

# **CITY OF ROANOKE, VIRGINIA**

# **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

---

Fiscal Year Ended  
June 30, 2022



# **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Fiscal Year July 1, 2021 to June 30, 2022**



**DEPARTMENT OF FINANCE**  
215 Church Avenue, SW, Room 461  
Roanoke, Virginia 24011  
(540) 853-2821  
[www.roanokeva.gov](http://www.roanokeva.gov)



**CITY OF ROANOKE, VIRGINIA  
TABLE OF CONTENTS**

**INTRODUCTORY SECTION**

	Page
<i>Letter of Transmittal</i> .....	<i>i</i>
<i>Directory of Principal Officials</i> .....	<i>xvi</i>
<i>Certificate of Achievement for Excellence in Financial Reporting</i> .....	<i>xvii</i>
<i>Organizational Chart</i> .....	<i>xviii</i>

**FINANCIAL SECTION**

<i>Independent Auditor's Report</i> .....	<i>1</i>
<i>Management's Discussion and Analysis (Required Supplementary Information) (Unaudited)</i> .....	<i>5</i>

***Basic Financial Statements***

***Government-Wide Financial Statements***

<i>Exhibit A</i>	<i>Statement of Net Position</i> .....	<i>7</i>
<i>Exhibit B</i>	<i>Statement of Activities</i> .....	<i>8</i>

***Fund Financial Statements***

<i>Exhibit C</i>	<i>Balance Sheet</i> .....	<i>9</i>
<i>Exhibit D</i>	<i>Reconciliation of the Balance Sheet to the Statement of Net Position</i> .....	<i>10</i>
<i>Exhibit E</i>	<i>Statement of Revenues, Expenditures, and Changes in Fund Balances</i> .....	<i>11</i>
<i>Exhibit F</i>	<i>Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities</i> .....	<i>12</i>

***Proprietary Funds' Financial Statements***

<i>Exhibit G</i>	<i>Statement of Net Position</i> .....	<i>13</i>
<i>Exhibit H</i>	<i>Statement of Revenues, Expenses, and Changes in Net Position</i> .....	<i>14</i>
<i>Exhibit I</i>	<i>Statement of Cash Flows</i> .....	<i>15</i>

***Fiduciary Fund Financial Statements***

<i>Exhibit J</i>	<i>Statement of Fiduciary Net Position</i> .....	<i>17</i>
<i>Exhibit K</i>	<i>Statement of Changes in Fiduciary Net Position</i> .....	<i>18</i>

<i>Notes to Basic Financial Statements</i> .....	<i>19</i>
--	-----------



**CITY OF ROANOKE, VIRGINIA  
TABLE OF CONTENTS  
(Continued)**

**FINANCIAL SECTION  
(Continued)**

***Required Supplementary Information***

<i>Budgetary Comparison Schedule – General Fund.....</i>	<i>127</i>
<i>Note to Budgetary Comparison Schedule – General Fund.....</i>	<i>131</i>
<i>Infrastructure Assets Under Modified Approach .....</i>	<i>132</i>
<i>Schedule of City’s Pension Contributions – City Plan.....</i>	<i>133</i>
<i>Schedule of City’s Proportionate Share of Net Pension Liability – City Plan.....</i>	<i>134</i>
<i>Schedule of School Board Pension Contributions – City Plan .....</i>	<i>135</i>
<i>Schedule of School Board’s Proportionate Share of Net Pension Liability – City Plan.....</i>	<i>136</i>
<i>Schedule of City’s Pension Contributions – VRS.....</i>	<i>137</i>
<i>Schedule of School Board’s Pension Contributions – VRS Non-Professionals’ Plan .....</i>	<i>138</i>
<i>Schedule of Changes in City’s Net Pension Liability and Related Ratios – VRS.....</i>	<i>139</i>
<i>Schedule of School Board’s Pension Contributions – VRS Teachers’ Retirement Plan .....</i>	<i>140</i>
<i>Schedule of School Board’s Proportionate Share of Net Pension Liability – Teachers’ Retirement Plan .....</i>	<i>141</i>
<i>Schedule of School Board’s Changes in Net Pension Asset and Related Ratios – VRS.....</i>	<i>142</i>
<i>Schedule of Investment Returns.....</i>	<i>143</i>
<i>Schedule of City’s OPEB Contributions – Employee’s Post-Retirement Health Plan.....</i>	<i>144</i>
<i>Schedule of City’s OPEB Contributions – Line of Duty Benefits.....</i>	<i>145</i>
<i>Schedule of Changes in Net OPEB Liability and Related Ratios OPEB Trust – Employees’ Post-Retirement Health Plan .....</i>	<i>146</i>
<i>Schedule of Changes in Net OPEB Liability and Related Ratios OPEB Trust – Line of Duty Act .....</i>	<i>147</i>
<i>Schedule of Changes in Net OPEB Liability and Related Ratios VRS Health Insurance Credit.....</i>	<i>148</i>
<i>Schedule of City Contributions – VRS Health Insurance Credit.....</i>	<i>149</i>
<i>Schedule of City’s Proportionate Share of Net OPEB Liability – VRS Group Life Insurance .....</i>	<i>150</i>
<i>Schedule of City Contributions – VRS Group Life Insurance .....</i>	<i>151</i>
<i>Schedule of School Board Contributions – VRS Group Life Insurance (Non-Professionals).....</i>	<i>152</i>
<i>Schedule of School Board Contributions – VRS Group Life Insurance (Professionals).....</i>	<i>153</i>
<i>Schedule of School Board Contributions – VRS General Employee Health Insurance Credit.....</i>	<i>154</i>
<i>Schedule of School Board Contributions – VRS Teacher Health Insurance Credit.....</i>	<i>155</i>
<i>Schedule of School Board’s Proportionate Share of the Net VRS Group Life Insurance Liability – Non-Professional Employees.....</i>	<i>156</i>
<i>Schedule of School Board’s Proportionate Share of the Net VRS Group Life Insurance Liability – Professional Employees.....</i>	<i>157</i>
<i>Schedule of School Board’s Proportionate Share of the Net VRS Health Insurance Credit Liability –Teachers .....</i>	<i>158</i>
<i>Notes to Required Supplementary Information.....</i>	<i>159</i>



**CITY OF ROANOKE, VIRGINIA  
TABLE OF CONTENTS  
(Continued)**

**FINANCIAL SECTION  
(Continued)**

***Other Supplementary Information***

***Individual Fund Financial Statements***

<i>Exhibit L-1</i>	<i>Statement of Net Position – Fiduciary Funds</i> .....	162
<i>Exhibit L-2</i>	<i>Statement of Changes in Fiduciary Net Position – Fiduciary Funds</i> .....	163

**STATISTICAL SECTION  
(Unaudited)**

<i>Table 1</i>	<i>Net Position by Component</i> .....	165
<i>Table 2</i>	<i>Changes in Net Position</i> .....	166
<i>Table 3</i>	<i>Governmental Activities' Tax Revenues by Source</i> .....	168
<i>Table 4</i>	<i>Fund Balances of Governmental Funds</i> .....	169
<i>Table 5</i>	<i>Changes in Fund Balances of Governmental Funds</i> .....	170
<i>Table 6</i>	<i>Local Tax Revenues by Source</i> .....	171
<i>Table 7</i>	<i>General Property Tax Levies and Collections</i> .....	172
<i>Table 8</i>	<i>Assessed and Estimated Actual Value of Taxable Property</i> .....	173
<i>Table 9</i>	<i>Property Tax Rates and Tax Levies</i> .....	173
<i>Table 10</i>	<i>Principal Property Taxpayers</i> .....	174
<i>Table 11</i>	<i>Taxable Retail Sales</i> .....	174
<i>Table 12</i>	<i>Ratio of General Bonded Debt to Total Estimated Actual Value and Bonded Debt Per Capita</i> .....	175
<i>Table 13</i>	<i>Ratios of Outstanding Debt by Type</i> .....	176
<i>Table 14</i>	<i>Legal Debt Margin Information</i> .....	177
<i>Table 15</i>	<i>Ratio of Annual Debt Service Expenditures for General Long-Term Debt to Total General Expenditures</i> .....	178
<i>Table 16</i>	<i>Demographic Statistics</i> .....	179
<i>Table 17</i>	<i>Construction Statistics</i> .....	180
<i>Table 18</i>	<i>Principal Employers</i> .....	180
<i>Table 19</i>	<i>Full-Time Equivalent City Government Employees by Function</i> .....	181
<i>Table 20</i>	<i>Operating Indicators by Function</i> .....	182
<i>Table 21</i>	<i>Capital Asset Statistics by Function</i> .....	183



**CITY OF ROANOKE, VIRGINIA  
TABLE OF CONTENTS  
(Continued)**

***COMPLIANCE SECTION***

<i>Schedule of Expenditures of Federal Awards</i> .....	185
<i>Notes to Schedule of Expenditures of Federal Awards</i> .....	191
<i>Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</i> .....	193
<i>Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance as Required by the Uniform Guidance</i> .....	195
<i>Summary of Compliance Matters</i> .....	198
<i>Schedule of Findings and Questioned Costs</i> .....	199
<i>Summary Schedule of Prior Audit Year Findings</i> .....	203
<i>City of Roanoke Finance Department</i> .....	207



## INTRODUCTORY SECTION

---







## CITY OF ROANOKE DEPARTMENT OF FINANCE

215 Church Avenue, SW, Suite 461  
Roanoke, Virginia 24011-1220  
Telephone: (540) 853-2821  
Fax: (540) 853-6142

WILLIAM B. ROBERTSON  
Director of Finance

**March 29, 2023**

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

We are pleased to present the City of Roanoke, Virginia (the City) Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022 in accordance with Section 25.1(f) of the Roanoke City Charter. The Charter requires the City to issue an annual report on its financial position and activity and that the financial statements included in the report be audited by an independent firm of certified public accountants. This report was prepared by the Department of Finance in conformity with generally accepted accounting principles in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB) and the financial statements included in the report were audited by Brown Edwards & Company.

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

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

Because of the inherent limitations on internal controls, the objective is to provide a reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The auditor's review regarding the City's internal control structure and concomitant compliance is included in this report.

The ACFR is presented in the following three sections:

- (1) Introductory Section – This section is unaudited and includes this letter of transmittal, the City's Government Finance Officers Association of the United States and Canada (GFOA) *Certificate of Achievement for Excellence in Financial Reporting*, a list of the City's principal officials and an organizational chart.



- (2) Financial Section – This section includes the independent auditor’s report on the basic financial statements, Management’s Discussion and Analysis (MD&A), which is unaudited supplementary information required by GASB, basic financial statements, notes to the basic financial statements, other unaudited required supplementary information, and combining fund financial statements.
- (3) Statistical Section – This section is unaudited and includes selected financial and demographic information, generally presented on a multi-year comparative basis.

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

## **Profile of the Government**

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

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

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

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

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

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

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

## **Economic Condition and Outlook**

### **Local Economy**

As the largest city in the Commonwealth west of Richmond, Roanoke serves as the economic center of southwestern Virginia. The economy of the City of Roanoke is predominantly non-agricultural, consisting of healthcare, wholesale and retail trade, construction, manufacturing, transportation, bioscience, research & development, technology, and warehousing. Other sectors include financial services, insurance, real estate, public administration, utilities management, arts and recreation, and small-scale agriculture.

Roanoke offers many of the cultural amenities typically associated with larger cities, including a vibrant arts scene, several higher education institutions, and a dynamic entrepreneurial community boasting a nice balance of small and large businesses. Roanoke is also extremely proud of its attractive and eclectic neighborhoods, welcoming environment, outdoor amenities and its emphasis on livability and quality of life.

Despite the slowdown associated with the COVID-19 pandemic, Roanoke continues to show key indicators of economic strength in fiscal year 2022, reflective of its diverse economy with continued investment and opening of new businesses in the City.

In fiscal year 2021-22, more jobs were added to the Roanoke regional economy than in any of the previous six years. Several significant projects are on the drawing board or are underway within the City. Projects with significant investments in our city have taken place in the following sectors during fiscal year 2021-2022 with an estimated economic impact of at least \$300 million dollars:

### **Hospitality**

Hotel occupancy is up 28% in fiscal year 2021-22, and 195 new hotel rooms were constructed during this time.

Located at 101 S. Jefferson Street in downtown Roanoke, The Liberty Trust Hotel, Roanoke’s first boutique hotel was completed by Savara Development and opened in March 2022. The new \$8.5 million hotel features seven stories with 54 rooms overlooking the beautiful Blue Ridge Mountains. The restored former bank building is on the National Historic Register and is one of four Virginia properties bearing the Preferred Hotels & Resorts designation representing the finest and most diverse global portfolio of independent hotels and independent hotel experiences with renowned quality standards measured by yearly anonymous on-site inspections carried out by professional third-party experts.

Kalyan Hospitality, owners of the Holiday Inn Roanoke – Valley View, invested \$1 million in renovations to allow for a Candlewood Suites brand to take a portion of the Holiday Inn space. This move was the result of decreased conference space traffic due to the COVID-19 pandemic and makes way for new hotel rooms, a revenue generator for the company. The Candlewood Suites will bring 73 new rooms to Roanoke.



In January 2022, leaders of Visit Virginia's Blue Ridge and the Virginia Tourism Corporation announced that Team TWENTY24, a diverse team of female professional and junior cyclists, would officially relocate their base of operations from Idaho to Virginia's Blue Ridge. The team's name is now Virginia's Blue Ridge TWENTY24 (VBR TWENTY24). The City of Roanoke and surrounding jurisdictions are excited to embrace the diversity of female athletes, inspire youth in the community and welcome the economic development opportunities presented as Team TWENTY24's title sponsor for the next three years.

More money and more racers were brought in to benefit the Roanoke Region's economy during the thirteenth annual Foot Levelers Blue Ridge Marathon, half marathon, and 10K held in April 2022. "America's Toughest Road Marathon" hosted 2,864 runners generating an estimated \$1.5 million in economic impact.

The Carilion Clinic IRONMAN® 70.3® Virginia's Blue Ridge Triathlon returned to the Roanoke Valley in June 2022 with its challenging course which includes swimming at Carvins Cove, 56 miles of cycling on the Blue Ridge Parkway, and running along the Roanoke River Greenway. With over 1,700 participants, the event had an economic impact to both the City and the Region. The event's success is the result of a decade-long effort by Roanoke Outside and Visit Virginia's Blue Ridge to lure such events to Roanoke.

### **Transportation**

The Roanoke Blacksburg Regional Airport had two positive announcements in the fiscal year. Allegiant Airlines began a new nonstop service from Roanoke to Nashville, TN, twice a week beginning April 2022, which currently extends to February 2023. In addition to this Nashville flight, in June 2022, Delta Airlines began offering daily direct service to LaGuardia in New York City.

Amtrak launched a second daily passenger train in Spring 2022 on the route between Roanoke and points to the north and east such as Lynchburg, Charlottesville and Washington, D.C. The passenger rail service continues with a second train departing Roanoke to points north in the afternoon.

Governor Glenn Youngkin announced in March 2022 that A. Duie Pyle (Pyle), a premier provider of asset and non-asset-based supply chain solutions, would establish three cross-dock service centers in the Commonwealth. This substantial addition to Virginia's diverse logistics sector brought valuable jobs and an economic boost to 3 Virginia cities including the Roanoke facility at 3348 Salem Turnpike, NW, with 16 doors, creating 20 new jobs.

### **Manufacturing and Technology**

Frank Chervan, a Roanoke-based manufacturer of furniture for the hospitality and health care industry since 1932, announced a spin-off company, TXTUR, in January 2021, to service the retail market for consumers. The locally-made line of modern furniture with an attractive price point and built sustainably with recycled materials continues to grow since its opening. The company expanded to space in the Roanoke Industrial Center in August 2021, making a \$375,000 investment in operations. TXTUR opened a showroom in downtown Roanoke in September 2022.

Global Metal Finishing of Roanoke, a multi-line aluminum anodizing and precision hard coating facility, completed a \$1 million expansion initiative, the first phase of a \$3 million project. The company announced in March 2022 their accreditation by the National Aerospace and Defense Contractors Accreditation Program (Nadcap). Nadcap audits are a rigorous technical assessment of compliance to customer requirements and industry standards conducted by technical expert auditors in the aerospace industry.

Luna Innovations Incorporated, a global leader in advanced fiber optic-based technology with headquarters based in downtown Roanoke, announced in May 2022 that it had secured an incremental, multi-unit purchase order for the OBR 6200, a portable backscatter reflectometer, through a continued relationship with Lockheed Martin. This is core to Luna's strategy is moving from single unit sales to multi-unit sales. In 2020, Luna announced a \$6.2 million deal with Lockheed Martin to supply optical measurement products to support the global fleet of F-35 aircraft which extended a long-term relationship resulting in a series of new hardware and software technology

developments. Luna's products, including the Optical Backscatter Reflectometer (OBR), help customers precisely detect potential failure points, thereby reducing the time and cost of completing critical projects. The rugged and portable OBR 6200 boasts several critical features including industry-leading accuracy and sensitivity for testing fiber optic networks. Due to its superior resolution and precision, the OBR 6200 exceeds the measurement and diagnostic capabilities of the industry-standard optical time-domain reflectometer (OTDR).

## **Health Care and Education**

Since opening in 2010, the Fralin Biomedical Research Institute at VTC and the Virginia Tech Carilion School of Medicine continue to transform the Roanoke community. Research is funded by more than \$150 million in current, active grants and contracts, mostly from the National Institutes of Health. Virginia Tech faculty members are involved with six spinoff companies working to innovate biomedical solutions for cancer, cardiovascular diseases, and brain maladies.

Fralin Biomedical Research Institute recently announced that the institute currently supports 37 research teams, employs more than 400 people, and has an annual research portfolio currently valued at \$180 million. When its recently completed new building reaches full capacity in the next five years, the number of research teams and employees will double.

Carilion Clinic continues to move forward with the Roanoke Memorial Hospital's \$300 million, 486,000 square-foot expansion. The project has dictated the presence of the first tower cranes in Roanoke since the 21-story Dominion Tower (now Wells Fargo) was built in 1991. The Carilion Roanoke Memorial Hospital project includes a new tower for emergency and cardiovascular care, a new psychiatric hospital, a parking garage, and pedestrian skyway to connect the buildings.

Good Samaritan Hospice announced a new campus on Cove Road in Northwest Roanoke with construction to begin in 2023. The \$10 million Hospice House will include a two-wing, 16-bed hospice house, administrative offices and a community bereavement center. Good Samaritan estimates the center will add 25-30 jobs to the organization.

Roanoke City Public Schools (RCPS) announced the school district's move of all administrative offices to the former Roanoke Times building, a multi-million-dollar project. Included, too, are plans to repurpose the current Douglas Avenue facility to host adult educational programs and family workshops, and to serve as a welcome center for new families moving to the district. A portion of the personnel made the move to the new Campbell Avenue location in April 2021 fulfilling Phase One of the project or \$6 million of the total transformation.

Virginia Western Community College announced the launch of a new degree program in response to a fast-growing industry in the region. Beginning with the fall 2023 semester, students will be able to complete a two-year degree in biotechnology allowing the region to build a pipeline of qualified workers. With an associate degree in biotechnology, students can either transfer to a four-year school or be job-ready for entry-level laboratory positions which typically pay \$24 an hour.

In June 2022, the Commonwealth of Virginia appropriated \$15.6 million to the City of Roanoke for the renovation of an existing facility along South Jefferson Street for use as wet and dry labs and space for biotechnology and healthcare companies, as well as for a regional location for Johnson & Johnson's JLABS Program. The investment represents a landmark partnership between the City of Roanoke, Carilion Clinic, the Virginia Tech Corporate Research Center, VERGE, and Virginia Western Community College.



## **Retail and Development**

Construction on the City of Roanoke's Transit Transfer Center is underway at the corner of Salem Avenue and Third Street, SW, with the recent completion of a temporary bus facility servicing riders beginning in March 2022.

Known colloquially as "Third Street Station," the \$12 million project moves Roanoke's bus station from its home of almost four decades on Campbell Court about a quarter-mile away to Salem Avenue. The former bus station on Campbell Avenue will be redeveloped into residential and commercial space by Hist:Re Partners, while the office space located at 106 South Jefferson Street will be converted into a dedicated Amtrak Station. The entire residential/commercial project is estimated to be an investment of \$35 million in downtown Roanoke.

Macado's restaurant chain owner Richard Macher announced he was purchasing the former Roanoke Times Press Building with plans to repurpose the space located at 2nd Street and Salem Avenue in downtown Roanoke. The yet-to-be-determined project is expected to bring approximately \$12 million in new investment to downtown Roanoke.

Three new condominium developments opened or were being developed during the fiscal year. These include Greenpoint Condos, a \$1 million investment at 419 Campbell, and Juniors Barrel Lofts, also a \$1 million investment, each with 12 units, by developer David Jones, as well as 829 Salem Avenue, by developer Cecil Doyle, an investment of \$553,000 with 4 units.

The construction of the \$58 million View at Blue Ridge Commons, a redevelopment of the former Sheraton property continues at 2801 Hershberger Road in Northwest Roanoke. Phase One of the new residential living community was completed in fiscal year 2021-22 and offers 338 units of stylish living on 4 floors. The View at Blue Ridge Commons is the largest new apartment complex built in the Roanoke Valley in 48 years.

The 460 East/Orange Avenue corridor saw vibrant activity in 2021-22 with announcements and new construction. Little Caesars - Orange Avenue reconstructed their facilities to better serve customers with a \$900,000 investment in the restaurant. Further east, Altoona, PA based Sheetz announced a new store at the corner of King Street and Orange Avenue, an \$8.3 million investment including \$3 million for the property. The entrance of the Roanoke Centre for Industry & Technology saw a new \$1 million Starbucks opened, along with Chipotle, a \$772,000 investment, and Tropical Smoothie, a \$392,000 investment, in the City of Roanoke.

In October 2021, The Branch Group announced an \$8.1 million project. The construction company, with a large presence throughout the Commonwealth, is relocating and expanding into a new corporate headquarters along Peters Creek Road at the site of the former Kroger Mid-Atlantic offices, consolidating three current locations into the new 58,000+ square foot facility. A vast majority of the company's 800 employees live and work in the Roanoke region and the new headquarters provides an opportunity to further collaborate on critical projects for customers.

Just south along the Peters Creek corridor, the long awaited nation's largest retailer of used cars, CarMax, opened in December 2021, a \$6.9 million investment in the City of Roanoke. Manager Dan Swope says the company has had an overwhelmingly successful few months of sales.

Cardinal Bicycle reopened their second location in the 11,000-square-foot former Mick-or-Mack grocery building in early July 2020, an estimated \$1 million investment, and made significant renovations to their store located along the Orange Avenue/460 East corridor.

In downtown Roanoke, The French Farmhouse and Rendezvous opened on Church Avenue. The modern farmhouse home decor, lighting and furniture retail store is a \$300,000 investment and nicely connects Roanoke shoppers from Market Street around the corner heading west on Church to Jefferson Street. Just across the street, Olde Salem Brewing announced they have moved into the space formerly occupied by Deschutes Brewing.

Along the Franklin Road corridor, Barrel Chest Wine & Beer opened in March 2022, relocating from Roanoke County, and, invested \$750,000 in their new Roanoke City location.

## **Financial Services**

Freedom First Federal Credit Union opened a new branch on Orange Avenue, east of King Street. The new branch is a \$3.7 million investment in the City of Roanoke. Additionally, in August 2021, the company announced the purchase of downtown Roanoke's Elmwood Building (207 Bullitt Ave., SE) as its new corporate headquarters for the future, a \$9.5 million investment in the City of Roanoke. The company has moved several key positions to the new building over the 2021-22 fiscal year and hopes to consolidate much of the business into this one location. The Elmwood Building was built in 1919 and has been used by multiple businesses, including GE Digital as its most recent tenant. It is comprised of four floors and currently continues to house GE Digital employees within the building.

Member One Federal Credit Union, a full-service, member-owned financial institution headquartered in downtown Roanoke with \$1.5 billion in assets, opened a new \$4.5 million, 6,511 square foot Member Service Center along the Williamson Road Corridor. The Member Service Center represents a new service model for Member One, bringing together a variety of member needs in one convenient location where members have access to retail branch amenities as well as a Real Estate Center for real estate lending and a Business Services Center for small business needs.

In July 2021, Ridge View Bank, a new division of \$5 billion holding company, CNB Bank, based out of Pennsylvania, entered the Roanoke market. The company sees tremendous potential for a new bank driven by a strong focus on meeting the financial needs of businesses and individuals in the Roanoke Region, in the way only a community bank can deliver. The company plans to build their new \$20 million headquarters along the Franklin Road corridor with construction to begin in fiscal year 2022-23.

## **American Rescue Plan Act (ARPA) – Coronavirus State and Local Fiscal Recovery Fund (SLFRF)**

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

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

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

In July 2021, the City Council formed the Star City Strong: Recovery and Resiliency Advisory Panel co-chaired by the Mayor and Vice-Mayor. The Council appointed 36 community members to serve on the Panel. The stated objective of the Advisory Panel was “to consider the challenges confronting the City from the COVID-19 pandemic disaster and the opportunities available to the community through ARPA, and to make recommendations to City Council regarding the use of the funds.” A series of stakeholder interviews and focus group meetings with more



than 100 individuals representing a wide diversity of perspectives formed one of the starting points for the work of the Advisory Panel. The Advisory Panel met seven times and conducted a public hearing. These discussions generated a list of possible initiatives and projects that could aid the community's efforts at recovery while building resiliency.

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

## **Long-Term Financial Planning**

### **Comprehensive Plan**

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

### **Budgeting for Outcomes**

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

### **Long Term Financial Planning**

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

### **Capital Improvement Program (CIP)**

In conjunction with the preparation of an annual operating budget, the City prepares a five-year Capital Improvement Program Update. This serves as a planning tool for efficient, effective and equitable distribution of public improvement resources throughout the City. The CIP focuses on maintaining capital assets, infrastructure investment for livability and economic development, and targeted livability investments. The CIP represents a balance between finite funding and competing community priorities. The CIP specifies the capital improvement and construction projects over the upcoming five-year period in order to maintain or enhance the City's \$720 million in capital assets. Detailed project descriptions, cost estimates, and funding sources are included in the CIP. The City's Capital Improvement Program for FY 2022 through FY 2026 represents \$193 million of public improvements to the City's schools, infrastructure, parks, libraries, public buildings, technology improvements, fleet replacement, and Roanoke's civic center (the Berglund Center). The CIP includes important public safety improvements such as the Fire EMS Master Plan for the construction and/or relocation of three Fire/EMS stations as well as downtown improvements surrounding the Campbell Court redevelopment, passenger rail infrastructure and transit facility relocation.

An important part of the City's CIP, the Berglund Center houses a 10,500 seat Coliseum, 2,148 seat Performing Arts Theatre (BPAT), 14,000 square-foot Exhibit Hall and 46,000 square-foot Special Events Center. Current and recent capital improvements include Coliseum restroom renovations at Gates 2 and 11, the purchase of magnetometers (walk-thru security detectors); sound system upgrade and replacement of the rigging system in the BPAT; and, replacement of carpet in the Coliseum and Special Events Center. Projects currently underway include Coliseum restroom remodel at Gate 5, BPAT lighting upgrades, security enhancements, and HVAC improvements.

### **Relevant Financial Policies**

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

### **Major Initiatives and Accomplishments**

#### **Education**

Roanoke City Council places education as the top priority of the government and its citizens, providing more funding toward education than any other area of government. The COVID-19 pandemic forced many changes to the nature of education. Fortunately, the majority of students returned to in-person learning for the 2021-22 school year. While the pandemic caused disruptions, Roanoke City Public Schools (RCPS) is proud to have achieved an estimated on-time graduation rate of 85.9% for 2021-22. RCPS is also proud of its many other accomplishments and offerings during the school year, including:

- For the 10<sup>th</sup> consecutive year, the National Association Music Merchants Foundation named RCPS one of the Best Communities for Music Education.
- Seventeen RCPS graduating student athletes were recruited and will play at the collegiate level.
- RCPS students who qualify can attend Virginia Western Community College tuition free through the Community College Access Program (CCAP) supported by RCPS.
- More than a dozen career paths are offered through the Roanoke Technical Education Center (ROTEC), something that is soon to be expanded to serve more students at both Roanoke high schools.
- Spanish and coding are offered at all 17 elementary schools, as is access to musical instruments thanks to the VH1 Save The Music Foundation.
- RCPS offered a free six-week summer learning recovery and acceleration program for students in pre-kindergarten through grade eight, with a focus on reading and math.
- A 'Staying Safe by Staying Connected' program focused on academics, athletics, and the arts was implemented in summer 2022 to help students stay engaged in safe and supportive activities and environments.

Roanoke is committed to providing students with safe and effective learning environments, and to that end, RCPS updates its Capital Improvement Plan annually. RCPS opened a new athletic field house at Patrick Henry High School in 2021-22, and other projects recently completed or underway include installation of new playgrounds at Fairview and Lincoln Terrace Elementary Schools; roof replacements at Monterey and Fairview Elementary Schools and Addison Middle School; new HVAC systems at Fairview Elementary and Addison and Woodrow Wilson Middle Schools; upgrades to HVAC systems at several other schools; and the addition of instructional space at Breckinridge Middle School and Morningside Elementary School.

More information regarding the important achievements of RCPS is available in the separately published School ACFR.

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

## **Public Safety**

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

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

Roanoke Fire-EMS has been an accredited agency with the Commission on Fire Accreditation International Inc. (CFAI) since 2002, meeting the criteria established through the CFAI's voluntary self-assessment and accreditation program. The fire protection services of the City of Roanoke, as rated by an insurance industry advisory company is Class 1. The classification by the Insurance Service Office (ISO), known as the Public Protection Classification program, assesses the fire-protection efforts in a particular community. The City of Roanoke is one of 293 nationwide Internationally Accredited Fire agencies and one of only 112 in the nation that holds an ISO rating of Class 1 as well as holding accreditation. The Fire-EMS Department is also a partner with Roanoke County and the City of Salem in a Regional Fire-EMS Training Center, a regional hiring process, and has automatic and enhanced mutual aid response agreements in place to ensure the closest and most efficient response of Fire-EMS resources. The regional hiring process has enabled Roanoke Fire-EMS to increase its emphasis on recruiting a diverse workforce, including the launch of a new website. As a strategy to provide a more diverse and inclusive workforce, the City's Fire-EMS Department hiring age is 18.

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

## **Human Services**

Roanoke, as the largest city west of the state capitol, supports a high demand for human services from the community. The Human Services staff unites public and private institutions to encourage and support caring communities by assisting individuals and families to achieve self-sufficiency and healthy lives with a variety of financial and employment programs. A partnership with RCPS and the City of Roanoke Central Intake program provided assistance to students by preventing them from entering into homelessness or rehousing them to a stable environment. The City of Roanoke's Central Intake program also partners with the Western Virginia Water Authority to provide water bill assistance to customers who are facing a utility cutoff or to assist with re-connections for those whose services have been disconnected. Last year, 927 households were provided critical utility assistance through the Authority Cares program.



In 2021, 1,936 households were prevented from entering homelessness through Central Intake, the Community Housing Resource Center, Total Action for Progress' (TAP) Supportive Services for Veteran Families (SSVF) program, the Presbyterian Community Center, and Roanoke Area Ministries (RAM). Our community also provided critical housing services for individuals and families to quickly exit homelessness and stabilize in permanent housing. In 2021, 238 individuals were rapidly re-housed through the Community Housing Resource Center and TAP's Supportive Services for Veteran Families (SSVF) program. The City of Roanoke's Homeless Assistance Team (HAT) placed 123 individuals in permanent housing. ARCH Services provided permanent supportive services to 49 veterans and chronically homeless individuals.

## **Neighborhoods**

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

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

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

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

## **Recreational and Outdoor Opportunities**

The City is branded by its unique combination of urban amenities surrounded by significant natural beauty and outdoor and recreational activities. The City's Parks and Recreation Department manages 66 parks, plazas, and greenways; supports more than 100 cultural events on an annual basis; and serves more than 115,000 individuals through more than 2,000 recreation programs.

The GO Outside Festival (GO Fest) has become a fall staple with over 150 outdoor activities and events. This annual event encourages healthy and active outdoor recreation by combining the things outdoor enthusiasts love such as camping, music, gear, races, and demonstrations, all in a beautiful outdoor setting.

The Appalachian Trail and Blue Ridge Parkway surround the city. The City's greenway system continues to grow and develop, gaining favor with visitors as well as residents of the Roanoke Valley. More than 24 miles of paved trails currently exist. The Lick Run, Garden City, Tinker Creek, Murray Run, Mill Mountain, Read Mountain, and Roanoke River greenways serve thousands of patrons annually. The City continues to enhance accessibility to roadways and trailways for cycling enthusiasts and is a "Bicycle Friendly Community." With more than 90 miles of trails, the City has become a national destination for mountain biking enthusiasts. Together with neighboring localities, the region received the Silver Ride Center designation from the International Mountain Bicycling Association, the only such center on the East Coast.

## **Libraries**

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

In 2021, the Libraries hosted 354 fun-filled summer reading events, distributed 4,317 free children's books, and had 3,967 citizens participate in events across the city. Our award winning Feed and Read program also placed 75,000 meals in the hands of hungry children that year in an effort to combat increasing food insecurity in Roanoke City. Despite the challenges of the pandemic in 2021, libraries provided citizens curbside and in-person services, fine-free access to books and materials, free vaccination clinics, 5,700 free COVID-19 test kits, pop-up farmers markets, outdoor story walks, the Read and Ready Festival, and the Melrose Fall Festival all while prioritizing the health and safety of patrons. In order to serve our ever-changing population well, our libraries continue to evaluate the needs of our patrons and expand and update our footprint in the community.

For more than a decade, the Libraries have undergone an extensive, system-wide renovation process to expand equality of service within the City. In conjunction with the 2016 renovation of the City's Main Library, the City completed renovations to the Raleigh Court library in 2016. Raleigh Court library reopened in March 2016 and includes a community room that can be used for meetings outside of opening hours, a separate teen area, a recording studio, and a courtyard. Since reopening, circulation at the Raleigh Court branch has more than tripled. Expansion and renovation of the Williamson Road branch was completed and the branch reopened on November 2017. Improvements at Williamson Road include an expansion that doubled the square footage of the branch, a large community room available for use after hours, an enclosed patio for programs, study rooms and an expanded youth and teen center. The Melrose branch construction is also complete and the new facility opened July 2019. The branch square footage is over double in size. It includes a teen center, a community room, small business center, new computers and books, a STEAM Lab for science, technology, engineering, art, and math classes, a music lab, a dedicated children's area, adult books and materials and a quiet reading area. In February 2021, the libraries developed a state-of-the-art neighborhood eBranch for literacy programs, children's activities, and educational materials in a friendly outdoor environment. The Crystal Spring eBranch has been very popular and provides a unique twenty-four-hour, seven-day-a-week service model for citizens who may need extended hours. The Gainsboro Library also received a significant renovation and re-opened its doors in June 2021. This renovation included new shelving, a large teen center, historic picture displays and meeting room update as well as additional technology and books. Despite these outstanding improvements, there is still more to do to ensure all of our neighborhoods have equal access high quality library services. In the future, we seek to begin much needed renovation to the Belmont Branch Library, as well as launch an Urban Outreach bookmobile to expand services across Roanoke City.

The Libraries also offer extensive community partnerships programs to serve the Roanoke community, including Star City Reads, winner of several All-America City Awards and a 2021 Virginia Municipal League Innovation Award. Star City Reads is a citywide coalition of 36 community partners, spearheaded by the Libraries and in coordination with the Campaign for Grade Level Reading, to improve the grade-level reading outcomes of Roanoke children. Star City Reads also coordinates with the RCPS to engage students at home and in the classroom and increase literacy through book distribution, education, and family events. The Libraries coordinate all book distribution for Star City Reads with over 180,000 books given to Roanoke's children since 2012. In June 2019, the City was awarded the first ever All America City Hall of Fame Award for the work of Star City Reads and the Feed and Read initiative. The Library's Feed and Read program is a partnership with Feeding America, providing free USDA-approved meals and literacy activities for children year round at every library, has served 210,000 meals since its beginning in 2012. In 2021, we expanded this work to include take-home snacks and curbside meals as well as distributed CARES boxes to help meet the needs of hungry families in Roanoke. Since 2014, the Libraries, through an initiative with the Life Ring Foundation, also distributed the Roanoke Baby Board Book to every child born at Carilion with the support of Turn the Page volunteers. Turn the Page volunteers have distributed the Roanoke Baby Board Book to more than 25,000 children born at Carilion Clinic. In 2021, we added the Roanoke Baby Bilingual Board Book. With the success of the original English version, we expanded this program to reach the thousands of Spanish-speaking families in our area. The Roanoke Public Libraries distributed 20,000 more bilingual books to local hospitals to promote early literacy from day one. Since 2021, Roanoke Public Libraries also received over 41,000 books through a donation from the SOHO Center to extend children's literacy initiatives at all grade levels throughout Roanoke. With these and many more programs, the Libraries continue to promote equal access to education for all of the Roanoke Valley with innovative programs for children, teens, and adults.

### **Transportation and Parking**

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

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

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

### **Environmental Leadership**

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

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



## **Regional Cooperation**

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

## **Future Challenges**

2021-2022 has been a year like no other. Roanoke, like much of the nation, has spent a significant amount of 2020 and beyond grappling with the challenges associated with political polarization, social inequity, and institutional racism for some time; however, none of these have had a more profound and disruptive impact on our City than the COVID-19 pandemic. Roanoke weathered the “Great Recession” well and has since boosted reserves, confirmed its strong bond rating, improved high school graduation rates, and real estate values have increased at a stable, sustainable rate. In addition, population increases, low unemployment, new residential and commercial real estate investment, and increased tourism signaled a strong recovery from the economic disaster of 2007-2008.

Despite the continued economic growth and resiliency of the City of Roanoke, the future holds many challenges and unknowns. The perennial challenges of providing core services still remain—inflation outpacing revenue growth, the uncertainty of intergovernmental revenues, the high cost of infrastructure replacement, rising healthcare costs, and increased demand for governmental services; however, the additional challenges related to controlling and eradicating the COVID-19 virus is expected to extend well into 2022. It is also expected that both the economic and social impact will be significant. From a fiscal standpoint, the COVID effect is expected to directly and significantly impact several major revenue categories such as Meals Tax, Transient Lodging Tax, and Business License Tax. While Real Estate Taxes could be significantly affected indirectly, over time, the fiscal impact is difficult to anticipate due to the fact that commercial/retail real estate values are currently at-risk due to COVID-19 behaviors and residential sales and values are very healthy.

## **Awards and Acknowledgements**

The GFOA awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of Roanoke, Virginia, for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. In order to be awarded a Certificate of Achievement, a government unit must publish an informational and efficiently organized ACFR, whose content conforms to program standards. The ACFR must satisfy both U.S. generally accepted accounting principles and applicable legal requirements. A copy of the GFOA Certificate of Achievement is included in the Introductory Section of the ACFR and is valid for a period of one year. The City has received a Certificate of Achievement for 48 consecutive years. This report was prepared in conformity with the Certificate of Achievement program requirements and standards, and it will be submitted to the GFOA to determine eligibility for another certificate.

In addition, the City also received the GFOA *Distinguished Budget Presentation Award* for its annual budget document for the fiscal year ended June 30, 2021. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide and a communication device. The City has been a recipient of the Distinguished Budget Presentation Award for the last 35 consecutive years.

## Other Awards and Recognitions:

- Roanoke was recognized with a Top 10 Digital City Award in the 75,000 to 125,000 population category in the Digital Cities Survey, retaining this status for 20 years.
- The Roanoke Police Department was awarded Advanced Law Enforcement Accreditation from the Commission on Accreditation for Law Enforcement Agencies (CALEA) effective November 19, 2021, for the ninth time.
- The Roanoke Police Department's Training Academy was awarded Accreditation from the Commission on Accreditation for Law Enforcement Agencies (CALEA) effective November 19, 2021, for the fourth time.
- The City of Roanoke's Public Works Service Center was awarded the designation of Exemplary Environmental Enterprise by the Virginia Department of Environmental Quality for the 11th consecutive year.
- Roanoke tied for 1st Place for cleanest metropolitan areas in the country for Ozone and cleanest metropolitan areas in the country for 24-hour particle pollution, according to the American Lung Association.
- Berglund Center served as the largest COVID-19 vaccination site in Southwest Virginia.
- Roanoke Parks and Recreation was recognized by Virginia Recreation and Park Society (VRPS) for Best New Program, Best New Special Event, and Distinguished Private Sector Award.
- The E-911 Center retained its accreditation from the Commission on Accreditation for Law Enforcement Agencies (CALEA) by being awarded 100% compliance in the annual review.
- The Office of Sustainability attained "Goal Achiever" status from the U.S. Department of Energy for the Better Buildings Challenge, a commitment to reducing energy use by 20% in 10 years or less.
- For the third consecutive year, the Family Services Adoption Team was #1 in the state for adoptions by finalizing 46 adoptions in the last fiscal year.
- The City of Roanoke received the 2021 Silver Summit Award for the Council Chats initiative from the Blue Ridge Chapter of the Public Relations Society of America.

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

Respectfully submitted,



Robert S. Cowell, Jr.  
City Manager



William B. Robertson  
Assistant City Manager for Community Development/Director of Finance

***CITY OF ROANOKE, VIRGINIA***  
***DIRECTORY OF PRINCIPAL OFFICIALS***  
***JUNE 30, 2022***

**Members of City Council**

Sherman P. Lea, Sr.  
Patricia White-Boyd  
William D. Bestpitch  
Joseph L. Cobb  
Anita J. Price  
Stephanie Moon Reynolds  
Vivian Sanchez-Jones

*Mayor*  
*Vice-Mayor*

**Constitutional Officers**

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

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

**City Council Appointed Officials**

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

*City Manager*  
*City Attorney*  
*City Clerk*  
*Municipal Auditor*

**Other City Officials**

Chris Chittum  
Angela O'Brien  
Amelia C. Merchant

*Assistant City Manager*  
*Assistant City Manager*  
*Director of Finance*





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Roanoke  
Virginia**

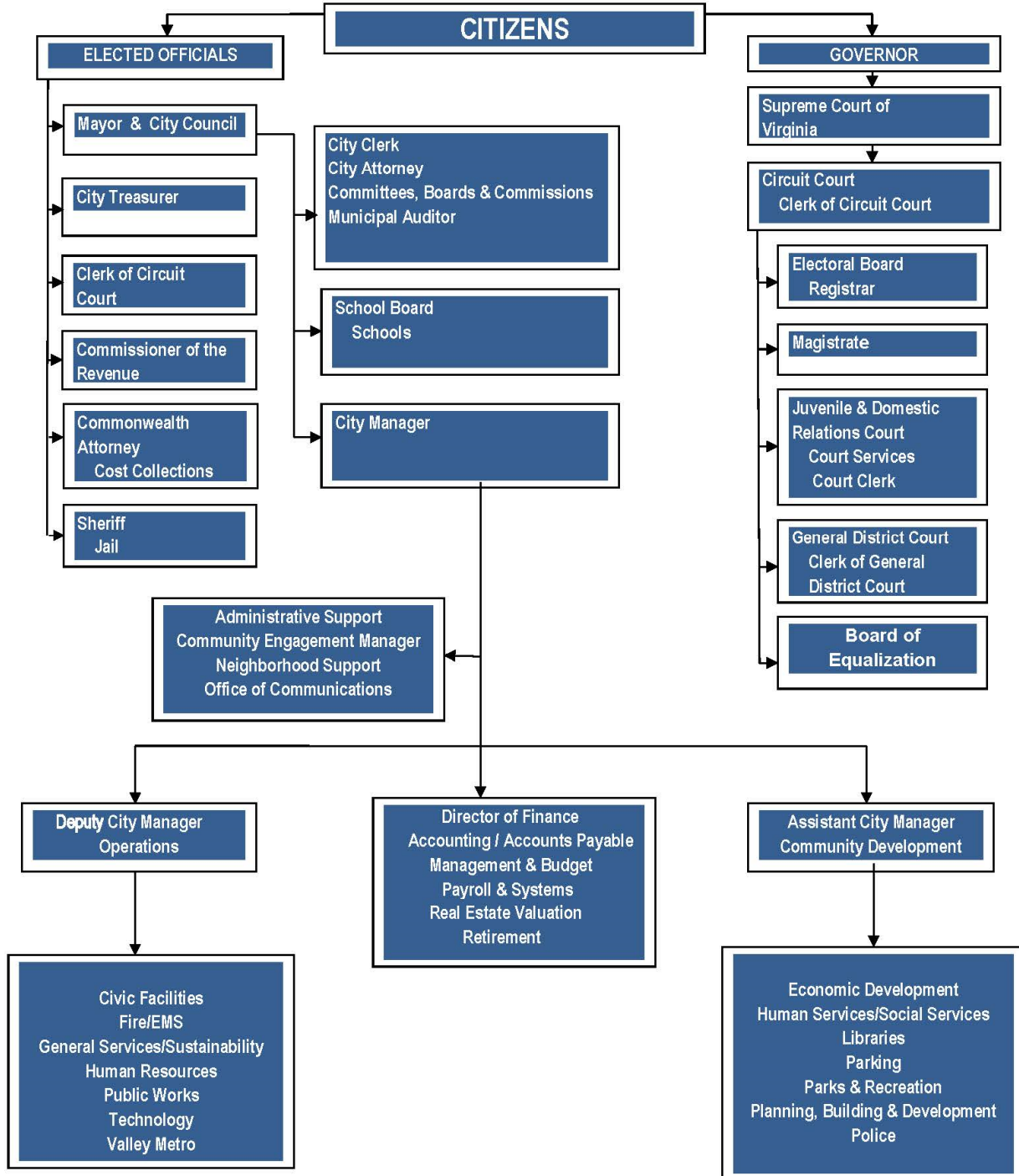
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO

**CITY OF ROANOKE, VIRGINIA**  
**Organizational Chart**  
**FY2021 – 2022**



## FINANCIAL SECTION

---





## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Roanoke, Virginia (the "City") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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

#### *Change in Accounting Principle*

As described in Note 1 to the financial statements, in 2022, the City adopted new accounting guidance, *GASB Statement No. 87 Leases*. Our opinion is not modified with respect to this matter.

## **Report on the Audit of the Financial Statements (Continued)**

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

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

## **Report on the Audit of the Financial Statements (Continued)**

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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



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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia  
March 29, 2023

**CITY OF ROANOKE, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022  
(UNAUDITED)**

This section of the City of Roanoke, Virginia's (City) Annual Comprehensive Financial Report (ACFR) presents Management's Discussion and Analysis (MD&A) of the City's financial performance during the fiscal year ended June 30, 2022. The MD&A should be read in conjunction with the preceding transmittal letter and the City's financial statements.

**FINANCIAL HIGHLIGHTS**

- At the end of the fiscal year, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$467.1 million, an increase of \$29.8 million or 6.8%, over the prior year's ending balance of \$437.3 million. Net position was comprised of \$486.1 million, attributable to the City's net investment in capital assets, \$235,769 restricted for debt service, offset by a negative unrestricted amount of \$19.2 million.
- Net position for governmental activities increased \$23.4 million. For the fiscal year, \$363.3 million of revenues, generated by taxes and other revenues for governmental programs, exceeded expenses by \$26.3 million (before transfers), a decline from the prior year of \$2.8 million.
- In the City's business-type activities, net position increased by \$6.4 million compared to a prior year increase of \$0.5 million. Total change in net position before transfers for business-type activities experienced an improvement of \$3.5 million over the prior year.
- The City's governmental funds reported a combined ending fund balance of \$121.3 million, a 12.3% increase compared to prior year. Of the total fund balance, 0.1% was non spendable, 40.4% was restricted, 13.3% was committed (mainly for projects in the capital improvement program), 10.4% was assigned (strategic initiatives), and 35.8% remained available for spending at the City's discretion as unassigned.
- The City has maintained its bond rating of AA+ from Fitch and S&P rating agencies, and Aa2 from Moody's rating agency.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

**CITY OF ROANOKE, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022  
(UNAUDITED)  
(Continued)**

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

**Government-Wide Financial Statements**

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

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

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

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

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

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

**Fund Financial Statements**

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

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

**CITY OF ROANOKE, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022  
(UNAUDITED)  
(Continued)**

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

**Fund Financial Statements (Continued)**

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

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

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

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

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

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



**CITY OF ROANOKE, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022  
(UNAUDITED)  
(Continued)**

**FINANCIAL ANALYSIS OF THE PRIMARY GOVERNMENT**

A comparative analysis of government-wide information follows:

**Summary of Net Position  
as of June 30, 2022 and 2021  
(In Millions)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Current and other assets	\$ 234.5	\$ 187.0	\$ 25.4	\$ 16.8	\$ 259.9	\$ 203.8
Capital assets, net	644.8	651.3	82.1	79.1	726.9	730.4
<b>Total assets</b>	<b>879.3</b>	<b>838.3</b>	<b>107.5</b>	<b>95.9</b>	<b>986.8</b>	<b>934.2</b>
<b>Deferred outflows of resources</b>	<b>20.2</b>	<b>25.8</b>	<b>1.9</b>	<b>2.2</b>	<b>22.1</b>	<b>28.0</b>
Other liabilities*	120.0	81.8	8.7	6.3	128.7	88.1
Long-term liabilities	286.1	390.6	36.2	39.5	322.3	430.1
<b>Total liabilities</b>	<b>406.1</b>	<b>472.4</b>	<b>44.9</b>	<b>45.8</b>	<b>451.0</b>	<b>518.2</b>
<b>Deferred inflows of resources</b>	<b>84.6</b>	<b>6.3</b>	<b>6.2</b>	<b>0.3</b>	<b>90.8</b>	<b>6.6</b>
Net Position:						
Net investment in capital assets	434.6	441.0	51.5	48.7	486.1	489.7
Restricted for Debt Service	0.2	-	-	-	0.2	-
Unrestricted (deficit)	(26.0)	(55.6)	6.8	3.3	(19.2)	(52.3)
<b>Total net position</b>	<b>\$ 408.8</b>	<b>\$ 385.4</b>	<b>\$ 58.3</b>	<b>\$ 52.0</b>	<b>\$ 467.1</b>	<b>\$ 437.4</b>

**Net Position:**

The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$467.1 million at the close of the fiscal year. The City's combined net position, (the City's bottom line) increased by \$29.7 million from prior year's ending balance of \$437.4 million. Net position from governmental activities increased by \$23.4 million. Business-type activities resulted in an increase in net position of \$6.3 million.

The largest component of the City's net position was the investment in capital assets (\$486.1 million) (e.g., land, buildings, infrastructure improvements, machinery, and equipment, net of accumulated depreciation) less any related outstanding debt used to acquire those assets, plus any unspent bond proceeds. The slight decrease in the City's net position was a result of capital asset investment offset by an increase in the deficit balance in unrestricted net position and restricted debt funding. Net position is reported as restricted when constraints on its use are externally imposed by creditors, grantors, contributors, regulators, or are imposed by law through constitutional provisions or enabling legislation. Restricted net position related to debt service totaled \$235,769. The City's unrestricted net position, which is used to finance the day-to-day operations of the City, totaled a negative \$19.2 million, a decrease of \$33.2 million from fiscal year 2021 unrestricted net position.

**CITY OF ROANOKE, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022  
(UNAUDITED)  
(Continued)**

**FINANCIAL ANALYSIS OF THE PRIMARY GOVERNMENT (Continued)**

**Summary of Changes in Net Position:**

The following table summarizes the changes in net position:

**Summary of Changes in Net Position  
For the Years Ended June 30, 2022 and 2021  
(In Millions)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 20.4	\$ 38.8	\$ 21.4	\$ 10.4	\$ 41.8	\$ 49.2
Operating grants and contributions	83.8	88.3	5.9	0.7	89.7	89.0
Capital grants and contributions	7.8	7.3	3.1	-	10.9	7.3
General Revenues:						
Property taxes	136.8	131.9	-	-	136.8	131.9
Local portion of state sales tax	26.4	24.1	-	-	26.4	24.1
Business and professional occupational license taxes	15.3	14.1	-	-	15.3	14.1
Utility taxes	9.4	9.3	-	-	9.4	9.3
Prepared food and beverage taxes	19.3	16.0	-	-	19.3	16.0
Commonwealth share-personal property taxes	8.1	8.1	-	-	8.1	8.1
Cigarette taxes	1.8	1.8	-	-	1.8	1.8
Transient room taxes	4.7	2.9	-	-	4.7	2.9
Telecommunications taxes	5.0	5.1	-	-	5.0	5.1
Motor vehicle license tax	2.7	3.2	-	-	2.7	3.2
Other tax	5.7	4.6	-	-	5.7	4.6
Other	-	4.6	1.0	0.4	1.0	5.0
Recovered cost	0.3	-	-	-	0.3	-
Payment from component unit	12.7	12.1	-	-	12.7	12.1
State aid not restricted	1.1	-	-	-	1.1	-
Grants and contributions	1.5	-	-	-	1.5	-
Interest and investment income	0.3	0.1	-	0.2	0.3	0.3
Misc.	0.3	-	-	-	0.3	-
<b>Total Revenues</b>	<b>\$ 363.4</b>	<b>\$ 372.3</b>	<b>\$ 31.4</b>	<b>\$ 11.7</b>	<b>\$ 394.8</b>	<b>\$ 384.0</b>

**CITY OF ROANOKE, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022  
(UNAUDITED)  
(Continued)**

**FINANCIAL ANALYSIS OF THE PRIMARY GOVERNMENT (Continued)**

**Summary of Changes in Net Position (Continued):**

The following table continues the summaries of net position:

<b>Summary of Changes in Net Position For the Years Ended June 30, 2022 and 2021 (In Millions)</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Expenses</b>						
General Government	\$ 40.9	\$ 41.7	\$ -	\$ -	\$ 40.9	\$ 41.7
Judicial Administration	9.0	10.4	-	-	9.0	10.4
Public Safety	65.1	77.6	-	-	65.1	77.6
Public Works	50.8	42.4	-	-	50.8	42.4
Health and Welfare	47.3	47.0	-	-	47.3	47.0
Parks, Recreation and Cultural	12.8	12.6	-	-	12.8	12.6
Community Development	16.8	16.9	-	-	16.8	16.9
Education	87.5	90.1	-	-	87.5	90.1
Economic Development	-	0.1	-	-	-	0.1
Interest and Fiscal Charges	6.9	4.4	-	-	6.9	4.4
Civic Facilities	-	-	19.2	4.1	19.2	4.1
Parking	-	-	3.3	3.4	3.3	3.4
Stormwater Utility	-	-	5.4	6.6	5.4	6.6
<b>Total Expenses</b>	<b>337.1</b>	<b>343.2</b>	<b>27.9</b>	<b>14.1</b>	<b>365.0</b>	<b>357.3</b>
Increase in Net Position before Transfers	26.3	29.1	3.5	(2.3)	29.8	26.8
Transfers	(2.9)	(2.8)	2.9	2.8	-	-
Increase in Net Position	23.4	26.3	6.4	0.5	29.8	26.8
<b>Total Net Position, Beginning</b>	<b>385.4</b>	<b>359.1</b>	<b>51.9</b>	<b>51.5</b>	<b>437.3</b>	<b>410.6</b>
<b>Total Net Position, Ending</b>	<b>\$ 408.8</b>	<b>\$ 385.4</b>	<b>\$ 58.3</b>	<b>\$ 52.0</b>	<b>\$ 467.1</b>	<b>\$ 437.4</b>

**Governmental Activities**

The net position of governmental activities increased \$23.4 million as compared to the \$26.3 million increase in prior year. Significant current year activities affecting net position include:

- Governmental Activities revenues decreased 2.4% and were mainly due to a reduction in charges for services and operating grants and services. The decrease in revenues was partially offset by increases in property tax, sales tax, prepared food and beverage, transient and business license taxes.
- The City continued to maintain and implement financial controls to ensure that the expenses of general government programs were contained within budget. Staffing was at levels based on ongoing program activities and departments maintained fiscal restraint.

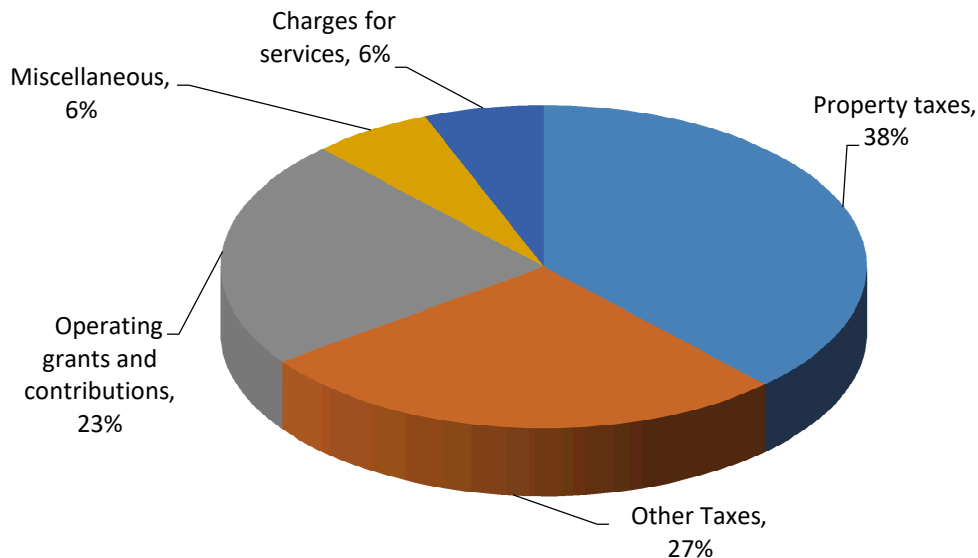
**CITY OF ROANOKE, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022  
(UNAUDITED)  
(Continued)**

**FINANCIAL ANALYSIS OF THE PRIMARY GOVERNMENT (Continued)**

**Summary of Charges**

Revenues generated for governmental activities are presented below by category:

**Revenue by Source – Primary Government for the year ended June 30, 2022**



The property tax classification was approximately 38% of the total revenue generated by governmental activities and included real estate tax, the local portion of personal property tax, and public service corporation taxes. Real estate tax revenue, the largest source of revenue for the City, totaled \$97.0 million. The assessed value of real property in the City increased 11.15% for the 2022 calendar year due to new construction and reassessments.

Personal property tax revenue, including the Commonwealth share and public service tax, totaled \$42.1 million. The revenue received locally from citizens totaled \$34 million. Funding from the Commonwealth under its amended Personal Property Tax Relief Act (PPTRA) program provided revenue totaling \$8.1 million. Revenue from the Commonwealth provided relief of 45.9% on the first \$20,000 in vehicle value for the current fiscal year and is included in the other taxes category.

Sales, prepared food and beverage, business and professional occupational license, utility, telecommunication, transient room and cigarette taxes, as well as funding from the Commonwealth under PPTRA, comprised the majority of other local taxes collected by the City. Other taxes equated to approximately 27% of total revenues generated for governmental activities.

Operating grants and contributions was approximately 23% of governmental activities revenues. Social service programs, street maintenance funds, reimbursement for shared expenses of constitutional officers, reimbursement for funding received under House Bill 599 for law enforcement, and jail per diems are some of the major sources of revenue included in this category.



**CITY OF ROANOKE, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022  
(UNAUDITED)  
(Continued)**

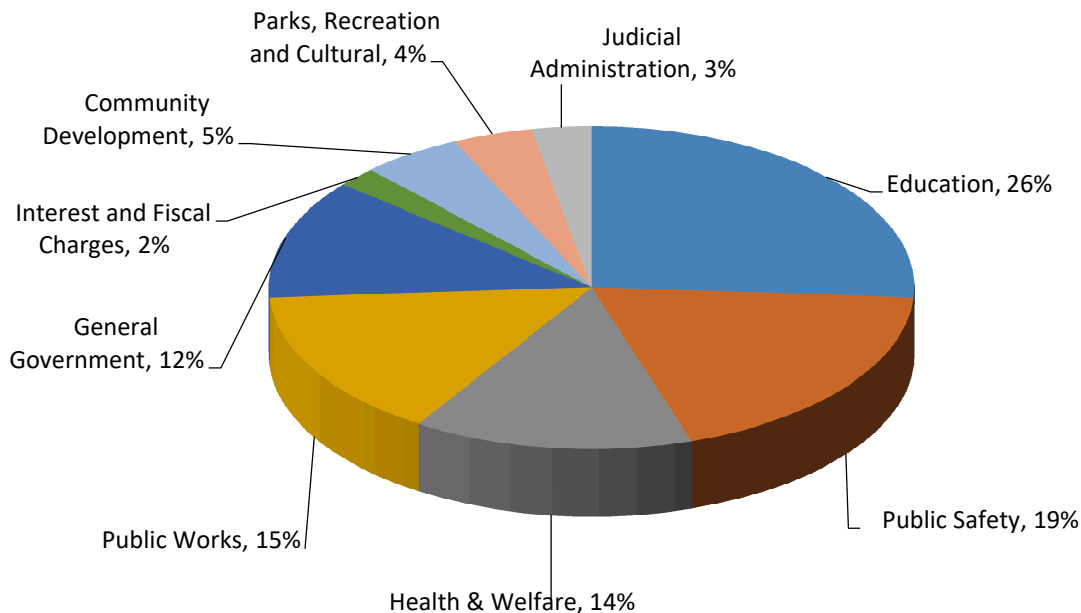
**FINANCIAL ANALYSIS OF THE PRIMARY GOVERNMENT (Continued)**

**Summary of Charges (Continued)**

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

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

**Expenses – Primary Government for the year ended June 30, 2022**



Education comprised 26% of governmental activities. Funding of \$87.5 million was provided to the Roanoke City School Board to support operations and debt service.

Public Safety expenses comprised approximately 19% of expenses of the governmental activities. Operations of the City Jail, Police and Fire Departments were included in this category, along with expenses of Emergency Medical Services, Communications (E911 Call Center), and the cost of juvenile justice programs.

Public Works and Health and Welfare expenses comprised approximately 15% and 14%, respectively, of governmental activities expenses. Expenses for Solid Waste Management, Building Maintenance, Street Paving, and Street Maintenance were included in the Public Works category. The Children's Services Act and social services programs were the majority of expenses reported in the Health and Welfare category.

**Business-type Activities**

The net position of business-type activities increased the City's net position \$6.3 million, primarily related to civic facilities, who received proceeds from a Shuttered Venues Operational Grant that provided support to live venues, like the Berglund Center, in response to the impacts of COVID-19. Expenses for the City's business-type activities totaled \$27.99 million. The increase compared to the prior fiscal year was mainly related to the civic facilities in direct portion to efforts related to the Shuttered Venues Operational Grant.

**CITY OF ROANOKE, VIRGINIA  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022  
(UNAUDITED)  
(Continued)**

**FINANCIAL ANALYSIS OF THE CITY’S FUNDS**

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

**Governmental funds** – For the fiscal year ended June 30, 2022 the governmental funds reported a combined ending fund balance of \$121.3 million, an increase of \$13.3 million from the prior year. Approximately 35.9% of this total (\$43.5 million) constitutes unassigned fund balance and consists of the Unassigned General Fund Reserve and Unassigned Stabilization Reserve, which provides the City with sufficient working capital and a margin of financial safety to address unforeseen, one-time expenditure emergencies or declines in revenues for which there is no other budgetary resource or other designations of fund balance available to satisfy the funding need. The Assigned fund balance of approximately \$12.7 million is intended to be used by the City for specific purposes, but does not meet the criteria to be classified as restricted or committed. Committed fund balance of approximately \$16.1 million consisted of funding for outstanding purchase commitments and future years’ capital project expenditures. Approximately \$49 million of the fund balance is restricted and consists of funds, provided by bonded debt, for future capital project expenditures and funds restricted to debt service. The remaining fund balance of \$57,981 is nonspendable and consists of prepaid balances and inventory.

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

The General Fund is the primary operating fund of the City. The total fund balance decreased by \$3.9 million (revenue of \$325.1 million less expenditures of \$293.1 million and other financing uses of \$35.8 million net transfers) and the unassigned fund balance decrease by \$5.9 million to \$41.5 million.

Local taxes increased by 5.8% compared to last year. Taxes related to real estate, personal property, sales, licenses, transient, and prepared food and beverage, all increased for the fiscal year 2022. Both telecommunication and motor vehicle license decreased for the fiscal year 2022. Real Estate taxes, the City’s largest single source of revenue, increased 1.9% as a result primarily of an increase in assessed property value.

Intergovernmental revenue is the third largest source of General Fund revenues accounting for \$77.8 million in fiscal year 2022. The Commonwealth is the primary source of Intergovernmental revenue by providing revenues for social services programs, street maintenance funds, and law enforcement funding received under House Bill 599.

In fiscal year 2022 the total increase in funding from the Commonwealth compared to fiscal year 2021 was approximately \$2.6 million or 3.3%.

Total Governmental Funds Balance increased \$13.3 million compared to the prior year attributable to increases in both the capital project fund and assigned fund balance.

**CITY OF ROANOKE, VIRGINIA  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022  
(UNAUDITED)  
(Continued)**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

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

Actual General Fund revenues were \$18.6 million or 6% higher than the original adopted fiscal year 2022 revenues estimates, and were higher than the final revenue estimates by \$4.0 million or 24%. The General Fund revenue increase versus original budget was driven by local revenue performance, primarily real estate, personal property, and sales taxes.

In the local tax area, real estate taxes due to increased housing sales driven by low interest rates, personal property, business and professional license, sales, prepared food and beverage and transient taxes improved as a result of economic activity and inflation and exceeded the original adopted budget. The 2022 budget projected a slight growth in these categories, while the actual growth increased in all categories. Performance of other local taxes, such as communications motor vehicle license taxes experienced a slight decrease from the original adopted budget. Overall, the City’s rebound from the adverse impact of constraints placed on business during the COVID-19 pandemic appears to be in recovery.

Actual General Fund expenditures and transfers were higher than the original budget by \$26.6 million or 8.6% due to the use of American Rescue Plan Act of 2021 (ARPA) funds dedicated for use in revenue replacement. LEAN methodology continues to be a focus for the City to continually improve efficiencies and reduce costs for the benefit of Roanoke citizens.

During fiscal year 2022, City Council amended the budget several times. The prior year’s budget was adopted with conservative revenue estimates and enhanced expenditure restrictions due to COVID-19 as well as utilization of CARES Act grant fund to supplement public safety measures due to the pandemic. Residual funds were available for the current year. Additionally, current year’s budget was developed during a time of uncertainty and the revenue budget prepared using caution. The budget amendments or supplemental appropriation ordinances were primarily for the following purposes:

- To appropriate Fiscal Year 2020 – 2021 year end funds for use in Fiscal Year 2021 – 2022 to pay commitments in the form of encumbrances established prior to June 30, 2021, but not paid by that date totaling \$758 thousand, transfer to stabilization reserve of \$4.4 million, \$1.715 million in funding for parks deferred maintenance, \$6.6 million for capital projects and \$2 million for public safety retention bonus’.
- To appropriate \$18.1 million in additional revenue due to increased housing sales attributed to low interest rates, improvement in sales, transient occupancy and prepared food and beverages taxes due to economic activity and inflation.

**CITY OF ROANOKE, VIRGINIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2022**  
**(UNAUDITED)**  
**(Continued)**

**CAPITAL ASSETS**

As of June 30, 2022, the City's capital assets for its governmental and business-type activities amounted to \$727.0 million net of accumulated depreciation. This investment includes land, historical treasures, construction in progress, land improvements, buildings and structures, equipment and infrastructure. The City's capital assets slightly decreased year over year by \$3.4 million or 0.4% when compared to fiscal year ended 2021.

The following table shows summarized balances of major categories of capital assets as of June 30, 2022 and 2021.

**Summary of Capital Assets**  
**Net of Depreciation**  
**as of June 30, 2022 and 2021**  
**(In Millions)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land and Improvements	\$ 52.6	\$ 49.2	\$ 9.2	\$ 5.3	\$ 61.8	\$ 54.5
Buildings and Improvements	302.2	294.1	45.8	47.2	348.0	341.3
Equipment	31.0	33.7	4.0	3.2	35.0	36.9
Infrastructure	229.7	236.6	18.4	18.2	248.1	254.8
Construction in Progress	28.6	37.0	4.8	5.2	33.4	42.2
Historical Treasures	0.7	0.7	-	-	0.7	0.7
Total	<u>\$ 644.8</u>	<u>\$ 651.3</u>	<u>\$ 82.2</u>	<u>\$ 79.1</u>	<u>\$ 727.0</u>	<u>\$ 730.4</u>

The City uses the Modified Approach for certain infrastructure assets deemed 'inexhaustible' as defined by GAAP, and is required to conduct a semi-annual (January and July) assessment of the condition level of 100% of the Flood Reduction infrastructure asset. The assessment is based on the United States Army Corps of Engineers (USACE) 'Inspection, Maintenance and Operational Report'. City and USACE policy require the condition level to be maintained at or above a Fair (2) rating. As of June 30, 2022, the infrastructure had an average assessment rating of 2.13, which is above the required minimum rating of 2. The fiscal year 2022 Budget (estimated) of \$142,346 insured adequate funding for maintenance if the maintenance was performed by procured contractors. Actual costs were lower because the City handled maintenance internally vs. procuring services from a contracted vendor.

**Comparison of Estimated to Actual Maintenance Costs**

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Estimated	\$317,338	\$61,507	\$142,346
Actual	\$295,772	\$104,943	\$61,795

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



**CITY OF ROANOKE, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022  
(UNAUDITED)  
(Continued)**

**LONG-TERM DEBT**

At June 30, 2022, the City's long-term liabilities, excluding net pension liability, capital lease obligations, compensated absences and claims payable, totaled \$242.6 million, comprised of \$240.7 million related to governmental activities and \$1.9 million related to business-type activities. Total debt decreased by \$29.7 million during the fiscal year. The City issued bonds on April 28, 2022. Interest and fiscal charges for 2022 were \$7.4 million, or 1.7% of total governmental funds' expenditures.

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the City changed accounting policies related to lease accounting by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 87, *Leases*, in 2022. While the City did not initiate any new lease agreements, the adoption of the standard resulted in a recognition of increased liability of \$1.5 million primarily attributed to the primary government. There was no cumulative effect on beginning net position.

As of April 2022, the City most recent issuance, ratings for S&P and Fitch rating agencies are AA+. The City's continued strong bond ratings will translate into reduced borrowing costs related to its capital improvement projects.

The *Charter of the City* and *Code of Virginia* limit the City's net debt to 10% of the assessed valuation of real estate within the City limits. The limit applies to tax supported debt paid by the governmental funds. Long-term liabilities of business-type funds will be met by revenues generated by those funds. The City considers long-term debt of its Stormwater Utility and Parking Enterprise Funds to be self-supporting. Additionally, in accordance with its contractual agreement with the Western Virginia Water Authority, the City will receive funding from the Authority toward \$1.9 million of general obligation debt. The City's tax-supported debt of \$239.8 million less the Debt Service Fund Balance of \$235.8 designated for the repayment of debt service is well below the legal debt limit of \$878.8 million.

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

Detailed information concerning the City's long-term liabilities is presented in Note 9 of the Notes to Basic Financial Statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The average unemployment in the Roanoke Metropolitan Statistical Area (MSA), which includes the City, for fiscal year 2022 was 3.4%, according to the Bureau of Labor Statistics, down from an average of 4.3% in the prior fiscal year. Comparatively, the national unemployment in fiscal year 2022 was 3.8% for fiscal year down from 6.1%. Employment in Roanoke is diverse with representation within the area of all census-defined industries. The industries providing the largest number of jobs in the region are health care and social assistance. Additional information concerning the City's demographics and employment is presented in Tables 13, 16, 17, 18, 20, and 21 of the Statistical Section.

**CITY OF ROANOKE, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022  
(UNAUDITED)  
(Continued)**

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

Roanoke's income levels trail the state and national averages; however, they compare quite well when adjusted for the cost of living. Fiscal year 2022 financial performance was indicative of an improving economy as the City continues recovery from the impacts of the COVID-19 pandemic. However, the City continues to anticipate challenges lingering with the uncertain economic conditions.

The City's General Fund tax revenues increased in FY 2022. Increases in real estate, personal property, sales, recordation and probate, business license, transient admission taxes, and prepared food and beverage were offset by decreases in E911 and motor vehicle taxes. The City was able to increase the General Fund reserve fund balances by \$14.8 million to ensure sufficient working capital, coverage for risk claims, to fund community development projects, and to provide financial security during the aftermath of the COVID-19 pandemic, as well as, unforeseen future events and economic and cyclical downturns.

The average assessed value of single-family housing units increased from \$144,237 in fiscal year 2021 to \$159,462 in fiscal year 2022, or 10.6%. The value for residential permits increased 18.9% and the value for commercial permits increased by 170.2% (primarily from one expansion project) from fiscal year 2021 to fiscal year 2022.

Fiscally responsible budgeting for 2022 provided for continued programming levels for services in response to an increases in real estate and property tax revenues. Programming levels remained stable.

General Fund fiscal year 2022 revenues increased 3.2% compared to the fiscal year 2021 adopted budget (exclusive of ARPA Funds). The increase was attributable to economic growth in real estate, personal property, sales and prepared food and beverage taxes, partially offset by decreases in admissions, communications, and consumer utility taxes. General property taxes increased \$2.2 million or 6.4% compared to the fiscal year 2021 adopted budget. Other local taxes performed well, achieving an increase of \$5.2 million or 6.9% compared to fiscal year 2021 adopted budget. Overall, fiscal year 2022 revenues performed well above expectations, given the continued challenges in the post COVID-19 economy.

For fiscal year 2023, total local tax revenues are expected to increase 5.6% or \$17.2 million, from a total adopted budget amount of \$307.6 million in 2022 to \$324.8 million in fiscal year 2023 (exclusive of ARPA Funds). This increase is primarily attributable to increased real estate, personal property, transient occupancy, food and beverage, and sales tax, offset by slight decreases in motor vehicle license and communication taxes. Funding to Schools is projected at \$94.5 million, an increase of \$6.80 million, or 7.7% more than fiscal year 2022 budgeted amount. As the City looks ahead toward fiscal year 2023, the uncertainty continues around an economic recovery rebounding from the 2021 fallout from COVID-19. Strategic budget priorities include compensation adjustments, education, facilities and equipment, community partners, continued implementation of Star City Strong Recovery and Resiliency projects, capital projects, continued support of the Comprehensive Plan recommendations and the parks and recreation master plan. As revenues and the economy continue to improve, finite resources will be prioritized and allocated in an equitable and empowering manner.

The City continues to be the center of a strong regional business environment with a creative, diverse, and growing community. Management believes that the positive fiscal year 2023 revenue estimates are attainable. Local taxes, including real estate and personal property taxes, are consistently performing above fiscal year 2022 levels.

**CITY OF ROANOKE, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022  
(UNAUDITED)  
(Continued)**

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

The City's Pension Plan's decrease in Net Position Restricted for Pensions is due primarily to the negative investment performance. The Plan experienced an investment return of (13.7%), net of fees, for the fiscal year ended June 30, 2022, indicative of the increased market volatility experienced in the last half of the fiscal year. The Plan's fixed income, domestic and international equity allocations all produced negative returns while the real estate allocation produced strong positive. The Plan's long-term annualized returns continue to rank in the top quartile of the investment advisor's comparative returns. We believe the Plan's well diversified asset allocation remains well positioned given the expectation for the near-term market volatility.

The residential real estate market in the City continued to show signs of an increasing market due to the low interest rates, the lack of supply of the current housing listing market and double digit increases in assessed values of residential and multi-family real property. The commercial sector in the City is showing signs of stability with a high demand in industrial properties and lesser activity in retail, restaurants, and hospitality markets. These markets balance each other out and we are monitoring the situation carefully and expect information prior to the beginning of the budgeting process for fiscal year 2024. The real estate assessment process aligns well with the budgeting process in that real estate assessments are established in January of each year with an effective date of July 1st of the same year. This allows the City to plan and revise programs as needed to maintain a balanced budget as real estate tax revenues are known and defined.

The Roanoke economy continues to showing signs of recovery. Local taxes indicate an increase in economic activity. Management believes that conservative current fiscal year 2023 revenue estimates will be achieved. Challenges exist in predicting the timing and rate of improvement moving forward. Performance of local taxes, excluding real estate and personal property taxes, will be a key indicator of the pace of economic recovery. With continued funding from the federal government through the American Rescue Plan Act of 2021 (ARPA), economic support continues for many sectors within our community. The Star City Strong Recovery and Resiliency Advisory Panel developed recommendations for utilizing \$64.6M in federal funding provided through ARPA for the City of Roanoke is in use as projects are under development and construction. The City's continued focus will be on a deliberate prioritization of services and programs that are responsive to the needs of those who are being served as the City continues to measure each initiative with a diversity, equity and inclusion lens to ensure its citizens are served without prejudice.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives and their uses. Questions concerning this report or requests for additional information should be directed to the Director of Finance, 215 Church Avenue, SW, Room 461, Roanoke, Virginia 24011, telephone (540) 853-2824 or email [finance@roanokeva.gov](mailto:finance@roanokeva.gov). The City's website address is [www.roanokeva.gov](http://www.roanokeva.gov).

# **BASIC FINANCIAL STATEMENTS**

---





## CITY OF ROANOKE, VIRGINIA

## STATEMENT OF NET POSITION

June 30, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	GRTC
<b>Assets</b>					
Cash and Cash Equivalents					
Unrestricted	\$ 149,031,932	\$ 12,084,673	\$ 161,116,605	\$ 51,469,607	\$ 389,954
Restricted	28,577,845	5,521,091	34,098,936	-	-
Investments	14,289,085	584,594	14,873,679	-	-
Due from City of Roanoke	-	-	-	6,202,108	-
Due from Component Unit	1,736,397	-	1,736,397	-	-
Due from Other Governments	15,097,518	3,079,353	18,176,871	25,259,953	4,623,159
Taxes and Accounts Receivable, Net	24,818,993	641,539	25,460,532	898,820	272,074
Lease Receivable	524,538	2,811,572	3,336,110	-	-
Inventory	40,112	125,051	165,163	-	565,079
Prepays	347,869	490,428	838,297	268,941	218,894
Net Pension Asset	-	-	-	1,927,959	-
Net OPEB Asset	-	-	-	40,688	-
Capital Assets:					
Non-depreciable Capital Assets	145,166,109	14,136,235	159,302,344	9,233,150	10,492,966
Depreciable Capital Assets, Net	499,648,859	67,979,077	567,627,936	26,844,305	12,729,197
Capital Assets, Net	644,814,968	82,115,312	726,930,280	36,077,455	23,222,163
<b>Total Assets</b>	<b>\$ 879,279,257</b>	<b>\$ 107,453,613</b>	<b>\$ 986,732,870</b>	<b>\$ 122,145,531</b>	<b>\$ 29,291,323</b>
<b>Deferred Outflows of Resources</b>					
Deferred Outflows related to Pension	\$ 16,222,186	\$ 823,203	\$ 17,045,389	\$ 29,502,141	\$ -
Deferred Outflows related to OPEB	1,794,624	289,699	2,084,323	3,146,604	-
Deferred Outflows from Debt Refundings	2,201,731	778,538	2,980,269	-	-
<b>Total Deferred Outflows of Resources</b>	<b>\$ 20,218,541</b>	<b>\$ 1,891,440</b>	<b>\$ 22,109,981</b>	<b>\$ 32,648,745</b>	<b>\$ -</b>
<b>Liabilities</b>					
Accounts Payable and Accrued Expenses	\$ 23,308,010	\$ 1,078,559	\$ 24,386,569	\$ 15,107,782	\$ 3,638,982
Accrued Interest Payable	1,962,167	298,577	2,260,744	-	-
Due to Component Unit	6,202,108	-	6,202,108	-	-
Due to Fiduciary Funds	497,124	23,466	520,590	-	-
Due to Other Governments	53,360,720	2,799,063	56,159,783	-	-
Unearned Revenues	5,840,577	1,390,029	7,230,606	3,417,480	458,646
Pollution Remediation	-	5,336	5,336	-	-
Long-term Liabilities Due Within One Year	28,839,579	3,118,404	31,957,983	8,954,558	-
<b>Long-term Liabilities Due In More Than One Year:</b>					
Net Pension Liability	41,568,714	1,739,510	43,308,224	76,973,494	-
Net OPEB Liability	7,706,813	395,917	8,102,730	17,842,352	-
Other Long-term Liabilities Due in More Than One Year, Net	236,777,200	34,031,782	270,808,982	17,540,558	-
<b>Total Liabilities</b>	<b>\$ 406,063,012</b>	<b>\$ 44,880,643</b>	<b>\$ 450,943,655</b>	<b>\$ 139,836,224</b>	<b>\$ 4,097,628</b>
<b>Deferred Inflows of Resources</b>					
Uncollected Taxes and Service Charges	\$ 724,615	\$ -	\$ 724,615	\$ -	\$ -
Deferred Inflows from Leases	546,097	2,811,572	3,357,669	-	-
Deferred Inflows from Debt Refundings	277,917	2,434	280,351	-	-
Deferred Inflows related to Pension	75,646,701	2,896,167	78,542,868	58,794,798	-
Deferred Inflows related to OPEB	7,418,738	442,712	7,861,450	2,972,631	-
<b>Total Deferred Inflows of Resources</b>	<b>\$ 84,614,068</b>	<b>\$ 6,152,885</b>	<b>\$ 90,766,953</b>	<b>\$ 61,767,429</b>	<b>\$ -</b>
<b>Net Position</b>					
Net Investment in Capital Assets	\$ 434,624,666	\$ 51,520,071	\$ 486,144,737	\$ 19,840,128	\$ 23,222,163
Restricted for:					
Debt Service	235,769	-	235,769	1,968,647	-
Unrestricted	(26,039,717)	6,791,454	(19,248,263)	(68,618,152)	1,971,532
<b>Total Net Position</b>	<b>\$ 408,820,718</b>	<b>\$ 58,311,525</b>	<b>\$ 467,132,243</b>	<b>\$ (46,809,377)</b>	<b>\$ 25,193,695</b>

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

## CITY OF ROANOKE, VIRGINIA

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	School Board	GRTC
<b>Primary Government:</b>									
Governmental Activities:									
General Government	\$ 40,853,813	\$ 2,615,099	\$ 9,037,036	\$ 262,520	\$ (28,939,158)	\$ -	\$ (28,939,158)	\$ -	\$ -
Judicial Administration	9,050,694	1,661,186	10,109,372	-	2,719,864	-	2,719,864	-	-
Public Safety	65,150,329	8,687,292	9,116,851	-	(47,346,186)	-	(47,346,186)	-	-
Public Works	50,764,844	4,867,991	15,875,117	1,056,446	(28,965,290)	-	(28,965,290)	-	-
Health and Welfare	47,317,251	1,403,535	34,949,779	-	(10,963,937)	-	(10,963,937)	-	-
Parks, Recreation and Cultural	12,757,143	805,158	214,848	630,567	(11,106,570)	-	(11,106,570)	-	-
Community Development	16,784,692	408,360	4,540,134	118,497	(11,717,701)	-	(11,717,701)	-	-
Education	87,535,037	-	-	5,756,760	(81,778,277)	-	(81,778,277)	-	-
Interest and Fiscal Charges	6,912,120	-	-	-	(6,912,120)	-	(6,912,120)	-	-
<b>Total Governmental Activities</b>	<b>337,125,923</b>	<b>20,448,621</b>	<b>83,843,137</b>	<b>7,824,790</b>	<b>(225,009,375)</b>	<b>-</b>	<b>(225,009,375)</b>	<b>-</b>	<b>-</b>
<b>Business-type Activities:</b>									
Civic Facilities	19,218,277	11,885,770	5,173,341	-	-	(2,159,166)	(2,159,166)	-	-
Parking	3,258,667	3,321,975	-	-	-	63,308	63,308	-	-
Stormwater Utility	5,449,142	6,203,298	690,464	3,079,353	-	4,523,973	4,523,973	-	-
<b>Total Business-type Activities</b>	<b>27,926,086</b>	<b>21,411,043</b>	<b>5,863,805</b>	<b>3,079,353</b>	<b>-</b>	<b>2,428,115</b>	<b>2,428,115</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 365,052,009</b>	<b>\$ 41,859,664</b>	<b>\$ 89,706,942</b>	<b>\$ 10,904,143</b>	<b>\$ (225,009,375)</b>	<b>\$ 2,428,115</b>	<b>\$ (222,581,260)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Component Units:</b>									
School Board of the City of Roanoke	\$ 229,133,083	\$ 2,207,571	\$ 93,425,571	\$ -	\$ -	\$ -	\$ -	\$ (133,499,941)	\$ -
Greater Roanoke Transit Company	\$ 13,387,660	\$ 1,113,209	\$ 10,143,210	\$ 7,604,863	\$ -	\$ -	\$ -	\$ -	\$ 5,473,622
<b>General Revenues:</b>									
Taxes:									
General Property - Real Estate and Personal Property					\$ 136,787,729	\$ -	\$ 136,787,729	\$ -	\$ -
Local Portion of State Sales					26,412,560	-	26,412,560	-	-
Business and Professional Occupational License					15,310,717	-	15,310,717	-	-
Utility					9,355,793	-	9,355,793	-	-
Prepared Food and Beverage					19,248,569	-	19,248,569	-	-
Commonwealth Share - Personal Property					8,075,992	-	8,075,992	-	-
Cigarette					1,804,158	-	1,804,158	-	-
Transient Room					4,746,104	-	4,746,104	-	-
Telecommunication					4,968,579	-	4,968,579	-	-
Motor Vehicle License					2,684,923	-	2,684,923	-	-
Other taxes					5,730,847	-	5,730,847	-	-
Recovered Costs					266,435	-	266,435	-	-
Other					-	-	-	-	254,041
State Aid Not Restricted to a Specific Program					1,126,731	-	1,126,731	79,844,140	-
Payment from City of Roanoke					-	-	-	91,780,854	-
Payment from Component Unit					12,674,638	-	12,674,638	-	-
Grants and Contributions Not Restricted to Specific Programs					1,480,598	-	1,480,598	-	-
Interest and Investment Income					269,930	22,383	292,313	113,938	-
Miscellaneous					346,783	1,060,265	1,407,048	1,676,284	-
<b>Transfers</b>									
Transfers					(2,851,357)	2,851,357	-	-	-
<b>Total General Revenues and Transfers</b>					<b>248,439,729</b>	<b>3,934,005</b>	<b>252,373,734</b>	<b>173,415,216</b>	<b>254,041</b>
Change in Net Position					23,430,354	6,362,120	29,792,474	39,915,275	5,727,663
<b>Total Net Position at Beginning of Year, Restated</b>					<b>385,390,364</b>	<b>51,949,405</b>	<b>437,339,769</b>	<b>(86,724,652)</b>	<b>19,466,032</b>
<b>Total Net Position at End of Year</b>					<b>\$ 408,820,718</b>	<b>\$ 58,311,525</b>	<b>\$ 467,132,243</b>	<b>\$ (46,809,377)</b>	<b>\$ 25,193,695</b>

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

## CITY OF ROANOKE, VIRGINIA

**BALANCE SHEET –  
GOVERNMENTAL FUNDS  
June 30, 2022**

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and Cash Equivalents					
Unrestricted	\$ 51,025,505	\$ 484,113	\$ 52,580,995	\$ 34,324,732	\$ 138,415,345
Restricted	-	-	-	28,577,845	28,577,845
Investments	5,728,725	10,533	5,058,017	2,506,598	13,303,873
Due from Component Unit	1,736,397	-	-	-	1,736,397
Due from Other Governments	10,634,654	-	232,933	3,928	10,871,515
Due from Federal Governments	109,263	-	2,246,740	-	2,356,003
Taxes Receivable, net of Allowance	23,239,765	-	-	-	23,239,765
Accounts Receivable, net of Allowance	1,554,140	-	23,791	1,297	1,579,228
Lease Receivable	524,538	-	-	-	524,538
Inventory	40,112	-	-	-	40,112
Prepays	17,869	-	-	-	17,869
<b>Total Assets</b>	<b>\$ 94,610,968</b>	<b>\$ 494,646</b>	<b>\$ 60,142,476</b>	<b>\$ 65,414,400</b>	<b>\$ 220,662,490</b>
<b>LIABILITIES</b>					
Accounts Payable and Accrued Expenditures	\$ 19,341,391	\$ 258,877	\$ 932,920	2,732,943	\$ 23,266,131
Due to Other Governments	16,930	-	53,343,790	-	53,360,720
Due to Other Funds	497,124	-	-	-	497,124
Due to Component Unit	6,198,600	-	3,508	-	6,202,108
Unearned Revenues	-	-	5,840,577	-	5,840,577
<b>Total Liabilities</b>	<b>26,054,045</b>	<b>258,877</b>	<b>60,120,795</b>	<b>2,732,943</b>	<b>89,166,660</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Uncollected Taxes and Charges	9,661,785	-	-	1,297	9,663,082
Deferred Inflows- Leases	524,538	-	-	-	524,538
Other Deferred Inflows of Resources	-	-	21,559	-	21,559
<b>Total Deferred Inflows of Resources</b>	<b>10,186,323</b>	<b>-</b>	<b>21,559</b>	<b>1,297</b>	<b>10,209,179</b>
<b>FUND BALANCES</b>					
Nonspendable	57,981	-	-	-	57,981
Restricted	-	235,769	122	48,801,142	49,037,033
Committed	4,101,429	-	-	11,982,841	16,084,270
Assigned	12,665,149	-	-	-	12,665,149
Unassigned	41,546,041	-	-	1,896,177	43,442,218
<b>Total Fund Balances</b>	<b>58,370,600</b>	<b>235,769</b>	<b>122</b>	<b>62,680,160</b>	<b>121,286,651</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 94,610,968</b>	<b>\$ 494,646</b>	<b>\$ 60,142,476</b>	<b>\$ 65,414,400</b>	<b>\$ 220,662,490</b>

## CITY OF ROANOKE, VIRGINIA

RECONCILIATION OF THE GOVERNMENTAL FUNDS'  
BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2022

Total Fund Balance - Governmental Funds	\$ 121,286,651
---	----------------

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

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

Governmental capital assets, at cost	1,079,388,722	
Less: accumulated depreciation	<u>(434,573,754)</u>	644,814,968

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

Deferred outflows of resources from debt refundings resulting in loss	6,055,148	
Less: accumulated amortization	(4,131,334)	
Receivable from Western Virginia Water Authority	<u>1,870,000</u>	3,793,814

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

	8,938,467
--	-----------

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

Governmental bonds and loans payable	(224,192,362)	
Lease liabilities	(2,747,891)	
Bond premium	(24,074,101)	
Less: accumulated amortization of bond premium	8,452,393	
Compensated absences	(8,601,128)	
Accrued interest payable	<u>(1,962,167)</u>	(253,125,256)

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

Net deferred outflows related to pensions	16,222,186	
Net deferred inflows related to pensions	(75,646,701)	
Net pension liability	(41,568,714)	
Net deferred outflows of resources related to OPEB	1,794,624	
Net deferred inflows of resources related to OPEB	(7,418,738)	
Net OPEB liability	<u>(7,706,813)</u>	(114,324,156)

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

	<u>(2,563,770)</u>
--	--------------------

Total Net Position of Governmental Activities	<u><u>\$ 408,820,718</u></u>
---	------------------------------

## CITY OF ROANOKE, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2022**

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Local Taxes	\$ 224,628,930	\$ -	\$ -	\$ -	\$ 224,628,930
Permits, Fees and Licenses	1,949,141	-	-	-	1,949,141
Fines and Forfeitures	758,877	-	-	-	758,877
Rental Income	277,138	-	-	-	277,138
Investment Income	195,189	-	-	74,741	269,930
Intergovernmental	77,764,539	13,110,044	16,764,332	1,686,863	109,325,778
Charges for Services	18,263,122	-	-	-	18,263,122
Miscellaneous	1,213,464	192,436	400,845	25,675	1,832,420
<b>Total Revenues</b>	<b>325,050,400</b>	<b>13,302,480</b>	<b>17,165,177</b>	<b>1,787,279</b>	<b>357,305,336</b>
<b>EXPENDITURES</b>					
Current Operating:					
General Government	22,457,915	-	8,517,950	-	30,975,865
Judicial Administration	9,523,981	-	430,152	-	9,954,133
Public Safety	72,157,056	-	1,629,116	-	73,786,172
Public Works	32,095,557	-	27,216	702,038	32,824,811
Health and Welfare	44,193,663	-	4,616,566	-	48,810,229
Parks, Recreation and Cultural	10,753,631	-	560,115	-	11,313,746
Community Development	10,690,408	-	5,013,633	-	15,704,041
Education	91,266,398	-	23,445	-	91,289,843
Other	-	-	1,411,889	-	1,411,889
Debt Service:					
Principal Retirement	-	18,949,133	-	-	18,949,133
Interest and Other Charges	-	7,397,447	7,254	-	7,404,701
Capital Outlays	-	-	-	24,048,351	24,048,351
<b>Total Expenditures</b>	<b>293,138,609</b>	<b>26,346,580</b>	<b>22,237,336</b>	<b>24,750,389</b>	<b>366,472,914</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>31,911,791</b>	<b>(13,044,100)</b>	<b>(5,072,159)</b>	<b>(22,963,110)</b>	<b>(9,167,578)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Bonds	-	-	-	23,732,335	23,732,335
Premium on Sale of Bonds	-	106,231	-	2,113,596	2,219,827
Transfers In	1,139,551	13,096,822	5,072,281	15,368,549	34,677,203
Transfers Out	(36,989,009)	-	-	(1,149,551)	(38,138,560)
<b>Total Other Financing Sources and (Uses), net</b>	<b>(35,849,458)</b>	<b>13,203,053</b>	<b>5,072,281</b>	<b>40,064,929</b>	<b>22,490,805</b>
Net Change in Fund Balances	(3,937,667)	158,953	122	17,101,819	13,323,227
<b>Fund Balances at Beginning of Year</b>	<b>62,308,267</b>	<b>76,816</b>	<b>-</b>	<b>45,578,341</b>	<b>107,963,424</b>
<b>Fund Balances at End of Year</b>	<b>\$ 58,370,600</b>	<b>\$ 235,769</b>	<b>\$ 122</b>	<b>\$ 62,680,160</b>	<b>\$ 121,286,651</b>



**CITY OF ROANOKE, VIRGINIA**

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

**Year Ended June 30, 2022**

Net Change in Fund Balance - Governmental Funds \$ 13,323,227

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

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

Expenditures for capital assets	17,429,793	
Donation of capital assets	5,756,760	
Book value of assets disposed	(2,557,519)	
Less current year depreciation expense	<u>(27,162,544)</u>	(6,533,510)

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

Changes in deferred revenue		2,421,049
-----------------------------	--	-----------

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

Net principal reimbursed by Western Virginia Water Authority	<u>(1,330,614)</u>	(1,330,614)
--	--------------------	-------------

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

Leases	(1,465,511)	
Bond and other long-term debt proceeds	(23,732,335)	
Principal payments	18,949,133	
Bond Premiums on issuance	<u>(2,219,827)</u>	(8,468,540)

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

Subsequent employer pension contribution	12,296,613	
Employer pension expense	10,216,277	
Subsequent employer OPEB contribution and administrative expense	675,916	
Employer OPEB expense	<u>1,007,850</u>	24,196,656

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

Amortization of bond premiums	1,215,369	
Changes in deferred loss on refundings	(373,578)	
Change in long-term compensated absences	(88,087)	
Change in accrued interest payable	<u>(349,210)</u>	404,494

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

(582,408)

Change in Net Position - Governmental Activities \$ 23,430,354

## CITY OF ROANOKE, VIRGINIA

STATEMENT OF NET POSITION –  
PROPRIETARY FUNDS

June 30, 2022

	Enterprise Funds				
	Stormwater	Civic Facilities	Parking	Total	Internal Service Fund
<b>Assets</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 3,020,142	\$ 6,089,869	\$ 2,974,662	\$ 12,084,673	\$ 10,616,587
Cash and Investments - Restricted	3,895,595	1,625,496	-	5,521,091	-
Investments	298,132	-	286,462	584,594	985,212
Due from Other Governments	3,079,353	-	-	3,079,353	-
Accounts Receivable, Net	232,037	406,683	2,819	641,539	-
Lease Receivable	-	20,500	476,492	496,992	-
Inventory	-	125,051	-	125,051	-
Prepays	-	490,428	-	490,428	330,000
<b>Total Current Assets</b>	<b>10,525,259</b>	<b>8,758,027</b>	<b>3,740,435</b>	<b>23,023,721</b>	<b>11,931,799</b>
Noncurrent Assets:					
Lease Receivable	-	54,986	2,259,594	2,314,580	-
Capital Assets:					
Land, Land Improvements, and Infrastructure	25,182,718	1,215,005	3,431,514	29,829,237	-
Buildings and Structures	320,312	44,704,785	48,629,265	93,654,362	-
Equipment and Other Capital Assets	5,651,127	2,921,721	1,297,904	9,870,752	-
Construction in Progress	2,923,626	1,451,387	379,207	4,754,220	-
Less Accumulated Depreciation	(5,665,300)	(25,692,036)	(24,635,923)	(55,993,259)	-
<b>Capital Assets, Net</b>	<b>28,412,483</b>	<b>24,600,862</b>	<b>29,101,967</b>	<b>82,115,312</b>	<b>-</b>
<b>Total Assets</b>	<b>38,937,742</b>	<b>33,413,875</b>	<b>35,101,996</b>	<b>107,453,613</b>	<b>11,931,799</b>
<b>Deferred Outflows of Resources</b>					
Deferred Outflows Related to Pension	528,416	263,986	30,801	823,203	-
Deferred Outflows Related to OPEB	181,019	85,080	23,600	289,699	-
Deferred Outflows Related to Deferred Loss on Refundings	70,749	218,268	489,521	778,538	-
<b>Total Deferred Outflows of Resources</b>	<b>780,184</b>	<b>567,334</b>	<b>543,922</b>	<b>1,891,440</b>	<b>-</b>
<b>Liabilities</b>					
Current Liabilities:					
Accounts Payable and Accrued Expenses	598,394	411,489	68,676	1,078,559	41,879
Accrued Interest Payable	114,667	119,939	63,971	298,577	-
Due to Other Governments	-	2,799,063	-	2,799,063	-
Due to Other Funds	13,753	9,345	368	23,466	-
Unearned Revenue	-	1,268,615	121,414	1,390,029	-
Other Liabilities	-	5,336	-	5,336	-
Long-Term Liabilities Due Within One Year	748,471	1,516,531	853,402	3,118,404	-
<b>Total Current Liabilities</b>	<b>1,475,285</b>	<b>6,130,318</b>	<b>1,107,831</b>	<b>8,713,434</b>	<b>41,879</b>
Long-Term Liabilities:					
Compensated Absences Payable	134,993	120,980	1,777	257,750	-
Claims Payable	-	-	-	-	14,453,690
General Obligation Bonds Payable, Net	15,710,253	14,629,799	6,518,327	36,858,379	-
Lease Liabilities	3,017	5,260	25,780	34,057	-
Net Pension Liability	1,098,638	624,226	16,646	1,739,510	-
Net OPEB Liability	290,011	103,019	2,887	395,917	-
Less Current Maturities	(748,471)	(1,516,531)	(853,402)	(3,118,404)	-
<b>Total Long-Term Liabilities</b>	<b>16,488,441</b>	<b>13,966,753</b>	<b>5,712,015</b>	<b>36,167,209</b>	<b>14,453,690</b>
<b>Total Liabilities</b>	<b>17,963,726</b>	<b>20,097,071</b>	<b>6,819,846</b>	<b>44,880,643</b>	<b>14,495,569</b>
<b>Deferred Inflows of Resources</b>					
Deferred Inflows Related to Pension	1,782,487	1,080,190	33,490	2,896,167	-
Deferred Inflows Related to OPEB	274,261	163,636	4,815	442,712	-
Deferred Inflows Related to Leases	-	75,486	2,736,086	2,811,572	-
Deferred Inflows Related to Gain on Refundings	-	2,434	-	2,434	-
<b>Total Deferred Inflows of Resources</b>	<b>2,056,748</b>	<b>1,321,746</b>	<b>2,774,391</b>	<b>6,152,885</b>	<b>-</b>
<b>Net Position</b>					
Net Investment in Capital Assets	16,665,557	11,807,133	23,047,381	51,520,071	-
Unrestricted (deficit)	3,031,895	755,259	3,004,300	6,791,454	(2,563,770)
<b>Total Net Position</b>	<b>\$ 19,697,452</b>	<b>\$ 12,562,392</b>	<b>\$ 26,051,681</b>	<b>\$ 58,311,525</b>	<b>\$ (2,563,770)</b>

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

## CITY OF ROANOKE, VIRGINIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –  
**PROPRIETARY FUNDS**  
 Year Ended June 30, 2022

	<b>Enterprise Funds</b>				
	<b>Stormwater</b>	<b>Civic Facilities</b>	<b>Parking</b>	<b>Total</b>	<b>Internal Service Fund</b>
<b><u>Operating Revenues</u></b>					
Charges for Services	\$ -	\$ 11,885,770	\$ 3,321,975	\$ 15,207,745	\$ 16,935,938
Stormwater Fees	6,203,298	-	-	6,203,298	-
Other Revenue	40,799	829,910	189,556	1,060,265	804,792
<b>Total Operating Revenues</b>	<b>6,244,097</b>	<b>12,715,680</b>	<b>3,511,531</b>	<b>22,471,308</b>	<b>17,740,730</b>
<b><u>Operating Expenses</u></b>					
Personal Services	2,414,068	1,307,710	43,534	3,765,312	-
Other Services and Charges	1,228,484	15,713,766	1,928,599	18,870,849	18,936,807
Materials and Supplies	465,749	475,656	5,436	946,841	-
Depreciation	940,560	1,357,681	1,053,563	3,351,804	-
<b>Total Operating Expenses</b>	<b>5,048,861</b>	<b>18,854,813</b>	<b>3,031,132</b>	<b>26,934,806</b>	<b>18,936,807</b>
<b>Operating Income (Loss)</b>	<b>1,195,236</b>	<b>(6,139,133)</b>	<b>480,399</b>	<b>(4,463,498)</b>	<b>(1,196,077)</b>
<b><u>Nonoperating Revenues (Expenses)</u></b>					
Operating Grants	690,464	5,173,341	-	5,863,805	-
Capital Grants	3,079,353	-	-	3,079,353	-
Investment Income	13,008	4,765	4,610	22,383	3,669
Interest Expense	(400,281)	(363,464)	(227,535)	(991,280)	-
<b>Net Nonoperating Revenues (Expenses)</b>	<b>3,382,544</b>	<b>4,814,642</b>	<b>(222,925)</b>	<b>7,974,261</b>	<b>3,669</b>
<b>Income (Loss) Before Transfers</b>	<b>4,577,780</b>	<b>(1,324,491)</b>	<b>257,474</b>	<b>3,510,763</b>	<b>(1,192,408)</b>
<b><u>Transfers</u></b>					
Transfers In	-	2,851,357	-	2,851,357	610,000
<b>Net Transfers</b>	<b>-</b>	<b>2,851,357</b>	<b>-</b>	<b>2,851,357</b>	<b>610,000</b>
Change in Net Position	4,577,780	1,526,866	257,474	6,362,120	(582,408)
<b>Total Net Position at Beginning of Year</b>	<b>15,119,672</b>	<b>11,035,526</b>	<b>25,794,207</b>	<b>51,949,405</b>	<b>(1,981,362)</b>
<b>Total Net Position at End of Year</b>	<b>\$ 19,697,452</b>	<b>\$ 12,562,392</b>	<b>\$ 26,051,681</b>	<b>\$ 58,311,525</b>	<b>\$ (2,563,770)</b>

## CITY OF ROANOKE, VIRGINIA

STATEMENT OF CASH FLOWS –  
PROPRIETARY FUNDS  
Year Ended June 30, 2022

	Enterprise Funds				
	Stormwater	Civic Facilities	Parking	Total	Internal Service Fund
<b>Cash Flow From Operating Activities</b>					
Cash Received from Customers	\$ 6,230,286	\$ 11,378,877	\$ 3,537,945	\$ 21,147,108	\$ 17,740,919
Cash Payments to Suppliers for Goods and Services	(1,393,955)	(16,192,010)	(1,914,584)	(19,500,549)	-
Cash Payments from Other Funds	(108)	168,645	5	168,542	-
Cash Payments to Employees	(2,760,093)	(953,255)	(62,544)	(3,775,892)	-
Cash Payments for Claims	-	-	-	-	(19,392,272)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>2,076,130</b>	<b>(5,597,743)</b>	<b>1,560,822</b>	<b>(1,960,791)</b>	<b>(1,651,353)</b>
<b>Cash Flow From Noncapital Financing Activities:</b>					
Operating Grant Received	-	-	-	-	-
Cash Received from Grant	895,033	8,578,523	-	9,473,556	-
Transfers In	-	2,851,357	-	2,851,357	610,000
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>895,033</b>	<b>11,429,880</b>	<b>-</b>	<b>12,324,913</b>	<b>610,000</b>
<b>Cash Flow From Capital and Related Financing Activities:</b>					
Acquisition and Construction of Capital Assets	(6,061,517)	(323,580)	(336,876)	(6,721,973)	-
General Obligation Bond Issuance	1,850,114	832,551	-	2,682,665	-
Proceeds from New Bond Premiums	173,053	77,873	-	250,926	-
Principal Paid on Bonds and Lease Liabilities	(460,250)	(1,413,946)	(1,004,260)	(2,878,456)	-
Interest Paid on Bonds and Lease Liabilities	(406,903)	(385,761)	(184,933)	(977,597)	-
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(4,905,503)</b>	<b>(1,212,863)</b>	<b>(1,526,069)</b>	<b>(7,644,435)</b>	<b>-</b>
<b>Cash Flow From Investing Activities:</b>					
Interest Received	13,008	4,765	4,610	22,383	3,669
<b>Net Cash Provided by Investing Activities</b>	<b>13,008</b>	<b>4,765</b>	<b>4,610</b>	<b>22,383</b>	<b>3,669</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(1,921,332)</b>	<b>4,624,039</b>	<b>39,363</b>	<b>2,742,070</b>	<b>(1,037,684)</b>
<b>Cash and Cash Equivalents at July 1</b>	<b>9,135,201</b>	<b>3,091,326</b>	<b>3,221,761</b>	<b>15,448,288</b>	<b>12,639,483</b>
<b>Cash and Cash Equivalents at June 30</b>	<b>\$ 7,213,869</b>	<b>\$ 7,715,365</b>	<b>\$ 3,261,124</b>	<b>\$ 18,190,358</b>	<b>\$ 11,601,799</b>

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

CITY OF ROANOKE, VIRGINIA

STATEMENT OF CASH FLOWS –  
PROPRIETARY FUNDS  
Year Ended June 30, 2022

	Enterprise Funds				Internal
	Stormwater	Civic Facilities	Parking	Total	Service Fund
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>					
Operating Income (Loss)	\$ 1,195,236	\$ (6,139,133)	\$ 480,399	\$ (4,463,498)	\$ (1,196,077)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Depreciation and amortization	940,560	1,357,681	1,053,563	3,351,804	-
Pension expense, net of employer contributions	(916,701)	215,481	(23,127)	(724,347)	-
OPEB expense, net of employer contributions	571,418	102,263	4,082	677,763	-
Changes in Assets and Liabilities:					
(Increase) in Due From Other Governments	-	-	-	-	-
Decrease in Due From Other Funds	-	-	-	-	-
(Increase) Decrease in Due From Component Unit	-	-	-	-	-
Decrease (Increase) in Accounts Receivable	(13,811)	(286,022)	(2,820)	(302,653)	189
Decrease in Allowance for Uncollectible Accounts Receivable	-	-	-	-	-
Decrease in Inventory	-	(92,802)	-	(92,802)	-
Increase in Other Assets	-	(365,185)	-	(365,185)	-
Increase (Decrease) in Accounts Payable and Accrued Expenses	300,278	90,214	48,685	439,177	-
(Decrease) in Due to Other Governments	-	-	-	-	-
Increase in Due to Other Funds	(108)	5,535	5	5,432	-
Increase (Decrease) in Other Liabilities	-	163,110	-	163,110	-
Increase in Compensated Absences Payable	(742)	36,711	35	36,004	-
Increase in Unearned Revenues	-	(685,596)	-	(685,596)	-
(Decrease) in Claims Payable	-	-	-	-	(455,465)
<b>Total Adjustments</b>	<b>880,894</b>	<b>541,390</b>	<b>1,080,423</b>	<b>2,502,707</b>	<b>(455,276)</b>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 2,076,130</b>	<b>\$ (5,597,743)</b>	<b>\$ 1,560,822</b>	<b>\$ (1,960,791)</b>	<b>\$ (1,651,353)</b>
<b>Reconciliation to Exhibit G</b>					
Cash and Cash Equivalents	\$ 3,020,142	\$ 6,089,869	\$ 2,974,662	\$ 12,084,673	\$ 10,616,587
Investments	298,132	-	286,462	584,594	985,212
Cash and investments - restricted	3,895,595	1,625,496	-	5,521,091	-
	<u>\$ 7,213,869</u>	<u>\$ 7,715,365</u>	<u>\$ 3,261,124</u>	<u>\$ 18,190,358</u>	<u>\$ 11,601,799</u>

**Noncash Capital and Financing Activities:**

Stormwater Fund noncash activities consisted of capital asset acquisitions of \$146,923 recorded as accounts payable at June 30, 2022.

Civic Facilities Fund noncash activities consisted of capital asset acquisitions of \$190,294 recorded as accounts payable at June 30, 2022.

Parking Fund noncash activities consisted of capital asset acquisitions of \$15,576 recorded as accounts payable at June 30, 2022.

## CITY OF ROANOKE, VIRGINIA

STATEMENT OF FIDUCIARY NET POSITION –  
FIDUCIARY FUNDS

June 30, 2022

	Pension and OPEB Trust Funds	Hotel Roanoke and Inmate Custodial Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 617,398	\$ 645,365
Cash and Cash Equivalents, Restricted	-	10,253
Receivables:		
Employer Contributions (Includes Due From Other Funds of \$520,590)	601,812	-
Employee Contributions	173,565	-
Investment Income	858,194	-
Other Asset/Receivables	-	32,560
Receivable for Security Transactions	533,091	-
Total Receivables	<u>2,166,662</u>	<u>32,560</u>
Investments Held by Trustee, at Fair Value:		
Cash Equivalents	9,405,111	-
Government Securities	40,442,415	-
Municipal and Agency Bonds	15,733,419	-
Corporate Bonds	30,957,216	-
Common Stocks	55,257,206	-
Domestic Mutual Funds	177,301,309	-
International Mutual Funds	63,912,127	-
Real Estate Mutual Funds	40,756,411	-
Investment in Pooled Funds	9,428,664	3,174,781
Investment in Pooled Funds, Restricted	-	786,199
Total Investments	<u>443,193,878</u>	<u>3,960,980</u>
<b>Total Assets</b>	<u>445,977,938</u>	<u>4,649,158</u>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	227,280	109,919
Deferred Revenue	-	2,191,354
Payable for Security Transactions	1,038,816	-
<b>Total Liabilities</b>	<u>1,266,096</u>	<u>2,301,273</u>
<b>Net Position Restricted for Hotel Roanoke Conference Center Fund</b>	<u>-</u>	<u>2,327,713</u>
<b>Net Position Restricted for Inmate Fund</b>	<u>-</u>	<u>20,172</u>
<b>Net Position Restricted for Pension Fund</b>	<u>435,283,178</u>	<u>-</u>
<b>Net Position Restricted for OPEB Fund</b>	<u>\$ 9,428,664</u>	<u>\$ -</u>

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



## CITY OF ROANOKE, VIRGINIA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –  
FIDUCIARY FUNDS  
Year Ended June 30, 2022**

	<b>Pension and OPEB Trust Funds</b>	<b>Hotel Roanoke and Inmate Custodial Funds</b>
<b><u>Additions/(Reductions)</u></b>		
Contributions from Employer	\$ 13,489,332	\$ -
Contributions from Employee	3,740,384	-
Contributions from Virginia Tech	-	80,000
Contributions from City	-	80,000
Contributions from Inmates	-	44,053
Investment Income		
Net Depreciation in Fair Value of Investments	(100,527,527)	-
Interest	1,598,435	-
Dividends	29,262,701	-
Other	4,244	-
Total Investment Income	(69,662,147)	-
Less Investment Expenses	(1,232,578)	-
Net Investment Income	(70,894,725)	-
<b>Total Additions</b>	<b>(53,665,009)</b>	<b>204,053</b>
<b><u>Deductions</u></b>		
Benefit Payments	43,313,174	-
Loss on investments	-	234,520
Administrative Expenses	513,370	160,184
<b>Total Deductions</b>	<b>43,826,544</b>	<b>394,704</b>
<b>Change in Net Position</b>	<b>(97,491,553)</b>	<b>(190,651)</b>
<b>Fiduciary Net Position at Beginning of Year, Restated</b>	<b>542,203,395</b>	<b>2,538,536</b>
<b>Fiduciary Net Position at End of Year</b>	<b>\$ 444,711,842</b>	<b>\$ 2,347,885</b>

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

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(1) Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

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

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

**Discretely Presented Component Units**

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

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

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

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

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(1) Summary of Significant Accounting Policies (Continued)**

**B. Financial Statement Presentation**

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

**Government-Wide Financial Statements and Fund Financial Statements**

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

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

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

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

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

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

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

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

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(1) Summary of Significant Accounting Policies (Continued)**

**B. Financial Statement Presentation (Continued)**

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

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

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

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

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

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

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

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

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

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

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

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(1) Summary of Significant Accounting Policies (Continued)**

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

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

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

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

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

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

**D. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded in order to reserve the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as Committed Fund Balance since they do not constitute current year expenditures or liabilities and as such, are approved by Council for inclusion in the next fiscal year budget. Encumbrances are reported as expenditures using the budgetary basis of accounting. Unspent appropriations lapse at year-end. These encumbrances are subject to re-appropriation by City Council in the succeeding fiscal year. For fiscal year ended June 30, 2022, significant encumbrances in the General Fund totaled \$4.1 million and related to fleet management, social services, prisoner sustenance, and street and other maintenance contracts.

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(1) Summary of Significant Accounting Policies (Continued)**

**E. Deposits and Investments**

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

**F. Interfund Receivables and Payables**

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

**G. Allowance for Uncollectible Taxes and Accounts Receivable**

The City calculates its allowance for uncollectible receivables based on historical collection data and specific account analyses. At June 30, 2022, the allowance for General Fund uncollectible taxes receivable was \$4,609,713. At June 30, 2022, the allowance for General Fund uncollectible accounts receivable was \$1,499,178. In the Stormwater Fund, an allowance in the amount of \$26,415.

**H. Property Taxes**

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

Personal property tax is normally due on or before May 31 during the year of assessment. The personal property tax rate was \$3.45 per \$100 of assessed value for the year. The Commonwealth funds localities for a portion of the personal property taxes billed to property tax owners. The Personal Property Tax Relief Act as amended provides a flat amount of reimbursement to localities, such as the City of Roanoke, thereby altering the percent of tax relief provided. The Commonwealth's share of the tax was 52.4% for tax year 2022. A penalty of 10% of unpaid real estate and personal property tax is due for late payment. Interest on unpaid taxes is 10% in the first year. Thereafter, the interest is calculated using the Internal Revenue Service (IRS) rate. At June 30, 2022 the IRS rate was 5%.

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

(Continued)



# CITY OF ROANOKE, VIRGINIA

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

### (1) Summary of Significant Accounting Policies (Continued)

#### I. Inventory and Prepaid Items

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

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

#### J. Capital Assets

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

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

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

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

#### K. Leases

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model of lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset. A lessor is required to recognize a lease receivable and deferred lease revenue.

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(1) Summary of Significant Accounting Policies (Continued)**

**L. Compensated Absences Payable**

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

Liabilities for compensated absences are not liquidated until leave is actually taken by employees or leave balances are paid upon termination. Accordingly, in the governmental fund's financial statements, no expenditure is reported for compensated absences until they are paid. Current and non-current portions of compensated absences totaling \$8,601,128 are recorded for governmental activities in the government-wide statements and represent a reconciling item between the government-wide and governmental fund presentations.

**M. Unearned Revenues**

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

**N. Long-Term Obligations**

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

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

**O. Net Position and Fund Balance**

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

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(1) Summary of Significant Accounting Policies (Continued)**

**O. Net Position and Fund Balance (Continued)**

**Fund Balances – Governmental Funds**

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

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

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

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

The City maintains fund balance reserve policies to ensure sound financial management, protecting the City’s credit ratings, ensuring prudent use of the City’s debt issuance authority and guiding the City and its managers in policy and debt issuance decisions. Key components of the reserve policies are as follows as of June 30, 2022:

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

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(1) Summary of Significant Accounting Policies (Continued)**

**O. Net Position and Fund Balance (Continued)**

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

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

**P. Use of Estimates**

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

**Q. Deferred Inflows/Outflows of Resources**

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

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

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

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(1) Summary of Significant Accounting Policies (Continued)**

**Q. Deferred Inflows/Outflows of Resources (Continued)**

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

**(2) Deposits and Investments**

**Governmental Funds**

The City maintains a consolidated account that is available for use by all funds, including fiduciary funds. Each fund's portion of this account is presented in the basic financial statements as "Cash and Cash Equivalents." The School Board component unit maintains separate cash and investment accounts with a combined balance as of June 30, 2022 of \$51,469,607. The GRTC component unit maintains separate cash and investment accounts consisting of cash and overnight repurchase agreements collateralized by government securities. Investments for GRTC and the School Board are presented in conjunction with City investments. The City acts as one of the fiscal agents for the Hotel Roanoke Conference Center Commission (HRCCC) and Roanoke City Jail Inmate and holds total cash and investments of \$4,519,067 and \$97,531 on their behalf, respectively. Investments and related disclosures for the City of Roanoke Pension Plan and the OPEB Trust Fund, which are fiduciary funds, are presented separately.

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

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(2) Deposits and Investments (Continued)**

**Governmental Funds (Continued)**

**Investment Policy: (Continued)**

Investments at June 30, 2022 consisted of the following:

	<b><u>Total Primary Government</u></b>	<b><u>School Board Component Unit</u></b>	<b><u>Fiduciary Funds</u></b>
Investment in pooled funds, including			
Virginia LGIP	\$ 11,754,109	\$ 48,238,095	\$ 226,685
Money Market Accounts	130,459,704	-	-
Bank Deposits	313,593	-	972,946
Mutual Funds	34,098,936	-	-
Federal Agency Bonds/Notes	14,873,680	-	2,963,780
	<u>\$ 191,500,022</u>	<u>\$ 48,238,095</u>	<u>\$ 4,163,411</u>

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

*Credit Risk.* State law limits local governments and other public bodies to investing in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, bankers' acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP) and the State Non-Arbitrage Program (SNAP). The City's fair value of investment in the LGIP is the same as the pooled value of its shares. It is the City's policy to limit its investments in commercial paper to the top rating issued by Nationally Recognized Statistical Rating Organizations (NRSROs).

At June 30, 2022 investment holdings as a percentage of total investments, excluding OPEB Trust Fund investments, were as follows:

<b><u>Investment Type</u></b>	<b><u>Primary Government</u></b>	<b><u>Component Unit</u></b>	<b><u>Fiduciary Fund</u></b>	<b><u>Credit Rating</u></b>
Virginia LGIP	6.10%	100.00%	5.40%	AAAm
Money Market Accounts	68.10	-	-	AAAm
Bank Deposits	0.20	-	23.40	AAAm
Mutual Funds	17.80	-	-	AAAm
Federal Agency Bonds/Notes	7.80	-	71.20	AA+
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	
Total Investment Percentage	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(2) Deposits and Investments (Continued)**

**Governmental Funds (Continued)**

**Investment Policy: (Continued)**

*Custodial Credit Risk - Investments.* For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments at June 30, 2022 were held in the name of the City. The City's investment policy requires all Purchase Securities, Money Market instruments and Certificates of Deposit with maturity dates less than thirty (30) days to be held by the Bank or Securities Dealer through which they were purchased.

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

Investments are considered to be exposed to custodial credit risk if they are uninsured and unregistered with the securities held by the counterparty or by its trust department or agent, but not in the City's name. At June 30, 2022, the City did not hold any investments considered to be exposed to custodial credit risk. The School Board and GRTC component units do not hold any investments exposed to custodial credit risk.

*Custodial Credit Risk – Deposits.* In the case of a deposit, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The carrying value of the City's deposits was \$174,650,167, including Fiduciary HRCCC Funds of \$355,655 and inmate funds of \$97,531. The City's bank balance of deposits was \$174,604,394. The City's investment policy requires all deposits to be federally secured or held in accordance with the Virginia Security for Public Deposits Act. In agreement with the policy, the entire balance was covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act.

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

At June 30, 2022, the portions of the City's debt securities that exceed 5% of the total value, excluding certificates of deposit, which were fully insured by Federal Deposit Insurance Corporation (FDIC) and the Virginia LGIP, were as follows:

<b><u>Issuer</u></b>	<b><u>Percent of Portfolio Primary Government</u></b>
State Non-Arbitrage Program	19.5%

At June 30, 2022, 93.7% of the School Board's investment portfolio, \$48,238,095 was invested in the Virginia LGIP.

(Continued)



**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(2) Deposits and Investments (Continued)**

**Governmental Funds (Continued)**

**Investment Policy: (Continued)**

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

As of June 30, 2022, the Primary Government had the following investments and maturities:

	<b>Investment Maturity</b>		
	<b>Fair Value</b>	<b>Less than 1 year</b>	<b>More than 1 year</b>
Virginia LGIP	\$ 11,754,109	\$ 11,754,109	\$ -
Money Market Accounts	130,459,704	130,459,704	-
Bank Deposits	313,593	313,593	-
Mutual Funds	34,098,936	34,098,936	-
Federal Agency Bonds/Notes	14,873,680	13,877,330	996,350
Total	<u>\$ 191,500,022</u>	<u>\$ 190,503,672</u>	<u>\$ 996,350</u>

As of June 30, 2022, the School Board Component Unit had the following investments and maturities:

	<b>Investment Maturity</b>	
	<b>Fair Value</b>	<b>Less than 1 year</b>
Virginia LGIP	<u>\$ 48,238,095</u>	<u>\$ 48,238,095</u>

As of June 30, 2022, the Hotel Roanoke Conference Center Commission, a custodial fund, had the following investments and maturities:

	<b>Investment Maturity</b>	
	<b>Fair Value</b>	<b>Less than 1 year</b>
Virginia LGIP & VIP	<u>\$ 4,163,411</u>	<u>\$ 4,163,411</u>

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(2) Deposits and Investments (Continued)**

**Separately Presented Fiduciary Funds**

**Pension Trust Fund (the “Plan”)**

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

Plan Investments as of June 30, 2022 consisted of the following:

Cash Equivalents	\$ 266,062
Investment in pooled funds (1)	9,411,379
U.S. Government Securities	40,442,415
Municipal and Agency Bonds	15,733,419
Corporate Bonds	30,957,216
Common Stocks	55,257,206
Domestic Mutual Funds	177,301,309
International Mutual Funds	63,912,127
Real Estate Funds	40,756,411
	<hr/>
Total Investments	<u>\$ 434,037,544</u>

(1) Local Government Investment Pool (LGIP) in the amount of \$272,330 is included in Cash and Cash Equivalents in the statement of Fiduciary Net Position

**Fair Value of Investments**

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

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

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

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(2) Deposits and Investments (Continued)**

**Separately Presented Fiduciary Funds (Continued)**

**Fair Value of Investments (Continued)**

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

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

**Investments Measured at Net Position Value**

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if Currently Eligible)</u>	<u>Redemption Notice Period</u>
Fixed Income Investments				
Co-mingled domestic fixed income	\$ 32,790,855	\$ -	Daily	0-3 Days
Total Fixed Income Investments measured at the NAV	<u>32,790,855</u>	<u>-</u>		
Equity Investments				
Co-mingled domestic equity	33,263,309	-	Daily	0-3 Days
Total Equity Investments measured at the NAV	<u>33,263,309</u>	<u>-</u>		
Real Estate Investments				
Real Estate	40,756,411	-	Quarterly	45-90 Days
Total Real Estate Investments measured at the NAV	<u>40,756,411</u>	<u>-</u>		
Total Investments measured at the NAV	<u>\$ 106,810,575</u>	<u>\$ -</u>		

(Continued)

**CITY OF ROANOKE, VIRGINIA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

**(2) Deposits and Investments (Continued)**

**Separately Presented Fiduciary Funds (Continued)**

**Fair Value of Investments (Continued)**

		Fair Value Measures Using		
		Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Input (Level 3)
	June 30, 2022			
Investments by fair value level				
Fixed Income				
U.S. Government Securities	\$ 40,442,415	\$ -	\$ 40,442,415	\$ -
Municipal and Agency Bonds	15,733,419	-	15,733,419	-
Corporate Bonds	30,957,216	-	30,957,216	-
Domestic Bond Mutual Funds	7,307,232	7,307,232	-	-
Total Fixed Income	94,440,282	7,307,232	87,133,050	-
Domestic Equity				
Financial and Utility Common Stock	16,520,135	16,520,135	-	-
Basic Industrial and Materials Common Stock	10,567,862	10,567,862	-	-
Consumer and Service Common Stock	16,618,509	16,618,509	-	-
Technology and Telecommunications Common Stock	11,550,700	11,550,700	-	-
Domestic Equity Mutual Fund	103,939,913	103,939,913	-	-
Total Domestic Equity	159,197,119	159,197,119	-	-
International Equity				
International Equity Mutual Fund	63,912,127	63,912,127	-	-
Total International Equity	63,912,127	63,912,127	-	-
Short-term Investments				
Cash and Cash Equivalents	9,405,111	9,405,111	-	-
Total Short-term Investments	9,405,111	9,405,111	-	-
Total Investments by Fair Value Level	<u>\$ 326,954,639</u>	<u>\$ 239,821,589</u>	<u>\$ 87,133,050</u>	<u>\$ -</u>

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

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(2) Deposits and Investments (Continued)**

**Separately Presented Fiduciary Funds (Continued)**

**Fair Value of Investments (Continued)**

As of June 30, 2022, the Plan's pooled and fixed income investments consisted of the following:

	<u><b>2022</b></u>	<u><b>Moody's Rating</b></u>
U.S. Government Securities	\$ 40,442,415	Aaa
	<u>\$ 40,442,415</u>	
Municipal and Agency Bonds	\$ 869,278	Aaa
	679,380	Aa1
	649,225	Aa2
	82,621	Aa3
	<u>13,452,915</u>	NR
	<u>\$ 15,733,419</u>	
Corporate Bonds	\$ 4,321,687	Aaa
	19,375	Aa1
	332,018	Aa2
	773,324	Aa3
	4,518,748	A1
	4,840,121	A2
	6,718,617	A3
	5,152,109	Baa1 & Below
	<u>4,281,217</u>	NR
	<u>\$ 30,957,216</u>	
Domestic Bond Mutual Funds	\$ 14,760,077	Aaa
	<u>18,030,778</u>	BB
	<u>\$ 32,790,855</u>	
Investment in Pooled Funds	\$ 9,139,049	Aaa
	<u>272,330</u>	AAAm
	<u>\$ 9,411,379</u>	

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(2) Deposits and Investments (Continued)**

**Separately Presented Fiduciary Funds (Continued)**

**Fair Value of Investments (Continued)**

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Plan's deposits may not be returned to it. The Plan's investment policy does not specifically address custodial credit risk. The City maintains a cash and investment pool, in which the Plan is a participant. The carrying amount of the Plan's deposits was \$10,022,509 equal to the bank balance as of June 30, 2022. Of the bank balance, \$617,398 as of June 30, 2022 was covered by Federal depository insurance or collateralized pursuant to agreements with all participating financial institutions to pledge assets on a pooled basis to secure public deposits pursuant to the Virginia Security for Public Deposits Act (Act) Regulations of the Code of Virginia.

Such collateralization qualifies as state depository insurance. Accordingly, the bank balance of \$617,398 as of June 30, 2022 is considered to be insured. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loans. The remaining bank balance of \$9,405,111 as of June 30, 2022, respectively, is uninsured and uncollateralized. The uninsured and uncollateralized deposits are held by Comerica Bank.

*Custodial Credit Risk – Investments.* The Plan held the following investments as of June 30, 2022: cash equivalents; investment in pooled funds, U.S. government securities; agency and municipal bonds; corporate bonds; convertible bond mutual funds; common stocks; domestic, international, and real estate mutual funds. Investments in external investment pools and in open-end mutual funds are not considered to be exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. Investments are considered to be exposed to custodial credit risk if they are uninsured and unregistered with the securities held by the counterparty or by its trust department or agent but not in the Plan's name. The Plan's investments are not considered to be exposed to custodial credit risk.

*Concentration of Credit Risk.* The Plan's investment policy prohibits the investment of more than 5% of plan assets in either fixed income or equity securities of any single issuer based on cost. Securities of the U.S. government and investment company shares (mutual funds) are exempted from this limitation. The Plan did not own securities of a single organization, other than positions in mutual funds, representing five percent or more of the Plan's fiduciary net position at June 30, 2022.

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

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(2) Deposits and Investments (Continued)**

**Separately Presented Fiduciary Funds (Continued)**

**Fair Value of Investments (Continued)**

The fair value of the Plan's fixed income portfolio consisted of the following investment and maturities as of June 30, 2022:

Investment Type	Fair Value	Maturities			
		<1	1-5	5-10	>10
U.S. Government Securities	\$ 40,442,415	\$ -	\$ 10,171,673	\$ 23,279,069	\$ 6,991,673
Municipal and Agency Bonds	15,733,419	159,999	1,107,842	3,140,765	11,324,813
Corporate Bonds	30,957,216	119,840	7,147,512	16,617,968	7,071,896
Bond Mutual Funds	32,790,855	-	-	18,030,778	14,760,077
	<u>\$ 119,923,905</u>	<u>\$ 279,839</u>	<u>\$ 18,427,027</u>	<u>\$ 61,068,580</u>	<u>\$ 40,148,459</u>

The City maintains a cash and investment pool in which the Plan is a participant. The fair value of the Plan's investments in the pool at June 30, 2022 were:

Investment Type	Fair Value	<1
Virginia LGIP	\$ 272,330	\$ 272,330
	<u>\$ 272,330</u>	<u>\$ 272,330</u>

*Foreign Currency Risk.* Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Plan's investment policy prohibits investment in securities that are not denominated in U.S. dollars and/or that are traded solely on exchanges outside the U.S., with the exception of international commingled funds. The Plan had no investments that were not denominated in U.S. dollars or that were traded solely on exchanges outside the U.S. as of June 30, 2022.

**OPEB Trust Fund**

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

*Investment Policy.* The Board of Trustees of the OPEB Trust Fund has adopted an investment policy to achieve a compound annualized total expected rate of return over a market cycle, including current income and capital appreciation, of 7.5%. Investment decisions for the funds' assets are made by the Board of Trustees, which establishes investment objectives, risk tolerance and asset allocation policies in light of the investment policy, market and economic conditions, and generally prevailing prudent investment practices. The Board of Trustees also monitors the investments to ensure adherence to the adopted policies and guidelines. In addition, the Trustees review, monitor, and evaluate the performance of the investments and the Board's investment advisors in light of available investment opportunities, market conditions, and publicly available indices for the generally accepted evaluation and measurement of such performance. Specific investment information for the OPEB Trust Fund can be obtained by writing to VML/VACo Finance, 8 E Canal Street, Richmond, Virginia 23219.

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(2) Deposits and Investments (Continued)**

**Separately Presented Fiduciary Funds (Continued)**

**OPEB Trust Fund (Continued)**

*Credit Risk.* State law (*Code of Virginia*, Chapter 3, Title 26) limits local governments and other public bodies to investing in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, bankers’ acceptances, repurchase agreements, and the LGIP. As of June 30, 2022, the City’s OPEB Trust Fund was exclusively invested in the OPEB Trust Fund.

*Custodial Credit Risk – Investments.* For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are considered to be exposed to custodial credit risk if they are uninsured and unregistered with the securities held by the counterparty or by its trust department or agent but not in the City’s name. At June 30, 2022, the OPEB Trust Fund did not hold any investments considered to be exposed to custodial credit risk.

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

As of June 30, 2022, the OPEB Trust Fund did not own securities other than the OPEB Trust Fund, which classified as a co-mingled multi-strategy pooled investment fund. The value of these investments has been allocated among the participants using a net asset value per share.

<u>Multi-strategy Investments</u>	<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Co-mingled	\$ 9,428,664	\$ -	Daily	0-3 Days
Total multi-strategy investments measured at the NAV	<u>\$ 9,428,664</u>	<u>\$ -</u>		

The market value of the OPEB Trust Fund’s fixed income holdings within the OPEB Trust Fund consisted of the following investments and maturities at June 30, 2022:

<u>Investment Type</u>	<u>Fair Value</u>	<u>&lt;5 years</u>	<u>5-10 years</u>
Bond Mutual Funds	\$ 2,045,389	\$ -	\$ 2,045,389
Virginia VIP	<u>174,910</u>	<u>174,910</u>	<u>-</u>
	<u>\$ 2,220,299</u>	<u>\$ 174,910</u>	<u>\$ 2,045,389</u>

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

(Continued)



**CITY OF ROANOKE, VIRGINIA**

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

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

Receivables as of June 30, 2022 consisted of the following:

**Governmental Funds**

<u>Receivables</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Activities</u>	<u>School Board Component Unit</u>	<u>GRTC Component Unit</u>
Federal Government	\$ 109,263	\$ 2,246,740	\$ -	\$ 2,356,003	\$ -	\$ 3,746,172
State Government	10,447,932	232,933	3,928	10,684,793	-	876,987
City of Roanoke	-	-	-	-	6,202,108	-
Component Unit	1,736,397	-	-	1,736,397	-	-
WVWA	-	-	-	-	-	-
Other Governments	186,722	-	-	186,722	25,259,953	-
Total Governments	<u>\$ 12,480,314</u>	<u>\$ 2,479,673</u>	<u>\$ 3,928</u>	<u>\$ 14,963,915</u>	<u>\$ 31,462,061</u>	<u>\$ 4,623,159</u>
Taxes, net of Allowance	\$ 23,239,765	\$ -	\$ -	\$ 23,239,765	\$ -	\$ -
Accounts	3,053,318	23,791	1,297	3,078,406	898,820	272,074
Less: Allowance for Uncollectible Accounts	<u>(1,499,178)</u>	<u>-</u>	<u>-</u>	<u>(1,499,178)</u>	<u>-</u>	<u>-</u>
Subtotal	<u>\$ 24,793,905</u>	<u>\$ 23,791</u>	<u>\$ 1,297</u>	<u>\$ 24,818,993</u>	<u>\$ 898,820</u>	<u>\$ 272,074</u>
Governmental Fund Receivables	<u>\$ 37,274,219</u>	<u>\$ 2,503,464</u>	<u>\$ 5,225</u>	<u>\$ 41,652,908</u>	<u>\$ 32,360,881</u>	<u>\$ 4,895,233</u>

**Enterprise Funds**

<u>Receivables</u>	<u>Stormwater</u>	<u>Civic Facilities</u>	<u>Parking</u>	<u>Total Enterprise Funds</u>
Federal Government	\$ 3,079,353	\$ -	\$ -	\$ 3,079,353
Accounts	258,452	406,683	2,819	667,954
Less: Allowance for Uncollectible Accounts	<u>(26,415)</u>	<u>-</u>	<u>-</u>	<u>(26,415)</u>
Total Receivables	<u>\$ 3,311,390</u>	<u>\$ 406,683</u>	<u>\$ 2,819</u>	<u>\$ 3,720,892</u>

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

Net taxes and accounts receivable, as reported on the government-wide Statement of Net Position, include taxes receivable of approximately \$6.1 million that are not available to pay for current period expenditures and are accordingly recorded as deferred revenue in the governmental funds balance sheet. A \$1,870,000 receivable from the Western Virginia Water Authority (WVWA) related to long-term liabilities is reported on the Statement of Net Position. Further details are presented in Footnotes 9 and 16. Governmental Funds and Governmental Activities accounts receivable included \$1,736,397 related to Roanoke City Public Schools miscellaneous accounts receivable accounts which were reported by them as an accounts payable liability.

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(4) Lease Receivables**

The City, as lessor, has entered into several non-cancellable lease agreements involving infrastructure, several of which are with global telecommunication providers. The City has a lease receivable of \$52,894 and a deferred inflow of resources of \$51,935 as of June 30, 2022 related to telecommunications in the General Fund. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows related to telecommunications, recognized during the fiscal year was \$16,384 for the Debt Service Fund. The significant telecommunication related leases are as follows:

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

\* Maturity date includes option years, if applicable.

The lease receivable is due as follows:

<u>Year Ending June 30,</u>	<u>Telecommunication Principal</u>	<u>Telecommunication Interest</u>
2023	\$ 16,470	\$ 405
2024	17,126	255
2025	17,803	100
2026	1,495	-
	<u>\$ 52,894</u>	<u>\$ 760</u>

The City, as lessor, has entered into a non-cancellable lease agreements involving land for the parks and recreation department and general government. The City has a lease receivable of \$471,644 and a deferred inflow of resources of \$494,162 as of June 30, 2022 in the General Fund. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows related to land, recognized in during the fiscal year was \$65,667 for the Debt Service Fund. The significant leases related to land are as follows:

<u>Lease*</u>	<u>Contract Date</u>	<u>Maturity Date</u>
19 <sup>th</sup> Street SE	8/28/2018	8/27/2028
Preston Avenue NW	8/28/2018	8/27/2028
Jefferson Street SW Properties	2/28/2022	1/31/2025

\* Maturity date includes option years, if applicable.

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(4) Lease Receivables (Continued)**

The lease receivable is due as follows:

<b>Year Ending June 30,</b>	<b>Land Principal</b>	<b>Land Interest</b>
2023	\$ 153,136	\$ 8,155
2024	149,213	5,146
2025	98,748	2,609
2026	22,381	1,619
2027	22,966	1,034
2028	23,566	434
2029	1,634	13
	<u>\$ 471,644</u>	<u>\$ 19,010</u>

The City, as lessor, has entered into several non-cancellable lease agreements involving buildings or portions of buildings related to garage parking. The City has a lease receivable of \$2,736,086 and a deferred inflow of resources of \$2,736,086 as of June 30, 2022 for the Parking Fund. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized during the fiscal year was \$496,398. The significant leases related to garage parking are as follows:

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

\* Maturity date includes option years, if applicable.

The lease receivable is due as follows:

<b>Year Ending June 30,</b>	<b>Garage Principal</b>	<b>Garage Interest</b>
2023	\$ 476,492	\$ 33,379
2024	494,577	27,542
2025	432,144	21,715
2026	425,540	16,151
2027	267,610	11,390
2028-2030	639,723	11,277
	<u>\$ 2,736,086</u>	<u>\$ 121,454</u>

(Continued)

**CITY OF ROANOKE, VIRGINIA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

**(4) Lease Receivables (Continued)**

The City, as lessor, has entered into a non-cancellable lease agreement involving office space. The lease is named Berglund Center Annex 3<sup>rd</sup> Floor. The lease has a contract date of 1/1/2021 and a maturity date of 12/31/2025. The City has a lease receivable of \$75,486 and a deferred inflow of resources of \$75,486 as of June 30, 2022 related to office space in the Civic Facilities Fund. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows related to telecommunications, recognized in during the fiscal year was \$20,581 for the Civic Facilities Fund.

The lease receivable is due as follows:

<b>Year Ending June 30,</b>	<b>Office Principal</b>	<b>Office Interest</b>
2023	\$ 20,500	\$ 701
2024	21,356	480
2025	22,248	249
2026	11,382	35
	<u>\$ 75,486</u>	<u>\$ 1,465</u>

**(5) Interfund Balances and Transfers**

Interfund balances consisted of the following for the year ended June 30, 2022:

		DUE FROM (FUND)				
		General	Stormwater Utility	Civic Facilities	Parking	Total
DUE TO (FUND)	Pension Trust	\$ 497,124	\$ 13,753	\$ 9,345	\$ 368	\$ 520,590
	Total	<u>\$ 497,124</u>	<u>\$ 13,753</u>	<u>\$ 9,345</u>	<u>\$ 368</u>	<u>\$ 520,590</u>

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

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(5) Interfund Balances and Transfers (Continued)**

Interfund transfers consisted of the following for the year ended June 30, 2022:

	<b>TRANSFER OUT (FUND)</b>		
	<b>General</b>	<b>Capital Project</b>	<b>Total</b>
<b>TRANSFER IN (FUND)</b>			
General	\$ -	\$ 1,139,551	\$ 1,139,551
Debt Service	13,096,822	-	13,096,822
Special Revenue	5,062,281	10,000	5,072,281
Capital Projects	15,368,549	-	15,368,549
Civic Facilities	2,851,357	-	2,851,357
Internal Service	610,000	-	610,000
Total	<u>\$ 36,989,009</u>	<u>\$ 1,149,551</u>	<u>\$ 38,138,560</u>

Transfers are used (1) to move revenues from the funds that are required by statute or budget to collect them to the funds that are required by statute or budget to spend them, (2) to move receipts restricted for debt service from the funds collecting them to the Debt Service Fund as debt service payments become due, and (3) to move unrestricted revenues collected in the General Fund, which finance various programs accounted for in other funds in accordance with budgetary authorizations. In fiscal year 2022, the City transferred funding for an annual operating subsidy for the Civic Center, Debt Service, Internal Service, Stormwater Utility and Capital Projects. Throughout the course of fiscal year 2022 \$1,139,551 was transferred to the general fund from the capital projects fund for various fund re-allocations. Additionally, the City provided required/matching funding for grants in the Special Revenue fund.

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(6) Changes in Capital Assets**

**Primary Government:**

Changes in capital assets for the year ended June 30, 2022 consisted of the following:

	<b>June 30, 2021</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2022</b>
<b>Governmental Activities:</b>				
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ 43,602,355	\$ 4,638,462	\$ (643,500)	\$ 47,597,317
Infrastructure - Right of Way	20,271,153	-	-	20,271,153
Infrastructure - Inexhaustible	47,995,346	-	-	47,995,346
Construction in Progress - City	37,017,344	17,844,226	(26,239,075)	28,622,495
Historical Treasures	679,798	-	-	679,798
<b>Total Capital Assets, Not Being Depreciated</b>	<b>149,565,996</b>	<b>22,482,688</b>	<b>(26,882,575)</b>	<b>145,166,109</b>
<b>Capital Assets, Being Depreciated:</b>				
Land Improvements	12,425,537	-	-	12,425,537
Accumulated Depreciation	(6,796,333)	(597,335)	-	(7,393,668)
<b>Net Land Improvements</b>	<b>5,629,204</b>	<b>(597,335)</b>	<b>-</b>	<b>5,031,869</b>
Building and Structures	467,789,367	17,371,791	(3,279,599)	481,881,559
Building and Structures - Leases	4,857,000	2,198,045	-	7,055,045
Accumulated Depreciation	(178,591,881)	(9,988,413)	1,810,039	(186,770,255)
<b>Net Building and Structures</b>	<b>294,054,486</b>	<b>9,581,423</b>	<b>(1,469,560)</b>	<b>302,166,349</b>
Infrastructure	327,021,875	2,268,021	-	329,289,896
Accumulated Depreciation	(158,661,589)	(9,200,056)	-	(167,861,645)
<b>Net Infrastructure</b>	<b>168,360,286</b>	<b>(6,932,035)</b>	<b>-</b>	<b>161,428,251</b>
Equipment	104,109,399	4,978,774	(6,154,145)	102,934,028
Equipment - Leases	510,239	126,309	-	636,548
Accumulated Depreciation	(70,881,132)	(7,376,740)	5,709,686	(72,548,186)
<b>Net Equipment</b>	<b>33,738,506</b>	<b>(2,271,657)</b>	<b>(444,459)</b>	<b>31,022,390</b>
Total Capital Assets Being Depreciated	916,713,417	26,942,940	(9,433,744)	934,222,613
Less: Accumulated Depreciation	(414,930,935)	(27,162,544)	7,519,725	(434,573,754)
<b>Net Total Capital Assets Being Depreciated</b>	<b>501,782,482</b>	<b>(219,604)</b>	<b>(1,914,019)</b>	<b>499,648,859</b>
<b>Governmental Activities' Capital Assets, Net</b>	<b>\$ 651,348,478</b>	<b>\$ 22,263,084</b>	<b>\$ (28,796,594)</b>	<b>\$ 644,814,968</b>

Capital assets used for educational purposes totaled \$205,949,487 and are included with the Governmental Activities capital assets of the primary government. The depreciation on these assets was recorded as an Education expense in the current fiscal year.

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

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(6) Changes in Capital Assets (Continued)**

**Primary Government: (Continued)**

Changes in capital assets for Business-type activities for the year ended June 30, 2022 consisted of the following:

	<u>June 30, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2022</u>
<b><u>Business-Type Activities:</u></b>				
<b><u>Capital Assets, Not Being Depreciated:</u></b>				
Land	\$ 5,122,073	\$ 4,047,806	\$ -	\$ 9,169,879
Right of Way/Easements	212,136	-	-	212,136
Construction in Progress	5,230,082	6,410,629	(6,886,491)	4,754,220
<b>Total Capital Assets, Not Being Depreciated</b>	<b>10,564,291</b>	<b>10,458,435</b>	<b>(6,886,491)</b>	<b>14,136,235</b>
<b><u>Capital Assets, Being Depreciated:</u></b>				
Land Improvements	73,696	-	-	73,696
Accumulated Depreciation	(70,390)	(700)	-	(71,090)
<b>Net Land Improvements</b>	<b>3,306</b>	<b>(700)</b>	<b>-</b>	<b>2,606</b>
Building and Structures	93,276,130	611,595	(262,596)	93,625,129
Building and Structures - Leases	-	29,233	-	29,233
Accumulated Depreciation	(46,097,212)	(2,244,976)	262,596	(48,079,592)
<b>Net Building and Structures</b>	<b>47,178,918</b>	<b>(1,604,148)</b>	<b>-</b>	<b>45,574,770</b>
Infrastructure	19,641,469	732,057	-	20,373,526
Accumulated Depreciation	(1,505,020)	(491,102)	-	(1,996,122)
<b>Net Infrastructure</b>	<b>18,136,449</b>	<b>240,955</b>	<b>-</b>	<b>18,377,404</b>
Equipment	8,496,793	1,455,413	(105,903)	9,846,303
Equipment - Leases	24,449	-	-	24,449
Accumulated Depreciation	(5,337,332)	(615,026)	105,903	(5,846,455)
<b>Net Equipment</b>	<b>3,183,910</b>	<b>840,387</b>	<b>-</b>	<b>4,024,297</b>
<b>Total Capital Assets, Being Depreciated</b>	<b>121,512,537</b>	<b>2,828,298</b>	<b>(368,499)</b>	<b>123,972,336</b>
Less: Accumulated Depreciation	<b>(53,009,954)</b>	<b>(3,351,804)</b>	<b>368,499</b>	<b>(55,993,259)</b>
<b>Net Total Capital Assets Being Depreciated</b>	<b>68,502,583</b>	<b>(523,506)</b>	<b>-</b>	<b>67,979,077</b>
<b>Business-Type Activities' Capital Assets, Net</b>	<b>\$ 79,066,874</b>	<b>\$ 9,934,929</b>	<b>\$ (6,886,491)</b>	<b>\$ 82,115,312</b>

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(6) Changes in Capital Assets (Continued)**

**Primary Government: (Continued)**

Depreciation was charged to functions as follows:

**Government Activities:**

Community development	\$ 1,664
Economic development	145,365
Education	6,336,966
General government	6,348,762
Health and welfare	706,416
Judicial	230,440
Parks, recreation, and culture	1,309,095
Public safety	2,131,908
Public works	9,951,928
<b>Total</b>	<b><u>\$ 27,162,544</u></b>

**Business-type activities:**

Stormwater	\$ 940,560
Civic facilities	1,357,681
Parking	1,053,563
<b>Total</b>	<b><u>\$ 3,351,804</u></b>



**CITY OF ROANOKE, VIRGINIA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

**(6) Changes in Capital Assets (Continued)**

**Primary Government: (Continued)**

**School Board Component Unit:**

	<b>Balance June 30, 2021</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2022</b>
<b><u>Capital Assets, Not Being Depreciated:</u></b>				
Construction in Progress	\$ -	\$ 9,233,150	\$ -	\$ 9,233,150
<b><u>Capital Assets, Being Depreciated:</u></b>				
Instruction	3,898,663	96,390	6,000	3,989,053
Administration	2,692,167	296,815	16,744	2,972,238
Transportation	531,242	-	18,453	512,789
Maintenance	22,404,005	6,328,386	66,361	28,666,030
Less: Accumulated Depreciation	(6,865,324)	(2,870,244)	(56,133)	(9,679,435)
<b>Net Total Capital Assets Being Depreciated</b>	<b>22,660,753</b>	<b>3,851,347</b>	<b>51,425</b>	<b>26,460,675</b>
<b><u>Lease Assets:</u></b>				
Instruction	-	711,963	-	711,963
Less: Accumulated Amortization	-	(328,333)	-	(328,333)
<b>Total Lease Assets Being Amortized</b>	<b>-</b>	<b>383,630</b>	<b>-</b>	<b>383,630</b>
<b>School Board Capital Assets, Net</b>	<b>\$ 22,660,753</b>	<b>\$ 13,468,127</b>	<b>\$ (51,425)</b>	<b>\$ 36,077,455</b>

**GRTC Component Unit:**

	<b>Balance June 30, 2021, as restated (see Note 19)</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2022</b>
<b><u>Capital Assets, Not Being Depreciated:</u></b>				
Land	\$ 835,724	\$ 791,763	\$ -	\$ 1,627,487
Construction in progress	612,491	8,705,447	(452,459)	8,865,479
<b><u>Capital Assets, Being Depreciated:</u></b>				
Buildings and structures	11,808,656	32,493	(4,749,602)	7,091,547
Equipment	27,981,781	429,149	(505,671)	27,905,259
Less: Accumulated Depreciation	(24,546,502)	(2,184,302)	4,463,195	(22,267,609)
<b>Net Total Capital Assets Being Depreciated</b>	<b>15,243,935</b>	<b>(1,722,660)</b>	<b>(792,078)</b>	<b>12,729,197</b>
<b>Component Unit Capital Assets, Net</b>	<b>\$ 16,692,150</b>	<b>\$ 7,774,550</b>	<b>\$ (1,244,537)</b>	<b>\$ 23,222,163</b>

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(7) Construction in Progress and Contract Commitments**

A summary of construction in progress by function and contract commitments (encumbrances) at June 30, 2022 is as follows:

<b><u>Governmental Activities:</u></b>	<b><u>Authorizations</u></b>	<b><u>June 30, 2022</u></b>	<b><u>Commitments</u></b>
<b><u>Function</u></b>			
General Government	\$ 28,887,541	\$ 22,996,005	\$ 3,037,472
Parks, Recreation and Cultural	34,659,432	19,409,034	8,907,650
Community Development	1,335,551	639,789	171,305
Public Works	41,048,040	15,746,654	1,711,914
Public Safety	7,541,195	7,460,299	5,895
Education	5,119,761	1,380,065	-
<b>Subtotal</b>	<b>118,591,520</b>	<b>67,631,846</b>	<b>13,834,236</b>
Non-Capitalized Projects City	31,106,669	17,026,297	1,344,619
<b>Total</b>	<b>\$ 149,698,189</b>	<b>\$ 84,658,143</b>	<b>\$ 15,178,855</b>
<b><u>Business-Type Activities:</u></b>			
<b><u>Fund</u></b>			
Stormwater Utilities	\$ 19,998,162	\$ 7,056,234	\$ 3,600,011
Civic Facilities	4,836,162	2,973,262	860,034
Parking	1,074,195	379,207	373,393
<b>Total</b>	<b>\$ 25,908,519</b>	<b>\$ 10,408,703</b>	<b>\$ 4,833,438</b>
<b><u>School Board Component Unit:</u></b>			
Non-Capitalized Projects	\$ -	\$ 9,233,150	\$ -

**CITY OF ROANOKE, VIRGINIA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

**(8) Unearned Revenues**

Unearned revenues represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenues for the Civic Facilities and Parking Funds are reported as such on the face of the statements (see Exhibit G). Unearned revenues as reported in the financial statements at June 30, 2022 consist of the following:

**Governmental Activities:**

	<b><u>Special Revenue Fund</u></b>	<b><u>Total</u></b>
Unearned Revenue	\$ 5,840,577	5,840,577

**Business-Type Activities:**

	<b><u>Civic Facilities Fund</u></b>	<b><u>Parking Fund</u></b>	<b><u>Total</u></b>
Unearned Revenue	\$ 1,268,615	\$ 121,414	\$ 1,390,029

**(9) Long-Term Liabilities**

In 2022, the City implemented the guidance of GASB No. 87, *Leases*, which for lessees requires reporting and intangible right to use asset and a lease liability for leases that had previously reported as operating and capital leases. The City uses its estimated incremental borrowing rate as the discount rate unless an interest rate is explicitly stated in each lease. The value of right to use lease asset balances and related accumulated amortization as of year end are disclosed in Note 6. The related debt as well as principal and interest requirements are disclosed below.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are subject to the provisions of the *Internal Revenue Code* of 1986 related to arbitrage and interest income tax regulations under those provisions. The fund balance of the Debt Service Fund at June 30, 2022 of \$235,769 was restricted for future retirement of long-term debt. The City Charter limits the legal debt to 10% of the assessed valuation of real estate within the City limits. The City's legal debt margin at June 30, 2022 was \$620,380,826. The City has no overlapping debt. The City issues general obligation bonds to provide for the acquisition and construction of major capital facilities.

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(9) Long-Term Liabilities (Continued)**

**Long-Term Debt Summary**

At June 30, 2022 the long-term indebtedness of the City consisted of the following:

**Governmental-Type Activities:**

<u>Series/Description</u>	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Maturity</u>	<u>Issue Amount</u>	<u>Governmental Activities</u>
<b><u>General Obligation Bonds</u></b>					
2010B Public Improvement Bonds	1.25% - 5.80%	3/11/2010	10/1/2029	\$ 2,680,000	\$ 1,120,000
2012B Refunding Bonds	0.43% - 2.96%	3/14/2012	10/1/2023	6,880,000	150,000
2013A Refunding and New Bonds	0.37% - 2.73%	2/27/2013	7/15/2025	20,426,800	6,254,568
2013B Refunding Bonds	0.37% - 2.73%	2/27/2013	7/15/2024	15,350,000	1,410,000
2013C RCACP	2.46%	11/1/2013	9/30/2022	1,829,500	58,300
2014A Public Improvement Bonds	3.00% - 5.00%	3/5/2014	4/1/2034	11,073,200	999,072
2015 Public Improvement Bonds New Money	2.00% - 4.00%	3/25/2015	4/1/2035	17,420,000	12,615,400
2015 Public Improvement Bonds Refunding	2.00% - 4.00%	3/25/2015	4/1/2029	6,130,000	4,801,950
2016 Public Improvement Bonds New Money	2.00% - 5.00%	3/8/2016	4/1/2036	15,170,000	11,790,000
2016 Public Improvement Bonds Refunding	2.00% - 5.00%	3/8/2016	4/1/2033	16,505,000	15,537,500
2017 Public Improvement Bonds New Money	3.00% - 5.00%	3/23/2017	4/1/2037	20,980,000	17,270,000
2019B Public Improvement Bonds Refunding	2.00%	11/22/2019	10/1/2030	3,940,097	3,503,423
2019C Public Improvement Bonds Refunding	2.79%	11/22/2019	4/1/2041	28,355,939	26,957,847
2020A Public Improvement Bonds Refunding	2.25% - 5.00%	5/14/2020	4/1/2043	14,630,000	14,265,000
2020B GOB Refunding	2.00% - 2.25%	5/14/2020	2/1/2034	13,328,434	12,809,923
2021A Public Improvement Bonds Refunding	2.00% - 5.00%	5/12/2021	6/30/2044	29,515,000	30,765,000
2021A Public Improvement Bonds	2.00% - 5.00%	5/12/2021	6/30/2044	17,580,000	16,060,000
2021B GOB Refunding	2.00% - 5.00%	5/12/2021	4/1/2034	7,839,384	7,525,244
2021B New Money Taxable Bonds	1.85% - 3.00%	5/12/2021	6/30/2044	1,960,000	1,960,000
2022 Public Improvement Bonds	4.00% - 5.00%	5/12/2022	4/1/2042	23,732,355	23,732,335
QZAB Patrick Henry High School	0%	12/27/2006	12/27/2022	1,097,571	131,938
QZAB Schools Capital Projects 2012	0%	10/31/2012	12/1/2034	2,014,104	1,190,150
					<u>210,907,650</u>
<b><u>General Obligation Bonds (Water Fund to be contractually repaid by the Western Virginia Water Authority)</u></b>					
2012B Refunding Bonds - Water (WVWA)	0.43-2.96%	3/14/2012	10/1/2023	7,105,000	<u>1,870,000</u>

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(9) Long-Term Liabilities (Continued)**

**Long-Term Debt Summary (Continued)**

At June 30, 2022 the long-term indebtedness of the City consisted of the following: (Continued)

**Governmental-Type Activities: (Continued)**

**Lease Liabilities**

Social Services Building Lease	1.76%	2/1/2004	1/1/2024	\$	4,857,000	\$	1,121,074
Xerox Lease	4.00%	7/1/2021	6/30/2024		649,511		216,393
RDS Lease	3.97%	10/1/2015	9/1/2025		1,648,155		606,443
Trash Compactor	0.89%	7/1/2021	1/1/2025		58,867		42,596
Trash Compactor Property 1	0.51%	7/1/2021	2/1/2023		24,899		9,981
Trash Compactor Property 2	1.53%	7/1/2021	1/1/2030		285,326		256,152
Trash Compactor Property 3	1.06%	7/1/2021	4/1/2026		101,819		81,107
Turf Tank One Robot	1.04%	7/30/2021	7/30/2026		58,473		49,973
Airport Building	0.73%	7/1/2021	12/1/2023		252,179		154,326
Kimball Ave	1.06%	7/1/2021	5/31/2026		262,275		209,846
							<u>2,747,891</u>

**School Fund Bonds and Loans (1)**

2003C VPSA Subsidized Roanoke Academy	3.10% - 5.35%	11/6/2003	7/15/2023		5,000,000		494,704
2004B VPSA Subsidized Lincoln Terrace	4.10% - 5.60%	11/1/2004	7/15/2024		1,300,000		190,539
2005D VPSA Subsidized Fallon Park	4.60% - 5.10%	11/10/2005	7/15/2025		1,160,900		224,730
2005D VPSA Subsidized Westside	4.60% - 5.10%	11/10/2005	7/15/2025		3,850,000		745,293
2006B VPSA Subsidized Monterey	4.22% - 5.10%	11/9/2006	7/15/2026		1,945,000		475,000
2006B VPSA Subsidized Patrick Henry	4.23% - 5.10%	11/9/2006	7/15/2026		7,500,000		1,807,576
2007A VPSA Patrick Henry (2015A Ref)	4.10% - 5.10%	5/10/2007	7/15/2027		3,345,000		990,000
2008B VPSA Subsidized William Fleming	3.60% - 5.35%	12/11/2008	7/15/2028		7,500,000		2,446,870
2010 VPSA Qualified School Constr Bonds (QSCB)	0.00%	7/8/2010	6/1/2027		1,135,000		2,839,000
2014B VPSA Refunding	3.00% - 5.00%	5/15/2014	7/15/2026		1,245,000		851,000
2015A VPSA Refunding	4.10% - 5.35%	2/17/2015	7/15/2028		9,555,000		350,000
							<u>11,414,712</u>

**Total Governmental-Type Activities**

**\$ 226,940,253**

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(9) Long-Term Liabilities (Continued)**

**Long-Term Debt Summary (Continued)**

At June 30, 2022 the long-term indebtedness of the City consisted of the following: (Continued)

**Business-Type Activities:**

<b><u>Enterprise Fund Bonds</u></b>	<b><u>Interest Rates</u></b>	<b><u>Issue Date</u></b>	<b><u>Maturity</u></b>	<b><u>Issue Amount</u></b>	<b><u>Business-type Activities</u></b>
2013A Public Improvement Bonds SW	1.00% - 5.00%	2/27/2013	7/15/2033	\$ 1,001,624	\$ 102,032
2014A Public Improvement Bonds SW	3.00% - 5.00%	3/5/2014	4/1/2034	1,020,058	107,328
2015 Public Improvement Bonds Refunding SW	2.00% - 4.00%	3/25/2015	4/1/2029	125,250	88,050
2015 Stormwater Utility Fund Bonds	2.00% - 4.00%	3/25/2015	4/1/2035	1,090,000	789,600
2016 Public Improvement Bonds Refunding	2.00% - 5.00%	3/8/2016	4/1/1933	721,500	622,500
2016 Stormwater Utility Fund Bonds	2.00% - 5.00%	3/8/2016	4/1/2036	1,805,000	1,405,000
2017 Stormwater Utility Fund Bonds	3.00% - 5.00%	3/8/2016	4/1/2037	1,540,000	1,270,000
2019C Stormwater Refunding	3%	11/22/2019	4/1/2041	2,013,630	1,937,077
2020A Public Improvement Bonds New Money	2.25-5	5/14/2020	4/1/2043	1,800,000	1,900,000
2020B Stormwater Refunding	2-2.25%	5/14/2020	2/1/2034	579,881	558,697
2021A Public Improvement Bonds Refunding	2.00% - 5.00%	5/12/2021	6/30/2044	1,155,000	1,155,000
2021A Public Improvement Bonds New Money	2.00% - 5.00%	5/12/2021	6/30/2044	1,790,000	2,400,000
2021B Public Improvement Bond Funding	2.00% - 5.00%	5/12/2021	4/1/2034	553,186	550,056
2022 Public Improvement Bonds SW	4.00% - 5.00%	5/12/2022	4/1/2042	1,850,114	1,850,114
2013A Civic Facilities Refunding Bonds	1.00% - 5.00%	2/27/2013	7/15/2025	2,898,200	908,400
2014A Civic Facilities Bonds	3.00% - 5.00%	3/5/2014	4/1/2034	936,800	93,600
2015 Civic Facilities Bonds	2.00% - 4.00%	3/25/2015	4/1/2035	980,000	710,000
2015 Civic Facilities Refunding Bonds	2.00% - 4.00%	3/25/2015	4/1/2025	70,000	70,000
2016 Civic Facilities Bonds	2.00% - 5.00%	3/8/2016	4/1/2036	2,795,000	2,175,000
2016 Civic Facilities Refunding Bonds	2.00% - 5.00%	3/8/2016	4/1/2033	330,000	330,000
2019C Civic Refunding	3%	11/22/2019	4/1/2041	1,005,992	967,746
2020A Civic Facilities New Money	2.25-5	5/14/2020	4/1/2043	1,350,000	1,425,000
2020B Civic Refunding	2-2.25%	5/14/2020	2/1/2034	3,182,933	3,055,197
2021A Public Improvement Bonds Refunding	2.00% - 5.00%	5/12/2021	6/30/2044	1,110,000	1,110,000
2021A Public Improvement Bonds New Money	2.00% - 5.00%	5/12/2021	6/30/2044	1,340,000	1,555,000
2021B Public Improvements Bonds Refunding	2.00% - 5.00%	5/12/2021	4/1/2034	482,430	479,700
2022 Public Improvements Bonds SW	4.00% - 5.00%	5/12/2022	4/1/2042	832,551	832,552
2013A Parking Refunding Bonds	1.00% - 5.00%	2/27/2013	7/15/2025	1,255,000	635,000
2014B Parking Refunding Bonds	1.00% - 4.25%	3/5/2014	4/1/2032	7,110,000	4,245,000
2015 Parking Refunding Bonds	2.00% - 4.00%	3/25/2015	4/1/2025	160,000	160,000
2016 Parking Refunding Bonds	2.00% - 5.00%	3/8/2016	4/1/2028	545,000	545,000
2020B Parking Refunding	2-2.25%	5/14/2020	2/1/2034	813,751	781,183
					<u>34,813,832</u>

(Continued)

# CITY OF ROANOKE, VIRGINIA

## NOTES TO BASIC FINANCIAL STATEMENTS June 30, 2022

### (9) Long-Term Liabilities (Continued)

#### Long-Term Debt Summary (Continued)

At June 30, 2022 the long-term indebtedness of the City consisted of the following: (Continued)

#### **Business-Type Activities: (Continued)**

##### Lease Liabilities

Xerox Lease	4.00%	7/1/2021	6/30/2024	31,120	\$	10,568
Ray Ferris Property	1.06%	7/1/2021	6/30/2026	29,233		23,489
						34,057
<b>Total Business-Type Activities</b>					\$	34,847,889

The Annual Requirements to amortize governmental-type activities debt outstanding at June 30, 2022 are as follows:

Fiscal Year	General Obligation		Western Virginia Water Authority General		VPSA Loans		Leases		Total Governmental	
	Serial Bond		Obligation Serial Bonds						Activities Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022-23	\$ 14,628,401	\$ 7,026,904	\$ 925,000	\$ 40,765	\$ 2,085,618	\$ 562,032	\$ 1,229,037	\$ 49,832	\$ 18,868,056	\$ 7,679,533
2023-24	15,150,851	6,572,191	945,000	13,995	2,104,201	461,013	894,833	24,465	19,094,885	7,071,664
2024-25	16,962,899	6,026,922	-	-	1,872,148	366,087	319,845	10,434	19,154,892	6,403,443
2025-26	14,314,994	5,415,537	-	-	1,819,289	277,999	160,462	3,147	16,294,745	5,696,683
2026-27	13,290,091	4,876,139	-	-	1,583,623	197,140	48,502	1,845	14,922,216	5,075,124
2027-32	62,511,630	17,550,970	-	-	1,949,833	95,425	95,212	1,966	64,556,675	17,648,361
2032-37	45,540,311	7,757,443	-	-	-	-	-	-	45,540,311	7,757,443
2037-42	26,348,473	2,346,194	-	-	-	-	-	-	26,348,473	2,346,194
2042-46	2,160,000	64,688	-	-	-	-	-	-	2,160,000	64,688
	\$ 210,907,650	\$ 57,636,988	\$ 1,870,000	\$ 54,760	\$ 11,414,712	\$ 1,959,696	\$ 2,747,891	\$ 91,689	\$ 226,940,253	\$ 59,743,133

The following general obligation debt is issued to support business-type activities. The annual requirements to amortize business-type activities debt outstanding as of June 30, 2022 are as follows:

Fiscal Year	Stormwater Fund				Civic Facilities Fund				Parking Fund			
	Bonds		Leases		Bonds		Leases		Bonds		Leases	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022-23	\$ 610,753	\$ 479,277	\$ 1,479	\$ 94	\$ 1,376,477	\$ 410,582	\$ 2,577	\$ 164	\$ 834,362	\$ 216,167	\$ 6,804	\$ 286
2023-24	659,088	461,989	1,738	34	1,469,780	365,605	2,683	58	866,168	187,505	6,907	182
2024-25	729,370	435,469	-	-	1,547,579	325,499	-	-	876,851	164,057	5,903	97
2025-26	836,184	403,896	-	-	1,017,266	282,255	-	-	778,802	138,257	5,966	34
2026-27	855,740	370,043	-	-	581,176	251,305	-	-	610,000	113,475	-	-
2027-32	4,266,344	1,390,594	-	-	3,117,445	947,378	-	-	2,400,000	277,356	-	-
2032-37	3,840,441	681,327	-	-	2,659,242	435,635	-	-	-	-	-	-
2037-42	2,592,534	234,710	-	-	1,688,230	151,963	-	-	-	-	-	-
2042-46	345,000	10,100	-	-	255,000	7,375	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 14,735,454</b>	<b>\$ 4,467,405</b>	<b>\$ 3,217</b>	<b>\$ 128</b>	<b>\$ 13,712,195</b>	<b>\$ 3,177,597</b>	<b>\$ 5,260</b>	<b>\$ 222</b>	<b>\$ 6,366,183</b>	<b>\$ 1,096,817</b>	<b>\$ 25,580</b>	<b>\$ 599</b>

During fiscal year 2022, the Debt Service Fund was used to account for the repayment of long-term liabilities of governmental activities as shown in the tables preceding this paragraph.

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(9) Long-Term Liabilities (Continued)**

**Long-Term Debt Summary (Continued)**

**Business-Type Activities: (Continued)**

On May 12, 2022, the City issued the Series 2022 Bonds in the amount of \$26,415,000. Proceeds from the Series 2022 Bonds will be applied to the financing of the costs of the acquisition, construction, reconstruction, improvement, extension, enlargement and equipping of public improvement projects, of and for the City, including school facility maintenance and improvement projects, bridge renovation, parks and recreation master plan projects, Berglund Center improvements, stormwater management projects, curb, gutter and sidewalk improvements, fleet capital replacements, fleet capital replacements, streetscapes improvements, technology capital, public works service center improvements, capital building maintenance, and transit facility improvements.

On July 1, 2004, WVWA commenced operations. In conjunction with its formation, the Authority assumed certain indebtedness of the City, and it agreed to pay the City amounts equal to debt service on Water and Water Pollution Control debt to be retained by the City. As of June 30, 2022, the City had \$1,870,000 in outstanding general obligation debt, which will contractually be repaid by the Water Authority over the remaining 5 year life of the bonds. Further details are presented in footnotes 3 and 16.

(Continued)



**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(9) Long-Term Liabilities (Continued)**

**Long-Term Debt Summary (Continued)**

**Business-Type Activities: (Continued)**

**CHANGES IN GENERAL LONG TERM LIABILITIES**

	Balance June 20, 2021	Increases	Decreases	Balance June 30, 2022	Amounts Due Within One year
<b><u>Primary Government - Governmental Activities:</u></b>					
General Obligation Serial Bonds:					
General Obligation Serial Bonds	\$ 201,253,984	\$ 23,732,335	\$ 14,078,669	\$ 210,907,650	\$ 14,628,401
General Obligation Serial Bonds - WVWA	3,200,614	-	1,330,614	1,870,000	925,000
Add: Bond Premiums	14,617,250	2,219,827	1,215,369	15,621,708	1,237,083
Subtotal General Obligations Serial Bonds	219,071,848	25,952,162	16,624,652	228,399,358	16,790,484
VPSA School Bonds	13,743,061	-	2,328,349	11,414,712	2,085,618
Lease Liabilities	2,493,881	1,465,511	1,211,501	2,747,891	1,229,037
Claims Payable	14,951,034	13,917,667	14,415,011	14,453,690	3,014,690
Compensated Absences Payable	8,513,041	9,242,624	9,154,537	8,601,128	5,719,750
Subtotal Governmental-type Activities	258,772,865	50,577,964	43,734,050	265,616,779	28,839,579
<b><u>Primary Government - Business-type Activities:</u></b>					
General Obligation Serial Bonds:					
General Obligation Serial Bonds	34,999,226	2,682,665	2,868,059	34,813,832	2,821,592
Add: Bond Premiums	1,923,728	250,926	130,107	2,044,547	130,597
Subtotal General Obligation Serial Bonds	36,922,954	2,933,591	2,998,166	36,858,379	2,952,189
Lease Liabilities	15,251	29,203	10,397	34,057	10,860
Compensated Absences Payable	221,746	274,516	238,512	257,750	155,355
Subtotal Business-type Activities	37,159,951	3,237,310	3,247,075	37,150,186	3,118,404
Total Primary Government Long-Term Liabilities	\$ 295,932,816	\$ 53,815,274	\$ 46,981,125	\$ 302,766,965	\$ 31,957,983
<b><u>School Board Component Unit:</u></b>					
Claims Payable	\$ 5,121,060	\$ 6,796,469	\$ 5,121,060	\$ 6,796,469	\$ 6,796,469
Compensated Absences Payable	3,448,861	7,675,361	7,662,902	3,461,320	931,095
Notes and Leases Payable	16,728,500	384,827	876,000	16,237,327	1,226,994
Total School Board Component Unit	\$ 25,298,421	\$ 14,856,657	\$ 13,659,962	\$ 26,495,116	\$ 8,954,558

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

**School Board Component Unit**

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

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(9) Long-Term Liabilities (Continued)**

**Long-Term Debt Summary (Continued)**

**School Board Component Unit (Continued)**

During 2022, the School Board implemented the guidance of GASB No. 87, *Lease*, which for lessees requires reporting an intangible right to use asset and a lease liability for leases that had previously been recorded as operating and capital leases. The balance at June 30, 2022 totaled \$384,827.

For the year ended June 30, 2022, the total liability for the note payable was \$15,852,500. Interest payments in fiscal year 2022 totaled \$353,303.

The annual requirements to amortize the Component Unit – School Board debt outstanding as of June 30, 2022 are as follows:

Fiscal Year	Notes Payable		Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022-23	\$ 894,500	\$ 334,455	\$ 332,494	\$ 3,424	\$ 1,226,994	\$ 337,879
2023-24	956,000	314,987	15,095	1,233	971,095	316,220
2024-25	1,009,000	294,245	15,476	852	1,024,476	295,097
2025-26	1,056,000	272,401	12,804	468	1,068,804	272,869
2026-31	6,044,500	996,871	8,958	141	6,053,458	997,012
2031-35	5,892,500	292,490	-	-	5,892,500	292,490
	<u>\$ 15,852,500</u>	<u>\$ 2,505,449</u>	<u>\$ 384,827</u>	<u>\$ 6,118</u>	<u>\$ 16,237,327</u>	<u>\$ 2,511,567</u>

(Continued)

**CITY OF ROANOKE, VIRGINIA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

**(10) Fund Balances/Net Position**

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

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>
Nonspendable:				
Inventories and Prepaids	\$ 57,981	\$ -	\$ -	\$ -
Total nonspendable	<u>57,981</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted for:				
Future debt service payments	-	235,769	-	-
Grants	-	-	122	-
Capital Projects	-	-	-	1,265,000
Unspent bond proceeds	-	-	-	47,536,142
Total restricted	<u>-</u>	<u>235,769</u>	<u>122</u>	<u>48,801,142</u>
Committed to:				
Encumbrances	4,101,429	-	-	-
Capital projects	-	-	-	11,982,841
Total committed	<u>4,101,429</u>	<u>-</u>	<u>-</u>	<u>11,982,841</u>
Assigned to:				
Reserves	1,150,000	-	-	-
Stabilization	11,515,149	-	-	-
Total assigned	<u>12,665,149</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	<u>41,546,041</u>	<u>-</u>	<u>-</u>	<u>1,896,177</u>
Total fund balance	<u>\$ 58,370,600</u>	<u>\$ 235,769</u>	<u>\$ 122</u>	<u>\$ 62,680,160</u>

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(11) Pension and Deferred Compensation Plans**

Summary of Pension Plans:

	<b>Primary Government</b>	<b>Component Units</b>
Net Pension Assets		
VRS – General Employee Plan	\$ -	\$ 1,927,959
Total	<u>\$ -</u>	<u>\$ 1,927,959</u>
Deferred Outflows of Resources		
City of Roanoke Pension Plan	\$ 12,992,153	\$ 284,720
VRS – General Employee Plan	4,053,236	187,646
VRS – Teacher Plan	<u>-</u>	<u>29,029,775</u>
Total	<u>\$ 17,045,389</u>	<u>\$ 29,502,141</u>
Net Pension Liability		
City of Roanoke Pension Plan	\$ 41,615,062	\$ 715,812
VRS – General Employee Plan	1,693,162	-
VRS – Teacher Plan	<u>-</u>	<u>76,257,682</u>
	<u>\$ 43,308,224</u>	<u>\$ 76,973,494</u>
Deferred Inflows of Resources		
City of Roanoke Pension Plan	\$ 69,733,422	\$ 1,379,517
VRS – General Employee Plan	8,809,446	671,320
VRS – Teacher Plan	<u>-</u>	<u>56,743,961</u>
	<u>\$ 78,542,868</u>	<u>\$ 58,794,798</u>
Net Pension Expense (Benefit)		
City of Roanoke Pension Plan	\$ (10,794,309)	\$ 185,671
VRS – General Employee Plan	207,092	(16,099)
VRS – Teacher Plan	<u>-</u>	<u>131,786</u>
	<u>\$ (10,587,217)</u>	<u>\$ 301,358</u>

**City of Roanoke Pension Plans**

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

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(11) Pension and Deferred Compensation Plans (Continued)**

**City of Roanoke Pension Plans (Continued)**

**Plan Description**

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

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

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

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

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(11) Pension and Deferred Compensation Plans (Continued)**

**City of Roanoke Pension Plan (Continued)**

**Plan Description (Continued)**

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

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

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

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(11) Pension and Deferred Compensation Plans (Continued)**

**City of Roanoke Pension Plan (Continued)**

**Plan Description (Continued)**

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

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

**Contributions**

Effective July 1, 2015, employees contribute 5% of earnable compensation into the pension trust. Employees hired on or after July 1, 2014, electing participation as a Hybrid plan member contribute 5% of earnable compensation into a defined contribution plan member account. Employer contributions to the Pension Plan are based on a percentage of the earnable compensation of the active members. The City's contribution rate for the fiscal year ended June 30, 2022 was 16.31%, which, when combined with the required employee contribution of 5%, totaled 21.31%. For fiscal year 2022, the total contribution rate of 21.31% of earnable compensation, actuarially determined as an amount that is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were \$10,981,232 for fiscal year ended June 30, 2022.

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(11) Pension and Deferred Compensation Plans (Continued)**

**City of Roanoke Pension Plan (Continued)**

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

At June 30, 2022 the City reported a liability of \$41,615,062 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the Pension Plan relative to the projected contributions of all Pension Plan participating employers, actuarially determined. At June 30, 2022 the City's proportion was 90.14%, which was an increase of .48% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the City recognized pension benefit of \$10,794,309. Pension benefit represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 615,327	\$ 2,029,129
Net difference between projected and actual earnings on pension plan investments	-	67,257,168
Change in proportion and differences between employer Contributions and proportionate shares of contributions	1,395,594	447,125
City contributions subsequent to the measurement date	10,981,232	-
Total	<u>\$ 12,992,153</u>	<u>\$ 69,733,422</u>

The City reported \$10,981,232 as deferred outflows of resources, resulting from the City's contributions subsequent to the measurement date, will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the City's Pension will be recognized in the City's Pension expense in future reporting periods as follows:

<b>Year Ending June 30,</b>	<b>Amount</b>
2023	\$ (17,343,867)
2024	(14,949,102)
2025	(16,658,835)
Thereafter	(18,770,698)

(Continued)



**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(11) Pension and Deferred Compensation Plans (Continued)**

**City of Roanoke Pension Plan (Continued)**

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2021, updated to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

**Investment Rate of Return**

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

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

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(11) Pension and Deferred Compensation Plans (Continued)**

**City of Roanoke Pension Plan (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions will be made at the actuarially determined rates. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	<b><u>1.00% Decrease (6.00%)</u></b>	<b><u>Current Discount Rate (7.00%)</u></b>	<b><u>1.00% Increase (8.00%)</u></b>
City's net pension plan liability	\$ 98,112,039	\$ 41,615,062	\$ (6,070,635)

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

**VRS Defined Benefit Pension Plan**

**Plan Description**

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

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(11) Pension and Deferred Compensation Plans (Continued)**

**VRS Defined Benefit Pension Plan (Continued)**

**Plan Description (Continued)**

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

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

**Employees Covered by Benefit Terms**

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<b><u>Number</u></b>
Inactive members or their beneficiaries currently receiving benefits	<u>140</u>
Inactive members:	
Vested inactive members	21
Non-vested inactive members	54
Inactive members active elsewhere in VRS	<u>87</u>
Total inactive members	162
Active members	<u>215</u>
Total covered employees	<u><u>517</u></u>

**Contributions**

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

The political subdivision's contractually required contribution rate for the year ended June 30, 2022 was 17.71% 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 political subdivision were \$1,626,093 and \$1,647,613 for the years ended June 30, 2022 and June 30, 2021, respectively.

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(11) Pension and Deferred Compensation Plans (Continued)**

**VRS Defined Benefit Pension Plan (Continued)**

**Net Pension Liability**

The net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020 rolled forward to the measurement date of June 30, 2021.

**Actuarial Assumptions**

The total pension liability for General Employees and Public Safety employees with Hazardous Duty Benefits in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 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%
General Employees – Salary increases, including inflation	3.50 – 5.35%
Public Safety Employees with hazardous duty benefits – Salary increases, including inflation	3.50 – 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 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 are as follows:

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

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(11) Pension and Deferred Compensation Plans (Continued)**

**VRS Defined Benefit Pension Plan (Continued)**

**Actuarial Assumptions (Continued)**

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

**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:

<b><u>Asset Class (Strategy)</u></b>	<b><u>Target Allocation</u></b>	<b><u>Arithmetic Long-Term Expected Rate of Return</u></b>	<b><u>Weighted Average Long-Term Expected Rate of Return</u></b>
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	100.00 %		4.89 %
	Inflation		2.50 %
			7.39 %

\*Expected arithmetic nominal return

- \* The above allocation provides for a one-year 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 rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 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%.

(Continued)

**CITY OF ROANOKE, VIRGINIA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

**(11) Pension and Deferred Compensation Plans (Continued)**

**VRS Defined Benefit Pension Plan (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in the FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever is 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.

**Changes in Net Pension Liability**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) – (b)</b>
Balances at June 30, 2020	\$ 72,589,361	\$ 60,798,992	\$ 11,790,369
Changes for the year:			
Service cost	1,493,366	-	1,493,366
Interest	4,768,599	-	4,768,599
Differences between expected and actual experience	(463,814)	-	(463,814)
Assumption changes	2,654,951	-	2,654,951
Contributions – employer	-	1,639,152	(1,639,152)
Contributions – employee	-	466,590	(466,590)
Net investment income	-	16,484,646	(16,484,646)
Benefit payments, including refunds of employee contributions	(3,886,896)	(3,886,896)	-
Administrative expenses	-	(41,627)	41,627
Other changes	-	1,548	(1,548)
Net changes	4,566,206	14,663,413	(10,097,207)
Balances at June 30, 2021	\$ 77,155,567	\$ 75,462,405	\$ 1,693,162

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(11) Pension and Deferred Compensation Plans (Continued)**

**VRS Defined Benefit Pension Plan (Continued)**

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

The following presents the net pension liability (asset) of the political subdivision using the discount rate of 6.75%, as well as what the political subdivision's net pension liability would be if it 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><u>1.00% Decrease (5.75%)</u></b>	<b><u>Current Discount Rate (6.75%)</u></b>	<b><u>1.00% Increase (7.75%)</u></b>
Political subdivision's net pension liability (asset)	\$ 11,676,255	\$ 1,693,162	\$ (6,571,759)

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

For the year ended June 30, 2022, the political subdivision recognized pension expense of \$207,092. At June 30, 2022, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ -	\$ 634,119
Change in assumptions	2,427,143	-
Net difference between projected and actual earnings on pension plan investments	-	8,175,327
Employer contributions subsequent to the measurement date	1,626,093	-
Total	<u>\$ 4,053,236</u>	<u>\$ 8,809,446</u>

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(11) Pension and Deferred Compensation Plans (Continued)**

**VRS Defined Benefit Pension Plan (Continued)**

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

The \$1,626,093 reported as deferred outflows of resources related to pensions resulting from the political subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30,</b>	<b>Reduction to Pension Expense</b>
2023	\$ (1,255,052)
2024	(1,417,108)
2025	(1,402,623)
2026	(2,307,519)
2027	-
Thereafter	-

**Pension Plan Data**

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2021 *Comprehensive Annual 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.

**School Board Component Unit Plans**

**VRS Defined Benefit Pension Plans**

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

(Continued)



**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(11) Pension and Deferred Compensation Plans (Continued)**

**School Board Component Unit Plans (Continued)**

**Plan Description**

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

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

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

**Actuarial Assumptions**

**Long-Term Expected Rate of Return**

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

(Continued)

**CITY OF ROANOKE, VIRGINIA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

**(11) Pension and Deferred Compensation Plans (Continued)**

**School Board Component Unit Plans (Continued)**

**Actuarial Assumptions (Continued)**

**Long-Term Expected Rate of Return (Continued)**

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00 %	5.00 %	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	100.00 %		4.89 %
	Inflation		2.50 %
	*Expected arithmetic nominal return		7.39 %

\* The above allocation provides a one-year 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. The 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 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at the time, provided a median return of 7.11%, including expected inflation at 2.50%.

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(11) Pension and Deferred Compensation Plans (Continued)**

**School Board Component Unit Plans (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by the employer for the school division's Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly for state and employee contributions, political subdivisions were also provided with an opportunity to use an alternate contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in the FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever is greater. From July 1, 2021 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**Virginia Retirement System – Statewide Professional Cost-Sharing Pool**

**Contributions**

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required contribution rate for the year ended June 30, 2022 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board were \$14,482,200 and \$13,896,958 for the years ended June 30, 2022 and June 30, 2021, respectively.

In June 2021, the Commonwealth made a special contribution of approximately \$61.3 million to the VRS Teacher Employee Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act and is classified as a non-employer contribution.

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(11) Pension and Deferred Compensation Plans (Continued)**

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

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

At June 30, 2022, the School Board reported a liability of \$76,257,682 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of June 30, 2020. The School Board's proportion of the Net Pension Liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2020, and rolled forward to the measurement date, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the School Board's proportion was 0.98231% as compared to 0.97116% at June 30, 2020. For the year ended June 30, 2022, the School Board recognized pension expense of \$131,786. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ -	\$ 6,495,168
Change in assumptions	13,360,146	-
Net difference between projected and actual earnings on pension plan investments	-	48,055,550
Change in proportion and differences between employer contributions and proportionate share of contributions	1,187,429	2,193,243
Employer contributions subsequent to the measurement date	<u>14,482,200</u>	<u>-</u>
Total	<u><u>\$ 29,029,775</u></u>	<u><u>\$ 56,743,961</u></u>

(Continued)

**CITY OF ROANOKE, VIRGINIA**

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(11) Pension and Deferred Compensation Plans (Continued)**

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

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

The \$14,482,200 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30,</b>	<b>Increase (Reduction) to Pension Expense</b>
2023	\$ (10,174,636)
2024	(8,957,774)
2025	9,788,507
2026	(13,291,504)
2027	16,035

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

Total net pension liability	\$ 53,381,141
Plan fiduciary net position	<u>45,618,044</u>
Net pension liability	<u>\$ 7,763,097</u>
Fiduciary net position as a percent of total net pension liability	85.46%

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(11) Pension and Deferred Compensation Plans (Continued)**

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

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

The following presents the School Board’s proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the School Board’s proportionate share of the net pension liability would be if it 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><u>1.00% Decrease (5.75%)</u></b>	<b><u>Current Discount Rate (6.75%)</u></b>	<b><u>1.00% Increase (7.75%)</u></b>
School division’s proportionate share of the VRS Teacher Employee Retirement plan net pension liability	<u>\$ 147,173,197</u>	<u>\$ 76,257,682</u>	<u>\$ 17,920,199</u>

**Pension Plan Fiduciary Net Position**

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2021 ACFR. A copy of the 2021 VRS ACFR 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.

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

**Employees Covered by Benefit Terms**

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<b><u>Number</u></b>
Inactive members or their beneficiaries currently receiving benefits	<u>22</u>
Inactive members:	
Vested inactive members	15
Non-vested inactive members	141
Inactive members active elsewhere in VRS	<u>17</u>
Total inactive members	173
Active members	<u>135</u>
Total covered employees	<u><u>330</u></u>

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(11) Pension and Deferred Compensation Plans (Continued)**

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

**Contributions**

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

The School Board's contractually required contribution rate for the year ended June 30, 2022 was 8.28% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were \$100,737 and \$96,613 for the years ended June 30, 2022 and June 30, 2021, respectively.

**Net Pension Asset**

The political subdivision's net pension asset was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset 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.

(Continued)

**CITY OF ROANOKE, VIRGINIA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

**(11) Pension and Deferred Compensation Plans (Continued)**

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

**Changes in Net Pension Liability (Asset)**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) – (b)</b>
Balances at June 30, 2020	\$ 3,395,099	\$ 4,410,327	\$ (1,015,228)
Changes for the year:			
Service cost	350,268	-	350,268
Interest	226,226	-	226,226
Changes of assumptions	(55,829)	-	(55,829)
Differences between expected and actual experience	107,958	-	107,958
Contributions – employer	-	96,613	(96,613)
Contributions – employee	-	198,042	(198,042)
Net investment income	-	1,249,405	(1,249,405)
Benefit payments, including refunds of employee contributions	(87,207)	(87,207)	-
Administrative expenses	-	(2,826)	2,826
Other changes	-	120	(120)
Net changes	541,416	1,454,147	(912,731)
Balances at June 30, 2021	\$ 3,936,515	\$ 5,864,474	\$ (1,927,959)

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

	<b>1.00% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Increase (7.75%)</b>
School division's net pension liability (asset)	\$ (1,396,717)	\$ (1,927,959)	\$ (2,355,002)

(Continued)



**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(11) Pension and Deferred Compensation Plans (Continued)**

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

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

For the year ended June 30, 2022, the political subdivision recognized pension benefit of \$16,099. At June 30, 2022, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 84,732	\$ -
Change in assumptions	2,177	36,578
Net difference between projected and actual earnings on pension plan investments	-	634,742
Employer contributions subsequent to the measurement date	100,737	-
Total	<u>\$ 187,646</u>	<u>\$ 671,320</u>

The \$100,737 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30,</b>	<b>Reduction to Pension Expense</b>
2023	\$ (116,288)
2024	(130,351)
2025	(148,314)
2026	(188,958)
2027	-
Thereafter	-

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(11) Pension and Deferred Compensation Plans (Continued)**

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

**Plan Description**

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

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

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

	<b>1.00% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1.00% Increase (8.25%)</b>
Net pension liability (asset)	\$ 1,687,606	\$ 715,812	\$ (104,420)

At June 30, 2022, the Schools reported a liability of \$715,812 for its proportionate share of the Collective Net Pension Liability of the City's Pension Plan. The Collective Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Collective Net Pension Liability was determined by an actuarial valuation as of that date. The School Board's proportion of the Collective Net Pension Liability was based on the Schools' actuarially determined employer contributions to the pension plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for the City Plan's participating employers.

At June 30, 2022, the School Board's proportion was 1.55055% as compared to 1.58984% at June 30, 2021.

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(11) Pension and Deferred Compensation Plans (Continued)**

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

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

For the year ended June 30, 2022, the School Board recognized pension expense of \$185,671. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2022 the Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 10,584	\$ 34,903
Change in assumptions	90,482	187,737
Net difference between projected and actual earnings on pension plan investments	-	1,120,281
Change in proportion and differences between employer contributions and proportionate share of contributions	-	36,596
Employer contributions subsequent to the measurement date	183,654	-
Total	<u>\$ 284,720</u>	<u>\$ 1,379,517</u>

\$183,654 is reported as deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30,</b>	<b>Reduction to Pension Expense</b>
2023	\$ (305,638)
2024	(263,091)
2025	(289,596)
2026	(322,871)
Thereafter	(97,255)

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(11) Pension and Deferred Compensation Plans (Continued)**

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

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2021, updated to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates or pre-retirement and healthy annuitants were based on 125% of RP-2000 Combined Healthy Mortality rates for males and females with generation mortality projection using Scale AA. For people with disabilities, mortality rates were based on 70% of PBGC Disabled Mortality Table 5A for males and 90% of PBGC Disabled Mortality Table 6A for females.

**Investment Rate of Return**

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

	<b><u>Allocation Target</u></b>	<b><u>Weighted Contribution to Rate of Return</u></b>
U.S. Equity	52.0%	5.20%
International Equity	22.0	2.42
Real Estate	6.0	42.00
U.S. Fixed Income	20.0	1.00
	<u>100.0%</u>	<u>50.62%</u>

**Discount Rate**

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

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(12) Other Postemployment Benefit Plans**

**Summary of Other Postemployment Benefits Plans**

	<b>Primary Government</b>	<b>Component Units</b>
Net OPEB Assets		
VRS Health Insurance Credit	\$ -	\$ 40,688
Total	<u>\$ -</u>	<u>\$ 40,688</u>
Deferred Outflows of Resources		
Post-Retirement Health Plan	\$ 711,679	\$ -
Line of Duty Benefits	3,827	-
VRS Health Insurance Credit	34,338	1,582,618
VRS Group Life Insurance	<u>1,334,479</u>	<u>1,563,986</u>
Total	<u>\$ 2,084,323</u>	<u>\$ 3,146,604</u>
Net OPEB Liability		
Post-Retirement Health Plan	\$ 3,059,637	\$ -
Line of Duty Benefits	432,729	-
VRS Health Insurance Credit	255,034	12,608,372
VRS Group Life Insurance	<u>4,355,330</u>	<u>5,233,980</u>
Total	<u>\$ 8,102,730</u>	<u>\$ 17,842,352</u>
Deferred Inflows of Resources		
Post-Retirement Health Plan	\$ 4,772,823	\$ -
Line of Duty Benefits	929,575	-
VRS Health Insurance Credit	52,076	753,991
VRS Group Life Insurance	<u>2,106,976</u>	<u>2,218,640</u>
Total	<u>\$ 7,861,450</u>	<u>\$ 2,972,631</u>
Net OPEB Expense (Benefit)		
Post-Retirement Health Plan	\$ (119,911)	\$ -
Line of Duty Benefits	20,465	-
VRS Health Insurance Credit	16,685	967,299
VRS Group Life Insurance	<u>83,594</u>	<u>185,857</u>
Total	<u>\$ 833</u>	<u>\$ 1,153,156</u>

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(12) Other Postemployment Benefit Plans (Continued)**

**Primary Government – OPEB Employee’s Post Retirement Health Plan**

**Plan Description**

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

**Plan Membership**

As of the June 30, 2021 actuarial valuation, plan membership was as follows:

	<b><u>2021</u></b>
Active Participants	1,644
Retired Participants	84
Spouses	<u>18</u>
Total Participants	<u><u>1,746</u></u>

**Contributions**

The contribution requirements of the Plan members and the City are established and may be amended by City Council. The required contribution is based on projected pay-as-you-go financing requirements under which contributions are made in amounts sufficient to cover benefits paid, administrative costs, and anticipated inflationary increases. For health insurance, the employees retiring prior to January 1, 2010, contribute 100% of the blended premium payment. Employees retiring on or after January 1, 2010, contribute 100% of the blended premium plus an additional amount based on the tier of coverage chosen. For the fiscal year ended June 30, 2022, the retirees contributed \$588,000 to the Plan for health insurance. The City contributed \$-0- to a qualified trust as defined by GAAP, as the \$479,000 annual required contribution was fully funded in fiscal year 2022. It is the City’s intent to fully fund the annual required contribution each year.

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

At June 30, 2022 the City reported a net OPEB liability of \$3,059,637. 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 as of that date.

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(12) Other Postemployment Benefit Plans (Continued)**

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

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

For the year ended June 30, 2022, the City recognized OPEB benefit of \$119,911. OPEB benefit represents the change in the net OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 342,318	\$ 3,791,948
Differences between expected and actual earnings on pension plan investments	-	870,554
Change in proportional share	89,132	110,321
City contributions and administrative expense subsequent to the measurement date	<u>280,229</u>	<u>-</u>
Total	<u><u>\$ 711,679</u></u>	<u><u>\$ 4,772,823</u></u>

The City reported \$280,229 as deferred outflows of resources, resulting from the City’s contributions subsequent to the measurement date, will be recognized as a reduction of the Net OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the City’s OPEB will be recognized in the City’s OPEB expense in future reporting periods as follows:

<b><u>Year Ended June 30,</u></b>	<b><u>Reduction to OPEB Expense</u></b>
2023	\$ (851,239)
2024	(828,368)
2025	(760,230)
2026	(910,282)
2027	(638,988)
Thereafter	(331,077)

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(12) Other Postemployment Benefit Plans (Continued)**

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

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

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) – (b)
Balances at June 30, 2020	\$ 11,976,455	\$ 5,324,346	\$ 6,652,109
Changes for the year:			
Service cost	293,635	-	293,635
Interest	834,791	-	834,791
Changes in experience	(2,317,557)	-	(2,317,557)
Contributions – employer	-	808,000	(808,000)
Net investment income	-	1,601,840	(1,601,840)
Benefit payments	(689,000)	(689,000)	-
Administrative expenses	-	(6,499)	6,499
Net changes	(1,878,131)	1,714,341	(3,592,472)
Balances at June 30, 2021	\$ 10,098,324	\$ 7,038,687	\$ 3,059,637

(Continued)



**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(12) Other Postemployment Benefit Plans (Continued)**

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

**Actuarial Method and Significant Assumptions**

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

Valuation Date	July 1, 2021
Measurement Date	June 30, 2021
Valuation Method	Entry Age Actuarial Cost
Investment Rate of Return	7.0%
Long-term projected salary increase	None Assumed
Healthcare cost trend rates	A range of 7.50% in 2021 to 4.50% in 2028 and beyond
Pre-retirement mortality	125% of the RP-2000 Combined Healthy Mortality Table for males and females with generational mortality projection using Scale AA
Post-retirement mortality	125% of the RP-2000 Combined Healthy Mortality Table for males and females with generational mortality projection using Scale AA
Disabled mortality	SOA RP-2014 Adjusted to 2006 Disabled Retiree Mortality Table with base rates only

**Rate of Return**

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

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

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(12) Other Postemployment Benefit Plans (Continued)**

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

**Rate of Return (Continued)**

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Arithmetic Average Long-Term Real Return</u>	<u>Arithmetic Weight Average Long-Term Real Return</u>
Large Cap Equity (Domestic)	21.00 %	9.88 %	7.13 %	1.50 %
Small Cap Equity (Domestic)	10.00	11.28	8.53	0.85
International Equity (Developed)	13.00	10.74	7.99	1.04
Emerging Markets	5.00	11.98	9.23	0.46
Private Equity	10.00	13.22	10.47	1.05
Long/Short Equity	6.00	8.43	5.68	0.34
Core Bonds	5.00	5.33	2.58	0.13
Core Plus	11.00	5.63	2.88	0.32
Liquid Absolute Return	4.00	6.00	3.25	0.13
Core Real Estate	10.00	9.35	6.60	0.66
Opportunistic Real Estate	5.00	12.35	9.60	0.47
Total	<u>100.00 %</u>			6.95 %
			Inflation	2.75
		*Expected arithmetic nominal return		<u>9.70 %</u>

\* The above allocation provides a one-year return of 9.70%, however, one-year returns do not take into account the volatility present in each of the asset classes.

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

**Discount Rate**

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

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(12) Other Postemployment Benefit Plans (Continued)**

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

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

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

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
Net OPEB liability	\$ 4,217,375	\$ 3,059,637	\$ 2,066,906

**Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rates**

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

	<b>1.00% Decrease (8.25%)</b>	<b>Current Healthcare Cost Trend Rate (9.25%)</b>	<b>1.00% Increase (10.25%)</b>
Net OPEB liability	\$ 1,918,896	\$ 3,059,637	\$ 4,407,334

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

<b>Assets</b>	
Investments in Pooled Funds	\$ 9,428,664
<b>Net Position, Restricted</b>	\$ 9,428,664
<b>Additions/Reductions</b>	
Contributions from Employer	\$ 1,095,100
Investment Income	
Net Depreciation in Fair Value of Investments	(947,488)
Interest	27
Less Investment Expense	(11,868)
Total	135,771
<b>Deductions</b>	
Benefit Payments	844,100
<b>Change in Net Pension</b>	(708,329)
<b>Net Position, Beginning of Year</b>	10,136,993
<b>Net Position, End of Year</b>	\$ 9,428,664

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(12) Other Postemployment Benefit Plans (Continued)**

**Primary Government – OPEB Line of Duty Benefits**

**Plan Description**

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

**Plan Membership**

As of the June 30, 2021 actuarial valuation, plan membership was as follows:

	<u><b>2021</b></u>
Active Participants	694
Disableds	8
Spouses	8
Dependent Children	<u>9</u>
	<u><u>719</u></u>

**Contributions**

The contribution requirements of the City are established and may be amended by the Commonwealth of Virginia. The required contribution is based on projected pay-as-you-go financing requirements under which contributions are made in amounts sufficient to cover benefits paid, administrative costs, and anticipated inflationary increases. For the fiscal year ended June 30, 2022, members of the plan did not contribute. The City did not contribute to the Line of Duty plan for death benefits and health insurance based on projected pay-as-you-go financing. It is the City's intent to fully fund the actuarially determined contribution each year.

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

At June 30, 2022 the City reported a Net OPEB liability of \$432,729. 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 as of that date.

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(12) Other Postemployment Benefit Plans (Continued)**

**Primary Government – OPEB Line of Duty Benefits (Continued)**

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$20,465. OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 548,457
Net difference between projected and actual earnings on pension plan investments	-	381,118
City contributions and administrative fees subsequent to the measurement date	<u>3,827</u>	<u>-</u>
Total	<u><u>\$ 3,827</u></u>	<u><u>\$ 929,575</u></u>

The City reported \$3,827 as deferred outflows of resources, resulting from the City's contributions subsequent to the measurement date, will be recognized as a reduction of the Net OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the City's OPEB will be recognized in the City's OPEB expense in future reporting periods as follows:

<b>Year Ended June 30,</b>	<b>Reduction to OPEB Expense</b>
2023	\$ (177,210)
2024	(167,874)
2025	(177,485)
2026	(194,809)
2027	(84,066)
Thereafter	(128,131)

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(12) Other Postemployment Benefit Plans (Continued)**

**Primary Government – OPEB Line of Duty Benefits (Continued)**

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

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) – (b)
Balances at June 30, 2020	\$ 3,398,124	\$ 2,383,978	\$ 1,014,146
Changes for the year:			
Service cost	134,425	-	134,425
Interest	239,306	-	239,306
Changes in experience	(13,020)	-	(13,020)
Contributions – employer	-	228,800	(228,800)
Net investment income	-	716,525	(716,525)
Benefit payments	(227,800)	(227,800)	-
Administrative expenses	-	(3,197)	3,197
Other changes	-	-	-
Net changes	132,911	714,328	(581,417)
Balances at June 30, 2021	\$ 3,531,035	\$ 3,098,306	\$ 432,729

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(12) Other Postemployment Benefit Plans (Continued)**

**Primary Government – OPEB Line of Duty Benefits (Continued)**

**Actuarial Method and Significant Assumptions**

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

Valuation Date	July 1, 2021
Measurement Date	June 30, 2021
Valuation Method	Entry Age Actuarial Cost
Investment Rate of Return	7.0%
Long-term projected salary increase	None Assumed
Healthcare cost trend rates	A range of 7.50% in 2021 to 4.50% in 2028 and beyond for Pre-Medicare and 5.50% in 2018 to 5.00% in 2023 for Post-Medicar
Pre-retirement mortality	125% of the RP-2000 Combined Healthy Mortality Table for males and females with generational mortality projection using Scale AA
Post-retirement mortality	125% of the RP-2000 Combined Healthy Mortality Table for males and females with generational mortality projection using Scale AA
Disabled mortality	SOA RP-2014 Adjusted to 2006 Disabled Retiree Mortality Table with base rates only

**Rate of Return**

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

(Continued)

**CITY OF ROANOKE, VIRGINIA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

**(12) Other Postemployment Benefit Plans (Continued)**

**Primary Government – OPEB Line of Duty Benefits (Continued)**

**Rate of Return (Continued)**

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Arithmetic Average Long-Term Real Return</u>	<u>Arithmetic Weight Average Long-Term Real Return</u>
Large Cap Equity (Domestic)	21.00 %	9.88 %	7.13 %	1.50 %
Small Cap Equity (Domestic)	10.00	11.28	8.53	0.85
International Equity (Developed)	13.00	10.74	7.99	1.04
Emerging Markets	5.00	11.98	9.23	0.46
Private Equity	10.00	13.22	10.47	1.05
Long/Short Equity	6.00	8.43	5.68	0.34
Core Bonds	5.00	5.33	2.58	0.13
Core Plus	11.00	5.63	2.88	0.32
Liquid Absolute Return	4.00	6.00	3.25	0.13
Core Real Estate	10.00	9.35	6.60	0.66
Opportunistic Real Estate	5.00	12.35	9.60	0.47
Total	<u>100.00 %</u>			6.95 %
			Inflation	2.75
		*Expected arithmetic nominal return		<u>9.70 %</u>

\* The above allocation provides a one-year return of 9.70%, however, one-year returns do not take into account the volatility present in each of the asset classes.

**Discount Rate**

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

(Continued)



**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(12) Other Postemployment Benefit Plans (Continued)**

**Primary Government – OPEB Line of Duty Benefits (Continued)**

**Discount Rate (Continued)**

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

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

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
Net OPEB liability	\$ 802,348	\$ 432,729	\$ 121,895

**Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rates**

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

	<b>1.00% Decrease (3.75%)</b>	<b>Current Healthcare Cost Trend Rate (4.75%)</b>	<b>1.00% Increase (5.75%)</b>
Net OPEB liability	\$ 83,002	\$ 432,729	\$ 850,044

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

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

**Plan Descriptions**

**Group Life Insurance Program**

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

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

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

(Continued)

**CITY OF ROANOKE, VIRGINIA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

**(12) Other Postemployment Benefit Plans (Continued)**

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

**Plan Descriptions (Continued)**

General Employee Health Insurance Credit Program

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

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

	<u><b>Number</b></u>
Inactive members or their beneficiaries currently receiving benefits	84
Inactive members:	
Vested inactive members	2
Total inactive members	86
Active members	215
Total covered employees	<u><u>301</u></u>

**Contributions**

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2020 (General Employee HIC Program) and June 30, 2019 (GLI). The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	<i>Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.</i>
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2022 Contribution	\$422,658
June 30, 2021 Contribution	\$408,527

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(12) Other Postemployment Benefit Plans (Continued)**

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

**Contributions (Continued)**

General Employee Health Insurance Credit Program

Governed by:	<i>Code of Virginia 51.1-1402(E) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.</i>
Total rate:	0.29% of covered employee compensation.
June 30, 2022 Contribution	\$26,789
June 30, 2021 Contribution	\$27,111

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

The net OPEB liabilities were measured as of June 30, 2021 and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the net OPEB liabilities, except for LODA, were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. LODA proportion was determined based on pay-as-you-go employer contributions instead of actuarially determined contributions.

Group Life Insurance Program

June 30, 2022 proportionate share of liability	\$4,355,330
June 30, 2021 proportion	0.4023%
June 30, 2020 proportion	0.3702%
June 30, 2022 expense	\$83,594

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

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(12) Other Postemployment Benefit Plans (Continued)**

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

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

General Employee Health Insurance Credit Program

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

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a) – (b)</b>
Balances at June 30, 2020	\$ 450,377	\$ 140,190	\$ 310,187
Changes for the year:			
Service cost	5,560	-	5,560
Interest	30,381	-	30,381
Differences between expected and actual experience	(32,714)	-	(32,714)
Assumption changes	8,716	-	8,716
Contributions – employer	-	27,165	(27,165)
Net investment income	-	40,488	(40,488)
Benefit payments	(570)	(570)	-
Administrative expenses	-	(557)	557
Net changes	11,373	66,526	(55,153)
Balances at June 30, 2021	\$ 461,750	\$ 206,716	\$ 255,034

In addition, for the year ended June 30, 2022, the City recognized OPEB expense of \$16,685 related to the General Employee Health Insurance Credit Program.

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(12) Other Postemployment Benefit Plans (Continued)**

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

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

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

**Group Life Insurance Program**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 472,264	\$ 622,608
Change in assumptions	242,700	455,319
Net difference between projected and actual earnings on OPEB plan investments	-	1,029,049
Changes in proportion	196,857	-
Employer contributions subsequent to the measurement date	422,658	-
Total	<u>\$ 1,334,479</u>	<u>\$ 2,106,976</u>

**General Employee Health Insurance Credit Program**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 31,808
Change in assumptions	7,549	-
Net difference between projected and actual earnings on OPEB plan investments	-	20,268
Changes in proportion	-	-
Employer contributions subsequent to the measurement date	26,789	-
Total	<u>\$ 34,338</u>	<u>\$ 52,076</u>

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(12) Other Postemployment Benefit Plans (Continued)**

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

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

The deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the Fiscal Year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future reporting periods as follows:

**Group Life Insurance Program**

<b>Year Ended June 30,</b>	<b>Reduction to OPEB Expense</b>
2023	\$ (313,638)
2024	(258,744)
2025	(234,838)
2026	(369,049)
2027	(18,806)
Thereafter	-

**General Employee Health Insurance Credit Program**

<b>Year Ending June 30,</b>	<b>Reduction to OPEB Expense</b>
2023	\$ (8,732)
2024	(8,722)
2025	(8,859)
2026	(10,055)
2027	(3,433)
Thereafter	(4,715)

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(12) Other Postemployment Benefit Plans (Continued)**

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

**Actuarial Assumptions and Other Inputs**

The total OPEB liabilities were determined using the following assumptions based on an actuarial valuation date of June 30, 2020, 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:	
• Locality – general employees	3.50 – 5.35%
• Locality – hazardous duty employees	3.50 – 4.75%
• Teachers	3.50 – 5.95%
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	5.375 – 4.75%
Investment rate of return, net of expenses, including inflation*	GLI & HIC: 6.75%

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

**Net OPEB Liabilities**

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	<b><u>Group Life Insurance Program</u></b>
Total OPEB liability	\$ 3,577,346
Plan fiduciary net position	<u>2,413,074</u>
Employers' net OPEB liability (asset)	<u>\$ 1,164,272</u>
Plan fiduciary net position as a percentage of total OPEB liability	67.45%

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

**CITY OF ROANOKE, VIRGINIA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

**(12) Other Postemployment Benefit Plans (Continued)**

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

Group Life Insurance and Health Insurance Credit Programs

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00 %	5.00 %	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	100.00 %		4.89 %
	Inflation		2.50 %
	*Expected arithmetic nominal return		7.39 %

- \* The above allocation provides for a one-year 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 rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 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 inflation of 2.50%.

(Continued)



**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(12) Other Postemployment Benefit Plans (Continued)**

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

**Discount Rate**

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

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

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

	<b><u>1.00% Decrease (5.75%)</u></b>	<b><u>Current Discount Rate (6.75%)</u></b>	<b><u>1.00% Increase (7.75%)</u></b>
GLI Net OPEB liability	\$ 6,431,689	\$ 4,355,330	\$ 2,763,311
General Employee HIC Net OPEB liability	\$ 303,276	\$ 255,034	\$ 214,326

**OPEB Plan Fiduciary Net Position**

Information about the various VRS OPEB plan 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.

(Continued)

## CITY OF ROANOKE, VIRGINIA

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

#### (12) Other Postemployment Benefit Plans (Continued)

##### School Board – Virginia Retirement System Plans

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

##### Plan Descriptions

###### Group Life Insurance Program

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

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

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

###### Teacher Employee Health Insurance Credit Program

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

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

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

###### General Employee Health Insurance Credit Program

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

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(12) Other Postemployment Benefit Plans (Continued)**

**School Board – Virginia Retirement System Plans (Continued)**

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the General Employee Health Insurance Credit Program:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>3</u>
Total inactive members	3
Active members	<u>135</u>
Total covered employees	<u><u>138</u></u>

**Contributions**

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

Group Life Insurance Program

Governed by:	<i>Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.</i>
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2022 Contribution	\$556,922
June 30, 2021 Contribution	\$482,262

Teacher Health Insurance Credit Program

Governed by:	<i>Code of Virginia 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.</i>
Total rate:	1.21% of covered employee compensation.
June 30, 2022 Contribution	\$1,100,269
June 30, 2021 Contribution	\$1,051,413

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(12) Other Postemployment Benefit Plans (Continued)**

**School Board – Virginia Retirement System Plans (Continued)**

**Contributions (Continued)**

General Employee Health Insurance Credit Program

Governed by:	<i>Code of Virginia</i> 51.1-1402(E) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.
Total rate:	.11% of covered employee compensation.
June 30, 2022 Contribution	\$3,815
June 30, 2021 Contribution	\$3,573

The net OPEB liabilities were measured as of June 30, 2021 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by actuarial valuations as of that date. The covered employer's proportion of the net OPEB liabilities were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

	<b>Teacher SGLI</b>	<b>Non-Teacher SGLI Plan 1</b>	<b>Non-Teacher SGLI Plan 2</b>
June 30, 2022 proportionate share of liability	\$ 4,904,027	\$ 252,064	\$ 77,889
June 30, 2021 proportion	.42121%	.02165%	.00669%
June 30, 2020 proportion	.41371%	.02109%	.00743%
June 30, 2022 expense (income)	\$ 181,692	\$ 21,872	\$ (17,707)

Teacher Health Insurance Credit Program

June 30, 2022 proportionate share of liability	\$ 12,608,372
June 30, 2021 proportion	.98229%
June 30, 2020 proportion	.97086%
June 30, 2022 expense	\$ 968,036

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

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(12) Other Postemployment Benefit Plans (Continued)**

**School Board – Virginia Retirement System Plans (Continued)**

**General Employee Health Insurance Credit Program**

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

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (Asset) (a) – (b)</b>
Balances at June 30, 2020	\$ 46,252	\$ 69,072	\$ (22,820)
Changes for the year:			
Service cost	4,449	-	4,449
Interest	3,118	-	3,118
Assumption changes	(2,097)	-	(2,097)
Differences between expected and actual experience	(1,284)	-	(1,284)
Contributions – employer	-	3,573	(3,573)
Net investment income	-	18,713	(18,713)
Benefit payments	(141)	(141)	-
Administrative expenses	-	(232)	232
Net changes	4,045	21,913	(17,868)
Balances at June 30, 2021	\$ 50,297	\$ 90,985	\$ (40,688)

For the year ended June 30, 2021, the School Board recognized \$737 of OPEB revenue for general employees.

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(12) Other Postemployment Benefit Plans (Continued)**

**School Board – Virginia Retirement System Plans (Continued)**

At June 30, 2022 the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following sources:

**Group Life Insurance Program**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 596,955	\$ 39,880
Change in assumptions	288,548	716,120
Net difference between projected and actual earnings on OPEB plan investments	-	1,249,239
Changes in proportion	154,579	213,401
Employer contributions subsequent to the measurement date	523,904	-
Total	<u>\$ 1,563,986</u>	<u>\$ 2,218,640</u>

**Teacher Health Insurance Credit Program**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 220,015
Change in assumptions	340,827	50,672
Net difference between projected and actual earnings on OPEB plan investments	-	166,090
Changes in proportion	134,147	298,339
Employer contributions subsequent to the measurement date	1,100,269	-
Total	<u>\$ 1,575,243</u>	<u>\$ 735,116</u>

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(12) Other Postemployment Benefit Plans (Continued)**

**School Board – Virginia Retirement System Plans (Continued)**

**General Employee Health Insurance Credit Program**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 2,797	\$ 7,471
Change in assumptions	763	2,192
Net difference between projected and actual earnings on OPEB plan investments	-	9,212
Employer contributions subsequent to the measurement date	3,815	-
Total	<u>\$ 7,375</u>	<u>\$ 18,875</u>

The deferred outflows of resources related to OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Group Life Insurance Program**

<b>Year Ending June 30,</b>	<b>Reduction to OPEB Expense</b>
2023	\$ (286,417)
2024	(229,566)
2025	(211,980)
2026	(390,182)
2027	(60,413)
Thereafter	-

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(12) Other Postemployment Benefit Plans (Continued)**

**School Board – Virginia Retirement System Plans (Continued)**

Teacher Health Insurance Credit Program

<b>Year Ending June 30,</b>	<b>Increase (Reduction) to OPEB Expense</b>
2023	\$ (74,241)
2024	(76,127)
2025	(71,327)
2026	(57,046)
2027	1,307
Thereafter	17,292

General Employee Health Insurance Credit Program

<b>Year Ending June 30,</b>	<b>Reduction to OPEB Expense</b>
2023	\$ (3,356)
2024	(3,341)
2025	(3,208)
2026	(3,314)
2027	(1,272)
Thereafter	(824)



**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(12) Other Postemployment Benefit Plans (Continued)**

**School Board – Virginia Retirement System Plans (Continued)**

**Actuarial Assumptions and Other Inputs**

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2020, 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:	
• Locality – general employees	3.50 – 5.35%
• Teachers	3.50 – 5.95%
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	5.375 – 4.75%
Investment rate of return, net of expenses, including inflation*	GLI & HIC: 6.75%

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

**Net OPEB Liabilities**

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2021, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	<b>Group Life Insurance Program</b>	<b>Teacher Employee HIC OPEB Plan</b>
Total OPEB liability	\$ 3,577,346	\$ 1,477,874
Plan fiduciary net position	<u>2,413,074</u>	<u>194,305</u>
Employers' net OPEB liability (asset)	<u>\$ 1,164,272</u>	<u>\$ 1,283,569</u>
Plan fiduciary net position as a percentage of total OPEB liability	67.45%	13.15%

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

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(12) Other Postemployment Benefit Plans (Continued)**

**School Board – Virginia Retirement System Plans (Continued)**

**Long-Term Expected Rate of Return**

Group Life Insurance and Health Insurance Credit Programs

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00 %	5.00 %	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	100.00 %		4.89 %
		Inflation	2.50 %
		*Expected arithmetic nominal return	7.39 %

- \* The above allocation provides for a one-year 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 rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 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 inflation of 2.50%.

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(12) Other Postemployment Benefit Plans (Continued)**

**School Board – Virginia Retirement System Plans (Continued)**

**Discount Rate**

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

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

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

	<b><u>1.00% Decrease (5.75%)</u></b>	<b><u>Current Discount Rate (6.75%)</u></b>	<b><u>1.00% Increase (7.75%)</u></b>
GLI Net OPEB Liability	\$ 7,647,035	\$ 5,233,980	\$ 3,285,329
Teacher HIC Net OPEB Liability	14,193,553	12,608,372	11,266,976
General Employee HIC Net OPEN Liability (Asset)	<u>(33,703)</u>	<u>(40,688)</u>	<u>(46,460)</u>
	<b><u>\$ 21,806,885</u></b>	<b><u>\$ 17,801,664</u></b>	<b><u>\$ 14,505,845</u></b>

**OPEB Plan Fiduciary Net Position**

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report. A copy of the 2021 VRS Annual Comprehensive Financial 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.

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(13) Risk Management**

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

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

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

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

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

Included in long-term liabilities at June 30, 2022 were claims payables of \$14,453,690 as a provision for unasserted claims. Other risks insured through the City's self-insurance program adequately covered any claims incurred over each of the past 12 years.

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

	<u>2021-2022</u>	<u>2020-2021</u>
Claims liability at July 1	\$ 14,951,034	\$ 14,298,685
Claims incurred	13,917,667	16,801,225
Claims payments	<u>(14,415,011)</u>	<u>(16,148,876)</u>
Claims liability at June 30	<u>\$ 14,453,690</u>	<u>\$ 14,951,034</u>

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(13) Risk Management (Continued)**

Surety Bond coverage is as follows:

Company:	Amount:
<u>Travelers Property Casualty Insurance Company:</u>	
Public Employee Pension/Crime/Dishonesty	\$ 1,000,000
<u>NGM Insurance Company:</u>	
Treasurer – Public Official Bond	1,000,000
<u>Self-insurance program through Commonwealth of Virginia</u> <u>Division of Risk Management</u>	
All Other Constitutional Officers' Employees Liability Insurance	1,000,000
City Treasurer's Bond	500,000
City Sheriff Bond	30,000
Commissioner of Revenue Bond	3,000
Clerk of Circuit Court Bond	3,000,000
City Sheriff's Liability Insurance	1,500,000

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

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

The minimum funding level for The Risk Management Reserve is:

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

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

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(13) Risk Management (Continued)**

**School Board Component Unit**

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

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

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

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

	<u>2021-2022</u>	<u>2020-2021</u>
Claims liability at July 1	\$ 4,237,368	\$ 4,637,071
Claims incurred	28,048,157	19,287,929
Claims payments	<u>(25,649,776)</u>	<u>(19,687,633)</u>
Claims liability at June 30	<u>\$ 6,635,749</u>	<u>\$ 4,237,367</u>

**(14) Tax Abatements**

As of June 30, 2022, the City provides tax abatements through four programs:

<u>Tax Abatement Programs</u>	<u>Taxes Abated for FY 2022</u>
Real Estate Rehabilitation Abatements	\$ 1,602,710
Solar Energy Equipment, Facilities, and Devices Exemption	\$ 3,687
Energy Efficient Buildings Special Rate	\$ 1,747
Economic Development Grants	\$ 1,267,987

(Continued)

## CITY OF ROANOKE, VIRGINIA

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

#### (14) Tax Abatements (Continued)

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

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

##### Program Application Fees:

- |   |           |
|---|-----------|
| a. Residential Single Family Buildings (Must have assessed value of \$250,000 or less to qualify) | \$175.00  |
| b. Multi-Family Residential:  | \$250.00* |
| c. Commercial – Mixed Use:  | \$250.00* |
| *per principle structure in application   |           |
3. A partial real property tax exemption for commercial, mixed-use commercial, and industrial properties in Enterprise Zone One A to encourage rehabilitation of existing structures. To receive this exemption, the property must be no less than 15 years in age, be renovated so as to increase the assessed value of the structure by at least \$50,000, have not received another exemption under Division 5 of the Code, and the rehabilitation must be completed within two years after the date of the application. Additionally, mixed-use commercial property must not be more than 80% residential use in order to qualify. Lastly, residential and non-residential (Commercial/mixed use) buildings must be constructed prior to January 1, 1970.
  4. A partial real property tax exemption for residential and commercial properties in redevelopment and conservation areas, as well as rehabilitation districts, to encourage the construction of new structures or other improvements.

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(14) Tax Abatements (Continued)**

5. The following timelines on Real Estate Tax Abatement durations will apply to those granted herein as follows:
  - a. Five years for eligible buildings city-wide;
  - b. Seven years for eligible buildings located within the H-1 and H-2 local historic districts;
  - c. Seven years for eligible buildings located within a designated redevelopment, rehabilitation or conservation district

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

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

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

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

The **Energy-Efficient Buildings** program provides a special classification to buildings certified as energy-efficient, which provides for a lower tax rate than that applied to other real property. Applications are reviewed by the City's Department of Planning, Building, and Development, as specified under Chapter 32, Article II, Division 9 of the Code of the City of Roanoke. If approved, the building is given the special classification for five years. For the year ended June 30, 2022, the real estate tax rate applicable to Energy-Efficient Buildings was \$1.10 per \$100 of assessed value.

(Continued)



**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(14) Tax Abatements (Continued)**

**Economic Development Grants** are provided to local developers who complete projects that promote economic development within the city, as determined in advance by the city administration in accordance with the Code of Ordinances for the City of Roanoke, Ordinance Numbers 40709 and 39447. Such projects are expected to provide additional tax revenue, jobs, and services that will benefit city residents. The local taxes collected from businesses located in these developments are used to fund the grants. Applicable local taxes include real estate tax, local option sales tax, business professional and occupational license tax, tangible personal property tax, and prepared food and beverage tax. Payments to developers are based on the taxes collected the preceding fiscal year. Grants paid during the fiscal year ended June 30, 2022, were between 50 and 75% of the local tax revenues generated from applicable projects.

**(15) Joint Ventures**

**Blue Ridge Behavioral Healthcare**

The counties of Botetourt, Craig and Roanoke, and the cities of Roanoke and Salem formed Blue Ridge Behavioral Health Care (BRBH) a community services board, to provide a system of comprehensive community mental health, intellectual disability and substance abuse services. BRBH is governed by a 16 -member board. Roanoke City Council appoints three members. Each locality's financial obligation is based on the type and amount of services performed for individuals in the locality. For the fiscal year ended June 30, 2022, the City remitted approximately \$979,213 to BRBH. Financial statements may be obtained from Blue Ridge Behavioral Healthcare, 611 McDowell Avenue, Roanoke, Virginia 24016.

**Hotel Roanoke Conference Center Commission**

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

The intention of the HRCCC is to be self-supporting through its user fees. The City and Virginia Tech share equally in any operating deficit or if additional funding is needed for capital expenditures. The City has no equity interest in the HRCCC; however, as previously mentioned, additional funding or subsidies may be necessary to support ongoing operations. For the fiscal year ended June 30, 2022, the City contributed \$80,000 to the HRCCC. Financial statements may be obtained from the Hotel Roanoke Conference Center Commission, 106 Shenandoah Avenue, Roanoke, Virginia 24016.

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(15) Joint Ventures (Continued)**

**Roanoke Valley Broadband Authority**

The Roanoke Valley Broadband Authority (Authority) was created under the Virginia Wireless Services Facilities Act by the cities of Roanoke and Salem, and the counties of Botetourt and Roanoke. The Authority was formed in order to provide quality affordable access to broadband technologies. The Board of the Authority consists of five members of which the City appoints one member for a four-year term. The Authority is in the process of engineering a 46 mile network in the Valley that will serve business parks, large institutions, government facilities, and businesses. For the fiscal year ended June 30, 2022, the City remitted \$333,186 to Roanoke Valley Broadband Authority for bond payments and \$354,904 for its commitment for the broadband project. Financial statements may be obtained from Roanoke Valley Broadband Authority, 601 South Jefferson Street, Suite 110, Roanoke, Virginia 24011.

**Roanoke Valley Regional Fire-EMS Training Center**

The City, along with the County of Roanoke, City of Salem, and Town of Vinton, jointly operate a Fire-EMS training center (Center). The Center is governed by a committee of eight members, designated by the participating jurisdictions. New Fire-EMS recruits are required to take a 17 week training course at the facility before being assigned to a station. Upon completion of the training, the new recruits are state certified. Each jurisdiction is responsible for a percentage of the annual operating costs of the facility. The City is responsible for 44% of the annual operating costs. For the fiscal year ended June 30, 2022, the City paid \$39,000 of the total annual operating costs. Financial statements may be obtained from the Roanoke Valley Regional Fire-EMS Training Center, 1220 Kessler Mill Road, Salem, Virginia 24153.

**Roanoke Valley Resource Authority**

The City of Roanoke, the County of Roanoke, and the Town of Vinton jointly participate in the Roanoke Valley Resource Authority (Authority), which operates the regional sanitary landfill, waste collection and transfer station, and related treatment facilities. The Authority is governed by a board composed of seven members designated by the participating jurisdictions. Roanoke City Council appoints two members. The City has control over the budget and financing for the Authority only to the extent of representation by the board members appointed. The participating localities are each responsible for their pro rata share, based on population, of any year-end operating deficit. For the fiscal year ended June 30, 2022, the City remitted \$2,636,752 to the Authority for services. Financial statements may be obtained from Roanoke Valley Resource Authority, 1020 Hollins Road, Roanoke, Virginia 24012.

**Regional Center for Animal Care and Protection**

The City of Roanoke, along with the Counties of Roanoke and Botetourt, and the Town of Vinton, jointly participate on the Advisory Board which is responsible for the general fiscal and management policies for the Regional Center for Animal Care and Protection (RCACP). The regional care center is comprised of an animal control and animal education facilities that are adjacent to each other and are owned and operated by the Roanoke Valley Society for the Prevention of Cruelty to Animals, Inc. (RVSPCA). The animal control facility was financed by bonds in the amount of \$3.5 million which were issued by the RVSPCA. This debt was defeased and reissued by the participating localities in connection with the purchase and operations of the control facility. Each participating locality pays monthly amounts for its share of operating costs, debt service, and to fund reserves for operating and maintenance needs of the RCACP based on the locality's average use of the facility. During the year ended June 30, 2022, the City's share was 58% on debt payments and 61.4% for operation, and the City remitted approximately \$1,442,885 for its share of RCACP expenses.

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(15) Joint Ventures (Continued)**

**Western Virginia Regional Industrial Facility Authority**

The Western Virginia Regional Industrial Facility Authority was created as a combined effort with Roanoke City, Roanoke County, the City of Salem, Botetourt County, Franklin County and the Town of Vinton to enhance these localities economic base and stimulate economic growth by developing new opportunities in these areas. For fiscal year ended June 30, 2022, the City remitted \$18,563 for services and \$117,935 for capital reimbursements.

**(16) Jointly Governed Organizations**

**Roanoke Valley Detention Commission**

The Counties of Botetourt, Franklin and Roanoke and the Cities of Roanoke and Salem formed the Roanoke Valley Detention Commission (Commission) in 1998 to renovate, expand and operate a detention facility for juveniles. The Commission is governed by a six member board. Roanoke City Council appoints two members. Localities using the facility are guaranteed a number of beds according to the terms of the agreement. Each locality's financial obligation is based on the number of juveniles housed at the 81 bed facility. The Commission has the authority to issue debt, and such debt is the responsibility of the Commission. For the fiscal year ended June 30, 2022, the City remitted \$975,468 to the Roanoke Valley Detention Commission in per diem charges for juveniles housed by the Commission.

**Western Virginia Water Authority**

The City and the County of Roanoke combined its water and water pollution control functions to form the Western Virginia Water Authority (WVWA). The WVWA is responsible for the supply, treatment, distribution, and transmission of water and the collection and treatment of wastewater. In November 2009, Franklin County joined the WVWA to provide services to the western side of the County. The WVWA is governed by a seven-member board consisting of three City of Roanoke appointees, three County of Roanoke appointees, and one Franklin County appointee. The City has control over the budget and financing for the WVWA only to the extent of representation by the board members appointed. Upon formation of the WVWA, the City retained \$38 million of general obligation bonds, which are to be repaid contractually by the WVWA in accordance with its operating agreement. During fiscal year 2022, the WVWA paid \$1.4 million to the City in principal and interest payments on the bonds. As of June 30, 2022, the remaining principal balance of these bonds was approximately \$1.9 million. This amount was recorded as a Due from Other Governments in the Statement of Net Position of the basic financial statements.

**Virginia's First Regional Industrial Facility Authority**

The Cities of Radford, Roanoke and Salem; the Counties of Bland, Craig, Giles, Montgomery, Pulaski, Roanoke and Wythe; and the Towns of Christiansburg, Dublin, Narrows, Pearisburg and Pulaski all participate in the Virginia's First Regional Industrial Facility Authority (Authority). The Authority's purpose is to enhance the member localities economic base in Virginia's First Region. The Authority is governed by a board composed of twenty-nine members, two of which are appointed by Roanoke City Council. The City has control over the budget and financing for the Authority only to the extent of representation by the board members appointed. Each locality is obligated to annual dues of \$5,000. Authority member localities, who are also participants in the Regional Commerce Park like the City, are obligated to an annual amount based on the number of shares owned. The City owns 10,000 shares and has an annual obligation of \$27,500. For the fiscal year ended June 30, 2022, the City remitted \$32,500 to Virginia's First Regional Industrial Facility Authority.

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(16) Jointly Governed Organizations (Continued)**

**Market Building Foundation Inc.**

The Market Building Foundation Inc., is a public non-profit entity created and incorporated to ensure the preservation of the City Market Building in Downtown Roanoke. The Foundation manages the rehabilitation, maintenance, and operation of the City Market Building. The Foundation has a board of seven members representing individuals from several organizations in the downtown area. These organizations include the City of Roanoke, Downtown Roanoke, Inc., the Roanoke Regional Chamber of Commerce and the private business community. Those board members are responsible for the oversight and governance of the facility as well as the management, leasing, and operational performance of the City Market Building. The City does not have authority to override the Foundation board regarding decisions about rates or operations but it is obligated to finance deficits of the Foundation. The City has an annual obligation to the Market Building of \$300,000 for an operating contribution. For the fiscal year ended June 30, 2022, the City paid the Market Building Foundation Inc. \$302,160 for the annual operating contribution and equipment replacement services.

**(17) Related Organizations**

**Economic Development Authority**

The Economic Development Authority issues low-interest, tax-free industrial revenue bonds in its name for the construction or renovation of properties sold or leased to enterprises locating to or remaining in the City. City Council is responsible for appointing the seven-member board; however, the City, the state, and any political subdivision thereof are not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2022, there were eleven series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$534.1 million.

**Roanoke Redevelopment and Housing Authority**

The Roanoke Redevelopment and Housing Authority (Housing Authority) is a political subdivision of the Commonwealth of Virginia created to provide low income and subsidized housing, promote self-sufficiency and foster economic development. Commissioners of the Housing Authority are appointed by City Council. The Housing Authority is financially independent of the City and has administrative control of its operations, but its overall housing plans require the approval of City Council. The City provides a financial benefit through federal pass-through grant funds awarded to the Housing Authority on a contractual basis to implement certain grant programs. The Housing Authority also directly receives other federal and state subsidies and rents for operating its housing programs. During the year ended June 30, 2022, the City remitted \$13,151 to the Housing Authority.

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(17) Related Organizations (Continued)**

**Roanoke Regional Airport Commission**

The City and Roanoke County formed the Roanoke Regional Airport Commission (Airport Commission) in 1987 to own and operate The Roanoke Blacksburg Regional Airport. The Airport Commission is composed of five members. Three commissioners are appointed by Roanoke City Council and two are appointed by the Roanoke County Board of Supervisors. Airport operations are financed by user fees. The City and Roanoke County are each responsible for their pro rata share, based on population, of any year-end operating deficit or unfunded capital projects if any additional funding is required. The Airport Commission may incur debt and is responsible for paying all outstanding debt. The City has control over budget and financing only to the extent of representation by the board members appointed. No subsidy has been required since inception.

**(18) Commitments, Contingencies and Other Matters**

**Litigation**

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

**Grants**

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

**(19) Restatement of Beginning Net Position**

The Hotel Roanoke Conference Center Commission (HRCCC) restated an accumulating sales tax rebate surplus recognized in prior years as revenue with a corresponding restricted net position. The surplus is to be presented as deferred revenue in the Hotel Roanoke Conference Center Fiduciary Fund.

The Greater Roanoke Transit Company, a Component Unit of the City, restated net position for grant and miscellaneous revenue and local operating subsidies not recognized in prior years, unrecorded land exchanged for property, and miscellaneous expense not recognized in prior years.

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(19) Restatement of Beginning Net Position (Continued)**

	<b>Hotel Roanoke Conference Center Fiduciary Fund</b>	<b>GRTC</b>
Net position balance July 2021, as previously reported	\$ 4,709,945	\$ 19,063,417
Miscellaneous revenue	-	(4,920)
Miscellaneous expense	-	1,096
Unrecorded land	-	115,000
Grant revenue	-	(1,037,698)
Deferred revenue	(2,191,354)	1,329,137
Net change	(2,191,354)	402,615
Net position balance July 1, 2021, as restated	<u>\$ 2,518,591</u>	<u>\$ 19,466,032</u>

**(20) New Accounting Standards**

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective. The effective dates below are updated based on **Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*** due to the COVID-19 pandemic.

In May 2019, the GASB issued **Statement No. 91, *Conduit Debt Obligations***. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In March 2020, the GASB issued **Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements***. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In May 2020, the GASB issued **Statement No. 96, *Subscription-Based Information Technology Arrangements***. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

(Continued)

**CITY OF ROANOKE, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**(20) New Accounting Standards (Continued)**

In April 2022, the GASB issued **Statement No. 99**, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. In June 2022, the GASB issued **Statement No. 100**, *Accounting Changes and Error Corrections*. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

In June 2022, the GASB issued **Statement No. 101**, *Compensated Absences*. This statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023. Management has not determined the effects these new GASB Statements may have on prospective financial statements.

**(21) Subsequent Events**

Management has evaluated subsequent events through March 29, 2023, the date the financial statements were available to be issued.

---

---

**THIS PAGE INTENTIONALLY BLANK**



**REQUIRED  
SUPPLEMENTARY INFORMATION**

---



**CITY OF ROANOKE, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND  
Year Ended June 30, 2022**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance from Final Budget Over/(Under)</b>
<b>Resources (Inflows):</b>				
Local Taxes	\$ 210,018,711	\$ 220,455,711	\$ 224,628,930	\$ 4,173,219
Permits, Fees, and Licenses	1,119,300	1,929,300	1,949,141	19,841
Fines and Forfeitures	1,035,500	1,035,500	758,877	(276,623)
Rental Income	178,500	178,500	277,138	98,638
Investment Income	350,000	350,000	195,189	(154,811)
Intergovernmental	75,981,798	77,510,813	77,764,539	253,726
Charges for Services	17,923,955	18,522,955	18,263,122	(259,833)
Miscellaneous	1,002,236	1,065,354	1,213,464	148,110
Transfers from Other Funds	-	1,139,551	1,139,551	-
<b>Amounts Available for Appropriation</b>	<b>\$ 307,610,000</b>	<b>\$ 322,187,684</b>	<b>\$ 326,189,951</b>	<b>\$ 4,002,267</b>
<b>Charges to Appropriations (Outflows):</b>				
General Government				
City Treasurer	\$ 2,100,103	\$ 1,931,997	\$ 1,931,996	\$ (1)
Commissioner of the Revenue	1,561,279	1,712,843	1,698,708	(14,135)
City Council	32,550	28,650	19,377	(9,273)
City Council - Mayor Lea	36,764	35,707	33,361	(2,346)
City Council - Vice Mayor Price	-	4,078	4,078	-
City Council - Council Member - Bestpitch	40,400	39,256	37,495	(1,761)
City Council - Council Member - Cobb	40,400	39,557	38,733	(824)
City Council - Council Member - Osborne	-	-	-	-
City Council - Council Member - White - Boyd	33,534	32,546	29,944	(2,602)
City Council - Council Member - Vivian Sanchez-Jones	32,366	31,502	29,964	(1,538)
City Council - Council Member - Stephanie Moon Reynolds	32,131	40,091	39,451	(640)
City Council - Council Member - Robert Jeffrey, Jr.	32,366	29,124	29,107	(17)
City Attorney	1,001,450	1,056,770	1,053,930	(2,840)
City Clerk	440,207	392,422	387,673	(4,749)
Municipal Auditing	870,577	964,524	964,299	(225)
Department of Finance	2,295,724	2,261,971	2,249,285	(12,686)
Real Estate Valuation	1,270,432	1,243,529	1,243,528	(1)
Board of Equalization	8,501	5,871	5,770	(101)
Electoral Board	1,077,574	692,175	647,934	(44,241)
City Manager	1,000,077	1,348,295	1,348,293	(2)
Citizen Engagement	586,813	636,810	636,809	(1)
Human Resources	1,713,493	1,809,891	1,809,890	(1)
Employee Health Services	878,166	963,751	958,929	(4,822)
Department of Management and Budget	637,083	721,420	721,419	(1)
Information Technology	4,606,330	3,783,447	3,783,446	(1)
DOT Capital Outlay	1,000,000	-	-	-
Radio Technology	622,238	577,480	576,469	(1,011)
Purchasing	615,419	785,648	785,647	(1)
Risk Management	1,387,859	1,414,775	1,414,774	(1)
Director of General Services	261,882	311,162	311,161	(1)
Environmental Management	415,100	391,871	391,867	(4)

(Continued)

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

**CITY OF ROANOKE, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND  
Year Ended June 30, 2022**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance from Final Budget Over/(Under)</b>
<b>Charges to Appropriations (Outflows): (Continued)</b>				
Judicial Administration				
Clerk of Circuit Court	\$ 1,834,877	\$ 1,789,775	\$ 1,786,232	\$ (3,543)
Juvenile and Domestic Relations Court Services	1,169,168	1,219,469	1,219,081	(388)
Juvenile and Domestic Relations Court Clerk	51,227	96,604	94,664	(1,940)
Magistrates Office	4,500	4,820	4,819	(1)
General District Court	88,231	114,824	112,910	(1,914)
Circuit Court	521,450	542,369	532,857	(9,512)
Sheriff	3,144,824	3,762,226	3,762,224	(2)
Commonwealth's Attorney	1,932,402	1,836,673	1,836,671	(2)
Cost Collection Unit	87,768	43,549	43,548	(1)
Law Library	135,524	130,976	130,975	(1)
Public Safety				
Jail	\$ 17,010,326	\$ 17,839,762	\$ 17,833,532	\$ (6,230)
E911	2,772,539	2,988,789	2,988,788	(1)
E911 - Wireless	636,000	225,147	224,983	(164)
Fire - Administration	791,045	883,099	883,099	-
Fire - Support	1,557,802	1,848,277	1,848,276	(1)
Fire - Operations	19,092,338	21,739,414	21,739,413	(1)
E911/VA811 Shared Expenses	389,600	365,497	365,496	(1)
Emergency Management	213,655	241,124	241,122	(2)
Building Inspections	892,436	962,196	962,195	(1)
Outreach Detention	317,719	324,963	324,142	(821)
Youth Haven I	389,294	348,641	348,640	(1)
Enhanced Community Services	80,309	60,543	59,661	(882)
Substance Abuse Services	64,927	66,728	66,543	(185)
Police - Administration	2,263,449	2,995,916	2,940,232	(55,684)
Police - Investigation	3,901,057	4,202,725	4,202,724	(1)
Police - Patrol	14,173,896	13,125,087	13,108,487	(16,600)
Police - Services	1,514,788	1,374,368	1,322,028	(52,340)
Police - Training	682,660	1,044,290	1,044,288	(2)
Police - RESET	-	149,599	126,782	(22,817)
Police - Animal Control	1,810,198	1,829,186	1,813,299	(15,887)
Public Works				
Custodial Services	\$ 774,873	\$ 834,805	\$ 834,803	\$ (2)
Building Maintenance	4,686,803	4,992,494	4,992,493	(1)
Director of Public Works	162,933	165,337	165,336	(1)
Transportation - Streets and Traffic	3,750,052	3,461,252	3,461,250	(2)
Transportation - Paving Program	4,239,924	5,332,625	5,332,625	-
Transportation - Snow Removal	169,233	694,915	694,914	(1)
Transportation - Street Lighting	1,223,221	1,296,917	1,296,916	(1)
Transportation - Engineering and Operations	1,752,319	2,079,104	2,079,103	(1)
Solid Waste Management	6,445,245	6,039,227	6,039,225	(2)
Engineering	1,242,068	1,368,532	1,368,530	(2)
Fleet Management - Op	4,379,014	4,873,718	4,873,716	(2)
Fleet Management - NonOp	2,450,569	2,001,418	2,001,417	(1)

(Continued)

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

**CITY OF ROANOKE, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND  
Year Ended June 30, 2022**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance from Final Budget Over/(Under)</b>
<b>Charges to Appropriations (Outflows): (Continued)</b>				
Health and Welfare				
Human Services Support	\$ 299,448	\$ 350,218	\$ 350,217	\$ (1)
Health Department	1,539,525	1,553,298	1,553,297	(1)
Blue Ridge Behavioral Health Care	939,863	939,863	939,863	-
Human Services Committee	430,000	430,000	430,000	-
Social Services	25,954,619	26,175,858	26,175,855	(3)
Children's Services Act	13,805,687	14,766,141	14,766,141	-
Parks, Recreation and Cultural				
Roanoke Arts Commission	336,500	341,000	328,000	(13,000)
Recreation	4,795,689	4,996,547	4,969,586	(26,961)
Parks & Recreation - Administration	1,470,485	1,488,572	1,472,377	(16,195)
Libraries	4,052,363	4,009,414	4,009,413	(1)
Community Development				
Memberships and Affiliations	3,679,249	4,574,846	4,574,846	-
Economic Development	3,240,459	3,179,127	3,167,530	(11,597)
Planning, Building and Development	1,486,825	1,581,108	1,581,107	(1)
Neighborhood Services	1,175,266	1,466,312	1,466,311	(1)
Virginia Cooperative Extension	79,610	88,010	88,010	-
Nondepartmental				
Residual Fringe Benefits	3,999,518	6,278	6,278	-
Transfers to Other Funds	6,699,774	23,282,187	23,282,187	-
Transfers to Debt Service Fund	12,005,738	13,096,822	13,096,822	-
Transfers to Component Units	87,541,934	93,039,830	93,039,830	-
Personnel Lapse	(2,258,633)	-	-	-
Funding for Reserves	1,375,000	610,000	610,000	-
Contingency	1,550,000	1,391,946	30,000	(1,361,947)
<b>Total Charges to Appropriations</b>	<b>307,630,000</b>	<b>335,951,520</b>	<b>334,229,046</b>	<b>(1,722,475)</b>
<b>Net Resources Over (Under) Expenditures</b>	<b>(20,000)</b>	<b>(13,763,836)</b>	<b>(8,039,095)</b>	<b>5,724,742</b>
<b>Fund Balance - Beginning of Year</b>	<b>62,308,267</b>	<b>62,308,267</b>	<b>62,308,267</b>	<b>-</b>
<b>Fund Balance - End of Year</b>	<b>\$ 62,288,267</b>	<b>\$ 48,544,431</b>	<b>\$ 54,269,172</b>	<b>\$ 5,724,742</b>

See Accompanying Note to Budgetary Comparison Schedule (RSI 2)

(Continued)

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

**CITY OF ROANOKE, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND  
Year Ended June 30, 2022**

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

**Sources/Inflows of Resources:**

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 326,189,951
Transfers from other funds are a budgetary resource, but not a revenue for financial reporting purposes (Exhibit E)	<u>(1,139,551)</u>
Total general fund revenues as reported on the statement of revenues, expenditures, and changes in fund balances (Exhibit E).	<u><u>\$ 325,050,400</u></u>

**Uses/Outflows of Resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 334,229,046
Transfers to other funds are outflows of budgetary resources, but are not expenditures for financial reporting purposes (Exhibit E).	(36,989,009)
Encumbrances for goods and services ordered but not received are reported in the year the orders are placed for budgetary purposes, but are reported in the year goods and services are received for GAAP purposes (Exhibit C).	<u>(4,101,428)</u>
Total general fund expenditures as reported on the statement of revenues, expenditures, and changes in fund balances (Exhibit E).	<u><u>\$ 293,138,609</u></u>

See Accompanying Note to Budgetary Comparison Schedule.

## CITY OF ROANOKE, VIRGINIA

### REQUIRED SUPPLEMENTARY INFORMATION NOTE TO BUDGETARY COMPARISON SCHEDULE – GENERAL FUND Year Ended June 30, 2022

#### Budgets and Budgetary Accounting

The City adheres to the following procedures in establishing the budgetary data reflected in the Budgetary Comparison Schedule located in the Required Supplementary Information:

**1. Proposal** – At least sixty days prior to June 30, the City Manager submits to City Council a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.

**2. Projects and Grants** – The capital projects budget is prepared on a project-length basis under which the total outlay for each project is estimated for the length of the project. The Special Revenue Fund budget is adopted on a grant-length basis as grants are received by the City. Grant budgets are not legally enacted on an annual period basis; therefore, a budgetary comparison statement is not presented for the Special Revenue Fund.

**3. Adoption** – Public hearings are conducted to obtain citizen comments on the proposed budget. Prior to May 14, the budget is legally adopted at the departmental-level through passage of an appropriation ordinance by City Council.

**4. Amendment** – The City Manager is authorized to transfer any amount, within or between funds and departments during the fiscal year. The Director of Finance reports to City Council on a quarterly basis all transfers in excess of \$100,000 between funds, as well as between project and program accounts in the Capital Project Fund and Grant Fund. All other transfers or supplemental appropriations must be approved by City Council. During the year, \$28,321,520 in supplemental appropriations were approved by City Council. These amendments consisted primarily of appropriations of prior year encumbrances, the appropriation of restricted, committed or assigned fund balance, and the appropriation of additional intergovernmental grants received during the year.

**5. Integration** – Formal budgetary integration is employed as a management control device during the year for the General and Capital Projects Funds. Formal budgetary integration is not employed for the Debt Service Fund because effective budgetary control is alternatively achieved through budgeted transfers from the General Fund to the Debt Service Fund for debt payments.

**6. Legal Compliance** – Actual expenditures and operating transfers out may not legally exceed budget appropriations for each department. City Council legally adopts an annual budget for the General Fund. Its budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America except for the recognition of encumbrances, the classification of certain transfers as expenditures, and the consideration of beginning fund balance as a budgetary resource. A reconciliation of the actual General Fund uses of financial resources presented in accordance with generally accepted accounting principles is presented as part of the Budgetary Comparison Schedule located in the Required Supplementary Information.

## CITY OF ROANOKE, VIRGINIA

### REQUIRED SUPPLEMENTARY INFORMATION INFRASTRUCTURE ASSETS UNDER MODIFIED APPROACH Year Ended June 30, 2022

#### INFRASTRUCTURE – FLOOD REDUCTION

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

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

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

#### Assessment Ratings of Infrastructure Components

	<u>Number Assessed</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Training Walls	2	3	2.5	2	2	2	2
Bench Cuts	14	2.7	2.7	2.8	2.3	3	2.5

#### Comparison of Estimated to Actual Maintenance Costs

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021*</u>	<u>2022</u>
Estimated	\$75,000	\$75,000	\$54,599	\$317,338	\$ 61,507	\$142,346
Actual	\$27,204	\$81,595	\$12,454	\$295,772	\$104,943	\$ 61,795

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



**CITY OF ROANOKE, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CITY'S PENSION CONTRIBUTIONS – CITY PLAN  
Year Ended June 30, 2022**

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

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

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

**CITY OF ROANOKE, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY – CITY PLAN  
Year Ended June 30, 2022**

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

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

**CITY OF ROANOKE, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF SCHOOL BOARD PENSION CONTRIBUTIONS – CITY PLAN  
Year Ended June 30, 2022**

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

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

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

**CITY OF ROANOKE, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL BOARD'S PROPORTIONATE SHARE OF NET PENSION LIABILITY – CITY PLAN**  
**Year Ended June 30, 2022**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
School Board's Proportion of Net Pension Liability	1.59%	1.59%	1.78%	1.95%	2.18%	2.94%	3.48%	3.63%
School Board's Proportionate Share of Net Pension Liability	\$ 715,812	\$ 2,405,192	\$ 2,476,003	\$ 2,476,295	\$ 3,130,602	\$ 4,984,640	\$ 4,882,739	\$ 4,256,291
Covered Payroll	\$ 1,467,600	\$ 1,515,322	\$ 1,607,148	\$ 1,757,341	\$ 1,985,100	\$ 1,985,104	\$ 2,690,735	\$ 3,005,980
School Board's Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	48.77%	158.72%	154.06%	140.91%	157.71%	251.10%	181.46%	141.59%
Plan Fiduciary Net Position as a Percentage of Total Net Pension Liability	92.00%	73.69%	75.62%	77.32%	74.00%	68.70%	73.81%	77.23%

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

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

**CITY OF ROANOKE, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CITY'S PENSION CONTRIBUTIONS – VRS  
Year Ended June 30, 2022**

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

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

**CITY OF ROANOKE, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF SCHOOL BOARD'S PENSION CONTRIBUTIONS – VRS NON-PROFESSIONALS' PLAN**

**Year Ended June 30, 2022**

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

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

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

**CITY OF ROANOKE, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN CITY'S NET PENSION LIABILITY AND RELATED RATIOS – VRS  
Year Ended June 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>								
Service Cost	\$ 1,493,366	\$ 1,419,883	\$ 1,347,664	\$ 1,337,903	\$ 1,348,893	\$ 1,380,941	\$ 1,312,849	\$ 1,333,127
Interest	4,768,599	4,631,232	4,539,086	4,339,444	4,195,752	4,042,340	3,859,768	3,680,676
Changes of Assumptions	2,654,951	-	2,014,530	-	(159,919)	-	-	-
Differences Between Expected and Actual Experience	(463,814)	(318,271)	(717,393)	430,539	(320,535)	(396,031)	101,336	-
Benefit Payments, Including Refunds of Employee Contributions	(3,886,896)	(3,508,646)	(3,325,626)	(3,186,070)	(2,836,839)	(2,834,452)	(2,497,107)	(2,413,588)
<b>Net Change in Total Pension Liability</b>	<b>4,566,206</b>	<b>2,224,198</b>	<b>3,858,261</b>	<b>2,921,816</b>	<b>2,227,352</b>	<b>2,192,798</b>	<b>2,776,846</b>	<b>2,600,215</b>
Total Pension Liability - Beginning	72,589,361	70,365,163	66,506,902	63,585,086	61,357,734	59,164,936	56,388,090	53,787,875
<b>Total Pension Liability - Ending</b>	<b>\$ 77,155,567</b>	<b>\$ 72,589,361</b>	<b>\$ 70,365,163</b>	<b>\$ 66,506,902</b>	<b>\$ 63,585,086</b>	<b>\$ 61,357,734</b>	<b>\$ 59,164,936</b>	<b>\$ 56,388,090</b>
<b>Plan Fiduciary Net Position</b>								
Contributions - Employer	\$ 1,639,152	\$ 1,582,180	\$ 1,490,872	\$ 1,444,142	\$ 1,439,698	\$ 1,499,615	\$ 1,514,713	\$ 1,460,269
Contributions - Employee	466,590	476,302	451,026	440,860	451,501	428,612	432,153	424,175
Net Investment Income	16,484,646	1,159,696	3,869,084	4,102,791	6,147,715	872,926	2,245,173	6,752,670
Benefit Payments, Including Refunds of Employee Contributions	(3,886,896)	(3,508,646)	(3,325,626)	(3,186,070)	(2,836,839)	(2,834,452)	(2,497,107)	(2,413,588)
Administrative Expense	(41,627)	(39,947)	(38,781)	(35,783)	(35,693)	(31,738)	(30,828)	(36,491)
Other	1,548	(1,371)	(2,440)	(3,643)	(5,465)	(372)	(473)	356
<b>Net Change in Plan Fiduciary Net Position</b>	<b>14,663,413</b>	<b>(331,786)</b>	<b>2,444,135</b>	<b>2,762,297</b>	<b>5,160,917</b>	<b>(65,409)</b>	<b>1,663,631</b>	<b>6,187,391</b>
Plan Fiduciary Net position - Beginning	60,798,992	61,130,778	58,686,643	55,924,346	50,763,429	50,828,838	49,165,207	42,977,816
<b>Plan Fiduciary Net Position - Ending</b>	<b>\$ 75,462,405</b>	<b>\$ 60,798,992</b>	<b>\$ 61,130,778</b>	<b>\$ 58,686,643</b>	<b>\$ 55,924,346</b>	<b>\$ 50,763,429</b>	<b>\$ 50,828,838</b>	<b>\$ 49,165,207</b>
Total Net Pension Liability - Beginning	\$ 11,790,369	\$ 9,234,385	\$ 7,820,259	\$ 7,660,740	\$ 10,594,305	\$ 8,336,098	\$ 7,222,883	\$ 10,810,059
<b>Total Net Pension Liability - Ending</b>	<b>\$ 1,693,162</b>	<b>\$ 11,790,369</b>	<b>\$ 9,234,385</b>	<b>\$ 7,820,259</b>	<b>\$ 7,660,740</b>	<b>\$ 10,594,305</b>	<b>\$ 8,336,098</b>	<b>\$ 7,222,883</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>97.81%</b>	<b>83.76%</b>	<b>86.88%</b>	<b>88.24%</b>	<b>87.95%</b>	<b>82.73%</b>	<b>85.91%</b>	<b>87.19%</b>
Covered Payroll	\$ 9,346,540	\$ 9,571,771	\$ 8,994,376	\$ 8,842,818	\$ 8,761,712	\$ 8,537,263	\$ 8,650,983	\$ 8,430,964
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>18.12%</b>	<b>123.18%</b>	<b>102.67%</b>	<b>88.44%</b>	<b>87.43%</b>	<b>124.09%</b>	<b>96.36%</b>	<b>85.67%</b>

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

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

**CITY OF ROANOKE, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL BOARD'S PENSION CONTRIBUTIONS – VRS TEACHERS' RETIREMENT PLAN**  
**Year Ended June 30, 2022**

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

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

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



**CITY OF ROANOKE, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF SCHOOL BOARD'S PROPORTIONATE SHARE OF NET PENSION LIABILITY – TEACHERS' RETIREMENT PLAN**

**Year Ended June 30, 2022**

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

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

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

CITY OF ROANOKE, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL BOARD'S CHANGES IN NET PENSION ASSET AND RELATED RATIOS – VRS**  
**Year Ended June 30, 2022**

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

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

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

**CITY OF ROANOKE, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF INVESTMENT RETURNS  
Year Ended June 30, 2022**

**City of Roanoke – OPEB Trust**

	<u><b>June 30, 2022</b></u>	<u><b>June 30, 2021</b></u>	<u><b>June 30, 2020</b></u>	<u><b>June 30, 2019</b></u>	<u><b>June 30, 2018</b></u>	<u><b>June 30, 2017</b></u>
Annual money weighted rate of return, net of investment expense	-13.26%	30.05%	3.01%	4.67%	9.52%	13.04%

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

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

CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CITY'S OPEB CONTRIBUTIONS – EMPLOYEE'S POST-RETIREMENT HEALTH PLAN  
Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution	\$ 479,000	\$ 808,000	\$ 1,023,000	\$ 976,000	\$ 898,000	\$ 947,000	\$ 1,071,000	\$ 982,000	\$ 957,000	\$ 877,000
Contributions in Relation to Actuarially Determined Contribution	479,000	808,000	1,023,000	976,000	898,000	947,000	1,071,000	982,000	957,000	877,000
<b>Contribution Deficiency (Excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered Payroll	\$ 76,894,042	\$ 79,460,497	\$ 75,773,316	\$ 75,773,316	\$ 73,943,000	\$ 73,167,000	\$ 71,512,000	\$ 69,346,000	\$ 70,052,000	\$ 66,641,000
Contributions as a Percentage of Covered Payroll	0.62%	1.02%	1.35%	1.29%	1.21%	1.29%	1.50%	1.42%	1.37%	1.32%

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

CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CITY'S OPEB CONTRIBUTIONS – LINE OF DUTY BENEFITS  
Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution	\$ 180,200	\$ 228,800	\$ 222,500	\$ 204,200	\$ 334,900	\$ 328,000	\$ 367,100	\$ 370,900	\$ 349,100	\$ 248,000
Contributions in Relation to Actuarially Determined Contribution	180,200	228,800	222,500	204,200	334,900	328,000	367,100	370,900	349,100	330,000
<b>Contribution Deficiency (Excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (82,000)</b>
Covered Payroll	\$ 35,090,473	\$ 33,268,489	\$ 35,283,151	\$ 33,943,700	\$ 34,133,600	\$ 33,524,900	\$ 33,268,489	\$ 32,577,300	\$ 33,055,600	\$ 31,425,600
Contributions as a Percentage of Covered Payroll	0.51%	0.69%	0.63%	0.60%	0.98%	0.98%	1.10%	1.14%	1.06%	1.05%

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

**CITY OF ROANOKE, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS OPEB TRUST – EMPLOYEE’S POST-RETIREMENT HEALTH PLAN**

**Year Ended June 30, 2022**

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

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

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

**CITY OF ROANOKE, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS OPEB TRUST – LINE OF DUTY ACT**

**Year Ended June 30, 2022**

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

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

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

**CITY OF ROANOKE, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS VRS HEALTH INSURANCE CREDIT**

**Year Ended June 30, 2022**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Total OPEB Liability</b>					
Service Cost	\$ 5,560	\$ 5,452	\$ 5,183	\$ 5,416	\$ 5,836
Interest	30,381	28,456	26,787	25,772	25,637
Differences Between Expected and Actual Experience	(32,714)	(5,099)	6,868	6,681	-
Changes of Assumptions	8,716	-	10,417	-	(6,386)
Benefit Payments, Including Refunds of Employee Contributions	(570)	-	(20,719)	(26,022)	(20,294)
<b>Net Change in Total OPEB Liability</b>	<b>11,373</b>	<b>28,809</b>	<b>28,536</b>	<b>11,847</b>	<b>4,793</b>
<b>Total OPEB Liability - Beginning</b>	<b>450,377</b>	<b>421,568</b>	<b>393,032</b>	<b>381,185</b>	<b>376,392</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 461,750</b>	<b>\$ 450,377</b>	<b>\$ 421,568</b>	<b>\$ 393,032</b>	<b>\$ 381,185</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 27,165	\$ 27,760	\$ 26,085	\$ 22,982	\$ 22,904
Net Investment Income	40,488	2,391	6,415	6,618	9,633
Benefit Payments, Including Refunds of Employee Contributions	(570)	-	(20,719)	(26,022)	(20,294)
Administrative Expense	(557)	(268)	(143)	(153)	(158)
Other	-	(1)	(8)	(480)	480
<b>Net Change in Plan Fiduciary Net Position</b>	<b>66,526</b>	<b>29,882</b>	<b>11,630</b>	<b>2,945</b>	<b>12,565</b>
<b>Plan Fiduciary Net position - Beginning</b>	<b>140,190</b>	<b>110,308</b>	<b>98,678</b>	<b>95,733</b>	<b>83,168</b>
<b>Plan Fiduciary Net position - Ending</b>	<b>\$ 206,716</b>	<b>\$ 140,190</b>	<b>\$ 110,308</b>	<b>\$ 98,678</b>	<b>\$ 95,733</b>
<b>Total Net OPEB Liability - Beginning</b>	<b>310,187</b>	<b>311,260</b>	<b>294,354</b>	<b>285,452</b>	<b>293,224</b>
<b>Total Net OPEB Liability - Ending</b>	<b>\$ 255,034</b>	<b>\$ 310,187</b>	<b>\$ 311,260</b>	<b>\$ 294,354</b>	<b>\$ 285,452</b>
 Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	 44.77%	 31.13%	 26.17%	 25.11%	 25.11%
 Covered Payroll	 \$ 9,361,803	 \$ 9,571,771	 \$ 9,586,952	 \$ 9,000,883	 \$ 8,761,712
 Net OPEB Liability as a Percentage of Covered Payroll	 2.72%	 3.24%	 3.25%	 3.27%	 3.26%

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

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



**CITY OF ROANOKE, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CITY CONTRIBUTIONS – VRS HEALTH INSURANCE CREDIT**  
**Year Ended June 30, 2022**

	<u>2022</u>
Actuarially Determined Contribution	\$ 26,789
Contributions in Relation to Actuarially Determined Contribution	<u>26,789</u>
<b>Contribution Deficiency (Excess)</b>	<u><u>\$ -</u></u>
Covered Payroll	\$ 9,180,121
Contributions as a Percentage of Covered Payroll	0.29%

Schedule is intended to show information for 10 years. 2022 is the first year of presenting the information. Additional years will be included as they become available.

**CITY OF ROANOKE, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET OPEB LIABILITY – VRS GROUP LIFE INSURANCE**

**Year Ended June 30, 2022**

	<u><b>2022</b></u>	<u><b>2021</b></u>	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>
City's Proportion of Net OPEB Liability	0.359%	0.370%	0.414%	0.384%	0.401%
City's Proportionate Share of Net OPEB Liability	\$ 4,355,330	\$ 6,357,814	\$ 6,266,774	\$ 5,938,000	\$ 6,029,685
Covered Payroll	\$ 76,217,724	\$ 78,488,269	\$ 75,810,385	\$ 74,813,846	\$ 73,908,260
City's Proportionate Share of Net OPEB Liability as a Percentage of Covered Payroll	5.71%	8.10%	8.27%	7.94%	8.16%
Plan Fiduciary Net Position as a Percentage of Total Net OPEB Liability	67.45%	52.64%	52.00%	51.22%	48.86%

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

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

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

**CITY OF ROANOKE, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CITY CONTRIBUTIONS – VRS GROUP LIFE INSURANCE**  
**Year Ended June 30, 2022**

	<u><b>2022</b></u>	<u><b>2021</b></u>	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>
Actuarially Determined Contribution	\$ 422,658	\$ 408,527	\$ 408,139	\$ 394,214	\$ 389,032
Contributions in Relation to Actuarially Determined Contribution	<u>422,658</u>	<u>408,527</u>	<u>408,139</u>	<u>394,214</u>	<u>389,032</u>
<b>Contribution Deficiency (Excess)</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered Payroll	\$ 78,854,104	\$ 76,217,724	\$ 78,488,269	\$ 75,810,385	\$ 74,813,846
Contributions as a Percentage of Covered Payroll	0.54%	0.54%	0.52%	0.52%	0.52%

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

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

**CITY OF ROANOKE, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL BOARD CONTRIBUTIONS – VRS GROUP LIFE INSURANCE (NON-PROFESSIONALS)**  
**Year Ended June 30, 2022**

	<u><b>2022</b></u>	<u><b>2021</b></u>	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>
Actuarially Determined Contribution	\$ 33,018	\$ 30,409	\$ 30,491	\$ 30,717	\$ 28,263
Contributions in Relation to Actuarially Determined Contribution	<u>33,018</u>	<u>30,409</u>	<u>30,491</u>	<u>30,717</u>	<u>28,263</u>
<b>Contribution Deficiency (Excess)</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered Payroll	\$ 6,114,380	\$ 6,047,907	\$ 5,866,775	\$ 5,907,182	\$ 4,535,214
Contributions as a Percentage of Covered Payroll	0.54%	0.52%	0.52%	0.52%	0.62%

Schedule is intended to show information for 10 years. As 2022 is the fifth year for this presentation, no earlier data is available. Additional years will be included as they become available.

**CITY OF ROANOKE, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL BOARD CONTRIBUTIONS – VRS GROUP LIFE INSURANCE (PROFESSIONALS)**  
**Year Ended June 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 523,904	\$ 452,211	\$ 442,525	\$ 430,624	\$ 417,241
Contributions in Relation to Actuarially Determined Contribution	<u>523,904</u>	<u>452,211</u>	<u>442,525</u>	<u>430,624</u>	<u>417,241</u>
<b>Contribution Deficiency (Excess)</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered Payroll	\$ 90,904,849	\$ 86,963,725	\$ 85,100,982	\$ 82,812,213	\$ 80,238,605
Contributions as a Percentage of Covered Payroll	0.58%	0.52%	0.52%	0.52%	0.52%

Schedule is intended to show information for 10 years. Since fiscal year 2022 (plan year 2021) was the fifth year for this presentation, no earlier data is available. Additional years will be included as they become available.

**CITY OF ROANOKE, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL BOARD CONTRIBUTIONS – VRS GENERAL EMPLOYEE HEALTH INSURANCE CREDIT**  
**Year Ended June 30, 2022**

	<u><b>2022</b></u>	<u><b>2021</b></u>	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>
Actuarially Determined Contribution	\$ 3,815	\$ 3,573	\$ 5,207	\$ 5,161	\$ 4,036
Contributions in Relation to Actuarially Determined Contribution	<u>3,815</u>	<u>3,573</u>	<u>5,207</u>	<u>5,161</u>	<u>4,036</u>
<b>Contribution Deficiency (Excess)</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered Payroll	\$ 4,771,350	\$ 4,466,752	\$ 4,300,605	\$ 4,096,741	\$ 3,877,422
Contributions as a Percentage of Covered Payroll	0.08%	0.08%	0.12%	0.11%	0.10%

Schedule is intended to show information for 10 years. Since fiscal year 2022 (plan year 2021) was the fifth year for this presentation, no earlier data is available. Additional years will be included as they become available.

**CITY OF ROANOKE, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL BOARD CONTRIBUTIONS – VRS TEACHER HEALTH INSURANCE CREDIT**  
**Year Ended June 30, 2022**

	<u><b>2022</b></u>	<u><b>2021</b></u>	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>
Actuarially Determined Contribution	\$ 1,100,269	\$ 1,051,413	\$ 1,021,183	\$ 993,285	\$ 987,227
Contributions in Relation to Actuarially Determined Contribution	<u>1,100,269</u>	<u>1,051,413</u>	<u>1,021,183</u>	<u>993,285</u>	<u>987,227</u>
<b>Contribution Deficiency (Excess)</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered Payroll	\$ 90,904,849	\$ 86,869,983	\$ 85,100,982	\$ 82,812,213	\$ 80,238,605
Contributions as a Percentage of Covered Payroll	1.21%	1.21%	1.20%	1.23%	1.23%

Schedule is intended to show information for 10 years. Since fiscal year 2022 (plan year 2021) was the fifth year for this presentation, no earlier data is available. Additional years will be included as they become available.

**CITY OF ROANOKE, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL BOARD'S PROPORTIONATE SHARE OF THE NET VRS GROUP LIFE INSURANCE LIABILITY –**  
**NON-PROFESSIONAL EMPLOYEES**  
**Year Ended June 30, 2022**

	<u><b>2022</b></u>	<u><b>2021</b></u>	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>
School Board's Proportion of Net OPEB Liability	0.029%	0.028%	0.030%	0.029%	0.028%
School Board's Proportionate Share of Net OPEB Liability	\$ 330,000	\$ 476,000	\$ 490,000	\$ 434,000	\$ 425,000
Covered Payroll	\$ 6,047,907	\$ 5,866,775	\$ 5,907,182	\$ 5,435,214	\$ 5,205,263
School Board's Proportionate Share of Net OPEB liability as a Percentage of Covered Payroll	5.46%	8.11%	8.29%	7.98%	8.16%
Plan Fiduciary Net Position as a Percentage of Total Net OPEB Liability	67.45%	52.64%	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. Since fiscal year 2022 (plan year 2021) was the fifth year for this presentation, no earlier data is available. Additional years will be included as they become available.



**CITY OF ROANOKE, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL BOARD'S PROPORTIONATE SHARE OF THE NET VRS GROUP LIFE INSURANCE LIABILITY**  
**PROFESSIONAL EMPLOYEES**  
**Year Ended June 30, 2022**

	<u><b>2022</b></u>	<u><b>2021</b></u>	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>
School Board's Proportion of Net OPEB Liability	0.42%	0.41%	0.42%	0.42%	0.43%
School Board's Proportionate Share of Net OPEB Liability	\$ 4,904,000	\$ 6,904,000	\$ 6,875,000	\$ 6,410,000	\$ 6,504,000
Covered Payroll	\$ 86,963,725	\$ 85,100,982	\$ 82,812,213	\$ 80,238,605	\$ 79,683,440
School Board's Proportionate Share of Net OPEB liability as a Percentage of Covered Payroll	5.64%	8.11%	8.30%	7.99%	8.16%
Plan Fiduciary Net Position as a Percentage of Total Net OPEB Liability	67.45%	52.64%	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. Since fiscal year 2022 (plan year 2021) was the fifth year for this presentation, no earlier data is available. Additional years will be included as they become available.

**CITY OF ROANOKE, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF SCHOOL BOARD'S PROPORTIONATE SHARE OF THE NET VRS HEALTH INSURANCE CREDIT LIABILITY**

**TEACHERS**

**Year Ended June 30, 2022**

	<u><b>2022</b></u>	<u><b>2021</b></u>	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>
School Board's Proportion of Net OPEB Liability	0.98%	0.97%	0.99%	0.99%	1.01%
School Board's Proportionate Share of Net OPEB Liability	\$ 12,608,000	\$ 12,700,000	\$ 12,919,000	\$ 12,597,000	\$ 12,810,000
Covered Payroll	\$ 86,869,983	\$ 85,100,982	\$ 82,812,213	\$ 80,238,605	\$ 79,683,440
School Board's Proportionate Share of Net OPEB Liability as a Percentage of its Covered Payroll	14.51%	14.92%	15.60%	15.70%	16.08%
Plan Fiduciary Net Position as a Percentage of Total Net OPEB Liability	13.15%	9.95%	8.97%	8.08%	7.04%

Schedule is intended to show information for 10 years. Since fiscal year 2022 (plan year 2021) is the fifth year for this presentation, no earlier data is available. Additional years will be included as they become available.

## CITY OF ROANOKE, VIRGINIA

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2022

#### Note 1. Changes of Benefit Terms

##### Pension

There have been no actuarially material changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation.

#### Note 2. Changes of Assumptions

The actuarial assumptions used in the June 30, 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:

##### Largest 10 – Non-Hazardous Duty:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age.
- Adjusted withdrawal rates to better fit experience at each year and service through 9 years of service.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

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

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age.
- Adjusted withdrawal rates to better fit experience at each year and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to line of duty rates.
- No change to discount rate.

##### Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

(Continued)

## **CITY OF ROANOKE, VIRGINIA**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2022**

#### **Note 2. Changes of Assumptions (Continued)**

All Others (Non 10 Largest) – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

Teacher cost-sharing pool

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 78 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each year and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to discount rate.

**OTHER  
SUPPLEMENTARY INFORMATION**

---



## CITY OF ROANOKE, VIRGINIA

STATEMENT OF NET POSITION –  
COMBINING FIDUCIARY FUNDS  
Year Ended June 30, 2022

	Pension Trust Fund	OPEB Trust Fund	Total Pension and OPEB Trust Funds	Hotel Roanoke Conference Center Fund	Roanoke City Jail Inmate Fund	Total Hotel and Inmate Custodial Funds
<b><u>Assets</u></b>						
Cash and Cash Equivalents	\$ 617,398	\$ -	\$ 617,398	\$ 547,834	\$ 97,531	\$ 645,365
Cash, Restricted	-	-	-	10,253	-	10,253
Receivables:						-
Employer Contributions	601,812	-	601,812	-	-	-
Employee Contributions	173,565	-	173,565	-	-	-
Investment Income	858,194	-	858,194	-	-	-
Other Asset Receivables	-	-	-	-	32,560	32,560
Receivable for Security Transactions	533,091	-	533,091	-	-	-
<b>Total Receivables</b>	<b>2,166,662</b>	<b>-</b>	<b>2,166,662</b>	<b>-</b>	<b>32,560</b>	<b>32,560</b>
Investments Held by Trustee, at Fair Value:						
Cash Equivalents	9,405,111	-	9,405,111	-	-	-
Government Securities	40,442,415	-	40,442,415	-	-	-
Municipal and Agency Bonds	15,733,419	-	15,733,419	-	-	-
Corporate Bonds	30,957,216	-	30,957,216	-	-	-
Common Stocks	55,257,206	-	55,257,206	-	-	-
Domestic Mutual Funds	177,301,309	-	177,301,309	-	-	-
International Mutual Funds	63,912,127	-	63,912,127	-	-	-
Real Estate Mutual Funds	40,756,411	-	40,756,411	-	-	-
Investment in Pooled Funds	-	9,428,664	9,428,664	3,174,781	-	3,174,781
Investment in Pooled Funds, Restricted	-	-	-	786,199	-	786,199
<b>Total Investments</b>	<b>433,765,214</b>	<b>9,428,664</b>	<b>443,193,878</b>	<b>3,960,980</b>	<b>-</b>	<b>3,960,980</b>
<b>Total Assets</b>	<b>436,549,274</b>	<b>9,428,664</b>	<b>445,977,938</b>	<b>4,519,067</b>	<b>130,091</b>	<b>4,649,158</b>
<b><u>Liabilities</u></b>						
Accounts Payable and Accrued Expenses	227,280	-	227,280	-	109,919	109,919
Payable for Security Transactions	1,038,816	-	1,038,816	-	-	-
Deferred Revenue - Sales Tax Rebate	-	-	-	2,191,354	-	2,191,354
<b>Total Liabilities</b>	<b>1,266,096</b>	<b>-</b>	<b>1,266,096</b>	<b>2,191,354</b>	<b>109,919</b>	<b>2,301,273</b>
<b>Net Position, Restricted</b>	<b>\$ 435,283,178</b>	<b>\$ 9,428,664</b>	<b>\$ 444,711,842</b>	<b>\$ 2,327,713</b>	<b>\$ 20,172</b>	<b>\$ 2,347,885</b>

CITY OF ROANOKE, VIRGINIA  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –**  
**COMBINING FIDUCIARY FUNDS**  
**Year Ended June 30, 2022**

	<b>Pension Trust Fund</b>	<b>OPEB Trust Fund</b>	<b>Total Pension and OPEB Trust Funds</b>	<b>Hotel Roanoke Conference Center Fund</b>	<b>Roanoke City Jail Inmate Fund</b>	<b>Total Hotel and Inmate Custodial Funds</b>
<b><u>Additions/(Reductions)</u></b>						
Contributions from Employer	\$ 12,394,232	1,095,100	\$ 13,489,332	\$ -	\$ -	\$ -
Contributions from Employee	3,740,384	-	3,740,384	-	-	-
Contributions from Virginia Tech	-	-	-	80,000	-	80,000
Contributions from City	-	-	-	80,000	-	80,000
Contributions from Inmates	-	-	-	-	44,053	44,053
Investment Income						
Net Depreciation in Fair Value of Investments	(99,580,039)	(947,488)	(100,527,527)	-	-	-
Interest	1,598,408	27	1,598,435	-	-	-
Dividends	29,262,701	-	29,262,701	-	-	-
Other	4,244	-	4,244	-	-	-
Total Investment Income	(68,714,686)	(947,461)	(69,662,147)	-	-	-
Less Investment Expenses	(1,220,710)	(11,868)	(1,232,578)	-	-	-
Net Investment Income	(69,935,396)	(959,329)	(70,894,725)	-	-	-
<b>Total Additions/ (Reductions)</b>	<b>(53,800,780)</b>	<b>135,771</b>	<b>(53,665,009)</b>	<b>160,000</b>	<b>44,053</b>	<b>204,053</b>
<b><u>Deductions</u></b>						
Benefit Payments	42,469,074	844,100	43,313,174	-	-	-
Administrative Expenses	513,370	-	513,370	116,358	43,826	160,184
Loss on investments	-	-	-	234,520	-	234,520
<b>Total Deductions</b>	<b>42,982,444</b>	<b>844,100</b>	<b>43,826,544</b>	<b>350,878</b>	<b>43,826</b>	<b>394,704</b>
<b>Change in Net Position</b>	<b>(96,783,224)</b>	<b>(708,329)</b>	<b>(97,491,553)</b>	<b>(190,878)</b>	<b>227</b>	<b>(190,651)</b>
<b>Fiduciary Net Position at Beginning of Year, Restated</b>	<b>532,066,402</b>	<b>10,136,993</b>	<b>542,203,395</b>	<b>2,518,591</b>	<b>19,945</b>	<b>2,538,536</b>
<b>Fiduciary Net Position at End of Year</b>	<b>\$ 435,283,178</b>	<b>\$ 9,428,664</b>	<b>\$ 444,711,842</b>	<b>\$ 2,327,713</b>	<b>\$ 20,172</b>	<b>\$ 2,347,885</b>



## STATISTICAL SECTION

---



Table 1

## CITY OF ROANOKE, VIRGINIA

**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
*(Accrual Basis of Accounting)*  
(Unaudited)

	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14 (1)</u>	<u>2012-13</u>
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 434,624,666	\$ 440,976,044	\$ 444,848,704	\$ 432,942,418	\$ 411,618,245	\$ 391,326,816	\$ 386,671,621	\$ 371,085,207	\$ 344,420,223	\$ 335,651,602
Restricted for:										
Debt Service	235,769	76,819	17,215	17,890	41,733	539,265	1,011,031	1,508,122	1,406,148	1,493,056
Other Purposes	-	-	-	-	-	-	48,411	-	-	6,746,307
Unrestricted (deficit)	(26,039,717)	(55,662,499)	(85,719,784)	(92,944,533)	(114,223,642)	(98,655,788)	(100,167,028)	(99,306,461)	(102,194,393)	22,261,350
<b>Total Governmental Activities</b>										
<b>Net Position</b>	<u>\$ 408,820,718</u>	<u>\$ 385,390,364</u>	<u>\$ 359,146,135</u>	<u>\$ 340,015,775</u>	<u>\$ 297,436,336</u>	<u>\$ 293,210,293</u>	<u>\$ 287,564,035</u>	<u>\$ 273,286,868</u>	<u>\$ 243,631,978</u>	<u>\$ 366,152,315</u>
<b>Business-type Activities</b>										
Net Investment in Capital Assets	\$ 51,520,071	\$ 48,697,000	\$ 47,102,962	\$ 44,847,603	\$ 44,576,168	\$ 41,274,658	\$ 35,765,948	\$ 35,092,265	\$ 33,828,819	\$ 33,675,512
Unrestricted	6,791,454	3,252,402	4,334,592	6,108,858	3,985,881	4,706,651	2,246,546	1,918,868	1,642,447	1,446,904
<b>Total Business-type Activities</b>										
<b>Net Position</b>	<u>\$ 58,311,525</u>	<u>\$ 51,949,402</u>	<u>\$ 51,437,554</u>	<u>\$ 50,956,461</u>	<u>\$ 48,562,049</u>	<u>\$ 45,981,309</u>	<u>\$ 38,012,494</u>	<u>\$ 37,011,133</u>	<u>\$ 35,471,266</u>	<u>\$ 35,122,416</u>
<b>Primary Government</b>										
Net Investment in Capital Assets	\$ 486,144,737	\$ 489,673,044	\$ 491,951,666	\$ 477,790,021	\$ 456,194,413	\$ 432,601,474	\$ 422,437,569	\$ 406,177,472	\$ 378,249,042	\$ 369,327,114
Restricted for:										
Debt Service	235,769	76,819	17,215	17,890	41,733	539,265	1,011,031	1,508,122	1,406,148	1,493,056
Other Purposes	-	-	-	-	-	-	48,411	-	-	6,746,307
Unrestricted (deficit)	(19,248,263)	(52,410,096)	(81,385,192)	(86,835,675)	(110,237,761)	(93,949,137)	(97,920,482)	(97,387,593)	(100,551,946)	23,708,254
<b>Total Primary Government</b>										
<b>Net Position</b>	<u>\$ 467,132,243</u>	<u>\$ 437,339,767</u>	<u>\$ 410,583,689</u>	<u>\$ 390,972,236</u>	<u>\$ 345,998,385</u>	<u>\$ 339,191,602</u>	<u>\$ 325,576,529</u>	<u>\$ 310,298,001</u>	<u>\$ 279,103,244</u>	<u>\$ 401,274,731</u>

(1) Ending Net Position was restated for implementation of GASB statements No. 68 and No. 71

Table 2

## CITY OF ROANOKE, VIRGINIA

**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
*(Accrual Basis of Accounting)*  
**(Unaudited)**

	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 40,853,813	\$ 41,736,392	\$ 27,158,236	\$ 24,187,074	\$ 24,328,091	\$ 17,492,500	\$ 16,832,704	\$ 14,277,141	\$ 13,994,522	\$ 14,036,094
Judicial Administration	9,050,694	10,425,618	10,364,530	8,770,903	9,467,166	9,547,223	9,399,253	8,581,552	8,718,527	8,704,405
Public Safety	65,150,329	77,451,522	77,543,957	76,422,012	74,345,373	76,212,279	72,549,379	64,530,235	66,886,151	66,852,582
Public Works	50,764,844	42,429,891	40,141,167	41,407,772	37,807,388	28,640,405	34,278,578	27,794,564	29,671,503	27,835,679
Health and Welfare	47,317,251	46,977,761	45,196,737	41,146,481	44,859,128	44,873,765	40,378,769	38,466,658	39,093,358	37,453,267
Parks, Recreation and Cultural	12,757,143	12,611,253	12,210,560	7,691,899	11,933,151	12,675,738	12,193,652	11,427,529	11,090,084	10,908,904
Community Development	16,784,692	16,931,466	13,345,284	12,902,803	16,736,291	12,966,412	12,812,996	11,853,575	11,305,174	11,398,126
Education	87,535,037	-	-	-	-	-	1,812,105	1,754,105	1,527,146	1,654,105
Interest and Fiscal Charges	6,912,120	4,413,316	8,721,727	8,594,427	9,050,841	9,108,045	10,924,644	10,156,610	12,654,695	12,047,146
Economic Development	-	150,510	155,659	183,755	287,114	4,998,061	853,466	1,167,670	414,274	3,079,428
Other	-	-	2,031,161	1,996,965	1,911,156	2,013,693	-	3,056	58,700	83,466
Total Governmental Activities Expenses	337,125,923	343,175,710	326,670,498	311,917,167	317,526,237	302,370,722	296,413,740	271,419,491	274,811,775	273,064,657
Business-type Activities:										
Civic Facilities	19,218,277	4,074,368	11,740,778	11,302,943	6,444,174	5,683,284	4,759,841	4,843,800	4,587,589	4,581,203
Parking	3,258,667	3,361,375	3,999,771	3,404,310	3,542,666	3,283,745	3,449,510	3,362,282	3,809,369	3,454,022
Stormwater Utility	5,449,142	6,621,182	6,178,250	5,040,114	4,860,983	4,076,625	2,863,855	1,802,924	69,525	-
Total Business-type Activities Expenses	27,926,086	14,056,925	21,918,799	19,747,367	14,847,823	13,043,654	11,073,206	10,009,006	8,466,483	8,035,225
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	2,615,099	5,970,491	4,273,796	4,488,371	4,739,554	2,287,076	4,730,687	4,404,474	4,188,317	4,408,777
Judicial Administration	1,661,186	2,623,500	2,398,626	2,816,512	2,820,550	1,984,517	3,124,725	3,547,051	3,928,176	3,820,609
Public Safety	8,687,292	16,880,169	17,365,172	18,365,518	17,607,863	8,180,496	5,336,837	5,080,861	5,255,890	4,952,127
Public Works	4,867,991	6,358,176	6,697,115	6,497,541	4,523,202	309,576	270,402	340,693	266,683	381,886
Health and Welfare	1,403,535	4,396,349	3,995,491	4,150,671	4,045,350	1,514,952	30,606	26,363	32,356	40,111
Parks, Recreation and Cultural	805,158	1,458,092	1,601,120	1,855,019	1,732,638	778,101	557,759	578,905	543,186	342,005
Community Development	408,360	1,087,390	943,623	1,084,811	939,662	511,681	169,656	299,571	190,372	146,061
Interest and Fiscal Charges	-	11,614	142,513	239,376	82,445	-	-	-	-	-
Operating Grants and Contributions	83,843,137	88,305,978	72,050,962	68,311,913	71,235,623	70,782,914	66,228,087	66,929,796	62,762,426	64,201,295
Capital Grants and Contributions	7,824,790	7,251,238	9,339,243	13,353,527	6,725,666	7,105,056	13,695,997	5,673,238	6,056,338	2,168,673
Total Governmental Activities Program Revenues	112,116,548	134,342,997	118,807,661	121,163,259	114,452,553	93,454,369	94,144,756	86,880,952	83,223,744	80,461,544
Business-type Activities:										
Charges for Services										
Civic Facilities	11,885,770	982,756	5,912,920	7,630,029	2,675,281	2,358,795	2,151,235	2,238,759	2,460,384	2,701,142
Parking	3,321,975	3,166,494	3,978,149	3,675,298	3,471,777	3,240,441	3,195,168	2,987,015	3,074,017	3,365,930
Stormwater Utility	6,203,298	6,214,077	6,160,617	6,053,348	-	-	-	-	-	-
Operating Grants and Contributions	5,863,805	749,360	887,295	305,302	1,830,854	2,128,772	-	-	-	-
Capital Grants and Contributions	3,079,353	-	-	307,366	-	1,110,542	1,116,640	811,558	480,815	-
Total Business-type Activities Program Revenues	30,354,201	11,112,687	16,938,981	17,971,343	7,977,912	8,838,550	6,463,043	6,037,332	6,015,216	6,067,072
Total Primary Government Program Revenues	142,470,749	145,455,684	135,746,642	139,134,602	122,430,465	102,292,919	100,607,799	92,918,284	89,238,960	86,528,616
Net (Expense)/Revenue:										
Governmental Activities	(225,009,375)	(208,832,713)	(207,862,837)	(190,753,908)	(203,073,684)	(208,916,353)	(202,268,984)	(184,538,539)	(191,588,031)	(192,603,113)
Business-type Activities	2,428,115	(2,944,238)	(4,979,818)	(1,776,024)	(6,869,911)	(4,205,104)	(4,610,163)	(3,971,674)	(2,451,267)	(1,968,153)
Total Primary Government Net Expense	<u>\$ (222,581,260)</u>	<u>\$ (211,776,951)</u>	<u>\$ (212,842,655)</u>	<u>\$ (192,529,932)</u>	<u>\$ (209,943,595)</u>	<u>\$ (213,121,457)</u>	<u>\$ (206,879,147)</u>	<u>\$ (188,510,213)</u>	<u>\$ (194,039,298)</u>	<u>\$ (194,571,266)</u>

(Continued)

Table 2

## CITY OF ROANOKE, VIRGINIA

**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
*(Accrual Basis of Accounting)*  
**(Unaudited)**

	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes										
General Property - Real Estate and Personal Property	\$ 136,787,729	\$ 131,885,066	\$ 124,453,259	\$ 120,503,375	\$ 116,947,597	\$ 114,172,203	\$ 109,218,854	\$ 108,241,653	\$ 107,151,665	\$ 103,429,235
Local Portion of State Sales	26,412,560	24,115,939	22,192,411	22,389,566	21,426,783	19,696,458	20,600,395	20,564,044	19,236,561	19,437,336
Business and Professional Occupational License	15,310,717	14,134,730	14,667,288	13,755,818	13,557,252	12,932,282	12,421,851	12,731,564	12,317,760	12,063,755
Utility	9,355,793	9,295,425	9,271,091	9,579,846	10,118,287	9,726,709	9,828,466	9,870,443	9,981,896	9,812,703
Prepared Food and Beverage	19,248,569	15,977,939	15,545,028	17,335,596	16,609,514	15,996,897	15,705,629	13,857,569	13,231,279	13,737,840
Commonwealth Share - Personal Property	8,075,992	8,075,992	8,075,992	8,075,992	8,133,906	8,075,992	8,075,992	8,075,992	8,076,000	8,075,992
Cigarette	1,804,158	1,819,497	1,969,011	2,108,127	2,152,811	2,267,939	2,371,201	2,256,249	2,332,536	2,431,242
Transient Room	4,746,104	2,945,250	3,678,683	4,784,182	5,375,713	4,317,618	4,305,977	4,162,522	3,874,018	3,391,403
Telecommunications	4,968,579	5,119,041	5,763,219	5,897,696	6,357,300	6,562,456	6,727,824	6,933,071	6,994,183	7,115,248
Motor Vehicle License Tax	2,684,923	3,214,542	2,630,898	2,914,811	2,955,266	2,765,343	2,594,635	2,123,181	2,046,686	2,069,531
Other Taxes and Fees	5,730,847	4,617,449	4,147,754	5,312,113	4,311,908	3,514,679	5,851,370	6,717,642	5,246,978	3,154,317
Recovered Costs	266,435	1,519,437	-	-	-	-	-	-	-	-
State Aid Not Restricted to a Specific Program	1,126,731	1,331,857	-	-	-	-	-	-	-	-
Payment from Component Unit	12,674,638	12,041,842	12,523,896	13,244,672	13,867,878	14,261,464	15,072,438	14,621,813	15,502,968	15,928,396
Grants and Contributions Not Restricted to Specific Program	1,480,598	1,225,713	2,806,078	3,239,161	4,166,455	4,084,439	-	-	-	-
Interest and Investment Income	269,930	123,992	452,756	1,084,321	499,454	260,051	798,323	1,634,045	1,450,625	1,380,818
Miscellaneous	346,783	450,264	1,986,905	5,890,514	1,860,958	1,800,886	4,117,156	-	1,394,408	-
Transfers	(2,851,357)	(2,817,032)	(3,171,072)	(2,782,443)	(2,884,671)	(2,328,398)	(1,143,960)	(3,290,944)	(2,117,439)	(1,985,311)
Total Governmental Activities	248,439,729	235,076,943	226,993,197	233,333,347	225,456,411	218,107,018	216,546,151	208,498,844	206,720,124	200,042,505
Business-type Activities:										
Stormwater Fee (1)	-	-	-	-	6,074,799	6,041,973	3,979,349	2,049,963	-	-
Grants and Contributions Not Restricted to Specific Program	-	-	-	-	138,229	-	-	-	-	-
Interest and Investment Income	22,383	190,777	616,517	342,277	226,209	215,141	190,765	170,634	-	-
Miscellaneous	1,060,265	448,280	1,673,322	1,045,716	478,154	(202,445)	-	-	-	-
Special Item	-	-	-	-	-	-	-	-	-	-
Transfers	2,851,357	2,817,032	3,171,072	2,782,443	2,884,671	2,328,398	1,143,960	3,290,944	2,117,439	1,985,311
Transfers - Capital Assets	-	-	-	-	-	-	297,450	-	953,065	-
Total Business-type Activities	3,934,005	3,456,089	5,460,911	4,170,436	9,802,062	8,383,067	5,611,524	5,511,541	3,070,504	1,985,311
Total Primary Government	\$ 252,373,734	\$ 238,533,032	\$ 232,454,108	\$ 237,503,783	\$ 235,258,473	\$ 226,490,085	\$ 222,157,675	\$ 214,010,385	\$ 209,790,628	\$ 202,027,816
<b>Change in Net Position</b>										
Governmental Activities	\$ 23,430,354	\$ 26,244,230	\$ 19,130,360	\$ 42,579,439	\$ 22,382,727	\$ 9,190,665	\$ 14,277,167	\$ 23,984,931	\$ 15,132,093	\$ 7,439,392
Business-type Activities	6,362,120	511,851	481,093	2,394,412	2,932,151	4,424,408	1,001,361	1,539,867	619,237	17,158
Total Primary Government	\$ 29,792,474	\$ 26,756,081	\$ 19,611,453	\$ 44,973,851	\$ 25,314,878	\$ 13,615,073	\$ 15,278,528	\$ 25,524,798	\$ 15,751,330	\$ 7,456,550

(1) Stormwater Fees reclassified to Charges for Service beginning in 2018-19

Table 3

## CITY OF ROANOKE, VIRGINIA

**GOVERNMENTAL ACTIVITIES' TAX REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**  
*(Accrual Basis of Accounting)*  
**(Unaudited)**

	<b>2021-22</b>	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>
General Property Tax-Real Estate and Personal Property	\$ 128,573,877	\$ 131,885,066	\$ 124,453,259	\$ 120,503,375	\$ 116,947,597	\$ 114,172,203	\$ 109,218,854	\$ 108,241,653	\$ 107,151,667	\$ 103,429,235
Sales Tax	26,412,560	24,115,939	22,192,411	22,389,566	21,426,783	19,696,458	20,600,395	20,564,044	19,236,561	19,437,336
Business License Tax	15,310,717	14,134,730	14,667,288	13,755,818	13,557,252	12,932,282	12,421,851	12,731,564	12,317,760	12,063,755
Utility Consumer Tax	9,355,793	9,295,425	9,271,091	9,579,846	10,118,287	9,726,709	9,828,466	9,870,443	9,981,896	9,812,703
Prepared Food and Beverage Tax (1)	19,248,569	15,977,939	15,545,028	17,335,596	16,609,514	15,996,897	15,705,629	13,857,569	13,231,279	13,737,840
Commonwealth Share Personal Property Tax	8,075,992	8,075,992	8,075,992	8,075,992	8,133,906	8,075,992	8,075,992	8,075,992	8,076,000	8,075,992
Cigarette Tax	1,804,158	1,819,497	1,969,011	2,108,127	2,152,811	2,267,939	2,371,201	2,256,249	2,332,535	2,431,242
Transient Room Tax (2)	4,746,104	2,945,250	3,678,683	4,784,182	5,375,713	4,317,618	4,305,977	4,162,522	3,874,018	3,391,403
Telecommunications	4,968,579	5,119,041	5,763,219	5,897,696	6,357,300	6,562,456	6,727,824	6,933,071	6,994,183	7,115,248
Motor Vehicle License Tax	2,684,923	3,214,542	2,630,898	2,914,811	2,955,266	2,765,343	2,594,635	2,123,181	2,046,686	2,069,531
Other Taxes	5,730,847	4,617,449	4,147,754	5,312,113	4,311,906	3,514,679	5,851,370	6,717,642	5,246,978	3,154,317
<b>Total Governmental Activities   Tax Revenues</b>	<b>\$ 226,912,119</b>	<b>\$ 221,200,870</b>	<b>\$ 212,394,634</b>	<b>\$ 212,657,122</b>	<b>\$ 207,946,335</b>	<b>\$ 200,028,576</b>	<b>\$ 197,702,194</b>	<b>\$ 195,533,930</b>	<b>\$ 190,489,562</b>	<b>\$ 184,718,602</b>

(1) Effective July 1, 2010, the Prepared Food and Beverage Tax increased from 5% to 7%. The tax rate reverted to 5% on July 1, 2012.

(2) Effective January 1, 2013, the Transient Room Tax increased from 7% to 8%.

Table 4

## CITY OF ROANOKE, VIRGINIA

**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(Modified Accrual Basis of Accounting)*  
**(Unaudited)**

	2021-22	2020-21	2019-20	2018-19	2017-18 (3)	2016-17 (2)	2015-16	2014-15	2013-14 (1)	2012-13
General Fund										
Nonspendable	\$ 16,335	\$ 16,336	\$ 38,499	\$ 91,868	\$ 85,885	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	48,411	-	-	-
Committed	4,101,428	4,621,850	3,713,461	4,955,894	4,904,658	3,523,769	2,593,822	1,750,624	1,905,812	1,562,056
Assigned	12,665,149	10,277,378	-	-	-	-	-	-	-	-
Unassigned	41,587,688	47,392,703	43,036,776	39,465,308	34,854,168	29,757,294	28,795,510	28,050,350	26,757,052	26,060,594
Total General Fund	<u>\$ 58,370,600</u>	<u>\$ 62,308,267</u>	<u>\$ 46,788,736</u>	<u>\$ 44,513,070</u>	<u>\$ 39,844,711</u>	<u>\$ 33,281,063</u>	<u>\$ 31,437,743</u>	<u>\$ 29,800,974</u>	<u>\$ 28,662,864</u>	<u>\$ 27,622,650</u>
All Other Governmental Funds										
Restricted	49,036,911	41,611,685	19,425,244	2,976,975	5,656,989	11,909,625	8,332,563	11,788,796	7,076,107	8,239,363
Committed	11,982,841	4,043,472	7,025,589	16,789,504	7,059,280	13,507,663	7,521,487	4,225,885	13,859,029	15,544,610
Unassigned	1,896,299	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special Revenue Fund	-	-	374	-	-	-	-	-	-	-
Capital Projects Fund	-	-	3,213,039	(7,210,907)	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 62,916,051</u>	<u>\$ 45,655,157</u>	<u>\$ 29,664,246</u>	<u>\$ 12,555,572</u>	<u>\$ 12,716,269</u>	<u>\$ 25,417,288</u>	<u>\$ 15,854,050</u>	<u>\$ 16,014,681</u>	<u>\$ 20,935,136</u>	<u>\$ 23,783,973</u>

(1) Fiscal year ending 2013-14 fund balance was restated for construction in process retainage not previously included.

(2) For fiscal year 2016-17 the beginning fund balance was restated for stormwater debt and related assets moved to the Stormwater Fund.

(3) For fiscal year 2017-18 the beginning fund balance was restated due to GASB 75 implementation and dissolving the Internal Service Funds into the General Fund.

Table 5

## CITY OF ROANOKE, VIRGINIA

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

## LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

(Unaudited)

	2021-22 (4)	2020-21	2019-20	2018-19	2017-18	2016-17 (3)	2015-16 (2)	2014-15	2013-14 (1)	2012-13
<b>Revenues</b>										
Local Taxes	\$ 224,628,930	\$ 212,256,761	\$ 204,306,603	\$ 204,319,350	\$ 199,197,682	\$ 191,055,771	\$ 191,205,770	\$ 184,464,956	\$ 179,576,940	\$ 178,073,456
Permits, Fees and Licenses	1,949,141	1,324,087	1,202,393	1,182,535	1,415,842	1,014,623	888,328	1,140,606	1,092,534	966,903
Fines and Forfeitures	758,877	863,283	1,061,114	1,183,005	1,167,250	1,211,208	1,014,511	1,188,103	1,209,575	1,439,961
Rental Income	277,138	161,481	137,561	279,409	190,533	208,127	150,923	166,025	146,602	111,834
Investment Income	269,930	124,251	598,196	1,089,913	502,541	167,716	172,510	92,447	98,276	93,291
Intergovernmental	109,325,778	119,008,063	102,643,797	106,339,039	102,660,298	106,245,943	103,474,969	98,349,593	94,352,004	93,839,219
Charges for Services	18,263,122	17,174,267	17,162,967	17,302,622	15,138,288	11,970,192	11,010,903	10,812,015	11,066,281	10,919,251
Miscellaneous	1,832,420	4,026,400	4,071,165	6,760,262	4,608,137	1,450,370	4,808,427	1,086,545	5,315,274	2,915,807
Operating	-	39,253	-	-	-	-	-	-	-	-
Total Revenues	357,305,336	354,977,846	331,183,796	338,456,135	324,880,571	313,323,950	312,726,341	297,300,290	292,857,486	288,359,722
<b>Expenditures</b>										
Current Operating:										
General Government	30,975,865	31,321,203	22,629,570	19,754,792	19,734,967	15,951,767	15,857,483	14,397,926	14,333,910	13,064,653
Judicial Administration	9,954,133	8,913,036	9,359,555	9,038,700	8,475,762	8,905,780	8,917,856	8,621,436	8,507,385	8,327,159
Public Safety	73,786,172	63,534,889	68,818,114	68,516,177	67,098,311	70,411,215	69,892,637	67,358,507	65,388,178	63,848,864
Public Works	32,824,811	31,028,249	31,008,020	32,770,988	28,327,969	25,406,877	25,253,641	24,328,878	24,857,169	23,842,020
Health and Welfare	48,810,229	43,931,241	42,909,005	41,641,883	42,765,196	43,850,760	39,346,495	38,777,239	38,783,646	36,802,549
Parks, Recreation and Cultural	11,313,746	10,086,328	9,951,790	9,648,344	9,445,923	10,529,089	10,301,293	10,162,961	9,787,505	9,547,523
Community Development	15,704,041	16,228,475	12,841,277	13,376,493	12,849,049	12,701,995	12,251,778	11,645,063	11,115,802	10,829,570
Transportation	-	-	2,031,161	1,991,161	1,899,605	1,899,605	1,812,105	1,754,105	1,527,146	1,654,105
Education	91,289,843	88,960,453	83,444,670	83,383,419	81,289,167	78,429,620	79,053,977	76,371,925	74,366,181	73,870,214
Other	1,411,889	1,181,823	5,926	5,804	11,551	114,088	-	-	-	-
Debt Service:										
Principal Retirement	18,949,133	17,562,964	19,659,044	20,053,892	20,898,484	20,004,267	21,778,211	20,348,785	23,529,050	24,523,873
Interest and Other Charges	7,404,701	4,413,316	7,183,199	7,728,888	8,467,108	7,632,824	8,306,238	8,593,585	8,611,669	9,522,590
Bond Issuance Cost	-	-	395,939	166,024	121,399	348,146	1,493,517	823,289	492,516	590,381
Capital Outlays	24,048,351	27,443,255	39,850,527	45,200,609	40,383,339	24,214,097	33,858,879	32,624,252	21,663,696	15,291,837
Total Expenditures	366,472,914	344,605,232	350,087,797	353,277,174	341,767,830	320,400,130	328,124,110	315,807,951	302,963,853	291,715,338
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,167,578)	10,372,614	(18,904,001)	(14,821,039)	(16,887,259)	(7,076,180)	(15,397,769)	(18,507,661)	(10,106,367)	(3,355,616)
<b>Other Financing Sources (Uses)</b>										
Issuance of Bonds/Anticipation Note	23,732,335	25,085,496	39,559,603	22,111,144	7,479,800	20,980,000	15,170,000	17,420,000	11,820,000	12,269,104
Issuance of Refunding Bonds	-	7,839,384	47,671,451	-	-	-	15,710,000	12,870,000	1,829,500	24,870,000
Payment to Refunded Bond Escrow	-	-	(47,874,217)	-	-	-	(15,275,000)	(12,655,000)	(1,829,500)	(28,239,596)
Payment to Refunded Bond Escrow Agent	-	(15,042,801)	-	-	-	-	-	-	-	-
Premium on Sale of Bonds	2,219,827	8,067,016	1,458,833	-	-	1,251,508	2,368,860	1,279,190	351,572	2,165,563
Issuance of Leases	-	-	649,509	-	-	-	1,681,463	-	-	-
Transfers In	34,677,203	20,978,682	27,697,468	20,706,574	22,008,923	14,747,887	15,861,385	16,237,615	15,997,869	17,427,478
Transfers Out	(38,138,560)	(25,795,714)	(30,868,540)	(23,489,017)	(24,893,593)	(18,387,991)	(18,642,801)	(20,426,489)	(18,878,993)	(22,632,771)
Total Other Financing Sources, net	22,490,805	21,132,063	38,294,107	19,328,701	4,595,130	18,591,404	16,873,907	14,725,316	9,290,448	5,859,778
Net Change in Fund Balances	13,323,227	31,504,677	19,390,106	4,507,662	(12,292,129)	11,515,224	1,476,138	(3,782,345)	(815,919)	2,504,162
Fund Balances--Beginning of Year	107,963,424	76,458,748	57,068,642	52,560,980	64,853,109	47,291,793	45,815,655	49,598,000	51,406,623	48,902,461
Fund Balances--End of Year	\$ 121,286,651	\$ 107,963,424	\$ 76,458,748	\$ 57,068,642	\$ 52,560,980	\$ 58,807,017	\$ 47,291,793	\$ 45,815,655	\$ 49,598,000	\$ 51,406,623
Total Debt Service	\$ 26,353,834	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenditures	366,472,914	-	-	-	-	-	-	-	-	-
Less: Capital Outlay	(17,429,796)	-	-	-	-	-	-	-	-	-
Noncapital Expenditures	\$ 349,043,118	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service as a Percentage of Noncapital Expenditures	7.6%	6.9%	8.7%	9.0%	9.7%	9.3%	10.2%	10.2%	11.4%	12.3%

(1) In Fiscal year 2013-14 fund balance was restated due to a change in accounting policy related to retainage in construction in process.

(2) In Fiscal year 2015-16, a Recycling and Disposal lease obligation that is accounted for as a Governmental activity was initiated.

(3) In Fiscal year 2016-17, other Operating Expenses includes payments for Affordable Care Act and Debt Set Off.

(4) In Fiscal year 2021-22, change in presentation of debt service as a percentage of noncapital expenditures.

See Table 15 for additional information relating to the ratio of debt service expenditures to general expenditures.



Table 6

## CITY OF ROANOKE, VIRGINIA

**LOCAL TAX REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

	2021-22	2020-21	2019-20	2018-19	2017-2018	2016-17	2015-16	2014-15	2013-14 (1)	2012-13
General Property Tax	\$ 134,435,422	\$ 131,250,933	\$ 124,280,901	\$ 120,758,870	\$ 116,465,065	\$ 113,275,390	\$ 113,081,794	\$ 108,639,136	\$ 106,192,008	\$ 105,475,896
Sales Tax	26,412,560	24,115,939	22,191,888	22,389,378	21,426,783	19,696,458	20,600,395	20,564,044	19,236,561	19,437,336
Utility Consumer Tax	9,355,793	9,295,425	9,271,091	9,579,846	9,640,336	9,270,713	9,363,331	9,386,233	9,486,778	9,325,645
Cigarette Tax	1,804,158	1,819,498	1,969,011	2,108,127	2,152,811	2,267,939	2,371,201	2,256,249	2,332,535	2,431,242
Recordation and Probate Tax	1,814,416	1,587,259	1,350,270	1,122,549	1,085,920	1,017,518	1,034,652	961,270	863,485	947,178
Business, Professional, and Occupational License Tax	15,300,817	13,887,187	14,810,889	13,893,514	13,425,036	12,932,282	12,421,850	12,731,565	12,317,759	12,063,755
Utility Consumption Tax	461,335	462,604	455,400	481,088	477,951	455,996	465,136	484,210	495,118	487,059
Transient Room Tax (1)	4,746,104	2,945,251	3,678,683	4,784,182	5,375,713	4,317,618	4,305,977	4,162,522	3,874,018	3,391,403
Admissions Tax	949,394	117,056	709,614	972,422	992,421	447,622	462,216	443,116	439,693	417,015
Telecommunications/Telephone Surcharge - E911	4,968,579	5,119,041	5,763,219	5,897,696	6,357,300	6,562,456	6,727,824	6,933,071	6,994,183	7,115,248
Motor Vehicle License Tax	2,684,923	3,214,542	2,630,898	2,914,811	2,955,266	2,765,343	2,594,635	2,123,181	2,046,686	2,069,532
Franchise Tax	414,134	354,540	399,756	403,332	482,719	449,488	496,151	338,193	485,678	479,215
Prepared Food and Beverage Tax	19,248,569	15,978,463	15,545,216	17,335,630	16,609,514	15,996,897	15,704,954	13,856,899	13,225,652	12,874,902
Bank Stock Tax	2,032,726	1,664,928	1,249,767	1,677,904	1,750,847	1,600,050	1,575,655	1,585,268	1,586,786	1,558,030
Skill Games Tax	-	444,096	-	-	-	-	-	-	-	-
<b>Total Local Taxes</b>	<b>\$ 224,628,930</b>	<b>\$ 212,256,761</b>	<b>\$ 204,306,603</b>	<b>\$ 204,319,349</b>	<b>\$ 199,197,682</b>	<b>\$ 191,055,770</b>	<b>\$ 191,205,771</b>	<b>\$ 184,464,956</b>	<b>\$ 179,576,940</b>	<b>\$ 178,073,456</b>

(1) Effective January 1, 2013, the Transient Room Tax increased from 7% to 8%.

Table 7

## CITY OF ROANOKE, VIRGINIA

**GENERAL PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN YEARS**  
**(Unaudited)**

	<b>2021-22</b>	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-2016</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>
<b>Total Tax Levies</b>	<b>\$ 153,887,747</b>	<b>\$ 136,379,330</b>	<b>\$ 131,348,076</b>	<b>\$ 126,568,227</b>	<b>\$ 123,059,222</b>	<b>\$ 120,894,494</b>	<b>\$ 119,869,392</b>	<b>\$ 115,885,506</b>	<b>\$ 113,183,821</b>	<b>\$ 113,209,446</b>
Current Tax Collections	131,508,501	127,903,224	121,521,852	117,652,216	113,500,649	110,623,042	110,372,175	105,842,394	103,746,942	103,802,153
Current Tax Collections - State Share	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992
Collections in Subsequent Years	3,393,085	-	3,660,159	3,073,184	3,141,283	3,133,377	2,799,543	3,048,460	2,818,024	2,582,704
<b>Total Tax Collections</b>	<b>\$ 142,977,578</b>	<b>\$ 135,979,216</b>	<b>\$ 133,258,003</b>	<b>\$ 128,801,392</b>	<b>\$ 124,717,924</b>	<b>\$ 121,832,411</b>	<b>\$ 121,247,710</b>	<b>\$ 116,966,846</b>	<b>\$ 114,640,958</b>	<b>\$ 114,460,849</b>
<b>Current Tax Collections As</b>										
<b>Percent of Levies</b>	<b>90.71%</b>	<b>99.71%</b>	<b>98.67%</b>	<b>99.34%</b>	<b>98.80%</b>	<b>98.18%</b>	<b>98.81%</b>	<b>98.30%</b>	<b>98.80%</b>	<b>98.82%</b>
<b>Total Tax Collections As</b>										
<b>Percent of Levies</b>	<b>92.91%</b>	<b>99.71%</b>	<b>101.45%</b>	<b>101.76%</b>	<b>101.35%</b>	<b>100.78%</b>	<b>101.15%</b>	<b>100.93%</b>	<b>101.29%</b>	<b>101.11%</b>

Table 8

**CITY OF ROANOKE, VIRGINIA**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN YEARS**  
**(Unaudited)**

Year	REAL PROPERTY				PERSONAL PROPERTY				PUBLIC SERVICE CORPORATIONS				Total Assessed Value	Total Estimated Actual Value
	Assessed Value	Percentage Growth (Decline)	Estimated Actual Value	Assessment Ratio	Assessed Value	Percentage Growth (Decline)	Estimated Actual Value	Assessment Ratio	Assessed Value	Percentage Growth (Decline)	Estimated Actual Value	Assessment Ratio		
2013	\$ 6,725,168,858	(1.02)	\$ 6,725,168,858	1.00	\$ 840,633,111	3.00	\$ 1,401,055,185	0.60	\$ 416,800,579	15.68	\$ 418,303,022	0.996	\$ 7,982,602,548	\$ 8,544,527,065
2014	6,679,969,872	(0.67)	6,679,969,872	1.00	859,809,462	2.28	1,433,015,770	0.60	414,953,913	(0.44)	414,200,953	1.002	7,954,733,247	8,527,186,595
2015	6,693,874,349	0.21	6,693,874,349	1.00	899,096,367	4.57	1,498,493,945	0.60	437,573,144	5.45	441,724,256	0.990	8,030,543,860	8,634,092,550
2016	6,724,229,966	0.45	6,724,229,966	1.00	942,611,706	4.84	1,571,019,510	0.60	439,744,208	0.50	447,235,982	0.983	8,106,585,880	8,742,485,458
2017	6,783,463,907	0.88	6,783,463,907	1.00	943,805,249	0.13	1,573,008,748	0.60	451,184,702	2.60	460,658,865	0.979	8,178,453,858	8,817,131,520
2018	6,970,302,556	2.75	6,970,302,556	1.00	956,571,007	1.35	1,594,285,012	0.60	437,557,641	(3.02)	446,411,247	0.979	8,364,431,204	9,010,998,815
2019	7,180,263,331	3.01	7,180,263,331	1.00	993,064,403	3.82	1,655,107,338	0.60	471,816,290	7.83	480,577,945	0.981	8,645,144,024	9,315,948,614
2020	7,444,437,601	3.68	7,444,437,601	1.00	1,031,434,753	3.86	1,719,057,922	0.60	489,031,454	3.65	497,647,214	0.983	8,964,903,808	9,661,142,737
2021	7,764,101,330	4.29	7,764,101,330	1.00	1,083,274,770	5.03	1,805,457,950	0.60	488,147,929	(0.18)	503,508,493	0.969	9,335,524,029	10,073,067,773
2022	8,629,427,867	11.15	8,629,427,867	1.00	1,207,279,732	11.45	2,012,132,887	0.60	450,208,362	(7.77)	468,296,275	0.961	10,286,915,961	11,109,857,029

Table 9

**CITY OF ROANOKE, VIRGINIA**  
**PROPERTY TAX RATES AND TAX LEVIES**  
**LAST TEN YEARS**  
**(Unaudited)**

REAL PROPERTY			PERSONAL PROPERTY			PUBLIC SERVICE CORPORATIONS				
Year	Direct Tax Rate Per \$100	Levy	Direct Tax Rate Per \$100	Levy (2)	Direct Tax Rate Per \$100	Levy	Total Tax Levies	Total Direct Rate		
2013	1.19	\$ 80,029,509	3.45	\$ 28,188,385	1.19	\$ 4,991,552	\$ 113,209,446	1.75		
2014	1.19	79,491,642	3.45	28,709,212	1.19	4,982,967	113,183,821	1.76		
2015	1.19	79,600,752	3.45	31,024,476	1.19	5,260,278	115,885,506	1.80		
2016	1.22	82,035,606 (1)	3.45	32,374,952	1.22	5,458,834 (1)	119,869,392	1.82		
2017	1.22	82,758,259	3.45	32,593,307	1.22	5,542,928	120,894,494	1.82		
2018	1.22	85,037,691	3.45	32,639,181	1.22	5,382,350	123,059,222	1.81		
2019	1.22	87,599,213	3.45	33,159,157	1.22	5,809,857	126,568,227	1.80		
2020	1.22	90,822,140	3.45	34,507,463	1.22	6,018,473	131,348,076	1.81		
2021	1.22	94,865,951	3.45	35,505,623	1.22	6,007,756	136,379,330	1.80		
2022	1.22	105,279,020	3.45	42,661,925	1.22	5,946,802	153,887,747	1.84		

(1) Effective July 1, 2015, the rate became 1.22.

(2) In fiscal year 1999, the Commonwealth initiated the Personal Property Tax Relief Act. This levy includes the Commonwealth Portion.

Table 10

**CITY OF ROANOKE, VIRGINIA**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**COMPARISON OF JUNE 30, 2022 AND JUNE 30, 2013**  
**(Unaudited)**

<u><b>Taxpayer</b></u>	<u><b>Description</b></u>	<b>2022</b>				<b>2013</b>			
		<u><b>Taxable Assessed Value</b></u>	<u><b>Rank</b></u>	<b>Percentage of Total City Taxable Assessed Value</b>		<u><b>Taxable Assessed Value</b></u>	<u><b>Rank</b></u>	<b>Percentage of Total City Taxable Assessed Value</b>	
				<u><b>Value</b></u>	<u><b>Value</b></u>			<u><b>Value</b></u>	<u><b>Value</b></u>
Carilion	Healthcare Provider	\$ 261,070,680	1	2.54%		\$ 205,264,456	1	2.57%	
Appalachian Power Co. (PSC)	Public Utility	193,504,769	2	1.88%		133,697,835	2	1.67%	
Norfolk Southern Railway	Transportation	163,862,799	3	1.59%		121,054,498	3	1.52%	
Valley View Mall LLC	Shopping Mall	76,863,600	4	0.76%		74,938,200	4	0.93%	
Roanoke Gas Company (PSC)	Public Utility	70,371,424	5	0.68%		38,267,865	6	0.48%	
Roanoke Electric Steel Corp (Steel Dynamics)	Primary Metals	53,786,937	6	0.52%		23,673,262	10	0.30%	
HR Foundation Inc	Hotel	40,520,019	7	0.39%		-	0	-	
Advance Auto	Auto Parts	31,838,806	8	0.31%		29,384,305	9	0.37%	
Faison Roanoke Office, LP	Office Building	30,945,300	9	0.30%		30,770,100	7	0.39%	
Wholesome Harvest Baking	Bakery	29,737,322	10	0.29%		-	0	-	
Verizon Virginia, Inc.	Communications	-	-	-		46,040,681	5	0.58%	
Maple Leaf Bakery	Bakery	-	-	-		29,543,003	8	0.37%	
		<u><b>\$ 952,501,656</b></u>		<u><b>9.26%</b></u>		<u><b>\$ 732,634,205</b></u>		<u><b>9.18%</b></u>	

Source: City of Roanoke, Commissioner of the Revenue

Table 11

**CITY OF ROANOKE, VIRGINIA**  
**TAXABLE RETAIL SALES**  
**LAST TEN CALENDAR YEARS**  
**(Unaudited)**

<u><b>Calendar Year</b></u>	<u><b>Total Retail Sales (1)</b></u>
2013 .....	\$ 1,746,710,461
2014 .....	1,785,467,436
2015 .....	1,752,752,699
2016 .....	1,732,156,837
2017 .....	1,726,342,166
2018 .....	1,839,762,418
2019 .....	1,872,974,553
2020 .....	1,824,837,393
2021 .....	975,251,684
2022 .....	2,021,176,729

(1) Source: State Department of Taxation. Data excludes prescription drug sales.

Table 12

## CITY OF ROANOKE, VIRGINIA

**RATIO OF GENERAL BONDED DEBT TO  
TOTAL ESTIMATED ACTUAL VALUE AND BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year	Population (A)	Total Estimated Actual Value	Business-type Activities Gross Bonded Debt (B)	Ratios of General Bonded Debt					
				Governmental Activities Gross Bonded Debt (B)	Less Bonds Supported By Western Virginia Water Authority	Less Amount Available in Debt Service Fund	General Net Bonded Debt	Ratio of General Net Bonded Debt to Total Estimated Actual Value	General Net Bonded Debt Per Capita
2013	98,641 (est.)	\$ 8,544,527,065	\$ 26,944,093	\$ 225,402,117	\$ 13,389,900	\$ 1,493,056	\$ 237,463,254	2.78	\$ 2,407.35
2014	98,913 (est.)	8,526,954,997	26,817,066	217,261,926	10,989,900	1,406,148	231,682,944	2.72	2,342.29
2015	99,320 (est.)	8,634,365,581	27,203,128	214,885,676	9,968,500	1,508,122	230,612,182	2.67	2,321.91
2016	99,681 (est.)	8,742,785,092	30,109,234	210,393,462	9,405,800	1,011,031	230,085,865	2.63	2,308.22
2017	99,644 (est.)	8,817,419,846	33,675,339	208,814,498	8,213,900	539,265	233,736,672	2.65	2,345.72
2018	99,837 (est.)	9,011,349,475	31,488,513	199,521,519	7,003,200	41,733	223,965,099	2.49	2,243.31
2019	99,920 (est.)	9,316,391,122	30,765,932	200,500,454	5,769,800	17,890	225,478,696	2.42	2,256.59
2020	99,348 (est.)	9,661,222,140	34,585,420	224,716,453	4,515,516	17,215	254,769,142	2.64	2,564.41
2021	99,795 (est.)	10,073,067,733	37,052,185	235,584,383	3,200,614	-	269,435,954	2.67	2,699.89
2022	99,058 (est.)	11,145,069,247	36,858,379	239,814,070	1,870,000	235,769	237,708,301	2.13	2,399.69

Source (A) Weldon - Cooper Center for Public Service  
(B) Gross Bonded Debt includes Bond Premiums. See Table 13.

Table 13

## CITY OF ROANOKE, VIRGINIA

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds (2)	Leases	General Obligation Bonds (2)	Leases			
2012-13	\$ 225,402,117	\$ 3,782,784	\$ 26,944,093	\$ 141,434	\$ 256,270,428	6.74%	\$ 2,593
2013-14	217,261,927	4,287,946	26,817,066	93,645	248,460,584	6.34	2,499
2014-15	214,885,676	4,256,650	27,203,128	17,507	246,362,961	6.29	2,478
2015-16	210,393,463	5,356,637	30,109,234	19,412	245,878,746	6.28	2,473
2016-17	208,814,498	4,692,759	33,675,339	11,750	247,194,346	6.04	2,474
2017-18	195,557,160	3,964,359	31,485,398	3,115	231,010,032	5.48	2,316
2018-19	197,186,001	3,314,453	30,765,932	-	231,266,386	5.52	2,315
2019-20	221,385,375	3,331,078	34,558,799	26,621	259,301,873	5.97	2,594
2020-21	232,814,909	2,493,881	36,922,954	15,251	272,246,995	6.06	2,744
2021-22	239,814,070	2,747,891	36,858,379	34,057	279,454,397	6.04	2,822

(1) See Table 16 for Personal Income and Population data.

(2) The outstanding amounts of the bonds are presented inclusive of premiums and discounts

Table 14

**CITY OF ROANOKE, VIRGINIA**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
Debt Limit	\$ 862,942,787	\$ 776,410,133	\$ 744,443,760	\$ 718,026,323	\$ 697,030,256	\$ 678,346,391	\$ 672,422,997	\$ 669,387,435	\$ 667,966,987	\$ 672,516,886
Total General Net Debt Applicable to Limit	242,561,961	272,170,177	259,284,658	231,248,497	229,932,036	219,172,541	215,556,963	217,064,553	218,489,528	224,003,579
Available Legal Debt Margin	<u>\$ 620,380,826</u>	<u>\$ 504,239,956</u>	<u>\$ 485,159,102</u>	<u>\$ 486,777,826</u>	<u>\$ 467,098,220</u>	<u>\$ 459,173,850</u>	<u>\$ 456,866,034</u>	<u>\$ 452,322,882</u>	<u>\$ 449,477,459</u>	<u>\$ 448,513,307</u>
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	28.11%	35.05%	34.83%	32.21%	32.99%	32.31%	32.06%	32.43%	33.31%	33.45%

The Charter of the City of Roanoke limits the Legal Debt to 10% of the Assessed Valuation of Real Estate within the City limits. The City has no overlapping debt.

**Legal Debt Margin Calculation for Fiscal Year 2022:**

Assessed Value of Real Property	\$ 10,286,915,961
Debt Limit - 10% of Assessed Value	1,028,691,596
Amount of Debt Applicable to Debt Limit	
General Net Direct Debt Outstanding	<u>242,561,961</u>
Available Legal Debt Margin	<u>\$ 786,129,635</u>

(1) Source: City of Roanoke, Commissioner of the Revenue.

## CITY OF ROANOKE, VIRGINIA

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR  
GENERAL LONG-TERM DEBT TO TOTAL GENERAL EXPENDITURES  
LAST TEN FISCAL YEARS  
(Unaudited)**

<b>Fiscal Year</b>	<b>Principal (1)</b>	<b>Interest (1)</b>	<b>Total Debt Service</b>	<b>Total General Expenditures (2)</b>	<b>Percent of Debt Service to General Expenditures</b>
2012-13	\$ 22,234,068	\$ 9,209,934	\$ 31,444,002	\$ 330,390,756	9.5
2013-14	22,092,341	8,888,882	30,981,223	340,700,280	9.1
2014-15	20,591,147	8,898,421	29,489,568	355,808,118	8.3
2015-16	22,571,454	8,301,585	30,873,039	347,306,775	8.9
2016-17	20,374,492	8,009,420	28,383,912	359,445,090	7.9
2017-18	20,922,884	8,622,820	29,545,704	344,489,393	8.5
2018-19	20,025,191	8,045,279	28,070,470	384,480,284	7.3
2019-20	19,595,744	7,943,729	27,539,473	400,927,915	6.9
2020-21	16,989,063	4,706,775	21,695,838	383,666,414	5.7
2021-22	19,032,491	7,760,417	26,792,908	424,029,070	6.3

(1) Principal and interest payments include all general long term debt payments supported by tax revenues of the City, including those related to leases. Debt payments made on behalf of the Civic Facilities Fund and Technology Fund are included. The Technology Fund was closed effective June 30, 2017. Debt payments made by the Parking Fund, Western Virginia Water Authority, and the Hotel Roanoke Conference Center Commission are excluded.

(2) Includes expenditures of the General Funds of the City and School Board less the transfer from the General Fund to the School Board.

During Fiscal Year 2017, the Stormwater Fund assumed responsibility for all stormwater debt, including that issued prior to the Fund's formation in FY2014. Debt payments made by the Roanoke City Stormwater Fund are excluded.

Interest payments exclude federal interest subsidies for Recovery Zone Economic Development (RZED) bonds and Qualified School Construction Bonds (QSCB).



Table 16

## CITY OF ROANOKE, VIRGINIA

**DEMOGRAPHIC STATISTICS**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Per Capita Income (2)</b>	<b>Personal Income</b>	<b>School Enrollment (3)</b>	<b>Local Unemployment Rate (4)</b>	<b>National Unemployment Rate (5)</b>
2012-13	98,641	\$ 38,453	\$ 3,799,698,000	13,192	6.4	7.8
2013-14	98,913	39,385	3,915,935,000	13,390	5.7	6.3
2014-15	99,320	39,385	3,915,935,000	13,513	5.6	5.5
2015-16	99,681	39,385	3,915,935,000	13,585	4.1	5.1
2016-17	99,644	40,947	4,090,520,000	13,580	4.5	4.5
2017-18	99,837	42,263	4,211,972,000	13,601	3.4	4.2
2018-19	99,920	41,946	4,187,753,000	13,636	2.8	3.4
2019-20 (6)	99,348	43,451	4,341,578,000	13,845	7.9	11.1
2020-21	99,795	45,277	4,488,860,000	13,697	4.3	6.1
2021-22	99,058	46,727	4,628,669,000	13,664	3.4	3.8

(1) Source: Weldon - Cooper Center for Public Service, except as noted

(2) Source: Bureau of Economic Analysis

(3) Source: Roanoke City Public Schools

(4) Source: Virginia Employment Commission (Roanoke Metropolitan Statistical Area & USA)-Month of June only

(5) Source: Bureau of Labor Statistics

(6) The significant increase in both the local and national unemployment rates was a result of the COVID-19 Pandemic.

Table 17

## CITY OF ROANOKE, VIRGINIA

CONSTRUCTION STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)

Fiscal Year	COMMERCIAL CONSTRUCTION		RESIDENTIAL CONSTRUCTION	
	Number of Permits	Value	Number of Permits	Value
2013-14	583	\$ 107,120,600	709	\$ 21,150,152
2014-15	535	113,585,224	610	17,416,192
2015-16	541	128,368,145	625	20,843,406
2016-17	2,302	78,154,510	2,642	43,531,306
2017-18	2,496	179,936,191	1,556	22,051,158
2018-19	1,171	109,105,574	1,664	23,021,002
2019-20	1,155	133,592,810	1,481	29,332,097
2020-21	963	134,905,663	1,708	28,595,264
2021-22	852	364,472,441	1,789	33,990,995

Source: City of Roanoke, Planning, Building and Development Department

Table 18

## CITY OF ROANOKE, VIRGINIA

PRINCIPAL EMPLOYERS  
COMPARISON AS OF DECEMBER 31, FISCAL YEARS 2022 AND 2012  
(Unaudited)

Employer	December 31, 2022			December 31, 2012		
	Rank	Ownership	Number of Employees	Rank	Ownership	Number of Employees
Roanoke Memorial Community Hospital (1)	1	Private	1,000+	1	Private	1,000+
Roanoke City Public Schools	2	Local Govt	1,000+	2	Local Govt	1,000+
Carilion Services (1)	3	Private	1,000+	1	Private	1,000+
United Parcel Service	4	Private	1,000+	7	Private	500-999
City of Roanoke	5	Local Govt	500-999	3	Local Govt	1000+
Walmart	6	Private	250-499	6	Private	500-999
United States Postal Service	7	Federal Govt	250-499	10	Federal Govt	500-999
Virginia Western Community College	8	State Govt	250-499	8	State Govt	500-999
Anthem	9	Private	250-499	-	Private	500-999
Steel Dynamics Roanoke Bar Div	10	Private	250-499	-	Private	250-499

(1) In 2012 Roanoke Memorial Community Hospital and Carilion Services were combined into one employer.

Source: Virginia Employment Commission (VEC)

Note: Total employee count no longer available from VEC. Estimates are used.

Table 19

## CITY OF ROANOKE, VIRGINIA

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

<b>Function:</b>	<b>2022</b>	<b>2021</b>	<b>2020 (2)</b>	<b>2019</b>	<b>2018</b>	<b>2017 (1)</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
General Government	189	190	189	184	192	194	204	213	213	211
Judicial Administration:										
Sheriff	49	52	58	31	37	39	34	38	38	35
Other	49	52	50	53	55	54	60	57	54	53
Public Safety:										
Police	247	271	287	306	308	310	313	306	306	305
Jail	176	189	156	159	154	151	173	170	170	173
Fire	270	261	264	241	241	245	253	257	254	254
Other	26	27	60	59	57	62	70	76	71	81
Public Works:										
Engineering	12	13	11	11	13	13	13	14	13	14
Maintenance/Other	93	102	108	98	107	97	113	114	114	112
Transportation	46	59	65	60	65	63	65	65	65	69
Stormwater	40	42	44	33	33	33	37	37	28	22
Health and Welfare	208	214	215	226	209	213	231	234	225	225
Parks, Recreation and Cultural	104	103	106	99	99	99	104	104	102	102
Civic Facilities	22	15	24	25	-	-	-	-	-	-
Community Development	52	54	56	56	53	48	52	52	51	51
<b>Total</b>	<b>1,583</b>	<b>1,644</b>	<b>1,693</b>	<b>1,641</b>	<b>1,623</b>	<b>1,621</b>	<b>1,722</b>	<b>1,737</b>	<b>1,704</b>	<b>1,707</b>

(1) Starting with fiscal year 2017, using the guidance of the GFOA General Purpose Checklist, the City went back to reporting full time employees instead of full-time equivalent positions.

(2) In fiscal year 2020, Civic Facilities included 11 furloughed positions.

Source: City of Roanoke, Department of Finance

Table 20

## CITY OF ROANOKE, VIRGINIA

**OPERATING INDICATORS BY FUNCTION**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

<b>Function</b>	<b>2021-22</b>	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>
General Government										
Levied property taxes	\$ 42,661,925	\$ 39,263,392	\$ 36,675,751	\$ 34,817,151	\$ 34,027,464	\$ 34,198,200	\$ 33,465,503	\$ 31,719,207	\$ 30,244,961	\$ 30,301,304
Number of business licenses issued	8,139	9,629	8,291	9,780	7,570	6,741	6,989	7,156	7,253	7,400
Number of property & building permits	2,641	2,456	2,032	2,297	2,167	3,837	3,719	4,127	4,170	4,234
Police										
Number of traffic summons	4,579	5,487	9,546	12,606	12,720	8,455	9,535	11,787	22,069	22,314
Number of assistance call responses	97,728	87,258	92,930	92,140	144,678	87,422	88,250	85,307	85,393	88,154
Number of hours of training conducted	14,824	20,833	26,720	29,789	34,232	32,058	26,122	39,990	42,415	47,584
Fire										
Number of emergency call responses	31,764	29,287	28,616	30,191	28,682	28,314	26,900	25,715	25,299	25,251
Highways and Streets										
Number of lane miles resurfaced	38	54	57	52	53	40	75	58	61	25
Number of street lights added	19	26	47	16	14	(18)	60	15	27	16
Judicial Administration										
Number of criminal cases	4,317	5,280	6,867	7,836	7,536	7,350	6,700	7,702	9,585	10,225
Number of traffic cases	8,518	8,173	15,928	19,109	18,323	16,366	16,221	21,435	27,353	26,557
Number of civil cases	10,107	10,593	16,362	19,222	17,926	16,485	18,459	19,750	20,947	20,624
Parks & Recreation										
Number of participants served	84,449	20,867	113,898	174,994	177,500	166,000	163,000	151,673	133,179	188,101
Education										
Number of instructional personnel	1,874	1,768	1,903	1,787	1,688	1,724	1,116	1,123	1,120	1,115
Number of students	13,664	13,697	13,845	13,636	13,601	13,580	13,585	13,513	13,390	13,192
Libraries										
Number of volumes	225,751	225,516	352,081	288,546	283,291	268,306	258,615	289,979	245,241	341,741
Number of audio materials	17,986	10,952	25,035	27,261	16,558	14,637	13,355	14,524	13,490	12,553
Number of video materials	53,845	53,857	46,345	41,993	42,851	36,505	32,435	29,359	31,158	24,813
Number of annual library visits	333,584	87,656	484,895	679,799	625,586	558,883	554,042	530,295	509,963	686,196
Economic Development										
Number of business contacts made	1,349	830	861	1,166	737	808	766	996	838	841
Housing and Neighborhood Services										
Total housing units	47,201	47,301	47,281	47,210	47,288	47,305	47,381	47,356	45,416	45,378
Average assessed value of single-family housing units	\$ 160,296	\$ 144,237	\$ 137,947	\$ 132,091	\$ 128,453	\$ 125,495	\$ 124,482	\$ 125,165	\$ 125,545	\$ 127,244

Sources: Various City of Roanoke departments and Roanoke City Public Schools

Table 21

## CITY OF ROANOKE, VIRGINIA

CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS  
(Unaudited)

Function	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
Police										
Number of vehicular units	162	161	152	163	157	156	161	156	157	160
Fire										
Number of stations (1)	11	11	11	11	11	11	11	11	11	11
Number of fire trucks	44	42	30	30	29	29	29	28	28	27
Highways and Streets										
Miles of streets (lane miles)	1,130	1,105	1,114	1,054	1,054	1,054	1,054	1,067	1,067	998
Number of street lights	10,074	9,957	10,049	10,014	9,998	9,984	10,002	9,942	9,927	9,900
Parks and Recreation										
Parks, plazas and recreation sites	64	63	70 (2)	71	71	71	71	71	70	69
Playgrounds/play areas	74	74	73 (3)	97	97	94	94	94	94	94
Football/soccer fields	27	24	24	28	28	24	24	24	24	24
Baseball/softball fields	27	27	27	27	27	29	29	29	29	29
Olympic-size swimming pools	2	2	2	2	2	2	2	2	2	2
Community centers	8	8	8	8	8	6	6	6	6	6
Education										
Elementary schools	17	17	17	17	17	17	17	17	17	17
Middle schools	5	5	5	5	5	5	5	5	5	5
High schools	2	2	2	2	2	2	2	2	2	2
Libraries										
Libraries	6	7	7	7	7	7	7	7	7	7
Kiosks	3	3	2	2	2	2	2	2	2	2

(1) Excludes non-staffed fire stations

(2) Historically, fitness stations were counted in three different parks. Effective fiscal year 2020, they were consolidated into one per location.

(3) Effective fiscal year 2020, adjacent playgrounds that were in close proximity to one another were consolidated into one per location.

Source: City of Roanoke - various departments and Roanoke City Public Schools

---

---

**THIS PAGE INTENTIONALLY BLANK**

## COMPLIANCE SECTION

---





CITY OF ROANOKE, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Assistance Listing Number	Total Expenditures	Passed through to Subrecipients	Notes
<b><u>Department of Agriculture</u></b>					
Passed Through Commonwealth of Virginia Department of Agriculture: Child Nutrition Cluster					
Food Distribution - Commodities	10.04 915	10.555	\$ 3,566		
<b>Subtotal Food Distribution - Commodities</b>			<b>3,566</b>		
Passed Through Commonwealth of Virginia Department of Education: Summer Food Service Program for Children FY22	N/A	10.559	2,035		
<b>Subtotal Summer Food Service Program for Children</b>			<b>2,035</b>		
<b>Total Child Nutrition Cluster</b>			<b>5,601</b>		
Passed Through Commonwealth of Virginia Department of Social Services: SNAP Cluster					
State Administrative Matching Grants for SNAP Supplemental Nutrition Assistance Program	-	10.561	2,979,900		
<b>Subtotal Matching Grants for Supplemental Nutrition Assistance Program</b>			<b>2,979,900</b>		
<b>Total SNAP Cluster</b>			<b>2,979,900</b>		
<b>Subtotal Passed Through Commonwealth of Virginia</b>			<b>2,985,501</b>		
<b>Total Department of Agriculture</b>			<b>2,985,501</b>		
<b><u>Department of Housing and Urban Development</u></b>					
Direct Programs:					
Community Development Block Grant FY19&20	B19MC5-10020	14.218	1,196,956	393,383	5.1
Community Development Block Grant FY21	B20MC5-10020	14.218	878,082	185,904	5.1
Community Development Block Grant FY22	B20MC5-10021	14.218	753,325	964,399	5.1
<b>Subtotal Community Development Block Grants Cluster</b>			<b>2,828,363</b>		
Emergency Shelter Grant FY21	E19MC5-10021	14.231	145,502	209,133	5.2
Emergency Shelter Grant FY21	E20MC5-10020	14.231	9,139	30,008	5.2
Emergency Shelter Grant FY22	E20MC5-10021	14.231	148,570	143,549	5.2
<b>Subtotal Emergency Shelter Grant</b>			<b>303,211</b>		
HOME Investment in Affordable Housing 21	M20MC5-10206	14.239	183,939	183,939	5.3
HOME Investment in Affordable Housing 22	M20MC5-10207	14.239	387,430	380,411	5.3
<b>Subtotal HOME Investment in Affordable Housing</b>			<b>571,369</b>		

CITY OF ROANOKE, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Assistance Listing Number	Total Expenditures	Passed through to Subrecipients	Notes
<b>Department of Housing and Urban Development (Continued)</b>					
Continuum of Care Homeless Assistance Team FY22	VA0031L3F021710	14.267	\$ 67,293		
Continuum of Care Homeless Assistance Team FY21	VA0031L3F022013	14.267	112,004		
Continuum of Care Homeless Assistance Team FY20	VA0031L3F021912	14.267	1,600		
Continuum of Care Homeless Assistance Team FY21	VA0031L3F021913	14.267	12,490		
Continuum of Care Planning FY 22	VA0402L3F022000	14.267	51,395	51,395	5.4
Continuum of Care Coordinated Assessment FY 21	VA0300L3F021802	14.267	37,888		
<b>Subtotal Continuum of Care</b>			<b>282,670</b>		
Lead Hazard Control FY18	VALHB0642-17	14.900	2		
Lead Hazard Control FY21	VALHD0440-20	14.900	796,473		
Lead Hazard Control FY22	VAHHP0045-22	14.900	13,854		
<b>Subtotal Lead Hazard Control</b>			<b>810,329</b>		
<b>Subtotal Department of Housing and Urban Development Direct Programs</b>			<b>4,795,942</b>		
<b>Total Department of Housing and Urban Development</b>			<b>4,795,942</b>		
<b>Department of Justice</b>					
Direct Programs:					
Coronavirus Emergency Supplemental Funding Program FY20	2020-VD-BX-0916	16.034	21,552		
<b>Subtotal COVID Supplemental Funding Program</b>			<b>21,552</b>		
Bulletproof Vests FY20 (Police & Sheriff)	2017BUBX17087809	16.607	360		
Bulletproof Vests FY21 (Police & Sheriff)	-	17.607	(360)		
<b>Subtotal Bulletproof Vests</b>			<b>-</b>		
Justice Assistance Grant FY18 (Bike Patrol/Tech Improve)	2018-DJ-BX-0262	16.738	(15,463)		
Justice Assistance Grant FY18 (Bike Patrol/Tech Improve)	2017-DJ-BX-0082 / 20-A4930AD16	16.738	913		
Justice Assistance Grant FY19 (Bike Patrol/Tech Improve)	2019-DJ-BX-0828	16.738	1,629		
Justice Assistance Grant FY19 (Bike Patrol/Tech Improve)	2019-WY-BX-0010	17.738	55,557		
Justice Assistance Grant FY20 (Bike Patrol/Tech Improve)	2020-DJ-BX-0161	16.738	27,513		
Justice Assistance Grant FY21 (Bike Patrol/Tech Improve)		16.738	1,600		
Justice Assistance Grant FY21 (Bike Patrol/Tech Improve)		16.738	14,201		
Justice Assistance Grant FY21 (Bike Patrol/Tech Improve)		16.738	49,818		
<b>Subtotal Justice Assistance</b>			<b>135,768</b>		
Equitable Sharing Funds - Department of Justice (DOJ)	-	16.922	48,125		
Equitable Sharing Funds - Department of Justice (DOJ)	-	16.922	18,689		
<b>Subtotal Equitable Sharing Funds DOJ Program</b>			<b>66,814</b>		
<b>Subtotal Department of Justice Direct Programs</b>			<b>224,134</b>		

CITY OF ROANOKE, VIRGINIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Assistance Listing Number	Total Expenditures	Passed through to Subrecipients	Notes
<b><u>Department of Justice (Continued)</u></b>					
Victim Witness Assistance FY21	21-A8554VW19	16.575	\$ 7,846		
Victim Witness Assistance FY22	22-O1092VW19	16.575	165,873		
<b>Subtotal Victim Witness Assistance</b>			<b>173,719</b>		
Police Domestic Violence Unit CY21	21-W3153VA20	16.588	21,060		
Police Domestic Violence Unit CY22	22-W3153VA21	16.588	22,254		
<b>Subtotal Police Domestic Violence</b>			<b>43,314</b>		
JJDP Title II Restorative Education FY21 (DCJS CORE)	2017-JF-FX-0018	16.540	6,218		
<b>Subtotal JJDP Title II Restorative Education</b>			<b>6,218</b>		
<b>Subtotal Passed Through Commonwealth of Virginia</b>			<b>223,251</b>		
<b>Total Department of Justice</b>			<b>447,385</b>		
<b><u>Department of Labor</u></b>					
Workforce Investment Cluster					
Passed Through Commonwealth of Virginia					
Virginia Community College System/USDOL:					
WIA/WIOA - Adult Program	LWDA 3-20-04/LWDA 3-21-04/SECURE-3-20-02	17.258	386,686		
<b>Subtotal Workforce Innovation and Opportunity Act (WIOA) Adult</b>			<b>386,686</b>		
WIA/WIOA -Youth Activities	LWDA 3-19-02/LWDA 3-20-04/LWDA 3-21-04	17.259	535,500		
<b>Subtotal Workforce Innovation and Opportunity Act (WIOA) Youth</b>			<b>535,500</b>		
WIA/WIOA Dislocated Worker Programs	LWDA 3-20-04/LWDA 3-21-04/RTE 3-20-01	17.278	472,598		
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	DW-36858-21-60-A-51	17.277	15,583		
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	DW-36858-21-60-A-51	17.277	1,522		
<b>Subtotal Workforce Innovation and Opportunity Act (WIOA) Dislocated Worker</b>			<b>489,703</b>		
<b>Subtotal Passed Through Commonwealth of Virginia</b>			<b>1,411,889</b>		
<b>Total Department of Labor</b>			<b>1,411,889</b>		
<b>Total Workforce Investment Cluster</b>			<b>1,411,889</b>		
<b><u>Department of Transportation</u></b>					
Passed Through Commonwealth of Virginia					
Highway Safety Cluster					
Department of Motor Vehicles:					
Occupant Protection FY21	69A37519300004/FOP-2021	20.600	7,805		
Occupant Protection FY22	69A37519300004/FOP-2022	20.600	2,312		
Pedestrian/Bike Enforcement FY21	69A37520300004/FPS-2021	20.600	2,300		
Pedestrian/Bike Enforcement FY22	69A37520300004/FPS-2022	20.600	(762)		
DMV Traffic Safety FY21	69A37519300004/FSC-2021	20.600	6,194		
DMV Pedestrian Safety Campaign FY21	69A37519300004/FPS-2021	20.600	63,420		
DMV Pedestrian Safety Campaign FY22		20.600	162,897		
<b>Subtotal Highway Safety</b>			<b>244,166</b>		

## CITY OF ROANOKE, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Assistance Listing Number	Total Expenditures	Passed through to Subrecipients	Notes
<b>Department of Transportation (Continued)</b>					
Alcohol Enforcement FY21	69A37519300001/154AL-2021	20.607	\$ 11,207		
<b>Subtotal Alcohol Open Container Requirements</b>			<b>11,207</b>		
<b>Total Highway Safety Cluster</b>			<b>255,373</b>		
Highway Planning and Construction Cluster					
Tinker Creek Greenway Trail	UPC 110101	20.205	72,690		
RRG - Barnhardt Creek Bridge	UPC 113568	20.205	3,485		
RRG - Bridge the Gap (NS to Bridge St)	UPC 113138	20.205	1,637,435		
Orange Ave (US 460) Improvements - Smart SCALE	UPC 115454	20.205	117,477		
Franklin Road Sidewalk - Phase 2	UPC 117221	20.205	3,401		
HISIP Flashing Yellow Arrows	UPC 111135	20.205	3,208		
HISIP Flashing Beacons	UPC 111137	20.205	10,517		
Acquisition of Ceebreeze Property		20.205	206,498		
Acquisition of Meadowbrook Road		20.205	126,238		
Acquisition of Ramada Property at Franklin Road		20.205	2,966,700		
<b>Subtotal Highway Planning and Construction</b>			<b>5,147,649</b>		
<b>Total Highway Planning and Construction Cluster</b>			<b>5,147,649</b>		
VDEM HAZMAT Preparedness FY21	HM-HMP-0421-14-01-00	20.703	761,759		
VDEM SHS HAZMAT Team FY21	EMW-2020-SS-00096-S01	97.067	97,404		
<b>Subtotal Hazardous Materials (HAZMAT) Training and Planning Programs</b>			<b>859,163</b>		
<b>Subtotal Passed Through Commonwealth of Virginia</b>			<b>6,262,184</b>		
<b>Total Department of Transportation</b>			<b>6,262,184</b>		
<b>Department of Treasury</b>					
Direct Programs:					
CARES Act General Relief FY21	-	21.019	(122)		
American Rescue Plan Act (ARPA) Community Health FY21	-	21.027	12,385,664	5,644,315	5.5
Water Authority Utility Relief Program FY22		21.027	417,281	417,281	5.6
<b>Subtotal Coronavirus State and Local Fiscal Recovery Funds (ARPA)</b>			<b>12,802,823</b>		
Passed Through Department of Health and Human Services					
CARES Act Provider Relief Fund FY20	-	93.498	(54,216)		
CARES Act Provider Relief Fund FY21	-	93.498	97,387		
CARES Act Provider Relief Fund FY22	-	93.498	72,415		
<b>Subtotal Provider Relief Funds (CARES Act)</b>			<b>115,586</b>		
<b>Subtotal Passed Through Department of Health and Human Services</b>			<b>115,586</b>		
<b>Total Department of Treasury</b>			<b>12,918,409</b>		
Shuttered Venue Operators (SVOG) FY22			5,173,341		
<b>Total Shuttered Venue Operators (SVOG) FY22</b>			<b>5,173,341</b>		

CITY OF ROANOKE, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Assistance Listing Number	Total Expenditures	Passed through to Subrecipients	Notes
<b><u>Environmental Protection Agency</u></b>					
Direct Programs:					
Virginia Brownfield Assistance Fund (VBAF) Grant FY21	96354907	66.818	\$ 50,000		
<b>Subtotal Brownfield Remedial Programs</b>			<b>50,000</b>		
<b>Subtotal Environmental Protection Agency Direct Programs</b>			<b>50,000</b>		
Passed Through James Madison University					
Plastic Bag Tax - Special Purpose	96341801	66.039	21,518		
<b>Subtotal Passed Through James Madison University</b>			<b>21,518</b>		
<b>Total Department of Environmental Protection Agency</b>			<b>71,518</b>		
<b><u>Department of Education</u></b>					
Passed Through Commonwealth of Virginia Department of Education					
21st Century Literacy FY 21	00124-APE60565-S287C180047	84.287C	21,601		
<b>Subtotal 21st Century CLC Program</b>			<b>21,601</b>		
<b>Subtotal Passed Through Commonwealth of Virginia</b>			<b>21,601</b>		
<b>Total Department of Education</b>			<b>21,601</b>		
<b><u>Department of Homeland Security</u></b>					
Direct Programs:					
VDEM Local Emergency Management Performance Grant FY21	EMP-2020-EP-00010-S01	97.042	19,390		
<b>Subtotal Emergency Management Assistance Programs</b>			<b>19,390</b>		
<b>Subtotal Passed Through Commonwealth of Virginia</b>			<b>19,390</b>		
<b>Total Department of Homeland Security</b>			<b>19,390</b>		
<b><u>Department of Health and Human Services</u></b>					
Passed Through Commonwealth of Virginia					
Department of Social Services:					
Promoting Safe and Stable Families	-	93.556	113,480		
<b>Subtotal Promoting Safe and Stable Family Programs</b>			<b>113,480</b>		
Administration for Children and Families					
Temporary Assistance for Needy Families	-	93.558	1,395,329	12,850	5.7
Refugee & Entrant Assistance - State Administered Program	-	93.566	67,654		
Low-Income Home Energy Assistance Program	-	93.568	245,715		
<b>Subtotal Administration for Children and Families</b>			<b>1,708,698</b>		
Child Care and Development Block Grant Cluster					
Child Care and Development Block Grant		93.575	31,566		
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	-	93.596	310,043		
<b>Subtotal CCDF Cluster</b>			<b>341,609</b>		
<b>Total CCDF Cluster</b>			<b>2,050,307</b>		

CITY OF ROANOKE, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Assistance Listing Number	Total Expenditures	Passed through to Subrecipients	Notes
<b>Department of Health and Human Services (Continued)</b>					
Chafee Education & Training Vouchers Program		93.599	\$ 576		
Child Welfare Services		93.645	3,251		
Foster Care Title IV-E		93.658	1,545,722		
Adoption Assistance Title IV-E		93.659	5,263,998		
Social Services Block Grant		93.667	1,183,172		
Foster Care Independent Living Program		93.674	18,711		
FAMIS 20 Children's Insurance Program		93.767	5,598		
DMAS 20 Medical Assistance Program		93.778	1,411,040		
<b>Subtotal Passed Through Commonwealth of Virginia</b>			<b>9,432,068</b>		
<b>Total Department of Health and Human Services</b>			<b>11,595,855</b>		
<b>Grand Total Federal Financial Assistance</b>			<b>\$ 45,703,015</b>	<b>\$ 8,616,567</b>	

## **CITY OF ROANOKE, VIRGINIA**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2022**

#### **Note 1. Basis of Accounting**

This Schedule of Expenditures of Federal Awards (the “Schedule”) is prepared on the same basis of accounting as the City of Roanoke’s financial statements. The City uses the modified accrual basis of accounting, in which expenditures are generally recognized when the related fund liability is incurred. However, debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is due. Program income earned while administering Federal programs or projects are reported using the additive method. Under this method, expenditures from this income is reported on the Schedule in addition to expenditures made from the original grant.

#### **Note 2. Program Costs**

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the City’s portion, are more than shown. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **Note 3. Non-cash Awards – Food Donations**

The amount of food commodities reported on the Schedule is the value of the food received by the Roanoke Juvenile Detention Home through the US Department of Agriculture donated food distribution program during current year and priced as net dollar, fair market value as furnished by the US Department of Agriculture.

#### **Note 4. Indirect Cost Rate**

The City uses a direct cost method for administrative expenses within Federal programs. The City has not elected to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

**CITY OF ROANOKE, VIRGINIA**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2022**

**Note 5. Subrecipient Expenditure Summary**

The following chart summarizes Federal funds that passed through the City to subrecipients for the fiscal year ending June 30, 2022:

<b>Subrecipient</b>	<b>Community Development Block Grants 5.1</b>	<b>HOME Investment in Affordable Housing 5.2</b>	<b>Emergency Shelter 5.3</b>	<b>Continuum of Care 5.4</b>	<b>American Rescue Plan Act (ARPA) 5.5</b>	<b>Water Authority Utility Relief Program 5.6</b>	<b>Temporary Assistance for Needy Families 5.7</b>
Arch Roanoke	\$ -	\$ -	\$ 231,110	\$ -	\$ -	\$ -	\$ -
Blue Ridge Independent Living Center Inc	15,073	-	-	-	-	-	-
Children's Trust Foundation Roanoke Valley	42,944	-	-	-	-	-	-
City of Roanoke	606,403	84,132	11,040	-	-	-	-
Council of Community Services	178,832	-	90,416	51,395	-	-	-
Economic Development Authority	-	-	-	-	500,000	-	-
Family Service of Roanoke Valley	-	-	50,124	-	-	-	-
Habitat for Humanity	308,663	390,804	-	-	2,644,315	-	-
LEAP – Local Environmental Agricultural Project	-	-	-	-	2,500,000	-	-
Renovation Alliance	119,912	-	-	-	-	-	-
Restoration Housing	-	89,414	-	-	-	-	-
Total Action for Progress	233,190	-	-	-	-	-	-
Valley Metro	-	-	-	-	-	-	12,850
Virginia Harm Reduction Coalition	38,669	-	-	-	-	-	-
Western Virginia Water Authority	-	-	-	-	-	417,281	-
<b>Total</b>	<b>\$ 1,543,686</b>	<b>\$ 564,350</b>	<b>\$ 382,690</b>	<b>\$ 51,395</b>	<b>\$ 5,644,315</b>	<b>\$ 417,281</b>	<b>\$ 12,850</b>



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Roanoke, Virginia (the "City") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 29, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. **The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as items 2022-002, 2022-003, and 2022-004.**

## City's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## Purpose of this Report

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

*Brown, Edwards & Company, L.L.P.*  
CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia  
March 29, 2023



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE**

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

**Report on Compliance for Each Major Federal Program**

*Opinion on Compliance for Each Major Program*

We have audited the City of Roanoke, Virginia's (the "City") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Roanoke, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

*Basis for Opinion on Each Major Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal documentation of the City's compliance with the compliance requirements referred to above.

## **Report on Compliance for Each Major Federal Program (Continued)**

### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

### *Auditor's Responsibility for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City's compliance the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### *Other Matters*

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion the response.

## Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. **Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.**

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia  
March 29, 2023

## **CITY OF ROANOKE, VIRGINIA**

### **SUMMARY OF COMPLIANCE MATTERS**

**June 30, 2022**

As more fully described in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts, and grants shown below:

#### **STATE COMPLIANCE MATTERS**

##### *Code of Virginia:*

Budget and Appropriation Laws  
Cash and Investment Laws  
Conflicts of Interest Act  
Debt Provisions  
Local Retirement Systems  
Procurement Laws  
Uniform Disposition of Unclaimed Property Act  
Stormwater Utility Program  
Comprehensive Services Act  
Sheriff Internal Controls  
Fire Programs Aid to Localities

##### *State Agency Requirements:*

Highway Maintenance Funds  
Social Services

#### **LOCAL COMPLIANCE MATTERS**

City Charter

#### **FEDERAL COMPLIANCE MATTERS**

*Compliance Supplement for Single Audits of State and Local Governments*

Provisions and conditions of agreements related to federal programs selected for testing.

**CITY OF ROANOKE, VIRGINIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year Ended June 30, 2022**

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies** relating to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. **No significant deficiencies** relating to the audit of the major federal award programs were reported in the Report on Compliance for Each Major Program and on Internal Control over Compliance as required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award program expresses an **unmodified opinion**.
6. The audit disclosed **one audit finding relating to major programs**.
7. The major programs of the City were:

Name of Program	Assistance Listing #
Coronavirus State and Local Fiscal Recovery Funds	21.027
Supplemental Nutrition Assistance Program	10.561
Community Development Block Grant / Entitlement Grants	14.218
WIOA Adult Program	17.258
WIOA Youth Activities	17.259
WIOA Dislocated Worker Formula Grants	17.278
WIOA National Dislocated Worker Grants	17.277
Shuttered Venue Operators Program	59.075
Temporary Assistance for Needy Families	93.558
Medical Assistance Program	93.778

8. The threshold for distinguishing Type A and B programs was \$1,371,090.
9. The City of Roanoke was **not** determined to be a **low-risk auditee**.

(Continued)

**CITY OF ROANOKE, VIRGINIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year Ended June 30, 2022**

**B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT**

**2022-001: Workforce Investment Opportunity Cluster – Assistance Listing**  
**#17.258/17.259/17.277/17.278, Subrecipient Monitoring**

**Condition:**

During our review of subrecipient monitoring, we noted that the City's semi-annual subrecipient monitoring scheduled for February 2022 was not performed.

**Criteria:**

According to the City's Program Participant Monitoring Plan, the City is supposed to conduct subrecipient monitoring on a semi-annual basis which should include desk reviews of payroll, disbursements, and other financial items.

**Cause:**

Staff turnover, particularly for the role of grant accountant, caused these procedures to be overlooked.

**Effect:**

Noncompliance with federal grant requirements with regard to subrecipient monitoring as well as risk of subrecipient misusing funds.

**Questioned Cost Amount:**

Not applicable.

**Perspective Information:**

Not applicable.

**Recommendation:**

We recommend performing subrecipient monitoring in accordance with the City's guidelines and following the procedures laid out in the Program Participant Monitoring Plan.

**View of Responsible Officials and Planned Corrective Action:**

Management concurs with the recommendation and will ensure that follow-up occurs regarding information provided by business owners. Loss of staff in this accountability area resulted in an inquiry and reviews conducted via electronic means verses a physical. Delivered information was reviewed and acknowledged by Accounting Supervisor; however, physical visit did not occur. The Accounting Supervisor and the Accounts Payable Co-coordinator, in the absence of a Grant Accountant, have conducted the first semi-annual visit for FY23. Follow-up information has been received upon request and the final physical review has been scheduled for Spring of 2023.

(Continued)



## **CITY OF ROANOKE, VIRGINIA**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year Ended June 30, 2022**

#### **C. FINDINGS – COMMONWEALTH OF VIRGINIA**

##### **2022-002: Auditor of Public Accounts – Fire Program**

###### **Condition:**

During our review of the locality's completed Annual Report and Disbursement Agreement forms submitted to the Department of Fire Programs, it was noted that the amount of revenues and expenditures reported did not agree to the underlying accounting records.

###### **Recommendation:**

We recommend the Annual Report be reviewed and reconciled to the general ledger before submission.

###### **View of Responsible Officials and Planned Corrective Action:**

Management concurs with the recommendation and will ensure that follow-up occurs regarding information provided. Employee transition and lack of training resulted in discrepancy. The Fire Program reports were submitted in advance of finalization of the disbursement register. This finding will be duplicated for FY22 report as well. Training has been provided, a procedure has been developed, and the Accounting Supervisor is included in review of reporting prior to submission.

##### **2022-003: Commonwealth of Virginia – Disclosure Statements**

###### **Condition:**

Five of 83 disclosure statements were not filed timely.

###### **Recommendations:**

We recommend implementing procedures to ensure that all disclosure statements are filed timely.

###### **View of Responsible Officials and Planned Corrective Action:**

Management concurs with the recommendation and will ensure that follow-up occurs regarding information provided. Staffing vacancies resulted in this delay. Training has been provided to new employees and an expectation of this issue being cleared is anticipated for FY23.

**CITY OF ROANOKE, VIRGINIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year Ended June 30, 2022**

**C. FINDINGS – COMMONWEALTH OF VIRGINIA (Continued)**

**2022-004: Commonwealth of Virginia – Highway Maintenance Testing**

**Condition:**

Six of ten time cards tested contained labor data that could not be allocated to a specific work order.

**Recommendations:**

We recommend all departments use the newly adopted time reporting software to ensure labor is charged to the correct work order.

**View of Responsible Officials and Planned Corrective Action:**

Management concurs with the recommendation and will ensure that follow-up occurs regarding information provided.

**CITY OF ROANOKE, VIRGINIA**

**SUMMARY SCHEDULE OF PRIOR AUDIT YEAR FINDINGS**  
**Year Ended June 30, 2022**

**A. FINDINGS – FINANCIAL STATEMENT AUDIT**

**2021-001: Audit Adjustments (Significant Deficiency)**

**Condition:**

During the audit, we noted that several year-end audit adjustments were required to ensure that the financials were prepared in accordance with accounting principles generally accepted in the United States of America. The adjustments were related to debt and capital assets.

**Criteria:**

Audit adjustments were required to correct balances in order for the financial statements to be presented in accordance with accounting principles generally accepted in the United States of America.

**Cause:**

With regard to capital assets and debt, it appears that the rollforward workbook and supporting schedules were not reviewed before year-end entries were made resulting in additional adjustments.

**Effect:**

There is an increased risk of financial statement misstatement.

**Recommendation:**

We recommend establishing procedures in which qualified supervisors are reviewing year-end work papers and reconciliations that feed into the final general ledger and focusing on the accuracy of year-end balances.

**Current Status:**

Not applicable in the current year.

**CITY OF ROANOKE, VIRGINIA**

**SUMMARY SCHEDULE OF PRIOR AUDIT YEAR FINDINGS**

**Year Ended June 30, 2022**

**B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT**

**2021-002: COVID-19 Coronavirus Relief Funds – Assistance Listing #21.019, Activities Allowed or Unallowed, Controls Over Business Grants**

**Condition:**

During our review of small business grant disbursements, we noted staff tasked with reviewing and approving grant applications did not follow up on information provided by business owners even when concerns were brought to their attention.

**Criteria:**

The City had a fiscal responsibility to not only review and approve applications before disbursements but also to monitor the use of those funds after disbursement as necessary, particularly if circumstances arise that would give the City cause for concern.

**Cause:**

Inadequate internal control design over small business grant disbursement procedures and processes.

**Effect:**

Small business grant funds could be disbursed to a business that does not meet the qualifications.

**Questioned Cost Amount:**

Not applicable.

**Perspective Information:**

Not applicable.

**Recommendation:**

We recommend following up on information provided by the business owner that is of concern or questionable.

**Current Status:**

Not applicable in the current year.

(Continued)

**CITY OF ROANOKE, VIRGINIA**

**SUMMARY SCHEDULE OF PRIOR AUDIT YEAR FINDINGS**  
**Year Ended June 30, 2022**

**C. FINDINGS – COMMONWEALTH OF VIRGINIA**

**2021-003: Commonwealth of Virginia – Disclosure Statements**

**Condition:**

Seven of 83 disclosure statements were not filed timely and three of 83 statements were not received.

**Recommendations:**

We recommend implementing procedures to ensure that all disclosure statements are filed timely.

**Current Status:**

Still applicable in the current year.

**Management's Response:**

Management concurs with the recommendation and will ensure that follow-up occurs regarding information provided. Staffing vacancies resulted in this delay. Training has been provided to new employees and expectation of this issue being cleared is anticipated for FY23.

**2021-004: Commonwealth of Virginia – Highway Maintenance Testing**

**Condition:**

Six of ten time cards tested contained data that could not be allocated to a specific work order.

**Recommendations:**

We recommend all departments use the newly adopted time reporting software to ensure labor is charged to the correct work order.

**Current Status:**

Still applicable in the current year.

**Management's Response:**

Management concurs with the recommendation and will ensure that follow-up occurs regarding information provided.

**CITY OF ROANOKE, VIRGINIA**

**SUMMARY SCHEDULE OF PRIOR AUDIT YEAR FINDINGS  
Year Ended June 30, 2022**

**C. FINDINGS – COMMONWEALTH OF VIRGINIA (Continued)**

**2021-005: Commonwealth of Virginia – Social Services – Special Welfare**

**Condition:**

In eight of twelve months, the Office of the Treasurer did not receive timely reimbursements from the Department of Social Services for Special Welfare expenditures.

**Recommendations:**

We recommend implementing procedures to ensure timely reimbursements.

**Current Status:**

Not applicable in the current year.

**2021-006: Commonwealth of Virginia – Social Services – Special Welfare**

**Condition:**

In eight of the twelve months, unexpended funds Special Welfare funds and funds dedicated to Special Welfare were not returned to individuals leaving the Special Welfare program, refunded to the funding source, or escheated to the state as unclaimed property.

**Recommendations:**

We recommend implementing procedures to ensure timely returning of funds.

**Current Status:**

Not applicable in the current year.

**Department of Finance  
City of Roanoke, Virginia**

Amelia Merchant  
Vacant  
Carol Farley  
Cindy Kirby

Director of Finance  
Manager of Accounting & Systems  
Administrative Assistant III  
Administrative Assistant IV

**Accounting / Accounts Payable**

Michelle Surgeon  
Jennifer Bowers  
Akouete Yemey  
Maryna Mabes  
Erik Reinartsen  
Mary Talley  
Rebecca Weddle

Senior Accountant  
Account Technician  
Accountant  
Senior Accountant  
Senior Accountant  
Accounting Supervisor  
Accounts Payable Coordinator

**Management and Budget**

Amelia Merchant  
Corey Alshouse  
Yen Ha  
Lesha VanBuren  
Paul Workman  
Trinity Kaseke

Director  
Budget Business Analyst  
Senior Budget Business Analyst  
Budget Analyst  
Budget Manager  
Budget Business Analyst

**Payroll**

Connie Altice  
Suzanne Barnett  
Rhonda Mitchell

Senior Payroll Technician  
Payroll Supervisor  
Payroll Technician

**Retirement**

Kayla Gunter  
Harold Harless, Jr.  
Christopher Bailey  
Andrea Trent  
Karen Walker

Senior Accountant  
Financial Analyst  
Accountant  
Retirement Systems Manager  
Accountant Technician

**Systems**

Bettie Clay  
Angela Lancaster  
Autum Murray-Burns

Senior Financial Systems Accountant  
Financial Systems Accountant  
Financial Systems Technician