City School	26,850	5,360,053	205,846	11,132	\$ 5,603,881
Grandin Court School	33,700	2,980,198	172,684	72,521	\$ 3,259,103
Highland Park School	600	5,835,880	255,424	5,567	\$ 6,097,471
Hurt Park School	2,085	4,446,799	187,436	-	\$ 4,636,320
Lincoln Terrace School	18,000	3,129,723	371,597	-	\$ 3,519,320
Monterey School	15,000	4,783,754	492,040	-	\$ 5,290,794
Morningside School	22,700	3,345,357	621,293	-	\$ 3,989,350
Noel C. Taylor Academy at Oakland	78,727	2,067,505	1,498,593	50,934	\$ 3,695,759
Preston Park School	33,956	3,933,667	168,699	143	\$ 4,136,465
Raleigh Court School	18,750	1,153,738	-	-	\$ 1,172,488
Roanoke Academy for Math and Science	15,000	13,102,308	488,756	-	\$ 13,606,064
Round Hill School	47,790	18,358,524	411,692	-	\$ 18,818,006
Virginia Heights School	32,750	7,037,115	263,936	229,570	\$ 7,563,371
Wasena School	20,000	4,377,729	178,178	-	\$ 4,575,907
Westside School	45,000	7,066,612	261,188	-	\$ 7,372,800
Governor's School for Math and Science	-	4,116,507	376,319	-	\$ 4,492,826
School Administration	8,050	1,109,141	1,289,190	-	\$ 2,406,381
Warehouse	-	-	412,698	-	\$ 412,698
School Transportation	360,000	1,883,378	222,131	-	\$ 2,465,509
Total Capital Assets	\$ 1,412,248	\$ 301,292,740	\$ 24,575,557	\$ 3,464,472	\$ 330,745,018

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

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



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COMPLIANCE SECTION





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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, each major fund, and the remaining fund information of the School Board of the City of Roanoke, Virginia (the "School Board"), a component unit of the City of Roanoke, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements, and have issued our report thereon dated October 30, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. **The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and responses, as item 2020-001.**

The School Board's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The School Board'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
October 30, 2020

THE SCHOOL BOARD OF THE 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 School Board of the City of Roanoke, Virginia's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia

Budget and Appropriation Laws
Cash and Investment Laws
Conflicts of Interest Act
Local Retirement Systems
Procurement Laws

State Agency Requirements

Education

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended June 30, 2020

2020-001: School Board Budget Appropriations

Condition:

Total expenditures exceeded budget appropriations.

Criteria:

The School Board is required to keep expenditures within budgeted amounts.

Cause:

The School Board approved and entered into a capital lease during FY20. After approving the lease, the budget was not amended for the expenditures associated with the capital lease.

Effect:

Actual expenditures for the year exceeded the appropriations according to the approved budget.

Recommendation:

Steps should be taken to ensure that the budget is amended for any significant expenditures that were not included in the original budget

Management Response (Unaudited):

Management acknowledges that an amendment to the general fund expenditure budget, to take into consideration the work performed under the capital lease/purchase agreement entered into during FY20, was not submitted to the School Board for approval during the fiscal year. Though the School Board is responsible for the maintenance and use of school building facilities, the buildings remain the property of the City of Roanoke and are the City's assets, not the School Division's. As a result, capital improvement projects, funded through municipal bond proceeds, are accounted for in a separate capital project fund and are not reflected in the School Division's financial statements. When entering into this new energy upgrade performance agreement, Management accounted for the project in the same way other debt-funded capital projects are reflected: in the capital projects fund. Similar to other capital improvement projects, Management did not expect this agreement to impact the General Fund, and so no amendment to the FY20 budget was thought to be necessary. Through the process of conducting the annual audit, the external auditor informed Management that the nature of the agreement and its financing was such that it would need to be accounted for within the School Division's General Fund. This change was identified after June 30; too late to request an adjustment to the budget from the School Board.

The project and its lease/purchase financing were approved by the School Board through a resolution adopted by the Board on November 12, 2019, so the work and its associated costs did have School Board approval. This was a new endeavor which is not expected to be utilized again for the foreseeable future. Nonetheless, Management will ensure that this project is accounted for in the appropriate fund going forward, and will request a budget amendment in a timely manner should one prove to be necessary in a subsequent year.

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