



City of Roanoke, Virginia

Comprehensive Annual Financial Report



Fiscal Year Ended June 30, 2019



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year July 1, 2018 to June 30, 2019



DEPARTMENT OF FINANCE
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INTRODUCTORY SECTION

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CITY OF ROANOKE
OFFICE OF THE CITY MANAGER

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November 29, 2019

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

We are pleased to present the City of Roanoke, Virginia (the City) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019 in accordance with Section 25.1(f) of the Roanoke City Charter. The Charter requires the City to issue an annual report on its financial position and activity and that the financial statements included in the report be audited by an independent firm of certified public accountants. This report was prepared by the Department of Finance in conformity with generally accepted accounting principles in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB) and the financial statements included in the report were audited by Brown Edwards & Company.

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

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

The CAFR is presented in the following three sections:

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

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

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

Profile of the Government

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

Chartered by the Commonwealth of Virginia as a city in 1884, Roanoke encompasses a land area of forty-three square miles and operates under a council-manager form of government. The City's 2019 estimated population is 100,033 and accounts for 24.5% of the population in its Metropolitan Statistical Area (MSA), which includes the neighboring City of Salem, Town of Vinton, and the Counties of Roanoke, Botetourt, Craig, and Franklin.

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

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

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

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

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

Economic Condition and Outlook

Local Economy

The average unemployment in the Roanoke Metropolitan Statistical Area (MSA) for fiscal year 2019 was 3.5 according to the Bureau of Labor Statistics, consistent with the average of 3.5 in the prior fiscal year. Comparatively, average unemployment in fiscal year 2019 was 2.9 for the Commonwealth down from 3.4. Roanoke's economy is strengthened by the diversity of employment opportunities, with representation from every major type of business as defined by the U.S. Census Bureau.

Economic Development

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

The Department regularly updates its marketing materials to better publicize and create awareness of Roanoke's assets and amenities. The BizRoanoke.com website includes the latest information on sites and properties available for development and the latest edition of our monthly newsletter BizNews. It also includes current episodes of our monthly TV show, BizRoanoke, and videos that showcase our amenities and community events. The Department's social media outlets continue to garner regional, national, and international attention with weekly posts, while our staff remains dedicated to serving every business in our growing business community. As a result of ongoing efforts, fiscal year 2018-2019 yielded numerous announcements across multiple sectors totaling over \$155 million in new investment and creating and retaining more than 168 jobs, many of which are located in our downtown business district.

Significant projects have occurred in the following sectors during fiscal year 2018 – 2019:

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

Manufacturing

Butler Parachutes, a manufacturer of high-quality parachute systems for emergency egress, military missions, cargo delivery, and UAV systems announced an expansion of their manufacturing facilities with a \$1.5 million investment in the northwest Roanoke property and an increase in employment by 10 persons.

Virginia Transformer of Roanoke, whose markets and applications include utilities, mass transit systems, industrial, mining, oil and gas and more — including renewable energy - has just completed \$8 million in capital improvements at their facility in northeast Roanoke.

R.E. Michel Company, one of the nation's leading wholesale distributors of HVACR equipment, parts, and supplies, located in the Shenandoah Avenue corridor of Roanoke, has announced a significant expansion.

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

AEP Appalachian Power (AEP) recently completed their multi-level parking garage over part of its existing parking area to house vehicles for new employees, AEP Transmission employees joining the already 200 Appalachian Power employees currently housed in the Franklin Road building in downtown Roanoke, all associated with AEP's continuation of their national power grid improvement project.

Finance

Pinnacle Bank acquired real estate at the northeast corner of Campbell Avenue and Williamson Road for their Roanoke headquarters and branch bank for \$1.2 million in December 2018. The new space is currently under construction with plans for completion by early 2020. The financial institution services the Roanoke Valley with eight branches.

Construction on the Member One Federal Credit Union full-service retail center along the Franklin Road corridor was completed in July. The new 2,600-square-foot building will have a 23-space parking lot and three drive-through lanes.

Education

The education sector in the City of Roanoke is no doubt seeing one of its best years ever. Two major events occurred this year:

1. In October, groundbreaking took place on the new 105,000 sf expansion as an addition to the Virginia Tech-Carilion Research Institute. This \$68+ million investment will double the space research scientists need to evolve their life's work and will likely result in attracting many more research teams and staff to Roanoke in years to come. We estimate as many as 300 additional employees will find Roanoke as their new home.
2. Virginia Western Community College (VWCC) began construction on their new STEM (Science, Technology, Engineering, Mathematics) building on Colonial Avenue. This \$30 million, 72,000 sf facility puts VWCC on the cutting edge for providing students the skills they need to be successful and in a superb setting with the latest in technology.

Health Care and Innovation

Healthcare and its related business, research, and educational operations play a significant role in our current economy and will play an even larger role in the years to come. In March 2018, City Manager Robert Cowell, announced the creation of an Innovation and Economic Inclusion Cluster to be housed in the Department of Economic Development. This cluster has assumed the role of coordinating with the many innovation and healthcare partners in our regional ecosystem in advancing a framework for the branding of our burgeoning “Innovation Corridor.” The branding effort, Roanoke Innovates (roanokeinnovates.com), is the first step in showcasing the key elements and opportunities here as well as the resources and connections available to those seeking to know more about this dynamic sector.

In other healthcare updates this year, Carilion Clinic announced in May 2019 plans for an expansion of Carilion Roanoke Memorial Hospital and the adjacent Behavioral Health Building in the Roanoke Innovation Corridor. The \$300 million investment will include new structures to replace older structures at the hospital. The project is part of Carilion’s long-term capital plan to invest more than \$1 billion in the region.

Jefferson College of Health Sciences, a longtime teaching arm of Carilion Clinic, recently merged with Radford University. The merger creates the second-largest nursing program in the state. The move also expands Carilion’s academic footprint in Roanoke and promises to stimulate economic development in the surrounding Roanoke Innovation Corridor. The partnership also adds increased institutional excellence, quality health care education and research, and financial strength for Radford University.

Harmony Senior Services, a subsidiary of Roanoke, Virginia-based real estate developer Smith/Packett, completed a \$2 million expansion with their new memory care center that is specifically designed for residents diagnosed with dementia. The facility opened in July 2018.

Roanoke-based Retirement Unlimited Inc. announced in August 2018 the development of a site for independent and assisted living for seniors. Woodland Hills, located in the City of Roanoke on Ogden Road, opened this summer and offers an 85,000-square-foot, three-story building on 30 acres for senior living. The project cost more than \$27 million and has created 150 jobs. Woodland Hills has 98 studio, one- and two-bedroom units with granite countertops and stainless steel appliances. It offers fine dining, a calendar of entertainment and outings, a library, a bistro and landscaped walking trails, as well as 24/7 licensed on-site nursing assistance.

In the innovation sector, the Regional Acceleration and Mentorship Program (RAMP) recently graduated its third cohort, entities which are profiled as businesses specifically focused on technology, bio-health and life sciences. RAMP is a collaboration between Roanoke City, Virginia Western Community College, and the Roanoke-Blacksburg Technology Council that assists start-up businesses to grow by giving them free office space, mentors, business education, and access to capital. This downtown Roanoke facility is the stimulus for the future Innovation Corridor linking downtown to the Virginia Tech Carilion Riverside facilities.

Retail & Development

The Heironimus Building located at 401 S. Jefferson Street, along with three connected parcels, was sold to Chris Johnson and Tom Dickey, principals of Monument Companies, LLC, based out of Richmond, Virginia. The company is investing \$18 million in this historic four-story Roanoke landmark, transforming it into a residential and commercial property with 80 mostly one bedroom, market-rate apartments, plus amenities including an on-site pool and fitness facility. Mast General Store, based out of Valle Crucis, North Carolina, has contracted for 25,000 square feet in the commercial space with this becoming their 11th store in the Mid-Atlantic and first entry into the Virginia market.

Richmond-based developer Bill Chapman, the award-winning creator of The Lofts at West Station, Parkway 301 and the 416 MicroFarms, completed another mixed-use development in downtown Roanoke late this summer at 120 Luck Avenue in the former Owl Garage, which was at one time Roanoke's only 24-hour service shop. In an effort to recognize the building's past, The Owl Lofts bring residential living and soon we will see a full-service restaurant located within the building.

The Wasena Neighborhood in southwest Roanoke has seen a significant spur in development in the Village Center located on Main Street. In November 2018, RND Coffee, Tow+Line, and Retro Getgo opened and added to the retail mix of Roanoke. A high-end tapas restaurant, Bloom, opened late this summer and is one of Roanoke's newest hot spots.

The City of Roanoke and private developer Hist:Re Partners announced plans for a public-private partnership that will bring a new bus station, a new train station and a \$25 million development of shops, apartments and offices to downtown. New buildings up to five stories with apartments, offices and shops bordering a new street will link Campbell and Salem avenues between Jefferson and First streets and spur further development west of Jefferson Street in downtown Roanoke. Additional plans call for an open-air bus station at Third Street and Salem Avenue and a new station to house Amtrak and Smartway bus riders in a renovated building at Jefferson Street and Norfolk Avenue.

Charlottesville-based Three Notch'd Brewing Co. expanded with a brewery and restaurant at 24 Campbell Avenue in downtown Roanoke, their fourth Virginia location. This was a \$500,000 investment in the City of Roanoke bringing eight full-time positions to Roanoke, and it opened in October 2018.

Virginia Varsity announced in October 2018 a contract to purchase the Graves-Humphreys Building on Franklin Road with plans for a major storage and mixed-use project. The 2.2-acre site features a 93,000 square foot building. A dramatic, long-term vision of the property includes updates to the current site, as well as development of a modern, multi-story storage building. Virginia Varsity is also exploring an exciting residential component in this multi-phased development. Construction is underway on this project.

Tourism

Virginia's Blue Ridge generated \$892 million in direct travel expenditures in 2018, an increase of 5% over the previous year. Tourism also supported over 8,000 jobs in the region and \$64 million in state and local taxes. This increase is largely due to the addition of new amenities, including hotels and restaurants, as well as enhanced transportation options, craft beverages, and sporting tournaments. Outdoor recreation, festivals, a diverse arts and culture scene, and venues of all varieties have also contributed to this explosive growth. Virginia's Blue Ridge continues to thrive as a mountain vacation destination. Along with support from over 1,500 government and industry partners, Visit Virginia's Blue Ridge was able to achieve the 9th consecutive year of record growth.

Savara Properties of Northern Virginia has purchased and started renovation on The Liberty Trust Building on Jefferson Street with plans to spend over \$10 million redeveloping the property into Roanoke's first boutique hotel. Spring Hill Suites by Marriott completed a \$2 million dollar renovation of their property on Reserve Avenue, immediately adjacent to the Virginia Tech Carilion Campus.

Kalyan Hospitality completed an \$8 million dollar renovation to the Holiday Inn adjacent to the Roanoke-Blacksburg Regional Airport. The all-suite hotels for business and leisure travelers offer new restaurants, fitness facilities, pools, upgraded conference facilities and a wider range of amenities for guests to enjoy.

A regional hotel developer announced plans to build a consolidated 500-space parking garage and a 125- to 150-room hotel in downtown Roanoke. The hotel, described as a Courtyard by Marriott would be the third major new construction project in downtown in recent years.

To further meet the demand for hotel rooms in Roanoke, owners of the Holiday Inn Express on Gainsboro Road and Rodeway Inn on Orange Avenue announced a proposal to replace the Rodeway Inn with a brand new Holiday Inn Express, a \$2 million investment in the City of Roanoke. The new hotel is currently under construction.

Long-Term Financial Planning

Comprehensive Plan

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

Budgeting for Outcomes

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

Long Term Financial Planning

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

Capital Improvement Program (CIP)

In conjunction with the preparation of an annual operating budget, the City prepares a five-year Capital Improvement Program Update. This serves as a planning tool for efficient, effective and equitable distribution of public improvement resources throughout the City. The CIP focuses on maintaining capital assets, infrastructure investment for livability and economic development, and targeted livability investments. The CIP represents a balance between finite funding and competing community priorities. The CIP specifies the capital improvement and construction projects over the upcoming five-year period in order to maintain or enhance the City's \$668 million in capital assets. Detailed project descriptions, cost estimates, and funding sources are included in the CIP. The City's Capital Improvement Program for FY 2018 through FY 2022 represents \$205 million of public improvements to the City's schools, infrastructure, parks, libraries, public buildings, industrial center improvements for economic development, technology improvements, fleet replacement, and Roanoke's civic center (the Berglund Center). The CIP includes important public safety improvements such as the Fire EMS Master Plan for the construction and/or relocation of three Fire/EMS stations as well as a joint E 911/VA 811 call center for improved emergency response and system and communication redundancy.

An important part of the City's CIP, Berglund Center houses a 10,500 seat Coliseum, 2,148 seat Performing Arts Theatre (BPAT), 14,000 square foot Exhibit Hall and 46,000 square foot Special Events Center. Current and recent capital improvements include replacement of Plaza steps, paint and exterior LED lighting at the Coliseum, and sound system replacements in the Coliseum. Plans for FY 2020 include Coliseum restroom renovations, theatrical lighting upgrades, security enhancements, BPAT stage and rigging system replacement, kitchen upgrades, and HVAC improvements.

Relevant Financial Policies

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

Major Initiatives and Accomplishments

Education

Roanoke City Council places education as the top priority of the government and its citizens, providing more funding toward education than any other area of the government. Roanoke Schools have demonstrated significant performance improvements in recent years. On-time graduation rates in 2018-19 are remaining steady at 90%. For the second year in a row, all 24 schools are fully accredited by the Commonwealth of Virginia. Roanoke is committed to providing students with safe and effective learning environments, and to that end, Roanoke City Public Schools updates its Capital Improvement Plan annually. The most significant project involves the new construction of Fallon Park Elementary. Other current projects recently completed or underway include various maintenance and/or security upgrades for Fishburn Park, Lincoln Terrace, Monterey and Morningside Elementary Schools; Addison, Breckinridge, Madison and Woodrow Wilson Middle Schools, and Noel C. Taylor Learning Academy. More information regarding the important achievements of Roanoke City Public Schools is available in the separately published School CAFR.

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

Public Safety

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

The Roanoke Police Department has been accredited by the Commission on Accreditation for Law Enforcement Agencies (CALEA) since July 1994, and is one of only four law enforcement agencies in the Commonwealth of Virginia to attain accreditation in two CALEA programs – Law Enforcement and Training Academies. Roanoke Police successfully launched the Roanoke Valley HOPE Initiative in August 2016. The program is designed to connect drug users with police and the right health resources. The program has helped over 400 people find detox and treatment for substance use disorders.

Roanoke Fire-EMS has been an accredited agency with the Commission on Fire Accreditation International Inc. (CFAI) since 2002, meeting the criteria established through the CFAI's voluntary self-assessment and accreditation program. The fire protection services of the City of Roanoke, as rated by an insurance industry advisory company, improved to a Class 1 ISO rating from a Class 2. The classification by the Insurance Service Office (ISO), known as the Public Protection Classification program, assesses the fire-protection efforts in a particular community. The City of Roanoke is one of 252 nationwide Internationally Accredited Fire agencies and one of only 6 in Virginia that hold an ISO rating of 1 as well as holding accreditation. The Fire-EMS Department is also a partner with Roanoke County and the City of Salem in a Regional Fire-EMS Training Center, a regional hiring process, and has automatic and enhanced mutual aid response agreements in place to ensure the closest and most efficient response of Fire-EMS resources. The regional hiring process has enabled Roanoke Fire-EMS to increase its emphasis on recruiting a diverse workforce, including the launch of a new website. As a strategy to provide a more diverse and inclusive workforce, the City's Fire-EMS Department lowered its hiring age to 18.

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

Human Services

Roanoke, as the largest city west of the state capitol, supports a high demand for human services from the community. Human Services unites public and private institutions to encourage and support caring communities by assisting individuals and families to achieve self-sufficiency and healthy lives with a variety of financial and employment programs. A partnership with Roanoke City Public Schools and the City of Roanoke Central Intake program to provide assistance to 164 students preventing them from entering into homelessness or quickly rehousing them to a stable home environment. The City of Roanoke's Central Intake program also partners with Western Virginia Water Authority to provide water bill assistance to customers who are facing a utility cutoff or to assist with re-connections for those whose services have been disconnected. Last year, 501 households were provided critical utility assistance through the Authority Cares program. In 2018, we successfully prevented 1,358 individuals from entering homelessness through our Central Intake, Community Housing Resource Center and Total Action for Progress (TAP) Supportive Services for Veteran Families (SSVF) programs. Our community also provided critical housing services for individuals and families to quickly exit homelessness and stabilize in permanent housing. In 2018, 257 individuals were rapidly re-housed through the Community Housing Resource Center and TAP's SSVT program. Permanent supportive housing was provided to 230 veterans and chronically homeless individuals through ARCH Services and Salem VA Medical Center.

Neighborhoods

The City understands attractive, healthy and safe neighborhoods contribute to the overall welfare of the community. Promoting the development of neighborhoods into vibrant and sustainable places for people of all ages, ethnicity, lifestyles, and income translates into a quality of life with broader economic effects such as increasing property values. Community organizations in conjunction with law and code enforcement initiatives play an important role in preventing neighborhoods from becoming environments for crime, blight and other types of deterioration. Residents participating in these organizations are often more engaged in their communities, and, as such, provide a great link of communication between local government and residents. The City continues to support the development of neighborhoods and those who inhabit them.

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

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

The City leverages federal, local and in-kind contributions from public and private sources with the utilization of Community Development Block Grant (CDBG) funding and city funding to support neighborhood improvement. Roanoke focuses its community development resources into a single neighborhood over 4-5 years to maximize impact and see ongoing results. Most activity focuses on improving existing housing and constructing new housing. Typically, these target neighborhood efforts include an infrastructure project and support for development of a community facility.

Recreational and Outdoor Opportunities

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

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

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

Libraries

The City supports and promotes lifelong learning for all citizens. The Library Master Plan includes projects to enhance the delivery of programs and services throughout the community at the seven library locations. The Roanoke Public Libraries provide many resources to citizens including free computer training, free internet and free wireless access at all locations, as well as a range of free events for children and adults throughout the year. One of the largest programs offered by the Roanoke Public Libraries is the Summer Reading Program, which continues to grow. In 2019, 25,636 participants attended the Summer Reading program compared to 16,602 in 2017.

For more than a decade, the Libraries have been undergoing an extensive system-wide renovation process. Most recently, in 2014 with the renovation of the City's Main Library, the City completed renovations to the Raleigh Court library in 2016. Raleigh Court library reopened in March 2016 and includes a community room that can be used for meetings outside of opening hours, a separate teen area, a recording studio, and a courtyard. Since reopening, circulation at the Raleigh Court branch has more than tripled. Expansion and renovation of the Williamson Road branch has been completed and the branch reopened on November 13, 2017. Improvements at Williamson Road include an expansion that doubled the square feet of the branch, a large community room available

for use after hours, an enclosed patio for programs, study rooms and an expanded youth and teen center. The Melrose branch construction is complete and the new facility opened July 22, 2019. The branch square footage is over double in size. It includes a teen center, a community room, small business center, new computers and books, a STEAM Lab for science and art classes, a music lab, a dedicated children's area, adult books and materials and a quiet reading area. Outside program space includes a large patio and an enclosed area for children's programs.

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

Transportation and Parking

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

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

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

Environmental Leadership

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

The City's Stormwater Utility is actively working to reduce flooding, improve water quality, and maintain the City's stormwater infrastructure and assets. This year, the Utility was one of only 22 recognized nationwide by the industry association, Water Environment Federation (WEF), as part of the fifth annual National Municipal Stormwater and Green Infrastructure Awards. A gold level award was bestowed for program management and a silver level award was bestowed for innovation related to the City's FY 2019 MS4 (Stormwater) Permit activities. The Stormwater fee provides a dedicated source of revenue to address an estimated \$300 million in necessary water quality and drainage improvement projects as well as increase the maintenance of the City's existing drainage infrastructure. Stormwater management

activities do more than meet regulatory mandates. Stormwater management activities are designed to transform the Roanoke River and its tributaries into community assets, focal points, and sources of pride for those that live, work, learn, and play in their watersheds.

Regional Cooperation

The City of Roanoke works closely with regional partners on economic development and service delivery. The Western Virginia Water Authority, of which Roanoke is a founding member, expanded membership to Franklin County. The Roanoke Valley Resource Authority, which provides regional landfill services, expanded membership to include the City of Salem. The Roanoke Valley Broadband Authority continues to expand connectivity within the region. Regional local governments also continued in partnership in the Western Virginia Regional Industrial Facilities Authority. Previously, through this authority, the cities of Roanoke and Salem and Roanoke County worked with a private foundation to assemble 104 acres of land near the interchange of Interstates 81 and 581 for future industrial development. The development is underway with infrastructure being built in 2018 and 2019 including the grading of a large site pad based upon joint funding and state funding. The City also works closely with Roanoke Regional Airport Commission, Regional Center for Animal Care and Protection, and Roanoke Valley Detention Commission.

Future Challenges

Roanoke has weathered the Great Recession well and in many ways is stronger and more resilient than it was in 2009. Reserves are up, the bond rating is stable, school graduation rates are stable, population is increasing, the unemployment rate is decreasing, and the economy has grown. Changing national demographics bode well for Roanoke as younger generations choose to live in urban areas with access to the outdoors. Roanoke is well positioned to attract these individuals.

Despite the growing economy, favorable demographic preferences, and Roanoke's financial strength, the future still poses several challenges. Continued modest growth in revenues has not kept pace with increases in costs of infrastructure and core services. Volatility in investment markets presents a conundrum in regards to funding pension plans while increases in medical cost threaten affordable health care for employees, both critical benefits in attracting and maintaining a highly skilled work force. The Commonwealth of Virginia continues to manage volatile revenue generation. There is uncertainty regarding the impact of the state's fiscal standing on the City and localities within the region. The challenge for local governments is how to maintain, and in some cases increase, service levels with reduced available funding. The City regularly assesses the influence of economic factors to minimize the impact to key services and ensure that the City continues to remain financially sound.

Awards and Acknowledgements

The GFOA awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of Roanoke, Virginia, for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Achievement, a government unit must publish an informational and efficiently organized CAFR, whose content conforms to program standards. The CAFR must satisfy both U.S. generally accepted accounting principles and applicable legal requirements. A copy of the GFOA Certificate of Achievement is included in the Introductory section of the CAFR and is valid for a period of one year. The City has received a Certificate of Achievement for 45 consecutive years. This report was prepared in conformity with the Certificate of Achievement program requirements and standards, and it will be submitted to the GFOA to determine eligibility for another certificate.

In addition, the City also received the GFOA *Distinguished Budget Presentation* Award for its annual budget document for the fiscal year ended June 30, 2019. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide and a communication device. The City has been a recipient of the Distinguished Budget Presentation Award for the last 34 consecutive years.

Other Awards and Recognitions

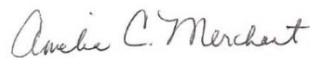
- First-ever All-America City Hall of Fame Award (National League of Cities) for the Star City Reads and the Feed and Read Initiatives
- Named a Top Ten Digital City by the Center for Digital Government. Roanoke was ranked fourth in the Digital Cities Survey for the 75,000 to 124,999 population category retaining its status as a Top Digital City since 2001
- Named a DEQ VEEP Sustainability Partner in 2019
- Received the 2018 VML Go Green Virginia 2018 Award
- Named a Virginia Zero Emissions Vehicle City (Virginia Clean Cities)
- Fleet Management Division honored with the 100 Best Fleets in America Designation.
- Won an APWA Mid-Atlantic Chapter Project of the Year award for “Structures Less than \$5 Million” for the Williamson Road Branch Library project
- Attained the Virginia DEQ Exemplary Environmental Enterprise designation for the Public Works Service Center for the sixth consecutive year
- Roanoke Fire-EMS received the Virginia Health and Medical Sciences Education Association Award of Merit for the City of Roanoke/Roanoke City Public Schools EMT program

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

Respectfully submitted,



Robert S. Cowell, Jr.
City Manager



Amelia C. Merchant
Director of Finance

***CITY OF ROANOKE
DIRECTORY OF PRINCIPAL OFFICIALS
JUNE 30, 2019***

Members of City Council

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

*Mayor
Vice-Mayor*

Constitutional Officers

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

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

City Council Appointed Officials

Robert S. Cowell, Jr.
Daniel J. Callaghan
Stephanie M. Moon-Reynolds
Troy A. Harmon, CPA

*City Manager
City Attorney
City Clerk
Municipal Auditor*

Other City Officials

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

*Assistant City Manager
Assistant City Manager
Director of Finance*



Government Finance Officers Association

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Presented to

**City of Roanoke
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

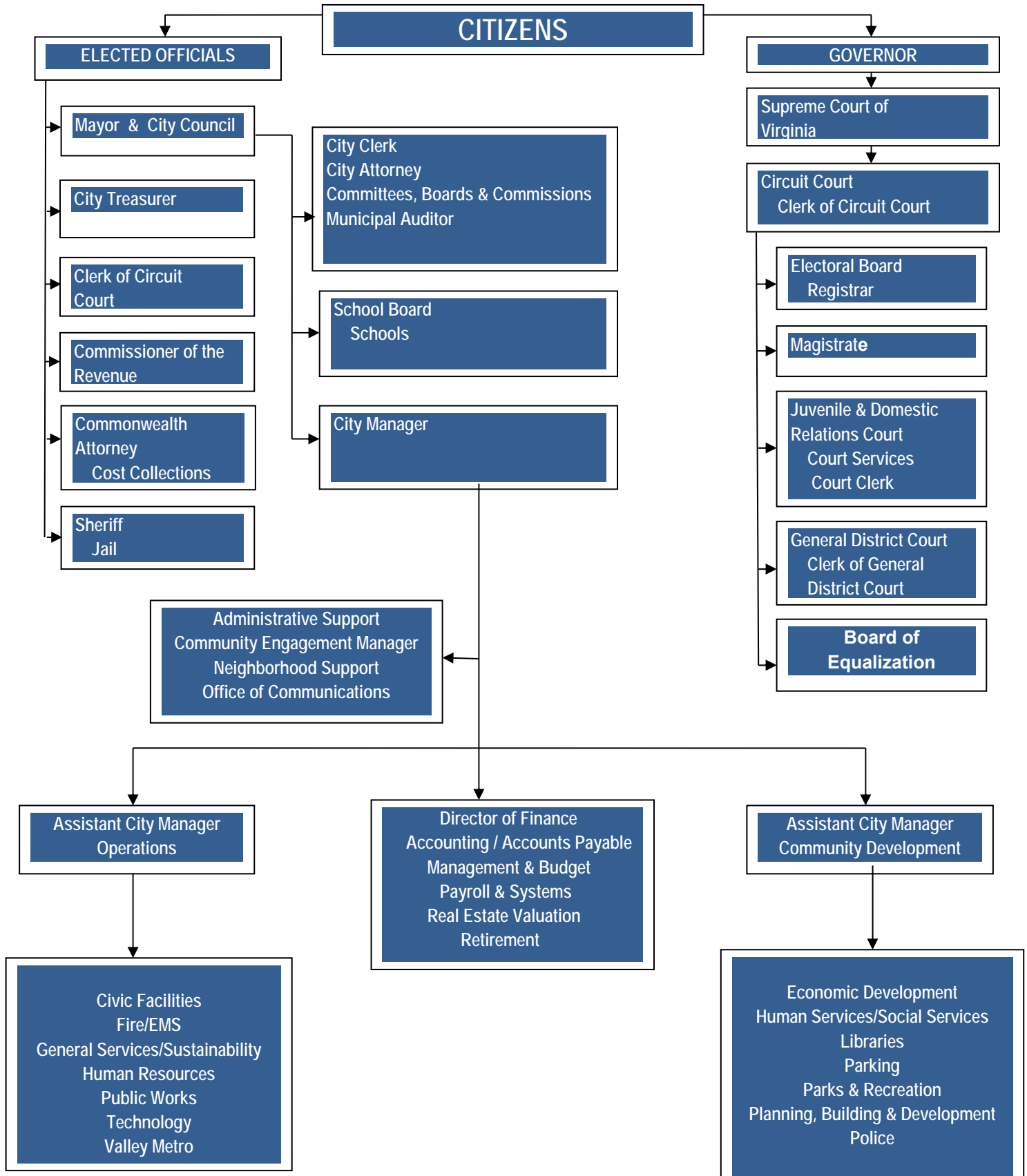
Christopher P. Morrell

Executive Director/CEO

CITY OF ROANOKE, VIRGINIA

Organizational Chart

FY2019 – 2020



FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Roanoke as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplementary information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 29, 2019

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**CITY OF ROANOKE, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

This section of the City of Roanoke, Virginia's (City) Comprehensive Annual Financial Report (CAFR) presents Management's Discussion and Analysis (MD&A) of the City's financial performance during the fiscal year ended June 30, 2019. The MD&A should be read in conjunction with the preceding transmittal letter and the City's financial statements.

FINANCIAL HIGHLIGHTS

- At the end of the fiscal year, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$391.0 million. This amount represents an increase of \$45.0 million, or 13.0%, of the prior year's ending balance of \$346.0 million. Net position was comprised of \$477.8 million, attributable to the City's net investment in capital assets, \$17,890 restricted for debt service, offset by a negative unrestricted amount of \$86.8 million.
- Net position for governmental activities increased \$42.6 million. For the fiscal year, \$357.3 million of revenues, generated by taxes and other revenues for governmental programs, exceeded expenses by \$45.4 million (before transfers), an improvement over the prior year of \$25.2 million.
- In the City's business-type activities, net position increased \$2.4 million compared to a prior year increase of \$3.0 million. Total change in net position before transfers for business-type activities experienced a deterioration of \$0.5 million compared to the prior year.
- The City's governmental funds reported a combined ending fund balance of \$57.1 million, a 8.6% increase compared to prior year. Of the total fund balance, 0.2% was nonspendable, 5.2% was restricted, 38.1% was committed (mainly for projects in the capital improvement program) and 56.5% remained available for spending at the City's discretion as unassigned.
- The City has maintained its bond rating of Aa2 from Moody's rating agency.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-Wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

Proprietary funds – When the City charges for the services it provides, these services are generally reported in proprietary funds, which like the government-wide financial statements,

utilize the full accrual basis of accounting and their statements provide both short and long-term financial information.

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

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

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

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

FINANCIAL ANALYSIS OF THE PRIMARY GOVERNMENT

A comparative analysis of government-wide information follows:

Summary of Net Position as of June 30, 2019 and 2018 (In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 111.8	\$ 105.0	\$ 11.7	\$ 8.6	\$ 123.5	\$ 113.6
Capital assets, net	622.7	593.4	75.7	75.0	698.4	668.4
Total assets	734.5	698.4	87.4	83.6	821.9	782.0
Deferred outflows of resources	21.2	39.9	2.9	2.5	24.1	42.4
Other liabilities	32.6	28.3	5.7	2.4	38.3	30.7
Long-term liabilities	362.0	379.5	33.1	34.5	395.1	414.0
Total liabilities	394.6	407.8	38.8	36.9	433.4	444.7
Deferred inflows of resources	21.1	33.1	0.6	0.6	21.7	33.7
Net Position:						
Net investment in capital assets	432.9	411.6	44.9	44.6	477.8	456.2
Unrestricted (deficit)	(92.9)	(114.2)	6.1	4.0	(86.8)	(110.2)
Total net position	\$ 340.0	\$ 297.4	\$ 51.0	\$ 48.6	\$ 391.0	\$ 346.0

Net Position:

The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$391.0 million at the close of the fiscal year. The City's combined net position, (the City's bottom line) increased by \$45.0 million from prior year's ending balance of \$346.0 million. Net position from governmental activities increased by \$42.6 million. Business-type activities resulted in an increase in net position of \$2.4 million.

The largest component of the City's net position was the investment in capital assets (\$477.8 million) (e.g., land, buildings, infrastructure improvements, machinery, and equipment, net of accumulated depreciation) less any related outstanding debt used to acquire those assets. The increase in the City's net position was a result of increases in investment in capital asset offset by an increase in the deficit balance in unrestricted net position and restricted debt funding. Net position is reported as restricted when constraints on its use are externally imposed by creditors, grantors, contributors, regulators, or are imposed by law through constitutional provisions or enabling legislation. Restricted net position related to governmental activities totaled \$17,890 and was restricted for debt service. The City's unrestricted net position, which is used to finance the day-to-day operations of the City, totaled a negative \$86.8 million, an improvement of \$23.4 million from fiscal year 2018 unrestricted net position.

Summary of Changes in Net Position:

The following table summarizes the changes in net position:

Summary of Changes in Net Position For the Years Ended June 30, 2019 and 2018 (In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues:						
Charges for services	\$ 39.5	\$ 36.5	\$ 17.4	\$ 12.2	\$ 56.9	\$ 48.7
Operating grants and contributions	68.3	71.2	0.3	1.8	68.6	73.0
Capital grants and contributions	13.4	6.7	0.3	-	13.7	6.7
General Revenues:						
Property taxes	120.5	116.9	-	-	120.5	116.9
Local portion of state sales tax	22.4	21.4	-	-	22.4	21.4
Business and professional occupational license taxes	13.8	13.6	-	-	13.8	13.6
Utility taxes	9.6	10.1	-	-	9.6	10.1
Prepared food and beverage taxes	17.3	16.6	-	-	17.3	16.6
Commonwealth share-personal property taxes	8.1	8.1	-	-	8.1	8.1
Cigarette taxes	2.1	2.2	-	-	2.1	2.2
Transient room taxes	4.8	5.4	-	-	4.8	5.4
Telecommunications taxes	5.9	6.4	-	-	5.9	6.4
Motor vehicle license tax	2.9	3.0	-	-	2.9	3.0
Other tax	5.3	4.2	-	-	5.3	4.2
Other	9.1	6.0	0.3	0.6	9.4	6.6
Payment from Component Unit	13.2	13.9	-	-	13.2	13.9
Interest and investment income	1.1	0.5	1.0	0.2	2.1	0.7
Total Revenues	\$ 357.3	\$ 342.7	\$ 19.3	\$ 14.8	\$ 376.6	\$ 357.5

(Continued)

Summary of Changes in Net Position
For the Years Ended June 30, 2019 and 2018
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Expenses						
General Government	\$ 24.2	\$ 24.3	\$ -	\$ -	\$ 24.2	\$ 24.3
Judicial Administration	8.8	9.5	-	-	8.8	9.5
Public Safety	76.4	74.3	-	-	76.4	74.3
Public Works	41.4	37.8	-	-	41.4	37.8
Health and Welfare	41.1	44.9	-	-	41.1	44.9
Parks, Recreation and Cultural	7.7	11.9	-	-	7.7	11.9
Community Development	12.9	16.7	-	-	12.9	16.7
Education	88.6	86.8	-	-	88.6	86.8
Economic Development	0.2	0.3	-	-	0.2	0.3
Interest and Fiscal Charges	8.6	9.1	-	-	8.6	9.1
Civic Facilities	-	-	11.3	6.4	11.3	6.4
Parking	-	-	3.4	3.5	3.4	3.5
Stormwater Utility	-	-	5.0	4.8	5.0	4.8
Other	2.0	1.9	-	-	2.0	1.9
Total Expenses	311.9	317.5	19.7	14.7	331.6	332.2
Increase in Net Position before Transfers	45.4	25.2	(0.4)	0.1	45.0	25.3
Transfers	(2.8)	(2.9)	2.8	2.9	-	-
Increase in Net Position	42.6	22.3	2.4	3.0	45.0	25.3
Total Net Position, Beginning	297.4	275.1	48.6	45.6	346.0	320.7
Total Net Position, Ending	\$ 340.0	\$ 297.4	\$ 51.0	\$ 48.6	\$ 391.0	\$ 346.0

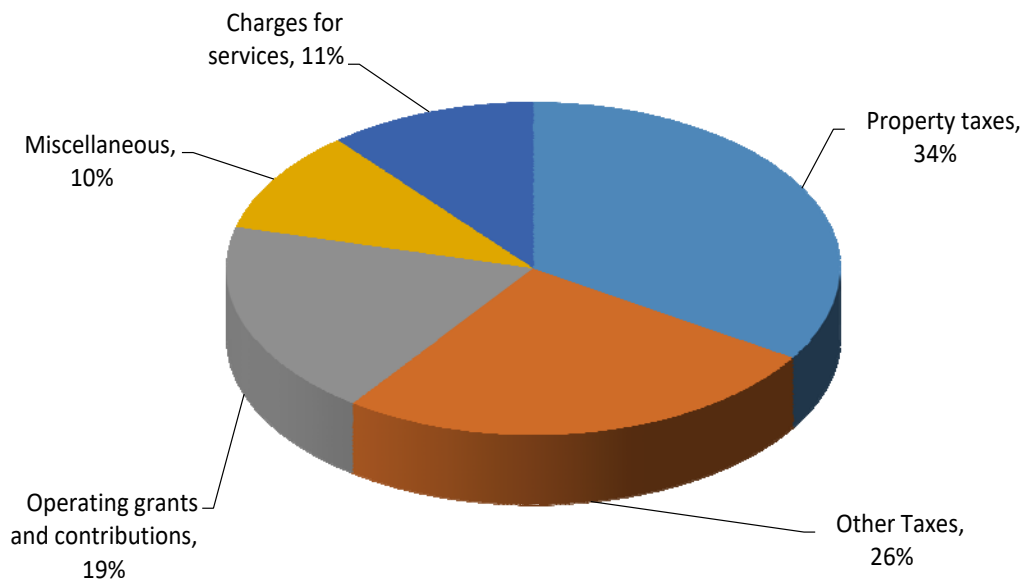
Governmental Activities

The net position of governmental activities increased \$42.6 million as compared to the \$22.3 million increase in prior year. Significant current year activities affecting net position include:

- Governmental Activities revenues before transfers increased 4.3% and were mainly due to increased revenue in charges for services, capital grants and contributions, and property taxes.
- The City continued to maintain and implement financial controls to ensure that the expenses of general government programs were contained within budget. Staffing levels were based on ongoing program activities and departments maintained fiscal restraint.

Revenues generated for governmental activities are presented below by category:

Revenue by Source – Governmental Activities for the year ended June 30, 2019



The property tax classification was approximately 34% of the total revenue generated by governmental activities and included real estate tax, the local portion of personal property tax, and public service corporation taxes. Real estate tax revenue, the largest source of revenue for the City, totaled \$87.5 million. The assessed value of real property in the City increased 3.0% for the 2018 calendar year mainly due to new construction.

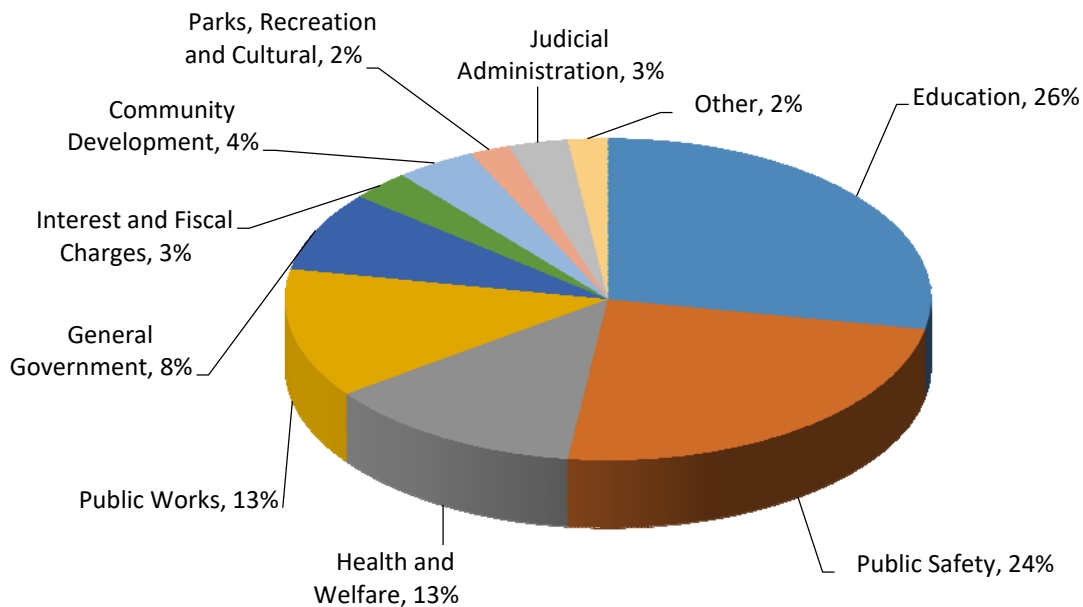
Personal property tax revenue, including the Commonwealth share and public service tax, totaled \$38.5 million. The revenue received locally from citizens totaled \$30.4 million. Funding from the Commonwealth under its amended Personal Property Tax Relief Act (PPTRA) program provided revenue totaling \$8.1 million. Revenue from the Commonwealth provided relief of 54.1% on the first \$20,000 in vehicle value for the current fiscal year and is included in the other taxes category.

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

Operating grants and contributions was approximately 19% of governmental activities revenues. Social service programs, street maintenance funds, reimbursement for shared expenses of constitutional officers, reimbursement for funding received under House Bill 599 for law enforcement, and jail per diems are some of the major sources of revenue included in this category.

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

Expenses – Governmental Activities for the year ended June 30, 2019



Education comprised 26% of governmental activities. Funding of \$83.4 million was provided to the Roanoke City School Board to support operations and debt service.

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

Public Works and Health and Welfare expenses comprised approximately 13% and 13%, respectively, of governmental activities expenses. Expenses for Solid Waste Management, Building Maintenance, Street Paving, and Street Maintenance were included in the Public Works category. The Children's Services Act and social services programs were the majority of expenses reported in the Health and Welfare category.

Business-type Activities

The net position of business-type activities increased the City's net position \$2.4 million, primarily related to Charges for Services, which include Stormwater Fees. Operating expenses for the City's business-type activities totaled \$19.7 million. The increase compared to the prior fiscal year was mainly related to the Civic facilities and City's stormwater utility operation.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds - For the fiscal year ended June 30, 2019, the governmental funds reported a combined ending fund balance of \$57.1 million, an increase of \$4.5 million from the prior year. Approximately 56.5% of this total (\$32.3 million) constitutes unassigned fund balance and which includes the Unassigned General Fund Reserve and Unassigned Stabilization Reserve, which provides the City with sufficient working capital and a margin of financial safety to address unforeseen, one-time expenditure emergencies or declines in revenues for which there is no other budgetary resource or other designations of fund balance available to satisfy the funding need. Committed fund balance of approximately \$21.7 million consisted of funding for outstanding purchase commitments and future years' capital project expenditures. Approximately \$3.0 million of the fund balance is restricted and consists of funds, provided by bonded debt, for future capital project expenditures and funds restricted to debt service. The remaining fund balance of \$91,868 is nonspendable and consists of prepaid balances and inventory.

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

The General Fund is the primary operating fund of the City. The total fund balance increased by \$4.7 million (revenue of \$299.5 million less expenditures of \$272.7 million and other financing uses of \$22.1 million net of transfers) and the unassigned fund balance increased by \$4.6 million to \$39.5 million.

Local taxes increased by 2.6% compared to last year. Taxes related to real estate, state sales tax, personal property, public service, prepared foods and beverages, and business and occupational licenses all increased for the fiscal year 2019. Transient occupancy, and communications taxes decreased for the fiscal year 2019. Real Estate taxes, the City's largest single source of revenue, increased 3.6% as a result primarily of an increase in property value.

Intergovernmental revenue is the second largest source of General Fund revenues, accounting for \$73.6 million in fiscal year 2019. The Commonwealth is the primary source of Intergovernmental revenue by providing revenues for social services programs, street maintenance funds, and law enforcement funding received under House Bill 599.

In fiscal year 2019, the total increase in funding from the Commonwealth compared to fiscal year 2018 was approximately \$1.1 million or 1.5%.

The Capital Projects Fund balance remained steady with capital outlays increasing \$4.8 million compared to the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund begins each fiscal year with budgeted revenue and expenditure amounts that are equal. During the year, encumbrances unpaid at the end of the prior year are liquidated, increasing expenditures. Other budgetary adjustments are made to recognize additional sources and uses of funding or to accept donations.

Actual General Fund revenues were \$8.5 million or 2.9% higher than the original adopted fiscal year 2019 revenues estimates and were higher than the final revenue estimates by \$3.4 million or 1.1%. The General Fund revenue increase was driven by local revenue performance, primarily real estate tax, sales tax, prepared food and beverage tax and sanitation charges for solid waste collection.

In the local tax area, real estate and personal property exceeded the original adopted budget. The fiscal year 2019 indicated an underestimate of the performance of the local economy and the budget projected modest growth in real estate and other local tax revenue estimates in fiscal year 2019 while actual growth was notable.

Charges for services revenues exceeded the original adopted budget by \$1.6 million primarily due to charges for solid waste collection and public safety services. Public safety services primarily provide emergency medical services and additional police services to the community.

General Fund expenditures and transfers were higher than the original budget by \$0.4 million due to an increase in one-time transfers to other funds for capital projects as a result of higher than anticipated tax revenues and unassigned fund balance, an increase in transfers to risk management for settlement costs, and an increase in transfer to the School component units as a result of higher than anticipated tax revenues. Commitments at the departmental level were closely monitored during the fiscal year as modest tax growth was anticipated. LEAN methodology continues to be a focus for the City to continually improve efficiencies and reduce costs for the benefit of Roanoke citizens.

During fiscal year 2019, City Council amended the budget several times. These budget amendments or supplemental appropriation ordinances were primarily for the following purposes:

- To reappropriate funds to pay commitments in the form of encumbrances established prior to June 30, 2018, but not paid by that date. Encumbrances for General Fund purchase orders authorized and issued, but for which goods and services were not received or paid by June 30, 2018 totaled \$4.7 million.
- To appropriate excess local revenues over expenditures and funding from the Commonwealth to capital projects and street paving.
- To appropriate additional funding for police patrol and fleet vehicle purchases.

CAPITAL ASSETS

As of June 30, 2019, the City's capital assets for its governmental and business-type activities amounted to \$698.4 million net of accumulated depreciation. This investment includes land, historical treasures, construction in progress, land improvements, buildings and structures, equipment and infrastructure. The City's capital assets net of depreciation increased year over year by \$29.2 million or 4.9% when compared to fiscal year ended 2018.

The following table shows summarized balances of major categories of capital assets as of June 30, 2019 and 2018.

**Summary of Capital Assets
Net of Depreciation
as of June 30, 2019 and 2018
(In Millions)**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land and Improvements	\$ 49.5	\$ 49.1	\$ 5.2	\$ 5.2	\$ 54.7	\$ 54.3
Buildings and Improvements	282.4	269.2	50.8	52.6	333.2	321.8
Equipment	29.9	26.8	3.6	2.3	33.5	29.1
Infrastructure	235.3	218.9	14.4	14.4	249.7	233.3
Construction in Progress	24.9	28.8	1.7	0.5	26.6	29.3
Historical Treasures	0.7	0.7	-	-	0.7	0.7
Total	<u>\$ 622.7</u>	<u>\$ 593.5</u>	<u>\$ 75.7</u>	<u>\$ 75.0</u>	<u>\$ 698.4</u>	<u>\$ 668.5</u>

The City uses the Modified Approach for certain infrastructure assets deemed 'inexhaustible' as defined by GAAP, and is required to conduct a semi-annual (January and July) assessment of the condition level of 100% of the Flood Reduction infrastructure asset. The assessment is based on the United States Army Corps of Engineers (USACE) 'Inspection, Maintenance and Operational Report'. City and USACE policy require the condition level to be maintained at or above a Fair (2) rating. As of June 30, 2019, the infrastructure had an average assessment rating of 2.4, which is above the required minimum rating of 2. The fiscal year 2019 Budget (estimated) of \$54,599 ensured adequate funding for maintenance if the maintenance was performed by procured contractors. Actual costs were lower because the City procured less services for maintenance of several bench cuts during the year.

Comparison of Estimated to Actual Maintenance Costs

	2017	2018	2019
Estimated	\$75,000	\$75,000	\$54,599
Actual	\$27,204	\$81,595	\$12,454

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

LONG-TERM DEBT

At June 30, 2019, the City's long-term liabilities, excluding net pension liability, compensated absences and claims payable, totaled \$236.0 million, comprised of \$204.3 million related to governmental activities and \$31.7 million related to business-type activities. Total debt increased by \$267,885 during the fiscal year. Interest and fiscal charges for 2019 were \$7.9 million, or 2.2% of total governmental funds' expenditures.

Bond anticipation notes were issued in fiscal year 2019 for the purpose of providing funds towards the current school capital projects, parks and recreation improvements, bridge renovation projects, stormwater management projects, curbs, gutter and sidewalk improvement projects, streetscape improvements, street improvements, building improvements, civic facilities improvements and equipment, technology systems, 911 Call Center, Fire/EMS equipment, and fleet purchases.

Moody's reaffirmed the City's issuer ratings in August of 2018 as Aa2. The City ratings for S&P and Fitch rating agencies are AA+. The City's continued strong bond ratings will translate into reduced borrowing costs related to its capital improvement projects.

The Charter of the City and Code of Virginia limit the City's net debt to 10% of the assessed valuation of real estate within the City limits. The limit applies to tax supported debt paid by the governmental funds. Long-term liabilities of business-type funds will be met by revenues generated by those funds. The City considers long-term debt of its Stormwater Utility and Parking Enterprise Funds to be self-supporting. Additionally, in accordance with its contractual agreement with the Western Virginia Water Authority, the City will receive funding from the Authority toward \$5.8 million of general obligation debt. The City's tax-supported debt of \$231.3 million less the Debt Service Fund Balance designated for the repayment of debt service is well below the legal debt limit of \$718.0 million.

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The average unemployment in the Roanoke Metropolitan Statistical Area (MSA), which includes the City, for fiscal year 2019 was 2.8%, according to the Bureau of Labor Statistics, down from an average of 3.4% in the prior fiscal year. The national unemployment rate in fiscal year 2019 was 3.4%, compared to 4.2% in the prior fiscal year. Employment in Roanoke is diverse with representation within the area of all census-defined industries. The industries providing the largest number of jobs in the region are health care and social assistance. Additional information concerning the City's demographics and employment is presented in Tables 10, 18, and 20 of the Statistical Section.

Roanoke's income levels trail the state and national averages; however, they compare quite well when adjusted for the cost of living. Fiscal year 2019 financial performance was indicative of an

improving economy. However, the City anticipates challenges continuing with economic uncertainties and conditions.

The City's General Fund tax revenues increased in FY 2019 primarily due to real estate, sales, prepared foods and beverage, and personal property taxes. With the increase in tax revenues, the City was able to provide additional funding to Roanoke City Public Schools and funding to the unassigned reserves of the General Fund. The City was able to increase the General Fund unassigned fund balance for general reserves and stabilization reserves by \$4.6 million to ensure sufficient working capital, coverage for risk claims, to fund community development projects, and to provide financial security during unforeseen events and economic downturns. Current funding levels have exceeded the 12.5% funding goals set for fiscal year 2020.

The average assessed value of single-family housing units increased from \$128,453 in fiscal year 2018 to \$132,091 in fiscal year 2019, or 2.8%. The value for residential permits increased 4.4% and the value for commercial permits decreased 39.4% from fiscal year 2018 to fiscal year 2019.

Fiscally responsible budgeting for 2019 provided for continued programming levels for services in response to modest increases in property tax revenues. Programming levels remained stable.

General Fund fiscal year 2019 estimated revenues increased 1.5% compared to the fiscal year 2019 adopted budget. The increase was attributable to economic growth in real estate, personal property and several local taxes. General property taxes increased \$1.9 million, a positive economic indicator.

The City's Pension Plan experienced a slight decline in investment performance from the prior year, however, the Plan's long term annualized returns still ranked in the top decile of all retirement plans' performance. The Plan's net position restricted for pensions decreased \$2.2 million, or 0.5% from fiscal year 2018. The investment return of the Plan was 5.0%, net of fees, with the biggest gains experienced in fixed income and convertible securities. The outlook for the U. S. economy remains optimistic, based on current economic indicators, while recognizing the potential for volatility arising from rising short-term U.S. interest rates, increasing trade tensions, and both geopolitical and global factors. We believe that the Plan's portfolio remains well diversified in response to this potential volatility.

For fiscal year 2020, total local tax revenues are estimated to grow at a modest rate of 2.5% from an adopted budget amount of \$199.0 million in 2019 to \$204.1 million in fiscal year 2020. Funding from the Commonwealth is projected to increase 2.24% in fiscal year 2020 over fiscal year 2019. Funding to Schools is projected at \$83.3 million, an increase of \$2.1 million, or 2.6% over the fiscal year 2019 budgeted amount. As the City looks ahead toward fiscal year 2021, budgetary pressures continue, but are not anticipated to be any more significant than in previous years due to local economic growth. Strategic budget priorities include employee compensation, community safety, neighborhood vitality, the comprehensive plan, capital planning, and the parks and recreation master plan. The priorities are challenging given competition for finite resources.

The real estate market in the City is showing stability. The City is monitoring the situation carefully and expects information prior to the beginning of the budgeting process for fiscal year 2021. The real estate assessment process aligns well with the budgeting process in that real estate assessments are established in January of each year with an effective date of July 1st of the same year. This allows the City to plan and revise programs as needed to maintain a balanced budget as real estate tax revenues are known and defined.

The Roanoke economy appears to be continuing to improve. Local taxes indicate increased economic activity. Management believes that the conservative current fiscal year 2020 revenue estimates will be met. Challenges exist in predicting the timing and rate of improvement moving forward. It continues to be difficult to anticipate the level of funding from the Commonwealth and federal governments in upcoming years. There will continue to be significant pressure on local governments to fund programs previously funded by these government entities in areas such as public education and social services. The City's focus will be on a deliberate prioritization of services and programs that are responsive to the needs of those who are being served.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

CITY OF ROANOKE, VIRGINIA
STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	GRTC
Assets					
Cash and Cash Equivalents	\$ 58,762,320	\$ 11,217,024	\$ 69,979,344	\$ 20,547,581	\$ 126,485
Investments	13,001,815	-	13,001,815	-	-
Due from City of Roanoke	-	-	-	5,069,461	-
Due from Component Unit	360,538	-	360,538	-	-
Due from Other Governments	18,363,296	-	18,363,296	12,207,307	3,605,575
Taxes and Accounts Receivable, Net	20,830,657	437,771	21,268,428	289,370	306,071
Inventory	49,218	55,442	104,660	-	499,668
Other Assets	372,650	68,321	440,971	997,407	23,512
OPEB Prepayment	-	-	-	20,633	-
Net Pension Asset	-	-	-	1,310,207	-
Capital Assets:					
Non-depreciable Capital Assets	138,102,003	6,976,281	145,078,284	-	720,724
Depreciable Capital Assets, Net	484,636,234	68,683,738	553,319,972	3,489,869	13,165,310
Capital Assets, Net	622,738,237	75,660,019	698,398,256	3,489,869	13,886,034
Total Assets	734,478,731	87,438,577	821,917,308	43,931,835	18,447,345
Deferred Outflows of Resources					
Deferred Outflows related to Pensions and OPEB	17,488,298	2,025,302	19,513,600	17,896,947	-
Deferred Outflows from Debt Refundings					
Resulting in Loss Transactions	3,750,707	897,789	4,648,496	-	-
Total Deferred Outflows of Resources	21,239,005	2,923,091	24,162,096	17,896,947	-
Liabilities					
Accounts Payable and Accrued Expenses	22,515,749	1,272,896	23,788,645	6,969,125	3,069,131
Accrued Interest Payable	2,048,418	360,777	2,409,195	-	-
Due to Component Unit	5,069,461	-	5,069,461	-	-
Due to City of Roanoke	-	-	-	360,538	-
Due to Fiduciary Funds	360,720	15,757	376,477	-	-
Due to Other Governments	223,780	-	223,780	-	-
Unearned Revenues	2,339,750	1,286,317	3,626,067	1,840,935	-
Other Liabilities	-	-	-	5,882,761	1,038,779
Long-term Liabilities Due Within One Year	29,176,663	2,766,409	31,943,072	858,654	-
Long-term Liabilities Due In More Than One Year:					
Net Pension Liability	117,387,101	3,493,567	120,880,668	119,249,295	-
Net OPEB Liability	15,622,544	562,406	16,184,950	19,441,000	-
Other Long-term Liabilities Due in More Than One Year, Net	199,860,752	29,075,933	228,936,685	3,214,263	-
Total Liabilities	394,604,938	38,834,062	433,439,000	157,816,571	4,107,910
Deferred Inflows of Resources					
Uncollected Service Charges	608,575	-	608,575	-	-
Deferred Inflows related to Pensions and OPEB	20,488,448	571,145	21,059,593	17,046,865	-
Total Deferred Inflows of Resources	21,097,023	571,145	21,668,168	17,046,865	-
Net Position					
Net Investment in Capital Assets	432,942,418	44,847,603	477,790,021	3,489,869	13,886,034
Restricted for:					
Debt Service	17,890	-	17,890	-	-
Unrestricted	(92,944,533)	6,108,858	(86,835,675)	(116,524,523)	453,401
Total Net Position	\$ 340,015,775	\$ 50,956,461	\$ 390,972,236	\$ (113,034,654)	\$ 14,339,435

See Notes to Basic Financial Statements.

**CITY OF ROANOKE, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	24,187,074	\$ 4,488,371	\$ 622,222	\$ 2,284,024
Judicial Administration	8,770,903	2,816,512	7,652,204	-
Public Safety	76,422,012	18,365,518	9,375,479	-
Public Works	41,407,772	6,497,541	15,361,085	9,710,202
Health and Welfare	41,146,481	4,150,671	31,793,486	-
Parks, Recreation and Cultural	7,691,899	1,855,019	207,123	1,093,174
Community Development	12,902,803	1,084,811	3,227,258	-
Education	88,613,076	-	-	266,127
Economic Development	183,755	-	62,472	-
Other	1,996,965	-	-	-
Interest and Fiscal Charges	8,594,427	239,376	10,584	-
Total Governmental Activities	311,917,167	39,497,819	68,311,913	13,353,527
Business-type Activities:				
Civic Facilities	11,302,943	7,630,029	-	-
Parking	3,404,310	3,675,298	-	-
Stormwater Utility	5,040,114	6,053,348	305,302	307,366
Total Business-type Activities	19,747,367	17,358,675	305,302	307,366
Total Primary Government	\$ 331,664,534	\$ 56,856,494	\$ 68,617,215	\$ 13,660,893
Component Units:				
School Board of the City of Roanoke	\$ 206,512,333	7,088,317	55,453,563	-
Greater Roanoke Transit Company	12,167,911	1,860,686	-	4,773,886

General Revenues:

Taxes:

General Property - Real Estate and Personal Property
Local Portion of State Sales
Business and Professional Occupational License
Utility
Prepared Food and Beverage
Commonwealth Share - Personal Property
Cigarette
Transient Room
Telecommunication
Motor Vehicle License
Other taxes
Recovered Costs
Other
State Aid Not Restricted to a Specific Program
Payment from City of Roanoke
Payment from Component Unit
Grants and Contributions Not Restricted to Specific Programs
Interest and Investment Income
Miscellaneous

Transfers**Total General Revenues and Transfers**

Change in Net Position

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

See Notes to Basic Financial Statements.

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

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	School Board	GRTC
\$ (16,792,457)	\$ -	\$ (16,792,457)	\$ -	\$ -
1,697,813	-	1,697,813	-	-
(48,681,015)	-	(48,681,015)	-	-
(9,838,944)	-	(9,838,944)	-	-
(5,202,324)	-	(5,202,324)	-	-
(4,536,583)	-	(4,536,583)	-	-
(8,590,734)	-	(8,590,734)	-	-
(88,346,949)	-	(88,346,949)	-	-
(121,283)	-	(121,283)	-	-
(1,996,965)	-	(1,996,965)	-	-
(8,344,467)	-	(8,344,467)	-	-
(190,753,908)	-	(190,753,908)	-	-
-	(3,672,914)	(3,672,914)	-	-
-	270,988	270,988	-	-
-	1,625,902	1,625,902	-	-
-	(1,776,024)	(1,776,024)	-	-
\$ (190,753,908)	\$ (1,776,024)	\$ (192,529,932)	\$ -	\$ -
-	-	-	(143,970,453)	-
-	-	-	-	(5,533,339)

\$ 120,503,375	\$ -	\$ 120,503,375	\$ -	\$ -
22,389,566	-	22,389,566	-	-
13,755,818	-	13,755,818	-	-
9,579,846	-	9,579,846	-	-
17,335,596	-	17,335,596	-	-
8,075,992	-	8,075,992	-	-
2,108,127	-	2,108,127	-	-
4,784,182	-	4,784,182	-	-
5,897,696	-	5,897,696	-	-
2,914,811	-	2,914,811	-	-
5,312,113	-	5,312,113	-	-
636,724	-	636,724	-	-
-	-	-	-	249,445
1,945,475	-	1,945,475	63,594,864	-
-	-	-	83,368,789	1,991,158
13,244,672	-	13,244,672	-	-
1,293,686	-	1,293,686	-	6,131,347
1,084,321	342,277	1,426,598	428,310	-
5,253,790	1,045,716	6,299,506	1,080,634	-
(2,782,443)	2,782,443	-	-	-
\$ 233,333,347	\$ 4,170,436	\$ 237,503,783	\$ 148,472,597	\$ 8,371,950
42,579,439	2,394,412	44,973,851	4,502,144	2,838,611
297,436,336	48,562,049	345,998,385	(117,536,798)	11,500,824
\$ 340,015,775	\$ 50,956,461	\$ 390,972,236	\$ (113,034,654)	\$ 14,339,435

**CITY OF ROANOKE, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

	General Fund	Debt Service Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 26,000,454	\$ 158,740	\$ 1,104,902	\$ 19,002,513	\$ 46,266,609
Investments	13,001,815	-	-	-	13,001,815
Due from Other Funds	-	58,873	-	-	58,873
Due from Component Unit	-	67,476	-	-	67,476
Due from Other Governments	10,000,972	-	1,351,918	1,240,606	12,593,496
Taxes Receivable, net of Allowance	18,542,591	-	-	-	18,542,591
Accounts Receivable, net of Allowance	1,131,149	-	98,840	960,117	2,190,106
Inventory	49,218	-	-	-	49,218
Prepays and Other	42,650	-	-	-	42,650
Total Assets	\$ 68,768,849	\$ 285,089	\$ 2,555,660	\$ 21,203,236	\$ 92,812,834
LIABILITIES					
Accounts Payable and Accrued Expenditures	\$ 15,280,081	\$ 234,547	\$ 517,977	\$ 5,702,070	\$ 21,734,675
Due to Other Governments	69,466	-	154,314	-	223,780
Due to Other Funds	419,593	-	-	-	419,593
Due to Component Unit	1,801,172	-	11,742	2,963,484	4,776,398
Unearned Revenues	435,471	32,652	1,871,627	-	2,339,750
Total Liabilities	18,005,783	267,199	2,555,660	8,665,554	29,494,196
DEFERRED INFLOWS OF RESOURCES					
Uncollected Taxes and Charges	6,249,996	-	-	-	6,249,996
Total Deferred Inflows of Resources	6,249,996	-	-	-	6,249,996
FUND BALANCES					
Nonspendable	91,868	-	-	-	91,868
Restricted	-	17,890	-	2,959,085	2,976,975
Committed	4,955,894	-	-	16,789,504	21,745,398
Unassigned	39,465,308	-	-	(7,210,907)	32,254,401
Total Fund Balances	44,513,070	17,890	-	12,537,682	57,068,642
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 68,768,849	\$ 285,089	\$ 2,555,660	\$ 21,203,236	\$ 92,812,834

See Notes to Basic Financial Statements

CITY OF ROANOKE, VIRGINIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS'
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Total Fund Balance - Governmental Funds \$ 57,068,642

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

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

Governmental capital assets, at cost	996,129,311	
Less: accumulated depreciation	<u>(373,391,074)</u>	622,738,237

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

Deferred outflows of resources from debt refundings resulting in loss	9,375,205	
Less: accumulated amortization	(5,624,498)	
Receivable from Western Virginia Water Authority	<u>5,769,800</u>	9,520,507

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

5,641,420

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

Governmental bonds and loans payable	(161,755,945)	
Governmental BANs payable	(29,590,944)	
Capital lease obligation	(3,314,453)	
Bond premium	(18,036,432)	
Less: accumulated amortization of bond premium	8,446,613	
Compensated absences	(7,622,323)	
Accrued interest payable	<u>(2,048,418)</u>	(213,921,902)

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

Net deferred outflows related to pensions	15,935,370	
Net deferred inflows related to pensions	(18,420,824)	
Net pension liability	(117,387,101)	
Net deferred outflows of resources related to OPEB	1,552,928	
Net deferred inflows of resources related to OPEB	(2,067,624)	
Net OPEB liability	<u>(15,622,544)</u>	(136,009,795)

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

(5,021,334)

Total Net Position of Governmental Activities

\$ 340,015,775

See Notes to Basic Financial Statements

CITY OF ROANOKE, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Debt Service Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES					
Local Taxes	\$ 204,319,350	\$ -	\$ -	\$ -	\$ 204,319,350
Permits, Fees and Licenses	1,182,535	-	-	-	1,182,535
Fines and Forfeitures	1,183,005	-	-	-	1,183,005
Rental Income	279,409	-	-	-	279,409
Investment Income	786,573	-	5,592	297,748	1,089,913
Intergovernmental	73,631,726	14,867,530	6,815,404	11,024,379	106,339,039
Charges for Services	17,302,622	-	-	-	17,302,622
Miscellaneous	807,394	257,751	177,003	5,518,114	6,760,262
Total Revenues	299,492,614	15,125,281	6,997,999	16,840,241	338,456,135
EXPENDITURES					
Current Operating:					
General Government	19,738,378	-	16,414	-	19,754,792
Judicial Administration	8,589,533	-	449,167	-	9,038,700
Public Safety	67,033,038	-	1,483,139	-	68,516,177
Public Works	32,697,492	-	73,496	-	32,770,988
Health and Welfare	39,603,461	-	2,038,422	-	41,641,883
Parks, Recreation and Cultural	9,616,230	-	32,114	-	9,648,344
Community Development	10,090,218	-	3,286,275	-	13,376,493
Greater Roanoke Transit Company	1,991,161	-	-	-	1,991,161
Education	83,340,423	-	42,996	-	83,383,419
Other	5,804	-	-	-	5,804
Debt Service:					
Principal Retirement	-	20,053,892	-	-	20,053,892
Interest and Other Charges	-	7,728,888	-	-	7,728,888
Bond Issuance Cost	-	166,024	-	-	166,024
Capital Outlays	-	-	-	45,200,609	45,200,609
Total Expenditures	272,705,738	27,948,804	7,422,023	45,200,609	353,277,174
Excess (Deficiency) of Revenues Over (Under) Expenditures	26,786,876	(12,823,523)	(424,024)	(28,360,368)	(14,821,039)
OTHER FINANCING SOURCES (USES)					
Proceeds of Bond Anticipation Notes	-	-	-	22,111,144	22,111,144
Transfers In	684,230	12,799,680	431,256	6,791,408	20,706,574
Transfers Out	(22,802,747)	-	(7,232)	(679,038)	(23,489,017)
Total Other Financing Sources and (Uses), net	(22,118,517)	12,799,680	424,024	28,223,514	19,328,701
Net Change in Fund Balances	4,668,359	(23,843)	-	(136,854)	4,507,662
Fund Balances at Beginning of Year	39,844,711	41,733	-	12,674,536	52,560,980
Fund Balances at End of Year	\$ 44,513,070	\$ 17,890	\$ -	\$ 12,537,682	\$ 57,068,642

See Notes to Basic Financial Statements

CITY OF ROANOKE, VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balance - Governmental Funds \$ 4,507,662

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

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

Expenditures for capital assets	53,975,003	
Assets transferred to business-type activities	(307,366)	
Loss on disposal of asset	(87,004)	
Less current year depreciation expense	<u>(24,293,851)</u>	29,286,782

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

Net change in deferred revenue related to taxes	(606,704)	
Net principal reimbursed by Western Virginia Water Authority	<u>(1,233,400)</u>	(1,840,104)

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

Bond and other long-term debt proceeds	(22,111,145)	
Amortization of deferred bond premium	2,011,319	
Deferred outflows from debt refundings resulting in loss transactions	(933,002)	
Principal payments	<u>20,053,892</u>	(978,936)

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

Subsequent employer pension contribution	12,306,895	
Employer pension expense	(2,963,640)	
Subsequent employer OPEB contribution and administrative expense	615,621	
Employer OPEB expense	<u>852,215</u>	10,811,091

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

Change in long-term compensated absences	(449,752)	
Change in accrued interest payable	<u>233,487</u>	(216,265)

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

		<u>1,009,209</u>
Change in Net Position - Governmental Activities	<u>\$</u>	<u>42,579,439</u>

See Notes to Basic Financial Statements

CITY OF ROANOKE, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Enterprise Funds				Internal
	Stormwater	Civic Facilities	Parking	Total	Service Fund
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 6,739,858	\$ 1,318,665	\$ 3,158,501	\$ 11,217,024	\$ 12,495,711
Accounts Receivable, Net	214,282	223,489	-	437,771	97,960
Inventory	-	55,442	-	55,442	-
Other Assets	-	68,321	-	68,321	330,000
Total Current Assets	6,954,140	1,665,917	3,158,501	11,778,558	12,923,671
Capital Assets:					
Land, Land Improvements, and Infrastructure	15,638,776	1,215,005	3,431,514	20,285,295	-
Buildings and Structures	301,108	43,351,812	48,862,627	92,515,547	-
Equipment and Other Capital Assets	4,894,472	2,417,767	558,472	7,870,711	-
Construction in Progress	1,009,638	295,629	440,719	1,745,986	-
Less Accumulated Depreciation	(3,136,851)	(21,781,746)	(21,838,923)	(46,757,520)	-
Capital Assets, Net	18,707,143	25,498,467	31,454,409	75,660,019	-
Total Assets	25,661,283	27,164,384	34,612,910	87,438,577	12,923,671
Deferred Outflows of Resources					
Pension Experience, Assumptions, and Earnings	48,940	23,072	-	72,012	-
Pension Changes in Proportion	434,330	926,899	-	1,361,229	-
Pension Subsequent Contributions	234,270	110,527	-	344,797	-
OPEB Experience, Assumptions, and Earnings	21,637	15,692	-	37,329	-
OPEB Subsequent Contributions	12,935	9,379	-	22,314	-
Deferred Outflow for Net OPEB Liability	6,742	180,879	-	187,621	-
Deferred Outflows from Debt Refundings					
Resulting in Loss Transactions	-	192,361	705,428	897,789	-
Total Deferred Outflows of Resources	758,854	1,458,809	705,428	2,923,091	-
Liabilities					
Current Liabilities:					
Accounts Payable and Accrued Expenses	668,183	401,848	202,865	1,272,896	781,074
Accrued Interest Payable	70,873	176,831	113,073	360,777	-
Due to Other Funds	8,020	7,737	-	15,757	-
Unearned Revenue	-	1,134,389	151,928	1,286,317	-
Long-Term Liabilities Due Within One Year	452,309	1,313,137	1,000,963	2,766,409	2,557,931
Total Current Liabilities	1,199,385	3,033,942	1,468,829	5,702,156	3,339,005
Long-Term Liabilities:					
Compensated Absences Payable	84,543	47,334	-	131,877	-
Claims Payable	-	-	-	-	17,163,931
Bond Anticipation Notes Payable	2,028,226	1,184,026	-	3,212,252	-
General Obligation Bonds Payable, Net	6,745,729	12,151,976	9,600,508	28,498,213	-
Net Pension Liability	2,374,269	1,119,298	-	3,493,567	-
Net OPEB Liability	325,991	236,415	-	562,406	-
Less Current Maturities	(452,309)	(1,313,137)	(1,000,963)	(2,766,409)	(2,557,931)
Total Long-Term Liabilities	11,106,449	13,425,912	8,599,545	33,131,906	14,606,000
Total Liabilities	12,305,834	16,459,854	10,068,374	38,834,062	17,945,005
Deferred Inflows of Resources					
Pension Experience, Assumptions, and Earnings	352,278	166,073	-	518,351	-
OPEB Experience, Assumptions, and Earnings	26,491	19,213	-	45,704	-
OPEB Changes in Proportion	4,110	2,980	-	7,090	-
Total Deferred Inflows of Resources	382,879	188,266	-	571,145	-
Net Position					
Net Investment in Capital Assets	9,933,188	12,355,085	22,559,330	44,847,603	-
Unrestricted (deficit)	3,798,236	(380,012)	2,690,634	6,108,858	(5,021,334)
Total Net Position	\$ 13,731,424	\$ 11,975,073	\$ 25,249,964	\$ 50,956,461	\$ (5,021,334)

See Notes to Basic Financial Statements

CITY OF ROANOKE, VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Enterprise Funds				
	Stormwater	Civic Facilities	Parking	Total	Internal Service Fund
<u>Operating Revenues</u>					
Charges for Services	\$ -	\$ 7,630,029	\$ 3,675,298	\$ 11,305,327	\$ 16,455,569
Stormwater Fees	6,053,348	-	-	6,053,348	-
Other Revenue	307,366	650,737	394,979	1,353,082	2,018,760
Total Operating Revenues	6,360,714	8,280,766	4,070,277	18,711,757	18,474,329
<u>Operating Expenses</u>					
Personal Services	2,406,939	2,350,605	-	4,757,544	-
Other Services and Charges	474,640	6,621,858	1,444,276	8,540,774	17,704,496
Materials and Supplies	1,129,705	520,877	464,011	2,114,593	-
Depreciation	719,284	1,245,333	1,045,161	3,009,778	-
Total Operating Expenses	4,730,568	10,738,673	2,953,448	18,422,689	17,704,496
Operating Income (Loss)	\$ 1,630,146	\$ (2,457,907)	\$ 1,116,829	\$ 289,068	\$ 769,833
<u>Nonoperating Revenues (Expenses)</u>					
Operating Grants	\$ 305,302	\$ -	\$ -	\$ 305,302	\$ -
Investment Income	135,586	78,270	128,421	342,277	239,376
Interest Expense	(309,546)	(564,270)	(450,862)	(1,324,678)	-
Net Nonoperating Revenues (Expenses)	131,342	(486,000)	(322,441)	(677,099)	239,376
Income (Loss) Before Transfers	1,761,488	(2,943,907)	794,388	(388,031)	1,009,209
<u>Transfers</u>					
Transfers In	-	2,807,743	-	2,807,743	-
Transfers Out	(25,300)	-	-	(25,300)	-
Net Transfers	(25,300)	2,807,743	-	2,782,443	-
Change in Net Position	\$ 1,736,188	\$ (136,164)	\$ 794,388	\$ 2,394,412	\$ 1,009,209
Total Net Position at Beginning of Year	\$ 11,995,236	\$ 12,111,237	\$ 24,455,576	\$ 48,562,049	\$ (6,030,543)
Total Net Position at End of Year	\$ 13,731,424	\$ 11,975,073	\$ 25,249,964	\$ 50,956,461	\$ (5,021,334)

See Notes to Basic Financial Statements

**CITY OF ROANOKE, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Enterprise Funds				
	Stormwater	Civic Facilities	Parking	Total	Internal Service Fund
Cash Flow From Operating Activities					
Cash Received from Customers	\$ 6,449,499	\$ 7,764,394	\$ 3,675,298	\$ 17,889,191	\$ 16,357,609
Cash Payments to Suppliers for Goods and Services	(361,781)	(6,845,201)	(1,666,294)	(8,873,276)	(1,799,434)
Cash Payments to Other Funds for Interfund Services	(235,269)	(45,778)	(98,033)	(379,080)	(50,229)
Cash Payments from Other Funds for Interfund Services	4	-	-	4	-
Cash Payments to Employees	(2,397,189)	(2,335,544)	-	(4,732,733)	-
Cash Payments for Claims	-	-	-	-	(16,998,236)
Cash Received from Other Operating Revenues	307,366	650,737	546,907	1,505,010	2,018,760
Net Cash Provided by (Used in) Operating Activities	\$ 3,762,630	\$ (811,392)	\$ 2,457,878	\$ 5,409,116	\$ (471,530)
Cash Flow From Noncapital Financing Activities:					
Transfers In	\$ -	\$ 2,807,743	\$ -	\$ 2,807,743	\$ -
Transfers Out	(25,300)	-	-	(25,300)	-
Net Cash Provided by (Used In) Noncapital Financing Activities	\$ (25,300)	\$ 2,807,743	\$ -	\$ 2,782,443	\$ -
Cash Flow From Capital and Related Financing Activities:					
Acquisition and Construction of Capital Assets	\$ (2,720,263)	\$ (1,127,422)	\$ (692,471)	\$ (4,540,156)	\$ -
VDOT Match for Stormwater Improvements	305,302	-	-	305,302	-
Bond Anticipation Note Issuance	2,022,454	836,650	-	2,859,104	-
Principal Paid on Bonds and Capital Lease Obligations	(334,020)	(1,206,270)	(905,306)	(2,445,596)	-
Interest Paid on Bonds and Capital Lease Obligations	(327,917)	(418,413)	(439,470)	(1,185,800)	-
Net Cash Used in Capital and Related Financing Activities	\$ (1,054,444)	\$ (1,915,455)	\$ (2,037,247)	\$ (5,007,146)	\$ -
Cash Flow From Investing Activities:					
Interest Received	\$ 135,586	\$ 78,270	\$ 128,421	\$ 342,277	\$ 239,376
Net Cash Provided by Investing Activities	\$ 135,586	\$ 78,270	\$ 128,421	\$ 342,277	\$ 239,376
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 2,818,472	\$ 159,166	\$ 549,052	\$ 3,526,690	\$ (232,154)
Cash and Cash Equivalents at July 1	\$ 3,921,386	\$ 1,159,499	\$ 2,609,449	\$ 7,690,334	\$ 12,727,865
Cash and Cash Equivalents at June 30	\$ 6,739,858	\$ 1,318,665	\$ 3,158,501	\$ 11,217,024	\$ 12,495,711

See Notes to Basic Financial Statements

(Continued)

CITY OF ROANOKE, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Enterprise Funds				Internal Service Fund
	Stormwater	Civic Facilities	Parking	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating Income (Loss)	\$ 1,630,146	\$ (2,457,907)	\$ 1,116,829	\$ 289,068	\$ 769,833
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Depreciation	719,284	1,245,333	1,045,161	3,009,778	-
Changes in Assets and Liabilities:					
Decrease in Due From Other Governments	383,586	-	-	383,586	-
Decrease in Due From Other Funds	4	-	-	4	-
(Increase) Decrease in Accounts Receivable	12,565	(84,857)	-	(72,292)	(97,960)
(Increase) in Inventory	-	(8,836)	-	(8,836)	-
(Increase) in Other Assets	(6,742)	(195,669)	-	(202,411)	-
(Increase) Decrease in Deferred Charges	717,493	(1,266,447)	-	(548,954)	-
Increase in Accounts Payable and Accrued Expenses	733,178	243,636	143,960	1,120,774	756,603
(Decrease) in Due to Other Governments	-	(99,332)	-	(99,332)	-
Increase (Decrease) in Due to Other Funds	(3,660)	2,152	-	(1,508)	(50,229)
Increase (Decrease) in Other Liabilities	(437,147)	1,543,979	-	1,106,832	-
Increase in Compensated Absences Payable	13,923	47,334	-	61,257	-
Increase in Unearned Revenues	-	219,222	151,928	371,150	-
(Decrease) in Claims Payable	-	-	-	-	(1,849,777)
Total Adjustments	\$ 2,132,484	\$ 1,646,515	\$ 1,341,049	\$ 5,120,048	\$ (1,241,363)
Net Cash Provided by (Used in) Operating Activities	\$ 3,762,630	\$ (811,392)	\$ 2,457,878	\$ 5,409,116	\$ (471,530)

Noncash Capital and Financing Activities:

Stormwater Fund noncash activities in fiscal year 2019 consisted of capital asset acquisitions of \$555,098 recorded as accounts payable at June 30, 2019.

Civic Facilities Fund noncash activities in fiscal year 2019 consisted of capital asset acquisitions of \$196,310 recorded as accounts payable at June 30, 2019.

Parking Fund noncash activities in fiscal year 2019 consisted of capital asset acquisitions of \$134,753 recorded as accounts payable at June 30, 2019.

See Notes to Basic Financial Statements

CITY OF ROANOKE, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	Pension and OPEB Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 636,514	\$ 5,339,112
Receivables:		
Employer Contributions (Includes Due From Other Funds of \$376,477)	452,890	-
Employee Contributions	116,198	-
Investment Income	534,444	-
Receivable for Security Transactions	62,198	-
Due from Other Governments	-	870,611
Total Receivables	<u>1,165,730</u>	<u>870,611</u>
Investments Held by Trustee, at Fair Value:		
Cash Equivalents	8,799,616	-
Government Securities	16,814,074	-
Municipal and Agency Bonds	9,519,133	-
Corporate Bonds	40,255,055	-
Convertible Bond Mutual Funds	20,113,106	-
Common Stocks	70,365,605	-
Domestic Mutual Funds	144,050,983	-
International Mutual Funds	94,513,604	-
Real Estate Mutual Funds	25,293,466	-
Investment in Pooled Funds	7,206,638	-
Total Investments	<u>436,931,280</u>	<u>-</u>
Total Assets	<u><u>438,733,524</u></u>	<u><u>6,209,723</u></u>
LIABILITIES		
Accounts Payable and Accrued Expenses	246,266	-
Payable for Security Transactions	357,188	-
Due to other governments	-	6,209,723
Total Liabilities	<u>603,454</u>	<u>6,209,723</u>
Net Position Restricted for Benefits	<u><u>\$ 438,130,070</u></u>	<u><u>\$ -</u></u>

See Notes to Basic Financial Statements

CITY OF ROANOKE, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Pension and OPEB Trust Funds
	<hr/>
<u>Additions/(Reductions)</u>	
Contributions from Employer	\$ 13,690,602
Contributions from Employee	3,690,921
Investment Income	
Net Appreciation in Fair Value of Investments	896,110
Interest and Dividends	21,334,380
Other	7,866
Total Investment Income	<hr/> 22,238,356
Less Investment Expenses	<hr/> (1,257,329)
Net Investment Income	<hr/> 20,981,027
Total Additions	<hr/> 38,362,550 <hr/>
<u>Deductions</u>	
Benefit Payments	39,496,070
Administrative Expenses	535,657
Total Deductions	<hr/> 40,031,727 <hr/>
Change in Net Position	(1,669,177)
Fiduciary Net Position at Beginning of Year	439,799,247
Fiduciary Net Position at End of Year	<hr/> \$ 438,130,070 <hr/>

See Notes to Basic Financial Statements.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

(1) Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

Discretely Presented Component Units

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

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

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

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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

B. Financial Statement Presentation

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

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

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

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

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

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

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

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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

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

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

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

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

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

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

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

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

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

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

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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

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

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

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

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

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

C. Basis of Accounting

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

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

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

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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

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

D. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded in order to reserve the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as Committed Fund Balance since they do not constitute current year expenditures or liabilities and as such, are approved by Council for inclusion in the next fiscal year budget. Encumbrances are reported as expenditures using the budgetary basis of accounting. Unspent appropriations lapse at year-end. These encumbrances are subject to re-appropriation by City Council in the succeeding fiscal year. For fiscal year ended June 30, 2019, significant encumbrances in the General Fund totaled \$4.3 million and related to fleet management, social services, prisoner sustenance and street and other maintenance contracts. In the Capital Projects fund, \$17.1 million was related to various capital improvement construction contracts. In Proprietary funds, \$2.5 million was encumbered related to capital projects, equipment, and contractual services and supplies.

E. Deposits and Investments

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

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

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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

F. Interfund Receivables and Payables

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

G. Allowance for Uncollectible Taxes and Accounts Receivable

The City calculates its allowance for uncollectible receivables based on historical collection data and specific account analyses. At June 30, 2019, the allowance for General Fund uncollectible taxes receivable was \$2,942,601 or 13.7% of the outstanding balance of taxes receivable. At June 30, 2019, the allowance for General Fund uncollectible accounts receivable was \$1,840,959 or 61.9% of the outstanding balance of accounts receivable. In the Stormwater Fund, an allowance in the amount of \$ 29,731 or 12.2% of the delinquent stormwater fee receivables of \$244,013.

H. Property Taxes

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

Personal property tax is due on or before May 31 during the year of assessment. The personal property tax rate was \$3.45 per \$100 of assessed value for the year. The Commonwealth funds localities for a portion of the personal property taxes billed to property tax owners. The Personal Property Tax Relief Act as amended provides a flat amount of reimbursement to localities, such as the City of Roanoke, thereby altering the percent of tax relief provided. The Commonwealth's share of the tax was 54.1% for tax year 2019. A penalty of 10% of unpaid real estate and personal property tax is due for late payment. Interest on unpaid taxes is 10% in the first year. Thereafter, the interest is calculated using the Internal Revenue Service (IRS) rate. At June 30, 2019, the IRS rate was 5%.

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

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

I. Inventory

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

J. Pension Trust Fund

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

K. Other Postemployment Benefits Trust Fund

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

L. Virginia Retirement System Pension and Other Postemployment Benefit Plans

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

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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

The Political Subdivision Health Insurance Credit Program is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. The Political Subdivision Health Insurance Credit Program was established pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. For purposes of measuring the net Political Subdivision Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Health Insurance Credit Program OPEB, and the Political Subdivision Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Political Subdivision Health Insurance Credit Program; and the additions to/deductions from the VRS Political Subdivision Health Insurance Credit Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Capital Assets

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

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

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

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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

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

N. Compensated Absences Payable

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

Liabilities for compensated absences are not liquidated until leave is actually taken by employees or leave balances are paid upon termination. Accordingly, in the governmental fund's financial statements, no expenditure is reported for compensated absences until they are paid. Current and non-current portions of compensated absences totaling \$7,622,323 are recorded for governmental activities in the government-wide statements and represent a reconciling item between the government-wide and governmental fund presentations.

O. Net Position

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

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

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

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

Fund Balances – Governmental Funds

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

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

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

Restricted fund balance is reported as restricted when constraints placed on the use of resources is either externally imposed by creditors, grantors, constitutional provisions or enabling legislation (City ordinances). Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

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

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

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

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

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

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

The City maintains fund balance reserve policies to ensure sound financial management, protecting the City's credit ratings, ensuring prudent use of the City's debt issuance authority and guiding the City and its managers in policy and debt issuance decisions. Key components of the reserve policies are as follows as of June 30, 2019:

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

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

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

P. Use of Estimates

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

Q. Deferred Inflows/Outflows of Resources

Deferred inflows and outflows of resources represent the acquisition and consumption, respectively, of net position that applies to a future period. At June 30, 2019, the Primary Government had \$4.7 million in deferred outflows of resources representing debt refundings resulting in loss transactions which are amortized over the life of the refunded debt and \$19.5 million in deferred charges related to Pension and OPEB contributions, experience, assumptions, earnings, and proportion. The Primary Government also had \$21.1 million in deferred inflows of resources related to changes in the Pension and OPEB experience, assumptions, earnings, and proportion which are amortized over the average future service life of all plan members, except earnings, which are amortized over a five year period and \$0.6 million related to uncollected service charges which includes penalties, interest, and other fees.

R. Subsequent Events

On November 12, 2019, the School Board authorized the school administration to proceed with a lease/purchase funding arrangement with one of the nine banks that submitted a proposal in response to an RFP that was issued in October for the of entering into a lease purchasing arrangement for up to \$17.0 of equipment. The energy performance-based arrangement is to make significant energy-saving improvements at all

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

school buildings. The improvements proposed, which vary across sites depending on each school's needs and the energy savings projected, include LED lighting upgrades, HVAC replacement at some schools, building envelope upgrades, low-flow water fixtures, and building automation upgrades. The improvements proposed are guaranteed to provide a level of energy savings that will meet or exceed the cost of funding these improvements, financed over a 15-year period.

On November 22, 2019, The City closed on Series 2019A, 2019B, and 2019C bonds. Series 2019A has a par value of \$8,379,498 and is for the purpose of refunding the City's outstanding series 2010A General Obligation Public Improvement and Refunding Bonds. Series 2019B has a par value of \$3,940,097 and is advance refunding a portion of the City's outstanding General Obligation Public Improvement Bonds, Series 2010E (Taxable – Recovery Zone Economic Development Bonds). The proceeds of the Series 2019C Bond has a par value of \$31,396,306 and is for the purpose of paying off the City's outstanding Bond Anticipation Note, Series 2018 and to fund certain project costs associated with the City's Capital Improvement Program.

S. New GASB Pronouncements

The City has adopted these pronouncements in the fiscal year ending June 30, 2019.

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

- GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued to address accounting and financial reporting for certain asset retirement obligations (AROs). This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs.
- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, was issued to improve the information that is disclosed in the notes to government financial statements related to debt, including direct borrowings and direct placements.

T. Future GASB Pronouncements

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

- The GASB issued Statement No. 84, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2018.
- The GASB issued Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019.

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- The GASB issued Statement No. 90, *Majority Equity Interests*, an amendment of GASB Statements No. 14 and No. 61 in August 2018. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for periods beginning after December 15, 2018.
- The GASB issued Statement No. 91, *Conduit Debt Obligations* in May 2019. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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

(2) Accounting Changes and Restatements

The City reports that it had no prior period adjustments, accounting changes, or error corrections that required a restatement of prior balances for its financial statements for the fiscal year ended June 30, 2019.

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(3) Deposits and Investments

Governmental Funds

The City maintains a consolidated account that is available for use by all funds, including fiduciary funds. Each fund's portion of this account is presented in the basic financial statements as "Cash and Cash Equivalents". The School Board component unit maintains separate cash and investment accounts with a combined balance as of June 30, 2019 of \$21,483,258, which includes \$935,677 held on behalf of a fiduciary fund. The GRTC component unit maintains separate cash and investment accounts consisting of cash and overnight repurchase agreements collateralized by government securities. Investments for GRTC and the School Board are presented in conjunction with City investments. The City acts as one of the fiscal agents for the Hotel Roanoke Conference Center Commission (HRCCC) and holds total cash and investments of \$5,339,112 on HRCCC's behalf. Investments and related disclosures for the City of Roanoke Pension Plan and the OPEB Trust Fund, which are fiduciary funds, are presented separately.

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

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

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

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

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

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

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

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

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

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

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

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

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

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Investments at June 30, 2019 consisted of the following:

	Total Primary Government	School Board Component Unit	Fiduciary Funds
Investment in pooled funds, including Virginia LGIP & VIP	\$ 8,314,900	\$ 19,018,896	\$ 4,454,997
Certificates of Deposit	2,020,164	-	-
Money Market Accounts	44,047,686	-	-
Fixed Income	6,999,545	-	-
Mutual Funds	4,935,094	-	-
Federal Agency Bonds/Notes	6,002,270	-	-
Total	<u>\$ 72,319,659</u>	<u>\$ 19,018,896</u>	<u>\$ 4,454,997</u>

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

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

At June 30, 2019, investment holdings as a percentage of total investments, excluding OPEB Trust Fund investments, were as follows:

Investment Type	Primary Government	School Board Component Unit	Fiduciary Fund	Credit Rating
Virginia LGIP	11.5%	100.0%	11.1%	AAAm
Virginia Investment Pool	0.0%	0.0%	88.9%	AA+f/S1
Certificates of Deposit	2.8%	0.0%	0.0%	
Money Market Accounts	60.9%	0.0%	0.0%	AAAm
Fixed Income	9.7%	0.0%	0.0%	AAAm
Mutual Funds	6.8%	0.0%	0.0%	AAAm
Federal Agency Bonds/Notes	8.3%	0.0%	0.0%	AA+
Total Investment Percentage	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	

CITY OF ROANOKE, VIRGINIA
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Custodial Credit Risk - Investments. For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments at June 30, 2019 were held in the name of the City. The City's investment policy requires all Purchase Securities, Money Market instruments and Certificates of Deposit with maturity dates less than thirty (30) days to be held by the Bank or Securities Dealer through which they were purchased.

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

Investments are considered to be exposed to custodial credit risk if they are uninsured and unregistered with the securities held by the counterparty or by its trust department or agent, but not in the City's name. At June 30, 2019, the City did not hold any investments considered to be exposed to custodial credit risk. The School Board and GRTC component units do not hold any investments exposed to custodial credit risk.

Custodial Credit Risk – Deposits. In the case of a deposit, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The carrying value of the City's deposits was \$64,331,436, including Fiduciary HRCCC Funds of \$884,115. The City's bank balance of deposits was \$64,201,243. The City's investment policy requires all deposits to be federally secured or held in accordance with the Virginia Security for Public Deposits Act. In agreement with the policy, the entire balance was covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act.

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

At June 30, 2019, the portions of the City's debt securities that exceed 5% of the total value, excluding certificates of deposit, which were fully insured by Federal Deposit Insurance Corporation (FDIC) and the Virginia LGIP, were as follows:

<u>Issuer</u>	<u>Percent of Portfolio Primary Government</u>
State Non-Arbitrage Program	6.8%

At June 30, 2019, of the School Board's investment portfolio was invested in the Virginia LGIP \$19,018,896.

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

As of June 30, 2019, the Primary Government had the following investments and maturities:

	Investment Maturity		
	Fair Value	Less than 1 year	More than 1 year
Virginia LGIP	\$ 8,314,900	\$ 8,314,900	\$ -
Certificates of Deposit	2,020,164	2,020,164	-
Money Market Accounts	44,047,686	44,047,686	-
Fixed Income	6,999,545	6,999,545	-
Mutual Funds	4,935,094	4,935,094	-
Federal Agency Bonds/Notes	6,002,270	-	6,002,270
TOTAL	\$ 72,319,659	\$ 66,317,389	\$ 6,002,270

As of June 30, 2019, the School Board Component Unit had the following investments and maturities:

	Investment Maturity	
	Fair Value	Less than 1 year
Virginia LGIP	\$ 19,018,896	\$ 19,018,896

As of June 30, 2019, the Hotel Roanoke Conference Center Commission, a fiduciary fund, had the following investments and maturities:

	Investment Maturity	
	Fair Value	Less than 1 year
Virginia LGIP & VIP	\$ 4,454,997	\$ 4,454,997

CITY OF ROANOKE, VIRGINIA
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Separately Presented Fiduciary Funds

Pension Trust Fund

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

Plan Investments as of June 30, 2019 consisted of the following:

Cash Equivalents (held by Investment Agent)	\$ 139,314
Investment in pooled funds, including Virginia LGIP	8,923,421
U.S Government Securities	16,814,074
Municipal and Agency Bonds	9,519,133
Corporate Bonds	40,255,055
Convertible Bond Mutual Funds	20,113,106
Common Stocks	70,365,605
Domestic Mutual Funds	144,050,983
International Mutual Funds	94,513,604
Real Estate Mutual Funds	25,293,466
Total Investments	<u><u>\$ 429,987,761</u></u>

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		Fair Value Measures Using		
	Fair Asset Value as of 6/30/2019	Quoted Price In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Input (Level 3)
Investements By fair value Level				
Fixed Income				
U.S. Government Securities	\$ 16,814,074	\$ -	\$ 16,814,074	-
Municipal and Agency Bonds	9,519,133	-	9,519,133	-
Corporate Bonds	40,255,055	-	40,255,055	-
Domestic Bond Mutual Funds	2,307,607	2,307,607	-	-
Total Fixed Income	68,895,869	2,307,607	66,588,262	-
Domestic Equity				
Financial and Utility Common Stock	22,599,290	22,599,290	-	-
Basic Industrial and Materials Common Stock	13,682,658	13,682,658	-	-
Consumer and Service Common Stock	21,783,667	21,783,667	-	-
Technology and Telecomm. Common Stock	12,299,990	12,299,990	-	-
Domestic Equity Mutual Fund	104,971,705	104,971,705	-	-
Total Domestic Equity	175,337,310	175,337,310	-	-
Convertible Securities				
Convertible Bond Mutual Funds	20,113,106	20,113,106	-	-
Total Convertible Securities	20,113,106	20,113,106	-	-
International Equity				
International Equity Mutual Fund	74,495,460	74,495,460	-	-
Total International Equity	74,495,460	74,495,460	-	-
Short Term Investments				
Cash and Cash Equivalents	8,799,617	8,799,617	-	-
Total Short Term Investments	8,799,617	8,799,617	-	-
Total Investments by Fair Value Level				
	\$ 347,641,362	\$ 281,053,100	\$ 66,588,262	-

Fair Value of Investments

The Plan categorizes the fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

- **Level 1** - Unadjusted quoted prices for identical instruments in active markets for identical assets

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

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

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

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

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Fixed Income Investments				
Co-mingled domestic fixed income	\$ 8,414,751	-	Daily	0-3 Days
Total Fixed Income Investments	8,414,751	-		
Equity Investments				
Co-mingled domestic equity	28,356,920	-	Daily	0-3 Days
Co-mingled international equity	20,018,144	-	Daily, Bi-Monthly, Monthly	3-30 Days
Total Equity Investments	48,375,064	-		
Real Estate Investments				
Real Estate	25,293,466	-	Quarterly	45-90 Days
Total Real Estate Investments	25,293,466	-		
Total Investments (Measured at NAV)				
	\$ 82,083,281	-		

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

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At June 30, 2019, the Plan's pooled and fixed income investments consisted of the following:

<u>Moody's</u>	<u>Fair Value</u> <u>2019</u>
U.S. Government Securities	
Aaa	\$ 14,518,495
NR	2,295,579
	<u>\$ 16,814,074</u>
Municipal and Agency Bonds	
Aaa	\$ 4,229,155
Aa1	58,674
Aa2	347,734
Aa3	29,887
A2	51,736
NR (1)	4,801,947
	<u>\$ 9,519,133</u>
Corporate Bonds	
Aaa	\$ 3,017,182
Aa1	971,837
Aa2	783,292
Aa3	1,471,746
A1	4,370,819
A2	12,563,751
A3	6,839,717
Baa1 & Below	8,076,032
NR	2,160,679
	<u>\$ 40,255,055</u>
Domestic Bond Mutual Funds	
BB	\$ 8,414,751
	<u>\$ 8,414,751</u>
Investment in Pooled Funds	
Aaa	\$ 8,660,302
AAAm	263,119
	<u>\$ 8,923,421</u>

(1) The bonds within this category are implicitly backed by the U.S. Government.

CITY OF ROANOKE, VIRGINIA
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Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Plan's deposits may not be returned to it. The Plan's investment policy does not specifically address custodial credit risk. The City maintains a cash and investment pool, in which the Plan is a participant. The carrying amount of the Plan's deposits was \$9,436,130, equal to the bank balance, as of June 30, 2019. Of the bank balance, \$636,514 was covered by Federal depository insurance or collateralized pursuant to agreements with all participating financial institutions to pledge assets on a pooled basis to secure public deposits pursuant to the Virginia Security for Public Deposits Act (Act) Regulations of the *Code of Virginia*. Such collateralization qualifies as state depository insurance. Accordingly, the bank balance of \$636,514 at June 30, 2019, is considered to be insured. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loans. The remaining bank balance of \$8,799,616 at June 30, 2019, respectively, is uninsured and uncollateralized. The uninsured and uncollateralized deposits are held by Comerica Bank.

Custodial Credit Risk – Investments The Plan held the following investments as of June 30, 2019: cash equivalents; investment in pooled funds, U.S. government securities; agency and municipal bonds; corporate bonds; convertible bond mutual funds; common stocks; and domestic, international, and real estate mutual funds. Investments in external investment pools and in open-end mutual funds are not considered to be exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. Investments are considered to be exposed to custodial credit risk if they are uninsured and unregistered with the securities held by the counterparty or by its trust department or agent but not in the Plan's name. The Plan's investments are not considered to be exposed to custodial credit risk.

Concentration of Credit Risk. The Plan's investment policy prohibits the investment of more than 5% of plan assets in either fixed income or equity securities of any single issuer based on cost. Securities of the U.S. government and investment company shares (mutual funds) are exempted from this limitation. The Plan did not own securities of a single organization, other than positions in mutual funds, representing five percent or more of the Plan's fiduciary net position at June 30, 2019.

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

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The fair value of the Plan's fixed income portfolio consisted of the following investment and maturities at of June 30, 2019:

Investment Type	Fair Value	Maturities			
		<1	1-5	5-10	>10
U.S. Government Securities	\$ 16,814,074	\$ 351,542	\$ 1,364,135	\$ 442,903	\$ 14,655,494
Municipal and Agency Bonds	9,519,133	1,104,470	3,779,173	2,219,701	2,415,789
Corporate Bonds	40,255,055	-	21,474,505	6,516,693	12,263,857
Bond Mutual Funds	8,414,751	-	-	8,414,751	-
	\$ 75,003,013	\$ 1,456,012	\$ 26,617,813	\$ 17,594,048	\$ 29,335,140

The City maintains a cash and investment pool in which the Plan is a participant. The fair value of the Plan's investments in the pool at June 30, 2019 were:

Investment Type	Fair Value	<1
Virginia LGIP	\$ 263,119	\$ 263,119
	\$ 263,119	\$ 263,119

Foreign Currency Risk. The Plan's investment policy prohibits investment in securities that are not denominated in U.S. dollars and/or that are traded solely on exchanges outside the U.S., with the exception of international commingled funds. The Plan had no investments that were not denominated in U.S. dollars or that were traded solely on exchanges outside the U.S. as of June 30, 2019.

OPEB Trust Fund

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

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

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

Credit Risk. State law (*Code of Virginia*, Chapter 3, Title 26) limits local governments and other public bodies to investing in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, bankers’ acceptances, repurchase agreements, and the LGIP. As of June 30, 2019, the City’s OPEB Trust Fund was exclusively invested in the OPEB Trust Fund.

Custodial Credit Risk - Investments. For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are considered to be exposed to custodial credit risk if they are uninsured and unregistered with the securities held by the counterparty or by its trust department or agent but not in the City’s name. At June 30, 2019, the OPEB Trust Fund did not hold any investments considered to be exposed to custodial credit risk.

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

As of June 30, 2019, the OPEB Trust Fund did not own securities other than the OPEB Trust Fund, which classified as a co-mingled multi-strategy pooled investment fund. The value of these investments has been allocated among the participants using a net asset value per share.

			Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Multistrategy Investments	Fair Value	Unfunded Commitments		
Co-mingled multistrategy investment fund				
Total Multistrategy Investments				
measured at the NAV	\$ 7,206,638	\$ -	Daily	0-3 Days

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

The market value of the OPEB Trust Fund's fixed income holdings within the OPEB Trust Fund consisted of the following investments and maturities at June 30, 2019:

Investment Type	Fair Value	Maturities	
		< 5 years	5 - 10 years
Bond Mutual Funds	\$ 1,747,788	\$ -	\$ 1,747,788
Virginia VIP	41,142	41,142	-
	<u>\$ 1,788,930</u>	<u>\$ 41,142</u>	<u>\$ 1,747,788</u>

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

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

(4) Receivables

Receivables as of June 30, 2019 consisted of the following:

Governmental Funds

<u>Receivables</u>	General	Special Revenue	Capital Projects	Total Governmental Activities	School Board Component Unit	GRTC Component Unit
Federal Government	\$ 200,967	\$ 1,208,175	\$ 661,819	\$ 2,070,961	\$ 10,268,766	\$ 2,979,555
State Government	9,503,787	143,743	578,787	10,226,317	1,938,541	429,764
City of Roanoke	-	-	-	-	5,069,461	-
WVWA	-	-	-	5,769,800	-	-
Other Governments	296,218	-	-	296,218	-	196,256
Total Governments	<u>\$ 10,000,972</u>	<u>\$ 1,351,918</u>	<u>\$ 1,240,606</u>	<u>\$ 18,363,296</u>	<u>\$ 17,276,768</u>	<u>\$ 3,605,575</u>
Taxes, net of Allowance	\$ 18,542,591	\$ -	\$ -	\$ 18,542,591	\$ -	\$ -
Accounts	2,972,108	98,840	960,117	4,031,065	289,370	306,071
Less: Allowance for						
Uncollectible Accounts	(1,840,959)	-	-	(1,840,959)	-	-
Subtotal	<u>\$ 19,673,740</u>	<u>\$ 98,840</u>	<u>\$ 960,117</u>	<u>\$ 20,732,697</u>	<u>\$ 289,370</u>	<u>\$ 306,071</u>
Governmental Fund Receivables	<u>\$ 29,674,712</u>	<u>\$ 1,450,758</u>	<u>\$ 2,200,723</u>	<u>\$ 39,095,993</u>	<u>\$ 17,566,138</u>	<u>\$ 3,911,646</u>

Enterprise Funds

<u>Receivables</u>	Stormwater	Civic Facilities	Total Enterprise Funds	Internal Service Funds
State Government	\$ -	\$ -	\$ -	\$ -
Accounts	244,013	224,553	468,566	97,960
Less: Allowance for				
Uncollectible Accounts	(29,731)	(1,064)	(30,795)	-
Total Receivables	<u>\$ 214,282</u>	<u>\$ 223,489</u>	<u>\$ 437,771</u>	<u>\$ 97,960</u>

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

Net taxes and accounts receivable, as reported on the government-wide Statement of Net Position, include taxes receivable of approximately \$5.6 million that are not available to pay for current period expenditures and are accordingly recorded as deferred revenue in the governmental funds balance sheet. A \$5,769,800 receivable from the Western Virginia Water Authority (WVWA) related to long-term liabilities is reported on the Statement of Net Position. Further details are presented in Footnotes 8 and 17. Governmental Funds and Governmental Activities accounts receivable included \$360,538 related to Roanoke City Public Schools miscellaneous accounts receivable accounts which were reported by them as an accounts payable liability.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

(5) Interfund Balances and Transfers

Interfund balances consisted of the following for the year ended June 30, 2019:

DUE FROM (FUND)				
DUE TO (FUND)	General	Stormwater Utility	Civic Facilities	Total
	Debt Service	\$ 58,873	\$ -	\$ 58,873
	Pension Trust	360,721	8,020	376,477
	TOTAL	\$ 419,593	\$ 8,020	\$ 435,350

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

Interfund transfers consisted of the following for the year ended June 30, 2019:

TRANSFER OUT (FUND)						
TRANSFER IN (FUND)	General	Special Revenue	Stormwater Utility	Capital Projects	Total	
	General	\$ -	\$ -	\$ 25,300	\$ 658,930	\$ 684,230
	Debt Service	12,792,448	7,232	-	-	12,799,680
	Special Revenue	431,256	-	-	-	431,256
	Capital Projects	6,791,408	-	-	-	6,791,408
	Civic Facilities	2,787,635	-	-	20,108	2,807,743
	TOTAL	\$ 22,802,747	\$ 7,232	\$ 25,300	\$ 679,038	\$ 23,514,317

Transfers are used (1) to move revenues from the funds that are required by statute or budget to collect them to the funds that are required by statute or budget to spend them, (2) to move receipts restricted for debt service from the funds collecting them to the Debt Service Fund as debt service payments become due, and (3) to move unrestricted revenues collected in the General Fund, which finance various programs accounted for in other funds in accordance with budgetary authorizations. In fiscal year 2019, the City transferred funding for an annual operating subsidy for the Civic Center, debt service, and capital projects. Additionally, the City provided as well as required/matching funding for grants in the Special Revenue fund.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

(6) Changes in Capital Assets

Primary Government:

Changes in capital assets for the year ended June 30, 2019 consisted of the following:

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019
<u>Governmental Activities:</u>				
<u>Capital Assets, Not Being Depreciated:</u>				
Land	\$ 44,330,431	\$ -	\$ -	\$ 44,330,431
Infrastructure - Right of Way	20,175,451	63,057	-	20,238,508
Infrastructure - Inexhaustible	47,995,346	-	-	47,995,346
Construction in Progress	28,832,985	44,324,240	(48,299,305)	24,857,920
Historical Treasures	679,798	-	-	679,798
Total Capital Assets, Not Being Depreciated	\$ 142,014,011	44,387,297	(48,299,305)	138,102,003
<u>Capital Assets, Being Depreciated:</u>				
Land Improvements	\$ 9,771,566	\$ 1,010,996	\$ -	\$ 10,782,562
Accumulated Depreciation	(4,927,502)	(655,140)	-	(5,582,642)
Net Land Improvements	\$ 4,844,064	\$ 355,856	-	\$ 5,199,920
Building and Structures	\$ 421,701,489	\$ 21,599,628	\$ -	\$ 443,301,117
Accumulated Depreciation	(152,541,216)	(8,392,157)	-	(160,933,373)
Net Building and Structures	\$ 269,160,273	\$ 13,207,471	\$ -	\$ 282,367,744
Infrastructure	\$ 282,666,327	\$ 25,040,660	\$ -	\$ 307,706,987
Accumulated Depreciation	(131,990,417)	(8,575,715)	-	(140,566,132)
Net Infrastructure	\$ 150,675,910	\$ 16,464,945	\$ -	\$ 167,140,855
Equipment	\$ 92,012,105	\$ 10,235,727	\$ (6,011,190)	\$ 96,236,642
Accumulated Depreciation	(65,254,908)	(6,670,839)	5,616,820	(66,308,927)
Net Equipment	\$ 26,757,197	\$ 3,564,888	\$ (394,370)	\$ 29,927,715
Total Capital Assets Being Depreciated	\$ 806,151,487	\$ 57,887,011	\$ (6,011,190)	\$ 858,027,308
Less: Accumulated Depreciation	(354,714,043)	(24,293,851)	5,616,820	(373,391,074)
Net Total Capital Assets Being Depreciated	\$ 451,437,444	\$ 33,593,160	\$ (394,370)	\$ 484,636,234
Governmental Activities' Capital Assets, Net	\$ 593,451,455	\$ 77,980,457	\$ (48,693,675)	\$ 622,738,237

Capital assets used for educational purposes totaled \$185,297,500 and are included with the Governmental Activities capital assets of the primary government. The depreciation on these assets was recorded as an Education expense in the current fiscal year.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

Changes in Capital Assets (Continued)

The City uses the Modified Approach for certain infrastructure assets deemed 'inexhaustible' as defined by GAAP and therefore, these assets do not depreciate. A requirement of using this classification is the conducting of periodic evaluations in order to ensure that the assets are being maintained at or above their current condition level. Appropriate disclosure of the condition assessment for these infrastructure assets may be found in the Required Supplementary Information, section 3.

Changes in capital assets for Business-type activities for the year ended June 30, 2019 consisted of the following:

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019
<u>Business-type Activities:</u>				
<u>Capital Assets, Not Being Depreciated:</u>				
Land	\$ 5,122,073	\$ -	\$ -	\$ 5,122,073
Right of Way/Easements	102,403	5,819	-	108,222
Construction in Progress	528,857	2,627,913	(1,410,784)	1,745,986
Total Capital Assets, Not Being Depreciated	\$ 5,753,333	\$ 2,633,732	\$ (1,410,784)	\$ 6,976,281
<u>Capital Assets, Being Depreciated:</u>				
Land Improvements	\$ 73,696	\$ -	\$ -	\$ 73,696
Accumulated Depreciation	(69,689)	(350)	-	(70,039)
Net Land Improvements	\$ 4,007	\$ (350)	\$ -	\$ 3,657
Building and Structures	\$ 92,108,410	\$ 407,137	\$ -	\$ 92,515,547
Accumulated Depreciation	(39,493,038)	(2,189,562)	-	(41,682,600)
Net Building and Structures	\$ 52,615,372	\$ (1,782,425)	\$ -	\$ 50,832,947
Infrastructure	\$ 14,695,954	\$ 285,350	\$ -	\$ 14,981,304
Accumulated Depreciation	(377,184)	(367,430)	-	(744,614)
Net Infrastructure	\$ 14,318,770	\$ (82,080)	\$ -	\$ 14,236,690
Equipment	\$ 4,584,247	\$ 3,286,464	\$ -	\$ 7,870,711
Accumulated Depreciation	(2,259,924)	(2,000,343)	-	(4,260,267)
Net Equipment	\$ 2,324,323	\$ 1,286,121	\$ -	\$ 3,610,444
Total Capital Assets Being Depreciated	\$ 111,462,307	\$ 3,978,951	\$ -	\$ 115,441,258
Less: Accumulated Depreciation	(42,199,835)	(4,557,685)	-	(46,757,520)
Net Total Capital Assets Being Depreciated	\$ 69,262,472	\$ (578,734)	\$ -	\$ 68,683,738
Business-type Activities' Capital Assets, Net	\$ 75,015,805	\$ 2,054,998	\$ (1,410,784)	\$ 75,660,019

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

Depreciation was charged to functions as follows:

Governmental Activities:

General Government	\$ 3,065,376
Judicial Administration	241,822
Public Safety	2,023,425
Public Works	11,009,815
Health and Welfare	243,513
Parks, Recreation and Cultural	1,953,861
Community Development	18,652
Economic Development	183,755
Education	5,553,632
Total	\$ 24,293,851

Business-type activities:

Stormwater	\$ 719,284
Civic Facilities	1,245,333
Parking	1,045,161
Total	\$ 3,009,778

School Board Component Unit:

	Balance			Balance
	June 30, 2018	Increases	Decreases	June 30, 2019
Equipment	\$ 7,845,169	\$ 997,551	\$ (193,821)	\$ 8,648,899
Accumulated Depreciation	(4,810,316)	(493,177)	144,463	(5,159,030)
Net Equipment	3,034,853	504,374	(49,358)	3,489,869
Component Unit Capital Assets, Net	\$ 3,034,853	\$ 504,374	\$ (49,358)	\$ 3,489,869

GRTC Component Unit:

	Balance			Balance
	June 30, 2018	Increases	Decreases	June 30, 2019
<u>Capital Assets, Not Being Depreciated:</u>				
Land	\$ 720,724	\$ -	\$ -	\$ 720,724
<u>Capital Assets, Being Depreciated:</u>				
Building and Structures	11,682,642	116,114	(2,970)	11,795,786
Equipment	22,474,437	4,885,956	(4,445,927)	22,914,466
Less: Accumulated Depreciation	(24,275,842)	(1,717,997)	4,448,897	(21,544,942)
Net Total Capital Assets Being Depreciated	9,881,237	3,284,073	-	13,165,310
Component Unit Capital Assets, Net	\$ 10,601,961	\$ 3,284,073	\$ -	\$ 13,886,034

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

(7) Construction in Progress and Contract Commitments

A summary of construction in progress by function and contract commitments (encumbrances) at June 30, 2019 is as follows:

Primary Government:

<u>Governmental Activities:</u>	Project Authorizations	Expended/ Expensed as of June 30, 2019	Contract Commitments (Encumbrances)
<u>Function</u>			
General Government	\$ 1,995,000	\$ 945,751	\$ 613,336
Parks, Recreation and Cultural	25,889,612	11,254,841	561,633
Economic Development	502,980	177,268	-
Community Development	10,430,782	8,038,120	283,459
Public Safety	21,491,926	6,875,326	6,738,144
Public Works	56,124,115	39,179,602	6,202,315
Education	13,540,527	7,650,768	-
Technology	4,687,544	2,588,900	431,034
Fleet	5,897,314	4,058,292	1,769,632
Subtotal	140,559,800	80,768,868	16,599,553
Non-Capitalized Projects	41,068,082	27,288,393	394,443
Total	\$ 181,627,882	\$ 108,057,261	\$ 16,993,996

Business-type Activities:

<u>Fund</u>			
Stormwater Utilities	\$ 12,346,762	\$ 1,452,309	\$ 1,487,077
Civic Facilities	2,796,154	1,759,294	95,279
Parking	879,000	645,715	221,419
Total	\$ 16,021,916	\$ 3,857,318	\$ 1,803,775

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

(8) Unearned Revenues

Unearned revenues represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenues for the Civic Facilities and Parking proprietary funds (shown as Business-type activities in the table below) is reported as such on the face of the statements (see Exhibit G). Unearned revenues as reported in the governmental and proprietary funds financial statements at June 30, 2019 consists of the following:

Governmental activities:

	General Fund	Debt Service Fund	Special Revenue Fund	Total
Other receivables	\$ 435,471	\$ 32,652	\$ 1,871,627	\$ 2,339,750

Business-type activities:

	Civic Facilities Fund	Parking Fund	Total
Unearned Ticket, Event, and Parking Revenue	\$ 1,134,389	\$ 151,928	\$ 1,286,317

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

(9) Long-Term Liabilities

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are subject to the provisions of the Internal Revenue Code of 1986 related to arbitrage and interest income tax regulations under those provisions. The fund balance of the Debt Service Fund at June 30, 2019 of \$17,890 was restricted for future retirement of long-term debt. The City Charter limits the legal debt to 10% of the assessed valuation of real estate within the City limits. The City's legal debt margin at June 30, 2019 was \$486,777,826. The City has no overlapping debt. The City issues general obligation bonds to provide for the acquisition and construction of major capital facilities. Outstanding long-term liabilities, gross of governmental activities deferred refunding amounts, at June 30, 2019, were comprised of the following:

Long Term Debt Summary

At June 30, 2019 the long-term indebtedness of the City consisted of the following:

Series/Description	Interest Rates	Issue Date	Maturity	Issue Amount	Governmental Activities
<u>General Obligation Bonds</u>					
2006B Public Improvement Bonds	4.00% - 5.00%	2/8/2006	2/1/2026	\$ 5,500,000	\$ 275,000
2010A Refunding Bonds	2.00% - 5.00%	3/11/2010	10/1/2021	32,792,400	9,508,300
2010B Public Improvement Bonds	1.25% - 5.80%	3/11/2010	10/1/2029	2,680,000	1,540,000
2010C Public Improvement Bonds	2.00% - 4.00%	8/11/2010	7/15/2030	2,605,000	1,620,000
2010D Public Improvement Bonds	2.00% - 4.00%	8/11/2010	7/15/2030	5,470,000	3,420,000
2010E Public Improvement Bonds	2.00% - 4.00%	8/11/2010	7/15/2030	5,665,000	4,525,000
2012A Public Improvement Bonds	2.00% - 5.00%	3/14/2012	2/1/2032	6,925,000	881,550
2012B Refunding Bonds	0.43% - 2.96%	3/14/2012	10/1/2023	6,880,000	2,165,000
2012C Refunding Bonds	4.00% - 5.00%	3/14/2012	2/1/2025	11,140,000	11,140,000
2013A Public Improvement Bonds	1.00% - 5.00%	2/27/2013	7/15/2033	10,906,800	7,417,580
2013A Refunding Bonds	0.37% - 2.73%	2/27/2013	7/15/2025	9,520,000	9,520,000
2013B Refunding Bonds	0.37% - 2.73%	2/27/2013	7/15/2024	15,350,000	4,805,000
2013C RCACP	2.46%	11/1/2013	9/30/2022	1,829,500	707,400
2014A Public Improvement Bonds	3.00% - 5.00%	3/5/2014	4/1/2034	11,073,200	7,493,040
2015 Public Improvement Bonds New Money	2.00% - 4.00%	3/25/2015	4/1/2035	17,420,000	14,832,000
2015 Public Improvement Bonds Refunding	2.00% - 4.00%	3/25/2015	4/1/2029	6,130,000	5,878,650
2016 Public Improvement Bonds New Money	2.00% - 5.00%	3/8/2016	4/1/2036	15,170,000	13,620,000
2016 Public Improvement Bonds Refunding	2.00% - 5.00%	3/8/2016	4/1/2033	16,505,000	15,674,000
2017 GOB New Money	3.00% - 5.00%	3/23/2017	4/1/2037	20,980,000	19,610,000
QZAB Fallon Park (1)	0.00%	12/29/2004	12/29/2020	439,100	81,026
QZAB Patrick Henry High School (1)	0.00%	12/27/2006	12/27/2022	1,097,571	353,822
QZAB Schools Capital Projects 2012 (2)	0.00%	10/31/2012	12/1/2034	2,014,104	1,464,800
					<u>\$ 136,532,168</u>

General Obligation Bonds (Water Fund-to be contractually repaid by the Western Virginia Water Authority)

2010A Refunding Bonds - Water (WVWA)	2.00% - 5.00%	3/4/2010	10/1/2021	\$ 3,263,800	\$ 1,224,800
2012B Refunding Bonds - Water (WVWA)	0.43% - 2.96%	3/14/2012	10/1/2023	7,105,000	4,545,000
					<u>\$ 5,769,800</u>

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

Series/Description	Interest Rates	Issue Date	Maturity	Issue Amount	Governmental Activities
<u>Bond Anticipation Notes</u>					
2018 Capital Projects BAN	2.84%	4/5/2018	4/4/2021	\$ 28,206,000	\$ 22,243,741
2019 Capital Projects BAN	2.614%	3/1/2019	4/15/2022	37,600,000	7,347,203
					<u>\$ 29,590,944</u>
<u>Capital Lease Liabilities</u>					
Social Services Building Lease	11.80%	2/1/2004	1/1/2024	\$ 4,857,000	\$ 2,212,942
RDS Lease	3.97%	10/1/2015	9/1/2025	1,648,155	1,101,511
					<u>\$ 3,314,453</u>
<u>School Fund Bonds and Loans (2)</u>					
1999A VPSA Subsidized Governor's School	5.10% - 6.10%	11/18/1999	7/15/2019	\$ 3,250,000	\$ 155,000
1999B VPSA Subsidized Hurt Park	5.10% - 6.10%	11/18/1999	7/15/2019	1,250,000	61,863
2000B VPSA Subsidized Garden City	4.98% - 5.85%	11/16/2000	7/15/2020	2,750,000	272,087
2000B VPSA Subsidized Grandin Court	4.98% - 5.85%	11/16/2000	7/15/2020	1,900,000	187,987
2000B VPSA Subsidized Preston Park	4.98% - 5.85%	11/16/2000	7/15/2020	1,900,000	187,987
2001B VPSA Subsidized Fairview	3.10% - 5.35%	11/15/2001	7/15/2021	2,750,000	409,977
2001B VPSA Subsidized Fishburn Park	3.10% - 5.35%	11/15/2001	7/15/2021	2,500,000	372,706
2003C VPSA Subsidized Roanoke Academy	3.10% - 5.35%	11/6/2003	7/15/2023	5,000,000	1,218,998
2004B VPSA Subsidized Lincoln Terrace	4.10% - 5.60%	11/1/2004	7/15/2024	1,300,000	373,748
2005D VPSA Subsidized Fallon Park	4.60% - 5.10%	11/10/2005	7/15/2025	1,160,900	383,124
2005D VPSA Subsidized Westside	4.60% - 5.10%	11/10/2005	7/15/2025	3,850,000	1,270,589
2006B VPSA Subsidized Patrick Henry	4.23% - 5.10%	11/9/2006	7/15/2026	7,500,000	2,837,588
2008B VPSA Subsidized William Fleming	3.60% - 5.35%	12/11/2008	7/15/2028	7,500,000	3,397,323
2010 VPSA Qualified School Constr Bonds	0.00%	7/8/2010	6/1/2027	1,135,000	550,000
2014B VPSA Refunding	3.00% - 5.00%	5/15/2014	7/15/2026	1,245,000	760,000
2015A VPSA Refunding	4.10% - 5.35%	2/17/2015	7/15/2028	9,555,000	6,765,000
Literary Fund Loan-Lucy Addison	4.00%	10/1/1999	10/1/2019	5,000,000	250,000
					<u>\$ 19,453,977</u>
Subtotal Government Activities					<u>\$ 194,661,342</u>

Series/Description	Interest Rates	Issue Date	Maturity	Issue Amount	Business-type Activities
<u>Enterprise Fund Bonds</u>					
2010A Civic Facilities Refunding Bonds	2.00% - 5.00%	3/4/2010	10/1/2021	\$ 4,382,700	\$ 859,200
2012A Civic Facilities Bonds	2.00% - 5.00%	3/14/2012	2/1/2032	685,000	90,000
2012C Civic Facilities Refunding Bonds	4.00% - 5.00%	3/14/2012	2/1/2025	3,345,000	3,345,000
2013A Civic Facilities Bonds	1.00% - 5.00%	2/27/2013	7/15/2033	883,200	662,600
2013A Civic Facilities Refunding Bonds	1.00% - 5.00%	2/27/2013	7/15/2025	2,015,000	2,015,000
2014A Civic Facilities Bonds	3.00% - 5.00%	3/5/2014	4/1/2034	936,800	702,000
2015 Civic Facilities Bonds	2.00% - 4.00%	3/25/2015	4/1/2035	980,000	835,000
2015 Civic Facilities Refunding Bonds	2.00% - 4.00%	3/25/2015	4/1/2025	70,000	70,000
2016 Civic Facilities Bonds	2.00% - 5.00%	3/8/2016	4/1/2036	2,795,000	2,515,000
2016 Civic Facilities Refunding Bonds	2.00% - 5.00%	3/8/2016	4/1/2033	330,000	330,000
2010A Parking Refunding Bonds	2.00% - 5.00%	3/4/2010	10/1/2021	2,861,100	977,700
2012C Parking Refunding Bonds	4.00% - 5.00%	3/14/2012	2/1/2025	900,000	900,000
2013A Parking Refunding Bonds	1.00% - 5.00%	2/27/2013	7/15/2025	1,255,000	1,255,000
2014B Parking Refunding Bonds	1.00% - 4.25%	3/5/2014	4/1/2032	7,110,000	5,360,000
2015 Parking Refunding Bonds	2.00% - 4.00%	3/25/2015	4/1/2025	160,000	160,000
2016 Parking Refunding Bonds	2.00% - 5.00%	3/8/2016	4/1/2028	545,000	545,000

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

Series/Description	Interest Rates	Issue Date	Maturity	Issue Amount	Business-type Activities
<u>Enterprise Fund Bonds (continued)</u>					
2014A Public Improvement Bonds SW	3.00% - 5.00%	3/5/2014	4/1/2034	\$ 1,020,058	\$ 804,960
2015 Public Improv. Bonds Refunding SW	2.00% - 4.00%	3/25/2015	4/1/2029	125,250	121,350
2016 Public Improv. Bonds Refunding SW	2.00% - 5.00%	3/8/2016	4/1/1933	721,500	681,000
2015 Stormwater Utility Fund Bonds	2.00% - 4.00%	3/25/2015	4/1/2035	1,090,000	928,000
2016 Stormwater Utility Fund Bonds	2.00% - 5.00%	3/8/2016	4/1/2036	1,805,000	1,620,000
2017 Stormwater Utility Fund Bonds	3.00% - 5.00%	3/8/2016	4/1/2037	1,540,000	1,440,000
					<u>\$ 27,135,080</u>
<u>Enterprise Fund Bond Anticipation Notes</u>					
2018 Civic Center Capital Projects BAN	2.84%	4/5/2018	4/4/2021	\$ 1,000,000	\$ 774,939
2019 Civic Center Capital Projects BAN	2.614%	3/1/2019	4/15/2022	1,500,000	409,087
2018 Stormwater Capital Projects BAN	2.840%	4/5/2018	4/4/2021	2,000,000	2,005,773
2019 Stormwater Capital Projects BAN	2.614%	3/1/2019	4/15/2022	2,000,000	22,453
					<u>\$ 3,212,252</u>
Subtotal Business-type Activities					<u><u>\$ 30,347,332</u></u>

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

The Annual Requirements to amortize primary government debt outstanding at June 30, 2019 are as follows:

Fiscal Year	GENERAL OBLIGATION SERIAL BONDS		WESTERN VIRGINIA WATER AUTHORITY GENERAL OBLIGATION SERIAL BONDS		VPSA/LITERARY FUND LOANS		TOTAL GOVERNMENTAL ACTIVITIES DEBT	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019-20	\$ 14,683,703	\$ 4,936,931	\$ 1,263,200	\$ 156,823	\$ 3,079,258	\$ 929,986	\$ 19,026,158	\$ 6,023,740
2020-21	12,368,071	4,441,514	1,305,400	118,921	2,631,658	788,464	16,305,132	5,348,899
2021-22	11,993,313	3,967,000	1,331,200	75,727	2,328,350	670,061	15,652,863	4,712,788
2022-23	9,737,058	3,503,129	925,000	40,765	2,085,618	562,032	12,747,676	4,105,927
2023-24	9,705,620	3,093,689	945,000	13,995	2,104,201	461,013	12,754,821	3,568,697
2025-29	40,534,900	10,252,772	-	-	7,224,892	936,651	47,759,792	11,189,423
2030-34	30,070,350	4,383,377	-	-	-	-	30,070,350	4,383,377
2035-37	7,439,153	450,880	-	-	-	-	7,439,153	450,880
TOTAL	<u>\$ 136,532,168</u>	<u>\$ 35,029,292</u>	<u>\$ 5,769,800</u>	<u>\$ 406,230</u>	<u>\$ 19,453,977</u>	<u>\$ 4,348,208</u>	<u>\$ 161,755,945</u>	<u>\$ 39,783,731</u>

CITY OF ROANOKE, VIRGINIA
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The following general obligation debt is issued to support business-type activities. The annual requirements to amortize business-type activities debt outstanding as of June 30, 2019 are as follows:

Fiscal Year	CIVIC FACILITIES FUND SERIAL BONDS		PARKING FUND SERIAL BONDS		STORMWATER FUND SERIAL BONDS		TOTAL BUSINESS-TYPE DEBT	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019-20	\$ 1,199,900	\$ 447,083	\$ 928,600	\$ 340,121	\$ 354,060	\$ 235,092	\$ 2,482,560	\$ 1,022,296
2020-21	1,276,500	398,995	965,400	305,464	357,830	220,649	2,599,730	925,108
2021-22	1,315,400	350,814	983,700	270,136	370,380	205,441	2,669,480	826,391
2022-23	1,196,000	291,371	820,000	233,994	368,730	189,040	2,384,730	714,405
2023-24	1,246,000	233,742	855,000	201,869	344,930	171,465	2,445,930	607,076
2025-29	3,040,000	574,700	3,270,000	592,856	2,112,850	637,654	8,422,850	1,805,209
2030-34	1,710,000	240,056	1,375,000	109,225	1,987,400	298,739	5,072,400	648,020
2035-37	440,000	19,063	-	-	617,400	33,784	1,057,400	52,847
TOTAL	\$ 11,423,800	\$ 2,555,823	\$ 9,197,700	\$ 2,053,665	\$ 6,513,580	\$ 1,991,864	\$ 27,135,080	\$ 6,601,352

CHANGES IN GENERAL LONG-TERM LIABILITIES

	Balance			Balance		Amounts
	June 30, 2018	Increases	Decreases	June 30, 2019	Due Within	One Year
<u>Primary Government - Governmental Activities:</u>						
General Obligation Serial Bonds:						
General Obligation Serial Bonds	\$ 151,333,352	\$ -	\$ 14,801,184	\$ 136,532,168	\$ 14,683,703	
General Obligation Serial Bonds - WVWA	7,003,200	-	1,233,400	5,769,800	1,263,200	
Add: Bond Premiums	11,601,137	-	2,011,318	9,589,819	1,208,661	
Subtotal General Obligation Serial Bonds	169,937,689	-	18,045,902	151,891,787	17,155,564	
Bond Anticipation Note	7,479,800	22,111,144	-	29,590,944	-	
State Literary Fund Loans	500,000	-	250,000	250,000	250,000	
VPSA School Bonds	22,323,379	-	3,119,402	19,203,977	2,829,258	
Capital Lease Obligations	3,964,359	-	649,906	3,314,453	545,211	
Claims Payable	19,013,708	13,298,682	15,148,459	17,163,931	2,557,931	
Compensated Absences Payable	7,172,571	7,451,638	7,001,886	7,622,323	5,838,699	
Subtotal Governmental Activities:	\$ 230,391,506	\$ 42,861,464	\$ 44,215,555	\$ 229,037,415	\$ 29,176,663	
<u>Primary Government - Business-type Activities:</u>						
General Obligation Serial Bonds:						
General Obligation Serial Bonds	\$ 29,577,560	\$ -	\$ 2,442,481	\$ 27,135,079	\$ 2,482,560	
Add: Bond Premiums	1,554,691	-	191,558	1,363,134	186,892	
Subtotal General Obligation Serial Bonds	31,132,251	-	2,634,039	28,498,213	2,669,452	
Bond Anticipation Note	353,147	2,859,105	-	3,212,252	-	
Capital Lease Obligations	3,115	-	3,115	-	-	
Compensated Absences Payable	70,620	181,690	120,433	131,877	96,957	
Subtotal Business-type Activities:	31,559,133	3,040,795	2,757,587	31,842,342	2,766,409	
Total Primary Government Long-Term Liabilities	\$ 261,950,639	\$ 45,902,259	\$ 46,973,142	\$ 260,879,757	\$ 31,943,072	
<u>School Board Component Unit:</u>						
Claims Payable	\$ 7,951,918	\$ 22,195,863	\$ 23,384,126	6,763,655	\$ 5,882,761	
Compensated Absences Payable	3,060,280	5,473,854	5,342,111	3,192,023	858,654	
Total School Board Component Unit	\$ 11,012,198	\$ 27,669,717	\$ 28,726,237	\$ 9,955,678	\$ 6,741,415	

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During fiscal year 2019, the Debt Service Fund was used to account for the repayment of long-term liabilities of governmental activities as shown in the tables preceding this paragraph.

On March 1, 2019 the City issued \$41,100,000 principal amount of a Bond Anticipation Note with all of the funds consisting of the principal amount of improvement bonds. There were no refunding opportunities with this bond issuance. All of the Bond Anticipation Notes for both the governmental funds and the proprietary funds are considered long term at June 30, 2019 because the maturity dates are greater than 12 months from the end of the fiscal year. The City intends to replace the Bond Anticipation Note with permanent financing but no legal agreements to do so were in place as of June 30, 2019.

The 2019 Bond Anticipation Note was issued for the purpose of providing funds towards the current school capital projects, parks and recreation improvements, bridge renovation projects, stormwater management projects, curbs, gutter and sidewalk improvement projects, streetscape improvements, street improvements, building improvements, civic facilities improvements and equipment, technology systems, 911 Call Center, Fire/EMS equipment, and fleet purchases.

On July 1, 2004, WVWA commenced operations. In conjunction with its formation, the Authority assumed certain indebtedness of the City, and it agreed to pay the City amounts equal to debt service on Water and Water Pollution Control debt to be retained by the City. As of June 30, 2019, the City had \$5,769,800 in outstanding general obligation debt, which will contractually be repaid by the Water Authority over the remaining 5 year life of the bonds. Further details are presented in footnotes 4 and 17.

CITY OF ROANOKE, VIRGINIA
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(10) Capital Leases

Blue Eagle Partnership

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

The building lease asset and obligation are accounted for as Governmental Activities. At June 30, 2019, the original cost of the building under the capital lease totaled \$4,857,000 and accumulated depreciation on the building totaled \$3,641,832.

NetApp Capital Solutions

In December 2014, the City entered into an agreement with NetApp Capital Solutions for data storage equipment. Under the lease agreement, the City pays \$85,961 annually to NetApp, representing principal and interest with interest at 3.7%. The lease term is 5 years. Ownership of the equipment transfers to the City at the completion of the lease term. In FY19, the City made the final payment on the lease and, as a result, the City does not have a long-term liability associated with this lease.

The NetApp lease asset is accounted for as Governmental Activities. At June 30, 2019, the original cost of the equipment under the capital lease totaled \$400,036 and there was \$366,279 of accumulated depreciation on the assets.

Recycling Disposal and Solutions (RDS) Lease

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

The Recycling Disposal and Solution lease asset and obligation are accounted for as Governmental Activities. At June 30, 2019, the original cost of the equipment under the capital lease totaled \$1,648,155 and there was \$1,234,536 of accumulated depreciation on the assets.

CITY OF ROANOKE, VIRGINIA
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Future lease obligations for capital leases are as follows:

Future Lease Obligations For All Capital Leases	
<u>Future Minimum Lease Payments:</u>	<u>Governmental Funds</u>
2020	\$ 910,047
2021	924,262
2022	938,761
2023	953,550
2024	645,846
2025-2026	249,125
Minimum lease payments	\$ 4,621,592
Less: Amounts representing interest	(1,307,140)
Present value of minimum lease payments	\$ 3,314,453
Less: Current portion	(545,211)
Long-term lease obligation at June 30, 2019	<u>\$ 2,769,242</u>

(11) Fund Balances

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

All fiscal year 2019 outstanding purchase commitments were re-appropriated to the 2019-20 fiscal year by City Council on May 13, 2019.

The General Fund balance of \$44,513,070 is categorized as non-spendable, committed or unassigned. The City had committed funds of \$4,255,894 for outstanding purchase commitments for goods and services ordered, but not received by June 30, 2019 and \$700,000 held in reserves. The City had a nonspendable fund balance of \$91,868 consisting of prepaid expenses and gasoline inventory. The remaining fund balance of \$10,692,769 in stabilization reserves and \$28,772,539 General Fund Reserve is categorized as unassigned.

The Debt Service Fund balance of \$17,890 is restricted for future debt service payments.

The Capital Projects Fund balance of \$12,537,682 is comprised of \$2,959,085, related to outstanding debt proceeds and is categorized as restricted and \$16,789,504 is categorized as committed for outstanding purchase commitments for goods and services ordered but not received by June 30, 2019. The remaining negative fund balance of \$6,571,558 is categorized as unassigned.

CITY OF ROANOKE, VIRGINIA
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(12) Pensions and Deferred Compensation Plans

Summary of Pension Plans

	Primary Government	Component Units
Net Pension Assets		
VRS - General Employee Plan	\$ -	\$ 1,310,207
Total	<u><u>\$ -</u></u>	<u><u>\$ 1,310,207</u></u>
Deferred Outflows of Resources		
City of Roanoke Pension Plan	\$ 14,413,502	\$ 532,563
VRS - General Employee Plan	1,822,445	118,335
VRS - Teacher Plan	-	15,356,262
Total	<u><u>\$ 16,235,947</u></u>	<u><u>\$ 16,007,160</u></u>
Net Pension Liability		
City of Roanoke Pension Plan	\$ 113,060,409	\$ 2,476,295
VRS - General Employee Plan	7,820,259	-
VRS - Teacher Plan	-	116,773,000
Total	<u><u>\$ 120,880,668</u></u>	<u><u>\$ 119,249,295</u></u>
Deferred Inflows of Resources		
City of Roanoke Pension Plan	\$ 16,625,690	\$ 1,519,671
VRS - General Employee Plan	836,023	145,572
VRS - Teacher Plan	-	14,157,000
Total	<u><u>\$ 17,461,713</u></u>	<u><u>\$ 15,822,243</u></u>
Net Pension Expense		
City of Roanoke Pension Plan	\$ 3,028,368	\$ (601,515)
VRS - General Employee Plan	799,499	(45,223)
VRS - Teacher Plan	-	7,825,000
Total	<u><u>\$ 3,827,867</u></u>	<u><u>\$ 7,178,262</u></u>

CITY OF ROANOKE, VIRGINIA
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City Pension Plans

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

City of Roanoke Pension Plan - Plan Description

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

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

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

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

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

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

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

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

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

Contributions

Effective July 1, 2015, employees contribute 5% of earnable compensation into the pension trust. Employees hired on or after July 1, 2014, electing participation as a Hybrid plan member contribute 5% of earnable compensation into a defined contribution plan member account. Employer contributions to the Pension Plan are based on a percentage of the earnable compensation of the active members. The City's contribution rate for the fiscal year ended June 30, 2019 was 16.63%, which, when combined with the required employee contribution of 5%, totaled 21.63%. For fiscal year 2019, the total contribution rate of 21.63% of earnable compensation, actuarially determined as an amount that is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were \$11,157,647 for fiscal year ended June 30, 2019.

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

At June 30, 2019 the City reported a liability of \$113,060,409 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the Pension Plan relative to the

CITY OF ROANOKE, VIRGINIA
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projected contributions of all Pension Plan participating employers, actuarially determined. At June 30, 2018 the City's proportion was 88.97%, which was an increase of .44% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$3,028,368. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,149,648
Change in assumptions	2,181,115	-
Net difference between projected and actual earnings on pension plan investments	-	13,476,042
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,074,740	-
City contributions subsequent to the measurement date	11,157,647	-
Total	<u>\$ 14,413,502</u>	<u>\$ 16,625,690</u>

The City reported \$11,157,647 as deferred outflows of resources, resulting from the City's contributions subsequent to the measurement date, will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the City's Pension will be recognized in the City's Pension expense in future reporting periods as follows:

Year Ending June 30,	Amount
2020	\$ (311,436)
2021	(1,875,581)
2022	(8,134,111)
2023	(3,048,707)
2024	-
Thereafter	-
	<u>\$ (13,369,835)</u>

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Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, updated to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Investment Rate of Return

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions will be made at the actuarially determined rates. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75 %) than the current rate:

	1% decrease 6.25%	Current 7.25%	1% increase 8.25%
City's Net Pension Plan Liability	<u>\$ 161,033,655</u>	<u>\$ 113,060,409</u>	<u>\$ 72,573,384</u>

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

Virginia Retirement System - Plan Description

The City contributes to the VRS, a mixed agent and cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System (VRS or the System). All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees hired prior to July 1 2010 and members vested as of January 1, 2013 are eligible for an unreduced retirement benefit at age 65 with five years of service (age 60 with five years of service for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters and sheriffs). Non-hazardous duty employees hired after July 1, 2010 and those not vested as of January 1, 2013 are eligible for an unreduced retirement benefit when they reach their normal Social Security retirement age or when their age and service equal the sum of 90. Benefits are payable monthly for life in an amount equal to 1.7% of their average final salary (AFS) for each year of credited service, and 1.85% of their (AFS) for each year of credited service for elected Sheriffs. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases limited to 5% per year beginning in their second year of retirement. Average final salary is defined as the highest consecutive 36 months of salary for employees hired prior to July 1 2010 and members vested as of January 1, 2013, for all others average final salary is defined the highest consecutive 60 months of salary. Non-hazardous duty employees hired on or after January 1, 2014 become members of the VRS Hybrid Retirement Plan. The VRS Hybrid Retirement Plan combines features of a defined benefit and a defined contribution plan. Employees covered under the VRS Hybrid Plan are eligible for an unreduced benefit when they reach their normal Social Security retirement age or when their age and service equal the sum of 90. Benefits are payable monthly for life in an amount equal to 1% of their AFS for each year of credited service. Hybrid members make mandatory contributions to the defined contribution component of the plan and may make additional voluntary contributions to the plan, which the employer is required to match. Employees vest in the matching employer contributions based upon a tiered schedule. Employees are 100% vested in all matching employer contributions upon reaching 4 years of creditable service. Participating local law enforcement officers, firefighters and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as

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

VRS Contributions

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. In addition, the City is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The City's contribution rate for the fiscal year ended June 30, 2019 was 16.60% of annual covered payroll. Contributions to the VRS from the City were \$1,494,045 for the fiscal year ended June 30, 2019.

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

At June 30, 2019 the City reported a liability of \$7,820,259 for its proportionate share of the net pension liability for employees covered under the Virginia Retirement System (VRS). The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2019, the City recognized pension expense of \$799,499 for employees covered under the VRS. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 328,400	\$ 287,692
Change in assumptions	-	79,151
Net difference between projected and actual earnings on pension plan investments	-	469,180
City contributions subsequent to the measurement date	1,494,045	-
Total	<u>\$ 1,822,445</u>	<u>\$ 836,023</u>

The City reported \$1,494,045 as deferred outflows of resources, resulting from the City's contributions subsequent to the measurement date, will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the City's Pension will be

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recognized in the City's Pension expense in future reporting periods as follows:

Year Ending June 30,	Amount
2020	\$ 107,631
2021	(85,234)
2022	(483,020)
2023	(47,000)
2024	-
Thereafter	-
	<u>\$ (507,623)</u>

VRS Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2017, updated to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	3.5% - 4.75%
Investment Rate of Return	7.0%, net of plan investment expenses, including inflation*
Pre-retirement mortality	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.
Post-retirement mortality	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years
Disableds mortality	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 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 the pension liabilities.

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VRS Investment Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

VRS Discount Rate

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that system member contributions will be made per the VRS Statutes and the Employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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VRS Changes in City's Net Pension Liability

	Increase (Decrease)		
	Total	Plan	Net
	Pension	Fiduciary	Pension
	Liability	Net Position	Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2017	\$ 63,585,086	\$ 55,924,346	\$ 7,660,740
Changes for the year:			
Service cost	1,337,903	-	1,337,903
Interest	4,339,444	-	4,339,444
Changes of assumptions	-	-	-
Difference between expected and actual experience	430,539		430,539
Contributions - employer	-	1,444,142	(1,444,142)
Contributions - employee	-	440,860	(440,860)
Net investment income	-	4,102,791	(4,102,791)
Benefit payments, including refunds of employee contributions	(3,186,070)	(3,186,070)	-
Administrative expenses	-	(35,783)	35,783
Other changes	-	(3,643)	3,643
Net changes	<u>2,921,816</u>	<u>2,762,297</u>	<u>159,519</u>
Balances at June 30, 2018	<u>\$ 66,506,902</u>	<u>\$ 58,686,643</u>	<u>\$ 7,820,259</u>

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

The following presents the City's net pension liability calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	1% decrease	Current	1% increase
	6.00%	7.00%	8.00%
Net Pension Liability	<u>\$ 16,401,393</u>	<u>\$ 7,820,259</u>	<u>\$ 674,064</u>

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School Board Component Unit Plans

Defined Benefit Pension Plans

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

A. Plan Description

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

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

B. Actuarial Assumptions

Long-Term Expected Rate of Return

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

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	40%	4.54%	1.82%
Fixed Income	15%	0.69%	0.10%
Credit Strategies	15%	3.96%	0.59%
Real Assets	15%	5.76%	0.86%
Private Equity	15%	9.53%	1.43%
	<u>100.0%</u>		<u>4.80%</u>
	Inflation		<u>2.50%</u>
			<u>7.30%</u>

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific plan provisions and features of the plans, as well as actuarial assumptions, are available at:

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

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

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

Discount Rate

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

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Each school division's contractually required contribution rate for the year ended June 30, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarial rate for the Teacher Retirement Plan was 20.68%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board were \$12,644,262 and \$12,842,165 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the School Board reported a liability of \$116,773,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The School Board's proportion of the Net Pension Liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the School Board's proportion was 0.99297% as compared to 1.00817% at June 30, 2017. For the year ended June 30, 2019, the School Board recognized pension expense of \$7,825,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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At June 30, 2019, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 9,985,000
Change in assumptions	1,394,000	-
Net difference between projected and actual earnings on pension plan investments	-	2,476,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,318,000	1,696,000
Employer contributions subsequent to the measurement date	12,644,262	-
Total	<u>\$ 15,356,262</u>	<u>\$ 14,157,000</u>

The \$12,644,262 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	<u>Amount</u>
2020	\$ (957,000)
2021	(2,567,000)
2022	(5,446,000)
2023	(1,852,000)
2024	(623,000)
	<u>\$ (11,445,000)</u>

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

Total net pension liability	\$ 46,679,555
Plan fiduciary net position	34,919,563
Net pension liability	<u>\$ 11,759,992</u>

Fiduciary net position as a percent of total net pension liability	74.81%
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Sensitivity of the School Board's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% decrease 6.00%	Current 7.00%	1% increase 8.00%
School proportionate share of the VRS Teacher Employee Retirement plan net pension liability	\$ 178,374,000	\$ 116,773,000	\$ 65,785,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2018 CAFR. A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Employees Covered by Benefit Terms

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	11
Inactive members:	
Vested inactive members	16
Non-vested inactive members	129
Inactive members active elsewhere in VRS	15
Total inactive members	160
Active members	109
Total covered employees	280

Contributions

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

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

The School Board's contractually required contribution rate for the year ended June 30, 2019 was 8.36% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were \$109,254 and \$98,135 for the years ended June 30, 2019 and June 30, 2018, respectively.

Net Pension Asset

The political subdivision's net pension asset was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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Changes in Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at June 30, 2017	\$ 1,987,375	\$ 3,126,025	\$ (1,138,650)
Changes for the year:			
Service cost	303,752	-	303,752
Interest	137,429	-	137,429
Changes of assumptions	-	-	-
Difference between expected and actual experience	(108,492)		(108,492)
Contributions - employer	-	98,135	(98,135)
Contributions - employee	-	169,352	(169,352)
Net investment income	-	238,823	(238,823)
Benefit payments, including refunds of employee contributions	(48,197)	(48,197)	-
Administrative expenses	-	(1,842)	1,842
Other changes	-	(222)	222
Net changes	284,492	456,049	(171,557)
Balances at June 30, 2018	\$ 2,271,867	\$ 3,582,074	\$ (1,310,207)

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

	1% decrease 6.00%	Current 7.00%	1% increase 8.00%
School division's net pension liability	\$ (968,755)	\$ (1,310,207)	\$ (1,586,464)

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

For the year ended June 30, 2019, the political subdivision recognized pension expense of (\$45,223). At June 30, 2019, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,081	\$ 70,690
Change in assumptions	-	36,984
Net difference between projected and actual earnings on pension plan investments	-	37,898
Employer contributions subsequent to the measurement date	109,254	-
Total	<u>\$ 118,335</u>	<u>\$ 145,572</u>

The \$109,254 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	<u>Amount</u>
2020	\$ (56,845)
2021	(45,891)
2022	(31,277)
2023	(2,478)
2024	-
	<u>\$ (136,491)</u>

City of Roanoke Pension Plan (School Board participants)

Plan Description

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

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Sensitivity of the net pension liability to changes in the discount rate

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

	1% decrease 6.00%	Current 7.00%	1% increase 8.00%
Net Pension Liability	<u>\$ 3,675,824</u>	<u>\$ 2,476,295</u>	<u>\$ 1,463,712</u>

At June 30, 2019, the Schools reported a liability of \$2,476,295 for its proportionate share of the Collective Net Pension Liability of the City’s Pension Plan. The Collective Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Collective Net Pension Liability was determined by an actuarial valuation as of that date. The School Board’s proportion of the Collective Net Pension Liability was based on the Schools’ actuarially determined employer contributions to the pension plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for the City Plan’s participating employers.

At June 30, 2019, the School Board’s proportion was 1.94872% as compared to 2.17938% at June 30, 2018.

For the year ended June 30, 2019, the School Board recognized pension expense of (\$601,515). Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2019 the schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,273	\$ 72,258
Change in assumptions	47,772	-
Net difference between projected and actual earnings on pension plan investments	258,607	553,765
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	893,648
Employer contributions subsequent to the measurement date	222,911	-
Total	<u>\$ 532,563</u>	<u>\$ 1,519,671</u>

\$222,911 is reported as deferred outflows of resources related to pensions resulting from the

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School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2020	\$ (314,627)
2021	(348,887)
2022	(479,731)
2023	(66,774)
2024	-
	<u>\$ (1,210,019)</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, updated to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Investment Rate of Return

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions will be made at the actuarially determined rates. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Summary of Other Postemployment Benefits Plans

	Primary Government	Component Units
Net OPEB Assets		
VRS Health Insurance Credit	\$ -	\$ 20,633
Total	<u><u>\$ -</u></u>	<u><u>\$ 20,633</u></u>
Deferred Outflows of Resources		
Post-Retirement Health Plan	\$ 442,477	\$ -
Line of Duty Benefits	29,222	-
VRS Health Insurance Credit	26,103	1,012,446
VRS Group Life Insurance	394,214	877,341
Total	<u><u>\$ 892,016</u></u>	<u><u>\$ 1,889,787</u></u>
Net OPEB Liability		
Post-Retirement Health Plan	\$ 8,746,216	\$ -
Line of Duty Benefits	1,206,379	-
VRS Health Insurance Credit	294,354	12,597,000
VRS Group Life Insurance	5,938,000	6,844,000
Total	<u><u>\$ 16,184,949</u></u>	<u><u>\$ 19,441,000</u></u>
Deferred Inflows of Resources		
Post-Retirement Health Plan	\$ 214,775	\$ -
Line of Duty Benefits	552,091	-
VRS Health Insurance Credit	2,261	382,622
VRS Group Life Insurance	443,116	842,000
Total	<u><u>\$ 1,212,243</u></u>	<u><u>\$ 1,224,622</u></u>
Net OPEB Expense		
Post-Retirement Health Plan	\$ 859,725	\$ -
Line of Duty Benefits	(166,377)	-
VRS Health Insurance Credit	8,197	1,001,426
VRS Group Life Insurance	10,638	24,000
Total	<u><u>\$ 712,183</u></u>	<u><u>\$ 1,025,426</u></u>

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Primary Government – OPEB Employees’ Post-Retirement Health Plan

A. Plan Description

Employees with 15 continuous years of active service and under the age of 65 who retire from the City may participate in the Employees’ Post-Retirement Health Plan and benefit from a lower insurance rate as a result of inclusion in the plan with active City employees. This lower rate results in an implicit benefit that qualifies as an OPEB as defined by GAAP. The City Plan (the Plan) is a single employer OPEB plan and is administered by the City of Roanoke to provide medical insurance to eligible retirees. The OPEB for City retirees was authorized by the City Council. The Plan does not issue a standalone financial report.

B. Plan Membership

As of the June 30, 2018 actuarial valuation, plan membership was as follows:

	2018
Active Participants	1,599
Retired Participants	122
Non-duty disabled Participants	2
Spouses	31
Total Participants	1,754

C. Contributions

The contribution requirements of the Plan members and the City are established and may be amended by City Council. The required contribution is based on projected pay-as-you-go financing requirements under which contributions are made in amounts sufficient to cover benefits paid, administrative costs, and anticipated inflationary increases. For health insurance, the employees retiring prior to January 1, 2010, contribute 100% of the blended premium payment. Employees retiring on or after January 1, 2010, contribute 100% of the blended premium plus an additional amount based on the tier of coverage chosen. For the fiscal year ended June 30, 2019, the retirees contributed \$793,000 to the Plan for health insurance. The City contributed \$183,000 to a qualified trust as defined by GAAP, to fund the annual required contribution of \$976,000 for fiscal year 2019. It is the City’s intent to fully fund the annual required contribution each year.

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

At June 30, 2019 the City reported a net OPEB liability of \$8,746,216. The net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

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For the year ended June 30, 2019, the City recognized OPEB expense of \$859,725. OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 254,081	\$ -
Net difference between projected and actual earnings on pension plan investments	-	214,775
City contributions subsequent to the measurement date	183,000	-
Administrative fees subsequent to the measurement date	5,396	-
Total	<u>\$ 442,477</u>	<u>\$ 214,775</u>

The City reported \$183,000 as deferred outflows of resources, resulting from the City's contributions subsequent to the measurement date, will be recognized as a reduction of the Net OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the City's OPEB will be recognized in the City's OPEB expense in future reporting periods as follows:

Year Ended June 30,	Amounts
2019	\$ (35,973)
2020	(30,577)
2021	(35,973)
2022	5,123
2023	27,995
Thereafter	114,106
	<u>\$ 44,701</u>

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

Total OPEB liability	\$ 13,272,331
Plan fiduciary net position	4,526,115
Net OPEB liability	<u>\$ 8,746,216</u>

Fiduciary net position as a
percent of total OPEB liability 34.10%

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E. Actuarial Method and Significant Assumptions

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

Valuation Date	July 1, 2018
Measurement Date	June 30, 2018
Valuation Method	Entry Age Actuarial Cost
Investment Rate of Return	7.0%
Long-term projected salary increase	None Assumed
Healthcare cost trend rates	A range of 9.25% in 2018 to 5.5% in 2034
Pre-retirement mortality	125% of the RP-2000 Combined Healthy Mortality Table for males and females with generational mortality projection using Scale AA
Post-retirement mortality	125% of the RP-2000 Combined Healthy Mortality Table for males and females with generational mortality projection using Scale AA
Disabled mortality	SOA RP-2014 Adjusted to 2006 Disabled Retiree Mortality table with base rates only

F. Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Total Equity	65%	10.59%	7.84%
Large Cap Equity (Domestic)	26%	9.95%	7.20%
Small Cap Equity (Domestic)	10%	11.16%	8.41%
International Equity (Developed)	13%	10.89%	8.14%
Emerging Markets	5%	12.14%	9.39%
Private Equity	5%	13.15%	10.40%
Long/Short Equity	6%	8.39%	5.64%
Fixed Income	25%	5.70%	2.95%
Core Bonds	7%	5.37%	2.62%
Core Plus	14%	5.64%	2.89%
Liquid Absolute Return	4%	6.50%	3.75%
Real Assets	10%	7.50%	4.75%
Real Estate	7%	9.54%	6.79%
Commodities	3%	2.75%	0.00%
	<u>100%</u>		<u>4.75%</u>
		Inflation	2.75%
		*Expected arithmetic nominal return	<u>7.50%</u>

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

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

G. Discount Rate

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

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

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

1% decrease	Current	1% increase
6.00%	7.00%	8.00%
<u>\$ 10,293,539</u>	<u>\$ 8,746,216</u>	<u>\$ 7,421,595</u>

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

The net OPEB liability is shown below as calculated on the projected healthcare cost trend 9.25% rate for 2018 decreasing to 5.50% in 2034 and also as calculated using rates 1 percent lower or 1 percent higher:

1% decrease	Current	1% increase
8.25%	9.25%	10.25%
<u>\$ 7,274,198</u>	<u>\$ 8,746,216</u>	<u>\$ 10,481,797</u>

Primary Government – OPEB Line of Duty Benefits

A. Plan Description

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

B. Plan Membership

As of the June 30, 2018 actuarial valuation, plan membership was as follows:

	<u>2018</u>
Active Participants	722
Disableds	6
Spouses	6
Dependent Children	6
Total Participants	<u><u>740</u></u>

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C. Contributions

The contribution requirements of the City are established and may be amended by the Commonwealth of Virginia. The required contribution is based on projected pay-as-you-go financing requirements under which contributions are made in amounts sufficient to cover benefits paid, administrative costs, and anticipated inflationary increases. For the fiscal year ended June 30, 2019, members of the plan did not contribute. The City contributed \$177,800 to the Line of Duty plan for death benefits and health insurance based on projected pay-as-you-go financing. The City also contributed \$26,400 to a qualified trust as defined by GAAP, to fund the actuarially determined contribution of \$204,200 for fiscal year 2019. It is the City's intent to fully fund the actuarially determined contribution each year.

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

At June 30, 2019 the City reported a Net OPEB liability of \$1,206,379. The net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2019, the City recognized OPEB expense of (\$166,377). OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 465,371
Net difference between projected and actual earnings on pension plan investments	-	86,720
City contributions subsequent to the measurement date	26,400	-
Administrative fees subsequent to the measurement date	2,822	-
Total	<u>\$ 29,222</u>	<u>\$ 552,091</u>

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The City reported \$26,400 as deferred outflows of resources, resulting from the City's contributions subsequent to the measurement date, will be recognized as a reduction of the Net OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the City's OPEB will be recognized in the City's OPEB expense in future reporting periods as follows:

Year Ended June 30:	Amounts
2019	\$ (77,840)
2020	(75,018)
2021	(77,840)
2022	(61,384)
2023	(52,046)
Thereafter	(205,141)
	<u>\$ (549,269)</u>

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

Total OPEB liability	\$ 3,369,053
Plan fiduciary net position	2,162,674
Net OPEB liability	<u>\$ 1,206,379</u>

Fiduciary net position as a percent of total OPEB liability	64.19%
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E. Actuarial Method and Significant Assumptions

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

Valuation Method	Entry Age Actuarial Cost
Investment Rate of Return	7.0%
Long-term projected salary increase	None Assumed
Healthcare cost trend rates	A range of 7.0 % in 2018 to 5.0% in 2023 for Pre-Medicare and 5.5 % in 2018 to 5.00% in 2023 for Post-Medicare
Pre-retirement mortality	125% of the RP-2000 Combined Healthy Mortality Table for males and females with generational mortality projection using Scale AA
Post-retirement mortality	125% of the RP-2000 Combined Healthy Mortality Table for males and females with generational mortality projection using Scale AA
Disabled mortality	The SOA RP-2014 Adjusted to 2006 Disabled Retiree Mortality Table with base rates only.

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F. Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Total Equity	65%	10.59%	7.84%
Large Cap Equity (Domestic)	26%	9.95%	7.20%
Small Cap Equity (Domestic)	10%	11.16%	8.41%
International Equity (Developed)	13%	10.89%	8.14%
Emerging Markets	5%	12.14%	9.39%
Private Equity	5%	13.15%	10.40%
Long/Short Equity	6%	8.39%	5.64%
Fixed Income	25%	5.70%	2.95%
Core Bonds	7%	5.37%	2.62%
Core Plus	14%	5.64%	2.89%
Liquid Absolute Return	4%	6.50%	3.75%
Real Assets	10%	7.50%	4.75%
Real Estate	7%	9.54%	6.79%
Commodities	3%	2.75%	0.00%
	<u>100%</u>		<u>4.75%</u>
		Inflation	<u>2.75%</u>
		*Expected arithmetic nominal return	<u>7.50%</u>

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

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G. Discount Rate

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

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

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

1% decrease	Current	1% increase
6.00%	7.00%	8.00%
<u>\$ 1,635,223</u>	<u>\$ 1,206,379</u>	<u>\$ 857,196</u>

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

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

1% decrease	Current	1% increase
Trend Rate	Trend Rate	Trend Rate
<u>\$ 828,793</u>	<u>\$ 1,206,379</u>	<u>\$ 1,666,252</u>

Primary Government – Health Insurance Credit Program

A. Plan Description

The Political Subdivision Health Insurance Credit Program is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. The Political Subdivision Health Insurance Credit Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. Employees of the City Sheriff's Department participate in the VRS program which provides a credit toward the cost of health insurance coverage for employees retiring with 15 or more years of creditable service. The amount of monthly health insurance credit is \$2.50 per year of creditable service to a maximum of \$75 per month, and may not exceed the monthly health insurance premium paid by the retiree. VRS issues a stand-alone CAFR, which includes the Health Insurance Credit Program (HIC).

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B. Plan Membership

As of the June 30, 2018 measurement date, plan membership was as follows:

	<u>2018</u>
Active Participants	192
Inactive members receiving benefits	77
Total Participants	<u><u>269</u></u>

C. Contributions

The contribution requirement for active employees is governed by §51.1-1400(D) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. The City's contractually required employer contribution rate for the year ended June 30, 2019 was 0.29% of covered employee compensation for employees in the VRS HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2018. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the City to the VRS HIC Program were \$26,103 and \$22,991 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019 the City reported a net OPEB liability of \$294,354. The Net VRS HIC Program OPEB Liability was measured as of June 30, 2018. The total VRS HIC Program OPEB liability used to calculate the Net VRS HIC Program OPEB Liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2019, the City recognized VRS HIC Program OPEB expense of \$8,197.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the VRS HIC Program OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on State HIC OPEB plan investments	\$ -	\$ 2,261
City contributions subsequent to the measurement date	26,103	-
Total	<u><u>\$ 26,103</u></u>	<u><u>\$ 2,261</u></u>

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The HIC OPEB reported \$26,103 as deferred outflows of resources, resulting from the City's contributions subsequent to the measurement date, will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30,	Amounts
2020	\$ (751)
2021	(751)
2022	(749)
2023	(10)
2024	-
Thereafter	-
	<u>\$ (2,261)</u>

E. Actuarial Method and Significant Assumptions

The total HIC OPEB liability for the VRS State Employee HIC Program was based on an actuarial valuation as of June 30, 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, 2018.

Inflation	2.5%
Salary Increases	3.5% - 5.35%
Investment Rate of Return	7.0 %, net of plan investment expenses, including inflation
Pre-retirement mortality	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year
Post-retirement mortality	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years
Disabled mortality	RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward 2 years; unisex usign 100% male

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

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exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of the OPEB liabilities.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, postretirement healthy, and disabled)	Updated to a more current mortality table – RP2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

F. Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	40%	4.54%	1.82%
Fixed Income	15%	0.69%	0.10%
Credit Strategies	15%	3.96%	0.59%
Real Assets	15%	5.76%	0.86%
Private Equity	15%	9.53%	1.43%
	<u>100.0%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-

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term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

G. Discount Rate

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

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

The following presents the City's VRS HIC Program net HIC OPEB liability using the discount rate of 7.00%, as well as what the City's net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% decrease 6.00%	Current 7.00%	1% increase 8.00%
City's VRS HIC Net OPEB Liability	<u>\$ 337,956</u>	<u>\$ 294,354</u>	<u>\$ 257,407</u>

I. VRS HIC OPEB Fiduciary Net Position

Detailed information about the VRS HIC Program's Fiduciary Net Position is available in the separately issued VRS 2018 CAFR. A copy of the 2018 VRS CAFR may be downloaded from the VRS website at: <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

CITY OF ROANOKE, VIRGINIA
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City - Group Life Insurance Program

The VRS Group Life Insurance (GLI) Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic GLI benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI Program OPEB, and GLI Program OPEB expense, information about the fiduciary net position of the VRS GLI program OPEB and the additions to/deductions from the VRS GLI Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

A. Plan Description

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB. The City of Roanoke plans of the VRS Group Life Insurance Program contain City, Airport, Detention Center, and Roanoke Valley Broadband employees. The City reports its proportional share of the liability, which was 91.57% as of the June 30, 2018 measurement date.

B. Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions for the GLI program were \$394,214 and \$389,032 for the years ended June 30, 2019 and June 30, 2018, respectively.

CITY OF ROANOKE, VIRGINIA
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C. OPEB Liabilities, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

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

At June 30, 2019 the City reported a net OPEB liability of \$5,938,000 for its proportionate share of the VRS GLI program Net OPEB Liability. The Net VRS GLI program OPEB Liability was measured as of June 30, 2018. The total VRS GLI program OPEB liability used to calculate the Net VRS GLI program OPEB Liability was determined by an actuarial valuation as of that date. The City's proportion of the VRS GLI program OPEB Liability was calculated based on the City's actuarially determined employer contributions to the VRS GLI program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the City's proportion was 0.3844% and 0.4007% for the years ended June 30, 2019 and June 30, 2018, respectively.

For the year ended June 30, 2019 the City recognized VRS GLI OPEB expense of \$10,638. Since there was a change in proportionate share between June 30, 2017 and June 30, 2018 a portion of the VRS GLI Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the VRS GLI program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 64,000
Change in assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	194,000
Changes in proportion	-	185,116
Employer contributions subsequent to the measurement date	394,214	-
Total	<u>\$ 394,214</u>	<u>\$ 443,116</u>

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The City reported \$394,214 as deferred outflows of resources, resulting from the City's contributions subsequent to the measurement date, will be recognized as a reduction of the Net VRS Group Life Insurance OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VRS Group Life Insurance program OPEB will be recognized in the VRS Group Life Insurance expense in future reporting periods as follows:

Year Ended June 30,	Amounts
2020	\$ (122,561)
2021	(122,561)
2022	(122,561)
2023	(68,994)
2024	(11,039)
Thereafter	4,600
	<u>\$ (443,116)</u>

CITY OF ROANOKE, VIRGINIA
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D. Actuarial Method and Significant Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary Increases, Including Inflation	
Locality - general employees	3.5% - 5.35%
VaLORS employees	3.5% - 4.75%
Investment Rate of Return	7.0%, net of investment expenses, including inflation*
Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees:	
Pre-Retirement	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year
Post-Retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years
Post-Disablement	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male
Mortality Rates - Non-Largest Ten Locality Employers - General Employees	
Pre-Retirement	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates
Post-Retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1% increase compounded from ages 70 to 90
Post-Disablement	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 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 the OPEB liabilities.

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E. Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	40%	4.54%	1.82%
Fixed Income	15%	0.69%	0.10%
Credit Strategies	15%	3.96%	0.59%
Real Assets	15%	5.76%	0.86%
Private Equity	15%	9.53%	1.43%
	<u>100.0%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

F. Discount Rate

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

CITY OF ROANOKE, VIRGINIA
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payments to determine the total OPEB liability.

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

The following presents the City's proportionate share of the VRS GLI Program net GLI OPEB liability using the discount rate of 7.00%, as well as what the City's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% decrease 6.00%	Current 7.00%	1% increase 8.00%
City's Proportionate share of the VRS GLI Net OPEB Liability	\$ 7,762,000	\$ 5,938,000	\$ 4,458,000

H. GLI Program Fiduciary Net Position

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2018 CAFR. A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

School Board – General Employee Health Insurance Credit Program

A. Plan Description

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

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

	2018
Active Participants	109
Inactive members receiving benefits	3
Vested inactive members	1
Total Participants	113

B. Contributions

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

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The General Employee HIC program is governed by *Code of Virginia* 51.1-1402(E) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly. The total contribution rate was .11% of covered employee compensation. Contributions for the HIC program were \$5,161 and \$4,036 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

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

At June 30, 2019 the School Board reported a net OPEB asset of \$20,633 for the VRS General Employee HIC. The HIC OPEB Asset was measured as of June 30, 2018. The total HIC program OPEB liability used to calculate the Net HIC OPEB Liability was determined by an actuarial valuation as of that date. The School Board's HIC OPEB Asset was calculated based on the School Board's actuarially determined employer contributions to the VRS HIC OPEB plan for the year ended June 30, 2018. For the year ended June 30, 2019 the School Board recognized VRS HIC OPEB expense of \$2,426.

At June 30, 2019, the School Board reported deferred outflows of resources and deferred inflows of resources related to the VRS HIC program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,356
Change in assumptions	-	972
Net difference between projected and actual earnings on OPEB plan investments	-	1,294
Changes in proportion	-	-
Employer contributions subsequent to the measurement date	5,161	-
Total	<u>\$ 5,161</u>	<u>\$ 5,622</u>

The School Board reported \$5,161 as deferred outflows of resources, resulting from the School Board's contributions subsequent to the measurement date, will be recognized as a reduction of the Net VRS General Employee HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VRS HIC OPEB will be recognized in the VRS HIC expense in future reporting periods as follows:

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Year Ended June 30,	Amounts
2020	\$ (1,169)
2021	(1,169)
2022	(1,169)
2023	(759)
2024	(743)
Thereafter	(613)
	<u>\$ (5,622)</u>

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at June 30, 2017	\$ 34,572	\$ 50,781	\$ (16,209)
Changes for the year:			
Service cost	4,524	-	4,524
Interest	2,324	-	2,324
Changes in experience	(3,907)	-	(3,907)
Changes of assumptions	-	-	-
Contributions - employer	-	4,036	(4,036)
Net investment income	-	3,664	(3,664)
Benefit payments	(2,754)	(2,754)	-
Administrative expenses	-	(88)	88
Other changes	-	(247)	247
Net changes	<u>187</u>	<u>4,611</u>	<u>(4,424)</u>
Balances at June 30, 2018	<u>\$ 34,759</u>	<u>\$ 55,392</u>	<u>\$ (20,633)</u>

CITY OF ROANOKE, VIRGINIA
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D. Actuarial Method and Significant Assumptions

The total HIC OPEB liability for the VRS General Employee HIC was based on an actuarial valuation as of June 30, 2017, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary Increases	3.5% - 5.35%
Healthcare cost trend rates	
Under age 65	7.75% - 5.00%
Ages 65 and older	5.75% - 5.00%
Investment Rate of Return	7.0 %, net of plan investment expenses, including inflation*

- * Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 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 the OPEB liabilities.

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

E. Long-Term Expected Rate of Return

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

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Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40%	4.54%	1.82%
Fixed Income	15%	0.69%	0.10%
Credit Strategies	15%	3.96%	0.59%
Real Assets	15%	5.76%	0.86%
Private Equity	15%	9.53%	1.43%
	<u>100.0%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

F. Discount Rate

The discount rate used to measure the HIC OPEB liabilities was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the School Board's proportionate share of the VRS General Employee HIC Credit net OPEB liability using the discount rate of 7.00%, as well as what the School Board's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% decrease 6.00%	Current 7.00%	1% increase 8.00%
HIC Net OPEB Liability	<u>\$ (15,914)</u>	<u>\$ (20,633)</u>	<u>\$ (24,575)</u>

H. OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2018 CAFR. A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annualreport.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

School Board – Teacher Health Insurance Credit Program

A. Plan Description

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

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

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

B. Contributions

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

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The Teacher HIC program is governed by *Code of Virginia* 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. The total contribution rate was 1.23% of covered employee compensation. Contributions for the HIC program were \$993,285 and \$987,227 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

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

At June 30, 2019 the School Board reported a net OPEB liability of \$12,597,000 for its proportionate share of the VRS Teacher HIC Net OPEB Liability. The Net HIC OPEB Liability was measured as of June 30, 2018. The total HIC program OPEB liability used to calculate the Net HIC OPEB Liability was determined by an actuarial valuation as of that date. The School Board's proportion of the Net HIC OPEB Liability was calculated based on the School Board's actuarially determined employer contributions to the VRS HIC OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. the School Board's proportions were 0.99215 % and 1.00976% for June 30, 2018 and June 30, 2017 respectively.

For the year ended June 30, 2019 the School Board recognized VRS HIC OPEB expense of \$999,000. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher HIC OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the School Board reported deferred outflows of resources and deferred inflows of resources related to the VRS HIC program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ -	\$ 62,000
Change in assumptions	-	110,000
Net difference between projected and actual earnings on OPEB plan investments	-	9,000
Changes in Proportion	14,000	196,000
Employer contributions subsequent to the measurement date	993,285	-
Total	<u>\$ 1,007,285</u>	<u>\$ 377,000</u>

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The School Board reported \$993,285 as deferred outflows of resources, resulting from the School Board's contributions subsequent to the measurement date, will be recognized as a reduction of the VRS Teacher HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VRS HIC OPEB will be recognized in the VRS HIC expense in future reporting periods as follows:

Year Ended June 30,	Amounts
2020	\$ (61,000)
2021	(61,000)
2022	(61,000)
2023	(55,000)
2024	(57,000)
Thereafter	(68,000)
	<u>\$ (363,000)</u>

D. Actuarial Method and Significant Assumptions

The total HIC OPEB liability for the VRS Teacher HIC was based on an actuarial valuation as of June 30, 2017, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary Increases	3.5% - 5.35%
Healthcare cost trend rates	
Under age 65	7.75% - 5.00%
Ages 65 and older	5.75% - 5.00%
Investment Rate of Return	7.0 %, net of plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 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 the OPEB liabilities.

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

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E. Net OPEB Liabilities

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2018, net OPEB liability amount is as follows: (amounts expressed in thousands):

Total OPEB Liability	\$ 1,381,313
Plan fiduciary net position	<u>111,693</u>
Employers net OPEB liability	<u><u>\$ 1,269,620</u></u>

Plan fiduciary net position as a percentage of total OPEB liability	8.09%
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The total liability is calculated by the VRS actuary and each plan's fiduciary net position is reported in the VRS financial statements. The net OPEB liability is disclosed in accordance with the requirements of GAAP in the VRS notes to the financial statements and required supplementary information.

F. Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	40%	4.54%	1.82%
Fixed Income	15%	0.69%	0.10%
Credit Strategies	15%	3.96%	0.59%
Real Assets	15%	5.76%	0.86%
Private Equity	15%	9.53%	1.43%
	<u>100.0%</u>		<u>4.80%</u>
		Inflation	2.50%
		*Expected arithmetic nominal return	<u>7.30%</u>

* The above allocation provides a one-year return of 7.30%. However, one-year returns do

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not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

G. Discount Rate

The discount rate used to measure the HIC OPEB liabilities was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

	1% decrease 6.00%	Current 7.00%	1% increase 8.00%
HIC Net OPEB Liability	<u>\$ 14,069,799</u>	<u>\$ 12,597,000</u>	<u>\$ 11,344,428</u>

I. OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2018 CAFR. A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annualreport.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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School Board - Group Life Insurance Program

A. Plan Description

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

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

Specific information for the GLI is available at:

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

B. Contributions

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

The GLI program is governed by *Code of Virginia* 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly. The total contribution rate was 1.31% of covered employee compensation with the rate allocated between employee at 0.79% and employer at 0.52%, with employers being able to pay all or part of the employee contribution. Contributions for the GLI program were \$461,341 and \$445,504 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

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

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At June 30, 2019 the School Board reported a net OPEB liability of \$6,844,000 for its proportionate share of the VRS GLI program Net OPEB Liability. The Net VRS GLI program OPEB Liability was measured as of June 30, 2018. The total VRS GLI program OPEB liability used to calculate the Net VRS GLI program OPEB Liability was determined by an actuarial valuation as of that date. The School Board's proportion of the Net VRS GLI program OPEB Liability was calculated based on the School Board's actuarially determined employer contributions to the VRS GLI program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the School Board's proportions of the VRS GLI program were as follows:

	Teacher SGLI	Non-Teacher SGLI Plan 1	Non-Teacher SGLI Plan 2
June 30, 2018 Proportionate Share of Liability	\$ 6,410,000	\$ 293,000	\$ 141,000
June 30, 2018 Proportion	0.4221%	0.0193%	0.9290%
June 30, 2017 Proportion	0.4322%	0.0174%	0.0108%
June 30, 2018 expense (income)	\$ 29,000	\$ 8,000	\$ (13,000)

For the year ended June 30, 2019 the School Board recognized VRS GLI OPEB expense of \$24,000. Since there was a change in proportionate share between measurement dates a portion of the VRS GLI Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the School Board reported deferred outflows of resources and deferred inflows of resources related to the VRS GLI program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 334,000	\$ 122,000
Change in assumptions	-	285,000
Net difference between projected and actual earnings on OPEB plan investments	-	224,000
Changes in Proportion	82,000	211,000
Employer contributions subsequent to the measurement date	461,341	-
Total	<u>\$ 877,341</u>	<u>\$ 842,000</u>

CITY OF ROANOKE, VIRGINIA
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The School Board reported \$461,341 as deferred outflows of resources, resulting from the School Board's contributions subsequent to the measurement date, will be recognized as a reduction of the Net VRS GLI OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VRS Group Life Insurance program OPEB will be recognized in the VRS GLI expense in future reporting periods as follows:

Year Ended June 30,	Amounts
2020	\$ (125,000)
2021	(125,000)
2022	(125,000)
2023	(62,000)
2024	(3,000)
Thereafter	14,000
	<u>\$ (426,000)</u>

D. Actuarial Method and Significant Assumptions

The total GLI OPEB liability for the VRS GLI Program was based on an actuarial valuation as of June 30, 2017, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary Increases, Including Inflation	
Locality - general employees	3.5% - 5.35%
Teachers	3.5% - 5.95%
Investment Rate of Return	7.0%, net of plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 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 the OPEB liabilities.

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

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E. Net OPEB Liabilities

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2017, net OPEB liability amount is as follows: (amounts expressed in thousands):

Total OPEB Liability	\$ 3,113,508
Plan fiduciary net position	<u>1,594,773</u>
Employers net OPEB liability	<u><u>\$ 1,518,735</u></u>

Plan fiduciary net position as a percentage of total OPEB liability	51.22%
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F. Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	40%	4.54%	1.82%
Fixed Income	15%	0.69%	0.10%
Credit Strategies	15%	3.96%	0.59%
Real Assets	15%	5.76%	0.86%
Private Equity	15%	9.53%	1.43%
	<u>100.0%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u><u>7.30%</u></u>

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

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G. Discount Rate

The discount rate used to measure the GLI OPEB liabilities was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the School Board's proportionate share of the VRS GLI Program net GLI OPEB liability using the discount rate of 7.00%, as well as what the City's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% decrease 6.00%	Current 7.00%	1% increase 8.00%
GLI Net OPEB Liability	<u>\$ 8,944,235</u>	<u>\$ 6,844,000</u>	<u>\$ 5,138,772</u>

I. OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2018 CAFR. A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annualreport.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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(14) Risk Management

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

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

The City self-insures general liability and automotive liability insurance with a self-insured retention of \$1,000,000 per occurrence; worker's compensation has a self-insured retention of \$1,250,000 per occurrence. The City purchases excess liability and worker's coverage to protect against settlements that exceed the amount of the self-insured retention. The amount of settlements did not exceed insurance coverage for each of the past 11 years.

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

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

Included in long-term liabilities at June 30, 2019 were claims payables of \$17,163,931 as a provision for unasserted claims. Other risks insured through the City's self-insurance program adequately covered any claims incurred over each of the past 11 years.

CITY OF ROANOKE, VIRGINIA
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Changes in the reported liability during the past two years are shown in the following tabulation:

	<u>2018-19</u>	<u>2017-18</u>
Claims liability at July 1	\$ 19,013,708	\$ 19,819,708
Claims incurred	13,298,682	14,077,738
Claims payments	<u>(15,148,459)</u>	<u>(14,883,738)</u>
Claims liability at June 30	<u>\$ 17,163,931</u>	<u>\$ 19,013,708</u>

Surety Bond coverage is as follows:

Company:	Amount:
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Travelers Property Casualty Insurance Company:

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

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

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

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

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

The minimum funding level for The Risk Management Reserve is:

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

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

School Board Component Unit

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

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

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

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

	<u>2018-19</u>	<u>2017-18</u>
Claims liability at July 1	\$ 7,951,918	\$ 6,574,414
Claims incurred	22,195,863	19,492,727
Claims payments	<u>(23,384,126)</u>	<u>(18,115,223)</u>
Claims liability at June 30	<u>\$ 6,763,655</u>	<u>\$ 7,951,918</u>

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(15) Tax Abatements

As of June 30, 2019, the City provides tax abatements through four programs:

Tax Abatement Programs	Taxes Abated for FY 2019
Real Estate Rehabilitation Abatements	\$ 1,418,861
Solar Energy Equipment, Facilities, and Devices Exemption	3,669
Energy Efficient Buildings Special Rate	7,659
Economic Development Grants	1,093,337

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

1. An abatement of real property taxes on residential, commercial, and industrial properties to encourage rehabilitation of existing structures. To receive this abatement, the renovation must be completed within two years after the date of application. Residential properties must be no less than 40 years in age and be improved so as to increase their values no less than 40%. Commercial and industrial properties must be no less than 25 years in age and be improved so as to increase the value of their structures no less than 60%, without increasing total square footage by more than 100%.
2. A partial real property tax exemption for commercial and industrial properties within Enterprise Zone Two to encourage rehabilitation of existing structures. To receive this exemption, the property must have been no less than 15 years in age, have been renovated so as to increase the assessed value of the structure by at least \$50,000, have not received another exemption under Division 5 of the Code, and the rehabilitation must have been completed within one year after the date of the application. This program was closed to new applications as of December 31, 2015.
3. A partial real property tax exemption for commercial, mixed-use commercial, and industrial properties in Enterprise Zone One A to encourage rehabilitation of existing structures. To receive this exemption, the property must be no less than 15 years in age, be renovated so as to increase the assessed value of the structure by at least \$50,000, have not received another exemption under Division 5 of the Code, and the rehabilitation must be completed within two years after the date of the application. Additionally, mixed-use commercial property must not be more than 80% residential use in order to qualify.
4. A partial real property tax exemption for residential and commercial properties in redevelopment and conservation areas, as well as rehabilitation districts, to encourage the construction of new structures or other improvements.

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

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

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

The **Energy-Efficient Buildings** program provides a special classification to buildings certified as energy-efficient, which provides for a lower tax rate than that applied to other real property. Applications are reviewed by the City's Department of Planning, Building, and Development, as specified under Chapter 32, Article II, Division 9 of the Code of the City of Roanoke. If approved, the building is given the special classification for five years. For the year ended June 30, 2019, the real estate tax rate applicable to Energy-Efficient Buildings was \$1.10 per \$100 of assessed value.

Economic Development Grants are provided to local developers who complete projects that promote economic development within the city, as determined in advance by the city administration in accordance with the Code of Ordinances for the City of Roanoke, Ordinance Numbers 40709 and 39447. Such projects are expected to provide additional tax revenue, jobs, and services that will benefit city residents. The local taxes collected from businesses located in these developments are used to fund the grants. Applicable local taxes include real estate tax, local option sales tax, business professional and occupational license tax, tangible personal property tax, and prepared food and beverage tax. Payments to developers are based on the taxes collected the preceding fiscal year. Grants paid during the fiscal year ended June 30, 2019, were between 50 and 75% of the local tax revenues generated from applicable projects.

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(16) Joint Ventures

Blue Ridge Behavioral Healthcare

The counties of Botetourt, Craig and Roanoke, and the cities of Roanoke and Salem formed Blue Ridge Behavioral Health Care (BRBH) a community services board, to provide a system of comprehensive community mental health, intellectual disability and substance abuse services. BRBH is governed by a 16 member board. Roanoke City Council appoints three members. Each locality's financial obligation is based on the type and amount of services performed for individuals in the locality. For the fiscal year ended June 30, 2019, the City remitted approximately \$542,939 to BRBH. Financial statements may be obtained from Blue Ridge Behavioral Healthcare, 301 Elm Avenue, Roanoke, Virginia 24016.

Hotel Roanoke Conference Center Commission

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

The intention of the HRCCC is to be self-supporting through its user fees. The City and Virginia Tech share equally in any operating deficit or if additional funding is needed for capital expenditures. The City has no equity interest in the HRCCC; however, as previously mentioned, additional funding or subsidies may be necessary to support ongoing operations. For the fiscal year ended June 30, 2019, the City contributed \$80,000 to the HRCCC. Financial statements may be obtained from the Hotel Roanoke Conference Center Commission, 106 Shenandoah Avenue, Roanoke, Virginia 24016.

Roanoke Valley Broadband Authority

The Roanoke Valley Broadband Authority (Authority) was created under the Virginia Wireless Services Facilities Act by the cities of Roanoke and Salem, and the counties of Botetourt and Roanoke. The Authority was formed in order to provide quality affordable access to broadband technologies. The Board of the Authority consists of five members of which the City appoints one member for a four year term. The Authority is in the process of engineering a 46 mile network in the Valley that will serve business parks, large institutions, government facilities, and businesses. For the fiscal year ended June 30, 2019, the City remitted \$339,841 to Roanoke Valley Broadband Authority for bond payments and \$416,941 for its commitment for the broadband project. Financial statements may be obtained from Roanoke Valley Broadband Authority, 601 South Jefferson Street, Suite 110, Roanoke, Virginia 24011.

Roanoke Valley Regional Fire-EMS Training Center

The City along with the County of Roanoke, City of Salem, and Town of Vinton jointly operate a

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Fire-EMS training center (Center). The Center is governed by a committee of eight members, designated by the participating jurisdictions. New Fire-EMS recruits are required to take a 17 week training course at the facility before being assigned to a station. Upon completion of the training, the new recruits are state certified. Each jurisdiction is responsible for a percentage of the annual operating costs of the facility. The City is responsible for 44% of the annual operating costs. For the fiscal year ended June 30, 2019, the City paid \$39,000 of the total annual operating costs and \$7,232 to the Debt Service Fund for principal and interest on an inter-fund loan related to the construction of the facility. Financial statements may be obtained from the Roanoke Valley Regional Fire-EMS Training Center, 1220 Kessler Mill Road, Salem, Virginia 24153.

Roanoke Valley Resource Authority

The City of Roanoke, the County of Roanoke, and the Town of Vinton jointly participate in the Roanoke Valley Resource Authority (Authority), which operates the regional sanitary landfill, waste collection and transfer station, and related treatment facilities. The Authority is governed by a board composed of seven members designated by the participating jurisdictions. Roanoke City Council appoints two members. The City has control over the budget and financing for the Authority only to the extent of representation by the board members appointed. The participating localities are each responsible for their pro rata share, based on population, of any year-end operating deficit. For the fiscal year ended June 30, 2019, the City remitted \$2,298,383 to the Authority for services. Financial statements may be obtained from Roanoke Valley Resource Authority, 1020 Hollins Road, Roanoke, Virginia 24012.

Regional Center for Animal Care and Protection

The City of Roanoke along with the Counties of Roanoke and Botetourt, and the Town of Vinton jointly participate on the Advisory Board which is responsible for the general fiscal and management policies for the Regional Center for Animal Care and Protection (RCACP). The regional care center is comprised of an animal control and animal education facilities that are adjacent to each other and are owned and operated by the Roanoke Valley Society for the Prevention of Cruelty to Animals, Inc. (RVSPCA). The animal control facility was financed by bonds in the amount of \$3.5 million which were issued by the RVSPCA. This debt was defeased and reissued by the participating localities in connection with the purchase and operations of the control facility. Each participating locality pays monthly amounts for its share of operating costs, debt service, and to fund reserves for operating and maintenance needs of the RCACP based on the locality's average use of the facility. During the year ended June 30, 2019, the City's share was 58% on debt payments and 65% for operations, and the City remitted approximately \$1,299,883 for its share of RCACP expenses.

Western Virginia Regional Industrial Facility Authority

The Western Virginia Regional Industrial Facility Authority was created as a combined effort with Roanoke City, Roanoke County, the City of Salem, Botetourt County, Franklin County and the Town of Vinton to enhance these localities economic base and stimulate economic growth by developing new opportunities in these areas. For fiscal year ending June 30, 2019, the City remitted \$18,173 for services and \$163,454 for capital reimbursements.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

(17) Jointly Governed Organizations

Roanoke Valley Regional Board

The Counties of Botetourt, Craig, and Franklin, and the Cities of Roanoke and Salem jointly participate in a regional education program for severely disabled students operated by the Roanoke Valley Regional Board (Regional Board). The Regional Board is composed of five members, one from each participating locality. The City has control over budget and financing only to the extent of representation by the one board member appointed. Each locality's financial obligation is based on its proportionate share of students attending the regional program. For the fiscal year ended June 30, 2019, the City of Roanoke School Board, a component unit of the City, remitted \$6,474,429 to the Regional Board for services.

Roanoke Valley Detention Commission

The Counties of Botetourt, Franklin and Roanoke and the Cities of Roanoke and Salem formed the Roanoke Valley Detention Commission (Commission) in 1998 to renovate, expand and operate a detention facility for juveniles. The Commission is governed by a six member board. Roanoke City Council appoints two members. Localities using the facility are guaranteed a number of beds according to the terms of the agreement. Each locality's financial obligation is based on the number of juveniles housed at the 81 bed facility. The Commission has the authority to issue debt, and such debt is the responsibility of the Commission. For the fiscal year ended June 30, 2019, the City remitted \$648,560 to the Roanoke Valley Detention Commission in per diem charges for juveniles housed by the Commission.

Western Virginia Water Authority

The City and the County of Roanoke combined its water and water pollution control functions to form the Western Virginia Water Authority (WVWA). The WVWA is responsible for the supply, treatment, distribution, and transmission of water and the collection and treatment of wastewater. In November 2009, Franklin County joined the WVWA to provide services to the western side of the County. The WVWA is governed by a seven member board consisting of three City of Roanoke appointees, three County of Roanoke appointees, and one Franklin County appointee. The City has control over the budget and financing for the WVWA only to the extent of representation by the board members appointed. Upon formation of the WVWA, the City retained \$38 million of general obligation bonds, which are to be repaid contractually by the WVWA in accordance with its operating agreement. During fiscal year 2019, the WVWA paid \$1.42 million to the City in principal and interest payments on the bonds. As of June 30, 2019, the remaining principal balance of these bonds was approximately \$5.77 million. This amount was recorded as a Due from Other Governments in the Statement of Net Position of the basic financial statements.

Virginia's First Regional Industrial Facility Authority

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

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

are appointed by Roanoke City Council. The City has control over the budget and financing for the Authority only to the extent of representation by the board members appointed. Each locality is obligated to annual dues of \$5,000. Authority member localities, who are also participants in the Regional Commerce Park like the City, are obligated to an annual amount based on the number of shares owned. The City owns 10,000 shares and has an annual obligation of \$27,500. For the fiscal year ended June 30, 2019, the City remitted \$32,500 to Virginia's First Regional Industrial Facility Authority.

Market Building Foundation Inc.

The Market Building Foundation Inc., is a public non-profit entity created and incorporated to ensure the preservation of the City Market Building in Downtown Roanoke. The Foundation manages the rehabilitation, maintenance, and operation of the City Market Building. The Foundation has a board of seven members representing individuals from several organizations in the downtown area. These organizations include the City of Roanoke, Downtown Roanoke, Inc., the Roanoke Regional Chamber of Commerce and the private business community. These board members are responsible for the oversight and governance of the facility as well as the management, leasing, and operational performance of the City Market Building. The City does not have authority to override the Foundation board regarding decisions about rates or operations but it is obligated to finance deficits of the Foundation. The City has an annual obligation to the Market Building of \$300,000 for an operating contribution. For the fiscal year ended June 30, 2019, the City paid the Market Building Foundation Inc. \$300,000 for the annual operating contribution and equipment replacement services.

(18) Related Organizations

Economic Development Authority

The Economic Development Authority issues low-interest, tax-free industrial revenue bonds in its name for the construction or renovation of properties sold or leased to enterprises locating to or remaining in the City. City Council is responsible for appointing the seven member board; however, the City, the state, and any political subdivision thereof are not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2019, there were nine series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$460.8 million.

Roanoke Redevelopment and Housing Authority

The Roanoke Redevelopment and Housing Authority (Housing Authority) is a political subdivision of the Commonwealth of Virginia created to provide low income and subsidized housing, promote self-sufficiency and foster economic development. Commissioners of the Housing Authority are appointed by City Council. The Housing Authority is financially independent of the City and has administrative control of its operations, but its overall housing plans require the approval of City Council. The City provides a financial benefit through federal pass-through grant funds awarded to the Housing Authority on a contractual basis to implement certain grant programs. The Housing Authority also directly receives other federal and state subsidies and rents for operating its housing programs. During the year ended June 30, 2019, the City remitted \$14,415 to the Housing Authority.

**CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Roanoke Regional Airport Commission

The City and Roanoke County formed the Roanoke Regional Airport Commission (Airport Commission) in 1987 to own and operate The Roanoke Blacksburg Regional Airport. The Airport Commission is composed of five members. Three commissioners are appointed by Roanoke City Council and two are appointed by the Roanoke County Board of Supervisors. Airport operations are financed by user fees. The City and Roanoke County are each responsible for their pro rata share, based on population, of any year-end operating deficit or unfunded capital projects if any additional funding is required. The Airport Commission may incur debt and is responsible for paying all outstanding debt. The City has control over budget and financing only to the extent of representation by the board members appointed. No subsidy has been required since inception

(19) Commitments, Contingencies and Other Matters

Litigation

The City is named as a defendant in litigation involving claims for personal injury or property damages. City officials estimate that any ultimate liability not covered by insurance would not have a material effect on the City's financial position.

Grants

Federal grant programs in which the City participates have been audited in accordance with the provisions of the Office of Management and Budget 2 CFR 200, Uniform Administrative Requirements. In addition, these grant programs are subject to financial and compliance audits by the federal government, which may result in disallowed expenditures. Based on prior experience, City management believes such disallowances, if any, would not have a material effect on the City's financial position.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)

(1) Budgetary Comparison Schedule - General Fund

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance from Final Budget Over/(Under)
Resources (Inflows):				
General Property Taxes	\$ 118,836,366	\$ 119,127,866	\$ 120,758,870	\$ 1,631,004
Other Local Taxes	80,188,000	82,413,000	83,560,480	1,147,480
Permits, Fees, and Licenses	898,000	898,000	1,182,534	284,534
Fines and Forfeitures	1,025,000	1,025,000	1,183,005	158,005
Revenue from Use of Money and Property	288,000	758,000	1,065,983	307,983
Charges for Services	15,738,400	16,519,400	17,302,622	783,222
Intergovernmental	74,089,234	74,622,149	73,631,726	(990,423)
Miscellaneous	636,000	742,203	807,394	65,191
Transfers from Other Funds	-	658,930	684,230	25,300
Amounts Available for Appropriation	\$ 291,699,000	\$ 296,764,548	\$ 300,176,844	\$ 3,412,296

Charges to Appropriations (Outflows):

General Government				
City Treasurer	\$ 1,853,186	\$ 1,722,931	\$ 1,709,624	\$ (13,307)
Commissioner of the Revenue	1,433,349	1,453,972	1,453,968	(4)
City Council	39,406	30,268	30,267	(1)
City Council - Mayor Lea	33,474	31,706	31,702	(4)
City Council - Vice Mayor Price	28,964	24,035	24,020	(15)
City Council - Council Member - Bestpitch	32,022	32,389	32,384	(5)
City Council - Council Member - Dykstra	32,489	30,991	30,956	(35)
City Council - Council Member - Garland	32,627	16,653	16,651	(2)
City Council - Council Member Cobb	25,838	38,197	38,190	(7)
City Council - Council Member Osborne	31,711	32,897	32,895	
City Council - Council Member White - Boyd	-	11,686	11,008	
City Attorney	1,032,543	992,968	978,809	(14,159)
City Clerk	475,641	480,438	480,437	(1)
Municipal Auditing	787,989	918,339	918,334	(5)
Department of Finance	2,117,982	2,156,622	2,156,622	-
Real Estate Valuation	1,192,313	1,222,298	1,222,293	(5)
Board of Equalization	11,489	7,784	6,799	(985)
Electoral Board	508,370	445,550	433,666	(11,884)
Office of Communications	361,049	360,669	353,163	(7,506)
City Manager	962,064	960,064	957,064	(3,000)
Citizen Engagement	95,490	91,680	79,367	
Human Resources	1,563,550	1,670,350	1,670,349	(1)
Employee Health Services	913,134	995,698	995,694	(4)
Department of Management and Budget	670,630	631,685	626,949	(4,736)
Information Technology	4,153,599	3,681,227	3,669,913	(11,314)
DOT Capital Outlay	1,000,000	-	-	
Radio Technology	546,802	537,637	518,770	(18,867)
Purchasing	473,347	534,348	529,054	(5,294)
Risk Management	1,163,145	1,144,797	1,144,376	(421)
Director of General Services	225,420	193,410	193,406	(4)
Environmental Management	503,886	430,202	429,202	(1,000)

(Continued)

See Accompanying Note to Budgetary Comparison Schedule (RSI 28)
See Accompanying Report of Independent Auditor

**CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance from Final Budget Over/(Under)
Judicial Administration				
Clerk of Circuit Court	\$ 1,681,511	\$ 1,751,066	\$ 1,687,766	\$ (63,300)
Juvenile and Domestic Relations Court Services	1,062,402	799,882	799,053	(829)
Juvenile and Domestic Relations Court Clerk	51,810	64,047	64,043	(4)
Magistrates Office	3,417	4,437	4,434	(3)
General District Court	88,297	93,697	93,694	(3)
Circuit Court	561,511	537,366	537,366	-
Sheriff	2,694,995	3,261,165	3,261,161	(4)
Commonwealth's Attorney	1,777,866	1,829,939	1,829,937	(2)
Cost Collection Unit	87,874	182,596	179,028	(3,568)
Law Library	131,701	134,166	133,297	(869)
Public Safety				
Jail	\$ 15,316,204	\$ 15,839,208	\$ 15,838,910	\$ (298)
E911	2,318,078	2,190,613	2,187,697	(2,916)
E911 - Wireless	577,678	389,859	389,859	-
Fire - Administration	674,679	712,079	712,076	(3)
Fire - Support	972,091	1,220,396	1,220,396	-
Fire - Operations	18,778,907	19,191,671	19,191,671	-
Emergency Management	111,655	140,700	132,844	(7,856)
Building Inspections	925,309	838,233	838,230	(3)
Outreach Detention	306,661	329,556	329,555	(1)
Youth Haven I	444,504	423,568	377,365	(46,203)
Enhanced Community Services	83,638	65,798	65,725	(73)
Substance Abuse Services	61,597	61,752	61,748	(4)
Police - Administration	2,158,569	2,367,490	2,367,487	(3)
Police - Investigation	4,116,811	3,077,569	3,077,569	-
Police - Patrol	10,971,172	15,449,155	15,449,151	(4)
Police - Services	2,806,754	2,425,890	2,425,886	(4)
Police - Training	730,309	677,706	677,705	(1)
Police - Animal Control	1,686,767	1,798,792	1,798,789	(3)
Public Works				
Custodial Services	\$ 699,225	\$ 653,840	\$ 653,838	\$ (2)
Building Maintenance	4,593,541	4,657,900	4,558,315	(99,585)
Director of Public Works	170,492	179,922	178,933	(989)
Transportation - Streets and Traffic	3,548,798	3,758,440	3,758,436	(4)
Transportation - Paving Program	4,439,924	6,176,114	6,175,222	(892)
Transportation - Snow Removal	219,033	616,950	616,946	(4)
Transportation - Street Lighting	1,268,221	1,226,221	1,222,397	(3,824)
Transportation - Engineering and Operations	1,787,126	1,793,924	1,792,322	(1,602)
Solid Waste Management	5,875,093	6,233,630	6,233,629	(1)
Engineering	1,420,419	1,357,672	1,357,066	(606)
Fleet Management - Op	4,336,344	4,861,222	4,861,219	(3)
Fleet Management - NonOp	3,000,569	3,981,831	3,980,796	

(Continued)

See Accompanying Note to Budgetary Comparison Schedule (RSI 28)
See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance from Final Budget Over/(Under)
Health and Welfare				
Human Services Support	\$ 294,953	\$ 329,648	\$ 319,989	\$ (9,659)
Health Department	1,670,551	1,670,551	1,670,551	-
Blue Ridge Behavioral Health Care	488,150	488,150	488,150	-
Human Services Committee	430,000	428,600	427,764	(836)
Social Services	26,179,291	25,501,470	25,453,357	(48,113)
Children's Services Act	12,694,147	11,475,687	11,455,711	(19,976)
Parks, Recreation and Cultural				
Roanoke Arts Commission	\$ 340,000	\$ 344,500	\$ 344,500	\$ -
Recreation	1,641,406	2,004,373	1,986,234	(18,139)
Parks	2,582,910	2,535,659	2,535,655	(4)
Parks & Recreation - Administration	1,212,879	1,147,299	1,147,294	(5)
Libraries	3,795,789	3,735,967	3,729,871	(6,096)
Community Development				
Memberships and Affiliations	\$ 3,907,703	4,248,603	\$ 4,248,598	\$ (5)
Economic Development	3,023,755	3,082,983	3,082,981	(2)
Planning, Building and Development	1,417,782	1,529,573	1,529,571	(2)
Neighborhood Support	118,161	97,712	96,529	(1,183)
Neighborhood Services	1,154,115	1,127,152	1,127,148	(4)
Virginia Cooperative Extension	82,848	82,848	82,848	-
Nondepartmental				
Residual Fringe Benefits	\$ 3,833,084	\$ 155,804	\$ 5,804	\$ (150,000)
Transfers to Other Funds	5,062,713	10,022,513	10,010,299	(12,214)
Transfers to Debt Service Fund	12,829,073	12,829,073	12,792,448	(36,625)
Transfers to Component Units	83,237,687	85,331,584	85,331,584	-
Miscellaneous	405,620	321,820	-	(321,820)
Personnel Lapse	(2,258,633)	-	-	-
Funding for Reserves	1,125,000	145,840	-	(145,840)
Contingency	1,586,955	814,159	-	(814,159)
Total Charges to Appropriations	\$ 291,699,000	\$ 301,689,121	\$ 299,764,379	\$ (1,910,714)
Net Resources Over (Under) Expenditures	\$ -	\$ (4,924,573)	\$ 412,465	\$ 5,323,010
Fund Balance - Beginning of Year	64,089,575	64,089,575	64,089,575	-
Fund Balance - End of Year	\$ 64,089,575	\$ 59,165,002	\$ 64,502,040	\$ 5,323,010

See Accompanying Note to Budgetary Comparison Schedule (RSI 28)
See Accompanying Report of Independent Auditor

**CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

(2) Note to Budgetary Comparison Schedule – General Fund

(A) Budgets and Budgetary Accounting

The City adheres to the following procedures in establishing the budgetary data reflected in the Budgetary Comparison Schedule located in the Required Supplementary Information:

1. Proposal – At least sixty days prior to June 30, the City Manager submits to City Council a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.

2. Projects and Grants – The capital projects budget is prepared on a project-length basis under which the total outlay for each project is estimated for the length of the project. The Special Revenue Fund budget is adopted on a grant-length basis as grants are received by the City. Grant budgets are not legally enacted on an annual period basis; therefore, a budgetary comparison statement is not presented for the Special Revenue Fund.

3. Adoption – Public hearings are conducted to obtain citizen comments on the proposed budget. Prior to May 14, the budget is legally adopted at the departmental-level through passage of an appropriation ordinance by City Council.

4. Amendment – The City Manager is authorized to transfer any amount, within or between funds and departments during the fiscal year. The Director of Finance reports to City Council on a quarterly basis all transfers in excess of \$100,000 between funds, as well as between project and program accounts in the Capital Project Fund and Grant Fund. All other transfers or supplemental appropriations must be approved by City Council. During the year, \$9,990,121 in supplemental appropriations were approved by City Council. These amendments consisted primarily of appropriations of prior year encumbrances, the appropriation of restricted, committed or assigned fund balance, and the appropriation of additional intergovernmental grants received during the year.

5. Integration – Formal budgetary integration is employed as a management control device during the year for the General and Capital Projects Funds. Formal budgetary integration is not employed for the Debt Service Fund because effective budgetary control is alternatively achieved through budgeted transfers from the General Fund to the Debt Service Fund for debt payments.

6. Legal Compliance – Actual expenditures and operating transfers out may not legally exceed budget appropriations for each department. City Council legally adopts an annual budget for the General Fund. Its budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America except for the recognition of encumbrances, the classification of certain transfers as expenditures, and the consideration of beginning fund balance as a budgetary resource. A reconciliation of the actual General Fund uses of financial resources presented in accordance with generally accepted accounting principles is presented as part of the Budgetary Comparison Schedule located in the Required Supplementary Information.

**CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

(3) Infrastructure Assets Under Modified Approach

INFRASTRUCTURE – FLOOD REDUCTION

In conjunction with the adoption of the modified approach for flood reduction asset accounting, the City is required to conduct semi-annual (January and July) condition level assessments for 100% of these assets. These assessments are based on the United States Army Corps of Engineers (USACE) ‘Inspection, Maintenance and Operational Report’ and are conducted by City personnel. Individual components assessed include bench cuts (14) and training walls (2), which both directly impact the level of flood reduction benefit the assets provide. These components are evaluated by examining the number of obstructions or amount of damage observed, and then establishing the extent to which it has affected the infrastructure. These individual assessments are then used to determine an overall condition rating, as defined below.

Independent evaluations are also conducted periodically by the USACE using the same assessment criteria. City and USACE policy requires condition levels to be maintained at or above a Fair (2) rating. Deficiencies discovered by either party, which would cause the condition level to fall below this standard are the City’s responsibility and should be addressed prior to the next assessment.

<u>Condition</u>	<u>Rating</u>
Good	3
Fair	2
Poor	1

Assessment Ratings of Infrastructure Components

	<u>Number Assessed</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Training Walls	2	2.5	3	3	2.5	2
Bench Cuts	14	2.6	2	2.7	2.7	2.8

Comparison of Estimated to Actual Maintenance Costs

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Estimated	\$116,000	\$54,500	\$75,000	\$75,000	\$54,599
Actual	\$ 49,384	\$36,414	\$27,204	\$81,595	\$12,454

See Accompanying Report of Independent Auditor

**CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

(4) Schedule of City Pension Contributions - City Plan

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 11,345,222	\$ 11,266,984	\$ 10,451,101	\$ 10,184,532	\$ 13,122,478	\$ 11,136,823
Contributions in Relation to Actuarially Determined Contribution	11,345,222	11,266,984	10,451,101	10,184,532	13,122,478	11,136,823
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 68,221,419	\$ 66,120,798	\$ 66,104,371	\$ 65,118,496	\$ 59,030,490	\$ 60,633,287
Contributions as a Percentage of Covered Payroll	16.63%	17.04%	15.81%	15.64%	22.23%	18.37%

Notes to Schedule:

Valuation Date: June 30, 2017 June 30, 2016 June 30, 2015 June 30, 2014 June 30, 2013 June 30, 2012

Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-Age Normal Cost method
Amortization method	Level percent closed, 30-years with phase-in of codified COLA
Amortization period	31.89 years, with 27 years remaining as of June 30, 2016
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	3.50%
Investment rate of return	7.75%
Mortality	125% of RP-2000 Combined Healthy Mortality for male and females with generational mortality projection using Scale AA

Other information:

The Plan changed actuarial cost methods to entry age normal with the valuation effective June 30, 2014 in accordance with Generally Accepted Accounting Principles (GAAP).

The Plan utilized the Projected Unit Credit cost method for the valuations performed effective June 30, 2013 and June 30, 2012.

The Plan changed the expected Inflation from 2.75% to 2.25% and expected investment rate of return from 7.75% to 7.25% based on an experience study performed 6/30/2018 effective for Fiscal Year 2018.

Schedule is intended to show information for 10 years. As 2014 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

**CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

(5) Schedule of City's Proportionate Share of the Net Pension Liability - City Plan

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's Proportion of Net Pension Liability	88.97%	88.53%	87.81%	86.73%	86.38%
City's Proportionate Share of Net Pension Liability	\$ 113,060,409	\$ 127,175,183	\$ 148,945,372	\$ 121,555,328	\$ 101,395,947
Covered Payroll	\$ 66,120,798	\$ 66,104,370	\$ 65,118,496	\$ 59,030,490	\$ 60,633,287
City's Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	170.99%	192.39%	228.73%	205.90%	167.23%
Plan Fiduciary Net Position as a Percentage of Total Net Pension Liability	77.32%	74.00%	68.70%	73.81%	77.23%

Schedule is intended to show information for 10 years. As 2015 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

See Accompanying Report of Independent Auditor

**CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

(6) Schedule of School Board Pension Contributions - City Plan

	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 222,911	\$ 248,488	\$ 257,269	\$ 340,838	\$ 527,115
Contributions in Relation to Actuarially Determined Contribution	222,911	248,488	257,269	340,838	527,115
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,607,148	\$ 1,757,341	\$ 1,985,104	\$ 2,617,813	\$ 2,690,735
Contributions as a Percentage of Covered Payroll	13.87%	14.14%	12.96%	13.02%	19.59%

Notes to Schedule:

Valuation Date: June 30, 2017 June 30, 2016 June 30, 2015 June 30, 2014 June 30, 2013

Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method (1)	Entry-Age Normal Cost method
Amortization method	Level percent closed, 30-years with phase-in of codified COLA
Amortization period	31.89 years
Asset valuation method	5-year smoothed market
Inflation (2)	2.25%
Salary increases	3.50%
Investment rate of return (2)	7.25%
Mortality	125% of RP-2000 Combined Healthy Mortality for males and females with generational mortality projection using Scale AA

Other Information:

(1) The Plan changed actuarial cost methods to entry age normal with the valuation effective June 30, 2014 in accordance with Generally Accepted Accounting Principles (GAAP)

The Plan utilized the Projected Unit Credit cost method for the valuations performed effective June 30, 2013.

(2) The Plan changed the expected Inflation from from 2.75% to 2.25% and expected investment rate of return from 7.75% to 7.25% based on an experience study performed 6/30/2018 effective for Fiscal Year 2018.

Schedule is intended to show information for 10 years. As 2015 was the first year of presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

**CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

(7) Schedule of School Board's Proportionate Share of the Net Pension Liability - City Plan

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School Board's Proportion of Net Pension Liability	1.95%	2.18%	2.94%	3.48%	3.63%
School Board's Proportionate Share of Net Pension Liability	\$ 2,476,295	\$ 3,130,602	\$ 4,984,640	\$ 4,882,739	\$ 4,256,291
Covered Payroll	\$ 1,607,148	\$ 1,985,100	\$ 1,985,104	\$ 2,690,735	\$ 3,005,980
School Board's Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	154.08%	157.71%	251.10%	181.46%	141.59%
Plan Fiduciary Net Position as a Percentage of Total Net Pension Liability	77.32%	74.00%	68.70%	73.81%	77.23%

Schedule is intended to show information for 10 years. As 2015 was the first year of presentation, no other data is available. Additional years will be included as they become available.

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)

(8) Schedule of City's Pension Contributions - VRS

(For employees covered under VRS)

	2019 (1)	2018	2017	2016	2015
Contractually Determined Contribution	\$ 1,493,066	\$ 1,446,685	\$ 1,443,062	\$ 1,499,615	\$ 1,514,713
Contributions in Relation to Contractually Determined Contribution	\$ 1,493,066	\$ 1,446,685	\$ 1,443,062	\$ 1,499,615	\$ 1,514,713
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 8,994,376	\$ 8,842,818	\$ 8,761,712	\$ 8,537,263	\$ 8,650,983
Contributions as a Percentage of Covered Payroll	16.60%	16.36%	16.47%	17.57%	17.51%

Notes to Schedule

Valuation Date: June 30, 2017 June 30, 2016 June 30, 2015 June 30, 2014 June 30, 2013

Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay, closed
Remaining amortization period	26 years (decreasing by one each year in subsequent valuation until reaching 0 years.
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	3.50% - 5.35%
Cost of living adjustment	2.25% - 2.50%
Investment rate of return	7.00%
Mortality	45% of deaths are assumed to be service related
Pre-Retirement	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of Rates; females set forward 1 year
Post-Retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1% increase compounded from ages 70 to 90; females set forward 3 years
Post-Disablement	RP-2014 Disabled Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male

(1) Beginning with 2019, the Virginia Retirement System provided participants with covered payroll and contribution data based on creditable compensation. Data from 2019 uses this newly available information.

Other information:

Mortality improvement is anticipated under the post-retirement mortality assumption as projected with Scale AA

Schedule is intended to show information for 10 years. As 2015 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

**CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

(9) Schedule of School Board's Pension Contributions - VRS - Non-professionals' Plan

(For employees covered under VRS)

	<u>2019 (1)</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 139,770	\$ 98,135	\$ 93,497	\$ 126,073	\$ 126,993
Contributions in Relation to Contractually Determined Contribution	\$ 139,770	\$ 98,135	\$ 93,497	\$ 126,073	\$ 126,993
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered Payroll	\$ 4,300,605	\$ 3,688,153	\$ 2,615,319	\$ 2,662,777	\$ 2,505,966
Contributions as a Percentage of Covered Payroll	3.25%	2.66%	3.57%	4.73%	5.07%

Notes to Schedule:

Valuation Date: June 30, 2017 June 30, 2016 June 30, 2015 June 30, 2014 June 30, 2013

Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay, closed
Remaining amortization period	28 years (decreasing by one each year in subsequent valuations until reaching 0 years)
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	3.50% - 5.35%
Cost of living adjustment	2.25% - 2.50%
Investment rate of return	7.00%
Mortality	45% of deaths are assumed to be service related.
Pre-Retirement	RP-2014 Employee Mortality Table projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years
Post-Retirement	RP-2014 Combined Mortality Table projected with Scale AA to 2020 with males set forward 1 year
Post-Disablement	RP-2014 Disabled Life Mortality Table with males set back 3 years and no provision for future mortality improvement

(1) Beginning with 2019, the Virginia Retirement System provided participants with covered payroll and contribution data based on creditable compensation. Data from 2019 uses this newly available information.

Other Information:

Mortality improvement is anticipated under the post-retirement mortality assumption as projected with Scale AA

Schedule is intended to show information for 10 years. As 2015 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)

(10) Schedule of Changes in City's Net Pension Liability and Related Ratios - VRS
(CAFR reporting year - measurement date June 30 of prior year)

	2019	2018	2017	2016	2015
Total Pension Liability					
Service Cost	\$ 1,337,903	\$ 1,348,893	\$ 1,380,941	\$ 1,312,849	\$ 1,333,127
Interest	4,339,444	4,195,752	4,042,340	3,859,768	3,680,676
Changes of Assumptions	-	(159,919)	-	-	-
Differences Between Expected and Actual Experience	430,539	(320,535)	(396,031)	101,336	-
Benefit Payments, Including Refunds of Employee Contributions	(3,186,070)	(2,836,839)	(2,834,452)	(2,497,107)	(2,413,588)
Net Change in Total Pension Liability	2,921,816	2,227,352	2,192,798	2,776,846	2,600,215
Total Pension Liability - Beginning	63,585,086	61,357,734	59,164,936	56,388,090	53,787,875
Total Pension Liability - Ending	\$ 66,506,902	\$ 63,585,086	\$ 61,357,734	\$ 59,164,936	\$ 56,388,090
Plan Fiduciary Net Position					
Contributions - Employer	\$ 1,444,142	\$ 1,439,698	\$ 1,499,615	\$ 1,514,713	\$ 1,460,269
Contributions - Employee	440,860	451,501	428,612	432,153	424,175
Net Investment Income	4,102,791	6,147,715	872,926	2,245,173	6,752,670
Benefit Payments, Including Refunds of Employee Contributions	(3,186,070)	(2,836,839)	(2,834,452)	(2,497,107)	(2,413,588)
Administrative Expense	(35,783)	(35,693)	(31,738)	(30,828)	(36,491)
Other	(3,643)	(5,465)	(372)	(473)	356
Net Change in Plan Fiduciary Net Position	2,762,297	5,160,917	(65,409)	1,663,631	6,187,391
Plan Fiduciary Net position - Beginning	55,924,346	50,763,429	50,828,838	49,165,207	42,977,816
Plan Fiduciary Net Position - Ending	\$ 58,686,643	\$ 55,924,346	\$ 50,763,429	\$ 50,828,838	\$ 49,165,207
Total Net Pension Liability - Beginning	\$ 7,660,740	\$ 10,594,305	\$ 8,336,098	\$ 7,222,883	\$ 10,810,059
Total Net Pension Liability - Ending	\$ 7,820,259	\$ 7,660,740	\$ 10,594,305	\$ 8,336,098	\$ 7,222,883
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	88.24%	87.95%	82.73%	85.91%	87.19%
Covered Payroll	\$ 8,848,224	\$ 8,761,712	\$ 8,537,263	\$ 8,650,983	\$ 8,430,964
Net Pension Liability as a Percentage of Covered Payroll	88.38%	87.43%	124.09%	96.36%	85.67%

Schedule is intended to show information for 10 years. As 2015 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

See Accompanying Report of Independent Auditor

**CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

(11) Schedule of School Board's Pension Contributions - VRS - Teacher Retirement Plan

(For employees covered under VRS)

	<u>2019 (1)</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 12,979,095	\$ 12,791,612	\$ 11,471,695	\$ 11,164,143	\$ 11,825,296
Contributions in Relation to Contractually Determined Contribution	12,979,095	12,791,612	\$ 11,471,695	\$ 11,164,143	\$ 11,825,296
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered Payroll	\$ 82,774,838	\$ 80,236,536	\$ 79,683,440	\$ 76,869,589	\$ 74,342,482
Contributions as a Percentage of Covered Payroll	15.68%	15.94%	14.40%	14.52%	15.91%

Notes to Schedule:

Valuation Date:	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
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(1) Beginning with 2019, the Virginia Retirement System provided participants with covered payroll and contribution data based on creditable compensation. Data from 2019 uses this newly available information.

Other Information:

Schedule is intended to show information for 10 years. As 2015 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

**CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

(12) Schedule of School Board's Proportionate Share of Net Pension Liability - Teachers Plan

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's Proportion of Net Pension Liability	0.99%	1.01%	1.01%	1.00%	0.98%
Employer's Proportionate Share of Net Pension Liability	\$116,773,000	\$123,985,000	\$141,324,000	\$125,881,000	\$118,679,000
Covered Payroll	\$ 82,774,838	\$ 80,236,536	\$ 79,683,440	\$ 76,869,589	\$ 74,342,482
Employer's Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	141.07%	154.52%	177.36%	163.76%	159.64%
Plan Fiduciary Net Position as a Percentage of Total Net Pension Liability	74.81%	72.92%	68.28%	70.68%	70.88%

Schedule is intended to show information for 10 years. As 2015 was the first year of presentation, no other data is available. Additional years will be included as they become available.

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)

(13) Schedule of School Board's Changes in Net Pension Liability and Related Ratios - VRS
(CAFR reporting year - measurement date June 30 of prior year)

	2019	2018	2017	2016	2015
Total Pension Liability					
Service Cost	\$ 303,752	\$ 327,500	\$ 292,621	\$ 250,347	\$ 238,778
Interest	137,429	115,185	90,855	75,430	57,278
Changes in Assumptions	-	(95,226)	-	-	-
Differences Between Expected and Actual Experience	(108,492)	22,079	3,596	(71,963)	-
Benefit Payments, Including Refunds of Employee Contributions	(48,197)	(55,331)	(23,660)	(43,270)	(30,199)
Net change in Total Pension Liability	\$ 284,492	\$ 314,207	\$ 363,412	\$ 210,544	\$ 265,857
Total Pension Liability - Beginning	1,987,375	1,673,168	1,309,756	1,099,212	833,355
Total Pension Liability - Ending	\$ 2,271,867	\$ 1,987,375	\$ 1,673,168	\$ 1,309,756	\$ 1,099,212
Plan Fiduciary Net Position					
Contributions - Employer	\$ 98,135	\$ 93,237	\$ 114,441	\$ 103,468	\$ 167,937
Contributions - Employee	169,352	164,828	145,769	131,040	112,035
Net Investment Income	238,823	332,502	48,318	99,131	259,744
Benefit Payments, Including Refunds of Employee Contributions	(48,197)	(55,331)	(23,660)	(43,270)	(30,199)
Administrative Expense	(1,842)	(1,688)	(1,296)	(1,144)	(1,173)
Other	(222)	(306)	(19)	(21)	14
Net Change in Plan Fiduciary Net Position	\$ 456,049	\$ 533,242	\$ 283,553	\$ 289,204	\$ 508,358
Plan Fiduciary Net Position - Beginning	3,126,025	2,592,783	2,309,230	2,020,026	1,511,668
Plan Fiduciary Net Position - Ending	\$ 3,582,074	\$ 3,126,025	\$ 2,592,783	\$ 2,309,230	\$ 2,020,026
Total Net Pension Asset - Beginning	\$ (1,138,650)	\$ (919,615)	\$ (999,474)	\$ (920,814)	\$ (678,313)
Total Net Pension Asset - Ending	\$ (1,310,207)	\$ (1,138,650)	\$ (919,615)	\$ (999,474)	\$ (920,814)
Plan Fiduciary Net Position as a of Total Percentage Pension Asset	157.67%	157.29%	154.96%	176.31%	183.77%
Covered Payroll	\$ 3,688,153	\$ 2,615,319	\$ 2,099,489	\$ 2,291,710	\$ 2,220,265
Net Pension Asset as a Percentage of Covered Payroll	(35.52%)	(43.54%)	(43.80%)	(43.61%)	(41.47%)

Schedule is intended to show information for 10 years. As 2015 was the first year of presentation, no other data is available. Additional years will be included as they become available.

Per GAAP, net pension assets are reported using the measurement date, which is one year prior to the reporting date.

**CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

(14) Schedule of Investment Returns

City of Roanoke - OPEB Trust

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Annual money weighted rate of return, net of investment expense	4.67%	9.52%	13.04%

The City of Roanoke utilizes the VACo/VML Pooled OPEB Trust Portfolio I for investment of funds related to its Other Post Employment Benefits for the Post Employment Health Plan and Line of Duty Benefits. Thus, a single Schedule of Investment Returns is applicable to and presented for both components of the City's OPEB Trust.

Schedule is intended to show information for 10 years. As 2017 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)

(15) Schedule of City's OPEB Contributions - Employees' Post Retirement Health Plan

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 898,000	\$ 947,000	\$ 1,071,000	\$ 982,000	\$ 957,000
Contributions in Relation to Actuarially Determined Contribution	898,000	947,000	1,071,000	982,000	957,000
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered Payroll	\$ 73,943,000	\$ 73,167,000	\$ 71,512,000	\$ 69,346,000	\$ 70,052,000
Contributions as a Percentage of Covered Payroll	1.21%	1.29%	1.50%	1.42%	1.37%
Notes to Schedule:					
Valuation Date:	July 1, 2018	July 1, 2017	July 1, 2017	July 1, 2017	July 1, 2017

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarially Determined Contribution	\$ 877,000	\$ 1,278,000	\$ 1,235,000	\$ 1,528,000	\$ 1,747,000
Contributions in Relation to Actuarially Determined Contribution	877,000	1,337,000	1,306,000	1,724,000	1,747,000
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ (59,000)</u></u>	<u><u>\$ (71,000)</u></u>	<u><u>\$ (196,000)</u></u>	<u><u>\$ -</u></u>
Covered Payroll	\$ 66,641,000	\$ 68,086,000	\$ 68,086,000	\$ 69,600,000	\$ 69,600,000
Contributions as a Percentage of Covered Payroll	1.32%	1.96%	1.92%	2.48%	2.51%
Notes to Schedule:					
Valuation Date:	July 1, 2017	July 1, 2017	July 1, 2017	July 1, 2017	July 1, 2017

Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year. 2017 is the first year for this presentation, therefore, data from 2009 to 2017 was measured with the 2017 valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period	21 years
Asset valuation method	Market Value of Assets
Inflation	2.25%
Medical Inflation	5.50%
Payroll growth	2.50%
Investment rate of return	7.00%
Mortality	
Pre-Retirement	125% of the RP-2000 Combined Health Mortality Table for males and females with generational mortality projection using Scale AA
Healthy Annuitants	125% of the RP-2000 Combined Health Mortality Table for males and females with generational mortality projection using Scale AA
Disabled Annuitants	The SOA RP-2014 Adjusted to 2006 Disabled Retiree Mortality Table with base rates only. This assumption was changed from 70% of the PBGC Disabled Mortality Table 5A for males and 90% of the PBGC Disabled Mortality Table 6A for females due to the 2016 experience study.

Mortality improvement is anticipated under the post-retirement mortality assumption as projected with Scale AA

See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)

(16) Schedule of City's OPEB Contributions - Line of Duty Benefits

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 334,900	\$ 328,000	\$ 367,100	\$ 370,900	\$ 349,100
Contributions in Relation to Actuarially Determined Contribution	334,900	328,000	367,100	370,900	349,100
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered Payroll	\$ 34,133,600	\$ 33,524,900	\$ 32,921,200	\$ 32,577,300	\$ 33,055,600
Contributions as a Percentage of Covered Payroll	0.98%	0.98%	1.12%	1.14%	1.06%

Notes to Schedule:

Valuation Date: July 1, 2018 July 1, 2017 July 1, 2017 July 1, 2017 July 1, 2017

	<u>2013</u>	<u>2012</u>
Actuarially Determined Contribution	\$ 248,000	\$ 238,800
Contributions in Relation to Actuarially Determined Contribution	330,000	311,200
Contribution Deficiency (Excess)	<u><u>\$ (82,000)</u></u>	<u><u>\$ (72,400)</u></u>
Covered Payroll	\$ 31,425,600	\$ 29,618,000
Contributions as a Percentage of Covered Payroll	1.05%	1.05%

Notes to Schedule:

Valuation Date: July 1, 2017 July 1, 2017

Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year. 2017 is the first year for this presentation, therefore, data from 2012 to 2017 was measured with the 2017 valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period	21 years
Asset valuation method	Market Value of Assets
Inflation	2.25%
Payroll growth	2.50%
Investment rate of return	7.00%
Mortality	
Pre-Retirement	125% of the RP-2000 Combined Health Mortality Table for males and females with generational mortality projection using Scale AA
Healthy Annuitants	125% of the RP-2000 Combined Health Mortality Table for males and females with generational mortality projection using Scale AA
Disabled Annuitants	The SOA RP-2014 Adjusted to 2006 Disabled Retiree Mortality Table with base rates only. This assumption was changed from 70% of the PBGC Disabled Mortality Table 5A for males and 90% of the PBGC Disabled Mortality Table 6A for females due to the 2016 experience study

Schedule is intended to show information for 10 years. As of the first year for this presentation data was available for 2012, no other data is available, however, additional years will be included as they become available.

See Accompanying Report of Independent Auditor

**CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

**(17) Schedule of Changes in Net OPEB Liability and Related Ratios
OPEB Trust - Employees' Post Retirement Health Plan**

	2019	2018
Total OPEB Liability		
Service Cost	\$ 314,967	\$ 307,511
Interest	840,955	852,459
Differences Between Expected and Actual Experience	798,742	(602,777)
Benefit Payments, Including Refunds of Employee Contributions	(762,000)	(696,000)
Net Change in Total OPEB Liability	1,192,664	(138,807)
Total OPEB Liability - Beginning	12,079,667	12,218,474
Total OPEB Liability - Ending	\$ 13,272,331	\$ 12,079,667
 Plan Fiduciary Net Position		
Contributions - Employer	\$ 898,000	\$ 947,000
Net Investment Income	384,002	430,894
Benefit Payments, Including Refunds of Employee Contributions	(762,000)	(696,000)
Administrative Expense	(4,961)	(4,408)
Net Change in Plan Fiduciary Net Position	515,041	677,486
Plan Fiduciary Net position - Beginning	4,011,074	3,333,588
Plan Fiduciary Net position - Ending	\$ 4,526,115	\$ 4,011,074
 Total Net OPEB Liability - Beginning	8,068,593	8,884,886
Total Net OPEB Liability - Ending	\$ 8,746,216	\$ 8,068,593

Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	34.10%	33.21%
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Covered Payroll	\$ 73,943,000	\$ 73,167,000
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Net OPEB Liability as a Percentage of Covered Payroll	11.83%	11.03%
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Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

Schedule is intended to show information for 10 years. As 2018 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

**CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

**(18) Schedule of Changes in Net OPEB Liability and Related Ratios
OPEB Trust - Line of Duty Act**

	2019	2018
Total OPEB Liability		
Service Cost	\$ 161,651	\$ 149,688
Interest	284,709	266,113
Changes of Benefit Terms	(412,038)	-
Differences Between Expected and Actual Experience	(490,047)	(30,411)
Benefit payments, including refunds of employee contributions	(161,700)	(101,700)
Net Change in Total OPEB Liability	(617,425)	283,690
Total OPEB Liability - Beginning	3,986,478	3,702,788
Total OPEB Liability - Ending	\$ 3,369,053	\$ 3,986,478
 Plan Fiduciary Net Position		
Contributions - Employer	\$ 334,900	\$ 328,000
Net Investment Income	174,061	183,124
Benefit payments, including refunds of employee contributions	(161,700)	(101,700)
Administrative Expense	(2,504)	(2,137)
Net Change in Plan Fiduciary Net Position	344,757	407,287
Plan Fiduciary Net position - Beginning	1,817,917	1,410,630
Plan Fiduciary Net position - Ending	\$ 2,162,674	\$ 1,817,917
 Total Net OPEB Liability - Beginning	2,168,561	2,292,170
Total Net OPEB Liability - Ending	\$ 1,206,379	\$ 2,168,561

Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	64.19%	45.60%
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Covered Payroll	\$ 34,133,600	\$ 33,524,900
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Net OPEB Liability as a Percentage of Covered Payroll	3.53%	6.47%
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Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

Schedule is intended to show information for 10 years. As 2018 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

**CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

**(19) Schedule of Changes in Net OPEB Liability and Related Ratios
OPEB Trust - Health Insurance Credit**

	2019	2018
Total OPEB Liability		
Service Cost	\$ 5,416	\$ 5,836
Interest	25,772	25,637
Differences Between Expected and Actual Experience	6,681	-
Changes of Assumptions	-	(6,386)
Benefit Payments, Including Refunds of Employee Contributions	(26,022)	(20,294)
Net Change in Total OPEB Liability	11,847	4,793
Total OPEB Liability - Beginning	381,185	376,392
Total OPEB Liability - Ending	\$ 393,032	\$ 381,185

Plan Fiduciary Net Position		
Contributions - Employer	\$ 22,982	\$ 22,904
Net Investment Income	6,618	9,633
Benefit Payments, Including Refunds of Employee Contributions	(26,022)	(20,294)
Administrative Expense	(153)	(158)
Other	(480)	480
Net Change in Plan Fiduciary Net Position	2,945	12,565
Plan Fiduciary Net position - Beginning	95,733	83,168
Plan Fiduciary Net position - Ending	\$ 98,678	\$ 95,733

Total Net OPEB Liability - Beginning	285,452	293,224
Total Net OPEB Liability - Ending	\$ 294,354	\$ 285,452

Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	25.11%	25.11%
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Covered Payroll	\$ 9,000,883	\$ 8,761,712
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Net OPEB Liability as a Percentage of Covered Payroll	3.27%	3.26%
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Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

Schedule is intended to show information for 10 years. As 2018 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

**CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

(20) Schedule of City's Proportionate Share of the Net OPEB Liability - VRS Group Life Insurance

	<u>2019</u>	<u>2018</u>
City's Proportion of Net OPEB Liability	0.384%	0.401%
City's Proportionate Share of Net OPEB Liability	\$ 5,938,000	\$ 6,029,685
Covered Payroll	\$ 75,352,500	\$ 73,908,260
City's Proportionate Share of Net OPEB Liability as a Percentage of Covered Payroll	7.88%	8.16%
Plan Fiduciary Net Position as a Percentage of Total Net OPEB Liability	51.22%	48.86%

Per GAAP, net other postemployment benefit liabilities are reported using the measurement date, which is one year prior to the reporting date.

The City of Roanoke plans of the VRS Life Insurance Program contains other plan participants. This schedule only provides data for City employees. Other plan participants take full financial responsibility for their portion of the plan.

Schedule is intended to show information for 10 years. As 2018 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

**CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

(21) Schedule of City Contributions - VRS Group Life Insurance

	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 394,214	\$ 389,032
Contributions in Relation to Actuarially Determined Contribution	394,214	389,032
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered Payroll	\$ 75,810,385	\$ 74,813,846
Contributions as a Percentage of Covered Payroll	0.52%	0.52%

Notes to Schedule:

Valuation Date:	June 30, 2017	June 30, 2016
-----------------	---------------	---------------

The City of Roanoke plans of the VRS Life Insurance Program contains other plan participants. This schedule only provides data for City employees. Other plan participants take full financial responsibility for their portion of the plan.

Schedule is intended to show information for 10 years. As 2018 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

**CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

(22) Schedule of School Board Contributions - Group Life Insurance (Non-Professionals)

	<u>2019 (1)</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 30,717	\$ 28,263
Contributions in Relation to Actuarially Determined Contribution	30,717	28,263
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered Payroll	\$ 5,907,183	\$ 5,435,214
Contributions as a Percentage of Covered Payroll	0.52%	0.52%

Notes to Schedule:

Valuation Date:	June 30, 2017	June 30, 2016
-----------------	---------------	---------------

(1) Beginning with 2019, the Virginia Retirement System provided participants with covered payroll and contribution data based on creditable compensation. Data from 2019 uses this newly available information.

Other Information:

Schedule is intended to show information for 10 years. As 2018 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

**CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

(23) Schedule of School Board Contributions - Group Life Insurance (Professionals)

	<u>2019 (1)</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 430,663	\$ 417,241
Contributions in Relation to Actuarially Determined Contribution	430,663	417,241
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered Payroll	\$ 82,819,814	\$ 80,238,605
Contributions as a Percentage of Covered Payroll	0.52%	0.52%

Notes to Schedule:

Valuation Date:	June 30, 2017	June 30, 2016
-----------------	---------------	---------------

(1) Beginning with 2019, the Virginia Retirement System provided participants with covered payroll and contribution data based on creditable compensation. Data from 2019 uses this newly available information.

Other Information:

Schedule is intended to show information for 10 years. As 2018 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

**CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

(24) Schedule of School Board Contributions - Health Insurance Credit (General Employees)

	<u>2019 (1)</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 5,161	\$ 4,036
Contributions in Relation to Actuarially Determined Contribution	5,161	4,036
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 4,300,605	\$ 3,668,153
Contributions as a Percentage of Covered Payroll	0.11%	0.11%

Notes to Schedule:

Valuation Date:	June 30, 2017	June 30, 2016
-----------------	---------------	---------------

(1) Beginning with 2019, the Virginia Retirement System provided participants with covered payroll and contribution data based on creditable compensation. Data from 2019 uses this newly available information.

Other Information:

Schedule is intended to show information for 10 years. As 2018 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

**CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

(25) Schedule of School Board Contributions - Health Insurance Credit (Teachers)

	<u>2019 (1)</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 993,298	\$ 987,227
Contributions in Relation to Actuarially Determined Contribution	993,298	987,227
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered Payroll	\$ 82,774,838	\$ 80,238,605
Contributions as a Percentage of Covered Payroll	1.20%	1.23%

Notes to Schedule:

Valuation Date:	June 30, 2017	June 30, 2016
-----------------	---------------	---------------

(1) Beginning with 2019, the Virginia Retirement System provided participants with covered payroll and contribution data based on creditable compensation. Data from 2019 uses this newly available information.

Other Information:

Schedule is intended to show information for 10 years. As 2018 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

**CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

**(26) Schedule of School Board's Proportionate Share of the Net VRS Group Life Insurance Liability
(Non-Professionals)**

	<u>2019</u>	<u>2018</u>
School Board's Proportion of Net OPEB Liability	0.029%	0.028%
School Board's Proportionate Share of Net OPEB Liability	434,000	425,000
Covered Payroll	\$ 5,907,183	\$ 5,435,214
School Board's Proportionate Share of Net OPEB liability as a Percentage of Covered Payroll	7.35%	7.82%
Plan Fiduciary Net Position as a Percentage of Total Net OPEB Liability	51.22%	48.86%

Schedule is intended to show information for 10 years. As 2018 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

See Accompanying Report of Independent Auditor

**CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

**(27) Schedule of School Board's Proportionate Share of the Net VRS Group Life Insurance Liability
(Professional Employees)**

	<u>2019</u>	<u>2018</u>
School Board's Proportion of Net OPEB Liability	0.42%	0.43%
School Board's Proportionate Share of Net OPEB Liability	\$ 6,410,000	\$ 6,504,000
Covered Payroll	\$ 82,819,814	\$ 80,238,605
School Board's Proportionate Share of Net OPEB liability as a Percentage of Covered Payroll	7.74%	8.11%
Plan Fiduciary Net Position as a Percentage of Total Net OPEB Liability	51.22%	48.86%

Schedule is intended to show information for 10 years. As 2018 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

See Accompanying Report of Independent Auditor

**CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

**(28) Schedule of School Board's Proportionate Share of the Net VRS Health Insurance Credit Liability
(Teachers)**

	<u>2019</u>	<u>2018</u>
School Board's Proportion of Net OPEB Liability	0.992%	1.010%
School Board's Proportionate Share of Net OPEB Liability	\$ 12,597,000	\$ 12,810,000
Covered Payroll	\$ 82,774,838	\$ 80,236,537
School Board's Proportionate Share of Net OPEB Liability as a Percentage of its Covered Payroll	15.22%	15.97%
Plan Fiduciary Net Position as a Percentage of Total Net OPEB Liability	8.08%	7.04%

Schedule is intended to show information for 10 years. As 2018 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

See Accompanying Report of Independent Auditor

SUPPLEMENTARY INFORMATION

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CITY OF ROANOKE, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	Pension Trust Fund	OPEB Trust Fund	Total Fiduciary Funds
<u>Assets</u>			
Cash and Cash Equivalents	\$ 636,514	\$ -	\$ 636,514
Receivables:			
Employer Contributions	452,890	-	452,890
Employee Contributions	116,198	-	116,198
Investment Income	534,444	-	534,444
Receivable for Security Transactions	62,198	-	62,198
Total Receivables	1,165,730	-	1,165,730
Investments Held by Trustee, at Fair Value:			
Cash Equivalents	8,799,616	-	8,799,616
Government Securities	16,814,074	-	16,814,074
Municipal and Agency Bonds	9,519,133	-	9,519,133
Corporate Bonds	40,255,055	-	40,255,055
Convertible Bond Mutual Funds	20,113,106	-	20,113,106
Common Stocks	70,365,605	-	70,365,605
Domestic Mutual Funds	144,050,983	-	144,050,983
International Mutual Funds	94,513,604	-	94,513,604
Real Estate Mutual Funds	25,293,466	-	25,293,466
Investment in Pooled Funds	-	7,206,638	7,206,638
Total Investments	429,724,642	7,206,638	436,931,280
Total Assets	431,526,886	7,206,638	438,733,524
<u>Liabilities</u>			
Accounts Payable and Accrued Expenses	246,266	-	246,266
Payable for Security Transactions	357,188	-	357,188
Total Liabilities	603,454	-	603,454
Net Position Restricted for Benefits	\$ 430,923,432	\$ 7,206,638	\$ 438,130,070

See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Pension Trust Fund	OPEB Trust Fund	Total Fiduciary Funds
<u>Additions/(Reductions)</u>			
Contributions from Employer	\$ 12,510,402	\$ 1,180,200	\$ 13,690,602
Contributions from Employee	3,690,921	-	3,690,921
Investment Income			
Net Appreciation in Fair Value of Investments	579,443	316,667	896,110
Interest and Dividends	21,334,380	-	21,334,380
Other	7,866	-	7,866
Total Investment Income	21,921,689	316,667	22,238,356
Less Investment Expenses	(1,249,111)	(8,218)	(1,257,329)
Net Investment Income	20,672,578	308,449	20,981,027
Total Additions	36,873,901	1,488,649	38,362,550
<u>Deductions</u>			
Benefit Payments	38,525,270	970,800	39,496,070
Administrative Expenses	535,657	-	535,657
Total Deductions	39,060,927	970,800	40,031,727
Change in Net Position	(2,187,026)	517,849	(1,669,177)
Fiduciary Net Position at Beginning of Year	433,110,458	6,688,789	439,799,247
Fiduciary Net Position at End of Year	\$ 430,923,432	\$ 7,206,638	\$ 438,130,070

See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2019

	Hotel Roanoke Conference Center Commission
<u>Assets</u>	
Cash and Cash Equivalents	\$ 5,339,112
Due from Other Governments	870,611
Total Assets	\$ 6,209,723
<u>Liabilities</u>	
Due to Other Governments	\$ 6,209,723
Total Liabilities	\$ 6,209,723

See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
<u>Assets</u>				
Cash and Cash Equivalents	\$ 5,910,065	\$ 2,796,776	\$ 3,367,729	\$ 5,339,112
Accrued Interest Receivable	-	-	-	-
Due from Other Governments	473,936	1,335,837	939,162	\$ 870,611
Total Assets	<u>\$ 6,384,001</u>	<u>\$ 4,132,613</u>	<u>\$ 4,306,891</u>	<u>\$ 6,209,724</u>
<u>Liabilities</u>				
Due to Other Governments	\$ 6,384,001	\$ 4,132,613	\$ 4,306,891	\$ 6,209,723
Total Liabilities	<u>\$ 6,384,001</u>	<u>\$ 4,132,613</u>	<u>\$ 4,306,891</u>	<u>\$ 6,209,723</u>

See Accompanying Report of Independent Auditor

STATISTICAL SECTION (UNAUDITED)

This part of the City of Roanoke, Virginia's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information indicates about the government's overall financial condition.

Contents	Page
Financial Trends	197
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	204
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.</i>	
Debt Capacity	207
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Indicators	211
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	213
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

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

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Table 1
Unaudited

CITY OF ROANOKE, VIRGINIA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14 (2)	2012-13	2011-12	2010-11	2009-10
Governmental Activities										
Net Investment in Capital Assets	\$ 432,942,418	\$ 411,618,245	\$ 391,326,816	\$ 386,671,621	\$ 371,085,207	\$ 344,420,223	\$ 335,651,602	\$ 329,493,504	\$ 269,948,200	\$ 260,869,253
Restricted for:										
Capital Projects	-	-	-	-	-	5,669,959	-	-	-	46,777
Debt Service	17,890	41,733	539,265	1,011,031	1,508,122	1,406,148	1,493,056	-	-	-
Other Purposes	-	-	-	48,411	-	-	6,746,307	-	-	-
Unrestricted (deficit)	(92,944,533)	(114,223,642)	(98,655,788)	(100,167,028)	(99,306,461)	(102,194,393)	22,261,350	29,219,419	44,235,521	25,539,839
	<u>\$ 340,015,775</u>	<u>\$ 297,436,336</u>	<u>\$ 293,210,293</u>	<u>\$ 287,564,035</u>	<u>\$ 273,286,868</u>	<u>\$ 249,301,937</u>	<u>\$ 366,152,315</u>	<u>\$ 358,712,923</u>	<u>\$ 314,183,721</u>	<u>\$ 286,455,869</u>
Business-type Activities										
Net Investment in Capital Assets	44,847,603	44,576,168	\$ 41,274,658	\$ 35,765,948	\$ 35,092,265	\$ 33,828,819	\$ 33,675,512	\$ 34,264,716	\$ 33,964,073	\$ 51,750,741
Unrestricted	6,108,858	3,985,881	4,706,651	2,246,546	1,918,868	1,642,447	1,446,904	840,542	1,109,365	4,678,494
Total Business-type Activities										
Net Position	<u>\$ 50,956,461</u>	<u>\$ 48,562,049</u>	<u>\$ 45,981,309</u>	<u>\$ 38,012,494</u>	<u>\$ 37,011,133</u>	<u>\$ 35,471,266</u>	<u>\$ 35,122,416</u>	<u>\$ 35,105,258</u>	<u>\$ 35,073,438</u>	<u>\$ 56,429,235</u>
								(1)	(1)	
Primary Government										
Net Investment in Capital Assets	\$ 477,790,021	\$ 456,194,413	\$ 432,601,474	\$ 422,437,569	\$ 406,177,472	\$ 378,249,042	\$ 369,327,114	\$ 363,758,220	\$ 303,912,273	\$ 312,619,994
Restricted for:										
Capital Projects	-	-	-	-	-	5,669,959	-	-	-	46,777
Debt Service	17,890	41,733	539,265	1,011,031	1,508,122	1,406,148	1,493,056	-	-	-
Other Purposes	-	-	-	48,411	-	-	6,746,307	-	-	-
Unrestricted (deficit)	(86,835,675)	(110,237,761)	(93,949,137)	(97,920,482)	(97,387,593)	(100,551,946)	23,708,254	30,059,961	45,344,886	30,218,333
Total Primary Government										
Net Position	<u>\$ 390,972,236</u>	<u>\$ 345,998,385</u>	<u>\$ 339,191,602</u>	<u>\$ 325,576,529</u>	<u>\$ 310,298,001</u>	<u>\$ 284,773,203</u>	<u>\$ 401,274,731</u>	<u>\$ 393,818,181</u>	<u>\$ 349,257,159</u>	<u>\$ 342,885,104</u>

Information is presented on a full accrual basis of accounting.

(1) Effective in fiscal year 2011, Greater Roanoke Transit Company (GRTC) was reported as a discretely presented component unit. Accordingly, the fiscal year 2010 Net Position included \$16.7 million whereas in fiscal year 2011, GRTC Net Position is no longer reported as a business-type activity. Fiscal year 2010 also included Net Position of \$4.6 million for the City's Market Building Fund which was discontinued in fiscal year 2011.

(2) Ending Net Position was restated for implementation of GASB statements No. 68 and No. 71

Table 2
Unaudited

CITY OF ROANOKE, VIRGINIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	2019-18	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Expenses										
Governmental Activities:										
General Government	\$ 24,187,074	\$ 24,328,091	\$ 17,492,500	\$ 16,832,704	\$ 14,277,141	\$ 13,994,522	\$ 14,036,094	\$ 15,192,371	\$ 13,934,968	\$ 12,224,830
Judicial Administration	8,770,903	9,467,166	9,547,223	9,399,253	8,581,552	8,718,527	8,704,405	8,777,516	7,644,774	7,786,140
Public Safety	76,422,012	74,345,373	76,212,279	72,549,379	64,530,235	66,886,151	66,852,582	69,882,446	63,287,015	63,976,863
Public Works	41,407,772	37,807,388	28,640,405	34,278,578	27,794,564	29,671,503	27,835,679	28,672,051	18,654,587	28,126,031
Health and Welfare	41,146,481	44,859,128	44,873,765	40,378,769	38,466,658	39,093,358	37,453,267	41,124,917	42,111,631	45,995,109
Parks, Recreation and Cultural	7,691,899	11,933,151	12,675,738	12,193,652	11,427,529	11,090,084	10,908,904	13,301,508	11,420,919	10,559,350
Community Development	12,902,803	16,736,291	12,966,412	12,812,996	11,853,575	11,305,174	11,398,126	9,452,579	10,706,299	10,010,970
Transportation	-	-	-	1,812,105	1,754,105	1,527,146	1,654,105	1,654,105	1,177,324	-
Education	88,613,076	86,800,538	83,842,601	84,378,194	81,406,796	79,397,641	79,011,455	83,072,419	74,772,599	67,945,097
Economic Development	183,755	287,114	4,998,061	853,466	1,167,670	414,274	3,079,428	2,022,694	3,904,121	3,510,831
Other	1,996,965	1,911,156	2,013,693	-	3,056	58,700	83,466	4,595	98,494	-
Interest and Fiscal Charges	8,594,427	9,050,841	9,108,045	10,924,644	10,156,610	12,654,695	12,047,146	11,551,668	12,002,689	13,538,201
Total Governmental Activities Expenses	\$ 311,917,167	\$ 317,526,237	\$ 302,370,722	\$ 296,413,740	\$ 271,419,491	\$ 274,811,775	\$ 273,064,657	\$ 284,708,869	\$ 259,715,420	\$ 263,673,422
Business-type Activities:										
Transit Company	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,474,181
Civic Facilities	11,302,943	6,444,174	5,683,284	4,759,841	4,843,800	4,587,589	4,581,203	4,509,327	4,511,711	4,302,258
Parking	3,404,310	3,542,666	3,283,745	3,449,510	3,362,282	3,809,369	3,454,022	3,483,658	2,755,253	3,030,494
Stormwater Utility	5,040,114	4,860,983	4,076,625	2,863,855	1,802,924	69,525	-	-	-	-
Market Building	-	-	-	-	-	-	-	-	163,992	384,331
Total Business-type Activities Expenses	\$ 19,747,367	\$ 14,847,823	\$ 13,043,654	\$ 11,073,206	\$ 10,009,006	\$ 8,466,483	\$ 8,035,225	\$ 7,992,985	\$ 7,430,956	\$ 17,191,264
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 4,488,371	\$ 4,739,554	\$ 2,287,076	\$ 4,730,687	\$ 4,404,474	\$ 4,188,317	\$ 4,408,777	\$ 3,700,916	\$ 6,035,893	\$ 4,152,979
Judicial Administration	2,816,512	2,820,550	1,984,517	3,124,725	3,547,051	3,928,176	3,820,609	3,782,588	3,755,301	3,734,589
Public Safety	18,365,518	17,607,863	8,180,496	5,336,837	5,080,861	5,255,890	4,952,127	4,702,979	5,323,523	6,203,883
Public Works	6,497,541	4,523,202	309,576	270,402	340,693	266,683	381,886	340,438	2,168,980	347,422
Health and Welfare	4,150,671	4,045,350	1,514,952	30,606	26,363	32,356	40,111	93,991	131,520	127,834
Parks, Recreation and Cultural	1,855,019	1,732,638	778,101	557,759	578,905	543,186	342,005	414,693	399,968	367,143
Community Development	1,084,811	939,662	511,681	169,656	299,571	190,372	146,061	154,041	167,314	166,176
Interest and Fiscal Charges	239,376	82,445	-	-	-	-	-	-	-	-
Operating Grants and Contributions	68,311,913	71,235,623	70,782,914	66,228,087	66,929,796	62,762,426	64,201,295	64,457,688	68,572,662	70,252,704
Capital Grants and Contributions	13,353,527	6,725,666	7,105,056	13,695,997	5,673,238	6,056,338	2,168,673	3,677,359	5,665,618	718,580
Total Governmental Activities Program Revenues	\$ 121,163,259	\$ 114,452,553	\$ 93,454,369	\$ 94,144,756	\$ 86,880,952	\$ 83,223,744	\$ 80,461,544	\$ 81,324,693	\$ 92,220,779	\$ 86,071,310
Business-type Activities:										
Charges for Services										
Transit Company	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,046,752
Civic Facilities	7,630,029	2,675,281	2,358,795	2,151,235	2,238,759	2,460,384	2,701,142	2,559,400	2,405,370	1,966,484
Parking	3,675,298	3,471,777	3,240,441	3,195,168	2,987,015	3,074,017	3,365,930	3,316,277	2,840,685	2,733,270
Stormwater Utility	6,053,348	-	-	-	-	-	-	-	-	-
Market Building	-	-	-	-	-	-	-	-	10,452	198,022
Operating Grants and Contributions	305,302	1,830,854	2,128,772	-	-	-	-	-	-	4,139,626
Capital Grants and Contributions	307,366	-	1,110,542	1,116,640	811,558	480,815	-	-	-	2,348,098
Total Business-type Activities Program Revenues	\$ 17,971,343	\$ 7,977,912	\$ 8,838,550	\$ 6,463,043	\$ 6,037,332	\$ 6,015,216	\$ 6,067,072	\$ 5,875,677	\$ 5,256,507	\$ 13,432,252
Total Primary Government Program Revenues	\$ 139,134,602	\$ 122,430,465	\$ 102,292,919	\$ 100,607,799	\$ 92,918,284	\$ 89,238,960	\$ 86,528,616	\$ 87,200,370	\$ 97,477,286	\$ 99,503,562
Net (Expense)/Revenue:										
Governmental Activities	(190,753,908)	(203,073,684)	(208,916,353)	(202,268,984)	(184,538,539)	(191,588,031)	(192,603,113)	(203,384,176)	(167,494,641)	(177,602,112)
Business-type Activities	(1,776,024)	(6,869,911)	(4,205,104)	(4,610,163)	(3,971,674)	(2,451,267)	(1,968,153)	(2,117,308)	(2,174,449)	(3,759,012)
Total Primary Government Net Expense	\$ (192,529,932)	\$ (209,943,595)	\$ (213,121,457)	\$ (206,879,147)	\$ (188,510,213)	\$ (194,039,298)	\$ (194,571,266)	\$ (205,501,484)	\$ (169,669,090)	\$ (181,361,124)

Table 2
Unaudited
Continued

CITY OF ROANOKE, VIRGINIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
General Property - Real Estate and Personal Property	\$ 120,503,375	\$ 116,947,597	\$ 114,172,203	\$ 109,218,854	\$ 108,241,653	\$ 107,151,665	\$ 103,429,235	\$ 105,653,485	\$ 107,328,296	\$ 100,801,682
Local Portion of State Sales	22,389,566	21,426,783	19,696,458	20,600,395	20,564,044	19,236,561	19,437,336	19,147,211	18,602,105	18,095,643
Business and Professional Occupational License	13,755,818	13,557,252	12,932,282	12,421,851	12,731,564	12,317,760	12,063,755	11,769,433	11,276,263	11,588,503
Utility	9,579,846	10,118,287	9,726,709	9,828,466	9,870,443	9,981,896	9,812,703	9,584,366	9,937,596	9,557,889
Prepared Food and Beverage	17,335,596	16,609,514	15,996,897	15,705,629	13,857,569	13,231,279	13,737,840	17,216,380	16,030,878	11,159,911
Commonwealth Share - Personal Property	8,075,992	8,133,906	8,075,992	8,075,992	8,075,992	8,076,000	8,075,992	8,075,992	8,075,992	8,075,992
Cigarette	2,108,127	2,152,811	2,267,939	2,371,201	2,256,249	2,332,536	2,431,242	2,456,680	2,338,732	2,515,209
Transient Room	4,784,182	5,375,713	4,317,618	4,305,977	4,162,522	3,874,018	3,391,403	2,983,586	2,918,631	2,636,536
Telecommunications	5,897,696	6,357,300	6,562,456	6,727,824	6,933,071	6,994,183	7,115,248	7,096,425	7,247,911	7,383,848
Motor Vehicle License Tax	2,914,811	2,955,266	2,765,343	2,594,635	2,123,181	2,046,686	2,069,531	2,130,312	2,002,299	1,951,813
Other Taxes and Fees	5,312,113	4,311,908	3,514,679	5,851,370	6,717,642	5,246,978	3,154,317	3,011,116	2,810,326	4,344,857
Payment from Component Unit	13,244,672	13,867,878	14,261,464	15,072,438	14,621,813	15,502,968	15,928,396	16,373,216	9,752,655	10,020,049
Grants and Contributions Not Restricted to Specific Program	3,239,161	4,166,455	4,084,439	-	-	-	-	-	2,880	11,226
Interest and Investment Income	1,084,321	499,454	260,051	798,323	1,634,045	1,450,625	1,380,818	1,071,384	960,375	1,246,826
Miscellaneous	5,890,514	1,860,958	1,800,886	4,117,156	-	1,394,408	-	-	-	130,702
Special Item	-	-	-	-	-	-	-	43,322,018	(3,492,982)	-
Transfers	(2,782,443)	(2,884,671)	(2,328,398)	(1,143,960)	(3,290,944)	(2,117,439)	(1,985,311)	(1,978,226)	(569,468)	(5,693,020)
Total Governmental Activities	233,333,347	225,456,411	218,107,018	216,546,151	208,498,844	206,720,124	200,042,505	247,913,378	195,222,489	183,827,666
Business-type Activities:										
Stormwater Fee (1)	-	6,074,799	6,041,973	3,979,349	2,049,963	-	-	-	-	-
Grants and Contributions Not Restricted to Specific Program	-	138,229	-	-	-	-	-	-	-	-
Interest and Investment Income	342,277	226,209	215,141	190,765	170,634	-	-	170,902	112,028	80,077
Miscellaneous	1,045,716	478,154	(202,445)	-	-	-	-	-	-	134,681
Special Item	-	-	-	-	-	-	-	-	(3,204,514)	-
Transfers	2,782,443	2,884,671	2,328,398	1,143,960	3,290,944	2,117,439	1,985,311	1,978,226	569,468	5,693,020
Transfers - Capital Assets	-	-	-	297,450	-	953,065	-	-	-	-
Total Business-type Activities	4,170,436	9,802,062	8,383,067	5,611,524	5,511,541	3,070,504	1,985,311	2,149,128	(2,523,018)	5,907,778
Total Primary Government	237,503,783	235,258,473	226,490,085	222,157,675	214,010,385	209,790,628	202,027,816	250,062,506	192,699,471	189,735,444
Change in Net Position										
Governmental Activities	42,579,439	22,382,727	9,190,665	14,277,167	23,984,931	15,132,093	7,439,392	44,529,202	27,727,848	6,225,554
Business-type Activities	2,394,412	2,932,151	4,424,408	1,001,361	1,539,867	619,237	17,158	31,820	(4,697,467)	2,148,766
Total Primary Government	\$ 44,973,851	\$ 25,314,878	\$ 13,615,073	\$ 15,278,528	\$ 25,524,798	\$ 15,751,330	\$ 7,456,550	\$ 44,561,022	\$ 23,030,381	\$ 8,374,320

Information is presented on a full accrual basis of accounting.

(1) Stormwater Fees reclassified to Charges for Service beginning in 2018-19

Table 3
Unaudited

Motor Vehicle License Tax

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
General Property Tax-Real Estate and Personal Property	\$ 120,503,375	\$ 116,947,597	\$ 114,172,203	\$ 109,218,854	\$ 108,241,653	\$ 107,151,667	\$ 103,429,235	\$ 105,653,485	\$ 107,328,296	\$ 100,801,682
Sales Tax	22,389,566	21,426,783	19,696,458	20,600,395	20,564,044	19,236,561	19,437,336	19,147,211	18,602,105	18,095,643
Business License Tax	13,755,818	13,557,252	12,932,282	12,421,851	12,731,564	12,317,760	12,063,755	11,769,433	11,276,263	11,588,503
Utility Consumer Tax	9,579,846	10,118,287	9,726,709	9,828,466	9,870,443	9,981,896	9,812,703	9,584,366	9,937,596	9,557,889
Prepared Food and Beverage Tax (1)	17,335,596	16,609,514	15,996,897	15,705,629	13,857,569	13,231,279	13,737,840	17,216,380	16,030,878	11,159,911
Commonwealth Share Personal Property Tax	8,075,992	8,133,906	8,075,992	8,075,992	8,075,992	8,076,000	8,075,992	8,075,992	8,075,992	8,075,992
Cigarette Tax	2,108,127	2,152,811	2,267,939	2,371,201	2,256,249	2,332,535	2,431,242	2,456,680	2,338,732	2,515,209
Transient Room Tax (2)	4,784,182	5,375,713	4,317,618	4,305,977	4,162,522	3,874,018	3,391,403	2,983,586	2,918,631	2,636,536
Telecommunications (3)	5,897,696	6,357,300	6,562,456	6,727,824	6,933,071	6,994,183	7,115,248	7,096,425	7,247,911	7,383,848
Motor Vehicle License Tax	2,914,811	2,955,266	2,765,343	2,594,635	2,123,181	2,046,686	2,069,531	2,130,312	2,002,299	1,951,813
Other Taxes	5,312,113	4,311,906	3,514,679	5,851,370	6,717,642	5,246,978	3,154,317	3,011,116	2,810,326	4,344,857
Total Governmental Activities Tax Revenues	\$ 212,657,122	\$ 207,946,335	\$ 200,028,576	\$ 197,702,194	\$ 195,533,930	\$ 190,489,562	\$ 184,718,602	\$ 189,124,986	\$ 188,569,029	\$ 178,111,883

Information is presented on a full accrual basis of accounting.

(1) Effective July 1, 2010, the Prepared Food and Beverage Tax increased from 5% to 7%. The tax rate reverted to 5% on July 1, 2012.

(2) Effective January 1, 2013, the Transient Room Tax increased from 7% to 8%.

(3) On January 1, 2007, the State began the new Telecommunications Tax which replaced the Telephone Surcharge as well as Cable TV Franchise Tax, and Telephone and Cellular Utility Taxes.

Table 4
Unaudited

CITY OF ROANOKE, VIRGINIA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	<u>2018-19</u>	<u>2017-18 (4)</u>	<u>2016-17 (3)</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14 (2)</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11 (1)</u>	<u>2009-10</u>
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ 48,411	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	4,955,894	4,904,658	3,523,769	2,593,822	1,750,624	1,905,812	1,562,056	1,084,361	1,379,076	-
Assigned	-	-	-	-	-	-	-	-	1,407,485	-
Unassigned	39,465,308	34,854,168	29,757,294	28,795,510	28,050,350	26,757,052	26,060,594	26,000,436	25,535,754	-
Nonspendable	91,868	85,885	-	-	-	-	-	-	-	-
Reserved	-	-	-	-	-	-	-	-	-	598,753
Unreserved	-	-	-	-	-	-	-	-	-	24,361,867
Total General Fund	<u>\$ 44,513,070</u>	<u>\$ 39,844,711</u>	<u>\$ 33,281,063</u>	<u>\$ 31,437,743</u>	<u>\$ 29,800,974</u>	<u>\$ 28,662,864</u>	<u>\$ 27,622,650</u>	<u>\$ 27,084,797</u>	<u>\$ 28,322,315</u>	<u>\$ 24,960,620</u>
All Other Governmental Funds										
Restricted	\$ 2,976,975	\$ 5,656,989	\$ 11,909,625	\$ 8,332,563	\$ 11,788,796	\$ 7,076,107	\$ 8,239,363	\$ 4,686,212	\$ 3,465,004	\$ -
Committed	16,789,504	7,059,280	13,507,663	7,521,487	4,225,885	13,859,029	15,544,610	17,131,452	16,368,501	-
Reserved	-	-	-	-	-	-	-	-	-	6,146,088
Unreserved, reported in:	-	-	-	-	-	-	-	-	-	-
Debt Service Fund	-	-	-	-	-	-	-	-	-	1,213,260
Capital Projects Fund	(7,210,907)	-	-	-	-	-	-	-	-	6,121,743
Total All Other Governmental Funds	<u>\$ 12,555,572</u>	<u>\$ 12,716,269</u>	<u>\$ 25,417,288</u>	<u>\$ 15,854,050</u>	<u>\$ 16,014,681</u>	<u>\$ 20,935,136</u>	<u>\$ 23,783,973</u>	<u>\$ 21,817,664</u>	<u>\$ 19,833,505</u>	<u>\$ 13,481,091</u>

Information is presented on a modified accrual basis of accounting.

- (1) The City adopted GASB Statement No. 54 in fiscal year 2011.
- (2) Fiscal year ending 2013-14 fund balance was restated for construction in process retainage not previously included.
- (3) For fiscal year 2016-17 the beginning fund balance was restated for stormwater debt and related assets moved to the Stormwater Fund.
- (4) For fiscal year 2017-18 the beginning fund balance was restated due to GASB 75 implementation and dissolving the Internal Service Funds into the General Fund.

CITY OF ROANOKE, VIRGINIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2018-19	2017-18	2016-17 (3)	2015-16 (2)	2014-15
Revenues					
Local Taxes	\$ 204,319,350	\$ 199,197,682	\$ 191,055,771	\$ 191,205,770	\$ 184,464,956
Permits, Fees and Licenses	1,182,535	1,415,842	1,014,623	888,328	1,140,606
Fines and Forfeitures	1,183,005	1,167,250	1,211,208	1,014,511	1,188,103
Rental Income	279,409	190,533	208,127	150,923	166,025
Investment Income	1,089,913	502,541	167,716	172,510	92,447
Intergovernmental	106,339,039	102,660,298	106,245,943	103,474,969	98,349,593
Charges for Services	17,302,622	15,138,288	11,970,192	11,010,903	10,812,015
Miscellaneous	6,760,262	4,608,137	1,450,370	4,808,427	1,086,545
Total Revenues	<u>338,456,135</u>	<u>324,880,571</u>	<u>313,323,950</u>	<u>312,726,341</u>	<u>297,300,290</u>
Expenditures					
Current Operating:					
General Government	19,754,792	19,734,967	15,951,767	15,857,483	14,397,926
Judicial Administration	9,038,700	8,475,762	8,905,780	8,917,856	8,621,436
Public Safety	68,516,177	67,098,311	70,411,215	69,892,637	67,358,507
Public Works	32,770,988	28,327,969	25,406,877	25,253,641	24,328,878
Health and Welfare	41,641,883	42,765,196	43,850,760	39,346,495	38,777,239
Parks, Recreation and Cultural	9,648,344	9,445,923	10,529,089	10,301,293	10,162,961
Community Development	13,376,493	12,849,049	12,701,995	12,251,778	11,645,063
Transportation	1,991,161	1,899,605	1,899,605	1,812,105	1,754,105
Education	83,383,419	81,289,167	78,429,620	79,053,977	76,371,925
Other	5,804	11,551	114,088	-	-
Debt Service:					
Principal Retirement	20,053,892	20,898,484	20,004,267	21,778,211	20,348,785
Interest and Paying Agent Charges	7,728,888	8,467,108	7,632,824	8,306,238	8,593,585
Bond Issuance Cost	166,024	121,399	348,146	1,493,517	823,289
Capital Outlays	<u>45,200,609</u>	<u>40,383,339</u>	<u>24,214,097</u>	<u>33,858,879</u>	<u>32,624,252</u>
Total Expenditures	<u>353,277,174</u>	<u>341,767,830</u>	<u>320,400,130</u>	<u>328,124,110</u>	<u>315,807,951</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,821,039)	(16,887,259)	(7,076,180)	(15,397,769)	(18,507,661)
Other Financing Sources (Uses)					
Issuance of Bonds/Anticipation Note	22,111,144	7,479,800	20,980,000	15,170,000	17,420,000
Issuance of Refunding Bonds	-	-	-	15,710,000	12,870,000
Payment to Refunded Bond Escrow	-	-	-	(15,275,000)	(12,655,000)
Premium on Sale of Bonds	-	-	1,251,508	2,368,860	1,279,190
Capital Lease	-	-	-	1,681,463	-
Transfers In	20,706,574	22,008,923	14,747,887	15,861,385	16,237,615
Transfers Out	<u>(23,489,017)</u>	<u>(24,893,593)</u>	<u>(18,387,991)</u>	<u>(18,642,801)</u>	<u>(20,426,489)</u>
Total Other Financing Sources (Uses), net	<u>19,328,701</u>	<u>4,595,130</u>	<u>18,591,404</u>	<u>16,873,907</u>	<u>14,725,316</u>
Net Change in Fund Balances	4,507,662	(12,292,129)	11,515,224	1,476,138	(3,782,345)
Fund Balances--Beginning of Year	<u>52,560,980</u>	<u>64,853,109</u>	<u>47,291,793</u>	<u>45,815,655</u>	<u>49,598,000</u>
Fund Balances--End of Year	<u>\$ 57,068,642</u>	<u>\$ 52,560,980</u>	<u>\$ 58,807,017</u>	<u>\$ 47,291,793</u>	<u>\$ 45,815,655</u>
Debt Service as a Percentage of (4)	9.0%	9.7%	9.3%	10.2%	10.2%

- (1) In Fiscal year 2013-14 fund balance was restated due to a change in accounting policy related to retainage in construction in process.
(2) In Fiscal year 2015-16, a Recycling and Disposal lease obligation that is accounted for as a Governmental activity was initiated.
(3) In Fiscal year 2016-17, other Operating Expenses includes payments for Affordable Care Act and Debt Set Off.
(4) Debt Service as a Percentage of Non-Capital Expenditures

See Table 17 for additional information relating to the ratio of debt service expenditures to total noncapital expenditures.

Information is presented on an modified accrual basis of accounting.

Table 5
Unaudited
Continued

2013-14 (1)	2012-13	2011-12	2010-11	2009-10
\$ 179,576,940	\$ 178,073,456	\$ 181,456,770	\$ 178,308,587	\$ 171,185,553
1,092,534	966,903	857,561	969,800	880,347
1,209,575	1,439,961	1,531,145	1,805,083	1,615,265
146,602	111,834	117,154	210,633	550,191
98,276	93,291	136,277	177,577	251,970
94,352,004	93,839,219	95,942,714	91,502,519	93,250,211
11,066,281	10,919,251	10,262,192	11,624,417	10,834,925
5,315,274	2,915,807	1,902,037	4,717,123	703,626
<u>292,857,486</u>	<u>288,359,722</u>	<u>292,205,850</u>	<u>289,315,739</u>	<u>279,272,088</u>
14,333,910	13,064,653	13,420,641	13,043,582	12,671,590
8,507,385	8,327,159	8,075,746	7,336,125	7,503,476
65,388,178	63,848,864	62,753,894	60,845,503	61,821,748
24,857,169	23,842,020	23,696,320	22,133,031	23,860,980
38,783,646	36,802,549	39,683,737	41,755,947	45,439,356
9,787,505	9,547,523	9,632,815	10,314,592	9,192,283
11,115,802	10,829,570	9,045,363	10,481,809	9,931,020
1,527,146	1,654,105	1,654,105	1,177,324	-
74,366,181	73,870,214	78,351,405	70,232,036	63,443,415
-	-	-	-	-
23,529,050	24,523,873	23,426,997	20,778,546	23,566,295
8,611,669	9,522,590	10,936,143	11,479,778	12,768,787
492,516	590,381	801,658	204,463	317,494
21,663,696	15,291,837	12,373,816	13,251,045	40,276,382
<u>302,963,853</u>	<u>291,715,338</u>	<u>293,852,640</u>	<u>283,033,781</u>	<u>310,792,826</u>
(10,106,367)	(3,355,616)	(1,646,790)	6,281,958	(31,520,738)
11,820,000	12,269,104	5,533,829	7,121,925	2,661,171
1,829,500	24,870,000	25,125,000	2,017,600	36,056,200
(1,829,500)	(28,239,596)	(27,734,307)	(2,136,507)	(39,056,309)
351,572	2,165,563	3,371,482	248,563	3,669,899
-	-	-	-	-
15,997,869	17,427,478	18,088,403	26,925,336	25,536,867
<u>(18,878,993)</u>	<u>(22,632,771)</u>	<u>(21,990,976)</u>	<u>(30,744,766)</u>	<u>(31,664,278)</u>
9,290,448	5,859,778	2,393,431	3,432,151	(2,796,450)
(815,919)	2,504,162	746,641	9,714,109	(34,317,188)
51,406,623	48,902,461	48,155,820	38,441,711	72,758,899
<u>\$ 49,598,000</u>	<u>\$ 51,406,623</u>	<u>\$ 48,902,461</u>	<u>\$ 48,155,820</u>	<u>\$ 38,441,711</u>
11.4%	12.3%	12.2%	12.0%	13.4%

Table 6
Unaudited

CITY OF ROANOKE, VIRGINIA
LOCAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS

	2018-19	2017-2018	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
General Property Tax	\$ 120,758,870	\$ 116,465,065	\$ 113,275,390	\$ 113,081,794	\$ 108,639,136	\$ 106,192,008	\$ 105,475,896	\$ 105,846,418	\$ 104,463,578	\$ 103,019,671
Sales Tax	22,389,378	21,426,783	19,696,458	20,600,395	20,564,044	19,236,561	19,437,336	19,147,211	18,602,105	18,095,643
Utility Consumer Tax	9,579,846	9,640,336	9,270,713	9,363,331	9,386,233	9,486,778	9,325,645	9,115,344	9,433,181	9,072,887
Cigarette Tax	2,108,127	2,152,811	2,267,939	2,371,201	2,256,249	2,332,535	2,431,242	2,456,680	2,338,732	2,515,209
Recordation and Probate Tax	1,122,549	1,085,920	1,017,518	1,034,652	961,270	863,485	947,178	880,865	740,733	781,542
Business, Professional, and Occupational License Tax	13,893,514	13,425,036	12,932,282	12,421,850	12,731,565	12,317,759	12,063,755	11,769,433	11,276,263	11,588,503
Utility Consumption Tax	481,088	477,951	455,996	465,136	484,210	495,118	487,059	469,022	504,415	485,002
Transient Room Tax (1)	4,784,182	5,375,713	4,317,618	4,305,977	4,162,522	3,874,018	3,391,403	2,983,586	2,918,631	2,636,536
Admissions Tax	972,422	992,421	447,622	462,216	443,116	439,693	417,015	433,932	422,279	442,030
Telecommunications/Telephone Surcharge - E911	5,897,696	6,357,300	6,562,456	6,727,824	6,933,071	6,994,183	7,115,248	7,096,448	7,247,927	7,383,848
Motor Vehicle License Tax	2,914,811	2,955,266	2,765,343	2,594,635	2,123,181	2,046,686	2,069,532	2,130,313	2,002,299	1,951,813
Franchise Tax	403,332	482,719	449,488	496,151	338,193	485,678	479,215	447,420	474,064	579,288
Prepared Food and Beverage Tax (2)	17,335,630	16,609,514	15,996,897	15,704,954	13,856,899	13,225,652	12,874,902	17,216,380	16,030,878	11,159,911
Bank Stock Tax	1,677,904	1,750,847	1,600,050	1,575,655	1,585,268	1,586,786	1,558,030	1,463,718	1,853,502	1,473,670
Total Local Taxes	\$ 204,319,349	\$ 199,197,682	\$ 191,055,770	\$ 191,205,771	\$ 184,464,956	\$ 179,576,940	\$ 178,073,456	\$ 181,456,770	\$ 178,308,587	\$ 171,185,553

- (1) Effective January 1, 2013, the Transient Room Tax increased from 7% to 8%.
(2) Effective July 1, 2010, the Prepared Food and Beverage Tax increased from 5% to 7%. The tax rate reverted to 5% on July 1, 2012.

Table 7
Unaudited

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

	2018-19	2017-18	2016-17	2015-2016	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Total Tax Levies	\$ 126,568,227	\$ 123,059,222	\$ 120,894,494	\$ 119,869,392	\$ 115,885,506	\$ 113,183,821	\$ 113,209,446	\$ 112,485,925	\$ 112,560,131	\$ 110,098,047
Current Tax Collections	117,652,216	113,500,649	110,623,042	110,372,175	105,842,394	103,746,942	103,802,153	103,693,219	102,130,123	100,833,008
Current Tax Collections - State Share	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992
Collections in Subsequent Years (1)	-	3,141,283	3,007,291	2,799,543	3,926,119	4,193,129	4,838,415	2,972,963	2,756,631	2,389,214
Total Tax Collections	\$ 125,728,208	\$ 124,717,924	\$ 121,706,325	\$ 121,247,710	\$ 117,844,505	\$ 116,016,063	\$ 116,716,560	\$ 114,742,174	\$ 112,962,746	\$ 111,298,214
Current Tax Collections As Percent of Levies	99.34%	98.80%	98.18%	98.81%	98.30%	98.80%	98.82%	99.36%	97.91%	98.92%
Total Tax Collections As Percent of Levies (1)	99.34%	101.35%	100.67%	101.15%	101.69%	102.50%	103.10%	102.01%	100.36%	101.09%

- (1) Prior to FY 2014, the City did not have the capability of determining the levy year for delinquent collections. Effective FY 2014, delinquent collections are recorded in the levy year for which they were collected.

CITY OF ROANOKE, VIRGINIA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS

Table 8
Unaudited

Year	REAL PROPERTY				PERSONAL PROPERTY				PUBLIC SERVICE CORPORATIONS				Total Assessed Value	Total Estimated Actual Value
	Assessed Value	Percentage Growth (Decline)	Estimated Actual Value	Assessment Ratio	Assessed Value	Percentage Growth (Decline)	Estimated Actual Value	Assessment Ratio	Assessed Value	Percentage Growth (Decline)	Estimated Actual Value	Assessment Ratio		
2010	\$6,698,391,113	2.04%	\$ 6,698,391,113	1.00	\$758,872,026	(6.28%)	\$ 1,264,786,710	0.60	\$ 359,212,368	7.20%	\$360,848,221	0.995	\$7,816,475,507	\$8,324,026,044
2011	6,801,971,286	1.55	6,801,971,286	1.00	769,951,558	1.46	1,283,252,597	0.60	353,515,462	(1.59)	357,281,499	0.989	7,925,438,306	8,442,505,382
2012	6,794,772,298	(0.11)	6,794,772,298	1.00	816,148,651	6.00	1,360,247,752	0.60	360,309,314	1.92	360,309,314	1.000	7,971,230,263	8,515,329,364
2013	6,725,168,858	(1.02)	6,725,168,858	1.00	840,633,111	3.00	1,401,055,185	0.60	416,800,579	15.68	418,303,022	0.996	7,982,602,548	8,544,527,065
2014	6,679,969,872	(0.67)	6,679,969,872	1.00	859,809,462	2.28	1,433,015,770	0.60	414,953,913	(0.44)	413,969,355	1.002	7,954,733,247	8,526,954,997
2015	6,693,874,349	0.21	6,693,874,349	1.00	899,096,367	4.57	1,498,493,945	0.60	437,573,144	5.45	441,997,287	0.990	8,030,543,860	8,634,365,581
2016	6,724,229,966	0.45	6,724,229,966	1.00	942,611,706	4.84	1,571,019,510	0.60	439,744,208	0.50	447,535,616	0.983	8,106,585,880	8,742,785,092
2017	6,783,463,907	0.88	6,783,463,907	1.00	943,805,249	0.13	1,573,008,748	0.60	451,184,702	2.60	460,947,191	0.979	8,178,453,858	8,817,419,846
2018	6,970,302,556	2.75	6,970,302,556	1.00	956,571,007	1.35	1,594,285,012	0.60	437,557,641	(3.02)	446,761,907	0.979	8,364,431,204	9,011,349,475
2019	7,180,263,228	3.01	7,180,263,228	1.00	993,064,403	3.82	1,655,107,338	0.60	471,816,290	7.83	481,020,556	0.981	8,645,143,921	9,316,391,122

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

Table 9
Unaudited

Year	REAL PROPERTY			PERSONAL PROPERTY			PUBLIC SERVICE CORPORATIONS			Total Direct Rate	
	Direct Tax Rate Per \$100	Levy		Direct Tax Rate Per \$100	Levy		Direct Tax Rate Per \$100	Levy			Total Tax Levies
2010	\$	1.19	\$79,710,636	\$	3.45	\$ 26,141,385 (1)	\$	1.19	\$ 4,246,026	\$ 110,098,047	\$ 1.73
2011		1.19	80,943,458		3.45	27,385,166 (1)		1.19	4,231,507	112,560,131	1.74
2012		1.19	80,857,790		3.45	27,311,532 (1)		1.19	4,316,603	112,485,925	1.74
2013		1.19	80,029,509		3.45	28,188,385 (1)		1.19	4,991,552	113,209,446	1.75
2014		1.19	79,491,642		3.45	28,709,212 (1)		1.19	4,982,967	113,183,821	1.76
2015		1.19	79,600,752		3.45	31,024,476 (1)		1.19	5,260,278	115,885,506	1.80
2016		1.22	82,035,606 (1)		3.45	32,374,952 (1)		1.22	5,458,834 (1)	119,869,392	1.82
2017		1.22	82,758,259		3.45	32,593,307 (1)		1.22	5,542,928	120,894,494	1.82
2018		1.22	85,037,691		3.45	32,639,181 (1)		1.22	5,382,350	123,059,222	1.81
2019		1.22	87,599,213		3.45	33,159,157 (1)		1.22	5,809,857	126,568,227	1.80

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

Table 10
Unaudited

CITY OF ROANOKE, VIRGINIA
PRINCIPAL PROPERTY TAXPAYERS
COMPARISON OF JUNE 30, 2019 AND JUNE 30, 2010

Taxpayer	Description	2019			2010		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Carilion Clinic	Healthcare Provider	\$ 256,193,314	1	2.96%	\$ 188,591,342	1	2.40%
Appalachian Power Co.	Public Utility	165,567,338	2	1.92	116,609,439	2	1.48
Norfolk Southern Railway	Transportation	155,004,608	3	1.79	99,796,031	3	1.27
Valley View Mall LLC	Shopping Mall	92,601,300	4	1.07	74,837,241	4	0.95
Roanoke Gas Company	Public Utility	61,571,298	5	0.71	32,634,445	7	0.42
Roanoke Electric Steel Corp	Primary Metals	54,510,171	6	0.63	36,863,450	6	0.47
HR Foundation, Inc.	Hotel	35,879,377	7	0.42	-	-	-
Wholesome Harvest	Bakery	34,983,850	8	0.40	30,718,382	8	0.39
Verizon Virginia, Inc	Communications	31,217,298	9	0.36	57,905,420	5	0.74
Faison Roanoke Office Limited	Office Building	30,044,500	10	0.35	-	-	-
Times-World Corporation	Newspaper	-	-	-	21,978,637	9	0.28
Coca-Cola Bottling Company	Bottling Plant	-	-	-	19,686,394	10	0.25
		\$ 917,573,054		10.61%	\$ 679,620,781		8.65%

Source: City of Roanoke, Commissioner of the Revenue

Table 11
Unaudited

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

Calendar Year	Total Retail Sales (1)
2010	\$ 1,676,331,018
2011	1,649,614,469
2012	1,732,017,118
2013	1,746,710,461
2014	1,785,467,436
2015	1,752,752,699
2016	1,732,156,837
2017	1,726,342,166
2018	1,839,762,418
2019	921,497,474

(1) Source: State Department of Taxation. Data excludes prescription drug sales.

Table 12
Unaudited

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

Fiscal Year	Population (A)	Total Estimated Actual Value	Governmental Activities Gross Bonded Debt (C)	Business-type Activities Gross Bonded Debt (C)	Gross Bonded Debt	Less Bonds Supported By Western Virginia Water Authority	Less Bonds Supported By Hotel Roanoke, LLC (B)	Less Amount Available in Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Total Estimated Actual Value	Net Bonded Debt Per Capita
2010	97,032	\$ 8,324,026,044	\$ 254,789,731	\$ 28,812,906	\$ 283,602,637	\$ 21,987,683	\$ -	\$ 1,213,260	\$260,401,694	3.13	\$ 2,684
2011	97,206 (est.)	8,442,505,382	250,315,325	27,342,979	277,658,304	19,875,450	1,355,000	1,133,011	255,294,843	3.02	2,626.33
2012	97,206 (est.)	8,515,329,364	234,279,293	26,311,567	260,590,860	17,558,082	910,000	1,317,554	240,805,224	2.83	2,477.27
2013	98,641 (est.)	8,544,527,065	225,402,117	26,944,093	252,346,210	13,389,900	-	1,493,056	237,463,254	2.78	2,407.35
2014	98,913 (est.)	8,526,954,997	217,261,926	26,817,066	244,078,992	10,989,900	-	1,406,148	231,682,944	2.72	2,342.29
2015	99,320 (est.)	8,634,365,581	214,885,676	27,203,128	242,088,804	9,968,500	-	1,508,122	230,612,182	2.67	2,321.91
2016	99,681 (est.)	8,742,785,092	210,393,462	30,109,234	240,502,696	9,405,800	-	1,011,031	230,085,865	2.63	2,308.22
2017	99,644 (est.)	8,817,419,846	208,814,498	33,675,339	242,489,837	8,213,900	-	539,265	233,736,672	2.65	2,345.72
2018	99,837 (est.)	9,011,349,475	199,521,519	31,488,513	231,010,032	7,003,200	-	41,733	223,965,099	2.49	2,243.31
2019	99,920 (est.)	9,316,391,122	200,500,454	30,765,932	231,266,386	5,769,800	-	17,890	225,478,696	2.42	2,256.59

Source (A) Weldon - Cooper Center for Public Service

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

(C) Gross Bonded Debt includes Capital Leases and Bond Premiums. See Table 13.

CITY OF ROANOKE, VIRGINIA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Table 13
Unaudited

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds (2)	Capital Leases	General Obligation Bonds	Capital Leases			
2009-10	\$ 256,564,731	\$ 4,838,541	\$ 29,667,886	\$ 352,473	\$ 291,423,631	7.78%	3,012
2010-11	250,315,325	4,528,184	28,121,356	285,366	283,250,231	7.92	2,926
2011-12	234,279,293	4,178,505	26,771,200	215,083	265,444,081	6.94	2,712
2012-13	225,402,117	3,782,784	26,944,093	141,434	256,270,428	6.74	2,593
2013-14	217,261,927	4,287,946	26,817,066	93,645	248,460,584	6.34	2,499
2014-15	214,885,676	4,256,650	27,203,128	17,507	246,362,961	6.29	2,478
2015-16	210,393,463	5,356,637	30,109,234	19,412	245,878,746	6.28	2,473
2016-17	208,814,498	4,692,759	33,675,339	11,750	247,194,346	6.04	2,474
2017-18	195,557,160	3,964,359	31,485,398	3,115	231,010,032	5.48	2,316
2018-19	197,186,001	3,314,453	30,765,932	-	231,266,386	5.52	2,315

(1) See Table 18 for Personal Income and Population data.

(2) General Obligation Bonds include Bond Anticipation Notes, Bond Premiums, and Bond Costs. See Table 15.

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

Table 14
Unaudited

	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Debt Limit	\$ 718,026,323	\$ 697,030,256	\$ 678,346,391	\$ 672,422,997	\$ 669,387,435	\$ 667,966,987	\$ 672,516,886	\$ 679,477,230	\$ 680,197,128	\$ 669,839,111
Total Net Debt Applicable to Limit	231,248,497	229,932,036	219,172,541	215,556,963	217,064,553	218,489,528	224,003,579	227,263,512	240,667,032	244,769,119
Legal Debt Margin	\$ 486,777,826	\$ 467,098,220	\$ 459,173,850	\$ 456,866,034	\$ 452,322,882	\$ 449,477,459	\$ 448,513,307	\$ 452,213,718	\$ 439,530,096	\$ 425,069,992
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	32.21%	32.99%	32.31%	32.06%	32.43%	32.71%	33.31%	33.45%	35.38%	36.54%

Table 15
Unaudited

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

The Charter of the City of Roanoke limits the Legal Debt to 10% of the Assessed Valuation of Real Estate within the City limits. The City has no overlapping debt.

Total Assessed Value of Real Estate, 2019 (1)	\$ 7,180,263,228
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Legal Debt Limit: 10%	\$ 718,026,323
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Debt applicable to limitation:

General Obligation Serial Bonds - Governmental Activities	\$ 134,632,520	
General Obligation Serial Bonds - Western Virginia Water Authority (WVWA)	5,769,800	
Premium on Bonds - Governmental Activities	9,589,819	
Deferred Bond Costs - Governmental Activities	(3,750,707)	
Bond Anticipation Note	29,590,944	
Qualified Zone Academy Bonds (QZAB)	1,899,648	
State Literary Fund Loans	250,000	
Virginia Public School Authority (VPSA) School Bonds	19,203,977	
Capital Leases	3,314,453	
Civic Facilities Enterprise Fund - Business-type Activities	11,423,800	
Premium on Bonds - Civic Facilities Enterprise Fund Debt	649,548	
Bond Anticipation Note - Civic Facilities	1,184,026	
Deferred Bond Costs - Civic Facilities Enterprise Fund Debt	(154,302)	
Parking Enterprise Fund Supported Debt - Business-type Activities	9,197,700	
Premium on Bonds - Parking Enterprise Fund Supported Debt	391,970	
Deferred Bond Costs - Parking Enterprise Fund Supported Debt	(705,428)	
Stormwater Enterprise Fund Supported Debt - Business-type Activities	6,513,580	
Bond Anticipation Note - Stormwater	2,028,226	
Premium on Bonds - Stormwater Enterprise Fund Supported Debt	236,813	
Total Debt	\$ 231,266,387	
Less: Available in Debt Service Fund	(17,890)	\$ 231,248,497
Legal Debt Margin		\$ 486,777,826

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

Table 16
Unaudited

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

Fiscal Year	Principal (1)	Interest (1)	Total Debt Service	Total General Expenditures (2)	Percent of Debt Service to General Expenditures
2009-10	\$ 21,869,664	\$ 11,436,671	\$ 33,306,335	\$ 324,345,350	10.3%
2010-11	19,093,669	10,346,300	29,439,969	314,114,285	9.3
2011-12	21,033,664	10,338,250	31,371,914	318,343,912	9.9
2012-13	22,234,068	9,209,934	31,444,002	330,390,756	9.5
2013-14	22,092,341	8,888,882	30,981,223	340,700,280	9.1
2014-15	20,591,147	8,898,421	29,489,568	355,808,118	8.3
2015-16	22,571,454	8,301,585	30,873,039	347,306,775	8.9
2016-17	20,374,492	8,009,420	28,383,912	359,445,090	7.9
2017-18	20,922,884	8,622,820	29,545,704	344,489,393	8.5
2018-19	20,025,191	8,045,279	28,070,470	384,480,284	7.3

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

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

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

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

Table 17
Unaudited

CITY OF ROANOKE
DEBT SERVICE AS A PERCENTAGE OF NON-CAPITAL EXPENDITURES
LAST TEN FISCAL YEARS

	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Debt Service:										
Principal Retirement	\$ 20,053,892	\$ 20,978,384	\$ 20,004,268	\$ 21,778,211	\$ 20,348,785	\$ 23,529,050	\$ 24,523,873	\$ 23,426,997	\$ 20,778,546	\$ 23,566,295
Interest and Paying Agent Charges	7,728,888	8,508,607	7,632,823	8,306,238	8,593,585	8,611,669	9,522,590	10,936,143	11,372,995	12,768,787
Total Debt Service Payments	27,782,780	29,486,991	27,637,091	30,084,449	28,942,370	32,140,719	34,046,463	34,363,140	32,151,541	36,335,082
Total Government Funds Expenditures	353,277,174	341,767,830	320,400,130	328,124,110	315,807,951	302,963,853	291,715,338	293,852,640	283,033,781	310,792,826
Capital Outlays	(45,200,609)	(40,383,339)	(24,214,097)	(29,501,207)	(33,583,493)	(22,588,742)	(13,855,461)	(10,456,003)	(17,436,961)	(37,764,765)
Total Noncapital Expenditures	\$ 308,076,565	\$ 301,384,491	\$ 296,186,033	\$ 298,622,903	\$ 282,224,458	\$ 280,375,111	\$ 277,859,877	\$ 283,396,637	\$ 265,596,820	\$ 273,028,061
Percentage of Noncapital Expenditures	9.02%	9.78%	9.33%	10.07%	10.26%	11.46%	12.25%	12.13%	12.11%	13.31%

Information is presented on the modified accrual basis of accounting.

Table 18
Unaudited

CITY OF ROANOKE, VIRGINIA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Per Capita Income (2)	Personal Income	School Enrollment (3)	Local Unemployment Rate (4)	National Unemployment Rate (5)
2009-10	97,032	\$ 38,713	\$ 3,747,025,000	12,266	7.4%	9.4%
2010-11	97,061	36,948	3,576,942,000	12,261	6.9	9.1
2011-12	97,206	39,100	3,827,065,000	13,006	6.5	8.4
2012-13	98,641	38,453	3,799,698,000	13,192	6.4	7.8
2013-14	98,913	39,385	3,915,935,000	13,390	5.7	6.3
2014-15	99,320	39,385	3,915,935,000	13,513	5.6	5.5
2015-16	99,681	39,385	3,915,935,000	13,585	4.1	5.1
2016-17	99,644	40,947	4,090,520,000	13,580	4.5	4.5
2017-18	99,837	42,263	4,211,972,000	13,601	3.4	4.2
2018-19	99,920	41,946	4,187,753,000	13,636	2.8	3.4

(1) Source: Weldon - Cooper Center for Public Service, except as noted

(2) Source: Bureau of Economic Analysis

(3) Source: Roanoke City Public Schools

(4) Source: Virginia Employment Commission (Roanoke Metropolitan Statistical Area & USA)-Month of June only

(5) Source: Bureau of Labor Statistics

Table 19
Unaudited

CITY OF ROANOKE, VIRGINIA
CONSTRUCTION STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	COMMERCIAL CONSTRUCTION		RESIDENTIAL CONSTRUCTION	
	Number of Permits	Value	Number of Permits	Value
2009-10	467	\$ 92,266,288	709	\$ 25,004,592
2010-11	533	80,571,667	686	15,535,733
2011-12	538	69,398,478	678	14,628,255
2012-13	567	123,146,541	693	20,764,757
2013-14	583	107,120,600	709	21,150,152
2014-15	535	113,585,224	610	17,416,192
2015-16	541	128,368,145	625	20,843,406
2016-17	2,302	78,154,510	2,642	43,531,306
2017-18	2,496	179,936,191	1,556	22,051,158
2018-19	1,171	109,105,574	1,664	23,021,002

Source: City of Roanoke, Planning, Building and Development Department

Table 20
Unaudited

CITY OF ROANOKE, VIRGINIA
PRINCIPAL EMPLOYERS
COMPARISON AS OF DECEMBER 31, FISCAL YEARS 2018 AND 2009

Employer	December 31, 2018			December 31, 2009		
	Rank	Ownership	Number of Employees	Rank	Ownership	Number of Employees
Carilion	1	Private	1,000+	1	Private	1,000+
Roanoke City Public Schools	2	Local Govt	1,000+	2	Local Govt	1,000+
City of Roanoke	3	Local Govt	1,000+	3	Local Govt	1,000+
Carilion Services	4	Private	500-999	4	Private	1,000+
United Parcel Service	5	Private	500-999	5	Private	500-999
Walmart	6	Private	500-999	7	Private	500-999
United States Postal Service	7	Federal Govt	500-999	-	Federal Govt	-
Virginia Western Community College	8	State Govt	500-999	9	State Govt	500-999
Kroger	9	Private	500-999	10	Private	500-999
Anthem	10	Private	500-999	8	Private	500-999
Healthmarc	-	Private	-	6	Private	500-999

Source: Virginia Employment Commission (VEC)

Note: Total employee count no longer available from VEC. Estimates are used.

Table 21
Unaudited

CITY OF ROANOKE, VIRGINIA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function:	2019	2018	2017 ②	2016	2015	2014	2013	2012	2011 ①	2010
General Government	184	192	194	204	213	213	211	218	218	159
Judicial Administration:										
Sheriff	31	37	39	34	38	38	35	34	35	33
Other	53	55	54	60	57	54	53	53	58	55
Public Safety:										
Police	306	308	310	313	306	306	305	305	305	284
Jail	159	154	151	173	170	170	173	171	171	161
Fire	241	241	245	253	257	254	254	253	258	259
Other	59	57	62	70	76	71	81	76	75	62
Public Works:										
Engineering	11	13	13	13	14	13	14	16	18	20
Maintenance/Other	98	107	97	113	114	114	112	111	114	127
Transportation	60	65	63	65	65	65	69	83	91	86
Stormwater	33	33	33	37	37	28	22	-	-	-
Health and Welfare	226	209	213	231	234	225	225	221	231	220
Parks, Recreation and Cultural	99	99	99	104	104	102	102	98	118	92
Civic Facilities	25	-	-	-	-	-	-	-	-	-
Community Development	56	53	48	52	52	51	51	52	50	42
Total	1,641	1,623	1,621	1,722	1,737	1,704	1,707	1,691	1,742	1,600

① In fiscal year 2011, the City began reporting full time equivalent positions instead of full time employees. Like data is unavailable in prior years for comparative purposes.

② Starting with fiscal year 2017, using the guidance of the GFOA General Purpose Checklist, the City went back to reporting full time employees instead of full time equivalent positions.

Source: City of Roanoke, Department of Finance

Table 22
Unaudited

CITY OF ROANOKE, VIRGINIA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
General Government										
Levied property taxes	\$ 34,817,151	\$ 34,027,464	\$ 34,198,200	\$ 33,465,503	\$ 31,719,207	\$ 30,244,961	\$ 30,301,304	\$ 30,005,358	\$ 29,197,629	\$ 28,773,772
Number of business licenses issued	9,780	7,570	6,741	6,989	7,156	7,253	7,400	7,129	7,458	7,121
Number of property & building permits	2,297	2,167	3,837	3,719	4,127	4,170	4,234	4,038	4,145	3,158
Police										
Number of traffic summons	12,606	12,720	8,455	9,535	11,787	22,069	22,314	24,111	27,425	21,997
Number of assistance call responses	92,140	144,678	87,422	88,250	85,307	85,393	88,154	93,670	89,498	89,172
Number of hours of training conducted	29,789	34,232	32,058	26,122	39,990	42,415	47,584	48,230	34,916	19,266
Fire										
Number of emergency call responses	30,191	28,682	28,314	26,900	25,715	25,299	25,251	23,805	23,941	23,630
Highways and Streets										
Number of lane miles resurfaced	52	53	40	75	58	61	25	24	19	41
Number of street lights added	16	14	(18)	60	15	27	16	10	14	52
Judicial Administration										
Number of criminal cases	7,836	7,536	7,350	6,700	7,702	9,585	10,225	11,792	11,562	12,671
Number of traffic cases	19,109	18,323	16,366	16,221	21,435	27,353	26,557	27,975	30,555	30,335
Number of civil cases	19,222	17,926	16,485	18,459	19,750	20,947	20,624	20,919	20,292	20,668
Parks & Recreation										
Number of participants served	174,994	177,500	166,000	163,000	151,673	133,179	188,101	140,220	130,755	117,484
Education										
Number of instructional personnel	1,787	1,688	1,724	1,116	1,123	1,120	1,115	1,101	1,073	1,113
Number of students	13,636	13,601	13,580	13,585	13,513	13,390	13,192	13,006	12,261	12,266
Libraries										
Number of volumes	288,546	283,291	268,306	258,615	289,979	245,241	341,741	311,495	319,014	402,827
Number of audio materials	27,261	16,558	14,637	13,355	14,524	13,490	12,553	12,120	11,660	12,128
Number of video materials	41,993	42,851	36,505	32,435	29,359	31,158	24,813	21,307	18,791	16,469
Number of annual library visits	679,799	625,586	558,883	554,042	530,295	509,963	686,196	660,559	659,672	707,467
Economic Development										
Number of business contacts made	1,166	737	808	766	996	838	841	840	504	537
Housing and Neighborhood Services										
Total housing units	47,210	47,288	47,305	47,381	47,356	45,416	45,378	45,340	45,665	45,720
Average assessed value of single-family housing units	\$ 132,091	\$ 128,453	\$ 125,495	\$ 124,482	\$ 125,165	\$ 125,545	\$ 127,244	\$ 129,932	\$ 133,340	\$ 133,276

Sources: Various City of Roanoke departments and Roanoke City Public Schools

Table 23
Unaudited

CITY OF ROANOKE, VIRGINIA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
Police										
Number of vehicular units	163	157	156	161	156	157	160	158	165	162
Fire										
Number of stations	(1) 11	11	11	11	11	11	11	11	11	12
Number of fire trucks	30	29	29	29	28	28	27	27	28	26
Highways and Streets										
Miles of streets (lane miles)	1,054	1,054	1,054	1,054	1,067	1,067	998	998	998	997
Number of street lights	10,014	9,998	9,984	10,002	9,942	9,927	9,900	9,960	9,950	9,936
Parks and Recreation										
Parks, plazas and recreation sites	71	71	71	71	71	70	69	69 (2)	72	72
Playgrounds/play areas	97	97	94	94	94	94	94	94 (3)	39	39
Football/soccer fields	28	28	24	24	24	24	24	24	26	26
Baseball/softball fields	27	27	29	29	29	29	29	29	31	31
Olympic-size swimming pools	2	2	2	2	2	2	2	2	2	2
Community centers	8	8	6	6	6	6	6	6	6	6
Education										
Elementary schools	17	17	17	17	17	17	17	17	17	18
Middle schools	5	5	5	5	5	5	5	5	5	5
High schools	2	2	2	2	2	2	2	2	2	2
Libraries										
Libraries	7	7	7	7	7	7	7	7	7	7
Kiosks	2	2	2	2	2	2	2	2	2	2

(1) Excludes non-staffed fire stations

(2) Prior to fiscal year 2012, certain separate facilities located within parks were counted as individual sites. Effective fiscal year 2012, these facilities are included as part of the park site and not a separate site.

(3) Prior to fiscal year 2012, multiple play structures were considered a single unit. Effective fiscal year 2012, each play structure is now considered an individual unit.

Source: City of Roanoke - various departments and Roanoke City Public Schools

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COMPLIANCE SECTION

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**CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Federal Award Date	Total Expenditures	Passed through to Subrecipients	Notes
<u>Department of Agriculture</u>						
Passed Through Commonwealth of Virginia						
Department of Agriculture:						
Food Distribution - Commodities	10.04 915	10.555	10/1/15	\$ 3,429	\$ -	3
Subtotal Food Distribution - Commodities				<u>3,429</u>		
Passed Through Commonwealth of Virginia						
Department of Health:						
Summer Food Service Program for Children FY18	10018-17	10.559	6/5/17	1,055		
Summer Food Service Program for Children FY19	N/A	10.559	N/A	28,802		
Summer Food Service Program for Children FY20	N/A	10.559	N/A	12,080		
Subtotal Summer Food Service Program for Children				<u>41,937</u>		
Total Child Nutrition Cluster				<u>45,366</u>		
Passed Through Commonwealth of Virginia						
Department of Social Services:						
State Administrative Matching Grants for						
Food Stamp Program	-	10.561	multiple	2,136,481		
Subtotal Matching Grants for Food Stamp Program				<u>2,136,481</u>		
Passed Through Commonwealth of Virginia						
Department of Forestry:						
Urban and Community Forestry FY18-Projects	17UCF07	10.664	8/25/17	4,505		
Urban and Community Forestry FY19-Projects	18UCF06	10.664	8/2/18	12,318		
Subtotal Urban and Community Forestry				<u>16,823</u>		
Subtotal Passed Through Commonwealth of Virginia				<u>2,198,670</u>		
Total Department of Agriculture				<u>2,198,670</u>		
<u>Department of Housing and Urban Development</u>						
Direct Programs:						
Community Development Block Grant FY17	B16MC5-10020	14.218	8/2/16	57,336	107,252	5.1
Community Development Block Grant FY18	B17MC5-10020	14.218		488,488	379,708	
Community Development Block Grant FY19	B18MC5-10020	14.218		1,334,539	638,376	
Subtotal Community Development Block Grant				<u>1,880,363</u>		
Emergency Shelter Grant FY18	E17MC5-10020	14.231		12,194	10,613	5.2
Emergency Shelter Grant FY19	E18MC5-10020	14.231		127,698	81,918	
Subtotal Emergency Shelter Grant				<u>139,892</u>		

(Continued)

**CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Federal Award Date	Total Expenditures	Passed through to Subrecipients	Notes
<u>Department of Housing and Urban Development (continued)</u>						
HOME Investment in Affordable Housing 17	M16MC5-10206	14.239	7/14/16	\$ 96,702	\$ 75,134	5.3
HOME Investment in Affordable Housing 18	M17MC5-10206	14.239	9/12/14	205,294	259,554	
HOME Investment in Affordable Housing 19	M18MC5-10206	14.239	8/7/18	320,146	271,113	
Subtotal HOME Investment in Affordable Housing				622,142		
Continuum of Care Homeless Assistance Team FY18	VA0031L3F021710	14.267	1/11/18	89,597		
Continuum of Care Homeless Assistance Team FY19	VA0031L3F021811	14.267	2/19/19	45,864		
Continuum of Care Planning FY 17	VA031L3F021600	14.267	7/1/18	1,201		
Continuum of Care Planning FY 18	VA0331L3F021700	14.267	3/5/18	41,839		
Continuum of Care Coordinated Assessment FY 18	VA0300L3F021701	14.267	1/11/18	40,773		
Continuum of Care Coordinated Assessment FY 19	VA0300L3F021802	14.267	1/26/19	8,107		
Subtotal Continuum of Care				227,381		
Lead Hazard Control FY18	VALHB0642-17	14.900	6/27/17	677,298		
Subtotal Lead Hazard Control				677,298		
Subtotal Department of Housing and Urban Development Direct Programs				3,547,076		
Total Department of Housing and Urban Development				3,547,076		
<u>Department of Justice</u>						
Direct Programs:						
Bulletproof Vests FY18 (Police & Sheriff)	2017BUBX17087809	16.607	6/26/17	8,238		
Bulletproof Vests FY19 (Police & Sheriff)	-	16.607		6,568		
Subtotal Bulletproof Vests				14,806		
Justice Assistance Grant FY17 (Bike Patrol/Tech Improve)	2016-DJ-BX-0146	16.738	8/9/16	13,110		
Justice Assistance Grant FY18 (Bike Patrol/Tech Improve)	2015-DJ-BX-0723	16.738	10/1/14	14,536		
Justice Assistance Grant FY19 (Bike Patrol/Tech Improve)	2017-DJ-BX-0722	16.738	6/26/18	19,545		
Subtotal Justice Assistance				47,191		
Equitable Sharing Funds - Department of Justice	-	16.922	multiple	45,415	9,000	5.4
Subtotal Equitable Sharing Funds DOJ Program				45,415		
Subtotal Department of Justice Direct Programs				107,412		
Passed Through Commonwealth of Virginia						
Department of Criminal Justice Services:						
Juvenile Justice and Delinquency Prevention FY18	18-C3230JJ16	16.540	1/1/18	9,496	8,856	5.5
Juvenile Justice and Delinquency Prevention FY19	19-D3230JJ16	16.540	12/26/18	18,352	16,889	
Subtotal Juvenile Justice and Delinquency Prevention				27,848		

(Continued)

**CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Federal Award Date	Total Expenditures	Passed through to Subrecipients	Notes
Department of Justice (continued)						
Victim Witness Assistance FY18	18-X8554VW16	16.575	7/17/17	\$ 3,821	\$ -	
Victim Witness Assistance FY19	19-Y8554VW17	16.575	7/23/18	199,636		
Victim Witness Assistance FY20	20-Z8554VW18	16.575	7/1/19	826		
Virginia Domestic Violence Victim Fund FY19	19-M5277VW17	16.575	8/30/18	25,270		
Subtotal Victim Witness Assistance				229,553		
Police Domestic Violence Unit CY18	18-T3153VA17	16.588	1/1/18	21,244		
Police Domestic Violence Unit CY19	19-U3153VA18	16.588	12/14/18	19,300		
Subtotal Police Domestic Violence				40,544		
Byrne JAG Equipment and Technology	18-A4461AD14	16.738	5/15/18	13,284		
Byrne JAG Technology Improvement FY 19	18-DJ-BX0262	16.738	10/1/18	19,318		
Justice Assistance Grant FY18 (Positive Action Initiative)	18-B4052AD15	16.738	10/9/17	9,600	19,514	5.6
Justice Assistance Grant FY19 (Positive Action Initiative)	19-C4052AD15	16.738	9/20/18	12,934	7,645	
Subtotal Edward Byrne Memorial Justice Assistance				55,136		
Subtotal Passed Through Commonwealth of Virginia				353,081		
Total Department of Justice				460,493		
Department of Labor						
Passed Through Commonwealth of Virginia						
Virginia Community College System/USDOL:						
WIOA PY2017 - Adult Program	LWA 3-17-03	17.258	10/1/17	200,780	200,780	5.7
WIOA PY2018 - Adult Program	LWA 3-18-04T	17.258	10/1/18	186,290	186,290	
Subtotal Workforce Innovation and Opportunity Act Adult				387,070		
WIOA PY2017 - Youth Activities	LWA 3-17-04	17.259	10/1/17	328,314	328,314	5.7
WIOA PY2018 - Youth Activities	LWA 3-18-04T	17.259	10/1/18	25,586	25,586	5.7
Subtotal Workforce Innovation and Opportunity Act Youth				353,900		
WIOA PY2017 - Dislocated Worker	LWA 3-17-04	17.278	10/1/17	137,165	137,165	5.7
WIOA PY2018 - Dislocated Worker	LWA 3-17-03	17.278	10/1/18	191,385	191,385	5.7
WIOA Labor and Workforce Development Agency	LWDA 3-17-01 VCW NCE	N/A	-	22,303	22,303	5.7
Subtotal Workforce Innovation and Opportunity Act Dislocated Worker				350,853		
Subtotal Passed Through Commonwealth of Virginia				1,091,823		
Total Department of Labor				1,091,823		
Total Workforce Investment Cluster				1,091,823		

(Continued)

**CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Federal Award Date	Total Expenditures	Passed through to Subrecipients	Notes
<u>Department of Transportation</u>						
Passed Through Commonwealth of Virginia						
Department of Motor Vehicles:						
Speed Enforcement FY18	FSC-2018-58325-8325	20.600	9/30/17	\$ 5,679	\$ -	
Occupant Protection FY18	FOP-2018-58324-8324	20.600	9/30/17	1,126		
Occupant Protection FY19	69A37518300004020VA0	20.600	9/30/18	4,462		
Pedestrian/Bike Enforcement FY18	FPS-2018-58326-8326	20.600	9/30/17	702		
DMV Traffic Safety FY19	69A37518300004020VA0	20.600	9/30/18	6,356		
Subtotal Highway Safety				<u>18,325</u>		
Alcohol Enforcement FY18	154Al-2018-58323-8323	20.601	9/30/17	14,042		
Alcohol Enforcement FY19	18X920405dVA15	20.601	9/30/18	19,716		
Subtotal Alcohol Impaired Driving				<u>33,758</u>		
DUI Taskforce FY18	154AL-2018-58392-8392	20.607	9/30/17	42,446		
DUI Taskforce FY19	18X9205464VA17	20.607	9/30/18	88,102		
Subtotal Alcohol Open Container Requirements				<u>130,548</u>		
Roanoke River Greenway - Bridge the Gap	UPC 105439	20.205	1/30/14	599,915		
Roanoke River Greenway TEA21	EN03-128-129	20.205	n/a	113,313		
Safe Routes to Schools - Garden City Project	UPC 102856	20.205	4/11/12	11,206		
Transportation Alternative RR Grant - Garden City Greenway	UPC 106265	20.205		743		
Edgewood Street Transit Accessibility IMP	UPC109288	20.205	10/14/16	682,097		
Subtotal Highway Planning and Construction				<u>1,407,274</u>		
Subtotal Passed Through Commonwealth of Virginia				<u>1,589,905</u>		
Total Department of Transportation				<u>1,589,905</u>		
<u>Department of Treasury</u>						
Direct Programs:						
Equitable Sharing Funds - Department of Treasury	-	21.000	multiple	11,708	6,000	5.8
Subtotal Equitable Sharing Funds DOT Programs				<u>11,708</u>		
Total Department of Treasury				<u>11,708</u>		

(Continued)

**CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Federal Award Date	Total Expenditures	Passed through to Subrecipients	Notes
<u>Environmental Protection Agency</u>						
Direct Programs:						
EPA Brownfield Site Assessment FY16	96339901	66.818	9/2/15	\$ 22,837	\$ -	
EPA Brownfield Site Assessment FY17	96354907	66.818	8/9/17	615		
Subtotal Brownfield Remedial Programs				<u>23,452</u>		
Subtotal Environmental Protection Agency Direct Programs				<u>23,452</u>		
Passed Through James Madison University:						
Vehicle Emission Reduction FY16	96341801	66.039	9/24/15	<u>18,374</u>		
Subtotal Passed Through James Madison University				<u>18,374</u>		
Total Department of Environmental Protection Agency				<u>41,826</u>		
<u>Department of Education</u>						
Passed Through Commonwealth of Virginia Department of Education:						
21st Century Literacy FY 18	00124-APE60565-S287C170047	84.287C	8/15/17	5,028		
21st Century Literacy FY 19	00124-60565-S287C180047	84.287C	8/8/18	<u>23,148</u>		
Subtotal 21st Century CLC Program				<u>28,176</u>		
Subtotal Passed Through Commonwealth of Virginia				<u>28,176</u>		
Total Department of Education				<u>28,176</u>		
<u>Department of Homeland Security</u>						
Emergency Management Assistance	-	97.042	10/1/15	107,773		
LEMPG Enhance Capabilities to Respond to Hazard 2017	2017-SLEMPG	97.042	4/9/18	<u>29,174</u>		
Subtotal Emergency Management Assistance Programs				<u>136,947</u>		
State Homeland Security Heavy Tactical Rescue Team FY18	EMW-2017-SS-00088 7562	97.067	5/16/18	92,321		
State Homeland Security Haz-Mat FY18	EMW-2017-SS-00088 7548	97.067	5/16/18	88,000		
State Homeland Security Heavy Technical Rescue FY19	EMW-2018-SS-00093 7912	97.067	11/1/18	8,112		
State Homeland Security Haz-Mat FY19	EMW-2017-SS-00093-S01 7911	97.067	11/1/18	37,794		
State Homeland Security Response Team Protective Equipment F	FY2017-SHSP RTE	97.067	10/13/17	<u>11,975</u>		
Subtotal Homeland Security Grant Programs				<u>238,202</u>		
Subtotal Passed Through Commonwealth of Virginia				<u>375,149</u>		
Total Department of Homeland Security				<u>375,149</u>		

(Continued)

CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Federal Award Date	Total Expenditures	Passed through to Subrecipients	Notes
Department of Health and Human Services						
Passed Through Commonwealth of Virginia						
Department of Social Services:						
Promoting Safe and Stable Families	-	93.556	multiple	\$ 80,429	\$ -	
Subtotal Promoting Safe and Stable Family Programs				80,429		
Temporary Assistance for Needy Families	-	93.558	multiple	1,744,226	150,335	5.9
Refugee & Entrant Assistance-State Administered Program	-	93.566	multiple	6,067		
Low-Income Home Energy Assistance Program	-	93.568	multiple	250,499		
Child Care and Development Block Grant	-	93.575	multiple	(1,132)		
Child Care and Development Fund	-	93.596	multiple	272,228		
Total CCDF Cluster				2,271,888		
Chafee Education & Training Vouchers Program	-	93.599	multiple	13,148		
Adoption Incentive Payments	-	93.603	multiple	1,202		
Child Welfare Services	-	93.645	multiple	1,803		
Foster Care Title IV-E	-	93.658	multiple	2,109,167		
Adoption Assistance Title IV-E	-	93.659	multiple	3,808,883		
Social Services Block Grant	-	93.667	multiple	1,715,798		
PSSF Child Abuse Prevention FY19	FAM-18-069-11	-	7/1/18	28,446		
Foster Care Independent Living Program	-	93.674	multiple	33,806		
FAMIS 18 Children's Insurance Program	-	93.767	multiple	57,191		
DMAS 18 Medical Assistance Program	-	93.778	multiple	2,502,012		
Subtotal Passed Through Commonwealth of Virginia				10,271,456		
Total Department of Health and Human Services				12,623,773		
Grand Total Federal Financial Assistance				\$ 21,968,599	\$ 3,133,730	

The accompanying notes are an integral part of this schedule.

(Continued)

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2019

Note 1 – Basis of Accounting

This Schedule of Expenditures of Federal Awards (Schedule) is prepared on the same basis of accounting as the City of Roanoke's financial statements. The City uses the modified accrual basis of accounting, in which expenditures are generally recognized when the related fund liability is incurred. However, debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is due. Program income earned while administering Federal programs or projects are reported using the additive method. Under this method, expenditures from this income is reported on the SEFA in addition to expenditures made from the original grant.

Note 2 – Program Costs

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the City's portion, are more than shown. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Non-cash Awards – food donations

The amount of food commodities reported on the Schedule is the value of the food received by the Roanoke Juvenile Detention Home through the U.S. Department of Agriculture donated food distribution program during current year and priced as net dollar, fair market value as furnished by the U.S. Department of Agriculture.

Note 4 – Indirect Cost Rate

The City uses a direct cost method for administrative expenses within Federal Programs. The City has not elected to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 5 – Subrecipient Expenditure Summary

The following chart summarizes Federal funds that passed through the City to subrecipients for the fiscal year ending June 30, 2019:

Note	Group	Total Expenditures
5.1	Community Development Block Grants	\$ 1,125,336
5.2	Emergency Shelter	92,531
5.3	HOME Investment in Affordable Housing	605,801
5.4	Equitable Sharing Funds - Department of Justice	9,000
5.5	Juvenile Justice and Delinquency Prevention	25,745
5.6	Justice Assistance Grant	27,159
5.7	Workforce Investment	1,091,823
5.8	Equitable Sharing Funds - Department of Treasury	6,000
5.9	Temporary Assistance for Needy Families	150,335
	Total	<u>\$ 3,133,730</u>

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements, the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Roanoke, Virginia (the "City"), as of and for the year ended June 30, 2019 and the related notes to the financial statements which collectively comprise the City's basic financial statements, and have issued our report thereon dated, November 29, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 may exist that were not identified. **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 City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.**

Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 29, 2019

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Roanoke, Virginia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2019. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, the terms, and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Compliance for Each Major Federal Program (Continued)

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-001. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

CERTIFIED PUBLIC ACCOUNTANTS

CITY OF ROANOKE, VIRGINIA

SUMMARY OF COMPLIANCE MATTERS

June 30, 2019

As more fully described in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts, and grants shown below:

STATE COMPLIANCE MATTERS

Code of Virginia:

Budget and Appropriation Laws
Cash and Investment Laws
Conflicts of Interest Act
Debt Provisions
Local Retirement Systems
Procurement Laws
Uniform Disposition of Unclaimed Property Act
Stormwater Utility Program
Comprehensive Services Act
Sheriff Internal Controls

State Agency Requirements:

Highway Maintenance Funds
Social Services

LOCAL COMPLIANCE MATTERS

City Charter

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal programs selected for testing.

CITY OF ROANOKE, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2019

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies** relating to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance as Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award program expresses an **unmodified opinion**.
6. The audit disclosed **one audit finding relating to major programs**.
7. The major programs of the City are:

Name of Program	CFDA #
Statement Administrative Matching Grants for the SNAP	10.561
Community Development Block Grants/Entitlement Grants	14.218
Workforce Innovation and Opportunity Cluster:	
WIOA Adult Program	17.258
WIOA Youth Activities	17.259
WIA/WIOA Dislocated Worker Formula Grants	17.278
Temporary Assistance for Needy Families	93.558
Foster Care	93.658
Medical Assistance Program	93.778

8. The threshold for distinguishing Type A and B programs was **\$750,000**.
9. The City of Roanoke was not determined to be a **low-risk auditee**.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None noted.

CITY OF ROANOKE, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019**

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

2019-001: Medical Assistance Program – CFDA # 93.778

Condition: Recertification for continued benefits was not completed timely for two individuals.

Criteria: Per the Compliance Supplement for the Medical Assistance Program, the City is required to recertify individuals for medical benefits in order to facilitate the continuance or discontinuance of benefits based on changes in circumstances that could impact eligibility.

Cause: In the first instance, the recertification application was received timely but not processed by the case worker for several months. The recipient continued to receive benefits without recertification. In the second instance, the recertification application was not received timely and benefits continued to be provided to the recipient. Both of these instances were handled by the same case worker.

Effect: Benefits continued to be received by individuals who had not completed recertification.

Context: Two instances out of 25 tested.

Recommendation: We recommend that case workers and supervisors monitor recertification deadlines closely for Medical Assistance Program recipients.

Management's Response: Management agrees with finding. Agency will utilize reports and other available data sources to closely monitor Medicaid renewals to ensure timely action is taken by system deadlines. Supervisors will address any occurrences of overdue processing with individual workers to prevent repeated errors and issuance of benefits beyond the end of the certification period.

D. FINDINGS – COMMONWEALTH OF VIRGINIA

None noted.

CITY OF ROANOKE, VIRGINIA

SUMMARY SCHEDULE OF PRIOR AUDIT YEAR FINDINGS Year Ended June 30, 2019

A. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

2018-001: WIOA Cluster CFDA # 17.258, 17.259, 17.278- Subrecipient Monitoring (Material Weakness)

Condition: The City of Roanoke, as prime recipient, provides WIOA pass-through grant funds to the Western Virginia Workforce Development Board (“WVWDB”) as its subrecipient, who in turn contracts solely with ResCare, Inc. to perform the operational functions of the grant. During our testing over subrecipient monitoring, it was noted that the City of Roanoke has not taken appropriate action to address repeated findings and lapses in internal control within the subrecipient organizations.

Criteria: Per 20 CFR 683.410, each recipient and subrecipient of funds under title I of WIOA and under the Wagnern-Peyser Act must conduct regular oversight and monitoring of its WIOA and Wagner-Peyser Act program(s) and those of its subrecipients and contractors.

Cause: Internal control processes were not in place to ensure the effective and complete monitoring of subrecipient activities with the WIOA requirements.

Effect: Without procedures in place to actively monitor subrecipients based on a continuous assessment of the risk of noncompliance, and the evaluation of other monitoring reports, eligibility determinations and unallowable charges to the program can be made.

Recommendation: The City of Roanoke should implement an assessment process designed to outline program risks and responses to be applied on periodic basis for all subrecipients. The risk assessment should govern the timing and extent of planned procedures related to the subrecipients and include all criteria in accordance with the WIOA requirements.

Current Year Status: Condition was not noted in current year testing.

CITY OF ROANOKE, VIRGINIA

SUMMARY SCHEDULE OF PRIOR AUDIT YEAR FINDINGS Year Ended June 30, 2019

B. FINDINGS – COMMONWEALTH OF VIRGINIA

2018-002: Electronic Benefits Transfer (EBT) Card Security

Condition: One instance of a sample of 53 tested was identified where the City of Roanoke did not maintain the log of Internal Action and Vault Card Authorization Form for EBT issuances.

Criteria: Per the OMB Compliance Supplement for SNAP Program, the City is required to maintain adequate security over, and documentation for, the EBT cards.

Cause: When Internal Action and Vault Card Authorization Forms are not completed and electronically scanned for storage, there is no procedure to verify that all documentation has been properly maintained.

Effect: Without proper maintenance of daily documentation, EBT cards can be improperly authorized issued, and/or accounted for, resulting in program noncompliance.

Recommendation: The City of Roanoke should implement a procedure to verify that the number of EBT cards issued are checked against the number of Internal Action and Vault Card Authorization Forms uploaded to electronic document storage.

Current Year Status: Condition was not noted in current year testing.

2018-003: Special Welfare - Administration

Condition: The City of Roanoke did not timely reconcile children's subledger accounts with total funds held in the dedicated bank account to Special Welfare on a monthly basis. As of yearend, unreconciled differences remain after a reconciliation was completed.

Criteria: Per the Commonwealth of Virginia's Auditor of Public Account's *Specifications of Audits of Counties, Cities, and Towns*, the City of Roanoke is required to reconcile children's subledger of accounts with total funds in bank accounts dedicated to Special Welfare on a monthly basis.

Cause: Reconciliations from children's subledger accounts to total bank account balance were not performed timely due to a lack of formal procedures in the reconciliation process.

Effect: Proper tracking of Special Welfare funds to the specific individuals to whom they belong cannot be performed with complete accuracy, which resulted in funds not being able to be attributed to program recipients.

Recommendation: The City of Roanoke should implement the proper reconciliation procedures to ensure that all children's subledgers and funds are tracked properly. Additionally, the reconciliations should be performed monthly, and reviewed and approved by appropriate management.

Current Year Status: Condition was not noted in current year testing.

**Department of Finance
City of Roanoke, Virginia**

Amelia Merchant	Director of Finance
Brent Robertson	Manager of Accounting Systems
Cindy Kirby	Administrative Assistant IV
Carol Farley	Administrative Assistant III

Accounting / Accounts Payable

Corey Alshouse	Capital Accountant
Jennifer Bowers	Accounting Technician
Amanda Dooley	Accounts Payable Coordinator
Latoya Flint	Grant Accountant
Dorothy Hoskins	Acting Accounting Supervisor
Lori Ramey	Senior Accountant
Breanna Rife	Accounting Technician
Holli Salyers	Senior Accountant

Management and Budget

Stephano Claude	Accountant
Kathleen Davis	Budget Business Analyst
Acquenatta Harris	Budget Business Analyst
R. B. Lawhorn, Jr.	Budget Manager
Lesha VanBuren	Budget Analyst
Paul Workman	Budget Business Analyst

Payroll

Connie Altice	Senior Payroll Technician
Suzanne Barnett	Payroll Accountant
Jody Lawson	Payroll & Systems Supervisor
Kacy Spence	Payroll Technician

Retirement

Tiffany Gilbert	Retirement Account Technician
Kayla Gunter	Senior Accountant
Harold Harless, Jr.	Financial Analyst
Karen Mullen	Accountant
Andrea Trent	Retirement Systems Manager

Systems

Bettie Clay	Financial Systems Technician
Christopher Pauley	Financial Systems Technician
Mary Talley	Senior Financial Systems Accountant

