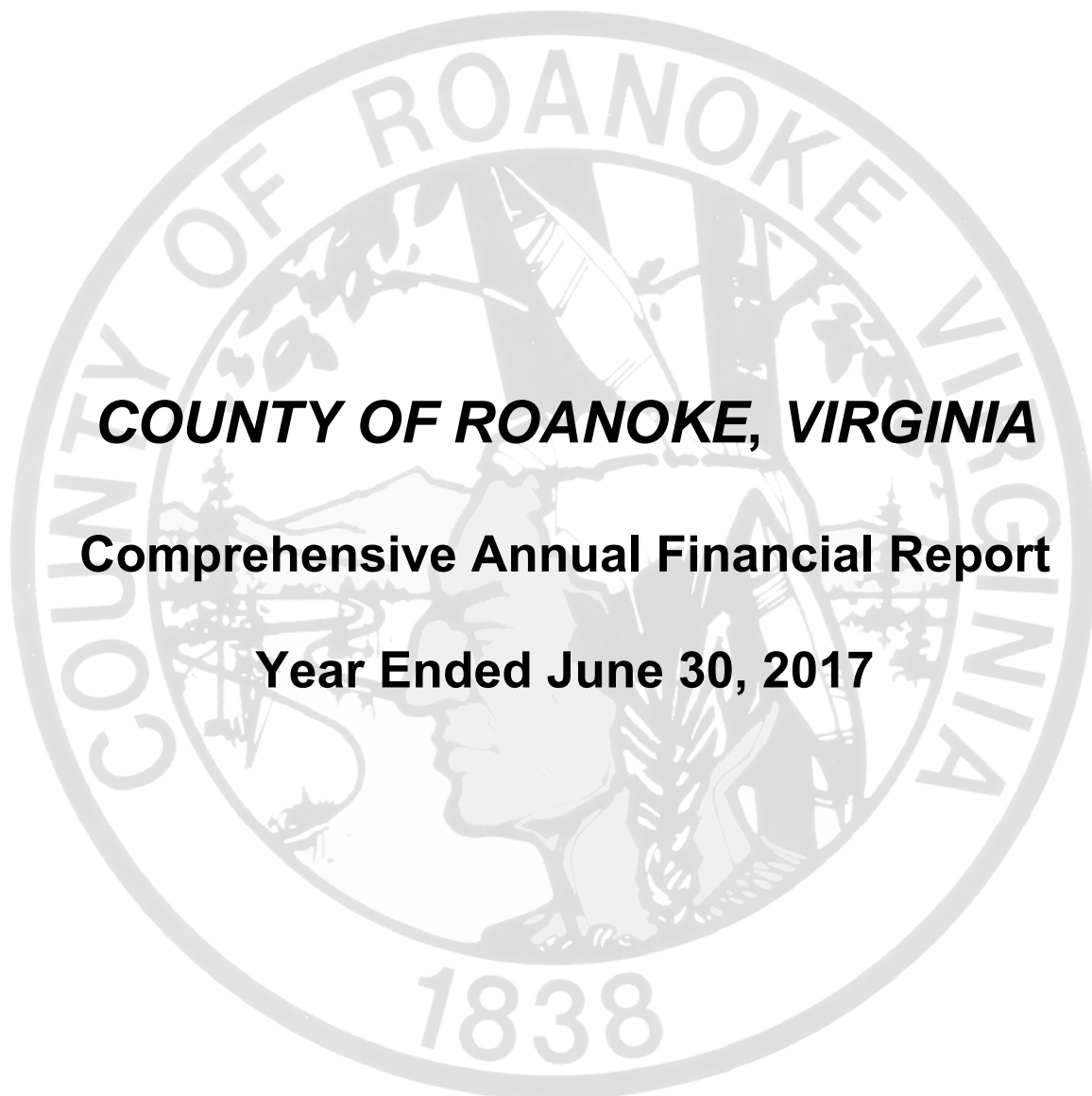


County of Roanoke, Virginia

Comprehensive Annual Financial Report



Year Ended June 30, 2017



COUNTY OF ROANOKE, VIRGINIA
Comprehensive Annual Financial Report
Year Ended June 30, 2017

Prepared by the

Department of Finance
5204 Bernard Drive, P.O. Box 29800
Roanoke, VA 24018-0798

540-772-2020

www.roanokecountyva.gov

Finance Department

Rebecca E. Owens, MBA
Director of Finance

Laurie L. Gearheart, CPA
Assistant Director of Finance

Shannon L. Lecas, CPA
Finance Manager

Cynthia L. Laughlin
Finance Manager

Amy B. Meacham
Finance Manager

Ashley M. Anderson, CPA, MAcc
Finance Manager

Evan C. Malone
Financial Analyst

Joshua B. Pegram
Financial Analyst

Jessica C. Lovell, MBA
Financial Analyst

Cover Design:

Source4

County of Roanoke Board of Supervisors



Joseph P. McNamara
Chairman
Windsor Hills District



Martha B. Hooker
Vice Chairman
Catawba District



George G. Assaid
Cave Spring District



Al Bedrosian
Hollins District



P. Jason Peters
Vinton District



Thomas C. Gates
County Administrator



COUNTY OF ROANOKE, VIRGINIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2017

Table of Contents

	Page
<u>INTRODUCTORY SECTION (Unaudited)</u>	
Transmittal Letter	1
County of Roanoke History	8
Directory – County Officials	10
Directory – School System Principal Officials	11
Organizational Chart	12
Certificate of Achievement for Excellence in Financial Reporting	13
<u>FINANCIAL SECTION</u>	
Report of Independent Auditor	16
Management’s Discussion and Analysis (required supplementary information) (Unaudited)	19
<u>Exhibits</u>	
Basic Financial Statements:	
Government-wide Financial Statements:	
Exhibit I	Statement of Net Position 32
Exhibit II	Statement of Activities 33
Fund Financial Statements:	
Governmental Funds’ Financial Statements	
Exhibit III	Balance Sheet 34
Exhibit IV	Statement of Revenues, Expenditures, and Changes in Fund Balances 36
Proprietary Funds’ Financial Statements	
Exhibit V	Statement of Net Position 38
Exhibit VI	Statement of Revenues, Expenses, and Changes in Fund Net Position 39
Exhibit VII	Statement of Cash Flows 40
Fiduciary Funds’ Financial Statements	
Exhibit VIII	Statement of Fiduciary Net Position 41
Exhibit IX	Statement of Changes in Fiduciary Net Position 42
Combining Component Units’ Financial Statements	
Exhibit X	Combining Statement of Net Position 43
Exhibit XI	Combining Statement of Activities 44
Notes to the Basic Financial Statements	45
Required Supplementary Information other than Management’s Discussion and Analysis:	
Exhibit XII	Budgetary Comparison Schedule-General Fund (Unaudited) 110
Exhibit XIII	Schedule of Changes in Net Pension Liability (Asset) and Related Ratios (Unaudited) 112
Exhibit XIV	Schedule of Employers Proportionate Share of Net Pension Liability (Unaudited) 113
Exhibit XV	Schedule of Contributions - Pension (Unaudited) 114
Exhibit XVI	Schedules of Funding Progress (Unaudited) 115
Exhibit XVII	Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios (Unaudited) 116
Exhibit XVIII	Schedule of Employer Contributions – OPEB (Unaudited) 117
Exhibit XIX	Schedule of Investment Returns – OPEB (Unaudited) 118
Exhibit XX	Schedule of Changes in Total Pension Liability-Fire and Rescue Pension Trust Length of Service Awards Program (Unaudited) 119

COUNTY OF ROANOKE, VIRGINIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2017

Table of Contents

(continued)

	Notes to Required Supplementary Information (Unaudited)	120
	Supplementary Information:	
<u>Schedules</u>	Combining Schedules of Governmental Funds	
Schedule 1	Budgetary Comparison Schedule – Debt Service Fund	123
Schedule 2	Budgetary Comparison Schedule – Capital Projects Fund	124
Schedule 3	Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	125
	Capital Assets Used in the Operation of Governmental Activities –	
Schedule 4	Schedule By Function and Activity	130
Schedule 5	Schedule of Changes By Function and Activity	131
Schedule 6	Schedule of the Treasurer's Accountability	132
	Combining Statement of Internal Service Funds	
Schedule 7	Combining Statement of Net Position	134
Schedule 8	Combining Statement of Revenues, Expenses, and Changes in Net Position	135
Schedule 9	Combining Statement of Cash Flows	136
	Combining Statement of Fiduciary Funds	
Schedule 10	Combining Statement of Fiduciary Assets and Liabilities - Agency Funds	138
Schedule 11	Combining Statement of Changes in Fiduciary Assets and Liabilities - Agency Funds	140
	Statements of Component Units	
	Roanoke County Public Schools	
Schedule 12	Statement of Net Position	143
Schedule 13	Statement of Activities	144
Schedule 14	Balance Sheet – Governmental Funds	145
Schedule 15	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	146
Schedule 16	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	147
	Economic Development Authority of Roanoke County, Virginia	
Schedule 17	Balance Sheet – Governmental Fund	148
Schedule 18	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Fund	149
Schedule 19	Schedule of Revenue Bonds and Notes Outstanding	150
	South Peak Community Development Authority	
Schedule 20	Statement of Net (Deficit) Position	151
Schedule 21	Statement of Revenues, Expenditures and Changes in Net (Deficit) Position	152
Schedule 22	Statement of Cash Flows	153

STATISTICAL SECTION (Unaudited)

<u>Tables</u>	Financial Trends	
Table 1	Net Position by Component	157
Table 2	Changes in Net Position	158
Table 3	Fund Balances, Governmental Funds	160
Table 4	Changes in Fund Balances, Governmental Funds	162

**COUNTY OF ROANOKE, VIRGINIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2017**

Table of Contents

(continued)

	Revenue Capacity Information	
Table 5	Assessed Value and Estimated Actual Value of Taxable Property	164
Table 6	Direct and Overlapping Property Tax Rates	165
Table 7	Principal Property Tax Payers	166
Table 8	Property Tax Levies and Collections	167
	Debt Capacity Information	
Table 9	Ratios of Outstanding Debt by Type	168
Table 10	Ratios of General Bonded Debt Outstanding	169
Table 11	Debt Policy Information	170
	Demographic and Economic Information	
Table 12	Demographic Statistics	171
Table 13	Principal Employers	172
	Operating Information	
Table 14	Full-time Equivalent County Government Employees by Function/Program	173
Table 15	Operating Indicators by Function/Program	174
Table 16	Capital Asset Statistics by Function/Program	175

SINGLE AUDIT SECTION

Schedule of Expenditures of Federal Awards	178
Notes to Schedule of Expenditures of Federal Awards	180
Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	181
Report of Independent Auditors on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	183
Schedule of Findings and Questioned Costs	185



INTRODUCTORY SECTION



County of Roanoke

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

November 28, 2017

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

It is with pleasure that we submit to you the Comprehensive Annual Financial Report (CAFR) of the County of Roanoke, Virginia (the County) for the fiscal year ended June 30, 2017. State law requires that all local governments have their accounts and records, including those of the constitutional officers, audited annually as of June 30 by an independent certified public accountant and that the audited financial report be submitted on or before November 30 to the Auditor of Public Accounts of the Commonwealth of Virginia (APA). This report has been prepared by the County's Department of Finance in accordance with the standards of financial reporting as prescribed by the Governmental Accounting Standards Board (GASB).

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

The auditing firm of Cherry Bekaert LLP, a firm of independent certified public accountants, has issued unmodified opinions on the County's basic financial statements as of and for the fiscal year ended June 30, 2017. Those opinions are located at the front of the financial section of this report.

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

Profile of the Government

The County of Roanoke is primarily the suburban hub of the Roanoke Valley. Within the County's geographical boundaries lie the independent cities of Roanoke and Salem, as well as the Town of Vinton. The County's provisional population is 93,924¹, up 1.7% from the 2010 census population of 92,376. The County is part of the Roanoke Metropolitan Statistical Area (MSA) that has a total population of 319,826, reflecting an increase of 3.6% over the 2010 census. The County is within easy reach of major markets for local manufacturers and distributors via Interstate 81 and railway access.

¹ Population source: Weldon Cooper Center for Public Service, University of Virginia, July 1, 2015 Estimate

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

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

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

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

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

Economic Condition and Outlook

Local Economy

Fiscal year 2017 continued to show signs of economic stability in the Valley. Unemployment as of June 30, 2017 remained low at 3.6%², which is below the State average of 3.8%³.

Additionally, according to the “Greater Roanoke Virginia Statistical Guide” produced by the Roanoke Regional Chamber of Commerce, the Valley’s overall cost of living index is 90, indicating that costs in Roanoke are 10% lower than the national average of 100%. The composite index is based on six component categories: housing, utilities, grocery items, transportation, health care, and miscellaneous goods and services.

Economic Development

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

Fiscal year 2017 saw several projects come to fruition, including the construction of 25 miles of fiber in the County’s primary commercial corridors. The \$3.4 million expansion project provides the region’s first open-access fiber optic network in partnership with businesses and Roanoke Valley governments. The Roanoke Valley Broadband Authority (RVBA) offers a reliable high-speed fiber option to enterprise businesses, data centers and public sector customers across the Roanoke Region. With more than 75 miles of carrier-grade, open-access fiber, the RVBA delivers multi-terabit capacity fiber-to-the-door at speeds up to 200 gigabits per second. The County’s portion of the build will join previous installations in the cities of Salem and Roanoke, ultimately providing a sophisticated fiber system for commercial, business and government use.

The Western Virginia Regional Industrial Facility Authority (WVRIFA), comprised of local government leaders from Roanoke County, Roanoke City and the City of Salem, completed the acquisition of 106 acres on Woodhaven Road for economic development purposes. It was determined that the Woodhaven Road properties represented the greatest economic opportunity for the region, given its gateway location at the intersection of I-81 and I-581. A consulting engineer assisted in the master planning of the site and three community meetings were held to share and collect information from the community, which will be incorporated into the development plans for the property. This significant project represents regional cooperation and an investment in the region’s future for high-impact, high-profile “signature” projects, with investment targets greater than \$100 million, and the creation of more than 250 new jobs.

The Route 419 corridor is the center of commerce for Roanoke County, and a key economic driver for the community. Roanoke County’s vision is to revitalize this corridor through the 419 Town Center Study, an eight-month planning study of 390 acres from Route 220 to Starkey Road in the Route 419 area near Tanglewood Mall. Staff completed the bulk of its work to create the 419

² Virginia Employment Commission statistics

³ U.S. Bureau of Labor Statistics

Town Center Plan during the year, which included numerous community meetings to engage businesses, property owners and citizens. The Plan incorporates a comprehensive market and residential analysis, design standards, transportation improvements and development concepts to encourage the redevelopment of catalyst sites within the corridor.

The Route 419 Widening, Safety, and Multimodal Improvements project, funded in 2016, is currently underway to address congestion on Route 419 in the 419 Town Center Study area. The improvements will extend about six-tenths of one mile from the County line at Route 220 to Ogden Road and include an additional southbound travel lane, plus bicycle and pedestrian accommodations. The project received \$1 million in Highway Safety Improvement Program funds and \$4.8 million in HB2/Smart Scale funds in June 2016. Surveying and Preliminary Engineering is currently underway. The Right-of-Way phase is proposed to start in 2020 with construction proposed for 2021.

The sale of Tanglewood Mall to Blackwater Resources of Birmingham, Alabama represents a significant opportunity to repurpose this property for greater economic development outcomes. Tanglewood Mall is the County's most noted and high-profile commercial development in the County's busiest commercial corridor, and is a catalyst site highlighted in the Route 419 Town Center Plan. Redevelopment scenarios were created and property owners were encouraged to incorporate design concepts consistent with the goals and strategies outlined in the Plan to enhance the livability, accessibility and economic impact of the area.

Redevelopment projects that began in FY 16 continued throughout the year, with some bringing an expected completion date into FY 18. These projects in total represent approximately \$15 million in new investment and 120 new jobs, and returns previously underutilized County-owned property into productive and taxable reuse. Updates on these projects are as follows:

1. 419 Library - American Healthcare successfully relocated their offices into this facility located on the Route 419 commercial corridor in the Cave Spring area.
2. The Roland E. Cook Lofts – the project was completed in July 2017 and is 100% leased, representing a significant downtown revitalization and historic preservation success story for the Town and County.
3. William Byrd School – design plans, building and demolition permits were in process during the fiscal year, with expected completion of the project in calendar year 2018.
4. Vinton Library – building plans and demolition permits were submitted during FY 17 to redevelop this property. Construction is expected to be completed in 2018.

Other commercial expansion projects included the announcement of a new Tru by Hilton hotel with an \$8 million investment, and a \$12 million Lewis Gale Emergency room redevelopment project on Route 419 at Tanglewood Mall. The financial market showed continued growth, with the announcement of two new institutions entering the County: Valley Star Credit Union announced the construction of a \$1.4 million facility and American National Bank brought a \$3.5 million investment

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

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

Long-Term Financial Planning

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

The Board of Supervisors adopted a formal policy for the establishment, maintenance, and use of unassigned general fund balance to provide for the long-term economic stability of the County of Roanoke. This policy increases the unassigned fund balance incrementally over several years with the ultimate goal of 11% of general fund revenues. Rating agencies carefully monitor levels of unassigned fund balance in a government's general fund to evaluate a government's continued credit worthiness. The rating agencies recommend that the unassigned balance be maintained at a level between 10% and 15% of the general fund revenues.

At June 30, 2017 the unassigned fund balance for the general fund was 11.00% of the fiscal year 2017 general fund budgeted revenues. This is a tenet of the Board's commitment to prudent financial planning because it eliminates the need for short-term borrowing, ensures that current obligations, including debt payments, can be met and provides a cushion against the potential shock of any unexpected change in revenues. This practice, along with our prudent debt management policies, allows the County to maintain strong bond ratings. The County has bond ratings on outstanding lease revenue bonds as follows: Standard & Poor's AA, Moody's Investor Service Aa2, and Fitch AA.

Relevant Financial Policies

The County of Roanoke adopted policies which allocate the balance at the end of a fiscal year from excess revenues and/or unspent expenditures to capital. The policy allocates all of the revenues in excess of budget at year end, first to the General Fund Unassigned Balance until the maximum amount for the current year is met, and next to capital reserves. Also, unspent expenditure appropriations at year end are allocated to capital reserves. These policies were adopted in conjunction with the School System to ensure continued funding for needed capital improvements.

Major Initiatives

Initiatives of the County of Roanoke promote economic progress, improve the community's quality of life, and position the County to respond to future development needs. The County is committed to providing quality housing and continues to receive positive publicity for the quality of life enjoyed by citizens and potential business prospects. Roanoke County saw the continuation of major capital and educational initiatives in the 2016-2017 fiscal year. Major initiatives for 2016-2017 included:

Education:

Roanoke County Public Schools is the 19th largest of 132 school systems in the Commonwealth of Virginia. The School Board consists of five members elected to four-year terms.

The School System provides a broad spectrum of general, special, gifted, career and technical education opportunities for 14,049 students (including pre-kindergarten) between the ages of 3 and 21 at sixteen elementary schools, five middle schools, five high schools, and one specialty center. Roanoke County Public Schools had a strong year in terms of standards of learning (SOL) performance. Based on the preliminary data, the School System expects to be one of the minority of school districts in the state that will have all of its schools fully accredited for school year 2018, based on school year 2017 results.

The School System has been recognized for the past 14 years as one of the “Best Communities for Music Education in America” by the NAMM Foundation and one of only eleven school districts in Virginia. This recognition demonstrates the School System’s commitment to quality music education despite the financial pressures on fine arts programs throughout the country.

Eastern Section of the Roanoke River Greenway: This project entails the planning, design and construction of approximately 2.7 miles of the Roanoke River Greenway in the eastern portion of the County, from the water treatment plant in the City of Roanoke to the Blue Ridge Parkway. The project has completed the design phase and is moving to the right of way acquisition stage. The project is funded through approximately \$6.8 million in VDOT Transportation Alternatives and Regional Surface Transportation Program (RSTP) funds with a local match of approximately \$193,000. The project is estimated to be completed in the summer of FY19-20.

Western Section of the Roanoke River Greenway: This project entails the planning, design and construction of approximately 1.6 miles of the Roanoke River Greenway in the western portion of the County, from Green Hill Park in Roanoke County to Riverside Park in the City of Salem. The project has completed its design stage and is moving into the right of way acquisition stage. The project is funded through approximately \$8.03 million in VDOT Open Container (OC), Regional Surface Transportation Program (RSTP) funds and VDOT SMART SCALE funds. The project is estimated to be completed in the summer of FY 19-20.

Explore Park: Explore Park is an 1100 acre outdoor recreation park located in the eastern part of Roanoke County connecting with the Blue Ridge Parkway. In 2016, the Board of Supervisors adopted the Explore Park Adventure Plan that outlines the 15 year development plan for a regional park that will host not only local users but tourists from the surrounding region. Explore Park’s plan focuses on private development for many of the recreational amenities such as a lodge, campground, cabins, restaurant, gas station, country store, rental facilities, ropes course and river access, creating a positive economic impact to the Roanoke Valley. Roanoke County is contracting with private firms to begin private recreation operations in 2018-2019. The FY 16-17 capital project for Explore Park includes the design and construction of public water and sewer to the entrance of the park. The project cost is \$800,000. This project will be completed in the winter of 2017/2018.

Plantation Road Project: The Plantation Road Bicycle, Pedestrian and Streetscape Improvement Project was started in 2009. The project encompasses the length of Plantation Road (Route 115) from Interstate 81 to Williamson Road (Route 11), a distance of nine-tenths of one mile. The proposed improvements include sidewalks, pedestrian crosswalks, pedestrian signals, bicycle facilities, street trees, pedestrian-scaled lighting, a Hollins community identification sign, landscaping and drainage improvements. Shared-use trails will connect Walrond Park to the

Hollins University segment of the Tinker Creek Greenway and ultimately to the 40 miles of trails at Carvins Cove Natural Reserve. Phase 1 is under construction and will include a shared use path from Williamson Road to Walrond Drive with curb, gutter, and street trees. Phase 1 is anticipated to be complete in June 2018 with a total project cost of \$4.2 million. A total of about \$1.3 million was awarded in 2016 for Lila Drive Intersection Safety Improvements. Preliminary Engineering is underway and construction is anticipated in FY 2021. Another \$1.8 million was awarded in 2017 for Phase 2 of the Plantation Road Project which will continue sidewalks, curb, gutter and street trees from Walrond Drive to Gander Way/Friendship Lane. The project will also include Walrond Drive intersection improvements, pedestrian signals and crosswalks at the Gander Way/Friendship Lane intersection. Preliminary Engineering will begin in FY 2022 and construction is anticipated to begin in FY 2024.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Roanoke for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. This was the thirty-third consecutive year that Roanoke County has received this prestigious honor. In order to be awarded a Certificate of Achievement, governments have to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements. In addition, the County received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2017. This was the thirty-first consecutive year that the government received this esteemed recognition. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document must be judged proficient as a policy document, a financial plan, an operations guide and a communications device.

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

Sincerely,



Thomas C. Gates
County Administrator



Rebecca E. Owens
Director of Finance

History of Roanoke County, Virginia

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

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

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

The County today has a population of approximately 93,924 and is a mostly suburban area that surrounds the City of Roanoke. Its 251 square miles include the Town of Vinton; Hollins, home of the prestigious Hollins University for women; and historic Bonsack. A diversified economic base helps to provide security from market fluctuations related to particular products.

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

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

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

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

In November 1992, the Roanoke County Police Department became the first nationally accredited department in Southwest Virginia through the Commission on Accreditation for Law

Enforcement Agencies, Inc. (CALEA). The department has maintained national accreditation since November 1997. Existing departmental programs, including criminal investigations, traffic enforcement, domestic violence, crime prevention, criminal apprehension, and community-involved policing, are enhanced through the accreditation process.

The Roanoke Valley Resource Authority (RVRA) was established on October 23, 1991 under a user agreement between the County of Roanoke, the City of Roanoke and the Town of Vinton to develop a regional solid waste disposal facility. In 2016, the City of Salem joined the RVRA. A nine-member board appointed by the governing bodies of the Charter Members presently governs the RVRA. The County has control over the budget and financing of the Authority only to the extent of representation by board members appointed. The old regional sanitary landfill operated by the Roanoke Valley Regional Solid Waste Management Board was closed on September 30, 1993.

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

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

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

County of Roanoke

County Officials

June 30, 2017

Board of Supervisors

Joseph P. McNamara, Chairman, Windsor Hills District
Martha B. Hooker, Vice-Chair, Catawba District
P. Jason Peters, Vinton District
George G. Assaid, Cave Spring District
Al Bedrosian, Hollins District

County Administration

Thomas C. Gates, County Administrator

County Attorney	Ruth Ellen Kuhnel
Assistant County Administrator	Daniel O'Donnell
Assistant County Administrator	Richard L. Caywood
Clerk to the Board	Deborah C. Jacks
Chief of Fire and Rescue.....	Stephen G. Simon
Chief of Police	Howard B. Hall
Director of Community Development.....	O. Arnold Covey
Director of Economic Development	Jill Loope
Director of Finance.....	Rebecca E. Owens
Director of General Services	Howard R Light
Director of Human Resources	Anne Marie Green
Director of Information Technology.....	Bill Hunter
Director of Libraries	Shari Henry
Director of Management and Budget.....	Christopher R. Bever
Director of Parks, Recreation and Tourism.....	Douglas Blount
Director of Real Estate Assessments	William Driver
Director of Social Services	Joyce W. Earl
Registrar	Anna Cloeter
Unit Coordinator for Virginia Cooperative Extension.....	Leslie Prillaman

Constitutional Officers

Clerk of the Circuit Court	Steven A. McGraw
Commissioner of the Revenue	Nancy J. Horn
Commonwealth Attorney	Edwin R. Leach
Sheriff	Joseph "Eric" Orange
Treasurer	F. Kevin Hutchins

Roanoke County Public Schools

Principal Officials

June 30, 2017

School Board Members

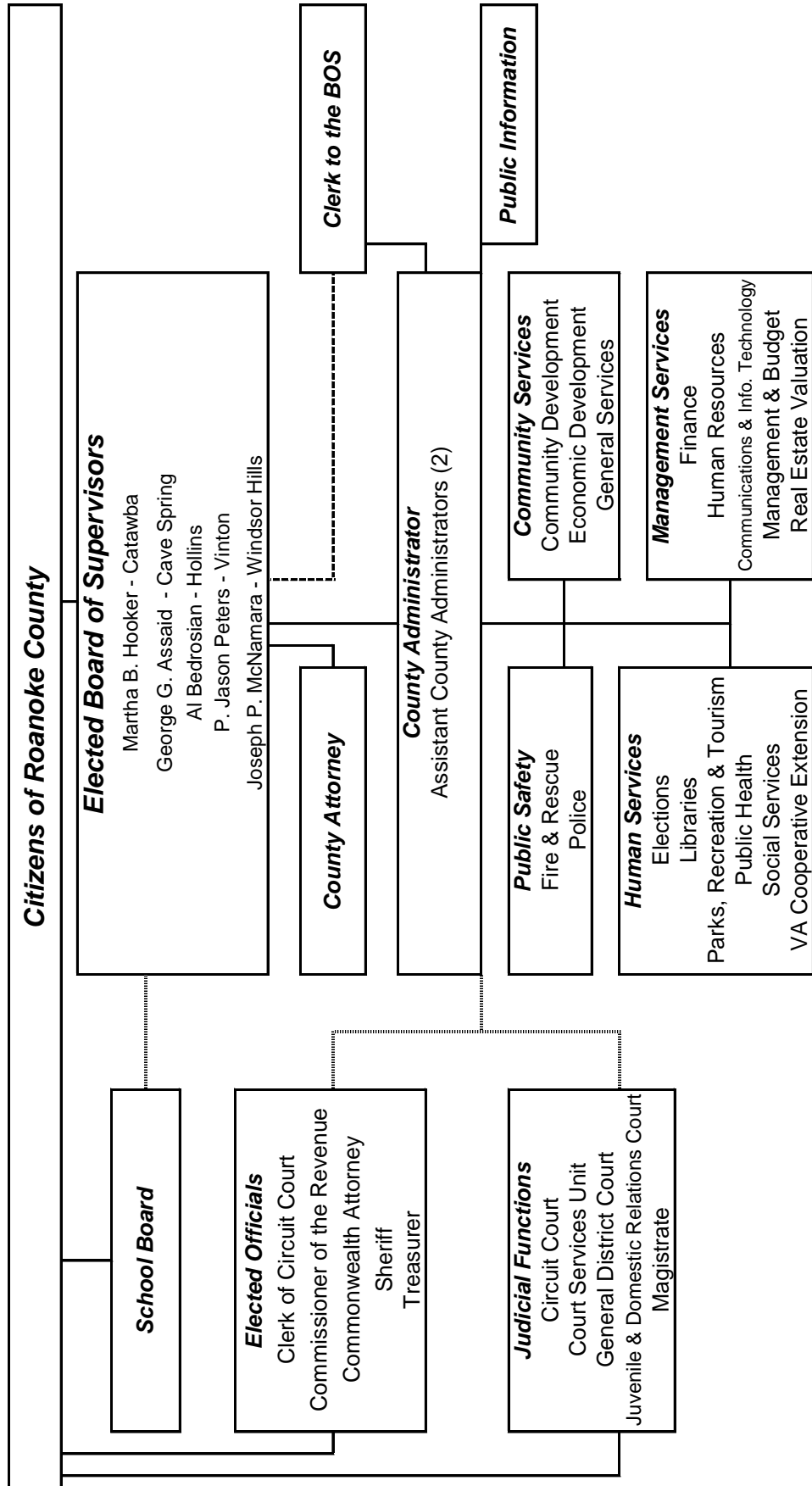
Timothy D. Greenway, Chairman, Vinton District
Jason B. Moretz, Vice-Chairman, Windsor Hills District
Michael A. Wray, Cave Spring District
Donald T. Butzer, Catawba District
Jerry L. Canada, Hollins District

School Administration

Dr. Gregory N. Killough, Superintendent of Schools

Assistant Superintendent of Human Resources
and Instruction.....Dr. Rebecca G. Eastwood
Assistant Superintendent of Finance and Operations..... Mrs. Penny A. Hodge
Director of Administration.....Dr. Kenneth E. Nicely
Director of Elementary InstructionDr. Linda F. Wright
Director of Testing Mr. Ben J. Williams
Director of Career and Technical EducationMr. Jason D. Suhr
Director of Special EducationDr. Jessica M. McClung
Director of Secondary InstructionDr. Rhonda W. Stegall
Director of Human Resources.....Mr. Jim Bradshaw
Community Relations Specialist.....Mr. Chuck D. Lionberger
Director of Facilities and Operations..... Mr. George G. Assaid
Supervisor of NutritionMrs. Rhonda R. Huffman
Chief Information OfficerMr. Jeff A. Terry
Director of Finance.....Mrs. Susan L. Peterson

County of Roanoke Organizational Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Roanoke
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO



FINANCIAL SECTION

Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Roanoke, Virginia (the "County"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the South Peak Community Development Authority (the "CDA"), a discretely presented component unit of the County, which represents 6.02% of the respective assets, 0.44% of the respective revenues, and 2.34% of the respective net position of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the CDA, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Notes 1 and 22 to the financial statements, the County adopted new accounting guidance, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, effective July 1, 2016. As a result, the governmental activities' net position as of June 30, 2016 has been restated. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Introductory Section, Supplementary Information, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Supplementary Information and the Schedule of Expenditures and Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the Supplementary Information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2017, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Cheryl Behrman CPA". The signature is written in a cursive, flowing style.

Roanoke, Virginia
November 28, 2017

County of Roanoke, Virginia
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2017

The management of the County of Roanoke, Virginia (the "County") presents the following discussion and analysis as an overview of the financial activities of the County for the year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-7 of this report.

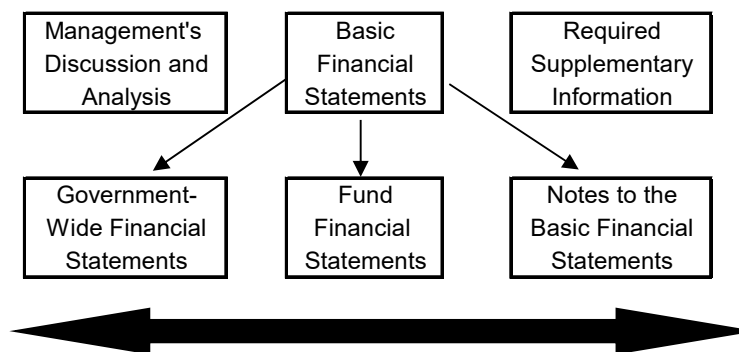
FINANCIAL HIGHLIGHTS

- The total assets and deferred outflows of the County's governmental activities exceeded its liabilities and deferred inflows as of June 30, 2017 by \$102.9 million (*net position*).
- On a government-wide basis for governmental activities, the County had expenses, net of program revenues, of \$173.3 million, which were \$9.5 million more than general revenues of \$163.8 million (Exhibit II).
- The County's outstanding debt decreased by \$12.5 million during fiscal year 2017. This is the result of scheduled debt payments made during the year that reduced the principal balance.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The financial section of the comprehensive annual financial report consists of the following:

Components of the Financial Section



Management's discussion and analysis is intended to serve as an introduction to the County of Roanoke's basic financial statements and is unaudited. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. In addition, required supplementary information accompanies the basic financial statements and is unaudited.

County of Roanoke, Virginia
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2017

The basic financial statements present two types of financial statements, each with a different view of the County's finances, the County as a whole (government-wide) and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the County's overall financial position. The fund financial statements focus on the individual funds of the County, reporting the County's operations in more detail than the government-wide statements. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison and enhance the County's accountability.

Government-Wide Financial Statements

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

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

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate Roanoke County Public Schools and a legally separate Economic Development Authority for which the County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 32-33 of this report.

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

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

County of Roanoke, Virginia
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2017

Fund Financial Statements

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

- **Governmental funds:** Most of the County's basic services are reported in governmental funds, which focus on how resources flow into and out of those funds and the remaining balances at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation accompanying the fund financial statements.
- **Proprietary funds:** The County uses Internal Service funds to provide for health, other post employment benefits, dental, and workers' compensation coverage for employees and for general and automobile liability coverage.
- **Fiduciary funds:** The County is trustee, or fiduciary, for the Fire and Rescue Pension Trust Length of Service Awards Program. The County acts in an agency capacity or fiscal agent, for the Roanoke Valley Resource Authority, Virginia Recreational Facilities Authority, the Western Virginia Regional Jail Authority, the Regional Center for Animal Control and Protection and other local agencies. Resources held for other governments, individuals or agencies not part of the County are reported as fiduciary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The County excludes these activities from the government-wide financial statements because the County cannot use these assets to finance its operations.

The governmental fund financial statements can be found beginning on page 34 of this report.

Notes to the basic financial statements. The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 45 of this report.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's budgetary comparisons, contributions and progress in funding its obligation to provide pension and postemployment health care benefits to its employees. Required supplementary information can be found beginning on page 110 of this report.

County of Roanoke, Virginia
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2017

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Summary of Net Position

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

Summary of Net Position As of June 30, 2017 and 2016			
	Governmental Activities		
	FY2017	FY2016	
Current and other assets	\$ 82,302,883	\$ 85,071,050	
Capital assets, net	257,021,428	276,689,523	
Total assets	<u>339,324,311</u>	<u>361,760,573</u>	
Deferred outflows	<u>14,531,400</u>	<u>11,315,981</u>	
Other liabilities	9,759,013	11,125,149	
Long-term liabilities	229,016,839	231,911,792	
Total liabilities	<u>238,775,852</u>	<u>243,036,941</u>	
Deferred inflows	<u>12,116,056</u>	<u>17,520,139</u>	
Net investment in capital assets	111,249,469	117,285,621	
Restricted	3,558,562	5,228,778	
Unrestricted	(11,844,228)	(9,994,925)	
Total net position	<u>\$ 102,963,803</u>	<u>\$ 112,519,474</u>	

In the case of the County, assets and deferred outflows exceed liabilities and deferred inflows by \$102.9 million at the close of fiscal year 2017. This decrease of \$9.5 million reflects an overall decrease in the County's financial position and is the result of a combination of factors including 1) a decrease in net capital assets due to relatively stable asset values combined with annual depreciation expense and 2) expenses exceeding revenues for the year ended.

The largest portion of the County's net position (108.5%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net position (3.5%) is restricted for state and federal grant programs. The remaining balance is unrestricted net position (-11.8%). A negative balance indicates that no funds were available for discretionary purposes.

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

County of Roanoke, Virginia
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2017

Changes in Net Position

The following table shows the revenue and expenses of the government-wide activities:

Changes in Net Position For the Year Ended June 30, 2017 and 2016			
	Governmental Activities		
	FY2017	FY2016	
Revenues			
Program Revenues:			
Charges for services	\$ 13,398,820	\$ 12,711,055	
Operating grants & contributions	27,434,634	27,784,548	
General Revenues:			
Property taxes	113,049,822	110,987,417	
Sales taxes	10,708,955	10,060,910	
Business license taxes	6,616,605	6,214,617	
Communication taxes	3,718,969	3,818,766	
Consumer utility taxes	3,765,184	3,758,027	
Tax on prepared food	4,409,949	4,310,751	
Motor vehicle licenses	2,269,832	2,235,054	
Other local taxes	4,909,434	4,807,298	
Non-categorical state aid	12,229,857	12,229,857	
Other revenues	2,108,741	3,616,291	
Total revenues	<u>204,620,802</u>	<u>202,534,591</u>	
Expenses			
General government	14,712,459	12,313,823	
Judicial administration	3,044,106	2,956,266	
Public safety	48,191,825	48,014,484	
Public works	17,411,621	20,913,459	
Library	6,803,503	5,296,128	
Health & welfare	19,624,895	19,481,808	
Parks, recreation and culture	8,487,614	9,673,809	
Community development	3,796,642	3,030,851	
Education	83,509,170	85,645,780	
Interest and other charges	8,594,638	6,325,692	
Total expenses	<u>214,176,473</u>	<u>213,652,100</u>	
Change in net position	(9,555,671)	(11,117,509)	
Total net position, beginning of year	121,143,420	129,040,249	
Restatement **	(8,623,946)	3,220,680	
Total net position, end of year	<u>\$ 102,963,803</u>	<u>\$ 121,143,420</u>	
** Restated in accordance with GASB statement No. 73			

County of Roanoke, Virginia
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2017

Governmental Activities

Governmental activities decreased the County's net position by \$9.5 million. The County's total revenues increased from the prior year by 1.0% to \$204.6 million and expenses for all programs and services increased 0.3% to \$214.2 million.

Approximately 55.3% of the County's revenues come from property taxes, 3.2% from business license tax, 1.8% from communications tax, 1.8% from consumer utility tax, 2.2% from tax on prepared food, 1.1% from motor vehicle license, 2.4% from other local tax, 6.6% from charges for services, 13.4% from operating grants and contributions, 6.0% from non-categorical state aid, 5.2% from sales tax, and 1.0% from other and miscellaneous revenues.

The County's expenses cover a range of services, with about 39.0% related to Education, 22.6% to Public Safety, 8.1% to Public Works, 9.1% to Health and Welfare, 1.4% to judicial administration, 3.2% to library, 4.0% to parks, recreation and culture, 1.8% to community development, 6.8% to general government, and 4.0% for interest and other charges.

Revenues for governmental activities increased \$2.1 million (1.0%) and total expenses increased \$0.7 million (0.3%) when compared to the prior year. Key elements of these changes were as follows:

- Property tax revenues increased by \$2.1 million (1.9%) during the year. This increase was primarily due to modest growth in both real and personal property tax values.
- Operating grants and contributions revenues decreased by \$0.3 million (-1.3%) as a result of an increase in monies received in 2017 for public safety and social services programs, combined with a decrease in monies received for education programs.
- Charges for services increased by \$0.7 million (5.4%) due to an increase in ambulance and library fees.
- Public Safety expenses increased by \$0.4 million (0.8%) due to the purchase of several vehicles combined with a decrease in pension liabilities.
- Public Works expenses decreased by \$3.5 million (-16.7%) primarily due to the completion of stormwater projects.
- Library expenses increased by \$1.5 million (28.5%) due to an increase in IT allocation costs and fewer position vacancies.
- Health and Welfare expenses increased by \$0.1 million (0.7%) due to an increase in demand for services.
- Education expenses decreased by \$2.1 million (-2.5%) primarily due to fewer capital projects.
- Interest and other charges increased by \$2.3 million (35.9%) due to changes in deferred outflows for deferred charges on refundings of debt.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental Funds

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

As of the end of the fiscal year, the County's governmental funds reported combined fund balance of \$59.3 million, a decrease of \$0.8 million in comparison with fiscal year 2016. Of this amount 0.3% (\$0.2 million) constitutes nonspendable fund balance which reflects inventories and prepaid assets that are non-liquid in form and cannot be spent, 6.7% (\$4.0 million) constitutes restricted fund balance, which is externally restricted for State and Federal grant programs, 51.2% (\$30.4 million) constitutes committed fund balance, which is designated for future capital projects, education, community development, stormwater management, LOSAP pension liability, and other general government programs, 1.8% (\$1.0 million) constitutes assigned fund balance, which is designated for parks and recreation and other various general government programs, and 40.0% (\$23.7 million) constitutes unassigned fund balance which reflects the County's unappropriated fund balances for all general governmental accounts.

The fund balance of the General Fund decreased \$2.0 million during the current fiscal year. This decrease is attributed to an increase in general property taxes, other local taxes, and State and Federal revenues combined with a decrease in transfers from the capital projects fund, and an increase in expenditures related to funds provided to the schools.

The Special Revenue Fund accounts for proceeds of specific revenue sources that are restricted to expenditures for specific purposes. The restricted fund balance increased from prior year by \$78,104 as a result of the increase in the property taxes and special assessments received from the South Peak district.

The Capital Projects Fund is used to account for the acquisition or construction of major capital facilities. At the end of the current fiscal year, the Capital Projects Fund balance consisted of \$22.1 million committed and \$0.4 million restricted for future capital projects. The fund balance increased by \$1.1 million due to a transfer from the General Fund related to year end policies of surplus budget over revenues and expenditures.

County of Roanoke, Virginia
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2017

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- To reappropriate monies to pay for commitments in the form of encumbrances established prior to June 30, 2017 but not paid by that date.
- To reappropriate grants, donations and other revenues authorized in fiscal year 2017 or earlier, but not expended or encumbered as of June 30, 2017.
- To appropriate grants, donations, and other revenues accepted or adjusted in fiscal year 2017 when official notice of approval was received.
- To appropriate the designated general fund balance to capital projects.

Below is a condensed version of the budgetary comparison of the General Fund original budget, amended budget, and actual amounts for fiscal year 2017.

General Fund						
Budgetary Highlights for 2017						
		Original Budget		Budget as Amended		Actual
Revenues	\$	192,797,636	\$	211,862,774	\$	196,360,788
Expenditures		106,887,273		126,025,274		108,836,735
Transfers out, net		85,910,363		89,633,476		89,508,197
Net change in fund balance	\$	-	\$	(3,795,976)	\$	(1,984,144)

Actual General Fund total revenues fell short of the amended budget by \$15.5 million for fiscal year 2017. The deficit is primarily the result of several reimbursable federal and state grants budgeted for the Roanoke River Greenway, Plantation Road and other various projects. During the year, planning for the projects continued; however, minimal expenditures were incurred and, therefore, few revenues were received. Expenditures and transfers were less than budgetary estimates by \$17.3 million, resulting in savings at year end primarily due to the \$2.7 million in planning and zoning for corridor improvements and \$14.1 million in parks, recreation and culture for early-stage greenways projects. During the year, County departments closely monitored operational budgets in response to the continuing uncertainty of possible State funding cuts and revenue lags.

The County Board of Supervisors appropriated \$1.8 million in transfers in fiscal year 2017 to allocate the prior year ending fund balance for future expenditures and capital projects. The County ending fund balance decreased at June 30, 2017 by \$0.8 million compared to the prior

County of Roanoke, Virginia
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2017

fiscal year end due to the completion of several capital projects and no new bond issuances. The School Board and County Board of Supervisors have a jointly adopted financial policy designating year end balances for major and minor capital projects.

Proprietary Funds

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

Unrestricted net position of the Health Insurance, Dental Insurance, and Risk Management funds at the end of the year amounted to \$38,412. The net position of Risk Management decreased by \$529,499, Health Insurance decreased by \$1,018,586 as a result of adverse claim experience, and Dental Insurance decreased by \$2,530.

CAPITAL ASSETS

As of June 30, 2017, the County had invested \$257.0 million, net of accumulated depreciation, in a variety of capital assets including land, buildings, construction in progress, land improvements, and equipment. The total net decrease in the County's investment in capital assets for the current year was \$19.7 million.

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

Capital Assets			
As of June 30, 2017 and 2016			
	Governmental Activities		
	FY2017	FY2016	
Land	\$ 14,209,655	\$ 14,222,816	
Buildings, improvements and systems	345,429,811	348,422,134	
Furniture, fixtures, and equipment	67,361,347	63,261,968	
Construction in progress	3,332,590	3,555,496	
Subtotal	<u>430,333,403</u>	<u>429,462,414</u>	
Accumulated depreciation	(173,311,975)	(152,772,891)	
Totals	<u>\$ 257,021,428</u>	<u>\$ 276,689,523</u>	

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

- Building, improvements and systems decreased by \$2.9 million. Debt related to a 1996 Northside Middle School renovation was paid in full as of June 30, 2017 and, as a result, the asset was transferred to the Schools.
- Furniture, fixtures, and equipment increased by \$4.1 million primarily due to the completion of an integrated financial system, the purchase of vehicles for various

County of Roanoke, Virginia
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2017

departments, a station fuel control system for general services, and network upgrades for information technology.

LONG-TERM DEBT

At June 30, 2017, the County had a number of bonded debt issues outstanding. These include \$3.6 million of general obligation debt (which is privately held), \$86.5 million of Virginia Public School Authority (VPSA) bonds for School purposes and \$78.2 million outstanding of lease revenue bonds. Although the issuance of bonds by Virginia counties is not subject to any limitations on amount, counties are prohibited from issuing general obligation bonds unless the issuance has been approved by public referendum. Outstanding debt at June 30, 2017 decreased by a net amount of \$12.5 million as a result of scheduled debt payments made during the year that reduced the principal balance of outstanding debt.

The County has adopted a debt policy that establishes guidelines and limitations for the issuance of debt. The debt policy addresses the level of total indebtedness the County can reasonably expect to incur without jeopardizing its financial position and to ensure the efficient and effective operation of the County. The County measures its total level of debt through three ratios: 1) net debt per capita (excluding business type funds) should not exceed \$2,500, 2) net debt per assessments should not exceed 3%, and 3) debt service to general fund expenditures should not exceed 10%. As of June 30, 2017, the County's net debt per capita ratio was \$1,792, the net debt to assessments ratio was 1.78%, and the percent of debt service to general fund expenditures was 6.78% based on total debt outstanding.

The County has bond ratings on outstanding lease revenue bonds as follows: Standard & Poor's AA, Moody's Investor Service Aa2, and Fitch AA.

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

Outstanding Debt			
As of June 30, 2017 and 2016			
	Governmental Activities		
	FY2017	FY2016	
General Obligation bonds	\$ 3,640,935	\$ 4,497,704	
Lease Revenue bonds	78,183,655	81,150,705	
Virginia Public School Authority bonds	86,485,636	95,149,806	
Totals	<u>\$ 168,310,226</u>	<u>\$ 180,798,215</u>	

FACTORS INFLUENCING FUTURE BUDGETS AND RATES

Key factors that are expected to impact future budgets include:

County of Roanoke, Virginia
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2017

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

ECONOMIC FACTORS

During fiscal year 2017, the State economy mirrored the slow recovery of the national economy. The County continues to forecast and experience relatively flat revenue growth in the local tax base, further challenging the ability to maintain existing service levels.

Fiscal year 2017-18 revenue estimates appear to be performing slightly above budget. While we have always kept a watchful eye on the year-to-date revenue collections and regularly update revenue forecasts, our current fiscal climate dictates that continuous revenue budgeting be a top priority. However, even with this emphasis it is important to be aware of the pitfalls of estimating future revenues in this continuing unstable economic environment.

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

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the Director of Finance, County of Roanoke, 5204 Bernard Drive, Suite 300E, Roanoke, Virginia 24018, telephone (540) 772-2020, or visit the County's web site at www.roanokecountyva.gov.



BASIC FINANCIAL STATEMENTS

COUNTY OF ROANOKE, VIRGINIA
Statement of Net Position
June 30, 2017

Exhibit I

	Governmental Activities	Component Units
ASSETS		
Cash and cash equivalents	\$ 7,120,796	\$ 15,372,578
Cash and investments with fiscal agents	3,416,358	-
Investments	38,464,606	22,080,902
Restricted cash and cash equivalents	877,729	-
Accounts receivable	15,624,492	1,109,130
Due from other governments	15,996,979	5,326,057
Inventories	172,852	408,339
Land held for resale	-	4,680,024
Prepaid and other assets	433,269	120,935
Other postemployment benefit asset	195,802	331,240
Capital assets:		
Land and construction in progress	17,542,245	12,351,913
Other capital assets, net	239,479,183	39,743,529
Capital assets, net	<u>257,021,428</u>	<u>52,095,442</u>
Total assets	<u>339,324,311</u>	<u>101,524,647</u>
DEFERRED OUTFLOWS		
Deferred charges on refundings of debt	4,919,263	-
Resources related to pension plan	9,612,137	19,794,703
Total deferred outflows	<u>14,531,400</u>	<u>19,794,703</u>
LIABILITIES		
Accounts payable	3,571,945	1,814,605
Accrued liabilities	1,146,854	2,490,253
Unearned revenues	2,588,532	198,164
Accrued interest payable	2,451,682	149,632
Due from other governments	55,900	-
Long-term liabilities:		
Portion due or payable within one year:		
Bonds payable	12,720,504	173,000
Compensated absences	3,185,475	822,066
Claims payable	1,512,769	1,930,567
Portion due or payable after one-year:		
Bonds payable	155,589,722	6,676,000
Compensated absences	2,494,474	1,999,064
Claims payable	1,672,214	550,332
Net pension liabilities	43,782,538	133,544,391
Net LOSAP pension liability	8,003,243	-
Total liabilities	<u>238,775,852</u>	<u>150,348,074</u>
DEFERRED INFLOWS		
Deferred tax revenues	10,629,514	-
Resources related to pension plan	1,486,542	8,718,000
Total deferred inflows	<u>12,116,056</u>	<u>8,718,000</u>
NET POSITION		
Net investment in capital assets	111,249,469	45,246,442
Restricted for:		
Grants and other governmental programs	3,558,562	-
Instructional grants	-	77,309
Emergency contingency	-	2,000,000
Unrestricted	(11,844,228)	(85,070,475)
Total net position	<u>\$ 102,963,803</u>	<u>\$ (37,746,724)</u>

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Units
Primary Government					
General government	\$ 14,712,459	\$ 844,265	\$ 544,011	\$ -	\$ -
Judicial administration	3,044,106	884,334	1,293,438	-	-
Public safety	48,191,825	4,862,372	6,618,253	-	-
Public works	17,411,621	367,076	-	-	-
Library	6,803,503	383,560	337,860	-	-
Health and welfare	19,624,895	673,735	11,807,147	-	-
Parks, recreation, and culture	8,487,614	4,915,280	-	-	-
Community development	3,796,642	468,198	411,561	-	-
Education	83,509,170	-	6,422,364	-	-
Interest and other charges	8,594,638	-	-	-	-
Total governmental activities	<u>\$ 214,176,473</u>	<u>\$ 13,398,820</u>	<u>\$ 27,434,634</u>	<u>\$ (173,343,019)</u>	<u>-</u>
Total component units	<u>\$ 159,620,467</u>	<u>\$ 4,531,519</u>	<u>\$ 27,839,282</u>	<u>\$ -</u>	<u>(124,160,405)</u>
General revenues:					
Real estate and personal property				113,049,822	-
Local share of sales tax				10,708,955	-
Business license taxes				6,616,605	-
Communications taxes				3,718,969	-
Consumer utility taxes				3,765,184	-
Tax on prepared food				4,409,949	-
Motor vehicle licenses				2,269,832	-
Other local taxes				4,909,434	-
Payments from Roanoke County				-	69,627,905
Payments from other local governments				-	10,000
Non-categorical state aid				12,229,857	54,914,899
Incremental tax revenues				-	678,820
Special assessment revenues				-	35,501
Gain on sale of capital assets				792,488	116,956
Interest and Investment earnings				1,121,537	4,058
Miscellaneous				194,716	446,962
Total general revenues				<u>163,787,348</u>	<u>125,835,101</u>
Change in net position				(9,555,671)	1,674,696
Total net position at beginning of year, as restated (Note 21)				112,519,474	(39,421,420)
Total net position at end of year				<u>\$ 102,963,803</u>	<u>\$ (37,746,724)</u>

COUNTY OF ROANOKE, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2017

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,396,784	\$ 794,220	\$ 282,159	\$ 1,796,718	\$ 4,269,881
Cash and investments with fiscal agents	3,409,832	-	6,526	-	3,416,358
Investments	16,762,667	-	-	21,701,939	38,464,606
Restricted cash and cash equivalents	877,729	-	-	-	877,729
Receivables	15,237,509	12,000	-	170	15,249,679
Due from other governments	15,892,797	-	-	-	15,892,797
Prepaid items and other assets	9,407	-	-	-	9,407
Inventories	172,852	-	-	-	172,852
Total assets	<u>\$ 53,759,577</u>	<u>\$ 806,220</u>	<u>\$ 288,685</u>	<u>\$ 23,498,827</u>	<u>\$ 78,353,309</u>
LIABILITIES					
Accounts payable	\$ 2,435,837	\$ 8,702	\$ -	\$ 960,560	\$ 3,405,099
Accrued wages and benefits	1,146,854	-	-	-	1,146,854
Due to other governments	55,900	-	-	-	55,900
Unearned revenues	2,588,532	-	-	-	2,588,532
Total liabilities	<u>6,227,123</u>	<u>8,702</u>	<u>-</u>	<u>960,560</u>	<u>7,196,385</u>
DEFERRED INFLOWS					
Deferred tax revenues	10,617,514	12,000	-	-	10,629,514
Unavailable revenues	1,215,830	-	-	-	1,215,830
	<u>11,833,344</u>	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>11,845,344</u>
FUND BALANCES					
Nonspendable	182,259	-	-	-	182,259
Restricted	2,773,044	785,518	-	438,114	3,996,676
Committed	7,976,704	-	288,685	22,100,153	30,365,542
Assigned	1,046,647	-	-	-	1,046,647
Unassigned	23,720,456	-	-	-	23,720,456
Total fund balances	<u>35,699,110</u>	<u>785,518</u>	<u>288,685</u>	<u>22,538,267</u>	<u>59,311,580</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 53,759,577</u>	<u>\$ 806,220</u>	<u>\$ 288,685</u>	<u>\$ 23,498,827</u>	<u>\$ 78,353,309</u>

(continued)

COUNTY OF ROANOKE, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2017

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

Total fund balances for governmental funds		\$ 59,311,580
Total net capital assets reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land and construction in progress	17,542,245	
Other capital assets, net of \$173,311,975 of accumulated depreciation	<u>239,479,183</u>	
Total capital assets, net		257,021,428
Internal service funds (Exhibit V) are used by the County to charge the cost of health, dental, and risk management to individual funds. These assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position. Internal service fund net position is:		
		38,412
County revenues that are earned but not considered available are not current financial resources and, therefore, are not reported in the governmental funds.		
		1,215,830
Long-term assets or liabilities are not due and payable in the current period and, therefore, are not reported as assets or liabilities in the governmental funds. Balances at June 30, 2017 are:		
Prepaid and other assets	363,531	
Other postemployment benefit asset	195,802	
Accrued interest payable	(2,451,682)	
Bonds payable	(168,310,226)	
Compensated absences	(5,679,949)	
Net pension liabilities	<u>(51,785,781)</u>	
Total long-term assets and liabilities		(227,668,305)
Deferred outflows and inflows or resources related to debt refunds and pensions are applicable to future periods and, therefore, are not reported in the governmental funds. Balances at June 30, 2017 are:		
Deferred outflow from debt refundings resulting in loss transactions	4,919,263	
Deferred outflows of resources related to pension plan	9,612,137	
Deferred inflow of resources related to pension plan	<u>(1,486,542)</u>	
Total deferred outflows and inflows		13,044,858
Total net position of governmental activities (Exhibit I)		<u><u>\$ 102,963,803</u></u>

COUNTY OF ROANOKE, VIRGINIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
REVENUES					
General property taxes	\$ 113,517,775	\$ 333,097	\$ -	\$ -	\$ 113,850,872
Other local taxes	35,596,794	381,224	-	-	35,978,018
Permits, fees, and licenses	710,051	-	-	-	710,051
Fines and forfeitures	452,348	-	-	-	452,348
Use of money and property	313,642	-	29	75,307	388,978
Charges for services	9,181,856	-	-	101,071	9,282,927
Intergovernmental revenue	33,478,051	-	4,125,345	2,297,019	39,900,415
Locality compensation payments	-	-	124,301	-	124,301
Miscellaneous	3,110,271	-	111,825	7,562	3,229,658
Total revenues	196,360,788	714,321	4,361,500	2,480,959	203,917,568
EXPENDITURES					
Current operating:					
General government	13,564,458	-	-	-	13,564,458
Judicial administration	2,809,515	-	-	-	2,809,515
Public safety	44,876,375	-	-	-	44,876,375
Public works	14,622,163	-	-	-	14,622,163
Library	4,887,940	-	-	-	4,887,940
Health and welfare	18,244,195	-	-	-	18,244,195
Parks, recreation, and culture	7,484,888	-	-	-	7,484,888
Community development	2,347,200	26,365	-	-	2,373,565
Education	67,666,378	-	-	-	67,666,378
Debt service:					
Principal	-	151,000	11,755,869	-	11,906,869
Interest and other charges	-	458,852	7,277,387	-	7,736,239
Capital outlay	-	-	-	8,698,654	8,698,654
Total expenditures	176,503,112	636,217	19,033,256	8,698,654	204,871,239
Excess (deficiency) of revenues over (under) expenditures	19,857,676	78,104	(14,671,756)	(6,217,695)	(953,671)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of land, buildings and equipment	-	-	-	792,488	792,488
Transfers in	507,756	-	14,773,485	7,064,311	22,345,552
Transfers out	(22,349,576)	-	(107,647)	(495,150)	(22,952,373)
Total other financing sources (uses), net	(21,841,820)	-	14,665,838	7,361,649	185,667
Net change in fund balances	(1,984,144)	78,104	(5,918)	1,143,954	(768,004)
Total fund balances at beginning of year	37,683,254	707,414	294,603	21,394,313	60,079,584
Total fund balances at end of year	\$ 35,699,110	\$ 785,518	\$ 288,685	\$ 22,538,267	\$ 59,311,580

(continued)

COUNTY OF ROANOKE, VIRGINIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

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

Net change in fund balances-total governmental funds	\$	(768,004)
--	----	-----------

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

Internal service funds (See Exhibit VI) are used by the County to charge the cost of health, dental, and risk management to individual funds. The change in net position of internal service funds is reported with governmental activities.	(1,550,615)
--	-------------

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	28,209
---	--------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$4,048,243) were over depreciation expense (\$23,716,337) in the current period.	(19,668,095)
--	--------------

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

Repayments of principal	11,755,869	
Locality compensation payment	<u>(124,301)</u>	
Net adjustment		11,631,568

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

Other postemployment benefit asset	195,802	
Compensated absences	(333,549)	
Accrued interest payable	<u>(707,402)</u>	
Net adjustment		(845,149)

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.	1,616,415
---	-----------

Change in net position of governmental activities (Exhibit II)	<u>\$</u>	<u>(9,555,671)</u>
--	-----------	--------------------

COUNTY OF ROANOKE, VIRGINIA
Statement of Net Position
Proprietary Funds
June 30, 2017

	Internal Service Funds
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,850,915
Accounts receivable	374,813
Due from other governmental Units	104,182
Prepaid expenses	60,331
Total current assets	<u>3,390,241</u>
LIABILITIES	
Current liabilities:	
Accounts payable	166,846
Claims payable	1,512,769
Total current liabilities	<u>1,679,615</u>
Noncurrent liabilities:	
Claims payable	1,672,214
Total noncurrent liabilities	<u>1,672,214</u>
Total liabilities	<u>3,351,829</u>
Net Position:	
Unrestricted	38,412
Total net position	<u><u>\$ 38,412</u></u>

See accompanying notes to basic financial statements

Exhibit VI

COUNTY OF ROANOKE, VIRGINIA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2017

	Internal Service Funds
OPERATING REVENUES	
Charges for services	\$ 10,592,383
Total operating revenues	<u>10,592,383</u>
OPERATING EXPENSES	
Purchased services	2,088,954
Personal services	21,842
Claims	10,645,661
Administrative charges	207
Total operating expenses	<u>12,756,664</u>
Operating loss	<u>(2,164,281)</u>
NONOPERATING REVENUES	
Investment income	<u>6,845</u>
Total nonoperating revenues	<u>6,845</u>
Loss before transfers	(2,157,436)
Transfers in	619,427
Transfers out	<u>(12,606)</u>
Change in net position	(1,550,615)
Total net position at beginning of year	<u>1,589,027</u>
Total net position at end of year	<u><u>\$ 38,412</u></u>

See accompanying notes to basic financial statements.

Exhibit VII

**COUNTY OF ROANOKE, VIRGINIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017**

	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from interfund services provided	\$ 10,592,383
Payments to suppliers	(2,215,273)
Payments to employees	(21,842)
Claims paid	(10,656,785)
Other payments, net	(248,362)
Cash used in operating activities	<u>(2,549,879)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds, net	606,821
Cash provided by noncapital financing activities	<u>606,821</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale of investments	2,729,506
Interest and dividends received	6,845
Cash provided by investing activities	<u>2,736,351</u>
Increase in cash and cash equivalents	793,293
Cash and cash equivalents at beginning of the year	<u>2,057,622</u>
Cash and cash equivalents at end of the year	<u><u>\$ 2,850,915</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (2,164,281)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Change in assets and liabilities:	
Accounts receivable	(143,701)
Due from other governmental units	(104,182)
Prepaid expenses	(7,824)
Accounts payable	(118,289)
Claims payable	(11,124)
Deferred revenue	(478)
Cash used in operating activities	<u><u>\$ (2,549,879)</u></u>

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	OPEB Trust	Agency Funds
ASSETS		
Cash and cash equivalents	\$ -	\$ 47,699,187
Investments	-	4,157,671
Investments held by trustee, at fair value:		
Other pooled funds	5,856,227	-
Total assets	<u>5,856,227</u>	<u>51,856,858</u>
LIABILITIES		
Accounts payable	-	51,856,858
Total liabilities	<u>-</u>	<u>\$ 51,856,858</u>
NET POSITION		
Fiduciary Net Position	<u>\$ 5,856,227</u>	

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Statement of Changes in Fiduciary Net Position
OPEB Trust
For the Year Ended June 30, 2017

ADDITIONS

Contributions from employer	\$ 195,802
Investment income:	
Interest and dividends	2,207
Realized gains	658,903
Total Investment Gain (Loss)	661,110
Less Investment Expenses	(6,596)
Net Investment Income	654,514
Total additions	850,316

DEDUCTIONS

Benefit Payments	-
Total deductions	-

Change in net position 850,316

Total net position at beginning of year	5,005,911
Total net position at ending of year	\$ 5,856,227

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Net Position
Component Units
June 30, 2017

	Roanoke County Public Schools	Economic Development Authority	South Peak Community Development Authority	Total Component Units
ASSETS				
Cash and cash equivalents	\$ 14,702,902	\$ 669,676	\$ -	\$ 15,372,578
Investments	22,080,902	-	-	22,080,902
Accounts and other receivables	1,108,301	829	-	1,109,130
Due from other governments	4,540,539	-	785,518	5,326,057
Inventory	408,339	-	-	408,339
Prepaid and other assets	120,935	-	-	120,935
Other postemployment benefit asset	331,240	-	-	331,240
Land held for resale	-	4,680,024	-	4,680,024
Capital assets:				
Land and construction in progress	7,021,850	-	5,330,063	12,351,913
Other capital assets, net	39,743,529	-	-	39,743,529
Capital assets, net	46,765,379	-	5,330,063	52,095,442
Total assets	90,058,537	5,350,529	6,115,581	101,524,647
Deferred outflows of resources				
Deferred outflows of resources related to pension	19,794,703	-	-	19,794,703
Total deferred outflows of resources	19,794,703	-	-	19,794,703
LIABILITIES				
Accounts payable	1,814,605	-	-	1,814,605
Accrued liabilities	2,490,253	-	-	2,490,253
Unearned revenue	198,164	-	-	198,164
Accrued interest payable	-	-	149,632	149,632
Long-term liabilities:				
Portion due or payable within one year:				
Compensated absences	822,066	-	-	822,066
Claims payable	1,930,567	-	-	1,930,567
Bonds payable	-	-	173,000	173,000
Portion due or payable after one year:				
Bonds payable	-	-	6,676,000	6,676,000
Compensated absences	1,999,064	-	-	1,999,064
Claims payable	550,332	-	-	550,332
Net pension liability	133,544,391	-	-	133,544,391
Total liabilities	143,349,442	-	6,998,632	150,348,074
Deferred inflows of resources				
Deferred inflows of resources related to pension	8,718,000	-	-	8,718,000
Total deferred inflows of resources	8,718,000	-	-	8,718,000
NET POSITION				
Net investment in capital assets	46,765,379	-	(1,518,937)	45,246,442
Restricted for:				
Instructional grants	77,309	-	-	77,309
Emergency contingency	2,000,000	-	-	2,000,000
Unrestricted (deficit)	(91,056,890)	5,350,529	635,886	(85,070,475)
Total net (deficit) position	\$ (42,214,202)	\$ 5,350,529	\$ (883,051)	\$ (37,746,724)

See accompanying notes to basic financial statements

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2017

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Public Schools	Economic Development Authority	South Peak Community Development Authority	Total Component Units
Roanoke County Public Schools	\$ 158,258,762	\$ 4,531,519	\$ 27,839,282	\$ 3,089,261	\$ (122,798,700)	\$ -	\$ -	\$ (122,798,700)
Economic Development Authority	879,787	-	-	-	-	(879,787)	-	(879,787)
South Peak Community Development Authority	481,918	-	-	-	-	-	(481,918)	(481,918)
Total component units	<u>\$ 159,620,467</u>	<u>\$ 4,531,519</u>	<u>\$ 27,839,282</u>	<u>\$ 3,089,261</u>	<u>(122,798,700)</u>	<u>(879,787)</u>	<u>(481,918)</u>	<u>(124,160,405)</u>
General revenues:								
Payments from Roanoke County					68,763,376	864,529	-	69,627,905
Payments from other local governments					-	10,000	-	10,000
Non-categorical state aid					54,914,899	-	-	54,914,899
Incremental tax revenues					-	-	678,820	678,820
Special assessment revenues					-	-	35,501	35,501
Gain on sale of capital assets					116,956	-	-	116,956
Interest and Investment earnings					-	4,058	-	4,058
Miscellaneous					432,551	14,411	-	446,962
Total general revenues					<u>124,227,782</u>	<u>892,998</u>	<u>714,321</u>	<u>125,835,101</u>
Change in net position								
					1,429,082	13,211	232,403	1,674,696
Total net (deficit) position at beginning of year								
					(43,643,284)	5,337,318	(1,115,454)	(39,421,420)
Total net (deficit) position at end of year								
					<u>\$ (42,214,202)</u>	<u>\$ 5,350,529</u>	<u>\$ (883,051)</u>	<u>\$ (37,746,724)</u>

See accompanying notes to basic financial statements

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

(1) Summary of Significant Accounting Policies

Financial Reporting Entity

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

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

Discretely Presented Component Units

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

Roanoke County Public Schools

The Roanoke County Public School Board (the School Board) is responsible for overseeing elementary and secondary public education within the government's jurisdiction. The members of the School Board are elected by the citizens of Roanoke County. However, the Roanoke County Public Schools (the School System) is fiscally dependent upon the County because its Board approves the School System's budget, levies the necessary taxes to finance operations, and approves the borrowing of money and issuance of debt to support School System operations and infrastructure. The School System's financial information is presented within the Discretely Presented Component Units' column to emphasize that it is legally separate from the Primary Government. The School System has separately issued financial statements, which may be obtained by writing the Roanoke County Public Schools Department of Budget and Finance, 5937 Cove Road, Roanoke, VA 24018 or visit their website at www.rcs.k12va.us.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

Economic Development Authority of Roanoke County, Virginia

The Economic Development Authority of Roanoke County, Virginia (the EDA or the Authority) was created as a political subdivision of the Commonwealth of Virginia by ordinance of the Roanoke County Board on August 11, 1971, pursuant to the provisions of the Industrial Development and Revenue Bond Act (Chapter 49, Section 15.2 et. Seq., of the Code of Virginia (1950), as amended). The Authority is governed by a board of directors appointed by the County's Board. As a result, the Authority's revenues and expenses may be influenced by the decisions made by the County. The Authority is authorized to acquire, own, lease, and dispose of properties aimed at promoting industry and developing trade by encouraging enterprises to locate and remain in the Roanoke Valley. In addition, the Authority is authorized to issue revenue bonds for the purpose of obtaining and constructing facilities, for which related liabilities may be retained by the Authority or may be assumed by the enterprises for which facilities are constructed. Collection of revenues pledged to liquidate the bonds may be assigned to a trustee. The revenue bonds are not deemed to constitute a debt of pledge of the faith and credit of the Commonwealth of Virginia or any municipality thereof and are payable solely from revenues generated from the lease of facilities constructed, which may be secured by a deed of trust on those facilities. The EDA financial information is presented within the Discretely Presented Component Units' column to emphasize that it is legally separate from the primary government. The Authority does not issue separate financial statements.

South Peak Community Development Authority

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

Related Organizations

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

Roanoke Valley Resource Authority
Commonwealth Fund
Special Welfare Fund
Cable TV
Roanoke Valley Greenway Commission
Virginia Recreational Facilities Authority
Regional Fire Training Center
Western Virginia Regional Jail Authority
Regional Center for Animal Care and Protection

Government-wide and Fund Financial Statements

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

Government-wide Financial Statements

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

Statement of Net Position

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

Statement of Activities

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

Fund Financial Statements

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

Measurement Focus and Basis of Presentation

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

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

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

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

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

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

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

Additionally, the County reports the following Fiduciary funds:

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

Basis of Accounting

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

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

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

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

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

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

Deferred Outflows and Inflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has two items that are classified as deferred outflows of resources for fiscal year 2017. The first item consist of the amount by which the principal and premium of a refunding bond exceed the net carrying amount of the refunded debt. The deferred outflow is being amortized over the remaining life of the refunded debt. The second item is comprised of contributions to the pension plan made during the current year and subsequent to the net pension liability measurement date, which will be recognized as an adjustment of the net pension liability next fiscal year.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. Deferred inflows of resources can consist of the amount by which the net carrying amount of refunded debt exceeds the principal and premium of a refunding bond. Another deferred inflow is revenues which are applicable to a future period, and will not be recognized until the period they become available. Property taxes for which there is an enforceable legal claim as of June 30, 2017, but which were levied

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

to finance fiscal year 2018 operations, have been recorded as deferred inflows. In governmental fund financial statements, receivables that will not be collected within the available period have also been reported as unavailable revenues. Certain items related to the measurement of the net pension liability are also reported as deferred inflows of resources. These include differences between expected and actual experience, changes in assumptions, and the net difference between projected and actual earnings on pension plan investments.

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

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

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

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

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

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

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

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

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

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

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

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

According to the Code of Virginia, when a local government incurs a financial obligation payable over more than one fiscal year to fund an acquisition, construction or improvement of public school property, the local government acquires title to the school property as a tenant

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

in common with the local school board for the term of the financial obligation. For financial reporting purposes, the local government may report the school property and related financial obligation. At the time the financial obligation is paid in full, the net value of the school property is transferred to the local school board and reflected as program revenue and expense in the government-wide financial statements for the local school board and the local government, respectively.

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

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

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

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

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

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period but no related long-term liabilities. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as an other financing source while discounts on debt

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

issuances are reported as other financing uses. Payments to an escrow agent to defease debt is reported as other financing uses while issuance costs and repayments of principal and interest are reported as debt service expenditures. Matured principal and interest payments are reported when due.

Interfund Transactions – On fund financial statements, receivables and payables resulting from interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities’ column of the Statement of Net Position. Flow of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

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

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

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

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

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

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

Pollution and Remediation – In accordance with GAAP, the County yearly analyzes the requirements for reporting liabilities related to cleaning up pollution and/or contamination. As of June 30, 2017, the County has determined that there is no related liability.

Use of Estimates – Management of the County has made a number of estimates and assumptions relating to the reporting of assets and deferred outflows, liabilities and deferred

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

inflows, revenues, expenditures, and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with GAAP. Actual results could differ from those estimates.

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

- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting Pensions*, as well as for the assets accumulated for purposes of providing those pensions. It also establishes requirements for defined contribution pensions that are not within the scope of Statement 68, and amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes.
- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*.
- GASB Statement No. 77, *Tax Abatement Disclosures*, which requires governments that enter into tax abatement agreements to disclose certain information about those agreements, such as description information, type and amount of taxes abated, and additional commitments made by the government.

(2) Property Taxes

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

The annual assessment for real estate is based on 93% of the assessed fair market value. A penalty of 10% of the unpaid tax is due for late payment. Interest is accrued at 10% for the initial year of delinquency, and thereafter at the maximum annual rate authorized by the Internal Revenue Code Section 6621 (b). The effective tax rates per \$100 of assessed value for the year ended June 30, 2017 were as follows:

Real Estate	\$1.09
Personal Property	3.50
Machinery and Tools	2.90

(3) Fund Balances

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

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

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

Fund balances classified in accordance with GAAP at June 30, 2017 are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Nonspendable:					
Prepays	\$ 9,407	\$ -	\$ -	\$ -	\$ 9,407
Inventory	172,852	-	-	-	172,852
	<u>\$ 182,259</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,259</u>
Restricted for:					
Children's Services Act	\$ 1,150,439	\$ -	\$ -	\$ -	\$ 1,150,439
Law Enforcement	982,072	-	-	-	982,072
Clerk of Circuit Court	-	-	-	6,662	6,662
Fire and Rescue	20,490	-	-	381,519	402,009
Parks and Recreation	337,849	-	-	18,810	356,659
Stormwater Management	89,484	-	-	31,123	120,607
Community Development	400	785,518	-	-	785,918
Other purposes	192,310	-	-	-	192,310
	<u>\$ 2,773,044</u>	<u>\$ 785,518</u>	<u>\$ -</u>	<u>\$ 438,114</u>	<u>\$ 3,996,676</u>

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Committed to:					
Law Enforcement	\$ 1,373,331	\$ -	\$ -	\$ 81,041	\$ 1,454,372
LOSAP pension	3,409,832	-	-	-	3,409,832
Fire and Rescue	865	-	-	1,562,178	1,563,043
Garage and Motor Pool	278,580	-	-	-	278,580
Information Technology and Communications Shop	449,586	-	-	567,545	1,017,131
Integrated Financial System	-	-	-	1,020,383	1,020,383
Radio Maintenance	876,273	-	-	-	876,273
Public Works	205,355	-	-	-	205,355
Parks and Recreation	15,197	-	-	654,012	669,209
Libraries	865	-	-	66,586	67,451
General Services	2,295	-	-	1,570,439	1,572,734
Debt Service Reserves	-	-	288,685	-	288,685
Education	-	-	-	5,407,085	5,407,085
Future Capital Projects	1,340,774	-	-	4,880,614	6,221,388
Community Development	7,294	-	-	4,345,162	4,352,456
Stormwater Management	-	-	-	1,418,170	1,418,170
Assessment	-	-	-	189,722	189,722
Other purposes	16,457	-	-	337,216	353,673
	<u>\$ 7,976,704</u>	<u>\$ -</u>	<u>\$ 288,685</u>	<u>\$ 22,100,153</u>	<u>\$ 30,365,542</u>

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

Assigned to:

Law enforcement	\$ 2,717	\$ -	\$ -	\$ -	\$ 2,717
Parks and Recreation	1,043,930	-	-	-	1,043,930

	<u>\$ 1,046,647</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,046,647</u>
--	---------------------	-------------	-------------	-------------	---------------------

Unassigned	<u>\$ 23,720,456</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,720,456</u>
------------	----------------------	-------------	-------------	-------------	----------------------

Total Fund Balances	<u>\$ 35,699,110</u>	<u>\$ 785,518</u>	<u>\$ 288,685</u>	<u>\$ 22,538,267</u>	<u>\$ 59,311,580</u>
---------------------	----------------------	-------------------	-------------------	----------------------	----------------------

The General Fund Unappropriated Balance Policy's stated purpose is to ensure the long-term economic stability of the County, by establishing a policy that maintains a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures. The minimum balance shall be maintained between 10% and 11%. At the end of each fiscal year, all General Fund revenues in excess of budget will first go into the General Fund Unassigned Fund Balance, until the maximum balance for the current year is met.

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

(4) Deposits and Investments

At June 30, 2017, the fair value and maturity of the County's and Component Units' total deposits and investments were as follows:

Deposits and Investments	Fair Value	Original Investment Maturity		Credit Rating
		Less Than 1 Year	1-6 Year	
Demand and time deposits	\$ 38,601,029	\$ 38,601,029	\$ -	not applicable
Interest-earning investment contract	3,409,832	3,409,832	-	AA-
Money market mutual funds	23,521,792	23,521,792	-	AAAm
Virginia LGIP	11,269,794	11,269,794	-	AAAm
Federal agency bonds and notes	64,703,179	2,000,000	62,703,179	AAA
Investment in other pooled funds	6,536,555	6,536,555	-	not applicable
Total	<u>\$ 148,042,181</u>	<u>\$ 85,339,002</u>	<u>\$ 62,703,179</u>	

The investment in other pooled funds categorizes its investments within the fair value hierarchy established by general accepted accounting principles. A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the NAV per share (or its equivalent) of the investment. Investments in the pooled funds are valued using the NAV per share, which is determined by dividing the total value of the pooled funds by the number of outstanding shares. The NAV per share changes with the value of the underlying investments in the pooled funds. Generally,

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

participants may redeem their investment at the end of a calendar quarter upon 90 days' written notice. As of June 30, 2017, excluding the pooled funds, there were no other investments.

Below is the carrying value of cash and investments for the Reporting Entity as of June 30, 2017:

Entity	Cash and Cash Equivalents	Cash and Investments with Fiscal Agents	Investments	Restricted Cash	Total
County	\$ 7,120,796	\$ 3,416,358	\$ 38,464,606	\$ 877,729	\$ 49,879,489
Component Unit:					
School System	14,702,902	-	22,080,902	-	36,783,804
Authority	669,676	-	-	-	669,676
	<u>15,372,578</u>	<u>-</u>	<u>22,080,902</u>	<u>-</u>	<u>37,453,480</u>
Fiduciary Funds:					
Fiduciary Funds - County	47,699,187	5,856,227	4,157,671	-	57,713,085
Fiduciary Funds - School System	2,315,799	680,328	-	-	2,996,127
	<u>50,014,986</u>	<u>6,536,555</u>	<u>4,157,671</u>	<u>-</u>	<u>60,709,212</u>
Total	<u>\$ 72,508,360</u>	<u>\$ 9,952,913</u>	<u>\$ 64,703,179</u>	<u>\$ 877,729</u>	<u>\$ 148,042,181</u>

Fair Value

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The County has the following recurring fair value measurements as of June 30, 2017:

	Level 1	Level 2	Level 3	Total
Debt securities				
U.S. governmental bonds & notes	<u>\$ -</u>	<u>\$ 64,703,179</u>	<u>\$ -</u>	<u>\$ 64,703,179</u>

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

Credit and Concentration of Credit Risk

In accordance with the Code of Virginia and other applicable laws, including regulations, the County's investment policy (the Policy) limits credit risk by restricting authorized investments to the following: bonds, notes and other direct obligations of the United States; bonds, notes and other direct obligations of the Commonwealth of Virginia or political subdivisions thereof; bonds and other obligations issued, guaranteed or assumed by the International Bank for Reconstruction and Development and the Asian Development Bank; prime quality commercial paper; certificates of deposits; bankers' acceptances; repurchase agreements; and money market funds. The policy requires that commercial paper have a minimum Standard & Poor's (S&P) rating (or Moody's equivalent) of A-1. Deposits with banks are covered by the Federal Deposit Insurance Corporation (the FDIC) and collateralized in accordance with the Act Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130%

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

of excess deposits. Accordingly, all deposits are considered fully collateralized. The LGIP is administered by the Treasury Board pursuant to Sections 2.2-4600 through 2.2-4606 of the Code of Virginia. The Treasury Board has delegated the management of the LGIP to the State Treasurer. The fair value of the County's position in the LGIP is the same as the value of the pool shares.

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

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

As of June 30, 2017, the portion of the County and School System's portfolio, excluding the LGIP, State Non-Arbitrage Program (SNAP), Interest-earning investment contract and Investment in other pooled funds held by fiduciary agents, and U.S. Government guaranteed obligations, that exceeded 5% of the total portfolio are as follows:

<u>Issuer</u>	<u>% of Portfolio</u>
Federal Home Loan Bank	14.41%
Federal Farm Credit Bank Bonds	18.03%
Federal Home Loan Mortgage Corp	13.70%

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the depositor will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Policy requires that all investment securities purchased by the County or held as collateral on deposits or investments shall be held by the County or by a third-party custodial agent who may not otherwise be counterparty to the investment transaction.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

As of June 30, 2017, with the exception of the LOSAP funds, all other County investments are held by the County or in a bank's trust department in the County's name.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Policy requires maturity scheduling be timed to anticipated need and scheduled to coincide with projected cash flow needs. All funds shall be considered short-term except those reserved for capital projects and prepayment funds being held for debt retirement. As of June 30, 2017, the County had investments totaling \$4,966,731 with a maturity greater than 24 months.

(5) Receivables

Receivables at June 30, 2017 are as follows:

	Accounts	Taxes	Due from Other Governments	Total
Governmental activities				
General	\$3,670,940	\$11,566,569	\$ 15,892,797	\$31,130,306
Special Revenue	12,000	-	-	12,000
Capital Projects	170	-	-	170
Internal Service	374,813	-	104,182	478,995
Total governmental activities	<u>\$4,057,923</u>	<u>\$11,566,569</u>	<u>\$ 15,996,979</u>	<u>\$31,621,471</u>

(6) Interfund Transfers

Interfund transfers for the year ended June 30, 2017 consisted of the following amounts:

Transfer To	Transfer Out				Total
	General	Debt Service	Capital Projects	Internal Service	
General Fund	\$ -	\$ -	\$ 495,150	\$ 12,606	\$ 507,756
Debt Service Fund	14,773,485	-	-	-	14,773,485
Capital Projects Fund	6,956,664	107,647	-	-	7,064,311
Internal Service Fund	619,427	-	-	-	619,427
Totals	<u>\$ 22,349,576</u>	<u>\$ 107,647</u>	<u>\$ 495,150</u>	<u>\$ 12,606</u>	<u>\$ 22,964,979</u>

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

(7) Payables

Payables at the government-wide level at June 30, 2017 are as follows:

	Vendors	Accrued Wages and Benefits	Total
Governmental funds:			
General	\$ 2,435,837	\$ 1,146,854	\$ 3,582,691
Special Revenue	8,702	-	8,702
Debt Service	-	-	-
Capital Projects	960,560	-	960,560
Total governmental funds	<u>\$ 3,405,099</u>	<u>\$ 1,146,854</u>	<u>\$ 4,551,953</u>
Proprietary funds:			
Internal Service	\$ 166,846	-	\$ 166,846
Total proprietary funds	<u>\$ 166,846</u>	<u>\$ -</u>	<u>\$ 166,846</u>
Accrued interest payable			2,451,682
Total governmental activities			<u><u>\$ 7,170,481</u></u>

(8) Long-Term Liabilities

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

Outstanding long-term liabilities at June 30, 2017 are as follows:

	Governmental Activities
\$6,503,586 - 2013 General Obligation Refunding Bonds due in annual installments of \$856,769 to \$948,122 through June 1, 2021; interest at 2.38%	\$ 3,640,935
\$7,965,000 - 1998 Series A VPSA Bonds due in annual installments of \$395,000 through July 15, 2018; interest at 5.1%	790,000
\$4,724,924 - 1998 Series B VPSA Bonds due in annual installments of \$243,559 to \$248,659 through July 15, 2018; interest at 5.1%	494,703

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

	<u>Governmental Activities</u>
\$6,920,000 - 1999 Series B VPSA Bonds due in annual installments of \$345,000 through July 15, 2019; interest at 6.1%	1,035,000
\$16,500,000 - 2001 Series A VPSA Bonds due in annual installments of \$825,000 through July 15, 2021; interest at 5.1%	4,189,305
\$12,968,814 - 2001 Series B VPSA Bonds due in annual installments of \$662,170 to \$683,564 through July 15, 2021; interest at 3.1% to 5.1%	3,393,147
\$20,630,000 - 2003 Series C VPSA Bonds due in annual installments of \$1,030,000 through July 15, 2023; interest at 4.6% to 5.4%	7,689,759
\$14,900,000 - 2007 Non-subsidized VPSA bonds due in annual installments of \$745,000 through July 15, 2027; interest at 4.4% to 5.1%	8,626,403
\$6,364,713 - 2007 subsidized VPSA bonds due in annual installments of \$308,371 to \$371,160 through July 15, 2027; interest at 4.4% to 5.1%	3,923,619
\$43,830,000 - 2009 B VPSA Bonds due in annual installments of \$2,190,000 to \$2,195,000 through July 15, 2029; interest at 4.1% to 5.1%	30,886,171
\$9,080,000 - 2011 VPSA Bonds due in annual installments of \$450,000 to \$455,000 through July 15, 2031; interest at 3.3% to 5.1%	7,497,286
\$17,835,000 - 2014 Series C VPSA bonds due in annual installments of \$890,000 to \$895,000 through July 15, 2034; interest at 3.6% to 5.1%	17,960,242
\$58,595,000 - Lease Revenue bond Series 2008 due in annual installments of \$1,345,000 to \$1,825,000 through October 15, 2020; interest at 4.0% to 5.0%	6,114,285
\$20,625,000 - 2013B VRA Refunding and Lease Revenue Bonds due in annual installments of \$510,000 to \$1,645,000 through October 1, 2033; interest at 4.1% to 4.8%	20,011,758
\$5,770,000 - 2014A VRA Refunding Bonds due in annual installments of \$15,000 to \$1,415,000 through October 1, 2033; interest at 3.1% to 4.9%	5,840,698
\$44,175,000 - Lease Revenue bond Series 2015 due in annual installments of \$105,000 to \$3,215,000 through October 15, 2037; interest at 3.0% to 5.0%	46,216,915
	<u>\$ 168,310,226</u>
Accrued compensated absences	5,679,949
Claims payable	3,184,983
LOSAP liability	8,003,243
Net Pension liability	43,782,538
	<u>\$ 228,960,939</u>

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

Changes in long-term liabilities for the year ended June 30, 2017 were as follows:

	Outstanding June 30, 2016	Additions	Deletions	Outstanding June 30, 2017	Amounts Due Within One Year
Primary Government					
Governmental Activities:					
General Obligation Bonds	\$ 4,497,704	\$ -	\$ 856,769	\$ 3,640,935	\$ 875,760
VPSA School Bonds	95,149,806	-	8,664,170	86,485,636	8,612,694
Lease Revenue Bonds	81,150,705	-	2,967,050	78,183,655	3,232,050
	<u>180,798,215</u>	<u>-</u>	<u>12,487,989</u>	<u>168,310,226</u>	<u>12,720,504</u>
Accrued compensated absences	5,346,400	3,859,822	3,526,273	5,679,949	3,185,475
Claims payable	3,196,107	9,964,086	9,975,210	3,184,983	1,512,769
LOSAP liability	9,003,405	-	1,000,162	8,003,243	-
Net Pension liability	33,567,665	20,161,178	9,946,305	43,782,538	-
	<u>\$ 231,911,792</u>	<u>\$ 33,985,086</u>	<u>\$ 36,935,939</u>	<u>\$ 228,960,939</u>	<u>\$ 17,418,748</u>
Component Units					
School System:					
Capital lease obligations	\$ 484,939	\$ -	\$ 484,939	\$ -	\$ -
Accrued compensated absences	2,757,397	1,671,273	1,607,540	2,821,130	822,066
Claims payable	2,339,022	16,809,456	16,667,579	2,480,899	1,930,567
Net Pension liability	119,699,449	15,845,839	2,000,897	133,544,391	-
	<u>\$ 125,280,807</u>	<u>\$ 34,326,568</u>	<u>\$ 20,760,955</u>	<u>\$ 138,846,420</u>	<u>\$ 2,752,633</u>
CDA:					
Bond payable	<u>\$ 7,000,000</u>	<u>\$ -</u>	<u>\$ 151,000</u>	<u>\$ 6,849,000</u>	<u>\$ 173,000</u>

The County has \$9.8 million of premiums included within debt at June 30, 2017.

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

The annual requirements to amortize governmental activities' debt outstanding as of June 30, 2017 are as follows:

Fiscal Year	General Obligation Serial Bonds		Virginia Public School Authority Bonds		Lease Revenue Bonds		Total Government Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 875,760	\$ 86,654	\$ 8,612,694	\$ 3,643,291	\$ 3,232,050	\$ 2,982,282	\$ 12,720,504	\$ 6,712,227
2019	898,188	65,811	8,626,925	3,226,472	2,887,050	2,862,229	12,412,163	6,154,512
2020	918,865	44,434	7,995,492	2,840,204	3,002,050	2,743,416	11,916,407	5,628,054
2021	948,122	22,566	7,656,346	2,487,241	3,119,193	2,623,197	11,723,661	5,133,004
2022	-	-	7,662,508	2,130,969	3,245,264	2,489,788	10,907,772	4,620,757
2023-2027	-	-	27,467,325	6,483,561	18,716,320	10,133,434	46,183,645	16,616,995
2028-2032	-	-	15,560,781	1,585,473	21,851,446	5,830,547	37,412,227	7,416,020
2033-2037	-	-	2,903,565	142,177	18,880,087	2,111,036	21,783,652	2,253,213
2038	-	-	-	-	3,250,195	56,263	3,250,195	56,263
Total	\$ 3,640,935	\$ 219,465	\$ 86,485,636	\$ 22,539,388	\$ 78,183,655	\$ 31,832,192	\$ 168,310,226	\$ 54,591,045

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

(9) Capital Assets

In accordance with GAAP, all school related bond obligations are reported herein as County debt since it is legally responsible for debt repayment. All related capital assets for which the County and the School System maintain a tenancy in common relationship have been reported as County assets. As of June 30, 2017, the related capital assets totaled \$124,158,625, net of accumulated depreciation.

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

Primary Government capital asset activity for the year ended June 30, 2017 was as follows:

Governmental Activities

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017
Capital assets not being depreciated:				
Land	\$ 14,222,816	\$ -	\$ (13,161)	\$ 14,209,655
Construction in progress	3,555,496	2,268,275	(2,491,181)	3,332,590
Total capital assets at historical cost not being depreciated	<u>17,778,312</u>	<u>2,268,275</u>	<u>(2,504,342)</u>	<u>17,542,245</u>
Capital assets being depreciated:				
Building and improvements	348,422,134	1,034,267	(4,026,590)	345,429,811
Furniture, fixtures, and equipment	63,261,968	5,549,508	(1,450,129)	67,361,347
Total capital assets at historical cost being depreciated	<u>411,684,102</u>	<u>6,583,775</u>	<u>(5,476,719)</u>	<u>412,791,158</u>
Less accumulated depreciation:				
Buildings and improvements	(109,432,970)	(17,977,582)	1,727,124	(125,683,428)
Furniture, fixtures, and equipment	(43,339,921)	(5,738,755)	1,450,129	(47,628,547)
Total accumulated depreciation	<u>(152,772,891)</u>	<u>(23,716,337)</u>	<u>3,177,253</u>	<u>(173,311,975)</u>
Total capital assets, being depreciated, net	<u>258,911,211</u>	<u>(17,132,562)</u>	<u>(2,299,466)</u>	<u>239,479,183</u>
Governmental activities capital assets, net	<u>\$ 276,689,523</u>	<u>\$ (14,864,287)</u>	<u>\$ (4,803,808)</u>	<u>\$ 257,021,428</u>

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

Depreciation expense for the year ended June 30, 2017 was charged to functions/programs of the Primary Government as follows:

Governmental Activities:

General government	\$ 861,395
Judicial administration	103,789
Public Safety	3,838,418
Public Works	1,381,541
Health and welfare	1,369,947
Parks, recreation and culture	838,934
Library	1,779,718
Community development	72,722
Education	13,469,873
Total depreciation expense - governmental activities	<u>\$ 23,716,337</u>

The County has no active major building construction projects as of June 30, 2017.

The South Peak Community Development Authority's capital asset activity for the year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017
Capital assets not being depreciated:				
Infrastructure	\$ 5,330,063	\$ -	\$ -	\$ 5,330,063
Total capital assets at historical cost not being depreciated	<u>\$ 5,330,063</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,330,063</u>

The Roanoke County Public Schools' capital asset activity for the year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017
Capital assets not being depreciated:				
Land	\$ 5,683,472	\$ -	\$ -	5,683,472
Construction in progress	1,404,840	2,348,437	(2,414,899)	1,338,378
Total capital assets at historical cost not being depreciated	<u>7,088,312</u>	<u>2,348,437</u>	<u>(2,414,899)</u>	<u>7,021,850</u>
Capital assets being depreciated:				
Building and improvements	78,058,692	3,519,630	-	81,578,322
Furniture, fixtures, and equipment	37,741,217	1,937,846	(485,280)	39,193,783
Total capital assets at historical cost being depreciated	<u>115,799,909</u>	<u>5,457,476</u>	<u>(485,280)</u>	<u>120,772,105</u>
Less accumulated depreciation:				
Buildings and improvements	(49,735,250)	(2,871,892)	-	(52,607,142)
Furniture, fixtures, and equipment	(25,404,327)	(3,428,962)	411,855	(28,421,434)
Total accumulated depreciation	<u>(75,139,577)</u>	<u>(6,300,854)</u>	<u>411,855</u>	<u>(81,028,576)</u>
Total capital assets, being depreciated, net	<u>40,660,332</u>	<u>(843,378)</u>	<u>(73,425)</u>	<u>39,743,529</u>
Governmental activities capital assets, net	<u>\$ 47,748,644</u>	<u>\$ 1,505,059</u>	<u>\$ (2,488,324)</u>	<u>\$ 46,765,379</u>

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

(10) Operating Leases

The County leases several sites around the Roanoke Valley for the purpose of maintaining towers and antennae for its public safety radio communications system and a 0.680 acre lot in Salem for Courthouse parking. The non-cancelable leases range in terms from one and half years remaining to open-ended. Rental expense in the amount of \$84,796 was paid for the fiscal year ended June 30, 2017.

Future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2017 were as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2018	\$ 80,846
2019	83,506
2020	87,149
2021	84,054
2022	87,737
2023-2027	<u>125,472</u>
Total	<u>\$ 548,764</u>

(11) Capital Leases

Primary Government

The County does not have any future minimum lease payments due as of June 30, 2017.

School System Component Unit

During fiscal year 2007, the School System entered into a lease agreement as lessee for financing the acquisition and installation of energy management equipment. Under the lease agreement, the School System pays annual rent representing principal and interest payments at 3.9725% over the lease term of 10 years. This lease qualifies as a capital lease for accounting purposes and, therefore, was recorded at the present value of the future minimum lease payments as of the inception date. As of June 30, 2017, the final payment of \$504,203 including \$19,264 of annual interest has been paid. Amortization of the leased equipment is included as part of depreciation expense over 10 years. Furniture and equipment of \$3,580,447 was recorded in connection with the capital lease.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

(12) Risk Management

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

Workers' Compensation – The County established a self-insured Workers' Compensation program July 1, 1986. On July 1, 1990, the School System also implemented a self-insured Workers' Compensation program. Premiums are paid into the Internal Service Fund and the Component Unit Internal Service Fund by all other funds and are available to pay claims, claims reserves and administrative costs of the programs. An excess coverage insurance policy covers each accident in excess of \$500,000 for both the County and the School System, with a higher threshold of \$550,000 for emergency personnel, with statutory limits for all claims prior to June 30, 2015. Effective July 1, 2015, the County and Schools joined the VACORP Pool for any claims in excess of \$200,000. At June 30, 2017, the County and the School System have accrued liabilities of \$2,288,000 and \$811,000, respectively, based primarily upon an estimate by a qualified actuary. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as interfund services provided and used.

Health Insurance – The County established a self-insured health insurance program July 1, 1988. On July 1, 1990, the School System also implemented a self-insured health insurance program. Monthly contributions are paid into the Internal Service Fund and the Component Unit Internal Service Fund from the County and School System funds and the County and School System employees based upon estimates from the claims processor that should cover administrative expenses, stop loss insurance premiums, and claims. An excess coverage insurance policy covers each individual's pooled claims in excess of \$200,000. At June 30, 2017, incurred but not yet reported (IBNR) claims for the County and School System are estimated to be \$851,118 and \$1,669,899 respectively. Interfund premiums are based upon the employees within that fund that are enrolled in the plan.

General Liability and Automobile Liability – The County established a self-insured program for general liability and automobile insurance July 1, 1994. The County purchased excess insurance with \$250,000 retention, with limits of \$10,000,000 per occurrence, and no aggregate limit. At June 30, 2017, the County has an accrued general liability of \$19,249 and an accrued liability of \$26,616 for automobile liability, based primarily upon an estimate by a qualified claims adjuster with a third party administrator.

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

Primary Government:

	Workers' Compensation	Health Insurance	General Liability	Automobile Liability	Total
Unpaid Claims June 30, 2015	\$ 2,343,000	\$ 870,156	\$ 10,000	\$ 1,381	\$ 3,224,537
Incurred claims (including IBNR and changes in estimates)	1,298,892	8,659,047	-	8,904	9,966,843
Claim Payments	<u>(1,353,892)</u>	<u>(8,636,481)</u>	<u>(4,900)</u>	<u>-</u>	<u>(9,995,273)</u>
Unpaid Claims June 30, 2016	2,288,000	892,722	5,100	10,285	3,196,107
Incurred claims (including IBNR and changes in estimates)	1,420,331	8,508,175	19,249	16,331	9,964,086
Claim Payments	<u>(1,420,331)</u>	<u>(8,549,779)</u>	<u>(5,100)</u>	<u>-</u>	<u>(9,975,210)</u>
Unpaid Claims June 30, 2017	<u>\$ 2,288,000</u>	<u>\$ 851,118</u>	<u>\$ 19,249</u>	<u>\$ 26,616</u>	<u>\$ 3,184,983</u>

School System Component Unit:

	Workers' Compensation	Technology Reserve	Health Insurance	Total
Unpaid Claims June 30, 2015	\$ 819,000	\$ -	\$ 1,489,626	\$ 2,308,626
Incurred claims (including IBNR and changes in estimates)	409,866	96,101	14,711,050	15,217,017
Claim Payments	<u>(457,866)</u>	<u>(96,101)</u>	<u>(14,632,654)</u>	<u>(15,186,621)</u>
Unpaid Claims June 30, 2016	771,000	-	1,568,022	2,339,022
Incurred claims (including IBNR and changes in estimates)	448,846	108,892	16,251,718	16,809,456
Claim Payments	<u>(408,846)</u>	<u>(108,892)</u>	<u>(16,149,841)</u>	<u>(16,667,579)</u>
Unpaid Claims June 30, 2017	<u>\$ 811,000</u>	<u>\$ -</u>	<u>\$ 1,669,899</u>	<u>\$ 2,480,899</u>

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

(13) Pension Plan

Plan Description – All full-time, salaried permanent employees of the County are automatically covered by VRS Retirement Plan. This 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 their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members")</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

		retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the</p>

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

<p>pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.</p>	<p>employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60) months of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.
---	--	--

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Distribution is not required by law until age 70½.</p> <p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1.</p> <p><u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of their 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier</p> <p>VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit.</p>	<p>Service Retirement Multiplier</p> <p>VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p>	<p>Service Retirement Multiplier</p> <p><u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component is 1.0%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p>

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%	Sheriffs and regional jail superintendents: Same as Plan 1.	Sheriffs and regional jail superintendents: Not applicable
Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by employer.	Political subdivision hazardous duty employees: Same as Plan 1.	Political subdivision hazardous duty employees: Not applicable. <u>Defined Contribution Component:</u> Not applicable.
Normal Retirement Age VRS: Age 65. Political subdivision hazardous duty employees: Age 60.	Normal Retirement Age VRS: Normal Social Security retirement age. Political subdivision hazardous duty employees: Same as Plan 1.	Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2. Political subdivision hazardous duty employees: Not applicable. <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. Political subdivision hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90. Political subdivision hazardous duty employees: Same as Plan 1.	Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. Political subdivision hazardous duty employees: Not applicable.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

		<p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p> <p>Political subdivision hazardous duty employees: 50 with at least five years (60 months) of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p><u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p>

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

<p>have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> ○ The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. ○ The member retires on disability. ○ The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). ○ The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. ○ The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</p>	<p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>
--	--	--

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. <p><u>Defined Contribution Component:</u> Not applicable.</p>

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

Employees Covered by Benefit Terms – As of the June 30, 2015 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	County of Roanoke	School System Non-Professional Plan
Inactive members or their beneficiaries		
currently receiving benefits	579	395
Inactive members:		
Vested	173	157
Non-vested	221	206
Active elsewhere in VRS	307	114
Total inactive members	701	477
Active members	959	108
Total covered employees	2,239	980

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 localities and school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.0% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The County's contractually required contribution rate for the year ended June 30, 2017 was 11.18% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2016.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded liability. Employer contributions to the pension plan from the County were \$4,893,436 and \$4,638,384 for the years ended June 30, 2017 and June 30, 2016, respectively.

In addition, the School System's contractually required contribution rates for the year ended June 30, 2017 were 14.66% and 4.83% of covered employee compensation for the Teacher Retirement and Non-Professional Plans, respectively. These rates were based on actuarially determined rates from actuarial valuations as of June 30, 2015. For the Teacher Retirement Plan, the rate reflects the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Teacher Retirement Plan was 16.32%. Contributions to the pension plan from the School System Teacher Retirement Plan were \$11,251,117 and \$10,159,568 and from the and Non-Professional Plan were \$148,080 and 210,558 for the years ended June 30, 2017 and June 30, 2016, respectively.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

Net Pension Liability

At June 30, 2017, the County reported a liability of \$43,782,538 for its proportionate share of the net pension liability.

At June 30, 2017, the School System reported a liability of \$729,391 for the Non-Professional Plan net pension liability and \$132,815,000 for its proportionate share of the Teacher Retirement Plan net pension liability. At June 30, 2016, the School System's proportion was 0.94772% as compared to 0.94973% at June 30, 2015.

The County and School System net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

Actuarial Assumptions

The total pension liability for the County and School System VRS Teacher Retirement plans were based on an actuarial valuation as of June 30, 2015, using the entry age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

- * Inflation - 2.50%
- * Salary increases - 3.50% to 5.35%, including inflation
- * Investment rate of return - 7.00%, net of pension plan investment expense, including inflation*

- * Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates for County and School System Non-Professional:

Pre-Retirement – RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.

Post-Retirement – RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement – RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

Mortality rates for Teacher Retirement Plan:

Pre-Retirement – RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females were set back 5 years.

Post-Retirement – RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females were set back 3 years.

Post-Disablement – RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

County and School System Non-Professional

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Teacher Retirement Plan

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Long-Term Expected Rate of Return

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	<u>100.00%</u>		<u>5.83%</u>
Inflation			<u>2.50%</u>
* Expected arithmetic nominal return			<u>8.33%</u>

- * Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Discount Rate

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

Changes in Net Pension Liability

	County of Roanoke			School System - Non-Professional		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
Balances at June 30, 2015	\$ 213,899,211	\$ 180,331,546	\$ 33,567,665	\$ 32,697,562	\$ 32,534,455	\$ 163,107
Changes for the year:						
Service cost	5,283,828	-	5,283,828	326,990	-	326,990
Interest	14,606,824	-	14,606,824	2,219,068	-	2,219,068
Contribution - employer	-	4,697,194	(4,697,194)	-	209,100	(209,100)
Contributions - employee	-	2,136,523	(2,136,523)	-	152,767	(152,767)
Difference between expected and actual results	156,418	-	156,418	(1,113,216)	-	(1,113,216)
Impact in change of proportion	(182,776)	(154,093)	(28,683)	-	-	-
Net investment income	-	3,083,905	(3,083,905)	-	525,814	(525,814)
Benefit payments including refunds of employee contributions	(10,095,057)	(10,095,057)	-	(1,993,180)	(1,993,180)	-
Administrative expense	-	(112,789)	112,789	-	(20,892)	20,892
Other changes	-	(1,320)	1,320	-	(231)	231
Net Changes	9,769,236	(445,637)	10,214,873	(560,338)	(1,126,622)	566,284
Balances at June 30, 2016	\$ 223,668,447	\$ 179,885,909	\$ 43,782,538	\$ 32,137,224	\$ 31,407,833	\$ 729,391

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

The following presents the County's net pension liability and the School Systems' proportionate share of the net pension liability (asset) using the discount rate of 7.00%, as well what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Net Pension Liability		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
<u>County of Roanoke:</u>			
Retirement Plan	\$ 76,435,477	\$ 43,782,538	\$ 20,171,587
<u>School System:</u>			
Teacher Retirement Plan	\$ 189,328,000	\$ 132,815,000	\$ 86,262,000
Non-Professional Plan	4,011,468	729,391	(2,068,896)

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

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

For the year ended June 30, 2017, the County and the School System recognized pension expense of \$4,569,633, \$9,900,000, and \$(895,519) in the Retirement Plan, the Teacher Retirement Plan and the Non-Professional Plan, respectively. At June 30, 2017, deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>County of Roanoke</u>		<u>School System</u>			
	<u>Retirement Plan</u>		<u>Teacher Retirement Plan</u>		<u>Non-Professional Plan</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 116,819	\$ 1,343,790	\$ -	\$ 4,304,000	\$ -	\$ -
Change in assumptions	-	-	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	4,601,882	-	7,587,000	-	808,506	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	142,752	-	4,414,000	-	-
Employer contributions subsequent to the measurement date	4,893,436	-	11,251,117	-	148,080	-
Total	<u>\$ 9,612,137</u>	<u>\$ 1,486,542</u>	<u>\$18,838,117</u>	<u>\$ 8,718,000</u>	<u>\$ 956,586</u>	<u>\$ -</u>

Deferred outflows of resources resulting from the contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018 in addition to other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	<u>County of Roanoke</u>	<u>School System</u>	
	<u>Retirement Plan</u>	<u>Teacher Retirement Plan</u>	<u>Non-Professional Plan</u>
2018	\$ (570,686)	\$ 8,842,117	\$ 135,301
2019	(780,303)	(2,409,000)	(12,778)
2020	2,706,809	2,205,000	495,312
2021	1,876,339	1,793,000	338,751
Thereafter	-	(311,000)	-
	<u>\$ 3,232,159</u>	<u>\$ 10,120,117</u>	<u>\$ 956,586</u>

Payable to the Pension Plan

At June 30, 2017, the School System's Teacher Retirement and Non-professional plans reported payables of \$1,086,671 and \$12,760, respectively, for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

(14) Other Postemployment Benefits (OPEB)

From an accrual accounting perspective, the cost of postemployment health care benefits (the OPEB), like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in future years when it will be paid. In accordance with GAAP, the County recognizes the cost of postemployment health care in the year when the employee services are rendered, reports the accumulating liability, and provides information useful in assessing potential demands on the County's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years.

Retiree Medical Program

Plan Description - The County administers a single-employer healthcare plan (the Retiree Medical Plan). The plan provides for participation by eligible retirees of the County and their eligible dependents in the health insurance program available to County employees. The Retiree Medical Plan will provide retiring employees the option to continue health insurance coverage offered by the County. A County retiree is eligible for this benefit until the month the retiree turns 65 or upon the retiree's death with 10 years of County service, 5 consecutive years on the health insurance plan, and retirement under the VRS requirements. The benefits, employee contributions, and the employer contributions are governed by the Board policy and can be amended by the Board through Board action. For the year ended June 30, 2017, the plan had approximately 130 members.

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

Funding Policy - The Retiree Medical Plan is funded with contributions from plan members and the County. Plan members receiving benefits contribute specified amounts monthly, ranging from 25.57% to 76.50%, towards the cost of the health insurance premiums. For fiscal year ended June 30, 2017, the retirees contributed approximately \$336,612, or 41.11% of total premiums, through their required contributions of \$116.08 to \$803.66 per month depending on the coverage (single, single plus dependent, single plus spouse, or family). The County contributed \$142,819 to the Virginia Pooled OPEB Trust. It is the County's intent to fully fund the annual required contribution (the ARC) each year.

Annual OPEB Cost and Net OPEB Obligation - During fiscal year 2017, the County had employer contributions of \$1,219,282 to the Retiree Medical Plan, as well as a contribution of \$195,802 to the OPEB Trust fund. The net OPEB asset at June 30, 2017 was \$(195,802). The County's annual adjusted OPEB cost (expense) of \$1,219,282 was equal to the ARC for the fiscal year.

The County's annual other postemployment benefit cost is calculated using the projected unit credit actuarial cost method to determine the plan liabilities. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liability (or funding excess) over a period not to exceed 30 years.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB Plan for the fiscal year ended June 30, 2017:

Annual Required Contribution	\$ 1,219,282
Interest on net OPEB obligation	-
Annual OPEB cost	<u>1,219,282</u>
Annual Trust Contribution	195,802
Contributions made	<u>1,219,282</u>
Change in Net OPEB Obligation	(195,802)
Net OPEB Obligation, Beginning of Year	-
Net OPEB Asset, End of Year	<u><u>\$ (195,802)</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal years ended June 30, 2017, 2016, and 2015 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
June 30, 2017	\$ 1,219,282	\$ 1,415,084	100.00%	\$ (195,802)
June 30, 2016	1,208,086	1,208,086	100.00%	-
June 30, 2015	1,138,046	1,138,046	100.00%	-

Funded Status and Funding Progress - As of July 1, 2016, the County's most recent actuarial valuation date, the actuarial accrued liability for benefits was \$13,153,259, and the actuarial value of assets was \$5,005,911, resulting in an UAAL of \$8,147,348 and a funded ratio of 38.05%. The covered payroll (annual payroll of active employees covered by the plan) was \$44,557,179, and the ratio of the UAAL to the covered payroll was 18.28%.

The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Valuations - Actuarial valuations of an ongoing plan involve estimates of the value reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Methods and Assumption – Calculations for financial reporting purposes are based on the benefits provided under terms of the substantive plan (the plan as understood by the employer and plan members) in effect at the time of each valuation and on the historical pattern of sharing of costs between the employer and the plan members to that point.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Per the July 1, 2016 actuarial valuation, the actuarial methods and assumptions included:

- A projected unit credit actuarial cost method.
- An 8.0% investment rate of return. Because the County participates in the OPEB Trust Fund and fully funds the annual required contribution, a higher investment rate of return was used in this actuarial valuation.
- An initial annual healthcare cost trend rate of 8.0% reduced by 0.50% each year to arrive at an ultimate health care cost trend rate of 5.0%.
- A payroll growth for the amortization of the unfunded liability of 2.0%
- The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls over a period of 30 years.
- Inflationary rates are implicitly included in the investment rate of return and healthcare cost trend rates.

Health Insurance Credit Program

Plan Description - The County participates in the VRS program, which provides a credit toward the cost of health insurance coverage for any County employee who retired under VRS with at least 15 years of total creditable service. The amount of each monthly health insurance credit shall be a \$1.50 per year of creditable service, which shall be credited monthly to any retired County employee participating in the County retiree health benefits program. However, such credit shall not exceed the health insurance premium for retiree.

Funding Policy - The County's employer contribution rate for the fiscal year ended June 30, 2017 was 0.30% of annual covered payroll.

Annual Health Credit Cost and Net Health Credit Obligation - The County's annual retiree health insurance credit cost for the fiscal years ended June 30, 2017, 2016 and 2015 are as follows:

Fiscal Year Ended	Annual Health Credit Cost	Employer Contribution	Percentage of Annual Health Credit Cost Contributed	Net Health Credit Obligation
June 30, 2017	\$ 106,244	\$ 106,244	100.00%	\$ -
June 30, 2016	98,205	98,205	100.00%	-
June 30, 2015	95,483	95,483	100.00%	-

Funded Status and Funding Progress - As of June 30, 2016, the County's most recent actuarial valuation date, the plan was 25.90% funded. The actuarial accrued liability for benefits was \$1,583,262 and the actuarial value of assets was \$410,017, resulting in an UAAL of \$1,173,245. The covered payroll (annual payroll of active employees covered by the plan) was \$34,616,710, and ratio of the UAAL to the covered payroll was 3.39%.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

The schedules of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2016 actuarial valuation, an entry age normal cost method was used. The actuarial assumptions included a 7.0% investment rate of return per annum, an inflation assumption of 2.5%, and payroll growth rate of 3%. The health care trend rate is implicitly included in the investment rate of return and in general inflation assumptions. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at June 30, 2016 was 27 years.

Additional Disclosures Required under GASB 74 Related to the OPEB Plan

The following additional disclosures relate to the OPEB Plan itself and are required to be reported in the County's financial statements since the plan does not issue a separate report.

Employees Covered – Membership, as of the valuation date of June 30, 2016, in the Retiree Medical Plan was as follows:

Inactive members:	
Retirees	126
Disableds	7
Total inactive members	133
Active members	848
Total covered employees	981

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

The County's actuarially determined contribution rate for the year ended June 30, 2017 was 3.54% of covered employee compensation for the Retiree Medical Plan. The total amount contributed was \$1,415,084. This rate was based on the actuarially determined rate from actuarial valuations as of June 30, 2016.

OPEB Liabilities and OPEB Expense – At June 30, 2017, the OPEB Plan reported a net OPEB liability of \$7,608,260 for the Retiree Medical Plan. The County's net OPEB liability was measured

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

as of June 30, 2017. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2016	\$ 12,752,426	\$ 5,005,911	\$ 7,746,515
Changes for the year:			
Service cost	849,141	-	849,141
Interest	943,357	-	943,357
Difference between expected and actual experience	(56,957)	-	(56,957)
Contribution - employer	-	1,219,282	(1,219,282)
Contributions - member	470,020	470,020	-
Net investment income	-	661,110	(661,110)
Benefit payments including refunds of member contributions	(1,493,500)	(1,493,500)	-
Administrative expense	-	(6,596)	6,596
Other changes	-	-	-
Net Changes	712,061	850,316	(138,255)
Balances at June 30, 2017	<u>\$ 13,464,487</u>	<u>\$ 5,856,227</u>	<u>\$ 7,608,260</u>

For the year ended June 30, 2017, the OPEB Plan recognized pension expense of \$1,352,807.

Actuarial Methods and Assumptions – The net OPEB liability under GASB 74 was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Discount rate.....7.50%
Salary increases.....2.00%
Investment rate of return.....7.50%

Healthcare cost trend rate – Medical.....8.00% graded down to 5.00% over six years

Mortality rates.....1994 Group Annuity Mortality Tables for males and females with a one year setback

Net OPEB Liability – The net OPEB liability (NOL) is calculated separately, the OPEB Plan represents its total OPEB liability determined in accordance with GASB Statement No. 74, less the fiduciary net position. As of June 30, 2017, NOL amounts are as follows:

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

Total OPEB Liability	\$ 13,464,487
Plan Fiduciary Net Position	5,856,227
Net OPEB Liability	<u>\$ 7,608,260</u>

Fiduciary Net Position as a Percentage of Total OPEB Liability	43.49%
---	--------

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Large Cap Equity (Domestic)	26.00%	11.39%	2.96%
Small Cap Equity (Domestic)	10.00%	12.68%	1.27%
International Equity (Developed)	13.00%	12.39%	1.61%
Emerging Markets	5.00%	13.74%	0.69%
Private Equity	5.00%	14.03%	0.70%
Core Bonds	7.00%	6.40%	0.45%
Core Plus	14.00%	6.67%	0.93%
Diversified Hedge Funds	10.00%	9.92%	0.99%
Private Core Real Estate	5.00%	9.11%	0.46%
Private Value Add Real Estate	2.00%	10.28%	0.21%
Commodities	3.00%	7.50%	0.23%
Cash	0.00%	4.53%	0.00%
Total	<u>100.00%</u>		<u>10.50%</u>
Inflation			<u>3.60%</u>
Expected arithmetic nominal return			<u>14.10%</u>

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net OPEB Liability	\$ 9,038,846	\$ 7,608,260	\$ 6,392,103

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

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

	1% Decrease (7.0% grading to 4.0% over 6 years)	Current Rate (8.0% grading to 5.0% over 6 years)	1% Increase (9.0% grading to 6.0% over 6 years)
Net OPEB Liability	\$ 5,860,505	\$ 7,608,260	\$ 9,791,535

Other Postemployment Healthcare Benefits – Schools

From an accrual accounting perspective, the cost of other postemployment benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in future years when it will be paid. In accordance with GAAP, the School System recognizes the cost of post-employment benefits in the year when the employee services are rendered, reports the accumulating liability, and provides information useful in assessing potential demands on the School System's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years.

Plan Description - The School System administers and sponsors a single-employer defined benefit healthcare plan (Retiree Medical Plan). Employees are eligible for this benefit if they retire after the age of 55 with at least 10 years of service and 12 months enrollment in the School System's self-insured health insurance program.

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

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

The benefits, employee contributions, and employer contributions are governed by School Board policy and can be amended through School Board action. Required supplementary information and trend information are included in the School System's financial report and consequently, there is no separately issued report.

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

Funding Policy - The Retiree Medical Plan is funded through member and employer contributions. Plan members receiving benefits contribute monthly premiums towards the cost of the health insurance depending on the coverage selected (single, single plus dependent, single

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

plus spouse, or family). For fiscal year ended June 30, 2016, the School System contributed \$265,141 for 143 retired plan members through monthly health insurance premium payments.

Based on the July 1, 2016 actuarial valuation, the School System contributed \$617,587 to the Retiree Medical Plan for the fiscal year ended June 30, 2017. The School System also contributed \$92,290 to the OPEB Trust Fund this year. It is the School System's intent to fully fund the ARC each year.

Annual OPEB Cost and Net OPEB Obligation - The School System's annual OPEB cost is calculated based on the ARC of the employer, an amount actuarially determined in accordance with the parameters of GAAP. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liability (or funding excess) over a period not to exceed 30 years.

The following table represents the OPEB cost, amount contributed, and changes in the OPEB Plan for the fiscal year ended June 30, 2017:

Annual Required Contribution	\$ 682,154
Interest on Net OPEB Obligation	(23,885)
Adjustment to ARC	18,931
Annual OPEB Cost	<u>677,200</u>
Annual Trust Contribution	92,290
Contributions Made	617,587
Change in Net OPEB Asset	<u>(32,677)</u>
Net OPEB Asset, Beginning of Year	(298,563)
Net OPEB Asset, End of Year	<u><u>\$ (331,240)</u></u>

The School System's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2017 and the preceding two years are as follows:

Fiscal Year Ended	Beginning OPEB (Asset)	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Ending Net OPEB (Asset)
June 30, 2017	\$ (298,563)	\$ 677,200	\$ 709,877	104.83%	\$ (331,240)
June 30, 2016	(227,355)	953,010	1,024,218	107.47%	(298,563)
June 30, 2015	(129,613)	947,653	1,045,395	110.31%	(227,355)

Funded Status and Funding Progress - As of July 1, 2016, the most recent actuarial valuation date, the plan was 7.36% funded. The actuarial accrued liability (AAL) for benefits was \$6,996,795 and the actuarial value of assets was \$515,101, resulting in an UAAL of \$6,481,694. The covered payroll (annual payroll of active employees covered by the plan) was \$65,279,124 and the ratio of the UAAL to the covered payroll was 9.93%.

The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Calculations for financial reporting purposes are based on the benefits provided under terms of the substantive plan (the plan as understood by the employer and plan members) in effect at the time of each valuation and on the historical pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term prospective of the calculations.

Per the July 1, 2016 actuarial valuation, the actuarial methods and assumptions included:

- A projected unit credit actuarial cost method.
- An 8.0% investment rate of return. Because the School System participates in the OPEB Trust Fund and expects to fully fund the annual required contribution, a higher investment rate of return was used in this actuarial valuation.
- An initial annual healthcare cost trend rate of 8.0% reduced by 0.50% to 1.00% each year to arrive at an ultimate health care cost trend rate of 5.0%.
- A payroll growth for the amortization of the unfunded liability of 3.0%.
- The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis over a period of 30 years.
- Inflationary rates are implicitly included in the investment rate of return and healthcare cost trend rates.

ADDITIONAL DISCLOSURES REQUIRED UNDER GASB 74 RELATED TO THE OPEB PLAN

The following additional disclosures relate to the OPEB Plan itself and are required to be reported in the School System's financial statements since the plan does not issue a separate report.

Employees Covered – Membership, as of the Valuation Date of June 30, 2016, in the Retiree Medical Plan was as follows:

Inactive members	
Retirees	143
Total inactive members	143
Active members	1,448
Total covered employees	1,591

Contributions – The Retiree Medical Plan is funded through member and employer contributions. Plan members receiving benefits contribute monthly premiums towards the cost of

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

the health insurance depending on the coverage selected (single, single plus dependent, single plus spouse, or family).

The School System's contractually required contribution rate for the year ended June 30, 2017 was 1.09% of covered employee compensation for the Retiree Medical Plan. The total amount contributed was \$709,877. This rate was based on the actuarially determined rate from actuarial valuations as of June 30, 2016.

OPEB Liabilities and OPEB Expense – At June 30, 2017, the OPEB Plan reported a net OPEB liability of \$14,997,036 for the Retiree Medical Plan. The School System's net OPEB liability was measured as of June 30, 2017. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

<u>Change in OPEB Liability</u>	<u>Total OPEB Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	(a)	(b)	(a) - (b)
Balances at June 30, 2016	\$ 14,888,089	\$ 515,101	\$ 14,372,988
Changes for the year:			
Service cost	931,053	-	931,053
Interest	476,676	-	476,676
Difference between expected and actual experience	(28,590)	-	(28,590)
Contributions - employer	-	682,154	(682,154)
Contributions - member	94,298	94,298	-
Net investment income	-	74,106	(74,106)
Benefit payments including refunds of contributions	(684,162)	(684,162)	-
Administrative expense	-	(1,169)	1,169
Net Changes	789,275	165,227	624,048
Balances at June 30, 2017	<u>\$ 15,677,364</u>	<u>\$ 680,328</u>	<u>\$ 14,997,036</u>

For the year ended June 30, 2017, the OPEB Plan recognized pension expense of \$1,356,912.

Actuarial Methods and Assumptions – The net OPEB liability under GASB 74 was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflationary rates3.13%
Salary increases3.00%
Investment rate of return.....7.5%

Healthcare cost trend rates

Medical.....8.0% graded down to 5.0% over 6 years.
Administrative expenses5.0%
Stop loss expenses.....15.0%

Mortality rates

Professionals Pre-retirement1994 Group Annuity Mortality Tables for males and females set back one year

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

Professionals Post-retirement.....1994 Group Annuity Mortality Tables for males and females set back three years
Non-Professionals.....1994 Group Annuity Mortality Tables for males and females set back one year

Net OPEB Liability – The net OPEB liability (NOL) is calculated separately, the OPEB Plan represents its total OPEB liability determined in accordance with GASB Statement No. 74, less the fiduciary net position. As of June 30, 2017, NOL amounts are as follows:

Total OPEB Liability	\$ 15,677,364
Plan Fiduciary Net Position	<u>680,328</u>
Net OPEB Liability	<u><u>\$ 14,997,036</u></u>

Fiduciary Net Position as a Percentage of Total OPEB Liability	4.34%
--	-------

The total OPEB liability is calculated by the Retiree Medical Plan's actuary.

Benefits will be financed on a pay as you go basis and therefore, the discount rate of 3.13% used to measure the total OPEB liability is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2017.

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Large Cap Equity (Domestic)	26.00%	11.39%	2.96%
Small Cap Equity (Domestic)	10.00%	12.68%	1.27%
International Equity (Developed)	13.00%	12.39%	1.61%
Emerging Markets	5.00%	13.74%	0.69%
Private Equity	5.00%	14.03%	0.70%
Core Bonds	7.00%	6.40%	0.45%
Core Plus	14.00%	6.67%	0.93%
Diversified Hedge Funds	10.00%	9.92%	0.99%
Private Core Real Estate	5.00%	9.11%	0.46%
Private Value Add Real Estate	2.00%	10.28%	0.21%
Commodities	3.00%	7.50%	0.23%
Cash	0.00%	4.53%	0.00%
Total	<u>100.00%</u>		<u>10.49%</u>
Inflation			3.60%
Expected arithmetic nominal return			<u>14.09%</u>

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

Sensitivity to Changes in the Discount Rate – The following presents the School System's net OPEB liability using the discount rate of 3.13%, as well as what it would be if it were calculated using a discount rate that is one percentage point lower (2.13%) or one percentage point higher (4.13%) than the current rate:

	1.00% Decrease	Current Rate	1.00% Increase
	(2.13%)	(3.13%)	(4.13%)
Net OPEB Liability	\$ 16,956,087	\$ 14,997,036	\$ 13,294,321

Sensitivity to the Changes in the Healthcare Cost Rate – The following presents the School System's net OPEB liability using the health care cost rate of 8.0% grading to 5% over 6 years, as well as what it would be if it were calculated using a discount rate that is one percentage point lower (7.0% grading to 4.0% over 6 years) or one percentage point higher (9.0% grading to 6.0% over 6 years) than the current rate:

	1.00% Decrease	Current Rate	1.00% Increase
	(7.0% grading to 4% over 6 years)	(8.0% grading to 5% over 6 years)	(9.0% grading to 6% over 6 years)
Net OPEB Liability	\$ 13,130,255	\$ 14,997,036	\$ 17,282,569

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

Plan Description

The County established a Length of Service Awards Program (the LOSAP) on January 1, 1989, to recognize the service the volunteers for the County Fire and Rescue provide to the County. LOSAP is a single employer, noncontributory defined benefit plan. It is owned by the County and governed by the Volunteer Fireman's Insurance Services, Inc. (the VFIS). The plan's fiscal year follows the calendar year January 1 through December 31. It was active until December 31, 2005, at which time the County Board froze all member benefits in the program. LOSAP was open to any volunteer member over 18 years of age who met specific eligibility and service requirements. No assets are accumulated in a trust that meets the reporting and disclosure criteria of paragraph 4 of GASB Statement 68. Plan assets are accumulated in a revocable trust reported in the General Fund.

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

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than 5 years	0%
5 years	50%
6 years	60%
7 years	70%

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

8 years	80%
9 years	90%
10 years	100%

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

Vested-Terminated	249
Members	
Retired and Beneficiaries	<u>195</u>
Total	<u>444</u>

The program is closed to new entrants.

Total Pension Liability

The County's total LOSAP pension liability of \$8,003,243 was measured as of July 31, 2017 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 31, 2016 rolled forward to July 31, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	0.0 percent
Salary increases	Not applicable
Investment rate of return	3.5 percent, net of pension plan investment expense, including inflation
Mortality	1984 unisex for pensioners, pre-retirement mortality assumed using same table
Retirement	First eligible
Turnover	None
Disability	None

The discount rate was based on the 20-year, AA tax-exempt general obligation bond rate of 3.5%.

Changes in the Total Pension Liability

	Total Pension Liability
Balance at July 31, 2016	<u>\$ 8,623,946</u>
Changes for the year:	
Service cost	5,613
Interest	295,965
Changes of assumptions	(574,306)
Benefit payments	(347,975)
Net changes	<u>(620,703)</u>
Balance at July 31, 2017	<u>\$ 8,003,243</u>

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

Changes in assumptions reflect change in the discount rate from 2.99% to 3.50%.

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

The following presents the total pension liability of the County as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.5 percent) or 1-percentage point higher (4.5 percent) than the current discount rate:

	1% Decrease (2.5%)	Discount Rate (3.5%)	1% Increase (4.5%)
Total pension liability	\$ 8,585,936	\$ 8,003,243	\$ 7,407,638

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

At July 31, 2017, there were no deferred outflows of resources nor deferred inflows of resources related to LOSAP pensions.

(16) Unearned and Unavailable Revenues

Unearned revenues, representing amounts for which asset recognition criteria have been met but for which revenue recognition criteria have not been met, was comprised of the following as of June 30, 2017:

	County	School System
Grant Revenue	\$ 42,543	\$ 77,158
Prepaid Adult and Student Food	-	104,637
Registration and Other Fees	1,650,523	-
Contractor Escrows	877,729	-
Other State Revenue	-	16,369
Rental Income	17,737	-
Total	<u>\$ 2,588,532</u>	<u>\$ 198,164</u>

Unavailable revenues in the fund financial statements at June 30, 2017 were comprised of the following:

	General Fund
Sales Tax	\$ 914,029
Other local tax	301,801
Total	<u>\$ 1,215,830</u>

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

(17) Commitments, Contingencies, and Other Information

Encumbrances – The County had \$987,892 of encumbrances reported as restricted and committed under the general governmental funds and \$5,776,334 for capital projects.

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

Grant Programs – Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement of the grantor agencies. County management believes disallowances, if any, would not be material to the financial position of the County at June 30, 2017.

Other Commitments –

- In August 1999, the Board adopted a resolution to enter into a Local Participation Agreement with Virginia's First Regional Industrial Facility Authority, and to purchase 10,000 shares of a 150,000 share pool for the financing of the initial phase of the New River Valley Commerce Park Project. The County's annual required payment for the shares and the administrative costs are currently \$34,255 per year.
- In November 2007, the Board approved a three party agreement between the Western Virginia Water Authority (WVWA), Franklin County, and the County. The agreement is to provide for the construction of a water line in the Route 220 corridor from Clearbrook in the County to the Wirtz Plateau in Franklin County. The WVWA will design, construct, and issue revenue bonds for this \$5.5 million project. The County's contribution to this project is approximately \$2.3 million payable over 20 years, beginning in FY 2009. The County's contribution to the WVWA for the year ended June 30, 2017 totaled \$181,148.
- The Authority entered into an agreement with R.R. Donnelley and Sons Company, Inc. in February 2006 to assume any maintenance obligations for the Valley TechPark stormwater facilities, under existing uniform local policies and ordinances. In the unlikely event that the County adopts an ordinance or policy imposing a stormwater fee on property owned by R.R. Donnelley, the County of Roanoke will appropriate to the Authority a sum sufficient to pay R.R. Donnelley's pro rata share of this fee, for a period of ten years from the imposition of the fee. After ten years, any such fees shall be paid by R.R. Donnelley.

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

- The Roanoke Valley Broadband Authority (RVBA), formed by the County, City of Roanoke, City of Salem, and Botetourt County, will construct a core fiber network of approximately 25 miles to service Roanoke County. The County's contribution to this project is expected to be approximately \$3.85 million payable over 10 years.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

The County's contribution to the RVBA for the year ended June 30, 2017 totaled \$376,438, which included contributions for debt related interest payments of \$49,240 and operating support of \$327,198.

- The Western Virginia Regional Industrial Facility Authority was formed in 2014 and includes the County, Franklin County, Botetourt County, Town of Vinton, City of Salem and City of Roanoke. The purpose of the Authority was to provide a mechanism for local jurisdictions to engage in partnerships that would facilitate economic growth and development in the Roanoke Valley. The County, City of Salem and Roanoke City entered into a partnership agreement for the acquisition of the Wood haven Property. The County's contribution to this project is approximately \$4.4 million payable over 20 years, beginning in FY 2018.

(18) Jointly Governed Organizations

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

Roanoke Valley Resource Authority

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

RVRA is presently governed by a nine member board appointed by the governing bodies of the Charter Members. The County has control over the budget and financing of the RVRA only to the extent of representation by the board members appointed. For the fiscal year ended June 30, 2017, the County remitted \$1,945,903 to RVRA for services. Participating localities are responsible for their pro-rata share, based on population, of any year-end deficit. RVRA is currently self-supporting and is expected to remain as such in the future. The County is the fiscal agent for RVRA and reports its assets and liabilities in an agency fund.

Roanoke Regional Airport Commission

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

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

Roanoke Valley Detention Commission

The Counties of Botetourt, Craig, and Roanoke, and the Cities of Roanoke and Salem formed the Roanoke Valley Detention Commission (the RVDC) to renovate, expand, and

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

operate a detention facility for juveniles. RVDC is governed by a six member board. Each locality's financial obligation is based on the number of juveniles housed at the facility. The County's contribution for the year ended June 30, 2017 was \$264,425. RVDC has the authority to issue debt and such debt is the responsibility of RVDC.

Blue Ridge Behavioral Healthcare

The Counties of Botetourt, Craig, and Roanoke, and the Cities of Roanoke and Salem formed Blue Ridge Community Services (the Blue Ridge) to provide a system of comprehensive community mental health, mental retardation, and substance abuse services. Blue Ridge is governed by a sixteen member board. Each locality's financial obligation is based on the type and amount of services performed for individuals in the locality. The annual contribution for the year ended June 30, 2017 was \$175,000.

Fifth Planning District Disability Services Board

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

Regional Center for Animal Care and Protection

The Regional Center for Animal Care and Protection (the Regional Pound) was created by an intergovernmental agreement dated December 11, 2012 between the charter members of the County, the City, the Town, and Botetourt County pursuant to code section 3.26546 of the Code of Virginia which requires the governing body of each county, town, or city to maintain or cause a "pound" to be maintained and allows one or more local governing bodies to operate a single "pound" in conjunction with one another. This agreement established a format to transition the management of the "pound" from the Roanoke Valley Society for the Prevention of Cruelty to Animals to the governing localities and also established the County as the fiscal agent effective July 1, 2013. Participating localities are responsible for their pro-rata share of the operating budget, which is billed on a monthly basis. For the year ended June 30, 2017, the County's share was \$273,121.

In addition, the City issued \$1,829,500 on November 1, 2013 to purchase the property and equipment from the Roanoke Valley Society for the Prevention of Cruelty to Animals on behalf of the Regional Pound. Participating localities are responsible for their pro-rata share of the outstanding debt, which is billed on a quarterly basis. For the year ended June 30, 2017, the County's share of principal and interest was \$49,861.

Western Virginia Water Authority

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

Western Virginia Regional Jail Authority

The Counties of Roanoke, Franklin, Montgomery, and the City of Salem formed the Western Virginia Regional Jail Authority (the WVRJA) in June 2005 for the purpose of developing and operating a regional jail authority for the benefit of the Member Jurisdictions. The Board consists of three representatives from each of the Member Jurisdictions. The Member Jurisdictions will each be responsible for a per diem cost based on their prisoner days used. For the year ended June 30, 2017, the County's share was approximately \$2,358,980.

Roanoke Valley Broadband Authority

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

In May 2016, the Roanoke County Board of Supervisors authorized an expansion of the RVBA fiber network to include construction of approximately 25 miles of broadband infrastructure in Roanoke County. As a result, RVBA issued a revenue bond on June 17, 2016 in the amount of \$3,000,000 (plus amounts for a required Local Debt Service Reserve Fund, administrative costs, and costs of issuance) to design, construct, and operate the expanded network. The County is responsible for the amount of debt service on the Series 2016 Local Bond. Additionally, the County of Roanoke, City of Roanoke, and City of Salem will each be responsible for one-third of the operation and maintenance expenses related to the expansion. The County's contribution to the RVBA for the year ended June 30, 2017 totaled \$376,438, which included contributions for debt related interest payments of \$49,240 and operating support of \$327,198.

Western Virginia Regional Industrial Facility Authority

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

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

(19) Incentive Agreements and Tax Abatements

The County, along with the Economic Development Authority of Roanoke County, which is reported as discretely presented component unit, provides economic development incentive grants as permitted by Virginia State Code section 15.2-4905, Powers of authorities. During the fiscal year ended June 30, 2017, the County abated property taxes and provided infrastructure funding totaling \$803,669 through such agreements. A summary of the key provisions of each agreement follows.

The Authority, in conjunction with the County, approved an agreement with Edward Rose Development Company, L.L.C., on May 5, 2011, which was subsequently amended on April 22, 2014. Under the terms of the agreement, as amended, the Company agreed to construct a new mixed use commercial development by December 31, 2019, along with certain public infrastructure improvements. The agreement calls for the Authority, with funds provided by the County, to pay not more than \$300,000 in the form of an Economic Development Incentive Grant, based on new commercial real estate tax revenues in any two calendar years of the Company's choice from 2013 through 2019. The Authority, in conjunction with the County, also agreed to reimburse up to \$100,000, with a matching \$100,000 to be reimbursed by the Western Virginia Water Authority (WVWA), upon completion and acceptance by the WVWA of water line extension construction. No reimbursement has been made pursuant to this agreement.

On August 13, 2013, the Authority, in conjunction with the County, approved an agreement with Ardagh Metal Packaging USA Inc., whereby the Company acquired 56 acres of land and acquired, renovated, and equipped an existing 524,600 approximate square foot industrial facility by December 31, 2014. The agreement also anticipated that the Company would create and maintain 96 new jobs which it has done. The agreement provided for funding of \$750,000 from a Commonwealth of Virginia Governor's Opportunity Fund Grant which was received by the County and paid to the Company during the year ended June 30, 2014. The agreement included repayment obligations for this grant should certain requirements not be met, however the Company has met its requirements. The agreement also provides for the Authority, with funds from the County, to provide an Economic Development Incentive Grant not to exceed \$2.3 million based on new local tax revenues in calendar years 2015 through 2017. Accordingly, funding of \$637,583 was provided to the Company during the year ended June 30, 2017.

On August 26, 2014, the Authority, in conjunction with the County, approved an agreement with Allstate Insurance Company, whereby the Company agreed to construct an approximately 70,000 square foot new office and call center building by January 1, 2016. After construction, the Company is committed to employing approximately 515 full-time employees at the property. The agreement provides for the Authority, with funds provided by the County, to provide an Economic Development Incentive Grant not to exceed \$300,000 based on new local tax revenues collected during the eighteen month period January 1, 2016 to June 30, 2017. Payments are to be made in two annual installments. In accordance with contract terms, local tax revenues in the amount of \$166,086 were reimbursed to the Company in the form of an Economic Development Incentive Grant during the year ended June 30, 2017. The County also agreed to pay up to \$30,000 toward the costs of a new water line to the property which was paid during the year ended June 30, 2017.

On August 11, 2015, the Authority, in conjunction with the County, approved an agreement with Old School Partners, LLC, whereby the Company shall acquire from the County and

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

redevelop the old Roland E. Cook Elementary School building for the Company's use that will contain twenty-one (21) apartments, including a complete restoration, while maintaining the historic character of the building and incorporating modern conveniences. This agreement provides for the Authority, with funds provided by the County, to grant funds not to exceed \$150,000 for the Economic Development Incentive Grant, based on new local tax revenues collected in calendar years 2017 through 2026. The agreement also calls for reimbursement by the Authority of certain permitting and other fees imposed by the County and of utility connection fees imposed by the Town of Vinton. No reimbursement has been made under this agreement.

On April 7, 2016, the Authority, in conjunction with the County, approved an agreement with Waukeshaw Development, Inc., whereby the Company shall acquire from the County the Old William Byrd High School building and associated acreage for the Company's use. The Company will convert the building to market rate apartments, at a density and unit mix to be determined by the Town of Vinton's zoning requirements and the Company's sole discretion. In accordance with the agreement, the Company was required to deposit \$200,000 in escrow payable to the County or the Authority prior to commencing any renovation or construction. The agreement provides for the Authority, with funds provided by the County, to provide an Economic Development Incentive Grant not to exceed \$1 million based on new real estate tax revenues collected in calendar years 2018 through 2027. No reimbursement has been made under this agreement.

(20) Special Assessment – Component Unit

On February 8, 2012, the CDA approved the issuance of the Series 2012 bonds by resolution to finance the infrastructure improvements and facilities for approximately 62.5 acres of land within the County as mixed-use commercial and residential development. The Series 2012 bonds were issued in December 2012 in the amount of \$7,000,000 with maturation in 20 years. Neither the faith nor credit of the Commonwealth of Virginia nor the County is pledged to the payment of the principal or interest of the Series 2012 bonds. By memorandum of understanding dated February 1, 2011, the County will collect and pay to the CDA or Trustee the incremental tax revenues generated by the District. In addition, the County will levy a special assessment on property owners in the district as approved annually by the CDA. A special assessment of \$47,000 was levied for tax year 2016. The County collected \$23,500, the first half of the special assessment, in June 2016 and the second half of assessment in the amount of \$23,500 will be due in December 2016. A special assessment of \$24,000 was levied for tax year 2017. The County collected \$12,000, the first half of the special assessment, in June 2017 and the second half of assessment in the amount of \$12,000 will be due in December 2017.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2017

(21) Subsequent Event

On November 15, 2017 the County issued \$6.4 million of lease revenue bonds through the Virginia Resources Authority to fund certain projects such as public safety radios; engineering and evaluation of alternatives for replacing the Public Service Center facility including acquisition and construction; and master planning, infrastructure implementation and repairs, including providing water and sewer infrastructure and expanding the existing road network to Explore Park.

(22) Accounting Changes and Restatements

The County completed its implementation of GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*. Statement No. 73 required the County to report the total pension liability related to the Length of Service Awards Program. The implementation of this statement resulted in the restatement of the Governmental Activities' net position as of June 30, 2016 as follows:

		Governmental Activities
Net position, June 30, 2016, as previously reported	\$	121,143,420
Adoption of GAAP		<u>(8,623,946)</u>
Net position, June 30, 2016, restated	\$	<u><u>112,519,474</u></u>



REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2017
(Unaudited)

	Original Budget	Final Budget, as Amended	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
General property taxes	\$ 126,199,980	\$ 113,970,123	\$ 113,517,775	\$ (452,348)
Other local taxes	34,768,493	34,768,493	35,596,794	828,301
Permits, fees, and licenses	512,025	512,025	710,051	198,026
Fines and forfeitures	450,000	450,000	452,348	2,348
Use of money and property	271,200	273,687	313,642	39,955
Charges for services	8,795,703	9,571,137	9,181,856	(389,281)
Intergovernmental revenues	18,880,859	49,036,437	33,478,051	(15,558,386)
Miscellaneous	2,919,376	3,280,872	3,110,271	(170,601)
Total revenues	192,797,636	211,862,774	196,360,788	(15,501,986)
Expenditures:				
General government:				
Board of Supervisors	327,920	362,882	313,849	49,033
County Administrator	358,711	386,134	391,085	(4,951)
Community Relations	186,601	204,050	195,337	8,713
Internal Auditor	112,279	120,944	114,544	6,400
Human resources	770,247	845,329	837,726	7,603
County Attorney	555,150	619,454	640,629	(21,175)
Commissioner of Revenue	763,772	841,358	838,968	2,390
Assessor	864,133	925,046	881,791	43,255
Treasurer	824,583	904,471	891,648	12,823
Assistant County Administrator -				
Management services	187,753	202,014	199,411	2,603
Finance	1,349,840	1,513,105	1,462,368	50,737
Management and budget	337,332	354,260	329,688	24,572
Procurement	363,481	401,378	372,906	28,472
Electoral Board and officials	349,226	380,825	413,249	(32,424)
Judicial administration:				
Circuit Court	237,972	237,972	263,275	(25,303)
General District Court	95,440	95,440	86,095	9,345
Special magistrates	1,590	1,590	1,188	402
Juvenile and Domestic Relations Court	39,086	39,086	31,040	8,046
Clerk of the Circuit Court	1,094,589	1,132,828	1,129,233	3,595
Law library	11,025	11,138	212	10,926
Commonwealth's Attorney	1,187,537	1,388,932	1,298,472	90,460
Public safety:				
Sheriff and police	13,371,443	17,123,036	16,633,078	489,958
E911 maintenance	2,892,960	2,951,654	2,814,767	136,887
Fire and rescue services	14,651,471	16,792,799	16,667,925	124,874
Confinement and care of prisoners	7,443,536	7,581,891	7,680,299	(98,408)
Court service unit	405,500	405,500	235,011	170,489
VJCCA grant	271,866	257,477	240,915	16,562
Animal control	651,100	653,059	604,380	48,679

(continued)

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2017
(Unaudited)

	Original Budget	Final Budget, as Amended	Actual	Variance with Final Budget Positive (Negative)
Public works:				
General services administration	\$ 551,976	\$ 1,111,328	\$ 1,056,563	\$ 54,765
Refuse disposal	4,900,480	4,921,953	4,701,475	220,478
Maintenance of general buildings and grounds	4,418,954	4,599,473	4,766,922	(167,449)
Engineering	2,371,967	3,454,763	3,085,145	369,618
Inspections	909,348	918,008	1,012,058	(94,050)
Health and welfare:				
Public health	500,358	500,358	491,304	9,054
Social services administration	6,015,266	7,134,117	6,574,671	559,446
Comprehensive Services Act	5,985,313	4,825,063	7,244,451	(2,419,388)
Public assistance	4,415,574	3,898,666	3,898,169	497
Social services organizations	210,600	35,600	35,600	-
Parks, recreation and cultural:				
Assistant County Administrator - Human Services	191,743	204,813	204,662	151
Parks and recreation	6,895,734	21,617,785	7,484,888	14,132,897
Library	3,748,374	4,807,486	4,600,195	207,291
Cultural enrichment	83,000	83,000	83,083	(83)
Community development:				
Planning and zoning	988,076	3,802,630	1,076,321	2,726,309
Cooperative extension program	87,097	87,097	62,742	24,355
Economic development	517,463	564,985	544,684	20,301
Public transportation	420,000	420,000	562,333	(142,333)
Contribution to human service organizations	101,400	101,400	101,120	280
Nondepartmental	13,868,407	6,203,097	5,681,260	521,837
Total Expenditures	<u>106,887,273</u>	<u>126,025,274</u>	<u>108,836,735</u>	<u>17,188,539</u>
Excess of revenues over expenditures	85,910,363	85,837,500	87,524,053	1,686,553
Other Financing Sources (Uses):				
Transfers in	3,434,557	1,604,757	1,604,757	-
Transfers out	<u>(89,344,920)</u>	<u>(91,238,233)</u>	<u>(91,112,954)</u>	<u>125,279</u>
Total other financing uses, net	<u>(85,910,363)</u>	<u>(89,633,476)</u>	<u>(89,508,197)</u>	<u>125,279</u>
Net change in fund balances	-	(3,795,976)	(1,984,144)	1,811,832
Fund balances at beginning of the year	<u>37,779,732</u>	<u>37,939,407</u>	<u>37,683,254</u>	<u>(256,153)</u>
Fund balances at end of year	<u>\$ 37,779,732</u>	<u>\$ 34,143,431</u>	<u>\$ 35,699,110</u>	<u>\$ 1,555,679</u>

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For the Year Ended June 30, 2017
(Unaudited)

	2017			2016			2015		
	County of Roanoke Employees	School System Non-Professional Employees		County of Roanoke Employees	School System Non-Professional Employees		County of Roanoke Employees	School System Non-Professional Employees	
Virginia Retirement System									
Total pension liability:									
Service Cost	\$ 5,283,828	\$ 326,990		\$ 5,207,280	\$ 590,031		\$ 5,273,706	\$ 642,968	
Interest	14,606,824	2,219,068		14,176,909	2,164,578		13,590,501	2,114,246	
Differences between expected and actual experience	156,418	(1,113,216)		(3,178,877)	76,137		-	-	
Impact in change on proportion	(182,776)	-		(1,384,013)	-		-	-	
Benefit payments, including refunds of employee contributions	(10,095,057)	(1,993,180)		(9,666,752)	(2,111,460)		(8,539,110)	(1,964,916)	
Net change in total pension liability	9,769,236	(560,338)		5,154,547	719,286		10,325,097	792,298	
Total pension liability - beginning	213,899,211	32,697,562		208,744,662	31,978,276		198,419,565	31,185,978	
Total pension liability - ending (a)	223,668,447	32,137,224		213,899,209	32,697,562		208,744,662	31,978,276	
Plan fiduciary net position:									
Impact in change on proportion	(154,093)	-		(1,171,025)	-		-	-	
Contributions -- employer	4,697,194	209,100		4,589,017	206,447		4,090,698	306,710	
Contributions -- employee	2,136,523	152,767		2,064,188	152,195		2,061,935	293,796	
Net investment income	3,083,905	525,814		8,008,131	1,454,882		24,311,664	4,569,047	
Benefit payments, including refunds of employee contributions	(10,095,057)	(1,993,180)		(9,666,752)	(2,111,460)		(8,539,110)	(1,964,916)	
Administrative expense	(112,789)	(20,892)		(110,989)	(21,377)		(131,901)	(25,570)	
Other	(1,320)	(231)		(1,682)	(305)		1,281	241	
Net change in plan fiduciary net position	(445,637)	(1,126,622)		3,710,888	(319,618)		21,794,567	3,179,308	
Plan fiduciary net position -- beginning	180,331,546	32,534,455		176,620,656	32,854,073		154,826,089	29,674,765	
Plan fiduciary net position -- ending (b)	179,885,909	31,407,833		180,331,544	32,534,455		176,620,656	32,854,073	
Total net pension liability -- beginning	33,567,665	163,107		32,124,006	(875,797)		43,593,476	1,511,213	
Total net pension liability (asset) -- ending (a - b)	\$ 43,782,538	\$ 729,391		\$ 33,567,665	\$ 163,107		\$ 32,124,006	\$ (875,797)	
Plan fiduciary net position as a percentage of total pension liability (asset)	80.43%	97.73%		84.31%	99.50%		84.61%	102.74%	
Covered employee payroll	\$ 45,212,784	\$ 3,081,526		\$ 43,665,881	\$ 3,027,639		\$ 40,796,254	\$ 5,875,694	
Net pension liability (asset) as a percentage of covered employee payroll	96.84%	23.67%		76.87%	5.39%		78.74%	-14.91%	

Schedule is intended to show information for 10 years. Since 2017 is the third year for this presentation, only two additional years of data are available. However, additional years will be included as they become available.

COUNTY OF ROANOKE, VIRGINIA
Required Supplemental Information
Schedule of Employer's Proportionate Share of Net Pension Liability
For the Year Ended June 30, 2017
(Unaudited)

	School System Teacher Retirement Plan		
	2015	2016	2017
<u>Virginia Retirement System</u>			
Schools System's proportion of the net pension liability	0.97506%	0.94973%	0.94772%
Schools System's proportionate share of the net pension liability	\$ 117,833,000	\$ 119,536,000	\$ 132,815,000
Schools System's covered employee payroll	\$ 71,286,776	\$ 70,615,294	\$ 72,258,672
Schools System's proportionate share of the net pension liability as a percentage of its covered employee payroll	165.29%	169.28%	183.80%
Plan fiduciary net position as a percentage of the total pension liability	70.88%	70.68%	68.28%

Schedule is intended to show information for 10 years. Since 2017 is the third year for this presentation, only two additional years of data are available. However, additional years will be included as they become available.

The amounts presented have a measurement date of the previous fiscal year end.

COUNTY OF ROANOKE, VIRGINIA
Required Supplemental Information
Schedule of Contributions
Last 10 Fiscal Years
(Unaudited)

	2017	2016	2015
<u>County of Roanoke Retirement Plan:</u>			
Contractually required contribution	\$ 4,893,436	\$ 4,638,384	\$ 4,090,698
Contributions recognized in relation to the actuarially determined contribution	4,893,436	4,638,384	4,090,698
Contribution (excess)	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 45,212,784	\$ 43,665,881	\$ 42,470,900
Contributions as a percentage of covered-employee payroll	10.82%	10.62%	9.63%

School System Teacher Retirement Plan:

Contractually required contribution	\$ 11,097,430	\$ 10,159,569	\$ 10,239,218
Contributions recognized in relation to the contractually required contribution	11,251,117	10,159,568	10,238,755
Contribution deficiency (excess)	\$ 153,687	\$ (1)	\$ (463)
Covered Employee Payroll	\$ 76,745,715	\$ 72,258,672	\$ 70,615,294
Contributions as a percentage of covered-employee payroll	14.66%	14.06%	14.50%

School System Non-Professional Retirement Plan:

Contractually required contribution	\$ 148,224	\$ 210,776	\$ 207,090
Contributions recognized in relation to the actuarially determined contribution	148,080	210,558	207,090
Contribution (excess)	\$ (144)	\$ (218)	\$ -
Covered Employee Payroll	\$ 3,068,829	\$ 3,081,526	\$ 3,027,639
Contributions as a percentage of covered-employee payroll	4.83%	6.83%	6.84%

Notes to the Schedule of Contributions:

Actuarial Valuation Date:	June 30, 2016	June 30, 2014	June 30, 2014
Methods and assumptions used to determine contribution rates:			
Actuarial cost method	Entry-age	Entry-age	Entry-age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Payroll growth	3.00%	3.00%	3.00%
Remaining amortization period	30 years	30 years	30 years
Asset valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market
Salary increases*	3.50 - 5.35%	3.50 - 5.35%	3.50 - 5.35%
Investment rate of return*	7%	7%	7%
*Includes inflation at	2.50%	2.50%	2.50%
Cost of living adjustments	2.25 - 2.5%	2.25 - 2.5%	2.25 - 2.5%

Schedule is intended to show information for 10 years. Since 2017 is the third year for this presentation, only two additional years of data are available. However, additional years will be included as they become available.

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Schedules of Funding Progress
For the Year Ended June 30, 2017
(Unaudited)

Retiree Medical Plan

A. County of Roanoke Employees:							UAAL as a Percent of Covered Payroll
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Under Funded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll		
July 1, 2007	\$ -	\$ 14,722,509	\$ 14,722,509	- %	\$ 36,072,789		40.81 %
July 1, 2009	985,331	14,202,755	13,217,424	6.94	38,676,345		34.17
July 1, 2011	2,670,944	15,923,798	13,252,854	16.77	39,313,552		33.71
July 1, 2013	4,075,642	12,485,652	8,410,010	32.64	38,646,382		21.76
July 1, 2015	4,702,399	13,584,041	8,881,642	34.62	40,796,254		21.77
July 1, 2017	5,005,911	13,153,259	8,147,348	38.05	44,557,179		18.28

B. School System Employees:

July 1, 2007	\$ -	\$ 19,460,000	\$ 19,460,000	- %	\$ 85,547,858		22.75 %
July 1, 2009	-	20,262,618	20,262,618	-	89,186,099		22.72
July 1, 2011	-	13,980,418	13,980,418	-	73,695,601		18.97
July 1, 2013	445,854	9,533,047	9,087,193	4.68	78,569,574		11.57
July 1, 2015	507,627	9,640,700	9,133,073	5.27	75,340,198		12.12
July 1, 2017	515,101	6,996,795	6,481,694	7.36	65,279,124		9.93

Health Insurance Credit Program

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
June 30, 2013	\$ 243,482	\$ 1,419,702	\$ 1,176,220	17.15 %	\$ 32,824,107	3.58 %
June 30, 2014	289,300	1,473,349	1,184,049	19.64	32,510,544	3.64
June 30, 2015	363,062	1,547,942	1,184,880	23.45	33,198,550	3.57
June 30, 2016	410,017	1,583,262	1,173,245	25.90	34,616,710	3.39

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

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios
For the Year Ended June 30, 2017
(Unaudited)

	2017	
	County of Roanoke Members	School System Members
Total OPEB liability:		
Service Cost	\$ 849,141	\$ 931,053
Interest	943,357	476,676
Differences between expected and actual experience	(56,957)	(28,590)
Contributions -- employee	470,020	94,298
Benefit payments, including refunds of employee contributions	(1,493,500)	(684,162)
Net change in total OPEB liability	712,061	789,275
Total OPEB liability - beginning	12,752,426	14,888,089
Total OPEB liability - ending (a)	13,464,487	15,677,364
Plan fiduciary net position:		
Contributions -- employer	1,219,282	682,154
Contributions -- employee	470,020	94,298
Net investment income	661,110	74,106
Benefit payments, including refunds of employee contributions	(1,493,500)	(684,162)
Administrative expense	(6,596)	(1,169)
Net change in plan fiduciary net position	850,316	165,227
Plan fiduciary net position -- beginning	5,005,911	515,101
Plan fiduciary net position -- ending (b)	5,856,227	680,328
Total net OPEB liability -- beginning	7,746,515	14,372,988
Total net OPEB liability -- ending (a - b)	\$ 7,608,260	\$ 14,997,036
Plan fiduciary net position as a percentage of total OPEB liability	43.49%	4.34%
Covered employee payroll		
	\$ 39,941,319	\$ 65,279,124
Net OPEB liability as a percentage of covered employee payroll	19.05%	22.97%

Schedule is intended to show information for 10 years. Since 2017 is the first year for this presentation, only one year of data is available. However, additional years will be included as they become available.

See accompanying independent auditor's report.

COUNTY OF ROANOKE, VIRGINIA
Required Supplemental Information
Schedule of Employer Contributions
Other Postemployment Benefits Plan
Last 10 Fiscal Years
(Unaudited)

	2017	
	County of Roanoke Members	School System Members
Actuarially determined contribution	\$ 1,219,282	\$ 682,154
Contributions in relation to the actuarially determined contribution	1,415,084	709,877
Contribution deficiency (excess)	<u>\$ (195,802)</u>	<u>\$ (27,723)</u>
Percentage contributed	116.06%	104.06%
Employer's covered payroll	\$ 39,941,319	\$ 65,279,124
Contributions as a percentage of covered payroll	3.54%	1.09%

Notes to the Schedule of Contributions:

Actuarial Valuation Date:	June 30, 2016	June 30, 2016
---------------------------	---------------	---------------

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal	Entry Age Normal
Remaining amortization period	20 years	20 years
Asset valuation method	Market Value	Market Value
Inflation	7.50%	3.13%
Salary increases	2.00%	3.00%
Investment rate of return	7.50%	7.50%

Schedule is intended to show information for 10 years. Since 2017 is the first year for this presentation, only one year of data is available. However, additional years will be included as they become available.

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Schedule of Investment Returns
Other Postemployment Benefits Plan
For the Year Ended June 30, 2017
(Unaudited)

	2017	
	County of Roanoke	School System
Annual money-weighted rate of return, net of investment expense:	13.04%	13.04%

This schedule is intended to show information for 10 years. Since this is the first year for this presentation, only one year is shown. However, additional years will be included as they become available.

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Schedules of Changes in Total Pension Liability and Related Ratios
Fire and Rescue Pension Trust Length of Service Awards Program
For the Year Ended June 30, 2017
(Unaudited)

A. Schedule of Changes in the Total Pension Liability

	Actuarial Valuation Date 7/31/2017
Total pension liability:	
Service cost	\$ 5,613
Interest on total pension liability	295,965
Changes of assumptions	(574,306)
Benefit payments	(347,975)
Net change in total pension liability	(620,703)
 Total pension liability - beginning	 \$ 8,623,946
Total pension liability - ending	<u>\$ 8,003,243</u>

B. Schedule of the Total Pension Liability and Related Ratios

Fiscal Year Ended	Total Pension Liability	Covered Payroll	Total Pension Liability as a Percent of Covered Payroll
June 30, 2017	\$ 8,003,243	\$ -	N/A

Notes to schedules:

Changes in assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate. The discount rate was changed from 2.99% to 3.50%.

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

This schedule is intended to show information for 10 years. Since this is the first year for this presentation, only one year is shown. However, additional years will be included as they become available.

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

COUNTY OF ROANOKE, VIRGINIA
Note to Required Supplementary Information
For the Year Ended June 30, 2017
(Unaudited)

1. Budgetary Accounting and Control

Annual Budget Adoption - Annual budgets are legally adopted for the General, Debt Service, and School Board Component Unit Operating Funds. The Debt Service Fund is budgeted for principal and interest payments to be paid. Capital Projects Fund is budgeted on a project basis. The County follows these procedures in establishing the budgetary data reflected in the required supplementary information. The Code of Virginia requires adoption of a balanced budget by June 30 of each year. The County Board of Supervisors formally adopted the fiscal year 2016-2017 budget appropriation on May 24, 2016.

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

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

Budgetary Controls - Legal budgetary control is maintained at the fund level. However, for management purposes, the budget is segregated into three categories: personnel, operating, and capital expenditures by department. The Department Head may use discretion to transfer from one category to another as long as the departmental total does not change. County debt is segregated into a separate fund for budgetary purposes. The County Administrator may authorize or delegate the authorization of a transfer of any unencumbered balance or portion thereof from one department to another within a fund. All other transfers require approval of the Board of Supervisors. Formal budgetary integration into the financial accounting system is employed as a management control device during the year for the governmental type funds. Management control is maintained at the category level (i.e. personnel, operating, capital) and supplemental appropriations during the year-end cannot exceed the undesignated fund balance. Actual expenditures and operating transfers out may not legally exceed budget appropriations at the fund level. Unspent appropriations lapse at year-end for legally adopted budgets. The Board of Supervisors must approve any budget amendments increasing or decreasing appropriations. Major amendments are budget amendments that exceed one percent of the original budget, which is \$2.1 million for fiscal year 2016-2017. These major amendments must go through the same public hearing requirements as the original budget.

SUPPLEMENTARY INFORMATION

GOVERNMENTAL FUNDS

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

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

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



COUNTY OF ROANOKE, VIRGINIA
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Locality Compensation Payment	\$ 124,301	\$ 124,301	\$ 124,301	\$ -
Interest Income	-	-	29	29
Miscellaneous	-	111,825	111,825	-
Total Revenues	124,301	236,126	236,155	29
Expenditures				
Principal Payments				
General Obligation Bonds				
General Government	856,769	856,769	856,769	-
Schools Virginia Public Schools Authority Bonds	8,159,100	8,159,100	8,159,100	-
Total General Obligation Bonds	9,015,869	9,015,869	9,015,869	-
Lease Revenue Bonds				
General Government	1,000,000	2,740,000	2,740,000	-
Total Lease Revenue Bonds	1,000,000	2,740,000	2,740,000	-
Lease Purchase Agreement				
General Government	1,740,000	-	-	-
Total Lease Purchase Agreement	1,740,000	-	-	-
Total Principal Payments	11,755,869	11,755,869	11,755,869	-
Interest Payments				
General Obligation Bonds				
General Government	107,045	107,045	107,045	-
Schools Virginia Public Schools Authority Bonds	4,051,613	4,051,613	4,051,613	-
Total General Obligation Bonds	4,158,658	4,158,658	4,158,658	-
Lease Revenue Bonds				
General Government	2,819,422	3,108,604	3,108,604	-
Total Lease Revenue Bonds	2,819,422	3,108,604	3,108,604	-
Lease Purchase Agreement				
General Government	289,182	-	-	-
Total Lease Purchase Agreement	289,182	-	-	-
Total Interest Payments	7,267,262	7,267,262	7,267,262	-
Miscellaneous Costs	119,453	48,658	10,125	38,533
Total Expenditures	19,142,584	19,071,789	19,033,256	38,533
Excess (deficit) of revenues over (under) expenditures	(19,018,283)	(18,835,663)	(18,797,102)	38,562
Other financing sources (uses):				
Transfers				
Transfer from County General Fund	14,897,786	14,773,485	14,773,485	-
Transfer from School General Fund	4,125,345	4,125,345	4,125,345	-
Transfer (to) County Capital Fund	-	(107,647)	(107,647)	-
Total other financing sources, net	19,023,131	18,791,183	18,791,183	-
Net change in fund balance	4,848	(44,480)	(5,918)	38,562
Fund balance at beginning of year	203,734	294,603	294,603	-
Fund balance at end of year	\$ 208,582	\$ 250,123	\$ 288,685	\$ 38,562

See accompanying independent auditors' report

COUNTY OF ROANOKE, VIRGINIA
Budgetary Comparison Schedule
Capital Projects Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property	\$ -	\$ 75,307	\$ 75,307	\$ -
Charges for services	900,554	922,106	86,071	(836,035)
Intergovernmental revenue	3,023,852	3,358,402	2,297,019	(1,061,383)
Miscellaneous	100,000	122,562	22,562	(100,000)
Total revenues	4,024,406	4,478,377	2,480,959	(1,997,418)
EXPENDITURES				
Capital outlay	30,469,241	32,888,358	8,698,654	24,189,704
Total expenditures	30,469,241	32,888,358	8,698,654	24,189,704
Excess (deficiency) of revenues over (under) expenditures	(26,444,835)	(28,409,981)	(6,217,695)	22,192,286
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of land, buildings, and equipment	-	134,528	792,488	(657,960)
Transfers in	5,197,210	7,376,290	7,064,311	311,979
Transfers out	-	(495,150)	(495,150)	-
Total other financing sources, net	5,197,210	7,015,668	7,361,649	(345,981)
Net change in fund balance	(21,247,625)	(21,394,313)	1,143,954	22,538,267
Fund balance at beginning of year	21,247,625	21,394,313	21,394,313	-
Fund balance at end of year	\$ -	\$ -	\$ 22,538,267	\$ 22,538,267

Schedule 3

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2017

	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
From local sources:			
General property taxes:			
Real property taxes	\$ 89,280,957	\$ 89,099,974	\$ (180,983)
Real and personal public service corporation property taxes	2,950,000	3,021,684	71,684
Payments in lieu of taxes	168,000	176,404	8,404
Personal property taxes	20,588,566	20,418,663	(169,903)
Penalties and interest	982,600	801,050	(181,550)
Total general property taxes	113,970,123	113,517,775	(452,348)
Other local taxes:			
Local sales and use taxes	10,225,431	10,674,715	449,284
Business license taxes	6,440,375	6,616,605	176,230
Motor vehicle licenses	2,258,300	2,269,832	11,532
Bank franchise taxes	450,000	651,002	201,002
Taxes on recordation and wills	1,395,600	1,460,441	64,841
Utility license tax	540,000	477,272	(62,728)
Communications sales and use tax	3,796,000	3,725,000	(71,000)
Consumer utility tax	3,913,000	3,765,184	(147,816)
E911 tax	250,000	256,448	6,448
Hotel and motel tax	1,103,214	1,198,864	95,650
Tax on prepared food	4,302,573	4,409,949	107,376
Admissions tax	94,000	91,482	(2,518)
Total other local taxes	34,768,493	35,596,794	828,301
Permits, fees, and licenses:			
Animal licenses	35,000	46,456	11,456
Permits and other licenses	477,025	663,595	186,570
Total permits, fees, and licenses	512,025	710,051	198,026
Fines and forfeitures	450,000	452,348	2,348
Use of money and property	273,687	313,642	39,955
Charges for services:			
Refuse costs	14,200	17,076	2,876
Court costs	122,700	80,800	(41,900)
Charges for correction and detention	213,786	217,881	4,095
Charges for parks and recreation	5,398,920	4,915,280	(483,640)
Rescue fees	3,223,233	3,391,155	167,922
Other charges	598,298	559,664	(38,634)
Total charges for services	9,571,137	9,181,856	(389,281)
Miscellaneous:			
Reimbursements - shared programs	1,251,750	1,484,421	232,671
Miscellaneous	655,537	516,484	(139,053)
Legal services	11,250	11,250	-
Jail	728,700	461,017	(267,683)
Welfare department	126,225	101,300	(24,925)
Resource Authority	93,410	61,515	(31,895)
WVWA	25,000	15,000	(10,000)
WVRJA	89,000	109,284	20,284
Host locality fee	300,000	350,000	50,000
Total miscellaneous	3,280,872	3,110,271	(170,601)
Total revenue from local sources	162,826,337	162,882,737	56,400

(continued)

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2017

	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
From the Commonwealth:			
Non-categorical aid:			
Motor vehicles carriers tax	\$ 19,000	\$ 11,353	\$ (7,647)
Trailer tax	334,000	381,348	47,348
Personal property tax relief	12,229,857	12,229,857	-
Total non-categorical aid	12,582,857	12,622,558	39,701
Categorical aid:			
Shared expenditures:			
Commonwealth's Attorney	693,436	676,515	(16,921)
Sheriff	3,199,630	3,142,975	(56,655)
Commissioner of the Revenue	243,426	240,490	(2,936)
Treasurer	212,575	246,508	33,933
Registrar/Electoral Board	47,700	46,977	(723)
Clerk of Court	592,498	584,716	(7,782)
Total shared expenditures	4,989,265	4,938,181	(51,084)
Other categorical aid:			
EMS	106,534	101,274	(5,260)
Recovered costs - welfare	3,748,245	3,349,785	(398,460)
Confiscated goods	6,179	29,346	23,167
VJCCCA grant	232,833	216,271	(16,562)
Library	157,095	219,947	62,852
Comprehensive Services Act	2,810,838	3,644,845	834,007
Police department grant	1,793,874	1,851,632	57,758
Other state grants	3,330,901	613,594	(2,717,307)
Total other categorical aid	12,186,499	10,026,694	(2,159,805)
Total categorical aid	17,175,764	14,964,875	(2,210,889)
Total from the Commonwealth	29,758,621	27,587,433	(2,171,188)
From the Federal government:			
Categorical aid:			
Seized goods	-	102,037	102,037
Greenways	11,944,407	148,456	(11,795,951)
Welfare reimbursement	4,075,000	4,812,517	737,517
Other federal grants	3,258,409	827,608	(2,430,801)
Total categorical aid	19,277,816	5,890,618	(13,387,198)
Total from the Federal government	19,277,816	5,890,618	(13,387,198)
Total Intergovernmental revenues	49,036,437	33,478,051	(15,558,386)
Total revenues	211,862,774	196,360,788	(15,501,986)

(continued)

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2017

	<u>Final Budget as Amended</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures:			
General government administration:			
Legislative:			
Board of Supervisors	\$ 362,882	\$ 313,849	\$ 49,033
General and financial administration:			
County Administrator	386,134	391,085	(4,951)
Community relations	204,050	195,337	8,713
Internal Auditor	120,944	114,544	6,400
Human resources	845,329	837,726	7,603
County Attorney	619,454	640,629	(21,175)
Commissioner of Revenue	841,358	838,968	2,390
Assessor	925,046	881,791	43,255
Treasurer	904,471	891,648	12,823
Assistant County Administrator - management services	202,014	199,411	2,603
Finance	1,513,105	1,462,368	50,737
Management and Budget	354,260	329,688	24,572
Procurement	401,378	372,906	28,472
Total general and financial administration	<u>7,317,543</u>	<u>7,156,101</u>	<u>161,442</u>
Electoral Board and officials	<u>380,825</u>	<u>413,249</u>	<u>(32,424)</u>
Total general government administration	<u>8,061,250</u>	<u>7,883,199</u>	<u>178,051</u>
Judicial administration			
Courts:			
Circuit Court	237,972	263,275	(25,303)
General District Court	95,440	86,095	9,345
Special magistrates	1,590	1,188	402
Juvenile and Domestic Relations Court	39,086	31,040	8,046
Clerk of the Circuit Court	1,132,828	1,129,233	3,595
Total courts	<u>1,506,916</u>	<u>1,510,831</u>	<u>(3,915)</u>
Law library	11,138	212	10,926
Commonwealth's Attorney	1,388,932	1,298,472	90,460
Total judicial administration	<u>2,906,986</u>	<u>2,809,515</u>	<u>97,471</u>
Public safety:			
Law enforcement and traffic control:			
Sheriff and Police	17,123,036	16,633,078	489,958
E911 maintenance	2,951,654	2,814,767	136,887
Total law enforcement and traffic control	<u>20,074,690</u>	<u>19,447,845</u>	<u>626,845</u>
Fire and rescue services:			
Fire and rescue services	16,792,799	16,667,925	124,874
Total fire and rescue services	<u>16,792,799</u>	<u>16,667,925</u>	<u>124,874</u>

(continued)

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2017

	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
Correction and detention:			
Confinement and care of prisoners	\$ 7,581,891	\$ 7,680,299	\$ (98,408)
Court service unit	405,500	235,011	170,489
VJCCCA grant	257,477	240,915	16,562
Total correction and detention	<u>8,244,868</u>	<u>8,156,225</u>	<u>88,643</u>
Animal control	<u>653,059</u>	<u>604,380</u>	<u>48,679</u>
Total public safety	<u>45,765,416</u>	<u>44,876,375</u>	<u>889,041</u>
Public Works:			
General services administration	1,111,328	1,056,563	54,765
Refuse disposal	4,921,953	4,701,475	220,478
Maintenance of general buildings and grounds	4,599,473	4,766,922	(167,449)
Engineering	3,454,763	3,085,145	369,618
Inspections	918,008	1,012,058	(94,050)
Total public works	<u>15,005,525</u>	<u>14,622,163</u>	<u>383,362</u>
Health and welfare:			
Public health	500,358	491,304	9,054
Social services administration	7,134,117	6,574,671	559,446
Comprehensive Services Act	4,825,063	7,244,451	(2,419,388)
Public assistance	3,898,666	3,898,169	497
Social services organizations	35,600	35,600	-
Total health and welfare	<u>16,393,804</u>	<u>18,244,195</u>	<u>(1,850,391)</u>
Parks, recreation and cultural:			
Assistant County Administrator -			
Human Services	204,813	204,662	151
Parks and recreation	21,617,785	7,484,888	14,132,897
Library	4,807,486	4,600,195	207,291
Cultural enrichment	83,000	83,083	(83)
Total parks, recreation and cultural	<u>26,713,084</u>	<u>12,372,828</u>	<u>14,340,256</u>

(continued)

Schedule 3 (continued)

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2017

	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
Community development:			
Planning and zoning	\$ 3,802,630	\$ 1,076,321	\$ 2,726,309
Cooperative extension program	87,097	62,742	24,355
Economic development	564,985	544,684	20,301
Public transportation	420,000	562,333	(142,333)
Contribution to human service organizations	101,400	101,120	280
Total community development	4,976,112	2,347,200	2,628,912
Nondepartmental:			
Employee benefits	1,443,701	1,466,117	(22,416)
Dixie Caverns landfill cleanup	57,000	45,168	11,832
Miscellaneous	3,710,154	3,212,315	497,839
Tax relief for the elderly and handicapped	825,000	847,660	(22,660)
Refuse credit - Town of Vinton	117,236	110,000	7,236
Board contingency	50,006	-	50,006
Total nondepartmental	6,203,097	5,681,260	521,837
Total expenditures	126,025,274	108,836,735	17,188,539
Excess of revenues over expenditures	85,837,500	87,524,053	1,686,553
Other financing uses:			
Transfer to internal service fund	(606,821)	(606,821)	-
Transfer to debt service fund	(6,812,418)	(6,688,117)	124,301
Payment to school board	(75,751,744)	(75,751,744)	-
Transfer to capital projects fund	(6,462,493)	(6,461,515)	978
Total other financing uses	(89,633,476)	(89,508,197)	125,279
Net change in fund balance	(3,795,976)	(1,984,144)	1,811,832
Fund balance at beginning of year	37,939,407	37,683,254	(256,153)
Fund balance at end of year	\$ 34,143,431	\$ 35,699,110	\$ 1,555,679

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Capital Assets Used in the Operation of Governmental Activities
Schedule By Function and Activity
June 30, 2017

<u>Function and Activity:</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Total</u>
General government:				
Legislative	\$ -	\$ -	\$ 53,282	\$ 53,282
Executive	-	-	23,182	23,182
Judicial	-	148,271	262,872	411,143
Elections	-	-	363,709	363,709
Finance	-	-	2,650,927	2,650,927
Administrative officers and boards	-	184,868	191,786	376,654
Planning and Zoning	-	-	11,900	11,900
Human resources	-	-	54,324	54,324
Management information systems	-	-	13,961,611	13,961,611
Procurement	-	-	69,632	69,632
Radio maintenance	-	55,530	1,233,009	1,288,539
Gas distribution center	-	-	476,266	476,266
General governmental buildings	7,921,797	245,024,402	1,587,054	254,533,253
Solid waste	-	-	4,971,027	4,971,027
General services	954,688	6,305,119	2,384,806	9,644,613
Other	-	-	106,784	106,784
Total general government	<u>8,876,485</u>	<u>251,718,190</u>	<u>28,402,171</u>	<u>288,996,846</u>
Public safety:				
Police protection	-	942,063	7,065,439	8,007,502
Fire and rescue	146,763	11,561,283	19,113,636	30,821,682
Correction and detention	203,504	7,463,151	1,195,210	8,861,865
Inspections	-	-	689,274	689,274
Total public safety	<u>350,267</u>	<u>19,966,497</u>	<u>28,063,559</u>	<u>48,380,323</u>
Engineering	-	1,018,785	1,318,496	2,337,281
Buildings and grounds	-	303,430	316,402	619,832
Health and welfare	-	5,530,334	748,760	6,279,094
Libraries	1,722,274	29,129,389	2,955,573	33,807,236
Recreation	3,260,629	37,763,186	5,556,386	46,580,201
Total governmental activities' capital assets allocated to functions	<u>\$ 14,209,655</u>	<u>\$ 345,429,811</u>	<u>\$ 67,361,347</u>	427,000,813
Construction in progress				<u>3,332,590</u>
Total governmental activities' capital assets				<u>\$ 430,333,403</u>

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Capital Assets Used in the Operation of Governmental Activities
Schedule of Changes By Function and Activity
For the Year Ended June 30, 2017

	Governmental Activities' Capital Assets June 30, 2016	Additions	Reductions	Governmental Activities' Capital Assets June 30, 2017
<u>Function and Activity:</u>				
General government:				
Legislative	\$ 58,867	\$ -	\$ (5,585)	\$ 53,282
Executive	23,182	-	-	23,182
Judicial	427,918	-	(16,775)	411,143
Elections	363,709	-	-	363,709
Finance	739,894	1,911,033	-	2,650,927
Administrative officers and boards	176,785	199,868	-	376,653
Planning & zoning	11,900	-	-	11,900
Human resources	54,325	-	-	54,325
Management information systems	13,596,598	365,013	-	13,961,611
Procurement	69,631	-	-	69,631
Radio maintenance	1,306,246	-	(17,706)	1,288,540
Gas distribution center	419,261	57,005	-	476,266
General governmental buildings	258,170,997	-	(3,637,744)	254,533,253
Solid waste	5,341,582	173,142	(543,698)	4,971,026
General services	9,360,638	305,450	(21,476)	9,644,612
Other	106,785	-	-	106,785
Total general government	290,228,318	3,011,511	(4,242,984)	288,996,845
Public safety:				
Police protection	7,653,739	779,260	(425,498)	8,007,501
Fire and rescue	29,841,239	1,104,065	(123,622)	30,821,682
Correction and detention	8,776,226	120,417	(34,778)	8,861,865
Inspections	689,275	-	-	689,275
Total public safety	46,960,479	2,003,742	(583,898)	48,380,323
Engineering	2,169,578	233,561	(65,858)	2,337,281
Buildings and grounds	377,428	280,579	(38,176)	619,831
Health and welfare	5,963,994	315,100	-	6,279,094
Libraries	34,209,242	-	(402,007)	33,807,235
Recreation	45,997,879	739,281	(156,957)	46,580,203
Construction in progress	3,555,496	2,268,276	(2,491,181)	3,332,591
Total other	92,273,617	3,836,797	(3,154,179)	92,956,235
Total governmental activities' capital assets	\$ 429,462,414	\$ 8,852,050	\$ (7,981,061)	\$ 430,333,403

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Schedule of the Treasurer's Accountability
June 30, 2017

ASSETS HELD BY THE TREASURER:

Cash and cash items:		
Cash and cash items on hand	\$ 800	
Cash held with RVRA	6,267	
Petty cash funds with other County officials	8,562	
Petty cash funds with Agency and Enterprise Funds	<u>1,550</u>	\$ 17,179
Cash on deposit:		
SunTrust Bank	28,987,434	
Wells Fargo	<u>100,144</u>	29,087,578
Money market deposit:		
Scott & Stringfellow	23,515,263	
Stellar One	1,086,325	
BB&T	1,090,167	
Valley Bank	2,530,478	
Wells Fargo	<u>1,321,081</u>	29,543,315
Government securities:		
Scott & Stringfellow	51,790,629	
Wells Fargo	<u>12,912,550</u>	64,703,179
Local Government Investment Pool	<u>11,269,794</u>	11,269,794
Escrow accounts:		
BB&T	154,290	
SunTrust Bank	631,432	
Valley Bank	<u>131,246</u>	916,968
Unearned revenues and reserves:		
Returned checks	1,156	
Deferred revenues	(221,911)	
Personal property tax relief	(1,399)	
Sidney Louis Hyatt	(42,054)	
Reserves	<u>499,662</u>	<u>235,454</u>
Total assets held by the treasurer		<u>\$ 135,773,468</u>

LIABILITIES OF THE TREASURER:

Balance of County funds	<u>\$ 135,773,468</u>
-------------------------	-----------------------

INTERNAL SERVICE FUNDS

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

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

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

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



COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Net Position
Internal Service Funds
June 30, 2017

	Internal Service Funds			
	Health Insurance	Dental Insurance	Risk Management	Total Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 231,001	\$ 112,995	\$ 2,506,919	\$ 2,850,915
Accounts receivable	358,219	9,320	7,274	374,813
Due from other governmental units	104,182	-	-	104,182
Prepaid expenses	60,331	-	-	60,331
Total current assets	753,733	122,315	2,514,193	3,390,241
LIABILITIES				
Current liabilities:				
Accounts payable	164,540	-	2,306	166,846
Claims payable	851,118	-	661,651	1,512,769
Total current liabilities	1,015,658	-	663,957	1,679,615
Noncurrent liabilities:				
Claims payable	-	-	1,672,214	1,672,214
Total noncurrent liabilities	-	-	1,672,214	1,672,214
Total liabilities	1,015,658	-	2,336,171	3,351,829
NET POSITION				
Unrestricted	(261,925)	122,315	178,022	38,412
Total net position	\$ (261,925)	\$ 122,315	\$ 178,022	\$ 38,412

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2017

	Internal Service Funds			Total Internal Service Funds
	Health Insurance	Dental Insurance	Risk Management	
OPERATING REVENUES				
Charges for services	\$ 8,193,700	\$ 725,443	\$ 1,673,240	\$ 10,592,383
Total operating revenues	8,193,700	725,443	1,673,240	10,592,383
OPERATING EXPENSES				
Purchased services	1,322,415	-	766,539	2,088,954
Personal services	-	-	21,842	21,842
Claims	8,508,175	717,155	1,420,331	10,645,661
Administrative charges	-	-	207	207
Total operating expenses	9,830,590	717,155	2,208,919	12,756,664
Operating income (loss)	(1,636,890)	8,288	(535,679)	(2,164,281)
NONOPERATING REVENUES				
Investment income	-	665	6,180	6,845
Total nonoperating revenues	-	665	6,180	6,845
Net income (loss) before transfers	(1,636,890)	8,953	(529,499)	(2,157,436)
Transfers in	618,304	1,123	-	619,427
Transfers out	-	(12,606)	-	(12,606)
Net transfers	618,304	(11,483)	-	606,821
Change in net position	(1,018,586)	(2,530)	(529,499)	(1,550,615)
Total net position at beginning of year	756,661	124,845	707,521	1,589,027
Total net position at end of year	\$ (261,925)	\$ 122,315	\$ 178,022	\$ 38,412

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2017

	Internal Service Funds			
	Health Insurance	Dental Insurance	Risk Management	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from interfund services provided	\$ 8,193,700	\$ 725,443	\$ 1,673,240	\$ 10,592,383
Payments to suppliers	(1,410,705)	-	(804,568)	(2,215,273)
Payments to employees	-	-	(21,842)	(21,842)
Claims paid	(8,549,779)	(717,155)	(1,389,851)	(10,656,785)
Other (payments) receipts	(236,509)	(6,874)	(4,979)	(248,362)
Net cash provided by (used in) operating activities	(2,003,293)	1,414	(548,000)	(2,549,879)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from (to) other funds	618,304	(11,483)	-	606,821
Net cash provided by (used in) noncapital financing activities	618,304	(11,483)	-	606,821
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale (purchase) of investments	921,399	69,789	1,738,318	2,729,506
Interest and dividends received	-	665	6,180	6,845
Net cash provided by investing activities	921,399	70,454	1,744,498	2,736,351
Net increase (decrease) in cash and cash equivalents	(463,590)	60,385	1,196,498	793,293
Cash and cash equivalents at beginning of the year	694,591	52,610	1,310,421	2,057,622
Cash and cash equivalents at end of the year	\$ 231,001	\$ 112,995	\$ 2,506,919	\$ 2,850,915
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (1,636,890)	\$ 8,288	\$ (535,679)	\$ (2,164,281)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Change in assets and liabilities:				
Accounts receivable	(131,849)	(6,874)	(4,978)	(143,701)
Due from other governmental units	(104,182)	-	-	(104,182)
Prepaid expenses	(7,824)	-	-	(7,824)
Accounts payable	(80,466)	-	(37,823)	(118,289)
Claims payable	(41,604)	-	30,480	(11,124)
Unearned revenues	(478)	-	-	(478)
Net cash provided by (used in) operating activities	\$ (2,003,293)	\$ 1,414	\$ (548,000)	\$ (2,549,879)

AGENCY FUNDS

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

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

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

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

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

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

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

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

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

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2017

	Roanoke Valley Resource Authority	Common- wealth Fund	Special Welfare Fund	Cable TV
ASSETS				
Equity in cash and cash equivalents	\$ 26,184,579	\$ 199,110	\$ 312,035	\$ 1,110,744
Equity in investments	4,157,671	-	-	-
Total assets	<u>\$ 30,342,250</u>	<u>\$ 199,110</u>	<u>\$ 312,035</u>	<u>\$ 1,110,744</u>
LIABILITIES				
Accounts payable	\$ 30,342,250	\$ 199,110	\$ 312,035	\$ 1,110,744
Total liabilities	<u>\$ 30,342,250</u>	<u>\$ 199,110</u>	<u>\$ 312,035</u>	<u>\$ 1,110,744</u>

See accompanying independent auditors' report.

Schedule 10

Roanoke Valley Greenway Commission	Regional Fire Training Center	Virginia Recreational Facilities Authority	Western Virginia Regional Jail Authority	Regional Center For Animal Care and Protection	Total
\$ 68,756	\$ 35,817	\$ 5,189	\$ 19,374,311	\$ 408,646	\$ 47,699,187
-	-	-	-	-	4,157,671
<u>\$ 68,756</u>	<u>\$ 35,817</u>	<u>\$ 5,189</u>	<u>\$ 19,374,311</u>	<u>\$ 408,646</u>	<u>\$ 51,856,858</u>
\$ 68,756	\$ 35,817	\$ 5,189	\$ 19,374,311	\$ 408,646	\$ 51,856,858
<u>\$ 68,756</u>	<u>\$ 35,817</u>	<u>\$ 5,189</u>	<u>\$ 19,374,311</u>	<u>\$ 408,646</u>	<u>\$ 51,856,858</u>

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2017

Schedule 11

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
Roanoke Valley Resource Authority :				
Assets:				
Equity in Cash, Cash Equivalents and Investments	\$ 17,484,473	\$ 72,149,606	\$ 59,291,829	\$ 30,342,250
Total Assets	<u>\$ 17,484,473</u>	<u>\$ 72,149,606</u>	<u>\$ 59,291,829</u>	<u>\$ 30,342,250</u>
Liabilities:				
Accounts Payable	\$ 17,484,473	\$ 72,149,606	\$ 59,291,829	\$ 30,342,250
Total Liabilities	<u>\$ 17,484,473</u>	<u>\$ 72,149,606</u>	<u>\$ 59,291,829</u>	<u>\$ 30,342,250</u>
Commonwealth Fund :				
Assets:				
Equity in Cash And Cash Equivalents	\$ 205,781	\$ 4,752,005	\$ 4,758,676	\$ 199,110
Total Assets	<u>\$ 205,781</u>	<u>\$ 4,752,005</u>	<u>\$ 4,758,676</u>	<u>\$ 199,110</u>
Liabilities:				
Accounts Payable	\$ 205,781	\$ 4,752,005	\$ 4,758,676	\$ 199,110
Total Liabilities	<u>\$ 205,781</u>	<u>\$ 4,752,005</u>	<u>\$ 4,758,676</u>	<u>\$ 199,110</u>
Special Welfare Fund :				
Assets:				
Equity in Cash And Cash Equivalents	\$ 409,226	\$ 178,901	\$ 276,092	\$ 312,035
Total Assets	<u>\$ 409,226</u>	<u>\$ 178,901</u>	<u>\$ 276,092</u>	<u>\$ 312,035</u>
Liabilities:				
Accounts Payable	\$ 409,226	\$ 178,901	\$ 276,092	\$ 312,035
Total Liabilities	<u>\$ 409,226</u>	<u>\$ 178,901</u>	<u>\$ 276,092</u>	<u>\$ 312,035</u>
Cable TV :				
Assets:				
Equity in Cash And Cash Equivalents	\$ 1,107,811	\$ 416,880	\$ 413,947	\$ 1,110,744
Total Assets	<u>\$ 1,107,811</u>	<u>\$ 416,880</u>	<u>\$ 413,947</u>	<u>\$ 1,110,744</u>
Liabilities:				
Accounts Payable	\$ 1,107,811	\$ 416,880	\$ 413,947	\$ 1,110,744
Total Liabilities	<u>\$ 1,107,811</u>	<u>\$ 416,880</u>	<u>\$ 413,947</u>	<u>\$ 1,110,744</u>
Roanoke Valley Greenway Commission :				
Assets:				
Equity in Cash And Cash Equivalents	\$ 59,828	\$ 123,140	\$ 114,212	\$ 68,756
Total Assets	<u>\$ 59,828</u>	<u>\$ 123,140</u>	<u>\$ 114,212</u>	<u>\$ 68,756</u>
Liabilities:				
Accounts Payable	\$ 59,828	\$ 123,140	\$ 114,212	\$ 68,756
Total Liabilities	<u>\$ 59,828</u>	<u>\$ 123,140</u>	<u>\$ 114,212</u>	<u>\$ 68,756</u>

(continued)

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2017

Schedule 11

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
Regional Fire Training Center :				
Assets:				
Equity in Cash And Cash Equivalents	\$ 9,030	\$ 114,141	\$ 87,354	\$ 35,817
Total Assets	<u>\$ 9,030</u>	<u>\$ 114,141</u>	<u>\$ 87,354</u>	<u>\$ 35,817</u>
Liabilities:				
Accounts Payable	\$ 9,030	\$ 114,141	\$ 87,354	\$ 35,817
Total Liabilities	<u>\$ 9,030</u>	<u>\$ 114,141</u>	<u>\$ 87,354</u>	<u>\$ 35,817</u>
Virginia Recreational Facilities Authority :				
Assets:				
Equity in Cash And Cash Equivalents	\$ 5,263	\$ 9,117	\$ 9,191	\$ 5,189
Total Assets	<u>\$ 5,263</u>	<u>\$ 9,117</u>	<u>\$ 9,191</u>	<u>\$ 5,189</u>
Liabilities:				
Accounts Payable	\$ 5,263	\$ 9,117	\$ 9,191	\$ 5,189
Total Liabilities	<u>\$ 5,263</u>	<u>\$ 9,117</u>	<u>\$ 9,191</u>	<u>\$ 5,189</u>
Western Virginia Regional Jail Authority :				
Assets:				
Equity in Cash And Cash Equivalents	\$ 18,354,853	\$ 26,388,949	\$ 25,369,491	\$ 19,374,311
Total Assets	<u>\$ 18,354,853</u>	<u>\$ 26,388,949</u>	<u>\$ 25,369,491</u>	<u>\$ 19,374,311</u>
Liabilities:				
Accounts Payable	\$ 18,354,853	\$ 26,388,949	\$ 25,369,491	\$ 19,374,311
Total Liabilities	<u>\$ 18,354,853</u>	<u>\$ 26,388,949</u>	<u>\$ 25,369,491</u>	<u>\$ 19,374,311</u>
Regional Center for Animal Care and Protection:				
Assets:				
Equity in Cash And Cash Equivalents	\$ 483,528	\$ 1,968,822	\$ 2,043,704	\$ 408,646
Total Assets	<u>\$ 483,528</u>	<u>\$ 1,968,822</u>	<u>\$ 2,043,704</u>	<u>\$ 408,646</u>
Liabilities:				
Accounts Payable	\$ 483,528	\$ 1,968,822	\$ 2,043,704	\$ 408,646
Total Liabilities	<u>\$ 483,528</u>	<u>\$ 1,968,822</u>	<u>\$ 2,043,704</u>	<u>\$ 408,646</u>

See accompanying independent auditors' report.

Component Units

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



COUNTY OF ROANOKE, VIRGINIA
Component Unit
Roanoke County Public Schools
Statement of Net Position
June 30, 2017

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 14,702,902
Investments	22,080,902
Accounts receivable	1,108,301
Due from other governments	4,540,539
Inventory	408,339
Prepaid and other assets	120,935
Other postemployment benefit asset	331,240
Capital assets:	
Land and construction in progress	7,021,850
Other capital assets, net	39,743,529
Capital assets, net	<u>46,765,379</u>
Total assets	<u>90,058,537</u>
Deferred outflows of resources	
Deferred outflows of resources related to pension	19,794,703
Total Deferred outflows of resources	<u>19,794,703</u>
Liabilities	
Accounts payable	1,814,605
Accrued liabilities	2,490,253
Unearned revenues	198,164
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	822,066
Claims payable	1,930,567
Portion due or payable after one year:	
Compensated absences	1,999,064
Claims payable	550,332
Net pension liability	133,544,391
Total liabilities	<u>143,349,442</u>
Deferred inflows of resources	
Deferred inflows of resources related to pension	8,718,000
Total deferred inflows of resources	<u>8,718,000</u>
Net Position	
Net investment in capital assets	46,765,379
Restricted for:	
Instructional grants	77,309
Emergency contingency	2,000,000
Unrestricted	<u>(91,056,890)</u>
Total net position	<u>\$ (42,214,202)</u>

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Roanoke County Public Schools
Statement of Activities
For the Year Ended June 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net Revenue (Expense) and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Instruction	\$ 116,721,895	\$ 1,560,379	\$ 25,188,563	\$ 778,000	\$ (89,194,953)
Support Services:					
Administration	3,315,935	-	-	-	(3,315,935)
Attendance and health	2,276,599	-	-	-	(2,276,599)
Transportation	6,403,743	-	-	-	(6,403,743)
Operations and maintenance	11,480,475	129,177	-	2,311,261	(9,040,037)
Technology	6,679,719	-	-	-	(6,679,719)
School nutrition	5,027,956	2,841,963	2,650,719	-	464,726
Capital lease interest	4,864	-	-	-	(4,864)
Debt Service	6,347,576	-	-	-	(6,347,576)
Total governmental activities	<u>\$ 158,258,762</u>	<u>\$ 4,531,519</u>	<u>\$ 27,839,282</u>	<u>\$ 3,089,261</u>	<u>(122,798,700)</u>
General revenues:					
					68,763,376
Payments from Roanoke County					54,914,899
Non-categorical state aid					116,956
Gain on sale of assets					432,551
Miscellaneous					<u>124,227,782</u>
Total general revenues					
					1,429,082
Change in net position					<u>(43,643,284)</u>
Total net position at beginning of year					<u>\$ (42,214,202)</u>
Total net position at end of year					

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Roanoke County Public Schools
Balance Sheet
Governmental Funds
June 30, 2017

	General	Grant	Capital Projects	Nonmajor	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 997,834	\$ -	\$ 2,128,246	\$ 343,847	\$ 3,469,927
Investments	6,349,728	-	13,543,104	2,188,070	22,080,902
Accounts receivable	467,235	-	-	3,172	470,407
Due from other governments	2,923,293	1,579,331	-	37,915	4,540,539
Due from other fund	1,055,604	-	-	-	1,055,604
Inventory	133,407	-	-	274,932	408,339
Total assets	<u>\$ 11,927,101</u>	<u>\$ 1,579,331</u>	<u>\$ 15,671,350</u>	<u>\$ 2,847,936</u>	<u>\$ 32,025,718</u>
Liabilities					
Accounts payable	\$ 582,822	\$ 332,549	\$ 842,490	\$ 6,199	\$ 1,764,060
Accrued liabilities	2,430,649	36,711	-	22,531	2,489,891
Unearned revenues	16,369	77,158	-	104,637	198,164
Due to other fund	-	1,055,604	-	-	1,055,604
Total liabilities	<u>3,029,840</u>	<u>1,502,022</u>	<u>842,490</u>	<u>133,367</u>	<u>5,507,719</u>
Deferred inflows of resources					
Unavailable sales tax	<u>1,547,304</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,547,304</u>
Total deferred inflows of resources	<u>1,547,304</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,547,304</u>
Fund balances					
Nonspendable:					
Inventory	133,407	-	-	274,932	408,339
Restricted for:					
Emergency contingency	2,000,000	-	-	-	2,000,000
School grants	-	77,309	-	-	77,309
Committed to:					
School capital projects	2,827,764	-	14,828,860	-	17,656,624
School vehicles	2,341,709	-	-	-	2,341,709
School textbooks	14,920	-	-	-	14,920
School nutrition	-	-	-	2,439,637	2,439,637
Assigned to:					
Instruction	13,866	-	-	-	13,866
Administration	13,131	-	-	-	13,131
Transportation	180	-	-	-	180
Technology	1,000	-	-	-	1,000
Facilities	3,980	-	-	-	3,980
Total fund balances	<u>7,349,957</u>	<u>77,309</u>	<u>14,828,860</u>	<u>2,714,569</u>	<u>24,970,695</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,927,101</u>	<u>\$ 1,579,331</u>	<u>\$ 15,671,350</u>	<u>\$ 2,847,936</u>	

Reconciliation to the Statement of Net Position:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. 46,765,379

Internal service funds are used by the School Board to charge the cost of health, dental, and workers' compensation insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. 9,459,998

Revenues earned but not considered available are not current financial resources and, therefore, are not reported in the governmental funds. 1,547,304

Long-term assets or liabilities are not due and payable in the current period and, therefore, are not reported as assets or liabilities in the governmental funds. Balances at June 30, 2016 are:

Other postemployment benefit asset	331,240
Compensated absences	(2,821,130)
Net pension liability	(133,544,391)

Deferred outflows an inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds:

Deferred outflows of resources related to pensions	19,794,703
Deferred inflows of resources related to pensions	(8,718,000)

Total net position of governmental activities	<u>\$ (42,214,202)</u>
---	------------------------

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Roanoke County Public Schools
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	General	Grant	Capital Projects	Nonmajor	Total Governmental Funds
Revenues					
Intergovernmental:					
Roanoke County	\$ 68,738,376	\$ -	\$ 25,000	\$ -	\$ 68,763,376
Commonwealth of Virginia	73,904,943	1,753,816	-	108,988	75,767,747
Federal government	716,637	4,957,105	-	2,541,730	8,215,472
Investment income	100,603	-	-	11,993	112,596
Charges for services	1,140,343	-	21,433	2,841,964	4,003,740
Miscellaneous	195,514	11,911	50,000	13,159	270,584
Total revenues	<u>144,796,416</u>	<u>6,722,832</u>	<u>96,433</u>	<u>5,517,834</u>	<u>157,133,515</u>
Expenditures					
Current:					
Instruction	105,206,154	5,932,739	631	-	111,139,524
Administration	2,955,752	1,182	-	-	2,956,934
Attendance and health	2,254,534	-	-	-	2,254,534
Transportation	5,542,849	-	-	-	5,542,849
Operations and maintenance	11,227,063	-	150,790	-	11,377,853
Technology	5,831,202	726,000	293,457	-	6,850,659
School nutrition	-	-	-	4,951,948	4,951,948
Capital lease debt service:					
Principal	484,939	-	-	-	484,939
Interest	19,264	-	-	-	19,264
Capital outlay:					
Facilities	159,889	52,000	3,113,963	-	3,325,852
Debt Service	6,325,345	-	22,231	-	6,347,576
Total expenditures	<u>140,006,991</u>	<u>6,711,921</u>	<u>3,581,072</u>	<u>4,951,948</u>	<u>155,251,932</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,789,425</u>	<u>10,911</u>	<u>(3,484,639)</u>	<u>565,886</u>	<u>1,881,583</u>
Other financing sources (uses)					
Proceeds from sale of property	190,381	-	-	-	190,381
Transfers in	-	-	5,470,574	-	5,470,574
Transfers out	(5,653,856)	-	-	-	(5,653,856)
Total other financing sources (uses), net	<u>(5,463,475)</u>	<u>-</u>	<u>5,470,574</u>	<u>-</u>	<u>7,099</u>
Net change in fund balances	(674,050)	10,911	1,985,935	565,886	1,888,682
Total fund balances at beginning of year	<u>8,024,007</u>	<u>66,398</u>	<u>12,842,925</u>	<u>2,148,683</u>	<u>23,082,013</u>
Total fund balances at end of year	<u>\$ 7,349,957</u>	<u>\$ 77,309</u>	<u>\$ 14,828,860</u>	<u>\$ 2,714,569</u>	<u>\$ 24,970,695</u>

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Roanoke County Public Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2017

Net change in fund balances - total governmental funds	\$ 1,888,682
--	--------------

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

Internal service funds are used to charge the costs of health, dental, and workers' compensation insurance to individual funds. The change in net position of the internal service funds are reported with governmental activities.	(2,298,337)
---	-------------

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

Capital outlay	3,079,753
Capital donated	2,311,261
Depreciation expense	(6,300,854)
Loss on sale of assets	(73,425)

Revenues reported in the Statement of Activities, such as certain unearned revenues, are not considered available current financial resources and, therefore, are not reported as revenues in governmental funds. This is the amount by which the current year unearned amount exceeds the prior year available resources.	52,687
--	--------

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

Compensated absences	(63,733)
Other postemployment benefit asset	32,677
Obligation under capital leases	484,939
Accrued interest on capital leases	14,400

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

Pension contributions	9,388,938
Cost of benefits earned net of employee contributions	(7,087,906)

Change in net position of governmental activities	\$ 1,429,082
---	--------------

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Economic Development Authority of Roanoke County, Virginia
Balance Sheet
Governmental Fund
June 30, 2017

Assets

Cash and cash equivalents	\$ 669,676
Interest receivable	829
Land held for resale	<u>4,680,024</u>
 Total assets	 \$ <u><u>5,350,529</u></u>

Liabilities and Fund Balances

Liabilities:

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

Fund balances:

Unassigned	<u>5,350,529</u>
Total fund balances	<u><u>5,350,529</u></u>

Total liabilities and fund balances	\$ <u><u>5,350,529</u></u>
-------------------------------------	----------------------------

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Economic Development Authority of Roanoke County, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund
For the Year Ended June 30, 2017

REVENUES

Roanoke County contributions:

Allstate Insurance	\$ 199,086
Ardagh	637,583
Commercial matching grant program	13,000
Vinton Façade Grant	10,000
Other projects	4,860

Town of Vinton contributions:

Vinton Façade Grant	10,000
Investment income	4,058
Miscellaneous	14,411
Total revenues	<u>892,998</u>

EXPENDITURES

Professional fees	2,850
Miscellaneous	13,219
Vinton Façade Grant	14,145
Project disbursements:	
Allstate Insurance	199,086
Ardagh	637,583
Commercial matching grant program	12,904
Total operating expenditures	<u>879,787</u>

Excess of revenues over expenditures	<u>13,211</u>
--------------------------------------	---------------

Net change in fund balance	13,211
----------------------------	--------

Fund balance at beginning of year	<u>5,337,318</u>
Fund balance at end of year	<u><u>\$ 5,350,529</u></u>

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Economic Development Authority of Roanoke County, Virginia
Schedule of Revenue Bonds and Notes Outstanding
For the Year Ended June 30, 2017

	<u>Date Issued</u>	<u>Original Issue</u>	<u>Balance June 30, 2017</u>	<u>Type of Project</u>
Bondholders/Noteholders				
Roanoke County	3/27/2008	58,595,000	6,075,000	Public Facility Projects
Richfield Retirement Community	10/20/2008	4,415,000	2,975,000	Alzheimer's Center
		<u>\$ 63,010,000</u>	<u>\$ 9,050,000</u>	

COUNTY OF ROANOKE, VIRGINIA
Component Unit
South Peak Community Development Authority
Statement of Net (Deficit) Position
June 30, 2017

Schedule 20

ASSETS

Current assets:

Due from Primary Government	\$ 785,518
Total current assets	<u>785,518</u>

Noncurrent assets:

Capital assets	5,330,063
Total noncurrent assets	<u>5,330,063</u>

Total assets	<u>6,115,581</u>
--------------	------------------

LIABILITIES

Current liabilities:

Accrued interest payable	149,632
Current portion of long-term debt	173,000
Total current liabilities	<u>322,632</u>

Noncurrent liabilities:

Bonds payable	6,676,000
Total noncurrent liabilities	<u>6,676,000</u>

Total liabilities	<u>6,998,632</u>
-------------------	------------------

NET (DEFICIT) POSITION

Net investment in capital assets	(1,518,937)
Unrestricted	635,886
Total net (deficit) position	<u>\$ (883,051)</u>

See accompanying independent auditors' report

COUNTY OF ROANOKE, VIRGINIA
Component Unit
South Peak Community Development Authority
Statement of Revenues, Expenses, and Changes in Net (Deficit) Position
For the Year Ended June 30, 2017

Schedule 21

OPERATING REVENUES

Incremental tax revenues	\$ 678,820
Special assessment revenues	35,501
Total operating revenues	<u>714,321</u>

OPERATING EXPENSES

Administrative fees	17,150
Legal fees	7,740
Insurance expenses	1,475
Total operating expenses	<u>26,365</u>

Operating income	687,956
------------------	---------

NON-OPERATING EXPENSE

Note Interest Expense	<u>(455,553)</u>
Total Non-Operating Expenses	<u>(455,553)</u>

Change in net position	<u>232,403</u>
------------------------	----------------

Total net (deficit) position at beginning of year	<u>(1,115,454)</u>
Total net (deficit) position at end of year	<u>\$ (883,051)</u>

See accompanying independent auditors' report

COUNTY OF ROANOKE, VIRGINIA
Component Unit
South Peak Community Development Authority
Statement of Cash Flows
For the Year Ended June 30, 2017

Schedule 22

CASH FLOWS FROM OPERATING ACTIVITIES	\$ <u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>
Net increase in cash and cash equivalents	-
Cash and cash equivalents at beginning of year	<u>-</u>
Cash and cash equivalents at end of year	\$ <u><u>-</u></u>

Reconciliation of operating income to net cash used in operating activities:

Operating income	\$ 687,956
Adjustments to reconcile operating income to net cash used in operating activities	
Change in assets and liabilities:	
Accrued revenues	(687,956)
Net cash used in operating activities	\$ <u><u>-</u></u>

See accompanying independent auditors' report



Statistical Section Tab

Statistical Section (Unaudited)

This part of the County comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Contents

Financial Trends

Page

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time. 157

Revenue Capacity Information

These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes. 164

Debt Capacity Information

These schedules contain information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future. 168

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments. 171

Operating Information

These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs. 173

Table 1

COUNTY OF ROANOKE, VIRGINIA
 Net Position by Component,
 Last Ten Fiscal Years
 (unaudited)
 (accrual basis of accounting)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities										
Net investment in capital assets										
Restricted	\$ 111,249,469	\$ 117,285,621	\$ 130,671,059	\$ 127,038,171	\$ 125,321,272	\$ 124,727,913	\$ 120,640,542	\$ 101,462,327	\$ 93,288,117	\$ 91,882,685
Unrestricted	3,558,562	5,228,778	6,302,613	7,106,651	9,514,571	9,651,709	8,807,540	-	-	-
Total	(11,844,228)	(1,370,979)	(4,712,743)	36,965,323	35,148,307	34,348,766	32,380,363	39,007,905	38,023,432	34,494,810
Total governmental activities net position	\$ 102,963,803	\$ 121,143,420	\$ 132,260,929	\$ 171,110,145	\$ 169,984,150	\$ 168,728,388	\$ 161,828,445	\$ 140,470,232	\$ 131,311,549	\$ 126,377,495

Table 2

COUNTY OF ROANOKE, VIRGINIA
Changes in Net Position, Last Ten Fiscal Years
(unaudited)
(accrual basis of accounting)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental activities:										
General government	\$ 14,712,459	\$ 12,313,823	\$ 12,397,721	\$ 16,914,828	\$ 12,834,641	\$ 12,593,044	\$ 12,767,696	\$ 13,759,638	\$ 11,764,472	\$ 11,451,154
Judicial administration	3,044,106	2,956,266	2,749,238	2,700,700	2,679,794	2,684,829	2,677,709	2,684,185	2,750,265	2,584,300
Public safety	48,191,825	48,014,484	48,719,989	47,455,056	44,950,933	44,176,676	44,716,348	43,937,823	42,210,181	39,133,760
Public works	17,411,621	20,913,459	18,065,834	15,520,933	14,996,985	13,691,054	14,433,587	13,749,180	15,487,202	15,706,237
Library	6,803,503	5,296,128	4,757,017	5,211,675	3,779,294	3,976,041	4,207,795	3,328,486	3,192,012	3,562,515
Health and welfare	19,624,895	19,481,808	15,240,781	15,716,422	15,369,139	15,215,796	17,157,554	17,245,746	16,386,768	16,873,746
Parks, recreation, and culture	8,487,614	9,673,809	9,782,293	6,640,738	9,320,763	9,219,851	8,843,246	6,611,041	4,763,745	5,270,489
Community development	3,796,642	3,030,851	2,793,445	3,011,776	2,368,102	2,878,957	2,694,899	3,741,964	3,289,302	3,035,834
Education	83,509,170	85,645,780	77,890,528	75,386,420	74,001,766	69,625,724	69,593,033	65,673,860	65,254,173	65,013,274
Interest and other charges	8,594,638	6,325,692	7,787,622	7,243,036	8,189,147	8,592,219	8,956,954	9,316,330	8,542,365	6,039,352
Total governmental activities' expenses	\$ 214,176,473	\$ 213,652,100	\$ 200,184,468	\$ 195,801,584	\$ 188,490,564	\$ 182,654,191	\$ 186,048,821	\$ 180,058,253	\$ 173,640,485	\$ 168,670,661
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 844,285	\$ 675,994	\$ 569,654	\$ 439,139	\$ 491,777	\$ 551,590	\$ 297,785	\$ 364,757	\$ 521,821	\$ 810,746
Judicial administration	884,334	1,058,476	1,110,870	1,131,167	1,374,270	1,429,817	1,492,024	1,414,831	1,727,976	949,084
Public safety	4,862,372	4,321,703	5,066,198	4,729,349	4,517,466	4,008,320	3,677,631	3,734,382	3,700,948	4,263,833
Public works	367,076	328,883	316,412	325,220	315,511	317,366	317,459	349,825	317,203	317,496
Library	383,560	53,919	59,325	74,108	61,909	-	-	-	212,252	232,105
Health and welfare	673,735	854,523	717,266	801,325	746,537	1,379,369	1,536,402	1,264,060	957,118	739,576
Parks, recreation, and culture	4,915,280	4,942,739	4,976,079	4,730,172	4,731,114	5,311,248	4,920,779	2,699,633	1,833,379	1,713,060
Community development	468,198	474,818	509,108	454,035	468,892	347,766	347,766	504,289	487,159	909,390
Operating grants and contributions	27,434,634	27,784,548	27,090,413	30,515,001	24,218,404	23,185,995	45,488,815	30,487,857	25,365,244	26,223,865
Total governmental activities' revenues	\$ 40,833,454	\$ 40,495,603	\$ 40,415,325	\$ 43,199,516	\$ 36,925,880	\$ 36,531,471	\$ 58,078,661	\$ 40,819,634	\$ 35,123,100	\$ 36,159,155
Net (Expense)/Revenue	\$ (173,343,019)	\$ (173,156,497)	\$ (159,769,143)	\$ (152,602,068)	\$ (151,564,684)	\$ (146,122,720)	\$ (127,970,160)	\$ (139,238,619)	\$ (138,517,385)	\$ (132,511,506)
Governmental activities										

Table 2 (continued)

COUNTY OF ROANOKE, VIRGINIA										
Changes in Net Position, Last Ten Fiscal Years										
(unaudited)										
(accrual basis of accounting)										
	2017	2016	2015	2014	2013	Fiscal Year 2012	2011	2010	2009	2008
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Real estate and personal property	\$ 113,049,822	\$ 110,987,417	\$ 108,825,422	\$ 106,338,649	\$ 105,819,996	\$ 105,800,481	\$ 105,068,835	\$ 104,367,304	\$ 102,820,602	\$ 98,914,367
Local share of sales tax	10,708,955	10,060,910	9,900,197	9,869,029	9,410,322	9,351,254	8,782,444	8,345,658	8,489,571	8,486,271
Other local taxes	25,689,973	25,144,513	24,461,049	24,450,249	23,444,438	22,340,305	22,638,322	21,562,986	21,604,036	23,136,838
Non-categorical state aid	12,229,857	12,229,857	12,229,857	12,229,857	12,229,857	12,229,857	12,229,857	12,229,857	12,229,857	12,229,857
Gain on sale of capital assets	792,488	1,618,880	123,232	90,862	160,337	56,408	95,553	102,850	166,245	209,368
Capital contribution	-	-	-	-	-	-	(1,077,603)	-	(5,171,236)	-
Investment earnings	1,121,537	1,664,589	1,582,887	1,355,822	1,547,328	1,553,498	1,548,862	1,762,425	3,285,667	3,725,643
Miscellaneous	194,716	332,822	79,381	115,337	208,168	1,690,860	42,103	29,222	23,697	26,153
Total governmental activities	163,787,348	162,038,988	157,202,025	154,449,805	152,820,446	153,022,663	149,328,373	148,400,302	143,448,439	146,728,497
Change in Net Position										
Governmental activities	\$ (9,555,671)	\$ (11,117,509)	\$ (2,567,118)	\$ 1,847,737	\$ 1,255,762	\$ 6,899,943	\$ 21,358,213	\$ 9,161,683	\$ 4,931,054	\$ 14,216,991

Table 3

COUNTY OF ROANOKE, VIRGINIA
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(unaudited)
(modified accrual basis of accounting)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 944,832	\$ 513,502	\$ 608,517
Unreserved	-	-	-	-	-	-	-	35,757,184	32,580,041	27,677,600
Nonspendable	182,259	283,984	189,474	239,384	217,648	164,378	380,491	-	-	-
Restricted	2,773,044	4,521,364	5,907,985	6,961,640	9,514,571	9,651,709	8,807,540	-	-	-
Committed	7,976,704	8,818,598	10,876,727	12,243,948	10,646,747	10,687,402	3,929,813	-	-	-
Assigned	1,046,647	1,108,425	1,801,280	1,951,749	2,065,969	1,052,100	725,925	-	-	-
Unassigned	23,720,456	22,950,883	22,224,946	21,799,195	21,286,557	20,572,318	25,105,706	-	-	-
Total General Fund	\$ 35,699,110	\$ 37,683,254	\$ 41,000,412	\$ 43,195,916	\$ 43,711,492	\$ 42,127,907	\$ 38,949,475	\$ 36,702,016	\$ 33,093,543	\$ 28,286,117
All Other Governmental Funds:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,128,848	\$ 19,018,884	\$ 49,950,824
Unreserved, reported in:										
Capital projects fund	-	-	-	-	-	-	-	33,862,753	83,584,672	40,929,195
Debt service fund	-	-	-	-	-	-	-	252,762	237,688	625,406
Nonspendable	-	-	-	-	36,000	-	-	-	-	-
Restricted	1,223,632	1,399,111	3,855,709	6,972,721	583,510	439,867	1,590,715	-	-	-
Committed	22,388,838	20,997,219	30,762,309	27,589,865	22,571,058	29,809,261	51,711,936	-	-	-
Total all other governmental funds	\$ 23,612,470	\$ 22,396,330	\$ 34,618,018	\$ 34,562,586	\$ 23,190,568	\$ 30,249,128	\$ 53,302,651	\$ 63,244,363	\$ 102,841,244	\$ 91,505,425

The County implemented GASB Statement No. 54 in fiscal year 2011, which expanded fund balances. Previous years information is not available.



Table 4

COUNTY OF ROANOKE, VIRGINIA
Changes in Fund Balances
Governmental Funds
(unaudited)
Last Ten Fiscal Years

	Fiscal Year									
	2017	2015	2014	2013	2012	2011	2010	2009	2008	
REVENUES										
General property taxes	\$ 113,850,872	\$ 111,878,323	\$ 109,715,187	\$ 107,236,063	\$ 106,612,790	\$ 106,577,030	\$ 105,757,875	\$ 105,039,725	\$ 103,464,014	\$ 99,559,431
Other local taxes	35,978,018	34,806,191	34,248,528	33,777,424	32,867,664	31,953,379	31,965,165	30,067,742	30,526,768	31,432,882
Permits, fees, and licenses	710,051	796,474	743,224	713,047	706,560	670,373	642,732	829,674	770,289	969,168
Fines and forfeitures	452,348	497,757	549,582	567,686	803,636	793,542	888,995	810,241	824,001	706,354
Use of money and property	388,978	836,201	726,956	714,616	801,931	820,663	883,689	1,062,082	2,390,998	2,533,878
Charges for services	9,282,927	8,566,239	9,173,010	8,836,231	8,260,131	8,681,856	7,905,937	5,794,055	4,947,080	5,264,920
Intergovernmental revenue	39,900,415	40,121,358	39,375,596	42,167,620	36,630,966	34,969,934	56,345,534	42,248,109	37,285,281	38,517,594
Locality compensation payments	124,301	124,624	124,568	124,459	124,251	125,469	125,119	124,676	520,749	395,925
Miscellaneous	3,229,658	3,391,456	2,904,696	3,555,382	3,099,981	4,817,465	4,053,395	2,943,226	3,133,116	3,122,332
Total revenues	203,917,568	201,018,623	197,561,347	197,692,528	189,907,910	189,409,711	208,568,441	188,919,530	183,862,296	182,502,484
EXPENDITURES										
General government	13,564,460	12,405,928	12,680,566	11,377,635	11,951,092	11,312,307	11,208,849	11,319,789	11,155,637	10,505,771
Judicial administration	2,809,515	2,786,803	2,675,518	2,714,526	2,559,664	2,518,735	2,535,222	2,563,138	2,606,389	2,400,523
Public safety	44,876,375	43,753,458	44,001,157	44,006,263	43,147,408	40,967,084	42,170,041	40,436,054	38,606,968	37,322,169
Public works	14,622,163	16,639,108	16,526,594	14,058,502	13,420,416	12,802,861	13,078,780	12,716,367	14,161,590	15,232,241
Library	4,887,940	4,216,532	3,826,494	3,752,433	3,402,388	3,333,501	3,171,140	2,967,222	3,367,133	3,074,951
Health and welfare	18,244,195	18,623,203	17,272,394	15,352,905	14,979,463	14,615,516	16,614,818	16,779,169	15,884,722	16,116,566
Parks, recreation, and culture	7,484,888	8,070,880	8,151,576	8,161,222	7,564,437	7,704,845	7,351,415	5,757,057	4,789,372	4,769,013
Community development	2,373,565	2,146,072	2,142,359	2,033,821	2,091,085	2,288,881	2,554,430	2,644,744	2,827,306	2,549,646
Education	67,666,376	66,637,354	65,947,374	67,132,105	64,332,561	64,339,603	62,819,511	61,180,665	61,025,007	62,595,245
Debt service:										
Principal	11,906,869	13,104,653	11,389,614	10,593,023	13,129,978	12,534,407	12,268,095	9,964,540	10,323,075	8,306,035
Interest and other charges	7,736,239	7,891,500	8,090,015	8,168,073	8,952,723	9,050,745	9,563,362	9,437,308	8,799,841	5,067,780
Capital outlay	8,698,654	21,503,018	30,473,036	8,568,487	11,867,812	38,029,888	34,135,287	52,178,280	42,835,534	31,838,539
Total expenditures	204,871,239	217,778,509	223,176,697	195,918,995	197,399,027	219,498,373	217,471,950	227,944,333	216,382,574	199,778,479
(Deficiency) excess of revenues over (under) expenditures	(953,671)	(16,759,886)	(25,615,350)	1,773,533	(7,491,117)	(30,088,662)	(8,903,509)	(39,024,803)	(32,520,278)	(17,275,995)

Table 4 (continued)

COUNTY OF ROANOKE, VIRGINIA
Changes in Fund Balances
Governmental Funds
(unaudited)
Last Ten Fiscal Years

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
OTHER FINANCING SOURCES (USES)										
Proceeds from lease purchase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,148,037	\$ -	\$ 47,695,156	\$ 80,533,976
Issuance of bonds	-	44,175,000	17,835,000	32,898,586	-	9,080,000	-	-	-	-
Premium on bonds	-	2,331,690	2,204,864	1,888,404	-	954,878	-	-	-	-
Refunded escrow agent payment	-	(46,237,048)	-	(26,219,862)	-	-	-	-	-	-
Debt issuance costs	-	-	-	(227,809)	-	-	-	-	-	-
Proceeds from sale of land, machinery and equipment	792,488	1,618,880	123,232	90,862	160,337	56,408	95,553	102,850	166,245	209,368
Transfers in	22,345,552	24,408,165	21,161,659	24,684,884	22,493,225	19,620,902	19,166,458	22,453,787	30,683,567	20,388,032
Transfers out	(22,952,373)	(25,075,647)	(21,070,157)	(24,032,156)	(20,637,420)	(19,498,617)	(19,200,792)	(19,520,242)	(29,881,446)	(20,976,367)
Total other financing sources, net	185,667	1,221,040	20,254,598	9,082,909	2,016,142	10,213,571	1,209,256	3,036,395	48,663,522	80,135,009
Net change in fund balances	\$ (768,004)	\$ (15,538,846)	\$ (5,360,752)	\$ 10,856,442	\$ (5,474,975)	\$ (19,875,091)	\$ (7,694,253)	\$ (35,988,408)	\$ 16,143,244	\$ 62,859,014
Debt service as a percentage of noncapital expenditures	9.8%	10.2%	9.9%	11.7%	11.8%	11.7%	10.8%	10.9%	8.0%	8.5%

Table 5

COUNTY OF ROANOKE, VIRGINIA
Assessed Value and Estimated Actual Value of Taxable Property
(Unaudited)
Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Public Service Corporation	Total Taxable Assessed Value	Real Property Total Direct Tax Rate	Personal Property Tax Rate	Estimated Actual Taxable Value
2008	\$ 7,630,455,000	\$ 830,364,367	\$ 223,884,755	\$ 8,684,704,122	\$1.09	\$3.50/3.00	\$ 10,217,298,967
2009	7,929,156,898	766,339,671	224,653,310	8,920,149,879	1.09	3.50/3.00	10,494,293,975
2010	8,020,716,300	780,689,905	233,127,850	9,034,534,055	1.09	3.50/3.00	10,151,161,860
2011	8,053,281,600	782,346,945	223,646,000	9,059,274,545	1.09	3.50/3.00	9,847,037,549
2012	7,968,030,200	814,156,400	233,411,860	9,015,598,460	1.09	3.50/3.00	9,391,248,396
2013	7,798,171,500	835,361,990	247,863,410	8,881,396,900	1.09	3.50/3.00	9,062,649,898
2014	7,850,267,000	855,450,240	257,490,630	8,963,207,870	1.09	3.50/3.00	9,146,130,480
2015	7,972,937,500	889,550,760	267,613,790	9,130,102,050	1.09	3.50/3.00	9,712,874,521
2016	8,098,986,500	899,232,061	277,724,570	9,275,943,131	1.09	3.50/2.95	9,868,024,607
2017	8,254,177,800	916,529,122	275,690,440	9,446,397,362	1.09	3.50/2.90	10,157,416,518

Source: Roanoke County Real Estate Land Books

Notes: Property in Roanoke County is assessed annually and is assessed at approximately 93% of actual value for 2016-2017 and at approximately 92.1% for years 2008 - 2016. Estimated actual taxable value is calculated by dividing taxable assessed value by those percentages. Tax rates are per \$100 of assessed value. Personal Property Tax Rates = \$3.50 for Personal Property; \$2.90 for Machinery and Tools. Real Estate Tax Rate = \$1.09

Table 6

COUNTY OF ROANOKE, VIRGINIA
Direct and Overlapping Property Tax Rates
(Unaudited)
Last Ten Fiscal Years

Fiscal Year	Direct Rates				Overlapping Rates	
	County of Roanoke				Town of Vinton	
	Real Property ⁽¹⁾		Personal Property ^{(1) (2)}		Real Property ⁽¹⁾	Personal Property ^{(1) (2)}
	First Half	Second Half	Total			
2008	\$ 0.545	\$ 0.545	\$ 1.09	\$3.50/3.00 (3)	\$ 0.03	\$ 1.00
2009	0.545	0.545	1.09	3.50/3.00 (3)	0.03	1.00
2010	0.545	0.545	1.09	3.50/3.00 (3)	0.03	1.00
2011	0.545	0.545	1.09	3.50/3.00 (3)	0.03	1.00
2012	0.545	0.545	1.09	3.50/3.00 (3)	0.03	1.00
2013	0.545	0.545	1.09	3.50/3.00 (3)	0.03	1.00
2014	0.545	0.545	1.09	3.50/3.00 (3)	0.03	1.00
2015	0.545	0.545	1.09	3.50/3.00 (3)	0.07	1.00
2016	0.545	0.545	1.09	3.50/2.95 (4)	0.07	1.00
2017	0.545	0.545	1.09	3.50/2.90 (5)	0.07	1.00

⁽¹⁾ All tax rates per \$100 of assessed value.

⁽²⁾ Applies to tangible personal property, machinery and tools.

⁽³⁾ Tangible personal property - \$3.50; Machinery and tools - \$3.00.

⁽⁴⁾ Tangible personal property - \$3.50; Machinery and tools - \$2.95.

⁽⁵⁾ Tangible personal property - \$3.50; Machinery and tools - \$2.85.

Source: Roanoke County Real Estate Land Books

Notes: The County's tax rates are determined each year by the Roanoke County Board of Supervisors. Overlapping rates are those of the Town of Vinton, which is located in the County of Roanoke. Only those residents living in Vinton are subject to the Town of Vinton's tax, in addition to the County of Roanoke's tax.

Table 7

COUNTY OF ROANOKE, VIRGINIA
Principal Property Tax Payers
(unaudited)
Fiscal Years 2017 and 2008

Taxpayer	2017			2008		
	Taxable Assessed Value (Millions)	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value (Millions)	Rank	Percentage of Total County Taxable Assessed Value
Appalachian Power Company	\$ 157	1	1.66 %	\$ 96	1	1.11 %
Kroger Limited Partnership	39	2	0.41	20	5	0.23
Walmart Real Estate Business	29	3	0.31	-	-	-
Roanoke Owner 1 LLC (Formerly Pebble Creek, LLC)	25	4	0.26	-	-	-
Cellco Partnership dba Verizon Wireless	24	5	0.25	21	4	0.24
Tanglewood Venture LLC (Formerly Roanoke Tanglewood LLC)	23	6	0.24	41	3	0.47
Roanoke Gas Company	23	7	0.24	15	10	0.17
Verizon Virginia LLC	22	8	0.23	43	2	0.50
Norfolk and Western Railway Company	22	9	0.23	-	-	-
Mikeone EK Roanoke LLC	19	10	0.20	-	-	-
Integrity Windows, Inc.	-	-	-	19	6	0.22
Lowes	-	-	-	16	9	0.18
First States Investors 3300 LLC	-	-	-	18	7	0.21
Villages at Garst Creek LLC	-	-	-	17	8	0.20
Total	\$ 383		4.05 %	\$ 306		3.53 %

Source: County Real Estate Assessment Department

Table 8

COUNTY OF ROANOKE, VIRGINIA
Property Tax Levies and Collections
(Unaudited)
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 113,379,407	\$ 107,449,039	94.77 %	\$ 3,692,916	\$ 111,141,955	98.03 %
2009	116,316,521	111,054,250	95.48	2,972,938	114,027,188	98.03
2010	116,489,107	111,980,936	96.13	3,835,301	115,816,237	99.42
2011	118,335,928	113,612,208	96.01	3,996,865	117,609,073	99.39
2012	118,634,364	113,978,854	96.08	4,183,970	118,162,824	99.60
2013	118,489,124	113,917,134	96.14	3,766,237	117,683,371	99.32
2014	118,192,461	113,964,831	96.42	3,067,960	117,032,791	99.02
2015	120,224,376	116,398,283	96.82	2,622,023	119,020,306	99.00
2016	123,023,949	118,615,971	96.42	3,027,708	121,643,679	98.88
2017	123,991,274	120,899,417	97.51	-	120,899,417	-

Source: Roanoke County Commissioner of Revenue and Treasurer's Department

Table 9

COUNTY OF ROANOKE, VIRGINIA
Ratios of Outstanding Debt by Type
(Unaudited)
Last Ten Fiscal Years

Fiscal Year	Governmental Activities										Component Unit		Percentage of Assessed Value of Taxable Property		Percentage Of Personal Income	Per Capita
	General Obligation Debt	Lease Revenue Bonds	VP&A School Bonds		State Literary Bonds	Capital Leases	Total Primary Government	Capital Lease	Assessed Value of Taxable Property	Percentage Of Personal Income	Per Capita					
			Bonds	Bonds												
2008	\$ 16,825,346	\$ 82,989,144	\$ 78,376,947	\$ 5,211,866	\$ -	\$ 183,403,303	\$ 3,319,209	2.15 %	3.93 %	\$ 2,068						
2009	14,560,238	80,954,308	120,748,501	4,524,181	-	220,787,228	3,161,076	2.51	4.91	2,448						
2010	12,645,130	78,700,454	115,035,423	4,064,860	-	210,445,867	2,835,505	2.36	4.56	2,312						
2011	10,655,022	76,376,966	107,150,919	3,617,042	1,148,037	198,947,986	2,488,325	2.22	4.21	2,177						
2012	8,584,914	73,969,030	109,290,686	3,169,225	1,052,372	196,066,227	2,114,385	2.20	3.98	2,138						
2013	6,416,798	71,455,422	100,944,620	2,721,409	952,889	182,491,138	1,750,401	2.07	3.70	1,976						
2014	6,150,390	79,182,582	92,638,652	2,273,592	849,437	181,094,653	1,358,518	2.04	3.66	1,968						
2015	5,332,236	76,949,408	104,311,123	1,825,775	741,516	189,160,058	937,225	2.08	3.68	2,032						
2016	4,497,704	81,150,705	95,149,806	-	-	180,798,215	484,939	1.95	3.33	1,933						
2017	3,640,935	78,183,655	86,485,636	-	-	168,310,226	-	1.78	2.92	1,792						

(1) Population from VaStat, a service of the Weldon Cooper Center for Public Service.

(2) Per capital personal income and personal income from the Bureau of Economic Analysis.

Table 10

COUNTY OF ROANOKE, VIRGINIA
Ratios of General Bonded Debt Outstanding
(Unaudited)
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding - Governmental Activities						Percentage of Actual Value of Taxable Property	Per Capita
	General Obligation Debt	Lease Revenue Bonds	VPSA School Bonds	State Literary Bonds	Total			
2008	\$ 16,825,346	\$ 82,989,144	\$ 78,376,947	\$ 5,211,866	\$ 183,403,303	1.80	%	\$ 2,028
2009	14,560,238	80,954,308	120,748,501	4,524,181	220,787,228	2.10		2,430
2010	12,645,130	78,700,454	115,035,423	4,064,860	210,445,867	2.07		2,312
2011	10,655,022	76,376,966	107,150,919	3,617,042	197,799,949	2.01		2,138
2012	8,584,914	73,969,030	109,290,686	3,169,225	195,013,855	2.08		2,104
2013	6,416,798	71,455,422	100,944,620	2,721,409	181,538,249	2.00		1,947
2014	6,150,390	79,182,582	92,638,652	2,273,592	180,245,216	1.97		1,944
2015	5,332,236	76,949,408	104,311,123	1,825,775	188,418,542	1.94		2,014
2016	4,497,704	81,150,705	95,149,806	-	180,798,215	1.83		1,928
2017	3,640,935	78,183,655	86,485,636	-	168,310,226	1.66		1,792

(1) Population from VaStat, a service of the Weldon Cooper Center for Public Service.

(2) Per capital personal income from the Bureau of Economic Analysis.

(3) Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(4) All debt listed above is to be repaid with general government resources.

Table 11

COUNTY OF ROANOKE, VIRGINIA
Debt Policy Information
(Unaudited)
Last Ten Fiscal Years

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General bonded debt outstanding										
General Obligation Bonds	\$ 3,640,935	\$ 4,497,704	\$ 5,332,236	\$ 6,150,390	\$ 6,416,798	\$ 8,584,914	\$ 10,655,022	\$ 12,645,130	\$ 14,560,238	\$ 16,825,346
Lease Revenue Bonds	78,183,655	81,150,705	76,949,408	79,182,582	71,455,422	73,969,030	76,376,966	78,700,454	80,954,238	82,989,144
VPSA School Bonds	86,485,636	95,149,806	104,311,123	92,638,652	100,944,620	109,290,686	107,150,919	115,035,423	120,748,501	78,376,947
State Literary Bonds	-	-	1,825,775	2,273,592	2,721,409	3,169,225	3,617,042	4,064,860	4,524,181	5,211,866
Total net debt applicable to debt limits	\$ 168,310,226	\$ 180,798,215	\$ 188,418,542	\$ 180,245,216	\$ 181,538,249	\$ 195,013,855	\$ 197,799,949	\$ 210,445,867	\$ 220,787,158	\$ 183,403,303
Ratio of net debt to assessed taxable property value	1.78%	1.95%	2.06%	2.01%	2.04%	2.16%	2.18%	2.33%	2.48%	2.11%
Debt limit per policy for property value	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Per capita	\$ 1,792	\$ 1,928	\$ 2,014	\$ 1,944	\$ 1,947	\$ 2,104	\$ 2,138	\$ 2,281	\$ 2,413	\$ 2,031
Debt limit per policy for per capita	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Debt service to general governmental expenditures	6.78%	7.57%	7.14%	7.20%	8.51%	8.29%	8.51%	7.79%	7.30%	5.29%
Debt limit per policy for general governmental expenditures	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

Property value data can be found on Table 5. Per capita data can be found on Table 12.

General governmental expenditures include the Governmental Fund expenditures, the School Board component unit expenditures, and County and School transfer to Capital Projects and Proprietary funds.

The County does not have any Constitutional or Statutory Debt Limits.

Table 12

COUNTY OF ROANOKE, VIRGINIA
Demographic Statistics
Last Ten Fiscal Years
(Unaudited)
June 30, 2017

Fiscal Year	Population ⁽¹⁾	Personal Income (thousands of dollars) ⁽²⁾	Per Capita Personal Income ⁽²⁾	School Enrollment ⁽³⁾	Unemployment Rate % ⁽⁴⁾
2008	90,293	\$ 4,750,916	\$ 41,019	14,802	2.8 %
2009	91,494	4,561,791	39,315	14,650	4.6
2010	92,253	4,672,291	39,315	14,474	6.3
2011	92,524	4,789,030	40,688	14,259	5.7
2012	92,687	4,984,547	42,288	14,081	5.6
2013	93,256	5,159,100	42,288	13,958	5.5
2014	92,703	5,435,865	45,577	13,929	5.2
2015	93,569	5,758,037	48,047	13,909	4.5
2016	93,775	5,758,037	48,047	13,982	3.5
2017	93,924	5,758,037	48,047	13,830	3.6

Sources:

⁽¹⁾ Weldon Cooper Center for Public Service, Demographics Research Group, www.coopercenter.org/demographics

⁽²⁾ Personal Income & Per Capita Personal Income from the Bureau of Economic Analysis. Latest information available is for 2015. The figures for 2016 and 2017 have not been updated.

⁽³⁾ Roanoke County Public School's Administration Department

⁽⁴⁾ Virginia Employment Commission and the U.S. Bureau of Labor Statistics

Table 13

COUNTY OF ROANOKE, VIRGINIA
Principal Employers
(unaudited)
Fiscal Years 2017 and 2008

Employer	2017			2008		
	Rank	Ownership	Number of Employees	Rank	Ownership	Number of Employees
Roanoke County Schools	1	Local Govt.	2000+	1	Local Govt.	1,000+
Wells Fargo Operations Center (Wachovia division)	2	Private	1,500+	2	Private	1,000+
County of Roanoke	3	Local Govt.	500-999	4	Local Govt.	1,000+
Kroger	4	Private	500-999	5	Private	500-999
Friendship Manor	5	Private	500-999	6	Private	500-999
Richfield Recovery & Care Center	6	Private	500-999	-	-	-
Allstate Insurance Company	7	Private	500-999	3	Private	1,000+
Wal-mart	8	Private	250-499	-	-	-
ITT Exelis-Harris Corporation	9	Private	250-499	-	-	-
Integrity Windows & Doors	10	Private	250-499	-	-	-
Advance Auto	-	-	-	7	Private	500-999
Hanover Direct, Inc.	-	-	-	8	Private	250-499
Verizon Virginia, Inc.	-	-	-	9	Private	250-499
Bright Personnel and Business	-	-	-	10	Private	250-499

Source: Roanoke County Economic Development Department

Table 14

COUNTY OF ROANOKE, VIRGINIA
Full-time Equivalent County Government Employees by Function/Program
(unaudited)
Last Ten Fiscal Years

Function/Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General government										
Legislative										
General and financial administration	6	7	7	7	7	7	7	8	8	3
Other	72	69	70	69	71	72	72	74	74	73
	61	61	61	57	53	53	54	58	57	56
Judicial administration										
Courts	16	16	16	16	16	16	16	16	16	16
Commonwealth attorney	14	14	14	14	14	14	14	13	13	12
Public safety										
Sheriff	86	86	85	84	84	84	84	84	103	103
Police	154	154	154	154	154	153	153	188	194	186
Emergency Communication Center	42	42	42	44	44	43	43 *	-	-	-
Fire & rescue	164	164	159	153	153	153	153	149	143	129
Public works										
General services administration	3	3	3	3	3	3	3	3	3	3
Refuse disposal	34	34	34	34	34	35	34	35	35	35
Maintenance of general buildings and grounds	19	18	18	21	21	21	21	21	20	19
Garage	12	11	11	11	11	11	12	11	11	11
Engineering and inspections	33	32	32	32	32	34	36	36	39	38
Library	43	42	39	41	40	40	38	35	35	33
Health and welfare	103	101	99	98	98	95	95	95	95	95
Parks, recreation, and culture	69	69	69	69	67	68	66	63	61	60
Community development	19	19	19	19	23	23	24	28	31	31
Total	950	942	932	926	925	925	925	917	938	903

Source: Roanoke County Payroll Office

* Effective July 1, 2010 the Emergency Communication Center department was moved out of the Police department. Previous years' FTEs are not available

Table 15

COUNTY OF ROANOKE, VIRGINIA
Operating Indicators by Function/Program
(Unaudited)
Last Ten Fiscal Years

Function/Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General government										
Number of sales	1,114	1,029	938	953	748	636	800	932	1,332	1,725
Median assessment/sales ratio	92.23%	92.73%	92.87%	94.00%	98.00%	98.00%	95.00%	92.10%	92.10%	92.33%
Coefficient of dispersion	6.82%	6.62%	6.44%	7.18%	7.37%	6.23%	6.76%	7.09%	7.23%	7.28%
Judicial administration										
Circuit Court civil cases concluded	649	834	883	998	1,121	973	939	940	1,058	993
General District Court concluded	22,025	23,045	24,118	26,029	27,238	27,984	33,138	33,316	31,268	32,094
Juvenile and Domestic cases concluded	4,902	5,313	5,038	4,940	5,487	5,706	5,389	6,563	6,594	6,222
Public safety										
Physical arrests	3,710	3,633	3,403	3,611	4,676	3,948	4,224	4,109	3,855	3,598
Calls for service police	76,100	79,600	79,200	75,500	71,600	69,500	75,300	77,000	84,499	84,476
Calls for service fire	15,502	15,177	14,770	13,857	14,164	14,014	13,293	11,373	10,964	11,306
Fire inspections	1,194	1,109	1,218	1,158	1,293	1,245	984	473	836	960
Public works										
New business licenses	465	475	690	785	741	643	762	591	596	608
New prospect inquires Econ Dev	77	56	54	40	40	40	28	30	30	29
Waste tonnage to RVRA	37,970	39,070	40,070	40,003	42,922	40,046	40,570	40,536	41,469	43,361
Library										
Patrons registered	84,374	75,067	76,847	70,670	65,069	59,185	76,581	73,339	68,247	64,084
Total circulation	1,250,670	1,349,997	1,352,031	1,330,625	1,298,834	1,315,015	1,235,094	1,227,716	1,194,267	1,141,375
Health and welfare										
Individuals enrolled in Medicaid	14,699	14,167	12,795	11,158	12,453	9,881	8,676	8,568	11,187	8,727
Households receiving Supplemental Nutrition Assistance	3,199	3,503	3,736	4,087	4,001	3,800	3,404	3,157	2,771	2,184
Number of children in foster care	92	98	165	144	132	120	109	119	119	147
Community development										
Building permits issued	1,075	1,011	1,110	1,097	1,067	1,025	1,089	1,283	1,145	1,600

Source: Various County departments

Table 16

County of Roanoke
Capital Asset Statistics by Function/Program
(unaudited)
Last Ten Fiscal Years

Function/Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government										
Administration Buildings	8	8	9	9	9	9	7	7	6	7
Judicial Administration										
Courthouses	1	1	1	1	1	1	1	1	1	1
Public Safety										
Fire Stations	12	12	12	12	12	12	12	12	11	11
Rescue Stations	11	11	11	11	11	11	11	11	11	11
Fire Units	28	28	27	28	27	27	27	27	28	28
Ambulances	24	24	24	24	24	23	24	24	23	23
Jails	1	1	1	1	1	1	1	1	1	1
Law Enforcement Vehicles	153	145	145	143	137	143	141	146	145	152
Public Works										
Refuse Collection Trucks	26	25	24	23	23	23	20	19	19	19
Libraries	6	6	6	6	6	6	6	6	6	6
Parks, Recreation, and Tourism*										
Parks	31	30	30	30	29	29	28	28	28	28
Park Acreage	2,090	2,160	2,160	2,160	1,092	1,092	1,075	1,061	1,061	1,061
Recreation Centers	3	3	3	3	3	3	3	3	2	2
Park District Maintenance Centers	3	3	3	3	3	3	3	3	3	3
Education										
Elementary Schools	16	16	16	16	16	16	16	16	17	17
Middle/Junior High Schools	5	5	5	5	5	5	5	5	5	5
High Schools	5	5	5	5	5	5	5	5	5	5
Vocational-Technical Schools	2	1	1	1	1	1	1	1	1	1
Career Centers	-	-	-	-	-	-	-	-	-	1

Source: Various County departments



SINGLE
AUDIT
SECTION

COUNTY OF ROANOKE, VIRGINIA
Schedule of Expenditures of Federal Awards
For The Period Ended June 30, 2017

Federal Granting Agency/ Recipient State Agency/ Grant Program	Pass-Through Identifying Number	Passed Through to Subrecipients	Federal Catalogue Number	Subtotals	Subtotal By Program	Total Federal Expenditures
DEPARTMENT OF AGRICULTURE:						
Pass Through Payments:						
Department of Agriculture:						
Forest Service: Schools and Roads- Grants to States	-		10,665		\$	461
Food and Nutrition Service:						
State Administrative Matching Grants for the Nutrition Assistance Program	-		10,561			825,290
National School Lunch Program	-		10,555	\$ 1,686,959		
National School Lunch Program - USDA Commodities	-		10,555	360,164	2,047,123	
School Breakfast Program	-		10,553		494,607	
Total Child Nutrition Cluster					2,541,730	2,541,730
DEPARTMENT OF DEFENSE:						
Direct Payments:						
Selected Reserve Educational Assistance Program (ROTC)	-		12,609			61,077
DEPARTMENT OF HEALTH AND HUMAN SERVICES:						
Pass Through Payments:						
Administration for Children and Families:						
Promoting Safe and Stable Families	-		93,556			46,416
Temporary Assistance for Needy Families	-		93,558			595,906
Refugee and Entrant Assistance-State Administered Programs	-		93,566			7,950
Low-Income Home Energy Assistance	-		93,568			59,844
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	-		93,596			92,397
Chafee Education and Training Vouchers Program	-		93,599			7,580
Adoptive Incentive Payments	-		93,603			1,078
Stephanie Tubbs Jones Child Welfare Services Program	-		93,645			777
Foster Care - Title IV-E	-		93,658			823,049
Adoption Assistance	-		93,659			801,361
Social Services Block Grant	-		93,667			482,733
Chafee Foster Care Independence Program	-		93,674			7,734
Centers for Medicare and Medicaid Services:						
Children's Health Insurance Program	-		93,767			32,293
Medical Assistance Program	-		93,778			1,443,755
EXECUTIVE OFFICE OF THE PRESIDENT:						
Pass Through Payments:						
High Intensity Drug Trafficking Areas Program (HIDTA)	-		95,001		43,285	43,285
DEPARTMENT OF JUSTICE:						
Direct Payments:						
Bureau of Justice Assistance:						
Bulletproof Vest Partnership Program	-		16,607		17,868	17,868
Pass Through Payments:						
Edward Byrne Memorial Justice Assistance Grant Program	2016-DJ-LB-0363		16,738	15,426		
Byrne JAG 21st Century Policing Grant	17-A6092AD13		16,738	10,500	25,926	25,926
Edward Byrne Memorial Competitive Grant Program	2015-WV-BX-000; \$	107,406	16,751			86,727
Pass Through Payments:						
Office of Victims Crime:						
Crime Victim Assistance	17-W8561VG15		16,575			126,201
DEPARTMENT OF TRANSPORTATION:						
Pass Through Payments:						
National Highway Traffic Safety Administration:						
State and Community Highway Safety	SC-2016-56141-6341		20,600	3,699		
State and Community Highway Safety	OP-2016-56122-6322		20,600	3,715		
State and Community Highway Safety	SC-2017-57055-6704		20,600	29,439		
State and Community Highway Safety	OP-2017-57055-6707		20,600	8,956	45,809	45,809
Alcohol Open Container Requirements	154AL-2017-57031-6680		20,607	60,311		

COUNTY OF ROANOKE, VIRGINIA
Schedule of Expenditures of Federal Awards
For The Period Ended June 30, 2017

Federal Granting Agency/ Recipient State Agency/ Grant Program	Pass-Through Identifying Number	Passed Through to Subrecipients	Federal Catalogue Number	Subtotals	Subtotal By Program	Total Federal Expenditures
Alcohol Open Container Requirements	154AL-2016-56104-6304		20.607	14,813		
Alcohol Open Container Requirements	154AL-2017-57059-6708		20.607	203,338	278,462	278,462
Federal Highway Administration:						
Recreational Trails Program-Roanoke River Greenway Eastern Section	EN08-080-105		20.219	61,189		
Highway Planning and Construction : Roanoke River Greenway-Mill Lane	EN08-080-108		20.205	88,573	149,762	149,762
DEPARTMENT OF HOMELAND SECURITY:						
Pass Through Payments:						
Emergency Management Performance Grants	-		97.042			61,864
Homeland Security Grant Program	15VA-HSGP-0005		97.067			13,500
NATIONAL ENDOWMENT FOR THE ARTS:						
Pass Through Payments:						
Promotion of the Arts Partnership Agreement -Local Government Challenge Grant	-		45.025			5,000
DEPARTMENT OF EDUCATION:						
Pass Through Payments:						
Department of Education:						
Office of Elementary and Secondary Education:						
Title I-Grants to Local Educational Agencies 14-15	S010A140046		84.010	16,573		
Title I-Grants to Local Educational Agencies 15-16	S010A150046		84.010	340,775		
Title I-Grants to Local Educational Agencies 16-17	S010A160046		84.010	943,349	1,300,697	1,300,697
Title II-Improving Teacher Quality State Grants Part A 14-15	S367A140044		84.367	24,160		
Title II-Improving Teacher Quality State Grants Part A 15-16	S367A150044		84.367	240,210		
Title II-Improving Teacher Quality State Grants Part A 16-17	S367A160044		84.367	101,715	366,085	366,085
Title III-English Language Acquisition Grants 15-16	S365A150046		84.365	22,453		
Title III-English Language Acquisition Grants 16-17	S365A160046		84.365	26,337	48,790	48,790
Advanced Placement Program (Advanced Placement Test Fee)	S330B160033		84.330		2,622	2,622
Office of Special Education and Rehabilitative Services:						
Title VIB : Special Education - Grants to States Flow Through 14-15	H027A140107		84.027	40,750		
Title VIB : Special Education - Grants to States Flow Through 15-16	H027A150107		84.027	161,275		
Title VIB : Special Education - Grants to States Flow Through 16-17	H027A160107		84.027	2,951,808	3,153,833	
Special Education - Preschool Mini A Grants 16-17	H173A160112		84.173	87,341	87,341	
Total Special Education Cluster					3,241,174	3,241,174
Office of Vocational and Adult Education:						
Vocational Education Basic Grants to States-						
Carl D. Perkins Vocational and Technical Ed	V048A150046		84.048			149,213
Total Federal Expenditures				\$ 107,406		\$ 13,794,216

See accompanying notes to schedule of expenditures of federal awards.
See accompanying independent auditor's report.

County of Roanoke, Virginia
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

- 1) Basis of Accounting - Federal Programs are accounted for on the modified accrual basis of accounting.
- 2) Reporting Entity - The Schedule of Expenditures of Federal Awards includes all grants awarded to the County of Roanoke, Virginia (the County). The reporting entity is defined in Note 1 of the County's basic financial statements.
- 3) In-Kind Contributions - The County received \$360,164 in food and food stamps from the U.S. Department of Agriculture during fiscal year 2017. These in-kind contributions are included in the basic financial statements.
- 4) Indirect Costs – The agency has adopted the Department of Education methodology for calculating the Local Educational Agency indirect costs. The restricted rate is used each year to calculate indirect costs for Federal Programs. The 10% de minimus rate was not utilized.

**Report of Independent Auditor 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 Board of Supervisors
County of Roanoke, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Roanoke, Virginia (the "County"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 28, 2017. Our report includes a reference to other auditors who audited the financial statements of the South Peak Community Development Authority (the "CDA"), a discretely presented component unit of the County. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. That report recognizes that the County implemented a new accounting standard effective July 1, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and two instances of noncompliance required to be reported under the *Specifications for Audits of Counties, Cities, and Towns*, which are described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002.

County's Responses to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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.

A handwritten signature in blue ink that reads "Cheryl Behrman CP". The signature is written in a cursive, flowing style.

Roanoke, Virginia
November 28, 2017

Report of Independent Auditor on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Supervisors
County of Roanoke, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Roanoke, Virginia's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2017. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

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

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

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

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

A handwritten signature in blue ink that reads "Cheryl Behrman CP". The signature is written in a cursive, flowing style.

Roanoke, Virginia
November 28, 2017

County of Roanoke, Virginia
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

A. Summary of Auditor's Results

1. The type of report issued on the basic financial statements: **Unmodified Opinion**
2. Significant deficiencies in internal control disclosed by the audit of the financial statements: **None Reported**
3. Material weaknesses in internal control disclosed by the audit of financial statements: **No**
4. Noncompliance, which is material to the financial statements: **No**
5. Significant deficiencies in internal control over major programs: **None Reported**
6. Material weaknesses in internal control over major programs: **No**
7. The type of report issued on compliance for major programs: **Unmodified Opinion**
8. Any audit findings which are required to be reported under the Uniform Guidance: **No**
9. The programs tested as major programs were:

<u>CFDA Number</u>	<u>Name of Federal Program and Cluster</u>
10.561	Supplemental Nutrition Assistance Program (SNAP) Cluster
84.010	Title I Grants to Local Educational Agencies
93.558	Temporary Assistance for Needy Families Cluster
93.658	Foster Care - Title IV-E
93.659	Adoption Assistance - Title IV-E
93.778-CL	Medical Assistance Program - Medicaid Cluster

10. Dollar threshold used to distinguish between type A and type B programs: **\$750,000**
11. The County of Roanoke, Virginia was determined to be a low-risk auditee under Section 530 of Uniform Guidance

B. Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*:

None

C. Findings and Questioned Costs Relating to Federal Awards:

None

County of Roanoke, Virginia
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

D. Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants

2017-001 Conflicts of Interest – Non-material Non-compliance (Repeat finding 2016-001)

Criteria: Section 2.2-3115 of the *Code of Virginia* requires local government officials to file a Statement of Economic Interest (“SOEI”) with the local body annually by January 15th, which for the 2016 filing was January 17, 2017, because of the weekend and holiday. The Ethics Advisory Council requires that the local official may not sign, date, or submit a disclosure form for the regular annual filing prior to January 1 each year. Section 2.2-3124 of the *Code of Virginia* assesses a civil penalty on any officer or employee who knowingly violates the Conflict of Interests Act. Specifically, an officer or employee required to file the disclosure form prescribed by Section 2.2-3117 who fails to file such form within the time period prescribed shall be assessed a civil penalty in an amount equal to \$250. The Clerk of the County Board of Supervisors shall notify the attorney for the Commonwealth for the locality in which the officer or employee was elected or is employed of any local officer's or employee's failure to file the required form and the attorney for the Commonwealth shall assess and collect the civil penalty.

Condition: We noted the following:

- Three (3) instances where local government officials filed a completed SOEI, but not by the deadline.
- One (1) instance where a newly hired local government official did not complete the SOEI prior to assuming office.
- One (1) instance where a local government official failed to file the annual 2016 disclosure prior to leaving their position and the Clerk failed to notify the Commonwealth Attorney of this violation.

Cause: Unknown.

Effect: Non-compliance may result in action by the Commonwealth.

Recommendation: Local government officials should complete the SOEI in accordance with prescribed requirements. The Clerk should notify the Commonwealth Attorney if local government officials fail to complete the SOEI in accordance with prescribed requirements.

Views of Responsible Officials and Planned Corrective Action:

The Clerk to the Board has implemented additional steps to ensure the timely filing of the conflicts of interest forms since this is a repeat finding. These steps include second letters, phone calls, and a final letter from the County Attorney. While these steps have been taken, the Clerk's office has no other enforcement ability to ensure all forms are filed timely.

The Clerk to the Board did not interpret the guidance for the violation of not filing a financial disclosure as being required to report the individual to the Commonwealth Attorney. For the future, we will review our internal processes to ensure appropriate reporting is being done to the Commonwealth Attorney.

County of Roanoke, Virginia
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

2017-002 Children's Services Act (CSA) – Non-material Non-compliance

Criteria: Local governments receiving pool funds must submit electronic pool reimbursement requests not less often than quarterly. Adequate separation of duties should exist between report preparer and Fiscal Agent.

Condition: Of the three (3) monthly pool reimbursement requests selected for testing, we noted one (1) month in which the individual who prepared the pool reimbursement request was the same individual as the locality assigned Fiscal Agent approver.

Cause: Controls in place were not followed over the CSA Pool Reimbursement Requests review process.

Effect: Non-compliance may result in action by the Commonwealth.

Recommendation: The County should ensure that the preparer of the CSA Pool Reimbursement Requests is not the same individual who is assigned as the Fiscal Agent approver.

Views of Responsible Officials and Planned Corrective Action: At the time of this occurrence the County only had one individual who was the preparer other than the approver. The preparer was out in the month referenced for surgery so the approver needed to submit the report as well as approve it due to time constraints.

This has since been corrected as the County now has three preparers set up in the system who are all separate from the approver.

E. Resolution of Prior Year Findings

2016-001 – **Conflicts of Interest** – see Finding 2017-001.

2016-002 – **Special Welfare Interest Allocation** – not repeated in 2017.

