



CITY OF ROANOKE, VIRGINIA

Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2021



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ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year July 1, 2020 to June 30, 2021



DEPARTMENT OF FINANCE
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City of Roanoke

Letter of Transmittal



CITY OF ROANOKE OFFICE OF THE CITY MANAGER

215 Church Avenue, SW, Suite 364
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February 11, 2022

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, 2021 in accordance with Section 25.1(f) of the Roanoke City Charter. The Charter requires the City to issue an annual report on its financial position and activity and that the financial statements included in the report be audited by an independent firm of certified public accountants. This report was prepared by the Department of Finance in conformity with generally accepted accounting principles in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB) and the financial statements included in the report were audited by Brown Edwards & Company.

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

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

The 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 auditors' report on the basic financial statements, Management's Discussion and Analysis (MD&A), which is unaudited supplementary information required by GASB, basic financial statements, notes to the basic financial statements, other unaudited required supplementary information, and combining fund financial statements.

City of Roanoke

Letter of Transmittal - Continued

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

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

Profile of the Government

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

Chartered by the Commonwealth of Virginia as a city in 1884, Roanoke encompasses a land area of forty- three square miles and operates under a council-manager form of government. The City's 2020 estimated population is 99,348 and accounts for 31.8% of the population in its Metropolitan Statistical Area (MSA), which includes the neighboring City of Salem, Town of Vinton, and the Counties of Roanoke, Botetourt, Craig, and Franklin.

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

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

The financial reporting entity reflected in the 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.

City of Roanoke

Letter of Transmittal - Continued

- The School Board of the City of Roanoke (School Board) is comprised of seven members, appointed by City Council, to oversee operation of the City's school system. The school system receives significant financial support from the City.

Economic Condition and Outlook

Local Economy

As has been the case with many communities across the Commonwealth of Virginia, the COVID-19 Pandemic (Pandemic) continued to disrupt the Roanoke Region economy during the 2020 - 2021 fiscal year. The Roanoke Regional Partnership estimated that the region lost approximately 14,000 jobs following the initial government shutdown in March 2020. As of July 1, 2020, the region regained almost 5,300 of those 14,000 jobs.

In August 2020, the City of Roanoke (City) assisted business owners damaged by the pandemic by distributing emergency funds authorized by the CARES Act via a grant program established by the Department of Economic Development (Department or Economic Development). Working with the Economic Development Authority for the City of Roanoke, the Department processed nearly 300 applications and distributed approximately \$1.2 million to qualified applicants. Authorized uses for funding ranged from purchasing personal protective equipment to pivoting business models to safely accommodate customers.

Recovery continues in several sectors including leisure/hospitality, retail trade, technology and manufacturing. While unemployment increased in the Roanoke Region to approximately 10.5 percent in April, 2020, that number had decreased significantly to 6 percent by July 1. Hiring demand has been strongest in the healthcare sector, with employment ads for practitioners and support staff having grown 4.5 percent over the last year. Demand appears weakest in personal care and service occupations (fitness trainers, hairstylists, recreational workers, and childcare workers), office and administrative support, and building/grounds maintenance (maids/housekeeping). The decline in the office and administrative sector is largely due to the prolonged work from home trend and uncertainty regarding the timeline for a full return to offices. Lower demand for building grounds and maintenance occupations reflect disruption largely in the lodging industry.

Consumer spending is recovering, though there remains much ground to be regained within the region according to the latest numbers available. Third and Fourth quarters of 2020, Consumer Spending was down almost 9 percent. Multiple factors are likely impacting the consumer spending recovery including the aforementioned impact of the Pandemic on the region's service and an increased tendency to forego in-person retail for online.

Economic Development

Roanoke is the cultural and economic center of southwest Virginia with a growing and diversifying economy. As the City emerges from the Pandemic, Economic Development continues to focus on our core initiatives, including: business attraction, retention, and expansion; asset promotion and marketing; and property redevelopment. In addition, the Department is also focusing on the growth of the City's Innovation and Health Sciences sector as well as on community development efforts centered around equity and entrepreneurship. To this end, we will be retaining a consulting firm to assist us with development of a strategic plan that will incorporate these newer focus areas into our larger mission of growing the City's economy.

The Department regularly updates its website and social media sites to create awareness of the outstanding assets and amenities offered by the City with the goal of attracting new residents and businesses to the region. This includes BizRoanoke.com and the monthly BizNews newsletter, as well as the monthly television show, BizRoanoke, and videos that showcase our amenities, business leaders, and community events. The Department's social media outlets continue to garner regional, national, and international attention with weekly posts, while our staff remains dedicated to serving every business in our growing business community.

As a result of these ongoing efforts, the fiscal year 2020-2021 yielded 25 announcements across multiple sectors totaling over \$44 million in new investment and creating 220 new jobs.

City of Roanoke

Letter of Transmittal - Continued

Significant projects have occurred in the following sectors during fiscal year 2020 – 2021:

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

Manufacturing

Frank Chervan, Inc., a locally owned 80-year-old company making furniture for a variety of commercial customers, launched TXTUR, a made-to-order furniture line available for purchase by the public. This \$375,000 investment created 15 full-time positions.

Twisted Track Brewpub opened in the former Soaring Ridge space along the Shenandoah Avenue corridor. In addition to brewing their own beer, the brewpub offers upscale pub food. Significant changes were made to the inside and outside of the building in the amount of \$1.6 million with another \$300,000 spent in kitchen upgrades. Twisted Track also created three full-time, salaried positions.

Finance

After breaking ground in April 2021, construction is underway for Member One Federal Credit Union's new 6,511 square foot Member Service Center. The facility will be located on the lower lot of Member One's Administrative Campus in downtown Roanoke and will bring together a variety of member needs in one convenient location to include retail branch amenities as well as a Real Estate Center focused on lending and a Business Services Center for small business needs.

Freedom First Federal Credit Union purchased real estate in downtown Roanoke in October 2020 for \$680,000, increasing their footprint for the future plans to relocate its headquarters to downtown Roanoke from Roanoke County. The new headquarters will be adjacent to Elmwood Park and will bring approximately 100 jobs to downtown Roanoke. Freedom First is the second largest credit union based in the Roanoke Valley with assets totaling \$716 million as of June 30, 2020.

Minneapolis-based Royal Bank of Canada (RBC) Wealth Management announced its entry into the Roanoke market on May 3, 2021, hiring the Roanoke UBS team with \$900 million in client assets, opening new offices at 110 Franklin Road and adding an additional salaried employee.

Charles Schwab opened an independently owned branch office at Towers Shopping Center in July 2020, followed by Augusta Capital, a new Investment Advisory firm opening in January 2021 to serve clients wanting a personalized wealth management experience.

Education

The education sector in the City of Roanoke continues to exhibit strong growth.

The Virginia Tech Carilion campus added another state of the art facility in the form of a 149,000 square foot addition to the Fralin Biomedical Research Institute (FBRI). The state-of-the-art facility, completed in the fall of 2020, is home to at least 25 new teams of biomedical researchers specializing in cardiovascular research, obesity and metabolism, body-device interfaces, cancer, and more. The \$90 million building also features a green roof, classrooms, lab space, and a LINAC particle accelerator to help pets with cancer. This expansion will allow as many as 300 additional employees to call FBRI home. The facility will open to the public in October 2021.

City of Roanoke

Letter of Transmittal - Continued

The Build Smart Institute (Institute) opened its doors in Roanoke in February 2020 just prior to the pandemic and held a formal opening celebration on October 30, 2020. The privately owned construction trade school is located in a 12,000 square foot building in the Gainsboro neighborhood. With a curriculum geared toward meeting the demand for trades people, the Institute provides a combination of virtual learning, classroom instruction, and hands-on laboratory skill practice that trains, tests, and gives students the tools to be successful in the construction industry. The Build Smart Institute has four full-time employees and represents a \$100,000 investment in the City of Roanoke.

In May 2021, Roanoke City Public Schools (RCPS) announced its purchase of the former Roanoke Times building for approximately \$5.9 million. The project is estimated to cost \$4 million and will consolidate the system's central offices into a single, convenient downtown location. Additionally, RCPS will establish the Booker T. Washington Center for Community Empowerment & Education in the current central office at 40 Douglass Avenue with an anticipated opening of January 2024. Finally, the former William Ruffner Middle School, which presently houses non-student functions, will be repurposed as a tech education center and is expected to offer courses on automotive technology, carpentry, cosmetology, criminal justice, health and nursing, landscaping, sports medicine and welding. The renovations are estimated to be \$5.5 million, while staffing is expected to cost \$2.8 million annually. The facility will open in fall 2023.

Health Care and Innovation

Healthcare and its related industries, business, research, and educational operations, continues to play an increasingly significant role in the City's economy, and is expected to help lead our economy over the coming years.

Annual funding provided to Virginia Tech Carilion by National Institutes of Health (NIH) has grown 57 percent over the past five years. The Fralin Biomedical Research Institute (FBRI) at VTC, a cornerstone of the university's strategic investment in health sciences, was awarded about 43 percent of Virginia Tech's NIH awards in fiscal year 2020. Research areas include cardiovascular disease, cancer, infectious diseases, brain disorders, and harmful health behaviors, such as addiction and obesity, illnesses that cost the United States more than \$3 trillion annually.

In addition to the stellar research being conducted at FBRI, five emerging cancer research and drug delivery start-ups have made significant strides over the past fiscal year - Tiny Cargo Company (Tiny Cargo), Acomhal Research Inc. (Acomhal) CytoRecovery, Selectide Therapeutics, and VoltMed.

Tiny Cargo was recently among five companies awarded \$50,000 and mentorship services at Johnson & Johnson Labs as part of the Washington, DC Innovation QuickFire Challenge. In addition, Acomhal Research Inc., recently secured a one-year \$400,000 Small Business Technology Transfer (STTR) grant related to its work combating aggressive forms of breast cancer.

Construction continued on the Richfield Health Center – Roanoke Campus, located at 1030 Mecca Street in Northeast Roanoke. The \$25 million investment is Richfield's first entry into the Roanoke market, which will focus on skilled nursing and rehabilitation, and will open in fall 2021.

Carilion Clinic continued the 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. City Council approved the health care provider's \$300 million expansion in November 2019.

In September 2020, Valleys Innovation Council (VIC) received \$982,442 in Build to Scale grant funds as part of a \$2.08 million three-year project to scale up current accelerator and startup assistance programming through the Regional Accelerator and Mentoring Program (RAMP) and to continue VIC's work growing the regional innovation ecosystem. One of only 52 awarded nationally, the grant is part of a total \$35 million the U.S. Department of Commerce will deploy to recipients in 36 states to support high growth entrepreneurship. The grant will be directed to specific programming designed to support scalable startups in technology and health and life sciences across the GO Virginia Region 2 service footprint, which spans the New River Valley, Roanoke Valley, Alleghany Highlands, and Greater Lynchburg region.

City of Roanoke

Letter of Transmittal - Continued

The Regional Acceleration and Mentorship Program (RAMP) welcomed startups to the inaugural Health & Life Sciences Cohort in March 2021, its fifth cohort since 2017. Previously held once a year, a recent \$982,000 grant from the U.S. Economic Development Administration allowed RAMP to expand to two cohorts per year with a spring focus on health and life sciences and a fall program for technology startups. RAMP program partners include Roanoke City, Roanoke-Blacksburg Technology Council, and Virginia Western Community College. RAMP is an affiliate of Verge, a collaborative strategic alliance established to grow the region's innovation economy and focuses on companies in the fields of science, technology, engineering, math, and health.

Retail & Development

The long-awaited Crystal Spring Grocery, a \$500,000 investment in the South Roanoke neighborhood, opened its doors in November 2020 with 4 full-time positions. The specialty grocer offers grab and go meals, ample seating, outdoor space and weekly special customer events.

Roanoke Grocery Market opened at 3805 Melrose Avenue offering more than a thousand items, as well as featuring a halal butcher and bakery producing items like savory pies. Opened in May 2021, this \$200,000 investment along the Melrose corridor created five salaried positions.

Big Lick Comics opened April 3, 2021, at 3424 Orange Avenue, NE, in the Market Square East shopping center. The 6,000 square-foot retailer offers a family-friendly atmosphere including a kids' zone with activities, books, and toys for the younger audience. The new store represents a \$25,000 investment and three full-time positions in the City.

In March 2021, Charlottesville-based Well-Hung Vineyard opened in downtown Roanoke. The \$150,000 investment includes three salaried employees.

Tourism

The Hotel Roanoke & Conference Center, Curio Collection by Hilton, marked its 25th anniversary in September 2020 with the completion of the \$3.6 million renovation of the historic Pine Room restaurant and introduced the newest dining option, the 1882 Lobby Bar.

Work continues on a boutique hotel to be located in the former Liberty Trust Bank Building, located at the corner of Jefferson Street and Salem Avenue, SW. Amenities will include 54 luxury hotel rooms, dining services, meeting space, and social areas. Redevelopment began in December 2019, but was temporarily paused by developer Savara Hospitality during the Pandemic. The project represents a \$700,000 investment and is scheduled to open in late 2021.

Technology

LeadPoint Digital, a locally-owned digital marketing agency relocated from Roanoke County to downtown Roanoke, opening in May 2021. With many companies scaling back during the pandemic, LeadPoint Digital continued its growth. The agency doubled its team adding four new full-time positions. The relocation to a larger corporate office maximizes creativity and communication with clients, both virtually and in person.

Headquartered in downtown Roanoke, in December 2020, Luna Innovations announced a \$6.2 million deal with Lockheed Martin, further extending a long-term relationship that has resulted in the development of new optical measurement products that will help to ensure the global fleet of F-35 aircraft, manufactured by Lockheed Martin, are ready for service. The company also expanded their Roanoke offices, creating three new full-time positions.

Coronavirus Aid, Relief, and Economic Security (CARES) Act

Preliminary efforts at the start of the COVID-19 pandemic were made by the City of Roanoke through a group of employees who were charged with finding resources to help aid the City and the community with recovery. This Roanoke Recovers Team researched grants, loans, and philanthropic resources to make appropriate departments and businesses aware of these findings. Early initiatives included the Greater Roanoke Transit Company, known locally as

City of Roanoke

Letter of Transmittal - Continued

Valley Metro and owned by the City of Roanoke, suspending passenger fares from March 27, 2020 through June 30, 2020, transition of an existing small business loan program to focus on small businesses impacted by COVID-related closures, and relaxed development codes to enable small businesses to adapt to changing conditions. Roanoke City also developed a framework to address ongoing challenges and impacts of the health crisis in three stages. This became known as Star City Strong: Response, Recovery, and Resiliency. Some challenges the City faced included business closures, stay-at-home orders, increased unemployment, municipal facilities closures, limited PPE availability, school closures, limited food resources, meeting/event cancellations, and the need for non-English speakers in our community to be aware of the virus.

CARES Act Funding in the amount of \$8.6 million was made available to the City of Roanoke on June 1, 2020, to aid in the Coronavirus pandemic. Shortly following receipt of the first funding, an additional \$8.6 million in CARES Act funding was made available, for a total of \$17.2 million. The City of Roanoke branded its CARES Act Funding as the Star City Strong Recovery Fund. Multiple areas of focus were identified by the Task Force to help determine the most effective use of the funds and provide the local community recovery support. Initially, the Task Force identified four broad areas of focus: Community Health, Economy, Safety Net, and Youth and Education. These areas were further defined into the following categories: Community Health; Culture; Economy; Internal Program Costs/COVID-19 Relief Fund; Social Services/Welfare Programs; Youth Education.

The effects of the pandemic will continue to strain the local economy and require the need to remain in the Recovery stage for the near future. All the while, the City continues to enhance the organization and community into the Resiliency stage. The Star City Recovery Fund provided a great opportunity to assist and serve businesses, residents, non-profit organizations, community health providers, arts and culture organizations and City's and employees' youth. Star City Recovery Funds went to support the City of Roanoke's vibrant community - as an "All-America City" that rose to the challenge and dedicated financial support and resources for the community to begin on the path to economic recovery and remain - Star City Strong.

Long-Term Financial Planning

Comprehensive Plan

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

Budgeting for Outcomes

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

Long Term Financial Planning

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

City of Roanoke

Letter of Transmittal - Continued

Capital Improvement Program (CIP)

In conjunction with the preparation of an annual operating budget, the City prepares a five-year Capital Improvement Program Update. This serves as a planning tool for efficient, effective and equitable distribution of public improvement resources throughout the City. The CIP focuses on maintaining capital assets, infrastructure investment for livability and economic development, and targeted livability investments. The CIP represents a balance between finite funding and competing community priorities. The CIP specifies the capital improvement and construction projects over the upcoming five-year period in order to maintain or enhance the City's \$720 million in capital assets. Detailed project descriptions, cost estimates, and funding sources are included in the CIP. The City's Capital Improvement Program for FY 2022 through FY 2026 represents \$193 million of public improvements to the City's schools, infrastructure, parks, libraries, public buildings, technology improvements, fleet replacement, and Roanoke's civic center (the Berglund Center). The CIP includes important public safety improvements such as the Fire EMS Master Plan for the construction and/or relocation of three Fire/EMS stations as well as 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. Current and recent capital improvements include Coliseum restroom renovations at Gates 2 and 11, the purchase of magnetometers (walk-thru security detectors); sound system upgrade, and replacement of the rigging system in the BPAT; and, replacement of carpet in the Coliseum and Special Events Center. Projects currently underway include Coliseum restroom remodel at Gate 5, BPAT lighting upgrades, security enhancements, and HVAC improvements.

Relevant Financial Policies

Financial policies serve as the framework for the financial operation of city government as well as the basis for budget development. The City's financial policy statements in their entirety can be located in the City's Adopted Budget. Policies are in place to provide guidance in the areas of budget, expenditures, reserves, revenues, and debt management. Reserves may only be used upon appropriation 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. Roanoke Schools continue to demonstrate performance improvements, with the 2020-21 on-time graduation rate for students increasing to 89.26%. All 24 schools are fully accredited by the Commonwealth of Virginia based on 2018-19 assessment data (2019-20 and 2020-21 accreditation was waived due to the impact of the COVID-19 pandemic). The pandemic required the schools to pivot quickly to virtual instruction, which continued during 2020-21 with a combination of in-person and virtual learning. This required the school division to shift to a 1:1 student technology device initiative and to subsidize the cost of internet connectivity for families in need, so virtual learning could take place. To ensure the basic needs of students would continue to be met, meals were delivered to families initially by school bus, then offered for pick-up at various school locations. Though the pandemic continues to impact every aspect of instruction and school division operations, staff and administrators are committed to meeting the instructional, social-emotional, and physical needs of our students as safely as possible.

Roanoke is committed to providing students with safe and effective learning environments, and to that end, Roanoke City Public Schools updates its Capital Improvement Plan annually. The most significant project involves the construction of a new athletic field house at Patrick Henry High School. Other projects recently completed or underway include installation of new playgrounds, new roof, and HVAC system at Fairview Elementary School, HVAC system for the kitchen at Westside Elementary School, repaving at Ruffner Operations Center, the Transportation Department, Westside Elementary, Roanoke Technical Education Center, and the track at Addison Middle School, and Security vestibules at Noel C. Taylor Academy, Forest Park Academy and the Roanoke Valley Governor's School. More information regarding the important achievements of Roanoke City Public Schools is available in the separately published School ACFR.

City of Roanoke

Letter of Transmittal - Continued

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

Public Safety

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

The Roanoke Police Department has been accredited by the Commission on Accreditation for Law Enforcement Agencies (CALEA) since July 1994, and is one of only four law enforcement agencies in the Commonwealth of Virginia to attain accreditation in two CALEA programs – Law Enforcement and Training Academies. Roanoke Police successfully launched the Roanoke Valley HOPE Initiative in August 2016. The program is designed to connect drug users with police and the right health resources. The program has helped over 1,300 people find detox and treatment for substance use disorders.

Roanoke Fire-EMS has been an accredited agency with the Commission on Fire Accreditation International Inc. (CFAI) since 2002, meeting the criteria established through the CFAI's voluntary self-assessment and accreditation program. The fire protection services of the City of Roanoke, as rated by an insurance industry advisory company 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 293 nationwide Internationally Accredited Fire agencies and one of only 112 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 has enabled Roanoke Fire-EMS to increase its emphasis on recruiting a diverse workforce, including the launch of a new website. As a strategy to provide a more diverse and inclusive workforce, the City's Fire-EMS Department hiring age is at 18 years old.

The Roanoke City Sheriff's Office remains nationally accredited through the American Correctional Association, since 1991, and the National Commission on Correctional Healthcare, since 1987. In 2013, the department earned the accreditation of the Virginia Law Enforcement Professional Standards Commission (VLESPC), followed by the federal Prison Rape Elimination Act (PREA) in August 2014. The Sheriff's Office became a member agency for Project Lifesaver International Headquarters in 2017. There are 29 current clients enrolled in this program.

Human Services

Roanoke, as the largest city west of the state capitol, 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 Roanoke City Public Schools and the City of Roanoke Central Intake program provided assistance to 40 students by preventing them from entering into homelessness or rehousing them to a stable home environment. The City of Roanoke's Central Intake program also partners with the Western Virginia Water Authority to provide water bill assistance to customers who are facing a utility cutoff or to assist with re-connections for those whose services have been disconnected. Last year, 754 households were provided critical utility assistance through the Authority Cares program. Two hundred ninety-five (295) of these households received assistance through CARES Act funding provided to the Western Virginia Water Authority by the City of Roanoke.

In 2020, 3,633 individuals 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, RAM House, the Salvation Army, and Commonwealth Catholic Charities. Our community also provided critical housing services for individuals and families to quickly exit homelessness and stabilize in permanent housing. In 2020, 148 individuals were rapidly re-housed through the Community Housing Resource

City of Roanoke

Letter of Transmittal - Continued

Center and TAP's SSVF program. Permanent supportive housing was provided to 159 veterans and chronically homeless individuals through ARCH Services and the Salem VA Medical Center.

Neighborhoods

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

The City also provides opportunities for civic groups to enhance their neighborhoods by making financial resources available to undertake self-help projects through the Office of Neighborhood Services Neighborhood Development Grant Program. The City continues to encourage individuals and neighborhood organizations to enhance their neighborhood's quality of life through active participation in community-based projects. Those applications from neighborhoods lying within HUD defined low-moderate income census tracts/blocks may be funded with Community Development Block Grants (CDBG) for eligible activities allowed by HUD.

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

The City leverages federal, local, and in-kind contributions from public and private sources with the utilization of Community Development Block Grant (CDBG) 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.

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 66 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 the city. The City's greenway system continues to grow and develop, gaining favor with visitors as well as residents of the Roanoke Valley. More than 24 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 trailways for cycling enthusiasts and is a "Bicycle Friendly Community." With more than 90 miles of trails, the City has become a national destination for mountain biking enthusiasts. Together with neighboring localities, the region received the Silver Ride Center designation from the International Mountain Bicycling Association, the only such center on the East Coast.

Libraries

The City supports and promotes lifelong learning for all citizens. The Library Master Plan includes projects to enhance the delivery of programs and services throughout the community at the seven library locations. The Roanoke Public Libraries provide many resources to citizens including free computer training, free internet, and free wireless

City of Roanoke

Letter of Transmittal - Continued

access at all locations, as well as a range of free events for children and adults throughout the year. One of the largest programs offered by the Roanoke Public Libraries is the Summer Reading Program, which continues to grow. In 2020, the Libraries had over 260,000 views on their virtual Summer Reading Program social media videos and distributed almost 13,000 literacy kits in curbside delivery to youth of all ages. Pivoting to a safer, yet expansive summer program distribution during COVID-19 was very successful.

For more than a decade, the Libraries have been undergoing an extensive system-wide renovation process. In conjunction with the 2016 renovation of the City's Main Library, the City completed renovations to the Raleigh Court library in 2016. Raleigh Court library reopened in March 2016 and includes a community room that can be used for meetings outside of opening hours, a separate teen area, a recording studio, and a courtyard. Since reopening, circulation at the Raleigh Court branch has more than tripled. Expansion and renovation of the Williamson Road branch has been completed and the branch reopened on November 13, 2017. Improvements at Williamson Road include an expansion that doubled the square footage of the branch, a large community room available for use after hours, an enclosed patio for programs, study rooms and an expanded youth and teen center. The Melrose branch construction is complete and the new facility opened July 22, 2019. The branch square footage is over double in size. It includes a teen center, a community room, small business center, new computers and books, a STEAM Lab for science and art classes, a music lab, a dedicated children's area, adult books and materials and a quiet reading area. Outside program space includes a large patio and an enclosed area for children's programs. In February 2021 the libraries developed a state-of-the-art neighborhood E-branch for literacy programs, children's activities, and educational materials in a friendly outdoor environment. The Crystal Spring e-Branch has been very popular with citizens across the City. The Gainsboro Library also received a significant renovation and re-opened its doors in June 2021. This renovation included new shelving, a large teen center, historic picture displays, and meeting room update as well as additional technology and books.

Libraries support the public education programs of Roanoke City Public Schools through a variety of partnerships and initiatives, including the All-America City Award-winning Star City Reads initiative. Star City reads is a citywide coalition of 36 community partners, spearheaded by the Libraries, working to improve the grade-level reading outcomes of Roanoke children. In June 2019, the City was awarded the first ever All America City Hall of Fame Award for Star City Reads and the Feed and Read initiative. Its programs include the Summer Reading Program, which is coordinated with the RCPS+ summer enrichment program; Books on Buses, a collaboration with Valley Metro that creates mobile libraries and literacy activities for children year round at every library. 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 has serves 150,000 meals since its beginning in 2012. The Library's distribution of the Roanoke Baby Board Book to every child born at Carilion with the support of Turn the Page volunteers. Since 2014, Turn the Page volunteers have worked with the Libraries to distribute the Roanoke Baby Board Book to more than 18,000 children born at Carilion Clinic. In addition, the Libraries coordinate all book distribution for Star City Reads with over 150,000 books given to Roanoke's children since 2012. The Libraries continue to promote education for all of the Roanoke Valley with relevant programs for children, teens, and adults.

Transportation and Parking

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

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

City of Roanoke

Letter of Transmittal - Continued

Environmental Leadership

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

The City's Stormwater Utility is actively working to reduce flooding, improve water quality, and to improve and maintain the City's stormwater infrastructure and assets. The stormwater fee collected by the utility provides a dedicated source of revenue to address an estimated \$350 million in necessary water quality and drainage improvement projects as well as increase the maintenance of the City's existing drainage infrastructure. Stormwater management activities do more than meet regulatory mandates. Stormwater management activities are designed to transform the Roanoke River and its tributaries into community assets, focal points, and sources of pride for those that live, work, learn, and play in their watersheds.

Regional Cooperation

The City of Roanoke works closely with regional partners on economic development and service delivery. The Roanoke Valley Broadband Authority continues to expand connectivity within the region. Regional local governments also continue in partnership in the Western Virginia Regional Industrial Facilities Authority. Through this authority, the cities of Roanoke and Salem and Roanoke County continue to partner on making the Woodhaven Technology Park marketable to worthy prospects. Consisting of 104 acres situated near the I-81 and I-581 interchange, Woodhaven is actively being marketed by the Roanoke Regional Partnership and the Virginia Economic Development Partnership. The City of Roanoke continues to actively seek out opportunities to collaborate with our neighboring localities and other partners in the region.

Future Challenges

2020 has been a year like no other. Roanoke, like much of the nation, has spent a significant amount of 2020 grappling with the challenges associated with political polarization, social inequity, and institutional racism for some time; however, none of these have had a more profound and disruptive impact on our City than the COVID-19 pandemic. Roanoke weathered the "Great Recession" well and has since boosted reserves, confirmed its strong bond rating, improved high school graduation rates, and real estate values have increased at a stable, sustainable rate. In addition, population increases, low unemployment, new residential and commercial real estate investment, and increased tourism signaled a strong recovery from the economic disaster of 2007-2008.

Despite the continued economic growth and resiliency of the City of Roanoke, the future holds many challenges and unknowns. The perennial challenges of providing core services still remain - inflation outpacing revenue growth, the uncertainty of intergovernmental revenues, the high cost of infrastructure replacement, rising healthcare costs, and increased demand for governmental services; however, the additional challenges related to controlling and eradicating the COVID-19 virus is expected to extend well into 2021. It is also expected that both the economic and social impact will be significant. From a fiscal standpoint the COVID effect is expected to directly and significantly impact several major revenue categories such as Meals Tax, Transient Lodging Tax, and Business License Tax. While Real Estate Taxes could be significantly affected indirectly, over time, the fiscal impact is difficult to anticipate due to the fact that commercial/retail real estate values are currently at-risk due to COVID-19 behaviors and residential sales and values are very healthy.

Awards and Acknowledgements

The GFOA awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of Roanoke, Virginia, for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. In order to be awarded a Certificate of Achievement, a government unit must publish an informational and efficiently organized ACFR, whose content conforms to program standards. The ACFR must satisfy both U.S. generally accepted accounting principles and applicable legal requirements. A copy of the GFOA Certificate of Achievement is included in the Introductory Section of the ACFR and is valid for a period of one year. The City has

City of Roanoke
Letter of Transmittal - Continued

received a Certificate of Achievement for 47 consecutive years. This report was prepared in conformity with the Certificate of Achievement program requirements and standards, and it will be submitted to the GFOA to determine eligibility for another certificate.

In addition, the City also received the GFOA *Distinguished Budget Presentation Award* for its annual budget document for the fiscal year ended June 30, 2021. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide and a communication device. The City has been a recipient of the Distinguished Budget Presentation Award for the last 36 consecutive years.

Other Awards and Recognitions:

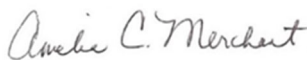
- Roanoke was recognized as a Top Digital City Award in the 75,000 to 125,000 population category.
- The City received the Governor's Technology Award for the "NextGen 911 PSAP" Project.
- The E911 Center retained its accreditation from the Commission on Accreditation for Law Enforcement Agencies (CALEA).
- GFOA recognized Roanoke with the Distinguished Budget Presentation Award.
- Roanoke won an APWA Mid-Atlantic Project of the Year award for "Structures Less than \$5 Million" for the Melrose Branch Library project.
- The Public Works Service Center was named 2019 Exemplary Environmental Enterprise for the ninth year in a row by the Virginia DEQ.
- Roanoke was one of 22 high performing municipalities recognized nationwide during the 5th Annual National Municipal Stormwater and Green Infrastructure Awards. The City received two awards: Gold recognition in Program Management and Silver recognition in Innovation.
- The Stormwater Utility Division's Educational PSA, produced in collaboration with Roanoke Valley Television, received a Gold Summit Award from the Public Relations Society of America-Blue Ridge Chapter.
- Parks and Recreation received the Gold Leaf Award from the International Society of Arboriculture for our Arbor Day Celebration (along with Trees Roanoke).
- The Virginia Recreation and Park Society recognized Roanoke Parks and Recreation with the Most Innovative Marketing Strategy award for the "Do You Gnome Our Parks?" campaign.

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

Respectfully submitted,



Robert S. Cowell, Jr.
City Manager



Amelia C. Merchant
Director of Finance

City of Roanoke
Directory of Principal Officials as of June 30, 2021

Members of City Council

Sherman P. Lea, Sr.	<i>Mayor</i>
Patricia White-Boyd	<i>Vice-Mayor</i>
William D. Bestpitch	
Joseph L. Cobb	
Robert L. Jeffrey, Jr.	
Stephanie Moon Reynolds	
Vivian Sanchez-Jones	

Constitutional Officers

Brenda L. Hamilton	<i>Clerk of the Circuit Court</i>
David K. Bell	<i>Sheriff</i>
Donald S. Caldwell	<i>Commonwealth's Attorney</i>
Evelyn W. Powers	<i>Treasurer</i>
Sherman A. Holland	<i>Commissioner of the Revenue</i>

City Council Appointed Officials

Robert S. Cowell, Jr.	<i>City Manager</i>
Timothy R. Spencer	<i>City Attorney</i>
Cecelia F. McCoy	<i>City Clerk</i>
Troy A. Harmon, CPA	<i>Municipal Auditor</i>

Other City Officials

Sherman M. Stovall	<i>Deputy City Manager</i>
William B. Robertson	<i>Assistant City Manager</i>
Amelia C. Merchant	<i>Director of Finance</i>



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Roanoke
Virginia**

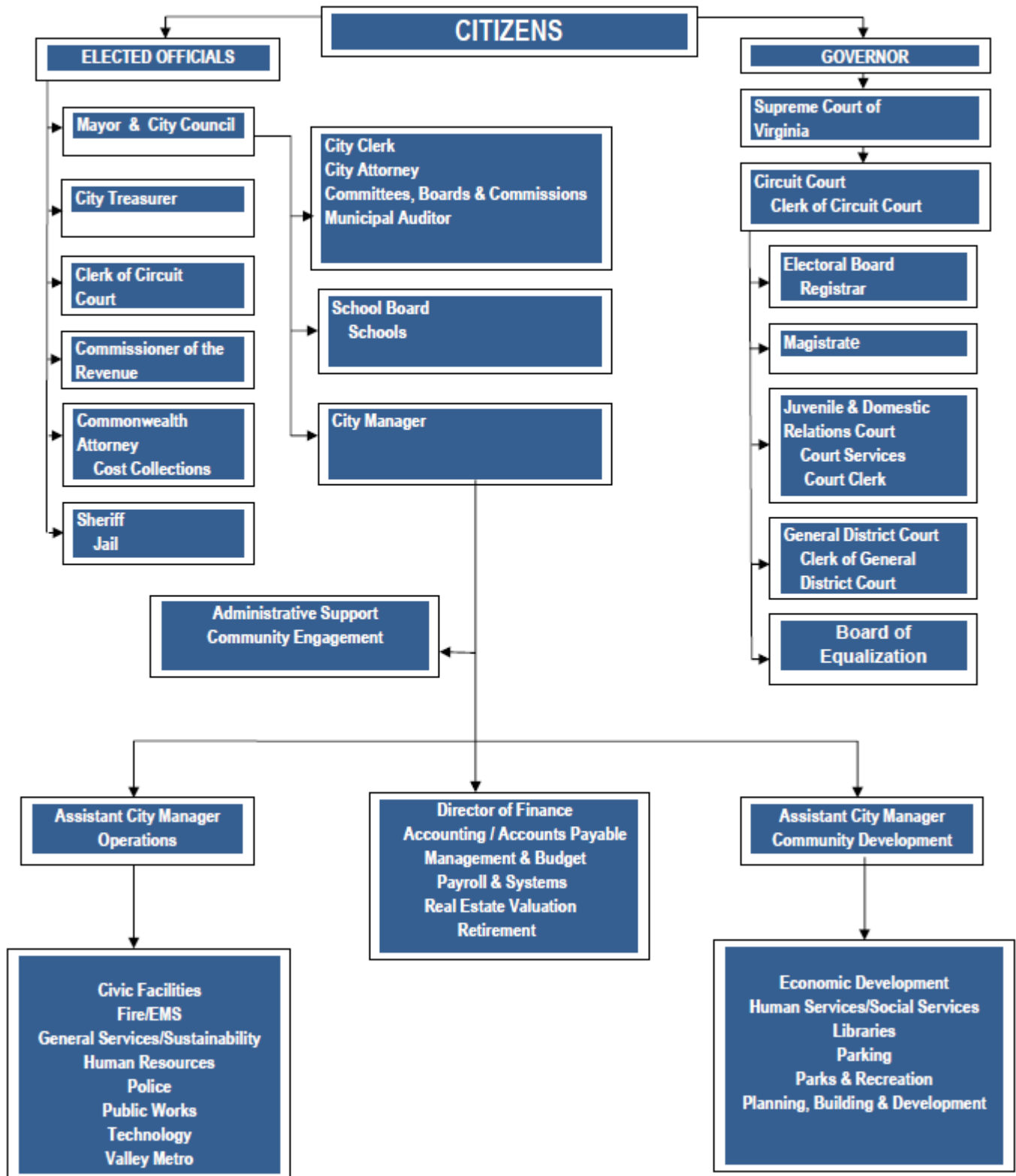
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

CITY OF ROANOKE, VIRGINIA
Organizational Chart
FY2020 – 2021



City of Roanoke

Report of Independent Auditor



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Roanoke, Virginia (the "City") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2021, 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.

Your Success is Our Focus

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City of Roanoke

Report of Independent Auditor - Continued

Adoption of New Accounting Standard

As discussed in the notes to the financial statements, in 2021, the City adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2022 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
February 11, 2022

City of Roanoke

Management's Discussion and Analysis

CITY OF ROANOKE, VIRGINIA MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2021 (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, 2021. 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 \$437.3 million. This amount represents an increase of \$26.8 million, or 6.5%, over the prior year's ending balance of \$410.6 million. Net position was comprised of \$489.7 million, attributable to the City's net investment in capital assets, \$76,816 restricted for debt service, offset by a negative unrestricted amount of \$52.4 million.
- Net position for governmental activities increased \$26.2 million. For the fiscal year, \$372.2 million of revenues, generated by taxes and other revenues for governmental programs, exceeded expenses by \$29.0 million (before transfers), an improvement over the prior year of \$6.7 million.
- In the City's business-type activities, net position increased by \$0.5 million compared to a prior year increase of \$0.5 million. Total change in net position before transfers for business-type activities experienced an improvement of \$0.5 million over the prior year.
- The City's governmental funds reported a combined ending fund balance of \$108.0 million, a 41.2% increase compared to prior year. Of the total fund balance, 0.1% was non spendable, 38.5 % was restricted, 8.0% was committed (mainly for projects in the capital improvement program), 9.5% was assigned (strategic initiatives), and 43.9% remained available for spending at the City's discretion as unassigned.
- The City has maintained its bond rating of AA+ from Fitch and S&P rating agencies, and Aa2 from Moody's rating agency.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-Wide Financial Statements

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

The two government-wide statements report the City's net position and how it has changed. Net Position, the difference between the City's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, is one way to measure the financial health, or position, of the City. Over time, increases or decreases in the City's net position

City of Roanoke Management's Discussion and Analysis - Continued

are an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the City, one needs to consider other nonfinancial factors such as changes in the City's property tax base and condition of the City's infrastructure.

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

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

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

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

Fund Financial Statements

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

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

Proprietary funds – When the City charges for the services it provides, these services are generally reported in proprietary funds, which like the government-wide financial statements, utilize the full accrual basis of accounting and their statements provide both short and long-term financial information.

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

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

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

Fiduciary funds – Resources held for other governments, individuals, or agencies not part of the City are reported as fiduciary funds. These activities are excluded from the government-wide financial statements because the City cannot use these assets to finance its operations. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City of Roanoke Pension Plan is reported as a pension trust fund. Additionally, the City reports assets for other postemployment benefits (OPEB) related to its healthcare plan for retirees and line of duty benefits for its public safety employees in an OPEB trust fund. The City reports assets held on behalf of the Hotel Roanoke Conference Center Commission as a custodial fund, which does not involve measurement of results of operations.

City of Roanoke
Management's Discussion and Analysis - Continued

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 involve measurement of results of operations.

FINANCIAL ANALYSIS OF THE PRIMARY GOVERNMENT

A comparative analysis of government-wide information follows:

**Summary of Net Position
as of June 30, 2021 and 2020
(In Millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 187.0	\$ 140.3	\$ 16.8	\$ 14.9	\$ 203.8	\$ 155.2
Capital assets, net	651.3	642.8	79.1	77.1	730.4	719.9
Total assets	838.3	783.1	95.9	92.0	934.2	875.1
Deferred outflows of resources	25.8	22.6	2.2	3.8	28.0	26.4
Other liabilities*	81.9	68.9	6.3	6.2	88.2	75.1
Long-term liabilities	390.6	364.2	39.5	37.8	430.1	402.0
Total liabilities	472.5	433.1	45.8	44.0	518.3	477.1
Deferred inflows of resources	6.3	13.4	0.3	0.4	6.5	13.8
Net Position:						
Net investment in capital assets	441.0	444.8	48.7	47.2	489.7	492.0
Unrestricted (deficit)	(55.6)	(85.7)	3.3	4.3	(52.3)	(81.4)
Total net position	\$ 385.4	\$ 359.1	\$ 52.0	\$ 51.5	\$ 437.4	\$ 410.6

Net Position:

The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$437.3 million at the close of the fiscal year. The City's combined net position, (the City's bottom line) increased by \$26.8 million from prior year's ending balance of \$410.6 million. Net position from governmental activities increased by \$26.3 million. Business-type activities resulted in an increase in net position of \$0.5 million.

The largest component of the City's net position was the investment in capital assets (\$489.7 million) (e.g., land, buildings, infrastructure improvements, machinery, and equipment, net of accumulated depreciation) less any related outstanding debt used to acquire those assets, plus any unspent bond proceeds. The increase in the City's net position was a result of increases in capital asset investment offset by an increase in the deficit balance in unrestricted net position and restricted debt funding. Net position is reported as restricted when constraints on its use are externally imposed by creditors, grantors, contributors, regulators, or are imposed by law through constitutional provisions or enabling legislation. Restricted net position related to debt service totaled \$76,816. The City's unrestricted net position, which is used to finance the day-to-day operations of the City, totaled a negative \$52.4 million, a decrease of \$29.0 million from fiscal year 2020 unrestricted net position.

City of Roanoke
Management's Discussion and Analysis - 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, 2021 and 2020
(In Millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues:						
Charges for services	\$ 38.8	\$ 37.4	\$ 10.4	\$ 16.1	\$ 49.2	\$ 53.5
Operating grants and contributions	88.3	72.1	0.7	0.9	89.0	73.0
Capital grants and contributions	7.3	9.3	-	-	7.3	9.3
General Revenues:						
Property taxes	131.9	124.5		-	131.9	124.5
Local portion of state sales tax	24.1	22.2		-	24.1	22.2
Business and professional occupational license taxes	14.1	14.7		-	14.1	14.7
Utility taxes	9.3	9.3		-	9.3	9.3
Prepared food and beverage taxes	16.0	15.5		-	16.0	15.5
Commonwealth share-personal property taxes	8.1	8.0		-	8.1	8.0
Cigarette taxes	1.8	2.0		-	1.8	2.0
Transient room taxes	2.9	3.7		-	2.9	3.7
Telecommunications taxes	5.1	5.8		-	5.1	5.8
Motor vehicle license tax	3.2	2.6		-	3.2	2.6
Other tax	4.6	4.1		-	4.6	4.1
Other	4.6	4.8	0.4	0.6	5.0	5.4
Payment from Component Unit	12.1	12.5		-	12.1	12.5
Interest and investment income	0.1	0.5	0.2	1.6	0.3	2.1
Total Revenues	\$ 372.3	\$ 349.0	\$ 11.7	\$ 19.2	\$ 384.0	\$ 368.2

(Continued)

City of Roanoke
Management's Discussion and Analysis - Continued

Summary of Changes in Net Position
For the Years Ended June 30, 2021 and 2020
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Expenses						
General Government	\$ 41.7	\$ 27.2	\$ -	\$ -	\$ 41.7	\$ 27.2
Judicial Administration	10.4	10.4	-	-	10.4	10.4
Public Safety	77.6	77.5	-	-	77.6	77.5
Public Works	42.4	40.1	-	-	42.4	40.1
Health and Welfare	47.0	45.2	-	-	47.0	45.2
Parks, Recreation and Cultural	12.6	12.2	-	-	12.6	12.2
Community Development	16.9	13.3	-	-	16.9	13.3
Education	90.1	89.8	-	-	90.1	89.8
Economic Development	0.1	0.2	-	-	0.1	0.2
Interest and Fiscal Charges	4.4	8.8	-	-	4.4	8.8
Civic Facilities	-	-	4.1	11.7	4.1	11.7
Parking	-	-	3.4	4.0	3.4	4.0
Stormwater Utility	-	-	6.6	6.2	6.6	6.2
Other	-	2.0	-	-	-	2.0
Total Expenses	343.2	326.7	14.1	21.9	357.3	348.6
Increase in Net Position						
before Transfers	29.1	22.3	(2.4)	(2.7)	26.7	19.6
Transfers	(2.8)	(3.2)	2.8	3.2	-	-
Special Item	-	-	-	-	-	-
Increase in Net Position	26.3	19.1	0.4	0.5	26.7	19.6
Total Net Position, Beginning	359.1	340.0	51.5	51.0	410.6	391.0
Total Net Position, Ending	\$ 385.4	\$ 359.1	\$ 51.9	\$ 51.5	\$ 437.3	\$ 410.6

Governmental Activities

The net position of governmental activities increased \$26.2 million as compared to the \$19.1 million increase in prior year. Significant current year activities affecting net position include:

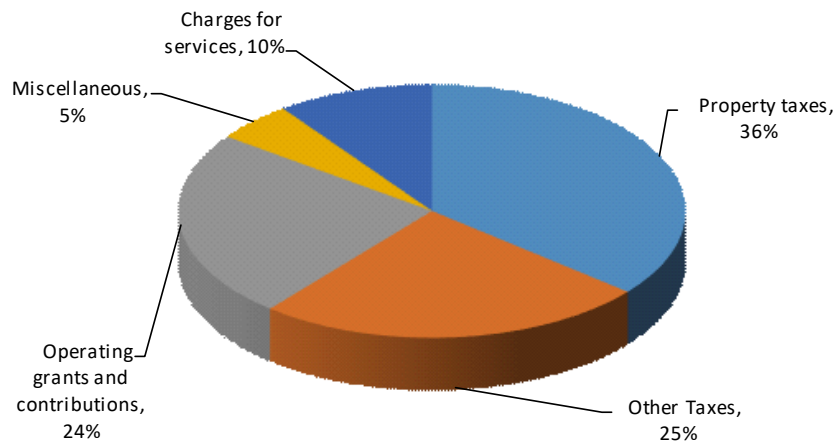
Governmental Activities revenues increased 6.9% and were mainly due to increased revenue in real estate, personal property, sales, and prepared food and beverage taxes. These revenues were partially offset by decreases in transient and business license taxes.

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 Management's Discussion and Analysis - Continued

Revenues generated for governmental activities are presented below by category:

Revenue by Source – Primary Government for the year ended June 30, 2021



The property tax classification was approximately 35% 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 \$95.2 million. The assessed value of real property in the City increased 4.3% for the 2021 calendar year due to new construction and renovation.

Personal property tax revenue, including the Commonwealth share and public service tax, totaled \$36.7 million. The revenue received locally from citizens totaled \$28.6 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 48.3% 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.

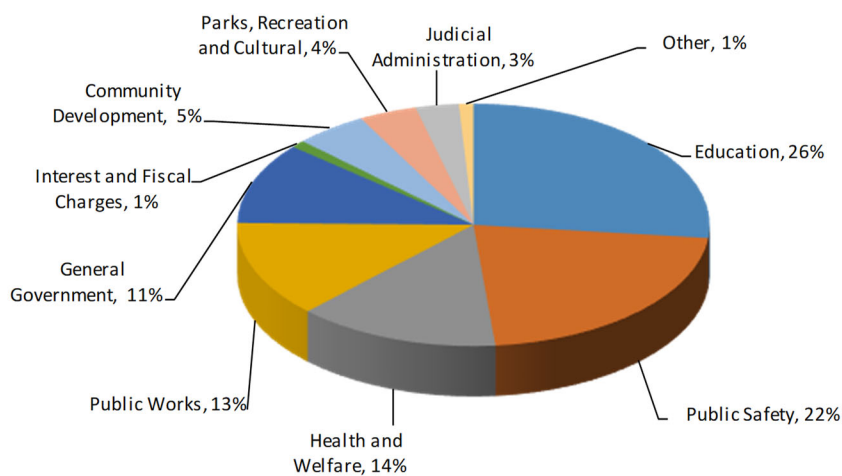
Operating grants and contributions was approximately 24% of governmental activities revenues. Social service programs, street maintenance funds, reimbursement for shared expenses of constitutional officers, reimbursement for funding received under House Bill 599 for law enforcement, and jail per diems are some of the major sources of revenue included in this category.

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.

City of Roanoke Management's Discussion and Analysis - Continued

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

Expenses – Primary Government for the year ended June 30, 2021



Education comprised 26% of governmental activities. Funding of \$90.5 million was provided to the Roanoke City School Board to support operations and debt service.

Public Safety expenses comprised approximately 22% of expenses of the governmental activities. Operations of the City Jail, Police and Fire Departments were included in this category, along with expenses of Emergency Medical Services, Communications (E911 Call Center), and the cost of juvenile justice programs.

Public Works and Health and Welfare expenses comprised approximately 13% and 14%, 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 \$0.5 million, primarily related to Charges for services and other. Expenses for the City's business-type activities totaled \$14.1 million. The decrease compared to the prior fiscal year was mainly related to the civic facilities and parking operations.

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, 2021 the governmental funds reported a combined ending fund balance of \$108.0 million, an increase of \$31.5 million from the prior year. Approximately 43.9% of this total (\$47.4 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 \$10.3 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 \$8.7 million consisted of funding for outstanding purchase commitments and future years' capital project expenditures. Approximately \$41.6 million of the fund balance is restricted and consists of funds, provided by bonded debt, for future capital project expenditures and funds restricted to debt service. The remaining fund balance of approximately \$16,336 is nonspendable and consists of prepaid balances and inventory.

City of Roanoke Management's Discussion and Analysis - Continued

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 \$15.5 million (revenue of \$309.7 million less expenditures of \$269.3 million and other financing uses of \$25.0 million net transfers) and the unassigned fund balance increased by \$1.1 million to \$47.4 million.

Local taxes increased by 3.9% compared to last year. Taxes related to real estate, personal property, sales, prepared food and beverage, all increased for the fiscal year 2021. The business license, transient, admissions taxes, all decreased for the fiscal year 2021. Real Estate taxes, the City's largest single source of revenue, increased 4.6% as a result primarily of an increase in property value.

Intergovernmental revenue is the third largest source of General Fund revenues accounting for \$75.2 million in fiscal year 2021. 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 2021 the total increase in funding from the Commonwealth compared to fiscal year 2020 was approximately \$742,000 or 1.0%.

Total Governmental Funds Balance increased \$31.5 million compared to the prior year attributable to increases in both the capital project fund and assigned fund balance.

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 \$11.9 million or 4.0% higher than the original adopted fiscal year 2021 revenues estimates, and were lower than the final revenue estimates by \$13.1 million or 4.1%. The General Fund revenue increase versus original budget was driven by local revenue performance, primarily real estate, personal property, and sales taxes. The General Fund revenue decrease versus final budget was due to the receipt of \$24.6 million in ARPA funds designated for revenue replacement.

In the local tax area, real estate, personal property, sales, prepared food and beverage taxes exceeded the original adopted budget. The 2021 budget projected a slight growth in these categories, while the actual growth increased moderately in all categories. Performance of other local taxes, such as admissions, and communications taxes experienced a decrease from the original adopted budget. Overall, the City appears to be rebounding from the adverse impact of constraints place on business during the COVID-19 pandemic.

Actual General Fund expenditures and transfers were higher than the original budget by \$30 thousand or 1.5% due to an increase in one-time transfers to other funds for capital projects as a result of higher than anticipated tax revenues and unassigned fund balance. Commitments at the departmental level were closely monitored during the fiscal year as the impact of the COVID-19 Pandemic continued to impact our local tax environment. 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 2021, City Council amended the budget several times. These budget amendments or supplemental appropriation ordinances were primarily for the following purposes:

- To reappropriate funds to pay commitments in the form of encumbrances established prior to June 30, 2021, but not paid by that date. Encumbrances for General Fund purchase orders authorized and issued, but for which goods and services were not received or paid by June 30, 2021 totaled \$3.6 million.

City of Roanoke
Management's Discussion and Analysis - Continued

- To appropriate funding from the Federal government under Coronavirus Aid, Relief, and Economic Security Act (CARES) Coronavirus Relief Fund (CRF) for necessary expenditures incurred due to the COVID-19 Pandemic totaling \$8.6 million.
- To appropriate funding from the Federal government under the Coronavirus Aid, Relief, and Economic Security Act (CARES) Provider Relief Fund (PRF) for Medicare service providers impacted by the COVID-19 Pandemic totaling \$200 thousand.
- To appropriate funding from the Federal government under the American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds (SLFRF) in response to the negative economic impact incurred due to the COVID-19 Pandemic totaling \$64.6 million.

CAPITAL ASSETS

As of June 30, 2021, the City's capital assets for its governmental and business-type activities amounted to \$730.4 million net of accumulated depreciation. This investment includes land, historical treasures, construction in progress, land improvements, buildings and structures, equipment and infrastructure. The City's capital assets increased year over year by \$9.2 million or 1.3% when compared to fiscal year ended 2020.

The following table shows summarized balances of major categories of capital assets as of June 30, 2021 and 2020.

**Summary of Capital Assets
Net of Depreciation
as of June 30, 2021 and 2020
(In Millions)**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land and Improvements	\$ 49.2	\$ 49.0	\$ 5.3	\$ 5.1	\$ 54.5	\$ 54.1
Buildings and Improvements	294.1	290.1	47.2	48.9	341.3	339.0
Equipment	33.7	32.3	3.2	3.6	36.9	35.9
Infrastructure	236.6	242.7	18.2	14.3	254.8	257.0
Construction in Progress	37.0	28.0	5.2	5.2	42.2	33.2
Historical Treasures	0.7	0.7	-	-	0.7	0.7
Total	<u>\$ 651.3</u>	<u>\$ 642.8</u>	<u>\$ 79.1</u>	<u>\$ 77.1</u>	<u>\$ 730.4</u>	<u>\$ 719.9</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 asset. The assessment is based on the United States Army Corps of Engineers (USACE) 'Inspection, Maintenance and Operational Report'. City and USACE policy require the condition level to be maintained at or above a Fair (2) rating. As of June 30, 2021, the infrastructure had an average assessment rating of 2.5, which is above the required minimum rating of 2. The fiscal year 2021 Budget (estimated) of \$61,507 insured adequate funding for maintenance if the maintenance was performed by procured contractors. Actual costs were higher because the City procured more services for maintenance of several bench cuts during the year.

Comparison of Estimated to Actual Maintenance Costs

	2019	2020	2021
Estimated	\$54,599	\$317,338	\$61,507
Actual	\$12,454	\$295,772	\$104,943

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 Management's Discussion and Analysis - Continued

LONG-TERM DEBT

At June 30, 2021, the City's long-term liabilities, excluding net pension liability, compensated absences and claims payable, totaled \$272.3 million, comprised of \$235.3 million related to governmental activities and \$37.0 million related to business-type activities. Total debt increased by \$12.9 million during the fiscal year. The City issued bonds on April 27, 2021. Interest and fiscal charges for 2021 were \$4.4 million, or 1.2% of total governmental funds' expenditures.

In May 2021, the City ratings for S&P and Fitch rating agencies are AA+. The City's continued strong bond ratings will translate into reduced borrowing costs related to its capital improvement projects.

The *Charter of the City* and *Code of Virginia* limit the City's net debt to 10% of the assessed valuation of real estate within the City limits. The limit applies to tax supported debt paid by the governmental funds. Long-term liabilities of business-type funds will be met by revenues generated by those funds. The City considers long-term debt of its Stormwater Utility and Parking Enterprise Funds to be self-supporting. Additionally, in accordance with its contractual agreement with the Western Virginia Water Authority, the City will receive funding from the Authority toward \$3.2 million of general obligation debt. The City's tax-supported debt of \$269.8 million less the Debt Service Fund Balance of \$76,816 designated for the repayment of debt service is well below the legal debt limit of \$776.4 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 and School Board Component Unit capital lease is presented in Notes 9, 10, 12 and 13 of the Notes to Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The average unemployment in the Roanoke Metropolitan Statistical Area (MSA), which includes the City, for fiscal year 2021 was 4.3%, according to the Bureau of Labor Statistics, down from an average of 7.9% in the prior fiscal year. Comparatively, the national unemployment in fiscal year 2021 was 6.1% for fiscal year down from 11.1%. Employment in Roanoke is diverse with representation within the area of all census-defined industries. The industries providing the largest number of jobs in the region are health care and social assistance. Additional information concerning the City's demographics and employment is presented in Tables 10, 18, and 20 of the Statistical Section.

Roanoke's income levels trail the state and national averages; however, they compare quite well when adjusted for the cost of living. Fiscal year 2021 financial performance was indicative of an improving economy as the City started to emerge from the impacts of the COVID-19 pandemic. However, the City anticipates significant challenges lingering with the uncertain economic conditions.

The City's General Fund tax revenues increased moderately in FY 2021. Increases in real estate, personal property, and prepared food and beverage taxes categories were offset by decreases in business license, transient, and admission taxes. The City was able to increase the General Fund reserve fund balances by \$30.4 million to ensure sufficient working capital, coverage for risk claims, to fund community development projects, and to provide financial security during the current COVID-19 Pandemic, as well as, unforeseen future events and economic and cyclical downturns. Current funding levels have exceeded the 13.5% funding goals set for fiscal year 2021.

The average assessed value of single-family housing units increased from \$137,947 in fiscal year 2020 to \$144,237 in fiscal year 2021, or 4.6%. The value for residential permits increased 1.0% and the value for commercial permits decreased 2.5% from fiscal year 2020 to fiscal year 2021.

Fiscally responsible budgeting for 2021 provided for continued programming levels for services in response to moderate increases in real estate and property tax revenues. Programming levels remained stable.

General Fund fiscal year 2021 revenues increased 4.0% compared to the fiscal year 2021 adopted budget (exclusive of ARPA Funds). The increase was attributable to economic growth in real estate, personal property, sales and prepared food and beverage taxes, partially offset by decreases in admissions, communications, and consumer utility taxes.

City of Roanoke Management's Discussion and Analysis - Continued

General property taxes increased \$7.0 million or 5.6% compared to the fiscal year 2021 adopted budget. Other local taxes performed well, achieving an increase of \$5.2 million or 6.9% compared to fiscal year 2021 adopted budget. Overall, fiscal year 2021 revenues performed well above expectations, given the continued challenges in the post COVID-19 economy.

For fiscal year 2022, total local tax revenues are expected to increase 4.1% or \$8.3 million, from a total budget amount of \$298.1 million in 2021 to \$307.6 million in fiscal year 2022. This increase is primarily attributable to increased real estate, personal property and sales tax, offset by slight decreases in admissions and communications taxes. Funding from the Commonwealth is projected to increase 0.1% in fiscal year 2022 over fiscal year 2021. Funding to Schools is projected at \$85.8 million, an increase of \$3.0 million, or 3.6% more than fiscal year 2021 budgeted amount. As the City looks ahead toward fiscal year 2022, the uncertainty continues around an economic recovery rebounding from the 2021 fallout from COVID-19. Strategic budget priorities include employee compensation, community safety, neighborhood vitality, the comprehensive plan, capital planning, implementing 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 Roanoke economy is steadily rebounding from the recent constraints created by the COVID-19 pandemic. 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 2022 revenue estimates are attainable. Local taxes, including real estate and personal property taxes, are consistently performing above fiscal year 2021 levels.

The City's Pension Plan's increase in Net Position Restricted for Pensions is due to the exceptional investment returns experienced as of June 30, 2021. The Plan experienced an investment return of 32.4%, net of fees, for the fiscal year ended June 30, 2021, with the Domestic and International Equities and Convertible Securities allocations producing the greatest absolute returns. The Plan's long-term annualized returns ranked near the top of the investment advisor's comparative universe of all retirement plans. Our outlook for the U.S. economy remains cautiously optimistic, given positive economic indicators and investment performance experienced since the end of the fiscal year. We believe the well diversified portfolio remains well positioned in light of potential volatility due to the on-going COVID-19 pandemic and any changes in fiscal and monetary policy.

The residential real estate market in the City shows signs of an increasing market due to the low interest rates and the lack of supply of the current housing listing market. The commercial sector in the City is showing signs of stability, except for 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 2023. 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 be showing signs of recovery. Local taxes indicate a moderate increase in economic activity. Management believes that the conservative current fiscal year 2022 revenue estimates will be achieved. Challenges exist in predicting the timing and rate of improvement moving forward. Performance of local taxes, excluding real estate and personal property taxes, will be a key indicator of the pace of economic recovery. With continued funding from the federal government through the American Rescue Plan Act of 2021 (ARPA), economic support continues for many sectors within our community. The Star City Strong Recovery and Resiliency Advisory Panel developed recommendations for utilizing \$64.6M in federal funding provided through ARPA for the City of Roanoke. These recommendations are intended to ensure federal funds received by the City, results not only results in recovery, but in transformation to a future that is better than the past. 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.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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City of Roanoke Financial Statements

Exhibit A

CITY OF ROANOKE, VIRGINIA STATEMENT OF NET POSITION JUNE 30, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	GRTC
Assets					
Cash and Cash Equivalents					
Unrestricted	\$ 115,988,232	\$ 8,886,565	\$ 124,874,797	\$ 50,148,189	\$ 877,990
Restricted	19,436,255	5,791,334	25,227,589	950,338	-
Investments	11,970,213	770,389	12,740,602	-	-
Due from City of Roanoke	-	-	-	3,541,202	-
Due from Other Governments	18,607,475	810,688	19,418,163	13,156,153	3,599,936
Taxes and Accounts Receivable, Net	20,609,039	339,263	20,948,302	78,834	118,620
Inventory	451	32,249	32,700	-	512,702
Other Assets	405,757	125,243	531,000	208,310	51,344
Net Pension Asset	-	-	-	1,038,048	-
Capital Assets:					
Non-depreciable Capital Assets	149,565,996	10,564,291	160,130,287	-	720,724
Depreciable Capital Assets, Net	501,782,482	68,502,580	570,285,062	22,660,753	15,856,426
Capital Assets, Net	\$ 651,348,478	\$ 79,066,871	\$ 730,415,349	\$ 22,660,753	\$ 16,577,150
Total Assets	\$ 838,365,900	\$ 95,822,602	\$ 934,188,502	\$ 91,781,827	\$ 21,737,742
Deferred Outflows of Resources					
Deferred Outflows related to Pensions and OPEI	\$ 23,490,574	\$ 1,325,280	\$ 24,815,854	\$ 37,960,802	\$ -
Deferred Outflows from Debt Refundings	2,297,392	883,023	3,180,415	-	-
Total Deferred Outflows of Resources	\$ 25,787,966	\$ 2,208,303	\$ 27,996,269	\$ 37,960,802	\$ -
Liabilities					
Accounts Payable and Accrued Expenses	\$ 19,076,636	\$ 1,010,448	\$ 20,087,084	\$ 10,875,854	\$ 1,344,091
Accrued Interest Payable	1,612,958	261,676	1,874,634	-	-
Due to Component Unit	3,541,202	-	3,541,202	-	-
Due to Fiduciary Funds	495,045	18,034	513,079	-	-
Due to Other Governments	31,631,931	-	31,631,931	-	-
Unearned Revenues	1,040,924	2,055,524	3,096,448	3,660,133	-
Other Liabilities	-	(157,774)	(157,774)	-	1,330,234
Long-term Liabilities Due Within One Year	26,924,950	3,122,045	30,046,995	6,516,577	-
Long-term Liabilities Due In More Than One Year:					
Deferred Revenue	-	376	376	-	-
Net Pension Liability	142,428,011	5,005,221	147,433,232	143,734,476	-
Net OPEB Liability	13,877,608	456,648	14,334,256	20,045,124	-
Other Long-term Liabilities Due in More Than One Year, Net	231,847,913	34,037,836	265,885,749	18,781,844	-
Total Liabilities	\$ 472,477,178	\$ 45,810,034	\$ 518,287,212	\$ 203,614,008	\$ 2,674,325
Deferred Inflows of Resources					
Uncollected Service Charges	\$ 580,557	\$ -	\$ 580,557	\$ -	\$ -
Deferred In flows from Debt Refundings	-	2,434	2,434	-	-
Deferred Inflows related to Pensions and OPEB	5,705,767	269,034	5,974,801	12,853,273	-
Total Deferred Inflows of Resources	\$ 6,286,324	\$ 271,468	\$ 6,557,792	\$ 12,853,273	\$ -
Net Position					
Net Investment in Capital Assets	\$ 440,976,044	\$ 48,697,000	\$ 489,673,044	\$ 6,882,591	\$ 16,577,150
Restricted for:					
Debt Service	76,819	-	76,819	1,038,258	-
Unrestricted	(55,662,499)	3,252,402	(52,410,096)	(94,645,501)	2,486,267
Total Net Position	\$ 385,390,364	\$ 51,949,403	\$ 437,339,767	\$ (86,724,652)	\$ 19,063,417

See Notes to Basic Financial Statements.

City of Roanoke Financial Statements

Exhibit B

CITY OF ROANOKE, VIRGINIA STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 41,736,392	\$ 5,970,491	\$ 15,451,363	\$ 627,233
Judicial Administration	10,425,618	2,623,500	9,290,877	-
Public Safety	77,451,522	16,880,169	9,481,926	-
Public Works	42,429,891	6,358,176	15,859,079	3,245,077
Health and Welfare	46,977,761	4,396,349	34,552,753	-
Parks, Recreation and Cultural	12,611,253	1,458,092	229,102	3,378,928
Community Development	16,931,466	1,030,749	3,428,732	-
Education	90,047,981	-	-	-
Economic Development	150,510	56,641	11,616	-
Interest and Fiscal Charges	4,413,316	11,614	530	-
Total Governmental Activities	\$ 343,175,710	\$ 38,785,781	\$ 88,305,978	\$ 7,251,238
Business-type Activities:				
Civic Facilities	\$ 4,074,368	\$ 982,756	\$ -	\$ -
Parking	3,361,375	3,166,494	-	-
Stormwater Utility	6,621,182	6,214,077	749,360	-
Total Business-type Activities	\$ 14,056,925	\$ 10,363,327	\$ 749,360	\$ -
Total Primary Government	\$ 357,232,635	\$ 49,149,108	\$ 89,055,338	\$ 7,251,238
Component Units:				
School Board of the City of Roanoke	\$ 213,369,457	\$ 3,091,933	\$ 73,222,875	\$ -
Greater Roanoke Transit Company	\$ 12,710,003	\$ 1,053,761	\$ 11,700,661	\$ 3,617,464

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

See Notes to Basic Financial Statements.

City of Roanoke
Financial Statements

Exhibit B

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	School Board	GRTC
\$ (19,687,305)	\$ -	\$ (19,687,305)	\$ -	\$ -
1,488,759	-	1,488,759	-	-
(51,089,427)	-	(51,089,427)	-	-
(16,967,559)	-	(16,967,559)	-	-
(8,028,659)	-	(8,028,659)	-	-
(7,545,131)	-	(7,545,131)	-	-
(12,471,985)	-	(12,471,985)	-	-
(90,047,981)	-	(90,047,981)	-	-
(82,253)	-	(82,253)	-	-
(4,401,172)	-	(4,401,172)	-	-
\$ (208,832,713)	\$ -	\$ (208,832,713)	\$ -	\$ -
\$ -	\$ (3,091,612)	\$ (3,091,612)	\$ -	\$ -
-	(194,881)	(194,881)	-	-
-	342,255	342,255	-	-
\$ -	\$ (2,944,238)	\$ (2,944,238)	\$ -	\$ -
\$ (208,832,713)	\$ (2,944,238)	\$ (211,776,951)	\$ -	\$ -
\$ -	\$ -	\$ -	\$ (137,054,649)	\$ -
\$ -	\$ -	\$ -	\$ -	\$ 3,661,883
\$ 131,885,066	\$ -	\$ 131,885,066	\$ -	\$ -
24,115,939	-	24,115,939	-	-
14,134,730	-	14,134,730	-	-
9,295,425	-	9,295,425	-	-
15,977,939	-	15,977,939	-	-
8,075,992	-	8,075,992	-	-
1,819,497	-	1,819,497	-	-
2,945,250	-	2,945,250	-	-
5,119,041	-	5,119,041	-	-
3,214,542	-	3,214,542	-	-
4,617,449	-	4,617,449	-	-
1,519,437	-	1,519,437	-	-
-	-	-	-	302,078
1,331,857	-	1,331,857	70,339,760	-
-	-	-	84,673,021	-
12,041,842	-	12,041,842	-	-
1,225,713	-	1,225,713	-	-
123,992	190,777	314,769	52,340	-
450,264	448,280	898,544	1,279,555	-
(2,817,032)	2,817,032	-	-	-
\$ 235,076,943	\$ 3,456,089	\$ 238,533,032	\$ 156,344,676	\$ 302,078
26,244,230	511,851	26,756,081	19,290,027	3,963,961
\$ 359,146,135	\$ 51,437,554	\$ 410,583,689	\$ (106,014,679)	\$ 15,099,456
\$ 385,390,364	\$ 51,949,403	\$ 437,339,767	\$ (86,724,652)	\$ 19,063,417

City of Roanoke Financial Statements

Exhibit C

CITY OF ROANOKE, VIRGINIA BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2021

	General Fund	Debt Service Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents					
Unrestricted	\$ 45,547,892	\$ 310,408	\$ 32,315,046	\$ 26,158,045	\$ 104,331,391
Restricted	-	-	-	19,436,255	19,436,255
Investments	8,127,977	-	780,524	2,079,070	10,987,571
Due from Other Funds	3,230	-	-	-	3,230
Due from Component Unit	651,703	9,661	13,750	-	675,114
Due from Other Governments	12,015,349	-	177,798	909,456	13,102,603
Due from Federal Governments	151,785	-	1,851,635	300,838	2,304,258
Taxes Receivable, net of Allowance	19,468,431	-	-	-	19,468,431
Accounts Receivable, net of Allowance	1,058,020	-	81,102	1,297	1,140,419
Inventory	451	-	-	-	451
Prepaid Expenses	15,885	59,872	-	-	75,757
Total Assets	\$ 87,040,723	\$ 379,941	\$ 35,219,855	\$ 48,884,961	\$171,525,480
LIABILITIES					
Accounts Payable and Accrued Expenditures	\$ 14,588,690	\$ 285,096	\$ 890,329	\$ 1,651,096	\$ 17,415,211
Due to Other Governments	3,384	-	33,289,972	-	33,293,356
Due to Other Funds	498,275	-	-	-	498,275
Due to Component Unit	2,541,125	18,029	2,935	1,654,227	4,216,316
Unearned Revenues	14,457	-	1,026,467	-	1,040,924
Total Liabilities	\$ 17,645,931	\$ 303,125	\$ 35,209,703	\$ 3,305,323	\$ 56,464,082
DEFERRED INFLOWS OF RESOURCES					
Uncollected Taxes and Charges	\$ 7,086,525	\$ -	\$ -	\$ 1,297	\$ 7,087,822
Other deferred inflows of resources	-	-	10,152	-	10,152
Total Deferred Inflows of Resources	\$ 7,086,525	\$ -	\$ 10,152	\$ 1,297	\$ 7,097,974
FUND BALANCES					
Nonspendable	\$ 16,336	\$ -	\$ -	\$ -	\$ 16,336
Restricted	-	76,816	-	41,534,869	41,611,685
Committed	4,621,850	-	-	4,043,472	8,665,322
Assigned	10,277,378	-	-	-	10,277,378
Unassigned	47,392,703	-	-	-	47,392,703
Total Fund Balances	\$ 62,308,267	\$ 76,816	\$ -	\$ 45,578,341	\$107,963,424
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 87,040,723	\$ 379,941	\$ 35,219,855	\$ 48,884,961	\$171,525,480

See Notes to Basic Financial Statements

City of Roanoke Financial Statements

Exhibit D

CITY OF ROANOKE, VIRGINIA RECONCILIATION OF THE GOVERNMENTAL FUNDS' BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2021

Total Fund Balance - Governmental Funds		\$ 107,963,424
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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	1,066,279,413	
Less: accumulated depreciation	<u>(414,930,935)</u>	651,348,478

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

Deferred outflows of resources from debt refundings resulting in loss	6,055,148	
Less: accumulated amortization	(3,757,756)	
Receivable from Western Virginia Water Authority	<u>3,200,614</u>	5,498,006

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.

6,517,417

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	(218,197,659)	
Capital lease obligation	(2,493,881)	
Bond premium	(21,854,273)	
Less: accumulated amortization of bond premium	7,237,024	
Compensated absences	(8,513,041)	
Accrued interest payable	<u>(1,612,957)</u>	(245,434,787)

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	21,310,416	
Net deferred inflows related to pensions	(2,388,524)	
Net pension liability	(142,428,011)	
Net deferred outflows of resources related to OPEB	2,180,158	
Net deferred inflows of resources related to OPEB	(3,317,243)	
Net OPEB liability	<u>(13,877,608)</u>	(138,520,812)

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.

(1,981,362)

Total Net Position of Governmental Activities

\$ 385,390,364

See Notes to Basic Financial Statements

City of Roanoke Financial Statements

Exhibit E

CITY OF ROANOKE, VIRGINIA STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Debt Service Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES					
Local Taxes	\$ 212,256,761	\$ -	\$ -	\$ -	\$ 212,256,761
Permits, Fees and Licenses	1,324,087	-	-	-	1,324,087
Fines and Forfeitures	863,283	-	-	-	863,283
Rental Income	161,481	-	-	-	161,481
Investment Income	84,027	-	259	39,965	124,251
Intergovernmental	75,188,311	13,054,905	25,227,143	5,537,704	119,008,063
Charges for Services	17,174,267	-	-	-	17,174,267
Miscellaneous	2,637,531	255,482	266,267	867,120	4,026,400
Operating	39,253	-	-	-	39,253
Total Revenues	\$ 309,729,001	\$ 13,310,387	\$ 25,493,669	\$ 6,444,789	\$ 354,977,846
EXPENDITURES					
Current Operating:					
General Government	\$ 21,698,776	\$ -	\$ 9,622,427	\$ -	\$ 31,321,203
Judicial Administration	8,507,511	-	405,525	-	8,913,036
Public Safety	60,920,437	-	2,614,452	-	63,534,889
Public Works	30,876,459	-	151,790	-	31,028,249
Health and Welfare	41,957,631	-	1,973,610	-	43,931,241
Parks, Recreation and Cultural	9,658,377	-	427,951	-	10,086,328
Community Development	8,786,243	-	7,442,232	-	16,228,475
Greater Roanoke Transit Company	-	-	-	-	-
Education	86,847,413	-	2,113,040	-	88,960,453
Other	-	-	1,181,823	-	1,181,823
Debt Service:	-	-	-	-	-
Principal Retirement	-	17,562,964	-	-	17,562,964
Interest and Other Charges	-	4,413,316	-	-	4,413,316
Capital Outlays	-	-	-	27,443,255	27,443,255
Total Expenditures	\$ 269,252,846	\$ 21,976,280	\$ 25,932,850	\$ 27,443,255	\$ 344,605,232
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 40,476,155	\$ (8,665,893)	\$ (439,181)	\$ (20,998,466)	\$ 10,372,614
OTHER FINANCING SOURCES (USES)					
Issuance of Bonds	\$ -	\$ -	\$ -	\$ 25,085,496	\$ 25,085,496
Issuance of Refunding Bonds	-	7,839,384	-	-	7,839,384
Premium on Sale of Bonds	-	4,327,580	-	3,739,436	8,067,016
Payment to Refunded Bond Escrow Agent	-	(15,042,801)	-	-	(15,042,801)
Transfers In	259,124	11,601,331	438,808	8,679,419	20,978,682
Transfers Out	(25,221,513)	-	-	(574,201)	(25,795,714)
Total Other Financing Sources and (Uses), net	\$ (24,962,389)	\$ 8,725,494	\$ 438,808	\$ 36,930,150	\$ 21,132,063
Net Change in Fund Balances	\$ 15,513,766	\$ 59,601	\$ (374)	\$ 15,931,684	\$ 31,504,676
Fund Balances at Beginning of Year	\$ 46,794,502	\$ 17,215	\$ 374	\$ 29,646,657	\$ 76,458,748
Fund Balances at End of Year	\$ 62,308,267	\$ 76,816	\$ -	\$ 45,578,341	\$ 107,963,424

See Notes to Basic Financial Statements

City of Roanoke Financial Statements

Exhibit F

CITY OF ROANOKE, VIRGINIA RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

Net Change in Fund Balance - Governmental Funds \$ 31,504,676

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	35,387,450	
Donation of capital assets	-	
Assets transferred to business-type activities	(1,081,648)	
Loss on disposal of asset	(25,786,095)	
Less current year depreciation expense	(25,786,095)	8,519,707

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

Net change in deferred revenue related to taxes	866,012	
Deferred loss on Refunding	(497,089)	
Net principal reimbursed by Western Virginia Water Authority	(1,314,902)	(945,979)

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

Bond and other long-term debt proceeds	(32,219,363)	
Lease	837,198	
Principal payments	27,340,906	
Bond Premiums on issuance	(6,551,076)	(10,592,335)

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	11,577,550	
Employer pension expense	(14,519,088)	
Subsequent employer OPEB contribution and administrative expense	173,582	
Employer OPEB expense	347,569	(2,420,387)

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

Change in long-term compensated absences	(218,022)	
Change in accrued interest payable	125,227	(92,795)

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.

271,343

\$ 26,244,230

Change in Net Position - Governmental Activities

See Notes to Basic Financial Statements

City of Roanoke Financial Statements

Exhibit G

CITY OF ROANOKE, VIRGINIA STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2021

	Enterprise Funds				Internal
	Stormwater	Civic Facilities	Parking	Total	Service Fund
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 4,664,728	\$ 1,294,071	\$ 2,927,766	\$ 8,886,565	\$ 11,656,841
Cash and investments - restricted	3,994,079	1,797,255	-	5,791,334	-
Investments	476,394	-	293,995	770,389	982,642
Due from Other Governments	204,569	606,119	-	810,688	-
Accounts Receivable, Net	218,226	120,661	376	339,263	189
Inventory	-	32,249	-	32,249	-
Other Assets	-	125,243	-	125,243	330,000
Total Current Assets	\$ 9,557,996	\$ 3,975,598	\$ 3,222,137	\$ 16,755,731	\$ 12,969,672
Other Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Assets:					
Land, Land Improvements, and Infrastructure	\$ 20,402,855	\$ 1,215,005	\$ 3,431,514	\$ 25,049,374	\$ -
Buildings and Structures	320,313	44,093,189	48,862,628	93,276,130	-
Equipment and Other Capital Assets	5,330,744	2,581,608	608,890	8,521,242	-
Construction in Progress	2,310,067	1,947,046	972,969	5,230,082	-
Less Accumulated Depreciation	(4,724,740)	(24,353,082)	(23,932,133)	(53,009,955)	-
Capital Assets, Net	\$ 23,639,239	\$ 25,483,766	\$ 29,943,868	\$ 79,066,871	\$ -
Total Assets	\$ 33,197,235	\$ 29,459,364	\$ 33,166,005	\$ 95,822,602	\$ 12,969,672
Deferred Outflows of Resources					
Pension Experience, Assumptions, and Earnings	\$ 39,345	\$ 37,818	\$ 1,003	\$ 78,166	\$ -
Pension Changes in Proportion	132,923	-	8,269	141,192	-
Pension Subsequent Contributions	309,922	83,447	9,143	402,512	-
OPEB Experience, Assumptions, and Earnings	550,588	13,234	23,388	587,210	-
OPEB Subsequent Contributions	13,670	4,860	214	18,744	-
Deferred Outflow for Net OPEB Liability	40,922	45,075	3,883	89,880	-
Deferred Outflows Debt and Unamortized Bond Costs	74,048	254,861	554,114	883,023	-
Total Deferred Outflows of Resources	\$ 1,161,418	\$ 439,295	\$ 600,014	\$ 2,200,727	\$ -
Liabilities					
Current Liabilities:					
Accounts Payable and Accrued Expenses	\$ 645,829	\$ 170,078	\$ 194,540	\$ 1,010,447	\$ -
Accrued Interest Payable	76,795	109,883	74,998	261,676	-
Due to Other Governments	-	-	-	-	-
Due to Other Funds	13,861	3,810	363	18,034	-
Unearned Revenue	-	1,954,211	101,313	2,055,524	-
Other Liabilities	-	(157,774)	-	(157,774)	-
Long-Term Liabilities Due Within One Year	591,992	1,520,114	1,009,939	3,122,045	-
Total Current Liabilities	\$ 1,328,477	\$ 3,600,322	\$ 1,381,153	\$ 6,309,952	\$ -
Long-Term Liabilities:					
Compensated Absences Payable	\$ 135,735	\$ 84,269	\$ 1,742	\$ 221,746	\$ -
Claims Payable	-	-	-	-	14,951,034
Bond Anticipation Notes Payable	-	-	-	-	-
General Obligation Bonds Payable, Net	14,193,708	15,202,225	7,527,021	36,922,954	-
Deferred Revenue	-	-	376	376	-
Capital Lease Obligations	4,438	7,736	3,077	15,251	-
Net Pension Liability	3,716,614	1,234,281	54,257	5,005,152	-
Net OPEB Liability	333,054	118,390	5,204	456,648	-
Less Current Maturities	(591,992)	(1,520,114)	(1,009,939)	(3,122,045)	-
Total Long-Term Liabilities	\$ 17,791,557	\$ 15,126,787	\$ 6,581,738	\$ 39,500,082	\$ 14,951,034
Total Liabilities	\$ 19,120,034	\$ 18,727,109	\$ 7,962,891	\$ 45,810,034	\$ 14,951,034
Deferred Inflows of Resources					
Deferred Inflow for Pension Contributions	\$ -	\$ 291	\$ -	\$ 291	\$ -
Pension Experience, Assumptions, and Earnings	-	77,257	6,620	83,877	-
Pension Changes in Proportion	34,986	34,385	-	69,371	-
OPEB Experience, Assumptions, and Earnings	19,934	-	198	20,132	-
OPEB Changes in Proportion	64,027	21,657	2,103	87,787	-
Deferred Inflows for Defeasance Debt	-	2,434	-	2,434	-
Total Deferred Inflows of Resources	\$ 118,947	\$ 136,024	\$ 8,921	\$ 263,892	\$ -
Net Position					
Net Investment in Capital Assets	\$ 13,482,779	\$ 12,260,294	\$ 22,953,927	\$ 48,697,000	\$ -
Unrestricted (deficit)	1,636,892	(1,224,768)	2,840,280	3,252,404	(1,981,362)
Total Net Position	\$ 15,119,672	\$ 11,035,526	\$ 25,794,207	\$ 51,949,403	\$ (1,981,362)

See Notes to Basic Financial Statements

City of Roanoke Financial Statements

Exhibit H

CITY OF ROANOKE, VIRGINIA STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	Enterprise Funds				Internal Service Fund
	Stormwater	Civic Facilities	Parking	Total	
Operating Revenues					
Charges for Services	\$ -	\$ 982,756	\$ 3,166,494	\$ 4,149,250	\$ 16,789,568
Stormwater Fees	6,214,077	-	-	6,214,077	-
Other Revenue	20,000	294,327	133,953	448,280	397,994
Total Operating Revenues	\$ 6,234,077	\$ 1,277,083	\$ 3,300,447	\$10,811,607	\$ 17,187,562
Operating Expenses					
Personal Services	\$ 3,214,261	\$ 1,111,283	\$ 71,236	\$ 4,396,780	\$ -
Other Services and Charges	1,482,759	1,072,027	1,967,355	4,522,141	18,927,833
Materials and Supplies	695,826	192,935	8,779	897,540	-
Depreciation	889,190	1,306,694	1,047,886	3,243,770	-
Total Operating Expenses	\$ 6,282,036	\$ 3,682,939	\$ 3,095,256	\$13,060,231	\$ 18,927,833
Operating Income (Loss)	\$ (47,959)	\$ (2,405,856)	\$ 205,191	\$ (2,248,624)	\$ (1,740,271)
Nonoperating Revenues (Expenses)					
Operating Grants	\$ 749,360	\$ -	\$ -	\$ 749,360	\$ -
Investment Income	28,924	78,952	82,901	190,777	11,614
Interest Expense	(339,147)	(391,429)	(266,118)	(996,696)	-
Net Nonoperating Revenues (Expenses)	\$ 439,137	\$ (312,477)	\$ (183,217)	\$ (56,559)	\$ 11,614
Income (Loss) Before Transfers	\$ 391,178	\$ (2,718,333)	\$ 21,974	\$ (2,305,183)	\$ (1,728,657)
Transfers					
Transfers In	\$ 192,993	\$ 2,787,448	\$ -	\$ 2,980,441	\$ 2,000,000
Transfer Out	163,409	-	-	163,409	-
Net Transfers	\$ 29,584	\$ 2,787,448	\$ -	\$ 2,817,032	\$ 2,000,000
Change in Net Position	420,762	69,115	21,974	511,849	271,343
Total Net Position at Beginning of Year	\$ 14,698,910	\$ 10,966,411	\$ 25,772,233	\$51,437,554	\$ (2,252,705)
Total Net Position at End of Year	\$ 15,119,672	\$ 11,035,526	\$ 25,794,207	\$51,949,403	\$ (1,981,362)

See Notes to Basic Financial Statements

City of Roanoke
Financial Statements

Exhibit I

CITY OF ROANOKE, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Enterprise Funds					
	Civic				
	Stormwater	Facilities	Parking	Total	Internal Service Fund
Cash Flow From Operating Activities					
Cash Received from Customers	\$ 6,438,359	\$ 1,072,539	\$ 3,166,118	\$ 10,677,016	\$ 16,880,807
Cash Payments to Suppliers for Goods and Services	(996,734)	(987,690)	(1,632,603)	(3,617,027)	(5,368,496)
Cash Payments to Other Funds for Interfund Services	-	(204,068)	-	(204,068)	-
Cash Payments from Other Funds for Interfund Services	(157,076)	(606,119)	(109,784)	(872,979)	-
Cash Payments to Employees	(3,277,008)	(913,458)	(97,049)	(4,287,515)	-
Cash Payments for Claims	-	-	-	-	(12,910,499)
Cash Received from Other Operating Revenues	20,000	294,327	91,199	405,526	727,994
Net Cash Provided by (Used in) Operating Activities	\$ 2,027,541	\$ (1,344,469)	\$ 1,417,881	\$ 2,100,953	\$ (670,193)
Cash Flow From Noncapital Financing Activities:					
VDOT Match for Stormwater Improvements	749,360	-	-	749,360	-
Transfers In	\$ 29,584	\$ 2,787,448	-	\$ 2,817,032	\$ 2,000,000
Net Cash Provided by (Used In) Noncapital Financing Activities:	\$ 778,944	\$ 2,787,448	-	\$ 3,566,392	\$ 2,000,000
Cash Flow From Capital and Related Financing Activities:					
Acquisition and Construction of Capital Assets	\$ (3,982,986)	\$ (1,606,841)	\$ (320,542)	\$ (5,910,369)	\$ -
General Obligation Bond Issuance	1,790,000	2,665,000	-	4,455,000	-
Proceeds from Sale of Refunding Bonds	2,318,186	482,430	-	2,800,616	-
Proceeds attributable to New Bond Premiums	497,879	314,093	98,288	910,260	-
Principal Paid to Refunded Bond Escrow Agent	(1,514,838)	(1,388,463)	(179,257)	(3,082,558)	-
Principal Paid on Bonds and Capital Lease Obligations	(371,384)	(1,363,533)	(995,689)	(2,730,606)	-
Interest Paid on Bonds and Capital Lease Obligations	(342,368)	(391,506)	(269,498)	(1,003,372)	-
Net Cash Used in Capital and Related Financing Activities	\$ (1,605,511)	\$ (1,288,820)	\$ (1,666,698)	\$ (4,561,029)	\$ -
Cash Flow From Investing Activities:					
Interest Received	\$ 28,924	\$ 78,952	\$ 82,901	\$ 190,777	\$ 11,614
Net Cash Provided by Investing Activities	\$ 28,924	\$ 78,952	\$ 82,901	\$ 190,777	\$ 11,614
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 1,229,898	\$ 233,111	\$ (165,916)	\$ 1,297,093	\$ 1,341,421
Cash and Cash Equivalents at July 1	\$ 7,905,303	\$ 2,858,215	\$ 3,387,677	\$ 14,151,195	\$ 11,298,062
Cash and Cash Equivalents at June 30	\$ 9,135,201	\$ 3,091,326	\$ 3,221,761	\$ 15,448,288	\$ 12,639,483

(Continued)

See Notes to Basic Financial Statements

City of Roanoke
Financial Statements

Exhibit I

CITY OF ROANOKE, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Enterprise Funds				Total	Internal Service Fund
	Stormwater	Civic Facilities	Parking			
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Operating Income (Loss)	\$ (47,959)	\$ (2,405,856)	\$ 205,191	\$	\$ (2,248,624)	\$ (1,740,271)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Depreciation	889,190	1,306,694	1,047,886		3,243,770	-
Changes in Assets and Liabilities:						
(Increase) in Due From Other Governments	191,947	-	-		191,947	-
Decrease in Due From Other Funds	-	(606,119)	-		(606,119)	-
(Increase) Decrease in Due From Component Unit	-	-	-		-	-
Decrease (Increase) in Accounts Receivable	32,335	(48,903)	(376)		(16,944)	91,280
Decrease in Allowance for Uncollectible Accounts Receivable	-	-	-		-	-
Decrease in Inventory	-	17,844	-		17,844	-
Increase in Other Assets	5,509	44,688	66,071		116,268	330,000
Increase in Deferred Charges	(326,059)	1,834,940	-		1,508,881	-
Increase (Decrease) in Accounts Payable and Accrued Expense:	551,144	(19,261)	132,852		664,735	(3,510)
(Decrease) in Due to Other Governments	-	-	-		-	-
Increase in Due to Other Funds	1,092	(165,160)	36		(164,032)	-
Increase (Decrease) in Other Liabilities	722,758	(1,444,724)	(33,683)		(755,649)	-
Increase in Compensated Absences Payable	7,584	2,702	(96)		10,190	-
Increase in Unearned Revenues	-	138,686	-		138,686	(41)
(Decrease) in Claims Payable	-	-	-		-	652,349
Total Adjustments	\$ 2,075,500	\$ 1,061,387	\$ 1,212,690	\$	\$ 4,349,577	\$ 1,070,078
Net Cash Provided by (Used in) Operating Activities	\$ 2,027,541	\$ (1,344,469)	\$ 1,417,881	\$	\$ 2,100,953	\$ (670,193)
Reconciliation to Exhibit G:						
Cash and Cash Equivalents	\$ 4,664,728	\$ 1,294,071	\$ 2,927,766	\$	\$ 8,886,565	\$ 11,656,841
Investments	476,394	-	293,995		770,389	982,642
Cash and investments - restricted	3,994,079	1,797,255	-		5,791,334	-
	\$ 9,135,201	\$ 3,091,326	\$ 3,221,761	\$	\$ 15,448,288	\$ 12,639,483

Noncash Capital and Financing Activities:

Stormwater Fund noncash activities in fiscal year 2021 consisted of capital asset acquisitions of \$494,636 recorded as accounts payable at June 30, 2021.
Civic Facilities Fund noncash activities in fiscal year 2021 consisted of capital asset acquisitions of \$39,097 recorded as accounts payable at June 30, 2021.
Parking Fund noncash activities in fiscal year 2021 consisted of capital asset acquisitions of \$160,892 recorded as accounts payable at June 30, 2021.

See Notes to Basic Financial Statements

City of Roanoke
Financial Statements

Exhibit J

CITY OF ROANOKE, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

	Pension and OPEB Trust Funds	Hotel Roanoke and Inmate Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 628,029	\$ 2,842,417
Receivables:		
Employer Contributions (Includes Due From Other Funds of \$513,079)	\$ 601,393	\$ -
Employee Contributions	155,447	-
Investment Income	383,068	-
Receivable for Security Transactions	76,206	-
Other Asset/Receivables	-	29,711
Total Receivables	\$ 1,216,114	\$ 29,711
Investments Held by Trustee, at Fair Value:		
Cash Equivalents	\$ 6,554,111	\$ -
Government Securities	23,161,477	-
Municipal and Agency Bonds	17,010,905	-
Corporate Bonds	20,046,316	-
Convertible Bond Mutual Funds	23,218,130	-
Common Stocks	69,742,287	-
Domestic Mutual Funds	222,713,819	-
International Mutual Funds	120,985,350	-
Real Estate Mutual Funds	27,718,473	-
Investment in Pooled Funds	10,136,993	1,999,860
Total Investments	\$ 541,287,861	\$ 1,999,860
Total Assets	\$ 543,132,004	\$ 4,871,988
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 220,540	\$ 142,098
Payable for Security Transactions	708,069	-
Total Liabilities	\$ 928,609	\$ 142,098
Net Position Restricted for Hotel Roanoke Conference Center Fund	\$ -	\$ 4,709,945
Net Position Restricted for Inmate Fund	\$ -	\$ 19,945
Net Position Restricted for Pension Fund	\$ 532,066,402	
Net Position Restricted for OPEB Fund	\$ 10,136,993	

See Notes to Basic Financial Statements

City of Roanoke
Financial Statements

Exhibit K

CITY OF ROANOKE, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Pension and OPEB Trust Funds</u>	<u>Hotel Roanoke and Inmate Custodial Funds</u>
<u>Additions/(Reductions)</u>		
Contributions from Employer	\$ 13,403,930	-
Contributions from Employee	3,685,892	-
Contributions from Inmates	-	65,556
Investment Income		
Net Appreciation in Fair Value of Investments	123,985,806	-
Interest and Dividends	13,402,137	-
Other	3,753	-
Total Investment Income	137,391,696	-
Less Investment Expenses	(1,174,914)	(3,820)
Net Investment Income	136,216,782	(3,820)
Total Additions	153,306,604	61,736
<u>Deductions</u>		
Benefit Payments	42,002,153	-
Administrative Expenses	530,354	1,447,656
Total Deductions	42,532,507	1,447,656
Change in Net Position	110,774,097	(1,385,920)
Fiduciary Net Position at Beginning of Year	431,429,297	6,115,810
Fiduciary Net Position at End of Year	\$ 542,203,395	\$ 4,729,890

See Notes to Basic Financial Statements.

City of Roanoke

Notes to Basic Financial Statements

(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 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.

B. Financial Statement Presentation

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

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

City of Roanoke

Notes to Basic Financial Statements - Continued

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

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

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

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

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

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

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

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

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

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

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

City of Roanoke

Notes to Basic Financial Statements - 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 Roanoke Civic Center. The City manages the civic center operations.

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

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

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 (this fund does not involve measurement of results of operations), and the Inmate Fund associated with the City Jail (this fund does involve measurement of results of operations).

C. Basis of Accounting

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

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

City of Roanoke
Notes to Basic Financial Statements - Continued

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

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, 2021, significant encumbrances in the General Fund totaled \$3.6 million and related to fleet management, social services, prisoner sustenance and street and other maintenance contracts.

E. Deposits and Investments

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

Applicable investments are measured at fair value and are categorized within the fair value hierarchy using valuation techniques as promulgated by GAAP. The hierarchy is based on the valuation of inputs used to measure the fair value of an asset and categorizes these inputs into one of three levels. See Footnote 3 for additional information regarding the categorical fair value measurement of investments. Investments of the Capital Projects Fund consist of government securities. Investments of the Pension Trust Fund consist of investments in bank common trust funds, government securities, corporate bonds, stocks, and mutual funds. The fair value of underlying assets held in the Pension Trust Fund's real estate fund is based upon independent appraisal conducted periodically throughout the year, but not less than annually.

F. Interfund Receivables and Payables

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

G. Allowance for Uncollectible Taxes and Accounts Receivable

The City calculates its allowance for uncollectible receivables based on historical collection data and specific account analyses. At June 30, 2021, the allowance for General Fund uncollectible taxes receivable was \$3,692,887 or 15.94% of the outstanding balance of taxes receivable. At June 30, 2021, the allowance for General Fund uncollectible accounts receivable was \$2,408,121 or 44.90% of the outstanding balance of accounts receivable. In the Stormwater Fund, an allowance in the amount of \$25,611 or 8.14% of the delinquent stormwater fee receivables of \$314,520.

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 52.1% for tax year 2021. 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, 2021 the IRS rate was 5%.

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

I. Inventory

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

J. Pension Trust Fund

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

K. Other Postemployment Benefits Trust Fund

The City's policy is to fully fund actuarially determined OPEB costs, which include both normal costs and amortization of unfunded accrued liability, by contributing to the Virginia Pooled OPEB Trust Fund (OPEB Trust Fund). The OPEB Trust Fund investments are recorded at fair value. See Footnote 3 for additional information regarding the categorical fair value measurement of investments. The Trust Board of Trustees establishes investment objectives, risk tolerance and asset allocation policies in light of the investment policy, market and economic conditions, and generally prevailing prudent investment practices. OPEB includes retirement benefits and line of duty benefits other than pension costs.

L. Virginia Retirement System Pension and Other Postemployment Benefit Plans

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

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

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

City of Roanoke
Notes to Basic Financial Statements - Continued

M. Capital Assets

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

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

The City has adopted the modified approach allowed for in GAAP for certain assets determined 'inexhaustible'. Assets in this category are characterized as those whose economic benefit or service potential is used up so slowly that the estimated useful life is extraordinarily long. Assets of this nature are not depreciated, but are required to be maintained at a certain condition level. See Footnote 6 for additional information regarding the City's application of the modified approach.

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

N. Compensated Absences Payable

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

Liabilities for compensated absences are not liquidated until leave is actually taken by employees or leave balances are paid upon termination. Accordingly, in the governmental fund's financial statements, no expenditure is reported for compensated absences until they are paid. Current and non-current portions of compensated absences totaling \$8,513,041 are recorded for governmental activities in the government-wide statements and represent a reconciling item between the government-wide and governmental fund presentations.

O. Net Position

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

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

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

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

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

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

City of Roanoke
Notes to Basic Financial Statements - Continued

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, 2021:

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

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

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

P. Use of Estimates

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

Q. Deferred Inflows/Outflows of Resources

Deferred inflows and outflows of resources represent the acquisition and consumption, respectively, of net position that applies to a future period. At June 30, 2021, the Primary Government had \$3.2 million in deferred outflows of resources representing debt refundings resulting in loss transactions, which are amortized over the life of the refunded debt and \$24.8 million in deferred charges related to Pension and OPEB contributions, experience, assumptions, earnings, and proportion. The Primary Government also had \$6.0 million in deferred inflows of resources related to changes in the Pension and OPEB experience, assumptions, earnings, and proportion which are amortized over the average future service life of all plan members, except earnings, which are amortized over a five year period and \$0.6 million related to uncollected service charges which includes penalties, interest, and other fees.

R. Subsequent Events

See Footnote 21 Subsequent Events.

S. New GASB Pronouncements

The City has adopted these pronouncements in the fiscal year ending June 30, 2021.

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

The GASB issued Statement No. 84, *Fiduciary Activities* in January 2017, (Amended by GASB Statement No. 95 in May 2020). This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2019.

City of Roanoke
Notes to Basic Financial Statements - Continued

The GASB issued Statement No. 90, *Majority Equity Interests*, an amendment of GASB Statements No. 14 and No. 61 in August 2018, (Amended by GASB Statement No. 95 in May 2020). The comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for periods beginning after December 15, 2019.

Implementation Guide No. 2019-1, Implementation Guidance Update - 2019. The requirement of this Implementation Guide is effective for financial reporting periods beginning after June 15, 2020.

Implementation Guide No. 2019-2, Fiduciary Activities. The requirement of this Implementation Guide is effective for financial reporting periods beginning after December 15, 2019.

T. Future GASB Pronouncements

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

- The GASB issued Statement No. 87, *Leases* in June 2017 (Amended by GASB Statement No. 95 in May 2020). This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after June 15, 2021.
- The GASB issued Statement No. 91, *Conduit Debt Obligations* in May 2019 (Amended by GASB Statement No. 95 in May 2020). This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.
- The GASB issued Statement No. 92, *Omnibus 2020* in January 2020, (Amended by GASB Statement No. 95 in May 2020). This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.
- The GASB issued Statement No. 93, *Replacement of Interbank Offer Rates* in March 2020, (Amended by GASB Statement No. 95 in May 2020). This Statement addresses accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.
- The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships, and Availability of Payment Arrangements* in March 2020. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.
- The GASB issued Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, was issued in May 2020. This Statement provides temporary relief to governments in light of the COVID-19 pandemic. The effective dates of certain provisions contained in Statements No. 83, 84, 88, 89, 90, 91, 92, and 93, as well as Implementation Guides No. 2017-3, 2018-1, 2019-1, and 2019-2, were postponed by one year. Also, the effective dates of Statement No. 87 and Implementation Guide No. 2019-3 were postponed by 18 months.

City of Roanoke
Notes to Basic Financial Statements - Continued

- The GASB issued Statement No. 96, *Subscription-Based Information Technology Agreements*, in May 2020. (SBITAs). This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.
- The GASB issued No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, in June 2020. This Statement provides a more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

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

City of Roanoke
Notes to Basic Financial Statements - Continued

(2) Accounting Changes and Restatements

For the year ended June 30, 2021, The City and Roanoke City Public Schools adopted GASB Statement No. 84, *Fiduciary Activities*. The primary purpose of this standard was to improve the comparability of fiduciary activities between local governments, while also enhancing the usefulness of the fiduciary activity information reported in the ACFR. In doing so, users of financial statements can readily see the responsibility governments have in their roles as fiduciaries.

As part of the implementation of this GASB 84, the Roanoke City Jail Inmate Fund is now presented as a custodial fund in the Statement of Fiduciary Assets and Liabilities, and the Statement of Changes in Fiduciary Assets and Liabilities for the year ended June 30, 2021. Additionally, the City's custodial funds now present "Net Position" instead of "Amounts Held for Others" in these custodial fund financial statements.

City of Roanoke
Notes to Basic Financial Statements - Continued

(3) Deposits and Investments

Governmental Funds

The City maintains a consolidated account that is available for use by all funds, including fiduciary funds. Each fund's portion of this account is presented in the basic financial statements as "Cash and Cash Equivalents". The School Board component unit maintains separate cash and investment accounts with a combined balance as of June 30, 2021 of \$51,098,527. 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 and holds total cash and investments of \$4,709,945 and \$132,332 on their behalf, respectively. Investments and related disclosures for the City of Roanoke Pension Plan and the OPEB Trust Fund, which are fiduciary funds, are presented separately.

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

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

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

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

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

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

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

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

Repurchase Agreements: Collateralized by United States Treasury agency securities, with a maximum maturity of five years, having a market value at all times of at least 102% of the value of the overnight repurchase agreements. The securities must be free and clear of any lien and held by an independent third party custodian acting solely as agent for the City, provided such third party is not the seller under the repurchase agreement.

City of Roanoke
Notes to Basic Financial Statements - Continued

For repurchase agreements with terms of maturity of greater than one (1) day, the City will value the collateral securities daily and require that if additional collateral is required then that collateral must be delivered within one business day. The counterparty must be a primary government securities dealer who reports daily to the Federal Reserve Bank of New York or a bank, savings and loan association, or diversified securities broker-dealer having at least \$5 billion in assets and \$500 million in capital and subject to regulation of capital standards by any state or federal regulatory agency. The counterparty must have a long-term credit rating of at least AA or the equivalent from an NRSRO, been in operation for at least 5 years, and is reputable among market participants.

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

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

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

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

State Non-Arbitrage Program (SNAP): The Commonwealth of Virginia SNAP was established pursuant to the Local Government Non-Arbitrage Investment Act to make available to Virginia counties, cities, and towns assistance with the investment of and accounting for bond proceeds in compliance with rebate requirements of the Internal Revenue Code of 1986, as amended. The program is managed by PFM Asset Management LLC, an investment advisor registered with the Securities and Exchange Commission. SNAP provides local governments with a convenient method of pooling proceeds of bonds and notes for temporary investment pending their capital project expenditures. The SNAP program is sponsored by the Virginia Treasury Board and it is a GASB Statement 79 compliant local government investment pool.

Investments at June 30, 2021 consisted of the following:

	Total Primary Government	Component Unit	Fiduciary Funds
Investment in pooled funds, including Virginia LGIP & VIP	\$ 17,212,788	\$ 44,624,187	\$ 259,121
Certificates of Deposit	750,182	-	
Money Market Accounts	82,811,947	-	-
Bank Deposits	2,543,257	-	2,162,589
Mutual Funds	25,230,176	-	-
Federal Agency Bonds/Notes	11,990,420	-	1,999,860
Total	<u>\$ 140,538,770</u>	<u>\$ 44,624,187</u>	<u>\$ 4,421,570</u>

City of Roanoke
Notes to Basic Financial Statements - Continued

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

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

At June 30, 2021 investment holdings as a percentage of total investments, excluding OPEB Trust Fund investments, were as follows:

Investment Type	School Board			Credit Rating
	Primary Government	Component Unit	Fiduciary Fund	
Virginia LGIP	12.3%	100.0%	6.1%	AAAm
Virginia Investment Pool	0.0%	0.0%	0.0%	AA+f/S1
Certificates of Deposit	0.0%	0.0%	0.0%	
Money Market Accounts	59.0%	0.0%	0.0%	AAAm
Bank Deposits	1.8%	0.0%	47.2%	AAAm
Mutual Funds	18.0%	0.0%	0.0%	AAAm
Federal Agency Bonds/Notes	8.5%	0.0%	46.7%	AA+
Total Investment Percentage	100.0%	100.0%	100.0%	

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, 2020 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, 2020, the City did not hold any investments considered to be exposed to custodial credit risk. The School Board and GRTC component units do not hold any investments exposed to custodial credit risk.

Custodial Credit Risk – Deposits. In the case of a deposit, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The carrying value of the City’s deposits was \$137,010,011, including Fiduciary HRCCC Funds of \$420,707 and Inmate Custodial Funds of \$132,332. The City’s bank balance of deposits was \$138,865,298. The City’s investment policy requires all deposits to be federally secured or held in accordance with the Virginia Security for Public Deposits Act. In agreement with the policy, the entire balance was covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act.

City of Roanoke
Notes to Basic Financial Statements - Continued

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

At June 30, 2021, 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:

Issuer	Percent of Portfolio
State Non-Arbitrage Program	Primary Government 18.0%

At June 30, 2021, of the School Board's investment portfolio, \$44,624,187 was invested in the Virginia LGIP.

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, 2021, the Primary Government had the following investments and maturities:

	Investment Maturity		
	Fair Value	Less than 1 year	More than 1 year
Virginia LGIP	\$ 17,212,788	\$ 17,212,788	\$ -
Certificates of Deposit	750,182	750,182	-
Money Market Accounts	82,811,947	82,811,947	-
Bank Deposits	2,543,257	2,543,257	-
Mutual Funds	25,230,176	25,230,176	-
Federal Agency Bonds/Notes	11,990,420	1,999,560	9,990,860
TOTAL	\$ 140,538,770	\$ 130,547,910	\$ 9,990,860

As of June 30, 2021, the School Board Component Unit had the following investments and maturities:

	Investment Maturity	
	Fair Value	Less than 1 year
Virginia LGIP	\$44,624,187	\$ 44,624,187

City of Roanoke
Notes to Basic Financial Statements - Continued

As of June 30, 2021, the Hotel Roanoke Conference Center Commission, a custodial fund, had the following investments and maturities:

	Investment Maturity	
	Fair Value	Less than 1 year
Virginia LGIP & VIP	\$ 4,289,238	\$ 2,289,378

Separately Presented Fiduciary Funds

Pension Trust Fund

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

Plan Investments as of June 30, 2021 consisted of the following:

	2021
Cash Equivalents	\$ 109,301
Investment in pooled funds (1)	6,705,680
US Government Securities	23,161,477
Municipal and Agency Bonds	17,010,905
Corporate Bonds	20,046,316
Convertible Bond Mutual Funds	23,218,130
Common Stocks	69,742,287
Domestic Mutual Funds	222,713,819
International Mutual Funds	120,985,350
Real Estate Funds	27,718,473
Total Investments	<u>\$ 531,411,738</u>

- (1) Local Government Investment Pool (LGIP) in the amount of \$260,870 is included in Cash and Cash Equivalents in the statement of Fiduciary Net Position

City of Roanoke
Notes to Basic Financial Statements - Continued

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.

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	\$ 28,270,048	-	Daily	0-3 Days
Total Fixed Income Investments measured at the NAV	\$ 28,270,048	-		
Equity Investments				
Co-mingled domestic equity	\$ 53,774,653	-	Daily	0-3 Days
Co-mingled international equity	21,721,827	-	Daily, Bi-Monthly, Monthly	3-30 Days
Total Equity Investments measured at the NAV	\$ 75,496,480	-		
Real Estate Investments				
Real Estate	\$ 27,718,473	-	Quarterly	45-90 Days
Total Real Estate Investments measured at the NAV	\$ 27,718,473	-		
		-		
Total Investments Measured at the NAV	\$ 131,485,001	-		

City of Roanoke
Notes to Basic Financial Statements - Continued

	Fair Value Measures Using			
		Quoted Price in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Input
	6/30/2021	(Level 1)	(Level 2)	(Level 3)
Investments by Fair Value Level				
Fixed Income				
U.S. Government Securities	\$ 23,161,477	\$ -	\$ 23,161,477	\$ -
Municipal and Agency Bonds	17,010,905	-	17,010,905	-
Corporate Bonds	20,046,316	-	20,046,316	-
Domestic Bond Mutual Funds	2,242,352	2,242,352	-	-
Total Fixed Income	\$ 62,461,050	\$ 2,242,352	\$ 60,218,698	\$ -
Domestic Equity				
Financial and Utility Common Stock	\$ 18,779,164	\$ 18,779,164	\$ -	\$ -
Basic Industrial and Materials Common Stock	12,605,453	12,605,453	-	-
Consumer and Service Common Stock	22,883,564	22,883,564	-	-
Technology and Telecommunications Common Stock	15,474,106	15,474,106	-	-
Domestic Equity Mutual Fund	138,426,766	138,426,766	-	-
Total Domestic Equity	\$ 208,169,053	\$ 208,169,053	\$ -	\$ -
Convertible Securities				
Convertible Bond Mutual Funds	\$ 23,218,130	\$ 23,218,130	\$ -	\$ -
Total Convertible Securities	\$ 23,218,130	\$ 23,218,130	\$ -	\$ -
International Equity				
International Equity Mutual Fund	\$ 99,263,523	\$ 99,263,523	\$ -	
Total International Equity	\$ 99,263,523	\$ 99,263,523	\$ -	\$ -
Short Term Investments				
Cash and Cash Equivalents	\$ 6,554,111	\$ 6,554,111	\$ -	\$ -
Total Short Term Investments	\$ 6,554,111	\$ 6,554,111	\$ -	\$ -
Total Investments by Fair Value Level	\$ 399,665,867	\$ 339,447,169	\$ 60,218,698	\$ -

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.

City of Roanoke
Notes to Basic Financial Statements - Continued

As of June 30, 2021, the Plan's pooled and fixed income investments consisted of the following:

	2021	Moody's Rating
U.S. Government Securities	\$ 23,161,477	Aaa
	<u>\$23,161,477</u>	
Municipal & Agency Bonds	\$ 498,943	Aaa
	342,693	Aa1
	235,700	Aa2
	84,018	Aa3
	15,849,551	NR
	<u>\$17,010,905</u>	
Corporate Bonds	\$ 2,399,066	Aaa
	71,465	Aa1
	274,411	Aa2
	366,602	Aa3
	2,913,332	A1
	5,888,610	A2
	1,994,297	A3
	3,777,703	Baa1 & Below
	2,360,830	NR
	<u>\$20,046,316</u>	
Domestic Bond Mutual Funds	\$ 18,476,214	Aaa
	9,793,834	BB
	<u>\$28,270,048</u>	
Investment in Pooled Funds	\$ 6,444,810	Aaa
	260,870	AAAm
	<u>\$ 6,705,680</u>	

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 \$7,182,140 equal to the bank balance as of June 30, 2021. Of the bank balance, \$628,029 as of June 30, 2021 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.

City of Roanoke
Notes to Basic Financial Statements - Continued

Such collateralization qualifies as state depository insurance. Accordingly, the bank balance of \$628,029 as of June 30, 2021 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 \$6,554,111 as of June 30, 2021, 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, 2021: 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, 2021.

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.

The fair value of the Plan's fixed income portfolio consisted of the following investment and maturities as of June 30, 2021:

Investment Type	Fair Value	Maturities			
		<1	1-5	5-10	>10
U.S. Government Securities	\$ 23,161,477	\$ -	\$ 8,643,148	\$ 14,518,329	\$ -
Municipal and Agency Bonds	17,010,905	-	567,329	2,268,994	14,174,582
Corporate Bonds	20,046,316	239,560	6,149,034	9,786,334	3,871,388
Bond Mutual Funds	28,270,048	-	-	9,793,834	18,476,214
	\$ 88,488,746	\$ 239,560	\$ 15,359,511	\$36,367,491	\$ 36,522,184

City of Roanoke
Notes to Basic Financial Statements - Continued

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, 2021 were:

Investment Type	Fair Value	<1
Virginia LGIP	\$ 260,870	\$ 260,870
	\$ 260,870	\$ 260,870

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, 2021.

OPEB Trust Fund

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

Investment Policy. The Board of Trustees of the OPEB Trust Fund has adopted an investment policy to achieve a compound annualized total expected rate of return over a market cycle, including current income and capital appreciation, of 7.5%. Investment decisions for the funds' assets are made by the Board of Trustees, which establishes investment objectives, risk tolerance and asset allocation policies in light of the investment policy, market and economic conditions, and generally prevailing prudent investment practices. The Board of Trustees also monitors the investments to ensure adherence to the adopted policies and guidelines. In addition, the Trustees review, monitor, and evaluate the performance of the investments and the Board's investment advisors in light of available investment opportunities, market conditions, and publicly available indices for the generally accepted evaluation and measurement of such performance. Specific investment information for the OPEB Trust Fund can be obtained by writing to VML/VACo Finance, 919 East Main Street, Suite 1100, Richmond, Virginia 23219.

Credit Risk. State law (*Code of Virginia*, Chapter 3, Title 26) limits local governments and other public bodies to investing in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, bankers' acceptances, repurchase agreements, and the LGIP. As of June 30, 2021, 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, 2021, 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.

City of Roanoke
Notes to Basic Financial Statements - Continued

As of June 30, 2021, 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>Fair Value</u>	<u>Unfunded Commitment s</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Multistrategy Investments				
Co-mingled multistrategy investment fund				
Total Multistrategy Investments measured at the NAV	<u>\$ 10,136,993</u>	<u>\$ -</u>	<u>Daily</u>	<u>0-3 Days</u>

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, 2021:

<u>Investment Type</u>	<u>Fair Value</u>	<u>< 5 years</u>	<u>5-10 years</u>
Bond Mutual Funds	\$ 2,242,750	\$ -	\$2,242,750
Virginia VIP	67,051	67,051	-
	<u>\$ 2,309,801</u>	<u>\$ 67,051</u>	<u>\$2,242,750</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
Notes to Basic Financial Statements - Continued

(4) Receivables

Receivables as of June 30, 2021 consisted of the following:

<u>Governmental Funds</u>								
<u>Receivables</u>	General	Debt Service	Special Revenue	Capital Projects	Internal Service Fund	Total Governmental Activities	School Board Component Unit	GRTC Component Unit
Federal Government	\$ 151,785	\$ -	\$ 1,851,635	\$ 300,838	\$ -	\$ 2,304,258	\$ -	
State Government	11,392,808	-	177,798	909,456	-	12,480,062	-	
City of Roanoke	-	-	-	-	-	-	3,541,202	
WVWA	-	3,200,614	-	-	-	3,200,614	-	
Other Governments	622,542	-	-	-	-	622,542	13,156,153	
Total Governments	<u>\$ 12,167,135</u>	<u>\$ 3,200,614</u>	<u>\$ 2,029,433</u>	<u>\$ 1,210,294</u>	<u>\$ -</u>	<u>\$ 18,607,476</u>	<u>\$ 16,697,355</u>	<u>\$ -</u>
Taxes, net of Allowance	\$ 19,468,431	\$ -	\$ -	\$ -	\$ -	\$ 19,468,431	\$ -	\$ -
Accounts	3,463,112	9,661	81,102	1,297	189	3,555,361	78,834	
Less: Allowance for Uncollectible Accounts	(2,408,121)	-	-	-	-	(2,408,121)	-	-
Subtotal	<u>\$ 20,523,422</u>	<u>\$ 9,661</u>	<u>\$ 81,102</u>	<u>\$ 1,297</u>	<u>\$ 189</u>	<u>\$ 20,615,671</u>	<u>\$ 78,834</u>	<u>\$ -</u>
Governmental Fund Receivables	<u>\$ 32,690,557</u>	<u>\$ 3,210,275</u>	<u>\$ 2,110,535</u>	<u>\$ 1,211,591</u>	<u>\$ 189</u>	<u>\$ 39,223,147</u>	<u>\$ 16,776,189</u>	<u>\$ -</u>
<u>Enterprise Funds</u>								
<u>Receivables</u>	Stormwater	Civic Facilities	Parking	Total Enterprise Funds				
Federal Government	\$ -	\$ 606,119	\$ -	\$ 606,119				
State Government	204,569	-	-	204,569				
Accounts	243,837	120,661	376	364,874				
Less: Allowance for Uncollectible Accounts	(25,611)	-	-	(25,611)				
Total Receivables	<u>\$ 422,795</u>	<u>\$ 120,661</u>	<u>\$ 376</u>	<u>\$ 1,149,951</u>				

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

Net taxes and accounts receivable, as reported on the government-wide Statement of Net Position, include taxes receivable of approximately \$5.7 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 \$3,200,614 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 17. Governmental Funds and Governmental Activities accounts receivable included \$2,329,341 related to Roanoke City Public Schools miscellaneous accounts receivable accounts which were reported by them as an accounts payable liability.

City of Roanoke
Notes to Basic Financial Statements - Continued

(5) Interfund Balances and Transfers

Interfund balances consisted of the following for the year ended June 30, 2021:

DUE FROM (FUND)						
DUE TO (FUND)	General	Pension Trust	Stormwater Utility	Civic Facilities	Parking	Total
General Fund	\$ -	\$ 3,230	\$ -	\$ -	\$ -	\$ 3,230
Pension Trust	498,275	-	13,861	3,810	363	516,309
TOTAL	\$ 498,275	\$ 3,230	\$ 13,861	\$ 3,810	\$ 363	\$ 519,539

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

Interfund transfers consisted of the following for the year ended June 30, 2021:

TRANSFER OUT (FUND)				
TRANSFER IN (FUND)	General	Capital Projects	Stormwater Utility	Total
General	\$ -	\$ 256,208	\$ 2,916	\$ 259,124
Debt Service	11,601,331	-	-	11,601,331
Special Revenue	313,808	125,000	-	438,808
Capital Projects	8,518,926	-	160,493	8,679,419
Stormwater Utility	-	192,993	-	192,993
Civic Facilities	2,787,448	-	-	2,787,448
Internal Service	2,000,000	-	-	2,000,000
TOTAL	\$ 25,221,513	\$ 574,201	\$ 163,409	\$ 25,959,123

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 2021, 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 FY21 \$ 256,208 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
Notes to Basic Financial Statements - Continued

(6) Changes in Capital Assets

Primary Government:

Changes in capital assets for the year ended June 30, 2021 consisted of the following:

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 44,055,431	\$ 350,027	\$ (803,102)	\$ 43,602,355
Infrastructure - Right of Way	20,271,153	-	-	20,271,153
Infrastructure - Inexhaustible	47,995,346	-	-	47,995,346
Construction in Progress - City	28,045,479	22,617,442	(13,645,576)	37,017,344
Historical Treasures	679,798	-	-	679,798
Total Capital Assets, Not Being Depreciated	\$ 141,047,207	\$ 22,967,469	\$ (14,448,678)	\$ 149,565,996
Capital Assets, Being Depreciated:				
Land Improvements	\$ 11,233,796	\$ 1,191,741	\$ -	\$ 12,425,537
Accumulated Depreciation	(6,257,828)	(538,505)	-	(6,796,333)
Net Land Improvements	\$ 4,975,968	\$ 653,236	\$ -	\$ 5,629,204
Building Structures	\$ 459,762,619	\$ 12,883,749	\$ -	\$ 472,646,367
Accumulated Depreciation	(169,663,444)	(8,928,438)	-	(178,591,881)
Net Building and Structures	\$ 290,099,175	\$ 3,955,311	\$ -	\$ 294,054,486
Infrastructure	\$ 323,941,187	\$ 3,080,690	\$ -	\$ 327,021,875
Accumulated Depreciation	(149,518,816)	(9,142,773)	-	(158,661,589)
Net Infrastructure	\$ 174,422,371	\$ (6,062,083)	\$ -	\$ 168,360,286
Equipment	\$ 102,542,117	\$ 8,909,375	\$ (6,831,855)	\$ 104,619,638
Accumulated Depreciation	(70,258,064)	(7,176,379)	6,553,315	(70,881,132)
Net Equipment	\$ 32,284,053	\$ 1,732,996	\$ (278,540)	\$ 33,738,506
Total Capital Assets Being Depreciated	\$ 897,479,719	\$ 26,065,555	\$ (6,831,855)	\$ 916,713,417
Less: Accumulated Depreciation	(395,698,152)	(25,786,095)	6,553,315	(414,930,935)
Net Total Capital Assets Being Depreciated	\$ 501,781,567	\$ 279,460	\$ (278,540)	\$ 501,782,482
Governmental Activities' Capital Assets, Net	\$ 642,828,774	\$ 23,246,929	\$ (14,727,218)	\$ 651,348,478

Capital assets used for educational purposes totaled \$204,700,505 and are included with the Governmental Activities capital assets of the primary government. The depreciation on these assets was recorded as an Education expense in the current fiscal year.

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
Notes to Basic Financial Statements - Continued

Changes in capital assets for Business-type activities for the year ended June 30, 2021 consisted of the following:

	<u>June 30,2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30,2021</u>
<u>Business-type Activities:</u>				
<u>Capital Assets, Not Being Depreciated:</u>				
Land	\$ 5,122,073	\$ -	\$ -	\$ 5,122,073
Right of Way/Easements	108,222	103,914	-	212,136
Construction in Progress	5,221,957	4,796,584	(4,788,459)	5,230,082
Total Capital Assets, Not Being Depreciated	\$ 10,452,252	\$ 4,900,498	\$ (4,788,459)	\$ 10,564,291
<u>Capital Assets, Being Depreciated:</u>				
Land Improvements	\$ 73,696	\$ -	\$ -	\$ 73,696
Accumulated Depreciation	(70,390)	-	-	(70,390)
Net Land Improvements	\$ 3,306	\$ -	\$ -	\$ 3,306
Building and Structure	\$ 92,739,799	\$ 536,331	\$ -	\$ 93,276,130
Accumulated Depreciation	(43,891,665)	(2,205,547)	-	(46,097,212)
Net Building and Structures	\$ 48,848,134	\$ (1,669,216)	\$ -	\$ 47,178,918
Infrastructure	\$ 15,284,595	\$ 4,356,875	\$ -	\$ 19,641,469
Accumulated Depreciation	(1,122,663)	(382,358)	-	(1,505,020)
Net Infrastructure	\$ 14,161,932	\$ 3,974,517	\$ -	\$ 18,136,449
Equipment	\$ 8,482,508	\$ 211,844	\$ (173,110)	\$ 8,521,242
Accumulated Depreciation	(4,853,230)	(655,865)	171,764	(5,337,331)
Net Equipment	\$ 3,629,278	\$ (444,021)	\$ (1,346)	\$ 3,183,911
Total Capital Asset Being Depreciated	\$ 116,580,595	\$ 5,105,050	\$ (173,110)	\$ 121,512,535
Less: Accumulated Depreciation	(49,937,948)	(3,243,770)	171,764	(53,009,954)
Net Total Capital Assets Being Depreciated	\$ 66,642,647	\$ 1,861,280	\$ (1,346)	\$ 68,502,581
Business-type Activities' Capital Assets, Net	\$ 77,094,899	\$ 6,761,778	\$ (4,789,805)	\$ 79,066,873

City of Roanoke
Notes to Basic Financial Statements - Continued

Depreciation was charged to functions as follows:

Government Activities:

COMM DEVELOPMENT	\$ 6,711
ECON DEVELOPMENT	150,510
EDUCATION	5,893,880
GENERAL GOVT	6,025,140
HEALTH AND WELFARE	243,177
JUDICIAL	231,691
PARKS, REC, AND CULTURE	1,224,886
PUBLIC SAFETY	2,175,061
PUBLIC WORKS	9,835,039
Total	\$ 25,786,095

Business-type activities:

STORM WATER	\$ 889,190
CIVIC FACILITIES	1,306,694
PARKING	1,047,886
Total	\$ 3,243,770

School Board Component Unit:

	Balance				Balance
	June 30, 2020	Increases	Decreases		June 30, 2021
<u>Capital Assets, Not Being Depreciated:</u>					
Construction in Progress	\$ 10,211,668	\$ 3,126,478	\$ 13,338,146	\$	-
<u>Capital Assets, Being Depreciated:</u>					
Instruction	\$ 4,039,836	\$ 52,282	\$ 193,455	\$	3,898,663
Administration	2,663,637	115,605	87,075		2,692,167
Transportation	531,242	-	-		531,242
Maintenance	7,129,174	15,274,831	-		22,404,005
Less: Accumulated Depreciation	(5,791,060)	(1,351,821)	277,557		(6,865,324)
Net Total Capital Assets Being Depreciated	8,572,829	14,090,897	558,087		22,660,753
Component Unit Capital Assets, Net	\$ 18,784,497	\$ 17,217,375	\$ 13,341,119	\$	\$ 22,660,753

GRTC Component Unit:

	Balance				Balance
	June 30, 2020	Increases	Decreases		June 30, 2021
<u>Capital Assets, Not Being Depreciated:</u>					
Land	\$ 720,724			\$	720,724
Construction in progress	214,691	712,764	314,964		612,491
<u>Capital Assets, Being Depreciated:</u>					
Building and Structures	\$ 11,805,081	\$ 3,575	\$ -	\$	11,808,656
Equipment	25,193,647	3,997,299	1,209,165		27,981,781
Less: Accumulated Depreciation	(23,499,498)	(2,256,169)	1,209,165		(24,546,502)
Net Total Capital Assets Being Depreciated	13,499,230	1,744,705	-		15,243,935
Component Unit Capital Assets, Net	\$ 14,434,645	\$ 2,457,469	\$ 314,964	\$	\$ 16,577,150

City of Roanoke
Notes to Basic Financial Statements - Continued

(7) Construction in Progress and Contract Commitments

A summary of construction in progress by function and contract commitments (encumbrances) at June 30, 2021 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, 2021</u>	<u>(Encumbrances)</u>
General Government	\$ 88,276,117	\$ 67,709,574	\$ 6,720,739
Parks, Recreation and Cultural	27,098,614	15,915,535	544,023
Economic Development	1,480,000	1,477,301	-
Public Safety	350,027	350,027	-
Technology	8,268,870	6,211,412	279,739
Fleet	7,427,924	6,827,924	600,000
Education	21,751,927	20,787,114	-
Subtotal	\$ 154,653,479	\$ 119,278,885	\$ 8,144,501
Non-Capitalized Projects City	\$ 20,593,763	\$ 18,855,843	\$ 392,102
Total	\$ 175,247,242	\$ 138,134,728	\$ 8,536,603

Business-type Activities:

<u>Fund</u>			
Stormwater Utilities	\$ 10,847,518	\$ 2,568,882	\$ 4,134,715
Civic Facilities	3,708,715	2,396,868	321,371
Parking	2,641,093	1,731,646	449,096
Total	\$ 17,197,326	\$ 6,697,396	\$ 4,905,183

School Board Component Unit:

Non-Capitalized Projects	\$ -	\$ 3,126,478	\$ -
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City of Roanoke
Notes to Basic Financial Statements - Continued

(8) Unearned Revenues

Unearned revenues represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenues for the Civic Facilities and Parking proprietary funds (shown as Business-type activities in the table below) is reported as such on the face of the statements (see Exhibit G). Unearned revenues as reported in the governmental and proprietary funds financial statements at June 30, 2021 consists of the following:

Governmental activities:

	General Fund	Special Revenue Fund	Total
Unearned Revenue	\$ 14,457	\$ 1,026,467	\$ 1,040,924

Business-type activities:

	Civic Facilities Fund	Parking Fund	Total
Unearned Revenue	\$ 1,954,211	\$ 101,313	\$ 2,055,524

City of Roanoke
Notes to Basic Financial Statements - Continued

(9) Long-Term Liabilities

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are subject to the provisions of the Internal Revenue Code of 1986 related to arbitrage and interest income tax regulations under those provisions. The fund balance of the Debt Service Fund at June 30, 2021 of \$76,816 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, 2021 was \$503,557,684. The City has no overlapping debt. The City issues general obligation bonds to provide for the acquisition and construction of major capital facilities. Outstanding long-term liabilities, gross of governmental activities deferred refunding amounts, at June 30, 2021, were comprised of the following:

Long Term Debt Summary

At June 30, 2021 the long-term indebtedness of the City consisted of the following:

Series/Description	Interest Rates	Issue Date	Maturity	Issue Amount	Governmental Activities
<u>General Obligation Bonds</u>					
2010B Public Improvement Bonds	1.25% - 5.80%	3/11/2010	10/1/2029	\$ 2,680,000	\$ 1,260,000
2012A Public Improvement Bonds	2.00% - 5.00%	3/14/2012	2/1/2032	6,925,000	293,850
2012B Refunding Bonds	0.43% - 2.96%	3/14/2012	10/1/2023	6,880,000	810,000
2012C Refunding Bonds	4.00% - 5.00%	3/14/2012	2/1/2025	11,140,000	2,610,000
2013A Refunding Bonds	0.37% - 2.73%	2/27/2013	7/15/2025	20,426,800	8,464,353
2013B Refunding Bonds	0.37% - 2.73%	2/27/2013	7/15/2024	15,350,000	1,525,000
2013C RCACP	2.46%	11/1/2013	9/30/2022	1,829,500	280,000
2014A Public Improvement Bonds	3.00% - 5.00%	3/5/2014	4/1/2034	11,073,200	1,498,608
2015 Refunding Bonds	2.00% - 4.00%	3/25/2015	4/1/2029	6,130,000	13,377,800
2015 Public Improvement Bonds	2.00% - 4.00%	3/25/2015	4/1/2035	17,420,000	5,156,000
2016 Public Improvement Bonds	2.00% - 5.00%	3/8/2016	4/1/2036	15,170,000	12,430,000
2016 Refunding Bonds	2.00% - 5.00%	3/8/2016	4/1/2033	16,505,000	15,586,500
2017 Public Improvement Bonds	3.00% - 5.00%	3/23/2017	4/1/2037	20,980,000	18,085,000
2019A Refunding Bonds	1.67%	11/22/2019	10/1/2021	6,137,366	1,653,399
2019B Refunding Bonds	2.00%	11/22/2019	10/1/2030	3,940,097	3,911,528
2019C Refunding Bonds	2.79%	11/22/2019	4/1/2041	28,355,939	28,376,684
2020A Refunding Bonds	2.25% - 5.00%	5/14/2020	4/1/2043	14,630,000	14,505,000
2020B Refunding Bonds	2.00% - 2.25%	5/14/2020	2/1/2034	13,328,434	13,031,498
2021A Public Improvement Bonds Refunding	2.00% - 5.00%	5/12/2021	6/30/2044	29,515,000	30,975,000
2021A Public Improvement Bonds New Money	2.00% - 5.00%	5/12/2021	6/30/2044	17,580,000	16,135,000
2021B OB Refunding	2.00% - 5.00%	5/12/2021	4/1/2034	7,839,384	7,839,384
2021 New Money Taxable Bonds	1.85% - 3.00%	5/12/2021	6/30/2044	1,960,000	1,960,000
QZAB - Patrick Henry High School (1)	0.00%	12/27/2006	12/27/2022	1,097,571	207,681
QZAB - School Capital Projects - 2012 (1)	0.00%	10/31/2012	12/1/2034	2,014,104	1,281,700
					<u>\$ 201,253,984</u>
<u>General Obligation Bonds (Water Fund-to be contractually repaid by the Western Virginia Water Authority)</u>					
2012B Refunding Bonds - Water (WVWA)	0.43% - 2.96%	3/14/2012	10/1/2023	7,105,000	2,780,000
2019A Refunding Bonds - Water (WVWA)	1.67%	11/22/2019	10/1/2021	845,516	420,614
					<u>\$ 3,200,614</u>

City of Roanoke

Notes to Basic Financial Statements - Continued

Capital Lease Liabilities

Social Services Building Lease	11.80%	2/1/2004	1/1/2024	\$ 4,857,000	\$ 318,278
Xerox Lease - General, DOT, Fleet and Risk	12.00%	7/3/2019	7/3/2025	680,631	1,391,205
RDS Lease	3.97%	10/1/2015	9/1/2025	1,648,155	784,398
					<u>\$ 2,493,881</u>

School Fund Bonds and Loans (1)

2001B VPSA Subsidized Fairview	3.10% - 5.35%	11/15/2001	7/15/2021	2,750,000	136,763
2001B VPSA Subsidized Fishburn Park	3.10% - 5.35%	11/15/2001	7/15/2021	2,500,000	124,330
2003C VPSA Subsidized Roanoke Academy	3.10% - 5.35%	11/6/2003	7/15/2023	5,000,000	738,262
2004B VPSA Subsidized Lincoln Terrace	4.10% - 5.60%	11/1/2004	7/15/2024	1,300,000	252,295
2005D VPSA Subsidized Fallon Park	4.60% - 5.10%	11/10/2005	7/15/2025	1,160,900	278,487
2005D VPSA Subsidized Westside	4.60% - 5.10%	11/10/2005	7/15/2025	3,850,000	923,573
2006B VPSA Subsidized Monterey	4.22% - 5.10%	11/9/2006	7/15/2026	1,945,000	570,000
2006B VPSA Subsidized Patrick Henry	4.23% - 5.10%	11/9/2006	7/15/2026	7,500,000	2,154,914
2007A VPSA Patrick Henry (2015A Ref)	4.10% - 5.10%	5/10/2007	7/15/2027	3,345,000	1,155,000
2008B VPSA Non-Subsidized William Fleming/Roo	3.60% - 5.35%	12/11/2008	7/15/2028	7,500,000	2,769,437
2010 VPSA Qualified School Constr Bonds (QSCB)	0%	7/8/2010	6/1/2027	1,135,000	3,247,000
2014B VPSA Refunding	3.00%- 5.00%	5/15/2014	7/15/2026	1,245,000	973,000
2015A VPSA Refunding	4.10% - 5.35%	2/17/2015	7/15/2028	9,555,000	420,000
					<u>\$ 13,743,061</u>
Subtotal Government Activities					<u>\$ 220,691,539</u>

	Interest Rates	Issue Date	Maturity	Issue Amount	Business-Type Activities
<u>Enterprise Fund Bonds</u>					
2012A Stormwater Utility Bonds	2.00% - 5.00%	3/14/2012	2/1/2032	382,470	51,150
2013A Stormwater Utility Bonds	1.00% - 5.00%	2/27/2013	7/15/2033	1,001,624	153,048
2014A Stormwater Utility Refunding Bonds	3.00% - 5.00%	3/5/2014	4/1/2034	1,020,058	160,992
2015 Stormwater Utility Refunding Bonds	2.00% - 4.00%	3/25/2015	4/1/2029	125,250	99,000
2015 Stormwater Utility Bonds	2.00% - 4.00%	3/25/2015	4/1/2035	1,090,000	837,200
2016 Stormwater Utility Refunding Bonds	2.00% - 5.00%	3/8/2016	4/1/1933	721,500	643,500
2016 Stormwater Utility Bonds	2.00% - 5.00%	3/8/2016	4/1/2036	1,805,000	1,480,000
2017 Stormwater Utility Bonds	3.00% - 5.00%	3/8/2016	4/1/2037	1,540,000	1,330,000
2019C Stormwater Utility Refunding Bonds	2.79%	11/22/2019	4/1/2041	2,013,630	2,013,630
2020A Stormwater Utility Bonds	2.25% - 5.00 %	5/14/2020	4/1/2043	1,800,000	1,900,000
2020B Stormwater Utility Refunding Bonds	2.00 % - 2.25%	5/14/2020	2/1/2034	579,881	567,693
2021A Public Improvement Bonds Refunding (2019I	2.00% - 5.00%	5/12/2021	6/30/2044	1,155,000	1,765,000
2021A Public Improvement Bonds New Money	2.00% - 5.00%	5/12/2021	6/30/2044	1,790,000	1,790,000
2021B GOB Refunding (2010D, 2014A)	2.00% - 5.00%	5/12/2021	4/1/2034	553,186	553,186
2012A Civic Facilities Bonds	2.00% - 5.00%	3/14/2012	2/1/2032	685,000	30,000
2012C Civic Facilities Refunding Bonds	4.00% - 5.00%	3/14/2012	2/1/2025	3,345,000	860,000
2013A Civic Facilities Refunding Bonds	1.00% - 5.00%	2/27/2013	7/15/2025	2,898,200	952,600
2014A Civic Facilities Bonds	3.00% - 5.00%	3/5/2014	4/1/2034	936,800	140,400
2015 Civic Facilities Bonds	2.00% - 4.00%	3/25/2015	4/1/2035	980,000	755,000
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	2,295,000
2016 Civic Facilities Refunding Bonds	2.00% - 5.00%	3/8/2016	4/1/2033	330,000	330,000
2019A Civic Facilities Refunding Bonds	1.67%	11/22/2019	10/1/2021	716,913	169,165
2019C Civic Facilities Refunding Bonds	2.79%	11/22/2019	4/1/2041	1,005,992	1,005,993
2020A Civic Facilities New Money	2.25% - 5.00 %	5/14/2020	4/1/2043	1,350,000	1,425,000
2020B Civic Facilities Refunding Bonds	2.00 % - 2.25%	5/14/2020	2/1/2034	3,182,933	3,110,527
2021A Public Improvement Bonds Refunding (2019I	2.00% - 5.00%	5/12/2021	6/30/2044	1,110,000	1,325,000
2021A Public Improvement Bonds New Money	2.00% - 5.00%	5/12/2021	6/30/2044	1,340,000	1,340,000
2021B GOB Refunding (2010D, 2014A)	2.00% - 5.00%	5/12/2021	4/1/2034	482,430	482,430
2012C Parking Refunding Bonds	4.00% - 5.00%	3/14/2012	2/1/2025	900,000	275,000
2013A Parking Refunding Bonds	1.00% - 5.00%	2/27/2013	7/15/2025	1,255,000	770,000
2014B Parking Refunding Bonds	1.00% - 4.25%	3/5/2014	4/1/2032	7,110,000	4,625,000
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
2019A Parking Refunding Bonds	1.67%	11/22/2019	10/1/2021	679,704	193,430
2020B Parking Refunding Bonds	2.00 % - 2.25%	5/14/2020	2/1/2034	813,751	795,282
					<u>\$ 34,999,226</u>

City of Roanoke
Notes to Basic Financial Statements - Continued

Capital Lease Liabilities

Xerox Lease - Stormwater Fund	4%	7/3/2019	7/3/2025	\$ 7,862	\$ 4,438
Xerox Lease - Civic Facilities	4%	7/3/2019	7/3/2025	13,704	7,736
Xerox Lease - Parking Fund	4%	7/3/2019	7/3/2025	5,450	3,077
					<u>\$ 15,251</u>

Subtotal Business-type Activities **\$ 35,014,477**

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

The Annual Requirements to amortize primary government debt outstanding at June 30, 2021 are as follows:

FISCAL YEAR	GENERAL OBLIGATION SERIAL BONDS		WESTERN VIRGINIA WATER AUTHORITY GENERAL OBLIGATION SERIAL BONDS		VPSA LOANS		TOTAL GOVERNMENTAL ACTIVITIES DEBT	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2021-22	\$ 14,078,669	\$ 6,295,912	\$ 1,330,614	\$ 68,709	\$ 2,328,350	\$ 670,061	\$ 17,737,633	\$ 7,034,682
2022-23	13,375,075	6,031,712	925,000	40,765	2,085,618	562,032	16,385,693	6,634,509
2023-24	13,902,017	5,537,828	945,000	13,995	2,104,201	461,013	16,951,218	6,012,836
2024-25	15,705,081	5,054,293	-	-	1,872,148	366,087	17,577,229	5,420,380
2025-26	13,061,668	4,505,098	-	-	1,819,289	277,999	14,880,957	4,783,097
2027-31	58,123,847	16,166,629	-	-	3,533,455	292,564	61,657,302	16,459,193
2032-36	44,508,462	7,223,738	-	-	-	-	44,508,462	7,223,738
2037-41	23,404,164	2,164,153	-	-	-	-	23,404,164	2,164,153
2042-46	5,095,000	176,938	-	-	-	-	5,095,000	176,938
TOTAL	<u>\$ 201,253,984</u>	<u>\$ 53,156,301</u>	<u>\$ 3,200,614</u>	<u>\$ 123,469</u>	<u>\$ 13,743,061</u>	<u>\$ 2,629,758</u>	<u>\$ 218,197,658</u>	<u>\$ 55,909,528</u>

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, 2021 are as follows:

FISCAL YEAR	STORMWATER FUND SERIAL BONDS		CIVIC FACILITIES FUND SERIAL BONDS		PARKING FUND SERIAL BONDS		TOTAL BUSINESS-TYPE DEBT	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2021-22	\$ 459,059	\$ 408,487	\$ 1,411,471	\$ 424,627	\$ 997,530	\$ 249,365	\$ 2,868,060	\$ 1,082,479
2022-23	513,047	406,070	1,332,509	377,085	834,362	216,167	2,679,918	999,322
2023-24	561,732	383,323	1,435,969	330,203	866,168	187,505	2,863,869	901,031
2024-29	3,638,185	1,542,975	4,139,376	1,162,524	3,355,652	583,920	11,133,213	3,289,419
2029-34	3,831,424	895,389	2,980,355	643,292	1,310,000	109,225	8,121,779	1,647,905
2034-39	2,731,195	374,231	1,884,161	253,161	-	-	4,615,356	627,393
2039-44	1,609,757	90,198	1,072,274	64,288	-	-	2,682,031	154,486
TOTAL	<u>\$ 13,344,399</u>	<u>\$ 4,100,673</u>	<u>\$ -</u>	<u>\$ 14,256,115</u>	<u>\$ 3,255,180</u>	<u>\$ -</u>	<u>\$ 34,964,226</u>	<u>\$ 8,702,036</u>

City of Roanoke
Notes to Basic Financial Statements - Continued

During fiscal year 2021, 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 27, 2021, the City issued the Series 2021A Bonds (Tax Exempt) in the amount of \$53,330,000. A portion of the proceeds from the Series 2021A Bonds will be applied to the financing of a portion of the costs of the acquisition, construction, reconstruction, improvement, extension, enlargement and equipping of public improvement projects, of and for the City, including school facility maintenance and improvement projects, bridge renovation, parks and recreation master plan projects, Berglund Center improvements, stormwater management projects, curb, gutter and sidewalk improvements, fleet capital replacements, fleet capital replacements, streetscapes improvements, technology capital, public works service center improvements, capital building maintenance, and transit facility improvements.

A portion of the proceeds of the Series 2021A Bonds will also be used to provide long term financing for the costs of various improvement projects of the City through the refunding and redemption of the City's Series 2019 Bond Anticipation Note (the "Series 2019 BAN").

In addition, the City issued the Series 2021B Bonds (Taxable) in the amount of \$10,835,000. A portion of the proceeds from the Series 2021B Bonds will be used to finance the costs of certain capital improvement projects of the City related to the development and construction of a new railway station. A portion of the proceeds will be used to refund the City's outstanding General Obligation Public Improvement Bonds, Series 2010 D (Tax Exempt Recovery Zone Facility Bonds), and to advance refund a portion of the City's outstanding General Obligation Public Improvement Bonds, Series 2014A (Tax Exempt).

Refunding

A portion of the proceeds of the 2021A Bonds will be used to provide the refunding of the City's Series 2019 Bond Anticipation Note in the amount of \$38,241,306 of which only \$29,234,234 was spent.

A portion of the proceeds of the 2021B Bonds will be applied to the refunding of the Series 2010D Bonds, dated August 11, 2010, with the outstanding principal amount of \$2,850,000, which are to be called for redemption on June 11, 2021 at a redemption price equal to 100% of the principal amount thereof to be redeemed, together with accrued interest to the redemption date.

A portion of the proceeds of the 2021B Bonds will also be applied to the refunding and defeasance of the Series 2014A Bonds, dated March 15, 2014, with the outstanding principal amount of \$6,000,000, which are to be called for redemption on April 1, 2024, at a redemption price equal to 100%, of the principal amount thereof to be redeemed, together with the accrued interest to the redemption date.

The proceeds relating to all refundings, Series 2010D and 2014A, were deposited with Wilmington Trust, National Association, as Escrow Agent for the City under the Escrow Deposit Agreements dated May 12, 2021. Such proceeds will be invested in Government Securities (as defined in the City's Escrow Deposit Agreement).

The City typically refunds and defeases debt for several reasons including generating interest rate cost savings with a present value of 3% or greater, or if the nature of use or circumstances change, or if the City is involved in a pooled financing situation whereby it is subject to the refunding initiatives of the issuer of the pooled funds, which may have a positive or negative impact. As of June 30, 2021, the amount of defeased debt outstanding was \$3,282,319 and consisted of maturities from the City's Series 2014A Bonds.

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, 2021, the City had \$3,200,614.46 in outstanding general obligation debt, which will contractually be repaid by the Water Authority over the remaining 5 year life of the bonds. Further details are presented in footnotes 4 and 17.

City of Roanoke
Notes to Basic Financial Statements - Continued

CHANGES IN GENERAL LONG-TERM LIABILITIES

	Balance			Balance			Amounts
	June 30, 2020	Increases	Decreases	June 30, 2021			Due Within
							One Year
Primary Government - Governmental Activities:							
General Obligation Serial Bonds:							
General Obligation Serial Bonds	\$ 165,088,060	\$ 56,930,129	\$ 20,764,206	\$ 201,253,984		\$ 14,078,669	
General Obligation Serial Bonds - WVWA	4,515,516	-	1,314,901	3,200,614		1,330,614	
Add: Bond Premiums	8,066,174	8,067,016	1,515,941	14,617,249		626,496	
Subtotal General Obligation Serial Bonds	\$ 177,669,750	\$ 64,997,145	\$ 23,595,049	\$ 219,071,846		\$ 16,035,779	
Bond Anticipation Note	\$ 27,340,906	\$ -	\$ 27,340,906	\$ -		\$ -	
State Literary Fund Loans	-	-	-	-		-	
VPSA School Bonds	16,374,719	-	2,631,658	13,743,061		2,328,350	
Capital Lease Obligations	3,331,078	-	837,197	2,493,881		795,207	
Claims Payable	14,298,685	16,801,225	16,148,876	14,951,034		2,393,034	
Compensated Absences Payable	8,295,019	7,674,867	7,456,845	8,513,041		5,372,580	
Subtotal Governmental Activities:	\$ 247,310,157	\$ 89,473,237	\$ 78,010,531	\$ 258,772,864		\$ 26,924,950	
Primary Government - Business-type Activities:							
General Obligation Serial Bonds:							
General Obligation Serial Bonds	\$ 31,474,164	\$ 7,255,616	\$ 3,730,556	\$ 34,999,226		\$ 2,868,060	
Add: Bond Premiums	1,191,309	910,260	177,841	1,923,728		122,881	
Subtotal General Obligation Serial Bonds	\$ 32,665,473	\$ 8,165,876	\$ 3,908,397	\$ 36,922,954		\$ 2,990,941	
Bond Anticipation Note	1,893,328	-	1,893,328	-		-	
Capital Lease Obligations	26,621	-	11,370	15,251		4,882	
Compensated Absences Payable	211,557	226,079	215,890	221,746		126,223	
Subtotal Business-type Activities:	\$ 34,796,979	\$ 8,391,955	\$ 6,028,985	\$ 37,159,951		\$ 3,122,045	
Total Primary Government Long-Term Liabilities	\$ 282,107,136	\$ 97,865,193	\$ 84,039,515	\$ 295,932,814		\$ 30,046,995	
School Board Component Unit:							
Claims Payable	\$ 6,028,976	\$ 19,062,897	\$ 19,970,813	\$ 5,121,060		\$ 4,712,833	
Compensated Absences Payable	3,320,128	6,312,127	6,183,394	3,448,861		927,744	
Capital Lease Obligation	17,000,000	-	271,500	16,728,500		876,000	
Total School Board Component Unit	\$ 26,349,104	\$ 25,375,024	\$ 26,425,707	\$ 25,298,421		\$ 6,516,577	

City of Roanoke
Notes to Basic Financial Statements - Continued

(10) Capital Leases

Blue Eagle Partnership

During 2004, the City entered into an agreement with Blue Eagle Partnership to rent the third floor of a building to house the City's Social Services Department. Under the lease agreement, the City paid monthly rent in the range of \$52,300 to \$60,624 to Blue Eagle, representing principal and interest payments with interest at 11.8%. After 2006, the rent increase is a maximum of 2% or 50% of CPI, whichever is lower. The lease term is 20 years. Ownership of the building is retained by Blue Eagle Partnership. Capital lease accounting is required due to the net present value of payments through the term of the lease.

The building lease asset and obligation are accounted for as Governmental Activities. At June 30, 2021, the original cost of the building under the capital lease totaled \$4,857,000 and accumulated depreciation on the building totaled \$3,465,795.

Xerox, Inc.

In July 2019, the City entered into an agreement with Xerox, Inc. to lease copy machines and related equipment. Under the lease agreement, the City pays \$8,158 monthly to Xerox, Inc., representing principal and interest with interest at 4.0%. The lease term is 5 years. Ownership of the equipment does not transfer to the City at the completion of the lease term. Capital lease accounting is required due to the net present value of payments through the term of the lease.

The Xerox lease asset and obligation are accounted for as Governmental Activities and in various proprietary funds. At June 30, 2021, the original cost of the equipment under the capital lease totaled \$510,239 and there was \$129,722 of accumulated depreciation on these assets.

Recycling Disposal and Solutions (RDS) Lease

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

The Recycling Disposal and Solution lease asset and obligation are accounted for as Governmental Activities. At June 30, 2021, the original cost of the equipment under the capital lease totaled \$1,648,155 and there was \$1,648,155 of accumulated depreciation on the assets.

Future lease obligations for capital leases are as follows:

Future Lease Obligations For All Capital Leases

	Governmental Activities	Business-Type Activities	Total (Memo Only)
<u>Future Minimum Lease Payments:</u>			
2019	1,064,367	3,193	1,067,560
2021	1,028,850	5,403	1,034,253
2022	\$ 1,043,186	\$ 5,403	\$ 1,048,589
2023	1,057,808	5,403	1,063,211
2024	753,574	5,403	758,977
2025	205,456	-	205,456
2026	49,825	-	49,825
Minimum lease payments	\$ 3,109,849	\$ 16,209	\$ 3,126,058
Less: Amounts representing interest	(615,968)	(958)	(616,926)
Present value of minimum lease payments	\$ 2,493,881	\$ 15,251	\$ 2,509,132
Less: Current portion	(795,207)	(4,882)	(800,089)
Long-Term Lease Obligation at Jun 30, 2021	<u>\$ 1,698,674</u>	<u>\$ 10,369</u>	<u>\$ 1,709,043</u>

City of Roanoke
Notes to Basic Financial Statements - Continued

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. As part of the requirements of the lease agreement, the funds borrowed for the project were deposited into an investment fund through the Virginia SNAP, PFM Asset Management, LLC. As of June 30, 2021, the unused proceeds from the financing totaled \$950,338 and are included as restricted cash on the Statement of Net Position. Dividends earned on the investments totaled \$5,082 through June 30, 2021 at a rate of .07%. Total equipment expenditures during the year were \$3,126,478. The project was completed by the end of fiscal year 21.

For the year ending June 30, 2020, the total liability for the note payable was \$16,728,500. Interest payments in fiscal year 2020 totaled \$362,345.

Balance June 30, 2020	\$17,000,000
Increases	-
Decreases	<u>(271,500.00)</u>
Balance June 30, 2021	\$16,728,500.00
Amount Due within on year	<u>(876,000.00)</u>
Balance in LT June 30, 2021	\$15,852,500.00

Principal payments on the notes are due as follows:

June 30, 2022	\$876,000
June 30, 2023	894,500
June 30, 2024	956,000
June 30, 2025	1,009,000
June 30, 2026	1,056,000
Thereafter	11,937,000

City of Roanoke
Notes to Basic Financial Statements - Continued

(11) Fund Balances/Net Position

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

All fiscal year 2021 outstanding purchase commitments were re-appropriated to the 2021-22 fiscal year by City Council on June 21, 2021.

The General Fund balance of \$62,308,267 is categorized as non-spendable, committed or unassigned. The City had committed funds of \$3,621,850 for outstanding purchase commitments for goods and services ordered, but not received by June 30, 2021 and \$1,000,000 held in reserves. The City had a non-spendable fund balance of \$16,336 consisting of gasoline inventory and prepaid expenses. The remaining fund balance of \$10,433,592 in stabilization reserves and \$36,959,111 General Fund Reserve is categorized as unassigned. Finally, the City had assigned fund balances for capital projects, public safety, and youth engagement retention totaling \$6,562,378, \$2,000,000, and \$1,715,000; respectively.

The Debt Service Fund has a fund balance of \$76,816 is restricted for future debt service payments.

The Capital Projects Fund balance of \$45,578,341 is comprised of \$41,534,869 related to unspent bond proceeds and is categorized as restricted and \$4,043,472 is categorized as committed for outstanding purchase commitments for goods and services ordered but not received by June 30, 2021.

The Governmental activities has a negative unrestricted balance of \$55,662,499 at year-end. The deficit relates primarily to the City's Pension and OPEB liabilities.

City of Roanoke
Notes to Basic Financial Statements - Continued

(12) Pensions and Deferred Compensation Plans

Summary of Pension Plans

	Primary Government	Component Units
Net Pension Assets		
VRS - General Employee Plan	\$ -	\$ 1,015,228
Total	\$ -	\$ 1,015,228
Deferred Outflows of Resources		
City of Roanoke Pension Plan	\$ 17,364,042	\$ 277,780
VRS - General Employee Plan	5,109,448	312,221
VRS - Teacher Plan	-	34,366,038
Total	\$ 22,473,490	\$ 34,956,039
Net Pension Liability		
City of Roanoke Pension Plan	\$ 135,642,864	\$ 2,405,192
VRS - General Employee Plan	11,790,369	-
VRS - Teacher Plan	-	141,329,284
Total	\$ 147,433,233	\$ 143,734,476
Deferred Inflows of Resources		
City of Roanoke Pension Plan	\$ 1,278,338	\$ 359,336
VRS - General Employee Plan	1,178,991	-
VRS - Teacher Plan	-	11,388,105
Total	\$ 2,457,329	\$ 11,747,441
Net Pension Expense		
City of Roanoke Pension Plan	\$ 13,366,952	\$ 237,020
VRS - General Employee Plan	2,346,110	96,613
VRS - Teacher Plan	-	15,478,219
Total	\$ 15,713,062	\$ 15,811,852

City of Roanoke

Notes to Basic Financial Statements - Continued

City Pension Plans

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

City of Roanoke Pension Plan - Plan Description

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

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

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

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

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

City of Roanoke
Notes to Basic Financial Statements - Continued

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.

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, 2021 was 16.31%, which, when combined with the required employee contribution of 5%, totaled 21.31%. For fiscal year 2021, the total contribution rate of 21.31% 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 \$11,129,513 for fiscal year ended June 30, 2021.

City of Roanoke
Notes to Basic Financial Statements - Continued

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

At June 30, 2021 the City reported a liability of \$135,642,864 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 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, 2021 the City's proportion was 89.66%, which was an increase of .47% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City recognized pension expense of \$13,366,952. 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, 2021, 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	\$ 546,748	\$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	3,576,990	
Changes in proportion and differences between employer contributions and proportionate share of contributions	832,456	-
City contributions subsequent to the measurement date	11,129,513	-
Total	<u>\$ 16,085,707</u>	<u>\$ -</u>

The City reported \$11,129,513 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, 2022. 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
2022	\$ (3,370,835)
2023	1,755,167
2024	4,136,664
2025	2,435,198
Thereafter	-
	<u>\$ 4,956,194</u>

City of Roanoke
Notes to Basic Financial Statements - Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, updated to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Investment Rate of Return

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

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

Discount Rate

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

City of Roanoke
Notes to Basic Financial Statements - Continued

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 7.25%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current 7.25%	1% Increase 8.25%
City's Net Pension Plan Liability	<u>\$ 1,191,945,812</u>	<u>\$ 135,642,864</u>	<u>\$ 88,133,633</u>

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 www.roanokeva.gov.

Virginia Retirement System - Plan Description

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

A copy of that report may be obtained from their website at the following address:

<http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf> or by writing to the System's Chief Financial Officer at PO Box 2500, Richmond, VA 23218-2500.

City of Roanoke
Notes to Basic Financial Statements - Continued

VRS Contributions

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. In addition, the City is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The City's contribution rate for the fiscal year ended June 30, 2021 was 17.62% of annual covered payroll. Contributions to the VRS from the City were \$1,647,613 for the fiscal year ended June 30, 2021.

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

At June 30, 2021 the City reported a liability of \$11,790,369 for its proportionate share of the net pension liability for employees covered under the Virginia Retirement System (VRS). The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2021, the City recognized pension expense of \$2,346,110 for employees covered under the VRS. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2021 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	\$ 89,742	\$ 559,229
Change in assumptions	925,594	-
Net difference between projected and actual earnings on pension plan investments	1,826,737	-
City contributions subsequent to the measurement date	1,647,613	-
Total	<u>\$ 4,489,686</u>	<u>\$ 559,229</u>

The City reported \$1,647,613 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, 2021. 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
2022	\$ 399,984
2023	730,829
2024	568,773
2025	583,258
2026	-
Thereafter	-
	<u>\$ 2,282,844</u>

City of Roanoke
Notes to Basic Financial Statements - Continued

VRS Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2019, updated to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	3.5% - 4.75%
Investment Rate of Return	6.75%, net of plan investment expenses, including inflation*
Pre-retirement mortality	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.
Post-retirement mortality	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years
Disableds mortality	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male

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

City of Roanoke
Notes to Basic Financial Statements - Continued

VRS Investment Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34%	4.65%	1.58%
Fixed Income	15%	0.46%	0.07%
Credit Strategies	14%	5.38%	0.75%
Real Assets	14%	5.01%	0.70%
Private Equity	14%	8.34%	1.17%
Multi-Asset Public Strategies	6%	3.04%	0.18%
Private Invest Partnerships	3%	6.49%	0.19%
	<u>100%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.14%</u>

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%.

VRS 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 and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Roanoke
Notes to Basic Financial Statements - Continued

VRS Changes in City's Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 70,365,163	\$ 61,130,778	\$ 9,234,385
Changes for the year:			
Service cost	1,419,883	-	1,419,883
Interest	4,631,232	-	4,631,232
Changes of assumptions	-	-	-
Difference between expected and actual experience	(318,271)		(318,271)
Contributions - employer	-	1,582,180	(1,582,180)
Contributions - employee	-	476,302	(476,302)
Net investment income	-	1,159,696	(1,159,696)
Benefit payments, including refunds of employee contributions	(3,508,646)	(3,508,646)	-
Administrative expenses	-	(39,947)	39,947
Other changes	-	(1,371)	1,371
Net changes	2,224,198	(331,786)	2,555,984
Balances at June 30, 2020	\$ 72,589,361	\$ 60,798,992	\$ 11,790,369

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

The following presents the City's net pension liability calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% decrease 5.75%	Current 6.75%	1% increase 7.75%
Net Pension Liability	\$ 20,950,748	\$ 11,790,369	\$ 4,164,877

School Board Component Unit Plans

Defined Benefit Pension Plans

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

A. Plan Description

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

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

B. Actuarial Assumptions

Long-Term Expected Rate of Return

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

City of Roanoke
Notes to Basic Financial Statements - 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:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34%	4.65%	1.58%
Fixed Income	15%	0.46%	0.07%
Credit Strategies	14%	5.38%	0.75%
Real Assets	14%	5.01%	0.70%
Private Equity	14%	8.34%	1.17%
Multi-Asset Public Strategies	6%	3.04%	0.18%
Private Invest Partnerships	3%	6.49%	0.19%
	<u>100.0%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.14%</u>

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%.

The 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>

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. From July 1, 2020 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.

City of Roanoke
Notes to Basic Financial Statements - Continued

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required contribution rate for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 \$13,881,761 and \$12,870,331 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the School Board reported a liability of \$141,329,284 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The School Board's proportion of the Net Pension Liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the School Board's proportion was 0.97116% as compared to 0.98736% at June 30, 2019. For the year ended June 30, 2021, the School Board recognized pension expense of \$15,478,219. 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, 2021, 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	\$ -	\$ 8,284,075
Change in assumptions	9,647,496	-
Net difference between projected and actual earnings on pension plan investments	10,749,657	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	87,124	3,104,030
Employer contributions subsequent to the measurement date	13,881,761	-
Total	<u>\$ 34,366,038</u>	<u>\$ 11,388,105</u>

City of Roanoke
Notes to Basic Financial Statements - Continued

The \$12,870,331 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2022	\$ (694,441)
2023	2,817,742
2024	4,022,759
2025	3,204,558
2026	(254,446)
	<u>\$ 9,096,172</u>

The components of the net pension liability as of June 30, 2020 were as follows:

Total net pension liability	\$ 51,001,855
Plan fiduciary net position	<u>36,449,229</u>
Net pension liability	<u>\$ 14,552,626</u>
 Fiduciary net position as a percent of total net pension liability	 71.47%

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 were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% decrease 5.75%	Current 6.75%	1% increase 7.75%
School proportionate share of the VRS Teacher Employee Retirement plan net pension liability	<u>\$ 207,361,801</u>	<u>\$ 141,329,284</u>	<u>\$ 86,712,045</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 2020 ACFR. A copy of the 2020 VRS ACFR may be downloaded from the VRS website at www.varetire.org/Pdf/Publications/2020-annual-report.pdf, or by writing to the System's Chief Financial Officer at PO Box 2500, Richmond, VA 23218-2500.

City of Roanoke
Notes to Basic Financial Statements - Continued

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

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	15
Inactive members:	
Vested inactive members	16
Non-vested inactive members	134
Inactive members active elsewhere in VRS	22
Total inactive members	172
Active members	125
Total covered employees	312

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

The School Board's contractually required contribution rate for the year ended June 30, 2021 was 8.17% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2018.

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 \$96,613 and \$109,376 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Asset

The political subdivision's net pension asset was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

City of Roanoke
Notes to Basic Financial Statements - Continued

Changes in Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at June 30, 2019	\$ 2,896,171	\$ 4,103,589	\$ (1,207,418)
Changes for the year:			
Service cost	341,743	-	341,743
Interest	193,074	-	193,074
Changes of assumptions	-	-	-
Difference between expected and actual experience	35,755	-	35,755
Contributions - employer	-	103,807	(103,807)
Contributions - employee	-	195,784	(195,784)
Net investment income	-	81,372	(81,372)
Benefit payments, including refunds of employee contributions	(71,644)	(71,644)	-
Administrative expenses	-	(2,482)	2,482
Other changes	-	(99)	99
Net changes	498,928	306,738	192,190
Balances at June 30, 2020	<u>\$ 3,395,099</u>	<u>\$ 4,410,327</u>	<u>\$ (1,015,228)</u>

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 were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% decrease 5.75%	Current 6.75%	1% increase 7.75%
School division's net pension liability	<u>\$ (580,307)</u>	<u>\$ (1,015,228)</u>	<u>\$ (1,368,138)</u>

City of Roanoke
Notes to Basic Financial Statements - Continued

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

For the year ended June 30, 2021, the political subdivision recognized pension expense of \$120,736. At June 30, 2021, 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	\$ 51,068	\$ -
Change in assumptions	33,256	-
Net difference between projected and actual earnings on pension plan investments	131,284	-
Employer contributions subsequent to the measurement date	96,613	-
Total	<u>\$ 312,221</u>	<u>\$ -</u>

The \$96,613 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2022	\$ 78,334
2023	54,696
2024	41,932
2025	40,646
2026	-
	<u>\$ 215,608</u>

City of Roanoke Pension Plan (School Board participants)

Plan Description

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

City of Roanoke
Notes to Basic Financial Statements - Continued

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

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

	1% decrease 6.25%	Current 7.25%	1% increase 8.25%
Net Pension Liability	<u>\$ 3,403,544</u>	<u>\$ 2,405,192</u>	<u>\$ 1,562,768</u>

At June 30, 2021, the Schools reported a liability of \$2,405,192 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, 2020 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, 2020 relative to the total of the actuarially determined employer contributions for the City Plan's participating employers.

At June 30, 2021, the School Board's proportion was 1.58984% as compared to 1.78181% at June 30, 2020.

For the year ended June 30, 2021, the School Board recognized pension expense of \$237,020. 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, 2021 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	\$ 22,595	\$ 12,900
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	63,426	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	346,436
Employer contributions subsequent to the measurement date	191,759	-
Total	<u>\$ 277,780</u>	<u>\$ 359,336</u>

City of Roanoke
Notes to Basic Financial Statements - Continued

\$191,759 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2021	\$ (378,588)
2022	13,175
2023	56,800
2024	35,298
Thereafter	-
	<u>\$ (273,315)</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, updated to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary Increases	3.50 percent, average, including inflation
Investment Rate of Return	7.25 percent, net of investment expenses
Cost of Living Adjustments	1.50 percent for eligible participants, based on 2/3 of assumed inflation

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

Investment Rate of Return

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

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

Discount Rate

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

City of Roanoke
Notes to Basic Financial Statements - Continued

(13) Other Postemployment Benefit Plans

Summary of Other Postemployment Benefits Plans

	Primary Government	Component Units
Net OPEB Assets		
VRS Health Insurance Credit	\$ -	\$ 22,820
Total	\$ -	\$ 22,820
Deferred Outflows of Resources		
Post-Retirement Health Plan	\$ 806,537	\$ -
Line of Duty Benefits	102,338	-
VRS Health Insurance Credit	32,302	1,377,558
VRS Group Life Insurance	1,401,187	1,627,205
Total	\$ 2,342,364	\$ 3,004,763
Net OPEB Liability		
Post-Retirement Health Plan	\$ 6,652,109	\$ -
Line of Duty Benefits	1,014,146	-
VRS Health Insurance Credit	310,187	12,665,029
VRS Group Life Insurance	6,357,814	7,380,095
Total	\$ 14,334,256	\$ 20,045,124
Deferred Inflows of Resources		
Post-Retirement Health Plan	\$ 2,336,663	\$ -
Line of Duty Benefits	654,634	-
VRS Health Insurance Credit	5,045	612,073
VRS Group Life Insurance	135,129	493,759
Total	\$ 3,131,471	\$ 1,105,832
Net OPEB Expense		
Post-Retirement Health Plan	\$ 683,533	\$ -
Line of Duty Benefits	131,857	-
VRS Health Insurance Credit	(2,189)	982,199
VRS Group Life Insurance	201,456	245,158
Total	\$ 1,014,657	\$ 1,227,357

City of Roanoke
Notes to Basic Financial Statements - Continued

Primary Government – OPEB Employees’ Post-Retirement Health Plan

A. Plan Description

Employees with 15 continuous years of active service and under the age of 65 who retire from the City may participate in the Employees’ Post-Retirement Health Plan and benefit from a lower insurance rate as a result of inclusion in the plan with active City employees. This lower rate results in an implicit benefit that qualifies as an OPEB as defined by GAAP. The City Plan (the Plan) is a single employer OPEB plan and is administered by the City of Roanoke to provide medical insurance to eligible retirees. The 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.

B. Plan Membership

As of the June 30, 2020 actuarial valuation, plan membership was as follows:

	2020
Active Participants	1,698
Retired Participants	92
Non-duty disabled Participants	1
Spouses	19
Total Participants	1,810

C. Contributions

The contribution requirements of the Plan members and the City are established and may be amended by City Council. The required contribution is based on projected pay-as-you-go financing requirements under which contributions are made in amounts sufficient to cover benefits paid, administrative costs, and anticipated inflationary increases. For health insurance, the employees retiring prior to January 1, 2010, contribute 100% of the blended premium payment. Employees retiring on or after January 1, 2010, contribute 100% of the blended premium plus an additional amount based on the tier of coverage chosen. For the fiscal year ended June 30, 2021, the retirees contributed \$689,000 to the Plan for health insurance. The City contributed \$119,000 to a qualified trust as defined by GAAP, to fund the annual required contribution of \$808,000 for fiscal year 2021. It is the City’s intent to fully fund the annual required contribution each year.

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

At June 30, 2021 the City reported a net OPEB liability of \$6,652,109. The net OPEB liability was measured as of June 30, 2020 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
Notes to Basic Financial Statements - Continued

For the year ended June 30, 2021, the City recognized OPEB expense of \$683,533. 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, 2021, 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	\$ -	\$ 1,766,494
Net difference between projected and actual earnings on pension plan investments	110,869	-
City contributions subsequent to the measurement date	119,000	-
Administrative fees subsequent to the measurement date	6,499	-
Total	<u>\$ 236,368</u>	<u>\$ 1,766,494</u>

The City reported \$119,000 as deferred outflows of resources, resulting from the City's contributions subsequent to the measurement date, will be recognized as a reduction of the Net OPEB Liability in the fiscal year ending June 30, 2022. 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
2021	\$ (313,386)
2022	(272,291)
2023	(249,420)
2024	(181,282)
2025	(331,336)
Thereafter	<u>(307,908)</u>
	<u>\$ (1,655,623)</u>

City of Roanoke
Notes to Basic Financial Statements - Continued

The components of the net OPEB liability as of June 30, 2021 were as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Balances at June 30, 2020	\$ 13,579,562	\$ 4,919,815	\$ 8,659,747
Changes for the year:			
Service cost	370,617	-	370,617
Interest	949,632	-	949,632
Changes in experience	(2,155,356)	-	(2,155,356)
Contributions - employer	-	1,023,000	(1,023,000)
Net investment income	-	155,467	(155,467)
Benefit payments	(768,000)	(768,000)	-
Administrative expenses	-	(5,936)	5,936
Net changes	<u>(1,603,107)</u>	<u>404,531</u>	<u>(2,007,638)</u>
Balances at June 30, 2018	<u>\$ 11,976,455</u>	<u>\$ 5,324,346</u>	<u>\$ 6,652,109</u>

E. Actuarial Method and Significant Assumptions

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

Valuation Date	July 1, 2020
Measurement Date	June 30, 2020
Valuation Method	Entry Age Actuarial Cost
Investment Rate of Return	7.0%
Long-term projected salary increase	None Assumed
Healthcare cost trend rates	A range of 7.50% in 2020 to 5.5% in 2034
Pre-retirement mortality	125% of the RP-2000 Combined Healthy Mortality Table for males and females with generational mortality projection using Scale AA
Post-retirement mortality	125% of the RP-2000 Combined Healthy Mortality Table for males and females with generational mortality projection using Scale AA
Disabled mortality	SOA RP-2014 Adjusted to 2006 Disabled Retiree Mortality table with base rates only

City of Roanoke
Notes to Basic Financial Statements - Continued

F. Rate of Return

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

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

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Total Equity	65%	10.56%	7.81%
Large Cap Equity (Domestic)	26%	9.90%	7.15%
Small Cap Equity (Domestic)	10%	11.19%	8.44%
International Equity (Developed)	13%	10.69%	7.94%
Emerging Markets	5%	11.84%	9.09%
Private Equity	5%	13.15%	10.40%
Long/Short Equity	6%	8.47%	5.72%
Fixed Income	25%	5.61%	2.86%
Core Bonds	7%	5.33%	2.58%
Core Plus	14%	5.61%	2.86%
Liquid Absolute Return	4%	6.01%	3.26%
Real Assets	10%	9.41%	6.66%
Real Estate	10%	9.41%	6.66%
	<u>100%</u>		<u>6.43%</u>
		Inflation	<u>2.75%</u>
		*Expected arithmetic nominal return	<u>9.18%</u>

- The above allocation provides a one-year return of 9.18%, 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
Notes to Basic Financial Statements - Continued

G. Discount Rate

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

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

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

1% decrease	Current	1% increase
6.00%	7.00%	8.00%
<u>\$ 7,981,532</u>	<u>\$ 6,652,109</u>	<u>\$ 5,508,217</u>

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

The net OPEB liability is shown below as calculated on the projected healthcare cost trend 9.25% rate for 2020 decreasing to 5.50% in 2034 and also as calculated using rates 1 percent lower or 1 percent higher:

1% decrease	Current	1% increase
8.25%	9.25%	10.25%
<u>\$ 5,347,326</u>	<u>\$ 6,652,109</u>	<u>\$ 8,187,465</u>

Primary Government – OPEB Line of Duty Benefits

A. Plan Description

The Line of Duty Act (LODA) provides benefits to local government employees who hold specified hazardous duty positions (Code of Virginia §9.1-400 et seq.). By statute, LODA benefits must be provided. The Virginia Department of Accounts administers the benefit. As of July 1, 2011, the General Assembly shifted the financial responsibility from the state government to local governments. The Line of Duty plan is a single employer OPEB plan to provide a death benefit of \$100,000 to beneficiaries of public safety officers who die in the line of duty and a death benefit of \$25,000 to beneficiaries of public safety employees who die within five years of becoming disabled as a result of a qualifying illness as defined in the LODA. A medical benefit is also provided to the disabled public safety employees, their surviving spouses, and their dependents. The 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
Notes to Basic Financial Statements - Continued

B. Plan Membership

As of the June 30, 2020 actuarial valuation, plan membership was as follows:

	2020
Active Participants	735
Disableds	7
Spouses	8
Dependent Children	9
Total Participants	759

C. Contributions

The contribution requirements of the City are established and may be amended by the Commonwealth of Virginia. The required contribution is based on projected pay-as-you-go financing requirements under which contributions are made in amounts sufficient to cover benefits paid, administrative costs, and anticipated inflationary increases. For the fiscal year ended June 30, 2021, members of the plan did not contribute. The City contributed \$227,800 to the Line of Duty plan for death benefits and health insurance based on projected pay-as-you-go financing. The City also contributed \$1,000 to a qualified trust as defined by GAAP, to fund the actuarially determined contribution of \$228,800 for fiscal year 2021. It is the City's intent to fully fund the actuarially determined contribution each year.

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

At June 30, 2021 the City reported a Net OPEB liability of \$1,014,146. The net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2021, the City recognized OPEB expense of \$131,857. 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, 2021, 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	\$ -	\$ 619,502
Net difference between projected and actual earnings on pension plan investments	63,009	-
City contributions subsequent to the measurement date	1,000	-
Administrative fees subsequent to the measurement date	3,197	-
Total	\$ 67,206	\$ 619,502

City of Roanoke
Notes to Basic Financial Statements - Continued

The City reported \$1,000 as deferred outflows of resources, resulting from the City's contributions subsequent to the measurement date, will be recognized as a reduction of the Net OPEB Liability in the fiscal year ending June 30, 2022. 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
2021	\$ (81,618)
2022	(65,162)
2023	(55,826)
2024	(65,437)
2025	(82,763)
Thereafter	<u>(205,687)</u>
	<u><u>\$ (556,493)</u></u>

The components of the net OPEB liability as of June 30, 2021 were as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Balances at June 30, 2020	\$ 3,351,361	\$ 2,286,823	\$ 1,064,538
Changes for the year:			
Service cost	127,731	-	127,731
Interest	236,788	-	236,788
Changes in experience	(124,956)	-	(124,956)
Contributions - employer	-	222,500	(222,500)
Net investment income	-	70,492	(70,492)
Benefit payments	(192,800)	(192,800)	-
Administrative expenses	-	(3,037)	3,037
Other changes	-	-	-
Net changes	<u>46,763</u>	<u>97,155</u>	<u>(50,392)</u>
Balances at June 30, 2021	<u><u>\$ 3,398,124</u></u>	<u><u>\$ 2,383,978</u></u>	<u><u>\$ 1,014,146</u></u>

City of Roanoke
Notes to Basic Financial Statements - Continued

E. Actuarial Method and Significant Assumptions

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

Valuation Date	July 1, 2020
Measurement Date	June 30, 2020
Valuation Method	Entry Age Actuarial Cost
Investment Rate of Return	7.0%
Long-term projected salary increase	None Assumed
Healthcare cost trend rates	A range of 7.0 % in 2019 to 5.0% in 2023 for Pre-Medicare and 5.5 % in 2018 to 5.00% in 2023 for Post-Medicare
Pre-retirement mortality	125% of the RP-2000 Combined Healthy Mortality Table for males and females with generational mortality projection using Scale AA
Post-retirement mortality	125% of the RP-2000 Combined Healthy Mortality Table for males and females with generational mortality projection using Scale AA

F. Rate of Return

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

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

City of Roanoke
Notes to Basic Financial Statements - Continued

<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>
Total Equity	65%	10.56%	7.81%
Large Cap Equity (Domestic)	26%	9.90%	7.15%
Small Cap Equity (Domestic)	10%	11.19%	8.44%
International Equity (Developed)	13%	10.69%	7.94%
Emerging Markets	5%	11.84%	9.09%
Private Equity	5%	13.15%	10.40%
Long/Short Equity	6%	8.47%	5.72%
Fixed Income	25%	5.61%	2.86%
Core Bonds	7%	5.33%	2.58%
Core Plus	14%	5.61%	2.86%
Liquid Absolute Return	4%	6.01%	3.26%
Real Assets	10%	9.41%	6.66%
Real Estate	10%	9.41%	6.66%
	<u>100%</u>		<u>6.43%</u>
		Inflation	<u>2.75%</u>
		*Expected arithmetic nominal return	<u>9.18%</u>

* The above allocation provides a one-year return of 9.18%, however, one-year returns do not take into account the volatility present in each of the asset classes.

G. Discount Rate

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

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

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

1% decrease	Current	1% increase
6.00%	7.00%	8.00%
<u>\$ 1,377,702</u>	<u>\$ 1,014,146</u>	<u>\$ 709,262</u>

City of Roanoke
Notes to Basic Financial Statements - Continued

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

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

1% decrease	Current	1% increase
6.00%	7.00%	8.00%
<u>\$ 671,210</u>	<u>\$ 1,014,146</u>	<u>\$ 1,424,022</u>

Primary Government – Health Insurance Credit Program

A. Plan Description

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

B. Plan Membership

As of the June 30, 2020 measurement date, plan membership was as follows:

	<u>2020</u>
Active Participants	-
Inactive members receiving benefits	86
Total Participants	<u>86</u>

C. Contributions

The contribution requirement for active employees is governed by §51.1-1400(D) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. The City's contractually required employer contribution rate for the year ended June 30, 2021 was 0.29% of covered employee compensation for employees in the VRS HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the City to the VRS HIC Program were \$27,111 and \$27,802 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021 the City reported a net OPEB liability of \$310,187. The Net VRS HIC Program OPEB Liability was measured as of June 30, 2020. The total VRS HIC Program OPEB liability used to calculate the Net VRS HIC Program OPEB Liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2021, the City recognized VRS HIC Program OPEB expense of \$(2,189).

City of Roanoke
Notes to Basic Financial Statements - Continued

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to the VRS HIC Program OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between expected and actual experience	\$ -	\$ 5,045
Net difference between projected and actual earnings on State HIC OPEB Investments	5,191	-
City contributions subsequent to the measurement date	<u>27,111</u>	<u>-</u>
Total	<u>\$ 32,302</u>	<u>\$ 5,045</u>

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Total Net OPEB Liability</u>
Balances at June 30, 2019	\$ 421,568	\$ 110,308	\$ 311,260
Changes for the year:			
Service cost	5,452	-	5,452
Interest	28,456	-	28,456
Changes in experience	(5,099)	-	(5,099)
Contributions - employer	-	27,760	(27,760)
Net investment income	-	2,391	(2,391)
Benefit payments	-	-	-
Administrative expenses	-	(268)	268
Other changes	-	(1)	1
Net changes	<u>28,809</u>	<u>29,882</u>	<u>(1,073)</u>
Balances at June 30, 2020	<u>\$ 450,377</u>	<u>\$ 140,190</u>	<u>\$ 310,187</u>

The HIC OPEB reported \$27,111 as deferred outflows of resources, resulting from the City's contributions subsequent to the measurement date, will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30,	Amounts
2022	\$ (230)
2023	509
2024	519
2025	382
2026	(813)
Thereafter	<u>(221)</u>
	<u>\$ 146</u>

City of Roanoke
Notes to Basic Financial Statements - Continued

E. Actuarial Method and Significant Assumptions

The total HIC OPEB liability for the VRS State Employee HIC Program was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.5%
Salary Increases	3.5% - 5.35%
Investment Rate of Return	6.75 %, net of plan investment expenses, including inflation
Pre-retirement mortality	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year
Post-retirement mortality	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years
Disabled mortality	RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward 2 years; unisex usign 100% male

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, postretirement healthy, and disabled)	Updated to a more current mortality table – RP2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%
Discount Rate	Decrease rate from 7.00% to 6.75%

City of Roanoke
Notes to Basic Financial Statements - Continued

F. Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34%	4.65%	1.58%
Fixed Income	15%	0.46%	0.07%
Credit Strategies	14%	5.38%	0.75%
Real Assets	14%	5.01%	0.70%
Private Equity	14%	8.34%	1.17%
MAPS-Multi-Asset Public	6%	3.04%	0.18%
PIP-Private Invest Partnership	3%	6.49%	0.19%
	<u>100.0%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.14%</u>

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%.

G. Discount Rate

The discount rate used to measure the total VRS HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2021, the rate contributed by the City for the VRS HIC Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

City of Roanoke
Notes to Basic Financial Statements - Continued

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

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

	1% decrease 5.75%	Current 6.75%	1% increase 7.75%
City's VRS HIC Net OPEB Liability	<u>\$ 356,539</u>	<u>\$ 310,187</u>	<u>\$ 270,976</u>

I. VRS HIC OPEB Fiduciary Net Position

Detailed information about the VRS HIC Program's Fiduciary Net Position is available in the separately issued VRS 2020 Annual Comprehensive Financial Report. A copy of the 2020 VRS Annual Comprehensive Financial Report may be downloaded from the VRS website at: <https://www.varetire.org/publications/>, or by writing to the System's Chief Financial Officer at PO Box 2500, Richmond, VA 23218-2500.

City - Group Life Insurance Program

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

A. Plan Description

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB. The City of Roanoke plans of the VRS Group Life Insurance Program contain City, Airport, Detention Center, and Roanoke Valley Broadband employees. The City reports its proportional share of the liability, which was 92.03% as of the June 30, 2020 measurement date.

B. Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.341% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions for the GLI program were \$408,527 and \$408,139 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

The net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuations as of that date. The covered employer's proportion of the net OPEB liability was based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2021 the City reported a net OPEB liability of \$6,357,814 for its proportionate share of the VRS GLI program Net OPEB Liability. The Net VRS GLI program OPEB Liability was measured as of June 30, 2020. The total VRS GLI program OPEB liability used to calculate the Net VRS GLI program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The City's proportion of the VRS GLI program OPEB Liability was calculated based on the City's actuarially determined employer contributions to the VRS GLI program OPEB plan for the year ended June 30, 2020 relative

City of Roanoke
Notes to Basic Financial Statements - Continued

to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the City's proportion was 0.3702% and 0.3793% for the years ended June 30, 2021 and June 30, 2020, respectively.

For the year ended June 30, 2021 the City recognized VRS GLI OPEB expense of \$201,456. Since there was a change in proportionate share between June 30, 2019 and June 30, 2020 a portion of the VRS GLI Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to the VRS GLI program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 173,789	\$ -
Change in assumptions	316,977	-
Net difference between projected and actual earnings on OPEB plan investments	190,390	-
Changes in proportion	120,220	329,845
Employer contributions subsequent to the measurement date	408,527	-
Total	<u>\$ 1,209,903</u>	<u>\$ 329,845</u>

The City reported \$1,209,903 as deferred outflows of resources, resulting from the City's contributions subsequent to the measurement date, will be recognized as a reduction of the Net VRS Group Life Insurance OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VRS Group Life Insurance program OPEB will be recognized in the VRS Group Life Insurance expense in future reporting periods as follows:

Year Ended June 30,	Amounts
2022	\$ 35,985
2023	89,687
2024	144,582
2025	167,952
2026	32,724
Thereafter	601
	<u>\$ 471,531</u>

D. Actuarial Method and Significant Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

City of Roanoke
Notes to Basic Financial Statements - Continued

Inflation	2.5%
Salary Increases, Including Inflation	
Locality - general employees	3.5% - 5.35%
VaLORS employees	3.5% - 4.75%
Investment Rate of Return	6.75%, net of investment expenses, including inflation*
Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees:	
Pre-Retirement	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year
Post-Retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years
Post-Disablement	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male
Mortality Rates - Non-Largest Ten Locality Employers - General Employees	
Pre-Retirement	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates
Post-Retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1% increase compounded from ages 70 to 90
Post-Disablement	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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

City of Roanoke
Notes to Basic Financial Statements - Continued

E. Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34%	4.65%	1.58%
Fixed Income	15%	0.46%	0.07%
Credit Strategies	14%	5.38%	0.75%
Real Assets	14%	5.01%	0.70%
Private Equity	14%	8.34%	1.17%
MAPS-Multi-Asset Public	6%	3.04%	0.18%
PIP-Private Invest Partnership	3%	6.49%	0.19%
	<u>100.0%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.14%</u>

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%.

F. Discount Rate

The discount rate used to measure the GLI 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, 2020, 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.

City of Roanoke
Notes to Basic Financial Statements - Continued

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

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

	1% decrease 5.75%	Current 6.75%	1% increase 7.75%
City's Proportionate share of the VRS GLI Net OPEB Liability	\$ 9,080,852	\$ 6,357,814	\$ 5,143,103

H. GLI Program Fiduciary Net Position

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2020 Annual Comprehensive Financial Report. A copy of the 2020 VRS Annual Comprehensive Financial Report may be downloaded from the VRS website at <https://varetire.org/publications/> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

School Board – General Employee Health Insurance Credit Program

A. Plan Description

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

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the General Employee HIC Program:

	<u>2020</u>
Active Participants	125
Inactive members receiving benefits	4
Non-Vested inactive members	-
Vested inactive members	-
Total Participants	<u>129</u>

B. Contributions

Contributions to the VRS General Employee HIC programs were based on actuarially determined rates from actuarial valuations as of June 30, 2019. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability.

The General Employee HIC program is governed by *Code of Virginia* 51.1-1402(E) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly. The total contribution rate was .11% of covered employee compensation. Contributions for the HIC program were \$3,573 and \$5,207 for the years ended June 30, 2021 and June 30, 2020, respectively.

City of Roanoke
Notes to Basic Financial Statements - Continued

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

The net OPEB asset was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB asset was determined by actuarial valuations as of that date. The covered employer's proportion of the net OPEB asset was based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2020.

At June 30, 2021 the School Board reported a net OPEB asset of \$22,820 for the VRS General Employee HIC. The HIC OPEB Asset was measured as of June 30, 2020. The total HIC program OPEB liability used to calculate the Net HIC OPEB Liability was determined by an actuarial valuation as of that date. The School Board's HIC OPEB Asset was calculated based on the School Board's actuarially determined employer contributions to the VRS HIC OPEB plan for the year ended June 30, 2021. For the year ended June 30, 2021 the School Board recognized VRS HIC OPEB expense of \$1,631.

At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to the VRS HIC program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,481	\$ 7,785
Change in assumptions	950	588
Net difference between projected and actual earnings on OPEB plan investments	2,627	-
Changes in proportion	-	-
Employer contributions subsequent to the measurement date	3,573	-
Total	<u>\$ 10,631</u>	<u>\$ 8,373</u>

The School Board reported \$3,573 as deferred outflows of resources, resulting from the School Board's contributions subsequent to the measurement date, will be recognized as a reduction of the Net VRS General Employee HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VRS HIC OPEB will be recognized in the VRS HIC expense in future reporting periods as follows:

Year Ended June 30,	Amounts
2021	\$ (249)
2022	(249)
2023	161
2024	176
2025	308
Thereafter	987
	<u>\$ 1,134</u>

City of Roanoke
Notes to Basic Financial Statements - Continued

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at June 30, 2019	\$ 46,383	\$ 62,826	\$ (16,443)
Changes for the year:			
Service cost	4,174	-	4,174
Interest	3,126	-	3,126
Changes in experience	(7,296)	-	(7,296)
Changes of assumptions	-	-	-
Contributions - employer	-	5,207	(5,207)
Net investment income	-	1,307	(1,307)
Benefit payments	(135)	(135)	-
Administrative expenses	-	(132)	132
Other changes	-	(1)	1
Net changes	(131)	6,246	(6,377)
Balances at June 30, 2020	\$ 46,252	\$ 69,072	\$ (22,820)

D. Actuarial Method and Significant Assumptions

The total HIC OPEB liability for the VRS General Employee HIC was based on an actuarial valuation as of June 30, 2019, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.5%
Salary Increases	3.5% - 5.35%
Healthcare cost trend rates	
Under age 65	7.00% - 4.75%
Ages 65 and older	5.375% - 4.75%
Investment Rate of Return	6.75%, net of plan investment expenses, including inflation*

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

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

City of Roanoke
Notes to Basic Financial Statements - Continued

E. Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34%	4.65%	1.58%
Fixed Income	15%	0.46%	0.07%
Credit Strategies	14%	5.38%	0.75%
Real Assets	14%	5.01%	0.70%
Private Equity	14%	8.34%	1.17%
Multi-Asset Public Strategies	6%	3.04%	0.21%
Private Investment Partnership	3%	6.49%	0.19%
	<u>100.0%</u>		<u>4.67%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.14%</u>

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%.

F. Discount Rate

The discount rate used to measure the 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, 2020, 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.

City of Roanoke
Notes to Basic Financial Statements - Continued

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

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

	1% decrease 5.75%	Current 6.75%	1% increase 7.75%
HIC Net OPEB Liability	\$ (16,559)	\$ (22,820)	\$ (28,038)

H. OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2020 ACFR. A copy of the 2020 VRS ACFR may be downloaded from the VRS website at <https://www.varetire.org/publications/>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

School Board – Teacher Health Insurance Credit Program

A. Plan Description

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

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

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

B. Contributions

Contributions to the VRS Teacher HIC programs were based on actuarially determined rates from actuarial valuations as of June 30, 2019. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability.

The Teacher HIC program is governed by *Code of Virginia* 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. The total contribution rate was 1.21% of covered employee compensation. Contributions for the HIC program were \$1,051,413 and \$1,021,183 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

The net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuations as of that date. The covered employer's proportion of the net OPEB liability was based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers.

City of Roanoke
Notes to Basic Financial Statements - Continued

At June 30, 2021 the School Board reported a net OPEB liability of \$12,665,029 for its proportionate share of the VRS Teacher HIC Net OPEB Liability. The Net HIC OPEB Liability was measured as of June 30, 2020. The total HIC program OPEB liability used to calculate the Net HIC OPEB Liability was determined by an actuarial valuation as of that date. The School Board's proportion of the Net HIC OPEB Liability was calculated based on the School Board's actuarially determined employer contributions to the VRS HIC OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. the School Board's proportions were 0.97086 % and .98686% for June 30, 2020 and June 30, 2019 respectively.

For the year ended June 30, 2021 the School Board recognized VRS HIC OPEB expense of \$981,000. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher HIC OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to the VRS HIC program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 56,126	\$ 169,136
Change in assumptions	250,370	69,198
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in Proportion	9,018	365,366
Employer contributions subsequent to the measurement date	1,051,413	-
Total	<u>\$ 1,366,927</u>	<u>\$ 603,700</u>

The School Board reported \$1,051,413 as deferred outflows of resources, resulting from the School Board's contributions subsequent to the measurement date, will be recognized as a reduction of the VRS Teacher HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VRS HIC OPEB will be recognized in the VRS HIC expense in future reporting periods as follows:

Year Ended June 30,	Amounts
2022	\$ (56,616)
2023	(51,053)
2024	(52,917)
2025	(48,183)
2026	(33,933)
Thereafter	<u>(45,484)</u>
	<u>\$ (288,186)</u>

City of Roanoke
Notes to Basic Financial Statements - Continued

D. Actuarial Method and Significant Assumptions

The total HIC OPEB liability for the VRS Teacher HIC was based on an actuarial valuation as of June 30, 2018, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.5%
Salary Increases	3.5% - 5.95%
Healthcare cost trend rates	
Under age 65	7.00% - 4.75%
Ages 65 and older	5.375% - 4.75%
Investment Rate of Return	6.75 %, net of plan investment expenses, including inflation*

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

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

E. Net OPEB Liabilities

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2019, net OPEB liability amount is as follows: (amounts expressed in thousands):

Total OPEB Liability	\$ 1,448,676
Plan fiduciary net position	<u>144,160</u>
Employers net OPEB liability	<u>\$ 1,304,516</u>
Plan fiduciary net position as a percentage of total OPEB liability	9.95%

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

City of Roanoke
Notes to Basic Financial Statements - Continued

F. Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34%	4.65%	1.58%
Fixed Income	15%	0.46%	0.07%
Credit Strategies	14%	5.38%	0.75%
Real Assets	14%	5.01%	0.70%
Private Equity	14%	8.34%	1.17%
Multi-Asset Public Strategies	6%	3.04%	0.21%
Private Investment Partnership	3%	6.49%	0.19%
	<u>100.0%</u>		<u>4.67%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.14%</u>

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%.

G. Discount Rate

The discount rate used to measure the 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, 2020, 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.

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

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

City of Roanoke
Notes to Basic Financial Statements - Continued

	1% decrease 5.75%	Current 6.75%	1% increase 7.75%
HIC Net OPEB Liability	<u>\$ 14,127,561</u>	<u>\$ 12,665,029</u>	<u>\$ 11,339,983</u>

I. OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2020 Annual Comprehensive Financial Report. A copy of the 2020 VRS Annual Comprehensive Financial Report may be downloaded from the VRS website at <https://www.varetire.org/publications/>, or by writing to the System's Chief Financial Officer at PO Box 2500, Richmond, VA 23218-2500.

School Board - Group Life Insurance Program

A. Plan Description

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

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

Specific information for the GLI is available at:

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

B. Contributions

Contributions to the VRS GLI programs were based on actuarially determined rates from actuarial valuations as of June 30, 2019. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability.

The GLI program is governed by *Code of Virginia* 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly. The total contribution rate was 1.31% of covered employee compensation with the rate allocated between employee at 0.79% and employer at 0.52%, with employers being able to pay all or part of the employee contribution. Contributions for the GLI program were \$482,620 and \$473,016 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

The net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuations as of that date. The covered employer's proportion of the net OPEB liability was based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers.

City of Roanoke
Notes to Basic Financial Statements - Continued

At June 30, 2021 the School Board reported a net OPEB liability of \$7,380,095 for its proportionate share of the VRS GLI program Net OPEB Liability. The Net VRS GLI program OPEB Liability was measured as of June 30, 2020. The total VRS GLI program OPEB liability used to calculate the Net VRS GLI program OPEB Liability was determined by an actuarial valuation as of that date. The School Board's proportion of the Net VRS GLI program OPEB Liability was calculated based on the School Board's actuarially determined employer contributions to the VRS GLI program OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the School Board's proportions of the VRS GLI program were as follows:

	Teacher SGLI	Non-Teacher SGLI Plan 1	Non-Teacher SGLI Plan 2
June 30, 2021 Proportionate Share of Liability	\$ 6,904,142	\$ 351,958	\$ 123,995
June 30, 2020 Proportion	0.4137%	0.0211%	0.0074%
June 30, 2019 Proportion	0.4225%	0.0219%	0.0082%
June 30, 2021 expense (income)	\$ 235,000	\$ 24,000	\$ (14,000)

For the year ended June 30, 2020 the School Board recognized VRS GLI OPEB expense of \$245,000. Since there was a change in proportionate share between measurement dates a portion of the VRS GLI Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to the VRS GLI program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 473,365	\$ 66,286
Change in assumptions	369,090	154,101
Net difference between projected and actual earnings on OPEB plan investments	221,691	-
Changes in Proportion	80,439	273,372
Employer contributions subsequent to the measurement date	482,620	-
Total	<u>\$ 1,627,205</u>	<u>\$ 493,759</u>

City of Roanoke
Notes to Basic Financial Statements - Continued

The School Board reported \$482,620 as deferred outflows of resources, resulting from the School Board's contributions subsequent to the measurement date, will be recognized as a reduction of the Net VRS GLI OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VRS Group Life Insurance program OPEB will be recognized in the VRS GLI expense in future reporting periods as follows:

Year Ended June 30,	Amounts
2022	\$ 74,885
2023	137,491
2024	193,396
2025	210,942
2026	35,746
Thereafter	(1,634)
	<u>\$ 650,826</u>

D. Actuarial Method and Significant Assumptions

The total GLI OPEB liability for the VRS GLI Program was based on an actuarial valuation as of June 30, 2019, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.5%
Salary Increases, Including Inflation	
Locality - general employees	3.5% - 5.35%
Teachers	3.5% - 5.95%
Investment Rate of Return	6.75%, net of plan investment expenses, including inflation*

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

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

E. Net OPEB Liabilities

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2020, net OPEB liability amount is as follows: (amounts expressed in thousands):

Total OPEB Liability	\$ 3,523,937
Plan fiduciary net position	<u>1,885,102</u>
Employers net OPEB liability	<u>\$ 1,638,835</u>
Plan fiduciary net position as a percentage of total OPEB liability	52.64%

City of Roanoke
Notes to Basic Financial Statements - Continued

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

F. Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34%	4.65%	1.58%
Fixed Income	15%	0.46%	0.07%
Credit Strategies	14%	5.38%	0.75%
Real Assets	14%	5.01%	0.70%
Private Equity	14%	8.34%	1.17%
Multi-Asset Public Strategies	6%	3.04%	0.21%
Private Investment Partnership	3%	6.49%	0.19%
	<u>100.0%</u>		<u>4.67%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.14%</u>

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%.

G. Discount Rate

The discount rate used to measure the GLI 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, 2020, 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.

City of Roanoke
Notes to Basic Financial Statements - Continued

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

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

	1% decrease 5.75%	Current 6.75%	1% increase 7.75%
GLI Net OPEB Liability	<u>\$ 9,682,294</u>	<u>\$ 7,380,095</u>	<u>\$ 5,354,649</u>

I. OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2020 Annual Comprehensive Financial Report. A copy of the 2020 VRS Annual Comprehensive Financial Report may be downloaded from the VRS website at <https://www.varetire.org/publications/>, or by writing to the System's Chief Financial Officer at PO Box 2500, Richmond, VA 23218-2500.

City of Roanoke
Notes to Basic Financial Statements - Continued

(14) Risk Management

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

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

The City self-insures general liability and automotive liability insurance with a self-insured retention of \$1,000,000 per occurrence; worker's compensation has a self-insured retention of \$1,250,000 per occurrence. The City purchases excess liability and worker's coverage to protect against settlements that exceed the amount of the self-insured retention. The amount of settlements did not exceed insurance coverage for each of the past 12 years.

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

The City 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, 2021 were claims payables of \$14,951,034 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 12 years.

City of Roanoke
Notes to Basic Financial Statements - Continued

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

	2020-21	2019-20
Claims liability at July 1	\$ 14,298,685	\$ 17,163,931
Claims incurred	16,801,225	9,121,026
Claims payments	(16,148,876)	(11,986,272)
Claims liability at June 30	<u>\$ 14,951,034</u>	<u>\$ 14,298,685</u>

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 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

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

City of Roanoke
Notes to Basic Financial Statements - Continued

School Board Component Unit

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

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

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

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

	<u>2020-21</u>	<u>2019-20</u>
Claims liability at July 1	\$ 6,208,976	\$ 6,763,656
Claims incurred	19,062,897	19,354,193
Claims payments	<u>(19,970,813)</u>	<u>(20,088,873)</u>
Claims liability at June 30	<u>\$ 5,121,060</u>	<u>\$ 6,208,976</u>

City of Roanoke
Notes to Basic Financial Statements - Continued

(15) Tax Abatements

As of June 30, 2021, the City provides tax abatements through four programs:

Tax Abatement Programs	Taxes Abated for FY 2021
Real Estate Rehabilitation Abatements	\$ 1,527,330
Solar Energy Equipment, Facilities, and Devices Exemption	2,971
Energy Efficient Buildings Special Rate	1,727
Economic Development Grants	1,184,342

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
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.

City of Roanoke
Notes to Basic Financial Statements - Continued

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 (5) years for eligible buildings city-wide;
 - b. Seven (7) years for eligible buildings located within the H-1 and H-2 local historic districts;
 - c. Seven (7) 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 ten thousand dollars (\$10,000.00). The replacement structure must be in a single-family residence, and it must have an assessed value of at least one hundred twenty (120) percent 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.

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, 2021, 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, 2021, were between 50 and 75% of the local tax revenues generated from applicable projects.

(16) Joint Ventures

Blue Ridge Behavioral Healthcare

The counties of Botetourt, Craig and Roanoke, and the cities of Roanoke and Salem formed Blue Ridge Behavioral Health Care (BRBH) a community services board, to provide a system of comprehensive community mental health, intellectual disability and substance abuse services. BRBH is governed by a 16-member board. Roanoke City Council appoints three members. Each locality's financial obligation is based on the type and amount of services performed for individuals in the locality. For the fiscal year ended June 30, 2021, the City remitted approximately \$657,800 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, 2021, the City contributed \$80,000 to the HRCCC. Financial statements may be obtained from the Hotel Roanoke Conference Center Commission, 106 Shenandoah Avenue, Roanoke, Virginia 24016.

Roanoke Valley Broadband Authority

The Roanoke Valley Broadband Authority (Authority) was created under the Virginia Wireless Services Facilities Act by the cities of Roanoke and Salem, and the counties of Botetourt and Roanoke. The Authority was formed in order to provide quality affordable access to broadband technologies. The Board of the Authority consists of five members of which the City appoints one member for a four year term. The Authority is in the process of engineering a 46-mile network in the Valley that will serve business parks, large institutions, government facilities, and businesses. For the fiscal year ended June 30, 2021, the City remitted \$24,862 to Roanoke Valley Broadband Authority for bond payments and \$688,600 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, 2021, 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.

City of Roanoke
Notes to Basic Financial Statements - Continued

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, 2021, the City remitted \$2,713,291 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, 2021, the City's share was 58% on debt payments and 61.4% for operation, and the City remitted approximately \$1,289,158 for its share of RCACP expenses.

Western Virginia Regional Industrial Facility Authority

The Western Virginia Regional Industrial Facility Authority was created as a combined effort with Roanoke City, Roanoke County, the City of Salem, Botetourt County, Franklin County and the Town of Vinton to enhance these localities economic base and stimulate economic growth by developing new opportunities in these areas. For fiscal year ending June 30, 2021, the City remitted \$18,220 for services and \$126,780 for capital reimbursements.

E911/VA811 Communications Center

In September 2019, the E911/VA811 Communications Center was created as a nonprofit corporation under the laws of the Commonwealth of Virginia. This new communications center, located in the Roanoke Centre for Industry and Technology, houses the City's E911 Center and the VA811 Contact Center. The public/private partnership will provide for the continued growth in emergency communications. The City's E911 Center receives more than 250,000 call each year; Virginia 811 receives more than one quarter of a million requests each year. To accommodate both agencies volume of calls or contacts, a new building was constructed with a total budget of \$15.7 million, which included upgrades to both computer and radio systems. The new facility began operations in August 2020. The City's share of the project budget was \$9.4 million, while the Virginia Utility Protection Services portion was \$5.3 million.

(17) 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, 2021, the City remitted \$1,034,865 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 2021, the WVWA paid \$1.41 million to the City in principal and interest payments on the bonds. As of June 30, 2021, the remaining principal balance of these bonds was approximately \$3.2 million. This amount was recorded as a Due from Other Governments in the Statement of Net Position of the basic financial statements.

Virginia's First Regional Industrial Facility Authority

The Cities of Radford, Roanoke and Salem; the Counties of Bland, Craig, Giles, Montgomery, Pulaski, Roanoke and Wythe; and the Towns of Christiansburg, Dublin, Narrows, Pearisburg and Pulaski all participate in the Virginia's First Regional Industrial Facility Authority (Authority). The Authority's purpose is to enhance the member localities economic base in Virginia's First Region. The Authority is governed by a board composed of twenty-nine members, two of which 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, 2021, the City remitted \$32,500 to Virginia's First Regional Industrial Facility Authority.

Market Building Foundation Inc.

The Market Building Foundation Inc., is a public non-profit entity created and incorporated to ensure the preservation of the City Market Building in Downtown Roanoke. The Foundation manages the rehabilitation, maintenance, and operation of the City Market Building. The Foundation has a board of seven members representing individuals from several organizations in the downtown area. These organizations include the City of Roanoke, Downtown Roanoke, Inc., the Roanoke Regional Chamber of Commerce and the private business community. These board members are responsible for the oversight and governance of the facility as well as the management, leasing, and operational performance of the City Market Building. The City does not have authority to override the Foundation board regarding decisions about rates or operations but it is obligated to finance deficits of the Foundation. The City has an annual obligation to the Market Building of \$300,000 for an operating contribution. For the fiscal year ended June 30, 2021, the City paid the Market Building Foundation Inc. \$301,400 for the annual operating contribution and equipment replacement services.

(18) Related Organizations

Economic Development Authority

The Economic Development Authority issues low-interest, tax-free industrial revenue bonds in its name for the construction or renovation of properties sold or leased to enterprises locating to or remaining in the City. City Council is responsible for appointing the seven-member board; however, the City, the state, and any political subdivision thereof are not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2021, there were nine series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$449.5 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, 2021, the City remitted \$10,730 to the Housing Authority.

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.

City of Roanoke
Notes to Basic Financial Statements - Continued

(19) Commitments, Contingencies and Other Matters

Litigation

The City is named as a defendant in litigation involving claims for personal injury or property damages. City officials estimate that any ultimate liability not covered by insurance would not have a material effect on the City's financial position.

Grants

Federal grant programs in which the City participates have been audited in accordance with the provisions of the Office of Management and Budget 2 CFR 200, Uniform Administrative Requirements. In addition, these grant programs are subject to financial and compliance audits by the federal government, which may result in disallowed expenditures. Based on prior experience, City management believes such disallowances, if any, would not have a material effect on the City's financial position.

(20) COVID-19 Impact

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

The City’s operations are heavily dependent on the ability to raise taxes, assess fees, and access the capital markets. Additionally, access to grants and contracts from federal and state governments has been available during the fiscal year 2021. The outbreak will have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. While this situation has not depressed the tax bases to the extent anticipated, other areas in which the City received revenue during fiscal year 2021 experienced a decline. As such, our financial condition and liquidity could be negatively impacted for fiscal year 2022.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on the City’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the City is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

(21) Subsequent Events

The GRTC (Greater Roanoke Transit Company) bus station is the oldest operating bus station in the Commonwealth. On November 16, 2020, the Roanoke City Council voted to build a new bus station downtown along Salem Avenue and Third Street. This is the largest investment in bus transit in the Roanoke Valley in decades.

The plan calls for the City to exchange this property with the GRTC for the Campbell Court bus station property. The City will then sell Campbell Court property to a development group Hist:RE, in exchange for property located on South Jefferson Street owned by Rutherford Partners. Hist:RE will subsequently assign its rights and obligations to Rutherford Partners, LLC, with the consent of the City. The City will use this property for a future Amtrak passenger facility. The Campbell Court property will be developed into a mixed-use complex on the demolished site of the former bus station. This project will create apartments, office and retail/restaurant space as an investment for economic opportunities in downtown Roanoke.

A temporary waiting and ticketing center is under construction at the new bus station location. The original date, scheduled for January 31, 2022, has been postponed until February 28, 2022. Crews will erect two bus terminals, one for GRTC and one for Greyhound, plus two outdoor boarding platforms. The total project cost is approximately \$17.3 million. The land cost about \$2 million, with the remaining funds covering the cost of the construction for design, project management, and construction support. The project is scheduled to be completed by September 2023.

The deadline for closing of the project has been moved from its original date of September 17, 2019 to March 31, 2021 to June 30, 2021 to September 30, 2021. and to January 31, 2022. The fifth version of this document extended the deadline until February 28, 2022.

City of Roanoke
Required Supplementary Information
(Unaudited)

(1) Budgetary Comparison Schedule - General Fund

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance from Final Budget Over/(Under)
Resources (Inflows):				
General Property Taxes	\$ 125,938,851	\$ 125,938,851	\$ 131,250,933	\$ 5,312,082
Other Local Taxes	75,798,117	75,798,117	81,005,828	5,207,711
Permits, Fees, and Licenses	1,024,800	1,024,800	1,297,081	272,281
Fines and Forfeitures	1,019,200	1,019,200	863,283	(155,917)
Revenue from Use of Money and Property	466,000	466,000	272,514	(193,486)
Charges for Services	17,080,564	17,085,947	17,174,267	88,320
Intergovernmental	75,926,839	76,024,262	75,161,800	(862,462)
Federal Grants	-	24,633,386	-	(24,633,386)
Miscellaneous	810,629	825,629	2,676,784	1,851,155
Transfers from Other Funds	-	259,124	285,635	26,511
Amounts Available for Appropriation	\$ 298,065,000	\$ 323,075,316	\$ 309,988,125	\$ (13,087,191)
Charges to Appropriations (Outflows):				
General Government				
City Treasurer	\$ 2,050,530	\$ 2,065,843	\$ 2,047,475	\$ (18,368)
Commissioner of the Revenue	1,459,083	1,503,003	1,503,002	(1)
City Council	30,226	30,226	18,597	(11,629)
City Council - Mayor Lea	33,940	33,741	28,622	(5,119)
City Council - Vice Mayor Price	26,389	11,865	11,645	(220)
City Council - Council Member - Bestpitch	32,151	31,521	30,254	(1,267)
City Council - Council Member - Dykstra	32,151	16,490	16,489	(1)
City Council - Council Member Cobb	33,789	32,965	31,399	(1,566)
City Council - Council Member Osborne	32,151	7,412	7,411	(1)
City Council - Council Member White - Boyd	24,117	27,413	22,948	(4,465)
City Council - Council Member Vivian Sanchez-Jones	-	16,682	14,999	(1,683)
City Council - Council Member Stephanie Moon Reynolds	-	14,567	13,564	(1,003)
City Council - Council Member Robert Jeffrey, Jr.	-	15,995	14,411	(1,584)
City Attorney	1,034,765	1,042,276	1,042,274	(2)
City Clerk	493,126	372,935	372,933	(2)
Municipal Auditing	844,368	969,039	968,335	(704)
Department of Finance	2,253,172	2,288,895	2,273,652	(15,243)
Real Estate Valuation	1,247,340	1,241,293	1,230,504	(10,789)
Board of Equalization	8,501	5,197	4,394	(803)
Electoral Board	633,585	829,839	782,942	(46,897)
City Manager	969,036	1,093,643	1,093,642	(1)
Citizen Engagement	573,886	544,628	544,627	(1)
Human Resources	1,576,692	1,721,880	1,714,687	(7,193)
Employee Health Services	854,821	1,021,551	1,018,319	(3,232)
Department of Management and Budget	2,435,486	25,252,580	614,967	(24,637,613)
Information Technology	4,464,183	4,073,508	4,055,269	(18,240)
DOT Capital Outlay	1,000,000	-	-	-
Radio Technology	516,499	550,351	550,294	(57)
Purchasing	574,521	679,327	679,323	(4)
Risk Management	1,285,712	1,138,635	1,138,633	(2)
Director of General Services	238,208	253,687	253,686	(1)
Environmental Management	416,096	422,627	401,442	(21,185)

(Continued)

City of Roanoke
Required Supplementary Information
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance from Final Budget Over/(Under)
Judicial Administration				
Clerk of Circuit Court	\$ 1,763,030	\$ 1,755,529	\$ 1,746,247	\$ (9,282)
Juvenile and Domestic Relations Court Services	1,154,512	1,168,266	1,168,265	(1)
Juvenile and Domestic Relations Court Clerk	11,702	24,202	23,311	(891)
Magistrates Office	4,500	5,381	5,212	(169)
General District Court	17,182	48,367	44,362	(4,006)
Circuit Court	531,292	546,354	518,499	(27,855)
Sheriff	3,320,364	2,970,698	2,970,693	(4)
Commonwealth's Attorney	1,740,947	1,824,370	1,824,369	(1)
Cost Collection Unit	86,350	87,422	87,422	-
Law Library	133,632	134,565	119,132	(15,433)
Public Safety				
Jail	\$ 16,090,401	\$ 15,646,620	\$ 15,646,391	\$ (230)
E911	2,564,339	2,736,830	2,732,808	(4,022)
E911 - Wireless	524,180	416,325	355,704	(60,621)
Fire - Administration	761,703	727,937	727,937	(0)
Fire - Support	1,148,920	1,161,317	1,161,316	(1)
Fire - Operations	18,612,065	17,470,037	17,470,037	-
E911/VA811 Shared Expenses	391,458	404,079	404,079	(1)
Emergency Management	113,140	173,144	173,143	(1)
Building Inspections	775,739	881,571	881,570	(1)
Outreach Detention	312,728	299,383	298,596	(786)
Youth Haven I	416,837	281,557	281,557	(0)
Enhanced Community Services	79,259	58,413	58,412	(1)
Substance Abuse Services	63,679	64,920	64,919	(1)
Police - Administration	2,226,709	2,468,116	2,468,115	(1)
Police - Investigation	3,006,294	3,605,104	3,605,104	-
Police - Patrol	12,828,274	11,269,311	11,269,311	(1)
Police - Services	2,372,971	1,335,798	1,313,634	(22,164)
Police - Training	702,333	654,248	654,247	(1)
Police - Animal Control	1,643,827	1,671,897	1,671,897	-
Public Works				
Custodial Services	\$ 731,954	\$ 825,223	\$ 825,142	\$ (81)
Building Maintenance	4,668,621	4,930,329	4,929,677	(652)
Director of Public Works	172,973	212,534	212,431	(103)
Transportation - Streets and Traffic	3,709,703	3,793,050	3,792,475	(574)
Transportation - Paving Program	4,239,924	4,268,267	4,268,267	(1)
Transportation - Snow Removal	169,233	580,531	580,529	(2)
Transportation - Street Lighting	1,268,221	1,229,458	1,229,457	(1)
Transportation - Engineering and Operations	1,748,768	1,854,275	1,854,274	(1)
Solid Waste Management	6,188,461	6,316,777	6,316,774	(3)
Engineering	1,213,122	1,323,899	1,323,025	(875)
Fleet Management - Op	4,358,419	4,272,903	4,272,900	(3)
Fleet Management - NonOp	2,450,569	3,684,498	3,645,884	(38,613)

(Continued)

City of Roanoke
Required Supplementary Information
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance from Final Budget Over/(Under)
Health and Welfare				
Human Services Support	\$ 296,735	\$ 313,169	\$ 313,168	\$ (1)
Health Department	1,755,492	1,744,257	1,744,257	-
Blue Ridge Behavioral Health Care	601,671	601,671	601,671	-
Human Services Committee	430,000	421,000	421,000	-
Social Services	26,678,930	25,760,690	25,604,484	(156,206)
Children's Services Act	12,675,687	13,268,759	13,268,759	-
Parks, Recreation and Cultural				
Roanoke Arts Commission	\$ 336,500	\$ 337,000	\$ 337,000	\$ -
Recreation	4,365,460	4,346,275	4,115,086	(231,189)
Park Management	-	-	-	-
Parks & Recreation - Community Recreation	-	-	-	-
Parks & Recreation -Park Programming	-	-	-	-
Parks & Recreation -Outdoor Education	-	-	-	-
Parks & Recreation - Sponsorships and Development	-	-	-	-
Parks & Recreation - Athletics	-	-	-	-
Youth Development	-	-	-	-
Greenways and Trails	-	-	-	-
Parks & Recreation - Administration	1,440,129	1,408,458	1,408,458	(1)
Libraries	3,806,848	3,824,806	3,824,805	(1)
Community Development				
Memberships and Affiliations	\$ 2,651,378	2,990,163	\$ 2,990,163	\$ -
Economic Development	3,130,871	3,098,270	3,091,530	(6,740)
Planning, Building and Development	1,519,997	1,513,687	1,513,686	(1)
Neighborhood Support	-	3,363	2,026	(1,337)
Neighborhood Services	1,147,166	1,281,577	1,210,957	(70,620)
Virginia Cooperative Extension	67,576	82,370	82,370	-
Nondepartmental				
Residual Fringe Benefits	\$ 3,749,518	\$ 381,082	\$ -	\$ (381,082)
Transfers to Other Funds	4,775,698	11,620,183	11,620,182	(1)
Transfers to Debt Service Fund	13,758,085	11,267,549	11,601,331	333,782
Transfers to Agency Fund	-	-	-	-
Transfers to Component Units	84,562,413	86,847,413	86,847,413	-
Miscellaneous	455,620	-	-	-
Personnel Lapse	(2,258,633)	-	-	-
Funding for Reserves	1,125,000	2,000,000	2,000,000	-
Contingency	1,500,000	2,536,536	-	(2,536,537)
Total Charges to Appropriations	<u>\$ 298,065,000</u>	<u>\$ 326,141,397</u>	<u>\$ 298,096,210</u>	<u>\$ (28,045,187)</u>
Net Resources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (3,066,081)</u>	<u>\$ 11,891,915</u>	<u>\$ 14,957,996</u>
Fund Balance - Beginning of Year	<u>\$ 46,788,362</u>	<u>\$ 46,788,362</u>	<u>\$ 46,788,362</u>	<u>\$ -</u>
Fund Balance - End of Year	<u>\$ 46,788,362</u>	<u>\$ 43,722,281</u>	<u>\$ 58,680,277</u>	<u>\$ 14,957,996</u>

See Accompanying Note to Budgetary Comparison Schedule (RSI 2)

See Accompanying Report of Independent Auditor

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.	\$ 309,988,125
Transfers from other funds are a budgetary resource, but not a revenue for financial reporting purposes (Exhibit E)	<u>(259,124)</u>
Total general fund revenues as reported on the statement of revenues, expenditures, and changes in fund balances (Exhibit E).	<u><u>\$ 309,729,001</u></u>

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 298,096,210
Transfers to other funds are outflows of budgetary resources, but are not expenditures for financial reporting purposes (Exhibit E).	(25,221,513)
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).	<u>(3,621,850)</u>
Total general fund expenditures as reported on the statement of revenues, expenditures, and changes in fund balances (Exhibit E).	<u><u>\$ 269,252,846</u></u>

(2) Note to Budgetary Comparison Schedule – General Fund

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:

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.

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.

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.

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, \$28,076,397 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.

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.

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.

(3) Infrastructure Assets Under Modified Approach

INFRASTRUCTURE – FLOOD REDUCTION

In conjunction with the adoption of the modified approach for flood reduction asset accounting, the City is required to conduct semi-annual (January and July) condition level assessments for 100% of these assets. These assessments are based on the United States Army Corps of Engineers (USACE) ‘Inspection, Maintenance and Operational Report’ and are conducted by City personnel. Individual components assessed include bench cuts (14) and training walls (2), which both directly impact the level of flood reduction benefit the assets provide. These components are evaluated by examining the number of obstructions or amount of damage observed, and then establishing the extent to which it has affected the infrastructure. These individual assessments are then used to determine an overall condition rating, as defined below.

Independent evaluations are also conducted periodically by the USACE using the same assessment criteria. City and USACE policy requires condition levels to be maintained at or above a Fair (2) rating. Deficiencies discovered by either party, which would cause the condition level to fall below this standard are the City’s responsibility and should be addressed prior to the next assessment.

<u>Condition</u>	<u>Rating</u>
Good	3
Fair	2
Poor	1

Assessment Ratings of Infrastructure Components

	<u>Number Assessed</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Training Walls	2	3	2.5	2	2	2
Bench Cuts	14	2.7	2.7	2.8	2.3	3

Comparison of Estimated to Actual Maintenance Costs

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021*</u>
Estimated	\$75,000	\$75,000	\$54,599	\$317,338	\$61,507
Actual	\$27,204	\$81,595	\$12,454	\$295,772	\$104,943

*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.

See Accompanying Report of Independent Auditor

City of Roanoke
Required Supplementary Information - Continued
(Unaudited)

(4) Schedule of City Pension Contributions - City Plan

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 11,288,966	\$ 11,158,359	\$ 11,345,222	\$ 11,266,984	\$ 10,451,101	\$ 10,184,532	\$ 13,122,478	\$ 11,136,823
Contributions in Relation to Actuarially Determined Contribution	11,288,966	11,158,359	11,345,222	11,266,984	10,451,101	10,184,532	13,122,478	11,136,823
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 70,205,011	\$ 67,097,768	\$ 68,221,419	\$ 66,120,798	\$ 66,104,371	\$ 65,118,496	\$ 59,030,490	\$ 60,633,287
Contributions as a Percentage of Covered Payroll	16.08%	16.63%	16.63%	17.04%	15.81%	15.64%	22.23%	18.37%

Notes to Schedule:

Valuation Date:	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
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Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-Age Normal Cost method
Amortization method	Level percent closed, 30-years with phase-in of codified COLA
Amortization period	31.89 years, with 25 years remaining as of June 30, 2018
Asset valuation method	5-year smoothed market
Inflation	2.25%
Salary increases	3.50%
Investment rate of return	7.25%
Mortality	125% of RP-2000 Combined Healthy Mortality for male and females with generational mortality projection using Scale AA

Other information:

The Plan changed actuarial cost methods to entry age normal with the valuation effective June 30, 2014 in accordance with Generally Accepted Accounting Principles (GAAP).

The Plan utilized the Projected Unit Credit cost method for the valuations performed effective June 30, 2013 and June 30, 2012.

The Plan changed the expected Inflation from 2.75% to 2.25% and expected investment rate of return from 7.75% to 7.25% based on an experience study performed 6/30/2018 effective for Fiscal Year 2017.

Schedule is intended to show information for 10 years. As 2014 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

City of Roanoke
Required Supplementary Information - Continued
(Unaudited)

(5) Schedule of City's Proportionate Share of the Net Pension Liability - City Plan

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's Proportion of Net Pension Liability	89.66%	89.19%	88.97%	88.53%	87.81%	86.73%
City's Proportionate Share of Net Pension Liability	\$ 135,642,864	\$ 123,942,077	\$ 113,060,409	\$ 127,175,183	\$ 148,945,372	\$ 121,555,328
Covered Payroll	\$ 70,205,011	\$ 67,097,768	\$ 66,120,798	\$ 66,104,370	\$ 65,118,496	\$ 59,030,490
City's Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	193.21%	184.72%	170.99%	192.39%	228.73%	205.90%
Plan Fiduciary Net Position as a Percentage of Total Net Pension Liability	73.69%	75.62%	77.32%	74.00%	68.70%	73.81%
	<u>2015</u>					
City's Proportion of Net Pension Liability	86.38%					
City's Proportionate Share of Net Pension Liability	\$ 101,395,947					
Covered Payroll	\$ 60,633,287					
City's Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	167.23%					
Plan Fiduciary Net Position as a Percentage of Total Net Pension Liability	77.23%					

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

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

See Accompanying Report of Independent Auditor

City of Roanoke
Required Supplementary Information - Continued
(Unaudited)

(6) Schedule of School Board Pension Contributions - City Plan

	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 191,759	\$ 200,200	\$ 222,911	\$ 248,488	\$ 257,269	\$ 340,838	\$ 527,115
Contributions in Relation to Actuarially Determined Contribution	191,759	200,200	222,911	248,488	257,269	340,838	527,115
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 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	13.07%	13.21%	13.87%	14.14%	12.96%	13.02%	19.59%

Notes to Schedule:

Valuation Date: June 30, 2019 June 30, 2018 June 30, 2017 June 30, 2016 June 30, 2015 June 30, 2014 June 30, 2013

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method (1)	Entry-Age Normal Cost method
Amortization method	Level percent closed, 30-years with phase-in of codified COLA
Amortization period	31.89 years, with 25 years remaining as of June 30, 2018
Asset valuation method	5-year smoothed market
Inflation (2)	2.75%
Salary increases	3.50%
Investment rate of return (2)	7.25%
Mortality	125% of RP-2000 Combined Healthy Mortality for male and females with generational

Other Information:

(1) The Plan changed actuarial cost methods to entry age normal with the valuation effective June 30, 2014 in accordance with Generally Accepted Accounting Principles (GAAP)

The Plan utilized the Projected Unit Credit cost method for the valuations performed effective June 30, 2013.

(2) The Plan changed the expected Inflation from 2.75% to 2.25% and expected investment rate of return from 7.75% to 7.25% based on an experience study performed 6/30/2018 effective for Fiscal Year 2018.

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

See Accompanying Report of Independent Auditor

City of Roanoke
Required Supplementary Information - Continued
(Unaudited)

(7) Schedule of School Board's Proportionate Share of the Net Pension Liability - City Plan

	2021	2020	2019	2018	2017	2016	2015
School Board's Proportion of Net Pension Liability	1.59%	1.78%	1.95%	2.18%	2.94%	3.48%	3.63%
School Board's Proportionate Share of Net Pension Liability	\$ 2,405,192	\$ 2,476,003	\$ 2,476,295	\$ 3,130,602	\$ 4,984,640	\$ 4,882,739	\$ 4,256,291
Covered Payroll	\$ 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	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	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.

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

See Accompanying Report of Independent Auditor

City of Roanoke
Required Supplementary Information - Continued
(Unaudited)

(8) Schedule of City's Pension Contributions - VRS

(For employees covered under VRS)

	2021	2020	2019	2018	2017	2016	2015
Contractually Determined Contribution	\$ 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	\$ 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	\$ 9,346,539	\$ 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	17.63%	15.58%	16.60%	16.36%	16.47%	17.57%	17.51%

Notes to Schedule

Valuation Date: June 30, 2019 June 30, 2018 June 30, 2017 June 30, 2016 June 30, 2015 June 30, 2014 June 30, 2013

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay, closed
Remaining amortization period	25 years (decreasing by one each year in subsequent valuation until reaching 0 years.
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	3.50% - 5.35%
Cost of living adjustment	2.25% - 2.50%
Investment rate of return	6.75%
Mortality	45% of deaths are assumed to be service related
Pre-Retirement	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of Rates; females set forward 1 year
Post-Retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1% increase compounded from ages 70 to 90; females set
Post-Disablement	RP-2014 Disabled Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male

(1) Beginning with 2019, the Virginia Retirement System provided participants with covered payroll and contribution data based on creditable compensation. Data from 2019 and on uses this newly available information.

Other information:

Mortality improvement is anticipated under the post-retirement mortality assumption as projected with Scale BB

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

See Accompanying Report of Independent Auditor

City of Roanoke
Required Supplementary Information - Continued
(Unaudited)

(9) Schedule of School Board's Pension Contributions - VRS - Non-professionals' Plan

(For employees covered under VRS)

	2021	2020	2019 (1)	2018	2017	2016	2015
Contractually Required Contribution	\$ 96,613	\$ 109,376	\$ 109,254	\$ 98,135	\$ 93,497	\$ 126,073	\$ 126,993
Contributions in Relation to							
Contractually Determined Contribution	\$ 96,613	\$ 109,376	\$ 109,254	\$ 98,135	\$ 93,497	\$ 126,073	\$ 126,993
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 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	3.20%	3.25%	2.54%	2.66%	3.57%	4.73%	5.07%

Notes to Schedule:

Valuation Date: June 30, 2019 June 30, 2018 June 30, 2017 June 30, 2016 June 30, 2015 June 30, 2014 June 30, 2013

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay, closed
Remaining amortization period	25 years (decreasing by one each year in subsequent valuations until reaching 0 years)
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	3.50% - 5.35%
Cost of living adjustment	2.25% - 2.50%
Investment rate of return	6.75%
Mortality	45% of deaths are assumed to be service related.
Pre-Retirement	RP-2014 Employee Mortality Table projected with Scale AA to 2020 with males set forward 4 years and females set back 2
Post-Retirement	RP-2014 Combined Mortality Table projected with Scale AA to 2020 with males set forward 1 year
Post-Disablement	RP-2014 Disabled Life Mortality Table with males set back 3 years and no provision for future mortality improvement

Other Information:

Mortality improvement is anticipated under the post-retirement mortality assumption as projected with Scale AA

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

See Accompanying Report of Independent Auditor

City of Roanoke
Required Supplementary Information - Continued
(Unaudited)

(10) Schedule of Changes in City's Net Pension Liability and Related Ratios - VRS
(ACFR reporting year - measurement date June 30 of prior year)

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service Cost	\$ 1,419,883	\$ 1,347,664	\$ 1,337,903	\$ 1,348,893	\$ 1,380,941	\$ 1,312,849	\$ 1,333,127
Interest	4,631,232	4,539,086	4,339,444	4,195,752	4,042,340	3,859,768	3,680,676
Changes of Assumptions	-	2,014,530	-	(159,919)	-	-	-
Differences Between Expected and Actual Experience	(318,271)	(717,393)	430,539	(320,535)	(396,031)	101,336	-
Benefit Payments, Including Refunds of Employee Contributions	(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	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	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	\$ 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	\$ 1,582,180	\$ 1,490,872	\$ 1,444,142	\$ 1,439,698	\$ 1,499,615	\$ 1,514,713	\$ 1,460,269
Contributions - Employee	476,302	451,026	440,860	451,501	428,612	432,153	424,175
Net Investment Income	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	(3,508,646)	(3,325,626)	(3,186,070)	(2,836,839)	(2,834,452)	(2,497,107)	(2,413,588)
Administrative Expense	(39,947)	(38,781)	(35,783)	(35,693)	(31,738)	(30,828)	(36,491)
Other	(1,371)	(2,440)	(3,643)	(5,465)	(372)	(473)	356
Net Change in Plan Fiduciary Net Position	(331,786)	2,444,135	2,762,297	5,160,917	(65,409)	1,663,631	6,187,391
Plan Fiduciary Net position - Beginning	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	\$ 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	\$ 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	\$ 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	83.76%	86.88%	88.24%	87.95%	82.73%	85.91%	87.19%
Covered Payroll	\$ 9,571,771	\$ 8,994,376	\$ 8,842,818	\$ 8,761,712	\$ 8,537,263	\$ 8,650,983	\$ 8,430,964
Net Pension Liability as a Percentage of Covered Payroll	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.

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

See Accompanying Report of Independent Auditor

City of Roanoke
Required Supplementary Information - Continued
(Unaudited)

(11) Schedule of School Board's Pension Contributions - VRS - Teacher Retirement Plan

(For employees covered under VRS)

	2021	2020	2019 (1)	2018	2017	2016	2015
Contractually Required Contribution	\$ 13,881,761	\$ 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	13,881,761	12,870,331	12,653,417	12,842,165	\$ 11,471,695	\$ 11,164,143	\$ 11,825,296
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 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	15.98%	15.12%	15.29%	16.01%	14.40%	14.52%	15.91%

Notes to Schedule:

Valuation Date: June 30, 2019 June 30, 2018 June 30, 2017 June 30, 2016 June 30, 2015 June 30, 2014 June 30, 2013

(1) Beginning with 2019, the Virginia Retirement System provided participants with covered payroll and contribution data based on creditable compensation. Data from 2019 on uses this newly available information.

Other Information:

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

See Accompanying Report of Independent Auditor

City of Roanoke
Required Supplementary Information - Continued
(Unaudited)

(12) Schedule of School Board's Proportionate Share of Net Pension Liability - VRS Teachers Plan

	2021	2020	2019	2018	2017	2016	2015
Employer's Proportion of Net Pension Liability	0.97%	0.99%	0.99%	1.01%	1.01%	1.00%	0.98%
Employer's Proportionate Share of Net Pension Liability	\$ 141,329,284	\$ 129,942,187	\$ 116,773,000	\$ 123,985,000	\$ 141,324,000	\$ 125,881,000	\$ 118,679,000
Covered Payroll	\$ 86,869,983	\$ 85,100,982	\$ 82,767,236	\$ 80,236,536	\$ 79,683,440	\$ 76,869,589	\$ 74,342,482
Employer's Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	162.69%	152.69%	141.09%	154.52%	177.36%	163.76%	159.64%
Plan Fiduciary Net Position as a Percentage of Total Net Pension Liability	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.

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

See Accompanying Report of Independent Auditor

City of Roanoke
Required Supplementary Information - Continued
(Unaudited)

(13) Schedule of School Board's Changes in Net Pension Asset and Related Ratios - VRS
(ACFR reporting year - measurement date June 30 of prior year)

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service Cost	\$ 341,743	\$ 330,934	\$ 303,752	\$ 327,500	\$ 292,621	\$ 250,347	\$ 238,778
Interest	193,074	157,720	137,429	115,185	90,855	75,430	57,278
Changes in Assumptions	-	95,414	-	(95,226)	-	-	-
Differences Between Expected and Actual Experience	35,755	77,685	(108,492)	22,079	3,596	(71,963)	-
Benefit Payments, Including Refunds of Employee Contributions	(71,644)	(37,449)	(48,197)	(55,331)	(23,660)	(43,270)	(30,199)
Net change in Total Pension Liability	\$ 498,928	\$ 624,304	\$ 284,492	\$ 314,207	\$ 363,412	\$ 210,544	\$ 265,857
Total Pension Liability - Beginning	2,896,171	2,271,867	1,987,375	1,673,168	1,309,756	1,099,212	833,355
Total Pension Liability - Ending	\$ 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	\$ 103,807	\$ 109,376	\$ 98,135	\$ 93,237	\$ 114,441	\$ 103,468	\$ 167,937
Contributions - Employee	195,784	195,963	169,352	164,828	145,769	131,040	112,035
Net Investment Income	81,372	255,942	238,823	332,502	48,318	99,131	259,744
Benefit Payments, Including Refunds of Employee Contributions	(71,644)	(37,449)	(48,197)	(55,331)	(23,660)	(43,270)	(30,199)
Administrative Expense	(2,482)	(2,153)	(1,842)	(1,688)	(1,296)	(1,144)	(1,173)
Other	(99)	(164)	(222)	(306)	(19)	(21)	14
Net Change in Plan Fiduciary Net Position	\$ 306,738	\$ 521,515	\$ 456,049	\$ 533,242	\$ 283,553	\$ 289,204	\$ 508,358
Plan Fiduciary Net Position - Beginning	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	\$ 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	 \$ (1,015,228)	 \$ (1,310,207)	 \$ (1,138,650)	 \$ (919,615)	 \$ (999,474)	 \$ (920,814)	 \$ (678,313)
Total Net Pension Asset - Ending	\$ (1,015,228)	\$ (1,207,418)	\$ (1,310,207)	\$ (1,138,650)	\$ (919,615)	\$ (999,474)	\$ (920,814)
 Plan Fiduciary Net Position as a of Total Percentage Pension Asset	 129.90%	 141.69%	 157.67%	 157.29%	 154.96%	 176.31%	 183.77%
 Covered Payroll	 \$ 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	 (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.

Per GAAP, net pension assets are reported using the measurement date, which is one year prior to the reporting date.

See Accompanying Report of Independent Auditor

(14) Schedule of Investment Returns

City of Roanoke - OPEB Trust

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Annual money weighted rate of return, net of investment expense	30.05%	3.01%	4.67%	9.52%	13.04%

The City of Roanoke utilizes the VACo/VML Pooled OPEB Trust Portfolio I for investment of funds related to its Other Post Employment Benefits for the Post Employment Health Plan and Line of Duty Benefits. Thus, a single Schedule of Investment Returns is applicable to and presented for both components of the City's OPEB Trust.

Schedule is intended to show information for 10 years. As 2017 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

City of Roanoke
Required Supplementary Information - Continued
(Unaudited)

(15) Schedule of City's OPEB Contributions - Employees' Post Retirement Health Plan

	2021	2020	2019	2018	2017
Actuarially Determined Contribution	\$ 808,000	\$ 1,023,000	\$ 976,000	\$ 898,000	\$ 947,000
Contributions in Relation to Actuarially Determined Contribution	808,000	1,023,000	976,000	898,000	947,000
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 79,460,497	\$ 75,773,316	\$ 75,773,316	\$ 73,943,000	\$ 73,167,000
Contributions as a Percentage of Covered Payroll	1.02%	1.35%	1.29%	1.21%	1.29%
Notes to Schedule:					
Valuation Date:	July 1, 2020	July 1, 2019	July 1, 2019	July 1, 2018	July 1, 2017
	2016	2015	2014	2013	2012
Actuarially Determined Contribution	\$ 1,071,000	\$ 982,000	\$ 957,000	\$ 877,000	\$ 1,278,000
Contributions in Relation to Actuarially Determined Contribution	1,071,000	982,000	957,000	877,000	1,337,000
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ (59,000)
Covered Payroll	\$ 71,512,000	\$ 69,346,000	\$ 70,052,000	\$ 66,641,000	\$ 68,086,000
Contributions as a Percentage of Covered Payroll	1.50%	1.42%	1.37%	1.32%	1.96%
Notes to Schedule:					
Valuation Date:	July 1, 2017	July 1, 2017	July 1, 2017	July 1, 2017	July 1, 2017

Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year. 2017 is the first year for this presentation, therefore, data from 2012 to 2017 was measured with the 2017 valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period	20 years
Asset valuation method	Market Value of Assets
Inflation	2.25%
Medical Inflation	5.50%
Payroll growth	2.50%
Investment rate of return	7.00%
Mortality	
Pre-Retirement	125% of the RP-2000 Combined Health Mortality Table for males and females with generational mortality projection using Scale AA
Healthy Annuitants	125% of the RP-2000 Combined Health Mortality Table for males and females with generational mortality projection using Scale AA
Disabled Annuitants	100% of the RP-2000 Combined Health Mortality Table for males and females with generational mortality projection using Scale AA. This assumption was changed from 70% of the PBGC Disabled Mortality Table 5A for males and 90% of the PBGC Disabled Mortality Table 6A for females due to the 2016 experience study.

Mortality improvement is anticipated under the post-retirement mortality assumption as projected with Scale AA

See Accompanying Report of Independent Auditor

City of Roanoke
Required Supplementary Information - Continued
(Unaudited)

(16) Schedule of City's OPEB Contributions - Line of Duty Benefits

	2021	2020	2019	2018	2017
Actuarially Determined Contribution	\$ 228,800	\$ 222,500	\$ 204,200	\$ 334,900	\$ 328,000
Contributions in Relation to Actuarially Determined Contribution	228,800	222,500	204,200	334,900	328,000
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 35,283,151	\$ 33,943,700	\$ 33,943,700	\$ 34,133,600	\$ 33,524,900
Contributions as a Percentage of Covered Payroll	0.65%	0.66%	0.60%	0.98%	0.98%
Notes to Schedule:					
Valuation Date:	July 1, 2020	July 1, 2019	July 1, 2019	July 1, 2018	July 1, 2017
	2016	2015	2014	2013	2012
Actuarially Determined Contribution	\$ 367,100	\$ 370,900	\$ 349,100	\$ 248,000	\$ 238,800
Contributions in Relation to Actuarially Determined Contribution	367,100	370,900	349,100	330,000	311,200
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ (82,000)	\$ (72,400)
Covered Payroll	\$ 32,921,200	\$ 32,577,300	\$ 33,055,600	\$ 31,425,600	\$ 29,618,000
Contributions as a Percentage of Covered Payroll	1.12%	1.14%	1.06%	1.05%	1.05%
Notes to Schedule:					
Valuation Date:	July 1, 2017	July 1, 2017	July 1, 2017	July 1, 2017	July 1, 2017

Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year. 2017 is the first year for this presentation, therefore, data from 2012 to 2017 was measured with the 2017 valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period	20 years
Asset valuation method	Market Value of Assets
Inflation	2.25%
Payroll growth	2.50%
Investment rate of return	7.00%
Mortality	
Pre-Retirement	125% of the RP-2000 Combined Health Mortality Table for males and females with generational mortality projection using Scale AA
Healthy Annuitants	125% of the RP-2000 Combined Health Mortality Table for males and females with generational mortality projection using Scale AA
Disabled Annuitants	The SOA RP-2014 Adjusted to 2006 Disabled Retiree Mortality Table with base rates only. This assumption was changed from 70% of the PBGC Disabled Mortality Table 5A for males and 90% of the PBGC Disabled Mortality Table 6A for females due to the 2016 experience study

Schedule is intended to show information for 10 years. As of the first year for this presentation data was available for 2012, no other data is available, however, additional years will be included as they become available.

See Accompanying Report of Independent Auditor

City of Roanoke
Required Supplementary Information - Continued
(Unaudited)

(17) Schedule of Changes in Net OPEB Liability and Related Ratios
OPEB Trust - Employees' Post Retirement Health Plan

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	\$ 370,617	\$ 339,171	\$ 314,967	\$ 307,511
Interest	949,632	925,050	840,955	852,459
Differences Between Expected and Actual Experience	(2,155,356)	(163,990)	798,742	(602,777)
Benefit Payments, Including Refunds of Employee Contributions	(768,000)	(793,000)	(762,000)	(696,000)
Net Change in Total OPEB Liability	(1,603,107)	307,231	1,192,664	(138,807)
Total OPEB Liability - Beginning	13,579,562	13,272,331	12,079,667	12,218,474
Total OPEB Liability - Ending	\$ 11,976,455	\$ 13,579,562	\$ 13,272,331	\$ 12,079,667
Plan Fiduciary Net Position				
Contributions - Employer	\$ 1,023,000	\$ 976,000	\$ 898,000	\$ 947,000
Net Investment Income	155,467	216,095	384,002	430,894
Benefit Payments, Including Refunds of Employee Contributions	(768,000)	(793,000)	(762,000)	(696,000)
Administrative Expense	(5,936)	(5,395)	(4,961)	(4,408)
Net Change in Plan Fiduciary Net Position	404,531	393,700	515,041	677,486
Plan Fiduciary Net position - Beginning	4,919,815	4,526,115	4,011,074	3,333,588
Plan Fiduciary Net position - Ending	\$ 5,324,346	\$ 4,919,815	\$ 4,526,115	\$ 4,011,074
Total Net OPEB Liability - Beginning	8,659,747	8,746,216	8,068,593	8,884,886
Total Net OPEB Liability - Ending	\$ 6,652,109	\$ 8,659,747	\$ 8,746,216	\$ 8,068,593

Plan Fiduciary Net Position as a Percentage of Total OPEB Liabi	44.46%	36.23%	34.10%	33.21%
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Covered Payroll	\$ 79,460,497	\$ 75,773,316	\$ 73,943,000	\$ 73,167,000
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Net OPEB Liability as a Percentage of Covered Payroll	8.37%	11.43%	11.83%	11.03%
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Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

Schedule is intended to show information for 10 years. As 2018 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

City of Roanoke
Required Supplementary Information - Continued
(Unaudited)

(18) Schedule of Changes in Net OPEB Liability and Related Ratios
OPEB Trust - Line of Duty Act

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	\$ 127,731	\$ 105,329	\$ 161,651	\$ 149,688
Interest	236,788	236,984	284,709	266,113
Changes of Benefit Terms	-	-	(412,038)	-
Differences Between Expected and Actual Experience	(124,956)	(182,205)	(490,047)	(30,411)
Benefit payments, including refunds of employee contributions	(192,800)	(177,800)	(161,700)	(101,700)
Net Change in Total OPEB Liability	46,763	(17,692)	(617,425)	283,690
Total OPEB Liability - Beginning	3,351,361	3,369,053	3,986,478	3,702,788
Total OPEB Liability - Ending	\$ 3,398,124	\$ 3,351,361	\$ 3,369,053	\$ 3,986,478
Plan Fiduciary Net Position				
Contributions - Employer	\$ 222,500	\$ 204,200	\$ 334,900	\$ 328,000
Net Investment Income	70,492	100,571	174,061	183,124
Benefit payments, including refunds of employee contributions	(192,800)	(177,800)	(161,700)	(101,700)
Administrative Expense	(3,037)	(2,822)	(2,504)	(2,137)
Net Change in Plan Fiduciary Net Position	97,155	124,149	344,757	407,287
Plan Fiduciary Net position - Beginning	2,286,823	2,162,674	1,817,917	1,410,630
Plan Fiduciary Net position - Ending	\$ 2,383,978	\$ 2,286,823	\$ 2,162,674	\$ 1,817,917
Total Net OPEB Liability - Beginning	1,064,538	1,206,379	2,168,561	2,292,170
Total Net OPEB Liability - Ending	\$ 1,014,146	\$ 1,064,538	\$ 1,206,379	\$ 2,168,561
 Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	 70.16%	 68.24%	 64.19%	 45.60%
 Covered Payroll	 \$ 35,283,151	 \$ 33,943,700	 \$ 34,133,600	 \$ 33,524,900
 Net OPEB Liability as a Percentage of Covered Payroll	 2.87%	 3.14%	 3.53%	 6.47%

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

Schedule is intended to show information for 10 years. As 2018 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

City of Roanoke
Required Supplementary Information - Continued
(Unaudited)

(19) Schedule of Changes in Net OPEB Liability and Related Ratios
OPEB Trust - Health Insurance Credit

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	\$ 5,452	\$ 5,183	\$ 5,416	\$ 5,836
Interest	28,456	26,787	25,772	25,637
Differences Between Expected and Actual Experience	(5,099)	6,868	6,681	-
Changes of Assumptions	-	10,417	-	(6,386)
Benefit Payments, Including Refunds of Employee Contributions	-	(20,719)	(26,022)	(20,294)
Net Change in Total OPEB Liability	28,809	28,536	11,847	4,793
Total OPEB Liability - Beginning	421,568	393,032	381,185	376,392
Total OPEB Liability - Ending	\$ 450,377	\$ 421,568	\$ 393,032	\$ 381,185
Plan Fiduciary Net Position				
Contributions - Employer	\$ 27,760	\$ 26,085	\$ 22,982	\$ 22,904
Net Investment Income	2,391	6,415	6,618	9,633
Benefit Payments, Including Refunds of Employee Contributions	-	(20,719)	(26,022)	(20,294)
Administrative Expense	(268)	(143)	(153)	(158)
Other	(1)	(8)	(480)	480
Net Change in Plan Fiduciary Net Position	29,882	11,630	2,945	12,565
Plan Fiduciary Net position - Beginning	110,308	98,678	95,733	83,168
Plan Fiduciary Net position - Ending	\$ 140,190	\$ 110,308	\$ 98,678	\$ 95,733
Total Net OPEB Liability - Beginning	311,260	294,354	285,452	293,224
Total Net OPEB Liability - Ending	\$ 310,187	\$ 311,260	\$ 294,354	\$ 285,452
 Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	 31.13%	 26.17%	 25.11%	 25.11%
 Covered Payroll	 \$ 9,361,804	 \$ 9,586,952	 \$ 9,000,883	 \$ 8,761,712
 Net OPEB Liability as a Percentage of Covered Payroll	 3.31%	 3.25%	 3.27%	 3.26%

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

Schedule is intended to show information for 10 years. As 2018 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

City of Roanoke
Required Supplementary Information - Continued
(Unaudited)

(20) Schedule of City's Proportionate Share of the Net OPEB Liability - VRS Group Life Insurance

	2021	2020	2019	2018
City's Proportion of Net OPEB Liability	0.370%	0.414%	0.384%	0.401%
City's Proportionate Share of Net OPEB Liability	\$ 6,357,814	\$ 6,266,774	\$ 5,938,000	\$ 6,029,685
Covered Payroll	\$ 76,448,596	\$ 78,160,123	\$ 75,352,500	\$ 73,908,260
City's Proportionate Share of Net OPEB Liability as a Percentage of Covered Payroll	8.32%	8.02%	7.88%	8.16%
Plan Fiduciary Net Position as a Percentage of Total Net OPEB Liability	52.64%	52.00%	51.22%	48.86%

Per GAAP, net other postemployment benefit liabilities are reported using the measurement date, which is one year prior to the reporting date.

The City of Roanoke plans of the VRS Life Insurance Program contains other plan participants. This schedule only provides data for City employees. Other plan participants take full financial responsibility for their portion of the plan.

Schedule is intended to show information for 10 years. As 2018 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

City of Roanoke
Required Supplementary Information - Continued
(Unaudited)

(21) Schedule of City Contributions - VRS Group Life Insurance

	2021	2020	2019	2018
Actuarially Determined Contribution	\$ 408,527	\$ 408,139	\$ 394,214	\$ 389,032
Contributions in Relation to Actuarially Determined Contribution	408,527	408,139	394,214	389,032
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 76,217,724	\$ 78,488,269	\$ 75,810,385	\$ 74,813,846
Contributions as a Percentage of Covered Payroll	0.54%	0.52%	0.52%	0.52%

Notes to Schedule:

Valuation Date: June 30, 2019 June 30, 2018 June 30, 2017 June 30, 2016

The City of Roanoke plans of the VRS Life Insurance Program contains other plan participants. This schedule only provides data for City employees. Other plan participants take full financial responsibility for their portion of the plan.

Schedule is intended to show information for 10 years. As 2018 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

City of Roanoke
Required Supplementary Information - Continued
(Unaudited)

(22) Schedule of School Board Contributions - Group Life Insurance (Non-Professionals)

	<u>2021</u>	<u>2020</u>	<u>2019 (1)</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 30,409	\$ 30,491	\$ 30,717	\$ 28,263
Contributions in Relation to Actuarially Determined Contribution	30,409	30,491	30,717	28,263
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 5,847,907	\$ 5,866,775	\$ 5,907,182	\$ 4,535,214
Contributions as a Percentage of Covered Payroll	0.52%	0.52%	0.52%	0.62%

Notes to Schedule:

Valuation Date:	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
-----------------	---------------	---------------	---------------	---------------

(1) Beginning with 2019, the Virginia Retirement System provided participants with covered payroll and contribution data based on creditable compensation. Data from 2019 and on uses this newly available information.

Other Information:

Schedule is intended to show information for 10 years. As 2021 is the fourth year for this presentation, no earlier data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

City of Roanoke
Required Supplementary Information - Continued
(Unaudited)

(23) Schedule of School Board Contributions - Group Life Insurance (Professionals)

	<u>2021</u>	<u>2020</u>	<u>2019 (1)</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 452,211	\$ 442,525	\$ 430,624	\$ 417,241
Contributions in Relation to Actuarially Determined Contribution	452,211	442,525	430,624	417,241
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 86,869,983	\$ 85,100,982	\$ 82,812,213	\$ 80,238,605
Contributions as a Percentage of Covered Payroll	0.52%	0.52%	0.52%	0.52%

Notes to Schedule:

Valuation Date:	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
-----------------	---------------	---------------	---------------	---------------

(1) Beginning with 2019, the Virginia Retirement System provided participants with covered payroll and contribution data based on creditable compensation. Data from 2019 and on uses this newly available information.

Other Information:

Schedule is intended to show information for 10 years. Since fiscal year 2021 (plan year 2020) was the fourth year for this presentation, no earlier data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

City of Roanoke
Required Supplementary Information - Continued
(Unaudited)

(24) Schedule of School Board Contributions - Health Insurance Credit (General Employees)

	<u>2021</u>	<u>2020</u>	<u>2019 (1)</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 3,573	\$ 5,207	\$ 5,161	\$ 4,036
Contributions in Relation to Actuarially Determined Contribution	3,573	5,207	5,161	4,036
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 4,466,752	\$ 4,300,605	\$ 4,096,741	\$ 3,877,422
Contributions as a Percentage of Covered Payroll	0.08%	0.12%	0.11%	0.10%

Notes to Schedule:

Valuation Date:	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
-----------------	---------------	---------------	---------------	---------------

(1) Beginning with 2019, the Virginia Retirement System provided participants with covered payroll and contribution data based on creditable compensation. Data from 2019 and on uses this newly available information.

Other Information:

Schedule is intended to show information for 10 years. Since fiscal year 2021 (plan year 2020) was the fourth year for this presentation, no earlier data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

City of Roanoke
Required Supplementary Information - Continued
(Unaudited)

(25) Schedule of School Board Contributions - Health Insurance Credit (Teachers)

	<u>2021</u>	<u>2020</u>	<u>2019 (1)</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 1,051,413	\$ 1,021,183	\$ 993,285	\$ 987,227
Contributions in Relation to Actuarially Determined Contribution	1,051,413	1,021,183	993,285	987,227
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 86,869,983	\$ 85,100,982	\$ 82,812,213	\$ 80,238,605
Contributions as a Percentage of Covered Payroll	1.21%	1.20%	1.23%	1.23%

Notes to Schedule:

Valuation Date:	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
-----------------	---------------	---------------	---------------	---------------

(1) Beginning with 2019, the Virginia Retirement System provided participants with covered payroll and contribution data based on creditable compensation. Data from 2019 and on uses this newly available information.

Other Information:

Schedule is intended to show information for 10 years. Since fiscal year 2021 (plan year 2020) was the fourth year for this presentation, no earlier data is available. Additional years will be included as they become available.

See Accompanying Report of Independent Auditor

City of Roanoke
Required Supplementary Information - Continued
(Unaudited)

**(26) Schedule of School Board's Proportionate Share of the Net VRS Group Life Insurance Liability
(Non-Professionals)**

	2021	2020	2019	2018
School Board's Proportion of Net OPEB Liability	0.028%	0.030%	0.029%	0.028%
School Board's Proportionate Share of Net OPEB Liability	476,000	490,000	434,000	425,000
Covered Payroll	\$ 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	8.11%	8.29%	7.98%	8.16%
Plan Fiduciary Net Position as a Percentage of Total Net OPEB Liability	52.64%	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. Since fiscal year 2021 (plan year 2020) was the fourth year for this presentation, no earlier data is available. Additional years will be included as they become available.

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

See Accompanying Report of Independent Auditor

City of Roanoke
Required Supplementary Information - Continued
(Unaudited)

**(27) Schedule of School Board's Proportionate Share of the Net VRS Group Life Insurance Liability
(Professional Employees)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
School Board's Proportion of Net OPEB Liability	0.41%	0.42%	0.42%	0.43%
School Board's Proportionate Share of Net OPEB Liability	\$ 6,904,000	\$ 6,875,000	\$ 6,410,000	\$ 6,504,000
Covered Payroll	\$ 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	8.11%	8.30%	7.99%	8.16%
Plan Fiduciary Net Position as a Percentage of Total Net OPEB Liability	52.64%	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. Since fiscal year 2021 (plan year 2020) was the fourth year for this presentation, no earlier data is available. Additional years will be included as they become available.

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

See Accompanying Report of Independent Auditor

City of Roanoke
Required Supplementary Information - Continued
(Unaudited)

**(28) Schedule of School Board's Proportionate Share of the Net VRS Health Insurance Credit Liability
(Teachers)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
School Board's Proportion of Net OPEB Liability	0.97%	0.99%	0.99%	1.01%
School Board's Proportionate Share of Net OPEB Liability	\$ 12,700,000	\$ 12,919,000	\$ 12,597,000	\$ 12,810,000
Covered Payroll	\$ 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	14.92%	15.60%	15.70%	16.08%
Plan Fiduciary Net Position as a Percentage of Total Net OPEB Liability	9.95%	8.97%	8.08%	7.04%

Schedule is intended to show information for 10 years. Since fiscal year 2021 (plan year 2020) is the fourth year for this presentation, no earlier data is available. Additional years will be included as they become available.

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

See Accompanying Report of Independent Auditor

City of Roanoke
Supplementary Information

Exhibit L-1

**CITY OF ROANOKE, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
COMBINING FIDUCIARY FUNDS
JUNE 30, 2021**

	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
<u>Assets</u>						
Cash and Cash Equivalents	\$ 628,029	\$ -	\$ 628,029	\$ 2,710,085	\$ 132,332	\$ 2,842,417
Receivables:						
Employer Contributions	601,393	-	601,393	-	-	-
Employee Contributions	155,447	-	155,447	-	-	-
Investment Income	383,068	-	383,068	-	-	-
Other Asset Receivables	-	-	-	-	29,711	29,711
Receivable for Security Transactions	76,206	-	76,206	-	-	-
Total Receivables	\$ 1,216,114	\$ -	\$ 1,216,114	\$ -	\$ 29,711	\$ 29,711
Investments Held by Trustee, at Fair Value:						
Cash Equivalents	\$ 6,554,111	\$ -	\$ 6,554,111	\$ -	\$ -	\$ -
Government Securities	23,161,477	-	23,161,477	-	-	-
Municipal and Agency Bonds	17,010,905	-	17,010,905	-	-	-
Corporate Bonds	20,046,316	-	20,046,316	-	-	-
Convertible Bond Mutual Funds	23,218,130	-	23,218,130	-	-	-
Common Stocks	69,742,287	-	69,742,287	-	-	-
Domestic Mutual Funds	222,713,819	-	222,713,819	-	-	-
International Mutual Funds	120,985,350	-	120,985,350	-	-	-
Real Estate Mutual Funds	27,718,473	-	27,718,473	-	-	-
Investment in Pooled Funds	-	10,136,993	10,136,993	1,999,860	-	1,999,860
Total Investments	\$ 531,150,868	\$ 10,136,993	\$ 541,287,861	\$ 1,999,860	\$ -	\$ 1,999,860
Total Assets	\$ 532,995,011	\$ 10,136,993	\$ 543,132,004	\$ 4,709,945	\$ 162,043	\$ 4,871,988
<u>Liabilities</u>						
Accounts Payable and Accrued Expenses	\$ 220,540	\$ -	\$ 220,540	\$ -	\$ -	\$ -
Payable for Security Transactions	708,069	-	708,069	-	142,098	142,098
Total Liabilities	\$ 928,609	\$ -	\$ 928,609	\$ -	\$ 142,098	\$ 142,098
Net Position Restricted for Benefits	\$ 532,066,402	\$ 10,136,993	\$ 542,203,395			
Net Position Restricted for Hotel				\$ 4,709,945		\$ 4,709,945
Net Position Restricted for Inmates					\$ 19,945	\$ 19,945

See Accompanying Report of Independent Auditor

City of Roanoke
Supplementary Information - Continued

Exhibit L-2

CITY OF ROANOKE, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
COMBINING FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	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
<u>Additions/(Reductions)</u>						
Contributions from Employer	\$ 12,367,130	\$ 1,036,800	\$ 13,403,930	\$ -	\$ -	\$ -
Contributions from Employee	3,685,892	-	3,685,892	-	-	-
Contributions from Inmates	-	-	-	-	65,556	65,556
Investment Income						
Net Appreciation in Fair Value of Investments	\$ 121,667,442	\$ 2,318,364	\$ 123,985,806	\$ -	\$ -	\$ -
Interest and Dividends	13,402,137	-	13,402,137	-	-	-
Other	3,753	-	3,753	-	-	-
Total Investment Income	\$ 135,073,332	\$ 2,318,364	\$ 137,391,696	\$ -	\$ -	\$ -
Less Investment Expenses	(1,165,219)	(9,695)	(1,174,914)	(3,820)	-	(3,820)
Net Investment Income	133,908,113	2,308,669	136,216,782	(3,820)	-	(3,820)
Total Additions	\$ 149,961,135	\$ 3,345,469	\$ 153,306,604	\$ (3,820)	\$ 65,556	\$ 61,736
<u>Deductions</u>						
Benefit Payments	\$ 41,085,353	\$ 916,800	\$ 42,002,153	\$ -	\$ -	\$ -
Administrative Expenses	530,354	-	530,354	(1,382,100)	(65,556)	(1,447,656)
Total Deductions	\$ 41,615,707	\$ 916,800	\$ 42,532,507	\$ (1,382,100)	\$ (65,556)	\$ (1,447,656)
Change in Net Position	\$ 108,345,428	\$ 2,428,669	\$ 110,774,097	\$ (1,385,920)	-	\$ (1,385,920)
Fiduciary Net Position at Beginning of Year	\$ 423,720,974	\$ 7,708,323	\$ 431,429,297	\$ 6,095,865	\$ 19,945	\$ 6,115,810
Fiduciary Net Position at End of Year	\$ 532,066,402	\$ 10,136,993	\$ 542,203,395	\$ 4,709,945	\$ 19,945	\$ 4,729,890

See Accompanying Report of Independent Auditor

Exhibit M-1

**CITY OF ROANOKE, VIRGINIA
COMBINING STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUNDS
CUSTODIAL FUNDS
JUNE 30, 2021**

	Hotel Roanoke Conference Center Commission	Roanoke City Jail Inmate Custodial Fund	Total Hotel Roanoke and Inmate Custodial Funds
<u>Assets</u>			
Cash and Cash Equivalents	\$ 2,710,085	\$ 132,332	\$ 2,842,417
Other Assets/Receivables	-	29,711	29,711
Investments	1,999,860	-	1,999,860
Total Assets	<u>\$ 4,709,945</u>	<u>\$ 162,043</u>	<u>\$ 4,871,988</u>
<u>Liabilities</u>			
Accounts Payable and Accrued Expense	\$ -	\$ 142,098	\$ 142,098
Total Liabilities	<u>\$ -</u>	<u>\$ 142,098</u>	<u>\$ 142,098</u>
<u>Net Position</u>	<u>\$ 4,709,945</u>	<u>\$ 19,945</u>	<u>\$ 4,729,890</u>

See Accompanying Report of Independent Auditor

CITY OF ROANOKE, VIRGINIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUNDS
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Hotel Roanoke Conference Center			
	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
<u>Assets</u>				
Cash and Cash Equivalents	\$ 4,092,185	\$ 8,837,127	\$ 10,219,226	\$ 2,710,085
Investments	2,003,680		3,820	1,999,860
Total Assets	\$ 6,095,865	\$ 8,837,127	\$ 10,223,046	\$ 4,709,945
<u>Liabilities</u>				
Total Liabilities	\$ -	\$ -	\$ -	\$ -
<u>Net Position</u>	\$ 6,095,865	\$ 8,837,127	\$ 10,223,046	\$ 4,709,945

	Roanoke City Jail Inmate Custodial Fund			
	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
<u>Assets</u>				
Cash and Cash Equivalents	\$ 71,178	\$ 1,768,910	\$ 1,707,755	\$ 132,332
Other Asset/Receivables	25,308	1,876,243	1,871,842	29,711
Total Assets	\$ 96,486	\$ 3,645,153	\$ 3,579,597	\$ 162,043
<u>Liabilities</u>				
Accounts Payable/Other Liabilities	76,541	3,177,845	3,112,289	\$ 142,098
Total Liabilities	\$ 76,541	\$ 3,177,845	\$ 3,112,289	\$ 142,098
<u>Net Position</u>	\$ 19,945	\$ 467,308	\$ 467,308	\$ 19,945

See Accompanying Report of Independent Auditor

City of Roanoke
Statistical Section
(Unaudited)

This part of the City of Roanoke, Virginia's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information indicates about the government's overall financial condition.

Contents	Page
Financial Trends	189
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	196
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.</i>	
Debt Capacity	199
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Indicators	203
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	205
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

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

Table 1
Unaudited

CITY OF ROANOKE, VIRGINIA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14 (2)	2012-13	2011-12
Governmental Activities										
Net Investment in Capital Assets	\$ 440,976,094	\$ 444,848,704	\$ 432,942,418	\$ 411,618,245	\$ 391,326,816	\$ 386,671,621	\$ 371,085,207	\$ 344,420,223	\$ 335,651,602	\$ 329,493,504
Restricted for:										
Debt Service	76,819	17,215	17,890	41,733	539,265	1,011,031	1,508,122	1,406,148	1,493,056	-
Other Purposes	(55,662,499)	(85,719,784)	(92,944,533)	(114,223,642)	(98,655,788)	(100,167,028)	(99,306,461)	(102,194,393)	6,746,307	-
Unrestricted (deficit)										
Total Governmental Activities										
Net Position	\$385,390,414	\$359,146,135	\$340,015,775	\$297,436,336	\$293,210,293	\$287,564,035	\$273,286,868	\$243,631,978	\$366,152,315	\$358,712,923
Business-type Activities										
Net Investment in Capital Assets	48,697,000	47,102,962	44,847,603	44,576,168	\$ 41,274,658	\$ 35,765,948	\$ 35,092,265	\$ 33,828,819	\$ 33,675,512	\$ 34,264,716
Unrestricted	3,252,402	4,334,592	6,108,858	3,985,881	4,706,651	2,246,546	1,918,868	1,642,447	1,446,904	840,542
Total Business-type Activities										
Net Position	\$ 51,949,403	\$ 51,437,554	\$ 50,956,461	\$ 48,562,049	\$ 45,981,309	\$ 38,012,494	\$ 37,011,133	\$ 35,471,266	\$ 35,122,416	\$ 35,105,258
Primary Government										
Net Investment in Capital Assets	\$ 489,673,094	\$ 491,951,666	\$ 477,790,021	\$ 456,194,413	\$ 432,601,474	\$ 422,437,569	\$ 406,177,472	\$ 378,249,042	\$ 369,327,114	\$ 363,758,220
Restricted for:										
Debt Service	76,819	17,215	17,890	41,733	539,265	1,011,031	1,508,122	1,406,148	1,493,056	-
Other Purposes	(52,410,096)	(81,385,192)	(86,835,675)	(110,237,761)	(93,949,137)	(97,920,482)	(97,387,593)	(100,551,946)	6,746,307	-
Unrestricted (deficit)										
Total Primary Government										
Net Position	\$437,339,817	\$410,583,689	\$390,972,236	\$345,998,385	\$339,191,602	\$325,576,529	\$310,298,001	\$279,103,244	\$401,274,731	\$393,818,181

Information is presented on a full accrual basis of accounting.

- (1) Effective in fiscal year 2011, Greater Roanoke Transit Company (GRTC) was reported as a discretely presented component unit. Accordingly, the fiscal year 2010 Net Position included \$16.7 million whereas in fiscal year 2011, GRTC Net Position is no longer reported as a business-type activity. Fiscal year 2010 also included Net Position of \$4.6 million for the City's Market Building Fund which was discontinued in fiscal year 2011.
- (2) Ending Net Position was restated for implementation of GASB statements No. 68 and No. 71

**CITY OF ROANOKE, VIRGINIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

Statistical Section | 190

Table 2
Unaudited
Continued

CITY OF ROANOKE, VIRGINIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
General Property - Real Estate and Personal Property	\$ 131,885,066	\$ 124,453,259	\$ 120,503,375	\$ 116,947,597	\$ 114,172,203	\$ 109,218,854	\$ 108,241,653	\$ 107,151,665	\$ 103,429,235	\$ 105,653,485
Local Portion of State Sales	24,115,939	22,192,411	22,389,566	21,426,783	19,694,458	20,600,395	20,564,044	19,236,561	19,437,336	19,147,211
Business and Professional Occupational License	14,134,730	14,667,288	13,755,818	13,557,252	12,932,282	12,421,851	12,731,564	12,317,760	12,063,755	11,769,433
Utility	9,295,425	9,271,091	9,579,846	10,118,287	9,726,709	9,828,466	9,870,443	9,981,896	9,812,703	9,584,366
Prepared Food and Beverage	15,977,939	15,545,028	17,335,596	16,609,514	15,996,897	15,705,629	13,857,569	13,231,279	13,737,840	17,216,380
Commonwealth Share - Personal Property	8,075,992	8,075,992	8,075,992	8,133,906	8,075,992	8,075,992	8,075,992	8,076,000	8,075,992	8,075,992
Cigarette	1,819,497	1,969,011	2,108,127	2,152,811	2,267,939	2,371,201	2,256,249	2,332,536	2,431,242	2,456,680
Transient Room	2,945,250	3,678,683	4,784,182	5,375,713	4,317,618	4,305,977	4,162,522	3,874,018	3,391,403	2,983,586
Telecommunications	5,119,041	5,763,219	5,897,696	6,357,300	6,562,456	6,727,824	6,933,071	6,994,183	7,115,248	7,096,425
Motor Vehicle License Tax	3,214,542	2,630,898	2,914,811	2,955,266	2,765,343	2,594,635	2,123,181	2,046,686	2,069,531	2,130,312
Other Taxes and Fees	4,617,449	4,147,754	5,312,113	4,311,908	3,514,679	5,851,370	6,717,642	5,246,978	3,154,317	3,011,116
Payment from Component Unit	12,041,842	12,523,896	13,244,672	13,867,878	14,261,464	15,072,438	14,621,813	15,502,968	15,928,396	16,373,216
Grants and Contributions Not Restricted to Specific Program	2,557,570	2,806,078	3,239,161	4,166,455	4,084,439	-	-	-	-	-
Interest and Investment Income	123,992	452,756	1,084,321	499,454	260,051	798,323	1,634,045	1,450,625	1,380,818	1,071,384
Miscellaneous	(4,842,003)	1,986,905	5,890,514	1,860,958	1,800,886	4,117,156	-	1,394,408	-	-
Special Item	-	-	-	-	-	-	-	-	-	-
Transfers	(2,817,032)	(3,171,072)	(2,782,443)	(2,884,671)	(2,328,398)	(1,143,960)	(3,290,944)	(2,117,439)	(1,985,311)	(1,978,226)
Total Governmental Activities	229,784,676	226,993,197	233,333,347	225,456,411	218,107,018	216,546,151	208,498,844	206,720,124	200,042,505	247,913,378
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	(805,917)	616,517	342,277	226,209	215,141	190,765	170,634	-	-	170,902
Miscellaneous	448,280	1,673,322	1,045,716	478,154	(202,445)	-	-	-	-	-
Special Item	-	-	-	-	-	-	-	-	-	-
Transfers	2,817,032	3,171,072	2,782,443	2,884,671	2,328,398	1,143,960	3,290,944	2,117,439	1,985,311	1,978,226
Transfers - Capital Assets	-	-	-	-	-	297,450	-	953,065	-	-
Total Business-type Activities	2,459,395	5,460,911	4,170,436	9,802,062	8,383,067	5,611,524	5,511,541	3,070,504	1,985,311	2,149,128
Total Primary Government	232,244,071	232,454,108	237,503,783	235,258,473	226,490,085	222,157,675	214,010,385	209,790,628	202,027,816	250,062,506
Change in Net Position										
Governmental Activities	26,244,235	19,130,360	42,579,439	22,382,727	9,190,665	14,277,167	23,984,931	15,132,093	7,439,392	44,529,202
Business-type Activities	511,851	481,093	2,394,412	2,932,151	4,424,408	1,001,361	1,539,867	619,237	17,158	31,820
Total Primary Government	\$ 26,756,086	\$ 19,611,453	\$ 44,973,851	\$ 25,314,878	\$ 13,615,073	\$ 15,278,528	\$ 25,524,798	\$ 15,751,330	\$ 7,456,550	\$ 44,561,022

Information is presented on a full accrual basis of accounting.

(1) Stormwater Fees reclassified to Charges for Service beginning in 2018-19

Table 3
Unaudited

CITY OF ROANOKE, VIRGINIA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
General Property Tax-Real Estate and Personal Property	\$ 131,885,066	\$ 124,453,259	\$ 120,503,375	\$ 116,947,597	\$ 114,172,203	\$ 109,218,854	\$ 108,241,653	\$ 107,151,667	\$ 103,429,235	\$ 105,653,485
Sales Tax	24,115,939	22,192,411	22,389,566	21,426,783	19,696,458	20,600,395	20,564,044	19,236,561	19,437,336	19,147,211
Business License Tax	14,134,730	14,667,288	13,755,818	13,557,252	12,932,282	12,421,851	12,731,564	12,317,760	12,063,755	11,769,433
Utility Consumer Tax	9,295,425	9,271,091	9,579,846	10,118,287	9,726,709	9,828,466	9,870,443	9,981,896	9,812,703	9,584,366
Prepared Food and Beverage Tax (1)	15,977,939	15,545,028	17,335,596	16,609,514	15,996,897	15,705,629	13,857,569	13,231,279	13,737,840	17,216,380
Commonwealth Share Personal Property Tax	8,075,992	8,075,992	8,075,992	8,133,906	8,075,992	8,075,992	8,075,992	8,076,000	8,075,992	8,075,992
Cigarette Tax	1,819,497	1,969,011	2,108,127	2,152,811	2,267,939	2,371,201	2,256,249	2,332,535	2,431,242	2,456,680
Transient Room Tax (2)	2,945,250	3,678,683	4,784,182	5,375,713	4,317,618	4,305,977	4,162,522	3,874,018	3,391,403	2,983,586
Telecommunications (3)	5,119,041	5,763,219	5,897,696	6,357,300	6,562,456	6,727,824	6,933,071	6,994,183	7,115,248	7,096,425
Motor Vehicle License Tax	3,214,542	2,630,898	2,914,811	2,955,266	2,765,343	2,594,635	2,123,181	2,046,686	2,069,531	2,130,312
Other Taxes	4,617,449	4,147,754	5,312,113	4,311,906	3,514,679	5,851,370	6,717,642	5,246,978	3,154,317	3,011,116
Total Governmental Activities Tax Revenues	\$ 221,200,870	\$ 212,394,634	\$ 212,657,122	\$ 207,946,335	\$ 200,028,576	\$ 197,702,194	\$ 195,533,930	\$ 190,489,562	\$ 184,718,602	\$ 189,124,986

Information is presented on a full accrual basis of accounting.

(1) Effective July 1, 2010, the Prepared Food and Beverage Tax increased from 5% to 7%. The tax rate reverted to 5% on July 1, 2012.

(2) Effective January 1, 2013, the Transient Room Tax increased from 7% to 8%.

(3) On January 1, 2007, the State began the new Telecommunications Tax which replaced the Telephone Surcharge as well as Cable TV Franchise Tax, and Telephone and Cellular Utility Taxes.

Table 4
Unaudited

CITY OF ROANOKE, VIRGINIA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2020-21	2019-20	2018-19	2017-18 (4)	2016-17 (3)	2015-16	2014-15	2013-14 (2)	2012-13	2011-12
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,411	\$ -	\$ -	\$ -	\$ -
Committed	4,621,850	3,713,461	4,955,894	4,904,658	3,523,769	2,593,822	1,750,624	1,905,812	1,562,056	1,084,361
Assigned	10,277,378	-	-	-	-	-	-	-	-	-
Unassigned	47,392,703	43,036,776	39,465,308	34,854,168	29,757,294	28,795,510	28,050,350	26,757,052	26,060,594	26,000,436
Nonspendable	16,336	38,499	91,868	85,885	-	-	-	-	-	-
Total General Fund	\$ 62,308,267	\$ 46,788,736	\$ 44,513,070	\$ 39,844,711	\$ 33,281,063	\$ 31,437,743	\$ 29,800,974	\$ 28,662,864	\$ 27,622,650	\$ 27,084,797
All Other Governmental Funds										
Restricted	\$ 41,611,685	\$ 19,425,244	\$ 2,976,975	\$ 5,656,989	\$ 111,909,625	\$ 8,332,563	\$ 11,788,796	\$ 7,076,107	\$ 8,239,363	\$ 4,686,212
Committed	4,043,472	7,025,589	16,789,504	7,059,280	13,507,663	7,521,487	4,225,885	13,859,029	15,544,610	17,131,452
Unreserved, reported in:										
Special Revenue Fund	-	374	-	-	-	-	-	-	-	-
Capital Projects Fund	-	3,213,039	(7,210,907)	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 45,655,157	\$ 29,664,246	\$ 12,555,572	\$ 12,716,269	\$ 25,417,288	\$ 15,854,050	\$ 16,014,681	\$ 20,935,136	\$ 23,783,973	\$ 21,817,664

Information is presented on a modified accrual basis of accounting.

- (1) The City adopted GASB Statement No. 54 in fiscal year 2011.
- (2) Fiscal year ending 2013-14 fund balance was restated for construction in process retainage not previously included.
- (3) For fiscal year 2016-17 the beginning fund balance was restated for stormwater debt and related assets moved to the Stormwater Fund.
- (4) For fiscal year 2017-18 the beginning fund balance was restated due to GASB 75 implementation and dissolving the Internal Service Funds into the General Fund.

Table 5
Unaudited

CITY OF ROANOKE, VIRGINIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2020-21	2019-20	2018-19	2017-18	2016-17 (3)
Revenues					
Local Taxes	\$ 212,256,761	\$ 204,306,603	\$ 204,319,350	\$ 199,197,682	\$ 191,055,771
Permits, Fees and Licenses	1,324,087	1,202,393	1,182,535	1,415,842	1,014,623
Fines and Forfeitures	863,283	1,061,114	1,183,005	1,167,250	1,211,208
Rental Income	161,481	137,561	279,409	190,533	208,127
Investment Income	124,251	598,196	1,089,913	502,541	167,716
Intergovernmental	119,008,063	102,643,797	106,339,039	102,660,298	106,245,943
Charges for Services	17,174,267	17,162,967	17,302,622	15,138,288	11,970,192
Miscellaneous	4,026,400	4,071,165	6,760,262	4,608,137	1,450,370
Operating	39,253	-	-	-	-
Total Revenues	\$ 354,977,846	\$ 331,183,796	\$ 338,456,135	\$ 324,880,571	\$ 313,323,950
Expenditures					
Current Operating:					
General Government	\$ 31,321,203	\$ 22,629,570	\$ 19,754,792	\$ 19,734,967	\$ 15,951,767
Judicial Administration	8,913,036	9,359,555	9,038,700	8,475,762	8,905,780
Public Safety	63,534,889	68,818,114	68,516,177	67,098,311	70,411,215
Public Works	31,028,249	31,008,020	32,770,988	28,327,969	25,406,877
Health and Welfare	43,931,241	42,909,005	41,641,883	42,765,196	43,850,760
Parks, Recreation and Cultural	10,086,328	9,951,790	9,648,344	9,445,923	10,529,089
Community Development	16,228,475	12,841,277	13,376,493	12,849,049	12,701,995
Transportation	-	2,031,161	1,991,161	1,899,605	1,899,605
Education	88,960,453	83,444,670	83,383,419	81,289,167	78,429,620
Other	1,181,823	5,926	5,804	11,551	114,088
Debt Service:					
Principal Retirement	17,562,964	19,659,044	20,053,892	20,898,484	20,004,267
Interest and Other Charges	4,413,316	7,183,199	7,728,888	8,467,108	7,632,824
Bond Issuance Cost	-	395,939	166,024	121,399	348,146
Capital Outlays	27,443,255	39,850,527	45,200,609	40,383,339	24,214,097
Total Expenditures	\$ 344,605,232	\$ 350,087,797	\$ 353,277,174	\$ 341,767,830	\$ 320,400,130
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 10,372,614	\$ (18,904,001)	\$ (14,821,039)	\$ (16,887,259)	\$ (7,076,180)
Other Financing Sources (Uses)					
Issuance of Bonds/Anticipation Note	\$ 25,085,496	\$ 39,559,603	\$ 22,111,144	\$ 7,479,800	\$ 20,980,000
Issuance of Refunding Bonds	7,839,384	47,671,451	-	-	-
Payment to Refunded Bond Escrow	-	(47,874,217)	-	-	-
Payment to Refunded Bond Escrow Agent	(15,042,801)	-	-	-	-
Premium on Sale of Bonds	8,067,016	1,458,833	-	-	1,251,508
Capital Lease	-	649,509	-	-	-
Transfers In	20,978,682	27,697,468	20,706,574	22,008,923	14,747,887
Transfers Out	(25,795,714)	(30,868,540)	(23,489,017)	(24,893,593)	(18,387,991)
Total Other Financing Sources, net	\$ 21,132,063	\$ 38,294,107	\$ 19,328,701	\$ 4,595,130	\$ 18,591,404
Net Change in Fund Balances	\$ 31,504,677	\$ 19,390,106	\$ 4,507,662	\$ (12,292,129)	\$ 11,515,224
Fund Balances--Beginning of Year	\$ 76,458,748	\$ 57,068,642	\$ 52,560,980	\$ 64,853,109	\$ 47,291,793
Fund Balances--End of Year	\$ 107,963,424	\$ 76,458,748	\$ 57,068,642	\$ 52,560,980	\$ 58,807,017
Debt Service as a Percentage (4)	6.9%	8.7%	9.0%	9.7%	9.3%

(1) In Fiscal year 2013-14 fund balance was restated due to a change in accounting policy related to retainage in construction in process.

(2) In Fiscal year 2015-16, a Recycling and Disposal lease obligation that is accounted for as a Governmental activity was initiated.

(3) In Fiscal year 2016-17, other Operating Expenses includes payments for Affordable Care Act and Debt Set Off.

(4) Debt Service as a Percentage of Non-Capital Expenditures

See Table 17 for additional information relating to the ratio of debt service expenditures to total noncapital expenditures.

CITY OF ROANOKE, VIRGINIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

Table 5
Unaudited
Continued

2015-16 (2)	2014-15	2013-14 (1)	2012-13	2011-12
\$ 191,205,770	\$ 184,464,956	\$ 179,576,940	\$ 178,073,456	\$ 181,456,770
888,328	1,140,606	1,092,534	966,903	857,561
1,014,511	1,188,103	1,209,575	1,439,961	1,531,145
150,923	166,025	146,602	111,834	117,154
172,510	92,447	98,276	93,291	136,277
103,474,969	98,349,593	94,352,004	93,839,219	95,942,714
11,010,903	10,812,015	11,066,281	10,919,251	10,262,192
4,808,427	1,086,545	5,315,274	2,915,807	1,902,037
-	-	-	-	-
\$ 312,726,341	\$ 297,300,290	\$ 292,857,486	\$ 288,359,722	\$ 292,205,850
\$ 15,857,483	\$ 14,397,926	\$ 14,333,910	\$ 13,064,653	\$ 13,420,641
8,917,856	8,621,436	8,507,385	8,327,159	8,075,746
69,892,637	67,358,507	65,388,178	63,848,864	62,753,894
25,253,641	24,328,878	24,857,169	23,842,020	23,696,320
39,346,495	38,777,239	38,783,646	36,802,549	39,683,737
10,301,293	10,162,961	9,787,505	9,547,523	9,632,815
12,251,778	11,645,063	11,115,802	10,829,570	9,045,363
1,812,105	1,754,105	1,527,146	1,654,105	1,654,105
79,053,977	76,371,925	74,366,181	73,870,214	78,351,405
-	-	-	-	-
21,778,211	20,348,785	23,529,050	24,523,873	23,426,997
8,306,238	8,593,585	8,611,669	9,522,590	10,936,143
1,493,517	823,289	492,516	590,381	801,658
33,858,879	32,624,252	21,663,696	15,291,837	12,373,816
\$ 328,124,110	\$ 315,807,951	\$ 302,963,853	\$ 291,715,338	\$ 293,852,640
\$ (15,397,769)	\$ (18,507,661)	\$ (10,106,367)	\$ (3,355,616)	\$ (1,646,790)
\$ 15,170,000	\$ 17,420,000	\$ 11,820,000	\$ 12,269,104	\$ 5,533,829
15,710,000	12,870,000	1,829,500	24,870,000	25,125,000
(15,275,000)	(12,655,000)	(1,829,500)	(28,239,596)	(27,734,307)
-	-	-	-	-
2,368,860	1,279,190	351,572	2,165,563	3,371,482
1,681,463	-	-	-	-
15,861,385	16,237,615	15,997,869	17,427,478	18,088,403
(18,642,801)	(20,426,489)	(18,878,993)	(22,632,771)	(21,990,976)
\$ 16,873,907	\$ 14,725,316	\$ 9,290,448	\$ 5,859,778	\$ 2,393,431
\$ 1,476,138	\$ (3,782,345)	\$ (815,919)	\$ 2,504,162	\$ 746,641
\$ 45,815,655	\$ 49,598,000	\$ 51,406,623	\$ 48,902,461	\$ 48,155,820
\$ 47,291,793	\$ 45,815,655	\$ 49,598,000	\$ 51,406,623	\$ 48,902,461
10.2%	10.2%	11.4%	12.3%	12.2%

Table 6
Unaudited

CITY OF ROANOKE, VIRGINIA
LOCAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS

	2020-21	2019-20	2018-19	2017-2018	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
General Property Tax	\$ 131,250,933	\$ 124,280,901	\$ 120,758,870	\$ 116,465,065	\$ 113,275,390	\$ 113,081,794	\$ 108,639,136	\$ 106,192,008	\$ 105,475,896	\$ 105,846,418
Sales Tax	24,115,939	22,191,888	22,389,378	21,426,783	19,696,458	20,600,395	20,564,044	19,236,561	19,437,336	19,147,211
Utility Consumer Tax	9,295,425	9,271,091	9,579,846	9,640,336	9,270,713	9,363,331	9,386,233	9,486,778	9,325,645	9,115,344
Cigarette Tax	1,819,498	1,969,011	2,108,127	2,152,811	2,267,939	2,371,201	2,256,249	2,332,535	2,431,242	2,456,680
Recordation and Probate Tax	1,587,259	1,350,270	1,122,549	1,085,920	1,017,518	1,034,652	961,270	863,485	947,178	880,865
Business, Professional, and Occupational License Tax	13,887,187	14,810,889	13,893,514	13,425,036	12,932,282	12,421,850	12,731,565	12,317,759	12,063,755	11,769,433
Utility Consumption Tax	462,604	455,400	481,088	477,951	455,996	465,136	484,210	495,118	487,059	469,022
Transient Room Tax (1)	2,945,251	3,678,683	4,784,182	5,375,713	4,317,618	4,305,977	4,162,522	3,874,018	3,391,403	2,983,586
Admissions Tax	117,056	709,614	972,422	992,421	447,622	462,216	443,116	439,693	417,015	433,932
Telecommunications/Telephone Surcharge - E911	5,119,041	5,763,219	5,897,696	6,357,300	6,562,456	6,727,824	6,933,071	6,994,183	7,115,248	7,096,448
Motor Vehicle License Tax	3,214,542	2,630,898	2,914,811	2,955,266	2,765,343	2,594,635	2,123,181	2,046,686	2,069,532	2,130,313
Franchise Tax	354,540	399,756	403,332	482,719	449,488	496,151	338,193	485,678	479,215	447,420
Prepared Food and Beverage Tax (2)	15,978,463	15,545,216	17,335,630	16,609,514	15,996,897	15,704,954	13,856,899	13,225,652	12,874,902	17,216,380
Bank Stock Tax	1,664,928	1,249,767	1,677,904	1,750,847	1,600,050	1,575,655	1,585,268	1,586,786	1,558,030	1,463,718
Skill Games Tax	444,096	-	-	-	-	-	-	-	-	-
Total Local Taxes	\$ 212,256,761	\$ 204,306,603	\$ 204,319,349	\$ 199,197,682	\$ 191,055,770	\$ 191,205,771	\$ 184,464,956	\$ 179,576,940	\$ 178,073,456	\$ 181,456,770

(1) Effective January 1, 2013, the Transient Room Tax increased from 7% to 8%.

(2) Effective July 1, 2010, the Prepared Food and Beverage Tax increased from 5% to 7%. The tax rate reverted to 5% on July 1, 2012.

Table 7
Unaudited

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

	2020-21	2019-20	2018-19	2017-18	2016-17	2015-2016	2014-15	2013-14	2012-13	2011-12
Total Tax Levies	\$ 136,379,330	\$ 131,348,076	\$ 126,568,227	\$ 123,059,222	\$ 120,894,494	\$ 119,869,392	\$ 115,885,506	\$ 113,183,821	\$ 113,209,446	\$ 112,485,925
Current Tax Collections	127,903,224	121,521,852	117,652,216	113,500,649	110,623,042	110,372,175	105,842,394	103,746,942	103,802,153	103,693,219
Current Tax Collections - State Share	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992
Collections in Subsequent Years (1)	-	3,660,159	3,073,184	3,141,283	3,133,377	2,799,543	3,048,460	2,818,024	2,582,704	2,483,882
Total Tax Collections	\$ 135,979,216	\$ 133,258,003	\$ 128,801,392	\$ 124,717,924	\$ 121,832,411	\$ 121,247,710	\$ 116,966,846	\$ 114,640,958	\$ 114,460,849	\$ 114,253,093
Current Tax Collections As Percent of Levies	99.71%	98.67%	99.34%	98.80%	98.18%	98.81%	98.30%	98.80%	98.82%	99.36%
Total Tax Collections As Percent of Levies (1)	99.71%	101.45%	101.76%	101.35%	100.78%	101.15%	100.93%	101.29%	101.11%	101.57%

Table 8
Unaudited

Year	REAL PROPERTY				PERSONAL PROPERTY				PUBLIC SERVICE CORPORATIONS				Total	
	Percentage		Percentage		Percentage		Percentage							
	Assessed Value	Growth (Decline)	Estimated Actual Value	Assessment Ratio	Assessed Value	Growth (Decline)	Estimated Actual Value	Assessment Ratio	Assessed Value	Growth (Decline)	Estimated Actual Value	Assessment Ratio	Assessed Value	Estimated Actual Value
2012	\$ 6,794,772,298	(0.11%)	\$ 6,794,772,298	1.00	\$ 816,148,651	6.00%	\$ 1,360,247,752	0.60	\$ 360,309,314	1.92%	\$ 360,309,314	1.000	\$ 7,971,230,263	\$ 8,515,329,364
2013	6,725,168,858	(1.02)	6,725,168,858	1.00	840,633,111	3.00	1,401,055,185	0.60	416,800,579	15.68	418,303,022	0.996	7,982,602,548	8,544,527,065
2014	6,679,969,872	(0.67)	6,679,969,872	1.00	859,809,462	2.28	1,433,015,770	0.60	414,953,913	(0.44)	414,200,953	1.002	7,954,733,247	8,526,954,997
2015	6,693,874,349	0.21	6,693,874,349	1.00	899,096,367	4.57	1,498,493,945	0.60	437,573,144	5.45	441,724,256	0.990	8,030,543,860	8,634,365,581
2016	6,724,229,966	0.45	6,724,229,966	1.00	942,611,706	4.84	1,571,019,510	0.60	439,744,208	0.50	447,235,982	0.983	8,106,585,880	8,742,785,092
2017	6,783,463,907	0.88	6,783,463,907	1.00	943,805,249	0.13	1,573,088,748	0.60	451,184,702	2.60	460,658,865	0.979	8,178,453,858	8,817,419,846
2018	6,970,302,556	2.75	6,970,302,556	1.00	956,571,007	1.35	1,594,285,012	0.60	437,557,641	(3.02)	446,411,247	0.979	8,364,431,204	9,011,349,475
2019	7,180,263,331	3.01	7,180,263,331	1.00	993,064,403	3.82	1,655,107,338	0.60	471,816,290	7.83	480,577,945	0.981	8,645,144,024	9,316,292,593
2020	7,444,437,601	3.68	7,444,437,601	1.00	1,031,434,753	3.86	1,719,057,922	0.60	489,031,454	3.65	497,647,214	0.983	8,964,903,808	9,661,222,140
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

Table 9
Unaudited

Year	REAL PROPERTY			PERSONAL PROPERTY			PUBLIC SERVICE CORPORATIONS		
	Direct Tax Rate Per \$100	Levy	Total	Direct Tax Rate Per \$100	Levy	Total	Direct Tax Rate Per \$100	Levy	Total
2012	\$ 1.19	\$ 80,857,790	\$ 3.45	\$ 27,311,532 (2)	\$ 1.19	\$ 4,316,603	\$ 1.19	\$ 112,485,925	\$ 1.74
2013	1.19	80,029,509	3.45	28,188,385 (2)	1.19	4,991,552		113,209,446	1.75
2014	1.19	79,491,642	3.45	28,709,212 (2)	1.19	4,982,967		113,183,821	1.76
2015	1.19	79,600,752	3.45	31,024,476 (2)	1.19	5,260,278		115,885,506	1.80
2016	1.22	82,035,606 (1)	3.45	32,374,952 (2)	1.22	5,458,834 (1)		119,869,392	1.82
2017	1.22	82,758,259	3.45	32,593,307 (2)	1.22	5,542,928		120,894,494	1.82
2018	1.22	85,037,691	3.45	32,639,181 (2)	1.22	5,382,350		123,059,222	1.81
2019	1.22	87,599,213	3.45	33,159,157 (2)	1.22	5,809,857		126,568,227	1.80
2020	1.22	90,822,140	3.45	34,507,463 (2)	1.22	6,018,473		131,348,076	1.81
2021	1.22	94,865,951	3.45	35,505,623 (2)	1.22	6,007,756		136,379,330	1.80

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

(2) In fiscal year 1999, the Commonwealth initiated the Personal Property Tax Relief Act. This levy includes the Commonwealth Portion.

Table 10
Unaudited

CITY OF ROANOKE, VIRGINIA
PRINCIPAL PROPERTY TAXPAYERS
COMPARISON OF JUNE 30, 2021 AND JUNE 30, 2012

Taxpayer	Description	2021			2012		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Carilion	Healthcare Provider	\$ 278,062,858	1	2.98%	\$ 213,234,881	1	2.68%
Appalachian Power Co.	Public Utility	196,796,572	2	2.11%	124,033,424	2	1.56%
Norfolk Southern Railway	Transportation	167,609,242	3	1.80%	105,738,441	3	1.33%
Valley View Mall LLC	Shopping Mall	94,819,100	4	1.02%	74,940,200	4	0.94%
Roanoke Gas Company	Public Utility	68,763,433	5	0.74%	35,676,545	6	0.45%
Roanoke Electric Steel Corp	Primary Metals	55,902,173	6	0.60%	25,038,491	10	0.31%
HR Foundation, Inc.	Hotel	43,257,680	7	0.46%	-	-	-
Faison Roanoke Office, LP	Office Building	30,945,300	8	0.33%	30,770,100	8	0.39%
Verizon Virginia Inc. (PSC)	Communications	30,784,623	9	0.33%	54,429,194	5	0.68%
Wholesome Harvest	Bakery	30,133,168	10	0.32%	30,796,449	7	0.39%
Advance Auto	Auto Parts	-	-	-	29,092,678	9	0.36%
		\$ 997,074,149		10.68%	\$ 723,750,403		9.08%

Source: City of Roanoke, Commissioner of the Revenue

Table 11
Unaudited

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

Calendar Year	Total Retail Sales (1)
2012	\$ 1,732,017,118
2013	1,746,710,461
2014	1,785,467,436
2015	1,752,752,699
2016	1,732,156,837
2017	1,726,342,166
2018	1,839,762,418
2019	1,872,974,553
2020	1,824,837,393
2021	975,251,684

(1) Source: State Department of Taxation. Data excludes prescription drug sales.

Table 12
Unaudited

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

Fiscal Year	Population (A)	Total Estimated Actual Value	Governmental Activities		Business-type Activities	Less Bonds Supported By Western Virginia Water Authority		Less Bonds Supported By Hotel Roanoke, LLC (B)		Less Amount Available in Debt Service Fund		Ratio of Net Bonded Debt to Total Estimated Actual Value		Net Bonded Debt Per Capita
			Gross Bonded Debt (C)	Gross Bonded Debt (C)		Gross Bonded Debt	Water Authority	Hotel	Gross Bonded Debt	Service Fund	Net Bonded Debt			
2011	97,206 (est.)	\$ 8,442,505,382	\$ 250,315,325	\$ 27,342,979	\$ 27,342,979	\$ 277,658,304	\$ 19,875,450	\$ 1,355,000	\$ 1,133,011	\$ 255,294,843	3.02	\$	2,626.33	
2012	97,206 (est.)	8,515,329,364	234,279,293	26,311,567	26,311,567	260,590,860	17,558,082	910,000	1,317,554	240,805,224	2.83		2,477.27	
2013	98,641 (est.)	8,544,527,065	225,402,117	26,944,093	26,944,093	252,346,210	13,389,900	-	1,493,056	237,463,254	2.78		2,407.35	
2014	98,913 (est.)	8,526,954,997	217,261,926	26,817,066	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	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	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	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	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	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	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	235,308,788	36,938,205	36,938,205	272,246,993	3,200,614	-	-	269,046,379	2.67		2,695.99	

Source (A) Weldon - Cooper Center for Public Service

(B) Effective FY 12, Hotel Roanoke, LLC debt was excluded from total bonded debt as a result of a change in the reporting of the Hotel Roanoke, LLC Note Receivable at the entity-wide level

(C) Gross Bonded Debt includes Capital Leases and Bond Premiums. See Table 13.

Table 13
Unaudited

CITY OF ROANOKE, VIRGINIA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities		Business-type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds (2)	Capital Leases	General Obligation Bonds	Capital Leases				
2011-12	\$ 234,279,293	\$ 4,178,505	\$ 26,771,200	\$ 215,083	\$ 265,444,081	6.94	\$	2,712
2012-13	225,402,117	3,782,784	26,944,093	141,434	256,270,428	6.74		2,593
2013-14	217,261,927	4,287,946	26,817,066	93,645	248,460,584	6.34		2,499
2014-15	214,885,676	4,256,650	27,203,128	17,507	246,362,961	6.29		2,478
2015-16	210,393,463	5,356,637	30,109,234	19,412	245,878,746	6.28		2,473
2016-17	208,814,498	4,692,759	33,675,339	11,750	247,194,346	6.04		2,474
2017-18	195,557,160	3,964,359	31,485,398	3,115	231,010,032	5.48		2,316
2018-19	197,186,001	3,314,453	30,765,932	-	231,266,386	5.52		2,315
2019-20	221,385,375	3,331,078	34,558,799	26,621	259,301,873	5.97		2,594
2020-21	232,819,907	2,493,881	36,922,954	15,251	272,246,993	6.06		2,744

(1) See Table 18 for Personal Income and Population data.

(2) General Obligation Bonds include Bond Anticipation Notes, Bond Premiums, and Bond Costs. See Table 15.

Table 14
Unaudited

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

	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
Debt Limit	\$ 776,410,133	\$ 744,443,760	\$ 718,026,323	\$ 697,030,256	\$ 678,346,391	\$ 672,422,997	\$ 669,387,435	\$ 667,966,987	\$ 672,516,886	\$ 679,477,230
Total Net Debt Applicable to Limit	272,170,177	259,284,658	231,248,497	229,932,036	219,172,541	215,556,963	217,064,553	218,489,528	224,003,579	227,263,512
Legal Debt Margin	\$ 504,239,956	\$ 485,159,102	\$ 486,777,826	\$ 467,098,220	\$ 459,173,850	\$ 456,866,034	\$ 452,322,882	\$ 449,477,459	\$ 448,513,307	\$ 452,213,718
Total Net Debt										
Applicable to Limit as a Percentage of Debt Limit	35.05%	34.83%	32.21%	32.99%	32.31%	32.06%	32.43%	33.31%	33.45%	35.38%

Table 15
Unaudited

CITY OF ROANOKE, VIRGINIA
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2021

The Charter of the City of Roanoke limits the Legal Debt to 10% of the Assessed Valuation of Real Estate within the City limits. The City has no overlapping debt.

Total Assessed Value of Real Estate, 2021 (1)		\$	7,764,101,330
Legal Debt Limit: 10%		\$	776,410,133
Debt applicable to limitation:			
General Obligation Serial Bonds - Governmental Activities	\$	201,253,984	
General Obligation Serial Bonds - Western Virginia Water Authority (WVWA)		3,200,614	
Premium on Bonds - Governmental Activities		14,617,249	
Virginia Public School Authority (VPSA) School Bonds		13,743,061	
Capital Leases		2,493,881	
Stormwater Enterprise Fund Supported Debt - Business-type Activities		13,344,399	
Stormwater Enterprise Fund Capital Lease		4,438	
Premium on Bonds - Stormwater Enterprise Fund Supported Debt		849,308	
Civic Facilities Enterprise Fund - Business-type Activities		14,291,114	
Premium on Bonds - Civic Facilities Enterprise Fund Debt		911,112	
Civic Facilities Enterprise Fund Capital Lease		7,736	
Parking Enterprise Fund Supported Debt - Business-type Activities		7,363,712	
Premium on Bonds - Parking Enterprise Fund Supported Debt		163,308	
Parking Enterprise Fund Capital Lease		3,077	
Total Debt	\$	272,246,993	
Less: Available in Debt Service Fund		(76,816)	\$ 272,170,177
Legal Debt Margin			<u><u>\$ 504,239,956</u></u>

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

Table 16
Unaudited

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

Fiscal Year	Principal (1)	Interest (1)	Total Debt Service	Total General Expenditures (2)	Percent of Debt Service to General Expenditures
2011-12	\$ 21,033,664	\$ 10,338,250	\$ 31,371,914	\$ 318,343,912	9.9
2012-13	22,234,068	9,209,934	31,444,002	330,390,756	9.5
2013-14	22,092,341	8,888,882	30,981,223	340,700,280	9.1
2014-15	20,591,147	8,898,421	29,489,568	355,808,118	8.3
2015-16	22,571,454	8,301,585	30,873,039	347,306,775	8.9
2016-17	20,374,492	8,009,420	28,383,912	359,445,090	7.9
2017-18	20,922,884	8,622,820	29,545,704	344,489,393	8.5
2018-19	20,025,191	8,045,279	28,070,470	384,480,284	7.3
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	381,498,162	5.7

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

During Fiscal Year 2017, the Stormwater Fund assumed responsibility for all stormwater debt, including that issued prior to the Fund's formation in FY2014. Debt payments made by the Roanoke City Stormwater Fund are Interest payments exclude federal interest subsidies for Recovery Zone Economic Development (RZED) bonds and Qualified School Construction Bonds (QSCB).

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

Table 17
Unaudited

CITY OF ROANOKE
DEBT SERVICE AS A PERCENTAGE OF NON-CAPITAL EXPENDITURES
LAST TEN FISCAL YEARS

	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
Debt Service:										
Principal Retirement	\$ 17,562,964	\$ 19,659,044	\$ 20,053,892	\$ 20,978,384	\$ 20,004,268	\$ 21,778,211	\$ 20,348,785	\$ 23,529,050	\$ 24,523,873	\$ 23,426,997
Interest and Paying Agent Charges	4,413,316	7,579,138	7,728,888	8,508,607	7,632,823	8,306,238	8,593,585	8,611,669	9,522,590	10,936,143
Total Debt Service Payments	\$ 21,976,280	\$ 27,238,182	\$ 27,782,780	\$ 29,486,991	\$ 27,637,091	\$ 30,084,449	\$ 28,942,370	\$ 32,140,719	\$ 34,046,463	\$ 34,363,140
Total Government Funds Expenditures	\$ 344,605,232	\$ 350,087,797	\$ 353,277,174	\$ 341,767,830	\$ 320,400,130	\$ 328,124,110	\$ 315,807,951	\$ 302,963,853	\$ 291,715,338	\$ 293,852,640
Capital Outlays	(27,443,255)	(45,751,143)	(53,975,003)	(40,438,589)	(25,472,445)	(29,501,207)	(33,583,493)	(22,588,742)	(13,855,461)	(10,456,003)
Total Noncapital Expenditures	\$ 317,161,977	\$ 304,336,654	\$ 299,302,171	\$ 301,329,241	\$ 294,927,685	\$ 298,622,903	\$ 282,224,458	\$ 280,375,111	\$ 277,859,877	\$ 283,396,637
Percentage of Noncapital Expenditures	6.93%	8.95%	9.28%	9.79%	9.37%	10.07%	10.26%	11.46%	12.25%	12.13%

Information is presented on the modified accrual basis of accounting.

Table 18
Unaudited

CITY OF ROANOKE, VIRGINIA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Per Capita Income (2)	Personal Income (3)	School Enrollment (3)	Local Unemployment	
					Rate (4)	National Rate (5)
2011-12	97,206	\$ 39,100	\$ 3,827,065,000	13,006	6.5	8.4
2012-13	98,641	38,453	3,799,698,000	13,192	6.4	7.8
2013-14	98,913	39,385	3,915,935,000	13,390	5.7	6.3
2014-15	99,320	39,385	3,915,935,000	13,513	5.6	5.5
2015-16	99,681	39,385	3,915,935,000	13,585	4.1	5.1
2016-17	99,644	40,947	4,090,520,000	13,580	4.5	4.5
2017-18	99,837	42,263	4,211,972,000	13,601	3.4	4.2
2018-19	99,920	41,946	4,187,753,000	13,636	2.8	3.4
2019-20	99,348	43,451	4,341,578,000	13,845	7.9	11.1
2020-21	99,795	45,277	4,488,860,000	13,697	4.3	6.1

(1) Source: Weldon - Cooper Center for Public Service, except as noted

(2) Source: Bureau of Economic Analysis

(3) Source: Roanoke City Public Schools

(4) Source: Virginia Employment Commission (Roanoke Metropolitan Statistical Area & USA)-Month of June only

(5) Source: Bureau of Labor Statistics

(6) Note: The significant increase in both the local and national unemployment rates was a result of the COVID-19 Pandemic.

Table 19
Unaudited

CITY OF ROANOKE, VIRGINIA
CONSTRUCTION STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	COMMERCIAL CONSTRUCTION		RESIDENTIAL CONSTRUCTION	
	Number of Permits	Value	Number of Permits	Value
2011-12	538	\$ 69,398,478	678	\$ 14,628,255
2012-13	567	123,146,541	693	20,764,757
2013-14	583	107,120,600	709	21,150,152
2014-15	535	113,585,224	610	17,416,192
2015-16	541	128,368,145	625	20,843,406
2016-17	2,302	78,154,510	2,642	43,531,306
2017-18	2,496	179,936,191	1,556	22,051,158
2018-19	1,171	109,105,574	1,664	23,021,002
2019-20	1,155	133,592,810	1,481	29,332,097
2020-21	963	134,905,663	1,708	28,595,264

Source: City of Roanoke, Planning, Building and Development Department

Table 20
Unaudited

CITY OF ROANOKE, VIRGINIA
PRINCIPAL EMPLOYERS
COMPARISON AS OF DECEMBER 31, FISCAL YEARS 2021 AND 2011

Employer	December 31, 2021			December 31, 2011		
	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+
Carlilion Services	3	Private	1,000+	1	Private	1,000+
City of Roanoke	4	Local Govt	1,000+	3	Local Govt	1,000+
United Parcel Service	5	Private	500-999	7	Private	500-999
Walmart	6	Private	500-999	6	Private	500-999
United States Postal Service	7	Federal Govt	500-999	10	Federal Govt	500-999
Virginia Western Community College	8	State Govt	500-999	8	State Govt	500-999
Anthem	9	Private	500-999	-	Private	500-999
Steel Dynamics Roanoke Bar Div	10	Private	500-999	-	Private	500-999

Source: Virginia Employment Commission (VEC)

Note: Total employee count no longer available from VEC. Estimates are used.

Table 21
Unaudited

CITY OF ROANOKE, VIRGINIA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function:	2021	2020	(3) 2019	2018	2017	(2) 2016	2015	2014	2013	2012	(1)
General Government	190	189	184	192	194	204	213	213	211	218	
Judicial Administration:											
Sheriff	52	58	31	37	39	34	38	38	35	34	
Other	52	50	53	55	54	60	57	54	53	53	
Public Safety:											
Police	271	287	306	308	310	313	306	306	305	305	
Jail	189	156	159	154	151	173	170	170	173	171	
Fire	261	264	241	241	245	253	257	254	254	253	
Other	27	60	59	57	62	70	76	71	81	76	
Public Works:											
Engineering	13	11	11	13	13	13	14	13	14	16	
Maintenance/Other	102	108	98	107	97	113	114	114	112	111	
Transportation	59	65	60	65	63	65	65	65	69	83	
Stormwater	42	44	33	33	33	37	37	28	22	-	
Health and Welfare	214	215	226	209	213	231	234	225	225	221	
Parks, Recreation and Cultural	103	106	99	99	99	104	104	102	102	98	
Civic Facilities	15	24	25	-	-	-	-	-	-	-	
Community Development	54	56	56	53	48	52	52	51	51	52	
Total	1,644	1,693	1,641	1,623	1,621	1,722	1,737	1,704	1,707	1,691	

(1) In fiscal year 2011, the City began reporting full time equivalent positions instead of full time employees. Like data is unavailable in prior years for comparative purposes.

(2) Starting with fiscal year 2017, using the guidance of the GFOA General Purpose Checklist, the City went back to reporting full time employees instead of full time equivalent positions.

(3) In fiscal year 2020, Civic Facilities included 11 furloughed positions.

Source: City of Roanoke, Department of Finance

**CITY OF ROANOKE, VIRGINIA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
General Government										
Levied property taxes	\$ 39,263,392	\$ 36,675,751	\$ 34,817,151	\$ 34,027,464	\$ 34,198,200	\$ 33,465,503	\$ 31,719,207	\$ 30,244,961	\$ 30,301,304	\$ 30,005,358
Number of business licenses issued	9,629	8,291	9,780	7,570	6,741	6,989	7,156	7,253	7,400	7,129
Number of property & building permits	2,456	2,032	2,297	2,167	3,837	3,719	4,127	4,170	4,234	4,038
Police										
Number of traffic summons	5,487	9,546	12,606	12,720	8,455	9,535	11,787	22,069	22,314	24,111
Number of assistance call responses	87,258	92,930	92,140	144,678	87,422	88,250	85,307	85,393	88,154	93,670
Number of hours of training conducted	20,833	26,720	29,789	34,232	32,058	26,122	39,990	42,415	47,584	48,230
Fire										
Number of emergency call responses	29,287	28,616	30,191	28,682	28,314	26,900	25,715	25,299	25,251	23,805
Highways and Streets										
Number of lane miles resurfaced	54	57	52	53	40	75	58	61	25	24
Number of street lights added	26	47	16	14	(18)	60	15	27	16	10
Judicial Administration										
Number of criminal cases	5,280	6,867	7,836	7,536	7,350	6,700	7,702	9,585	10,225	11,792
Number of traffic cases	8,173	15,928	19,109	18,323	16,366	16,221	21,435	27,353	26,557	27,975
Number of civil cases	10,593	16,362	19,222	17,926	16,485	18,459	19,750	20,947	20,624	20,919
Parks & Recreation										
Number of participants served	20,867	113,898	174,994	177,500	166,000	163,000	151,673	133,179	188,101	140,220
Education										
Number of instructional personnel	1,768	1,903	1,787	1,688	1,724	1,116	1,123	1,120	1,115	1,101
Number of students	13,697	13,845	13,636	13,601	13,580	13,585	13,513	13,390	13,192	13,006
Libraries										
Number of volumes	225,516	352,081	288,546	283,291	268,306	258,615	289,979	245,241	341,741	311,495
Number of audio materials	10,952	25,035	27,261	16,558	14,637	13,355	14,524	13,490	12,553	12,120
Number of video materials	53,857	46,345	41,993	42,851	36,505	32,435	29,359	31,158	24,813	21,307
Number of annual library visits	87,656	484,895	679,799	625,586	558,883	554,042	530,295	509,963	686,196	660,559
Economic Development										
Number of business contacts made	830	861	1,166	737	808	766	996	838	841	840
Housing and Neighborhood Services										
Total housing units	47,301	47,281	47,210	47,288	47,305	47,381	47,356	45,416	45,378	45,340
Average assessed value of single-family housing units	\$ 144,237	\$ 137,947	\$ 132,091	\$ 128,453	\$ 125,495	\$ 124,482	\$ 125,165	\$ 125,545	\$ 127,244	\$ 129,932

Sources: Various City of Roanoke departments and Roanoke City Public Schools

Table 23
Unaudited

CITY OF ROANOKE, VIRGINIA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
Police										
Number of vehicular units	161	152	163	157	156	161	156	157	160	158
Fire										
Number of stations	(1)	11	11	11	11	11	11	11	11	11
Number of fire trucks	42	30	30	29	29	29	28	28	27	27
Highways and Streets										
Miles of streets (lane miles)	1,105	1,114	1,054	1,054	1,054	1,054	1,067	1,067	998	998
Number of street lights	9,957	10,049	10,014	9,998	9,984	10,002	9,942	9,927	9,900	9,960
Parks and Recreation										
Parks, plazas and recreation sites	63	70 (4)	71	71	71	71	71	70	69 (2)	69
Playgrounds/play areas	74	73 (5)	97	97	94	94	94	94	94 (3)	94
Football/soccer fields	24	24	28	28	24	24	24	24	24	24
Baseball/softball fields	27	27	27	27	29	29	29	29	29	29
Olympic-size swimming pools	2	2	2	2	2	2	2	2	2	2
Community centers	8	8	8	8	6	6	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	7	7	7	7	7	7	7	7	7	7
Kiosks	3	2	2	2	2	2	2	2	2	2

(1) Excludes non-staffed fire stations

(2) Prior to fiscal year 2012, certain separate facilities located within parks were counted as individual sites. Effective fiscal year 2012, these facilities are included as part of the park site and not a separate site.

(3) Prior to fiscal year 2012, multiple play structures were considered a single unit. Effective fiscal year 2012, each play structure is now considered an individual unit.

(4) Historically, fitness stations were counted in three different parks. Effective fiscal year 2020, they were consolidated into one per location.

(5) 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

City of Roanoke Compliance Section

CITY OF ROANOKE, VIRGINIA SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Assistance Listing Number	Award Date	Total Expenditures	Passed through to	Notes
Department of Agriculture						
Passed Through Commonwealth of Virginia						
Department of Agriculture:						
Food Distribution - Commodities	10.04 915	10.555	10/1/15	5,762	-	3
Subtotal Food Distribution - Commodities				5,762		
Passed Through Commonwealth of Virginia						
Department of Education:						
Summer Food Service Program for Children FY21	N/A	10.559	N/A	9,199	-	
Summer Food Service Program for Children FY22	N/A	10.559	N/A	5,870		
Subtotal Summer Food Service Program for Children				15,069		
Total Child Nutrition Cluster				20,831		
Passed Through Commonwealth of Virginia						
Department of Social Services:						
SNAP Cluster - State Administrative Matching Grants for				2,674,493		
Supplemental Nutrition Assistance Program		10.561	multiple	2,674,493	-	
Subtotal Matching Grants for Supplemental Nutrition Assistance Program				2,695,324		
Subtotal Passed Through Commonwealth of Virginia				2,695,324		
Total Department of Agriculture				2,716,155		
Department of Election Assistance Commission						
Department of Election Assistance Commission						
CARES Act Election Offices Grant FY20		90.404		79,667	-	
Subtotal CARES Act Election Offices Grant FY20				79,667		
Subtotal Passed Through Virginia Department of Elections				79,667		
Total Department of Election Assistance Commission				79,667		
Department of Housing and Urban Development						
Direct Programs:						
Community Development Block Grant FY19		14.218	8/7/18	14,012	14,012	5.1
Community Development Block Grant FY20	B18MC5-10020	14.218	7/31/19	1,003,650	1,003,650	5.1
Community Development Block Grant FY21	B20MC5-10020	14.218	7/1/20	604,044	604,044	5.1
Subtotal Community Development Block Grants Cluster				1,621,706		
Emergency Shelter Grant FY20	E19MC5-10020	14.231	7/31/19	18,015	18,015	5.2
Emergency Shelter Grant FY21	E19MC5-10021	14.231	8/1/19	515,811	515,811	5.3
Emergency Shelter Grant FY22	E19MC5-10022	14.231	8/2/19	515,495	515,495	5.4
Emergency Shelter Grant FY21	E20MC5-10020	14.231	7/1/20	118,435	118,435	5.2
Subtotal Emergency Shelter Grant				1,167,756		

(Continued)

CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Assistance Listing Number	I Award	Total Expenditures	Passed through to	Notes
Department of Housing and Urban Development (continued)						
HOME Investment in Affordable Housing 20	M19MC5-10206	14.239	7/31/19	283,633	283,633	5.3
HOME Investment in Affordable Housing 21	M20MC5-10206	14.239	7/1/20	512,118	512,118	5.3
Subtotal HOME Investment in Affordable Housing				<u>795,751</u>		
Continuum of Care Homeless Assistance Team FY20	VA0031L3F021912	14.267	3/17/20	106,524	-	5.5
Continuum of Care Planning FY 20	VA0374L3F021900	14.267	3/20/20	52,968	-	5.5
Continuum of Care Coordinated Assessment FY 21	VA0300L3F021802	14.267	4/6/21	8,380	8,380	
Continuum of Care Coordinated Assessment FY 20	VA0300L3F021903	14.267	3/17/20	40,722	-	5.5
Subtotal Continuum of Care				<u>208,594</u>		
Lead Hazard Control FY18	VALHB0642-17	14.900	6/27/17	677,611	-	
Lead Hazard Control FY21	VALHD0440-20	14.900	12/4/20	71,779	-	
Subtotal Lead Hazard Control				<u>749,390</u>		
Subtotal Department of Housing and Urban Development Direct Programs				<u>4,543,197</u>		
Total Department of Housing and Urban Development				<u>4,543,197</u>		
Department of Justice						
Direct Programs:						
COVID-19 Emergency Supplemental Funding Program FY20	2020-VD-BX-0916	16.034	5/27/20	95,314	-	
Subtotal COVID Supplemental Funding Program				<u>95,314</u>		
State Criminal Alien Assistance Program FY20	2020-AP-BX-1034	16.606	####	11,569	-	
State Criminal Alien Assistance Program FY20	2019-AP-BX-0731	16.606	10/3/19	8,364	-	
Subtotal SCAAP Program				<u>19,933</u>		
Bulletproof Vests FY19 (Police & Sheriff)	-	16.607	-	1,458	-	
Bulletproof Vests FY20 (Police & Sheriff)	-	16.607	-	12,638	-	
Bulletproof Vests FY20 (Police & Sheriff)	-	16.607	-	360	-	
Subtotal Bulletproof Vests				<u>14,456</u>		
Justice Assistance Grant FY18 (Bike Patrol/Tech Improve)	2018-DJ-BX-0262	16.738	10/1/18	10,887	-	
Justice Assistance Grant FY19 (Bike Patrol/Tech Improve)	2019-DJ-BX-0828	16.738	9/18/19	4,652	-	
Justice Assistance Grant FY20 (Bike Patrol/Tech Improve)	2020-DJ-BX-0161	16.738	9/18/20	288	-	
Bureau of Justice Assistance FY19	2019-WY-BX-0010	16.738	9/9/19	238,649	-	
Subtotal Justice Assistance				<u>254,476</u>		
Equitable Sharing Funds - Department of Justice	-	16.922	multiple	31,636	31,636	5.4
Subtotal Equitable Sharing Funds DOJ Program				<u>31,636</u>		
Subtotal Department of Justice Direct Programs				<u>415,815</u>		

(Continued)

CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Assistance Listing Number	Award Date	Expenditures	Passed through to	Notes
Department of Justice (continued)						
Victim Witness Assistance FY20	20-Z8554VW18	16,575	7/1/19	(578)	\$ -	
Victim Witness Assistance FY21	21-A8554VW19	16,575	7/1/20	169,090	\$ -	
Virginia Domestic Violence Victim Fund FY20	20-N5277DV20	16,575	6/18/19	1,303	-	
Subtotal Victim Witness Assistance				<u>169,815</u>		
Police Domestic Violence Unit CY20	20-V3153VA19	16,588	10/29/19	20,434	-	
Police Domestic Violence Unit CY21	21-W3153VA20	16,588	12/7/20	20,698	-	
Subtotal Police Domestic Violence				<u>41,132</u>		
JJDP Title II Restorative Education FY21 (DCJS CORE)	2017-JF-FX-0018	16,540	5/28/20	14,009	-	
Subtotal JJDP Title II Restorative Education				<u>14,009</u>		
Department of Justice (continued)						
Justice Assistance Grant FY20 (Positive Action Initiative)	20-D4052AD16	16,738	10/1/19	9,739	9,739	5.6
Justice Assistance Grant FY20 (Community Based Gun Prevention)	20-A4930AD16	16,738	1/1/20	41,155	41,155	5.6
Subtotal Edward Byrne Memorial Justice Assistance				<u>50,894</u>		
Subtotal Passed Through Commonwealth of Virginia				<u>275,850</u>		
Total Department of Justice				<u>691,665</u>		
Department of Labor						
Passed Through Commonwealth of Virginia						
Virginia Community College System/USDOL:						
WIOA PY2019 - Adult Program	LWA 3-19-02	17,258	10/1/19	304,559	304,559	5.7
WIOA PY2020 - Adult Program	LWA 3-20-04	17,258	10/1/20	12,186	12,186	5.7
Subtotal Workforce Innovation and Opportunity Act Adult				<u>316,745</u>		
WIOA PY2019 - Youth Activities	LWA 3-19-02	17,259	10/1/19	271,713	271,713	5.7
WIOA PY2020 - Youth Activities	LWA 3-20-04	17,259	10/1/20	65,035	65,035	5.7
Subtotal Workforce Innovation and Opportunity Act Youth				<u>336,748</u>		
WIOA PY2019 - Dislocated Worker	LWA 3-19-02	17,278	10/1/19	496,455	496,455	5.7
WIOA Dislocated Worker Programs	LWA 3-20-04	17,278	2/1/20	1,654	1,654	5.7
WIOA H-1B Job Training Grant	HG-30136-17-60-A-51	17,268	3/1/17	30,221	30,221	5.7
Subtotal Workforce Innovation and Opportunity Act Dislocated Worker				<u>528,330</u>		
Subtotal Passed Through Commonwealth of Virginia				<u>1,181,823</u>		
Total Department of Labor				<u>1,181,823</u>		
Total WIOA Cluster				<u>1,181,823</u>		

**CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Assistance Listing Number	Award Date	Total Expenditures	Passed through to	Notes
Department of Transportation						
Highway Safety Cluster						
Occupant Protection FY20	69A37518300004/FOP-2020	20.600	9/30/19	3,963	-	
Occupant Protection FY21	69A37519300004/FOP-2021	20.600	9/30/20	4,933	-	
Pedestrian/Bike Enforcement FY20	69A37519300004/FPS-2020	20.600	9/30/19	1,913	-	
Pedestrian/Bike Enforcement FY21	69A37520300004/FPS-2021	20.600	9/30/20	1,292	-	
DMV Traffic Safety FY19	69A37518300004/FSC-2019	20.600	9/30/18	301	-	
DMV Traffic Safety FY20	69A37519300004/FSC-2020	20.600	9/30/19	3,558	-	
DMV Traffic Safety FY21	69A37519300004/FSC-2021	20.600	9/30/20	13,580	-	
DMV Pedestrian Safety Campaign FY20	69A37519300004/FPS-2020	20.600	9/30/19	53,733	-	
DMV Pedestrian Safety Campaign FY21	69A37519300004/FPS-2021	20.600	9/30/20	136,580	-	
Highway Safety Cluster - Alcohol Traffic Safety and Drunk Driving	69A37519300004/DVA15	20.601	9/30/18	7,259	-	
Subtotal Highway Safety				<u>227,112</u>		
Total Highway Safety Cluster				<u>227,112</u>		
Alcohol Enforcement FY21						
	69A37519300001/154AL-2021	20.607	9/30/20	14,834	-	
Subtotal Alcohol Open Container Requirements				<u>14,834</u>		
Tinker Creek Greenway Trail						
	UPC 110101	20.205	1/31/18	116,457	-	
Franklin Rd Pedestrian Improvements	UPC 111360	20.205	8/14/17	97,160	-	
Colonial Avenue Improvements	UPC108896	20.205	12/30/15	948,886	-	
VDOT Pedestrian Safety Action Plan (PSAP) Program	UPC114765	20.205	4/5/17	154,424	-	
Roanoke River Greenway - Barnhardt Creek Bridge	UPC113568	20.205	12/5/19	796,737	-	
Subtotal Highway Planning and Construction Cluster - Highway Planning and Construction				<u>2,113,664</u>		
Total Highway Planning and Construction Cluster				<u>2,113,664</u>		
VDEM SHS HAZMAT TEAM FY21						
	EMW-2020-SS-00096-501	97.067		6,915	-	
Subtotal Hazardous Materials Training and Planning Programs				<u>6,915</u>		
Subtotal Passed Through Commonwealth of Virginia				<u>2,362,525</u>		
Total Department of Transportation				<u>2,362,525</u>		
Department of Treasury						
Direct Programs:						
COVID-19 - Coronavirus Relief Fund FY20	-	21.019	5/19/20	6,659,640	-	
ECONOMIC DEVELOPMENT AUTHORITY					1,000,000	
COVID-19 - Coronavirus Relief Fund FY21	-	21.019	8/12/20	8,794,010	-	
ROANOKE CITY PUBLIC SCHOOLS					1,715,000	
ECONOMIC DEVELOPMENT AUTHORITY					250,000	
Subtotal Coronavirus Relief Funds (CARES Act)				<u>15,453,650</u>		
Passed Through Department of Health and Human Services						
COVID-19 - Provider Relief Fund FY20	-	93.498	4/23/20	151,990	-	
COVID-19 - Provider Relief Fund FY21	-	93.498	12/17/20	67,109	-	
Subtotal Provider Relief Funds (CARES Act)				<u>219,099</u>		
Subtotal Passed Through Department of Health and Human Services				<u>219,099</u>		
Total Department of Treasury				<u>15,672,749</u>		

(Continued)

CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Assistance Listing Number	Award Date	Total Expenditures	through to Subrecipients	Notes
National Endowment of the Arts						
Direct Programs:						
National Endowment of the Arts FY19	1831175-78-18	45.024	4/24/18	6,391	-	
Subtotal National Endowment of the Arts Programs				<u>6,391</u>		
Total National Endowment of the Arts				<u>6,391</u>		
Shuttered Venue Operators(SVOG) FY22		59.075		606,119		
Total Shuttered Venue Operators(SVOG) FY22				<u>606,119</u>		
Environmental Protection Agency						
Direct Programs:						
EPA Brownfield Site Assessment FY17	96354907	66.818	8/9/17	168,017	-	
Subtotal Brownfield Remedial Programs				<u>168,017</u>		
Subtotal Environmental Protection Agency Direct Programs				<u>168,017</u>		
Department of Education						
Passed Through Commonwealth of Virginia Department of Education:						
21st Century Literacy FY 21	00124-AP E60565-S287C180047	84.287C	8/8/18	19,156	-	
Subtotal 21st Century CLC Program				<u>19,156</u>		
Subtotal Passed Through Commonwealth of Virginia				<u>19,156</u>		
Total Department of Education				<u>19,156</u>		
VDWM Local Emergency Management Performance Grant FYEMP-2020-EP-00010-S01		97.042	12/14/20	30,414	-	
VDWM SHS SWIFT WATER RESCUE FY19	EMP-2020-EP-00010-S02	98.042	12/15/20	7,451	-	
Emergency Management Assistance		97.042	10/1/15	32,105	-	
Subtotal Emergency Management Assistance Programs				<u>69,970</u>		
State Homeland Security Heavy Technical Rescue FY20	EMW-2019-SS-00079-S01 8255	97.067	11/6/19	71,287	-	
State Homeland Security Haz-Mat FY20	EMW-2019-SS-00079-S01	97.067	11/6/19	92,026	-	
Subtotal Homeland Security Grant Programs				<u>163,313</u>		
Subtotal Passed Through Commonwealth of Virginia				<u>233,283</u>		
Total Department of Homeland Security				<u>233,283</u>		

(Continued)

CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Assistance Listing Number	Federal Award Date	Total Expenditures	Passed through to Subrecipients	Notes
Department of Health and Human Services						
Passed Through Commonwealth of Virginia						
Department of Social Services:						
Promoting Safe and Stable Families	-	93.556	multiple	91,392		
				91,392		
Subtotal Promoting Safe and Stable Family Programs						
Temporary Assistance for Needy Families	-	93.558	multiple	1,432,547		5.9
Refugee & Entrant Assistance-State Administered Program	-	93.566	multiple	6,610	-	
Low-Income Home Energy Assistance Program	-	93.568	multiple	232,771	-	
				1,671,928		
Total Department of Homeland Security						
				(271)		
CCDF Cluster - Child Care and Development Block Grant		93.575	multiple	300,459	-	
CCDF Cluster - Child Care Mandatory and Matching Funds of the C	-	93.596	multiple	1,972,116		
Total CCDF Cluster						
Department of Health and Human Services (continued)						
Child Education & Training Vouchers Program	-	93.599	multiple	5,647	-	
Child Welfare Services	-	93.645	multiple	821	-	
Foster Care Title IV-E	-	93.658	multiple	1,905,524	-	
Adoption Assistance Title IV-E	-	93.659	multiple	5,093,002	-	
Social Services Block Grant	-	93.667	multiple	1,409,817	-	
PSSF Child Abuse Prevention FY21		93.590	7/1/20	42,677	-	
Foster Care Independent Living Program	FAM-18-069-11 / FY21	93.674	multiple	37,514	-	
FAMIS 20 Children's Insurance Program	-	93.767	multiple	29,971	-	
Medicaid Cluster - DMAS 20 Medical Assistance Program	-	93.778	multiple	2,162,963	-	
				10,687,936		
Subtotal Passed Through Commonwealth of Virginia				12,751,444		
Total Department of Health and Human Services				\$ 41,011,360		
Grand Total Federal Financial Assistance				\$ 7,822,946		

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2021

Note 1 – Basis of Accounting

This Schedule of Expenditures of Federal Awards (Schedule) is prepared on the same basis of accounting as the City of Roanoke's financial statements. The City uses the modified accrual basis of accounting, in which expenditures are generally recognized when the related fund liability is incurred. However, debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is due. Program income earned while administering Federal programs or projects are reported using the additive method. Under this method, expenditures from this income is reported on the SEFA in addition to expenditures made from the original grant.

Note 2 – Program Costs

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the City's portion, are more than shown. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Non-cash Awards – food donations

The amount of food commodities reported on the Schedule is the value of the food received by the Roanoke Juvenile Detention Home through the 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 – Subrecipient Expenditure Summary

The following chart summarizes Federal funds that passed through the City to subrecipients for the fiscal year ending June 30, 2020:

Note	Group	Total Expenditures
5.1	Community Development Block Grants	\$ 1,621,706
5.2	Emergency Shelter	1,167,756
5.3	HOME Investment in Affordable Housing	795,751
5.4	Equitable Sharing Funds - Department of Justice	31,636
5.5	Continuum of Care	8,383
5.6	Justice Assistance Grant	50,894
5.7	Workforce Investment	1,181,823
5.8	Equitable Sharing Funds - Department of Treasury	-
5.9	Temporary Assistance for Needy Families	-
	Total	<u>\$ 4,857,949</u>

City of Roanoke

Report of Independent Auditor



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements 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, 2021 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated, February 11, 2022.

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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. **Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001, that we consider to be a significant deficiency.**

Your Success is Our Focus

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City of Roanoke
Report of Independent Auditor - Continued

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 four instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2021-003, 2021-004, 2021-005, and 2021-006.**

City's Response to Findings

The City's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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
February 11, 2022

City of Roanoke
Report of Independent Auditor



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Roanoke, Virginia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, the terms, and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

City of Roanoke
Report of Independent Auditor - Continued

Report on Compliance for Each Major Federal Program (Continued)

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-002. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
February 11, 2022

CITY OF ROANOKE, VIRGINIA

SUMMARY OF COMPLIANCE MATTERS June 30, 2021

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, 2021

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **One significant deficiency** 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** 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 **one audit finding relating to major programs**.
7. The major programs of the City were:

<u>Name of Program</u>	<u>Assistance Listing #</u>
Social Services Block Grant	93.667
COVID-19 Coronavirus Relief Funds	21.019

8. The threshold for distinguishing Type A and B programs was \$1,230,341.
9. The City of Roanoke was **not** determined to be a **low-risk auditee**.

(Continued)

CITY OF ROANOKE, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2021-001: Audit Adjustments (Significant Deficiency)

Condition:

During the audit, we noted that several year-end audit adjustments were required to ensure that the financials were prepared in accordance with accounting principles generally accepted in the United States of America. The adjustments were related to debt and capital assets.

Criteria:

Audit adjustments were required to correct balances in order for the financial statements to be presented in accordance with accounting principles generally accepted in the United States of America.

Cause:

With regard to capital assets and debt, it appears that the rollforward workbook and supporting schedules were not reviewed before year-end entries were made resulting in additional adjustments.

Effect:

There is an increased risk of financial statement misstatement.

Recommendation:

We recommend establishing procedures in which qualified supervisors are reviewing year-end workpapers and reconciliations that feed into the final general ledger and focusing on the accuracy of year-end balances.

View of Responsible Officials and Planned Corrective Action:

During fiscal year 2021, the City's Finance Department experienced significant transition of staff at various positions, which diminished the technical abilities and required departmental personnel available with the level of experience to fully analyze the myriad of transactions the City enters into annually. A fully trained and experienced staff is required in order to effectively, efficiently, compliantly, and timely prepare the City's Annual Comprehensive Financial Report (ACFR) in accordance with Generally Accepted Accounting Principles (GAAP). This diminished level of technical strength in the City Finance Department has been a detriment and impedance to timely external audit preparation.

The continuance of turnover in staff in the Finance Department has impacted the adjustments noted in the preceding paragraph. The capital asset and long term debt issues were all related to policies and procedures that were unfamiliar to new and inexperienced staff members. Procedures have been established going forward to strengthen the review process of workpapers and reconciliations. A continued focus on staff retention, education, and development is key to strengthening our technical abilities, which will in turn reduce the number of year-end adjustments required for timely preparation of the annual external financial reporting.

(Continued)

CITY OF ROANOKE, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

2021-002: COVID-19 Coronavirus Relief Funds – Assistance Listing #21.019, Activities Allowed or Unallowed, Controls Over Business Grants

Condition:

During our review of small business grant disbursements, we noted staff tasked with reviewing and approving grant applications did not follow up on information provided by business owners even when concerns were brought to their attention.

Criteria:

The City had a fiscal responsibility to not only review and approve applications before disbursements but also to monitor the use of those funds after disbursement as necessary, particularly if circumstances arise that would give the City cause for concern.

Cause:

Inadequate internal control design over small business grant disbursement procedures and processes.

Effect:

Small business grant funds could be disbursed to a business that does not meet the qualifications.

Questioned Cost Amount:

Not applicable.

Perspective Information:

Not applicable.

Recommendation:

We recommend following up on information provided by the business owner that is of concern or questionable.

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.

(Continued)

CITY OF ROANOKE, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

D. FINDINGS – COMMONWEALTH OF VIRGINIA

2021-003: Commonwealth of Virginia – Disclosure Statements

Condition:

Seven of 83 disclosure statements were not filed timely and three of 83 statements were not received.

Recommendations:

We recommend implementing procedures to ensure that all disclosure statements are filed timely.

View of Responsible Officials and Planned Corrective Action:

Management concurs with the recommendation and will ensure that disclosures are filed timely.

2021-004: Commonwealth of Virginia – Highway Maintenance Testing

Condition:

Six of ten time cards tested contained 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.

View of Responsible Officials and Planned Corrective Action:

Management concurs with the recommendation and will require usage of newly adopted time reporting software to record labor associated with work orders.

(Continued)

CITY OF ROANOKE, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021**

D. FINDINGS – COMMONWEALTH OF VIRGINIA (CONTINUED)..

2021-005: Commonwealth of Virginia – Social Services – Special Welfare

Condition:

In eight of twelve months, the Office of the Treasurer did not receive timely reimbursements from the Department of Social Services for Special Welfare expenditures.

Recommendations:

We recommend implementing procedures to ensure timely reimbursements.

View of Responsible Officials and Planned Corrective Action:

All SSA/SSI and stimulus checks received by DSS have been charted and reconciled by the ACPS to the Special Welfare bank statements as of December 17, 2021. Interest has been calculated for the individual accounts. \$5,033.19 has been identified as needing to be returned to the Social Security Administration due to either a potential error on SSA's part or because the youth is no longer in care. An additional \$6,096.10 is under review as likely needing to be returned. \$12,560.56 has been identified as needing to be paid to SSA/SSI recipients or guardians. Within one week, the APSC intends to have these funds approved for distribution. Checks will be issued at the start of the calendar year (delay due to AP year-end processing). Reimbursements to the city's general fund from the Special Welfare account are currently being calculated. We anticipate these reimbursement figures will be available before the end of the year. Treasurer's reports detailing monthly receipts and reimbursements will be issued by the end of the calendar year. This will include 12 individual reports. Once fund distribution has been made, reimbursement made, and treasurer reports submitted, the Special Welfare process will be up to date.

Detailed instructions and operating procedures for the Special Welfare functions of the assigned Account Clerk will be compiled, tested, and completed in order to ensure ongoing adherence to the related Code of Virginia and Federal Policy and requirements for the processing and handling of these types of funds, as well as providing a resource in case of turnover within the DSS Accounting Unit.

(Continued)

CITY OF ROANOKE, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

D. FINDINGS – COMMONWEALTH OF VIRGINIA (CONTINUED)..

2021-006: Commonwealth of Virginia – Social Services – Special Welfare

Condition:

In eight of the twelve months, unexpended funds Special Welfare funds and funds dedicated to Special Welfare were not returned to individuals leaving the Special Welfare program, refunded to the funding source, or escheated to the state as unclaimed property.

Recommendations:

We recommend implementing procedures to ensure timely returning of funds.

View of Responsible Officials and Planned Corrective Action:

See response to finding 2021-005.

CITY OF ROANOKE, VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT YEAR FINDINGS
Year Ended June 30, 2021

A. FINDINGS – FINANCIAL STATEMENT AUDIT

2020-001: Audit Adjustments (Material Weakness)

Condition:

During the audit, we noted that several year-end audit adjustments were required to ensure that the financials were prepared in accordance with accounting principles generally accepted in the United States of America. The adjustments were related to cash, unearned revenue, liabilities, debt, pension, and capital assets.

Criteria:

Audit adjustments were required to correct balances in order for the financial statements to be presented in accordance with accounting principles generally accepted in the United States of America.

Cause:

With regard to capital assets, it appears that the rollforward workbook and depreciation schedules were not reviewed before year-end entries were made. The City's policy on recording unearned revenue was not applied consistently as year-end entries were made. With regard to cash, the June bank reconciliation was reviewed but reconciling items were not recorded properly. The IBNR liability was not adjusted to incorporate current information. Unearned revenue was recorded using an incorrect report. The accrued interest entry was not reviewed before entries were made. Bond premiums and deferred costs related to the partial refunding of bonds were not removed from amortization schedules. Pension schedules were not reviewed before entries were made, resulting in additional adjustments to deferred inflows and outflows.

Effect:

There is an increased risk of financial statement misstatement.

Recommendation:

We recommend establishing procedures in which qualified supervisors are reviewing year-end workpapers and reconciliations that feed into the final general ledger and focusing on the accuracy of year-end balances.

Current Status:

Still applicable in the current year, but reduced to a significant deficiency finding, see 2021-001 on the Schedule of Findings and Questioned Costs.

(Continued)

CITY OF ROANOKE, VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT YEAR FINDINGS
Year Ended June 30, 2021

A. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)..

2020-002: Segregation of Duties - Civic Facilities (Significant Deficiency)

Condition:

A fundamental concept of internal controls is the separation of duties. No one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. A proper segregation of duties has not been established in functions related to journal entries, monthly financial statements, accounts receivable reconciliations, and the cash vaults at the Civic Facilities.

Criteria:

During our review of the Civic Facilities' journal entries, monthly financial statements, and accounts receivable reconciliations we noted instances where an accountant was preparing but no supervisor review or approval was documented. We also noted an instance in which a manager had access to the cash vault, handled cash, and prepared deposit slips without supervisor review. Finally, we noted that the Accounting Supervisor has administrative rights to accounting software.

Cause:

Civic Facilities did not have sufficient segregation of duties in place during the year.

Effect:

There is a risk that misstatements or fraudulent activity could go undetected.

Recommendation:

We recommend establishing segregation of duties as much as possible, which would include supervisor review. We also recommend that supervisors sign and date their reviews

Current Status:

Most of the conflicts were resolved in fiscal year 2021. The recommendation was reduced to a control deficiency.

(Continued)

CITY OF ROANOKE, VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT YEAR FINDINGS
Year Ended June 30, 2021

A. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)..

2020-003: Bank and Investment Reconciliations (Significant Deficiency)

Condition:

During our review of bank and investment reconciliations, we noted that there was no timestamp to identify who prepared and reviewed the reconciliations within the Finance Department and when these processes were completed.

Criteria:

Bank and investment reconciliations were not appropriately documented by the Finance Department.

Cause:

Reconciliations were being completed but not documented. Supervisory review, if performed, was not documented.

Effect:

Risk that accounting and bank errors or fraud is not being prevented and detected if reconciliations are not performed timely and reviewed by supervisors.

Recommendation:

We recommend establishing a timestamp procedure to identify who prepared and reviewed and when these processes were completed.

Current Status:

Not applicable in the current year.

(Continued)

CITY OF ROANOKE, VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT YEAR FINDINGS
Year Ended June 30, 2021

B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

2020-004: COVID-19 Coronavirus Relief Funds – Assistance Listing #21.019 Allowable Costs

Condition:

Two instances in which the expenditure was not directly related to the COVID-19 pandemic.

Criteria:

Coronavirus Relief Funds can only be used for COVID-19 related expenditures.

Cause:

Management review of expenditures did not detect that an expenditure was not directly related to the COVID-19 response.

Effect:

The ineligible expenditures were inappropriately charged to the program.

Questioned Cost Amount:

The amount of these transactions totaled \$373.77 from our sample selection. Those questioned costs would project to \$755.61 over the total population.

Perspective Information:

This finding occurred in two of 25 accounts payable disbursements selected for testing.

Recommendation:

We recommend reviewing supporting documentation closely to ensure they are directly related to response to the COVID-19 pandemic.

Current Status:

Not applicable in the current year.

(Continued)

CITY OF ROANOKE, VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT YEAR FINDINGS
Year Ended June 30, 2021

C. FINDINGS – COMMONWEALTH OF VIRGINIA

2020-005: Commonwealth of Virginia – Disclosure Statements

Condition:

Nine of 73 disclosure statements were not filed timely and four of 73 statements were not received.

Recommendations:

We recommend implementing procedures to ensure that all disclosure statements are filed timely.

Current Status:

Still applicable in the current year, see finding 2021-003 on the Schedule of Findings and Questioned Costs.

**Department of Finance
City of Roanoke, Virginia**

Amelia Merchant
Ann Bostic, CPA
Carol Farley
Cindy Kirby

Director of Finance
Manager of Accounting & Systems
Administrative Assistant III
Administrative Assistant IV

Accounting / Accounts Payable

Corey Alshouse
Jennifer Bowers
Kristly Ciriaco
Rosa Em
Maryna Mabes
Lori Ramey
Mary Talley
Rebecca Weddle

Senior Accountant
Account Technician
Accountant
Senior Accountant
Accountant
Senior Accountant
Accounting Supervisor
Accounts Payable Coordinator

Management and Budget

Kathleen Davis
Loren Fennell
Yen Ha
Lesha VanBuren
Paul Workman

Budget Business Analyst
Budget Business Analyst
Budget Business Analyst
Budget Analyst
Budget Manager

Payroll

Connie Altice
Suzanne Barnett
Rhonda Mitchell

Senior Payroll Technician
Payroll Accountant
Payroll Technician

Retirement

Kayla Gunter
Harold Harless, Jr.
Karen Mullen
Andrea Trent

Senior Accountant
Financial Analyst
Accountant
Retirement Systems Manager

Systems

Bettie Clay
Angela Lancaster
Autum Murray-Burns

Senior Financial Systems Accountant
Financial Systems Accountant
Financial Systems Technician



Department of Finance
Noel C. Taylor Municipal Building
215 Church Avenue, SW
Room 461
Roanoke, Virginia 24011

CORRECTIVE ACTION PLAN

February 24, 2022

Federal Audit Clearinghouse:

The City of Roanoke, Virginia respectfully submits the following corrective action plan for the year ended June 30, 2021.

Name and address of independent public accounting firm:
Brown, Edwards & Company, L.L.P.
319 McClanahan Street, SW
Roanoke, VA 24014

Audit period: June 30, 2021

The findings from the June 30, 2021 Schedule of Findings and Questioned Costs (the “Schedule”) are discussed below. The findings are numbered consistently with the number assigned in the Schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

2021-001: Audit Adjustments (Significant Deficiency)

Condition:

During the audit, we noted that several year-end audit adjustments were required to ensure that the financials were prepared in accordance with accounting principles generally accepted in the United States of America. The adjustments were related to debt and capital assets.

Criteria:

Audit adjustments were required to correct balances in order for the financial statements to be presented in accordance with accounting principles generally accepted in the United States of America.

Cause:

With regard to capital assets and debt, it appears that the rollforward workbook and supporting schedules were not reviewed before year-end entries were made resulting in additional adjustments.

Effect:

There is an increased risk of financial statement misstatement.

(Continued)

Recommendation:

We recommend establishing procedures in which qualified supervisors are reviewing year-end workpapers and reconciliations that feed into the final general ledger and focusing on the accuracy of year-end balances.

View of Responsible Officials and Planned Corrective Action:

During fiscal year 2021, the City's Finance Department experienced significant transition of staff at various positions, which diminished the technical abilities and required departmental personnel available with the level of experience to fully analyze the myriad of transactions the City enters into annually. A fully trained and experienced staff is required in order to effectively, efficiently, compliantly, and timely prepare the City's Annual Comprehensive Financial Report (ACFR) in accordance with Generally Accepted Accounting Principles (GAAP). This diminished level of technical strength in the City Finance Department has been a detriment and impedance to timely external audit preparation.

The continuance of turnover in staff in the Finance Department has impacted the adjustments noted in the preceding paragraph. The capital asset and long term debt issues were all related to policies and procedures that were unfamiliar to new and inexperienced staff members. Procedures have been established going forward to strengthen the review process of workpapers and reconciliations. A continued focus on staff retention, education, and development is key to strengthening our technical abilities, which will in turn reduce the number of year-end adjustments required for timely preparation of the annual external financial reporting.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT**2021-002: COVID-19 Coronavirus Relief Funds – Assistance Listing #21.019, Activities Allowed or Unallowed, Controls Over Business Grants****Condition:**

During our review of small business grant disbursements, we noted staff tasked with reviewing and approving grant applications did not follow up on information provided by business owners even when concerns were brought to their attention.

Criteria:

The City had a fiscal responsibility to not only review and approve applications before disbursements but also to monitor the use of those funds after disbursement as necessary, particularly if circumstances arise that would give the City cause for concern.

Cause:

Inadequate internal control design over small business grant disbursement procedures and processes.

Effect:

Small business grant funds could be disbursed to a business that does not meet the qualifications.

(Continued)

Questioned Cost Amount:

Not applicable.

Perspective Information:

Not applicable.

Recommendation:

We recommend following up on information provided by the business owner that is of concern or questionable.

View of Responsible Officials and Planned Corrective Action:

Management concurs with the recommendation and will ensure that follow up occurs by the Economic Development Authority (EDA) regarding specific information provided by business owners in the grant application process. Adequate and meaningful documentation will be required to substantiate amounts requested in any specific grant application. The EDA will be responsible for maintaining adequate internal controls to insure these procedures are maintained and operational.

FINDINGS – COMMONWEALTH OF VIRGINIA

2021-003: Commonwealth of Virginia – Disclosure Statements

Condition:

Seven of 83 disclosure statements were not filed timely and three of 83 statements were not received.

Recommendations:

We recommend implementing procedures to ensure that all disclosure statements are filed timely.

View of Responsible Officials and Planned Corrective Action:

Management concurs with the recommendation and will ensure that disclosures are filed timely.

2021-004: Commonwealth of Virginia – Highway Maintenance Testing

Condition:

Six of ten time cards tested contained 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.

View of Responsible Officials and Planned Corrective Action:

(Continued)

Management concurs with the recommendation and will require usage of newly adopted time reporting software to record labor associated with work orders

2021-005: Commonwealth of Virginia – Social Services –Special Welfare

Condition:

In eight of twelve months, the Office of the Treasurer did not receive timely reimbursements from the Department of Social Services for Special Welfare expenditures.

Recommendations:

We recommend implementing procedures to ensure timely reimbursements.

View of Responsible Officials and Planned Corrective Action:

All SSA/SSI and stimulus checks received by DSS have been charted and reconciled by the ACPS to the Special Welfare bank statements as of December 17, 2021. Interest has been calculated for the individual accounts. \$5,033.19 has been identified as needing to be returned to the Social Security Administration due to either a potential error on SSA's part or because the youth is no longer in care. An additional \$6,096.10 is under review as likely needing to be returned. \$12,560.56 has been identified as needing to be paid to SSA/SSI recipients or guardians. Within one week, the APSC intends to have these funds approved for distribution. Checks will be issued at the start of the calendar year (delay due to AP year-end processing). Reimbursements to the city's general fund from the Special Welfare account are currently being calculated. We anticipate these reimbursement figures will be available before the end of the year. Treasurer's reports detailing monthly receipts and reimbursements will be issued by the end of the calendar year. This will include 12 individual reports. Once fund distribution has been made, reimbursement made, and treasurer reports submitted, the Special Welfare process will be up to date.

Detailed instructions and operating procedures for the Special Welfare functions of the assigned Account Clerk will be compiled, tested, and completed in order to ensure ongoing adherence to the related Code of Virginia and Federal Policy and requirements for the processing and handling of these types of funds, as well as providing a resource in case of turnover within the DSS Accounting Unit.

2021-006: Commonwealth of Virginia – Social Services- Special Welfare

Condition:

In eight of the twelve months, unexpended funds Special Welfare funds and funds dedicated to Special Welfare were not returned to individuals leaving the Special Welfare program, refunded to the funding source or escheated to the state as unclaimed property.

Recommendations:

We recommend implementing procedures to ensure timely returning of funds.

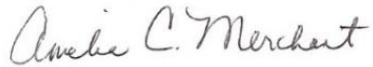
View of Responsible Officials and Planned Corrective Action:

(Continued)

See response to finding 2021-005.

If the Federal Audit Clearinghouse has questions regarding this plan, please call Amelia Merchant, Director of Finance at (540) 853-6805.

Respectfully submitted,

A handwritten signature in dark ink, reading "Amelia C. Merchant". The signature is written in a cursive style with a large initial 'A'.

Amelia Merchant
Director of Finance

(Continued)