

**REGIONAL CENTER FOR ANIMAL CARE AND PROTECTION  
ROANOKE, VIRGINIA**

**Financial Report  
For the Year Ended June 30, 2022**

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**Prepared by:**

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Roanoke County Department of Finance & Management Services

REGIONAL CENTER FOR ANIMAL CARE AND PROTECTION  
FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2022

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## Introductory Section

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## Regional Center for Animal Care and Protection

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### **Committee Members**

Richard Caywood, Chair  
Brent Robertson, Vice-Chair  
Pete Peters  
Garry Larrowe  
Sam Roman

### **Officials**

Michael Warner, Interim Director

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## FINANCIAL SECTION

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# ROBINSON, FARMER, COX ASSOCIATES, PLLC

*Certified Public Accountants*

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## Independent Auditors' Report

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**To the Members of the Executive Committee  
Regional Center for Animal Care and Protection  
Roanoke, Virginia**

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of the Regional Center for Animal Care and Protection, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental and each major fund of the Regional Center for Animal Care and Protection, as of June 30, 2022, and the changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Regional Center for Animal Care and Protection, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards, *Governmental Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Regional Center for Animal Care and Protection's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Regional Center for Animal Care and Protection's ability to continue as a going concern for a reasonable period of time.

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

## ***Required Supplementary Information***

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

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2022, on our consideration of the Regional Center for Animal Care and Protection'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 Regional Center for Animal Care and Protection'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 Regional Center for Animal Care and Protection's internal control over financial reporting and compliance.

*Robinson, Faneer, Cox Associates*

Blacksburg, Virginia  
September 16, 2022



## **Basic Financial Statements**

Regional Center for Animal Care and Protection  
Statement of Net Assets  
At June 30, 2022

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 760,175
Inventory	45,389
Accounts receivable	8,010
Interest receivable	131
Prepaid items	<u>386</u>
Total current assets	\$ <u>814,091</u>
Noncurrent assets:	
Capital assets (net of accumulated depreciation):	
Land	\$ 82,010
Buildings	1,630,719
Land improvements	4,713
Machinery and equipment	<u>127,907</u>
Total noncurrent assets	\$ <u>1,845,349</u>
Total assets	\$ <u>2,659,440</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related items	\$ 233,726
OPEB related items	<u>45,233</u>
Total deferred outflows of resources	\$ <u>278,959</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 25,082
Accrued payroll	27,293
Compensated absences - current portion	56,622
General obligation bond - current portion	<u>58,300</u>
Total current liabilities	\$ <u>167,297</u>
Noncurrent liabilities:	
Compensated absences - net current portion	\$ 22,855
Net pension liability	272,806
Net OPEB liabilities	<u>43,298</u>
Total noncurrent liabilities	\$ <u>338,959</u>
Total liabilities	\$ <u>506,256</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related items	\$ 394,619
OPEB related items	<u>67,533</u>
Total deferred inflows of resources	\$ <u>462,152</u>
<b>NET ASSETS</b>	
Net investment in capital assets	\$ 1,787,049
Unrestricted	<u>182,942</u>
Total net assets	\$ <u><u>1,969,991</u></u>

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

**Regional Center for Animal Care and Protection**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Governmental Activities</u>	
<b><u>Functions/Programs</u></b>					
<b>Primary Government:</b>					
Governmental activities:					
Public safety	\$ 2,120,882	\$ 6,260	\$ 2,363,240		248,618
Interest on long-term debt	5,800	-	-		(5,800)
Total governmental activities	<u>\$ 2,126,682</u>	<u>\$ 6,260</u>	<u>\$ 2,363,240</u>		<u>242,818</u>
Total primary government	<u>\$ 2,126,682</u>	<u>\$ 6,260</u>	<u>\$ 2,363,240</u>		<u>242,818</u>
General revenues:					
Unrestricted revenues from use of money and property					\$ 1,173
Total general revenues					<u>\$ 1,173</u>
Change in net assets					\$ 243,991
Net assets - beginning					1,726,000
Net assets - ending					<u><u>\$ 1,969,991</u></u>

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

Regional Center for Animal Care and Protection  
Balance Sheet  
Governmental Fund  
At June 30, 2022

	General Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 760,175
Inventory	45,389
Accounts receivable	8,010
Interest receivable	131
Prepaid expenses	386
	<u>          </u>
Total assets	\$ <u>814,091</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 25,082
Accrued payroll	27,293
	<u>          </u>
Total liabilities	\$ <u>52,375</u>
<b>FUND BALANCE</b>	
Nonspendable	\$ 45,775
Unassigned	715,941
	<u>          </u>
Total fund balance	\$ <u>761,716</u>
Total liabilities and fund balance	\$ <u>814,091</u>

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

Regional Center for Animal Care and Protection  
Reconciliation of the Balance Sheet of Governmental Fund  
To the Statement of Net Assets  
At June 30, 2022

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Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances per Exhibit 3 - Balance Sheet	\$	761,716
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$	82,010	
Buildings		1,630,719	
Land improvements		4,713	
Machinery and equipment		<u>127,907</u>	1,845,349

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$	233,726	
OPEB related items		<u>45,233</u>	278,959

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

General obligation bond	\$	(58,300)	
Compensated absences		(79,477)	
Net pension liability		(272,806)	
Net OPEB liabilities		<u>(43,298)</u>	(453,881)

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.

Pension related items	\$	(394,619)	
OPEB related items		<u>(67,533)</u>	<u>(462,152)</u>

Net assets of governmental activities	\$	<u><u>1,969,991</u></u>
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The notes to the financial statements are an integral part of this statement.

**Regional Center for Animal Care and Protection**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Fund**  
**For the Year Ended June 30, 2022**

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	General Fund
Revenues:	
Local government contributions	\$ 2,356,942
Charges for services	6,260
Other contributions	6,298
Unrestricted revenues from the use of money and property	<u>1,173</u>
Total revenues	\$ <u>2,370,673</u>
Expenditures:	
Public safety:	
Personnel costs	\$ 1,403,878
Operating expenses	636,543
Capital projects	902
Debt service:	
Principal retirement	221,700
Interest and other fiscal charges	<u>5,800</u>
Total expenditures	\$ <u>2,268,823</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 101,850
Fund balance, beginning of year	<u>659,866</u>
Fund balance, end of year	\$ <u><u>761,716</u></u>

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

Regional Center for Animal Care and Protection  
Reconciliation of Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Fund  
To the Statement of Activities  
For the Year Ended June 30, 2022

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	101,850	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.			
Depreciation expense			(113,291)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.			(2,254)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Principal repayments			221,700
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.			
Change in compensated absences	\$	(12,162)	
Change in pension related items		54,669	
Change in OPEB related items		(6,521)	35,986
Change in net assets of governmental activities			\$ <u>243,991</u>

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

REGIONAL CENTER FOR ANIMAL CARE AND PROTECTION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022

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**Note 1-Summary of Significant Accounting Policies:**

The financial statements of the Regional Center for Animal Care and Protection (the Center) conform to generally accepted accounting principles (GAAP) applicable to government units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

**A. Financial Reporting Entity**

The Center was created by concurrent resolutions of the Counties of Roanoke and Botetourt, the City of Roanoke, and the Town of Vinton. The Center was created under the provisions of Sections 3.2-6546 and 15.2-1300 of the *Code of Virginia* to purchase and operate an animal shelter for the participating jurisdictions.

The Center is a joint venture of the participating jurisdictions. Since none of the participating localities can impose their will on the Center, the Center is not considered a component unit of any of the participating localities. In addition, no other entities are considered component units of the Center.

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

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Center (primary government). Governmental activities normally are supported by intergovernmental revenue.

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

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

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

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



Regional Center for Animal Care and Protection  
Notes to the Financial Statements  
June 30, 2022 (continued)

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Note 1-Summary of Significant Accounting Policies: (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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

Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when the government receives cash.

The Center reports the following major governmental funds:

The General Fund is the Center's primary operating fund. It accounts for and reports all financial resources of the Center.

D. Assets, liabilities, deferred outflows/inflows of resources, and net assets/fund balance

1. *Cash and Cash Equivalents*

The Center's cash and cash equivalents consist of cash on hand, demand deposits, certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition. The Center reported no investments at June 30, 2022.

2. *Allowance for Uncollectible Accounts*

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

3. *Use of Estimates*

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

**Regional Center for Animal Care and Protection**  
**Notes to the Financial Statements**  
**June 30, 2022 (continued)**

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**Note 1-Summary of Significant Accounting Policies: (continued)**

**D. Assets, liabilities, deferred outflows/inflows of resources, and net assets/fund balance (continued)**

**4. *Investments***

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposits, and other nonparticipating investments and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

**5. *Capital Assets***

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Center as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment of the Center are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10-30
Land Improvements	20
Machinery and Equipment	5-10

**6. *Inventories and Prepaid Items***

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in government wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**Regional Center for Animal Care and Protection**  
**Notes to the Financial Statements**  
**June 30, 2022 (continued)**

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**Note 1-Summary of Significant Accounting Policies: (continued)**

**D. Assets, liabilities, deferred outflows/inflows of resources, and net assets/fund balance (continued)**

**7. *Compensated Absences***

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Assets. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The Center accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide financial statements.

**8. *Long-Term Obligations***

Long-term obligations are reported as liabilities in the statement of net assets at face value, net of any applicable premiums and discounts.

**9. *Fund Balance***

The Center evaluated its funds at June 30, 2022 and classified fund balance into the following five categories:

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

Regional Center for Animal Care and Protection  
Notes to the Financial Statements  
June 30, 2022 (continued)

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**Note 1-Summary of Significant Accounting Policies: (continued)**

D. Assets, liabilities, deferred outflows/inflows of resources, and net assets/fund balance (continued)

*9. Fund Balance (continued)*

When fund balance resources are available for a specific purpose in more than one classification, it is the Center's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The Center establishes (and modifies or rescinds) fund balance commitments by passage of a Board resolution(s). This is typically done through adoption and amendment of the budget. A fund balance commitment, which does not lapse at year-end, is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Directors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

*10. Net Assets*

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net assets.
- Restricted net assets consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net assets is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

**Regional Center for Animal Care and Protection**  
**Notes to the Financial Statements**  
**June 30, 2022 (continued)**

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**Note 1-Summary of Significant Accounting Policies: (continued)**

**D. Assets, liabilities, deferred outflows/inflows of resources, and net assets/fund balance (continued)**

*11. Deferred Outflows/Inflows of Resources*

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

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

*12. Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Center's Retirement Plan and the additions to/deductions from the Center'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.

*13. Other Postemployment Benefits (OPEB)*

The Center participates in the County of Roanoke Postretirement Benefits Plan which is a stand-alone OPEB plan. The Center participates in Roanoke County's OPEB plan on a cost-sharing basis. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Roanoke County's OPEB Plan and additions to/deductions from County's fiduciary net position have been determined on the same basis as they are reported by the County. For this purpose, the County recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at amortized cost.

**Regional Center for Animal Care and Protection**  
**Notes to the Financial Statements**  
**June 30, 2022 (continued)**

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**Note 1-Summary of Significant Accounting Policies: (continued)**

**D. Assets, liabilities, deferred outflows/inflows of resources, and net assets/fund balance (continued)**

*13. Other Postemployment Benefits (OPEB) (continued)*

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI OPEB Plans and the additions to/deductions from the VRS OPEB Plans' fiduciary net 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.

*14. Leases*

Lessee:

The Center recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The Center recognizes lease liabilities with an initial, individual value of \$5,000 or more. At the commencement of a lease, the Center initially measures the lease liability at the present value of payments expected to be made during the lease term.

Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Center determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Center uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Center generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Center is reasonably certain to exercise.

The Center monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long term debt on the statement of net assets.

At June 30, 2022, the Center did not have any intangible right-to-use assets or lease liabilities meeting the capitalization requirements above.

**Regional Center for Animal Care and Protection**  
**Notes to the Financial Statements**  
**June 30, 2022 (continued)**

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**Note 1-Summary of Significant Accounting Policies: (continued)**

**D. Assets, liabilities, deferred outflows/inflows of resources, and net assets/fund balance (continued)**

*14. Leases (Continued)*

Lessor:

At the commencement of a lease, the Center initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments include how the Center determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Center uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Center monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

At June 30, 2022, the Center did not have any lease receivables or deferred inflows of resources related to leases.

**Note 2-Deposits and Investments:**

*Deposits* - The County of Roanoke maintains a cash and investment pool that is available for use by all County funds, component units and entities for which the County is fiscal agent. The Center does participate in this pool; however, no investments are allocated directly to the Center. Deposits with banks are covered by the Federal Depository Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

*Investments* - Statutes authorize the Center to invest 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 that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard and Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

**Regional Center for Animal Care and Protection**  
**Notes to the Financial Statements**  
**June 30, 2022 (continued)**

**Note 2-Deposits and Investments: (Continued)**

Information relative to the County of Roanoke pooled account is presented in the audited financial statements of the County of Roanoke and can be obtained from the Director of Finance and Management Services, County of Roanoke, 5204 Bernard Drive, Suite 300E, Roanoke, Virginia 24018; telephone 540-772-2020 or by visiting the County's web site at [www.roanokecountyva.gov](http://www.roanokecountyva.gov).

The Center did not have any investments for fiscal year ending June 30, 2022.

**Note 3-Long-Term Obligations:**

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

	Balance July 1, 2021	Issuances/ Additions	Retirements/ Reductions	Balance June 30, 2022	Amount Due Within One Year
General obligation bond (1)	\$ 280,000	\$ -	\$ (221,700)	\$ 58,300	\$ 58,300
Compensated absences	67,315	57,928	(45,766)	79,477	56,622
Net OPEB liabilities	96,507	21,533	(74,742)	43,298	-
Net pension liability	784,675	449,085	(960,954)	272,806	-
Total	\$ 1,228,497	\$ 528,546	\$ (1,303,162)	\$ 453,881	\$ 114,922

(1) The issuer of this bond is the City of Roanoke. The Center makes payments to the City to satisfy the debt service. For more information regarding GASB 88 see the City's ACFR.

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30,	General Obligation Bond	
	Principal	Interest
2023	\$ 58,300	\$ 428

Details of long-term indebtedness:

	Total Amount
General Obligation Bond:	
\$1,829,500 bond issued November 1, 2013 through the City of Roanoke. Principal and interest payments began on December 31, 2013 and continue quarterly until September 30, 2022, with interest accruing at 2.94% and principal payments varying from \$45,700 to \$58,300.	\$ 58,300
Other Liabilities:	
Net pension liability	\$ 272,806
Net OPEB liabilities	43,298
Compensated absences	79,477
Total Other Liabilities	\$ 395,581
Total Long-term Obligations	\$ 453,881



**Regional Center for Animal Care and Protection**  
**Notes to the Financial Statements**  
**June 30, 2022 (continued)**

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**Note 4-Capital Assets:**

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 82,010	\$ -	\$ -	\$ 82,010
Total capital assets not being depreciated	<u>\$ 82,010</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,010</u>
Capital assets, being depreciated:				
Buildings	\$ 2,269,920	\$ -	\$ -	\$ 2,269,920
Land Improvements	9,757	-	-	9,757
Machinery and equipment	291,806	-	(14,706)	277,100
Total capital assets being depreciated	<u>\$ 2,571,483</u>	<u>\$ -</u>	<u>\$ (14,706)</u>	<u>\$ 2,556,777</u>
Accumulated depreciation:				
Buildings	\$ (559,824)	\$ (79,377)	\$ -	\$ (639,201)
Land Improvements	(4,066)	(978)	-	(5,044)
Machinery and equipment	(128,709)	(32,936)	12,452	(149,193)
Total accumulated depreciation	<u>\$ (692,599)</u>	<u>\$ (113,291)</u>	<u>\$ 12,452</u>	<u>\$ (793,438)</u>
Total capital assets being depreciated, net	<u>\$ 1,878,884</u>	<u>\$ (113,291)</u>	<u>\$ (2,254)</u>	<u>\$ 1,763,339</u>
Capital assets, net of depreciation	<u>\$ 1,960,894</u>	<u>\$ (113,291)</u>	<u>\$ (2,254)</u>	<u>\$ 1,845,349</u>

Depreciation in the amount of \$113,291 was posted to public safety.

**Note 5-Fiscal Agent:**

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

**Note 6-Arbitrage Rebate Liability:**

The Internal Revenue Code of 1986 (the Code) establishes rules and regulations for arbitrage rebates which are applicable to the Center. At present, the Center has no arbitrage rebate liability.

**Regional Center for Animal Care and Protection**  
**Notes to the Financial Statements**  
**June 30, 2022 (continued)**

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**Note 7-Risk Management:**

The Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Center participates with other Centers in the Virginia Association of Counties public entity risk pool. Each member of the risk pool jointly and severally agrees to assume, pay and discharge any liability. The Center pays the risk pool contributions and assessments based upon classifications and rates into designated cash reserve funds out of which expenses of the pools, claims and awards are to be paid. In the event of a loss, deficit, or depletion of all available funds and/or excess insurance, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The Center carries insurance coverage for all other risk of loss. Settled claims have not exceeded coverage in the current or prior two fiscal years.

**Note 8-Pension Plan:**

***Plan Description***

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

***Benefit Structures***

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit.
- b. Employees with a membership date from July 1, 2020 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit.

**Regional Center for Animal Care and Protection**  
**Notes to the Financial Statements**  
**June 30, 2022 (continued)**

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**Note 8-Pension Plan: (continued)**

***Benefit Structures (continued)***

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

***Average Final Compensation and Service Retirement Multiplier***

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

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

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

***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.

**Regional Center for Animal Care and Protection**  
**Notes to the Financial Statements**  
**June 30, 2022 (continued)**

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**Note 8-Pension Plan: (continued)**

***Contributions (continued)***

The Center's contractually required employer contribution rate for the year ended June 30, 2022 was 14.38% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 Center were \$100,353 and \$84,758 for the years ended June 30, 2022 and June 30, 2021, respectively.

***Net Pension Liability***

At June 30, 2022 the Center reported a liability of \$272,806 for its proportionate share of the net pension liability. The Center's net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. The Center's proportionate share of the same was calculated using contributions to the pension plan. At June 30, 2021 and 2020, the Center's proportion was 1.2340% and 1.3560%, respectively.

***Actuarial Assumptions - General Employees***

The total pension liability for employees in the Center's Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

**Mortality rates:**

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

**Pre-Retirement:**

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

**Post-Retirement:**

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

**Post-Disablement:**

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

**Regional Center for Animal Care and Protection**  
**Notes to the Financial Statements**  
**June 30, 2022 (continued)**

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**Note 8-Pension Plan: (continued)**

***Actuarial Assumptions - General Employees (continued)***

Mortality rates: (continued)

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvements:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Regional Center for Animal Care and Protection  
Notes to the Financial Statements  
June 30, 2022 (continued)

**Note 8-Pension Plan: (continued)**

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

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

<u>Asset Class (Strategy)</u>	<u>Long-term Target Asset Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.39%</u>

\*The above allocation provides a one-year expected return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

\*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

**Regional Center for Animal Care and Protection**  
**Notes to the Financial Statements**  
**June 30, 2022 (continued)**

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**Note 8-Pension Plan: (continued)**

***Discount Rate***

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Regional Center for Animal Care and Protection was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2021 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

***Sensitivity of the Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the Center's proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the Center'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:

	<b>Rate</b>		
	<b>1% Decrease</b>	<b>Current Discount</b>	<b>1% Increase</b>
	<b>5.75%</b>	<b>6.75%</b>	<b>7.75%</b>
Center's Proportionate Share of the Roanoke County Retirement Plan Net Pension Liability (Asset)	\$ 761,257	\$ 272,806	\$ (130,836)

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

For the year ended June 30, 2022, the Center recognized pension expense of \$45,685. 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.

**Regional Center for Animal Care and Protection**  
**Notes to the Financial Statements**  
**June 30, 2022 (continued)**

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**Note 8-Pension Plan: (continued)**

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

At June 30, 2022, the Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 21,006	\$ 14,355
Change in assumptions	112,367	-
Change in proportion and differences between employer contributions and proportionate share of contributions	-	12,358
Net difference between projected and actual earnings on pension plan investments	-	367,906
Employer contributions subsequent to the measurement date	<u>100,353</u>	<u>-</u>
Total	<u>\$ 233,726</u>	<u>\$ 394,619</u>

\$100,353 reported as deferred outflows of resources related to pensions resulting from the Center'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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2023	\$ (13,477)
2024	(46,395)
2025	(87,232)
2026	(114,142)
Thereafter	-

***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.



**Regional Center for Animal Care and Protection**  
**Notes to the Financial Statements**  
**June 30, 2022 (continued)**

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**Note 9-Group Life Insurance (GLI) Plan (OPEB Plan):**

***Plan Description***

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

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

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

***Eligible Employees***

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

***Benefit Amounts***

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,722 as of June 30, 2022.

**Regional Center for Animal Care and Protection**  
**Notes to the Financial Statements**  
**June 30, 2022 (continued)**

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**Note 9-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)**

***Contributions***

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% 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% (1.34% 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, 2022 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 to the GLI Plan from the entity were \$3,943 and \$3,627 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, the entity reported a liability of \$34,613 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date on June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was 0.00297% as compared to 0.00330% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of \$1,168. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 3,948	\$ 264
Net difference between projected and actual earnings on GLI OPEB program investments	-	8,261
Change in assumptions	1,908	4,736
Changes in proportion	159	1,379
Employer contributions subsequent to the measurement date	3,943	-
Total	<u>\$ 9,958</u>	<u>\$ 14,640</u>

**Regional Center for Animal Care and Protection**  
**Notes to the Financial Statements**  
**June 30, 2022 (continued)**

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**Note 9-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)**

***GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (continued)***

\$3,943 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2023	\$ (1,955)
2024	(1,610)
2025	(1,640)
2026	(2,804)
2027	(616)
Thereafter	-

***Actuarial Assumptions***

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50% - 5.35%
Investment rate of return	6.75%, net of investment expenses, including inflation

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

**Pre-Retirement:**

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

**Post-Retirement:**

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

**Post-Disablement:**

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

**Regional Center for Animal Care and Protection**  
**Notes to the Financial Statements**  
**June 30, 2022 (continued)**

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**Note 9-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)**

***Actuarial Assumptions (continued)***

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

**Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

**Mortality Improvement Scale:**

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

***NET GLI OPEB Liability***

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	<u>GLI OPEB Plan</u>
Total GLI OPEB Liability	\$ 3,577,346
Plan Fiduciary Net Position	<u>2,413,074</u>
GLI Net OPEB Liability (Asset)	<u>\$ 1,164,272</u>

Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.45%
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Regional Center for Animal Care and Protection  
Notes to the Financial Statements  
June 30, 2022 (continued)

**Note 9-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)**

**NET GLI OPEB Liability (continued)**

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

**Long-Term Expected Rate of Return**

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

<u>Asset Class (Strategy)</u>	<u>Long-term Target Asset Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.39%</u>

\*The above allocation provides a one-year expected return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

\*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

**Regional Center for Animal Care and Protection**  
**Notes to the Financial Statements**  
**June 30, 2022 (continued)**

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**Note 9-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)**

***Discount Rate***

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

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

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

	Rate		
	1% Decrease 5.75%	Current Discount 6.75%	1% Increase 7.75%
Center's proportionate share of the GLI Plan Net OPEB Liability	\$ 50,571	\$ 34,613	\$ 21,726

***GLI Plan Fiduciary Net Position***

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Note 10-Other Postemployment Benefits (OPEB) - Medical:**

***Plan Description***

In addition to the pension benefits described in Note 8 and other postemployment benefits described in Note 9, the Center participates in a cost-sharing employer defined benefit healthcare plan through the County of Roanoke's Postretirement Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County's plan. The plan does not issue a publicly available financial report.

**Regional Center for Animal Care and Protection**  
**Notes to the Financial Statements**  
**June 30, 2022 (continued)**

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**Note 10-Other Postemployment Benefits (OPEB) - Medical: (continued)**

***Benefits Provided***

A full-time employee who retires directly from the Center and is eligible to receive an early or regular retirement benefit from the Virginia Retirement System is eligible for post-retirement medical coverage. In addition, the retiree must have 10 years of continuous full-time service through the date of retirement and have 5 years of enrollment in the County sponsored medical plan.

Eligible dependents on the employee's health insurance may continue to receive the Center's contribution toward the health plan.

Retirees contribute to the plan at the rates stated in the Summary of Actuarial Assumptions section.

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

*Long-Term Expected Rate of Return* - The long-term expected rate of return on OPEB plan investment is assumed to be 7.50% based on the Virginia Pooled OPEB Trust Fund CAFR as of June 30, 2020. The best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>
Total Equity	65.00%	7.77%
Fixed Income	25.00%	2.85%
Real Assets	10.00%	6.66%
Total	100.00%	

This table does not include expected inflation of 2.75%.

**Regional Center for Animal Care and Protection**  
**Notes to the Financial Statements**  
**June 30, 2022 (continued)**

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**Note 10-Other Postemployment Benefits (OPEB) - Medical: (continued)**

Benefits will be financed through a combination of accumulated trust funds and on a pay as you go basis until sufficient funds are accumulated in the OPEB trust. The discount rate used to measure the total OPEB liability is 7.50% based on the current expected return on assets and the investment portfolio.

**Contributions**

The Center's contractually required contribution rate for the year ended June 30, 2021, was 2.50% of covered-employee payroll, actuarially determined as an amount that is 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 OPEB plan from the Center were \$10,324 and \$8,009 for the years ended June 30, 2022 and June 30, 2021, respectively. Employees are not required to contribute to the OPEB plan.

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

At June 30, 2022, the Center reported a liability of \$8,685 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021. The Center's proportion of the net OPEB liability was based on a projection of the Center's long-term share of contributions to the OPEB plan relative to the projected contributions of all County departments, actuarially determined. At June 30, 2022, the Center's proportion was 1.0142%.

For the year ended June 30, 2022, the Center recognized OPEB expense in the amount of \$23,805. At June 30, 2022, the Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 35,507
Changes in assumptions	8,006	6,261
Net different between projected and actual earnings on OPEB plan investments	-	11,125
Change in proportionate share	16,945	-
Employer contributions subsequent to the measurement date	<u>10,324</u>	<u>-</u>
Total	\$ <u>35,275</u>	\$ <u>52,893</u>



**Regional Center for Animal Care and Protection**  
**Notes to the Financial Statements**  
**June 30, 2022 (continued)**

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**Note 10-Other Postemployment Benefits (OPEB) - Medical: (continued)**

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

\$10,324 reported as deferred outflows of resources related to OPEB resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2023	\$ (412)
2024	(1,256)
2025	(8,953)
2026	(9,820)
2027	(5,495)
Thereafter	(2,006)

***Actuarial Assumptions***

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal Level % of Salary
Amortization Method/Period	Level Dollar over 15 years
Asset Valuation Method	Market value of assets
Medical Trend Rate	Initial rate of 7.50% decreasing to an ultimate rate of 4.50%
Salary Increases	2.00% per annum
Long-Term Expected Rate of Return	7.50% per annum
Retirement Age	The average age at retirement is 62
Mortality Rates	General retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021; Surviving Spouses: SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021; Disabled retirees: SOA Pub-2010 Non-Safety Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2021

**Regional Center for Animal Care and Protection**  
**Notes to the Financial Statements**  
**June 30, 2022 (continued)**

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**Note 10-Other Postemployment Benefits (OPEB) - Medical: (continued)**

***Discount Rate***

The discount rate used to measure the total OPEB liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from the Center will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods on projected benefit payments to determine the total OPEB liability.

***Sensitivity of the Center's Proportionate share of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the Center's proportionate share of the net OPEB Liability, as well as what the Center's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower (6.50%) or one percentage-point higher (8.50%) than the current discount rate:

Rate		
1% Decrease 6.50%	Current Discount 7.50%	1% Increase 8.50%
\$ 16,155	\$ 8,685	\$ 1,844

***Sensitivity of the Center's Proportionate share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following presents the Center's proportionate share of the net OPEB Liability, as well as what the Center's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that is one percentage-point lower (6.50%) or one percentage-point higher (8.50%) than the assumed trend rate:

Rates		
Heathcare Cost Trend		
1% Decrease 6.50% decreasing to 3.50%	Current 7.50% decreasing to 4.50%	1% Increase 8.50% decreasing to 5.50%
\$ (363)	\$ 8,685	\$ 19,071

Additional disclosures on changes in net OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

**Regional Center for Animal Care and Protection**  
**Notes to the Financial Statements**  
**June 30, 2022 (continued)**

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**Note 11-Summary of Center's OPEB Plans:**

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liability</u>	<u>OPEB Expense</u>
VRS OPEB Plans:				
Group Life Insurance Program (Note 9)	\$ 9,958	\$ 14,640	\$ 34,613	\$ 1,168
Center's Stand-Alone Plan (Note 10)	35,275	52,893	8,685	23,805
Totals	<u>\$ 45,233</u>	<u>\$ 67,533</u>	<u>\$ 43,298</u>	<u>\$ 24,973</u>

**Note 12-Upcoming Pronouncements:**

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

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

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

Statement No. 99, *Omnibus 2022*, addresses (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to for fiscal years beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, provides more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability for accounting changes and error corrections. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

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

## **Required Supplementary Information**

**Regional Center for Animal Care and Protection**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - General Fund**  
**Budget and Actual**  
**For the Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local government contributions	\$ 2,356,942	\$ 2,356,942	\$ 2,356,942	\$ -
Charges for services	5,000	5,000	6,260	1,260
Other contributions	22,500	22,500	6,298	(16,202)
Unrestricted revenues from the use of money and property	<u>2,500</u>	<u>2,500</u>	<u>1,173</u>	<u>(1,327)</u>
Total revenues	\$ <u>2,386,942</u>	\$ <u>2,386,942</u>	\$ <u>2,370,673</u>	\$ <u>(16,269)</u>
Expenditures:				
Public safety:				
Personnel costs	\$ 1,490,772	\$ 1,490,772	\$ 1,403,878	\$ 86,894
Operating expenses	666,670	666,670	636,543	30,127
Capital projects	2,000	2,000	902	1,098
Debt service:				
Principal retirement	221,700	221,700	221,700	-
Interest and other fiscal charges	<u>5,800</u>	<u>5,800</u>	<u>5,800</u>	<u>-</u>
Total expenditures	\$ <u>2,386,942</u>	\$ <u>2,386,942</u>	\$ <u>2,268,823</u>	\$ <u>118,119</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 101,850	\$ 101,850
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>659,866</u>	<u>659,866</u>
Fund balance, end of year	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>761,716</u></u>	\$ <u><u>761,716</u></u>

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

Regional Center for Animal Care and Protection  
Schedule of the Center's Proportionate Share of the Net Pension Liability  
Pension Plan  
For the Measurement Dates of June 30, 2014 through June 30, 2021

Date	Proportion of the Net Pension Liability (NPL)	Proportionate Share of the NPL	Covered Payroll	Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (6)
(1)	(2)	(3)	(4)	(5)	(6)
2021	1.2340%	\$ 272,806	\$ 611,864	44.59%	92.71%
2020	1.3560%	784,675	680,319	115.34%	79.55%
2019	1.2259%	529,537	607,907	87.11%	83.96%
2018	1.0778%	363,627	519,454	70.00%	86.53%
2017	1.3135%	487,341	607,017	80.28%	84.76%
2016	1.1960%	546,802	512,956	106.60%	80.43%
2015	1.2453%	436,136	525,310	83.02%	84.31%
2014	1.1612%	386,611	489,185	79.03%	84.61%

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

Regional Center for Animal Care and Protection  
Schedule of Employer Contributions  
Pension Plan  
For the Years Ended June 30, 2014 through June 30, 2022

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2022	\$ 100,353	\$ 100,353	\$ -	\$ 725,812	13.83%
2021	84,758	84,758	-	611,864	13.85%
2020	83,873	83,873	-	680,319	12.33%
2019	72,604	72,604	-	607,907	11.94%
2018	57,366	57,366	-	519,454	11.04%
2017	67,516	67,516	-	607,017	11.12%
2016	59,186	59,186	-	512,956	11.54%
2015	59,441	59,441	-	525,310	11.32%
2014	49,259	49,259	-	489,185	10.07%

\*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

Schedule is intended to show information for 10 years. Because the Center participates in the County of Roanoke, Virginia's retirement plan, prior to 2014 the Center's information was included in the County's schedules. Therefore, no additional data is currently available. Additional years will be included as they become available.

Regional Center for Animal Care and Protection  
Notes to Required Supplementary Information  
Pension Plan  
For the Year Ended June 30, 2022

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change



Regional Center for Animal Care and Protection  
Schedule of Center's Share of Net OPEB Liability  
Group Life Insurance (GLI) Plan  
For the Measurement Dates of June 30, 2017 through June 30, 2021

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2021	0.00297% \$	34,613 \$	611,864	5.66%	67.45%
2020	0.00330%	55,340	680,319	8.13%	52.64%
2019	0.00305%	49,568	607,907	8.15%	52.00%
2018	0.00269%	40,895	519,454	7.87%	51.22%
2017	0.00298%	44,893	607,017	7.40%	48.86%

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

Regional Center for Animal Care and Protection  
Schedule of Employer Contributions  
Group Life Insurance (GLI) Plan  
For the Years Ended June 30, 2017 through June 30, 2022

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2022	\$ 3,943	\$ 3,943	\$ -	\$ 730,109	0.54%
2021	3,627	3,627	-	611,864	0.59%
2020	3,547	3,547	-	680,319	0.52%
2019	3,063	3,063	-	607,907	0.50%
2018	6,708	6,708	-	519,454	1.29%
2017	7,208	7,208	-	607,017	1.19%

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

**Regional Center for Animal Care and Protection**  
**Notes to Required Supplementary Information**  
**Group Life Insurance (GLI) Plan**  
**For the Year Ended June 30, 2022**

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Regional Center for Animal Care and Protection  
Schedule of Center's Proportionate Share of the Net OPEB Liability  
Group Medical Plan  
For the Measurement Dates of June 30, 2017 through June 30, 2021

Date (1)	Center's Proportion of the Net OPEB Liability (2)	Center's Proportionate Share of the Net OPEB Liability (3)	Center's Covered- Employee Payroll (4)	Center's Proportionate Share of the Net OPEB Liability as a Percentage of Covered-Employee Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total OPEB Liability (6)
2021	1.0142%	\$ 8,685	\$ 663,877	1.308%	91.797%
2020	0.9916%	41,167	688,300	5.981%	63.700%
2019	0.5200%	34,131	613,976	5.559%	51.600%
2018	0.4600%	29,789	721,101	4.131%	50.400%
2017	1.7700%	137,323	706,961	19.424%	43.500%

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

Regional Center for Animal Care and Protection  
Schedule of Employer Contributions  
Group Medical Plan  
For the Years Ended June 30, 2017 through June 30, 2022

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2022	\$ 10,324	\$ 10,324	\$ -	\$ 325,391	3.17280%
2021	8,009	8,009	-	663,877	1.20640%
2020	9,336	9,336	-	688,300	1.35639%
2019	8,702	8,702	-	613,976	1.41732%
2018	29,148	29,148	-	721,101	4.04215%
2017	21,614	21,614	-	706,961	3.05731%

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

**Regional Center for Animal Care and Protection**  
**Notes to Required Supplementary Information - Group Medical Plan**  
**For the Year Ended June 30, 2022**

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Valuation Date: 6/30/2020

Liabilities as of July 1, 2021 are based on an actuarial valuation date of July 1, 2020 projected to July 1, 2021 on a "no loss/no gain" basis.

*Methods and assumptions used to determine contribution rates:*

Actuarial Cost Method	Entry Age Normal Level % of Salary
Amortization Method/Period	Level Dollar over 15 years
Asset Valuation Method	Market value of assets
Medical Trend Rate	Initial rate of 7.50% decreasing to an ultimate rate of 4.50%
Salary Increases	2.00% per annum
Long-Term Expected Rate of Return	7.50% per annum
Retirement Age	The average age at retirement is 62
Mortality Rates	General retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021; Surviving Spouses: SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021; Disabled retirees: SOA Pub-2010 Non-Safety Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2021

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## COMPLIANCE SECTION

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

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**To the Members of the Executive Committee  
Regional Center for Animal Care and Protection  
Roanoke, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities and each major fund of the Regional Center for Animal Care and Protection, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Regional Center for Animal Care and Protection's basic financial statements and have issued our report thereon dated September 16, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Regional Center for Animal Care and Protection'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 Regional Center for Animal Care and Protection's internal control. Accordingly, we do not express an opinion on the effectiveness of the Regional Center for Animal Care and Protection's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Regional Center for Animal Care and Protection's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of This Report

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

*Polina, Fane, Cox Associates*

Blacksburg, Virginia  
September 16, 2022