# ROANOKE VALLEY GREENWAY COMMISSION

# FINANCIAL REPORT

# For the Year Ended June 30, 2020

Prepared by: Roanoke County Department of Finance and Management Services

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**Financial Section**

# FINANCIAL SECTION

## Independent Auditors' Report

**To the Honorable Members of**
**Roanoke Valley Greenway Commission**
**Roanoke, Virginia**

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Roanoke Valley Greenway Commission, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission'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.

***Auditors' Responsibility***

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

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

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

### *Opinions*

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

### *Other Matters*

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and schedules related to pension and OPEB funding on pages 31 and 32-37 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. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2020, on our consideration of Roanoke Valley Greenway Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Roanoke Valley Greenway Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Roanoke Valley Greenway Commission's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
September 19, 2020

# Basic Financial Statements

**Exhibit 1**

**Roanoke Valley Greenway Commission**
**Statement of Net Position**
**At June 30, 2020**

| | | Primary Government Governmental Activities |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ | 72,724 |
| Interest receivable | | 24 |
| Restricted cash | | 14,526 |
| Total assets | $ | 87,274 |
| **Deferred Outflows of Resources** | | |
| Pension related items | $ | 17,141 |
| OPEB related items | | 1,103 |
| Total deferred outflows of resources | $ | 18,244 |
| **LIABILITIES** | | |
| Accounts payable | $ | 18 |
| Accrued salaries | | 392 |
| Unearned revenue | | 2,469 |
| Net pension liability | | 58,660 |
| Net OPEB liability | | 5,491 |
| Compensated absences: | | |
| Due within one year | | 5,674 |
| Due in more than one year | | 2,464 |
| Total liabilities | $ | 75,168 |
| **Deferred Inflows of Resources** | | |
| Pension related items | $ | 5,288 |
| OPEB related items | | 408 |
| Total deferred inflows of resources | $ | 5,696 |
| **NET POSITION** | | |
| Restricted | $ | 14,526 |
| Unrestricted | | 10,128 |
| Total net position | $ | 24,654 |

The accompanying notes to the financial statements are an integral part of this statement.

**Exhibit 2**

**Roanoke Valley Greenway Commission**
**Statement of Activities**
**For the Year Ended June 30, 2020**

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Roanoke Valley Greenway Commission Governmental Activities |
|---|---|---|---|---|---|
| **Primary Government:** | | | | | |
| Governmental activities: | | | | | |
| Parks, recreation, and cultural | $ 104,817 | $ - | $ 109,397 | $ - | $ 4,580 |
| General revenues: | | | | | |
| Unrestricted revenues from use of money and property | | | | | $ 1,011 |
| Total general revenues | | | | | $ 1,011 |
| Change in net position | | | | | $ 5,591 |
| Net position - beginning | | | | | 19,063 |
| Net position - ending | | | | | $ 24,654 |

The accompanying notes to the financial statements are an integral part of this statement.

**Exhibit 3**

**Roanoke Valley Greenway Commission**
**Balance Sheet**
**Governmental Funds**
**At June 30, 2020**

| | | |
|---|---|---|
| **ASSETS** | | |
| | | **General Fund** |
| Current assets: | | |
| Cash and cash equivalents | $ | 72,724 |
| Interest receivable | | 24 |
| Restricted cash | | 14,526 |
| Total assets | $ | 87,274 |
| **LIABILITIES** | | |
| Current liabilities: | | |
| Accounts payable | $ | 18 |
| Accrued salaries | | 392 |
| Unearned revenue | | 2,469 |
| Total liabilities | $ | 2,879 |
| **FUND BALANCES** | | |
| Restricted | $ | 14,526 |
| Unassigned | | 69,869 |
| Total fund balances | $ | 84,395 |
| Total liabilities and fund balances | $ | 87,274 |

The accompanying notes to the financial statements are an integral part of this statement.

Exhibit 4

**Roanoke Valley Greenway Commission**
**Reconciliation of the Balance Sheet of Governmental Funds**
**To the Statement of Net Position**
**At June 30, 2020**

| | | | | |
|---|---|---|---|---|
| Amounts reported for governmental activities in the statement of net position are different because: | | | | |
| Total fund balances per Exhibit 3 - governmental funds | | | $ | 84,395 |
| Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds. | | | | |
| Pension related items | $ | 17,141 | | |
| OPEB related items | | 1,103 | | 18,244 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | | | | |
| Compensated absences | $ | (8,138) | | |
| Net pension liability | | (58,660) | | |
| Net OPEB liability | | (5,491) | | (72,289) |
| Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds. | | | | |
| Pension related items | $ | (5,288) | | |
| OPEB related items | | (408) | | (5,696) |
| Net position of governmental activities | | | $ | 24,654 |

The accompanying notes to the financial statements are an integral part of this statement.

Exhibit 5

**Roanoke Valley Greenway Commission**
**Statement of Revenues, Expenditures and Changes in Fund Balances**
**Governmental Funds**
**For the Year Ended June 30, 2020**

| | | General Fund |
|---|---|---|
| Revenues: | | |
| Revenue from local sources: | | |
| Contributions from localities | $ | 108,700 |
| Local grants and contributions | | 697 |
| Interest income | | 1,011 |
| Total revenues | $ | 110,408 |
| Expenditures: | | |
| Parks, recreation, and cultural | $ | 105,156 |
| Total expenditures | $ | 105,156 |
| Excess (deficiency) of revenues over (under) expenditures | $ | 5,252 |
| Fund balances, beginning of year | | 79,143 |
| Fund balances, end of year | $ | 84,395 |

The accompanying notes to the financial statements are an integral part of this statement.

Exhibit 6

**Roanoke Valley Greenway Commission**
**Reconciliation of Statement of Revenues,**
**Expenditures, and Changes in Fund Balances of Governmental Funds**
**To the Statement of Activities**
**For the Year Ended June 30, 2020**

| | | 2020 |
|---|---|---|
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Net change in fund balances - total governmental funds | $ | 5,252 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Change in deferred inflows related to the net pension liability | | 1,546 |
| Change in deferred inflows related to the net OPEB liability | | 67 |
| Some 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. | | |
| Change in compensated absences | | 2,861 |
| Change in net pension liability | | (13,046) |
| Change in net OPEB liability | | (331) |
| Change in deferred outflows related to the net pension liability | | 8,783 |
| Change in deferred outflows related to the net OPEB liability | | 459 |
| Change in net position of governmental activities | $ | 5,591 |

The accompanying notes to the financial statements are an integral part of this statement.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

### A. Financial Reporting Entity

The Roanoke Valley Greenway Commission ("the Commission") was established on April 19, 1997 by the signing of an intergovernmental agreement that included the following jurisdictions: the Town of Vinton; the Cities of Salem and Roanoke; and the County of Roanoke, Virginia. The Commission was established pursuant to section 15.2-1300 of the Code of Virginia, 1950 as amended to promote and facilitate coordinated direction and guidance in the planning, development, and maintenance of a system of greenways throughout the Roanoke Valley.

### B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Commission. Governmental activities normally are supported by intergovernmental revenues.

The statement of net position is designed to display the financial position of the primary government. Governments will report all capital assets in the government-wide statement of net position and will report depreciation expense, the cost of "using up" capital assets, in the Statement of Activities. The net position of a government will be broken down into three categories – 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

### C. Measurement focus, basis of accounting, and financial statement presentation

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board (GASB). The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

### C. Measurement focus, basis of accounting, and financial statement presentation: (Continued)

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Interest associated with the current fiscal period is susceptible to accrual and has been recognized as revenue of the current fiscal period.

The Commission reports the following major governmental fund:

The general fund is the Commission’s primary operating fund. This fund is used to account for and report all financial resources of the Commission. The general fund is the sole fund of the Commission.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

### D. Cash and Cash Equivalents

The Commission’s cash and cash equivalents consist of cash on hand, demand deposits, certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition.

At June 30, 2020, the Commission had no investments.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

### E. Accounts Receivable

Accounts receivable are stated at book value utilizing the direct write-off method for uncollectible accounts. Uncollected balances have not been significant and no allowance for uncollectible accounts is recorded.

### F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Commission has one type of item that qualifies for reporting in the category. It is comprised of certain items related to the measurement of the net pension liability and net OPEB liability and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liability measurement date. For more detailed information on these items, please refer to the related notes.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has one type of item that qualifies for reporting in this category. Certain items related to the measurement of the net pension liability and net OPEB liability are reported as deferred inflows of resources. For more detailed information on these items, please refer to the related notes.

### H. Net Position

For government-wide reporting, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**H. Net Position (Continued)**

- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the Commission will fund outlays for a particular purpose from both restricted (e.g. restricted bond and grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Commission's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

**I. Fund Balance**

The following classifications of fund balance describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance – amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation;
- Assigned fund balance – amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

The Commission considers restricted fund balance to be spent when an expenditure is incurred for purposes for which restricted and unassigned, assigned, or committed fund balances are available, unless prohibited by legal documents or contracts. When an expenditure is incurred for purposes for which committed, assigned or unassigned amounts are available, the Commission considers committed fund balance to be spent first, then assigned fund balance, and lastly unassigned fund balance.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**J. Compensated Absences**

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net Position. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

**K. Pensions**

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

**L. Other Postemployment Benefits (OPEB)**

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

In addition to the VRS related OPEB, the County allows their retirees to stay on the health insurance plan after retirement. The retiree is required to pay the blended premium cost creating an implicit subsidy OPEB liability. In addition, retirees receive a monthly stipend towards their health insurance cost until the retiree is Medicare eligible.

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## NOTE 2-DEPOSITS AND INVESMENTS:

### Deposits

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

The County of Roanoke, Virginia holds deposits of the Commission in a pooled account. Information relative to this pooled account is presented in the County's audited financial statements.

At year end, the Commission's cash and cash equivalents balances were as follows:

| | 2020 |
|---|---|
| Total deposits with the County of Roanoke, Virginia | $ 87,250 |

### Investments

At June 30, 2020, the Commission had no investments.

## NOTE 3 – UNEARNED REVENUE:

Unearned revenue represents government mandated and voluntary nonexchange transactions where the Commission has received the funds but have not met the eligibility requirements. Unearned revenue totaling $2,469 for 2020 is comprised solely of unearned grant revenue.

## NOTE 4 – LONG-TERM OBLIGATIONS:

Changes in long-term obligations for the year are as follows:

| | Beginning Balance July 1, 2019 | Increases | Decreases | Ending Balance June 30, 2020 | Due Within One Year |
|---|---|---|---|---|---|
| Compensated Absences | $ 10,999 | $ 5,010 | $ 7,871 | $ 8,138 | $ 5,674 |
| Net Pension Liability | 45,614 | 43,566 | 30,520 | 58,660 | - |
| Net OPEB Liability | 5,160 | 1,386 | 1,055 | 5,491 | - |
| Total Long-tern Obligations | $ 61,773 | $ 49,962 | $ 39,446 | $ 72,289 | $ 5,674 |

## NOTE 5 – FISCAL AGENT:

The County of Roanoke, Virginia serves as the Commission's fiscal agent; therefore all assets, liabilities, receipts, and disbursements of the Commission are accounted for separately through the County's accounting and financial systems. Employees of the Commission are eligible to participate in programs offered by the County.

## NOTE 6 – FUND EQUITY:

The details of governmental fund balances, as presented in aggregate on Exhibit 3, are as follows:

| | General Fund |
|---|---|
| Fund Balances: | |
| Restricted | |
| Greenway planning, construction and maintenance | $ 14,526 |
| Unassigned | $ 69,869 |
| Total Fund Balances | $ 84,395 |

## NOTE 7 – PENSION PLAN:

### *Plan Description*

All full-time, salaried permanent employees of the Roanoke Valley Greenway Commission are automatically covered by VRS Retirement Plan upon employment, through Roanoke County, Virginia. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. However, several entities participate in the VRS plan through Roanoke County, Virginia and the participating entities report their proportionate information on the basis of a cost-sharing plan. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

### *Benefit Structures*

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, as detailed below.

a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit.

## NOTE 7 – PENSION PLAN: (CONTINUED)

*Benefit Structures (Continued)*

b. Employees hired 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 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit.

c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

*Pension Plan Data*

*Average Final Compensation and Service Retirement Multiplier*

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

*Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits*

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of creditable service are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

**NOTE 7 – PENSION PLAN: (CONTINUED)**

***Contributions***

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

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

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Roanoke Valley Greenway Commission were $8,341 and $8,118 for the years ended June 30, 2020 and June 30, 2019, respectively.

***Net Pension Liability***

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

***Actuarial Assumptions – General Employees***

The total pension liability for General Employees in the Roanoke Valley Greenway Commission's Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

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

**<u>NOTE 7 – PENSION PLAN</u>: (CONTINUED)**

***Actuarial Assumptions (Continued)***

Mortality rates:

All Others (Non 10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

**NOTE 7 – PENSION PLAN: (CONTINUED)**

### *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 |
|---|---|---|---|
| Public Equity | 34.00% | 5.61% | 1.91% |
| Fixed Income | 15.00% | 0.88% | 0.13% |
| Credit Strategies | 14.00% | 5.13% | 0.72% |
| Real Assets | 14.00% | 5.27% | 0.74% |
| Private Equity | 14.00% | 8.77% | 1.23% |
| MAPS - Multi-Asset Public Strategies | 6.00% | 3.52% | 0.21% |
| PIP - Private Investment Partnership | 3.00% | 6.29% | 0.19% |
| Total | 100.00% | | 5.13% |
| | | Inflation | 2.50% |
| | | *Expected arithmetic nominal return | 7.63% |

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40$^{th}$ percentile of expected long-term results of the VRS fund asset allocation.

**NOTE 7 – PENSION PLAN: (CONTINUED)**

### *Discount Rate*

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

### *Sensitivity of the Roanoke Valley Greenway Commission's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate*

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

| | Rate | | |
|---|---|---|---|
| | **1% Decrease (5.75%)** | **Current Discount (6.75%)** | **1% Increase (7.75%)** |
| Roanoke County Pension Plan | | | |
| Net Pension Liability (Asset) | $ 106,621 | $ 58,660 | $ 20,417 |

## NOTE 7 – PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2020, the Roanoke Valley Greenway Commission recognized pension expense of $10,816. At June 30, 2020, the Roanoke Valley Greenway Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 1,296 | $ 1,717 |
| Changes in assumptions between expected and actual experience | 7,504 | 124 |
| Change in proportion and differences between contributions and proportionate share of same | - | 839 |
| Net difference between projected and actual earnings on pension plan investments | - | 2,608 |
| Employer contributions subsequent to the measurement date | 8,341 | - |
| Total | $ 17,141 | $ 5,288 |

$8,341 reported as deferred outflows of resources related to pensions resulting from the Roanoke Valley Greenway Commission's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

| Year ended June 30 | |
|---|---|
| 2021 | $ 1,752 |
| 2022 | (8) |
| 2023 | 1,586 |
| 2024 | 182 |
| Thereafter | - |

### *Pension Plan Data*

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

## NOTE 8 – GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

### *Plan Description*

All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured plan, it is not included as part of the GLI Plan OPEB.

The specific information for GLI Program OPEB, including eligibility, coverage and benefits is described below:

### *Eligible Employees*

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

### *Benefit Amounts*

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living calculation. The minimum benefit adjusted for the COLA was $8,463 effective June 30, 2020.

**NOTE 8 – GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

***Contributions***

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were $353 and $343 for the years ended June 30, 2020 and June 30, 2019, respectively.

***GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB***

At June 30, 2020, the entity reported a liability of $5,491 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was 0.000330% as compared to 0.000340% at June 30, 2018.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of $127. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

**NOTE 8 – GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

***GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (Continued)***

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 365 | $ 71 |
| Net difference between projected and actual earnings on GLI OPEB plan investments | - | 113 |
| Change in assumptions | 347 | 166 |
| Changes in proportion | 38 | 58 |
| Employer contributions subsequent to the measurement date | 353 | - |
| Total | $ 1,103 | $ 408 |

$353 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

| Year ended June 30 | |
|---|---|
| 2021 | $ 19 |
| 2022 | 19 |
| 2023 | 67 |
| 2024 | 106 |
| 2025 | 103 |
| Thereafter | 28 |

## NOTE 8 – GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

### *Actuarial Assumptions*

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant groups. Information for other groups can be referenced in the VRS CAFR.

| | |
|---|---|
| Inflation | 2.5% |
| Salary increases, including inflation: | |
| Locality - General employees | 3.50% - 5.35% |
| Investment rate of return | 6.75%, net of investment expenses, including inflation* |

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

**Mortality Rates – Non-Largest Ten Locality Employers – General Employees**

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

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

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

## NOTE 8 – GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

**Mortality Rates – Non-Largest Ten Locality Employers – General Employees (Continued)**

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

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

***NET GLI OPEB Liability***

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

| | Group Life Insurance OPEB Plan |
|---|---|
| Total GLI OPEB Liability | $ 3,390,238 |
| Plan Fiduciary Net Position | 1,762,972 |
| GLI Net OPEB Liability (Asset) | $ 1,627,266 |
| | |
| Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability | 52.00% |

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

## NOTE 8 – GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

### *Long-Term Expected Rate of Return*

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

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

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

**NOTE 8 – GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

***Discount Rate***

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

***Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate***

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

| | Rate | | |
|---|---|---|---|
| | **1% Decrease** | **Current Discount** | **1% Increase** |
| | **(6.00%)** | **(7.00%)** | **(8.00%)** |
| Commission's proportionate share of the GLI Plan Net OPEB Liability | $ 7,214 | $ 5,491 | $ 4,094 |

***GLI Program Fiduciary Net Position***

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) – MEDICAL:**

The Commission participates in Roanoke County's health insurance plan. As noted by the actuarial plan, the Commission's portion of the OPEB liability is immaterial. Therefore, no liability and related deferrals is reported by the Commission.

## NOTE 10 – SUBSEQUENT EVENTS:

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

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

## NOTE 11 – UPCOMING PRONOUNCEMENTS:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No, 14 and No. 61*, provides guidance for reporting a government’s majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

**<u>NOTE 11 – UPCOMING PRONOUNCEMENTS</u>: (Continued)**

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement. No 32,* (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

# Required Supplementary Information

Exhibit 7

**Roanoke Valley Greenway Commission**

**Schedule of Revenues, Expenditures and Changes in Fund Balances -- General Fund**
**Budget and Actual**
**For the Year Ended June 30, 2020**

| | Budgeted Amounts Original | Budgeted Amounts Final | Actual Amounts | Variance with Final Budget- Positive (Negative) |
|---|---|---|---|---|
| Revenues: | | | | |
| Revenue from local sources: | | | | |
| Contributions from localities | $ 108,700 | $ 108,700 | $ 108,700 | $ - |
| Local grant and contributions | 2,469 | 2,469 | 697 | (1,772) |
| Interest income | - | - | 1,011 | 1,011 |
| Total revenues | $ 111,169 | $ 111,169 | $ 110,408 | $ (761) |
| Expenditures: | | | | |
| Parks, recreation, and cultural: | | | | |
| Salaries and wages | $ 68,307 | $ 68,307 | $ 68,671 | $ (364) |
| Fringe benefits | 22,159 | 22,159 | 22,061 | 98 |
| Postage | 25 | 25 | - | 25 |
| Telephone | 40 | 40 | 236 | (196) |
| Cell phones | 650 | 650 | 606 | 44 |
| Sponsorship expense | - | - | 500 | (500) |
| Insurance | 340 | 340 | 340 | - |
| Travel | 2,300 | 2,300 | 1,842 | 458 |
| Gas, oil, and grease | - | - | 449 | (449) |
| Maintenance and repairs | - | - | 1,495 | (1,495) |
| Small equipment and supplies | 100 | 100 | 241 | (141) |
| Dinner meeting and luncheons | 100 | 100 | 15 | 85 |
| Dues and association memberships | 50 | 50 | - | 50 |
| Office supplies | 100 | 100 | - | 100 |
| Books and subscriptions | 50 | 50 | - | 50 |
| Special events | 1,000 | 1,000 | 2,505 | (1,505) |
| Professional services | 14,900 | 14,900 | 5,750 | 9,150 |
| Training and education | 1,060 | 1,060 | 224 | 836 |
| Site improvements | 19,025 | 19,025 | - | 19,025 |
| Miscellaneous | 230 | 230 | 221 | 9 |
| Total expenditures | $ 130,436 | $ 130,436 | $ 105,156 | $ 25,280 |
| Excess (deficiency) of revenues over(under) expenditures | $ (19,267) | $ (19,267) | $ 5,252 | $ 24,519 |
| Fund balance, beginning of year | 19,267 | 19,267 | 79,143 | 59,876 |
| Fund balance, end of year | $ - | $ - | $ 84,395 | $ 84,395 |

Exhibit 8

**Roanoke Valley Greenway Commission**
**Schedule of Commission's Proportionate Share of the Net Pension Liability**
**Pension Plan**
**For the Measurement Dates of June 30, 2014 through June 30, 2019**

**Roanoke County, Virginia's Pension Plan (a cost-sharing multiple employer plan administered by the VRS)**

| Date | Proportion of the Net Pension Liability (NPL) | Proportionate Share of the NPL | Covered Payroll | Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4) | Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability |
|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) |
| 2019 | 0.1358% | $ 58,660 | $ 65,894 | 89.02% | 83.96% |
| 2018 | 0.1352% | 45,614 | 64,603 | 70.61% | 86.53% |
| 2017 | 0.1382% | 51,277 | 63,648 | 80.56% | 84.76% |
| 2016 | 0.1420% | 64,921 | 62,288 | 104.23% | 80.43% |
| 2015 | 0.1384% | 48,471 | 59,470 | 81.50% | 84.31% |
| 2014 | 0.1439% | 47,920 | 58,397 | 82.06% | 84.61% |

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

**Roanoke Valley Greenway Commission**
**Schedule of Employer Contributions**
**Pension Plan**
**For the Years Ended June 30, 2015 through June 30, 2020**

**Roanoke County, Virginia's Pension Plan (a cost-sharing multiple employer plan administered by the VRS)**

| Date | Contractually Required Contribution | Contributions in Relation to Contractually Required Contribution | Contribution Deficiency (Excess) (1) - (2) | Employer's Covered Payroll | Contributions as a % of Covered Payroll (2)/(4) |
|---|---|---|---|---|---|
| (1) | (1) | (2) | (3) | (4) | (5) |
| 2020 | $ 8,341 | $ 8,341 | - | $ 68,134 | 12.24% |
| 2019 | 8,118 | 8,118 | - | 65,894 | 12.32% |
| 2018 | 7,223 | 7,223 | - | 64,603 | 11.18% |
| 2017 | 7,116 | 7,116 | - | 63,648 | 11.18% |
| 2016 | 6,926 | 6,926 | - | 62,288 | 11.12% |
| 2015 | 6,608 | 6,608 | - | 59,470 | 11.11% |

Current year contributions are from Commission records and prior year contributions are from the VRS actuarial valuation performed each year.

Schedule is intended to show information for 10 years. Because the Commission participates in the County of Roanoke, Virginia's retirement plan, prior to 2015 the Commission's information was included in the County's schedules. Therefore, no additional data is currently available. Additional years will be included as they become available.

**Roanoke Valley Greenway Commission**
**Notes to Required Supplementary Information**
**Pension Plan**
**June 30, 2020**

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

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

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

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

Exhibit 11

**Roanoke Valley Greenway Commission**
**Schedule of Commission's Share of Net OPEB Liability (Asset)**
**Group Life Insurance (GLI) Plan**
**For the Measurement Dates of June 30, 2017 through June 30, 2019**

| Date | Employer's Proportion of the Net GLI OPEB Liability (Asset) | Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) | Employer's Covered Payroll | Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) | Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability |
|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) |
| 2019 | 0.000330% | $ 5,491 | $ 65,894 | 8.33% | 52.00% |
| 2018 | 0.000340% | 5,160 | 64,603 | 7.99% | 51.22% |
| 2017 | 0.000345% | 5,192 | 63,648 | 8.16% | 48.86% |

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

## Roanoke Valley Greenway Commission
## Schedule of Employer Contributions
## Group Life Insurance (GLI) Plan
## For the Years Ended June 30, 2017 through June 30, 2020

| Date | Contractually Required Contribution (1) | Contributions in Relation to Contractually Required Contribution (2) | Contribution Deficiency (Excess) (3) | Employer's Covered Payroll (4) | Contributions as a % of Covered Payroll (5) |
|---|---|---|---|---|---|
| 2020 | $ 353 | $ 353 | $ - | $ 68,134 | 0.52% |
| 2019 | 343 | 343 | - | 65,894 | 0.52% |
| 2018 | 846 | 846 | - | 64,603 | 1.31% |
| 2017 | 834 | 834 | - | 63,648 | 1.31% |

Schedule is intended to show information for 10 years. Because the Commission participates in the County of Roanoke, Virginia's OPEB plan, prior to 2017 the Commission's information was included in the County's schedules. Therefore, no additional data is currently available. Additional years will be included as they become available.

**Roanoke Valley Greenway Commission**
**Notes to Required Supplementary Information**
**Group Life Insurance (GLI) Plan**
**For the Year Ended June 30, 2020**

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

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

**Non-Largest Ten Locality Employers - General Employees**

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

## Compliance

**Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

**To the Honorable Members of**
**Roanoke Valley Greenway Commission**
**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 Authorities, Boards, and Commissions,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities and each major fund of Roanoke Valley Greenway Commission as of and for the year ended June 30, 2020, and the related noted to the financial statements which collectively comprise Roanoke Valley Greenway Commission's basic financial statements and have issued our report thereon dated September 19, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Roanoke Valley Greenway Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Roanoke Valley Greenway Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Roanoke Valley Greenway Commission'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 Roanoke Valley Greenway Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
September 19, 2020