



CITY OF ROANOKE, VIRGINIA

EQUITY. COMMUNITY. EMPOWERMENT



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2023

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year July 1, 2022 to June 30, 2023



DEPARTMENT OF FINANCE
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INTRODUCTORY SECTION

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DEPARTMENT OF FINANCE**

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WILLIAM B. ROBERTSON
Director of Finance

March 27, 2024

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) Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023, 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 (GAAP) in the United States of America, 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 along with 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 is also responsible for establishing and maintaining an internal control framework to protect the City's assets from loss and provide objective assurance and consulting activity designed to add and improve processes of the municipality.

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: the cost of an internal control should not exceed the benefit received. Management must analyze the risk against the cost of preventing such risk; control related policies and procedures that are established by management are also subject to being overridden by management; and, collusion poses a limitation on internal controls.

Because of inherent limitations on internal controls, the objective is to provide 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 ACFR 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 auditor’s 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 the 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, D.C. 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 2022 population was 98,865, according to the Bureau of Economic Analysis of the U.S. Department of Commerce, and accounts for 31.1% 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 of Roanoke also owns and operates The Berglund (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 Priority Based Budgeting (PBB), a process that connects local government resources with the results most important to the community using programmatic data. PBB begins with the Budgeting for Outcomes model, which operates with funding allocations based on focus areas as set by City Council. PBB then includes a comprehensive peer reviewed scoring rubric to score programs on all focus areas. 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. In April, the City Manager presents the balanced budget as a recommendation to City Council 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 15 of each year.

The financial reporting entity reflected in the ACFR 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, a 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 is comprised of seven members, appointed by City Council, to oversee the operation of the City's school system. The school system receives significant financial support from the City.

Economic Condition and Outlook

Local Economy

The City of Roanoke is the cultural and economic center of Southwest Virginia and is the largest city west of Richmond. The City is home to almost 100,000 residents and boasts a balanced and creative economy consisting of services, wholesale and retail trade, construction, manufacturing, transportation, health care, research & development, technology, warehousing, finance, insurance and real estate, public administration and management of companies and enterprises. There are also industries specifically related to the arts, recreation, utilities and agriculture.

The City's Department of Economic Development (Department) continues to focus on traditional economic development initiatives, including business attraction, retention, and expansion; asset promotion and marketing; and property redevelopment. In addition, the Department is also focusing on growing the City's Innovation and Health Sciences sector, as well as on community development efforts centered on equity and entrepreneurship. The Department completed a Strategic Plan in December 2022 incorporating a more detailed focus on the Department's goals and objectives which, once implemented, will enhance the larger mission of growing the City's economy through a strong emphasis on business growth and marketing, business retention and expansion, entrepreneurship and innovation, economic opportunity and community vibrancy, and asset and infrastructure development.

The Department continually engages in marketing and communications activities with consistent updates to the website and social media sites, keeping constituents informed while increasing lead generation for new residents, business relocations and capital investments. These outlets include the Department's website, BizRoanoke.com, and its monthly email newsletter, BizNews, as well as the monthly television

show, BizRoanoke, with videos showcasing Roanoke's amenities, business leaders and community events. The Department's social media outlets continue to garner regional, national and international attention with bi-weekly posts, while the Department's staff remains dedicated to serving businesses in the City's growing business community.

As a result of these ongoing efforts, the fiscal year 2022-2023 yielded \$229,377,125 in new investment and created 88 new jobs.

Significant projects have occurred in the following sectors during fiscal year 2022 – 2023:

- Hospitality and Tourism
- Transportation
- Manufacturing and Technology
- Education
- Health Care and Innovation
- Retail and Development
- Financial Services
- Professional Services

Hospitality and Tourism

Hotel occupancy was up 1.8% in fiscal year 2022-2023 with a 12-month average of 59.9%. As of December 2023, occupancy is up to 61.2%. There were 61 new hotel rooms constructed in the City in fiscal year 2022-2023.

Hotel Roanoke and Conference Center (HRCC) modernized their guest elevators for the first time since 1935. \$750,000 was invested rebuilding elevator cabs with updated motors to move people more quickly and with a design to complement the current historic nature of the property. The hotel also added a fire safety system, updated from 1995, for the entire property at a cost of \$650,000. Additionally, HRCC will start guest room renovations this year with a \$14 million investment. Architects have designed the “new look” for the rooms; actual construction/renovation will begin third quarter FY2023-2024 (1st calendar quarter 2024).

South Roanoke Boutique Hotel announced a future complex in the South Roanoke neighborhood featuring an upscale boutique hotel with 23-27 rooms and a fine dining restaurant to seat 150 patrons. This represents an investment of \$10 million.

Owners of Berglund Automotive and Farrell Family Properties announced in January 2023 the renovation of Colony House Motor Lodge located along the Franklin Road corridor. The property, which has been closed for four years, will become a boutique hotel. The project is an approximate \$500,000 investment with updates offering good design and accommodations to attract modern travelers. The property was just placed on the Virginia Landmarks Register in December 2022 based on architectural features including the cantilevered, folded plate roofs and a swimming pool.

The Berglund Center announced renovations at the 710 Williamson Road location totaling \$1,483,000. The construction project focuses on the Annex Building with a 4th floor renovation to include a 5,700-square-foot banquet hall, a 4,672-square-foot assembly space, public restrooms and a warming kitchen.

Historic Fire Station Number One, located at 13 E. Church Avenue in downtown Roanoke, reopened as a new business for the Star City. After the 115-year-old fire station sat vacant for 15 years, Old School Partners and Txtur turned it into a retail gallery for Roanoke-based Txtur Furniture, a Nordic-inspired bistro and a seven-room boutique hotel. The project represents a \$2.8 million investment and was completed in February 2023.

Transportation

Roanoke's 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.

In July 2022, U.S. Senator Mark Warner (D-Va.) presented \$15 million to the Roanoke-Blacksburg Regional Airport from the Infrastructure and Jobs Act that passed in 2021 for transportation improvements in Roanoke to attract additional traffic, lower fares and more flights out of Roanoke. In addition to this announcement, in November 2022, the airport committed to an \$8 million project extending the existing Pedestrian Canopy in the airport parking lot while adding new Pedestrian Canopies to the existing canopy. Four new vehicle entry/exit canopies were added to the main airport parking lot, as well.

In November 2022, Valley Metro began service at the Third Street Station, which is located at the corner of Salem Avenue and Third Street in downtown. This new Roanoke Valley Metro Bus Station provides a range of transit services to address the needs of the community. Services include: a 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. Smart Way also provides a thru-bus connection to Roanoke's Amtrak station. This new station represents an investment of \$17.5 million.

A. Duie Pyle, a premier transportation and logistics provider with headquarters in West Chester, PA, announced an expansion into the City of Roanoke. The company leases a 16-bay, cross-dock service center in northwest Roanoke, creating 25 jobs. According to regional leaders of the company, this location offers key strategic advantages given Roanoke's prime position on the Interstate 81 corridor. The company has committed \$20 million to its new Virginia locations of Manassas, Richmond and Roanoke, with jobs created that will pay as much as \$100,000/year depending on the position and hours. The new jobs based in Roanoke include drivers, technicians, managers and sales staff.

Amtrak service to Roanoke saw an increase of 72.1%, with Roanoke (RNK) ridership increasing to 66,721 passengers per year, with OTP (on time performance of getting passengers to their destination on time) at 69%. The Amtrak Northeast Regional route, which includes stops in Alexandria, Burke Centre, Manassas, Culpeper, Charlottesville, Lynchburg and Roanoke, also beat its pre-pandemic number with a 31.4% increase in July 2022 over July 2019. As a result of this increased ridership, a second daily departure from Roanoke to points north began in July 2022, giving customers more flexibility and convenience for travel to Washington, D.C., and to cities in Northeast and Southwest Virginia. Departures are now available at 6:20 am and 4:30 pm daily from the downtown Roanoke platform.

Manufacturing and Technology

A new craft beer brewery Blindhouse Beer Company opened in April 2023 and offers a quaint, 30 - 40 seat Euro-style café and tasting room along the Salem Avenue corridor. This fifth brand in what Roanokers describe as “beer alley”, Blindhouse serves a lineup of farmhouse-style beers on tap and in bottles and kegs.

Education

The education sector in the City continues its strong growth from K-12 through advanced graduate studies.

Lucy Addison Middle School, located at 1220 5th Street, NW, received a \$1,184,275 upgrade making it a 21st Century Community Learning Center (CLC). This comprehensive after-school program provides high quality academic enrichment for students in a safe and engaging learning environment. There are over 8,900 CLCs in the country, serving 1.5 million students. Roanoke City Public Schools operates five CLCs that partner with multiple community agencies that teach life skills and promote character, education and social awareness. Enrichment workshops include cooking, mindfulness, art, dance, music, performing arts, healthy lifestyles, African culture and many more. Parent and family engagement is an important component of the 21st Century programs with parents attending Family Engagement Programs designed to support student achievement and other educational topics related to literacy, finance and careers.

The repurposing of the existing William Ruffner Administration Building (formerly a public middle school education facility) located on Ferncliff Avenue, NW, to a Career and Technical Education facility began in July 2022. Primarily an interior renovation/repurposing construction project with limited exterior building and site work, the project is a \$14,500,000 investment in the City of Roanoke. Exterior building work is limited primarily to storefront and window replacement, a new entrance canopy, new overhead and main door entrances, and new and replacement of existing rooftop HVAC equipment.

Virginia Western Community College (VWCC) announced in August 2022 the offering of two new health care programs. The Physical Therapy Assistant (PTA) and Surgical Technology (ST) programs have been inherited from Radford University Carilion (RUC). Students will gain clinical experience in the second year and ultimately earn an Associate of Applied Science degree. Average annual salaries for Physical Therapy Assistants are roughly \$60,000, and surgical technicians are nearly \$50,000. VWCC will be leasing space from RUC for the surgical program which now operates a furnished surgical room where students can get hands-on experience. More than 70% of students who graduate from health care programs at VWCC go directly into the workforce, according to the college.

VWCC has completed its campus-wide pavement rehabilitation project. Spectrum Design provided engineering services for the improvements made to parking, access, signage, lighting and pavement surface conditions. Access to the north lots behind Brown Library has seen a major reconstruction by straightening curves, flattening the steep roadway, and providing additional staff and student parking. Improvements to Lot 9 have provided new medians to separate the popular motorcycle training lot from traffic along the main thoroughfare. This \$471,000 investment in the City was completed in October 2023.

Additionally, VWCC announced in November 2022 a record-high 630 students attending the community college tuition-free as the result of private-public community partnerships that fund the Community College Access Program (CCAP), the largest “free college” program at a Virginia community college. CCAP provides up to three years of tuition for recent high school graduates who meet program requirements, as funding allows.

Health Care and Innovation

The Healthcare and Innovation sector continues to play an increasingly important role in the City's economy, with the work being done at the Fralin Biomedical Research Institute (FBRI) and Carilion Clinic (Carilion) bringing national attention and spawning ancillary benefits in the form of job growth, spin-off companies, and increased investment in the community. Over the last fiscal year, the following investments have been made into this sector:

In April 2023, the City entered into a Memorandum of Understanding (MOU) with the Virginia Department of Housing and Community Development (DHCD) to receive \$15.7 million appropriated by the Virginia Legislature in 2022. The City is partnering with Carilion, the Virginia Tech Corporate Research Center (CRC), VERGE, FBRI and VWCC to renovate a former medical office building located along South Jefferson Street in the City's burgeoning Innovation Corridor. VERGE, formerly Valleys Innovation Council, is an organization that helps facilitate connection, communication and collaboration to advance tech and biotech projects and solutions across the region. This project will add more than 30,000 square feet and will be dedicated to advancing business and research in the Roanoke Valley in the coming years. This project includes 10,000 square feet of wet and dry lab space, offices for biomedical and health sciences companies and the virtual Johnson and Johnson JLABS program. The project will also offer a wide array of educational programs and professional growth opportunities, including the creation of 250 jobs. The City provided a match of \$1.95 million, bringing the total investment to nearly \$18 million.

Carilion Clinic continues expansion of its Roanoke facilities, with specific focus on construction of the seven-story Crystal Spring Tower. Located just south of the existing Roanoke Memorial Hospital, the Tower will expand the existing emergency room by 95 additional beds, as well as provide a 40-bed observational unit for cardiovascular procedures. Additional work will include construction of a new building for psychiatric care and a new parking garage with 550 spaces along South Jefferson Street which began in third quarter 2023. City Council approved the health care provider's \$300 million expansion in November 2019.

Universal Health Corporation announced the opening of a new outpatient facility to address the gap in healthcare between a patient's discharge and their return to home. Universal Transitional Care Center is now taking appointments and will serve the Roanoke and New River Valley. Established in 2012, the Roanoke-based company offers outstanding physicians and mid-level providers committed to providing excellence in patient care. Its innovative care model delivers exceptional results for post-acute and long-term care facilities by meeting the center's goals and objectives while improving financial and operational performance. The company purchased its corporate headquarters at 130 Church Avenue, SW, in downtown Roanoke in December 2022 for \$1.5 million and brings a leadership team of 13 professionals and staff to Roanoke.

Construction was completed on River Ridge Dermatology and other medical offices, a \$15 million project located on Brandon Avenue that includes the renovation of existing buildings and construction of an addition which joins the buildings. In October 2023, River Ridge re-opened to the public in their updated facility.

Carilion Roanoke Community Hospital, home to Carilion's Inpatient Rehabilitation facility, which is located at 101 Elm Avenue, SE, is undergoing a partial renovation of its first floor. This project represents an investment of \$2,450,000 with an anticipated completion date by June 2024.

BioLife Plasma Services has committed to expand into the Roanoke Valley making this their fourth location in Virginia with the leasing of space at 4731 Valley View Boulevard (the former Staples). The \$3.6 million project announced in December 2022 includes the renovation of the 10,174 square foot existing commercial

space to an outpatient medical office facility with the purpose of collecting and distributing plasma. Plasma is used to treat rare and inherited chronic conditions, such as immune deficiencies, autoimmune disorders and hemophilia.

Good Samaritan Hospice House announced in October 2022 the purchase of a six-acre property in the 4000 block of Cove Road to open a free-standing hospice house. The one-story, 30,000 square foot, in-care hospice and home care hospice facility will include patient rooms and administrative space. The new facility will offer a home-like setting where people who have a life prognosis of six months or less can be cared for by professional staff. The new campus will include a two-wing, 16-bed hospice house, administrative offices and a community bereavement center and is a \$10,500,000 investment in the City of Roanoke adding 25 - 30 jobs. The House will also be able to provide short-term respite care for families who need a break from caretaking.

Retail and Development

In January 2023, developer Ed Walker announced plans for Riverdale Southeast. Working with other experienced developers, this landmark redevelopment project will transform the Roanoke Industrial Center into a mixed-use community that will include multifamily housing, retail, commercial, industrial and outdoor amenities. The project represents a \$70 million investment, which includes a \$10 million forgivable loan provided by the City and the Economic Development Authority for the City of Roanoke. The project began in April 2023 and is expected to take 17 years to complete.

Construction is currently underway on the Randolph Street Project, which is located between Campbell and Salem Avenues, SW, in downtown Roanoke. Hist:Re Partners is redeveloping the site to house a five-story residential tower and an accompanying office building, as well as green space. The project represents an investment of approximately \$25 million and should be completed in early 2024.

Junior Lofts, a \$1 million investment located in downtown Roanoke, was completed in February 2023, offering 14 residential units and one commercial space along Franklin Road, diagonally across from the Poff Federal Building. The property owner strove to blend contemporary designs with original features, including historic walls and ceilings. The name pays homage to the building's history, which was home to Junior Lunch Restaurant, a diner that operated for 46 years before closing its doors in 1994.

Construction is scheduled to begin soon on the former Days Inn located at 601 Orange Avenue, NE. The former motel will be transformed into L2L Roanoke Apartments, an adaptive reuse of an existing wood-framed 3-story hotel building to an apartment building. The project represents a \$5,488,850 investment in the City.

Panera Bread located at 1920 Valley View Blvd made a \$1.6 million investment with the purchase of property to build a new, 4,200 freestanding building for a future Panera Bread Cafe with a patio and drive-thru service. The new restaurant will be located next to Designer Shoe Warehouse (DSW) in the Valley View Shopping Center.

Financial Services

In September 2022, Ridge View Bank announced plans to build its corporate headquarters at 3531 Franklin Road, SW. The 17,000-square-foot building represents a \$20 million investment and will bring 20 new jobs to the City with plans to expand up to 50 over the next five years. The state-of-the-art facility will provide a modern, progressive workspace designed to foster relationships between employees and the community. The new SMART Center will utilize the latest technology to make financial transactions and information

gathering both highly interactive and easier for customers. The headquarters is expected to be completed by October 2024.

Professional Services

The Thomas Mason Commercial Building located at 105 Franklin Road was upgraded to include \$2 million in improvements through a renovation and tenant up-fit to a 5,300-square-foot first floor office suite for a United States General Services Administration tenant. The space will mainly be used as an office area, with a small holding area for detainees and a small weapons storage area.

Blue Ridge Memorial Gardens announced an expansion with the building of a 7,000-square-foot chapel and family community gathering center at their 5721 Airport Road, NW location. This is a \$2 million investment in the City of Roanoke and is expected to be completed in January 2024.

Hopkins | Lacy announced in August 2022 the acquisition of a new 55,000-plus-square-foot fabrication facility in Roanoke's Statesmen Industrial Park. This \$2.4 million expansion allows for approximately 20,000 more feet of space for production, assembly, staging, new equipment and improved logistics and coordination. In October 2022, the fabrication operations moved to the new facility, which now houses the Fabrication, Service and Special Projects divisions.

American Rescue Plan Act – Coronavirus State and Local Fiscal Recovery Fund

In May 2021, the City received the first of two installments of funding through the Federal American Rescue Plan Act (ARPA). With a second tranche in May 2022, the City received \$64.5 million in funding.

The Coronavirus State and Local Fiscal Recovery Fund (SLFRF) program, a part of ARPA, delivers \$350 billion to state, local and Tribal governments across the country to support their response to and recovery from the COVID-19 public health emergency. The SLFRF program provides governments across the country with the resources needed to fight the pandemic and support families and businesses struggling with its public health and economic impacts and to maintain vital public services amid declines in revenue resulting from the crisis. The SLFRF helps governments build a strong, resilient and equitable recovery by making investments that support long-term growth and opportunity. Recipients may use SLFRF funds to:

- Replace lost public sector revenue, using this funding to provide government services up to the amount of revenue lost due to the pandemic;
- Respond to the far-reaching public health and negative economic impacts of the pandemic, by supporting the health of communities, and helping households, small businesses, impacted industries, nonprofits and the public sector recover from economic impacts;
- Provide premium pay for essential workers, offering additional support to those who have and will bear the greatest health risks because of their service in critical sectors; and
- Invest in water, sewer and broadband infrastructure, making necessary investments to improve access to clean drinking water, to support vital wastewater and stormwater infrastructure, and to expand affordable access to broadband internet.

In July 2021, the City Council formed the Star City Strong: Recovery and Resiliency Advisory Panel co-chaired by the Mayor and Vice-Mayor. The Council appointed 36 community members to serve on the Panel. The stated objective of the Advisory Panel was “to consider the challenges confronting the City from the COVID-19 pandemic disaster and the opportunities available to the community through ARPA, and to make recommendations to City Council regarding the use of the funds.” A series of stakeholder interviews and focus group meetings with more than 100 individuals representing a wide diversity of perspectives formed one of the starting points for the work of the Advisory Panel. The Advisory Panel met seven times

and conducted a public hearing. These discussions generated a list of possible initiatives and projects that could aid the community's efforts at recovery while building resiliency.

The Advisory Panel recommended that the City Council support the community's recovery and help build its resiliency by investing in programs and initiatives that benefit people, places, and governance in order to sustain and enhance prosperity, health and well-being for all. City Council concurred with the recommendation at their September 20, 2021 regular meeting.

ARPA project highlights include:

- **Star City Works** \$3 million was granted in ARPA funding to The Western Virginia Workforce Development Board to provide an 'earn and learn' model of workforce development where eligible residents receive job training, individualized career coaching and wrap-around services.
- **Local Environmental Agriculture Project (LEAP)** Roanoke received a \$2.5 million ARPA grant to address the community's access to fresh, healthy food and food production. In May 2023, LEAP celebrated the completion of the West End HUB.
- **Melrose Plaza** \$10 million in ARPA funding was granted to Goodwill Industries for the development of a HUB in Northwest Roanoke. Melrose Plaza will include a full-scale grocer, retail banking/financial counseling, a health and wellness center and opportunity for adult education.
- **Partners in Prosperity** Habitat for Humanity received a \$2.6 million ARPA grant for the construction and/or rehabilitation of 18 homes in the Belmont-Fallon Target Area. This program includes a workforce development program.

These and other ARPA projects are scheduled to be obligated by the current December 1, 2024 deadline.

Long-Term Financial Planning

Comprehensive Plan

City Plan 2040 is a comprehensive plan that will guide investment and decision-making in Roanoke over the next 20 years. City Plan 2040 is directed by six themes recommended by the American Planning Association's Best Practices for Comprehensive Plans. These themes, which ensures an all-inclusive planning approach that addresses environmental, social and economic well-being, are:

- Interwoven Equity
- Healthy Community
- Harmony with Nature
- Livable Built Environment
- Responsible Regionalism
- Resilient Economy

Budgeting for Outcomes

Roanoke was the first city in Virginia to implement the Budgeting for Outcomes process. Budgeting for Outcomes (BFO) 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 community safety. The BFO process emphasizes the allocation of resources to obtain specified outcomes. Innovation and collaboration with department and agency partners help the City realize efficiencies and improve services while limiting additional resources required.

Budgeting for Equitable and Empowering Outcomes

Beginning with the FY2022 budget, the City initiated an evolution from the traditional BFO process to a Budgeting for Equitable and Empowering Outcomes. This all-encompassing process embraces the City's core values: Integrity and Honesty, Diversity and Inclusion, Respect for Others, Listening and Communication, Continuous Improvement and Accountability. Budgeting for Equitable and Empowering Outcomes is a key component of the City's efforts at advancing on diversity, equity and inclusion.

Priority Based Budgeting

For the budget development process for FY 2023-2024, the city utilized a Priority Based Budgeting (PBB) model which still focuses on the BFO priority areas. PBB goes a step further by including a comprehensive peer reviewed scoring rubric which allows programs to be scored on all priorities rather than just one. PBB connects local government resources with the results most important to the community using programmatic data.

Long-Term Financial Planning

The City incorporates long-term financial planning during the development of the operating budget for each fiscal year. 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 citizens and business partners.

Capital Improvement Program

In conjunction with the preparation of an annual operating budget, the City prepares a five-year Capital Improvement Program (CIP) 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 and 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 \$734 million in capital assets. Detailed project descriptions, cost estimates and funding sources are included in the CIP. The City's CIP for FY2024 - FY2028 represents \$303 million compared to FY2023 - FY2027 of \$278 million. The current CIP consists of public improvements to the City's schools, infrastructure, parks, libraries, fire stations, stormwater facilities, courthouse renovations, technology improvements, fleet replacement and The Berglund Center. The CIP includes important public safety improvements such as the Fire EMS Master Plan for the construction and/or relocation of three Fire/EMS stations, as well as downtown improvements surrounding the Campbell Court redevelopment, passenger rail infrastructure and transit facility relocation.

An important part of the City's CIP, Berglund Center houses a 10,500 seat Coliseum, 2,148 seat Performing Arts Theatre (BPAT), 14,000 square-foot Exhibit Hall and 46,000 square-foot Special Events Center. In FY 2023 new handicapped accessible restrooms were added. The Berglund Center continues upgrades to the theatrical lighting and electrical systems. Additional ongoing projects include the build-out of the 4th floor Annex to create the Bella Vista Room, an upscale banquet hall, and continuing efforts to convert to LED lighting.

Relevant Financial Policies

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

Major Initiatives and Accomplishments

Education

Roanoke City Council places education as the top priority of the government and its citizens, providing more funding toward education than any other area of government. While the COVID-19 pandemic caused disruptions and setbacks in recent years, Roanoke City Public Schools (RCPS) is proud to have maintained a strong on-time graduation rate, estimated to be 86.41% for 2022-23. RCPS is also proud of its many other accomplishments and offerings during the school year, examples of which include:

- RCPS+, a free six-week summer learning recovery and acceleration program for grades PK-8, with a focus on reading and math.
- For the second year, *Staying Safe by Staying Connected* summer programming focused on academics, athletics and the arts to connect students to positive, productive and safe activities while school was out of session.
- RCPS hosted the second annual student *RCPS Works* Job Fair, which connected more than 90 hiring businesses and organizations with more than 200 students seeking employment.
- The Success Plan for Students who are English Learners sets specific goals centered on highly effective targeted instruction, high-quality professional learning and meaningful family engagement. The plan supports more than 2,000 students each year.
- Six hundred and ninety-nine (699) students took at least one Advanced Placement (AP) course in the 2022-2023 school year, an increase of more than 6% from the previous year.
- RCPS has continued to enhance its 1:1 laptop/device program to ensure students have access to instructional resources and materials at school and at home. RCPS also continues to work with Cox Communications to ensure students have access to low-cost internet through the Cox Connect2Compete partnership.
- Students at all 17 Roanoke City elementary schools have access to musical instruments thanks to VH1 Save the Music Foundation.
- Students can qualify for free college tuition at VWCC through the CCAP Program.
- More than a dozen career paths are offered in Career and Technical Education, with additional pathways and increased seat capacity with the opening of the Charles W. Day Technical Education Center (DAYTEC) beginning in the 2023-2024 school year.
- Spanish and computer coding is offered at every elementary school, and there is an honors program available at all five middle schools.

RCPS is committed to providing students with a learning environment that is secure and conducive to their growth. On an annual basis, RCPS conducts a comprehensive review of its Capital Improvement Plan. Recently completed are roof replacements at Monterey Elementary, Lucy Addison Middle School, and the William B. Robertson Administration Building (formerly the Roanoke Times Building). New HVAC systems have been installed at Lucy Addison Middle, Woodrow Wilson Middle and James Breckinridge Middle schools, and Lincoln Terrace and Hurt Park Elementary schools. Additionally, repaving projects at Garden City and Monterey Elementary schools have been completed, as well as the replacement of the outdoor track at Patrick Henry High School. Several projects are currently in various stages of construction including the repurposing of the Charles W. Day Technical Education Center (formerly known as the

Operations Center at Ruffner), the William B. Robertson Administration Building, and additional instructional space at Breckinridge Middle School and Morningside Elementary School. The school division is also in the beginning stages of preparing to replace Preston Park Elementary School. The estimated construction start date is January 2024, with a completion date during the summer of 2025. For a more comprehensive overview of the school division's notable achievements, please refer to the separately published RCPS Annual Comprehensive Financial Report.

The Roanoke region is home to several institutions of higher learning including Hollins University, Radford University Carilion (formerly Jefferson College of Health Sciences), Roanoke College, Virginia Tech Carilion School of Medicine and VCCC. Roanoke is also 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 five law enforcement agencies in the Commonwealth of Virginia to attain accreditation in two CALEA programs – Law Enforcement and Training Academies. The Roanoke Police Department collaborates with the Roanoke Valley Triad, Roanoke Area Youth Substance Abuse Coalition, Roanoke Prevention Alliance, Project Safe Neighborhoods and the NAACP (through their “Groceries Not Guns” annual gun buy-back event) to provide safety messaging and practices to a variety of community groups. The Roanoke Police Department also uses community engagement to build strong relationships with our neighborhoods through programs like the RPD Badge Buddies (a running group involving officers, community members and children who attend the West End Center), National Night Out and the Citizens’ Police Academy. RPD Officers also serve the community through use of our Rapid Engagement of Support in the Event of Trauma (RESET) Team, assisting the RESET Coordinator with providing services and support to residents after traumatic incidents occur in their neighborhoods.

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, is Class 1. 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 308 nationwide Internationally Accredited Fire agencies and one of only 118 in the nation that holds an ISO rating of Class 1, as well as holding accreditation. The Fire-EMS Department is also a partner with Roanoke County and the City of Salem in a Regional Fire-EMS Training Center, a regional hiring process, and has automatic and enhanced mutual aid response agreements in place to ensure the closest and most efficient response of Fire-EMS resources. The regional hiring process and the launch of a new website has enabled Roanoke Fire-EMS to increase its emphasis on recruiting a diverse workforce. As one strategy to provide a more diverse and inclusive workforce, the City’s Fire-EMS hiring age is 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 August 2014, the agency obtained certification under the federal Prison Rape Elimination Act (PREA),

emphasizing the commitment to preventing and addressing incidents of sexual assault within correctional facilities.

In 2017, the Roanoke City Sheriff's Office became a member agency of Project Lifesaver International Headquarters. This program has proven valuable in ensuring the safety of vulnerable individuals in our community. There are currently fifty-nine clients enrolled in this program. In 2023, the Roanoke City Sheriff's Office was selected as one of twenty cohorts across the United States to become a certified agency within the Law Enforcement-Community Engagement Network, Movement Forward, Inc. This organization is dedicated to protecting, promoting, and advancing civil and human rights for all individuals. Participation in this initiative reflects the agency's commitment to innovative, inclusive and solution-focused advocacy.

The Roanoke City Sheriff's Office became a certified ABLE agency on July 11, 2023. ABLE (Active Bystandership in Law Enforcement) is a program affiliated with Georgetown University. Through their Train the Trainer course, seven of our individuals are certified and are now equipped to train staff in active bystandership. This initiative promotes accountability and fosters a culture of intervention to prevent misconduct.

Human Services

Roanoke, as the largest city west of the state capital, supports a high demand for human services from the community. The Human Services staff unites public and private institutions to encourage and support caring communities by assisting individuals and families to achieve self-sufficiency and healthy lives with a variety of financial and employment programs. A partnership with RCPS and the City of Roanoke, the Central Intake program provides assistance to students by preventing them from entering into homelessness or by rehousing them to a stable environment.

In Fiscal Year 2023, 4,553 households were prevented from entering homelessness through Central Intake, the Community Housing Resource Center, Total Action for Progress (TAP) Supportive Services for Veteran Families (SSVF) program, the Presbyterian Community Center and Roanoke Area Ministries (RAM). Our community also provided critical housing services for individuals and families to quickly exit homelessness and stabilize in permanent housing. Also in 2023, 211 individuals were rapidly re-housed through the Community Housing Resource Center and TAP's Supportive Services for Veteran Families (SSVF) program. The City of Roanoke's Homeless Assistance Team (HAT) placed 201 individuals in permanent housing. ARCH Services and the Salem VA Medical Center provided permanent supportive services to 169 veterans and chronically homeless individuals.

Neighborhoods

The City understands appealing, 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 levels 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 collaborative neighborhoods and those who inhabit them.

The City also provides opportunities for civic groups to enhance their neighborhoods via the Office of Community Engagement's Neighborhood Development Grant Program. Made possible by City general

funds, the grant program has made it possible for residents and neighborhood organizations to undertake community building efforts and projects to improve the quality of life in their neighborhoods. Grant projects have included the creation of pocket parks, adding outdoor lighting to walkable neighborhood centers and purchasing marketing materials to increase neighborhood organization capacity.

Roanoke has a high-performing Housing and Urban Development (HUD) funded Lead Safe program. The program has assessed and removed lead hazards in hundreds of homes. HUD awarded another 3-year grant to continue the Lead Safe program through 2024. The City of Roanoke was awarded a 3-year \$2 million grant from HUD in 2022 for a new Healthy Homes Roanoke program. These funds continue to assist residents receiving housing rehabilitation services from Community Development Block Grant (CDBG) sub-recipients to address health and safety needs of the household. Both of these programs are offered through the City's HUD Community Resources division, along with CDBG, HOME and ESG entitlement funds.

The City leverages federal, local and in-kind contributions from public and private sources with the utilization of CDBG and HOME Investment Partnerships funding and City funding to support neighborhood improvement. Roanoke focuses its community development resources into a single neighborhood over four to five years to maximize impact and see ongoing results. Most activity focuses on improving existing housing and constructing new housing. Typically, these target neighborhood efforts include an infrastructure project and support for development of a community facility. The City generally spends 5-6 years in a target area to invest public funds to encourage private investment in stabilizing and revitalizing neighborhoods. The City is now in its third full year in the Belmont/Fallon Target Area in Southeast Roanoke.

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 manages 69 parks, plazas and greenways; supports more than 100 cultural events on an annual basis; and serves more than 115,000 individuals through more than 2,000 recreation programs.

The GO Outside Festival (GO Fest) has become a fall staple with over 150 outdoor activities and events. 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 our 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 25 miles of paved trails currently exist. The Lick Run, Garden City, Tinker Creek, Murray Run, Mill Mountain, Read Mountain, and Roanoke River greenways serve thousands of patrons annually. The City continues to enhance accessibility to roadways and trail-ways for cycling enthusiasts and is a "Bicycle Friendly Community." With more than 100 miles of paved and 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.

In 2023, Parks and Recreation completed 15 projects in 11 parks including playground replacement, hard courts resurfacing and paving. 20 additional projects are still in progress across nine parks. Parks and Rec have achieved over 100 miles of paved and natural surface trails throughout the park system, including two new trails in Mill Mountain Park and one new trail in Morningside Park.

Libraries

Roanoke City supports and promotes lifelong learning for all citizens. The Library Master Plan seeks to enhance the quality of life and promote the well-being of the community through the delivery of programs and services. The six library locations, two outreach kiosks and the Crystal Spring eBranch serve as access points to engage, educate and empower the people of Roanoke through expansive community enrichment. The overarching goal is to ensure inclusive and equal access for all citizens to library services and programming in all areas of the city. Roanoke Public Libraries provide many free resources to citizens including books and materials, computer and internet access, online resources, technology training, resume and job hunt support, research assistance, and wireless access at all locations, as well as a range of free events for children and adults throughout the year.

In 2023, the Libraries hosted 964 fun, educational summer reading events with 10,247 youth participants. Our award winning Feed and Read program has placed 300,000 meals in the hands of hungry children since 2014 in an effort to combat increasing food insecurity in Roanoke City. The libraries continue to provide citizens with in-person services, fine-free access to books and materials, free COVID-19 test kits, pop-up farmers' markets, outdoor story walks, the Read and Ready Festival, and the Melrose Fall Festival, all while prioritizing the health and safety of patrons.

For more than a decade, the Libraries have undergone an extensive, system-wide renovation process to expand equality of service within the City. In conjunction with the 2014 renovation of the City's Main Library, the City subsequently completed renovations to the Raleigh Court library in 2016, Williamson Road branch in 2017, Melrose branch in 2019, and the Gainsboro library in 2021. In addition, the City also opened the new Crystal Springs eBranch in 2021. The eBranch has been very popular and provides a unique twenty-four-hour, seven-day-a-week service model for citizens who may need extended hours. Despite these outstanding improvements, there is still more to do to ensure all of our neighborhoods have equal access, high-quality library services. The Libraries have completed design work and construction drawings on a needed renovation to the Belmont Branch Library and are in discussions to complete a renovation of the Main library in the future.

The Libraries also offer extensive community partnership programs to serve the Roanoke community, including Star City Reads, winner of several All-America City Awards and a 2021 Virginia Municipal League Innovation Award. Star City Reads is a city-wide coalition of 40 community partners, spearheaded by the Libraries and in coordination with the Campaign for Grade Level Reading, to improve the grade-level reading outcomes of Roanoke children. Star City Reads also coordinates with the RCPS to engage students at home and in the classroom and increase literacy through book distribution, education, and family events. The Libraries coordinate all book distribution for Star City Reads with over 250,000 books given to Roanoke's children since 2012. In June 2019, the City was awarded the first ever All America City Hall of Fame Award for the work of Star City Reads and the Feed and Read initiative. The Library's Feed and Read program is a partnership with Feeding America, providing free USDA-approved meals and literacy activities for children year round at every library and has served 300,000 meals since its beginning in 2012. With these and many more programs, the Libraries continue to promote equal access to education for all of the Roanoke Valley with innovative 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. Smart Way also provides a thru-bus connection to Roanoke's Amtrak station.

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 actively works with other City departments and the community to reduce flooding, improve water quality, and to improve and maintain the City's stormwater infrastructure. We recognize that if we all work together, we can create a clean water legacy. The stormwater utility fee provides a dedicated source of revenue to support this important effort. More specifically, the fee supports the Stormwater Utility's capital program, an estimated \$350 million in necessary water quality and drainage improvement projects, and supports maintenance of the City's stormwater infrastructure, watershed monitoring and community outreach and education efforts.

The City's stormwater management activities are aimed at exceeding regulatory mandates. Our activities are designed to create a sustainable, resilient city, with the Roanoke River and its tributaries being recognized and used as community and environmental assets.

Regional Cooperation

The City of Roanoke enjoys working closely with our regional partners including Alleghany, Botetourt, Franklin and Roanoke counties, the cities of Covington and Salem, and the Town of Vinton, to strategically attract, retain and expand businesses, while sharing market intelligence, further developing our regional assets and building our overall regional image. Through partnerships and cooperation, we are afforded the opportunity to offer the best in service delivery to constituents and visitors of the region.

The Roanoke Valley Broadband Authority (RVBA) fosters regional cooperation and exists to make the Roanoke Valley a better place to live and do business. The RVBA owns and operates a middle-mile broadband network to improve local internet service for businesses, community institutions and residents. The RVBA continues to expand by fostering cooperation between the aforementioned regional partners to help RVBA yield greater grant awards leading to more connectivity for the region.

Regional local governments also continue to partner in the Western Virginia Regional Industrial Facilities Authority, created to enhance the economic base for the member localities by developing, owning and operating one or more facilities on a cooperative basis involving its member localities. As a result of this 12-member board, local government leaders from Roanoke County, Roanoke City and the City of Salem acquired 109.7 acres on Wood Haven Road for collaborative economic development purposes. The

Economic Development Offices (EDOs) of the region, as well as the Roanoke Regional Partnership and the Virginia Economic Development Partnership (VEDA), continue to market this land to meet the demands of site selectors, commercial realtors and corporate leaders.

Cyber Security

The Technology Planning and Security (TPS) Office within the City's Department of Technology (DoT) performs a number of processes throughout the year to mitigate the threat of Cyber attacks. Administratively, DoT recently adopted the NIST Cyber Security Framework (CSF) to build out the Security Program. The NIST CSF has been adopted by both the Federal and the state of Virginia governments as their official framework. DoT currently has 2 parallel efforts for implementing the NIST CSF. The first is an overhaul of IT policies. Once finished, the security program will contain 21 policies that govern the IT security for the City. After these policies are approved, DoT will work on implementing them and conduct audits on systems and processes to ensure compliance with the new policy, as well as train users on the new policies.

The second, DoT has purchased the Virtual Information Security Officer (VISO) services from Assura, who is currently conducting a city-wide Business Impact Analysis (BIA) to identify critical systems. The BIA is then used to conduct system Risk Assessments and refine our Continuity of Operations / Disaster Recovery Plan. Assura will also perform Data Classification to identify where all of our sensitive information is being stored within our network.

The TPS Office conducts compliance audits/assessments throughout the year. The NCSR (federal), CJIS (federal), LESS (state) and user access (local) are all assessments conducted annually. Any deficiencies are documented and put into a remediation plan for correction. Assura also conducts annual penetration tests and MS-ISAC conducts weekly vulnerability scans. Results are documented and added to the City's remediation plan for correction.

The TPS Office currently receives security advisories from our vendors, MS-ISAC, Virginia Fusion Center, CISA, and Valgite. Trouble tickets are then created and assigned to remediate the issue (product patches or configurations). Users within the City are also required to take annual security training.

In addition, DoT recently updated the Incident Response program. The program now has detailed contact information and response procedures. DoT also conducts annual tabletop exercises within DoT to ensure everyone is trained on the process.

Future Challenges

The City of Roanoke, like other localities across the nation, continues to recover from the disruptions and challenges associated with the COVID-19 pandemic. The City has seen increased levels of political polarization, social inequity, gun violence and drug overdoses since the pandemic. While these challenges will require significant investments to alleviate or mitigate, the City is actively working to develop appropriate mitigating responses. The City continues to spend its allotted ARPA funding to mitigate the impacts of COVID-19 and make significant investments into the community. In FY2023 the City also received the first round of settlement funds related to opioid abatement that will be provided over the next 20+ years. The City plans to leverage these funds with both internal programs and regional partners.

At the end of fiscal year 2023, the City's local economy appears to be relatively strong. Real estate and personal property tax bases, the majority of the City's revenue, are both healthy with strong assessed valuations. Local consumption taxes such as sales tax, meals tax and transient occupancy taxes are each above pre-pandemic levels. The latter show evidence of a healthy macroeconomic environment that is

expected to show continued growth in the coming years. However, in the event of a downturn in the economy, the City could face headwinds that require adjustments to service levels.

The future holds many challenges and unknowns. The perennial challenges of providing core services remains consistent with future years – inflation outpacing revenue growth, the uncertainty of inter-governmental revenues, the high cost of infrastructure replacement, rising healthcare costs, increasingly disruptive weather events and increased demand for governmental services.

Awards and Recognition

- Roanoke placed fourth in the Digital Cities Survey (75,000 to 125,000 population category), retaining its status as a Top 10 Digital City since 2001.
- The City of Roanoke's Public Works Service Center was awarded the designation of Exemplary Environmental Enterprise by the Virginia Department of Environmental Quality.
- Roanoke was designated as a Bee City USA affiliate.
- The City of Roanoke's Office of Neighborhood Services was awarded the 2022 Kegley Preservation Award for the restoration of a historic neighborhood entrance in the Melrose-Rugby Neighborhood.
- Healthy Homes Roanoke was designated as the first nationally recognized Healthy Housing Change Agent under the National League of Cities Healthy Housing Local Action Challenge.
- Roanoke Parks and Recreation was recognized by the Virginia Sports Field Managers Association (VSFMA) awarding River's Edge Park with their Field of the Year Award. River's Edge Park was also winner of Pioneer Athletics' 2022 Fields of Excellence® Award.
- The City of Roanoke Finance Department was awarded the Certificates for Excellence in Financial Reporting for the City of Roanoke Annual Comprehensive Financial Report and the City of Roanoke Popular Annual Financial Report for the fiscal year ended June 30, 2022, by the Governmental Finance Officers' Association (GFOA).
- The City of Roanoke Pension Plan was awarded the Certificates for Excellence in Financial Reporting for the City of Roanoke Pension Plan Annual Comprehensive Financial Report and the City of Roanoke Pension Plan Popular Financial Report for the fiscal year ended June 30, 2022, by the GFOA.
- The Office of Management and Budget was awarded the Distinguished Budget Presentation Award by the GFOA for budget year July 30, 2022 – June 30, 2023.
- City of Roanoke Director of General Services was awarded the 2022 Local Hero Award from the Virginia Municipal League as part of their annual Innovation Awards.
- City of Roanoke APS Supervisor was awarded the 2023 NAPSA (National Adult Protective Services Association) Collaboration Award.
- The E-911 Center retained its accreditation from the Commission on Accreditation for Law Enforcement Agencies by being awarded 100% compliance in the annual review.
- Roanoke's Fire-EMS was awarded International Re-Accreditation from the Center for Public Safety Excellence (CPSE) for the 5th time. Fire-EMS also retained ISO Class 1 Qualification through the Insurance Standard; this is the highest qualification possible.

Acknowledgments

Throughout the year, the employees of the Departments of Finance, Management and Budget, Treasury, and other departments have provided professional and knowledgeable financial services to the City. We are

greatly appreciative of their efforts and take this opportunity to recognize these outstanding public servants for their efficient and dedicated services of maintaining the City's accounting records accurately and timely.

We also thank the members of City Council for their interest and support in planning and conducting in a responsible and progressive manner the financial operations of the City.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "R. S. Cowell, Jr.", with a stylized flourish at the end.

Robert S. Cowell, Jr.
City Manager

A handwritten signature in black ink, appearing to read "W. Brent Robertson", with a stylized flourish at the end.

William B. Robertson
Assistant City Manager and Director of Finance

CITY OF ROANOKE, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS
JUNE 30, 2023

Members of City Council

Sherman P. Lea, Sr.
Joseph L. Cobb
Patricia White-Boyd
Peter J. Volosin
Stephanie Moon Reynolds
Vivian Sanchez-Jones
Luke W. Priddy

Mayor
Vice-Mayor

Constitutional Officers

Brenda L. Hamilton
Antonio Hash
Donald S. Caldwell
Evelyn W. Powers
Ryan LaFountain

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

City Council Appointed Officials

Robert S. Cowell, Jr.
Timothy R. Spencer
Susie McCoy
Drew Harmon, CPA, CIA

City Manager
City Attorney
City Clerk
Municipal Auditor

Other City Officials

Brent Robertson
Angela O'Brien

Director of Finance/Assistant City Manager
Assistant City Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Roanoke
Virginia**

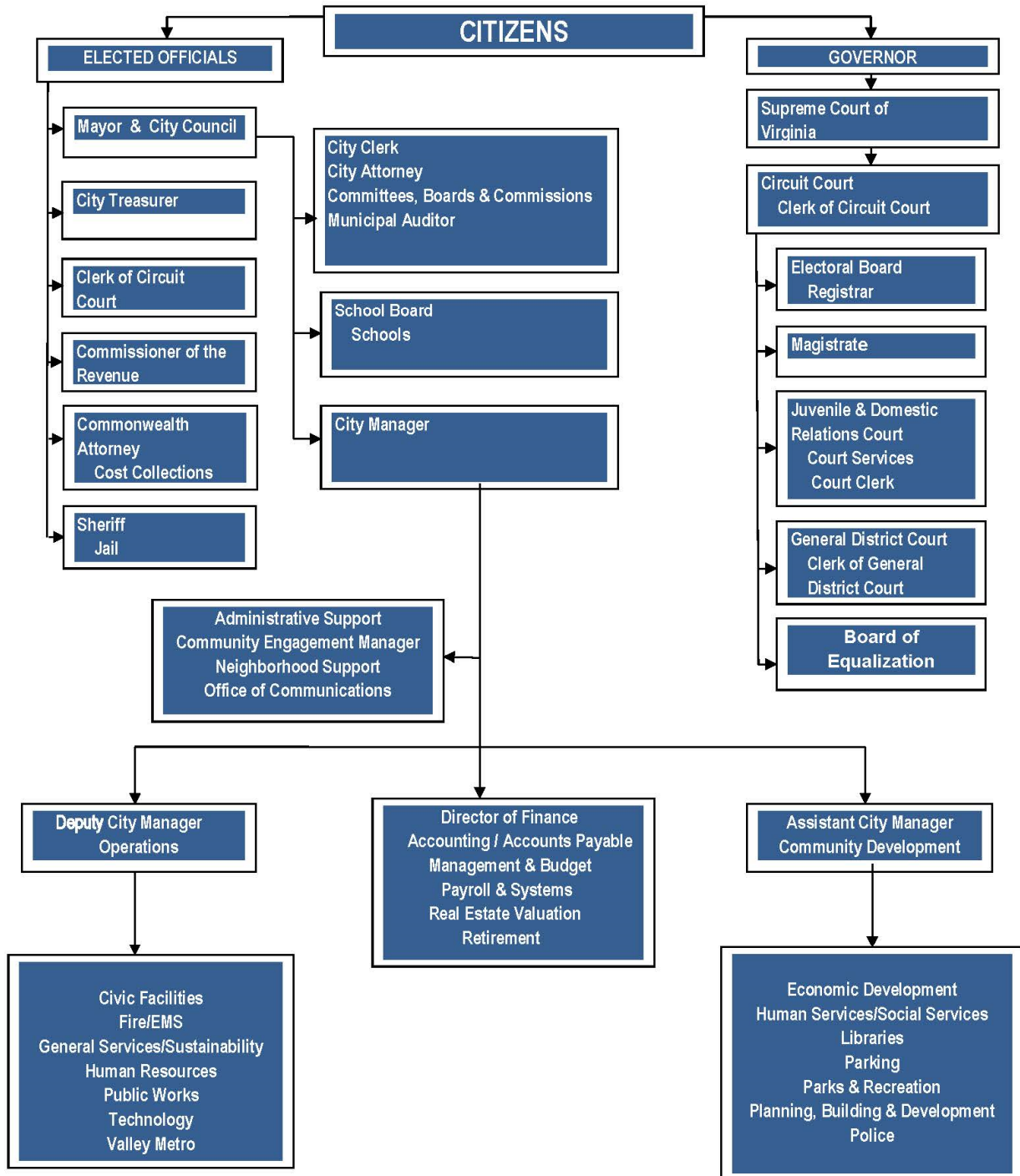
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

City of Roanoke, Virginia
Organizational Chart
FY 2022-23



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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Roanoke, Virginia (the "City") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Notes 1 and 9 to the financial statements, in 2023, the City adopted new accounting guidance, *GASB Statement No. 96 Subscription Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on the Audit of the Financial Statements (Continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion, budgetary comparison information, 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.

Supplementary 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 accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 combining and individual nonmajor fund financial statements 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2024 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 the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
March 27, 2024

**CITY OF ROANOKE, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023
(UNAUDITED)**

This section of the City of Roanoke, Virginia's (City) Annual Comprehensive Financial Report (ACFR) presents Management's Discussion and Analysis (MD&A) of the City's financial performance during the fiscal year ended June 30, 2023. 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 \$472.3 million, an increase of \$5.2 million or 1.1%, over the prior year's ending balance of \$467.1 million. Net position was comprised of \$481.7 million, attributable to the City's net investment in capital assets, \$21,449 restricted for debt service, offset by a negative unrestricted amount of \$9.4 million.
- Net position for governmental activities increased \$2.9 million. For the fiscal year, \$409.9 million of revenues, generated by taxes and other revenues for governmental programs, exceeded expenses by \$5.5 million (before transfers), a decline from the prior year excess of \$26.3 million.
- In the City's business-type activities, net position increased by \$2.3 million compared to a prior year increase of \$6.4 million. Total change in net position before transfers for business-type activities experienced a decrease of \$0.4 million over the prior year.
- The City's governmental funds reported a combined ending fund balance of \$109.9 million, an 11.4% decrease compared to prior year. Of the total fund balance, 1.2% was held in reserves, 18.2% was committed (mainly for projects in the capital improvement program), 10.9% categorized as stabilization, 0.1% is unspendable (primarily inventory), 13.5% is restricted (debt service, grants, and unspent bond proceeds), 17.4% is assigned for future use and 38.7% remained available for spending at the City's discretion as unassigned.
- The City has maintained its AA+/Aa2 bond rating from Fitch, Moody's and Standard and Poor's rating agencies. This reaffirmation of a stable outlook allowed the City to secure a total interest cost of 3.73% for its 2023 Series Bonds.

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 for City's finances. The two-prong focus is on 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 allows the user a broader overview, enhances the basis for comparisons, and better reflects the City's accountability.

**CITY OF ROANOKE, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023
(UNAUDITED)**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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).

**CITY OF ROANOKE, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023
(UNAUDITED)**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

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 are 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 has 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 a custodial fund, which are custodial in nature and do not involve measurement of results of operations. The City also reports assets held on behalf of the Inmate Fund associated with the City Jail as a custodial fund. This custodial fund does not involve measurement of results of operations.

**CITY OF ROANOKE, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023
(UNAUDITED)**

FINANCIAL ANALYSIS OF THE PRIMARY GOVERNMENT

A comparative analysis of government-wide information follows:

**Summary of Net Position
as of June 30, 2023 and 2022
(In Millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 247.6	\$ 234.5	\$ 19.7	\$ 25.4	\$ 267.3	\$ 259.9
Capital assets, net	648.9	644.8	86.0	82.1	734.9	726.9
Total assets	896.5	879.3	105.7	107.5	1,002.2	986.8
Deferred outflows of resources	115.7	20.2	6.2	1.9	121.9	22.1
Other liabilities	129.9	120.0	7.2	8.7	137.1	128.7
Long-term liabilities	460.2	286.1	41.5	36.2	501.7	322.3
Total liabilities	590.1	406.1	48.7	44.9	638.8	451.0
Deferred inflows of resources	10.4	84.6	2.6	6.2	13.0	90.8
Net Position:						
Net investment in capital assets	427.1	434.6	54.6	51.5	481.7	486.1
Restricted for Debt Service	-	0.2	-	-	-	0.2
Unrestricted (deficit)	(15.4)	(26.0)	6.0	6.8	(9.4)	(19.2)
Total net position	\$ 411.7	\$ 408.8	\$ 60.6	\$ 58.3	\$ 472.3	\$ 467.1

Net Position:

The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$472.3 million at the close of the fiscal year. The City's combined net position, (the City's bottom line) increased by \$5.2 million from prior year's ending balance of \$467.1 million. Net position from governmental activities increased by \$2.9 million. Business-type activities resulted in an increase in net position of \$2.3 million.

The largest component of the City's net position was the investment in capital assets (\$481.7 million) (e.g., land, buildings, infrastructure improvements, machinery, and equipment, net of accumulated depreciation) less any related outstanding debt and payables used to acquire those assets, plus any unspent bond proceeds. The slight increase in the City's net position is a result of an improvement 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, or regulators, or are imposed by law through constitutional provisions or enabling legislation. Restricted net position related to debt service totaled \$21,449. The City's unrestricted net position, which is used to finance the day-to-day operations of the City, totaled a negative \$15.4 million, a decrease of \$10.6 million from fiscal year 2022 unrestricted net position.

**CITY OF ROANOKE, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023
(UNAUDITED)**

FINANCIAL ANALYSIS OF THE PRIMARY GOVERNMENT (Continued)

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, 2023 and 2022
(In Millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for services	\$ 23.6	\$ 20.4	\$ 22.0	\$ 21.4	\$ 45.6	\$ 41.8
Operating grants and contributions	97.5	83.8	2.2	5.9	99.7	89.7
Capital grants and contributions	22.4	7.8	4.0	3.1	26.4	10.9
General Revenues:						
Taxes:						
Property tax	140.9	136.8	-	-	140.9	136.8
Local portion of state sales taxes	28.0	26.4	-	-	28.0	26.4
Business and professional occupational license taxes	15.8	15.3	-	-	15.8	15.3
Utility taxes	9.2	9.4	-	-	9.2	9.4
Prepared food and beverage taxes	20.8	19.3	-	-	20.8	19.3
Commonwealth share- personal property taxes	8.0	8.1	-	-	8.0	8.1
Cigarette taxes	1.6	1.8	-	-	1.6	1.8
Transient room taxes	5.4	4.7	-	-	5.4	4.7
Telecommunications taxes	4.8	5.0	-	-	4.8	5.0
Motor vehicle license taxes	3.4	2.7	-	-	3.4	2.7
Other taxes	5.1	5.7	-	-	5.1	5.7
Other	-	-	-	-	-	-
State aid not restricted	2.4	1.1	-	-	2.4	1.1
Recovered cost	-	0.3	-	-	-	0.3
Payment from Component Unit	12.7	12.7	-	-	12.7	12.7
Grants and contributions	1.4	1.5	-	-	1.4	1.5
Interest and investment income	5.8	0.3	0.5	-	6.3	0.3
Miscellaneous	0.2	0.3	0.6	1.0	0.8	1.3
Total Revenues	\$ 409.0	\$ 363.4	\$ 29.3	\$ 31.4	\$ 438.3	\$ 394.8

**CITY OF ROANOKE, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023
(UNAUDITED)**

FINANCIAL ANALYSIS OF THE PRIMARY GOVERNMENT (Continued)

Summary of Changes in Net Position (Continued):

The following table continues the summaries of net position:

Summary of Changes in Net Position For the Years Ended June 30, 2023 and 2022 (In Millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Expenses						
General Government	\$ 55.6	\$ 40.9	\$ -	\$ -	\$ 55.6	\$ 40.9
Judicial Administration	11.8	9.0	-	-	11.8	9.0
Public Safety	92.3	65.1	-	-	92.3	65.1
Public Works	45.8	50.8	-	-	45.8	50.8
Health and Welfare	51.1	47.3	-	-	51.1	47.3
Parks, Recreation and Cultural	17.8	12.8	-	-	17.8	12.8
Community Development	17.2	16.8	-	-	17.2	16.8
Education	104.8	87.5	-	-	104.8	87.5
Interest and Fiscal Charges	7.1	6.9	-	-	7.1	6.9
Civic Facilities	-	-	18.5	19.2	18.5	19.2
Parking	-	-	3.9	3.3	3.9	3.3
Stormwater Utility	-	-	7.2	5.4	7.2	5.4
Total Expenses	403.5	337.1	29.6	27.9	433.1	365.0
Increase in Net Position						
before Transfers	5.5	26.3	(0.3)	3.5	5.2	29.8
Transfers	(2.6)	(2.9)	2.6	2.9	-	-
Increase in Net Position	2.9	23.4	2.3	6.4	5.2	29.8
Total Net Position, Beginning	408.8	385.4	58.3	51.9	467.1	437.3
Total Net Position, Ending	\$ 411.7	\$ 408.8	\$ 60.6	\$ 58.3	\$ 472.3	\$ 467.1

Governmental Activities

The net position of governmental activities increased \$2.9 million as compared to the \$23.4 million increase in prior year. Significant current year activities affecting net position include:

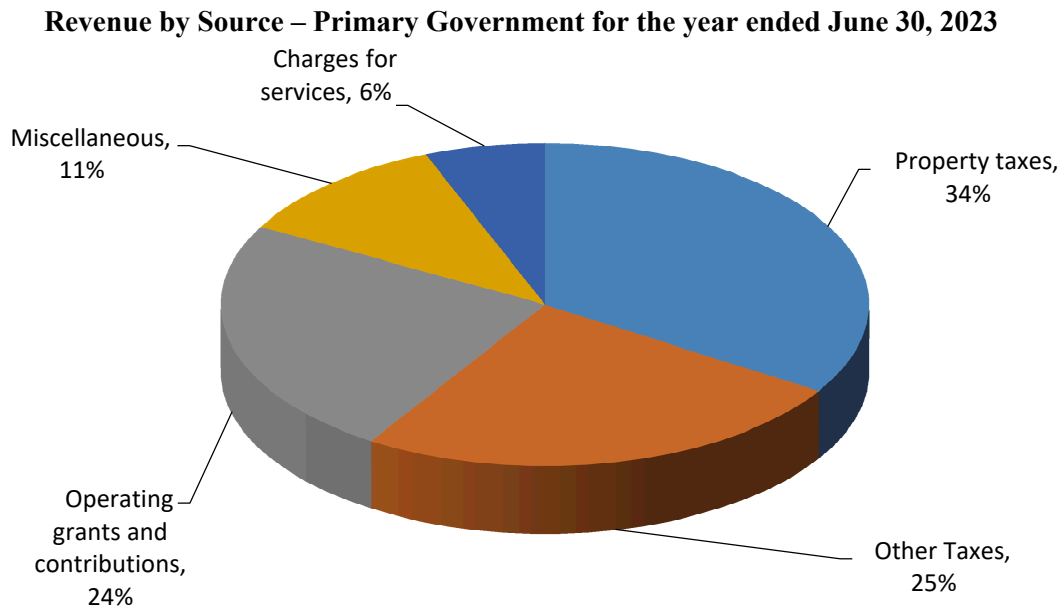
- Governmental Activities' revenues increased 12.5% and was primarily due to receipt of grants and capital contributions. Expenses increased year over year by 19.7% related in part to Public Safety compensation enhancements outside of a traditional annual cost of living pay increase and additional funding per the formula for K-12 education.
- The City continued to maintain and implement financial controls to ensure that the expenses of general government programs were contained within budget. Staffing was at levels based on ongoing program activities and departments maintained fiscal restraint.

**CITY OF ROANOKE, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023
(UNAUDITED)**

FINANCIAL ANALYSIS OF THE PRIMARY GOVERNMENT (Continued)

Summary of Charges

Revenues generated for governmental activities are presented below by category:



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 \$104.2 million. The assessed value of real property in the City increased 2.8% for the 2023 calendar year due to new construction and reassessments.

Personal property tax revenue, including the Commonwealth share and public service tax, totaled \$42.4 million. The revenue received locally from citizens totaled \$31.1 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 45.9% 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 25% of total revenues generated for governmental activities.

Operating grants and contributions was approximately 24% 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.

**CITY OF ROANOKE, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023
(UNAUDITED)**

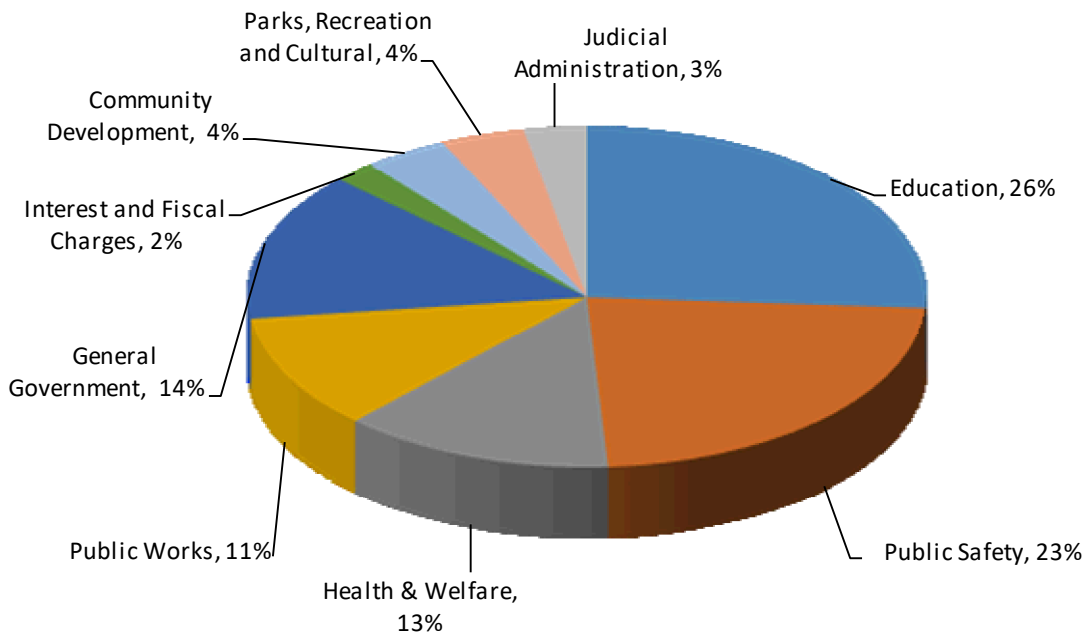
FINANCIAL ANALYSIS OF THE PRIMARY GOVERNMENT (Continued)

Summary of Charges (Continued)

Charges for services included items such as fines, court fees, inspection fees, reimbursements for housing prisoners, solid waste collection fees, and recreation and other program-based fees.

Expenses of the governmental activities are shown below by functional area:

Expenses – Primary Government for the year ended June 30, 2023



Education comprised 26% of governmental activities. Funding of \$104.8 million was provided to the Roanoke City School Board to support operations and debt service.

Public Safety expenses comprised approximately 23% 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 11% 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 \$2.3 million. Expenses for the City's business-type activities totaled \$29.6 million.

**CITY OF ROANOKE, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023
(UNAUDITED)**

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, 2023 the governmental funds reported a combined ending fund balance of \$109.9 million, a decrease of \$11.4 million from the prior year. Approximately 38.7% of this total for fiscal year 2023 (\$42.5 million) constitutes unassigned fund balance and consists of the Unassigned General Fund Reserve and Unassigned Stabilization Reserve, which provides the City with sufficient working capital and a margin of financial safety to address unforeseen, one-time expenditure emergencies or declines in revenues for which there is no other budgetary resource or other designations of fund balance available to satisfy the funding need. The Assigned fund balance of approximately \$32.4 million is intended to be used by the City for specific purposes, but does not meet the criteria to be classified as restricted or committed. Committed fund balance of approximately \$20.0 million consisted of funding for outstanding purchase commitments and future years' capital project expenditures. Approximately \$14.8 million of the fund balance is restricted and consists of funds, provided by bonded debt for future capital project expenditures, funds restricted to debt service and grants. The remaining fund balance of approximately \$158,689 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 \$11.6 million (revenue of \$348.4 million less expenditures of \$312.5 million and other financing uses of \$24.3 million net transfers) and the unassigned fund balance increase by just under \$1.0 million to \$42.5 million.

Local taxes increased by 5.4% compared to last year. Taxes related to real estate, personal property, sales, licenses, transient, and prepared food and beverage, all increased for the fiscal year 2023. Utility, cigarette, and telecommunication taxes decreased for the fiscal year 2023. Real estate taxes, the City's largest single source of revenue, increased 7.4% as a result primarily of an increase in assessed property value and some new construction.

Intergovernmental revenue is the third largest source of General Fund revenues accounting for \$85.4 million in fiscal year 2023. 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 2023 the total increase in funding from the Commonwealth compared to fiscal year 2022 was approximately \$7.6 million or 10%.

Total Governmental Funds Balance decreased \$11.4 million compared to the prior year attributable to slight increase in intergovernmental revenues to the debt service fund and having significantly less other financing sources (see Exhibit E) in the capital project fund with bonds issued in fiscal year 2022 versus only Bond Anticipation Notes for much less in fiscal year 2023 to provide for the needs of the capital projects ongoing.

**CITY OF ROANOKE, VIRGINIA
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023
(UNAUDITED)**

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 \$23.6 million or 7.3% higher than the original adopted fiscal year 2023 revenues estimates, and were higher than the final revenue estimates by \$8.0 million or 2.3%. The General Fund revenue increase versus original budget was driven by local revenue performance, primarily real estate, personal property, and sales taxes.

In the local tax area, real estate tax increase is due to increased real estate assessment; personal property, business and professional license, sales, prepared food and beverage and transient taxes improved as a result of economic activity and some measure of inflation and exceeded the original adopted budget. The 2023 budget projected a slight growth in these categories, while the actual growth increased in all categories. Performance of other local taxes, such as communications and motor vehicle license taxes, experienced a slight decrease from the original adopted budget. Overall, the City has rebounded from the adverse impact of constraints placed on business during the COVID-19 pandemic and appears to be in recovery.

Actual General Fund expenditures and transfers were higher than the original budget by \$15.8 million or 4.9% due to the use of American Rescue Plan Act of 2021 (ARPA) funds dedicated for various projects and revenue replacement. 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 2023, City Council amended the budget several times. The prior year’s budget was adopted with conservative revenue estimates and enhanced expenditure restrictions due to lingering effects of COVID-19. Additionally, current year’s budget was developed during a time of uncertainty and the revenue budget was prepared using caution. The budget amendments or supplemental appropriation ordinances were primarily related to education, health and welfare, building maintenance, public safety, and fire operations.

**CITY OF ROANOKE, VIRGINIA
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023
(UNAUDITED)**

CAPITAL ASSETS

As of June 30, 2023, the City’s capital assets for its governmental and business-type activities amounted to \$734.9 million, net of accumulated depreciation. This investment includes land, historical treasures, construction in progress, land improvements, buildings and structures, equipment and infrastructure. The City’s capital assets increased year over year by \$7.9 million or 10.9% when compared to fiscal year ended 2022.

The following table shows summarized balances of major categories of capital assets as of June 30, 2023 and 2022.

**Summary of Capital Assets
Net of Depreciation
as of June 30, 2023 and 2022
(In Millions)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land and Improvements	\$ 61.7	\$ 52.6	\$ 10.6	\$ 9.2	\$ 72.3	\$ 61.8
Buildings and Improvements	302.5	302.2	43.7	45.8	346.2	348.0
Equipment	29.7	31.0	3.4	4.0	33.1	35.0
Infrastructure	234.8	229.7	18.7	18.3	253.5	248.0
Construction in Progress	19.5	28.6	9.6	4.8	29.1	33.4
Historical Treasures	0.7	0.7	-	-	0.7	0.7
Total	<u>\$ 648.9</u>	<u>\$ 644.8</u>	<u>\$ 86.0</u>	<u>\$ 82.1</u>	<u>\$ 734.9</u>	<u>\$ 726.9</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 assets. 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, 2023, the infrastructure had an average assessment rating of 2.0, which meets the required minimum rating of 2. The fiscal year 2023 Budget (estimated) of \$82,850 ensured adequate funding for maintenance if the maintenance was performed by procured contractors. Actual costs were lower because the City handled maintenance internally versus procuring services from a contracted vendor.

Comparison of Estimated to Actual Maintenance Costs

	<u>2021</u>	<u>2022</u>	<u>2023</u>
Estimated	\$61,507	\$142,346	\$82,850
Actual	\$104,943	\$61,795	\$24,812

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

**CITY OF ROANOKE, VIRGINIA
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023
(UNAUDITED)**

LONG-TERM DEBT

At June 30, 2023, the City’s long-term liabilities, excluding net pension liability, capital lease obligations, compensated absences, and claims payable, totaled \$264.9 million, comprised of \$231.0 million related to governmental activities and \$33.9 million related to business-type activities. Total debt decreased by \$11.8 million during the fiscal year. On April 6, 2023, the City issued a Taxable Revenue Bond Anticipation Note in the amount of \$ 10,135,000. The note is for a development project undertaken by the Economic Development Authority of the City of Roanoke.

Management is responsible for the identification and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the City changed accounting policies related to subscription accounting by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 96, *Subscription-Based Information Technology Arrangements* in 2023. The adoption of the standard resulted in a recognition of increased liability of \$.5 million attributed to the primary government. There was no cumulative effect on beginning net position.

As of April 2023, the City most recent issuance, 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 \$0.9 million of general obligation debt. The City’s tax-supported debt of \$231 million less the Debt Service Fund Balance of \$0.2 million designated for the repayment of debt service is well below the legal debt limit of \$851.2 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 Note 9 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 2023 was 3.1%, according to the Bureau of Labor Statistics, down from an average of 3.4% in the prior fiscal year. Comparatively, the national unemployment in fiscal year 2023 was 3.6% for fiscal year down from 3.8%. 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 13, 16, 17, 18, 20, and 21 of the Statistical Section.

**CITY OF ROANOKE, VIRGINIA
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023
(UNAUDITED)**

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES (Continued)

Roanoke’s income levels trail the state and national averages; however, they compare quite well when adjusted for the cost of living. Fiscal year 2023 financial performance was indicative of an improving economy as the City continues recovery from the impacts of the COVID-19 pandemic. However, the City continues to anticipate challenges lingering with the uncertain economic conditions and continued higher than pre-Ukraine war interest rates.

The City’s General Fund tax revenues increased in fiscal year 2024 adopted budget. Increases in real estate, personal property, sales, business license, transient occupancy, admission and prepared food and beverage taxes were offset by decreases in cigarette tax. Both bank franchise and telecommunications tax were level budgeted. The City was able to increase the General Fund reserve balances by \$0.4 million to ensure sufficient working capital, coverage for risk claims, and to provide continued financial security during the aftermath of the COVID-19 Pandemic, as well as, unforeseen future events and economic and cyclical downturns.

The average assessed value of single-family housing units increased from \$159,462 in fiscal year 2022 to \$179,593 in fiscal year 2023, or 12.6%. The value for residential permits increased 15.8% and the value for commercial permits decreased by 68.6% (primarily due to one expansion project in fiscal year 2022 that was not replicated in fiscal year 2023) from fiscal year 2022 to fiscal year 2023.

Fiscally responsible budgeting for 2023 provided for continued programming levels for services in response to an increase in real estate and property tax revenues. Programming levels remained stable.

General Fund fiscal year 2024 budgeted revenues increased 9.4% compared to the fiscal year 2023 adopted budget (exclusive of ARPA Funds). The increase was attributable to specific taxes as noted in the previous paragraph. General property taxes increased \$14.0 million or 9.8% compared to the fiscal year 2023 adopted budget. Other local taxes are expected to perform well, achieving an increase of \$8.9 million or 10.4% compared to fiscal year 2023 adopted budget. Overall, fiscal year 2023 revenues performed above expectations, given the continued challenges for the overall economy.

Funding to Schools for fiscal year 2024 is projected at \$101.5 million, an increase of \$8.9 million, or 9.6% more than fiscal year 2023 budgeted amount. As the City looks ahead toward fiscal year 2025, uncertainty continues around hovering inflation, continued higher than pre-Ukraine war interest rates, and a wait and see approach being taken by the Federal Reserve Bank. Strategic budget priorities include compensation adjustments, education, facilities and equipment, community partners, continued implementation of Star City Strong Recovery and Resiliency projects, capital projects, continued support of the Comprehensive Plan recommendations and the parks and recreation master plan. As revenues and the economy continue to improve, finite resources will be prioritized and allocated in an equitable and empowering manner.

The City continues to be the center of a strong regional business environment with a creative, diverse, and growing community. Management believes that the positive fiscal year 2024 revenue estimates are attainable. Local taxes, including real estate and personal property taxes, are consistently performing above fiscal year 2023 levels.

**CITY OF ROANOKE, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023
(UNAUDITED)**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (Continued)

The City's Pension Plan's increase in Net Position Restricted for Pensions is due primarily to positive investment performance. The Plan experienced an investment return of 9.89%, net of fees, for the fiscal year ended June 30, 2023, indicative of the anticipated recession's soft landing. The Plan's domestic growth equities produced the highest performance returns for the plan. The Plan's long-term annualized returns continue to rank in the top quartile of the investment advisor's comparative returns. We believe the Plan's well diversified asset allocation remains well positioned given the expectation for the near-term market volatility.

The residential real estate market in the City continues to show signs of an increasing cost of sales market (in spite of interest rate levels) due to lack of supply of current housing and double digit increases in assessed values for residential and multi-family real property. The commercial sector in the City is showing signs of stability with a high demand in industrial properties and lesser activity in retail, restaurants, and hospitality markets. These markets balance each other out, and we are monitoring the situation carefully and expect information prior to the beginning of the budgeting process for fiscal year 2024. 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 continues to show signs of strength and resiliency. Local taxes indicate an increase in economic activity and growth. Management believes that conservative current fiscal year 2024 revenue estimates will be achieved. Challenges exist in predicting the timing and rate of growth moving forward. Performance of local taxes, excluding real estate and personal property taxes, will be a key indicator for fiscal year 2024. With continued funding from the federal government through ARPA, economic support continues for many sectors within our community. The Star City Strong Recovery and Resiliency Advisory Panel developed recommendations for utilizing \$64.6 million in federal funding provided through ARPA for the City of Roanoke and is in use as projects are under development and construction. The City's continued focus will be on a deliberate prioritization of services and programs that are responsive to the needs of those who are being served as the City continues to measure each initiative with a diversity, equity and inclusion lens to ensure its citizens are served without prejudice.

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 461, Roanoke, Virginia 24011, telephone (540) 853-2824 or email finance@roanokeva.gov. The City's website address is www.roanokeva.gov.

BASIC FINANCIAL STATEMENTS

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CITY OF ROANOKE, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	GRTC
Assets					
Cash and Cash Equivalents					
Unrestricted	\$ 156,084,504	\$ 13,099,125	\$ 169,183,629	\$ 52,099,179	\$ 177,724
Restricted	15,761,343	2,467,732	18,229,075	-	-
Investments	7,642,533	665,430	8,307,963	-	-
Due from City of Roanoke	-	-	-	5,029,481	54,606
Due from Component Unit	19,141,640	-	19,141,640	-	-
Due from Other Governments	19,928,400	-	19,928,400	27,932,334	4,045,689
Taxes and Accounts Receivable, Net	28,402,109	917,883	29,319,992	1,925,076	405,523
Lease Receivable	160,338	2,314,581	2,474,919	-	-
Inventory	77,934	165,130	243,064	-	744,524
Prepays	480,755	109,527	590,282	196,725	4,125
Net Pension Asset	-	-	-	1,422,568	-
Net OPEB Asset	-	-	-	20,497	-
Capital Assets:					
Non-depreciable Capital Assets	137,877,381	18,900,928	156,778,309	20,354,960	2,708,854
Depreciable Capital Assets, Net	510,985,825	67,103,356	578,089,181	41,187,847	27,134,380
Capital Assets, Net	648,863,206	86,004,284	734,867,490	61,542,807	29,843,234
Total Assets	\$ 896,542,762	\$ 105,743,692	\$ 1,002,286,454	\$ 150,168,667	\$ 35,275,425
Deferred Outflows of Resources					
Deferred Outflows related to Pension	\$ 108,921,681	\$ 5,214,231	\$ 114,135,912	\$ 29,246,014	\$ -
Deferred Outflows related to OPEB	4,984,114	295,153	5,279,267	3,197,649	-
Deferred Outflows from Debt Refundings	1,787,026	701,976	2,489,002	-	-
Total Deferred Outflows of Resources	\$ 115,692,821	\$ 6,211,360	\$ 121,904,181	\$ 32,443,663	\$ -
Liabilities					
Accounts Payable and Accrued Expenses	\$ 24,749,843	\$ 1,905,193	\$ 26,655,036	\$ 17,012,862	\$ 4,291,032
Accrued Interest Payable	2,022,025	278,861	2,300,886	-	-
Due to Component Unit	5,084,087	-	5,084,087	-	-
Due to Fiduciary Funds	864,983	43,216	908,199	-	-
Due to Other Governments	56,432,631	-	56,432,631	-	-
Unearned Revenues	10,435,582	1,648,946	12,084,528	3,142,422	-
Pollution Remediation	-	56,876	56,876	-	-
Long-term Liabilities Due Within One Year	30,343,890	3,292,403	33,636,293	26,462,676	-
Long-term Liabilities Due In More Than One Year:					
Net Pension Liability	222,869,609	10,047,117	232,916,726	96,627,550	-
Net OPEB Liability	11,009,921	468,024	11,477,945	17,558,395	-
Other Long-term Liabilities Due in More Than One Year, Net	226,306,394	31,003,767	257,310,161	18,268,682	-
Total Liabilities	\$ 590,118,965	\$ 48,744,403	\$ 638,863,368	\$ 179,072,587	\$ 4,291,032
Deferred Inflows of Resources					
Deferred Inflows from Leases	156,322	2,252,030	2,408,352	-	-
Deferred Inflows from Debt Refundings	236,791	2,434	239,225	-	-
Deferred Inflows related to Pension	4,113,815	57,062	4,170,877	20,673,514	-
Deferred Inflows related to OPEB	5,913,700	334,143	6,247,843	2,128,015	-
Total Deferred Inflows of Resources	\$ 10,420,628	\$ 2,645,669	\$ 13,066,297	\$ 22,801,529	\$ -
Net Position					
Net Investment in Capital Assets	\$ 427,100,720	\$ 54,554,100	\$ 481,654,820	\$ 26,183,954	\$ 29,843,234
Restricted for:					
Pension and OPEB Assets	-	-	-	1,443,065	-
Debt Service	21,449	-	21,449	-	-
Unrestricted	(15,426,179)	6,010,880	(9,415,299)	(46,888,805)	1,141,159
Total Net Position	\$ 411,695,990	\$ 60,564,980	\$ 472,260,970	\$ (19,261,786)	\$ 30,984,393

The Notes to Financial Statements are an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for	Operating	Capital Grants and
		Services	Grants and	Contributions
			Contributions	
Primary Government:				
Governmental Activities:				
General Government	\$ 55,616,106	\$ 2,484,800	\$ 14,402,438	\$ 173,301
Judicial Administration	11,768,024	1,627,642	10,296,847	-
Public Safety	92,394,611	8,669,058	9,825,864	-
Public Works	45,760,816	5,323,300	18,673,062	1,188,284
Health and Welfare	51,161,057	3,994,016	39,374,499	-
Parks, Recreation and Cultural	17,752,125	795,763	881,697	2,712,551
Community Development	17,220,324	662,223	3,988,026	150,640
Education	104,777,341	-	-	18,115,152
Interest and Fiscal Charges	7,071,278	-	-	-
Total Governmental Activities	403,521,682	23,556,802	97,442,433	22,339,928
Business-type Activities:				
Civic Facilities	18,570,002	11,255,742	2,164,319	-
Parking	3,964,666	3,597,219	-	-
Stormwater Utility	7,192,474	7,167,617	-	4,058,514
Total Business-type Activities	29,727,142	22,020,578	2,164,319	4,058,514
Total Primary Government	\$ 433,248,824	\$ 45,577,380	\$ 99,606,752	\$ 26,398,442
Component Units:				
School Board of the City of Roanoke	\$ 272,863,659	\$ 6,994,083	\$ 111,138,873	\$ -
Greater Roanoke Transit Company	\$ 14,948,120	\$ 1,183,167	\$ 10,936,669	\$ 8,357,396
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				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Total Net Position at Beginning of Year				
Total Net Position at End of Year				

The Notes to Financial Statements are an integral part of this statement.

Exhibit B

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	School Board	GRTC
\$ (38,555,567)	\$ -	\$ (38,555,567)	\$ -	\$ -
156,465	-	156,465	-	-
(73,899,689)	-	(73,899,689)	-	-
(20,576,170)	-	(20,576,170)	-	-
(7,792,542)	-	(7,792,542)	-	-
(13,362,114)	-	(13,362,114)	-	-
(12,419,435)	-	(12,419,435)	-	-
(86,662,189)	-	(86,662,189)	-	-
(7,071,278)	-	(7,071,278)	-	-
(260,182,519)	-	(260,182,519)	-	-
-	(5,149,941)	(5,149,941)	-	-
-	(367,447)	(367,447)	-	-
-	4,033,657	4,033,657	-	-
-	(1,483,731)	(1,483,731)	-	-
\$ (260,182,519)	\$ (1,483,731)	\$ (261,666,250)	\$ -	\$ -
\$ -	\$ -	\$ -	\$ (154,730,703)	\$ -
\$ -	\$ -	\$ -	\$ -	\$ 5,529,112
\$ 140,928,953	\$ -	\$ 140,928,953	\$ -	\$ -
28,038,520	-	28,038,520	-	-
15,800,550	-	15,800,550	-	-
9,165,773	-	9,165,773	-	-
20,810,566	-	20,810,566	-	-
8,075,992	-	8,075,992	-	-
1,624,895	-	1,624,895	-	-
5,438,880	-	5,438,880	-	-
4,824,376	-	4,824,376	-	-
3,402,539	-	3,402,539	-	-
5,053,868	-	5,053,868	-	-
58,729	-	58,729	-	-
-	-	-	-	261,586
2,393,484	-	2,393,484	83,026,300	-
-	-	-	96,177,037	-
12,686,378	-	12,686,378	-	-
1,399,043	-	1,399,043	-	-
5,767,924	505,040	6,272,964	1,910,199	-
239,763	579,704	819,467	1,164,758	-
(2,652,442)	2,652,442	-	-	-
263,057,791	3,737,186	266,794,977	182,278,294	261,586
2,875,272	2,253,455	5,128,727	27,547,591	5,790,698
408,820,718	58,311,525	467,132,243	(46,809,377)	25,193,695
\$ 411,695,990	\$ 60,564,980	\$ 472,260,970	\$ (19,261,786)	\$ 30,984,393

CITY OF ROANOKE, VIRGINIA

**BALANCE SHEET –
GOVERNMENTAL FUNDS
June 30, 2023**

	General Fund	Debt Service Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents					
Unrestricted	\$ 57,939,691	\$ 168,155	\$ 62,303,538	\$ 27,635,491	\$ 148,046,875
Restricted	-	-	-	15,761,343	15,761,343
Investments	3,647,444	3,769	1,753,174	1,776,739	7,181,126
Due from Component Unit	1,019,750	-	6,738	-	1,026,488
Due from Other Governments	14,265,724	-	826,084	219,523	15,311,331
Due from Federal Governments	77,965	-	2,355,793	1,238,311	3,672,069
Taxes Receivable, net of Allowance	24,956,819	-	-	-	24,956,819
Accounts Receivable, net of Allowance	1,707,867	-	1,737,423	-	3,445,290
Lease Receivable	160,338	-	-	-	160,338
Inventory	77,934	-	-	-	77,934
Prepays	18,464	62,291	-	-	80,755
Total Assets	\$ 103,871,996	\$ 234,215	\$ 68,982,750	\$ 46,631,407	\$ 219,720,368
LIABILITIES					
Accounts Payable and Accrued Expenditures	\$ 18,636,872	\$ 150,475	1,469,777	4,436,514	\$ 24,693,638
Due to Other Governments	11,509	-	56,421,122	-	56,432,631
Due to Fiduciary Funds	864,983	-	-	-	864,983
Due to Component Unit	3,638,392	-	-	1,445,695	5,084,087
Unearned Revenues	-	-	8,489,409	1,946,173	10,435,582
Total Liabilities	23,151,756	150,475	66,380,308	7,828,382	97,510,921
DEFERRED INFLOWS OF RESOURCES					
Uncollected Taxes and Charges	10,543,102	-	-	-	10,543,102
Deferred Inflows- Leases	156,322	-	-	-	156,322
Deferred Inflow from Opioid Settlement	-	-	1,639,151	-	1,639,151
Total Deferred Inflows of Resources	10,699,424	-	1,639,151	-	12,338,575
FUND BALANCES					
Nonspendable:					
Inventory and Prepays	96,398	62,291	-	-	158,689
Restricted:					
Debt Service	-	21,449	-	-	21,449
Grants	-	-	963,291	-	963,291
Unspent Bond Proceeds	-	-	-	13,815,169	13,815,169
Committed:					
Encumbrances:					
Community Development	346,944	-	-	191,639	538,583
General Government	834,540	-	-	2,437,616	3,272,156
Health and Human Welfare	30,137	-	-	-	30,137
Judicial Administration	2,170	-	-	71,160	73,330
Parks, Recreation, and Cultural	79,549	-	-	2,841,884	2,921,433
Public Safety	655,202	-	-	117,347	772,549
Public Works	1,866,858	-	-	10,548,735	12,415,593
Assigned:					
Reserves	1,300,000	-	-	-	1,300,000
Stabilization	11,957,292	-	-	-	11,957,292
Future Capital Projects	10,376,985	-	-	8,779,475	19,156,460
Unassigned	42,474,741	-	-	-	42,474,741
Total Fund Balances	70,020,816	83,740	963,291	38,803,025	109,870,872
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 103,871,996	\$ 234,215	\$ 68,982,750	\$ 46,631,407	\$ 219,720,368

The Notes to Financial Statements are an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS'
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2023**

Total Fund Balance - Governmental Funds		\$ 109,870,872
Amounts reported for governmental activities in the Statement of Net Position are different due to:		
Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported as assets in the governmental funds.		
Governmental capital assets, at cost	1,071,698,080	
Less: accumulated depreciation	<u>(422,834,874)</u>	648,863,206
Other assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the governmental funds.		
Deferred outflows (inflows) of resources from debt refundings resulting in loss (gain)	6,055,148	
Less: accumulated amortization	<u>(4,504,913)</u>	
Long-term capital asset receivable from		
Roanoke City Public Schools Component Unit	18,115,152	
Receivable from Western Virginia Water Authority	<u>945,000</u>	20,610,387
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.		10,543,102
Opioid settlements receivable, which are expected to be collected in future years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds.		1,639,151
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	(216,629,334)	
Lease liabilities	(1,518,854)	
Subscription liabilities	(568,123)	
Bond premium	(24,074,101)	
Less: accumulated amortization of bond premium	9,679,828	
Compensated absences	(9,772,472)	
Accrued interest payable	<u>(2,022,025)</u>	(244,905,081)
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	108,921,681	
Net deferred inflows related to pensions	(4,113,815)	
Net pension liability	(222,869,609)	
Net deferred outflows of resources related to OPEB	4,984,114	
Net deferred inflows of resources related to OPEB	(5,913,700)	
Net OPEB liability	<u>(11,009,921)</u>	(130,001,250)
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.		<u>(4,924,397)</u>
Total Net Position of Governmental Activities		<u>\$ 411,695,990</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS
Year Ended June 30, 2023**

	General Fund	Debt Service Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES					
Local Taxes	\$ 236,692,813	\$ -	\$ -	\$ -	\$ 236,692,813
Permits, Fees and Licenses	1,413,767	-	-	-	1,413,767
Fines and Forfeitures	637,786	-	-	-	637,786
Rental Income	306,140	-	-	-	306,140
Investment Income	3,967,116	48,256	12,589	1,531,648	5,559,609
Intergovernmental	85,385,875	12,684,588	22,439,968	3,976,715	124,487,146
Charges for Services	18,992,808	-	-	-	18,992,808
Miscellaneous	1,025,112	-	765,623	232,654	2,023,389
Total Revenues	348,421,417	12,732,844	23,218,180	5,741,017	390,113,458
EXPENDITURES					
Current Operating:					
General Government	30,765,725	-	13,015,485	32,368	43,813,578
Judicial Administration	9,865,184	-	443,635	-	10,308,819
Public Safety	77,180,506	-	2,508,312	-	79,688,818
Public Works	29,358,758	-	-	1,548,374	30,907,132
Health and Welfare	47,792,124	-	933,693	-	48,725,817
Parks, Recreation and Cultural	11,060,845	-	2,618,463	-	13,679,308
Community Development	10,314,732	-	4,611,676	-	14,926,408
Education	96,181,038	-	32,244	-	96,213,282
Other	-	-	1,358,278	-	1,358,278
Debt Service:					
Principal Retirement	-	19,071,971	-	-	19,071,971
Interest and Other Charges	-	7,865,276	-	-	7,865,276
Capital Outlays	-	-	-	41,668,137	41,668,137
Total Expenditures	312,518,912	26,937,247	25,521,786	43,248,879	408,226,824
Excess (Deficiency) of Revenues Over (Under) Expenditures	35,902,505	(14,204,403)	(2,303,606)	(37,507,862)	(18,113,366)
OTHER FINANCING SOURCES (USES)					
Issuance of Subscription Liability	-	-	-	713,029	713,029
Issuance of Bond Anticipation Notes	-	-	-	10,135,000	10,135,000
Transfers In	6,500	14,052,374	3,266,775	4,744,198	22,069,847
Transfers Out	(24,258,789)	-	-	(1,961,500)	(26,220,289)
Total Other Financing Sources and (Uses), net	(24,252,289)	14,052,374	3,266,775	13,630,727	6,697,587
Net Change in Fund Balances	11,650,216	(152,029)	963,169	(23,877,135)	(11,415,779)
Fund Balances at Beginning of Year	58,370,600	235,769	122	62,680,160	121,286,651
Fund Balances at End of Year	\$ 70,020,816	\$ 83,740	\$ 963,291	\$ 38,803,025	\$ 109,870,872

The Notes to Financial Statements are an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2023**

Net Change in Fund Balance - Governmental Funds \$ (11,415,779)

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	32,523,077	
Book value of assets disposed	(165,842)	
Less: current year depreciation expense	(28,308,997)	4,048,238

Revenue in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.

Changes in long-term amounts due from component unit	18,115,152	
Changes in tax deferred inflows	1,604,635	
Changes in opioid settlement deferred inflow	1,639,151	21,358,938

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

Net principal reimbursed by Western Virginia Water Authority	(925,000)	(925,000)
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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.

Subscriptions	(713,029)	
Bond and other long-term debt proceeds	(10,135,000)	
Principal payments	19,071,971	8,223,942

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	12,727,869	
Employer pension expense	(29,796,383)	
Subsequent employer OPEB contribution and administrative expense	762,848	
Employer OPEB expense	628,572	(15,677,094)

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.

Amortization of bond premiums	1,227,435	
Changes in deferred loss on refundings	(373,579)	
Change in long-term compensated absences	(1,171,344)	
Change in accrued interest payable	(59,858)	(377,346)

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

(2,360,627)

Change in Net Position - Governmental Activities

\$ 2,875,272

The Notes to Financial Statements are an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

STATEMENT OF NET POSITION –
PROPRIETARY FUNDS

June 30, 2023

	Enterprise Funds				Internal
	Stormwater	Civic Facilities	Parking	Total	Service Fund
<u>Assets</u>					
Current Assets:					
Cash and Cash Equivalents	\$ 8,272,583	\$ 1,841,365	\$ 2,985,177	\$ 13,099,125	\$ 8,037,629
Cash and Investments - Restricted	2,113,371	354,361	-	2,467,732	-
Investments	481,658	-	183,772	665,430	461,407
Accounts Receivable, Net	285,943	629,462	2,478	917,883	-
Lease Receivable	-	21,356	494,577	515,933	-
Inventory	-	165,130	-	165,130	-
Prepays	-	109,527	-	109,527	400,000
Total Current Assets	11,153,555	3,121,201	3,666,004	17,940,760	8,899,036
Noncurrent Assets:					
Lease Receivable	-	33,631	1,765,017	1,798,648	-
Capital Assets:					
Land, Land Improvements, and Infrastructure	27,301,059	1,215,005	3,326,508	31,842,572	-
Buildings and Structures	320,312	44,894,637	48,588,115	93,803,064	-
Equipment and Other Capital Assets	5,630,326	2,921,721	1,297,904	9,849,951	-
Construction in Progress	5,242,295	3,497,148	884,477	9,623,920	-
Less: Accumulated Depreciation	(6,374,548)	(27,036,595)	(25,704,080)	(59,115,223)	-
Capital Assets, Net	32,119,444	25,491,916	28,392,924	86,004,284	-
Total Assets	43,272,999	28,646,748	33,823,945	105,743,692	8,899,036
Deferred Outflows of Resources					
Deferred Outflows Related to Pension	3,186,793	1,963,175	64,263	5,214,231	-
Deferred Outflows Related to OPEB	152,240	120,495	22,418	295,153	-
Deferred Outflows Related to Deferred Loss on Refundings	67,449	209,600	424,927	701,976	-
Total Deferred Outflows of Resources	3,406,482	2,293,270	511,608	6,211,360	-
<u>Liabilities</u>					
Current Liabilities:					
Accounts Payable and Accrued Expenses	777,533	760,868	366,792	1,905,193	56,205
Accrued Interest Payable	117,569	107,068	54,224	278,861	-
Due to Other Funds	25,770	16,794	652	43,216	-
Unearned Revenue	-	1,555,291	93,655	1,648,946	-
Other Liabilities	-	56,876	-	56,876	-
Long-Term Liabilities Due Within One Year	796,100	1,610,700	885,603	3,292,403	-
Total Current Liabilities	1,716,972	4,107,597	1,400,926	7,225,495	56,205
Long-Term Liabilities:					
Compensated Absences Payable	176,615	138,673	2,133	317,421	-
Claims Payable	-	-	-	-	13,767,228
General Obligation Bonds Payable, Net	15,075,052	13,207,696	5,672,803	33,955,551	-
Lease Liabilities	1,539	2,683	18,976	23,198	-
Net Pension Liability	6,072,924	3,884,885	89,308	10,047,117	-
Net OPEB Liability	292,898	171,173	3,953	468,024	-
Less: Current Maturities	(796,100)	(1,610,700)	(885,603)	(3,292,403)	-
Total Long-Term Liabilities	20,822,928	15,794,410	4,901,570	41,518,908	13,767,228
Total Liabilities	22,539,900	19,902,007	6,302,496	48,744,403	13,823,433
Deferred Inflows of Resources					
Deferred Inflows Related to Pension	11,946	41,952	3,164	57,062	-
Deferred Inflows Related to OPEB	193,097	137,834	3,212	334,143	-
Deferred Inflows Related to Leases	-	52,910	2,199,120	2,252,030	-
Deferred Inflows Related to Gain on Refundings	-	2,434	-	2,434	-
Total Deferred Inflows of Resources	205,043	235,130	2,205,496	2,645,669	-
<u>Net Position</u>					
Net Investment in Capital Assets	18,784,450	12,643,578	23,126,072	54,554,100	-
Unrestricted (deficit)	5,150,088	(1,840,697)	2,701,489	6,010,880	(4,924,397)
Total Net Position	\$ 23,934,538	\$ 10,802,881	\$ 25,827,561	\$ 60,564,980	\$ (4,924,397)

The Notes to Financial Statements are an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
PROPRIETARY FUNDS
Year Ended June 30, 2023**

	Enterprise Funds				Internal Service Fund
	Stormwater	Civic Facilities	Parking	Total	
<u>Operating Revenues</u>					
Charges for Services	\$ -	\$ 11,255,742	\$ 3,597,219	\$ 14,852,961	\$ 16,948,847
Stormwater Fees	7,167,617	-	-	7,167,617	-
Other Revenue	-	579,704	-	579,704	861,348
Total Operating Revenues	7,167,617	11,835,446	3,597,219	22,600,282	17,810,195
<u>Operating Expenses</u>					
Personal Services	3,989,932	3,656,023	74,887	7,720,842	-
Other Services and Charges	957,475	12,491,733	2,464,916	15,914,124	21,829,329
Materials and Supplies	798,947	680,232	3,844	1,483,023	-
Depreciation and Amortization	964,024	1,344,559	1,109,308	3,417,891	-
Total Operating Expenses	6,710,378	18,172,547	3,652,955	28,535,880	21,829,329
Operating Income (Loss)	457,239	(6,337,101)	(55,736)	(5,935,598)	(4,019,134)
<u>Nonoperating Revenues (Expenses)</u>					
Operating Grants	-	2,164,319	-	2,164,319	-
Investment Income	297,930	63,783	143,327	505,040	160,507
Loss on disposal of asset	-	-	(105,007)	(105,007)	-
Interest Expense	(482,096)	(397,455)	(206,704)	(1,086,255)	-
Net Nonoperating Revenues (Expenses)	(184,166)	1,830,647	(168,384)	1,478,097	160,507
Income (Loss) Before Transfers	273,073	(4,506,454)	(224,120)	(4,457,501)	(3,858,627)
<u>Capital Contributions and Transfers</u>					
Capital Grants	488,856	-	-	488,856	-
Legal Settlements	3,569,658	-	-	3,569,658	-
Transfers In	-	2,746,943	-	2,746,943	1,498,000
Transfer Out	(94,501)	-	-	(94,501)	-
Net Capital Contributions and Transfers	3,964,013	2,746,943	-	6,710,956	1,498,000
Change in Net Position	4,237,086	(1,759,511)	(224,120)	2,253,455	(2,360,627)
Total Net Position at Beginning of Year	19,697,452	12,562,392	26,051,681	58,311,525	(2,563,770)
Total Net Position at End of Year	\$ 23,934,538	\$ 10,802,881	\$ 25,827,561	\$ 60,564,980	\$ (4,924,397)

The Notes to Financial Statements are an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
Year Ended June 30, 2023

	Enterprise Funds				
	Stormwater	Civic Facilities	Parking	Total	Internal Service Fund
Cash Flow From Operating Activities					
Cash Received from Customers	\$ 7,113,711	\$ 11,643,423	\$ 3,537,086	\$ 22,294,220	\$ 17,810,195
Cash Payments to Suppliers for Goods and Services	(1,815,051)	(12,861,520)	(2,155,068)	(16,831,639)	56,205
Cash Payments from Other Funds	12,017	58,989	284	71,290	-
Cash Payments to Employees	(3,452,440)	(3,108,161)	(65,012)	(6,625,613)	-
Cash Payments for Claims	-	-	-	-	(22,627,670)
Net Cash Provided by (Used in) Operating Activities	1,858,237	(4,267,269)	1,317,290	(1,091,742)	(4,761,270)
Cash Flow From Noncapital Financing Activities:					
Cash Received from Grants	3,079,353	-	-	3,079,353	-
Cash Received from Legal Settlement	3,569,658	-	-	3,569,658	-
Transfers In (Out)	(94,501)	2,746,943	-	2,652,442	1,498,000
Net Cash Provided by Noncapital Financing Activities	6,554,510	2,746,943	-	9,301,453	1,498,000
Cash Flow From Capital and Related Financing Activities:					
Acquisition and Construction of Capital Assets	(4,433,217)	(2,236,759)	(443,600)	(7,113,576)	-
Cash Received from Capital Grants	488,856	-	-	488,856	-
Principal Paid on Bonds and Lease Liabilities	(574,639)	(1,357,637)	(841,166)	(2,773,442)	-
Interest Paid on Bonds and Lease Liabilities	(537,934)	(468,700)	(268,026)	(1,274,660)	-
Net Cash Used in Capital and Related Financing Activities	(5,056,934)	(4,063,096)	(1,552,792)	(10,672,822)	-
Cash Flow From Investing Activities:					
Interest Received	297,930	63,783	143,327	505,040	160,507
Net Cash Provided by Investing Activities	297,930	63,783	143,327	505,040	160,507
Net Increase (Decrease) in Cash and Cash Equivalents	3,653,743	(5,519,639)	(92,175)	(1,958,071)	(3,102,763)
Cash and Cash Equivalents at July 1	7,213,869	7,715,365	3,261,124	18,190,358	11,601,799
Cash and Cash Equivalents at June 30	\$ 10,867,612	\$ 2,195,726	\$ 3,168,949	\$ 16,232,287	\$ 8,499,036

The Notes to Financial Statements are an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
Year Ended June 30, 2023

	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)	\$ 457,239	\$ (6,337,101)	\$ (55,736)	\$ (5,935,598)	\$ (4,019,134)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Depreciation and amortization	964,024	1,344,559	1,109,308	3,417,891	-
Pension expense, net of employer contributions	545,368	523,232	8,874	1,077,474	-
OPEB expense, net of employer contributions	(49,498)	6,937	645	(41,916)	-
Increase in Accounts Receivable	(53,906)	(859,600)	(60,133)	(973,639)	-
Increase in Inventory	-	(40,079)	-	(40,079)	-
(Increase) decrease in Other Assets	-	380,901	-	380,901	(70,000)
Increase (Decrease) in Accounts Payable and Accrued Expenses	(58,629)	350,524	313,692	605,587	56,205
Increase in Due to Other Funds	12,017	7,449	284	19,750	-
Increase in Other Liabilities	-	51,540	-	51,540	-
Increase in Compensated Absences Payable	41,622	17,693	356	59,671	-
Increase in Unearned Revenues	-	286,676	-	286,676	-
(Decrease) in Claims Payable	-	-	-	-	(728,341)
Total Adjustments	1,400,998	2,069,832	1,373,026	4,843,856	(742,136)
Net Cash Provided by (Used in) Operating Activities	\$ 1,858,237	\$ (4,267,269)	\$ 1,317,290	\$ (1,091,742)	\$ (4,761,270)
Reconciliation to Exhibit G					
Cash and Cash Equivalents	\$ 8,272,583	\$ 1,841,365	\$ 2,985,177	\$ 13,099,125	\$ 8,037,629
Investments	481,658	-	183,772	665,430	461,407
Cash and investments - restricted	2,113,371	354,361	-	2,467,732	-
	\$ 10,867,612	\$ 2,195,726	\$ 3,168,949	\$ 16,232,287	\$ 8,499,036
Noncash Capital and Financing Activities:					
Stormwater Fund noncash activities consisted of capital asset acquisitions of \$384,691 recorded as accounts payable at June 30, 2023.					
Civic Facilities Fund noncash activities consisted of capital asset acquisitions of \$189,148 recorded as accounts payable at June 30, 2023.					

The Notes to Financial Statements are an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

**STATEMENT OF FIDUCIARY NET POSITION –
FIDUCIARY FUNDS
June 30, 2023**

	Pension and OPEB Trust Funds	Hotel Roanoke and Inmate Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 504,090	\$ 2,972,465
Receivables:		
Employer Contributions (Includes Due From Other Funds of \$908,199)	1,024,210	-
Employee Contributions	205,882	-
Investment Income	663,623	-
Other Asset/Receivables	-	31,703
Receivable for Security Transactions	972,077	-
Total Receivables	<u>2,865,792</u>	<u>31,703</u>
Investments Held by Trustee, at Fair Value:		
Cash Equivalents	3,041,438	-
Government Securities	16,176,014	-
Municipal and Agency Bonds	40,215,370	-
Corporate Bonds	28,048,542	-
Common Stocks	62,994,772	-
Domestic Mutual Funds	190,116,858	-
International Mutual Funds	69,019,358	-
Real Estate Mutual Funds	35,513,315	-
Investment in Pooled Funds	10,421,532	988,060
Total Investments	<u>455,547,199</u>	<u>988,060</u>
Total Assets	<u>458,917,081</u>	<u>3,992,228</u>
LIABILITIES		
Accounts Payable and Accrued Expenses	271,030	46,914
Unearned Revenue	-	1,130,591
Payable for Security Transactions	1,328,756	-
Total Liabilities	<u>1,599,786</u>	<u>1,177,505</u>
Net Position Restricted for Hotel Roanoke Conference Center Fund	<u>-</u>	<u>2,794,551</u>
Net Position Restricted for Inmate Fund	<u>-</u>	<u>20,172</u>
Net Position Restricted for Pension Fund	<u>446,895,763</u>	<u>-</u>
Net Position Restricted for OPEB Fund	<u>10,421,532</u>	<u>-</u>
Total Net Position	<u><u>\$ 457,317,295</u></u>	<u><u>\$ 2,814,723</u></u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –
FIDUCIARY FUNDS
Year Ended June 30, 2023**

	Pension and OPEB Trust Funds	Hotel Roanoke and Inmate Custodial Funds
<u>Additions/(Reductions)</u>		
Contributions from Employer	\$ 13,468,371	\$ -
Contributions from Employee	4,036,598	-
Contributions from Virginia Tech	-	80,000
Contributions from City	-	80,000
Contributions from Inmates	-	62,236
Investment Income		
Net Appreciation in Fair Value of Investments	29,682,864	-
Interest	2,964,105	102,861
Dividends	9,290,534	-
Other	3,331	326,518
Total Investment Income	41,940,834	429,379
Less: Investment Expenses	(1,144,958)	-
Net Investment Income	40,795,876	429,379
Total Additions	58,300,845	651,615
<u>Deductions</u>		
Benefit Payments	45,184,205	-
Administrative Expenses	511,187	184,777
Total Deductions	45,695,392	184,777
Change in Net Position	12,605,453	466,838
Fiduciary Net Position at Beginning of Year	444,711,842	2,347,885
Fiduciary Net Position at End of Year	\$ 457,317,295	\$ 2,814,723

The Notes to Financial Statements are an integral part of this statement.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(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 Annual Comprehensive Financial Report for component unit transactions which are material. Additional disclosures are available in the separately published School Board Component Unit Annual Comprehensive Financial Report (ACFR).

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 it 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.

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.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(1) Summary of Significant Accounting Policies (Continued)

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:

Government-Wide Financial Statements and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, *the primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(1) Summary of Significant Accounting Policies (Continued)

B. Financial Statement Presentation (Continued)

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 Berglund 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.

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.

Custodial Funds – Accounts for assets held for the use of others, not included in the other funds (Pension and OPEB). These are the Hotel Roanoke Conference Center Commission, and the Inmate Fund associated with the City Jail. Custodial funds use the economic resources measurement focus.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(1) Summary of Significant Accounting Policies (Continued)

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

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 within 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.

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, 2023, significant encumbrances in the General Fund totaled \$3.8 million and related to fleet management, social services, prisoner sustenance, and street and other maintenance contracts.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(1) Summary of Significant Accounting Policies (Continued)

E. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the government to invest in obligations such as U.S. Treasury, commercial paper, corporate bond, repurchase agreements, and the State Treasurer's Investment Pool. Investments for the government, as well as for the component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate laws and regulations. The reported value of the pool approximates the fair value of the pooled shares.

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, 2023, the allowance for General Fund uncollectible taxes receivable was \$6,231,140. At June 30, 2023, the allowance for General Fund uncollectible accounts receivable was \$1,591,923. At June 30, 2023, the allowance for the Stormwater uncollectible customer receivable was \$32,303. No allowance was recorded for Civic Facilities and Parking as of June 30, 2023.

H. Property Taxes

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

Personal property tax is normally due on or before May 31 during the year of assessment. 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 42.4% for tax year 2023. 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, 2023, the IRS rate was 7%.

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
June 30, 2023

(1) Summary of Significant Accounting Policies (Continued)

I. Inventory and Prepaid Items

Inventory for proprietary funds is valued at cost, determined using the moving weighted average method using the first-in/first-out (FIFO) method. Inventory consists of materials and supplies held for and are accounted for using the consumption method. The cost is recorded as an expense when individual items of inventory are used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method.

J. 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 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.

K. Subscriptions

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). This new standard requires reporting an intangible right-to-use asset and subscription liability for IT contracts.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(1) Summary of Significant Accounting Policies (Continued)

L. 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 \$9,772,472 are recorded for governmental activities in the government-wide statements and represent a reconciling item between the government-wide and governmental fund presentations.

M. Unearned Revenues

Unearned revenues represent amounts for which asset recognition criteria have been met but for which revenue recognition criteria have not been met.

N. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face value of the debt issued plus premium is reported as other financing sources. Discounts on debt issuances are reported as debt service expenditures.

O. Net Position and Fund Balance

Net position is the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction, or improvement of those assets.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(1) Summary of Significant Accounting Policies (Continued)

O. Net Position and Fund Balance (Continued)

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** – amounts that cannot be spent because they are not in spendable form, or legally contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.
- **Restricted** – Amounts constrained to specific purposes by their provider (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed** – Amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council through adoption of a resolution. Only City Council may modify to rescind the commitment.
- **Assigned** – Amounts are constrained by intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by City management based on City Council direction through adoption or amendment of the budget or through ordinance or resolution.
- **Unassigned** – Amounts that are available for any purpose; positive amounts are reported only in the general fund.

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

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

The City maintains fund balance reserve policies to ensure sound financial management, protecting the City’s credit ratings, ensuring prudent use of the City’s debt issuance authority and guiding the City and its managers in policy and debt issuance decisions. Key components of the reserve policies are as follows as of June 30, 2023:

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.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(1) Summary of Significant Accounting Policies (Continued)

O. Net Position and Fund Balance (Continued)

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

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

In addition to liabilities, the statement which presents financial positions reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

- Deferred charge on refunding. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Due to the relationship with outstanding debt, these deferred outflows and inflows are included in the calculation of net position, net investments in capital assets
- Contributions subsequent to the measurement date for pension and OPEB are always a deferred outflow; these will be applied to the net pension or OPEB liability in the next fiscal year.
- Difference between projected and actual earnings on pension and OPEB plan investments. These differences will be recognized in pension or OPEB expense over the closed five-year period and may be reported as a deferred outflow or inflow as appropriate.
- Changes in proportion and differences between employer contributions and the proportionate share of employer contributions, resulting from participation in cost-sharing pension and OPEB plans, are reported as deferred outflows or inflows as appropriate. This difference is deferred and recognized in expense over the average remaining service life of the employees who are subject to the plan, and may be reported as a deferred outflow or inflow as appropriate.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(1) Summary of Significant Accounting Policies (Continued)

Q. Deferred Inflows/Outflows of Resources (Continued)

- Governmental funds report unavailable revenue from property taxes and other receivables not collected within the availability period. These amounts are recognized as an inflow of resources in the period they become available.
- Differences between expected and actual experience for economic/demographic factors and changes of assumptions in the measurement of the total pension or OPEB liability. This difference will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as deferred inflow or outflow as appropriate.
- Lease-related amounts are recognized at the inception of leases in which the City is a lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

(2) 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. 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), as well as the Roanoke City Jail Inmate Custodial Fund. Investments and related disclosures for the City of Roanoke Pension Plan and the OPEB Trust Fund, which are fiduciary funds, are presented separately.

Deposits:

Custodial Credit Risk – Deposits: City deposits face the risk that in the event of a bank failure, the City's deposits may not be returned. To mitigate this risk, the City's investment policy requires all deposits to be federally secured or held in accordance with the Virginia Security for Public Deposits Act (the "Act"). Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC) must pledge collateral to the Commonwealth of Virginia. In agreement with the policy, as of June 30, 2023, the entire deposit balance held in the bank's trust department under the City's name was covered by the FDIC or collateralized in accordance with the Act.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(2) Deposits and Investments (Continued)

Investments:

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. The Policy permits investments in Treasury Securities, agency securities, prime quality commercial paper, certificates of deposit maturing within one year and issued by domestic banks, banker's acceptances, Commonwealth of Virginia and Virginia Local Government Obligations, repurchase agreements, open-end investments, the Virginia State Non-Arbitrage Program or other authorized Arbitrage Investment Management programs, and the State Treasurer's Local Government Investment Pool (the Virginia LGIP). 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.

Investments at June 30, 2023, consisted of the following:

	<u>Total Primary Government</u>	<u>School Board Component Unit</u>	<u>Fiduciary Funds</u>
Virginia LGIP	\$ 12,456,937	\$ 49,398,294	\$ -
VIP Stable NAV Liquidity Pool (VIP)	120,847,430	-	2,780,642
Bank Deposits	2,309,246	-	27,800
Money Market Accounts	4,954,635	-	-
US Treasury / Agency Securities	8,307,963	-	988,060
Mutual Funds	16,282,900	-	-
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 165,159,111</u>	<u>\$ 49,398,294</u>	<u>\$ 3,796,502</u>

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(2) Deposits and Investments (Continued)

Governmental Funds (Continued)

Investment Policy: (Continued)

Investments with a short-term maturity, less than 3 months, are classified as cash and cash equivalents in accordance with GAAP. The majority of investments of the City are short-term in nature:

	Total Primary Government	School Board Component Unit	Fiduciary Funds (Custodial Funds)
Total Investments	\$ 165,159,111	\$ 49,398,294	\$ 3,796,502
Less: Short-Term Maturities:			
Virginia LGIP	(12,456,937)	(49,398,294)	-
VIP Stable NAV Liquidity Pool (VIP)	(120,847,430)	-	(2,780,642)
Bank Deposits	(2,309,246)	-	(27,800)
Money Markey Accounts	(4,954,635)	-	-
Mutual Funds	(16,282,900)	-	-
Total Investments - Exhibit A and J	<u>\$ 8,307,963</u>	<u>\$ -</u>	<u>\$ 988,060</u>

Short-term investments are included with cash and cash equivalents on the Statement of Cash Flows (Exhibit I).

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

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

As of June 30, the City's investments consist of fixed income investments in U.S. Treasury / Agency Securities that are classified as Level 2 investments in the fair value hierarchy.

The City's investments are subject to credit risk, custodial credit risk, concentration of credit risk, and interest rate risk as described below.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(2) Deposits and Investments (Continued)

Governmental Funds (Continued)

Investment Policy: (Continued)

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, 2023, investment holdings as a percentage of total investments, excluding OPEB Trust Fund investments, were as follows:

Investment Type	Primary Governmen t	Component Unit	Fiduciary Funds (Custodial Funds)	Credit Rating
Virginia LGIP	7.54 %	100.00 %	- %	AAAm
Virginia Stable NAV Liquidity Pool (VIP)	73.17	-	73.24	AAAm
Bank Deposits	1.40	-	0.73	AAAm
Money Market Accounts	3.00	-	-	AAAm
US Treasury / Agency Securities	5.03	-	26.03	AA+
Mutual Funds	9.86	-	-	AAAm
Total Investment Percentage	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(2) Deposits and Investments (Continued)

Governmental Funds (Continued)

Investment Policy: (Continued)

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, 2023, 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, 2023, 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.

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 investment portfolio.

At June 30, 2023, 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 Government</u>
State Non-Arbitrage Program	9.86%

At June 30, 2023, the School Board's investment portfolio, \$49,398,294 was invested in the Virginia LGIP.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(2) Deposits and Investments (Continued)

Governmental Funds (Continued)

Investment Policy: (Continued)

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, 2023, the Primary Government had the following investments and maturities:

Investment Type	Fair Value	Investment Maturity	
		Less than 1 year	More than 1 year
Virginia LGIP	\$ 12,456,937	\$ 12,456,937	\$ -
VIP Stable NAV Liquidity Pool (VIP)	120,847,430	120,847,430	-
Bank Deposits	2,309,246	2,309,246	-
Money Markey Accounts	4,954,635	4,954,635	-
Mutual Funds	8,307,963	4,338,443	3,969,520
Federal Agency Bonds/Notes	16,282,900	16,282,900	-
Total	<u>\$ 165,159,111</u>	<u>\$ 161,189,591</u>	<u>\$ 3,969,520</u>

As of June 30, 2023, the School Board Component Unit had the following investments and maturities:

	Investment Maturity	
	Fair Value	Less than 1 year
Virginia LGIP	<u>\$ 49,398,294</u>	<u>\$ 49,398,294</u>

As of June 30, 2023, the Hotel Roanoke Conference Center Commission, a custodial fund, had the following investments and maturities:

	Investment Maturity		
	Fair Value	Less than 1 year	More than 1 year
Virginia LGIP & VIP	<u>\$ 3,796,502</u>	<u>\$ 2,808,442</u>	<u>\$ 988,060</u>

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(2) Deposits and Investments (Continued)

Separately Presented Fiduciary Funds

Pension Trust Fund (the “Plan”)

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, 2023 consisted of the following:

Investment in pooled funds (1)	\$	3,183,628
U.S. Government Securities		16,176,014
Municipal and Agency Bonds		40,215,370
Corporate Bonds		28,048,542
Common Stocks		62,994,772
Domestic Mutual Funds		190,116,858
International Mutual Funds		69,019,358
Real Estate Funds		<u>35,513,315</u>
Total Investments	\$	<u>445,267,857</u>

(1) Local Government Investment Pool (LGIP) in the amount of \$142,190 is included in Cash and Cash Equivalents in the statement of Fiduciary Net Position

Fair Value of Investments

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

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

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

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(2) Deposits and Investments (Continued)

Separately Presented Fiduciary Funds (Continued)

Fair Value of Investments (Continued)

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

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

Investments Measured at Net Position Value

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Fixed Income Investments				
Co-mingled domestic fixed income	\$ 30,580,367	\$ -	Daily	0-3 Days
Total Fixed Income Investment measured at the NAV	<u>30,580,367</u>	<u>-</u>		
Equity Investments				
Co-mingled domestic equity	41,190,256	-	Daily	0-3 Days
Total Equity Investments measured at the NAV	<u>41,190,256</u>	<u>-</u>		
Real Estate Investments				
Real Estate	35,513,315	-	Quarterly	45-90 Days
Total Real Estate Investments measured at the NAV	<u>35,513,315</u>	<u>-</u>		
Total Investments measured at the NAV	<u>\$ 107,283,938</u>	<u>\$ -</u>		

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(2) Deposits and Investments (Continued)

Separately Presented Fiduciary Funds (Continued)

Fair Value of Investments (Continued)

		Fair Value Measures Using		
		Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Input (Level 3)
	June 30, 2023			
Investments by fair value level				
Fixed Income				
U.S. Government Securities	\$ 16,176,014	\$ -	\$ 16,176,014	\$ -
Municipal and Agency Bonds	40,215,370	-	40,215,370	-
Corporate Bonds	28,048,542	-	28,048,542	-
Domestic Bond Mutual Funds	3,437,872	3,437,872	-	-
Total Fixed Income	87,877,798	3,437,872	84,439,926	-
Domestic Equity				
Financial and Utility Common Stock	17,143,984	17,143,984	-	-
Basic Industrial and Materials Common Stock	13,422,092	13,422,092	-	-
Consumer and Service Common Stock	23,567,265	23,567,265	-	-
Technology and Telecommunications Common Stock	8,861,431	8,861,431	-	-
Domestic Equity Mutual Fund	114,908,363	114,908,363	-	-
Total Domestic Equity	177,903,135	177,903,135	-	-
International Equity				
International Equity Mutual Fund	69,019,358	69,019,358	-	-
Total International Equity	69,019,358	69,019,358	-	-
Short-term Investments				
Cash and Cash Equivalents	3,041,438	3,041,438	-	-
Total Short-term Investments	3,041,438	3,041,438	-	-
Total Investments by Fair Value Level	\$ 337,841,729	\$ 253,401,803	\$ 84,439,926	\$ -

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(2) Deposits and Investments (Continued)

Separately Presented Fiduciary Funds (Continued)

Fair Value of Investments (Continued)

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. Below investment grade fixed income securities 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.

As of June 30, 2023, the Plan's pooled and fixed income investments consisted of the following:

	2023	Moody's Rating
U.S. Government Securities	\$ 15,927,312	Aaa
	248,702	NR
	\$ 16,176,014	
Municipal and Agency Bonds	\$ 672,546	Aaa
	792,659	Aa1
	689,504	Aa2
	60,052	Aa3
	38,000,609	NR
	\$ 40,215,370	
Corporate Bonds	\$ 4,734,624	Aaa
	92,253	Aa1
	266,960	Aa2
	625,340	Aa3
	4,035,469	A1
	1,268,887	A2
	6,296,022	A3
	4,933,809	Baa1 & Below
	5,795,178	NR
	\$ 28,048,542	
Domestic Bond Mutual Funds	\$ 14,327,274	Aaa
	16,253,093	BB
	\$ 30,580,367	
Investment in Pooled Funds	\$ 3,041,438	Aaa
	142,190	AAAm
	\$ 3,183,628	

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(2) Deposits and Investments (Continued)

Separately Presented Fiduciary Funds (Continued)

Fair Value of Investments (Continued)

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 \$3,545,528 equal to the bank balance as of June 30, 2023. Of the bank balance, \$504,090 as of June 30, 2023, 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 \$504,090 as of June 30, 2023, 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 \$3,041,438 as of June 30, 2023, 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, 2023: cash equivalents; investment in pooled funds, U.S. government securities; agency and municipal bonds; corporate bonds; convertible bond mutual funds; common stocks; domestic, international, and real estate mutual funds. Investments in external investment pools and in open-end mutual funds are not considered to be exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. Investments are considered to be exposed to custodial credit risk if they are uninsured and unregistered with the securities held by the counterparty or by its trust department or agent but not in the Plan's name. The Plan's investments are not considered to be exposed to custodial credit risk.

Concentration of Credit Risk. The Plan's investment policy prohibits the investment of more than 5% of plan assets in either fixed income or equity securities of any single issuer based on cost. Securities of the U.S. government and investment company shares (mutual funds) are exempted from this limitation. The Plan did not own securities of a single organization, other than positions in mutual funds, representing five percent or more of the Plan's fiduciary net position at June 30, 2023.

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

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

(2) Deposits and Investments (Continued)

Separately Presented Fiduciary Funds (Continued)

Fair Value of Investments (Continued)

The fair value of the Plan's fixed income portfolio consisted of the following investments and maturities as of June 30, 2023:

Investment Type	Fair Value	Maturities			
		<1 Year	1-5 Years	5-10 Years	>10 Years
U.S. Government Securities	\$ 16,176,014	\$ -	\$ 1,772,738	\$ 8,583,458	\$ 5,819,818
Municipal and Agency Bonds	40,215,370	-	1,303,502	3,146,989	35,764,879
Corporate Bonds	28,048,542	207,862	7,438,755	12,252,488	8,149,437
Bond Mutual Funds	30,580,367	-	-	16,253,093	14,327,274
	<u>\$ 115,020,293</u>	<u>\$ 207,862</u>	<u>\$ 10,514,995</u>	<u>\$ 40,236,028</u>	<u>\$ 64,061,408</u>

The City maintains a cash and investment pool in which the Plan is a participant. The fair value of the Plan's investments in the pool at June 30, 2023, were:

<u>Investment Type</u>	<u>Fair Value</u>	<u><1 Year</u>
Virginia LGIP	<u>\$ 142,190</u>	<u>\$ 142,190</u>
	<u>\$ 142,190</u>	<u>\$ 142,190</u>

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Plan's investment policy prohibits investment in securities that are not denominated in U.S. dollars and/or that are traded solely on exchanges outside the U.S., with the exception of international commingled funds. The Plan had no investments that were not denominated in U.S. dollars or that were traded solely on exchanges outside the U.S. as of June 30, 2023.

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 establish investment objectives, risk tolerance and asset allocation policies in light of the investment policy, market and economic conditions, and generally prevailing prudent investment practices.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(2) Deposits and Investments (Continued)

Separately Presented Fiduciary Funds (Continued)

OPEB Trust Fund (Continued)

The Board of Trustees also monitors the investments to ensure adherence to the adopted policies and guidelines. In addition, the Trustees review, monitor, and evaluate the performance of the investments and the Board's investment advisors in light of available investment opportunities, market conditions, and publicly available indices for the generally accepted evaluation and measurement of such performance. Specific investment information for the OPEB Trust Fund can be obtained by writing to VML/VACo Finance, 8 E Canal Street, 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, 2023, 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, 2023, 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, 2023, 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.

<u>Multi-strategy Investments</u>	<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Co-mingled	<u>\$ 10,421,532</u>	<u>\$ -</u>	<u>Daily</u>	<u>0-3 Days</u>
Total multi-strategy measured at the NAV	<u><u>\$ 10,421,532</u></u>	<u><u>\$ -</u></u>		

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(2) Deposits and Investments (Continued)

Separately Presented Fiduciary Funds (Continued)

OPEB Trust Fund (Continued)

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, 2023:

<u>Investment Type</u>	<u>Fair Value</u>	<u><5 years</u>	<u>5-10 years</u>
Bond Mutual Funds	\$ 2,266,164	\$ -	\$ 2,266,164
Virginia VIP	<u>268,266</u>	<u>268,266</u>	<u>-</u>
	<u><u>\$ 2,534,430</u></u>	<u><u>\$ 268,266</u></u>	<u><u>\$ 2,266,164</u></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
June 30, 2023

(3) Receivables and Due from Other Governments

Receivables as of June 30, 2023, consisted of the following:

<u>Governmental Funds</u>				Total
<u>Receivables</u>	General	Special Revenue	Capital Projects	Governmental Activities
Federal Government	\$ 77,965	\$ 2,355,793	\$ 1,238,311	\$ 3,672,069
State Government	13,700,677	826,084	219,523	14,746,284
Component Unit	1,019,750	6,738	-	1,026,488
Other Governments	565,047	-	-	565,047
Total Governments	<u>\$ 15,363,439</u>	<u>\$ 3,188,615</u>	<u>\$ 1,457,834</u>	<u>\$ 20,009,888</u>
Taxes, net of Allowance	\$ 24,956,819	\$ -	\$ -	\$ 24,956,819
Accounts	3,299,790	1,737,423	-	5,037,213
Less: Allowance for Uncollectible Accounts	(1,591,923)	-	-	(1,591,923)
Subtotal	<u>\$ 26,664,686</u>	<u>\$ 1,737,423</u>	<u>\$ -</u>	<u>\$ 28,402,109</u>
Governmental Fund Receivables	<u>\$ 42,028,125</u>	<u>\$ 4,926,038</u>	<u>\$ 1,457,834</u>	<u>\$ 48,411,997</u>

<u>Component Units</u>	School Board Component Unit	GRTC Component Unit
<u>Receivables</u>		
Federal Government	\$ -	\$ 2,522,709
State Government	-	1,522,980
City of Roanoke	5,029,481	-
Other Governments	27,932,334	-
Total Governments	<u>\$ 32,961,815</u>	<u>\$ 4,045,689</u>
Accounts	\$ 1,925,076	\$ 460,129
Subtotal	<u>\$ 1,925,076</u>	<u>\$ 460,129</u>
Component Unit Receivables	<u>\$ 34,886,891</u>	<u>\$ 4,505,818</u>

<u>Enterprise Funds</u>				Total
<u>Receivables</u>	Stormwater	Civic Facilities	Parking	Enterprise Funds
Accounts	\$ 318,246	\$ 629,462	\$ 2,478	\$ 950,186
Less: Allowance for Uncollectible Accounts	(32,303)	-	-	(32,303)
Total Receivables	<u>\$ 285,943</u>	<u>\$ 629,462</u>	<u>\$ 2,478</u>	<u>\$ 917,883</u>

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(3) Receivables and Due from Other Governments (Continued)

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 \$10.5 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 \$945,000 receivable from the Western Virginia Water Authority (WVWA) related to long-term liabilities is reported on the Statement of Net Position. Further details are presented in Footnotes 9 and 16. Governmental Funds and Governmental Activities accounts receivable included \$1,026,488 related to Roanoke City Public Schools miscellaneous accounts receivable accounts which were reported by them as an accounts payable liability.

In addition to the fund level receivable from the Schools, the City also recorded a long-term entity-wide receivable for the Schools of \$18,115,152 related to a capital project at the Schools. Under City Code, while the Schools are managing and constructing the project, the title currently resides with the Schools, the Schools cannot ultimately own the completed building. Due to the nature of this legal requirement, the project is recorded as an asset for the Schools with an equal amount due to the City. This receivable will be satisfied when title formally transfers from the Schools to the City at the completion of the project.

(4) Lease Receivables

The City, as lessor, has entered into several noncancelable lease agreements involving infrastructure, several of which are with global telecommunication providers. The City has a lease receivable of \$36,424 and a deferred inflow of resources of \$35,092 as of June 30, 2023, related to telecommunications in the General Fund. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows related to telecommunications, recognized during the fiscal year was \$16,875 for the Debt Service Fund. The significant telecommunication-related leases are as follows:

<u>Lease*</u>	<u>Contract Date</u>	<u>Maturity Date</u>
Radio Communications 1	8/1/2020	7/31/2025
Radio Communications 2	8/1/2020	7/31/2025

* Maturity date includes option years, if applicable.

The lease receivable is due as follows:

<u>Year Ending June 30,</u>	<u>Telecommunication Principal</u>	<u>Telecommunication Interest</u>
2024	\$ 17,126	\$ 255
2025	17,803	100
2026	1,495	1
	<u>\$ 36,424</u>	<u>\$ 356</u>

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

(4) Lease Receivables (Continued)

The City, as lessor, has entered into a noncancelable lease agreements involving land for the parks and recreation department and general government. The City has a lease receivable of \$113,613 and a deferred inflow of resources of \$109,724 as of June 30, 2023, in the General Fund. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows related to land, recognized during the fiscal year was \$24,000 for the Debt Service Fund. The significant leases related to land are as follows:

<u>Lease*</u>	<u>Contract Date</u>	<u>Maturity Date</u>
19 th Street SE	8/28/2018	8/27/2028
Preston Avenue NW	8/28/2018	8/27/2028

* Maturity date includes option years, if applicable.

The lease receivable is due as follows:

<u>Year Ending June 30,</u>	<u>Land Principal</u>	<u>Land Interest</u>
2024	\$ 21,255	\$ 2,745
2025	21,811	2,189
2026	22,381	1,619
2027	22,966	1,034
2028	23,566	434
2029	1,634	13
	<u>\$ 113,613</u>	<u>\$ 8,034</u>

The City, as lessor, has entered into several non-cancellable lease agreements involving buildings or portions of buildings related to garage parking. The City has a lease receivable of \$2,259,594 and a deferred inflow of resources of \$2,199,120 as of June 30, 2023, for the Parking Fund. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized during the fiscal year was \$509,871. The significant leases related to garage parking are as follows:

<u>Lease*</u>	<u>Contract Date</u>	<u>Maturity Date</u>
Market Square Garage	2/1/2021	1/31/2026
Church Avenue Garage 1	7/1/2019	6/30/2024
Church Avenue Garage 2	8/9/2019	7/31/2024
Elmwood Park Garage Spots	5/1/2003	6/30/2026
Church Avenue Garage 3	11/1/2019	10/31/2029

* Maturity date includes option years, if applicable.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(4) Lease Receivables (Continued)

The lease receivable is due as follows:

Year Ending June 30,	Garage Principal	Garage Interest
2024	\$ 494,577	\$ 27,542
2025	432,144	21,715
2026	425,540	16,151
2027	267,610	11,390
2028	271,519	7,481
2029-2030	368,204	3,796
	\$ 2,259,594	\$ 88,075

The City, as lessor, has entered into a non-cancellable lease agreement involving office space. The lease is named Berglund Center Annex 3rd Floor. The lease has a contract date of 1/1/2021 and a maturity date of 12/31/2025. The City has a lease receivable of \$54,987 and a deferred inflow of resources of \$52,910 as of June 30, 2023 related to office space in the Civic Facilities Fund. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows related to telecommunications, recognized in during the fiscal year was \$21,201 for the Civic Facilities Fund.

The lease receivable is due as follows:

Year Ending June 30,	Office Principal	Office Interest
2024	\$ 21,356	\$ 480
2025	22,248	249
2026	11,383	35
	\$ 54,987	\$ 764

The City, as lessor, has entered into a non-cancellable lease agreement involving a boxing gym. The lease is named Boxfit Lease. The lease has a contract date of 1/1/2023 and a maturity date of 12/31/2025. The City has a lease receivable of \$10,301 and a deferred inflow of resources of \$11,506 as of June 30, 2023, related to a boxing gym in the General Fund. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows related to telecommunications, recognized in during the fiscal year was \$2,400 for the General Fund.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(4) Lease Receivables (Continued)

The lease receivable is due as follows:

Year Ending June 30,	Office Principal	Office Interest
2024	\$ 4,524	\$ 276
2025	4,657	143
2026	1,120	20
	\$ 10,301	\$ 439

Year Ending June 30, 2023	Lease Receivable	Deferred Inflow
Governmental Funds – General Fund		
Infrastructure leases	\$ 36,424	\$ 35,092
Land leases	113,613	109,724
Boxing gym lease	10,301	11,506
Total Governmental Fund leases	160,338	156,322
Enterprise leases		
Parking Fund - Garage leases	2,259,594	2,199,120
Civic Facilities Fund - Office leases	54,987	52,910
Total Enterprise Fund leases	2,314,581	2,252,030
Total leases	\$ 2,474,919	\$ 2,408,352

(5) Interfund Balances and Transfers

Interfund balances consisted of the following for the year ended June 30, 2023:

		DUE FROM (FUND)				
DUE TO (FUND)		General	Stormwater Utility	Civic Facilities	Parking	Total
	Pension Trust	\$ 864,983	\$ 25,770	\$ 16,794	\$ 652	\$ 908,199
	Total	<u>\$ 864,983</u>	<u>\$ 25,770</u>	<u>\$ 16,794</u>	<u>\$ 652</u>	<u>\$ 908,199</u>

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.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(5) Interfund Balances and Transfers (Continued)

Interfund transfers consisted of the following for the year ended June 30, 2023:

	TRANSFER OUT (FUND)			
	General	Capital Project	Stormwater Utility	Total
General	\$ -	\$ 6,500	\$ -	\$ 6,500
Debt Service	14,052,374	-	-	14,052,374
Special Revenue	1,311,775	1,955,000	-	3,266,775
Capital Projects	4,649,697	-	94,501	4,744,198
Civic Facilities	2,746,943	-	-	2,746,943
Internal Service	1,498,000	-	-	1,498,000
Total	<u>\$ 24,258,789</u>	<u>\$ 1,961,500</u>	<u>\$ 94,501</u>	<u>\$ 26,314,790</u>

Transfers are used (1) to move revenues from the funds that are required by statute or budget to collect them to the funds that are required by statute or budget to spend them, (2) to move receipts restricted for debt service from the funds collecting them to the Debt Service Fund as debt service payments become due, and (3) to move unrestricted revenues collected in the General Fund, which finance various programs accounted for in other funds in accordance with budgetary authorizations. In fiscal year 2023, the City transferred funding for an annual operating subsidy for the Civic Center, Debt Service, Internal Service, Stormwater Utility and Capital Projects. Throughout the course of fiscal year 2023 \$6,500 was transferred to the general fund from the capital projects fund for various fund re-allocations. Additionally, the City provided required/matching funding for grants in the Special Revenue fund.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(6) Changes in Capital Assets

Primary Government:

Changes in capital assets for the year ended June 30, 2023, consisted of the following:

	<u>June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 47,597,317	\$ 1,874,782	\$ -	\$ 49,472,099
Infrastructure - Right of Way	20,271,153	-	-	20,271,153
Infrastructure - Inexhaustible	47,995,346	-	-	47,995,346
Construction in Progress - City	28,622,495	27,985,845	(37,149,355)	19,458,985
Historical Treasures	679,798	-	-	679,798
Total Capital Assets, Not Being Depreciated	145,166,109	29,860,627	(37,149,355)	137,877,381
Capital Assets, Being Depreciated:				
Land Improvements	12,425,537	7,770,211	(9,912)	20,185,836
Accumulated Depreciation	(7,393,668)	(600,978)	6,221	(7,988,425)
Net Land Improvements	5,031,869	7,169,233	(3,691)	12,197,411
Building and Structures	481,881,559	10,554,321	(240,661)	492,195,219
Building and Structures - Leases	7,055,045	-	(24,899)	7,030,146
Accumulated Depreciation	(186,770,255)	(10,155,067)	223,048	(196,702,274)
Net Building and Structures	302,166,349	399,254	(42,512)	302,523,091
Infrastructure	329,289,896	14,196,882	(35,893,004)	307,593,774
Accumulated Depreciation	(167,861,645)	(9,101,881)	35,893,004	(141,070,522)
Net Infrastructure	161,428,251	5,095,001	-	166,523,252
Equipment	102,934,028	6,577,362	(4,045,243)	105,466,147
Equipment - Leases	636,548	-	-	636,548
Equipment - Subscriptions	-	713,029	-	713,029
Accumulated Depreciation	(72,548,186)	(8,451,071)	3,925,604	(77,073,653)
Net Equipment	31,022,390	(1,160,680)	(119,639)	29,742,071
Total Capital Assets Being Depreciated	934,222,613	39,811,805	(40,213,719)	933,820,699
Less: Accumulated Depreciation	(434,573,754)	(28,308,997)	40,047,877	(422,834,874)
Net Total Capital Assets Being Depreciated	499,648,859	11,502,808	(165,842)	510,985,825
Governmental Activities' Capital Assets, Net	\$ 644,814,968	\$ 41,363,435	\$ (37,315,197)	\$ 648,863,206

Capital assets used for educational purposes totaled \$201,990,466 and are included in 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.

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.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(6) Changes in Capital Assets (Continued)

Primary Government: (Continued)

Changes in capital assets for Business-type activities for the year ended June 30, 2023, consisted of the following:

	<u>June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023</u>
<u>Business-Type Activities:</u>				
<u>Capital Assets, Not Being Depreciated:</u>				
Land	\$ 9,169,879	\$ -	\$ (105,007)	\$ 9,064,872
Right of Way/Easements	212,136	-	-	212,136
Construction in Progress	4,754,220	7,438,397	(2,568,697)	9,623,920
Total Capital Assets, Not Being Depreciated	14,136,235	7,438,397	(2,673,704)	18,900,928
<u>Capital Assets, Being Depreciated:</u>				
Land Improvements	73,696	1,231,144	-	1,304,840
Accumulated Depreciation	(71,090)	(350)	-	(71,440)
Net Land Improvements	2,606	1,230,794	-	1,233,400
Building and Structures	93,625,129	189,853	(41,151)	93,773,831
Building and Structures - Leases	29,233	-	-	29,233
Accumulated Depreciation	(48,079,592)	(2,039,074)	41,151	(50,077,515)
Net Building and Structures	45,574,770	(1,849,221)	-	43,725,549
Infrastructure	20,373,526	887,198	-	21,260,724
Accumulated Depreciation	(1,996,122)	(525,068)	-	(2,521,190)
Net Infrastructure	18,377,404	362,130	-	18,739,534
Equipment	9,846,303	233,975	(254,776)	9,825,502
Equipment - Leases	24,449	-	-	24,449
Accumulated Depreciation	(5,846,455)	(853,399)	254,776	(6,445,078)
Net Equipment	4,024,297	(619,424)	-	3,404,873
Total Capital Assets, Being Depreciated	123,972,336	2,542,170	(295,927)	126,218,579
Less: Accumulated Depreciation	(55,993,259)	(3,417,891)	295,927	(59,115,223)
Net Total Capital Assets Being Depreciated	67,979,077	(875,721)	-	67,103,356
Business-Type Activities' Capital Assets, Net	\$ 82,115,312	\$ 6,562,676	\$ (2,673,704)	\$ 86,004,284

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(6) Changes in Capital Assets (Continued)

Primary Government: (Continued)

Depreciation was charged to functions as follows:

Government Activities:

Community development	\$ 1,664
Economic development	138,658
Education	6,444,460
General government	7,442,076
Health and welfare	251,114
Judicial	234,079
Parks, recreation, and culture	1,387,339
Public safety	2,513,847
Public works	9,895,760
Total	<u>\$ 28,308,997</u>

Business-type activities:

Stormwater	\$ 964,024
Civic facilities	1,344,559
Parking	1,109,308
Total	<u>\$ 3,417,891</u>

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

(6) Changes in Capital Assets (Continued)

Primary Government: (Continued)

School Board Component Unit:

	Balance June 30, 2022	Increases	Decreases	Balance June 30, 2023
<u>Capital Assets, Not Being Depreciated:</u>				
Construction in Progress	\$ 9,233,150	\$ 19,374,444	\$ (8,252,634)	\$ 20,354,960
<u>Capital Assets, Being Depreciated:</u>				
Instruction	3,989,053	62,193	(133,083)	3,918,163
Administration	2,972,238	215,740	(59,736)	3,128,242
Transportation	512,789	-	-	512,789
Maintenance	28,666,030	15,844,171	(116,111)	44,394,090
Less: Accumulated Depreciation	<u>(9,679,435)</u>	<u>(3,562,911)</u>	<u>305,392</u>	<u>(12,936,954)</u>
Net Total Capital Assets Being Depreciated	<u>26,460,675</u>	<u>12,559,193</u>	<u>(3,538)</u>	<u>39,016,330</u>
<u>Lease Assets:</u>				
Instruction	711,963	2,868,198	-	3,580,161
Less: Accumulated Amortization	<u>(328,333)</u>	<u>(1,080,311)</u>	<u>-</u>	<u>(1,408,644)</u>
Total Lease Assets Being Amortized	<u>383,630</u>	<u>1,787,887</u>	<u>-</u>	<u>2,171,517</u>
School Board Capital Assets, Net	<u>\$ 36,077,455</u>	<u>\$33,721,524</u>	<u>\$ (8,256,172)</u>	<u>\$ 61,542,807</u>

GRTC Component Unit:

	Balance June 30, 2022	Increases	Decreases	Balance June 30, 2023
<u>Capital Assets, Not Being Depreciated:</u>				
Land	\$ 1,627,487	\$ -	\$ -	\$ 1,627,487
Construction in progress	8,865,479	7,007,980	(14,792,092)	1,081,367
<u>Capital Assets, Being Depreciated:</u>				
Buildings and structures	7,091,547	14,317,304	-	21,408,851
Equipment	27,905,259	2,071,998	-	29,977,257
Less: Accumulated Depreciation	<u>(22,267,609)</u>	<u>(1,984,119)</u>	<u>-</u>	<u>(24,251,728)</u>
Net Total Capital Assets Being Depreciated	<u>12,729,197</u>	<u>14,405,183</u>	<u>-</u>	<u>27,134,380</u>
Component Unit Capital Assets, Net	<u>\$ 23,222,163</u>	<u>\$ 21,413,163</u>	<u>\$ (14,792,092)</u>	<u>\$ 29,843,234</u>

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(7) Construction in Progress and Contract Commitments

A summary of construction in progress expenses since project inception by function and contract commitments at June 30, 2023, is as follows:

Primary Government:

	Project	Expended/	Contract
<u>Governmental Activities:</u>	<u>Authorizations</u>	<u>Expensed as of</u>	<u>Commitments</u>
<u>Function</u>		<u>June 30, 2023</u>	
General Government	\$ 3,269,739	\$ 1,329,990	\$ 818,072
Parks, Recreation and Cultural	9,997,806	6,369,012	200,271
Community Development	6,329,398	1,136,384	4,119,416
Public Works	34,385,207	6,503,027	4,825,177
Public Safety	4,555,245	2,227,993	159,390
Education	13,808,504	6,310,448	-
Subtotal	<u>72,345,899</u>	<u>23,876,854</u>	<u>10,122,326</u>
Non-Capitalized Projects City	<u>50,801,410</u>	<u>31,088,192</u>	<u>1,822,230</u>
Total	<u><u>\$ 123,147,309</u></u>	<u><u>\$ 54,965,046</u></u>	<u><u>\$ 11,944,556</u></u>
<u>Business-Type Activities:</u>			
<u>Fund</u>			
Stormwater Utilities	\$ 20,317,907	\$ 2,283,192	\$ 7,942,067
Civic Facilities	5,256,278	1,917,264	837,541
Parking	1,237,415	182,428	9,550
Total	<u><u>\$ 26,811,600</u></u>	<u><u>\$ 4,382,884</u></u>	<u><u>\$ 8,789,158</u></u>

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

(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 Funds are reported as such on the face of the statements (see Exhibit G). Unearned revenues as reported in the financial statements at June 30, 2023, consist of the following:

Governmental Activities:

	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Unearned Revenue	\$ 8,489,409	\$ 1,946,173	\$ 10,435,582

Business-Type Activities:

	<u>Civic Facilities Fund</u>	<u>Parking Fund</u>	<u>Total</u>
Unearned Revenue	\$ 1,555,291	\$ 93,655	\$ 1,648,946

(9) Long-Term Liabilities

In 2023, the City implemented the guidance GASB 96, *Subscription-Based Information Technology Arrangements* (SBITA). The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset on the government-wide financial statements. No prior period restatement was necessary due to the subscription liability equaling the right-of-use asset at implementation.

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, 2023, of \$83,740 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, 2023, was \$584,197,677. The City has no overlapping debt. The City issues general obligation bonds to provide for the acquisition and construction of major capital facilities.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(9) Long-Term Liabilities (Continued)

Long-Term Debt Summary

At June 30, 2023, the long-term indebtedness of the City consisted of the following:

Governmental-Type Activities:

<u>Series/Description</u>	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Maturity</u>	<u>Issue Amount</u>	<u>Governmental Activities</u>
<u>General Obligation Bonds</u>					
2010B Public Improvement Bonds	1.25% - 5.80%	3/11/2010	10/1/2029	\$ 2,680,000	\$ 980,000
2012B Refunding Bonds	0.43% - 2.96%	3/14/2012	10/1/2023	6,880,000	80,000
2013A Refunding and New Bonds	0.37% - 2.73%	2/27/2013	7/15/2025	20,426,800	3,129,784
2013B Refunding Bonds	0.37% - 2.73%	2/27/2013	7/15/2024	15,350,000	1,305,000
2014A Public Improvement Bonds	3.00% - 5.00%	3/5/2014	4/1/2034	11,073,200	499,536
2015 Public Improvement Bonds New Money	2.00% - 4.00%	3/25/2015	4/1/2035	17,420,000	11,825,000
2015 Public Improvement Bonds Refunding	2.00% - 4.00%	3/25/2015	4/1/2029	6,130,000	4,447,900
2016 Public Improvement Bonds New Money	2.00% - 5.00%	3/8/2016	4/1/2036	15,170,000	11,120,000
2016 Public Improvement Bonds Refunding	2.00% - 5.00%	3/8/2016	4/1/2033	16,505,000	15,186,000
2017 Public Improvement Bonds New Money	3.00% - 5.00%	3/23/2017	4/1/2037	20,980,000	16,415,000
2019B Public Improvement Bonds Refunding	2.00%	11/22/2019	10/1/2030	3,940,097	3,097,056
2019C Public Improvement Bonds Refunding	2.79%	11/22/2019	4/1/2041	28,355,939	25,539,010
2020A Public Improvement Bonds Refunding	2.25% - 5.00%	5/14/2020	4/1/2043	14,630,000	14,025,000
2020B GOB Refunding	2.00% - 2.25%	5/14/2020	2/1/2034	13,328,434	10,884,598
2021A Public Improvement Bonds Refunding	2.00% - 5.00%	5/12/2021	6/30/2044	29,515,000	29,075,000
2021A Public Improvement Bonds	2.00% - 5.00%	5/12/2021	6/30/2044	17,580,000	15,895,000
2021B GOB Refunding	2.00% - 5.00%	5/12/2021	4/1/2034	7,839,384	7,237,756
2021B New Money Taxable Bonds	1.85% - 3.00%	5/12/2021	6/30/2044	1,960,000	1,960,000
2022 Public Improvements Bonds	4.00% - 5.00%	5/12/2022	4/1/2042	23,732,355	22,420,001
QZAB Schools Capital Projects 2012	0%	10/31/2012	12/1/2034	2,014,104	<u>1,098,600</u>
					<u>196,220,241</u>
<u>Bond Anticipation Notes</u>					
2023 EDA BAN	4.93 %	4/6/2022	4/6/2028	10,135,000	<u>10,135,000</u>

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(9) Long-Term Liabilities (Continued)

Long-Term Debt Summary (Continued)

At June 30, 2023, the long-term indebtedness of the City consisted of the following: (Continued)

Governmental-Type Activities: (Continued)

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

2012B Refunding Bonds - Water (WVWA)	0.43-2.96%	3/14/2012	10/1/2023	\$ 7,105,000	<u>\$ 945,000</u>
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Lease Liabilities

Social Services Building Lease	1.76%	2/1/2004	1/1/2024	4,857,000	416,661
Xerox Lease	4.00%	7/1/2021	6/30/2024	649,511	110,357
RDS Lease	3.97%	10/1/2015	9/1/2025	1,648,155	428,157
Trash Compactor	0.89%	7/1/2021	1/1/2025	58,867	26,224
Trash Compactor Property 2	1.53%	7/1/2021	1/1/2030	285,326	226,287
Trash Compactor Property 3	1.06%	7/1/2021	4/1/2026	101,819	60,265
Turf Tank One Robot	1.04%	7/30/2021	7/30/2026	58,473	40,478
Airport Building	0.73%	7/1/2021	12/1/2023	252,179	53,333
Kimball Ave	1.06%	7/1/2021	5/31/2026	262,275	<u>157,092</u>
					<u>1,518,854</u>

Subscription Liabilities

Nova – Time & Attendance System	2.37%	7/1/2022	5/31/2026	713,029	<u>568,123</u>
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School Fund Bonds and Loans (1)

2003C VPSA Subsidized Roanoke Academy	3.10% - 5.35%	11/6/2003	7/15/2023	5,000,000	248,659
2004B VPSA Subsidized Lincoln Terrace	4.10% - 5.60%	11/1/2004	7/15/2024	1,300,000	127,990
2005D VPSA Subsidized Fallon Park	4.60% - 5.10%	11/10/2005	7/15/2025	1,160,900	169,946
2005D VPSA Subsidized Westside	4.60% - 5.10%	11/10/2005	7/15/2025	3,850,000	563,609
2006B VPSA Subsidized Monterey	4.22% - 5.10%	11/9/2006	7/15/2026	1,945,000	380,000
2006B VPSA Subsidized Patrick Henry	4.23% - 5.10%	11/9/2006	7/15/2026	7,500,000	1,455,759
2007A VPSA Patrick Henry (2015A Ref)	4.10% - 5.10%	5/10/2007	7/15/2027	3,345,000	825,000
2008B VPSA Subsidized William Fleming	3.60% - 5.35%	12/11/2008	7/15/2028	7,500,000	2,118,130
2010 VPSA Qualified School Constr Bonds (QSCB)	0.00%	7/8/2010	6/1/2027	1,135,000	2,431,000
2014B VPSA Refunding	3.00% - 5.00%	5/15/2014	7/15/2026	1,245,000	729,000
2015A VPSA Refunding	4.10% - 5.35%	2/17/2015	7/15/2028	9,555,000	<u>280,000</u>
					<u>9,329,093</u>

Total Governmental-Type Activities					<u>\$ 218,716,311</u>
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CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(9) Long-Term Liabilities (Continued)

Long-Term Debt Summary (Continued)

At June 30, 2023, the long-term indebtedness of the City consisted of the following: (Continued)

Business-Type Activities:

<u>Enterprise Fund Bonds</u>	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Maturity</u>	<u>Issue Amount</u>	<u>Business-type Activities</u>
2013A Public Improvement Bonds SW	1.00% - 5.00%	2/27/2013	7/15/2033	\$ 1,001,624	\$ 51,016
2014A Public Improvement Bonds SW	3.00% - 5.00%	3/5/2014	4/1/2034	1,020,058	53,664
2015 Public Improvement Bonds Refunding SW	2.00% - 4.00%	3/25/2015	4/1/2029	125,250	77,100
2015 Stormwater Utility Fund Bonds	2.00% - 4.00%	3/25/2015	4/1/2035	1,090,000	740,000
2016 Public Improvement Bonds Refunding	2.00% - 5.00%	3/8/2016	4/1/2032	721,500	564,000
2016 Stormwater Utility Fund Bonds	2.00% - 5.00%	3/8/2016	4/1/2036	1,805,000	1,325,000
2017 Stormwater Utility Fund Bonds	3.00% - 5.00%	3/8/2016	4/1/2037	1,540,000	1,205,000
2019C Stormwater Refunding	3%	11/22/2019	4/1/2041	2,013,630	1,858,388
2020A Public Improvement Bonds New Money	2.25% - 5.00%	5/14/2020	4/1/2043	1,800,000	1,900,000
2020B Stormwater Refunding	2.00% - 2.25%	5/14/2020	2/1/2034	579,881	549,411
2021A Public Improvement Bonds Refunding	2.00% - 5.00%	5/12/2021	6/30/2044	1,155,000	1,120,000
2021A Public Improvement Bonds New Money	2.00% - 5.00%	5/12/2021	6/30/2044	1,790,000	2,380,000
2021B Public Improvement Bond Funding	2.00% - 5.00%	5/12/2021	4/1/2034	553,186	548,714
2022 Public Improvement Bonds SW	4.00% - 5.00%	5/12/2022	4/1/2042	1,850,114	1,790,000
2013A Civic Facilities Refunding Bonds	1.00% - 5.00%	2/27/2013	7/15/2025	2,898,200	464,200
2014A Civic Facilities Bonds	3.00% - 5.00%	3/5/2014	4/1/2034	936,800	46,800
2015 Civic Facilities Bonds	2.00% - 4.00%	3/25/2015	4/1/2035	980,000	665,000
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	2,050,000
2016 Civic Facilities Refunding Bonds	2.00% - 5.00%	3/8/2016	4/1/2033	330,000	295,000
2019C Civic Refunding	3%	11/22/2019	4/1/2041	1,005,992	928,434
2020A Civic Facilities New Money	2.25% - 5.00%	5/14/2020	4/1/2043	1,350,000	1,425,000
2020B Civic Refunding	2.00% - 2.25%	5/14/2020	2/1/2034	3,182,933	2,499,170
2021A Public Improvement Bonds Refunding	2.00% - 5.00%	5/12/2021	6/30/2044	1,110,000	1,075,000
2021A Public Improvement Bonds New Money	2.00% - 5.00%	5/12/2021	6/30/2044	1,340,000	1,550,000
2021B Public Improvements Bonds Refunding	2.00% - 5.00%	5/12/2021	4/1/2034	482,430	478,530
2022 Public Improvements Bonds SW	4.00% - 5.00%	5/12/2022	4/1/2042	832,551	810,001
2013A Parking Refunding Bonds	1.00% - 5.00%	2/27/2013	7/15/2025	1,255,000	325,000
2014B Parking Refunding Bonds	1.00% - 4.25%	3/5/2014	4/1/2032	7,110,000	3,860,000
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
2020B Parking Refunding	2.00% - 2.25%	2/27/2013	2/1/2034	813,751	641,821
					<u>32,051,249</u>

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

(9) Long-Term Liabilities (Continued)

Long-Term Debt Summary (Continued)

At June 30, 2023, the long-term indebtedness of the City consisted of the following: (Continued)

Business-Type Activities: (Continued)

Lease Liabilities

Xerox Lease	4.00%	7/1/2021	6/30/2024	\$	31,120	\$	5,287
Ray Ferris Property	1.06%	7/1/2021	6/30/2026		29,233		17,911
							<u>23,198</u>
Total Business-Type Activities						\$	<u>32,074,447</u>

The Annual Requirements to amortize governmental-type activities debt outstanding at June 30, 2023, are as follows:

Fiscal Year	General Obligation Serial Bond		Western Virginia Water Authority General Obligation Serial Bonds		VPSSA Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2023-24	\$ 15,207,017	\$ 7,072,029	\$ 945,000	\$ 13,995	\$ 2,104,201	\$ 461,013
2024-25	17,010,081	6,523,952	-	-	1,872,148	366,087
2025-26	14,361,668	5,910,209	-	-	1,819,289	277,999
2026-27	13,332,273	5,368,476	-	-	1,583,623	197,140
2027-28	23,411,385	3,280,707	-	-	1,053,672	72,573
2028-33	60,716,827	15,295,429	-	-	896,160	22,852
2033-38	39,579,490	6,250,556	-	-	-	-
2038-43	21,956,500	1,601,308	-	-	-	-
2043-48	780,000	16,075	-	-	-	-
	<u>\$ 206,355,241</u>	<u>\$ 51,318,741</u>	<u>\$ 945,000</u>	<u>\$ 13,995</u>	<u>\$ 9,329,093</u>	<u>\$ 1,397,664</u>

Fiscal Year	Leases		Subscriptions		Total Governmental Activities Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2023-24	\$ 894,833	\$ 24,465	\$ 137,088	\$ 13,442	\$ 19,288,139	\$ 7,584,944
2024-25	319,845	10,434	140,332	10,198	19,342,406	6,910,671
2025-26	160,462	3,147	143,652	6,878	16,485,071	6,198,233
2026-27	48,502	1,845	147,051	3,479	15,111,449	5,570,940
2027-28	95,212	1,966	-	-	24,560,269	3,355,246
2028-33	-	-	-	-	61,612,987	15,318,281
2033-38	-	-	-	-	39,579,490	6,250,556
2038-43	-	-	-	-	21,956,500	1,601,308
2043-48	-	-	-	-	780,000	16,075
	<u>\$ 1,518,854</u>	<u>\$ 41,857</u>	<u>\$ 568,123</u>	<u>\$ 33,997</u>	<u>\$ 218,716,311</u>	<u>\$ 52,806,254</u>

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

(9) Long-Term Liabilities (Continued)

Long-Term Debt Summary (Continued)

At June 30, 2023, the long-term indebtedness of the City consisted of the following: (Continued)

Business-Type Activities: (Continued)

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, 2023, are as follows:

Fiscal Year	Stormwater Fund				Civic Facilities Fund			
	Bonds		Leases		Bonds		Leases	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023-24	\$ 621,732	\$ 461,721	\$ 1,539	\$ 34	\$ 1,450,969	\$ 365,689	\$ 2,683	\$ 58
2024-25	696,314	437,069	-	-	1,533,453	326,524	-	-
2025-26	803,478	407,149	-	-	1,003,298	283,986	-	-
2026-27	827,684	374,931	-	-	567,050	253,734	-	-
2027-28	847,171	345,842	-	-	587,525	235,465	-	-
2028-33	4,211,802	1,281,535	-	-	3,126,474	857,986	-	-
2033-38	3,597,142	609,158	-	-	2,415,034	378,486	-	-
2038-43	2,441,971	183,814	-	-	1,593,331	117,455	-	-
2043-48	115,000	2,300	-	-	80,000	1,600	-	-
	<u>\$ 14,162,294</u>	<u>\$ 4,103,519</u>	<u>\$ 1,539</u>	<u>\$ 34</u>	<u>\$ 12,357,134</u>	<u>\$ 2,820,925</u>	<u>\$ 2,683</u>	<u>\$ 58</u>

Fiscal Year	Parking Fund				Total Business Activities			
	Bonds		Leases		Bonds		Leases	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023-24	\$ 866,168	\$ 187,505	\$ 6,845	\$ 182	\$ 2,938,869	\$ 1,014,915	\$ 11,067	\$ 274
2024-25	876,851	164,057	6,165	97	3,106,618	927,650	6,165	97
2025-26	778,802	138,257	5,966	34	2,585,578	829,392	5,966	34
2026-27	610,000	113,475	-	-	2,004,734	742,140	-	-
2027-28	635,000	94,825	-	-	2,069,696	676,132	-	-
2028-33	1,765,000	182,531	-	-	9,103,276	2,322,052	-	-
2033-38	-	-	-	-	6,012,176	987,644	-	-
2038-43	-	-	-	-	4,035,302	301,269	-	-
2043-48	-	-	-	-	195,000	3,900	-	-
	<u>\$ 5,531,821</u>	<u>\$ 880,650</u>	<u>\$ 18,976</u>	<u>\$ 313</u>	<u>\$ 32,051,249</u>	<u>\$ 7,805,094</u>	<u>\$ 23,198</u>	<u>\$ 405</u>

During fiscal year 2023, 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 April 6, 2023, the City issued a Taxable Revenue Bond Anticipation Note in the amount of \$10,135,000. The note is for a development project undertaken by the Economic Development Authority of the City of Roanoke.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(9) Long-Term Liabilities (Continued)

Long-Term Debt Summary (Continued)

Business-Type Activities: (Continued)

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, 2023, the City had \$945,000 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 3 and 16.

	Balance June 30, 2022	Increases	Decreases	Balance June 30, 2023	Amounts Due Within One Year
<u>Primary Government -</u>					
<u>Governmental Activities:</u>					
General Obligation Serial Bonds:					
General Obligation Serial Bonds	\$ 210,907,650	\$ -	\$ 14,687,409	\$ 196,220,241	\$ 15,207,017
General Obligation Serial Bonds - WVWA	1,870,000	-	925,000	945,000	945,000
Add: Bond Premiums	15,621,708	-	1,227,435	14,394,273	1,213,372
Subtotal General Obligation Serial Bonds	228,399,358	-	16,839,844	211,559,514	17,365,389
 VPSA School Bonds	 11,414,712	 -	 2,085,619	 9,329,093	 2,104,201
Bond Anticipation Note	-	10,135,000	-	10,135,000	-
Lease Liabilities	2,747,891	-	1,229,037	1,518,854	894,833
Subscription Liabilities	-	713,029	144,906	568,123	137,088
Claims Payable	14,453,690	19,069,044	19,755,506	13,767,228	3,449,228
Compensated Absences Payable	8,601,128	10,399,259	9,227,915	9,772,472	6,393,151
Subtotal Governmental-type Activities	<u>\$ 265,616,779</u>	<u>\$ 40,316,332</u>	<u>\$ 49,282,827</u>	<u>\$ 256,650,284</u>	<u>\$ 30,343,890</u>

	Balance June 30, 2022	Increases	Decreases	Balance June 30, 2023	Amounts Due Within One Year
<u>Primary Government -</u>					
<u>Business-type Activities:</u>					
General Obligation Serial Bonds:					
General Obligation Serial Bonds	\$ 34,813,832	\$ -	\$ 2,762,583	\$ 32,051,249	\$ 2,938,869
Add: Bond Premiums	2,044,547	-	140,245	1,904,302	130,085
Subtotal General Obligation Serial Bonds	36,858,379	-	2,902,828	33,955,551	3,068,954
 Lease Liabilities	 34,057	 -	 10,859	 23,198	 11,067
Compensated Absences Payable	257,750	264,182	204,511	317,421	212,382
Subtotal Business-type Activities	<u>\$ 37,150,186</u>	<u>\$ 264,182</u>	<u>\$ 3,118,198</u>	<u>\$ 34,296,170</u>	<u>\$ 3,292,403</u>

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(9) Long-Term Liabilities (Continued)

Long-Term Debt Summary (Continued)

Business-Type Activities: (Continued)

<u>School Board Component Unit:</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>
Claims Payable	\$ 6,796,469	\$ 27,151,281	\$ 28,384,891	\$ 5,562,859
Compensated Absences	3,461,320	10,126,135	9,777,809	3,809,646
Notes and Leases Payable	16,237,327	2,868,198	1,861,824	17,243,701
Due to City	-	18,115,152	-	18,115,152
	<u>\$ 26,495,116</u>	<u>\$ 58,260,766</u>	<u>\$ 40,024,524</u>	<u>\$ 44,731,358</u>

Government activities' compensated absences, pension liabilities, other post-employment liabilities, and lease and subscription liabilities are general liquidated by the general fund.

School Board Component Unit

On December 6, 2019, the School Board entered into a \$17,000,000 lease purchase agreement with TD Equipment Finance, Inc. to purchase energy-saving equipment for the district. Bi-annual payments starting at \$136,000 including principal and interest at 2.14% will commence on December 1, 2020 and continue through June 1, 2035. Bi-annual principal payments will increase over the life of the lease as noted in the schedule of payments.

In 2023, the School Board implemented the guidance of GASB No. 96, *Subscription-Based Information technology Arrangements* (SBITAs), which establishes a single model for subscription accounting based on the principle that subscriptions are financings of right to use an underlying asset. The School Board is required to recognize a subscription liability and an intangible right-to-use subscription asset.

For the year ended June 30, 2023, the total liability for the note payable was \$14,958,000. Interest payments in fiscal year 2023 totaled \$334,455.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(9) Long-Term Liabilities (Continued)

Long-Term Debt Summary (Continued)

School Board Component Unit (Continued)

The annual requirements to amortize the Component Unit – School Board debt outstanding as of June 30, 2023, are as follows:

Fiscal Year	Notes Payable		Leases		Subscriptions		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023-24	\$ 956,000	\$ 314,987	\$ 259,729	\$ 28,312	\$ 544,141	\$ 26,930	\$ 1,759,870	\$ 370,229
2024-25	1,009,000	294,245	262,410	21,440	239,298	16,454	1,510,708	332,139
2025-26	1,056,000	274,401	266,367	14,429	210,196	9,683	1,532,563	298,513
2026-27	1,116,500	249,476	247,194	7,297	71,765	4,016	1,435,459	260,789
2027-28	1,152,000	225,396	140,140	1,564	44,461	2,141	1,336,601	229,101
2028-33	6,558,500	730,382	-	-	-	-	6,558,500	730,382
2033-35	3,110,000	84,107	-	-	-	-	3,110,000	84,107
	<u>\$14,958,000</u>	<u>\$ 2,172,994</u>	<u>\$ 1,175,840</u>	<u>\$ 73,042</u>	<u>\$1,109,861</u>	<u>\$ 59,224</u>	<u>\$17,243,701</u>	<u>\$ 2,305,260</u>

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

(10) Fund Balances/Net Position

Fund Balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on the general fund balance and other governmental funds balance are presented below:

	General Fund	Debt Service Fund	Special Revenue Fund	Capital Projects Fund
Nonspendable:				
Inventories and Prepaids	\$ 96,398	\$ 62,291	\$ -	\$ -
Total nonspendable	96,398	62,291	-	-
Restricted for:				
Future debt service payments	-	21,449	-	-
Grants	-	-	963,291	-
Unspent Bond Proceeds:	-	-	-	-
Education	-	-	-	331,581
Parks, Recreation and Cultural	-	-	-	703,209
Public Safety	-	-	-	751,714
Public Works	-	-	-	12,028,665
Total restricted	-	21,449	963,291	13,815,169
Committed to:				
Encumbrances:				
Community Development	346,944	-	-	191,639
General Government	834,540	-	-	2,437,616
Health & Welfare	30,137	-	-	-
Judicial Administration	2,170	-	-	71,160
Parks, Recreation and Cultural	79,549	-	-	2,841,884
Public Safety	655,202	-	-	117,347
Public Works	1,866,858	-	-	10,548,735
Total committed	3,815,400	-	-	16,208,381
Assigned to:				
Reserves	1,300,000	-	-	-
Stabilization	11,957,292	-	-	-
Future Capital Projects	10,376,985	-	-	8,779,475
Total assigned	23,634,277	-	-	8,779,475
Unassigned	42,474,741	-	-	-
Total fund balance	\$ 70,020,816	\$ 83,740	\$ 963,291	\$ 38,803,025

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(11) Pension and Deferred Compensation Plans

Summary of Pension Plans:

	Primary Government	Component Units
Net Pension Assets		
VRS – General Employee Plan	\$ -	\$ 1,422,568
Total	<u>\$ -</u>	<u>\$ 1,422,568</u>
Deferred Outflows of Resources		
City of Roanoke Pension Plan	\$ 108,007,257	\$ 1,870,273
VRS – General Employee Plan	6,128,655	263,536
VRS – Teacher Plan	<u>-</u>	<u>27,112,205</u>
Total	<u>\$ 114,135,912</u>	<u>\$ 29,246,014</u>
Net Pension Liability		
City of Roanoke Pension Plan	\$ 223,269,269	\$ 3,679,849
VRS – General Employee Plan	9,647,457	-
VRS – Teacher Plan	<u>-</u>	<u>92,947,701</u>
	<u>\$ 232,916,726</u>	<u>\$ 96,627,550</u>
Deferred Inflows of Resources		
City of Roanoke Pension Plan	\$ 1,633,797	\$ 117,781
VRS – General Employee Plan	2,537,080	169,273
VRS – Teacher Plan	<u>-</u>	<u>20,386,460</u>
	<u>\$ 4,170,877</u>	<u>\$ 20,673,514</u>
Net Pension Expense		
City of Roanoke Pension Plan	\$ 29,460,995	\$ 485,566
VRS – General Employee Plan	1,711,027	72,246
VRS – Teacher Plan	<u>-</u>	<u>4,045,750</u>
	<u>\$ 31,172,022</u>	<u>\$ 4,603,562</u>

City of Roanoke Pension Plans

City employees participate in one of two 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.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(11) Pension and Deferred Compensation Plans (Continued)

City of Roanoke Pension Plans (Continued)

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
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(11) Pension and Deferred Compensation Plans (Continued)

City of Roanoke Pension Plan (Continued)

Plan Description (Continued)

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.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(11) Pension and Deferred Compensation Plans (Continued)

City of Roanoke Pension Plan (Continued)

Plan Description (Continued)

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, 2023, was 16.05%, which, when combined with the required employee contribution of 5%, totaled 21.05%. For fiscal year 2023, the total contribution rate of 21.05% 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 \$11,111,368 for fiscal year ended June 30, 2023.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(11) Pension and Deferred Compensation Plans (Continued)

City of Roanoke Pension Plan (Continued)

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

At June 30, 2023, the City reported a liability of \$223,269,269 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the Pension Plan relative to the projected contributions of all Pension Plan participating employers, actuarially determined. At June 30, 2023, the City's proportion was 89.90%, which was a decrease of 0.24% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the City recognized pension expense of \$29,460,995. 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, 2023, 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	\$ 9,707,492	\$ 1,268,097
Change in assumptions	58,673,740	-
Net difference between projected and actual earnings on pension plan investments	27,845,552	-
Change in proportion and differences between employer Contributions and proportionate shares of contributions	669,105	365,700
City contributions subsequent to the measurement date	11,111,368	-
Total	<u>\$ 108,007,257</u>	<u>\$ 1,633,797</u>

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(11) Pension and Deferred Compensation Plans (Continued)

City of Roanoke Pension Plan (Continued)

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

The City reported \$11,111,368 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, 2024. 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
2024	\$ 27,148,007
2025	25,442,376
2026	23,335,667
2027	19,336,042
2028	-
Thereafter	-

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2022, updated to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.50%, average, including inflation
Investment rate of return	7.00%, net of investment expenses
Cost of Living Adjustments	1.67% for eligible participants, based on 2/3 of assumed inflation

Mortality rates of pre-retirement and healthy annuitants were based on Pub-2010 table for both General Employees and Public Safety Employees, amount-weighted for males and females with generation mortality projection using Scale MP-2021. For Disabled, mortality rates were based on Pub-2010 table, for both General Disabled Employees and Public Safety Disabled Employees, amount weighted for males and females with generation mortality projection using Scale MP-2021. The actuarial results were developed based on the last actuarial experience study which was performed June 30, 2021.

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

(11) Pension and Deferred Compensation Plans (Continued)

City of Roanoke Pension Plan (Continued)

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 reflects 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:

	<u>Allocation Target</u>	<u>Weighted Contribution to Rate of Return</u>
U.S. Equity	48.0%	4.80%
International Equity	16.0	1.76
Real Estate	6.0	0.42
U.S. Fixed Income	30.0	1.50
	<u>100.0%</u>	<u>8.48%</u>

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 contributions would 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

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

	<u>1.00% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1.00% Increase (8.00%)</u>
City's net pension plan liability	\$ 296,367,251	\$ 223,269,269	\$ 162,444,538

Detailed information about the pension fund's fiduciary net position is available in a separately issued City of Roanoke Pension Plan ACFR. 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>.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(11) Pension and Deferred Compensation Plans (Continued)

VRS Defined Benefit Pension Plan

Plan Description

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

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

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

Employees Covered by Benefit Terms

As of the June 30, 2021 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	<u>163</u>
Inactive members:	
Vested inactive members	20
Non-vested inactive members	58
Inactive members active elsewhere in VRS	<u>86</u>
Total inactive members	327
Active members	<u>200</u>
Total covered employees	<u><u>527</u></u>

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(11) Pension and Deferred Compensation Plans (Continued)

VRS Defined Benefit Pension Plan (Continued)

Contributions

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

The political subdivision's contractually required contribution rate for the year ended June 30, 2023, was 22.01% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 \$2,121,173 and \$1,626,093 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Liability

The net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021 rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions

The total pension liability for General Employees and Public Safety employees with Hazardous Duty Benefits in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

Inflation	2.50%
General Employees – Salary increases, including inflation	3.50 – 5.35%
Public Safety Employees with hazardous duty benefits – Salary increases, including inflation	3.50 – 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(11) Pension and Deferred Compensation Plans (Continued)

VRS Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (Continued)

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 45% to 70% of deaths are assumed to be service related. Mortality is projected using the applicable Pub-2010 Mortality Table with various set backs or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Updated mortality table; adjusted retirement rates; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; no change to disability rates; no change to salary scale; no change to line of duty disability; and no change to discount rate.

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Updated mortality table; adjusted retirement rate to better fit experience and increased final retirement age to 70; decreased rates of withdrawal; no change to disability rates; no changes to salary scale; no change to line of duty disability; and no change to discount rate.

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

(11) Pension and Deferred Compensation Plans (Continued)

VRS Defined Benefit Pension Plan (Continued)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00 %	5.71 %	1.94 %
Fixed Income	15.00	2.04	0.31
Credit Strategies	14.00	4.78	0.67
Real Assets	14.00	4.47	0.63
Private Equity	14.00	9.73	1.36
MAPS – Multi-Asset Public Strategies	6.00	3.73	0.22
PIP – Private Investment Partnership	3.00	6.55	0.20
Total	100.00 %		5.33 %
		Inflation	2.50 %
		*Expected arithmetic nominal return	7.83 %

- * The above allocation provides for a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

(11) Pension and Deferred Compensation Plans (Continued)

VRS Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in the FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. From July 1, 2022, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2021	\$ 77,155,567	\$ 75,462,405	\$ 1,693,162
Changes for the year:			
Service cost	1,426,161	-	1,426,161
Interest	5,143,430	-	5,143,430
Differences between expected and actual experience	3,381,250	-	3,381,250
Contributions – employer	-	1,609,437	(1,609,437)
Contributions – employee	-	465,622	(465,622)
Net investment income	-	(32,704)	32,704
Benefit payments, including refunds of employee contributions	(4,765,524)	(4,765,524)	-
Administrative expenses	-	(47,517)	47,517
Other changes	-	1,708	(1,708)
Net changes	5,185,317	(2,768,978)	2,416,339
Balances at June 30, 2022	\$ 82,340,884	\$ 72,693,427	\$ 9,647,457

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(11) Pension and Deferred Compensation Plans (Continued)

VRS Defined Benefit Pension Plan (Continued)

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

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

	<u>1.00% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1.00% Increase (7.75%)</u>
Political subdivision's net pension liability	\$ 20,238,910	\$ 9,647,457	\$ 906,647

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

For the year ended June 30, 2023, the political subdivision recognized pension expense of \$1,711,027. At June 30, 2023, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,570,399	\$ 303,362
Change in assumptions	1,437,083	-
Net difference between projected and actual earnings on pension plan investments	-	2,233,718
Employer contributions subsequent to the measurement date	<u>2,121,173</u>	<u>-</u>
Total	<u>\$ 6,128,655</u>	<u>\$ 2,537,080</u>

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

(11) Pension and Deferred Compensation Plans (Continued)

VRS Defined Benefit Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The \$2,121,173 reported as deferred outflows of resources related to pensions resulting from the political subdivision'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, 2024. 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 Ended June 30,	Increase/ (Reduction) to Pension Expense
2024	\$ 400,556
2025	415,041
2026	(489,856)
2027	1,144,661
2028	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2022 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

School Board Component Unit Plans

VRS 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.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(11) Pension and Deferred Compensation Plans (Continued)

School Board Component Unit Plans (Continued)

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.

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

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

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

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

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.

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

(11) Pension and Deferred Compensation Plans (Continued)

School Board Component Unit Plans (Continued)

Long-Term Expected Rate of Return (Continued)

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00 %	5.71 %	1.94 %
Fixed Income	15.00	2.04	0.31
Credit Strategies	14.00	4.78	0.67
Real Assets	14.00	4.47	0.63
Private Equity	14.00	9.73	1.36
MAPS – Multi-Asset Public Strategies	6.00	3.73	0.22
PIP – Private Investment Partnership	3.00	6.55	0.20
Total	100.00 %		5.33 %
		Inflation	2.50 %
		*Expected arithmetic nominal return	7.83 %

* The above allocation provides a one-year return of 7.83%. 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 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at the time, provided a median return of 7.11%, including expected inflation at 2.50%.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(11) Pension and Deferred Compensation Plans (Continued)

School Board Component Unit Plans (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, 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 for state and employee contributions, political subdivisions were also provided with an opportunity to use an alternate contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in the FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever is greater. From July 1, 2022 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.

Virginia Retirement System – Statewide Professional Cost-Sharing Pool

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required contribution rate for the year ended June 30, 2023, was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$17,455,716 and \$14,482,200 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$442.4 million to the VRS Teacher Employee Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act and is classified as a non-employer contribution.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(11) Pension and Deferred Compensation Plans (Continued)

Virginia Retirement System – Statewide Professional Cost-Sharing Pool (Continued)

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

At June 30, 2023, the School Board reported a liability of \$92,947,701 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of June 30, 2021. 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, 2021, and rolled forward to the measurement date, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the School Board's proportion was 0.97628% as compared to 0.98231% at June 30, 2021. For the year ended June 30, 2023, the School Board recognized pension expense of \$4,045,750. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2023, 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	\$ -	\$ 6,409,111
Change in assumptions	8,763,096	-
Net difference between projected and actual earnings on pension plan investments	-	12,118,434
Change in proportion and differences between employer contributions and proportionate share of contributions	893,393	1,858,915
Employer contributions subsequent to the measurement date	17,455,716	-
Total	<u>\$ 27,112,205</u>	<u>\$ 20,386,460</u>

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

(11) Pension and Deferred Compensation Plans (Continued)

Virginia Retirement System – Statewide Professional Cost-Sharing Pool (Continued)

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

The \$17,455,716 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, 2024. 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 Ended June 30,	Increase (Reduction) to Pension Expense
2024	\$ (3,652,756)
2025	(4,476,711)
2026	(7,955,916)
2027	5,355,412
2028	-
Thereafter	-

The components of the net pension liability as of June 30, 2022, were as follows:

Total net pension liability	\$ 53,381,141
Plan fiduciary net position	<u>45,211,731</u>
Net pension liability	<u>\$ 8,169,410</u>
Fiduciary net position as a percent of total net pension liability	84.70%

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(11) Pension and Deferred Compensation Plans (Continued)

Virginia Retirement System – Statewide Professional Cost-Sharing Pool (Continued)

Sensitivity of the School Board’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	<u>1.00% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1.00% Increase (7.75%)</u>
School division’s proportionate share of the VRS Teacher Employee Retirement plan net pension liability	<u>\$ 166,011,709</u>	<u>\$ 92,947,701</u>	<u>\$ 33,457,531</u>

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2022 ACFR. A copy of the 2022 VRS ACFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Virginia Retirement System – Nonprofessional Employees (Non-Teachers)

Employees Covered by Benefit Terms

As of the June 30, 2021 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	<u>25</u>
Inactive members:	
Vested inactive members	15
Non-vested inactive members	143
Inactive members active elsewhere in VRS	<u>19</u>
Total inactive members	177
Active members	<u>132</u>
Total covered employees	<u><u>334</u></u>

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(11) Pension and Deferred Compensation Plans (Continued)

Virginia Retirement System – Nonprofessional Employees (Non-Teachers) (Continued)

Contributions

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

The School Board's contractually required contribution rate for the year ended June 30, 2023, was 9.46% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 \$144,787 and \$100,737 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Asset

The political subdivision's net pension asset was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

(11) Pension and Deferred Compensation Plans (Continued)

Virginia Retirement System – Nonprofessional Employees (Non-Teachers) (Continued)

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances at June 30, 2021	\$ 3,936,515	\$ 5,864,474	\$ (1,927,959)
Changes for the year:			
Service cost	380,028	-	380,028
Interest	287,728	-	287,728
Changes of assumptions	-	-	-
Differences between expected and actual experience	130,110	-	130,110
Contributions – employer	-	100,742	(100,742)
Contributions – employee	-	208,626	(208,626)
Net investment income	-	(13,490)	13,490
Benefit payments, including refunds of employee contributions	(107,825)	(107,825)	-
Administrative expenses	-	(3,545)	3,545
Other changes	-	142	(142)
Net changes	690,041	184,650	505,391
Balances at June 30, 2022	\$ 4,626,556	\$ 6,049,124	\$ (1,422,568)

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
School division's net pension asset	\$ (694,846)	\$ (1,422,568)	\$ (1,992,689)

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(11) Pension and Deferred Compensation Plans (Continued)

Virginia Retirement System – Nonprofessional Employees (Non-Teachers) (Continued)

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

For the year ended June 30, 2022, the political subdivision recognized pension expense of \$72,246. At June 30, 2023, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 118,749	\$ -
Change in assumptions	-	17,327
Net difference between projected and actual earnings on pension plan investments	-	151,946
Employer contributions subsequent to the measurement date	144,787	-
Total	<u>\$ 263,536</u>	<u>\$ 169,273</u>

The \$144,787 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, 2024. 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 Ended June 30,	Increase/ (Reduction) to Pension Expense
2024	\$ (2,311)
2025	(25,666)
2026	(105,752)
2027	83,205
2028	-
Thereafter	-

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(11) Pension and Deferred Compensation Plans (Continued)

City of Roanoke Pension Plan (School Board Participants)

Plan Description

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

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 was calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
Net pension liability	\$ 4,884,626	\$ 3,679,849	\$ 2,677,357

At June 30, 2022, the Schools reported a liability of \$3,679,849 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, 2022, 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, 2022, relative to the total of the actuarially determined employer contributions for the City Plan's participating employers.

At June 30, 2023, the School Board's proportion was 1.48177% as compared to 1.55055% at June 30, 2022.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(11) Pension and Deferred Compensation Plans (Continued)

City of Roanoke Pension Plan (School Board Participants) (Continued)

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

For the year ended June 30, 2023, the School Board recognized pension expense of \$485,566. 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, 2023, 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	\$ 159,996	\$ 20,900
Change in assumptions	967,041	-
Net difference between projected and actual earnings on pension plan investments	555,822	-
Change in proportion and differences between employer contributions and proportionate share of contributions	-	96,881
Employer contributions subsequent to the measurement date	187,414	-
Total	<u>\$ 1,870,273</u>	<u>\$ 117,781</u>

\$187,414 is reported as deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Increase to Pension Expense
2024	\$ 442,949
2025	417,619
2026	385,820
2027	318,690
2028	-
Thereafter	-

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(11) Pension and Deferred Compensation Plans (Continued)

City of Roanoke Pension Plan (School Board Participants) (Continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2022, updated to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	2.75%, average, including inflation
Investment rate of return	7.25%, net of investment expenses
Cost of living adjustments	1.5% 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 rates for males and females with generation mortality projection using Scale AA. For people with disabilities, mortality rates were based on 70% of PBGC Disabled Mortality Table 5A for males and 90% of PBGC Disabled Mortality Table 6A for females.

Investment Rate of Return

The long-term expected rate of return on Pension Plan investments was determined using projected long-term rates of returns developed for each asset class. The expected long-term rate of return for each asset class as weighted by the Investment Policy target asset allocation was used, to derive the overall expected rate of return for the portfolio. The following table reflects 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 Contribution to Rate of Return
U.S. Equity	48.0%	4.80%
International Equity	16.0	1.76
Real Estate	6.0	0.42
U.S. Fixed Income	30.0	1.50
	<u>100.0%</u>	<u>8.48%</u>

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
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(12) Other Postemployment Benefit Plans

Summary of Other Postemployment Benefits Plans

	Primary Government	Component Units
Net OPEB Assets		
VRS Health Insurance Credit	\$ -	\$ 20,497
Total	<u>\$ -</u>	<u>\$ 20,497</u>
Deferred Outflows of Resources		
Post-Retirement Health Plan	\$ 3,748,996	\$ -
Line of Duty Benefits	276,354	-
VRS Health Insurance Credit	297,500	1,818,511
VRS Group Life Insurance	<u>956,417</u>	<u>1,379,138</u>
Total	<u>\$ 5,279,267</u>	<u>\$ 3,197,649</u>
Net OPEB Liability		
Post-Retirement Health Plan	\$ 5,750,802	\$ -
Line of Duty Benefits	897,045	-
VRS Health Insurance Credit	540,061	12,186,198
VRS Group Life Insurance	<u>4,290,037</u>	<u>5,372,197</u>
Total	<u>\$ 11,477,945</u>	<u>\$ 17,558,395</u>
Deferred Inflows of Resources		
Post-Retirement Health Plan	\$ 4,372,550	\$ -
Line of Duty Benefits	586,605	-
VRS Health Insurance Credit	30,019	866,990
VRS Group Life Insurance	<u>1,258,669</u>	<u>1,261,025</u>
Total	<u>\$ 6,247,843</u>	<u>\$ 2,128,015</u>
Net OPEB Expense		
Post-Retirement Health Plan	\$ 125,796	\$ -
Line of Duty Benefits	104,501	-
VRS Health Insurance Credit	54,675	885,595
VRS Group Life Insurance	<u>13,607</u>	<u>141,774</u>
Total	<u>\$ 298,579</u>	<u>\$ 1,027,369</u>

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(12) Other Postemployment Benefit Plans (Continued)

Primary Government – OPEB Employee’s Post Retirement Health Plan

Plan Description

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

Plan Membership

As of the June 30, 2022 actuarial valuation, plan membership was as follows:

	<u>2022</u>
Active Participants	1,586
Retired Participants	76
Spouses	<u>19</u>
Total Participants	<u><u>1,681</u></u>

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, 2023, the retirees contributed \$523,000 to the Plan for health insurance. The City contributed \$292,260 to a qualified trust as defined by GAAP for the year ended June 30, 2023. It is the City’s intent to fully fund the annual required contribution each year.

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

At June 30, 2023 the City reported a net OPEB liability of \$5,750,802. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

(12) Other Postemployment Benefit Plans (Continued)

Primary Government – OPEB Employee’s Post Retirement Health Plan (Continued)

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$125,796. 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, 2023, 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	\$ 228,212	\$ 4,293,171
Change in assumptions	2,884,290	-
Differences between expected and actual earnings on pension plan investments	264,856	-
Change in proportional share	79,378	79,379
City contributions and administrative expense subsequent to the measurement date	292,260	-
Total	<u>\$ 3,748,996</u>	<u>\$ 4,372,550</u>

The City reported \$292,260 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, 2024. 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,	Amount
2024	\$ (326,297)
2025	(258,159)
2026	(408,211)
2027	(136,919)
2028	(58,654)
Thereafter	272,426

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(12) Other Postemployment Benefit Plans (Continued)

Primary Government – OPEB Employee’s Post Retirement Health Plan (Continued)

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

The components of the net OPEB liability as of June 30, 2023, were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2021	\$ 10,098,324	\$ 7,038,687	\$ 3,059,637
Changes for the year:			
Service cost	249,673	-	249,673
Interest	703,780	-	703,780
Changes in experience	(1,458,041)	-	(1,458,041)
Changes in assumptions	3,365,005	-	3,365,005
Contributions – employer	-	839,000	(839,000)
Net investment income	-	(661,707)	661,707
Benefit payments	(588,000)	(588,000)	-
Administrative expenses	-	(8,041)	8,041
Net changes	2,272,417	(418,748)	2,691,165
Balances at June 30, 2022	\$ 12,370,741	\$ 6,619,939	\$ 5,750,802

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(12) Other Postemployment Benefit Plans (Continued)

Primary Government – OPEB Employee’s Post Retirement Health Plan (Continued)

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, 2022
Measurement Date	June 30, 2022
Valuation Method	Entry Age Actuarial Cost
Investment Rate of Return	7.00%
Long-term projected salary increase	None Assumed
Healthcare cost trend rates	A range of 7.50% in 2022 to 4.50% in 2028 and beyond
Pre-retirement mortality	The mortality table was updated from 125% of the RP-2000 Combined Healthy Mortality Table for males and females with generational mortality projection using Scale AA to Pub-2010 Public Retirement Plans General mortality table projected generationally with Scale MP-2021.
Post-retirement mortality	The mortality table was updated from 125% of the RP-2000 Combined Healthy Mortality Table for males and females with generational mortality projection using Scale AA to Pub-2010 Public Retirement Plans General mortality table projected generationally with Scale MP-2021.
Disabled mortality	The mortality table was updated from The SOA RP-2014 Adjusted to 2006 Disabled Retiree Mortality Table with base rates only to Pub-2010 Public Retirement Plans General Disabled mortality table projected generationally with Scale MP-2021.

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.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(12) Other Postemployment Benefit Plans (Continued)

Primary Government – OPEB Employee’s Post Retirement Health Plan (Continued)

Rate of Return (Continued)

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:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Arithmetic Average Long-Term Real Return</u>	<u>Arithmetic Weight Average Long-Term Real Return</u>
Large Cap Equity (Domestic)	21.00 %	9.92 %	7.17 %	1.51 %
Small Cap Equity (Domestic)	10.00	11.36	8.61	0.86
International Equity (Developed)	13.00	10.81	8.06	1.05
Emerging Markets	5.00	12.08	9.33	0.47
Private Equity	10.00	13.33	10.55	1.06
Long/Short Equity	6.00	8.52	5.77	0.35
Core Bonds	5.00	5.33	2.58	0.13
Core Plus	11.00	5.64	2.89	0.32
Liquid Absolute Return	4.00	6.00	3.25	0.13
Core Real Estate	10.00	9.29	6.54	0.65
Opportunistic Real Estate	5.00	12.29	9.54	0.48
Total	<u>100.00 %</u>			7.01 %
			Inflation	<u>2.75</u>
		*Expected arithmetic nominal return		<u>9.76 %</u>

* The above allocation provides a one-year return of 9.76%, however, one-year returns do not take into account the volatility present in each of the asset classes.

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

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(12) Other Postemployment Benefit Plans (Continued)

Primary Government – OPEB Employee’s Post Retirement Health Plan (Continued)

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.

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 one percent lower or one percent higher:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Net OPEB liability	\$ 7,280,489	\$ 5,750,802	\$ 4,446,279

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 7.50% rate for 2022, decreasing to 4.50% in 2029 and also as calculated using rates one percent lower or one percent higher:

	1.00% Decrease (6.50%)	Current Healthcare Cost Trend Rate (7.50%)	1.00% Increase (8.50%)
Net OPEB liability	\$ 4,253,137	\$ 5,750,802	\$ 7,526,687

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(12) Other Postemployment Benefit Plans (Continued)

Primary Government – OPEB Employee’s Post Retirement Health Plan (Continued)

Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rates (Continued)

The City’s OPEB Plan does not issue a stand-alone financial report, therefore financial statements for this plan are as follows:

Assets	
Investments in Pooled Funds	\$ 6,619,939
Net Position, Restricted	<u>\$ 6,619,939</u>
Additions/Reductions	
Contributions from Employer	\$ 839,000
Investment Income	
Net Depreciation in Fair Value of Investments	(661,707)
Less: Investment Expense	<u>(8,041)</u>
Total	169,252
Deductions	
Benefit Payments	<u>588,000</u>
Change in Net Pension	(418,748)
Net Position, Beginning of Year	<u>7,038,687</u>
Net Position, End of Year	<u>\$ 6,619,939</u>

Primary Government – OPEB Line of Duty Benefits

Plan Description

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

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(12) Other Postemployment Benefit Plans (Continued)

Primary Government – OPEB Line of Duty Benefits (Continued)

Plan Membership

As of the July 1, 2022 actuarial valuation, plan membership was as follows:

	<u>2022</u>
Active Participants	683
Disabled	9
Spouses	8
Dependent Children	<u>9</u>
	<u><u>709</u></u>

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, 2023, members of the plan did not contribute. The City did not contribute to the Line of Duty plan for death benefits and health insurance based on projected pay-as-you-go financing. It is the City's intent to fully fund the actuarially determined contribution each year.

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

At June 30, 2023 the City reported a Net OPEB liability of \$897,045. The net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(12) Other Postemployment Benefit Plans (Continued)

Primary Government – OPEB Line of Duty Benefits (Continued)

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$104,501. 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, 2023, 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	\$ -	\$ 586,605
Changes in assumptions	162,504	-
Net difference between projected and actual earnings on pension plan investments	110,441	-
City contributions and administrative fees subsequent to the measurement date	3,409	-
Total	<u>\$ 276,354</u>	<u>\$ 586,605</u>

The City reported \$3,409 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, 2024. 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
2024	\$ (63,235)
2025	(72,846)
2026	(90,170)
2027	20,575
2028	(75,985)
Thereafter	(31,999)

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(12) Other Postemployment Benefit Plans (Continued)

Primary Government – OPEB Line of Duty Benefits (Continued)

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

The components of the net OPEB liability as of June 30, 2023, were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2021	\$ 3,531,035	\$ 3,098,306	\$ 432,729
Changes for the year:			
Service cost	137,665	-	137,665
Interest	247,845	-	247,845
Changes in experience	(137,490)	-	(137,490)
Changes in assumptions	182,817	-	182,817
Contributions – employer	-	256,100	(256,100)
Net investment income	-	(285,752)	285,752
Benefit payments	(256,100)	(256,100)	-
Administrative expenses	-	(3,827)	3,827
Net changes	174,737	(289,579)	464,316
Balances at June 30, 2022	\$ 3,705,772	\$ 2,808,727	\$ 897,045

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(12) Other Postemployment Benefit Plans (Continued)

Primary Government – OPEB Line of Duty Benefits (Continued)

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, 2022
Measurement Date	June 30, 2022
Valuation Method	Entry Age Actuarial Cost
Investment Rate of Return	7.00%
Long-term projected salary increase	None Assumed
Healthcare cost trend rates	A range of 7.50% in 2022 to 4.50% in 2029 and beyond for Pre-Medicare and 5.75% in 2022 to 4.5% in 2029 and beyond for Post-Medicare.
Pre-retirement mortality	Pub-2010 Public Retirement Plans Safety mortality table projected generationally with Scale MP-2021.
Post-retirement mortality	Pub-2010 Public Retirement Plans Safety mortality table projected generationally with Scale MP-2021.
Disabled mortality	Pub-2010 Public Retirement Plans Safety mortality table projected generationally with Scale MP-2021.

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.

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

(12) Other Postemployment Benefit Plans (Continued)

Primary Government – OPEB Line of Duty Benefits (Continued)

Rate of Return (Continued)

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:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Arithmetic Average Long-Term Real Return</u>	<u>Arithmetic Weight Average Long-Term Real Return</u>
Large Cap Equity (Domestic)	21.00 %	9.92 %	7.17 %	1.51 %
Small Cap Equity (Domestic)	10.00	11.36	8.61	0.86
International Equity (Developed)	13.00	10.81	8.06	1.05
Emerging Markets	5.00	12.08	9.33	0.47
Private Equity	10.00	13.33	10.55	1.06
Long/Short Equity	6.00	8.52	5.77	0.35
Core Bonds	5.00	5.33	2.58	0.13
Core Plus	11.00	5.64	2.89	0.32
Liquid Absolute Return	4.00	6.00	3.25	0.13
Core Real Estate	10.00	9.29	6.54	0.65
Opportunistic Real Estate	5.00	12.29	9.54	0.48
Total	<u>100.00 %</u>			7.01 %
			Inflation	<u>2.75</u>
		*Expected arithmetic nominal return		<u>9.76 %</u>

* The above allocation provides a one-year return of 9.76%, however, one-year returns do not take into account the volatility present in each of the asset classes.

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.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(12) Other Postemployment Benefit Plans (Continued)

Primary Government – OPEB Line of Duty Benefits (Continued)

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 one percent lower or one percent higher:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Net OPEB liability	\$ 1,293,642	\$ 897,045	\$ 565,722

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 one percent lower or one percent higher:

	1.00% Decrease (6.50%)	Current Healthcare Cost Trend Rate (7.50%)	1.00% Increase (8.50%)
Net OPEB liability	\$ 531,449	\$ 897,045	\$ 1,334,724

Other Postemployment Benefits Liability – Virginia Retirement System Plans – Primary Government

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

Plan Descriptions

Group Life Insurance Program

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

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

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

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(12) Other Postemployment Benefit Plans (Continued)

Other Postemployment Benefits Liability – Virginia Retirement System Plans – Primary Government (Continued)

Plan Descriptions (Continued)

General Employee Health Insurance Credit Program

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

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the General Employee Health Insurance Credit Program:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>93</u>
Inactive members:	
Vested inactive members	<u>0</u>
Total inactive members	93
Active members	<u>200</u>
Total covered employees	<u><u>293</u></u>

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2021 (General Employee HIC Program and GLI Program). The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	<i>Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.</i>
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2023 Contribution	\$446,597
June 30, 2022 Contribution	\$422,658

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(12) Other Postemployment Benefit Plans (Continued)

Other Postemployment Benefits Liability – Virginia Retirement System Plans – Primary Government (Continued)

Contributions (Continued)

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act.

General Employee Health Insurance Credit Program

Governed by:	<i>Code of Virginia</i> 51.1-1402(E) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.
Total rate:	0.29% of covered employee compensation.
June 30, 2023 Contribution	\$55,021
June 30, 2022 Contribution	\$26,789

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

The net OPEB liabilities were measured as of June 30, 2022, and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the net OPEB liabilities, except for LODA, were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. LODA proportion was determined based on pay-as-you-go employer contributions instead of actuarially determined contributions.

Group Life Insurance Program

June 30, 2023 proportionate share of liability	\$4,290,037
June 30, 2022 proportion	0.3596%
June 30, 2021 proportion	0.3595%
June 30, 2023 expense	\$13,607

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

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(12) Other Postemployment Benefit Plans (Continued)

Other Postemployment Benefits Liability – Virginia Retirement System Plans – Primary Government (Continued)

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

General Employee Health Insurance Credit Program

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2021	\$ 461,750	\$ 206,716	\$ 255,034
Changes for the year:			
Service cost	6,086	-	6,086
Interest	31,579	-	31,579
Differences between expected and actual experience	235,440	-	235,440
Assumption changes	37,779	-	37,779
Contributions – employer	-	26,635	(26,635)
Net investment income	-	(359)	359
Administrative expenses	-	(419)	419
Net changes	310,884	25,857	285,027
Balances at June 30, 2022	\$ 772,634	\$ 232,573	\$ 540,061

In addition, for the year ended June 30, 2022, the City recognized OPEB expense of \$54,675 related to the General Employee Health Insurance Credit Program.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(12) Other Postemployment Benefit Plans (Continued)

Other Postemployment Benefits Liability – Virginia Retirement System Plans – Primary Government (Continued)

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

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Group Life Insurance Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 343,618	\$ 173,748
Change in assumptions	161,626	421,418
Net difference between projected and actual earnings on OPEB plan investments	-	269,872
Changes in proportion	4,576	393,631
Employer contributions subsequent to the measurement date	446,597	-
Total	<u>\$ 956,417</u>	<u>\$ 1,258,669</u>

General Employee Health Insurance Credit Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 242,479	\$ 26,616
Net difference between projected and actual earnings on OPEB plan investments	-	3,403
Employer contributions subsequent to the measurement date	55,021	-
Total	<u>\$ 297,500</u>	<u>\$ 30,019</u>

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(12) Other Postemployment Benefit Plans (Continued)

Other Postemployment Benefits Liability – Virginia Retirement System Plans – Primary Government (Continued)

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

The deferred outflows of resources related to OPEB 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future reporting periods as follows:

Group Life Insurance Program

Year Ended June 30,	Amount
2024	\$ (192,931)
2025	(169,574)
2026	(295,213)
2027	(32,291)
2028	(58,840)
Thereafter	-

General Employee Health Insurance Credit Program

Year Ending June 30,	Amount
2024	\$ 31,439
2025	31,302
2026	30,106
2027	36,730
2028	33,910
Thereafter	48,973

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

(12) Other Postemployment Benefit Plans (Continued)

Other Postemployment Benefits Liability – Virginia Retirement System Plans – Primary Government (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liabilities were determined using the following assumptions based on an actuarial valuation date of June 30, 2021, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

Inflation	2.50%
Salary increases, including inflation:	
• Locality – general employees	3.50 – 5.35%
• Locality – hazardous duty employees	3.50 – 4.75%
• Teachers	3.50 – 5.95%
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	5.25 – 4.75%
Investment rate of return, net of expenses, including inflation	GLI & HIC: 6.75%

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans.

Net OPEB Liabilities

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program
Total OPEB liability	\$ 3,672,085
Plan fiduciary net position	2,467,989
Employers' net OPEB liability	<u>\$ 1,204,096</u>
Plan fiduciary net position as a percentage of total OPEB liability	67.21%

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

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(12) Other Postemployment Benefit Plans (Continued)

Other Postemployment Benefits Liability – Virginia Retirement System Plans – Primary Government (Continued)

Group Life Insurance and Health Insurance Credit Programs

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00 %	5.71 %	1.94 %
Fixed Income	15.00	2.04	0.31
Credit Strategies	14.00	4.78	0.67
Real Assets	14.00	4.47	0.63
Private Equity	14.00	9.73	1.36
MAPS – Multi-Asset Public Strategies	6.00	3.73	0.22
PIP – Private Investment Partnership	3.00	6.55	0.20
Total	100.00 %		5.33 %
		Inflation	2.50 %
		*Expected arithmetic nominal return	7.83 %

- * The above allocation provides for a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11, including inflation of 2.50%.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(12) Other Postemployment Benefit Plans (Continued)

Other Postemployment Benefits Liability – Virginia Retirement System Plans – Primary Government (Continued)

Discount Rate

The discount rate used to measure the GLI and HIC OPEB liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2022, 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, 2020 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

	<u>1.00% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1.00% Increase (7.75%)</u>
GLI Net OPEB liability	\$ 6,241,895	\$ 4,290,037	\$ 2,711,909
General Employee HIC Net OPEB liability	\$ 619,852	\$ 540,061	\$ 472,565

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-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
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(12) Other Postemployment Benefit Plans (Continued)

School Board – Virginia Retirement System Plans

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

Plan Descriptions

Group Life Insurance Program

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

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

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

Teacher Employee Health Insurance Credit Program

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

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

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

General Employee Health Insurance Credit Program

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

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(12) Other Postemployment Benefit Plans (Continued)

School Board – Virginia Retirement System Plans (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the General Employee Health Insurance Credit Program:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>3</u>
Total inactive members	3
Active members	<u>132</u>
Total covered employees	<u><u>135</u></u>

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2021. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	<i>Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.</i>
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2023 Contribution	\$640,350
June 30, 2022 Contribution	\$556,922

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(12) Other Postemployment Benefit Plans (Continued)

School Board – Virginia Retirement System Plans (Continued)

Contributions (Continued)

Teacher Health Insurance Credit Program

Governed by:	<i>Code of Virginia 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.</i>
Total rate:	1.21% of covered employee compensation.
June 30, 2023 Contribution	\$1,342,346
June 30, 2022 Contribution	\$1,100,269

In June 2022, the Commonwealth made a special contribution of approximately \$12 million to the VRS Teacher Health Insurance Credit Program. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act and is classified as a non-employer contribution.

General Employee Health Insurance Credit Program

Governed by:	<i>Code of Virginia 51.1-1402(E) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.</i>
Total rate:	1.12% of covered employee compensation.
June 30, 2023 Contribution	\$6,011
June 30, 2022 Contribution	\$3,815

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

The net OPEB liabilities were measured as of June 30, 2022 and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the net OPEB liabilities were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(12) Other Postemployment Benefit Plans (Continued)

School Board – Virginia Retirement System Plans (Continued)

Group Life Insurance Program

	<u>Teacher GLI</u>	<u>Non-Teacher GLI Plan 1</u>	<u>Non-Teacher GLI Plan 2</u>
June 30, 2023 proportionate share of liability	\$ 5,033,725	\$ 264,179	\$ 74,293
June 30, 2022 proportion	0.41805%	0.02194%	0.00617%
June 30, 2021 proportion	0.42121%	0.02165%	0.00669%
June 30, 2023 expense (income)	\$ 140,434	\$ 20,997	\$ (19,657)

Teacher Health Insurance Credit Program

June 30, 2023 proportionate share of liability	\$ 12,186,198
June 30, 2022 proportion	0.97564%
June 30, 2021 proportion	0.98229%
June 30, 2023 expense	\$ 914,040

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

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(12) Other Postemployment Benefit Plans (Continued)

School Board – Virginia Retirement System Plans (Continued)

General Employee Health Insurance Credit Program

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) – (b)
Balances at June 30, 2021	\$ 50,297	\$ 90,985	\$ (40,688)
Changes for the year:			
Service cost	3,178	-	3,178
Interest	3,605	-	3,605
Changes in benefit terms	31,151	-	31,151
Assumption changes	(13,471)	-	(13,471)
Differences between expected and actual experience	551	-	551
Contributions – employer	-	5,613	(5,613)
Net investment income	-	(36)	36
Benefit payments	(141)	(141)	-
Administrative expenses	-	(171)	171
Other changes	-	(583)	583
Net changes	24,873	4,682	20,191
Balances at June 30, 2022	\$ 75,170	\$ 95,667	\$ (20,497)

For the year ended June 30, 2022, the School Board recognized OPEB revenue of \$28,445 related to the General Employee Health Insurance Credit Program.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(12) Other Postemployment Benefit Plans (Continued)

School Board – Virginia Retirement System Plans (Continued)

At June 30, 2023 the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following sources:

Group Life Insurance Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 425,411	\$ 215,519
Change in assumptions	200,374	523,273
Net difference between projected and actual earnings on OPEB plan investments	-	335,683
Changes in proportion	113,003	186,550
Employer contributions subsequent to the measurement date	640,350	-
Total	<u>\$ 1,379,138</u>	<u>\$ 1,261,025</u>

Teacher Health Insurance Credit Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 496,729
Change in assumptions	356,021	31,120
Net difference between projected and actual earnings on OPEB plan investments	-	12,232
Changes in proportion	110,972	305,792
Employer contributions subsequent to the measurement date	1,342,346	-
Total	<u>\$ 1,809,339</u>	<u>\$ 845,873</u>

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(12) Other Postemployment Benefit Plans (Continued)

School Board – Virginia Retirement System Plans (Continued)

General Employee Health Insurance Credit Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,585	\$ 5,873
Change in assumptions	576	13,237
Net difference between projected and actual earnings on OPEB plan investments	-	2,007
Employer contributions subsequent to the measurement date	6,011	-
Total	<u>\$ 9,172</u>	<u>\$ 21,117</u>

The deferred outflows of resources related to OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Group Life Insurance Program

Year Ending June 30,	Amount
2024	\$ (125,186)
2025	(107,618)
2026	(284,429)
2027	42,986
2028	(47,990)
Thereafter	-

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(12) Other Postemployment Benefit Plans (Continued)

School Board – Virginia Retirement System Plans (Continued)

Teacher Health Insurance Credit Program

Year Ending June 30,	Reduction to OPEB Expense
2024	\$ (97,049)
2025	(92,287)
2026	(78,024)
2027	(19,923)
2028	(38,144)
Thereafter	(53,453)

General Employee Health Insurance Credit Program

Year Ending June 30,	Reduction to OPEB Expense
2024	\$ (3,928)
2025	(3,795)
2026	(3,901)
2027	(1,858)
2028	(2,678)
Thereafter	(1,796)

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(12) Other Postemployment Benefit Plans (Continued)

School Board – Virginia Retirement System Plans (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2021, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

Inflation	2.50%
Salary increases, including inflation:	
• Locality – general employees	3.50 – 5.35%
• Teachers	3.50 – 5.95%
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	5.25 – 4.75%
Investment rate of return, net of expenses, including inflation	GLI & HIC: 6.75%

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 11.

Net OPEB Liabilities

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2022, net OPEB liability amounts for the various VRS OPEB programs are as follows:

	<u>Group Life Insurance Program</u>	<u>Teacher Employee HIC OPEB Plan</u>
Total OPEB liability	\$ 3,672,085,295	\$ 1,470,891,106
Plan fiduciary net position	<u>2,467,988,880</u>	<u>221,844,577</u>
Employers' net OPEB liability	<u>\$ 1,204,096,415</u>	<u>\$ 1,249,046,529</u>
Plan fiduciary net position as a percentage of total OPEB liability	67.21%	15.08%

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

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(12) Other Postemployment Benefit Plans (Continued)

School Board – Virginia Retirement System Plans (Continued)

Long-Term Expected Rate of Return

Group Life Insurance and Health Insurance Credit Programs

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00 %	5.71 %	1.94 %
Fixed Income	15.00	2.04	0.31
Credit Strategies	14.00	4.78	0.67
Real Assets	14.00	4.47	0.63
Private Equity	14.00	9.73	1.36
MAPS – Multi-Asset Public Strategies	6.00	3.73	0.22
PIP – Private Investment Partnership	3.00	6.55	0.20
Total	100.00 %		5.33 %
		Inflation	2.50 %
		*Expected arithmetic nominal return	7.83 %

- * The above allocation provides for a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11, including inflation of 2.50%.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(12) Other Postemployment Benefit Plans (Continued)

School Board – Virginia Retirement System Plans (Continued)

Discount Rate

The discount rate used to measure the GLI and HIC OPEB liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2022, 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, 2020 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

	<u>1.00% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1.00% Increase (7.75%)</u>
GLI Net OPEB Liability	\$ 7,817,175	\$ 5,372,197	\$ 3,396,320
Teacher HIC Net OPEB Liability	13,733,985	12,186,198	10,874,178
General Employee HIC Net OPEN Asset	<u>(9,941)</u>	<u>(20,497)</u>	<u>(29,114)</u>
	<u>\$ 21,541,219</u>	<u>\$ 17,537,898</u>	<u>\$ 14,241,384</u>

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report. A copy of the 2022 VRS Annual Comprehensive Financial Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-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

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

(13) 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. 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.

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 judgment if sued up to limits of policy of \$1,000,000.

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

Included in long-term liabilities at June 30, 2023 were claims payables of \$13,767,228 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 13 years.

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

	<u>2022-2023</u>	<u>2021-2022</u>
Claims liability at July 1	\$ 14,453,690	\$ 14,951,034
Claims incurred	19,069,044	13,917,667
Claims payments	<u>(19,755,506)</u>	<u>(14,415,011)</u>
Claims liability at June 30	<u>\$ 13,767,228</u>	<u>\$ 14,453,690</u>

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(13) Risk Management (Continued)

Surety Bond coverage is as follows:

Company:	Amount:
<u>Travelers Property Casualty Insurance Company:</u>	
Public Employee Pension/Crime/Dishonesty	\$ 1,000,000
<u>NGM Insurance Company:</u>	
Treasurer – Public Official Bond	1,000,000
<u>Self-insurance program through Commonwealth of Virginia</u> <u>Division of Risk Management</u>	
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

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.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(13) Risk Management (Continued)

The City is also the recipient of two large settlements. The City received \$3.6 million from the Commonwealth of Virginia as part of a \$80 million settlement agreement with Monsanto Company for environmental contamination in the Commonwealth. The proceeds from the settlement are recorded in the Stormwater Fund. The City is also receiving an estimated \$1.7 million in opioid settlement funds as part of a national opioid litigation against the three largest pharmaceutical distributors. The City recorded \$1.6 million as deferred inflow in the Special Revenue Fund. On the Statement of Activities, the City recorded the full amount of the estimate as revenue in 2023.

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 schools' 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.

The School Board has general liability, vehicular liability, and property insurance coverages through commercial insurers through the Virginia Municipal Liability Pool.

The School Board is self-insured for health insurance claims. The following table shows the activity in the account for the past two years.

	<u>2022-2023</u>	<u>2021-2022</u>
Claims liability at July 1	\$ 6,796,469	\$ 4,237,368
Claims incurred	27,151,281	28,048,157
Claims payments	<u>(28,384,891)</u>	<u>(25,489,056)</u>
Claims liability at June 30	<u>\$ 5,562,859</u>	<u>\$ 6,796,469</u>

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

(14) Tax Abatements

As of June 30, 2023, the City provides tax abatements through four programs:

Tax Abatement Programs	Taxes Abated for FY 2023
Real Estate Rehabilitation Abatements	\$ 1,555,825
Solar Energy Equipment, Facilities, and Devices Exemption	\$ 3,902
Energy Efficient Buildings Special Rate	\$ 4,228
Economic Development Grants	\$ 847,397

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

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

Program Application Fees:

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

*per principle structure in application

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(14) Tax Abatements (Continued)

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. Lastly, residential and non-residential (Commercial/mixed use) buildings must be constructed prior to January 1, 1970.
4. A partial real property tax exemption for residential and commercial properties in redevelopment and conservation areas, as well as rehabilitation districts, to encourage the construction of new structures or other improvements.
5. The following timelines on Real Estate Tax Abatement durations will apply to those granted herein as follows:
 - a. Five years for eligible buildings city-wide;
 - b. Seven years for eligible buildings located within the H-1 and H-2 local historic districts;
 - c. Seven years for eligible buildings located within a designated redevelopment, rehabilitation or conservation district

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

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

6. The exemption provided in this division shall not apply when any existing structure is demolished or razed and a replacement structure is constructed, unless the assessed value of the existing structure is less than \$10,000. The replacement structure must be in a single-family residence, and it must have an assessed value of at least 120% of the median value of other dwelling units in the neighborhood, as determined by the director of real estate valuation. Such exemption shall not apply when the structure to be demolished is a Virginia registered landmark, or is determined by the Division of Historic Resources to contribute to the significance of a registered historic district.

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

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(14) Tax Abatements (Continued)

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, 2023, 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, 2023, were between 50 and 75% of the local tax revenues generated from applicable projects.

(15) 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, 2023, the City remitted approximately \$844,331 to BRBH. Financial statements may be obtained from Blue Ridge Behavioral Healthcare, 611 McDowell Avenue, Roanoke, Virginia 24016.

Hotel Roanoke Conference Center Commission

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

The intention of the HRCCC is to be self-supporting through its user fees. The City and Virginia Tech share equally in any operating deficit or if additional funding is needed for capital expenditures. The City has no equity interest in the HRCCC; however, as previously mentioned, additional funding or subsidies may be necessary to support ongoing operations. For the fiscal year ended June 30, 2023, 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.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(15) Joint Ventures (Continued)

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, 2023, the City remitted \$334,605 to Roanoke Valley Broadband Authority for bond payments and \$298,072 for its commitment for the broadband project. Financial statements may be obtained from Roanoke Valley Broadband Authority, 601 South Jefferson Street, Suite 110, Roanoke, Virginia 24011.

Roanoke Valley Regional Fire-EMS Training Center

The City, along with the County of Roanoke, City of Salem, and Town of Vinton, jointly operate a Fire-EMS training center (Center). The Center is governed by a committee of eight members, 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, 2023, the City paid \$39,000 of the total annual operating costs. 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, 2023, the City remitted \$2,719,332 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, 2023, the City's share was 58% on debt payments and 58.7% for operation, and the City remitted approximately \$1,411,037 for its share of RCACP expenses.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(15) Joint Ventures (Continued)

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 ended June 30, 2023, the City remitted \$29,176 for services and \$366,613 for capital reimbursements.

(16) Jointly Governed Organizations

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, 2023, the City remitted \$1,150,130 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 2023, the WVWA paid \$965,765 to the City in principal and interest payments on the bonds. As of June 30, 2023, the remaining principal balance of these bonds was \$945,000. 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 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, 2023, the City remitted \$32,500 to Virginia's First Regional Industrial Facility Authority.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(16) Jointly Governed Organizations (Continued)

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. Those 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, 2023, the City paid the Market Building Foundation Inc. \$300,000 for the annual operating contribution and equipment replacement services.

(17) 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, 2023, there were twelve series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$530.8 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, 2023, the City remitted \$9,726 to the Housing Authority.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(17) Related Organizations (Continued)

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.

(18) 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.

(19) New Accounting Standards

In April 2022, the GASB issued **Statement No. 99, Omnibus 2022**. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and subscriptions are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

CITY OF ROANOKE, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

(19) New Accounting Standards (Continued)

In June 2022, the GASB issued **Statement No. 100**, *Accounting Changes and Error Corrections*. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

In June 2022, the GASB issued **Statement No. 101**, *Compensated Absences*. This statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

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

(20) Subsequent Events

Management has evaluated subsequent events through March 27, 2024, the date the financial statements were available to be issued.

The City issued Series 2023 General Obligation Public Improvement Bonds in November 2023. The issuance is for governmental and business activities and totals \$32.8 million. The net proceeds of sale of the Bonds are being used to pay the costs of various public improvement projects of and for the City and to pay certain costs of issuance associated with the Bonds.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

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CITY OF ROANOKE, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year Ended June 30, 2023**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance from Final Budget Over/(Under)
Resources (Inflows):				
Local Taxes	\$ 227,499,600	\$ 233,166,600	\$ 236,692,813	\$ 3,526,213
Permits, Fees, and Licenses	1,087,000	1,087,000	1,413,767	326,767
Fines and Forfeitures	752,000	752,000	637,786	(114,214)
Rental Income	207,000	207,000	306,140	99,140
Investment Income	25,500	1,690,000	3,967,116	2,277,116
Intergovernmental	76,579,700	83,632,784	85,385,875	1,753,091
Charges for Services	17,629,200	18,262,580	18,992,808	730,228
Miscellaneous	1,009,000	1,018,000	1,025,112	7,112
Transfers from Other Funds	-	632,486	6,500	(625,986)
Amounts Available for Appropriation	\$ 324,789,000	\$ 340,448,450	\$ 348,427,917	\$ 7,979,467
Charges to Appropriations (Outflows):				
General Government				
City Treasurer	\$ 2,103,857	\$ 2,054,570	\$ 2,013,982	\$ (40,588)
Commissioner of the Revenue	1,613,028	1,580,694	1,580,693	(1)
City Council	32,550	23,989	23,988	(1)
City Council - Mayor Lea	35,389	38,472	38,471	(1)
City Council - Vice Mayor Cobb	39,530	40,289	40,288	(1)
City Council - Council Member - Price	39,530	14,826	14,824	(2)
City Council - Council Member - Bepitch	39,530	20,616	20,615	(1)
City Council - Council Member - Priddy	-	17,270	17,269	(1)
City Council - Council Member - Volosin	-	19,248	19,248	-
City Council - Council Member - White - Boyd	32,269	33,855	33,854	(1)
City Council - Council Member - Vivian Sanchez-Jones	31,101	33,712	33,711	(1)
City Council - Council Member - Stephanie Moon Reynolds	39,300	38,534	38,533	(1)
City Attorney	1,058,251	1,102,298	1,102,297	(1)
City Clerk	461,894	453,761	453,759	(2)
Municipal Auditing	861,704	1,100,988	1,062,702	(38,286)
Department of Finance	2,296,812	2,232,414	2,232,413	(1)
Real Estate Valuation	1,397,445	1,565,693	1,565,692	(1)
Board of Equalization	8,501	6,731	6,731	-
Electoral Board	1,066,765	682,070	682,068	(2)
City Manager	1,154,336	1,364,385	1,364,384	(1)
Citizen Engagement	755,413	567,007	567,006	(1)
Human Resources	1,956,344	2,082,558	2,051,357	(31,201)
Employee Health Services	902,174	1,123,023	1,123,023	-
Department of Management and Budget	650,483	839,129	838,851	(278)
Information Technology	5,173,917	4,195,566	4,191,078	(4,488)
DOT Capital Outlay	1,000,000	-	-	-
Purchasing	607,381	783,554	783,553	(1)
Risk Management	1,542,249	1,397,337	1,397,335	(2)
Environmental Management	400,137	467,246	467,244	(2)
Fleet Management - Op	4,977,161	5,771,712	5,771,712	-
Fleet Management - NonOp	2,450,569	2,995,151	2,995,150	(1)

(Continued)

The Notes to Required Supplementary Information is an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year Ended June 30, 2023**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance from Final Budget Over/(Under)
Charges to Appropriations (Outflows): (Continued)				
Judicial Administration				
Clerk of Circuit Court	\$ 1,881,786	\$ 1,803,957	\$ 1,803,956	\$ (1)
Juvenile and Domestic Relations Court Services	1,276,389	1,309,986	1,309,985	(1)
Juvenile and Domestic Relations Court Clerk	50,920	49,521	49,521	-
Magistrates Office	5,057	5,287	5,287	-
General District Court	90,914	102,184	102,183	(1)
Circuit Court	531,188	516,515	516,514	(1)
Sheriff	3,375,455	3,987,440	3,987,438	(2)
Commonwealth's Attorney	1,987,297	1,949,782	1,949,781	(1)
Law Library	138,973	142,689	142,689	-
Public Safety				
Jail	\$18,069,744	\$18,433,431	\$18,433,428	(3)
E911	2,868,781	2,937,487	2,918,035	(19,452)
E911 - Wireless	734,999	227,530	227,529	(1)
E911/VA811 Shared Expenses	407,280	385,171	365,369	(19,802)
Fire - Administration	856,443	1,038,138	1,038,137	(1)
Fire - Support	2,425,083	2,011,949	2,011,948	(1)
Fire - Operations	19,112,629	23,112,676	23,112,675	(1)
Emergency Management	297,395	206,830	206,829	(1)
Development Services	2,817,786	1,470,225	1,470,224	(1)
Outreach Detention	327,361	332,132	331,068	(1,064)
Youth Haven I	402,402	266,589	266,588	(1)
Enhanced Community Services	82,401	61,438	61,436	(2)
Substance Abuse Services	67,335	83,196	83,195	(1)
Police - Administration	3,383,614	3,053,354	3,053,352	(2)
Police - Investigation	5,857,322	3,563,918	3,563,917	(1)
Police - Patrol	12,439,912	16,338,992	16,338,991	(1)
Police - Services	1,594,608	1,201,085	1,201,084	(1)
Police - Training	837,432	641,282	641,280	(2)
Police - RESET	87,544	183,120	183,119	(1)
Police - Animal Control	1,995,590	1,676,601	1,676,600	(1)
Radio Technology	611,965	695,636	650,904	(44,732)
Public Works				
Director of General Services	\$288,482	\$357,273	\$357,272	(1)
Custodial Services	844,618	863,249	862,720	(529)
Building Maintenance	4,720,143	5,681,088	5,681,087	(1)
Director of Public Works	169,580	28,979	28,978	(1)
Transportation - Streets and Traffic	5,727,104	5,630,426	5,528,185	(102,241)
Transportation - Paving Program	4,288,924	5,863,266	5,863,266	-
Transportation - Snow Removal	169,233	206,084	206,082	(2)
Transportation - Street Lighting	1,169,426	1,506,392	1,506,391	(1)
Solid Waste Management	6,492,257	6,888,459	6,888,457	(2)
Engineering	1,576,907	1,652,468	1,589,675	(62,793)

(Continued)

The Notes to Required Supplementary Information is an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year Ended June 30, 2023**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance from Final Budget Over/(Under)
Charges to Appropriations (Outflows): (Continued)				
Health and Welfare				
Human Services Support	\$ 293,935	\$ 418,449	\$ 378,448	\$ (40,001)
Health Department	1,323,558	1,273,004	1,273,004	-
Blue Ridge Behavioral Health Care	1,031,178	1,031,178	1,031,178	-
Human Services Committee	430,000	435,000	435,000	-
Social Services	26,469,664	27,760,377	27,756,199	(4,178)
Children's Services Act	13,755,687	16,948,431	16,948,430	(1)
Parks, Recreation and Cultural				
Roanoke Arts Commission	336,500	336,500	336,500	-
Landscape Management	868,077	830,213	830,211	(2)
Park Management	762,829	735,296	735,295	(1)
Parks & Recreation - Community Recreation	478,483	373,498	348,363	(25,135)
Parks & Recreation -Park Programming	693,147	613,652	613,652	-
Parks & Recreation -Outdoor Education	436,676	465,823	465,822	(1)
Parks & Recreation - Athletics	807,450	782,252	782,251	(1)
Youth Development	501,891	1,004,584	975,063	(29,521)
Greenways and Trails	326,636	340,089	340,088	(1)
Parks & Recreation - Administration	1,529,578	1,561,327	1,561,326	(1)
Libraries	4,037,524	4,151,823	4,151,822	(1)
Community Development				
Memberships and Affiliations	4,292,248	4,955,964	4,955,963	(1)
Economic Development	3,474,970	3,091,749	3,091,748	(1)
Community Services	324,397	1,255,245	1,255,244	(1)
Strategic Management & Administration	759,820	1,306,924	1,270,840	(36,084)
Virginia Cooperative Extension	82,449	109,840	87,882	(21,958)
Nondepartmental				
Residual Fringe Benefits	3,898,298	157,506	7,506	(150,000)
Transfers to Other Funds	7,137,940	10,152,566	8,831,416	(1,321,150)
Transfers to Debt Service Fund	13,054,384	14,052,374	14,052,374	-
Transfers to Component Units	94,315,309	97,954,470	97,954,470	-
Funding for Reserves	1,625,000	1,375,000	1,375,000	-
Contingency	(1,048,527)	1,964,148	1,000	(1,963,148)
Total Charges to Appropriations	324,789,000	344,549,805	340,593,101	(3,956,704)
Net Resources Over (Under) Expenditures	\$ -	\$ (4,101,355)	\$ 7,834,816	\$ 11,936,171

See Accompanying Note to Budgetary Comparison Schedule (RSI 2)

(Continued)

The Notes to Required Supplementary Information is an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year Ended June 30, 2023**

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/Inflows of Resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 348,427,917
Transfers from other funds are a budgetary resource, but not a revenue for financial reporting purposes (Exhibit E)	(6,500)
Total general fund revenues as reported on the statement of revenues, expenditures, and changes in fund balances (Exhibit E).	<u>348,421,417</u>

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 340,593,101
Transfers to other funds are outflows of budgetary resources, but are not expenditures for financial reporting purposes (Exhibit E).	(24,258,789)
Encumbrances for goods and services ordered but not received are reported in the year the orders are placed for budgetary purposes, but are reported in the year goods and services are received for GAAP purposes (Exhibit C).	(3,815,400)
Total general fund expenditures as reported on the statement of revenues, expenditures, and changes in fund balances (Exhibit E).	<u>\$ 312,518,912</u>

See Accompanying Note to Budgetary Comparison Schedule.

CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION NOTE TO BUDGETARY COMPARISON SCHEDULE – GENERAL FUND Year Ended June 30, 2023

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, \$18,532,998 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
INFRASTRUCTURE ASSETS UNDER MODIFIED APPROACH
Year Ended June 30, 2023**

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>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Training Walls	2	2	2	2	2	2
Bench Cuts	14	2.8	2.3	3	2.5	2

Comparison of Estimated to Actual Maintenance Costs

	<u>2019</u>	<u>2020</u>	<u>2021*</u>	<u>2022</u>	<u>2023</u>
Estimated	\$54,599	\$317,338	\$ 61,507	\$142,346	\$82,850
Actual	\$12,454	\$295,772	\$104,943	\$61,795	\$19,271

*Reflects costs associated with the study that is associated with flooding in relation to the Roanoke River Flood Reduction Project. Supporting information such GIS photos, surveys, and maps of the areas impacted are required for the completion of the project. The study was approximately \$22 thousand.

CITY OF ROANOKE, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PENSION CONTRIBUTIONS – CITY PLAN
Year Ended June 30, 2023**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 11,111,368	\$ 10,981,232	\$ 11,148,229	\$ 11,288,966	\$ 11,158,359	\$ 11,345,222	\$ 10,451,101	\$ 10,184,532	\$ 13,122,478	\$ 11,136,823
Contributions in Relation to Actuarially Determined Contribution	11,111,368	10,981,232	11,148,229	11,288,966	11,158,359	11,345,222	10,451,101	10,184,532	13,122,478	11,136,823
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 69,210,727	\$ 68,352,114	\$ 70,205,011	\$ 67,097,768	\$ 68,221,419	\$ 65,579,941	\$ 66,104,371	\$ 65,118,496	\$ 59,030,490	\$ 60,633,287
Contributions as a Percentage of Covered Payroll	16.05%	16.07%	15.88%	16.82%	16.36%	17.30%	15.81%	15.64%	22.23%	18.37%

Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year.

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.

CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY – CITY PLAN
Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's Proportion of Net Pension Liability	89.90%	89.66%	89.66%	89.19%	88.97%	88.53%	87.81%	86.73%	86.38%
City's Proportionate Share of Net Pension Liability	\$ 223,269,269	\$ 41,615,062	\$ 135,642,864	\$ 123,942,077	\$ 113,060,409	\$ 127,175,183	\$ 148,945,372	\$ 121,555,328	\$ 101,395,947
Covered Payroll	\$ 68,352,114	\$ 70,205,011	\$ 67,097,768	\$ 68,221,419	\$ 65,579,941	\$ 66,104,371	\$ 65,118,496	\$ 59,030,490	\$ 60,633,287
City's Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	326.65%	59.28%	202.16%	181.68%	172.40%	192.39%	228.73%	205.90%	167.23%
Plan Fiduciary Net Position as a Percentage of Total Net Pension Liability	63.67%	92.02%	73.69%	75.62%	77.32%	74.00%	68.70%	73.81%	77.23%

Schedule is intended to show information for 10 years. As 2015 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

The Notes to Required Supplementary Information are an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL BOARD PENSION CONTRIBUTIONS – CITY PLAN
Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 187,414	\$ 183,654	\$ 191,759	\$ 200,200	\$ 222,911	\$ 248,488	\$ 257,269	\$ 340,838	\$ 527,115
Contributions in Relation to Actuarially Determined Contribution	187,414	183,654	191,759	200,200	222,911	248,488	257,269	340,838	527,115
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,643,393	\$ 1,407,674	\$ 1,467,600	\$ 1,515,322	\$ 1,607,148	\$ 1,757,341	\$ 1,985,104	\$ 2,617,813	\$ 2,690,735
Contributions as a Percentage of Covered Payroll	11.40%	13.05%	13.07%	13.21%	13.87%	14.14%	12.96%	13.02%	19.59%

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.

CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL BOARD'S PROPORTIONATE SHARE OF NET PENSION LIABILITY – CITY PLAN
Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
School Board's Proportion of Net Pension Liability	1.48%	1.55%	1.59%	1.78%	1.95%	2.18%	2.94%	3.48%	3.63%
School Board's Proportionate Share of Net Pension Liability	\$ 3,679,849	\$ 715,812	\$ 2,405,192	\$ 2,476,003	\$ 2,476,295	\$ 3,130,602	\$ 4,984,640	\$ 4,882,739	\$ 4,256,291
Covered Payroll	\$ 1,407,674	\$ 1,467,600	\$ 1,515,322	\$ 1,607,148	\$ 1,757,341	\$ 1,985,100	\$ 1,985,104	\$ 2,690,735	\$ 3,005,980
School Board's Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	261.41%	48.77%	158.72%	154.06%	140.91%	157.71%	251.10%	181.46%	141.59%
Plan Fiduciary Net Position as a Percentage of Total Net Pension Liability	63.70%	92.00%	73.69%	75.62%	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.

CITY OF ROANOKE, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PENSION CONTRIBUTIONS – VRS
Year Ended June 30, 2023**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Determined Contribution	\$ 2,121,173	\$ 1,626,093	\$ 1,647,613	\$ 1,490,872	\$ 1,493,066	\$ 1,446,685	\$ 1,443,062	\$ 1,499,615	\$ 1,514,713
Contributions in Relation to Contractually Determined Contribution	2,121,173	1,626,093	1,647,613	1,490,872	1,493,066	1,446,685	1,443,062	1,499,615	1,514,713
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 9,365,727	\$ 9,180,121	\$ 9,346,540	\$ 9,571,771	\$ 8,994,376	\$ 8,842,818	\$ 8,761,712	\$ 8,537,263	\$ 8,650,983
Contributions as a Percentage of Covered Payroll	22.65%	17.71%	17.63%	15.58%	16.60%	16.36%	16.47%	17.57%	17.51%

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.

CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL BOARD'S PENSION CONTRIBUTIONS – VRS NON-PROFESSIONALS' PLAN
Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 144,787	\$ 100,737	\$ 96,613	\$ 109,376	\$ 109,254	\$ 98,135	\$ 93,497	\$ 126,073	\$ 126,993
Contributions in Relation to Contractually Determined Contribution	144,787	100,737	96,613	109,376	109,254	98,135	93,497	126,073	126,993
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 6,682,549	\$ 4,771,350	\$ 4,466,752	\$ 4,331,920	\$ 4,300,605	\$ 3,688,153	\$ 2,615,319	\$ 2,662,777	\$ 2,505,966
Contributions as a Percentage of Covered Payroll	2.17%	2.11%	2.16%	2.52%	2.54%	2.66%	3.57%	4.73%	5.07%

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.

The Notes to Required Supplementary Information are an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN CITY'S NET PENSION LIABILITY AND RELATED RATIOS – VRS
Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service Cost	\$ 1,426,161	\$ 1,493,366	\$ 1,419,883	\$ 1,347,664	\$ 1,337,903	\$ 1,348,893	\$ 1,380,941	\$ 1,312,849	\$ 1,333,127
Interest	5,143,430	4,768,599	4,631,232	4,539,086	4,339,444	4,195,752	4,042,340	3,859,768	3,680,676
Changes of Assumptions	-	2,654,951	-	2,014,530	-	(159,919)	-	-	-
Differences Between Expected and Actual Experience	3,381,250	(463,814)	(318,271)	(717,393)	430,539	(320,535)	(396,031)	101,336	-
Benefit Payments, Including Refunds of Employee Contributions	(4,765,524)	(3,886,896)	(3,508,646)	(3,325,626)	(3,186,070)	(2,836,839)	(2,834,452)	(2,497,107)	(2,413,588)
Net Change in Total Pension Liability	5,185,317	4,566,206	2,224,198	3,858,261	2,921,816	2,227,352	2,192,798	2,776,846	2,600,215
Total Pension Liability - Beginning	77,155,567	72,589,361	70,365,163	66,506,902	63,585,086	61,357,734	59,164,936	56,388,090	53,787,875
Total Pension Liability - Ending	\$ 82,340,884	\$ 77,155,567	\$ 72,589,361	\$ 70,365,163	\$ 66,506,902	\$ 63,585,086	\$ 61,357,734	\$ 59,164,936	\$ 56,388,090
Plan Fiduciary Net Position									
Contributions - Employer	\$ 1,609,437	\$ 1,639,152	\$ 1,582,180	\$ 1,490,872	\$ 1,444,142	\$ 1,439,698	\$ 1,499,615	\$ 1,514,713	\$ 1,460,269
Contributions - Employee	465,622	466,590	476,302	451,026	440,860	451,501	428,612	432,153	424,175
Net Investment Income (Loss)	(32,704)	16,484,646	1,159,696	3,869,084	4,102,791	6,147,715	872,926	2,245,173	6,752,670
Benefit Payments, Including Refunds of Employee Contributions	(4,765,524)	(3,886,896)	(3,508,646)	(3,325,626)	(3,186,070)	(2,836,839)	(2,834,452)	(2,497,107)	(2,413,588)
Administrative Expense	(47,517)	(41,627)	(39,947)	(38,781)	(35,783)	(35,693)	(31,738)	(30,828)	(36,491)
Other	1,708	1,548	(1,371)	(2,440)	(3,643)	(5,465)	(372)	(473)	356
Net Change in Plan Fiduciary Net Position	(2,768,978)	14,663,413	(331,786)	2,444,135	2,762,297	5,160,917	(65,409)	1,663,631	6,187,391
Plan Fiduciary Net position - Beginning	75,462,405	60,798,992	61,130,778	58,686,643	55,924,346	50,763,429	50,828,838	49,165,207	42,977,816
Plan Fiduciary Net Position - Ending	\$ 72,693,427	\$ 75,462,405	\$ 60,798,992	\$ 61,130,778	\$ 58,686,643	\$ 55,924,346	\$ 50,763,429	\$ 50,828,838	\$ 49,165,207
Total Net Pension Liability - Beginning	\$ 1,693,162	\$ 11,790,369	\$ 9,234,385	\$ 7,820,259	\$ 7,660,740	\$ 10,594,305	\$ 8,336,098	\$ 7,222,883	\$ 10,810,059
Total Net Pension Liability - Ending	\$ 9,647,457	\$ 1,693,162	\$ 11,790,369	\$ 9,234,385	\$ 7,820,259	\$ 7,660,740	\$ 10,594,305	\$ 8,336,098	\$ 7,222,883
Plan Fiduciary Net Position as a Percentage of Total Pension Liability									
Covered Payroll	88.28%	97.81%	83.76%	86.88%	88.24%	87.95%	82.73%	85.91%	87.19%
Net Pension Liability as a Percentage of Covered Payroll	\$ 9,180,121	\$ 9,346,540	\$ 9,571,771	\$ 8,994,376	\$ 8,842,818	\$ 8,761,712	\$ 8,537,263	\$ 8,650,983	\$ 8,430,964
	105.09%	18.12%	123.18%	102.67%	88.44%	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.

The Notes to Required Supplementary Information are an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL BOARD'S PENSION CONTRIBUTIONS – VRS TEACHERS' RETIREMENT PLAN
Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 17,455,716	\$ 14,482,200	\$ 13,896,958	\$ 12,870,331	\$ 12,653,417	\$ 12,842,165	\$ 11,471,695	\$ 11,164,143	\$ 11,825,296
Contributions in Relation to Contractually Determined Contribution	17,455,716	14,482,200	13,896,958	12,870,331	12,653,417	12,842,165	11,471,695	11,164,143	11,825,296
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 110,322,533	\$ 90,904,849	\$ 86,869,983	\$ 85,100,982	\$ 82,767,236	\$ 80,236,536	\$ 79,683,440	\$ 76,869,589	\$ 74,342,482
Contributions as a Percentage of Covered Payroll	15.82%	15.93%	16.00%	15.12%	15.29%	16.01%	14.40%	14.52%	15.91%

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.

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CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL BOARD'S PROPORTIONATE SHARE OF NET PENSION LIABILITY – TEACHERS' RETIREMENT PLAN
Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's Proportion of Net Pension Liability	0.98%	0.98%	0.97%	0.99%	0.99%	1.01%	1.01%	1.00%	0.98%
Employer's Proportionate Share of Net Pension Liability	\$ 92,947,701	\$ 76,257,682	\$ 141,329,284	\$ 129,942,187	\$ 116,773,000	\$ 123,985,000	\$ 141,324,000	\$ 125,881,000	\$ 118,679,000
Covered Payroll	\$ 90,904,849	\$ 86,962,725	\$ 85,100,982	\$ 82,767,236	\$ 80,236,536	\$ 79,683,440	\$ 76,869,589	\$ 74,342,482	\$ 71,721,119
Employer's Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	102.25%	87.69%	166.07%	157.00%	145.54%	155.60%	183.85%	169.33%	165.47%
Plan Fiduciary Net Position as a Percentage of Total Net Pension Liability	84.70%	85.46%	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

Schedule is intended to show information for 10 years. As 2015 was the first year of presentation, no other data is available. Additional years will be included as they become available.

CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL BOARD'S CHANGES IN NET PENSION ASSET AND RELATED RATIOS – VRS
Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service Cost	\$ 380,028	\$ 350,268	\$ 341,743	\$ 330,934	\$ 303,752	\$ 327,500	\$ 292,621	\$ 250,347	\$ 238,778
Interest	287,728	226,226	193,074	157,720	137,429	115,185	90,855	75,430	57,278
Changes in Assumptions	-	(55,829)	-	95,414	-	(95,226)	-	-	-
Differences Between Expected and Actual Experience	130,110	107,958	35,755	77,685	(108,492)	22,079	3,596	(71,963)	-
Benefit Payments, Including Refunds of Employee Contributions	(107,825)	(87,207)	(71,644)	(37,449)	(48,197)	(55,331)	(23,660)	(43,270)	(30,199)
Net Change in Total Pension Liability	690,041	541,416	498,928	624,304	284,492	314,207	363,412	210,544	265,857
Total Pension Liability - Beginning	3,936,515	3,395,099	2,896,171	2,271,867	1,987,375	1,673,168	1,309,756	1,099,212	833,355
Total Pension Liability - Ending	\$ 4,626,556	\$ 3,936,515	\$ 3,395,099	\$ 2,896,171	\$ 2,271,867	\$ 1,987,375	\$ 1,673,168	\$ 1,309,756	\$ 1,099,212
Plan Fiduciary Net Position									
Contributions - Employer	\$ 100,742	\$ 96,613	\$ 103,807	\$ 109,376	\$ 98,135	\$ 93,237	\$ 114,441	\$ 103,468	\$ 167,937
Contributions - Employee	208,626	198,042	195,784	195,963	169,352	164,828	145,769	131,040	112,035
Net Investment Income (Loss)	(13,490)	1,249,405	81,372	255,942	238,823	332,502	48,318	99,131	259,744
Benefit Payments, Including Refunds of Employee Contributions	(107,825)	(87,207)	(71,644)	(37,449)	(48,197)	(55,331)	(23,660)	(43,270)	(30,199)
Administrative Expense	(3,545)	(2,826)	(2,482)	(2,153)	(1,842)	(1,688)	(1,296)	(1,144)	(1,173)
Other	142	120	(99)	(164)	(222)	(306)	(19)	(21)	14
Net Change in Plan Fiduciary Net Position	184,650	1,454,147	306,738	521,515	456,049	533,242	283,553	289,204	508,358
Plan Fiduciary Net Position - Beginning	5,864,474	4,410,327	4,103,589	3,582,074	3,126,025	2,592,783	2,309,230	2,020,026	1,511,668
Plan Fiduciary Net Position - Ending	\$ 6,049,124	\$ 5,864,474	\$ 4,410,327	\$ 4,103,589	\$ 3,582,074	\$ 3,126,025	\$ 2,592,783	\$ 2,309,230	\$ 2,020,026
Total Net Pension Asset - Beginning	\$ (1,927,959)	\$ (1,015,228)	\$ (1,207,418)	\$ (1,310,207)	\$ (1,138,650)	\$ (919,615)	\$ (999,474)	\$ (920,814)	\$ (678,313)
Total Net Pension Asset - Ending	\$ (1,422,568)	\$ (1,927,959)	\$ (1,015,228)	\$ (1,207,418)	\$ (1,310,207)	\$ (1,138,650)	\$ (919,615)	\$ (999,474)	\$ (920,814)
Plan Fiduciary Net Position as a Percentage of Covered Pension Asset	130.75%	148.98%	129.90%	141.69%	157.67%	157.29%	154.96%	176.31%	183.77%
Covered Payroll	\$ 4,771,350	\$ 4,466,752	\$ 4,331,920	\$ 4,300,605	\$ 3,688,153	\$ 2,615,319	\$ 2,099,489	\$ 2,291,710	\$ 2,220,265
Net Pension Asset as a Percentage of Covered Payroll	(29.81%)	(43.16%)	(23.44%)	(28.08%)	(35.52%)	(43.54%)	(43.80%)	(43.61%)	(41.47%)

Schedule is intended to show information for 10 years. As 2015 was the first year of presentation, no other data is available. Additional years will be included as they become available.

The Notes to Required Supplementary Information are an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
Year Ended June 30, 2023

	City of Roanoke – OPEB Trust					
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2017</u>
Annual money weighted rate of return, net of investment expense	7.62%	-13.26%	30.05%	3.01%	4.67%	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.

CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S OPEB CONTRIBUTIONS – EMPLOYEE'S POST-RETIREMENT HEALTH PLAN
Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 808,000	\$ 479,000	\$ 808,000	\$ 1,023,000	\$ 976,000	\$ 898,000	\$ 947,000	\$ 1,071,000	\$ 982,000	\$ 957,000
Contributions in Relation to Actuarially Determined Contribution	808,000	479,000	808,000	1,023,000	976,000	898,000	947,000	1,071,000	982,000	957,000
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 78,431,560	\$ 76,894,042	\$ 79,460,497	\$ 75,773,316	\$ 75,773,316	\$ 73,943,000	\$ 73,167,000	\$ 71,512,000	\$ 69,346,000	\$ 70,052,000
Contributions as a Percentage of Covered Payroll	1.03%	0.62%	1.02%	1.35%	1.29%	1.21%	1.29%	1.50%	1.42%	1.37%

The Notes to Required Supplementary Information are an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S OPEB CONTRIBUTIONS – LINE OF DUTY BENEFITS
Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 253,600	\$ 180,200	\$ 228,800	\$ 222,500	\$ 204,200	\$ 334,900	\$ 328,000	\$ 367,100	\$ 370,900	\$ 349,100
Contributions in Relation to Actuarially Determined Contribution	253,600	180,200	228,800	222,500	204,200	334,900	328,000	367,100	370,900	349,100
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 40,236,105	\$ 35,090,473	\$ 33,268,489	\$ 35,283,151	\$ 33,943,700	\$ 34,133,600	\$ 33,524,900	\$ 33,268,489	\$ 32,577,300	\$ 33,055,600
Contributions as a Percentage of Covered Payroll	0.63%	0.51%	0.69%	0.63%	0.60%	0.98%	0.98%	1.10%	1.14%	1.06%

The Notes to Required Supplementary Information are an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS OPEB TRUST –
EMPLOYEES' POST -RETIREMENT HEALTH PLAN
Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Cost	\$ 249,673	\$ 293,635	\$ 370,617	\$ 339,171	\$ 314,967	\$ 307,511
Interest	703,780	834,791	949,632	925,050	840,955	852,459
Differences Between Expected and Actual Experience	(1,458,041)	(2,317,557)	(2,155,356)	(163,990)	798,742	(602,777)
Changes of Assumptions	3,365,005	-	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(588,000)	(689,000)	(768,000)	(793,000)	(762,000)	(696,000)
Net Change in Total OPEB Liability (Assets)	2,272,417	(1,878,131)	(1,603,107)	307,231	1,192,664	(138,807)
Total OPEB Liability - Beginning	10,098,324	11,976,455	13,579,562	13,272,331	12,079,667	12,218,474
Total OPEB Liability - Ending	\$ 12,370,741	\$ 10,098,324	\$ 11,976,455	\$ 13,579,562	\$ 13,272,331	\$ 12,079,667
Plan Fiduciary Net Position						
Contributions - Employer	\$ 839,000	\$ 808,000	\$ 1,023,000	\$ 976,000	\$ 898,000	\$ 947,000
Net Investment Income (Loss)	(661,707)	1,601,840	155,467	216,095	384,002	430,894
Benefit Payments, Including Refunds of Employee Contributions	(588,000)	(689,000)	(768,000)	(793,000)	(762,000)	(696,000)
Administrative Expense	(8,041)	(6,499)	(5,936)	(5,395)	(4,961)	(4,408)
Net Change in Plan Fiduciary Net Position	(418,748)	1,714,341	404,531	393,700	515,041	677,486
Plan Fiduciary Net position - Beginning	7,038,687	5,324,346	4,919,815	4,526,115	4,011,074	3,333,588
Plan Fiduciary Net position - Ending	\$ 6,619,939	\$ 7,038,687	\$ 5,324,346	\$ 4,919,815	\$ 4,526,115	\$ 4,011,074
Total Net OPEB Liability - Beginning	3,059,637	6,652,109	8,659,747	8,746,216	8,068,593	8,884,886
Total Net OPEB Liability - Ending	\$ 5,750,802	\$ 3,059,637	\$ 6,652,109	\$ 8,659,747	\$ 8,746,216	\$ 8,068,593
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	53.51%	69.70%	44.46%	36.23%	34.10%	33.21%
Covered Payroll	\$ 76,894,072	\$ 79,460,497	\$ 75,773,316	\$ 75,773,316	\$ 73,943,000	\$ 73,167,000
Net OPEB Liability as a Percentage of Covered Payroll	7.48%	3.85%	8.78%	11.43%	11.83%	11.03%

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.

The Notes to Required Supplementary Information are an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS OPEB TRUST – LINE OF DUTY ACT
Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Cost	\$ 137,665	\$ 134,425	\$ 127,731	\$ 105,329	\$ 161,651	\$ 149,688
Interest	247,845	239,306	236,788	236,984	284,709	266,113
Changes of Benefit Terms	-	-	-	-	(412,038)	-
Differences Between Expected and Actual Experience	(137,490)	(13,020)	(124,956)	(182,205)	(490,047)	(30,411)
Changes of Assumptions	182,817	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(256,100)	(227,800)	(192,800)	(177,800)	(161,700)	(101,700)
Net Change in Total OPEB Liability (Assets)	174,737	132,911	46,763	(17,692)	(617,425)	283,690
Total OPEB Liability - Beginning	3,531,035	3,398,124	3,351,361	3,369,053	3,986,478	3,702,788
Total OPEB Liability - Ending	\$ 3,705,772	\$ 3,531,035	\$ 3,398,124	\$ 3,351,361	\$ 3,369,053	\$ 3,986,478
Plan Fiduciary Net Position						
Contributions - Employer	\$ 256,100	\$ 228,800	\$ 222,500	\$ 204,200	\$ 334,900	\$ 328,000
Net Investment Income (Loss)	(285,752)	716,525	70,492	100,571	174,061	183,124
Benefit payments, including refunds of employee contributions	(256,100)	(227,800)	(192,800)	(177,800)	(161,700)	(101,700)
Administrative Expense	(3,827)	(3,197)	(3,037)	(2,822)	(2,504)	(2,137)
Net Change in Plan Fiduciary Net Position	(289,579)	714,328	97,155	124,149	344,757	407,287
Plan Fiduciary Net position - Beginning	3,098,306	2,383,978	2,286,823	2,162,674	1,817,917	1,410,630
Plan Fiduciary Net position - Ending	\$ 2,808,727	\$ 3,098,306	\$ 2,383,978	\$ 2,286,823	\$ 2,162,674	\$ 1,817,917
Total Net OPEB Liability - Beginning	432,729	1,014,146	1,064,538	1,206,379	2,168,561	2,292,170
Total Net OPEB Liability - Ending	\$ 897,045	\$ 432,729	\$ 1,014,146	\$ 1,064,538	\$ 1,206,379	\$ 2,168,561
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	75.79%	87.74%	70.16%	68.24%	64.19%	45.60%
Covered Payroll	\$ 35,090,473	\$ 33,268,489	\$ 35,283,151	\$ 33,943,700	\$ 34,133,600	\$ 33,524,900
Net OPEB Liability as a Percentage of Covered Payroll	2.56%	1.30%	2.87%	3.14%	3.53%	6.47%

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CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS VRS HEALTH INSURANCE CREDIT
Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Cost	\$ 6,086	\$ 5,560	\$ 5,452	\$ 5,183	\$ 5,416	\$ 5,836
Interest	31,579	30,381	28,456	26,787	25,772	25,637
Differences Between Expected and Actual Experience	235,440	(32,714)	(5,099)	6,868	6,681	-
Changes of Assumptions	37,779	8,716	-	10,417	-	(6,386)
Benefit Payments, Including Refunds of Employee Contributions	-	(570)	-	(20,719)	(26,022)	(20,294)
Net Change in Total OPEB Liability	310,884	11,373	28,809	28,536	11,847	4,793
Total OPEB Liability - Beginning	461,750	450,377	421,568	393,032	381,185	376,392
Total OPEB Liability - Ending	\$ 772,634	\$ 461,750	\$ 450,377	\$ 421,568	\$ 393,032	\$ 381,185
Plan Fiduciary Net Position						
Contributions - Employer	\$ 26,635	\$ 27,165	\$ 27,760	\$ 26,085	\$ 22,982	\$ 22,904
Net Investment Income	(359)	40,488	2,391	6,415	6,618	9,633
Benefit Payments, Including Refunds of Employee Contributions	-	(570)	-	(20,719)	(26,022)	(20,294)
Administrative Expense	(419)	(557)	(268)	(143)	(153)	(158)
Other	-	-	(1)	(8)	(480)	480
Net Change in Plan Fiduciary Net Position	25,857	66,526	29,882	11,630	2,945	12,565
Plan Fiduciary Net position - Beginning	206,716	140,190	110,308	98,678	95,733	83,168
Plan Fiduciary Net position - Ending	\$ 232,573	\$ 206,716	\$ 140,190	\$ 110,308	\$ 98,678	\$ 95,733
Total Net OPEB Liability - Beginning	255,034	310,187	311,260	294,354	285,452	293,224
Total Net OPEB Liability - Ending	\$ 540,061	\$ 255,034	\$ 310,187	\$ 311,260	\$ 294,354	\$ 285,452
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	30.10%	44.77%	31.13%	26.17%	25.11%	25.11%
Covered Payroll	\$ 9,180,121	\$ 9,361,803	\$ 9,571,771	\$ 9,586,952	\$ 9,000,883	\$ 8,761,712
Net OPEB Liability as a Percentage of Covered Payroll	5.88%	2.72%	3.24%	3.25%	3.27%	3.26%

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The Notes to Required Supplementary Information are an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS – VRS HEALTH INSURANCE CREDIT
Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>
Actuarially Determined Contribution	\$ 55,021	\$ 26,789
Contributions in Relation to Actuarially Determined Contribution	<u>55,021</u>	<u>26,789</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered Payroll	\$ 9,635,727	\$ 9,180,121
Contributions as a Percentage of Covered Payroll	0.57%	0.29%

Schedule is intended to show information for 10 years. 2022 is the first year of presenting the information. Additional years will be included as they become available.

CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET OPEB LIABILITY – VRS GROUP LIFE INSURANCE
Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018
City's Proportion of Net OPEB Liability	0.360%	0.359%	0.370%	0.414%	0.384%	0.401%
City's Proportionate Share of Net OPEB Liability	\$ 4,290,037	\$ 4,355,330	\$ 6,357,814	\$ 6,266,774	\$ 5,938,000	\$ 6,029,685
Covered Payroll	\$ 78,854,104	\$ 76,217,724	\$ 78,488,269	\$ 75,810,385	\$ 74,813,846	\$ 73,908,260
City's Proportionate Share of Net OPEB Liability as a Percentage of Covered Payroll	5.44%	5.71%	8.10%	8.27%	7.94%	8.16%
Plan Fiduciary Net Position as a Percentage of Total Net OPEB Liability	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

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.

CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS – VRS GROUP LIFE INSURANCE
Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution	\$ 446,597	\$ 422,658	\$ 408,527	\$ 408,139	\$ 394,214	\$ 389,032
Contributions in Relation to Actuarially Determined Contribution	446,597	422,658	408,527	408,139	394,214	389,032
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 83,983,799	\$ 78,854,104	\$ 76,217,724	\$ 78,488,269	\$ 75,810,385	\$ 74,813,846
Contributions as a Percentage of Covered Payroll	0.53%	0.54%	0.54%	0.52%	0.52%	0.52%

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.

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CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL BOARD CONTRIBUTIONS – VRS GROUP LIFE INSURANCE (NON-PROFESSIONALS)
Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution	\$ 44,608	\$ 33,018	\$ 30,409	\$ 30,491	\$ 30,717	\$ 28,263
Contributions in Relation to Actuarially Determined Contribution	44,608	33,018	30,409	30,491	30,717	28,263
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 8,260,731	\$ 6,114,380	\$ 6,047,907	\$ 5,866,775	\$ 5,907,182	\$ 4,535,214
Contributions as a Percentage of Covered Payroll	0.54%	0.54%	0.52%	0.52%	0.52%	0.62%

Schedule is intended to show information for 10 years. As 2023 is the sixth year for this presentation, no earlier data is available. Additional years will be included as they become available.

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CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL BOARD CONTRIBUTIONS – VRS GROUP LIFE INSURANCE (PROFESSIONALS)
Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution	\$ 595,742	\$ 523,904	\$ 452,211	\$ 442,525	\$ 430,624	\$ 417,241
Contributions in Relation to Actuarially Determined Contribution	595,742	523,904	452,211	442,525	430,624	417,241
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 110,322,533	\$ 90,904,849	\$ 86,963,725	\$ 85,100,982	\$ 82,812,213	\$ 80,238,605
Contributions as a Percentage of Covered Payroll	0.54%	0.58%	0.52%	0.52%	0.52%	0.52%

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CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL BOARD CONTRIBUTIONS – VRS GENERAL EMPLOYEE HEALTH INSURANCE CREDIT
Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution	\$ 6,011	\$ 3,815	\$ 3,573	\$ 5,207	\$ 5,161	\$ 4,036
Contributions in Relation to Actuarially Determined Contribution	6,011	3,815	3,573	5,207	5,161	4,036
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 6,682,549	\$ 4,771,350	\$ 4,466,752	\$ 4,300,605	\$ 4,096,741	\$ 3,877,422
Contributions as a Percentage of Covered Payroll	0.09%	0.08%	0.08%	0.12%	0.11%	0.10%

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CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL BOARD CONTRIBUTIONS – VRS TEACHER HEALTH INSURANCE CREDIT
Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution	\$ 1,342,346	\$ 1,100,269	\$ 1,051,413	\$ 1,021,183	\$ 993,285	\$ 987,227
Contributions in Relation to Actuarially Determined Contribution	1,342,346	1,100,269	1,051,413	1,021,183	993,285	987,227
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 110,322,533	\$ 90,904,849	\$ 86,869,983	\$ 85,100,982	\$ 82,812,213	\$ 80,238,605
Contributions as a Percentage of Covered Payroll	1.22%	1.21%	1.21%	1.20%	1.23%	1.23%

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CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL BOARD'S PROPORTIONATE SHARE OF THE NET VRS GROUP LIFE INSURANCE LIABILITY –
NON-PROFESSIONAL EMPLOYEES
Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018
School Board's Proportion of Net OPEB Liability	0.028%	0.029%	0.028%	0.030%	0.029%	0.028%
School Board's Proportionate Share of Net OPEB Liability	\$ 339,000	\$ 330,000	\$ 476,000	\$ 490,000	\$ 434,000	\$ 425,000
Covered Payroll	\$ 6,114,380	\$ 6,047,907	\$ 5,866,775	\$ 5,907,182	\$ 5,435,214	\$ 5,205,263
School Board's Proportionate Share of Net OPEB liability as a Percentage of Covered Payroll	5.54%	5.46%	8.11%	8.29%	7.98%	8.16%
Plan Fiduciary Net Position as a Percentage of Total Net OPEB Liability	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

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CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL BOARD'S PROPORTIONATE SHARE OF THE NET VRS GROUP LIFE INSURANCE LIABILITY -
PROFESSIONAL EMPLOYEES
Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018
School Board's Proportion of Net OPEB Liability	0.42%	0.42%	0.41%	0.42%	0.42%	0.43%
School Board's Proportionate Share of Net OPEB Liability	\$ 5,034,000	\$ 4,904,000	\$ 6,904,000	\$ 6,875,000	\$ 6,410,000	\$ 6,504,000
Covered Payroll	\$ 90,904,849	\$ 86,963,725	\$ 85,100,982	\$ 82,812,213	\$ 80,238,605	\$ 79,683,440
School Board's Proportionate Share of Net OPEB liability as a Percentage of Covered Payroll	5.54%	5.64%	8.11%	8.30%	7.99%	8.16%
Plan Fiduciary Net Position as a Percentage of Total Net OPEB Liability	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

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CITY OF ROANOKE, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL BOARD'S PROPORTIONATE SHARE OF THE NET VRS HEALTH INSURANCE CREDIT LIABILITY -
TEACHERS**

Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018
School Board's Proportion of Net OPEB Liability	0.98%	0.98%	0.97%	0.99%	0.99%	1.01%
School Board's Proportionate Share of Net OPEB Liability	\$ 12,186,000	\$ 12,608,000	\$ 12,700,000	\$ 12,919,000	\$ 12,597,000	\$ 12,810,000
Covered Payroll	\$ 90,904,849	\$ 86,869,983	\$ 85,100,982	\$ 82,812,213	\$ 80,238,605	\$ 79,683,440
School Board's Proportionate Share of Net OPEB Liability as a Percentage of its Covered Payroll	13.41%	14.51%	14.92%	15.60%	15.70%	16.08%
Plan Fiduciary Net Position as a Percentage of Total Net OPEB Liability	15.08%	13.15%	9.95%	8.97%	8.08%	7.04%

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CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN SCHOOL BOARD'S NET OPEB LIABILITY AND RELATED RATIOS VRS HEALTH INSURANCE CREDIT
Year Ended June 30, 2023

	2023	2022	2020	2019	2018	2017
Total OPEB Liability						
Service Cost	\$ 3,178	\$ 4,449	\$ 4,174	\$ 4,467	\$ 4,524	\$ 5,042
Interest	3,605	3,118	3,126	2,384	2,324	2,032
Changes of Benefit Terms	31,151	-	(902)	-	-	-
Differences Between Expected and Actual Experience	551	(1,284)	(6,394)	4,849	-	-
Changes of Assumptions	(13,471)	(2,097)	-	1,324	(3,907)	(1,356)
Benefit Payments, Including Refunds of Employee Contributions	(141)	(141)	(135)	(1,400)	(2,754)	(358)
Net Change in Total OPEB Liability (Asset)	24,873	4,045	(131)	11,624	187	5,360
Total OPEB Liability - Beginning	50,297	46,252	46,383	34,759	34,572	29,212
Total OPEB Liability - Ending	\$ 75,170	\$ 50,297	\$ 46,252	\$ 46,383	\$ 34,759	\$ 34,572
Plan Fiduciary Net Position						
Contributions - Employer	\$ 5,613	\$ 3,573	\$ 5,207	\$ 5,161	\$ 4,036	\$ 3,534
Net Investment Income	(36)	18,713	1,307	3,762	3,664	5,134
Benefit Payments, Including Refunds of Employee Contributions	(141)	(141)	(135)	(1,400)	(2,754)	(358)
Administrative Expense	(171)	(232)	(132)	(84)	(88)	(88)
Other	(583)	-	(1)	(5)	(247)	247
Net Change in Plan Fiduciary Net Position	4,682	21,913	6,246	7,434	4,611	8,469
Plan Fiduciary Net position - Beginning	90,985	69,072	62,826	55,392	50,781	42,312
Plan Fiduciary Net position - Ending	\$ 95,667	\$ 90,985	\$ 69,072	\$ 62,826	\$ 55,392	\$ 50,781
Total Net OPEB Asset - Beginning	(40,688)	(22,820)	(16,443)	(20,633)	(16,209)	(13,100)
Total Net OPEB Asset - Ending	\$ (20,497)	\$ (40,688)	\$ (22,820)	\$ (16,443)	\$ (20,633)	\$ (16,209)
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	127%	181%	149%	135%	159%	147%
Covered Payroll	\$ 4,466,752	\$ 4,335,058	\$ 4,300,605	\$ 4,096,741	\$ 3,877,422	\$ 3,211,898
Net OPEB Asset as a Percentage of Covered Payroll	0%	-1%	-1%	0%	-1%	-1%

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.

The Notes to Required Supplementary Information are an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2023

Note 1. Changes of Benefit Terms

Pension and Other Post Employment Benefits (OPEB)

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

Note 2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age.
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

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

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to line of duty rates.
- No change to discount rate.

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

CITY OF ROANOKE, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2023

Note 2. Changes of Assumptions (Continued)

All Others (Non 10 Largest) – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

Teacher cost-sharing pool

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to discount rate.

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**OTHER
SUPPLEMENTARY INFORMATION**

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CITY OF ROANOKE, VIRGINIA

STATEMENT OF NET POSITION –
COMBINING FIDUCIARY FUNDS
Year Ended June 30, 2023

	Pension Trust Fund	OPEB Trust Fund	Total Pension and OPEB Trust Funds	Hotel Roanoke Conference Center Fund	Roanoke City Jail Inmate Fund	Total Hotel and Inmate Custodial Funds
Assets						
Cash and Cash Equivalents	\$ 504,090	\$ -	\$ 504,090	\$ 2,937,082	\$ 35,383	\$ 2,972,465
Receivables:						
Employer Contributions	1,024,210	-	1,024,210	-	-	-
Employee Contributions	205,882	-	205,882	-	-	-
Investment Income	663,623	-	663,623	-	-	-
Other Asset Receivables	-	-	-	-	31,703	31,703
Receivable for Security Transactions	972,077	-	972,077	-	-	-
Total Receivables	2,865,792	-	2,865,792	-	31,703	31,703
Investments Held by Trustee, at Fair Value:						
Cash Equivalents	3,041,438	-	3,041,438	-	-	-
Government Securities	16,176,014	-	16,176,014	-	-	-
Municipal and Agency Bonds	40,215,370	-	40,215,370	-	-	-
Corporate Bonds	28,048,542	-	28,048,542	-	-	-
Common Stocks	62,994,772	-	62,994,772	-	-	-
Domestic Mutual Funds	190,116,858	-	190,116,858	-	-	-
International Mutual Funds	69,019,358	-	69,019,358	-	-	-
Real Estate Mutual Funds	35,513,315	-	35,513,315	-	-	-
Investment in Pooled Funds	-	10,421,532	10,421,532	988,060	-	988,060
Total Investments	445,125,667	10,421,532	455,547,199	988,060	-	988,060
Total Assets	448,495,549	10,421,532	458,917,081	3,925,142	67,086	3,992,228
Liabilities						
Accounts Payable and Accrued Expenses	271,030	-	271,030	-	46,914	46,914
Payable for Security Transactions	1,328,756	-	1,328,756	-	-	-
Deferred Revenue - Sales Tax Rebate	-	-	-	1,130,591	-	1,130,591
Total Liabilities	1,599,786	-	1,599,786	1,130,591	46,914	1,177,505
Net Position, Restricted	\$ 446,895,763	\$ 10,421,532	\$ 457,317,295	\$ 2,794,551	\$ 20,172	\$ 2,814,723

CITY OF ROANOKE, VIRGINIA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –
COMBINING FIDUCIARY FUNDS
Year Ended June 30, 2023**

	Pension Trust Fund	OPEB Trust Fund	Pension and OPEB Trust Funds	Hotel Roanoke Conference Center Fund	Roanoke City Jail Inmate Fund	Total Hotel and Inmate Custodial Funds
<u>Additions/(Reductions)</u>						
Contributions from Employer	\$ 12,376,671	\$ 1,091,700	\$ 13,468,371	\$ -	\$ -	\$ -
Contributions from Employee	4,036,598	-	4,036,598	-	-	-
Contributions from Virginia Tech	-	-	-	80,000	-	80,000
Contributions from City	-	-	-	80,000	-	80,000
Contributions from Inmates	-	-	-	-	62,236	62,236
Investment Income						
Net Appreciation in Fair Value of Investments	28,964,327	718,537	29,682,864	-	-	-
Interest	2,964,105	-	2,964,105	102,861	-	102,861
Dividends	9,290,534	-	9,290,534	-	-	-
Other	3,331	-	3,331	326,518	-	326,518
Total Investment Income	41,222,297	718,537	41,940,834	429,379	-	429,379
Less: Investment Expenses	(1,134,289)	(10,669)	(1,144,958)	-	-	-
Net Investment Income	40,088,008	707,868	40,795,876	429,379	-	429,379
Total Additions	56,501,277	1,799,568	58,300,845	589,379	62,236	651,615
<u>Deductions</u>						
Benefit Payments	44,377,505	806,700	45,184,205	-	-	-
Administrative Expenses	511,187	-	511,187	122,541	62,236	184,777
Total Deductions	44,888,692	806,700	45,695,392	122,541	62,236	184,777
Change in Net Position	11,612,585	992,868	12,605,453	466,838	-	466,838
Fiduciary Net Position at Beginning of Year	435,283,178	9,428,664	444,711,842	2,327,713	20,172	2,347,885
Fiduciary Net Position at End of Year	\$ 446,895,763	\$ 10,421,532	\$ 457,317,295	\$ 2,794,551	\$ 20,172	\$ 2,814,723

STATISTICAL SECTION

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Table 1

CITY OF ROANOKE, VIRGINIA

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(*Accrual Basis of Accounting*)
(Unaudited)

	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14 (1)
Governmental Activities										
Net Investment in Capital Assets	\$ 427,100,720	\$ 434,624,666	\$ 440,976,044	\$ 444,848,704	\$ 432,942,418	\$ 411,618,245	\$ 391,326,816	\$ 386,671,621	\$ 371,085,207	\$ 344,420,223
Restricted for:										
Debt Service	83,740	235,769	76,819	17,215	17,890	41,733	539,265	1,011,031	1,508,122	1,406,148
Other Purposes	-	-	-	-	-	-	-	48,411	-	-
Unrestricted (deficit)	(15,488,470)	(26,039,717)	(55,662,499)	(85,719,784)	(92,944,533)	(114,223,642)	(98,655,788)	(100,167,028)	(99,306,461)	(102,194,393)
Total Governmental Activities										
Net Position	<u>\$ 411,695,990</u>	<u>\$ 408,820,718</u>	<u>\$ 385,390,364</u>	<u>\$ 359,146,135</u>	<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>\$ 243,631,978</u>
Business-type Activities										
Net Investment in Capital Assets	\$ 54,554,100	\$ 51,520,071	\$ 48,697,000	\$ 47,102,962	\$ 44,847,603	\$ 44,576,168	\$ 41,274,658	\$ 35,765,948	\$ 35,092,265	\$ 33,828,819
Unrestricted	6,010,880	6,791,454	3,252,402	4,334,592	6,108,858	3,985,881	4,706,651	2,246,546	1,918,868	1,642,447
Total Business-type Activities										
Net Position	<u>\$ 60,564,980</u>	<u>\$ 58,311,525</u>	<u>\$ 51,949,402</u>	<u>\$ 51,437,554</u>	<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>
Primary Government										
Net Investment in Capital Assets	\$ 481,654,820	\$ 486,144,737	\$ 489,673,044	\$ 491,951,666	\$ 477,790,021	\$ 456,194,413	\$ 432,601,474	\$ 422,437,569	\$ 406,177,472	\$ 378,249,042
Restricted for:										
Debt Service	83,740	235,769	76,819	17,215	17,890	41,733	539,265	1,011,031	1,508,122	1,406,148
Other Purposes	-	-	-	-	-	-	-	48,411	-	-
Unrestricted (deficit)	(9,477,590)	(19,248,263)	(52,410,096)	(81,385,192)	(86,835,675)	(110,237,761)	(93,949,137)	(97,920,482)	(97,387,593)	(100,551,946)
Total Primary Government										
Net Position	<u>\$ 472,260,970</u>	<u>\$ 467,132,243</u>	<u>\$ 437,339,767</u>	<u>\$ 410,583,689</u>	<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>\$ 279,103,244</u>

(1) Ending Net Position was restated for implementation of GASB statements No. 68 and No. 71

Table 2

CITY OF ROANOKE, VIRGINIA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Expenses										
Governmental Activities:										
General Government	\$ 55,616,106	\$ 40,853,813	\$ 41,736,392	\$ 27,158,236	\$ 24,187,074	\$ 24,328,091	\$ 17,492,500	\$ 16,832,704	\$ 14,277,141	\$ 13,994,522
Judicial Administration	11,768,024	9,050,694	10,425,618	10,364,530	8,770,903	9,467,166	9,547,223	9,399,253	8,581,552	8,718,527
Public Safety	92,394,611	65,150,329	77,451,522	77,543,957	76,422,012	74,345,373	76,212,279	72,549,379	64,530,235	66,886,151
Public Works	45,760,816	50,764,844	42,429,891	40,141,167	41,407,772	37,807,388	28,640,405	34,278,578	27,794,564	29,671,503
Health and Welfare	51,161,057	47,317,251	46,977,761	45,196,737	41,146,481	44,859,128	44,873,765	40,378,769	38,466,658	39,093,358
Parks, Recreation and Cultural	17,752,125	12,757,143	12,611,253	12,210,560	7,691,899	11,933,151	12,675,738	12,193,652	11,427,529	11,090,084
Community Development	17,220,324	16,784,692	16,931,466	13,345,284	12,902,803	16,736,291	12,966,412	12,812,996	11,853,575	11,305,174
Education	104,777,341	87,535,037	-	-	-	-	-	1,812,105	1,754,105	1,527,146
Interest and Fiscal Charges	7,071,278	6,912,120	4,413,316	8,721,727	8,594,427	9,050,841	9,108,045	10,924,644	10,156,610	12,654,695
Economic Development	-	-	150,510	155,659	183,755	287,114	4,998,061	853,466	1,167,670	414,274
Other	-	-	-	2,031,161	1,996,965	1,911,156	2,013,693	-	3,056	58,700
Total Governmental Activities Expenses	403,521,682	337,125,923	343,175,710	326,670,498	311,917,167	317,526,237	302,370,722	296,413,740	271,419,491	274,811,775
Business-type Activities:										
Civic Facilities	18,570,002	19,218,277	4,074,368	11,740,778	11,302,943	6,444,174	5,683,284	4,759,841	4,843,800	4,587,589
Parking	3,964,666	3,258,667	3,361,375	3,999,771	3,404,310	3,542,666	3,283,745	3,449,510	3,362,282	3,809,369
Stormwater Utility	7,192,474	5,449,142	6,621,182	6,178,250	5,040,114	4,860,983	4,076,625	2,863,855	1,802,924	69,525
Total Business-type Activities Expenses	29,727,142	27,926,086	14,056,925	21,918,799	19,747,367	14,847,823	13,043,654	11,073,206	10,009,006	8,466,483
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	2,484,800	2,615,099	5,970,491	4,273,796	4,488,371	4,739,554	2,287,076	4,730,687	4,404,474	4,188,317
Judicial Administration	1,627,642	1,661,186	2,623,500	2,398,626	2,816,512	2,820,550	1,984,517	3,124,725	3,547,051	3,928,176
Public Safety	8,669,058	8,687,292	16,880,169	17,365,172	18,365,518	17,607,863	8,180,496	5,336,837	5,080,861	5,255,890
Public Works	5,323,300	4,867,991	6,358,176	6,697,115	6,497,541	4,523,202	309,576	270,402	340,693	266,683
Health and Welfare	3,994,016	1,403,535	4,396,349	3,995,491	4,150,671	4,045,350	1,514,952	30,606	26,363	32,356
Parks, Recreation and Cultural	795,763	805,158	1,458,092	1,601,120	1,855,019	1,732,638	778,101	557,759	578,905	543,186
Community Development	662,223	408,360	1,087,390	943,623	1,084,811	939,662	511,681	169,656	299,571	190,372
Interest and Fiscal Charges	-	-	11,614	142,513	239,376	82,445	-	-	-	-
Operating Grants and Contributions	97,442,433	83,843,137	88,305,978	72,050,962	68,311,913	71,235,623	70,782,914	66,228,087	66,929,796	62,762,426
Capital Grants and Contributions	22,339,928	7,824,790	7,251,238	9,339,243	13,353,527	6,725,666	7,105,056	13,695,997	5,673,238	6,056,338
Total Governmental Activities Program Revenues	143,339,163	112,116,548	134,342,997	118,807,661	121,163,259	114,452,553	93,454,369	94,144,756	86,880,952	83,223,744
Business-type Activities:										
Charges for Services										
Civic Facilities	11,255,742	11,885,770	982,756	5,912,920	7,630,029	2,675,281	2,358,795	2,151,235	2,238,759	2,460,384
Parking	3,597,219	3,321,975	3,166,494	3,978,149	3,675,298	3,471,777	3,240,441	3,195,168	2,987,015	3,074,017
Stormwater Utility	7,167,617	6,203,298	6,214,077	6,160,617	6,053,348	-	-	-	-	-
Operating Grants and Contributions	2,164,319	5,863,805	749,360	887,295	305,302	1,830,854	2,128,772	-	-	-
Capital Grants and Contributions	4,058,514	3,079,353	-	-	307,366	-	1,110,542	1,116,640	811,558	480,815
Total Business-type Activities Program Revenues	28,243,411	30,354,201	11,112,687	16,938,981	17,971,343	7,977,912	8,838,550	6,463,043	6,037,332	6,015,216
Total Primary Government Program Revenues	171,582,574	142,470,749	145,455,684	135,746,642	139,134,602	122,430,465	102,292,919	100,607,799	92,918,284	89,238,960
Net (Expense)/Revenue:										
Governmental Activities	(260,182,519)	(225,009,375)	(208,832,713)	(207,862,837)	(190,753,908)	(203,073,684)	(208,916,353)	(202,268,984)	(184,538,539)	(191,588,031)
Business-type Activities	(1,483,731)	2,428,115	(2,944,238)	(4,979,818)	(1,776,024)	(6,869,911)	(4,205,104)	(4,610,163)	(3,971,674)	(2,451,267)
Total Primary Government Net Expense	\$ (261,666,250)	\$ (222,581,260)	\$ (211,776,951)	\$ (212,842,655)	\$ (192,529,932)	\$ (209,943,595)	\$ (213,121,457)	\$ (206,879,147)	\$ (188,510,213)	\$ (194,039,299)

**Table 2
(Continued)**

CITY OF ROANOKE, VIRGINIA

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)**

	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
General Property - Real Estate and Personal Property	\$ 140,928,953	\$ 136,787,729	\$ 131,885,066	\$ 124,453,259	\$ 120,503,375	\$ 116,947,597	\$ 114,172,203	\$ 109,218,854	\$ 108,241,653	\$ 107,151,665
Local Portion of State Sales	28,038,520	26,412,560	24,115,939	22,192,411	22,389,566	21,426,783	19,696,458	20,600,395	20,564,044	19,236,561
Business and Professional Occupational License	15,800,550	15,310,717	14,134,730	14,667,288	13,755,818	13,557,252	12,932,282	12,421,851	12,731,564	12,317,760
Utility	9,165,773	9,355,793	9,295,425	9,271,091	9,579,846	10,118,287	9,726,709	9,828,466	9,870,443	9,981,896
Prepared Food and Beverage	20,810,566	19,248,569	15,977,939	15,545,028	17,335,596	16,609,514	15,996,897	15,705,629	13,857,569	13,231,279
Commonwealth Share - Personal Property	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992	8,133,906	8,075,992	8,075,992	8,075,992	8,076,000
Cigarette	1,624,895	1,804,158	1,819,497	1,969,011	2,108,127	2,152,811	2,267,939	2,371,201	2,256,249	2,332,536
Transient Room	5,438,880	4,746,104	2,945,250	3,678,683	4,784,182	5,375,713	4,317,618	4,305,977	4,162,522	3,874,018
Telecommunications	4,824,376	4,968,579	5,119,041	5,763,219	5,897,696	6,357,300	6,562,456	6,727,824	6,933,071	6,994,183
Motor Vehicle License Tax	3,402,539	2,684,923	3,214,542	2,630,898	2,914,811	2,955,266	2,765,343	2,594,635	2,123,181	2,046,686
Other Taxes and Fees	5,053,868	5,730,847	4,617,449	4,147,754	5,312,113	4,311,908	3,514,679	5,851,370	6,717,642	5,246,978
Recovered Costs	58,729	266,435	1,519,437	-	-	-	-	-	-	-
State Aid Not Restricted to a Specific Program	2,393,484	1,126,731	1,331,857	-	-	-	-	-	-	-
Payment from Component Unit	12,686,378	12,674,638	12,041,842	12,523,896	13,244,672	13,867,878	14,261,464	15,072,438	14,621,813	15,502,968
Grants and Contributions Not Restricted to Specific Program	1,399,043	1,480,598	1,225,713	2,806,078	3,239,161	4,166,455	4,084,439	-	-	-
Interest and Investment Income	5,767,924	269,930	123,992	452,756	1,084,321	499,454	260,051	798,323	1,634,045	1,450,625
Miscellaneous	239,763	346,783	450,264	1,986,905	5,890,514	1,860,958	1,800,886	4,117,156	-	1,394,408
Transfers	(2,652,442)	(2,851,357)	(2,817,032)	(3,171,072)	(2,782,443)	(2,884,671)	(2,328,398)	(1,143,960)	(3,290,944)	(2,117,439)
Total Governmental Activities	263,057,791	248,439,729	235,076,943	226,993,197	233,333,347	225,456,411	218,107,018	216,546,151	208,498,844	206,720,124
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	505,040	22,383	190,777	616,517	342,277	226,209	215,141	190,765	170,634	-
Miscellaneous	579,704	1,060,265	448,280	1,673,322	1,045,716	478,154	(202,445)	-	-	-
Special Item	-	-	-	-	-	-	-	-	-	-
Transfers	2,652,442	2,851,357	2,817,032	3,171,072	2,782,443	2,884,671	2,328,398	1,143,960	3,290,944	2,117,439
Transfers - Capital Assets	-	-	-	-	-	-	-	297,450	-	953,065
Total Business-type Activities	3,737,186	3,934,005	3,456,089	5,460,911	4,170,436	9,802,062	8,383,067	5,611,524	5,511,541	3,070,504
Total Primary Government	\$ 266,794,977	\$ 252,373,734	\$ 238,533,032	\$ 232,454,108	\$ 237,503,783	\$ 235,258,473	\$ 226,490,085	\$ 222,157,675	\$ 214,010,385	\$ 209,790,628
Change in Net Position										
Governmental Activities	\$ 2,875,272	\$ 23,430,354	\$ 26,244,230	\$ 19,130,360	\$ 42,579,439	\$ 22,382,727	\$ 9,190,665	\$ 14,277,167	\$ 23,984,931	\$ 15,132,093
Business-type Activities	2,253,455	6,362,120	511,851	481,093	2,394,412	2,932,151	4,424,408	1,001,361	1,539,867	619,237
Total Primary Government	\$ 5,128,727	\$ 29,792,474	\$ 26,756,081	\$ 19,611,453	\$ 44,973,851	\$ 25,314,878	\$ 13,615,073	\$ 15,278,528	\$ 25,524,798	\$ 15,751,330

(1) Stormwater Fees reclassified to Charges for Service beginning in 2018-19

CITY OF ROANOKE, VIRGINIA

GOVERNMENTAL ACTIVITIES' TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
General Property Tax-Real Estate and Personal Property	\$ 140,928,953	\$ 128,573,877	\$ 131,885,066	\$ 124,453,259	\$ 120,503,375	\$ 116,947,597	\$ 114,172,203	\$ 109,218,854	\$ 108,241,653	\$ 107,151,667
Sales Tax	28,038,520	26,412,560	24,115,939	22,192,411	22,389,566	21,426,783	19,696,458	20,600,395	20,564,044	19,236,561
Business License Tax	15,800,550	15,310,717	14,134,730	14,667,288	13,755,818	13,557,252	12,932,282	12,421,851	12,731,564	12,317,760
Utility Consumer Tax	9,165,773	9,355,793	9,295,425	9,271,091	9,579,846	10,118,287	9,726,709	9,828,466	9,870,443	9,981,896
Prepared Food and Beverage Tax	20,810,566	19,248,569	15,977,939	15,545,028	17,335,596	16,609,514	15,996,897	15,705,629	13,857,569	13,231,279
Commonwealth Share Personal										
Property Tax	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992	8,133,906	8,075,992	8,075,992	8,075,992	8,076,000
Cigarette Tax	1,624,895	1,804,158	1,819,497	1,969,011	2,108,127	2,152,811	2,267,939	2,371,201	2,256,249	2,332,535
Transient Room Tax (1)	5,438,880	4,746,104	2,945,250	3,678,683	4,784,182	5,375,713	4,317,618	4,305,977	4,162,522	3,874,018
Telecommunications	4,824,376	4,968,579	5,119,041	5,763,219	5,897,696	6,357,300	6,562,456	6,727,824	6,933,071	6,994,183
Motor Vehicle License Tax	3,402,539	2,684,923	3,214,542	2,630,898	2,914,811	2,955,266	2,765,343	2,594,635	2,123,181	2,046,686
Other Taxes	5,053,868	5,730,847	4,617,449	4,147,754	5,312,113	4,311,906	3,514,679	5,851,370	6,717,642	5,246,978
Total Governmental Activities Tax Revenues	\$ 243,164,912	\$ 226,912,119	\$ 221,200,870	\$ 212,394,634	\$ 212,657,122	\$ 207,946,335	\$ 200,028,576	\$ 197,702,194	\$ 195,533,930	\$ 190,489,562

(1) Effective January 1, 2013, the Transient Room Tax increased from 7% to 8%.

Table 4

CITY OF ROANOKE, VIRGINIA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18 (2)	2016-17 (1)	2015-16	2014-15	2013-14
General Fund										
Nonspendable	\$ 96,398	\$ 16,335	\$ 16,336	\$ 38,499	\$ 91,868	\$ 85,885	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	48,411	-	-
Committed	3,815,400	4,101,428	4,621,850	3,713,461	4,955,894	4,904,658	3,523,769	2,593,822	1,750,624	1,905,812
Assigned	23,634,277	12,665,149	10,277,378	-	-	-	-	-	-	-
Unassigned	42,474,741	41,587,688	47,392,703	43,036,776	39,465,308	34,854,168	29,757,294	28,795,510	28,050,350	26,757,052
Total General Fund	\$ 70,020,816	\$ 58,370,600	\$ 62,308,267	\$ 46,788,736	\$ 44,513,070	\$ 39,844,711	\$ 33,281,063	\$ 31,437,743	\$ 29,800,974	\$ 28,662,864
All Other Governmental Funds										
Nonspendable	62,291	-	-	-	-	-	-	-	-	-
Restricted	14,799,909	49,036,911	41,611,685	19,425,244	2,976,975	5,656,989	11,909,625	8,332,563	11,788,796	7,076,107
Committed	16,208,381	11,982,841	4,043,472	7,025,589	16,789,504	7,059,280	13,507,663	7,521,487	4,225,885	13,859,029
Assigned	8,779,475	-	-	-	-	-	-	-	-	-
Unassigned	-	1,896,299	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special Revenue Fund	-	-	-	374	-	-	-	-	-	-
Capital Projects Fund	-	-	-	3,213,039	(7,210,907)	-	-	-	-	-
Total All Other Governmental Funds	\$ 39,850,056	\$ 62,916,051	\$ 45,655,157	\$ 29,664,246	\$ 12,555,572	\$ 12,716,269	\$ 25,417,288	\$ 15,854,050	\$ 16,014,681	\$ 20,935,136

- (1) For fiscal year 2016-17 the beginning fund balance was restated for stormwater debt and related assets moved to the Stormwater Fund.
(2) 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.

Table 5

CITY OF ROANOKE, VIRGINIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

	2022-23	2021-22 (3)	2020-21	2019-20	2018-19	2017-18	2016-17 (2)	2015-16 (1)	2014-15	2013-14
Revenues										
Local Taxes	\$ 236,692,813	\$ 224,628,930	\$ 212,556,761	\$ 204,306,603	\$ 204,319,350	\$ 199,197,682	\$ 191,055,771	\$ 191,205,770	\$ 184,464,956	\$ 179,576,940
Permits, Fees and Licenses	1,413,767	1,949,141	1,324,087	1,202,393	1,182,535	1,415,842	1,014,623	888,328	1,140,606	1,092,534
Fines and Forfeitures	637,786	758,877	863,283	1,061,114	1,183,005	1,167,250	1,211,208	1,014,511	1,188,103	1,209,575
Rental Income	306,140	277,138	161,481	137,561	279,409	190,533	208,127	150,923	166,025	146,602
Investment Income	5,559,609	269,930	124,251	598,196	1,089,913	502,541	167,716	172,510	92,447	98,276
Intergovernmental	124,487,146	109,325,778	119,008,063	102,643,797	106,339,039	102,660,298	106,245,943	103,474,969	98,349,593	94,352,004
Charges for Services	18,992,808	18,263,122	17,174,267	17,162,967	17,302,622	15,138,288	11,970,192	11,010,903	10,812,015	11,066,281
Miscellaneous	2,023,389	1,832,420	4,026,400	4,071,165	6,760,262	4,608,137	1,450,370	4,808,427	1,086,545	5,315,274
Operating	-	-	39,253	-	-	-	-	-	-	-
Total Revenues	390,113,458	357,305,336	354,977,846	331,183,796	338,456,135	324,880,571	313,323,950	312,726,341	297,300,290	292,857,486
Expenditures										
Current Operating:										
General Government	43,813,578	30,975,865	31,321,203	22,629,570	19,754,792	19,734,967	15,951,767	15,857,483	14,397,926	14,333,910
Judicial Administration	10,308,819	9,954,133	8,913,036	9,359,555	9,038,700	8,475,762	8,905,780	8,917,856	8,621,436	8,507,385
Public Safety	79,688,818	73,786,172	63,534,889	68,818,114	68,516,177	67,093,311	70,411,215	69,892,637	67,358,507	65,388,178
Public Works	30,907,132	32,824,811	31,028,249	31,008,020	32,770,988	28,327,969	25,253,641	25,253,641	24,328,878	24,857,169
Health and Welfare	48,725,817	48,810,229	43,931,241	42,509,005	41,641,883	42,765,196	43,850,760	39,346,495	38,777,239	38,783,646
Parks, Recreation and Cultural	13,679,308	11,313,746	10,086,328	9,951,790	9,648,344	9,445,923	10,529,089	10,301,293	10,162,961	9,787,505
Community Development	14,926,408	15,704,041	16,228,475	12,841,277	13,376,493	12,849,049	12,701,995	12,251,778	11,645,063	11,115,802
Transportation	-	-	2,031,161	2,031,161	1,991,161	1,899,605	1,899,605	1,812,105	1,754,105	1,527,146
Education	96,213,282	91,289,843	88,960,453	83,444,670	83,383,419	81,289,167	78,429,620	79,053,977	76,371,925	74,386,181
Other	1,358,278	1,411,889	1,181,823	5,926	5,804	11,551	114,088	-	-	-
Debt Service:										
Principal Retirement	19,071,971	18,949,133	17,562,964	19,659,044	20,053,892	20,898,484	20,004,267	21,778,211	20,348,785	23,529,050
Interest and Other Charges	7,865,276	7,404,701	4,413,116	7,183,199	7,728,888	8,467,108	7,632,824	8,306,238	8,593,585	8,611,669
Bond Issuance Cost	-	-	-	395,939	166,024	121,399	348,146	1,493,517	823,289	492,516
Capital Outlays	41,668,137	24,048,351	27,443,255	39,850,527	45,200,609	40,383,339	24,214,097	33,858,879	32,624,252	21,663,696
Total Expenditures	408,226,824	366,472,914	344,605,232	350,087,797	353,277,174	341,767,830	320,400,130	328,124,110	315,807,951	302,963,853
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,113,366)	(9,167,578)	10,372,614	(18,904,001)	(14,821,039)	(16,887,259)	(7,076,180)	(15,397,769)	(18,507,661)	(10,106,367)
Other Financing Sources (Uses)										
Issuance of Bonds/Anticipation Note	10,135,000	23,732,335	25,085,496	39,559,603	22,111,144	7,479,800	20,980,000	15,170,000	17,420,000	11,820,000
Issuance of Refunding Bonds	-	-	7,839,384	47,671,451	-	-	-	15,710,000	12,870,000	1,829,500
Payment to Refunded Bond Escrow	-	-	-	(47,874,217)	-	-	-	(15,275,000)	(12,655,000)	(1,829,500)
Payment to Refunded Bond Escrow Agent	-	-	(15,042,801)	-	-	-	-	-	-	-
Premium on Sale of Bonds	-	2,219,827	8,067,016	1,458,833	-	-	1,251,508	2,368,860	1,279,190	351,572
Issuance of Leases	-	-	-	649,509	-	-	-	1,681,463	-	-
Issuance of Subscription Liability	713,029	-	-	-	-	-	-	-	-	-
Transfers In	22,069,847	34,677,203	20,978,682	27,697,468	20,706,574	22,008,923	14,747,887	15,861,385	16,237,615	15,997,869
Transfers Out	(26,220,289)	(38,138,560)	(25,795,714)	(30,868,540)	(23,489,017)	(24,893,593)	(18,387,991)	(18,642,801)	(20,426,489)	(18,878,993)
Total Other Financing Sources, net	6,697,587	22,400,805	21,132,063	38,294,107	19,338,701	4,595,130	18,591,404	16,873,907	14,725,316	9,290,448
Net Change in Fund Balances	(11,415,779)	13,323,227	31,504,677	19,590,106	4,507,662	(12,292,129)	11,515,224	1,476,138	(3,782,345)	(815,919)
Fund Balances--Beginning of Year	121,286,651	107,963,424	76,458,748	57,068,642	52,560,980	64,853,109	47,291,793	45,815,655	49,598,000	51,406,623
Fund Balances--End of Year	\$ 109,870,872	\$ 121,286,651	\$ 107,963,424	\$ 76,458,748	\$ 57,068,642	\$ 52,560,980	\$ 58,807,017	\$ 47,291,793	\$ 45,815,655	\$ 49,598,000
Total Debt Service	\$ 26,937,247	\$ 26,353,834	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenditures	408,226,824	366,472,914	-	-	-	-	-	-	-	-
Less: Capital Outlay	(32,523,077)	(17,429,796)	-	-	-	-	-	-	-	-
Noncapital Expenditures	\$ 375,703,747	\$ 349,043,118	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service as a Percentage of Noncapital Expenditures	7.2%	7.6%	6.9%	8.7%	9.0%	9.7%	9.3%	10.2%	10.2%	11.4%

(1) In Fiscal year 2015-16, a Recycling and Disposal lease obligation that is accounted for as a Governmental activity was initiated.

(2) In Fiscal year 2016-17, other Operating Expenses includes payments for Affordable Care Act and Debt Set Off.

(3) In Fiscal year 2021-22, change in presentation of debt service as a percentage of noncapital expenditures.

See Table 15 for additional information relating to the ratio of debt service expenditures to general expenditures.

Table 6

CITY OF ROANOKE, VIRGINIA

LOCAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)

	2022-23	2021-22	2020-21	2019-20	2018-19	2017-2018	2016-17	2015-16	2014-15	2013-14
General Property Tax	\$ 142,580,439	\$ 134,435,422	\$ 131,250,933	\$ 124,280,901	\$ 120,758,870	\$ 116,465,065	\$ 113,275,390	\$ 113,081,794	\$ 108,639,136	\$ 106,192,008
Sales Tax	27,991,127	26,412,560	24,115,939	22,191,888	22,389,378	21,426,783	19,696,458	20,600,395	20,564,044	19,236,561
Utility Consumer Tax	9,165,773	9,355,793	9,295,425	9,271,091	9,579,846	9,640,336	9,270,713	9,363,331	9,386,233	9,486,778
Cigarette Tax	1,624,895	1,804,158	1,819,498	1,969,011	2,108,127	2,152,811	2,267,939	2,371,201	2,256,249	2,332,535
Recordation and Probate Tax	1,557,525	1,814,416	1,587,259	1,350,270	1,122,549	1,085,920	1,017,518	1,034,652	961,270	863,485
Business, Professional, and Occupational License Tax	15,800,550	15,300,817	13,887,187	14,810,889	13,893,514	13,425,036	12,932,282	12,421,850	12,731,565	12,317,759
Utility Consumption Tax	421,923	461,335	462,604	455,400	481,088	477,951	455,996	465,136	484,210	495,118
Transient Room Tax (1)	5,438,880	4,746,104	2,945,251	3,678,683	4,784,182	5,375,713	4,317,618	4,305,977	4,162,522	3,874,018
Admissions Tax	1,033,039	949,394	117,056	709,614	972,422	992,421	447,622	462,216	443,116	439,693
Telecommunications/Telephone Surecharge - E911	4,824,376	4,968,579	5,119,041	5,763,219	5,897,696	6,357,300	6,562,456	6,727,824	6,933,071	6,994,183
Motor Vehicle License Tax	3,402,539	2,684,923	3,214,542	2,630,898	2,914,811	2,955,266	2,765,343	2,594,635	2,123,181	2,046,686
Franchise Tax	270,601	414,134	354,540	399,756	403,332	482,719	449,488	496,151	338,193	485,678
Prepared Food and Beverage Tax	20,810,566	19,248,569	15,978,463	15,545,216	17,335,630	16,609,514	15,996,897	15,704,954	13,856,899	13,225,652
Bank Stock Tax	1,770,580	2,032,726	1,664,928	1,249,767	1,677,904	1,750,847	1,600,050	1,575,655	1,585,268	1,586,786
Skill Games Tax	-	-	444,096	-	-	-	-	-	-	-
Total Local Taxes	\$ 236,692,813	\$ 224,628,930	\$ 212,256,761	\$ 204,306,603	\$ 204,319,349	\$ 199,197,682	\$ 191,055,770	\$ 191,205,771	\$ 184,464,956	\$ 179,576,940

CITY OF ROANOKE, VIRGINIA

GENERAL PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS
(Unaudited)

	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-2016	2014-15	2013-14
Total Tax Levies	\$ 148,193,002	\$ 153,887,747	\$ 136,379,330	\$ 131,348,076	\$ 126,568,227	\$ 123,059,222	\$ 120,894,494	\$ 119,869,392	\$ 115,885,506	\$ 113,183,821
Current Tax Collections (1)	133,369,630	123,230,936	118,751,936	113,093,282	108,667,501	106,201,641	103,165,694	102,275,497	98,882,396	97,277,004
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)	-	5,578,762	2,647,637	6,452,163	4,047,295	3,167,218	3,762,800	3,862,990	3,271,973	3,699,907
Total Tax Collections	\$ 141,445,622	\$ 136,885,690	\$ 129,475,565	\$ 127,621,437	\$ 120,790,788	\$ 117,444,851	\$ 115,004,486	\$ 114,214,479	\$ 110,230,361	\$ 109,052,903
Current Tax Collections As										
Percent of Levies	95.45%	85.33%	93.00%	92.25%	92.24%	92.86%	92.02%	92.06%	92.30%	93.08%
Total Tax Collections As										
Percent of Levies	95.45%	88.95%	94.94%	97.16%	95.44%	95.44%	95.13%	95.28%	95.12%	96.35%

(1) Effective FY23, information collected from the Treasurer's tax collection system and Department of Finance accounting system. Prior data sources were from Department of Finance accounting system.

CITY OF ROANOKE, VIRGINIA

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(Unaudited)**

Year	REAL PROPERTY				PERSONAL PROPERTY				PUBLIC SERVICE CORPORATIONS				Total	
	Assessed Value	Percentage Growth (Decline)	Estimated Actual Value	Assessment Ratio	Assessed Value	Percentage Growth (Decline)	Estimated Actual Value	Assessment Ratio	Assessed Value	Percentage Growth (Decline)	Estimated Actual Value	Assessment Ratio	Assessed Value	Estimated Actual Value
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)	\$ 414,200,953	1.002	\$ 7,954,733,247	\$ 8,527,186,595
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	441,724,256	0.990	8,030,543,860	8,634,092,550
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	447,235,982	0.983	8,106,585,888	8,742,485,458
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	460,658,865	0.979	8,178,452,858	8,817,131,520
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)	446,411,247	0.979	8,364,431,204	9,010,998,815
2019	7,180,263,331	3.01	7,180,263,331	1.00	993,064,403	3.82	1,655,107,338	0.60	471,816,290	7.83	480,577,945	0.981	8,645,144,024	9,315,948,614
2020	7,444,437,601	3.68	7,444,437,601	1.00	1,031,434,753	3.86	1,719,057,922	0.60	489,031,454	3.65	497,647,214	0.983	8,964,903,808	9,661,142,737
2021	7,764,101,330	4.29	7,764,101,330	1.00	1,083,274,770	5.03	1,805,457,950	0.60	488,147,929	(0.18)	503,508,493	0.969	9,335,524,029	10,073,067,773
2022	8,629,427,867	11.15	8,629,427,867	1.00	1,207,279,732	11.45	2,012,132,887	0.60	450,208,362	(7.77)	468,296,275	0.961	11,109,857,029	12,073,067,773
2023 (1) (2)	8,512,032,700	(1.36)	8,512,032,700	1.00	1,165,244,218	(3.48)	1,942,073,697	0.60	221,613,090	(50.78)	247,098,230	0.897	9,898,890,008	10,701,204,627

(2) Beginning FY23, based on a revision of City Code Sec. 32-124, tangible personal property taxes of public service corporations are due on the 5th of December of the tax year for which

estimated assessment with December 5th billing a true-up to actual assessments.

CITY OF ROANOKE, VIRGINIA

**PROPERTY TAX RATES AND TAX LEVIES
LAST TEN YEARS
(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			
2014	1.19	\$	79,491,642	3.45	\$	28,709,212	1.19	\$	4,982,967	\$	113,183,821	1.76
2015	1.19		79,600,752	3.45		31,024,476	1.19		5,260,278		115,885,506	1.80
2016	1.22		82,035,606 (1)	3.45		32,374,952	1.22		5,458,834		119,869,392	1.82
2017	1.22		82,758,259	3.45		32,593,307	1.22		5,542,928		120,894,494	1.82
2018	1.22		85,037,691	3.45		32,639,181	1.22		5,382,350		123,059,222	1.81
2019	1.22		87,599,213	3.45		33,159,157	1.22		5,809,857		126,568,227	1.80
2020	1.22		90,822,140	3.45		34,507,463	1.22		6,018,473		131,348,076	1.81
2021	1.22		94,865,951	3.45		35,505,623	1.22		6,007,756		136,379,330	1.80
2022	1.22		105,279,020	3.45		42,661,925	1.22		5,946,802		153,887,747	1.84
2023	1.22		106,097,610	3.45		38,964,270	1.22		3,130,122 (2)		148,192,002	1.81

(2) Beginning FY23, based on a revision of City Code Sec. 32-124, tangible personal property taxes of public service corporations are due on the 5th of December of the tax year for which such taxes are assessed. Therefore, personal property taxes of public service corporations were not assessed and billed in FY23. Previously taxes were billed April 5th based upon an estimated assessment with December 5th billing a true-up to actual assessments.

Table 10

CITY OF ROANOKE, VIRGINIA

PRINCIPAL PROPERTY TAXPAYERS

COMPARISON OF JUNE 30, 2022 AND JUNE 30, 2013

(Unaudited)

<u>Taxpayer</u>	<u>Description</u>	2022 (1)			2013 (1)		
		<u>Taxable</u>	<u>Rank</u>	<u>Percentage</u>	<u>Taxable</u>	<u>Rank</u>	<u>Percentage</u>
		<u>Assessed</u>		<u>of Total City</u>	<u>Assessed</u>		<u>of Total City</u>
		<u>Value</u>		<u>Value</u>	<u>Value</u>		<u>Value</u>
Carilion	Healthcare Provider	\$ 261,070,680	1	2.54%	\$ 205,264,456	1	2.57%
Appalachian Power Co. (PSC)	Public Utility	193,504,769	2	1.88%	133,697,835	2	1.67%
Norfolk Southern Railway	Transportation	163,862,799	3	1.59%	121,054,498	3	1.52%
Valley View Mall LLC	Shopping Mall	76,863,600	4	0.75%	74,938,200	4	0.93%
Roanoke Gas Company (PSC)	Public Utility	70,371,424	5	0.68%	38,267,865	6	0.48%
Roanoke Electric Steel Corp (Steel Dynamics)	Primary Metals	53,786,937	6	0.52%	23,673,262	10	0.30%
HR Foundation Inc	Hotel	40,520,019	7	0.39%	-	-	-
Advance Auto	Auto Parts	31,838,806	8	0.31%	29,384,305	9	0.37%
Faison Roanoke Office, LP	Office Building	30,945,300	9	0.30%	30,770,100	7	0.39%
Wholesome Harvest Baking	Bakery	29,737,322	10	0.29%	-	-	-
Verizon Virginia, Inc.	Communications	-	-	-	46,040,681	5	0.58%
Maple Leaf Bakery	Bakery	-	-	-	29,543,003	8	0.37%
		<u>\$ 952,501,656</u>		<u>9.26%</u>	<u>\$ 732,634,205</u>		<u>9.18%</u>

Source: City of Roanoke, Commissioner of the Revenue

(1) Data not available for 2023. Table will be revised and updated for 2024.

Table 11

CITY OF ROANOKE, VIRGINIA

TAXABLE RETAIL SALES

LAST TEN CALENDAR YEARS

(Unaudited)

<u>Calendar Year</u>	<u>Total</u> <u>Retail Sales (1)</u>
2014	\$ 1,785,467,436
2015	1,752,752,699
2016	1,732,156,837
2017	1,726,342,166
2018	1,839,762,418
2019	1,872,974,553
2020	1,824,837,393
2021	975,251,684
2022	2,021,176,729
2023	571,458,006 (2)

(1) Source: State Department of Taxation. Data excludes prescription drug sales.

(2) For 2023 only first quarter is available. Amount to be updated in 2024.

Table 12

CITY OF ROANOKE, VIRGINIA

RATIO OF GENERAL BONDED DEBT TO

TOTAL ESTIMATED ACTUAL VALUE AND BONDED DEBT PER CAPITA

LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	Population (A)	Total Estimated Actual Value	Governmental Activities Gross Bonded Debt (B)	Business-type Activities Gross Bonded Debt (B)	Gross Bonded Debt	Less Bonds Supported By Western Virginia Water Authority	Less Amount Available in Debt Service Fund	Net Bonded Debt	Ratio of General Net Bonded Debt to Total Estimated Actual Value	General Net Bonded Debt Per Capita
2014	98,913 (est.)	\$ 8,526,954,997	\$ 217,261,926	\$ 26,817,066	\$ 244,078,992	\$ 10,989,900	\$ 1,406,148	\$ 231,682,944	2.72	\$ 2,342.29
2015	99,320 (est.)	8,634,365,581	214,885,676	27,203,128	242,088,804	9,968,500	1,508,122	230,612,182	2.67	2,321.91
2016	99,681 (est.)	8,742,785,092	210,393,462	30,109,234	240,502,696	9,405,800	1,011,031	230,085,865	2.63	2,308.22
2017	99,644 (est.)	8,817,419,846	208,814,498	33,675,339	242,489,837	8,213,900	539,265	233,736,672	2.65	2,345.72
2018	99,837 (est.)	9,011,349,475	199,521,519	31,488,513	231,010,032	7,003,200	41,733	223,965,099	2.49	2,243.31
2019	99,920 (est.)	9,316,391,122	200,500,454	30,765,932	231,266,386	5,769,800	17,890	225,478,696	2.42	2,256.59
2020	99,348 (est.)	9,661,222,140	224,716,453	34,585,420	259,301,873	4,515,516	17,215	254,769,142	2.64	2,564.41
2021	99,795 (est.)	10,073,067,733	235,584,388	36,938,205	272,636,568	3,200,614	76,816	269,359,138	2.67	2,699.12
2022	99,058 (est.)	11,109,857,029	239,814,070	36,858,379	276,672,449	1,870,000	235,769	274,566,680	2.47	2,771.78
2023	98,865 (est.)	10,701,204,627	231,023,607	33,955,551	264,979,158	945,000	83,740	263,950,418	2.47	2,669.81

Source (A) Weldon - Cooper Center for Public Service

(B) Gross Bonded Debt includes Bonds and Bond Premiums. See Table 13.

CITY OF ROANOKE, VIRGINIA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds (2)	Subscriptions	Leases (3)	General Obligation Bonds (2)	Leases (3)				
2013-14	\$ 217,261,927	\$ -	\$ 4,287,946	\$ 26,817,066	\$ 93,645	\$ 248,460,584	6.34	\$	2,499
2014-15	214,885,676	-	4,256,650	27,203,128	17,507	246,362,961	6.29		2,478
2015-16	210,393,463	-	5,356,637	30,109,234	19,412	245,878,746	6.28		2,473
2016-17	208,814,498	-	4,692,759	33,675,339	11,750	247,194,346	6.04		2,474
2017-18	195,557,160	-	3,964,359	31,485,398	3,115	231,010,032	5.48		2,316
2018-19	197,186,001	-	3,314,453	30,765,932	-	231,266,386	5.52		2,315
2019-20	221,385,375	-	3,331,078	34,558,799	26,621	259,301,873	5.97		2,594
2020-21	232,814,909	-	2,493,881	36,922,954	15,251	272,246,995	6.06		2,744
2021-22	239,814,070	-	2,747,891	36,858,379	34,057	279,454,397	6.04		2,822
2022-23	231,023,607	568,123	1,518,854	33,955,551	23,198	267,089,333	5.34		2,702

(1) See Table 16 for Personal Income and Population data.

(2) General Obligation Bonds include Bond Anticipation Notes, Bond Premiums, and Bond Discounts.

(3) Leases includes Financed Purchases and Operating Leases.

Table 14

CITY OF ROANOKE, VIRGINIA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)

	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Debt Limit	\$ 851,203,270	\$ 862,942,787	\$ 776,410,133	\$ 744,443,760	\$ 718,026,323	\$ 697,030,256	\$ 678,346,391	\$ 672,422,997	\$ 669,387,435	\$ 667,966,987
Total General Net Debt Applicable to Limit	267,067,884	242,561,961	272,170,177	259,284,658	231,248,497	229,932,036	219,172,541	215,556,963	217,064,553	218,489,528
Available Legal Debt Margin	\$ 584,135,386	\$ 620,380,826	\$ 504,239,956	\$ 485,159,102	\$ 486,777,826	\$ 467,098,220	\$ 459,173,850	\$ 456,866,034	\$ 452,322,882	\$ 449,477,459
Total Net Debt										
Applicable to Limit as a Percentage of Debt Limit	31.38%	28.11%	35.05%	34.83%	32.21%	32.99%	32.31%	32.06%	32.43%	33.31%

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.

Legal Debt Margin Calculation for Fiscal Year 2023:

Assessed Value of Real Property	\$ 8,512,032,700
Debt Limit - 10% of Assessed Value	851,203,270
Amount of Debt Applicable to Debt Limit	
Gross Total Primary Government Debt (1)	267,089,333
Less: Available Debt Service Fund Balance	(21,449)
General Net Debt Applicable to Limit	267,067,884
Available Legal Debt Margin	\$ 584,135,386

Source: City of Roanoke, Commissioner of the Revenue.

(1) Includes Bonds, Bond Premiums, Lease and Subscription Liabilities.

CITY OF ROANOKE, VIRGINIA

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL LONG-TERM DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year	Principal (1)	Interest (1) (4)	Total Debt Service	Total General Expenditures (2)	Percent of Debt Service to General Expenditures
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 (3)	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	8.6
2018-19	20,025,191	8,045,279	28,070,470	384,480,284	7.3
2019-20	19,595,744	7,943,729	27,539,473	400,927,915	6.9
2020-21	16,989,063	4,706,775	21,695,838	383,666,414	5.7
2021-22	19,036,126	7,753,163	26,789,289	424,029,070	6.3
2022-23	20,879,069	8,076,371	28,955,440	452,821,961	6.4

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

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

(3) 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.

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

Table 16

CITY OF ROANOKE, VIRGINIA

DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Population (1)	Per Capita Income (2)	Personal Income	School Enrollment (3)	Local Unemployment Rate (4)	National Unemployment Rate (5)
2013-14	98,913	\$ 39,385	\$ 3,915,935,000	13,390	5.7	6.3
2014-15	99,320	39,385	3,915,935,000	13,513	5.6	5.5
2015-16	99,681	39,385	3,915,935,000	13,585	4.1	5.1
2016-17	99,644	40,947	4,090,520,000	13,580	4.5	4.5
2017-18	99,837	42,263	4,211,972,000	13,601	3.4	4.2
2018-19	99,920	41,946	4,187,753,000	13,636	2.8	3.4
2019-20	99,348	43,451	4,341,578,000	13,845	7.9	11.1
2020-21	99,795	45,277	4,488,860,000	13,697	4.3	6.1
2021-22	99,058	46,727	4,628,669,000	13,664	3.4	3.8
2022-23	98,865	50,599	5,002,492,000	13,509	3.1	3.6

(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

* Note: Data coming from Bureau of Economic Analysis is lagged one year

Table 17

CITY OF ROANOKE, VIRGINIA

CONSTRUCTION STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	COMMERCIAL CONSTRUCTION		RESIDENTIAL CONSTRUCTION	
	Number of Permits	Value	Number of Permits	Value
2014-15	535	\$ 113,585,224	610	\$ 17,416,192
2015-16	541	128,368,145	625	20,843,406
2016-17	2,302	78,154,510	2,642	43,531,306
2017-18	2,496	179,936,191	1,556	22,051,158
2018-19	1,171	109,105,574	1,664	23,021,002
2019-20	1,155	133,592,810	1,481	29,332,097
2020-21	963	134,905,663	1,708	28,595,264
2021-22	852	364,472,441 (1)	1,789	33,990,995
2022-23	848	114,285,266	1,662	39,360,809

(1) Roanoke Memorial Hospital Expansion

Source: City of Roanoke, Planning, Building and Development Department

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Table 18

CITY OF ROANOKE, VIRGINIA

PRINCIPAL EMPLOYERS
COMPARISON AS OF DECEMBER 31, FISCAL YEARS 2023 AND 2013
(Unaudited)

Employer	December 31, 2023			December 31, 2013		
	Rank	Ownership	Number of Employees	Rank	Ownership	Number of Employees
Roanoke Memorial Community Hospital	1	Private	1,000+	1	Private	1,000+
Roanoke City Public Schools	2	Local Govt	1,000+	2	Local Govt	1,000+
Carilion Services	3	Private	1,000+	4	Private	1,000+
City of Roanoke	4	Local Govt	500-999	3	Local Govt	1000+
United Parcel Service	5	Private	500-999	5	Private	500-999
Walmart	6	Private	250-499	6	Private	500-999
United States Postal Service	7	Federal Govt	250-499	9	Federal Govt	500-999
Virginia Transformer Corporation	8	Private	250-499	-	Private	250-499
YMCA	9	Private	250-499	-	Private	250-499
Anthem	10	Private	250-499	-	Private	500-999

Source: Virginia Employment Commission (VEC)

Table 19

CITY OF ROANOKE, VIRGINIA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)

Function:	2023	2022	2021	2020 (2)	2019	2018	2017 (1)	2016	2015	2014
General Government	181	189	190	189	184	192	194	204	213	213
Judicial Administration:										
Sheriff	134	49	52	58	31	37	39	34	38	38
Other	48	49	52	50	53	55	54	60	57	54
Public Safety:										
Police	254	247	271	287	306	308	310	313	306	306
Jail	85	176	189	156	159	154	151	173	170	170
Fire	281	270	261	264	241	241	245	253	257	254
Other	25	26	27	60	59	57	62	70	76	71
Public Works:										
Engineering	10	12	13	11	11	13	13	13	14	13
Maintenance/Other	102	93	102	108	98	107	97	113	114	114
Transportation	47	46	59	65	60	65	63	65	65	65
Stormwater	47	40	42	44	33	33	33	37	37	28
Health and Welfare	199	208	214	215	226	209	213	231	234	225
Parks, Recreation and Cultural	104	104	103	106	99	99	99	104	104	102
Civic Facilities	22	22	15	24	25	-	-	-	-	-
Community Development	53	52	54	56	56	53	48	52	52	51
Total	1,592	1,583	1,644	1,693	1,641	1,623	1,621	1,722	1,737	1,704

(1) 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.

(2) In fiscal year 2020, Civic Facilities included 11 furloughed positions.

Source: City of Roanoke, Department of Finance

Table 20

CITY OF ROANOKE, VIRGINIA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)

Function	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
General Government										
Levied property taxes	\$ 38,964,270	\$ 42,661,925	\$ 39,263,392	\$ 36,675,751	\$ 34,817,151	\$ 34,027,464	\$ 34,198,200	\$ 33,465,503	\$ 31,719,207	\$ 30,244,961
Number of business licenses issued	7,413	8,139	9,629	8,291	9,780	7,570	6,741	6,989	7,156	7,253
Number of property & building permits	2,510	2,641	2,456	2,032	2,297	2,167	3,837	3,719	4,127	4,170
Police										
Number of traffic summonses	4,336	4,579	5,487	9,546	12,606	12,720	8,455	9,535	11,787	22,069
Number of assistance call responses	94,735	97,728	87,258	92,930	92,140	144,678	87,422	88,250	85,307	85,393
Number of hours of training conducted	27,216	14,824	20,833	26,720	29,789	34,232	32,058	26,122	39,990	42,415
Fire										
Number of emergency call responses	32,427	31,764	29,287	28,616	30,191	28,682	28,314	26,900	25,715	25,299
Highways and Streets										
Number of lane miles resurfaced	55	38	54	57	52	53	40	75	58	61
Number of street lights added	39	19	26	47	16	14	(18)	60	15	27
Judicial Administration										
Number of criminal cases	4,892	4,317	5,280	6,867	7,836	7,536	7,350	6,700	7,702	9,585
Number of traffic cases	13,326	8,518	8,173	15,928	19,109	18,323	16,366	16,221	21,435	27,353
Number of civil cases	10,795	10,107	10,593	16,362	19,222	17,926	16,485	18,459	19,750	20,947
Parks & Recreation										
Number of participants served	134,932	84,449	20,867	113,898	174,994	177,500	166,000	163,000	151,673	133,179
Education										
Number of instructional personnel	1,891	1,874	1,768	1,903	1,787	1,688	1,724	1,116	1,123	1,120
Number of students	13,509	13,664	13,697	13,845	13,636	13,601	13,580	13,585	13,513	13,390
Libraries										
Number of volumes	113,519 (1)	225,751	225,516	352,081	288,546	283,291	268,306	258,615	289,979	245,241
Number of audio materials	3,674 (1)	17,986	10,952	25,035	27,261	16,558	14,637	13,355	14,524	13,490
Number of video materials	45,089 (1)	53,845	53,857	46,345	41,993	42,851	36,505	32,435	29,359	31,158
Number of annual library visits	429,310 (1)	333,584	87,656	484,895	679,799	625,586	558,883	554,042	530,295	509,963
Economic Development										
Number of business contacts made	926	1,349	830	861	1,166	737	808	766	996	838
Housing and Neighborhood Services										
Total housing units	45,394	47,201	47,301	47,281	47,210	47,288	47,305	47,381	47,356	45,416
Average assessed value of single-family housing units	\$ 180,237	\$ 160,296	\$ 144,237	\$ 137,947	\$ 132,091	\$ 128,453	\$ 125,495	\$ 124,482	\$ 125,165	\$ 125,545

Sources: Various City of Roanoke departments and Roanoke City Public Schools

(1) Library Department switched over to a new management system in FY2023, figures are lower because they removed duplicate materials and discarded materials that were no longer physically in the libraries but still in the our system.

Table 21

CITY OF ROANOKE, VIRGINIA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)

Function	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Police										
Number of vehicular units	162	162	161	152	163	157	156	161	156	157
Fire										
Number of stations (1)	11	11	11	11	11	11	11	11	11	11
Number of fire trucks	26	44	42	30	30	29	29	29	28	28
Highways and Streets										
Miles of streets (lane miles)	1,136	1,130	1,105	1,114	1,054	1,054	1,054	1,054	1,067	1,067
Number of street lights	10,102	10,074	9,957	10,049	10,014	9,998	9,984	10,002	9,942	9,927
Parks and Recreation										
Parks, plazas and recreation sites	69	64	63	70 (2)	71	71	71	71	71	70
Playgrounds/play areas	66	74	74	73 (3)	97	97	94	94	94	94
Football/soccer fields	26	27	24	24	28	28	24	24	24	24
Baseball/softball fields	26	27	27	27	27	27	29	29	29	29
Olympic-size swimming pools	2	2	2	2	2	2	2	2	2	2
Community centers	8	8	8	8	8	8	6	6	6	6
Education										
Elementary schools	17	17	17	17	17	17	17	17	17	17
Middle schools	5	5	5	5	5	5	5	5	5	5
High schools	2	2	2	2	2	2	2	2	2	2
Libraries										
Libraries	6	6	7	7	7	7	7	7	7	7
Kiosks	3	3	3	2	2	2	2	2	2	2

(1) Excludes non-staffed fire stations

(2) Historically, fitness stations were counted in three different parks. Effective fiscal year 2020, they were consolidated into one per location.

(3) Effective fiscal year 2020, adjacent playgrounds that were in close proximity to one another were consolidated into one per location.

Source: City of Roanoke - various departments and Roanoke City Public Schools

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COMPLIANCE SECTION

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CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Total Expenditures	Passed through to Subrecipients	Notes
Small Business Administration					
Direct Program:					
Shuttered Venue Operators Grant					
Total Small Business Administration	SBAHQ21SV004279.3	59.075	\$ 2,164,268		
			2,164,268		
Department of Agriculture					
Passed Through Commonwealth of Virginia					
Department of Agriculture:					
Child Nutrition Cluster:					
USDA Foods					
Subtotal Food Distribution - Commodities		10.555	7,282		
Passed Through Commonwealth of Virginia			7,282		
Department of Health:					
Child Nutrition Cluster:					
Summer Food Program FY22	N/A	10.559	5,401		
Summer Food Program FY23	N/A	10.559	11,629		
Subtotal Summer Food Service Program for Children			17,030		
Total Child Nutrition Cluster			24,312		
Passed Through Commonwealth of Virginia					
Department of Agriculture:					
SNAP		10.561	3,027,567		
Subtotal Passed Through Commonwealth of Virginia			3,051,879		
Total Department of Agriculture			3,051,879		
Department of Housing and Urban Development					
Direct Programs:					
CDBG Entitlement Cluster					
Community Development Block Grant FY20	B-19-MC-51-0020	14.218	286,297	286,297	
Community Development Block Grant FY21	B-20-MC-51-0020	14.218	313,379	58,910	
Community Development Block Grant FY22	B-21-MC-51-0020	14.218	740,121	350,759	
Community Development Block Grant FY23	B-22-MC-51-0020	14.218	725,046	434,270	
Subtotal Community Development Block Grant			2,064,843	1,130,236	5.1
Emergency Solutions Cares Covid-19 FY20					
Emergency Solutions Grant FY22	E-20-MW-51-0020	14.231	226,083	183,900	5.2
Emergency Solutions Grant FY23	E-22-MC-51-0020	14.231	37,608		
Subtotal Emergency Shelter Grant			117,406	381,097	
HOME Investment in Affordable Housing 21					
HOME Investment in Affordable Housing - ARP 22	M-20-MC51-0206	14.239	3,000		
HOME Investment in Affordable Housing 22	M-21-MP-51-0206	14.239	70,528		
HOME Investment in Affordable Housing 23	M-21-MC-51-0206	14.239	274,866	200,000	
Subtotal HOME Investment in Affordable Housing			286,071	144,576	5.3
			634,465	344,576	

CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Total Expenditures	Passed through to Subrecipients	Notes
Department of Housing and Urban Development (Continued)					
Continuum of Care Planning FY23	VA0421L3F022100	14.267	55,902	55,902	5.4
Continuum of Care Coordinated Assessment FY21	VA0300L3F022004	14.267	(9,095)		
Continuum of Care Coordinated Assessment FY23	VA0300L3F022105	14.267	49,070		
Homeless Solutions Program FY23	VA0031L3F022114	14.267	143,102		
Homeless Assistance Grant FY20	VA0031L3F021912	14.267	(2,627)		
Homeless Assistance Grant FY21	VA0031L3F022013	14.267	10,535		
Subtotal Continuum of Care			<u>246,887</u>		
Lead Hazard Control Grant FY21	VALHD044020	14.900	543,827		
Healthy Homes Production Grant FY22	VAHP004522	14.900	109,069		
Subtotal Lead Hazard Control			<u>652,896</u>		
Subtotal Department of Housing and Urban Development Direct Programs			<u>3,980,188</u>		
Total Department of Housing and Urban Development			<u>3,980,188</u>		
Department of Justice					
Direct Programs:					
State Criminal Alien Assistance Program FY20		16.606	17,303		
State Criminal Alien Assistance Program FY20		16.606	5,197		
Subtotal SCAAP Program			<u>22,500</u>		
Bulletproof Vest FY21	2017BUBX17087809	16.607	15,614		
Bulletproof Vest FY22		16.607	28,888		
Subtotal Bulletproof Vests			<u>44,502</u>		
Byrne/JAG FY19	15PBIA-21-GG-01942-JAGX	16.738	15,463		
Byrne/JAG FY21	2020-DI-BX-0161	16.738	(2,363)		
Byrne JAG FY20	2019-DI-BX-0828	16.738	32,034		
Byrne JAG FY22	15PBIA-22-GG-02279-JAGX	16.738	33,780		
Byrne JAG FY23	15PBIA-23-GG-03883-JAGX	16.738	13,816		
Byrne/JAG Community-Based Gun Violence Prevention FY20	2017-DI-BX-0082	16.738	(1,056)		
Bureau of Justice Assistance FY19	2019-WY-BX-0010	16.738	87,543		
George Mason/Byrne Mental Health	15PBIA-22-GG-00143-BRND	16.738	6,528		
Byrne Covid-19 Emergency Supplement FY20	2020-YD-BX-0916	16.738	3,080		
Subtotal Justice Assistance			<u>188,825</u>		
Subtotal Department of Justice Direct Programs			<u>255,827</u>		
Victim Witness FY22	22-O1092VW19	16.575	\$ 23,564		
Victim Witness FY23	24-O1092VW20	16.575	150,590		
Subtotal Victim Witness Assistance			<u>174,154</u>		
VSTOP Grant Program FY20	20-W3153VA19	16.588	11,600		
VSTOP Grant Program FY21	21-W3153VA20	16.588	(1,403)		
VSTOP Grant Program FY23	23-W3153VA21	16.588	19,288		
Subtotal VSTOP			<u>29,485</u>		
Subtotal Passed Through Commonwealth of Virginia			<u>203,639</u>		
Total Department of Justice			<u>459,466</u>		

CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Total Expenditures	Passed through to Subrecipients	Notes
Department of Labor					
Passed Through Commonwealth of Virginia					
Workforce Investment Cluster:					
Virginia Community College System/USDOL:					
WIA/WIOA Adult Program					
Subtotal Workforce Innovation and Opportunity Act Adult			523,716	523,716	
WIA/WIOA Youth Activities			381,434	381,434	
Subtotal Workforce Innovation and Opportunity Act Youth			381,434		
WIA/WIOA Dislocated Worker Formula Grants			453,128	453,128	
Subtotal Workforce Innovation and Opportunity Act Dislocated Worker			453,128		
Subtotal Passed Through Commonwealth of Virginia			1,358,278	1,358,278	5.6
Total Department of Labor			1,358,278		
Total Workforce Investment Cluster			1,358,278		
Department of Transportation					
Passed Through Commonwealth of Virginia					
Highway Safety Cluster:					
Department of Motor Vehicles:					
DMV Speed Grant FY21	69A37519300004/FSC-2021	20.600	\$ (3,558)		
DMV Occupant Protection FY21	69A37519300004/FOP-2021	20.600	(7,371)		
DMV Alcohol Enforcement FY21	69A37519300001/154AL-2021	20.600	(4,700)		
DMV Pedestrian/Bike FY21	69A37520300004/FPS-2021	20.600	(1,414)		
DMV Occupant Protection FY22	69A37519300004/FOP-2022	20.600	10,174		
DMV Alcohol Enforcement FY22	69A37519300001/154AL-2022	20.600	12,729		
DMV Pedestrian/Bike FY22	69A37520300004/FPS-2022	20.600	3,023		
DMV Speed Grant FY22	69A37519300004/FSC-2022	20.600	12,515		
DMV Alcohol Enforcement FY23	69A37519300001/154AL-2023	20.600	29,575		
DMV Speed Grant FY23	69A37519300004/FSC-2023	20.600	32,962		
DMV Pedestrian/Bike FY23	69A37520300004/FPS-2023	20.600	4,239		
DMV Pedestrian Safety Campaign FY22	69A37519300004/FPS-2022	20.600	37,103		
DMV Pedestrian Safety Campaign FY23	69A37519300004/FPS-2023	20.600	166,614		
Total Highway Safety Cluster			291,891		
Aviation Drive Valley View Ped Improvements		20.205	3,604		
Franklin Road Sidewalk Improvements		20.205	1,539,179		
Tinker Creek Greenway	UPC 117221	20.205	1,525,596		
Roanoke River Greenway - Underhill	UPC 110101	20.205	1,808		
Greenway Connection - Riverland Road	UPC 119666	20.205	71,316		
Acquisition of Ceebreeze Property	UPC 71741	20.205	144,556		
Acquisition of Meadowbrook Road		20.205	9,875		
Acquisition of Ramada Property at Franklin Road		20.205	665,592		
Peters Creek Constructed Wetland		20.205	413,389		
Total Highway Planning and Construction			4,374,915		

CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Total Expenditures	Passed through to Subrecipients	Notes
Department of Transportation (Continued)					
Hazardous Material Response FY19		20.703	55		
Hazardous Material Response FY20		20.703	6,856		
Hazardous Material Response FY21	HM-HMP-0421-14-01-00	20.703	574		
Hazardous Material Response FY22		20.703	2,968		
Subtotal Hazardous Materials Training and Planning Programs			10,453		
Subtotal Passed Through Commonwealth of Virginia			4,677,259		
Total Department of Transportation			4,677,259		
Department of Treasury					
Direct Programs:					
Coronavirus State and Local Fiscal Recovery Funds		21.027	11,316,759	10,142,500	5.5
Coronavirus State and Local Fiscal Recovery Funds		21.027	1,669,367		
Coronavirus State and Local Fiscal Recovery Funds		21.027	101,107		
Passed through Commonwealth of Virginia Office of the Attorney General:					
Gun Violence Grant VA OAG ARPA		21.027	1,560		
Passed Through Commonwealth of Virginia Department of Criminal Justice Services:					
Coronavirus State and Local Fiscal Recovery Funds Law Enforcement Equipment and Technology Grant		21.027	240,277		
Subtotal Equitable Sharing Funds DOT Programs			13,329,070		
Total Department of Treasury			13,329,070		
National Endowment of the Arts					
Direct Programs:					
National Endowment of the Arts Challenge America Grant FY22	1884676-62	45.024	\$ 10,000		
National Endowment of the Arts FY22	1887316-62	45.024	45,394		
National Endowment of the Arts and ARP FY22	-	45.024	99,400		
Subtotal National Endowment of the Arts Programs			154,794		
Total National Endowment of the Arts			154,794		
Department of Education					
Passed Through Commonwealth of Virginia Department of Education:					
21st Century Community Learning Centers		84.287C	29,122		
Subtotal 21st Century CLC Program			29,122		
Subtotal Passed Through Commonwealth of Virginia			29,122		
Total Department of Education			29,122		
Department of Homeland Security					
Passed Through Commonwealth of Virginia Department of Emergency Management:					
State Homeland Security Swift Water Rescue FY20	EMW-2020-SS-00096-S01	97.067	11,370		
State Homeland Security Swift Water Rescue FY22	EMW-2021-SS-00096-S01	97.067	47,840		
State Homeland Security Swift Water Rescue FY23	EMW-2022-SS-00096-S01	97.067	41,323		
State Homelands Security Hazmat Team FY21	EMW-2020-SS-00096-S01	97.067	1,267		
State Homelands Security Hazmat Team FY22	EMW-2021-SS-00096-S01	97.067	112,841		
Subtotal Assistance to Firefighters Programs			214,641		
Subtotal Department of Homeland Security Direct Programs			214,641		
Total Department of Homeland Security			214,641		

CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Total Expenditures	Passed through to Subrecipients	Notes
Department of Health and Human Services					
Direct Program:					
Provider Relief Funds					
Subtotal Department of Health and Human Services Direct Programs			122,654		
Passed Through Commonwealth of Virginia			122,654		
Department of Social Services:					
Guardianship Assistance					
Title IV-E Prevention Services		93,090	10,197		
Promoting Safe and Stable Families		93,472	24,209		
Temporary Assistance for Needy Families		93,556	134,304		
Refugee and Entrant Assistance		93,558	1,548,219		
Low-Income Home Energy Assistance Program		93,566	58,685		
Subtotal Administrative Funds		93,568	312,687		
			2,088,301		
CCDF Cluster:					
Childcare Development Matching		93,596	355,948		
Total CCDF Cluster			355,948		
Chafee Education & Training Vouchers					
Adoption Incentive		93,599	9,465		
Child Welfare Services - Staff & Operations		93,603	3,852		
Foster Care Title IV-E		93,645	2,476		
Adoption Assistance Title IV-E		93,658	1,780,895		
Social Services Block Grant		93,659	5,524,536		
Foster Care Program for Successful Transition to Adulthood		93,667	1,675,024		
Elder Abuse Prevention Intervention Program		93,674	56,147		
Children's Health Insurance Program		93,747	25,570		
Department of Medical Assistance Services (Medicaid Cluster)		93,767	15,690		
Subtotal Passed Through Commonwealth of Virginia		93,778	1,634,970		
Total Department of Health and Human Services			10,728,625		
Grand Total Federal Financial Assistance			13,295,528		
			\$ 42,714,493	\$ 13,215,392	

CITY OF ROANOKE, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2023

Note 1. Basis of Accounting

This Schedule of Expenditures of Federal Awards (the “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 Schedule 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 US Department of Agriculture donated food distribution program during current year and priced as net dollar, fair market value as furnished by the US 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. Provider Relief Funds

Schedule reporting amounts for this program are based upon the PRF report that is required to be submitted to the HRSA reporting portal. Funds received in Period 5 (January 1, 2022 to June 30, 2022) are reported in the fiscal year ending June 30, 2023.

CITY OF ROANOKE, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

Note 6. Subrecipient Expenditure Summary

The following chart summarizes Federal funds that passed through the City to subrecipients for the fiscal year ending June 30, 2023:

Note	Group	Total Expenditures
5.1	Community Development Block Grants	\$ 1,130,236
5.2	Emergency Shelter Grants	183,900
5.3	HOME Investments in Affordable Housing	344,576
5.4	Continuum of Care Planning	55,902
5.5	Continuing State and Local Fiscal Recovery Funds	10,142,500
5.6	Workforce Innovation and Opportunity Act (WIOA)	1,358,278
	Total	<u>\$ 13,215,392</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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Roanoke, Virginia (the "City") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 27, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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. **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 and significant deficiencies may exist that were not been identified.**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. **The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as items 2023-004 and 2023-005.**

City's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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
March 27, 2024



**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

Opinion on Compliance for Each Major Program

We have audited the City of Roanoke, Virginia's (the "City") compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

In our opinion, the City of Roanoke, 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, 2023.

Basis for Opinion on Each Major Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal documentation of the City's compliance with the compliance requirements referred to above.

Report on Compliance for Each Major Federal Program (Continued)

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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 are described in the accompanying schedule of findings and questioned costs as **item 2023-001, 2023-002, and 2023-003**. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards require the auditor to perform limited procedures on the City's responses to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. **Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.**

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
March 27, 2024

CITY OF ROANOKE, VIRGINIA

SUMMARY OF COMPLIANCE MATTERS

June 30, 2023

As more fully described in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts, and grants shown below:

STATE COMPLIANCE MATTERS

Code of Virginia:

Budget and Appropriation Laws
Cash and Investment Laws
Conflicts of Interest Act
Debt Provisions
Local Retirement Systems
Procurement Laws
Uniform Disposition of Unclaimed Property Act
Stormwater Utility Program
Comprehensive Services Act
Sheriff Internal Controls
Fire Programs Aid to Localities

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, 2023

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies or material weaknesses** relating to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. **No significant deficiencies or material weaknesses** relating to the audit of the major federal award programs were reported in the Report on Compliance for Each Major Program and on Internal Control over Compliance as required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award program expresses an **unmodified opinion**.
6. The audit disclosed **three audit findings relating to major programs**.
7. The major programs of the City were:

Name of Program	Assistance Listing #
Coronavirus State and Local Fiscal Recovery Funds	21.027
WIOA Adult Program	17.258
WIOA Youth Activities	17.259
WIOA Dislocated Worker Formula Grants	17.278
Shuttered Venue Operators Program	59.075
Foster Care	93.658
Adoption Assistance	93.659
Highway Planning and Construction	20.205

8. The threshold for distinguishing Type A and B programs was \$1,281,435.
9. The City of Roanoke was determined to be a **low-risk auditee**.

CITY OF ROANOKE, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2023

B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

2023-001: Workforce Investment Opportunity Cluster – Assistance Listing #17.258 / 17.259 / 17.277 / 17.278, Subrecipient Monitoring

Condition:

During our review of subrecipient monitoring, we noted that the City's monitoring was not being performed according to the formal written policy. While monitoring was performed and documented during the second half of fiscal year 2023, there was a lack of evidence of testing and suggestions to the subrecipient during the first half of fiscal year 2023.

Criteria:

According to 2CFR 200.331(a) of the OMB *Compliance Supplement*, the City should make subrecipients aware of award information. According to the City's Program Participant Monitoring Plan, the City is supposed to conduct subrecipient monitoring on a semi-annual basis which should include desk reviews of payroll, disbursements, and other financial items.

Cause:

Staff turnover, particularly for the role of grant accountant, caused these procedures to be overlooked. Management prioritized core operating activities with staffing vacancies in lieu of monitoring activities. Management asserts staff went onsite to review key documents, as documented by email activities, but did not document specific items subject to review.

Effect:

Noncompliance with federal grant requirements with regard to subrecipient monitoring, as well as an increased risk of subrecipient misusing funds.

Questioned Cost Amount:

Not applicable.

Perspective Information:

One out of two subawards.

Recommendation:

We recommend performing subrecipient monitoring in accordance with the City's guidelines and following the procedures laid out in the Program Participant Monitoring Plan.

CITY OF ROANOKE, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2023

**B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT
(Continued)**

2023-001: Workforce Investment Opportunity Cluster – Assistance Listing #17.258 / 17.259 / 17.277 / 17.278, Subrecipient Monitoring (Continued)

View of Responsible Officials and Planned Corrective Action:

Management concurs with the recommendation and will ensure that follow-up occurs regarding information provided by business owners. Loss of staff in this accountability area resulted in an inquiry and reviews conducted by varying personnel the past few fiscal years. The Accounting Supervisor and the Accounts Payable Co-coordinator, in the absence of a Grant Accountant, conducted the first semi-annual visit for fiscal year 2023. A grant accountant was hired in the Spring 2023 along with an Accounting Manager, who were able to conduct the second visit in June 2023. Revisions to the policies and procedures were made following the June visit along with developing formalized documentation templates that show what was subject to monitoring. Fiscal year 2024 monitoring in January 2024 has been completed with follow-up to occur in June 2024.

CITY OF ROANOKE, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2023

B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT (Continued)

2023-002: Coronavirus State and Local Fiscal Recovery Funds – Assistance Listing #21.027, Disbursements

Condition:

During our review of the locality's disbursements related to the program, it was noted that procurement policies were not being followed. In 3 of 25 instances, credit card purchases were not properly approved.

Criteria:

CSLFRF funds may be used for eligible expenses subject to restrictions set forth in Treasury's Interim Final Rule and Final Rule at 31 CFR Part 35. Also, 2 CFR Part 200 section 303 requires effective control over, and accountability for, all funds. According to the City's procurement policy, department managers and directors are supposed to review and approve credit card purchases on a monthly basis. Review includes ensuring appropriate supporting documentation is included. Documentation should support that transactions are for allowable expenses.

Cause:

Though the City has controls that push compliance, monitoring and enforcement by Finance is lacking. Additionally, the volume of transactions make monitoring challenging. Some transaction support and approval are routed electronically through US Bank for automation, but there are thousands of monthly transactions.

Effect:

Noncompliance with federal grant requirements with regard to disbursements.

Questioned Cost Amount:

Not applicable.

Perspective Information:

Three out of twenty-five transactions.

Recommendation:

We recommend disbursing funds in accordance with the City's procurement policy including a process that requires approval of all credit card purchases.

CITY OF ROANOKE, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2023

**B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT
(Continued)**

**2023-002: Coronavirus State and Local Fiscal Recovery Funds – Assistance Listing #21.027,
Disbursements (Continued)**

View of Responsible Officials and Planned Corrective Action:

Management concurs with the recommendation and will ensure that procurement policies including those over credit card purchases will be adhered to. Starting in fiscal year 2023 communication to department directors occurred reinforcing that reviewing and approving financial transactions is necessary under City policy. The City's Department of Finance on a monthly basis is monitoring P-Card compliance with standard metrics and has enhanced communication of internal deadline dates for coding and approving transactions. Follow-up is performed by the Accounts Payable coordinator to address issues with individual users and departments who have unapproved transactions. This practice will continue moving forward with issues of continued non-compliance by users and directors potentially resulting in revoking privileges of using city purchasing cards.

CITY OF ROANOKE, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2023

B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT (Continued)

2023-003: Coronavirus State and Local Fiscal Recovery Funds – Assistance Listing #21.027, Disbursements

Condition:

During our review of the locality's revenue loss calculation, it was noted that one revenue figure was not supported by the City's transmittal form causing the lost revenue available for the City to claim to be understated by approximately \$4.8 million.

Criteria:

Under the Final Rule, recipients can elect a one-time "standard allowance" of \$10 million (not to exceed the recipient's award amount) to spend on the "provision of government services" during the period of performance. Alternatively, recipients can calculate lost revenue for the years 2020, 2021, 2022, and 2023 based on the formula provided in the Final Rule to determine the amount of SLFRF funds that can be used for the "provision of government services." According to the OMB *Compliance Supplement* section 4-21.027 section III B, recipients can choose whether to use calendar or fiscal year dates but must be consistent through the period of the performance and must provide auditors with evidence supporting their revenue loss calculation.

Cause:

The calculation of revenue loss was performed by staff who was new to their role with the City. All figures agreed with the Auditor of Public Accounts (APA) transmittal except for one section. Supervisory review was performed but did not detect the inconsistency in the calculation with reported figures on the APA transmittal form.

Effect:

Noncompliance with federal grant requirements with regard to lost revenue, understating the available revenue loss the City can utilize.

Questioned Cost Amount:

Not applicable.

Perspective Information:

Not applicable

Recommendation:

We recommend that a process be put in place that ties out all amounts used on the lost revenue calculation to amounts on the transmittal form.

CITY OF ROANOKE, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2023

**B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT
(Continued)**

**2023-003: Coronavirus State and Local Fiscal Recovery Funds – Assistance Listing #21.027,
Disbursements (Continued)**

View of Responsible Officials and Planned Corrective Action:

Management concurs with the recommendation and will ensure that the APA transmittal is used for future calculations as necessary. The calculation will be subject to multiple reviews. A final ARPA revenue loss calculation is planned for the spring that will incorporate the updated revenue loss figures from fiscal year 2023 ACFR and update the reporting figures in the fiscal year 2022 ACFR.

The City's plan for ARPA spending currently does not plan to utilize the entire revenue loss funds but instead seeks to spend on specific projects that are ARPA eligible.

CITY OF ROANOKE, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2023

C. FINDINGS – COMMONWEALTH OF VIRGINIA

2023-004: Commonwealth of Virginia – Social Services – Special Welfare

Condition:

In one of two instances, Special Welfare accounts did not have receipts accurately credited to the account and had incorrect reimbursement requests.

Recommendations:

We recommend the Special Welfare reconciliation spreadsheet be verified against individual accounts on a monthly basis by the Human Services Business Administrator.

View of Responsible Officials and Planned Corrective Action:

Management concurs with the recommendation and will ensure that reconciliations are performed. The Department of Social Services is training new accounting personnel on the process for Special Welfare accounts. Their purchase of a new payment system should automate reporting to allow for a more efficient reconciliation process. The Department of Finance will review the Department of Social Services reconciliation for accuracy and follow-up on the timeliness of reconciliations.

2023-005: Commonwealth of Virginia – Disclosure Statements

Condition:

In two of 86 instances, disclosure statements were filed after the 2/1/23 deadline.

Recommendations:

We recommend ensuring disclosure statements are filed in a timely manner.

View of Responsible Officials and Planned Corrective Action:

Management concurs with the recommendation and will ensure that follow-up occurs regarding information provided.

CITY OF ROANOKE, VIRGINIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2023

A. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

**2022-001: Workforce Investment Opportunity Cluster – Assistance Listing
#17.258/17.259/17.277/17.278, Subrecipient Monitoring**

Condition:

During our review of subrecipient monitoring, we noted that the City's semi-annual subrecipient monitoring scheduled for February 2022 was not performed.

Criteria:

According to the City's Program Participant Monitoring Plan, the City is supposed to conduct subrecipient monitoring on a semi-annual basis which should include desk reviews of payroll, disbursements, and other financial items.

Cause:

Staff turnover, particularly for the role of grant accountant, caused these procedures to be overlooked.

Effect:

Noncompliance with federal grant requirements with regard to subrecipient monitoring, as well as risk of subrecipient misusing funds.

Recommendation:

We recommend performing subrecipient monitoring in accordance with the City's guidelines and following the procedures laid out in the Program Participant Monitoring Plan.

Current Status:

Still applicable in the current year.

View of Responsible Officials and Planned Corrective Action:

Management concurs with the recommendation and will ensure that follow-up occurs regarding information provided by business owners. Loss of staff in this accountability area resulted in an inquiry and reviews conducted via electronic means versus a physical. Delivered information was reviewed and acknowledged by Accounting Supervisor; however, physical visit did not occur. The Accounting Supervisor and the Accounts Payable Co-coordinator, in the absence of a Grant Accountant, have conducted the first semi-annual visit for fiscal year 2023. Follow-up information has been received upon request and the final physical review has been scheduled for Spring 2023.

CITY OF ROANOKE, VIRGINIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2023

B. FINDINGS – COMMONWEALTH OF VIRGINIA

2022-002: Auditor of Public Accounts – Fire Program

Condition:

During our review of the locality's completed Annual Report and Disbursement Agreement forms submitted to the Department of Fire Programs, it was noted that the amount of revenues and expenditures reported did not agree to the underlying accounting records.

Recommendation:

We recommend the Annual Report be reviewed and reconciled to the general ledger before submission.

Current Status:

Not applicable in the current year.

2022-003: Commonwealth of Virginia – Disclosure Statements

Condition:

Five of 83 disclosure statements were not filed timely.

Recommendations:

We recommend implementing procedures to ensure that all disclosure statements are filed timely.

Current Status:

Still applicable in the current year.

Management's Response:

Management concurs with the recommendation and will ensure that follow-up occurs regarding information provided.

CITY OF ROANOKE, VIRGINIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2023

B. FINDINGS – COMMONWEALTH OF VIRGINIA (Continued)

2022-004: Commonwealth of Virginia – Highway Maintenance Testing

Condition:

Six of ten time cards tested contained labor data that could not be allocated to a specific work order.

Recommendations:

We recommend all departments use the newly adopted time reporting software to ensure labor is charged to the correct work order.

Current Status:

Not applicable in the current year.

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City of Roanoke, Virginia**

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