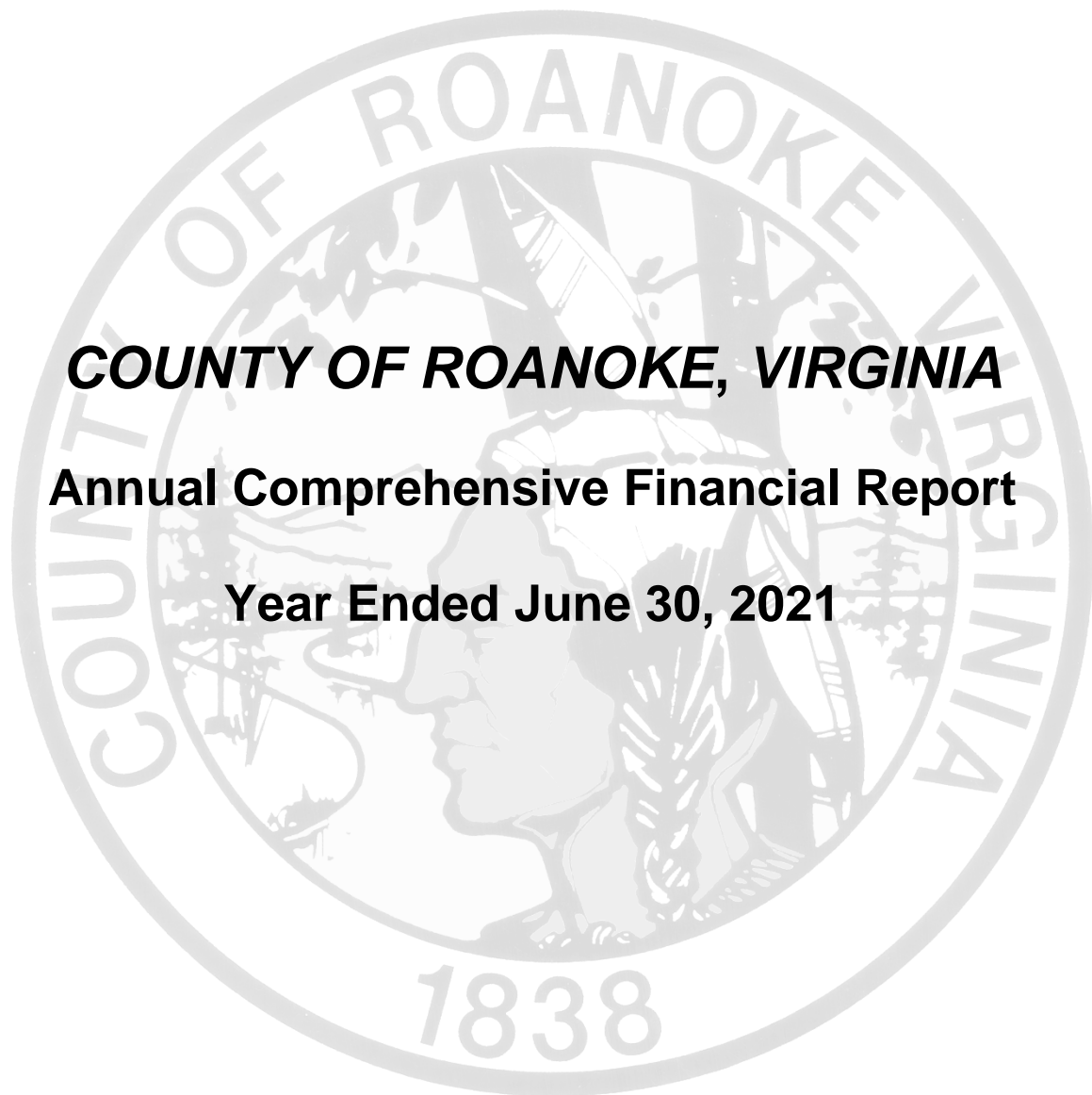


County of Roanoke, Virginia

Annual Comprehensive Financial Report



Year Ended June 30, 2021



COUNTY OF ROANOKE, VIRGINIA
Annual Comprehensive Financial Report
Year Ended June 30, 2021

Prepared by the

Department of Finance and Management Services
5204 Bernard Drive
P.O. Box 29800
Roanoke, VA 24018-0798

540-772-2020

www.roanokecountyva.gov

Department of Finance and Management Services

Laurie L. Gearheart, CPA

Director of Finance and Management Services

Jessica E. Beemer, CPA

Assistant Director of Finance and Management Services

W. L. Heath Honaker

Purchasing Division Director

Meredith L. Thompson, MPA

Budget Division Director

Steven R. Elliott, MPA

Budget Manager

Shannon L. Lecas, CPA

Finance Manager

Cynthia L. Kakouras

Finance Manager

Amy B. Meacham

Finance Manager

Corey S. White

Budget Analyst

Jessica C. Lovell, MBA

Financial Analyst

Joshua B. Pegram

Financial Analyst

Christina R. Winkle

Financial Analyst

Cover Design:

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Board of Supervisors

Paul M. Mahoney

Martha B. Hooker

P. Jason Peters

Phil C. North

David F. Radford

Cave Spring

Catawba

Vinton

Hollins

Windsor Hills

Magisterial District

Magisterial District

Magisterial District

Magisterial District

Magisterial District



County Administration

Daniel R. O'Donnell

County Administrator

Richard L. Caywood, P.E.

Assistant County Administrator

Rebecca E. Owens

Assistant County Administrator

Front Cover: Explore Park during Illuminights



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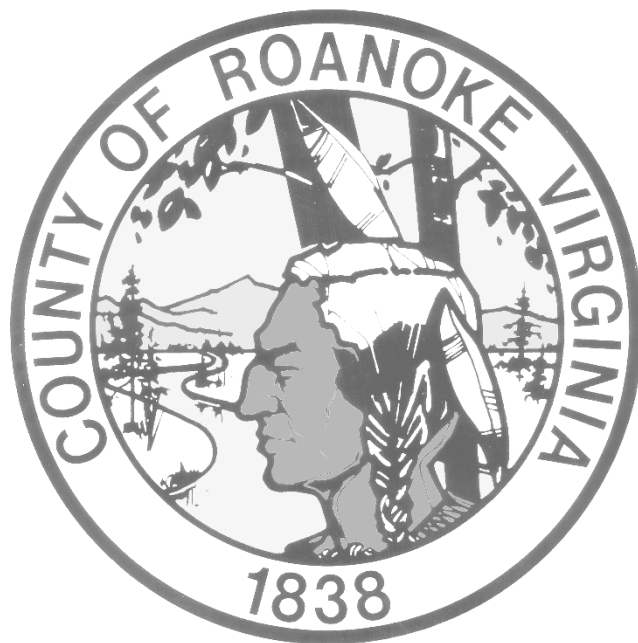
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INTRODUCTORY SECTION



COUNTY OF ROANOKE

Department of Finance and Management Services
5204 Bernard Drive, PO Box 29800
Roanoke, VA 24018

December 1, 2021

To the Honorable Chairman, Members of the Board of Supervisors,
and Citizens of the County of Roanoke, Virginia:

It is with pleasure that we submit to you the Annual Comprehensive Financial Report (ACFR) of the County of Roanoke, Virginia (County) for the fiscal year ended June 30, 2021. State law requires that all local governments have their accounts and records, including those of the constitutional officers, audited annually as of June 30 by an independent certified public accountant and that the audited financial report be submitted on or before December 15 to the Auditor of Public Accounts of the Commonwealth of Virginia (APA). This report has been prepared by the County's Department of Finance and Management Services in accordance with the standards of financial reporting as prescribed by the Governmental Accounting Standards Board (GASB).

The ACFR was prepared with an emphasis on full disclosure of the financial activities of the County. Responsibility for both the completeness and reliability of the information contained in this report rests solely with County management, and is based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The auditing firm of Brown, Edwards & Company, L.L.P., a firm of independent certified public accountants, has issued unmodified opinions on the County's basic financial statements as of and for the fiscal year ended June 30, 2021. Those opinions are located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the report of the independent auditor and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of the Government

The County of Roanoke is primarily the suburban hub of the Roanoke Valley. Within the County's geographical boundaries lie the independent cities of Roanoke and Salem, as well as the Town of Vinton. The County's provisional population is 96,929¹, up 4.9% from the 2010 census population of 92,376. The County is part of the Roanoke Metropolitan Statistical Area (MSA) that has a total population of 308,707, reflecting an increase of 2.9% over the 2010 census. The County is within easy reach of major markets for local manufacturers and distributors via Interstate 81 and railway access.

The County is governed by a charter approved by the 1986 session of the Virginia General Assembly, which grants additional authority to the County Administrator. The Board of Supervisors (Board) is the governing body of the County. Members of the Board, one from each of five magisterial districts, are elected to four-year terms. Board members annually select a Chairman and Vice-Chairman to each serve a one-year term.

¹ Population source: United States Census Bureau, 2020.

The Board appoints a County Administrator to act as administrative head of the County. The County Administrator, who serves at the pleasure of the Board, carries out its policies and directs business procedures. All department heads report to the County Administrator, except for the County Attorney, who reports directly to the Board. Five constitutional officers (Commissioner of the Revenue, Commonwealth's Attorney, Clerk of the Circuit Court, Sheriff and Treasurer) are elected by the voters of the County and are not accountable to the Board, but work closely with the Board and the County Administrator.

The County provides a full range of services, including police and fire protection, curbside trash and brush collection, general public improvements, planning and zoning management, recreation and cultural activities, economic development and general administrative support. Residents enjoy certain other services provided through joint cooperation with neighboring localities, such as airport facilities, solid waste facilities, and water and sewer services.

The County provides education through its Roanoke County Public Schools system (School System) administered by the Roanoke County Public School Board (School Board) and promotes industry through the Economic Development Authority (EDA). The School System and EDA have been reflected as discretely presented component units in the accompanying financial statements because, under GASB pronouncements, they are legally separate entities for which the County is financially accountable. The School Board administers the County's schools and its own appropriations within the categories defined by the *Code of Virginia*, but is fiscally dependent upon the County because the Board of Supervisors approves the budget, levies the necessary taxes to finance operations and issues debt to finance capital projects. Additional information for the Schools is available in the separately published Roanoke County Public Schools annual comprehensive financial report. The EDA has the power to issue tax-exempt industrial development revenue bonds to qualifying enterprises wishing to utilize that form of financing. Those bonds represent limited obligations of the EDA and are to be repaid solely from revenue and receipts derived from the projects funded with the proceeds. The outstanding debt does not constitute a debt or pledge for the faith and credit of the County or the EDA.

The annual budget serves as the foundation of the County's financial planning and control. All departments of the County generally submit requests to the Department of Finance and Management Services in November of each year. The County Administrator uses these requests as the starting point for developing a proposed budget. The County Administrator then presents the proposed budget to the Board. The Board is required to hold a public hearing on the proposed budget and to adopt a final budget no later than June 30, the close of the County's fiscal year. The appropriated budget is prepared by fund, function (i.e., public safety), and department (i.e., Sheriff's office) with the budget appropriation resolution, adopted by the Board of Supervisors, placing legal restrictions on expenditures at the fund level.

Economic Condition and Outlook

Local Economy

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (COVID-19) and the risks to the international community as the virus spread globally beyond its point of origin. Economic impacts of COVID-19 emerged in March 2020, resulting from restrictions to travel and public gatherings, take-out only restaurant orders, and closure of non-essential businesses. Although many restrictions were eased during Fiscal Year 2021, management is still actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. The outbreak will have a continued material impact on economic and market conditions. As such, the County's financial condition and liquidity may be impacted for the fiscal year 2021 and 2022.

The unemployment rate for Roanoke County as of June 30, 2021 is 3.6%, which is a sharp decrease from last year's rate of 6.8%. The decrease in the unemployment rate is primarily due to the local economy

recovering from the COVID-19 pandemic and is comparable to the state's average unemployment rate of 4.5% and to the national average unemployment rate of 6.1%.

Additionally, according to the most recent "Greater Roanoke Virginia Statistical Guide" produced by the Roanoke Regional Chamber of Commerce, the Valley's overall cost of living index is 86.9, indicating that costs in Roanoke are 13.1% lower than the national average of 100%. The composite index is based on six component categories: housing, utilities, grocery items, transportation, health care, and miscellaneous goods and services.

Economic Development

The County and region strive to promote a healthy and growing economic base that includes a diverse mix of manufacturing, medical, wholesale/retail trade, finance, insurance and banking, corporate headquarters and related businesses. The County's multi-faceted economic development strategy includes an active business attraction, retention and expansion program, infrastructure and site development initiatives, and the redevelopment of key County properties. Ongoing outreach efforts with business leaders enable the County to identify company needs and provide appropriate assistance.

The Roanoke Valley Broadband Authority (RVBA) continues to invest in, support, and partner with Roanoke County to improve economic opportunity for all local citizens. The RVBA network continues to grow each year and aligns with major transportation corridors of the County, targeting commercial and industrial activity centers. A core fiber network of approximately 25 miles has been constructed throughout Roanoke County to support continued commercial and industrial growth. In the past year, work has commenced within Roanoke County to support the strategic expansion of Carilion Clinic. In addition, the RVBA has submitted four (4) VATI grant applications in support of Roanoke County's goal to address the need for Rural Broadband.

The 110-acre Wood Haven Technology Park is the largest prepared site in the urban area and represents the greatest economic opportunity for the region, given its gateway location at the intersection of I-81 and I-581. The technology park is a joint development of Roanoke County, the City of Roanoke, and City of Salem through the Western Virginia Regional Industrial Facility Authority. Additional property was acquired and the Park was rezoned to incorporate this property into the park master plan. Water and sewer utility extensions, construction of the entrance road including curb and gutter, and design plans for a 53-acre pad site capable of supporting 1 million square feet has been completed. Development concept plans, grading of a 20-acre pad site and installation of a park entrance sign were completed in fiscal year 2021 to further enhance site readiness and marketability of the property.

The Route 419 corridor is the center of commerce for Roanoke County, and a key economic driver for the community. Roanoke County's vision is to revitalize this corridor through the 419 Town Center Study, a planning study of 390 acres from Route 220 to Starkey Road in the Route 419 area near Tanglewood Mall. The plan was adopted by the Board of Supervisors in fiscal year 2019, with implementation strategies underway and ongoing.

Nearly \$50 million in transportation improvements have been awarded for the Route 419 corridor to address congestion in the 419 Town Center Study area. Improvements include the design and construction of a Diverging Diamond Interchange at the intersection of Route 419 and Route 220, the widening of 419 from Ogden to Route 220, and the Fallowater extension project to open up new development sites across from Tanglewood Mall. The route 419 widening project and the Fallowater projects were under construction in fiscal year 2021, with the Fallowater right of way secured and construction continuing through fiscal year 2022.

Tanglewood Mall continues to represent significant opportunity to repurpose this property for greater economic development outcomes. The Mall is the County's most noted and high-profile commercial development, located in the County's busiest commercial corridor, and is a catalyst site highlighted in the Route 419 Town Center Plan. Redevelopment scenarios continue to be evaluated and development

concepts created, consistent with the goals and strategies outlined in the Plan to enhance the livability, accessibility and economic impact of the area. Projects like Carilion Children's new pediatric facility inside Tanglewood backfilled the former JCPenney space occupying 150,000 sq. ft. of Tanglewood. Also, a new-to-market restaurant, Chicken Salad Chick, backfilled the former Applebee's space inside Tanglewood. Additional new project announcements at Tanglewood include the development of four outparcels in the front of the Tanglewood property. Chili's Grill & Bar and Popeye's Louisiana Kitchen will each operate out of free-standing buildings in addition to five other new businesses including Aspen Dental, Chipotle, Jersey Mike's Subs, and new-to-market restaurants like Panda Express and Blaze Pizza.

New project announcements include the new 16,710 square foot Fallowater Square office development in the 419 Town Center. The new project brings a fully leased new office building to the corridor with a \$5 million investment. Also, Vistar Eye Center broke ground on a \$6 million state-of-the-art facility in the Hollins area that will feature a new 26,355 sq. ft. building and energy-efficient technologies to minimize environmental impact. Vistar Eye Center consolidated its operations at this new location and will offer retinal eye care, anterior surgical eye care, as well as routine and primary eye care. Lewis Gale Regional Healthcare System also broke ground on a new freestanding emergency room in the Bonsack area of Roanoke County. This is Lewis Gale's second freestanding emergency room in Roanoke County and brings a \$12 million investment, 30 new jobs, and will provide full emergency room services for more Roanoke County residents along the Route 460 corridor.

Many economic development initiatives are multi-year in nature, with implementation occurring in stages. Redevelopment projects continued this year including the announcement of the Gish Mill project in the Town of Vinton. The redevelopment project will transform the former Gish Mill into a multi-purpose hub for hospitality, which will include a restaurant, market area, and VRBO style rental units. This project includes a total investment of \$2.8 million and will create 42 new jobs in the Town of Vinton. This project reflects the trend over the past five years of redeveloping historic buildings throughout the area. Repurposing underutilized public facilities to breathe new life into Vinton has seen transformative results through redevelopment projects.

The County's Economic Development Department successfully utilizes provisions under the public/private partnership policy that allows businesses to receive assistance from the County for qualifying facility expansions and relocations. The expected return on investment in new taxes and employment is a critical measure governing the use of public funds to assist businesses and industries. The Department is an Accredited Economic Development Organization (AEDO), through the International Economic Development Council (IEDC) and has maintained this status since its original designation in 2004.

The County recognizes the importance of expanding the business tax base to provide revenues for needed services. Further, the County is committed to attracting and retaining quality jobs and investments that will diversify the economy, broaden the tax base, and provide long-term employment opportunities for residents.

Long-Term Financial Planning

The County annually prepares a Capital Improvement Plan (CIP). The CIP serves as a planning tool for efficient, effective and equitable distribution of public improvements throughout the County. The CIP represents a balance between finite resources and an ever-increasing number of competing County priorities. This balance was achieved using the priorities and objectives established by the Board of Supervisors.

The Board of Supervisors adopted a formal policy for the establishment, maintenance, and use of unassigned general fund balance to provide for the long-term economic stability of the County of Roanoke. This policy increases the unassigned fund balance incrementally over several years with the ultimate goal of 12% of general government fund revenues. Rating agencies carefully monitor levels of unassigned fund balance in a government's general fund to evaluate a government's continued credit worthiness.

At June 30, 2021 the unassigned fund balance for the general government fund was 12% of the fiscal year 2021 general government fund budgeted revenues. This is a tenet of the Board's commitment to prudent financial planning because it eliminates the need for short-term borrowing, ensures that current obligations, including debt payments, can be met and provides a cushion against the potential shock of any unexpected change in revenues. This practice, along with our prudent debt management policies, allows the County to maintain strong bond ratings. The County has bond ratings on outstanding lease revenue bonds as follows: Standard & Poor's AA+, Moody's Investor Service Aa1, and Fitch AA+.

Relevant Financial Policies

Fiscal integrity is a top priority for the County of Roanoke. The County recognizes financial policies establish the framework for financial planning and management and provide guidelines against which budgetary performance can be measured and proposals for future funding can be evaluated. Financial policies further ensure that the County can continue to be a model for excellence in government by providing direction in the areas of revenues, operating expenditures, Capital Improvement Program, reserves and debt management.

The County of Roanoke has adopted a Comprehensive Financial Policy to create the framework for making sound financial decisions. The County Administrator is responsible for the daily administration of the Board's policies and general County operations. The County Administrator may designate other County officials to assist in the administration of these policies. The Comprehensive Financial Policy is a statement of the guidelines and goals that influence and guide the financial management practices of the County of Roanoke and can be found on our website.

Major Initiatives

Initiatives of the County of Roanoke promote economic progress, improve the community's quality of life, and position the County to respond to future development needs. The County is committed to providing quality housing and continues to receive positive publicity for the quality of life enjoyed by citizens and potential business prospects. Roanoke County saw the continuation of major capital and educational initiatives during the fiscal year. Major initiatives for 2020-2021 included:

Education: Roanoke County Public Schools is the 20th largest of 132 school systems in the Commonwealth of Virginia. The School Board consists of five members elected to four-year terms.

The School Division provides a broad spectrum of general, special, gifted, career and technical education opportunities for 13,566 students (including preschool) between the ages of 3 and 21 at sixteen elementary schools, five middle schools, five high schools, and one specialty center. Prior to the suspension of state accreditation ratings due to the COVID-19 pandemic, Roanoke County Public Schools had all of its 26 schools fully accredited based in high achievement in reading, mathematics, science, attendance, and graduation rates. Upon the resumption of SOL testing in spring 2021, the School Division ranked 16th of 132 divisions in overall reading performance and 8th of 132 divisions in overall math performance. The spring 2021 results showed the School Division much higher than the state average in all reading and math tests, led by 7th grade math which was 24 percentage points higher than the state average. The School Division also maintains extensive individualized intervention programs to support student academic success, culminating in a 95.4% on-time graduation rate for the students.

Eastern Section of the Roanoke River Greenway: This project entails the planning, design and construction of approximately 6 miles of the Roanoke River Greenway in the eastern portion of the County, from the water treatment plant in the City of Roanoke to the Blue Ridge Parkway and will end at Rutrough Road (State Route 618) in Explore Park. The project is broken into four sections and funded through several federal and state programs. Three of the greenway projects proposed between Roanoke City and Explore Park have completed the design phase and are in the right-of-way acquisition stage. The fourth project proposed through Explore Park to Rutrough Road is in the design phase. The projects are funded through

approximately \$19,636,785 in federal and state funding from the Highway Safety Improvement Program/Open Container, Transportation Alternatives, Surface Transportation Block Grant, and Federal Lands Access Programs with a local match requirement of approximately \$681,652. The local match is comprised of County funds, the value of donated right-of-way, and private donations. The projects will be constructed in phases between 2022-2024.

Western Section of the Roanoke River Greenway: This project entails the planning, design and construction of approximately 1.6 miles of the Roanoke River Greenway in the western portion of the County, from Green Hill Park in Roanoke County to West Riverside Drive in the City of Salem. The project has completed the design phase and is in the right-of-way acquisition stage. The project is funded through approximately \$8.03 million in Highway Safety Improvement Program/Open Container, Surface Transportation Block Grant program, and SMART SCALE funds. The project is estimated to be constructed in FY2022-2023

Explore Park: Explore Park is an 1,100-acre outdoor recreation park located in the eastern part of Roanoke County connecting with the Blue Ridge Parkway. In 2016, the Board of Supervisors adopted the Explore Park Adventure Plan that outlines the 15-year development plan for a regional park that will host not only local users but tourists from the surrounding region. Explore Park's plan focuses on private development for many of the recreational amenities such as a lodge, campground, cabins, restaurant, gas station, country store, rental facilities, ropes course and river access, creating a positive economic impact to the Roanoke Valley. In fiscal year 2019, the public water and sewer system was completed in the park to serve the Blue Ridge Parkway Visitor Center and park buildings. The cabin and yurt campground project was completed in the fall of 2018 with a project cost of \$900,000. Also, in fiscal year 2021, Explore Park opened its first mountain bike skills park. The skills park is expected to draw young new mountain bikers to the park to learn how to ride. Explore Park has three private vendors currently in operation with cabins & camping operations and a brewery & bistro operating in the historic Brugh Tavern. Treetop Quest, Explore Park's signature aerial adventure park, opened to the public in the summer of 2019. The park is completing its third full season of operations with over 11,000 admissions. Park attendance grew in 2021 to over 200,000 visitors. Explore Park's signature event, Illuminights, hosted over 40,000 visitors in an event that spanned 38 nights in the 2020-2021 holiday season. For the 2021-2022 holiday season, Illuminights will host 35 nights of lights and expects over 45,000 admissions. Explore Park has become a regional outdoor destination for local residents and tourists.

Plantation Road Project: The Plantation Road Bicycle, Pedestrian and Streetscape Improvement Project was started in 2009. The project encompasses the length of Plantation Road (Route 115) from Interstate 81 to Williamson Road (Route 11), a distance of nine-tenths of one mile. The proposed improvements include sidewalks, pedestrian crosswalks, pedestrian signals, bicycle facilities, street trees, pedestrian-scaled lighting, a Hollins community identification sign, landscaping and drainage improvements. Shared-use trails are envisioned to connect Walrond Park to the Hollins University segment of the Tinker Creek Greenway and ultimately to the 60 miles of trails at Carvins Cove Natural Reserve. Phase 1 was completed in 2018 and includes a shared use path from Williamson Road to Walrond Drive with curb, gutter, street trees and a Welcome to Hollins sign. A total of about \$1.3 million was awarded in 2016 for Lila Drive Intersection Safety Improvements, which were completed at the end of 2020. Another \$1.8 million was awarded in 2017 for Phase 2 of the Plantation Road Project which will continue sidewalks, curb and gutter from Walrond Drive to Gander Way/Friendship Lane. The project will also include Walrond Drive intersection improvements, pedestrian signals and crosswalks at the Gander Way/Friendship Lane intersection. Construction is underway and is anticipated to be complete by Spring 2022.

Public Service Center Facility: This multi-phase project was initiated in the fiscal year 2017 Capital Improvement Plan (CIP) through the completion of a comprehensive building planning study to identify options for the replacement of this existing facility that provides office space, shops, storage, and equipment staging for multiple County Departments. Fiscal year 2018 resulted in contracting for the acquisition of key properties on Hollins Road adjacent to the County's Fleet Service Center necessary for Phase I of the project. Architectural and Engineering services were procured in fiscal year 2019 for Phase I and completed in late fiscal year 2020. Property necessary for Phase II construction was procured in fiscal year 2020. Phase I projects will be completed by January of 2022. These include the new Welding Shop addition on

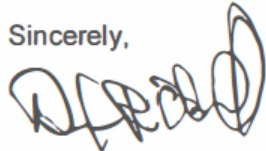
the Fleet Center as well as the construction of the North Addition to house General Services staff. Phase I also included the renovation of an adjacent building to the Fleet Service Center as well a new fueling station and vehicle wash bay. These projects along with the construction of two shop buildings will complete Phase I projects. Phase II is currently planned for funding in fiscal year 2023. The total cost for all prior and future project phases is anticipated to be \$17 million.

Awards and Acknowledgements

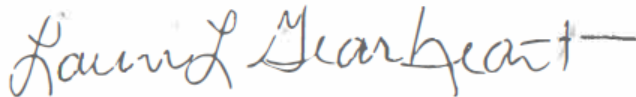
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Roanoke for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2020. This was the thirty-seventh consecutive year that Roanoke County has received this prestigious honor. In order to be awarded a Certificate of Achievement, governments have to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable legal requirements. In addition, the County received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2020. This was the thirty-fifth consecutive year that the government received this esteemed recognition. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document must be judged proficient as a policy document, a financial plan, an operations guide and a communications device.

In closing, we would like to express our sincere gratitude to the personnel in the Department of Finance and Management Services for their dedication to assuring the financial integrity of the County of Roanoke and the preparation of this report. Appreciation is also extended to the Board of Supervisors and the administration, whose continuing leadership and support is essential to the financial health of the County of Roanoke.

Sincerely,



Daniel R. O'Donnell
County Administrator



Laurie L. Gearheart
Director of Finance and Management Services



History of Roanoke County, Virginia

In the 1740s, the first Scotch-Irish and German settlers reached the upper Roanoke Valley by traveling from Pennsylvania through the Shenandoah Valley. They were joined by Tidewater Virginians of English ancestry who journeyed up the valleys of the James and Roanoke Rivers.

Roanoke County, named after the Roanoke River, was formed in 1838 from a portion of Botetourt County and in 1849 a portion of Montgomery County was added. Roanoke County's name comes from the Indian word "Rawrenock", which means wampum. Wampum were white shell beads worn by Native Americans. This explanation comes from Captain John Smith, who wrote about the origins of Roanoke Island in North Carolina's Albemarle Sound.

Most of Roanoke County was rural in nature and farming was predominant throughout the area. By the latter half of the 20th century, Roanoke County, (County), was in transition from farm to factory, but the County's rural population was still relatively large in 1920.

The County today has a population of approximately 96,929 and is a mostly suburban area that surrounds the City of Roanoke. Its 251 square miles include the Town of Vinton; Hollins, home of the prestigious Hollins University for women; and historic Bonsack. A diversified economic base helps to provide security from market fluctuations related to particular products.

The County is governed by a charter approved by the 1986 session of the Virginia General Assembly, which grants additional authority to the County Administrator. The Board of Supervisors is the governing body of the County. Members of the Board, one from each of five magisterial districts, are elected to four-year terms. Board members annually select a Chairman and Vice-Chairman to each serve a one-year term.

The Board appoints a County Administrator to act as administrative head of the County. The County Administrator serves at the pleasure of the Board, carries out its policies and directs business procedures. All department heads report to the County Administrator except for the County Attorney who reports directly to the Board. Five constitutional officers (Commissioner of the Revenue, Commonwealth's Attorney, Clerk of the Circuit Court, Sheriff, and Treasurer) are elected by the voters of the County and are not accountable to the Board, but work closely with the Board and the County Administrator.

On July 1, 1980, the Roanoke County Public Service Authority (therein called the "Authority") was dissolved and the sewer utility operation became a part of the utility department within the County government. The water utility operation had previously been transferred to the County effective July 1, 1976. Effective July 1, 2004, these utility operations were transferred to the newly created Western Virginia Water Authority as discussed in more detail on the next page.

The County participates in the Roanoke Regional Airport Commission, formed in 1987 through an act of the Virginia General Assembly. The Commission's five Board members are each appointed a four year term by both the Roanoke City Council and the Roanoke County Board of Supervisors. This is representative of a new cooperative, promotional spirit that is emerging in the Roanoke Valley between local governments.

In November 1992, the Roanoke County Police Department became the first nationally accredited department in Southwest Virginia through the Commission on Accreditation for Law Enforcement Agencies, Inc. (CALEA). The department has maintained national accreditation since November 1997. Existing departmental programs, including criminal investigations, traffic enforcement, domestic violence, crime prevention, criminal apprehension, and community-involved policing, are enhanced through the accreditation process.

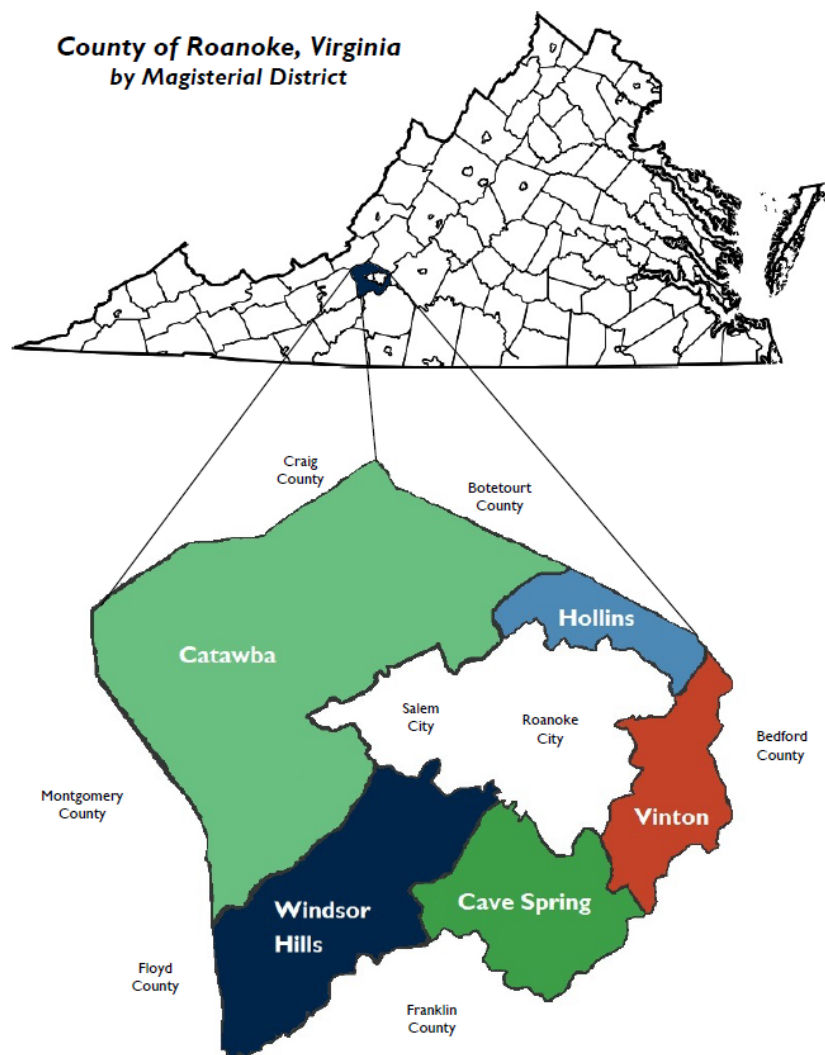
The Roanoke Valley Resource Authority (RVRA) was established on October 23, 1991 under a user agreement between the County of Roanoke, the City of Roanoke and the Town of Vinton to develop a regional solid waste disposal facility. In 2016, the City of Salem joined the RVRA. A nine-member board appointed by the governing bodies of the Charter Members presently governs the RVRA. The County has

control over the budget and financing of the Authority only to the extent of representation by board members appointed. The old regional sanitary landfill operated by the Roanoke Valley Regional Solid Waste Management Board was closed on September 30, 1993.

On July 1, 2004, the County of Roanoke and the City of Roanoke, Virginia (City) formed the Western Virginia Water Authority, a regional water and wastewater authority. This full service authority serves both County and City citizens ensuring a reliable and efficient means of providing water and wastewater treatment, at the lowest cost and best rate and service for its customers. The assets and liabilities of the County and City water and wastewater utilities were merged into one full service authority.

The Western Virginia Regional Jail Authority was formed in June 2005 by the counties of Roanoke, Franklin, and Montgomery and the City of Salem. This regional initiative was undertaken to address overcrowded conditions experienced by each of the partner jurisdictions. The Western Virginia Regional Jail houses post-sentencing inmates and special populations, while the local jails remain operational and are used to house pre-sentencing inmates.

In 2016, the Board of Supervisors adopted the first-ever Community Strategic Plan. The Community Strategic Plan focuses on Community Health and Well-Being, Economic Development, Education, Public Safety, Quality of Life, and Transportation through seven Strategic Initiatives identified through a series of citizen surveys.



**County of Roanoke
County Officials
June 30, 2021**

Board of Supervisors

P. Jason Peters, Chairman, Vinton District
David F. Radford, Vice-Chairman, Windsor Hills District
Martha B. Hooker, Catawba District
Paul M. Mahoney, Cave Spring District
Phil C. North, Hollins District

County Administration

Daniel R. O'Donnell, County Administrator

| | |
|---|---------------------|
| County Attorney | Peter S. Lubeck |
| Assistant County Administrator | Richard L. Caywood |
| Assistant County Administrator | Rebecca E. Owens |
| Clerk to the Board | Deborah C. Jacks |
| Chief of Fire and Rescue | C. Travis Griffith |
| Chief of Police | Howard B. Hall |
| Director of Planning..... | Philip G. Thompson |
| Director of Development Services | Tarek M. Moneir |
| Director of Economic Development | Jill B. Loope |
| Director of Finance and Management Services..... | Laurie L. Gearheart |
| Director of General Services & Parks, Recreation and Tourism..... | Douglas M. Blount |
| Director of Human Resources..... | Anita J. Hassell |
| Director of Communications and Information Technology | William F. Hunter |
| Director of Library Services..... | Shari A. Henry |
| Director of Real Estate Assessments | Kenneth E. Fay |
| Director of Social Services | Joyce W. Earl |
| General Registrar | Anna L. Cloeter |
| Unit Coordinator for Virginia Cooperative Extension | Leslie R. Prillaman |

Constitutional Officers

| | |
|----------------------------------|-----------------------|
| Clerk of the Circuit Court..... | Steven A. McGraw, Sr. |
| Commissioner of the Revenue..... | Nancy J. Horn |
| Commonwealth Attorney | Brian T. Holohan |
| Sheriff | Joseph E. Orange |
| Treasurer | F. Kevin Hutchins |

**Roanoke County Public Schools
Principal Officials
June 30, 2021**

School Board Members

Jason B. Moretz, Chairman, Windsor Hills District
Michael A. Wray, Vice-Chairman, Cave Spring District
David M. Wymer, Chairman, Catawba District
Timothy D. Greenway, Vinton District
David M. Linden, Hollins District

School Administration

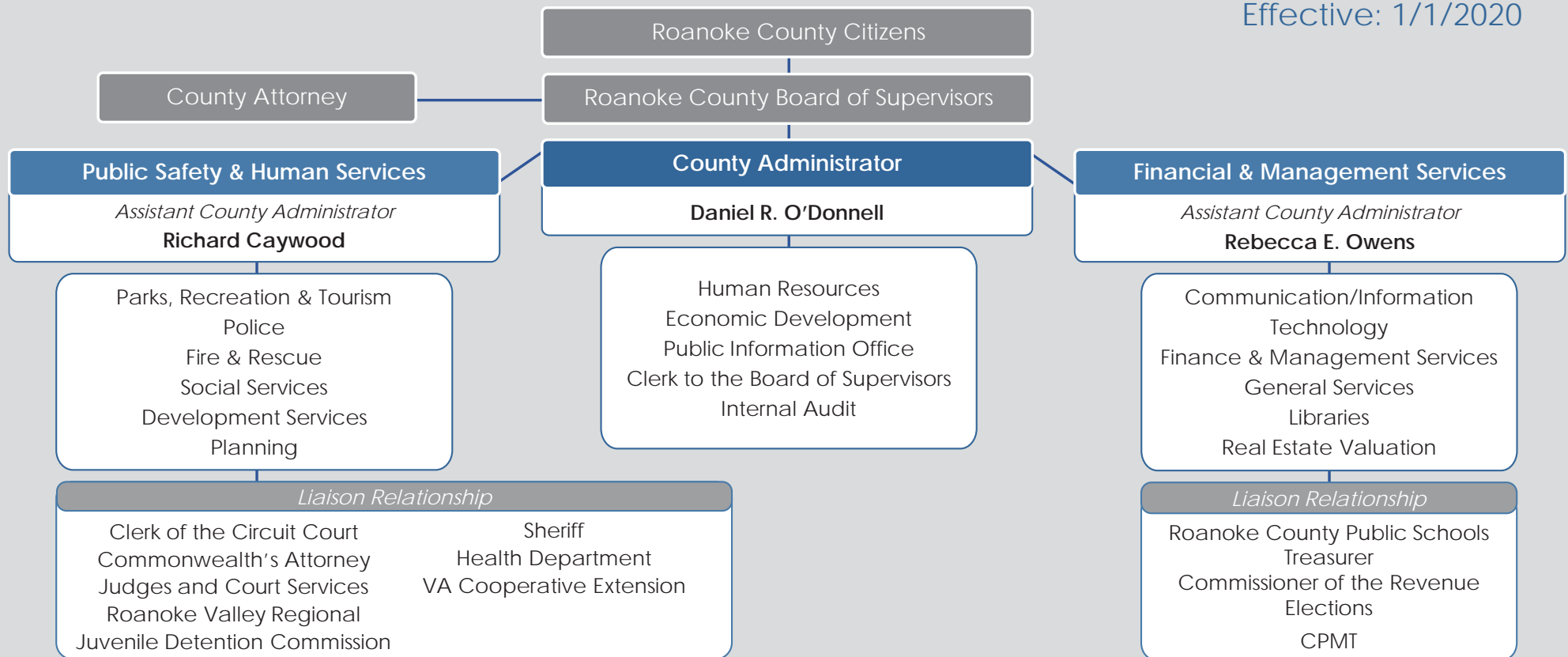
Dr. Kenneth E. Nicely, Superintendent of Schools

Assistant Superintendent of Student Services

| | |
|--|-------------------------|
| and Human Resources | Dr. Jessica M. McClung |
| Executive Director of Administration | Dr. Rhonda W. Stegall |
| Executive Director of Elementary Instruction | Ms. Stephanie M. Hogan |
| Executive Director of Secondary Instruction | Mr. Michael J. Riley |
| Director of Assessment and Research | Mr. Ben J. Williams |
| Director of Career and Technical Education | Mr. Jason D. Suhr |
| Director of Facilities and Operations | Mr. Christopher W. Lowe |
| Director of Finance | Mrs. Susan L. Peterson |
| Director of Human Resources | Mr. James R. Bradshaw |
| Director of Technology | Mr. Jeff A. Terry |
| Director of School Counseling | Dr. Shawn D. Hughes |
| Director of Special Education | Ms. Elisabeth P. Harmon |

Roanoke County Organizational Chart

Effective: 1/1/2020





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**County of Roanoke
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrell

Executive Director/CEO



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the Board of Supervisors
County of Roanoke, Virginia
Roanoke, Virginia

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the South Peak Community Development Authority (the "CDA"), as a discretely presented component unit of the County, which represents 5.2% of the respective assets, 0.4% of the respective revenues, and 0.1% of the respective net position of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the CDA, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Roanoke, Virginia, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2021 on our consideration of the County'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 County'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 County's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 1, 2021

COUNTY OF ROANOKE, VIRGINIA
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2021

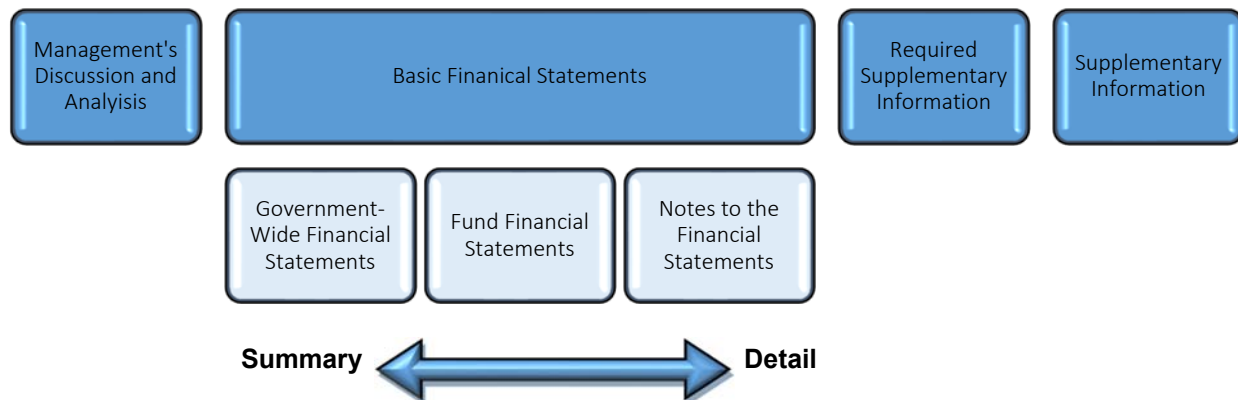
The management of the County of Roanoke, Virginia (County) presents the following discussion and analysis as an overview of the financial activities of the County for the year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-7 of this report.

FINANCIAL HIGHLIGHTS

- The total assets and deferred outflows of the County's governmental activities exceeded its liabilities and deferred inflows as of June 30, 2021 by \$79.3 million (*net position*).
- On a government-wide basis for governmental activities, the County had expenses, net of program revenues, of \$171.7 million, which were \$10.7 million less than general revenues of \$182.4 million (Exhibit II).
- The County's outstanding debt, including bond premiums, decreased by \$13.9 million during fiscal year 2021. This is the result of scheduled debt payments made during the year that reduced the principal balance.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The financial section of the Annual Comprehensive Financial Report consists of the following:



Management's discussion and analysis is intended to serve as an introduction to the County of Roanoke's basic financial statements and is unaudited. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. In addition, required supplementary information accompanies the basic financial statements and related notes, but is unaudited.

The County's basic financial statements include two types of financial statements, each with a different view of the County's finances, the County as a whole (government-wide) and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the County's overall financial position. The fund financial statements focus on the individual funds of the County, reporting the County's operations in more detail than the government-wide statements. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison and enhance the County's accountability.

COUNTY OF ROANOKE, VIRGINIA
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2021

Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These financial statements provide information about the County as a whole using the accrual basis of accounting, which is the method used by most private-sector companies. All current year revenues and expenses are reported in the Statement of Activities regardless of when cash is received or paid. These statements allow readers to answer the question: "Is the County's financial position, as a whole, better or worse as a result of the year's activities?"

One of the main goals of these two financial statements is to report the County's net position and changes that affected net position during the fiscal year. The amount of net position, which is the difference between assets and deferred outflows and liabilities and deferred inflows, is one way to measure the County's financial position. Over time, increases or decreases in net position are indicators of whether the County's financial condition is improving or deteriorating. Other nonfinancial factors, such as changes in the County's property tax base and the physical condition of the County's infrastructure should also be considered in assessing the overall financial condition of the County.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate Roanoke County Public Schools and a legally separate Economic Development Authority for which the County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 33-34 of this report.

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

Governmental activities – Most of the County's basic services are reported as governmental activities, including public safety, public works, judicial administration, library, health and welfare, parks, recreation and cultural, community development, education, and general government. Property and other local taxes, and state and federal grants finance most of these activities.

Fund Financial Statements

Government financial statements have traditionally been prepared using the fund financial statement presentation. They provide more detailed information about the County's funds, focusing on its most significant or "major" funds – not the system as a whole. The County utilizes three types of funds:

- Governmental funds: Most of the County's basic services are reported in governmental funds, which focus on how resources flow into and out of those funds and the remaining balances at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. The relationship (or differences) between governmental activities (reported in the

COUNTY OF ROANOKE, VIRGINIA
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2021

Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation accompanying the fund financial statements.

- Proprietary funds: The County uses Internal Service funds to provide for health, other post-employment benefits, dental, and workers' compensation coverage for employees and for general and automobile liability coverage.
- Fiduciary funds: The County is trustee, or fiduciary, for the Fire and Rescue Pension Trust Length of Service Awards Program. The County acts in a custodial capacity or fiscal agent, for the Roanoke Valley Resource Authority, Virginia Recreational Facilities Authority, the Western Virginia Regional Jail Authority, the Regional Center for Animal Control and Protection and other local agencies. Resources held for other governments, individuals or agencies not part of the County are reported as fiduciary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The County excludes these activities from the government-wide financial statements because the County cannot use these assets to finance its operations.

The governmental fund financial statements can be found beginning on page 35 of this report.

Notes to the basic financial statements – The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 46 of this report.

Required supplementary information – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's budgetary comparisons, contributions and progress in funding its obligation to provide pension and postemployment health care benefits to its employees. Required supplementary information can be found beginning on page 125 of this report.

Certain additional *supplementary information* is presented immediately following the required supplementary information. Supplementary information includes combining schedules of governmental funds (including budgetary comparisons), combining schedules of internal service funds, and combining schedules of fiduciary funds. Also included are statements of component units. Supplementary information can be found beginning on page 147 of this report.

COUNTY OF ROANOKE, VIRGINIA
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2021

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Summary of Net Position

As noted earlier, the amount of net position may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed Summary of Net Position as presented in the government-wide financial statements:

| Summary of Net Position As of June 30, 2021 and 2020 | | | |
|---|--------------------------------|-----------------------------|---------------------|
| | <u>Governmental Activities</u> | | <u>Percent</u> |
| | <u>2021</u> | <u>2020</u> | <u>Change</u> |
| Current and other assets | \$ 112,263,963 | \$ 101,671,197 | 10.4% |
| Capital assets, net | 232,956,505 | 238,828,845 | -2.5% |
| Total assets | <u>345,220,468</u> | <u>340,500,042</u> | <u>1.4%</u> |
| Deferred outflows | 24,140,919 | 16,358,922 | 47.6% |
| Other liabilities | 23,142,975 | 18,998,143 | 21.8% |
| Long-term liabilities | 248,388,866 | 249,255,138 | -0.3% |
| Total liabilities | <u>271,531,841</u> | <u>268,253,281</u> | <u>1.2%</u> |
| Deferred inflows | 18,550,242 | 20,054,030 | -7.5% |
| Net investment in capital assets | 93,331,384 | 90,616,318 | 3.0% |
| Restricted | 3,428,187 | 3,568,610 | -3.9% |
| Unrestricted | (17,480,267) | (25,633,275) | -31.8% |
| Total net position | <u><u>\$ 79,279,304</u></u> | <u><u>\$ 68,551,653</u></u> | <u><u>15.6%</u></u> |

In the case of the County, assets and deferred outflows exceed liabilities and deferred inflows by \$79.3 million at the close of fiscal year 2021. This increase of \$10.7 million reflects an overall increase in the County's financial position and is the result of a combination of factors including a increase in net capital assets due to an increase in asset values offset by annual depreciation expense and expenses exceeding revenues for the year ended.

The largest portion of the County's net position is \$93.3 million (117.7%) and reflects its *net investment in capital assets* (i.e., land, buildings, machinery and equipment) less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The County's *restricted net position* of \$3.4 million (4.3%) represents funds externally restricted for specific state and federal grant programs.

The remaining balance of \$(17.5) million, or -22.0%, is *unrestricted net position*. A negative balance indicates that no funds were available for discretionary purposes.

COUNTY OF ROANOKE, VIRGINIA
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2021

At the end of the current fiscal year, the County was able to report a positive balance in both the net investment in capital assets and the restricted categories and a negative balance in the unrestricted net position category.

Changes in Net Position

The following table presents a condensed summary of changes in net position for governmental activities:

| Changes in Net Position | | | | |
|--|--------------------------------|----------------------|---------------------------|--------------|
| For the Year Ended June 30, 2021 and 2020 | | | | |
| | <u>Governmental Activities</u> | | <u>Percent Change</u> | |
| | <u>2021</u> | <u>2020</u> | | |
| Revenues | | | | |
| Program Revenues: | | | | |
| Charges for services | \$ 11,573,983 | \$ 12,950,046 | | -10.6% |
| Operating grants & contributions | 48,846,350 | 31,976,337 | | 52.8% |
| General Revenues: | | | | |
| Property taxes | 129,304,393 | 122,406,123 | | 5.6% |
| Sales taxes | 13,052,496 | 12,151,618 | | 7.4% |
| Business license taxes | 6,951,809 | 7,307,262 | | -4.9% |
| Communication taxes | 2,900,980 | 3,266,038 | | -11.2% |
| Consumer utility taxes | 3,730,296 | 3,596,614 | | 3.7% |
| Tax on prepared food | 4,428,697 | 4,151,643 | | 6.7% |
| Motor vehicle licenses | 2,469,710 | 2,467,320 | | 0.1% |
| Other local taxes | 5,391,855 | 5,312,507 | | 1.5% |
| Non-categorical state aid | 12,229,857 | 12,229,856 | | 0.0% |
| Other revenues | 2,009,809 | 2,335,598 | | -13.9% |
| Total revenues | <u>242,890,235</u> | <u>220,150,962</u> | | <u>10.3%</u> |
| Expenses | | | | |
| General government | 20,559,622 | 14,959,070 | | 37.4% |
| Judicial administration | 3,337,128 | 3,287,260 | | 1.5% |
| Public safety | 55,886,260 | 58,816,946 | | -5.0% |
| Public works | 19,878,694 | 18,565,362 | | 7.1% |
| Library | 5,900,826 | 6,030,245 | | -2.1% |
| Health & welfare | 24,320,257 | 21,564,398 | | 12.8% |
| Parks, recreation and culture | 9,799,032 | 9,863,100 | | -0.6% |
| Community development | 5,504,813 | 3,653,856 | | 50.7% |
| Education | 80,416,431 | 81,396,425 | | -1.2% |
| Interest and other charges | 6,559,521 | 7,925,589 | | -17.2% |
| Total expenses | <u>232,162,584</u> | <u>226,062,251</u> | | <u>2.7%</u> |
| Change in net position | 10,727,651 | (5,911,289) | | -281.5% |
| Total net position, beginning of year | 68,551,653 | 74,462,942 | | -7.9% |
| Total net position, end of year | <u>\$ 79,279,304</u> | <u>\$ 68,551,653</u> | | <u>15.6%</u> |

COUNTY OF ROANOKE, VIRGINIA
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2021

Governmental Activities

Governmental activities increased the County's net position by \$10.7 million. The County's total revenues increased from the prior year by 10.3% to \$242.9 million and expenses for all programs and services increased 2.7% to \$232.2 million.

Approximately 53.2% of the County's revenues come from property taxes, 2.9% from business license tax, 1.2% from communications tax, 1.5% from consumer utility tax, 1.8% from tax on prepared food, 1.0% from motor vehicle licenses, 2.2% from other local tax, 4.8% from charges for services, 20.1% from operating grants and contributions, 5.0% from non-categorical state aid, 5.4% from sales tax, and 0.9% from other and miscellaneous revenues.

The County's expenses cover a range of services, with about 34.6% related to Education, 24.1% to Public Safety, 8.6% to Public Works, 10.5% to Health and Welfare, 1.4% to Judicial Administration, 2.5% to Library, 4.2% to Parks, Recreation and Culture, 2.4% to Community Development, 8.9% to General Government, and 2.8% for interest and other charges.

Revenues for governmental activities increased \$22.7 million (10.3%) and total expenses increased \$6.1 million (2.7%) when compared to the prior year.

Key elements of these changes were as follows:

- Property tax revenues increased by \$6.9 million (5.6%) during the year. This increase was due to growth in both real and personal property tax assessed values.
- Sales tax revenues increased by \$0.9 million (7.4%). This increase was primarily due to modest growth in local business revenues.
- Business license tax revenues decreased by \$0.4 million (-4.9%). This decrease was primarily due to slightly lagging growth in local business revenues as a result of the COVID-19 pandemic.
- General Government expenses increased by \$5.6 million (37.4%) due to increased spending of federal funding sources as a result of the COVID-19 pandemic.
- Public Safety expenses decreased by \$2.9 million (-5.0%) due to the application of federal provisions that allowed Public Safety salaries to be paid from Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funding.
- Public Works expenses increased by \$1.3 million (7.1%) primarily due to increased stormwater management projects in fiscal year 2021.
- Health and Welfare expenses increased by \$2.8 million (12.8%) due to an increase in demand for services.
- Community Development expenses increased by \$1.9 million (50.7%) primarily due to an increase in capital outlays related to transportation alternative grants, transportation improvement grants, and greenway improvement grants.

COUNTY OF ROANOKE, VIRGINIA
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2021

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental Funds

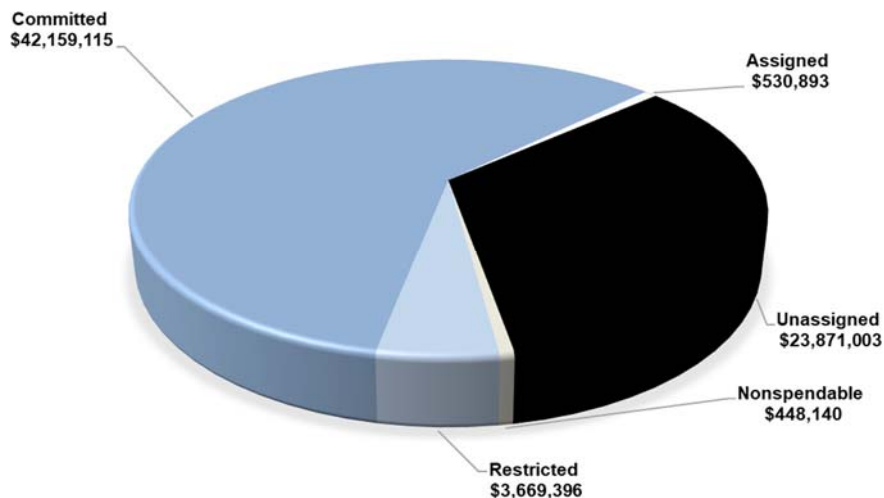
Governmental funds consist of the General Fund, Special Revenue Fund, Debt Service Fund and Capital Projects Fund and account for the general operations of the County. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In fiscal year 2011, the County implemented new reporting guidance, which replaced the traditional fund balance components. The components of fund balance now include non-spendable, restricted, committed, assigned and unassigned. The County has fund balances in all components at year end.

As of the end of the fiscal year, the County's governmental funds reported combined fund balance of \$70.7 million, a decrease of \$5.8 million in comparison with fiscal year 2020. Of this amount 0.6% (\$0.4 million) constitutes *non-spendable fund balance* which reflects inventories and prepaid assets that are non-liquid in form and cannot be spent, 5.2% (\$3.7 million) constitutes *restricted fund balance*, which is externally restricted for State and Federal grant programs, 59.6% (\$42.2 million) constitutes *committed fund balance*, which is designated for future capital projects, education, community development, stormwater management, LOSAP pension liability, and other general government programs, 0.8% (\$0.5 million) constitutes *assigned fund balance*, which is designated for parks and recreation and other various general government programs, and 33.8% (\$23.9 million) constitutes *unassigned fund balance* which reflects the County's unappropriated fund balances for all general governmental accounts.

The fund balance of the General Fund increased \$11.1 million during the current fiscal year. This increase is primarily attributed to less transfers out of the General Fund to County Capital.

The Special Revenue Fund accounts for proceeds of specific revenue sources that are restricted to expenditures for specific purposes. The restricted fund balance decreased from prior year by \$61,876 as a result of the decrease in the taxes received from the South Peak district.

The Capital Projects Fund is used to account for the acquisition or construction of major capital facilities. At the end of the current fiscal year, the Capital Projects Fund balance consisted of \$22.1 million committed and \$0.2 million restricted for future capital projects. The fund balance decreased by \$5.2 million primarily due to continued spending for the construction of the Public Service Center as well as limited capital initiatives in fiscal year 2021 due to the COVID-19 pandemic.



COUNTY OF ROANOKE, VIRGINIA
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2021

GENERAL FUND BUDGETARY HIGHLIGHTS

The County's budget is prepared in accordance with the *Code of Virginia*. During the year, the County amended the original budget primarily for the following purposes:

- To reappropriate monies to pay for commitments in the form of encumbrances established prior to June 30, 2021 but not paid by that date.
- To reappropriate grants, donations and other revenues authorized in fiscal year 2021 or earlier, but not expended or encumbered as of June 30, 2021.
- To appropriate grants, donations, and other revenues accepted or adjusted in fiscal year 2021 when official notice of approval was received.
- To appropriate the designated general fund balance to capital projects.
- To appropriate supplemental funds through a mid-year adjustment, amending the budget due to changes in economic conditions surrounding the COVID-19 pandemic.

Below is a condensed version of the budgetary comparison of the General Fund original budget, amended budget, and actual amounts for fiscal year 2021.

| Budgetary Highlights - General Fund For the Year Ended June 30, 2021 | | | |
|---|-----------------------|-----------------------|----------------------|
| | Original Budget | Budget as Amended | Actual |
| Revenues | \$ 202,520,510 | \$ 245,167,004 | \$ 235,198,690 |
| Expenditures | 117,805,848 | 157,057,953 | 132,834,313 |
| Transfers out, net | 88,043,235 | 91,336,001 | 91,300,704 |
| Net change in fund balance | <u>\$ (3,328,573)</u> | <u>\$ (3,226,950)</u> | <u>\$ 11,063,673</u> |

Actual General Fund total revenues fell short of the amended budget by \$10.0 million for fiscal year 2021. The deficit is primarily the result of several reimbursable federal and state grants budgeted for the Roanoke River Greenway, Corridor improvements, Coronavirus Relief Funds, and other various projects. During the year, planning for the projects continued; however, minimal expenditures were incurred and, therefore, few revenues were received. Expenditures and transfers were less than budgetary estimates by \$24.2 million, resulting in savings at year end primarily due to grant awards budgeted, but not fully expended.

The County Board of Supervisors appropriated \$3.8 million in transfers in fiscal year 2021 to allocate the prior year ending fund balance for future expenditures and capital projects. The County ending fund balance increased at June 30, 2021 by \$5.8 million compared to the prior fiscal year end largely due to increased revenues due to increased property assessments offset by no debt issuances and reduced capital outlay expenditures. The School Board and County Board of Supervisors have a jointly adopted financial policy designating year end balances be re-appropriated, with recommendations presented for approval during the final year-end report.

Proprietary Funds

The County Internal Service Funds, a proprietary fund type, are presented on the same basis as the government-wide financial statements but is presented in more detail in the fund financial statements.

COUNTY OF ROANOKE, VIRGINIA
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2021

Unrestricted net position of the Health Insurance, Dental Insurance, and Risk Management funds at the end of the year amounted to \$3,954,440. The net position of Risk Management increased by \$142,514, Health Insurance increased by \$412,978 as a result of favorable claims experience, and Dental Insurance increased by \$16,258.

CAPITAL ASSETS

As of June 30, 2021, the County had invested \$233.0 million, net of accumulated depreciation, in a variety of capital assets including land, buildings, construction-in-progress, land improvements, and equipment. The total net decrease in the County's investment in capital assets for the current year was \$5.9 million.

Additional information about the County's capital assets can be found in Note 9 to the basic financial statements. Capital assets are illustrated in the following table:

| Capital Assets | | |
|-------------------------------------|------------------------------|------------------------------|
| As of June 30, 2021 and 2020 | | |
| | Governmental Activities | |
| | 2021 | 2020 |
| Land | \$ 15,203,683 | \$ 15,203,683 |
| Buildings, improvements and systems | 369,907,646 | 337,353,258 |
| Furniture, fixtures, and equipment | 79,900,971 | 77,956,033 |
| Construction in progress | 18,156,988 | 38,975,192 |
| Subtotal | <u>483,169,288</u> | <u>469,488,166</u> |
| Accumulated depreciation | (250,212,783) | (230,659,321) |
| Totals | <u><u>\$ 232,956,505</u></u> | <u><u>\$ 238,828,845</u></u> |

Major capital asset events during the current fiscal year included the following:

- Construction in progress decreased by \$30.0 million and Buildings, improvements and systems increased by \$30.0 million due to the finalization of the Cave Spring High School renovation.
- Buildings, improvements, and systems increased by an additional \$2.6 million due to renovations of the Craig Center, Treasurer Remote Office, Marathon Wellness Center, Administrative Center, and the Jail Control Room.
- Furniture, fixtures, and equipment increased by \$1.9 million due to purchases of Clorox electrostatic sprayers, an Incercept Full-Body Scanner, various communications equipment, and twenty new vehicles.

LONG-TERM DEBT

At June 30, 2021, the County had a number of bonded debt issues outstanding. These include \$74.5 million of Virginia Public School Authority (VPSA) bonds for School purposes and \$77.5 million outstanding of lease revenue bonds. Although the issuance of bonds by Virginia counties is not subject to any limitations on amount, counties are prohibited from issuing general obligation bonds unless the issuance has been approved by public referendum. Outstanding debt, including bond premiums, at June 30, 2021 decreased

COUNTY OF ROANOKE, VIRGINIA
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2021

by a net amount of \$13.9 million as a result of no new debt issuances along with the continued scheduled debt payments made during the year that reduced the principal balance of outstanding debt.

The County has adopted a debt policy that establishes guidelines and limitations for the issuance of debt. The debt policy addresses the level of total indebtedness the County can reasonably expect to incur without jeopardizing its financial position and to ensure the efficient and effective operation of the County. The County measures its total level of debt through three ratios: 1) net debt per capita (excluding business type funds) should not exceed \$2,500, 2) net debt per assessments should not exceed 3%, and 3) debt service to general fund expenditures should not exceed 10%. As of June 30, 2021, the County's net debt per capita ratio was \$1,680, the net debt to assessments ratio was 1.51%, and the percent of debt service to general fund expenditures was 6.35% based on total debt outstanding.

The County has bond ratings on outstanding lease revenue bonds as follows: Standard & Poor's AA+, Moody's Investor Service Aa1, and Fitch AA+.

Additional information on the County's long-term debt can be found in Note 8 to the basic financial statements. The following table illustrates the County's outstanding debt:

| Outstanding Debt | | |
|--|-------------------------|-----------------------|
| As of June 30, 2021 and 2020 | | |
| | Governmental Activities | |
| | 2021 | 2020 |
| General Obligation bonds | \$ - | \$ 948,122 |
| Lease Revenue bonds | 77,530,000 | 83,061,766 |
| Virginia Public School Authority bonds | 74,515,490 | 81,000,000 |
| Bond Premiums | 10,777,149 | 11,716,653 |
| Totals | <u>\$ 162,822,639</u> | <u>\$ 176,726,541</u> |

FACTORS INFLUENCING FUTURE BUDGETS AND RATES

Key factors that are expected to impact future budgets include:

- Current financial market volatility and continued uncertainty of the economy.
- Current and projected State budget reductions.
- Projected changes in retirement contribution rates assessed by the Virginia Retirement System.
- Projected increases in health insurance premiums.
- Funding for the Capital Improvements Program.
- Volatility of CSA program expenditures.

ECONOMIC FACTORS

The State economy has fluctuated due to the economic impacts of COVID-19, which emerged in March 2020. Restrictions to travel and public gatherings were in place during the beginning of fiscal year 2021, including take-out only restaurant orders and closure of non-essential businesses. The effects of these restrictions had a direct impact on revenues in multiple categories that support Roanoke County. While

COUNTY OF ROANOKE, VIRGINIA
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2021

some of these restrictions were lifted near the end of fiscal year 2021, the full impact of the COVID-19 outbreak continues to evolve as of the date of this report.

The County continues to forecast growth in the local tax base to further enhance the necessity to maintain existing service levels. While we have always kept a watchful eye on the year-to-date revenue collections and regularly update revenue forecasts, our current fiscal climate dictates that continuous revenue budgeting be a top priority. However, even with this emphasis, it is important to be aware of the pitfalls of estimating future revenues in this continuing unstable economic environment.

The County recognizes the value of properly illustrating year-end commitments. Accordingly, the County is able to utilize all or portions of surpluses at the end of the current year as a source of funding in a subsequent year, while also meeting the County's fund balance and capital policies, and maintaining desired reserves for future needs.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the Director of Finance and Management Services, County of Roanoke, 5204 Bernard Drive, Suite 300E, Roanoke, Virginia 24018, telephone (540) 283-8126, or visit the County's web site at www.roanokecountyva.gov.





COUNTY OF ROANOKE, VIRGINIA
Statement of Net Position
June 30, 2021

Exhibit I

| | Governmental | Component |
|--|---------------------|------------------|
| ASSETS | Activities | Units |
| Cash and cash equivalents | \$ 42,964,307 | \$ 29,852,395 |
| Cash and investments with fiscal agents | 7,812,780 | - |
| Investments | 25,228,429 | 9,837,729 |
| Restricted cash and cash equivalents | 2,236,065 | 700,000 |
| Accounts receivable | 16,364,982 | 252,479 |
| Due from other governments | 17,209,260 | 10,113,061 |
| Inventories | 184,035 | 601,097 |
| Land held for resale | - | 4,162,324 |
| Prepaid and other assets | 264,105 | 370,311 |
| Capital assets: | | |
| Land and construction in progress | 33,360,671 | 11,912,413 |
| Other capital assets, net | 199,595,834 | 47,809,417 |
| Capital assets, net | 232,956,505 | 59,721,830 |
| Total assets | 345,220,468 | 115,611,226 |
| DEFERRED OUTFLOWS | | |
| Deferred charges on refundings of debt | 672,271 | - |
| Resources related to pension plan | 18,895,145 | 34,848,583 |
| Other postemployment benefits provided by Virginia Retirement System | 1,108,762 | 2,998,857 |
| Other postemployment benefits provided by Roanoke County and Roanoke County Public Schools | 3,464,741 | 717,581 |
| Total deferred outflows | 24,140,919 | 38,565,021 |
| LIABILITIES | | |
| Accounts payable | 6,940,983 | 1,868,197 |
| Accrued liabilities | 1,629,906 | 5,365,893 |
| Unearned revenues | 12,268,539 | 768,469 |
| Accrued interest payable | 2,303,547 | 105,303 |
| Long-term liabilities: | | |
| Portion due or payable within one year: | | |
| Bonds payable | 12,182,438 | 278,000 |
| Bond premiums | 935,576 | - |
| Compensated absences | 3,184,997 | 817,262 |
| Claims payable | 1,719,997 | 1,412,722 |
| Portion due or payable after one-year: | | |
| Bonds payable | 139,863,052 | 5,731,000 |
| Bond premiums | 9,841,573 | - |
| Compensated absences | 3,348,675 | 1,903,388 |
| Claims payable | 1,179,595 | 532,707 |
| Net pension liabilities | 54,692,407 | 135,109,014 |
| Net LOSAP pension liability | 12,156,472 | - |
| Other postemployment benefits provided by Virginia Retirement System | 5,173,634 | 19,313,346 |
| Other postemployment benefits provided by Roanoke County and Roanoke County Public Schools | 4,110,450 | 5,790,970 |
| Total liabilities | 271,531,841 | 178,996,271 |
| DEFERRED INFLOWS | | |
| Deferred tax revenues | 12,418,918 | - |
| Resources related to pension plan | 525,495 | 11,873,244 |
| Other postemployment benefits provided by Virginia Retirement System | 230,755 | 1,249,213 |
| Other postemployment benefits provided by Roanoke County and Roanoke County Public Schools | 5,375,074 | 7,597,148 |
| Total deferred inflows | 18,550,242 | 20,719,605 |
| NET POSITION | | |
| Net investment in capital assets | 93,331,384 | 53,712,830 |
| Restricted for: | | |
| Grants and other governmental programs | 3,428,187 | 700,000 |
| Emergency contingency | - | 2,000,000 |
| Unrestricted | (17,480,267) | (101,952,459) |
| Total net position | \$ 79,279,304 | \$ (45,539,629) |

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Statement of Activities
For the Year Ended June 30, 2021

| Functions/Programs | Expenses | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Position | |
|--------------------------------|-----------------------|----------------------|------------------------------------|----------------------------------|---|------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Component Units |
| Primary Government | | | | | | |
| General government | \$ 20,559,622 | \$ 1,280,835 | \$ 659,225 | \$ - | \$ (18,619,562) | \$ - |
| Judicial administration | 3,337,128 | 935,752 | 1,377,888 | - | (1,023,488) | - |
| Public safety | 55,886,260 | 4,348,734 | 24,359,738 | - | (27,177,788) | - |
| Public works | 19,878,694 | 365,251 | 57,270 | - | (19,456,173) | - |
| Library | 5,900,826 | 99,642 | 184,878 | - | (5,616,306) | - |
| Health and welfare | 24,320,257 | 1,190,877 | 14,704,185 | - | (8,425,195) | - |
| Parks, recreation, and culture | 9,799,032 | 2,654,275 | 1,120,453 | - | (6,024,304) | - |
| Community development | 5,504,813 | 698,617 | 955,325 | - | (3,850,871) | - |
| Education | 80,416,431 | - | 5,427,388 | - | (74,989,043) | - |
| Interest and other charges | 6,559,521 | - | - | - | (6,559,521) | - |
| | <u>\$ 232,162,584</u> | <u>\$ 11,573,983</u> | <u>\$ 48,846,350</u> | <u>\$ -</u> | <u>(171,742,251)</u> | <u>-</u> |
| Total component units | <u>\$ 180,154,797</u> | <u>\$ 1,549,221</u> | <u>\$ 43,540,748</u> | <u>\$ 935,927</u> | <u>-</u> | <u>(134,128,901)</u> |
| General revenues: | | | | | | |
| | | | | | | |
| | | | | | 129,304,393 | - |
| | | | | | 13,052,496 | - |
| | | | | | 6,951,809 | - |
| | | | | | 2,900,980 | - |
| | | | | | 3,730,296 | - |
| | | | | | 4,428,697 | - |
| | | | | | 2,469,710 | - |
| | | | | | 5,391,855 | - |
| | | | | | - | 75,548,250 |
| | | | | | - | 155,446 |
| | | | | | 12,229,857 | 58,194,850 |
| | | | | | - | 585,296 |
| | | | | | - | 7,690 |
| | | | | | 203,351 | 159,208 |
| | | | | | 1,258,439 | 3,103 |
| | | | | | 548,019 | 1,613,321 |
| | | | | | <u>182,469,902</u> | <u>136,267,164</u> |
| | | | | | 10,727,651 | 2,138,263 |
| | | | | | 68,551,653 | (47,677,892) |
| | | | | | <u>\$ 79,279,304</u> | <u>\$ (45,539,629)</u> |

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2021

| | General | Special Revenue | Debt Service | Capital Projects | Total Governmental Funds |
|---|----------------------|--------------------|-------------------|----------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 24,698,951 | \$ 721,095 | \$ 237,698 | \$ 12,540,490 | \$ 38,198,234 |
| Cash and investments with fiscal agents | 3,627,657 | - | 30,654 | 4,154,469 | 7,812,780 |
| Investments | 14,834,142 | - | - | 7,531,793 | 22,365,935 |
| Restricted cash and cash equivalents | 2,236,065 | - | - | - | 2,236,065 |
| Receivables | 16,147,962 | 7,690 | - | 1,346 | 16,156,998 |
| Due from other governments | 17,194,024 | - | - | 15,236 | 17,209,260 |
| Prepaid items and other assets | 63,556 | - | - | 200,549 | 264,105 |
| Inventories | 184,035 | - | - | - | 184,035 |
| Total assets | <u>\$ 78,986,392</u> | <u>\$ 728,785</u> | <u>\$ 268,352</u> | <u>\$ 24,443,883</u> | <u>\$ 104,427,412</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ 4,011,409 | \$ 400 | \$ 28,019 | \$ 1,918,636 | \$ 5,958,464 |
| Accrued wages and benefits | 1,629,906 | - | - | - | 1,629,906 |
| Unearned revenues | 12,268,539 | - | - | - | 12,268,539 |
| Total liabilities | <u>17,909,854</u> | <u>400</u> | <u>28,019</u> | <u>1,918,636</u> | <u>19,856,909</u> |
| DEFERRED INFLOWS | | | | | |
| Deferred tax revenues | 12,411,228 | 7,690 | - | - | 12,418,918 |
| Unavailable revenues | 1,473,038 | - | - | - | 1,473,038 |
| | <u>13,884,266</u> | <u>7,690</u> | <u>-</u> | <u>-</u> | <u>13,891,956</u> |
| FUND BALANCES | | | | | |
| Nonspendable | 247,591 | - | - | 200,549 | 448,140 |
| Restricted | 2,707,492 | 720,695 | - | 241,209 | 3,669,396 |
| Committed | 19,835,293 | - | 240,333 | 22,083,489 | 42,159,115 |
| Assigned | 530,893 | - | - | - | 530,893 |
| Unassigned | 23,871,003 | - | - | - | 23,871,003 |
| Total fund balances | <u>47,192,272</u> | <u>720,695</u> | <u>240,333</u> | <u>22,525,247</u> | <u>70,678,547</u> |
| Total liabilities, deferred inflows and fund balances | <u>\$ 78,986,392</u> | <u>\$ 728,785</u> | <u>\$ 268,352</u> | <u>\$ 24,443,883</u> | <u>\$ 104,427,412</u> |

COUNTY OF ROANOKE, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2021

Reconciliation of the Governmental Funds' Balance Sheet to the Statement of Net Position

| | |
|--|---------------|
| Total fund balances for governmental funds (Exhibit III) | \$ 70,678,547 |
|--|---------------|

Total net capital assets reported for governmental activities in the Statement of Net Position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (Note 9). Those assets consist of:

| | | |
|--|--------------------|-------------|
| Land and construction in progress | 33,360,671 | |
| Other capital assets, net of \$250,212,783 of accumulated depreciation | <u>199,595,834</u> | |
| Total capital assets, net | | 232,956,505 |

| | |
|--|-----------|
| Internal service funds (Exhibit V) are used by the County to charge the cost of health, dental, and risk management to individual funds. These assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position. Internal service fund net position (deficit) is: | 3,954,440 |
|--|-----------|

| | |
|--|-----------|
| County revenues that are earned but not considered available are not current financial resources and, therefore, are not reported in the governmental funds. | 1,473,038 |
|--|-----------|

Long-term assets or liabilities are not due and payable in the current period and, therefore, are not reported as assets or liabilities in the governmental funds. Balances at June 30, 2021 are:

| | | |
|---|---------------------|---------------|
| Accrued interest payable | (2,303,547) | |
| Bonds payable | (152,045,490) | |
| Bond premiums | (10,777,149) | |
| Compensated absences | (6,533,672) | |
| Other postemployment benefit OPEB liabilities | (9,284,084) | |
| Net pension liabilities | <u>(66,848,879)</u> | |
| Total long-term assets and liabilities | | (247,792,821) |

Deferred outflows and inflows or resources related to debt refunds, pensions and OPEB are applicable to future periods and, therefore, are not reported in the governmental funds. Balances at June 30, 2021 are:

| | | |
|---|------------------|------------|
| Deferred outflow from debt refundings resulting in loss transactions | 672,271 | |
| Deferred outflows of resources related to pension plan | 18,895,145 | |
| Deferred outflows of resources related to other postemployment benefits | 4,573,503 | |
| Deferred inflows of resources related to other postemployment benefits | (5,605,829) | |
| Deferred inflow of resources related to pension plan | <u>(525,495)</u> | |
| Total deferred outflows and inflows | | 18,009,595 |

| | |
|---|----------------------|
| Total net position of governmental activities (Exhibit I) | <u>\$ 79,279,304</u> |
|---|----------------------|

COUNTY OF ROANOKE, VIRGINIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

| | General | Special Revenue | Debt Service | Capital Projects | Total Governmental Funds |
|--|----------------|--------------------|-----------------|---------------------|--------------------------------|
| REVENUES | | | | | |
| General property taxes | \$ 130,037,598 | \$ 290,956 | \$ - | \$ - | \$ 130,328,554 |
| Other local taxes | 38,038,109 | 302,029 | - | - | 38,340,138 |
| Permits, fees, and licenses | 935,262 | - | - | - | 935,262 |
| Fines and forfeitures | 407,824 | - | - | - | 407,824 |
| Use of money and property | 206,391 | - | 1,521 | 64,866 | 272,778 |
| Charges for services | 7,097,686 | - | - | 785,917 | 7,883,603 |
| Intergovernmental revenue | 54,806,695 | - | 4,125,345 | 1,302,043 | 60,234,083 |
| Locality compensation payments | - | - | 125,371 | - | 125,371 |
| Miscellaneous | 3,669,125 | - | 377,886 | 119,710 | 4,166,721 |
| Total revenues | 235,198,690 | 592,985 | 4,630,123 | 2,272,536 | 242,694,334 |
| EXPENDITURES | | | | | |
| Current operating: | | | | | |
| General government | 20,685,109 | - | - | - | 20,685,109 |
| Judicial administration | 3,127,573 | - | - | - | 3,127,573 |
| Public safety | 49,983,802 | - | - | - | 49,983,802 |
| Public works | 17,716,616 | - | - | - | 17,716,616 |
| Library | 4,833,407 | - | - | - | 4,833,407 |
| Health and welfare | 23,282,780 | - | - | - | 23,282,780 |
| Parks, recreation, and culture | 8,303,893 | - | - | - | 8,303,893 |
| Community development | 4,901,133 | 28,922 | - | - | 4,930,055 |
| Education | 69,147,126 | - | - | - | 69,147,126 |
| Debt service: | | | | | |
| Principal | - | 249,000 | 12,964,398 | - | 13,213,398 |
| Interest and other charges | - | 376,939 | 7,124,128 | - | 7,501,067 |
| Capital outlay | - | - | - | 13,395,301 | 13,395,301 |
| Total expenditures | 201,981,439 | 654,861 | 20,088,526 | 13,395,301 | 236,120,127 |
| Excess (deficiency) of revenues over (under) expenditures | 33,217,251 | (61,876) | (15,458,403) | (11,122,765) | 6,574,207 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Proceeds from sale of land, buildings and equipment | - | - | - | 203,351 | 203,351 |
| Transfers in | 141,652 | - | 15,648,202 | 10,913,400 | 26,703,254 |
| Transfers out | (22,295,230) | - | (180,000) | (5,224,323) | (27,699,553) |
| Total other financing sources (uses), net | (22,153,578) | - | 15,468,202 | 5,892,428 | (792,948) |
| Net change in fund balances | 11,063,673 | (61,876) | 9,799 | (5,230,337) | 5,781,259 |
| Total fund balances at beginning of year | 36,128,599 | 782,571 | 230,534 | 27,755,584 | 64,897,288 |
| Total fund balances at end of year | \$ 47,192,272 | \$ 720,695 | \$ 240,333 | \$ 22,525,247 | \$ 70,678,547 |

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities**

| | |
|---|--------------|
| Net change in fund balances - total governmental funds (Exhibit IV) | \$ 5,781,259 |
|---|--------------|

Total change in net position reported for governmental activities in the Statement of Activities is different due to:

| | |
|--|---------|
| Internal service funds (Exhibit VI) are used by the County to charge the cost of health, dental, and risk management to individual funds. The change in net position of internal service funds is reported with governmental activities. | 571,750 |
|--|---------|

| | |
|---|---------|
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. | 106,000 |
|---|---------|

| | |
|--|-------------|
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and the net book value of disposals (\$14,855,013) were under depreciation expense (\$20,727,357) in the current period. | (5,872,344) |
|--|-------------|

Long-term liabilities, including bond and other obligation proceeds, are reported as financing sources in governmental funds and, thus, contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the change in net position. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position.

| | | |
|-------------------------------|------------------|------------|
| Repayments of principal | 12,964,398 | |
| Locality compensation payment | <u>(125,371)</u> | |
| Net adjustment | | 12,839,027 |

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, which is presented on the accrual basis, expenses and changes in liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net change of the following:

| | | |
|--------------------------|------------------|---------|
| Compensated absences | (337,507) | |
| Accrued interest payable | <u>1,190,548</u> | |
| Net adjustment | | 853,041 |

| | |
|---|-------------|
| Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. | (5,483,508) |
|---|-------------|

| | |
|---|-----------|
| Governmental funds report other postemployment benefit contributions as expenditures. However, in the Statement of Activities, the cost of other postemployment benefits earned net of employee contributions is reported as pension expense. | 1,932,426 |
|---|-----------|

| | |
|--|-----------------------------|
| Change in net position of governmental activities (Exhibit II) | <u><u>\$ 10,727,651</u></u> |
|--|-----------------------------|

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Statement of Net Position
Proprietary Funds
June 30, 2021

| | Internal Service Funds |
|------------------------------|---------------------------------------|
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents | \$ 4,766,073 |
| Investments | 2,862,494 |
| Accounts receivable | 207,984 |
| Total current assets | <u>7,836,551</u> |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable | 982,519 |
| Claims payable | 1,719,997 |
| Total current liabilities | <u>2,702,516</u> |
| Noncurrent liabilities: | |
| Claims payable | 1,179,595 |
| Total noncurrent liabilities | <u>1,179,595</u> |
| Total liabilities | <u>3,882,111</u> |
| Net Position: | |
| Unrestricted | 3,954,440 |
| Total net position | <u><u>\$ 3,954,440</u></u> |

See accompanying notes to basic financial statements

COUNTY OF ROANOKE, VIRGINIA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021

| | Internal Service Funds |
|---|---------------------------------------|
| OPERATING REVENUES | |
| Charges for services | \$ 13,110,476 |
| Total operating revenues | <u>13,110,476</u> |
| OPERATING EXPENSES | |
| Purchased services | 2,778,187 |
| Claims | <u>10,768,761</u> |
| Total operating expenses | <u>13,546,948</u> |
| Operating loss | (436,472) |
| NONOPERATING REVENUES | |
| Investment income | <u>11,923</u> |
| Total nonoperating revenues | <u>11,923</u> |
| Net loss before transfers | <u>(424,549)</u> |
| TRANSFERS | |
| Transfers in | <u>996,299</u> |
| Net transfers | <u>996,299</u> |
| Change in net position | 571,750 |
| Total net position at beginning of year | <u>3,382,690</u> |
| Total net position at end of year | <u><u>\$ 3,954,440</u></u> |

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

| | Internal Service Fund |
|--|--------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash received from interfund services provided | \$ 13,110,476 |
| Payments to suppliers | (2,522,943) |
| Claims paid | (10,814,336) |
| Other payments, net | 532,250 |
| Cash provided by operating activities | <u>305,447</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Transfers in from other funds | 996,299 |
| Cash provided by noncapital financing activities | <u>996,299</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchase of pooled investments | (1,256,392) |
| Interest and dividends received | 11,923 |
| Cash used in investing activities | <u>(1,244,469)</u> |
| Increase in cash and cash equivalents | 57,277 |
| Cash and cash equivalents at beginning of the year | 4,708,796 |
| Cash and cash equivalents at end of the year | <u><u>\$ 4,766,073</u></u> |
| <u>Reconciliation of operating loss to net cash provided by operating activities:</u> | |
| Operating loss | \$ (436,472) |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | |
| Change in assets and liabilities: | |
| Accounts receivable | (43,735) |
| Prepaid expenses | 575,985 |
| Accounts payable | 255,244 |
| Claims payable | (45,575) |
| Net cash provided by operating activities | <u><u>\$ 305,447</u></u> |

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

| | OPEB Trust | Custodial Funds | Total |
|--|-----------------------|----------------------------|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ - | \$ 26,643,489 | \$ 26,643,489 |
| Investments | | 4,379,428 | 4,379,428 |
| Investments held by trustee, at fair value: | | | |
| Other pooled funds | 9,583,641 | - | 9,583,641 |
| Accounts receivable | - | 1,356,442 | 1,356,442 |
| Interest receivable | - | 2,621 | 2,621 |
| Due from other governments | - | 2,509,967 | 2,509,967 |
| Prepaid items | - | 23,000 | 23,000 |
| Inventory | - | 509,056 | 509,056 |
| Total assets | <u>9,583,641</u> | <u>35,424,003</u> | <u>45,007,644</u> |
| LIABILITIES | | | |
| Accounts payable | - | 2,250,416 | 2,250,416 |
| Accrued payroll | - | 2,061,742 | 2,061,742 |
| Due to other governments | - | 585,911 | 585,911 |
| Total liabilities | <u>-</u> | <u>4,898,069</u> | <u>4,898,069</u> |
| NET POSITION | | | |
| Restricted for: | | | |
| Postemployment benefits other than pensions | 9,583,641 | - | 9,583,641 |
| Individuals, organizations and other governments | - | 30,525,934 | 30,525,934 |
| Total Net Position | <u>\$ 9,583,641</u> | <u>\$ 30,525,934</u> | <u>\$ 40,109,575</u> |

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

| | OPEB Trust | Custodial Funds | Total |
|--|-----------------------|----------------------------|----------------------|
| ADDITIONS | | | |
| Contributions from employer | \$ 121,825 | \$ - | \$ 121,825 |
| Custodial fund additions | - | 135,723,523 | 135,723,523 |
| Investment income: | | | |
| Interest and dividends | 4,477 | - | 4,477 |
| Unrealized/Realized gains | 2,186,018 | - | 2,186,018 |
| Total Investment Gain | 2,190,495 | - | 2,190,495 |
| Less Investment Expenses | (8,731) | - | (8,731) |
| Net Investment Income | 2,181,764 | - | 2,181,764 |
| Total additions | 2,303,589 | 135,723,523 | 138,027,112 |
| DEDUCTIONS | | | |
| Custodial fund payments and withdrawals | - | 141,314,881 | 141,314,881 |
| Total deductions | - | 141,314,881 | 141,314,881 |
| Change in net position | 2,303,589 | (5,591,358) | (3,287,769) |
| Total net position at beginning of year, as restated (Note 20) | 7,280,052 | 36,117,292 | 43,397,344 |
| Total net position at ending of year | <u>\$ 9,583,641</u> | <u>\$ 30,525,934</u> | <u>\$ 40,109,575</u> |

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Net Position
Component Units
June 30, 2021

| | Roanoke County Public Schools | Economic Development Authority | South Peak Community Development Authority | Total Component Units |
|---|-------------------------------------|--------------------------------------|---|-----------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 28,932,622 | \$ 919,773 | \$ - | \$ 29,852,395 |
| Investments | 9,837,729 | - | - | 9,837,729 |
| Restricted cash and cash equivalents | - | 700,000 | - | 700,000 |
| Accounts and other receivables | 252,341 | 138 | - | 252,479 |
| Due from other governments | 9,391,966 | - | 721,095 | 10,113,061 |
| Inventory | 601,097 | - | - | 601,097 |
| Land held for resale | - | 4,162,324 | - | 4,162,324 |
| Prepaid and other assets | 370,311 | - | - | 370,311 |
| Capital assets: | | | | |
| Land and construction in progress | 6,582,350 | - | 5,330,063 | 11,912,413 |
| Other capital assets, net | 47,809,417 | - | - | 47,809,417 |
| Capital assets, net | 54,391,767 | - | 5,330,063 | 59,721,830 |
| Total assets | 103,777,833 | 5,782,235 | 6,051,158 | 115,611,226 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Resources related to pension plan | 34,848,583 | - | - | 34,848,583 |
| Other postemployment benefit provided by Virginia Retirement System | 2,998,857 | - | - | 2,998,857 |
| Other postemployment benefit provided by Roanoke County Public Schools | 717,581 | - | - | 717,581 |
| Total deferred outflows of resources | 38,565,021 | - | - | 38,565,021 |
| LIABILITIES | | | | |
| Accounts payable | 1,867,797 | - | 400 | 1,868,197 |
| Accrued liabilities | 5,365,893 | - | - | 5,365,893 |
| Unearned revenue | 768,469 | - | - | 768,469 |
| Accrued interest payable | - | - | 105,303 | 105,303 |
| Long-term liabilities: | | | | |
| <i>Portion due or payable within one year:</i> | | | | |
| Bonds payable | - | - | 278,000 | 278,000 |
| Compensated absences | 817,262 | - | - | 817,262 |
| Claims payable | 1,412,722 | - | - | 1,412,722 |
| <i>Portion due or payable after one year:</i> | | | | |
| Bonds payable | - | - | 5,731,000 | 5,731,000 |
| Compensated absences | 1,903,388 | - | - | 1,903,388 |
| Claims payable | 532,707 | - | - | 532,707 |
| Net pension liability | 135,109,014 | - | - | 135,109,014 |
| Net liability from other postemployment benefit provided by Virginia Retirement System | 19,313,346 | - | - | 19,313,346 |
| Net liability from other postemployment benefit provided by Roanoke County Public Schools | 5,790,970 | - | - | 5,790,970 |
| Total liabilities | 172,881,568 | - | 6,114,703 | 178,996,271 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Resources related to pension plan | 11,873,244 | - | - | 11,873,244 |
| Other postemployment benefit provided by Virginia Retirement System | 1,249,213 | - | - | 1,249,213 |
| Other postemployment benefit provided by Roanoke County Public Schools | 7,597,148 | - | - | 7,597,148 |
| Total deferred inflows of resources | 20,719,605 | - | - | 20,719,605 |
| NET POSITION | | | | |
| Net investment in capital assets | 54,391,767 | - | (678,937) | 53,712,830 |
| Restricted for: | | | | |
| Emergency contingency | 2,000,000 | - | - | 2,000,000 |
| Grants | - | 700,000 | - | 700,000 |
| Unrestricted (deficit) | (107,650,086) | 5,082,235 | 615,392 | (101,952,459) |
| Total net (deficit) position | \$ (51,258,319) | \$ 5,782,235 | \$ (63,545) | \$ (45,539,629) |

See accompanying notes to basic financial statements

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2021

| Functions/Programs | Expenses | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Position | | | |
|--|-----------------------|----------------------------|--|--|---|--------------------------------------|---|-----------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Public Schools | Economic Development Authority | South Peak Community Development Authority | Total Component Units |
| Roanoke County Public Schools | \$ 177,501,667 | \$ 1,549,221 | \$ 43,540,748 | \$ 935,927 | \$ (131,475,771) | \$ - | \$ - | \$ (131,475,771) |
| Economic Development Authority | 2,268,168 | - | - | - | - | (2,268,168) | - | (2,268,168) |
| South Peak Community Development Authority | 384,962 | - | - | - | - | - | (384,962) | (384,962) |
| Total component units | <u>\$ 180,154,797</u> | <u>\$ 1,549,221</u> | <u>\$ 43,540,748</u> | <u>\$ 935,927</u> | <u>(131,475,771)</u> | <u>(2,268,168)</u> | <u>(384,962)</u> | <u>(134,128,901)</u> |
| General revenues: | | | | | | | | |
| Payments from Roanoke County | | | | | 73,982,081 | 1,566,169 | - | 75,548,250 |
| Payments from other local governments | | | | | - | 155,446 | - | 155,446 |
| Non-categorical state aid | | | | | 58,194,850 | - | - | 58,194,850 |
| Incremental tax revenues | | | | | - | - | 585,296 | 585,296 |
| Special assessment revenues | | | | | - | - | 7,690 | 7,690 |
| Gain on sale of capital assets | | | | | 159,208 | - | - | 159,208 |
| Interest and Investment earnings | | | | | - | 3,103 | - | 3,103 |
| Miscellaneous | | | | | 1,542,805 | 70,516 | - | 1,613,321 |
| Total general revenues | | | | | <u>133,878,944</u> | <u>1,795,234</u> | <u>592,986</u> | <u>136,267,164</u> |
| Change in net position | | | | | 2,403,173 | (472,934) | 208,024 | 2,138,263 |
| Total net (deficit) position at beginning of year (restated as of June 30, 2020) | | | | | <u>\$ (53,661,492)</u> | <u>\$ 6,255,169</u> | <u>\$ (271,569)</u> | <u>\$ (47,677,892)</u> |
| Total net (deficit) position at end of year | | | | | <u>\$ (51,258,319)</u> | <u>\$ 5,782,235</u> | <u>\$ (63,545)</u> | <u>\$ (45,539,629)</u> |

See accompanying notes to basic financial statements

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2021

(1) Summary of Significant Accounting Policies

Financial Reporting Entity

Formed in 1838, the County of Roanoke, Virginia (County) is a county government within the Commonwealth of Virginia (Commonwealth or State). The County is a municipal corporation governed by an elected five-member Board of Supervisors (Board), one from each of the five magisterial districts that appoints a County Administrator. There are also five elected Constitutional Officers who are independent of the Roanoke County Government by law and serve as Clerk of the Circuit Court, Commissioner of the Revenue, Commonwealth Attorney, Sheriff and Treasurer.

The County's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County's financial reporting entity is defined and its financial statements are presented in accordance with GAAP, which defines the distinction between the County as the Primary Government and its related entities. Accordingly, these financial statements present the County and its component units, entities for which the County is considered to be financially accountable, hereafter referred to as the Reporting Entity.

Discretely Presented Component Units

Discretely presented component units are entities that are legally separate organizations for which the elected officials of the Primary Government are financially accountable or for which the nature and significance of their relationship with a Primary Government are such that exclusion would cause the Reporting Entity's financial statements to be misleading. They are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

Roanoke County Public Schools

The Roanoke County Public School Board (School Board) is responsible for overseeing elementary and secondary public education within the government's jurisdiction. The members of the School Board are elected by the citizens of Roanoke County. However, the Roanoke County Public Schools (School System) is fiscally dependent upon the County because its Board approves the School System's budget, levies the necessary taxes to finance operations, and approves the borrowing of money and issuance of debt to support School System operations and infrastructure. The School System's financial information is presented within the Discretely Presented Component Units' column to emphasize that it is legally separate from the Primary Government. The School System has separately issued financial statements, which may be obtained by writing the Roanoke County Public Schools Department of Finance, 5937 Cove Road, Roanoke, VA 24018 or visit their website www.rcps.us.

Economic Development Authority of Roanoke County, Virginia

The Economic Development Authority of Roanoke County, Virginia (EDA or Authority) was created as a political subdivision of the Commonwealth of Virginia by ordinance of the Roanoke County Board on August 11, 1971, pursuant to the provisions of the Industrial Development and Revenue Bond Act (Chapter 49, Section 15.2 et. Seq., of the *Code of Virginia* (1950), as amended). The Authority is governed by a board of directors appointed by the County's Board. As a result, the Authority's revenues and expenses may be influenced by the decisions made by the County. The Authority is authorized to acquire, own, lease, and dispose of properties aimed at promoting industry and developing trade by encouraging enterprises to locate and remain in the Roanoke Valley. In addition, the Authority is authorized to issue revenue bonds for the purpose of obtaining and constructing facilities, for which related liabilities may be retained by the Authority or may be assumed by the enterprises for which facilities are constructed. Collection of revenues pledged to

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2021

liquidate the bonds may be assigned to a trustee. The revenue bonds are not deemed to constitute a debt of pledge of the faith and credit of the Commonwealth of Virginia or any municipality thereof and are payable solely from revenues generated from the lease of facilities constructed, which may be secured by a deed of trust on those facilities. The EDA financial information is presented within the Discretely Presented Component Units' column to emphasize that it is legally separate from the primary government. The Authority does not issue separate financial statements.

South Peak Community Development Authority

The South Peak Community Development Authority (CDA) was created as a political subdivision of the Commonwealth of Virginia by ordinance of the County Board on August 24, 2010 pursuant to the provisions of the Virginia Water and Waste Authorities Act (Chapter 51, Section 15.2 et. Seq., of the *Code of Virginia* (1950), as amended). The CDA is governed by a board of directors appointed by the County's Board. As a result, the CDA's revenues and expenses may be influenced by the decisions made by the County. The creation of the CDA was the result of a petition filed with the Board by the land owners within the South Peak Community Development District (District). The District consists of approximately 62.5 acres of land within the County intended to be a mixed-use development consisting of commercial and residential properties. The CDA was created to assist in financing the infrastructure, improvements and services in connection with the development of the land. The funding for these improvements will be through bonds issued by the CDA, special assessments to be levied pursuant to Section 15.2-5158(A)(5) of the *Code of Virginia* (1950), as amended, and contributions made by the County of certain incremental tax revenues generated within the District. Any bonds issued by the CDA, or any other financing arrangements entered into by the CDA are the obligations of the CDA, and will not be a debt or other obligation of the County nor does it constitute a pledge of the faith and credit of the County. The CDA's financial information is presented within the Discretely Presented Component Units' column to emphasize that it is legally separate from the primary government. The CDA has separately issued financial statements, which may be obtained by writing to the County of Roanoke Department of Finance and Management Services, 5204 Bernard Drive, Roanoke, VA 24018.

Related Organizations

As the custodian of public funds, the County's Treasurer invests all public monies held on deposit with the County. In the case of the separate agencies listed below, the County serves as fiscal agent, but is not financially accountable for their operations. Accordingly, the activities of the following organizations are accounted for as Custodial funds within the County's financial records:

Roanoke Valley Resource Authority (RVRA)
Commonwealth Fund
Special Welfare Fund
Cable TV (RVTV)
Roanoke Valley Greenway Commission (RVGC)
Regional Fire Training Center
Virginia Recreational Facilities Authority (VRFA)
Western Virginia Regional Jail Authority (WVRJA)
Regional Center for Animal Care and Protection (RCACP)

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements with all non-fiduciary activities categorized as governmental or proprietary. Fiduciary activities, whose resources are not available to finance the County's programs, are not included in the government-wide statements. In accordance with GAAP, the County's financial statements are comprised of the following components:

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2021

Government-wide Financial Statements

The reporting model includes financial statements prepared using full accrual accounting for all the County's activities. This approach includes not just current assets and liabilities but also capital assets, deferred inflows and outflows, and long-term liabilities. Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.

Statement of Net Position

The Statement of Net Position is designed to display the financial position of the Primary Government and its discretely presented component units. The County reports all capital assets, net of accumulated depreciation, in the government-wide Statement of Net Position and report depreciation expense – the cost of “using up” capital assets - in the Statement of Activities. The net position of a government may be broken down into three categories: 1) net investment in capital assets, 2) restricted, and 3) unrestricted.

Statement of Activities

The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each government function. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

Fund Financial Statements

The Fund financial statements organize and report the financial transactions and balances of the County on the basis of fund categories. Separate statements for each of the County's three fund categories – Governmental (e.g., General), Proprietary (e.g., Internal Service) and Fiduciary are presented. 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. For the governmental funds, the financial statements consist of a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances, which are presented on current financial resources and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. For the Internal Service funds, the financial statements consist of a Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues and expenditures or expenses, as appropriate. Fiduciary fund statements are used to report assets that are held in a trustee or custodial capacity and consist of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Reconciliation of Government-wide and Fund Financial Statements

A summary reconciliation of the difference between the total governmental fund balances and total net position for governmental activities, as shown in the government-wide Statement of Net Position, is presented in an accompanying reconciliation to the governmental funds' Balance Sheet. The asset, liability and deferred inflows and outflows of resources elements, which comprise the reconciliation differences, stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the governmental-wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

A summary reconciliation of the difference between net changes in governmental fund balances and change in net position for governmental activities as shown on the government-wide Statement of Activities is presented in a reconciliation to the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balances. The revenue and expense elements, which comprise the reconciliation differences, stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2021

wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

Measurement Focus and Basis of Presentation

Government-wide Financial Statements: The Statement of Net Position and the Statement of Activities display information about the County as a whole, except for fiduciary funds, and are prepared using the economic resources measurement focus, which differs from the manner in which governmental fund financial statements are prepared.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and, therefore, are clearly identifiable to a particular function. Program revenues include charges for services, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County. The County does not allocate indirect expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this rule is where the elimination of the interfund activity would distort the direct costs and program revenues reported for the various functions.

Fund Financial Statements: Financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances and changes therein. Fund financial statements are designed to present financial information of the County at this more detailed level. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. The following is a brief description of the specific funds used by the County:

- **Governmental Funds** – These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year-end. Accordingly, real and personal property taxes are recorded as deferred revenue and receivables when billed. Sales taxes, which are collected by the State by year-end and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the State, which is generally in the month preceding receipt by the County. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. The individual governmental funds are:
 - General Fund – This fund accounts for all revenues and expenditures applicable to the general operations of the County that are not required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Roanoke County Public Schools. The General Fund is considered a major fund for reporting purposes.
 - Special Revenue Fund – This fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Special Revenue Fund consists of activity related to the CDA. Revenues are derived primarily from property taxes,

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other local taxes, and special assessments collected within the South Peak district. The Special Revenue Fund is considered a major fund for reporting purposes.

- **Debt Service Fund** – This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and other related costs. The Debt Service Fund is considered a major fund for reporting purposes.
- **Capital Projects Fund** – This fund accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by the proprietary fund. The Capital Projects Fund is considered a major fund for reporting purposes.
- **Internal Service Funds** – These funds account for employee health, dental, and workers' compensation coverage provided to other departments on a cost-reimbursement basis and they derive their funding from charges assessed to the user departments and employees. These funds are included in the governmental activities for government-wide reporting purposes. As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. The excess revenue or expenses for the fund are allocated to the appropriate functional activity.

Additionally, the County reports the following Fiduciary funds:

- **Other Postemployment Benefits (OPEB) Trust Fund** – This fiduciary fund is used to account for the assets held in trust for the employees and beneficiaries of its OPEB plan.
- **Custodial Funds** – These are fiduciary funds used to account for assets held by the County in a trustee capacity or as agent or custodian for other governmental units or other funds. They are presented in the fund financial statements by type. The County's Custodial funds include assets held for entities for which the County is the fiscal agent. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. Custodial funds for the County include the Roanoke Valley Resource Authority, Commonwealth Fund, Special Welfare Fund, Cable TV, Roanoke Valley Greenway Commission, Regional Fire Training Center, Virginia Recreational Facilities Authority, Western Virginia Regional Jail Authority, and Regional Center for Animal Care and Protection.

Basis of Accounting

The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements.

Government-wide, Proprietary Fund, and Fiduciary Fund Financial Statements.

The government-wide, proprietary, pension and other postemployment benefits trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Custodial funds report assets and liabilities using the economic resources measurement focus and use the accrual basis of accounting.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting wherein revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year-end. Expenditures are recorded when the related fund liability is incurred, except compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

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Revenues: Exchange and Non-exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available means expected to be received within thirty days of fiscal year end.

Non-exchange transactions are transactions in which the County receives value without directly giving value in return. Taxes (e.g. real and personal property, sales), licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Taxes are levied to fund a subsequent fiscal period are recorded as a deferred inflow at fiscal year-end. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). All other revenue items are considered to be measurable and available only when cash is received by the County. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

Deferred Outflows and Inflows of Resources – The Statement of Net Position reports a separate section for deferred outflows of resources in addition to assets. The County reports deferred outflows of resources for deferred charges on refunding, amounts related to pensions, and amounts related to other postemployment benefits (OPEB) in the government-wide Statement of Net Position. The deferred charge 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 the refunding debt. Deferred outflows for pensions and OPEB result from changes in actuarial assumptions, pension returns that exceed projected earnings, change in the proportion, actual economic experience that is different than estimated, and pension/OPEB contributions made subsequent to the measurement date. Changes in deferred outflows of resources, except contributions subsequent to the measurement date, are amortized over the remaining service life of all plan participants with the exception of investment experience amounts, which are deferred and amortized over a closed five-year period.

The Statement of Net Position reports a separate section for deferred inflows of resources in addition to liabilities. Deferred inflows of resources in the governmental funds' Balance Sheet represent unavailable revenue for amounts billed and not collected. Deferred inflows of resources in the government-wide Statement of Net Position represent unearned revenues for amounts received in advance of meeting timing requirements or amounts collected in advance of the fiscal year to which they apply. Deferred inflows of resources are also reported for amounts related to pensions and OPEB in the government-wide statement of net position. Actuarial losses resulting from a difference in expected and actual experience, investment results, changes in actuarial assumptions and changes in proportionate share are deferred and amortized. Changes in deferred inflows of resources are amortized over the remaining service life of all plan participants with the exception of investment experience amounts, which are deferred and amortized over a closed five-year period.

Unearned Revenue – Unearned revenue arises when assets are recognized before revenue recognition criteria can be satisfied and also when assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period. Grants and entitlements received before the eligibility requirements are met have been recorded as unearned revenue.

Cash and Cash Equivalents – The County considers cash and cash equivalents in proprietary funds to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid

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to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent. For purposes of the Statement of Cash Flows, cash and cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and investments with maturities of 90 days or less. For purposes of the Statement of Cash Flows, cash includes unrestricted cash and cash equivalents and restricted cash. Restricted cash equivalents are defined differently and are not considered available for operations and, therefore, are not considered to be cash equivalents for the Statement of Cash Flows. Note 4 provides a detailed disclosure regarding cash equivalents and investments held by the County.

Investments – Cash received by the County is deposited in various bank accounts. Monies legally required to be maintained individually, such as trust balances and contractor escrows, are deposited and maintained in individual segregated bank accounts. All other monies are deposited in a pool of bank accounts and are used to purchase investments that are specifically allocated to the appropriate funds. Interest earned on pooled investments is accrued as earned and distributed to the General Fund and other qualifying funds utilizing a formula based on the average month end balance of cash and cash equivalents of all pooled funds. Short-term investments are stated at amortized cost or at fair value and may consist of certificates of deposits, repurchase agreements, commercial paper, bankers' acceptances, Local Government Investment Pool (LGIP) and U.S. government securities. Investments are stated at fair value with any net appreciation or depreciation in fair value reflected as investment income. Investments consist of equity interest in long-term investments in U.S. government accounts. Interest earned is allocated based on average monthly balance. Note 4 provides a detailed disclosure regarding investments held by the County.

The County requires all banking institutions holding its public funds to protect such funds in accordance with the Virginia Security for Public Deposits Act (Act). The Act established a single body of law applicable to the pledge of security as collateral for public funds on deposit in banking institutions so that the procedures for securing public deposits is uniform throughout the Commonwealth. Under the Act, banks holding public deposits must pledge certain levels of collateral and make monthly filings with the State Treasury Board.

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

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

Receivables – Local taxes and governmental fund accounts receivable are recorded in the County's accounts as both receivables and unearned revenue when billed. Property taxes paid in advance are recorded as unearned revenue until such time as the taxes become due. The reporting entity determines allowances for uncollectible accounts using historical collection data, specific account analysis and management's judgment.

Prepays – Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements. These payments are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

Inventories – Inventories consist of various consumable supplies and are maintained on a perpetual basis with periodic verification based on physical count. All inventories are valued at cost using the first-in first-out method for the government-wide statements. The cost of the consumable supplies is recorded as expenditures when consumed in the General Fund.

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Capital Assets – Capital outlays are recorded as expenditures in the governmental funds and as assets in the government-wide financial statements, to the extent the County's capitalization threshold is met. The County defines capital assets as assets with an initial individual cost of more than \$10,000 and an estimated useful life of at least two years. Major additions, including those that significantly prolong a capital asset's economic life or expand usefulness, are capitalized. Normal repairs that merely maintain the asset in its present condition are recorded as expenditures and are not capitalized. Depreciation expense for capital assets is identified with a function, whenever possible, and is included as a direct expense.

All capital assets are capitalized at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and donated capital assets received in a service concession arrangement would be reported at acquisition value rather than fair value. Upon the sale or retirement of a capital asset, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| <u>Asset Class</u> | <u>Estimated Useful Life</u> |
|------------------------------------|------------------------------|
| Buildings | 40-50 years |
| Building Improvements | 10-25 years |
| Furniture, Fixtures, and Equipment | 3-25 years |

According to the *Code of Virginia*, when a local government incurs a financial obligation payable over more than one fiscal year to fund an acquisition, construction or improvement of public school property, the local government acquires title to the school property as a tenant in common with the local school board for the term of the financial obligation. For financial reporting purposes, the local government may report the school property and related financial obligation. At the time the financial obligation is paid in full, the net value of the school property is transferred to the local school board and reflected as program revenue and expense in the government-wide financial statements for the local school board and the local government, respectively.

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

Other Postemployment Benefits (OPEB) – In connection with the County's funding of other postemployment benefits in fiscal year 2009, the County joined the Virginia Pooled OPEB Trust (OPEB Trust Fund). The County plans to contribute amounts to the OPEB Trust Fund sufficient to fund the actuarially determined contribution (ADC), an actuarially determined rate in accordance with GAAP. The OPEB Trust Fund assets are recorded at fair value. The Trust Board of Trustees establishes investment objectives, risk tolerance, and asset allocation policies based on the investment policy, market and economic conditions, and generally prevailing prudent investment practices.

Health Insurance Credit Program – The VRS Political Subdivision Health Insurance Credit Program is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. The Political Subdivision Health Insurance Credit Program was established pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended.

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For purposes of measuring the net Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Health Insurance Credit Program OPEB, and the Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the VRS Political Subdivision Health Insurance Credit Program; and the additions to/deductions from the VRS Political Subdivision Health Insurance Credit Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Group Life Insurance Program – The VRS Group Life Insurance Program is a multiple-employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers.

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

Self-Insurance – The County is self-insured for workers' compensation, health insurance, general liability and automobile liability. Estimates for accrued liabilities in each program at the end of the year have been recorded.

Compensated Absences – The liability for compensated absences reported at the government-wide level consists of unpaid accumulated vacation and sick leave balances. The liability is based on the sick leave and vacation leave accumulated at June 30. Limited vacation and sick leave may be accumulated until retirement or termination. Accumulated sick leave is paid at a fixed daily rate and accumulated vacation is paid at the employee's current wage upon retirement or termination.

Long-term Obligations – Long-term debt and other obligations are reported as liabilities in the Statement of Net Position in the government-wide financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using straight line amortization. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period but no related long-term liabilities. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as an other financing source while discounts on debt issuances are reported as other financing uses. Payments to an escrow agent to defease debt is reported as other financing uses while issuance costs and repayments of principal and interest are reported as debt service expenditures. Matured principal and interest payments are reported when due.

Interfund Transactions – On fund financial statements, receivables and payables resulting from interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities' column of the Statement of Net Position. Flow of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

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Encumbrances – The County uses encumbrance accounting, wherein purchase orders, contracts, and other commitments for the expenditure of funds are recorded to restrict, commit, or assign that portion of the applicable appropriation.

Net Position – Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net position is divided into three components:

- Net investment in capital assets - consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding which was used to finance those assets.
- Restricted - consists of assets where there are limitations imposed on their use through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.
- Unrestricted - all other net position is reported in this category.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources, as needed.

Fund Balance – Except when required to comply with GAAP, all commitments and restrictions of Governmental Fund balances reflect County Board action in the context of adoption of the County's budget.

Net Investment in Direct Financing Leases – The Authority may acquire and improve properties and retain title to them. Where transfer of title at the completion of a lease to a tenant is not reasonably assured by bargain purchase options or other lease provision, the Authority accounts for activities in its role as lessor as either capital leases or operating leases in accordance with GAAP.

Pollution and Remediation – In accordance with GAAP, the County yearly analyzes the requirements for reporting liabilities related to cleaning up pollution and/or contamination. As of June 30, 2020, the County has determined that there is no related liability.

Use of Estimates – Management of the County has made a number of estimates and assumptions relating to the reporting of assets and deferred outflows, liabilities and deferred inflows, revenues, expenditures, and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with GAAP. Actual results could differ from those estimates.

New Accounting Pronouncements – The following accounting pronouncements have been implemented by the County:

- GASB Statement No. 84, *Fiduciary Activities* – This statement establishes standards of accounting and financial reporting for fiduciary activities. With the implementation of Statement No. 84, the County's previous Agency funds are now considered custodial funds and are presented with a statement of fiduciary net position and a statement of changes in fiduciary net position as part of total fiduciary funds. The impact of this statement is incorporated in Exhibits XIII and IX as well as Schedules 7 and 8.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* – Provides more relevant information about capital assets and the cost of borrowing for a reporting period. It will improve comparability and simplify accounting for interest cost incurred before the end of a construction period. In practice, there have been no material changes to the financial statements of the County as a result of Statement No. 89.
- GASB Statement No. 98, *The Annual Comprehensive Financial Report* - establishes the term Annual Comprehensive Financial Report and its acronym ACFR. That new term and acronym replace instances of Comprehensive Annual Financial Report and its acronym in generally

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accepted accounting principles for state and local governments. In practice, there have been no material changes to the financial statements of the County as a result of Statement No. 98.

Coronavirus (COVID-19) Impact

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

The County's operations are heavily dependent on the ability to raise taxes, assess fees, and access the capital markets. Additionally, access to grants and contracts from federal and state governments may decrease or may not be available depending on appropriations. The outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of global economic fluctuation. This situation has depressed the tax bases and other areas in which the County received revenue during fiscal year 2021.

As a result of COVID-19, the County has received Federal funding in the amount of \$16,434,730 under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) of which \$8,217,365 was received in Fiscal Year 2020 and \$8,217,365 was received in Fiscal Year 2021. The County also received \$976,380 for Broadband projects under Fast Track funding of the CARES Act and \$9,147,263 under the American Rescue Plan Act (ARPA). An additional \$9,147,263 is expected in ARPA funding for Fiscal Year 2022. As of June 30, 2021, the County had not spent these funds in entirety and any unspent balance has been reported as unearned revenue until appropriate expenditure requirements have been met.

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

(2) Property Taxes

Property taxes are levied annually in April on assessed values as of January 1. In addition, personal property transactions during the year are taxed on a prorated basis. Real estate tax is payable in two equal installments on or before December 5, and June 5, and personal property tax is due on or before May 31, or within 30 days subsequent to assessment. Taxes levied and due December 5 are intended to fund operations of that fiscal year. A lien is created when the real estate taxes are levied, and after three years it becomes enforceable by judicial sale of the property. Personal property taxes do not create a lien on property; however, the County reports delinquent taxpayers to the Virginia Department of Motor Vehicles (DMV) twice a year. At that time, the taxpayer will no longer be able to conduct any business with the DMV until the outstanding taxes are paid. The County bills and collects both real estate and personal property taxes. The County recognizes tax revenue when levied to the extent that they are collected during the fiscal year and within 30 days after year-end.

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The annual assessment for real estate is based on 94% of the assessed fair market value. A penalty of 10% of the unpaid tax is due for late payment. Interest is accrued at 10% for the initial year of delinquency, and thereafter at the maximum annual rate authorized by the Internal Revenue Code Section 6621(b). The effective tax rates per \$100 of assessed value for the year ended June 30, 2021 were as follows:

| | |
|---------------------|--------|
| Real Estate | \$1.09 |
| Personal Property | 3.50 |
| Machinery and Tools | 2.85 |

(3) Fund Balances

The Board has adopted policies that provide a framework for the County's overall fiscal planning and management. The County's unassigned General Fund fund balance has been built over the years to provide the County with sufficient working capital to finance unforeseen emergencies without borrowing. The County is dedicated to maintaining a diversified and stable revenue system to shelter the government from fluctuations in any single revenue source and to ensure its ability to provide ongoing services. The County's policy is to fund current expenditures with current revenues. If it becomes necessary to fund current expenditures with fund balance, amounts already set aside for that specific purpose will be utilized unless otherwise directed by the County Board.

The County, in accordance with GAAP, categorizes its governmental-type fund balances using the following guidance:

- ***Nonspendable*** – Represents County assets that will never convert to cash (e.g., inventory and prepaid items).
- ***Restricted*** – Represents County resources with externally enforceable limitations on their use imposed by grantor, or laws and regulations of other governments.
- ***Committed*** – Represents County resources that can be used only for specific purposes, as determined by the County's highest level of decision-making authority, the Board, and is imposed by formal appropriation, which is an ordinance. The County policy is that formal Board action is required to establish or rescind a committed fund balance.
- ***Assigned*** – Represents County resources that are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. The County Board has approved limited authority to the parks and recreation management to have the flexibility in decisions on the use of certain funds as deemed necessary by an approved ordinance dated September 27, 1994.
- ***Unassigned*** – Represents County resources that have no spending restrictions under any of the preceding four classifications. The County has adopted a Board policy for establishing unappropriated fund balance. The General Fund is the only fund that reports a positive unassigned fund balance amount.

It is the policy of the County to spend all restricted monies first, committed funds second, with assigned funds third, and unassigned funds being spent last for any projects with multiple funding sources.

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Fund balances classified in accordance with GAAP at June 30, 2021 are as follows:

| | General | Special Revenue | Debt Service | Capital Projects | Total Governmental Funds |
|---|----------------------|--------------------|-------------------|----------------------|--------------------------------|
| Nonspendable: | | | | | |
| Prepays | \$ 63,556 | \$ - | \$ - | \$ 200,549 | \$ 264,105 |
| Inventory | 184,035 | - | - | - | 184,035 |
| | <u>\$ 247,591</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 200,549</u> | <u>\$ 448,140</u> |
| Restricted for: | | | | | |
| Children's Services Act | \$ 377,179 | \$ - | \$ - | \$ - | \$ 377,179 |
| Law Enforcement | 1,613,372 | - | - | - | 1,613,372 |
| Clerk of Circuit Court | - | - | - | 15,950 | 15,950 |
| Fire and Rescue | 7,402 | - | - | 187,276 | 194,678 |
| Parks and Recreation | 466,964 | - | - | 7,005 | 473,969 |
| Community Development | - | 720,695 | - | 30,978 | 751,673 |
| Other purposes | 242,575 | - | - | - | 242,575 |
| | <u>\$ 2,707,492</u> | <u>\$ 720,695</u> | <u>\$ -</u> | <u>\$ 241,209</u> | <u>\$ 3,669,396</u> |
| Committed to: | | | | | |
| Law Enforcement | \$ 622,416 | \$ - | \$ - | \$ 98,532 | \$ 720,948 |
| LOSAP pension | 3,627,657 | - | - | - | 3,627,657 |
| Fire and Rescue | 54,564 | - | - | 1,695,745 | 1,750,309 |
| Garage and Motor Pool | 169,937 | - | - | - | 169,937 |
| Information Technology and Communications Shop | 754,204 | - | - | 3,635,066 | 4,389,270 |
| Integrated Financial System | - | - | - | 444,220 | 444,220 |
| Human Resources and Payroll System | - | - | - | 591,890 | 591,890 |
| Public Works | 216,071 | - | - | - | 216,071 |
| Parks and Recreation | - | - | - | 207,317 | 207,317 |
| Libraries | 732 | - | - | 280,970 | 281,702 |
| General Services | 23,766 | - | - | 7,256,613 | 7,280,379 |
| Debt Service Reserves | - | - | 240,333 | - | 240,333 |
| Education | - | - | - | 727,359 | 727,359 |
| Future Capital Projects | 14,270,764 | - | - | 4,107,837 | 18,378,601 |
| Community Development | 3,474 | - | - | 2,897,685 | 2,901,159 |
| Assessment | 365 | - | - | 110,832 | 111,197 |
| Other purposes | 91,343 | - | - | 29,423 | 120,766 |
| | <u>\$ 19,835,293</u> | <u>\$ -</u> | <u>\$ 240,333</u> | <u>\$ 22,083,489</u> | <u>\$ 42,159,115</u> |
| Assigned to: | | | | | |
| Law enforcement | \$ 83,150 | \$ - | \$ - | \$ - | \$ 83,150 |
| Parks and Recreation | 447,743 | - | - | - | 447,743 |
| | <u>\$ 530,893</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 530,893</u> |
| Unassigned | <u>\$ 23,871,003</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 23,871,003</u> |
| Total Fund Balances | <u>\$ 47,192,272</u> | <u>\$ 720,695</u> | <u>\$ 240,333</u> | <u>\$ 22,525,247</u> | <u>\$ 70,678,547</u> |

The adopted Comprehensive Financial Policy states under Section 10 the County of Roanoke's General Government Fund Unassigned Balance will be maintained to provide the County with sufficient working capital and a comfortable margin of safety to address emergencies and unexpected declines in revenue. The General Government Fund's Unassigned Fund Balance should not be used to support recurring operating expenditures outside of the current budget year. If a budget variance requires the use of

COUNTY OF ROANOKE, VIRGINIA
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Unassigned Fund Balance, the County will decrease the General Government Fund's expenditures and/or increase the General Government Fund's revenues to prevent using the Unassigned Fund balance for two consecutive fiscal years to subsidize General Fund operations. The General Government Fund's Unassigned Fund balance will be 12% of budgeted annual General Government expenditures. In the event that the General Government Fund's Unassigned Fund Balance is used to provide for temporary funding of unforeseen emergency needs, the County shall restore the balance to the 12% minimum within two fiscal years following the fiscal year in which the event occurred. This will provide for full recovery of the targeted General Government Fund Unassigned Fund Balance in a timely manner.

(4) Deposits and Investments

At June 30, 2021, the fair value and maturity of the County's and Component Units' total deposits and investments were as follows:

| Deposits and Investments | Fair Value | Original Investment Maturity | | Credit Rating |
|--------------------------------------|-----------------------|------------------------------|----------------------|----------------|
| | | Less Than 1 Year | 1-6 Year | |
| Demand and time deposits | \$ 16,775,686 | \$ 16,775,686 | \$ - | not applicable |
| Interest-earning investment contract | 3,627,657 | 3,627,657 | - | AA- |
| Money market mutual funds | 49,003,004 | 49,003,004 | - | AAAm |
| Virginia LGIP | 40,802,689 | 40,802,689 | - | AAAm |
| Federal agency bonds and notes | 39,445,586 | 1,999,560 | 37,446,026 | AAA |
| Investment in other pooled funds | 11,084,834 | 11,084,834 | - | not applicable |
| Total | <u>\$ 160,739,456</u> | <u>\$ 123,293,430</u> | <u>\$ 37,446,026</u> | |

The investment in other pooled funds categorizes its investments within the fair value hierarchy established by general accepted accounting principles. A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the Net Asset Value (NAV) per share (or its equivalent) of the investment. Investments in the pooled funds are valued using the NAV per share, which is determined by dividing the total value of the pooled funds by the number of outstanding shares. The NAV per share changes with the value of the underlying investments in the pooled funds. Generally, participants may redeem their investment at the end of a calendar quarter upon 90 days' written notice. As of June 30, 2021, excluding the pooled funds, there were no other investments.

Below is the carrying value of cash and investments for the Reporting Entity as of June 30, 2021:

| Entity | Cash and Cash Equivalents | Cash and Investments with Fiscal Agents | Investments | Restricted Cash | Total |
|-----------------------------------|------------------------------|---|----------------------|---------------------|-----------------------|
| County | \$ 42,964,307 | \$ 7,812,780 | \$ 25,228,429 | \$ 2,236,065 | \$ 78,241,581 |
| Component Units: | | | | | |
| School System | 28,932,622 | - | 9,837,729 | - | 38,770,351 |
| Economic Development Authority | 919,773 | - | - | 700,000 | 1,619,773 |
| | <u>29,852,395</u> | <u>-</u> | <u>9,837,729</u> | <u>700,000</u> | <u>40,390,124</u> |
| Fiduciary Funds: | | | | | |
| Roanoke County | 26,643,489 | 9,583,641 | 4,379,428 | - | 40,606,558 |
| School System | - | 1,501,193 | - | - | 1,501,193 |
| | <u>26,643,489</u> | <u>11,084,834</u> | <u>4,379,428</u> | <u>-</u> | <u>42,107,751</u> |
| Total | <u>\$ 99,460,191</u> | <u>\$ 18,897,614</u> | <u>\$ 39,445,586</u> | <u>\$ 2,936,065</u> | <u>\$ 160,739,456</u> |

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
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Fair Value

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The County has the following recurring fair value measurements as of June 30, 2021:

| | Level 1 | Level 2 | Level 3 | Total |
|---------------------------------|---------|---------------|---------|---------------|
| Debt securities | | | | |
| U.S. governmental bonds & notes | \$ - | \$ 39,445,586 | \$ - | \$ 39,445,586 |

Debt securities classified in Level 2 of the fair value hierarchy are valued using matrix technique pricing.

Credit and Concentration of Credit Risk

In accordance with the *Code of Virginia* and other applicable laws, including regulations, the County's investment policy (Policy) limits credit risk by restricting authorized investments to the following: bonds, notes and other direct obligations of the United States; bonds, notes and other direct obligations of the Commonwealth of Virginia or political subdivisions thereof; bonds and other obligations issued, guaranteed or assumed by the International Bank for Reconstruction and Development and the Asian Development Bank; prime quality commercial paper; certificates of deposits; bankers' acceptances; repurchase agreements; and money market funds. The Policy requires that commercial paper have a minimum Standard & Poor's (S&P) rating (or Moody's equivalent) of A-1.

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Act Section 2.2-4400 et. seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized. The LGIP is administered by the Treasury Board pursuant to Sections 2.2-4600 through 2.2-4606 of the *Code of Virginia*. The Treasury Board has delegated the management of the LGIP to the State Treasurer. The fair value of the County's position in the LGIP is the same as the value of the pool shares measured at amortized cost.

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issue. The Policy establishes limitations on portfolio composition, both by investment type and by issuer, in order to control concentration of credit risk. The maximum percentage of the portfolio permitted in each eligible security with the limit to any one issuer is as follows:

| | |
|--|------|
| U.S. Treasury Obligations | 70% |
| U.S. Treasury Agency Securities and Instrumentalities of Government Sponsored Corporations | 80% |
| Bankers' Acceptance with no more than 25% with any one Institution and a maximum of 10% in any one issuance | 40% |
| Repurchase Agreement Overnight with no more than 20% with any one institution | 70% |
| Repurchase Agreement Two or more nights with no more than 20% with any one institution | 25% |
| Certificate of Deposit with Commercial Banks with no more than 45% with any one institution | 100% |
| Certificate of Deposit with Savings and Loan Associations with no more than \$100,000 with any one institution | 10% |
| Commercial Paper with no more than 35% with any one institution and a maximum of 10% or \$1 million dollars in any one issuance | 35% |
| Local Government Investment Pool | 75% |

COUNTY OF ROANOKE, VIRGINIA
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As of June 30, 2021, the portion of the County and School System's portfolio, excluding the LGIP, State Non-Arbitrage Program (SNAP), interest-earning investment contract and investment in other pooled funds held by fiduciary agents, and U.S. Government guaranteed obligations, that exceeded 5% of the total portfolio are as follows:

| <u>Issuer</u> | <u>% of Portfolio</u> |
|--------------------------------|-----------------------|
| Federal Farm Credit Bank Bonds | 22.53% |

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the depositor will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Policy requires that all investment securities purchased by the County or held as collateral on deposits or investments shall be held by the County or by a third-party custodial agent who may not otherwise be counterparty to the investment transaction. As of June 30, 2021, with the exception of the LOSAP funds, all other County investments are held by the County or in a bank's trust department in the County's name.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Policy requires maturity scheduling be timed to anticipated need and scheduled to coincide with projected cash flow needs. All funds shall be considered short-term except those reserved for capital projects and prepayment funds being held for debt retirement. As of June 30, 2021, the County had investments totaling \$7,984,366 with a maturity greater than 24 months.

(5) Receivables

Receivables at June 30, 2021 are as follows:

| | Accounts | Taxes | Due from Other Governments | Total |
|-------------------------------|---------------------|----------------------|-------------------------------|----------------------|
| Governmental activities | | | | |
| General | \$ 3,884,352 | \$ 12,263,610 | \$ 17,194,024 | \$ 33,341,986 |
| Special Revenue | 7,690 | - | - | 7,690 |
| Capital Projects | 1,346 | - | 15,236 | 16,582 |
| Internal Service | 207,984 | - | - | 207,984 |
| Total governmental activities | <u>\$ 4,101,372</u> | <u>\$ 12,263,610</u> | <u>\$ 17,209,260</u> | <u>\$ 33,574,242</u> |

(6) Interfund Transfers

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

| | Transfer Out | | | |
|-----------------------|----------------------|-------------------|---------------------|----------------------|
| Transfer To | General | Debt Service | Capital Projects | Total |
| General Fund | \$ - | \$ - | \$ 141,652 | \$ 141,652 |
| Debt Service Fund | 15,648,202 | - | - | 15,648,202 |
| Capital Projects Fund | 5,650,729 | 180,000 | 5,082,671 | 10,913,400 |
| Internal Service Fund | 996,299 | - | - | 996,299 |
| Totals | <u>\$ 22,295,230</u> | <u>\$ 180,000</u> | <u>\$ 5,224,323</u> | <u>\$ 27,699,553</u> |

COUNTY OF ROANOKE, VIRGINIA
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Transfers are used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget required to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and 3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(7) Payables

Payables at the government-wide level at June 30, 2021 are as follows:

| | Vendors | Accrued Wages and Benefits | Total |
|-------------------------------|---------------------|----------------------------------|----------------------|
| Governmental funds: | | | |
| General | \$ 4,011,409 | \$ 1,629,906 | \$ 5,641,315 |
| Special Revenue | 400 | - | 400 |
| Debt Service | 28,019 | - | 28,019 |
| Capital Projects | 1,918,636 | - | 1,918,636 |
| Total governmental funds | <u>\$ 5,958,464</u> | <u>\$ 1,629,906</u> | <u>\$ 7,588,370</u> |
| Proprietary funds: | | | |
| Internal Service | \$ 982,519 | \$ - | \$ 982,519 |
| Total proprietary funds | <u>\$ 982,519</u> | <u>\$ -</u> | <u>\$ 982,519</u> |
| Accrued interest payable | | | 2,303,547 |
| Total governmental activities | | | <u>\$ 10,874,436</u> |

(8) Long-Term Liabilities

The County's outstanding debt consists of General Obligation Bonds, Lease Revenue Bonds, and Virginia Public School Authority (VPSA) Bonds. Debt is issued to provide funds for the acquisition, construction and improvement of major capital facilities. Federal arbitrage regulations are managed by SNAP and Virginia Resource Authority (VRA) for state obligations and all other obligations are managed by a private consulting firm. The issuance of bonds by Virginia counties is not subject to any limitation on amount.

Outstanding long-term liabilities at June 30, 2021 are as follows:

| | Governmental Activities |
|--|----------------------------|
| \$16,500,000 - 2001 Series A VPSA Bonds due in annual installments of \$825,000 through July 15, 2021; interest at 5.1% | \$ 825,000 |
| \$12,968,814 - 2001 Series B VPSA Bonds due in annual installments of \$683,036 to \$683,564 through July 15, 2021; interest at 3.1% to 5.1% | 683,564 |
| \$20,630,000 - 2003 Series C VPSA Bonds due in annual installments of \$1,030,000 through July 15, 2023; interest at 4.6% to 5.1% | 3,090,000 |

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2021

| | Governmental Activities |
|---|------------------------------|
| \$14,900,000 - 2007 Non-subsidized VPSA bonds due in annual installments of \$745,000 through July 15, 2027; interest at 4.4% to 5.1% | \$ 5,215,000 |
| \$6,364,713 - 2007 subsidized VPSA bonds due in annual installments of \$328,240 to \$371,160 through July 15, 2027; interest at 4.4% to 5.1% | 2,456,926 |
| \$43,830,000 - 2009 B VPSA Bonds due in annual installments of \$2,190,000 through July 15, 2029; interest at 4.1% to 5.1% | 19,710,000 |
| \$9,080,000 - 2011 VPSA Bonds due in annual installments of \$450,000 to \$455,000 through July 15, 2031; interest at 3.3% to 5.1% | 4,985,000 |
| \$17,835,000 - 2014 Series C VPSA bonds due in annual installments of \$890,000 to \$895,000 through July 15, 2034; interest at 3.6% to 5.1% | 12,465,000 |
| \$27,875,000 - 2018 VPSA Bonds due in annual installments of \$1,390,000 to \$1,395,000 through July 15, 2038; interest at 3.6% to 5.1% | 25,085,000 |
| \$20,625,000 - 2013B VRA Refunding and Lease Revenue Bonds due in annual installments of \$510,000 to \$1,645,000 through October 1, 2033; interest at 4.1% to 4.8% | 14,570,000 |
| \$5,770,000 - 2014A VRA Refunding Bonds due in annual installments of \$15,000 to \$1,415,000 through October 1, 2033; interest at 3.1% to 4.9% | 5,770,000 |
| \$44,175,000 - Lease Revenue bond Series 2015 due in annual installments of \$465,000 to \$3,215,000 through October 15, 2037; interest at 3.0% to 5.0% | 42,855,000 |
| \$6,440,000 - Lease Revenue bond Series 2017 due in annual installments of \$245,000 to \$420,000 through October 1, 2037; interest at 3.1% to 5.1% | 5,585,000 |
| \$9,025,000 - Lease Revenue bond Series 2019 due in annual installments of \$275,000 to \$640,000 through October 1, 2039; interest at 3.1% to 5.1% | 8,750,000 |
| | <u>\$ 152,045,490</u> |
| Bond premiums | 10,777,149 |
| Accrued compensated absences | 6,533,672 |
| Claims payable | 2,899,592 |
| LOSAP liability | 12,156,472 |
| Net OPEB liability provided by VRS | 5,173,634 |
| Net OPEB liability provided by County | 4,110,450 |
| Net Pension liability | 54,692,407 |
| | <u><u>\$ 248,388,866</u></u> |

COUNTY OF ROANOKE, VIRGINIA
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All of the indenture agreements for the Virginia Public Schools Authority bond issuances require the County to pledge the facility constructed as collateral for the bonds. In addition, the 2014A Virginia Resources Authority (VRA) bonds have the Public Safety Facility as collateral, the 2015 VRA bonds are collateralized by the Green Ridge Recreation Facility, the South County Library, the North County Fire Station, and the Vehicle Fleet Maintenance Facility, the 2017 VRA bonds are collateralized by the Vinton Library, and the 2019 VRA bonds are collateralized by Roanoke County's Social Services building and the cold storage facility located at 5285 Hollins Road.

Changes in long-term liabilities for the year ended June 30, 2021 were as follows:

| | Outstanding June 30, 2020 | Additions | Deletions | Outstanding June 30, 2021 | Amounts Due Within One Year |
|---------------------------------------|------------------------------|----------------------|----------------------|------------------------------|-----------------------------------|
| Primary Government | | | | | |
| Governmental Activities: | | | | | |
| General Obligation Bonds | \$ 948,122 | \$ - | \$ 948,122 | \$ - | \$ - |
| VPSA School Bonds | 83,061,766 | - | 8,546,276 | 74,515,490 | 8,552,438 |
| Lease Revenue Bonds | 81,000,000 | - | 3,470,000 | 77,530,000 | 3,630,000 |
| | <u>165,009,888</u> | <u>-</u> | <u>12,964,398</u> | <u>152,045,490</u> | <u>12,182,438</u> |
| Bond premiums | 11,716,653 | - | 939,504 | 10,777,149 | 935,576 |
| Accrued compensated absences | 6,196,165 | 3,724,434 | 3,386,927 | 6,533,672 | 3,184,997 |
| Claims payable | 2,945,167 | 9,932,734 | 9,978,309 | 2,899,592 | 1,719,997 |
| LOSAP liability | 10,780,197 | 1,930,171 | 553,896 | 12,156,472 | - |
| Net OPEB liability provided by VRS | 5,119,460 | 223,451 | 169,277 | 5,173,634 | - |
| Net OPEB liability provided by County | 6,490,845 | 1,263,427 | 3,643,822 | 4,110,450 | - |
| Net Pension liability | 40,908,988 | 25,879,052 | 12,095,633 | 54,692,407 | - |
| | <u>\$ 249,167,363</u> | <u>\$ 42,953,269</u> | <u>\$ 43,731,766</u> | <u>\$ 248,388,866</u> | <u>\$ 18,023,008</u> |
| Component Units | | | | | |
| School System: | | | | | |
| Accrued compensated absences | \$ 2,642,055 | \$ 4,817,951 | \$ 4,739,356 | \$ 2,720,650 | \$ 817,262 |
| Claims payable | 2,280,036 | 14,996,350 | 15,330,957 | 1,945,429 | 1,412,722 |
| Net Pension liability | 122,684,133 | 39,574,713 | 27,149,832 | 135,109,014 | - |
| Net OPEB liability provided by VRS | 18,809,967 | 3,079,584 | 2,576,205 | 19,313,346 | - |
| Net OPEB liability provided by RCPS | 10,223,547 | 1,242,100 | 5,674,677 | 5,790,970 | - |
| | <u>\$ 156,639,738</u> | <u>\$ 63,710,698</u> | <u>\$ 55,471,027</u> | <u>\$ 164,879,409</u> | <u>\$ 2,229,984</u> |
| CDA: | | | | | |
| Bond payable | \$ 6,258,000 | \$ - | \$ 249,000 | \$ 6,009,000 | \$ 278,000 |

The Debt Service Fund is used to liquidate most long-term liabilities of governmental activities as shown above; however, a portion of compensated absences, claims payable, net pension, and net OPEB liabilities are liquidated by the General Fund.

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The annual requirements to amortize governmental activities' debt outstanding as of June 30, 2021 are as follows:

| Fiscal Year | Virginia Public School Authority Bonds | | Lease Revenue Bonds | | Total Government Debt | |
|-------------|---|----------------------|------------------------|----------------------|--------------------------|----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2022 | \$ 8,552,438 | \$ 3,226,863 | \$ 3,630,000 | \$ 3,092,588 | \$ 12,182,438 | \$ 6,319,450 |
| 2023 | 7,043,501 | 2,835,696 | 3,800,000 | 2,919,159 | 10,843,501 | 5,754,855 |
| 2024 | 7,048,369 | 2,482,881 | 3,990,000 | 2,741,194 | 11,038,369 | 5,224,075 |
| 2025 | 6,024,794 | 2,151,981 | 4,235,000 | 2,546,006 | 10,259,794 | 4,697,987 |
| 2026 | 6,031,556 | 1,861,940 | 4,440,000 | 2,335,272 | 10,471,556 | 4,197,212 |
| 2027-2031 | 24,669,832 | 5,309,747 | 24,120,000 | 8,415,216 | 48,789,832 | 13,724,963 |
| 2032-2036 | 10,975,000 | 1,692,746 | 23,845,000 | 3,704,101 | 34,820,000 | 5,396,847 |
| 2037-2040 | 4,170,000 | 229,003 | 9,470,000 | 400,014 | 13,640,000 | 629,017 |
| Total | <u>\$ 74,515,490</u> | <u>\$ 19,790,856</u> | <u>\$ 77,530,000</u> | <u>\$ 26,153,549</u> | <u>\$ 152,045,490</u> | <u>\$ 45,944,406</u> |

COUNTY OF ROANOKE, VIRGINIA
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(9) Capital Assets

In accordance with GAAP, all school related bond obligations are reported herein as County debt since the County is legally responsible for debt repayment. All related capital assets for which the County and the School System maintain a tenancy in common relationship have been reported as County assets. As of June 30, 2021, the related capital assets totaled \$98,200,995 net of accumulated depreciation, and \$45,277 of CIP.

Bondholders of the lease revenue bonds have a security leasehold interest in the underlying assets purchased with the proceeds of those bonds until the bonds are paid off or refinanced.

Primary Government capital asset activity for the year ended June 30, 2021 was as follows:

Governmental Activities

| | Balance June 30, 2020 | Additions | Reductions | Balance June 30, 2021 |
|--|--------------------------|---------------|----------------|--------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 15,203,683 | \$ - | \$ - | \$ 15,203,683 |
| Construction in progress | 38,975,192 | 11,807,914 | (32,626,118) | 18,156,988 |
| Total capital assets at historical cost not being depreciated | 54,178,875 | 11,807,914 | (32,626,118) | 33,360,671 |
| Capital assets being depreciated: | | | | |
| Building and improvements | 337,353,258 | 32,554,388 | - | 369,907,646 |
| Furniture, fixtures, and equipment | 77,956,033 | 3,133,330 | (1,188,392) | 79,900,971 |
| Total capital assets at historical cost being depreciated | 415,309,291 | 35,687,718 | (1,188,392) | 449,808,617 |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | (171,868,730) | (15,441,844) | - | (187,310,574) |
| Furniture, fixtures, and equipment | (58,790,591) | (5,285,513) | 1,173,895 | (62,902,209) |
| Total accumulated depreciation | (230,659,321) | (20,727,357) | 1,173,895 | (250,212,783) |
| Total capital assets, being depreciated, net | 184,649,970 | 14,960,361 | (14,497) | 199,595,834 |
| Governmental activities capital assets, net | \$ 238,828,845 | \$ 26,768,275 | \$(32,640,615) | \$ 232,956,505 |

Depreciation expense for the year ended June 30, 2021 was charged to functions/programs of the Primary Government as follows:

| | |
|--|----------------------|
| General government | \$ 984,414 |
| Judicial administration | 79,679 |
| Public Safety | 3,290,671 |
| Public Works | 1,694,655 |
| Health and welfare | 954,630 |
| Parks, recreation and culture | 694,953 |
| Library | 1,686,056 |
| Community development | 72,994 |
| Education | 11,269,305 |
| Total depreciation expense - governmental activities | <u>\$ 20,727,357</u> |

The County began construction on a new Public Service Center in Fiscal Year 2020. This project is ongoing and is being financed with County capital funds and bond proceeds.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2021

The South Peak Community Development Authority's capital asset activity for the year ended June 30, 2021 was as follows:

| | Balance June 30, 2020 | Additions | Reductions | Balance June 30, 2021 |
|--|--------------------------|-----------|------------|--------------------------|
| Capital assets not being depreciated: | | | | |
| Infrastructure | \$ 5,330,063 | \$ - | \$ - | \$ 5,330,063 |
| Total capital assets at historical cost not being depreciated | \$ 5,330,063 | \$ - | \$ - | \$ 5,330,063 |

The Roanoke County Public Schools' capital asset activity for the year ended June 30, 2021 was as follows:

| | Balance June 30, 2020 | Additions | Reductions | Balance June 30, 2021 |
|--|--------------------------|--------------|----------------|--------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 5,683,473 | \$ - | \$ - | \$ 5,683,473 |
| Construction in progress | 9,225,872 | 3,172,417 | (11,499,412) | 898,877 |
| Total capital assets at historical cost not being depreciated | 14,909,345 | 3,172,417 | (11,499,412) | 6,582,350 |
| Capital assets being depreciated: | | | | |
| Building and improvements | 92,879,915 | 10,957,584 | - | 103,837,499 |
| Furniture, fixtures, and equipment | 42,885,069 | 837,027 | (793,681) | 42,928,415 |
| Total capital assets at historical cost being depreciated | 135,764,984 | 11,794,611 | (793,681) | 146,765,914 |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | (60,639,040) | (2,919,913) | - | (63,558,953) |
| Furniture, fixtures, and equipment | (32,884,204) | (3,307,021) | 793,681 | (35,397,544) |
| Total accumulated depreciation | (93,523,244) | (6,226,934) | 793,681 | (98,956,497) |
| Total capital assets, being depreciated, net | 42,241,740 | 5,567,677 | - | 47,809,417 |
| Governmental activities capital assets, net | \$ 57,151,085 | \$ 8,740,094 | \$(11,499,412) | \$ 54,391,767 |

Depreciation expense for the Roanoke County Public Schools' charged to function/program activities for the year ended June 30, 2021 was as follows:

| | |
|----------------------------|---------------------|
| Instruction | \$ 4,486,423 |
| Administration | 315,368 |
| Transportation | 404,611 |
| Operations and maintenance | 949,279 |
| School nutrition | 71,253 |
| Total depreciation expense | <u>\$ 6,226,934</u> |

(10) Operating Leases

The County leases several sites around the Roanoke Valley for the purpose of maintaining towers and antennae for its public safety radio communications system and a 0.680 acre lot in Salem for Courthouse parking. The non-cancelable leases range in terms from one and half years remaining to open-ended. Rental expense in the amount of \$95,465 was incurred for the fiscal year ended June 30, 2021.

COUNTY OF ROANOKE, VIRGINIA
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Future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2021 were as follows:

| <u>Year Ending June 30</u> | <u>Amount</u> |
|----------------------------|-------------------|
| 2022 | \$ 104,321 |
| 2023 | 39,431 |
| 2024 | 30,875 |
| 2025 | 31,698 |
| 2026 | 24,650 |
| 2027-2030 | <u>97,250</u> |
| Total | <u>\$ 328,225</u> |

(11) Risk Management

The County of Roanoke is self-insured for workers' compensation, health insurance, general liability and automobile liability as follows:

Workers' Compensation – The County established a self-insured Workers' Compensation program on July 1, 1986. On July 1, 1990, the School System also implemented a self-insured Workers' Compensation program. Premiums are paid into the Internal Service Fund and the Component Unit Internal Service Fund by all other funds and are available to pay claims, claims reserves and administrative costs of the programs. An excess coverage insurance policy covers each accident in excess of \$500,000 for both the County and the School System, with a higher threshold of \$550,000 for emergency personnel, with statutory limits for all claims prior to June 30, 2015. Effective July 1, 2015, the County and Schools joined the Virginia Association of Counties Group Self-Insurance Risk Pool (VACORP) for any claims in excess of \$200,000. At June 30, 2021, the County and the School System have accrued liabilities of \$2,000,000 and \$785,000, respectively, based primarily upon an estimate by a qualified actuary. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as interfund services provided and used.

Health Insurance – The County established a self-insured health insurance program July 1, 1988. On July 1, 1990, the School System also implemented a self-insured health insurance program. Monthly contributions are paid into the Internal Service Fund and the Component Unit Internal Service Fund from the County and School System funds and the County and School System employees based upon estimates from the claims processor that should cover administrative expenses, stop loss insurance premiums, and claims. An excess coverage insurance policy covers each individual's pooled claims in excess of \$200,000. At June 30, 2021, incurred but not yet reported (IBNR) claims for the County and School System are estimated to be \$769,292 and \$1,160,429 respectively. Interfund premiums are based upon the employees within that fund who are enrolled in the plan.

General Liability – The County established a self-insured program for general liability and automobile insurance July 1, 1994. The County purchased excess insurance with \$250,000 retention, with limits of \$2,000,000 per occurrence, and no aggregate limit. At June 30, 2021, the County has an accrued general liability of \$25,300, based primarily upon an estimate by a qualified actuary.

Automobile Liability – The County continues to be self-insured up to \$250,000 and has certain deductibles in place for auto physical damage and comprehensive/collision. Effective July 1, 2017, the County purchased coverage for physical damage to and liability associated with the operation of the County's fleet, including Fire and Rescue and Solid Waste. At June 30, 2021, the County has an accrued automotive liability of \$105,000, based primarily upon an estimate by a qualified actuary.

Settled claims have not exceeded insurance coverage for the past four years. Unpaid claims are included as accrued liabilities on the balance sheet. Changes in the balances of claims liabilities during the past two years are as follows:

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
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Primary Government:

| | Workers' Compensation | Health Insurance | General Liability | Automobile Liability | Total |
|--------------------------------|----------------------------------|-----------------------------|------------------------------|---------------------------------|---------------------|
| Unpaid Claims June 30, 2019 | \$ 2,188,000 | \$ 908,625 | \$ 2,500 | \$ 10,000 | \$ 3,109,125 |
| Incurred claims* | 882,768 | 8,421,479 | (2,500) | (10,000) | 9,291,747 |
| Claim Payments | <u>(970,768)</u> | <u>(8,576,237)</u> | <u>20,300</u> | <u>71,000</u> | <u>(9,455,705)</u> |
| Unpaid Claims June 30, 2020 | 2,100,000 | 753,867 | 20,300 | 71,000 | 2,945,167 |
| Incurred claims* | 602,893 | 9,421,141 | (20,300) | (71,000) | 9,932,734 |
| Claim Payments | <u>(702,893)</u> | <u>(9,405,716)</u> | <u>25,300</u> | <u>105,000</u> | <u>(9,978,309)</u> |
| Unpaid Claims June 30, 2021 | <u>\$ 2,000,000</u> | <u>\$ 769,292</u> | <u>\$ 25,300</u> | <u>\$ 105,000</u> | <u>\$ 2,899,592</u> |

**Incurred claims includes claims incurred but not reported and changes in estimates.*

School System Component Unit:

| | Workers' Compensation | Health Insurance | Total |
|--------------------------------|----------------------------------|-----------------------------|---------------------|
| Unpaid Claims June 30, 2019 | \$ 748,000 | \$ 1,600,823 | \$ 2,348,823 |
| Incurred claims* | 111,671 | 15,108,067 | 15,219,738 |
| Claim Payments | <u>(2,671)</u> | <u>(15,285,854)</u> | <u>(15,288,525)</u> |
| Unpaid Claims June 30, 2020 | 857,000 | 1,423,036 | 2,280,036 |
| Incurred claims* | 225,777 | 14,770,573 | 14,996,350 |
| Claim Payments | <u>(297,777)</u> | <u>(15,033,180)</u> | <u>(15,330,957)</u> |
| Unpaid Claims June 30, 2020 | <u>\$ 785,000</u> | <u>\$ 1,160,429</u> | <u>\$ 1,945,429</u> |

**Incurred claims includes claims incurred but not reported and changes in estimates.*

COUNTY OF ROANOKE, VIRGINIA
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(12) Pension Plan

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

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and, Hybrid. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the following table.

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE

| PLAN 1 | PLAN 2 | HYBRID PLAN |
|---|---|--|
| About Plans Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. | | |
| Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund. | Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. | The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees. Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: <ul style="list-style-type: none"> • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held |

COUNTY OF ROANOKE, VIRGINIA
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| PLAN 1 | PLAN 2 | HYBRID PLAN |
|--|---|---|
| <p><u>Hybrid Opt-In Election</u> VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p> | <p><u>Hybrid Opt-In Election</u> Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p> | <p>January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.</p> <p><u>*Non-Eligible Members</u> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees • Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP. |
| <u>Retirement Contributions</u> | | |
| <p>Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p> | <p>Same as Plan 1.</p> | <p>A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer.</p> <p>Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p> |
| <u>Creditable Service</u> | | |
| <p>Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has</p> | <p>Same as Plan 1.</p> | <p><u>Defined Benefit Component</u> Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has</p> |

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2021

| PLAN 1 | PLAN 2 | HYBRID PLAN |
|--|------------------------|--|
| <p>purchased or additional creditable service the member was granted.</p> <p>A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit.</p> <p>It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> | | <p>purchased or additional creditable service the member was granted.</p> <p>A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit.</p> <p>It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contribution Component</u> Creditable service is used to determine vesting for the employer contribution portion of the plan.</p> |
| Vesting | | |
| <p>Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service.</p> <p>Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p> | <p>Same as Plan 1.</p> | <p><u>Defined Benefit Component</u> Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contribution Component</u> Vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> |

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| PLAN 1 | PLAN 2 | HYBRID PLAN |
|--|--|--|
| | | <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p> |
| Calculating the Benefit | | |
| <p>The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p> | Same as Plan 1. | <p><u>Defined Benefit Component</u> Same as Plan 1.</p> <p><u>Defined Contribution Component</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p> |
| Average Final Compensation | | |
| A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee. | A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee. | Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan. |
| Service Retirement Multiplier | | |
| <p>The retirement multiplier is a factor used in the formula to determine a final retirement benefit.</p> <p>The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> | <p>Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013.</p> <p>For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> | <p><u>Defined Benefit Component</u> The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> |

COUNTY OF ROANOKE, VIRGINIA
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| PLAN 1 | PLAN 2 | HYBRID PLAN |
|--|--|---|
| Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer. | Political subdivision hazardous duty employees: Same as Plan 1. | Political subdivision hazardous duty employees: Not applicable. <u>Defined Contribution Component</u> Not applicable. |
| Normal Retirement Age | | |
| Age 65. Political subdivision hazardous duty employees: Age 60. | Normal Social Security retirement age. Political subdivision hazardous duty employees: Same as Plan 1. | <u>Defined Benefit Component</u> Same as Plan 2. Political subdivision hazardous duty employees: Not applicable. <u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions. |
| Earliest Unreduced Retirement Eligibility | | |
| Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. Political subdivision hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service. | Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90. Political subdivision hazardous duty employees: Same as Plan 1. | <u>Defined Benefit Component</u> Same as Plan 2. Political subdivision hazardous duty employees: Not applicable. <u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions. |
| Earliest Reduced Retirement Eligibility | | |
| Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service. Political subdivision hazardous duty employees: Age 50 with at least five years of creditable service. | Age 60 with at least five years (60 months) of creditable service. Political subdivision hazardous duty employees: Same as Plan 1. | <u>Defined Benefit Component</u> Same as Plan 2. Political subdivision hazardous duty employees: Not applicable. <u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions. |

COUNTY OF ROANOKE, VIRGINIA
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| PLAN 1 | PLAN 2 | HYBRID PLAN |
|--|---|---|
| Cost-of-Living Adjustment (COLA) in Retirement | | |
| <p>The COLA matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><u>Exceptions to COLA Effective Dates</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to | <p>The COLA matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility</u> Same as Plan 1.</p> <p><u>Exceptions to COLA Effective Dates</u> Same as Plan 1.</p> | <p><u>Defined Benefit Component</u> Same as Plan 2.</p> <p><u>Defined Contribution Component</u> Not applicable.</p> <p><u>Eligibility</u> Same as Plan 1 and Plan 2.</p> <p><u>Exceptions to COLA Effective Dates</u> Same as Plan 1 and Plan 2.</p> |

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
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| PLAN 1 | PLAN 2 | HYBRID PLAN |
|--|--|---|
| December 31) from the date the monthly benefit begins. | | |
| Disability Coverage | | |
| Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted. | Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. | Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits. |
| Purchase of Prior Service | | |
| Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay. | Same as Plan 1. | <u>Defined Benefit Component</u> Same as Plan 1, with the following exceptions: <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. <u>Defined Contribution Component</u> Not applicable. |

Pension Plan Data – The System issues a publicly available Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at <https://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Employees Covered by Benefit Terms – As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

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| | County of Roanoke | School System Non-Professional Plan |
|---|--------------------------|--|
| Inactive members or their beneficiaries currently receiving benefits | 742 | 431 |
| <i>Inactive members:</i> | | |
| Vested | 186 | 111 |
| Non-vested | 307 | 167 |
| Active elsewhere in VRS | 344 | 93 |
| Total inactive members | 837 | 371 |
| Active members | 1,034 | 86 |
| Total covered employees | 2,613 | 888 |

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 localities and school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The County's contractually required contribution rate for the year ended June 30, 2021 was 14.38% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions to the pension plan from the County were \$6,730,418 and \$5,846,191 for the years ended June 30, 2021 and June 30, 2020, respectively.

In addition, the School System's contractually required employer contribution rates for the year ended June 30, 2021 were 16.62% and 2.09% of covered employee compensation for the Teacher and Non-Professional Plans, respectively. These rates were based on actuarially determined rates from actuarial valuations 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.

The actuarial rate for the Teacher Retirement Plan was 16.62%. Contributions to the pension plan from the School System Teacher Retirement Plan were \$13,245,307 and \$12,283,727 and from the Non-Professional Plan were \$45,833 and \$56,224 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability

The net pension liability (NPL) 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 the County and School System, the net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019 rolled forward to the measurement date of June 30, 2020.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
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Actuarial Assumptions – General Employees and Teacher Plan

The total pension liability for General Employees in the County's Retirement Plan and School System employees in the Teacher Plan were based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

| | |
|---------------------------------|--|
| Inflation | 2.50% |
| Salary increases | 3.50% to 5.35%, including inflation for General Employees |
| | 3.50% to 5.95%, for the Teacher Plan |
| Investment rate of return | 6.75%, net of pension plan investment expenses, including inflation* |

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

Mortality rates – Non-Hazardous Duty: 15% of deaths are assumed to be service related

| | |
|------------------------|---|
| Pre-Retirement | RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates. |
| Post-Retirement | RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90. |
| Post-Disablement | RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates. |

Mortality rates – Teacher Plan: 15% of deaths are assumed to be service related

| | |
|------------------------|---|
| Pre-Retirement | RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020. |
| Post-Retirement | RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1.0% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90. |
| Post-Disablement | RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females. |

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on the VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

| | |
|------------------------|---|
| Mortality Rates | Updated to a more current mortality table – RP-2014 projected to 2020 (Pre-retirement, post-retirement healthy, and disabled) |
| Retirement Rates | Lowered rates at older ages and changed final retirement from 70 to 75 |
| Withdrawal Rates | Adjusted rates to better fit experience at each year age and service through 9 years of service |

COUNTY OF ROANOKE, VIRGINIA
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| | |
|-------------------------------|--|
| Disability Rates | Lowered rates for General Employees |
| | Adjusted rates to better match experience for the Teacher Plan |
| Salary Scale | No change |
| Line of Duty Disability | Increase rate from 14.00% to 15.00% |
| Discount Rate | Decreased rate from 7.00% to 6.75% |

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

| | |
|---------------------------------|--|
| Inflation | 2.50% |
| Salary increases | 3.50% to 4.75%, including inflation |
| Investment rate of return | 6.75%, net of pension plan investment expenses, including inflation* |

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

Mortality rates – Hazardous Duty: 45% of deaths are assumed to be service related

| | |
|------------------------|---|
| Pre-Retirement | RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year. |
| Post-Retirement | RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years. |
| Post-Disablement | RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male. |

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on the VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

| | |
|-------------------------------|--|
| Mortality Rates | Update to a more current mortality table – RP-2014 projected to 2020 (Pre-retirement, post-retirement healthy, and disabled) |
| Retirement Rates | Increased age 50 rates, and lowered rates at older ages |
| Withdrawal Rates | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates | Adjusted rates to better fit experience |
| Salary Scale | No change |
| Line of Duty Disability | Decrease rate from 60.00% to 45.00% |
| Discount Rate | Decreased rate from 7.00% to 6.75% |

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
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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:

| Asset Class (Strategy) | Target Allocation | Arithmetic Long-Term Expected Rate of Return | Weighted Average Long-Term Expected Rate of Return |
|--------------------------------------|-------------------------------------|---|---|
| Public Equity | 34.00% | 4.65% | 1.58% |
| Fixed Income | 15.00% | 0.46% | 0.07% |
| Credit Strategies | 14.00% | 5.39% | 0.75% |
| Real Assets | 14.00% | 5.01% | 0.70% |
| Private Equity | 14.00% | 8.34% | 1.17% |
| Multi-Asset Public Strategies (MAPS) | 6.00% | 3.04% | 0.18% |
| Private Investment Partnership (PIP) | 3.00% | 6.49% | 0.19% |
| Total | <u>100.00%</u> | | <u>4.64%</u> |
| Inflation | | | <u>2.50%</u> |
| | Expected arithmetic nominal return* | | <u>7.14%</u> |

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the fiscal year 2020 actuarial valuations, provide a median return of 6.81%.

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; Counties were also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2020 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.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
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Changes in Net Pension Liability (Asset)

| | County of Roanoke | | | School System - Non-Professional | | |
|--|--------------------------------|------------------------------------|--|---|--|--|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability (a) - (b) | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balances at June 30, 2019 | \$ 255,065,152 | \$ 214,156,164 | \$ 40,908,988 | \$ 33,386,925 | \$ 34,180,297 | \$ (793,372) |
| Changes for the year: | | | | | | |
| Service cost | 5,788,075 | - | 5,788,075 | 295,894 | - | 295,894 |
| Interest | 16,748,382 | - | 16,748,382 | 2,163,509 | - | 2,163,509 |
| Change in assumptions between expected and actual experience | - | - | - | - | - | - |
| Difference between expected and actual experience | 3,198,412 | - | 3,198,412 | (471,339) | - | (471,339) |
| Impact in change of proportion | (516,831) | (433,938) | (82,893) | - | - | - |
| Contribution - employer | - | 5,628,312 | (5,628,312) | - | 47,759 | (47,759) |
| Contributions - employee | - | 2,281,124 | (2,281,124) | - | 145,004 | (145,004) |
| Net investment income | - | 4,103,304 | (4,103,304) | - | 635,055 | (635,055) |
| Benefit payments including refunds of employee contributions | (12,848,272) | (12,848,272) | - | (2,669,867) | (2,669,867) | - |
| Administrative expense | - | (139,386) | 139,386 | - | (23,385) | 23,385 |
| Other changes | - | (4,797) | 4,797 | - | (729) | 729 |
| Net Changes | 12,369,766 | (1,413,653) | 13,783,419 | (681,803) | (1,866,163) | 1,184,360 |
| Balances at June 30, 2020 | \$ 267,434,918 | \$ 212,742,511 | \$ 54,692,407 | \$ 32,705,122 | \$ 32,314,134 | \$ 390,988 |

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

The following presents the net pension liability of the County and School System using the discount rate of 6.75%, as well as what the County and School System'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:

| | Net Pension Liability (Asset) | | |
|---------------------------|--------------------------------------|--------------------------------------|----------------------------|
| | 1% Decrease (5.75%) | Current Discount Rate (6.75%) | 1% Increase (7.75%) |
| <u>County of Roanoke:</u> | | | |
| Retirement Plan | \$ 88,574,637 | \$ 54,692,407 | \$ 26,516,831 |
| <u>School System:</u> | | | |
| Teacher Retirement Plan | \$ 197,661,600 | \$ 134,718,026 | \$ 82,655,733 |
| Non-Professional Plan | 3,563,996 | 390,988 | (2,330,709) |

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

For the year ended June 30, 2021, the County and the School System recognized pension expense of \$10,619,771, \$14,350,604, and (\$22,367) in the Retirement Plan, the Teacher Retirement Plan and the Non-Professional Plan, respectively. For the year ended July 31, 2020, the Length of Service Award Program (LOSAP) recognized pension expense of \$1,805,746 which is detailed in Footnote 14.

COUNTY OF ROANOKE, VIRGINIA
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At June 30, 2021, the County and School System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | County of Roanoke | | School System | | | |
|---|--------------------------------|-------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | Retirement Plan | | Teacher Retirement Plan | | Non-Professional Plan | |
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 2,766,342 | \$ 412,656 | \$ - | \$ 7,896,553 | \$ - | \$ - |
| Change in assumptions | 3,097,034 | - | 10,246,798 | - | - | - |
| Net difference between projected and actual earnings on plan investments | 6,301,351 | - | 9,196,195 | - | 966,462 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | - | 112,839 | 1,147,988 | 3,976,691 | - | - |
| Employer contributions subsequent to the measurement date | 6,730,418 | - | 13,245,307 | - | 45,833 | - |
| Total | <u>\$ 18,895,145</u> | <u>\$ 525,495</u> | <u>\$ 33,836,288</u> | <u>\$ 11,873,244</u> | <u>\$ 1,012,295</u> | <u>\$ -</u> |

\$6,730,418, \$13,245,307, and \$45,833 reported as deferred outflows of resources related to pensions resulting from the County and School System's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022, for the Retirement Plan, Teacher, and Non-Professional Plans, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | County of Roanoke | School System | |
|---------------------|--------------------------|-------------------------|-----------------------|
| | Retirement Plan | Teacher Retirement Plan | Non-Professional Plan |
| 2022 | \$ 3,096,002 | \$ (414,975) | \$ (5,539) |
| 2023 | 3,992,916 | 2,738,605 | 312,371 |
| 2024 | 2,520,035 | 3,517,067 | 342,091 |
| 2025 | 2,030,279 | 3,070,518 | 317,539 |
| Thereafter | - | (193,478) | - |
| | <u>\$ 11,639,232</u> | <u>\$ 8,717,737</u> | <u>\$ 966,462</u> |

Payable to the Pension Plan

At June 30, 2021, the Teacher and Non-Professional Plans reported payables of \$207,910, and \$3,052, respectively, for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

COUNTY OF ROANOKE, VIRGINIA
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(13) Other Postemployment Benefits (OPEB)

Retiree Medical Program

Plan Description - The County administers and sponsors a single-employer defined benefit healthcare plan (Retiree Medical Plan). All full-time employees hired before July 1, 2016 who retire directly from the County prior to age 55 with 10 years of continuous full-time service with the County through the date of retirement are eligible to receive early or regular retiree health benefits until they are eligible for Medicare. Specific information about the County's Retiree Medical Plan, including eligibility, coverage, and benefits is set out in the table that follows:

| OPEB PLAN PROVISIONS – RETIREE MEDICAL | |
|---|--|
| Eligible Members | |
| <p>All full-time employees hired before July 1, 2016, who meet the following criteria, are eligible to for post-retirement medical coverage:</p> <ul style="list-style-type: none"> ○ Retire directly from the County and are eligible to receive an early or regular retirement benefit from the VRS ○ Have 10 years of continuous full-time service with the County through the date of retirement ○ Have 5 years of enrollment in the County sponsored medical plan immediately prior to retirement <p>Eligible dependents on the employee's health insurance may continue to receive the County's contribution toward the health plan.</p> | |
| Benefit Amounts | |
| <p>For plan members receiving benefits, the County contributes a specified amount monthly towards the cost of the health insurance premium.</p> | |
| Program Notes | |
| <p>Active employees hired after July 1, 2016 are not eligible. The Retiree Medical Plan is assumed to be the primary plan of benefits prior to age 65. Once the retiree or spouse becomes eligible for Medicare, they must then enroll in the Medicare Advantage Plan.</p> | |

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

Long-Term Expected Rate of Return - The long-term expected rate of return on OPEB 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 plan 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:

COUNTY OF ROANOKE, VIRGINIA
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| Asset Class (Strategy) | Target Allocation | Arithmetic Long-Term Expected Rate of Return | Weighted Average Long-Term Expected Rate of Return |
|----------------------------------|--------------------------|---|---|
| Large Cap Equity (Domestic) | 26.00% | 7.15% | 1.86% |
| Small Cap Equity (Domestic) | 10.00% | 8.44% | 0.84% |
| International Equity (Developed) | 13.00% | 7.94% | 1.03% |
| Emerging Markets | 5.00% | 9.09% | 0.45% |
| Private Equity | 5.00% | 10.40% | 0.52% |
| Core Bonds | 7.00% | 2.58% | 0.18% |
| Core Plus | 14.00% | 2.86% | 0.40% |
| Long/Short Equity | 6.00% | 5.72% | 0.34% |
| Private Core Real Estate | 10.00% | 6.66% | 0.67% |
| Liquid Absolute Return | 4.00% | 3.26% | 0.13% |
| Total | 100.00% | | 6.42% |
| | | Inflation | 2.75% |
| | | *Expected arithmetic nominal return | 9.17% |

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

OPEB Expense – As the total OPEB expense is not easily identifiable from information presented in the financial statements, it is best practice for a primary government to provide the aggregate amount of OPEB expense in its footnotes. The County recognized OPEB expense of \$127,770, \$117,182, and \$150,046 in its Retiree Medical program, Health Insurance Credit program, and Group Life Insurance program, respectively, in fiscal year 2021. The School System recognized OPEB expense of \$172,801 in its Retiree Medical program; \$932,913 and \$610,084 in its Health Insurance Credit Program for its Teacher Plan and Non-Professional Plan, respectively; and \$222,146 and \$3,661 in its Group Life Insurance program for its Teacher Plan and Non-Professional Plan, respectively. These expenses are detailed over the following several pages.

Retiree Medical Program – OPEB Plan Disclosures

Employees Covered by Benefits Terms - As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the Retiree Medical Plan:

| | |
|-----------------------|------------|
| Inactive members: | |
| Retirees | 90 |
| Active members | 642 |
| Total covered members | <u>732</u> |

Contributions - The Retiree Medical Plan is funded with contributions from plan members and the County. Plan members receiving benefits contribute specified amounts monthly, ranging from 42.8% to 72.7%, towards the cost of the health insurance premiums. For fiscal year ended June 30, 2021, the retirees contributed approximately \$648,685 or 52.9% of total premiums, through their required contributions of \$374.36 to \$2,228.14 per month depending on the coverage (single, single plus dependent, single plus spouse, or family and the number of years of service completed by the employee).

The County's actuarially determined contribution rate for the year ended June 30, 2021 was 2.1% of covered employee compensation for the Retiree Medical Plan. The total amount contributed was \$789,623. This rate was based on the actuarially determined rate from actuarial valuations as of June 30, 2020.

COUNTY OF ROANOKE, VIRGINIA
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Net OPEB Liability - The Plan data for the Retiree Medical Plan was measured as of June 30, 2021 based on an actuarial valuation performed as of June 30, 2020.

Actuarial Methods and Assumptions - The net OPEB liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

| | |
|--|--|
| Discount rate | 7.50% |
| Salary increases | 3.50%, including a 2.50% inflation assumption and a 1.00% productivity component |
| Investment rate of return | 7.50% |
| Healthcare cost trend rate – Medical | Initial rate of 8.00% decreasing down by 0.50% annually to an ultimate rate of 4.50% |

Mortality rates

| | |
|-------------------------|--|
| General Retirees | SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019 |
| Surviving Spouses | SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2019 |
| Disabled Retirees | SOA Pub-2010 Non-Safety Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2019 |

OPEB Liabilities and OPEB Expense for the Retiree Medical Plan as of 2021 measurement date

| | Total OPEB Liability (a) | Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
|--|---|---|---|
| Balances at June 30, 2020 | \$ 11,431,668 | \$ 7,280,052 | \$ 4,151,616 |
| Changes for the year: | | | |
| Service cost | 213,572 | - | 213,572 |
| Interest | 848,803 | - | 848,803 |
| Difference between expected and actual experience | (1,386,189) | - | (1,386,189) |
| Contribution - employer | - | 789,623 | (789,623) |
| Net investment income | - | 2,190,495 | (2,190,495) |
| Benefit payments including refunds of member contributions | (667,798) | (667,798) | - |
| Administrative expense | - | (8,731) | 8,731 |
| Net Changes | (991,612) | 2,303,589 | (3,295,201) |
| Balances at June 30, 2021 | \$ 10,440,056 | \$ 9,583,641 | \$ 856,415 |

Net OPEB Liability - The net OPEB liability (NOL) is calculated separately, the OPEB Plan represents its total OPEB liability determined in accordance with GAAP, less the fiduciary net position. As of June 30, 2021, NOL amounts are as follows:

COUNTY OF ROANOKE, VIRGINIA
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| | |
|-----------------------------|-------------------|
| Total OPEB Liability | \$ 10,440,056 |
| Plan Fiduciary Net Position | 9,583,641 |
| Net OPEB Liability | <u>\$ 856,415</u> |

| | |
|---|--------|
| Fiduciary Net Position as a Percentage of Total OPEB Liability | 91.80% |
|---|--------|

Sensitivity to Changes in the Discount Rate - The following presents the County's net OPEB liability using the discount rate of 7.50%, as well as what it would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

| | 1.00% Decrease (6.50%) | Current Rate (7.50%) | 1.00% Increase (8.50%) |
|--------------------|----------------------------------|--------------------------------|----------------------------------|
| Net OPEB Liability | \$ 1,592,928 | \$ 856,415 | \$ 181,785 |

Sensitivity to the Changes in the Healthcare Cost Rate - The following presents the County's net OPEB liability using the health care cost rate of 7.50% grading to 4.50%, as well as what it would be if it were calculated using a healthcare cost rate that is one percentage point lower (6.50% grading to 3.50% or one percentage point higher (8.50% grading to 5.50% than the current rate:

| | 1.00% Decrease (6.50% decreasing to 3.50%) | Current Rate (7.50% decreasing to 4.50%) | 1.00% Increase (8.50% decreasing to 5.50%) |
|------------------------------|---|---|---|
| Net OPEB Liability (Benefit) | \$ (35,762) | \$ 856,415 | \$ 1,880,373 |

Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Retiree Medical Plan
- At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to the Retiree Medical Plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ - | \$ 4,918,357 |
| Change in assumptions | 1,726,513 | 631,443 |
| Net difference between projected and actual earnings on OPEB plan investments | - | 1,068,845 |
| Total | <u>\$ 1,726,513</u> | <u>\$ 6,618,645</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in the OPEB expense in future reporting periods as follows:

COUNTY OF ROANOKE, VIRGINIA
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Year ended June 30:

| | |
|------------|----------------|
| 2022 | (1,060,401) |
| 2023 | (1,083,838) |
| 2024 | (1,054,289) |
| 2025 | (990,462) |
| 2026 | (1,533,736) |
| Thereafter | (198,027) |
| | \$ (5,920,753) |

Retiree Medical Program – Employer Recognition of the OPEB Plan

Employees Covered by Benefits Terms - As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the Retiree Medical Plan:

| | |
|-----------------------|-----|
| Inactive members: | |
| Retirees | 89 |
| Active members | 570 |
| Total covered members | 659 |

Contributions - The County's actuarially determined contribution rate for the year ended June 30, 2020 was 2.7% of covered employee compensation. The total amount contributed was \$941,499. This rate was based on the actuarially determined rate from actuarial valuations as of June 30, 2020.

Net OPEB Liability - The Employer data for the Retiree Medical Plan was measured as of June 30, 2020. The total OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020. The actuarial valuation was performed for the County and its fiscal agents as a whole. The below information reflects the County portion only.

Actuarial Methods and Assumptions - The net OPEB liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions:

| | |
|--|--|
| Discount rate | 7.50% |
| Salary increases | 3.50%, including a 2.50% inflation assumption and a 1.00% productivity component |
| Investment rate of return | 7.50% |
| Healthcare cost trend rate – Medical | Initial rate of 8.00% decreasing down by 0.50% annually to an ultimate rate of 4.50% |

Mortality rates

| | |
|-------------------------|--|
| General Retirees | SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019 |
| Surviving Spouses | SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2019 |
| Disabled Retirees | SOA Pub-2010 Non-Safety Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2019 |

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OPEB Liabilities and OPEB Expense

| | Total OPEB Liability (a) | Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
|--|---|---|---|
| Balances at June 30, 2019 | \$ 13,405,428 | \$ 6,914,583 | \$ 6,490,845 |
| Changes for the year: | | | |
| Service cost | 234,812 | - | 234,812 |
| Interest | 988,482 | - | 988,482 |
| Change in Assumptions | (875,255) | - | (875,255) |
| Difference between expected and actual experience | (1,561,561) | - | (1,561,561) |
| Impact in change in proportion | (62,048) | - | (62,048) |
| Contribution - employer | - | (32,005) | 32,005 |
| Contributions - member | - | 932,163 | (932,163) |
| Benefit payments including refunds of member contributions | - | 212,795 | (212,795) |
| Administrative expense | (811,546) | (811,546) | - |
| Other Changes | - | (8,128) | 8,128 |
| Net Changes | (2,087,116) | 293,279 | (2,380,395) |
| Balances at June 30, 2020 | \$ 11,318,312 | \$ 7,207,862 | \$ 4,110,450 |

For the year ended June 30, 2021, the County recognized OPEB expense of \$127,770.

Net OPEB Liability - The net OPEB liability (NOL) is calculated separately, the OPEB Plan represents its total OPEB liability determined in accordance with GAAP, less the fiduciary net position. As of June 30, 2021, NOL amounts are as follows:

| | |
|-----------------------------|---------------------|
| Total OPEB Liability | \$ 11,318,312 |
| Plan Fiduciary Net Position | 7,207,862 |
| Net OPEB Liability | <u>\$ 4,110,450</u> |

Fiduciary Net Position as a Percentage
of Total OPEB Liability 63.68%

The County of Roanoke has fiscal entities who participate in the Retiree Medical Program. The above information reflects only the County's portion of the total OPEB liability.

Sensitivity to Changes in the Discount Rate - The following presents the County's net OPEB liability using the discount rate of 7.50%, as well as what it would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

| | 1.00% Decrease (6.50%) | Current Rate (7.50%) | 1.00% Increase (8.50%) |
|--------------------|-----------------------------------|---------------------------------|-----------------------------------|
| Net OPEB Liability | \$ 4,921,088 | \$ 4,110,450 | \$ 3,369,792 |

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Sensitivity to the Changes in the Healthcare Cost Rate - The following presents the County's net OPEB liability using the health care cost rate of 8.00% grading to 5.00% over six years, as well as what it would be if it were calculated using a healthcare cost rate that is one percentage point lower (7.00% grading to 4.00% over six years) or one percentage point higher (9.00% grading to 6.00% over six years) than the current rate:

| | 1.00% Decrease (7.00% decreasing to 4.00% over 6 years) | Current Rate (8.00% decreasing to 5.00% over 6 years) | 1.00% Increase (9.00% decreasing to 6.00% over 6 years) |
|--------------------|---|---|---|
| Net OPEB Liability | \$ 3,241,483 | \$ 4,110,450 | \$ 5,107,071 |

Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Retiree Medical Plan
- At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to the Retiree Medical Plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ - | \$ 4,581,554 |
| Change in assumptions | 2,148,084 | 750,219 |
| Net difference between projected and actual earnings on OPEB plan investments | 263,877 | - |
| Change in proportionate share | - | 43,301 |
| Employer contributions subsequent to the measurement date | 1,052,780 | - |
| Total | <u>\$ 3,464,741</u> | <u>\$ 5,375,074</u> |

Deferred outflows of resources resulting from the contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022 in addition to other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

| | |
|------------|-----------------------|
| 2021 | \$ (574,890) |
| 2022 | (501,514) |
| 2023 | (477,139) |
| 2024 | (499,130) |
| 2025 | (562,323) |
| Thereafter | (348,117) |
| | <u>\$ (2,963,113)</u> |

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VRS Health Insurance Credit and Group Life Insurance Programs

Plan Description - All full-time, salaried permanent employees of the County are automatically covered by the VRS Political Subdivision Health Insurance Credit Program (HIC) upon employment. All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment.

These plans are administered by the Virginia Retirement System (System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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. 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.

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 Group Life Insurance Program OPEB.

The specific information about the Health Insurance Credit Program and the Group Life Program, including eligibility, coverage, and benefits is set out in the table below:

OPEB PLAN PROVISIONS BY PLAN STRUCTURE

| HEALTH INSURANCE CREDIT | GROUP LIFE INSURANCE |
|---|---|
| Eligible Members | |
| <p>The County's Retiree Health Insurance Credit Program was established July 1, 1993 for retired County employees who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include full-time, permanent, salaried employees of the County who are covered under the VRS pension plan.</p> | <p>The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.</p> <p>Basic group life insurance coverage is automatic upon employment. Coverage end for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.</p> |
| Benefit Amounts | |
| <p>The County's Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p> <p><u>At Retirement</u> For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month.</p> <p><u>Disability Retirement</u> For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.</p> | <p>The benefits payable under the Group Life Insurance Program have several components.</p> <p><u>Natural Death Benefit</u> The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.</p> <p><u>Accidental Death Benefit</u> The accidental death benefit is double the natural death benefit.</p> <p><u>Other Benefit Provisions</u></p> |

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| HEALTH INSURANCE CREDIT | GROUP LIFE INSURANCE |
|--|---|
| | <p>In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:</p> <ul style="list-style-type: none"> • Accidental dismemberment benefit • Safety belt benefit • Repatriation benefit • Felonious assault benefit • Accelerated death benefit option |
| Program Notes | |
| <p>The monthly Health Insurance Credit benefit cannot exceed the individual premium amount.</p> <p>No Health Insurance Credit for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans.</p> <p>Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.</p> | <p><u>Reduction in Benefit Amounts</u> The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p> <p><u>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</u> For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,616.</p> |

Detailed information about the VRS Political Subdivision Health Insurance Credit Program's Fiduciary Net Position and the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2020 ACFR. A copy of the 2020 VRS ACFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Employees Covered by Benefit Terms - As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

| | |
|--|---------------------|
| Inactive members or their beneficiaries currently receiving benefits | 228 |
| Active members | 791 |
| Total covered members | <u><u>1,019</u></u> |

Contributions - Under the Health Insurance Credit Program, the contribution requirement for active employees is governed by §51.1-1402(E) 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. Under the Group Life Program, the contribution requirements are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of the funding provided to state agencies and school divisions by the Virginia General Assembly.

The County's contractually required employer contribution rate for the year ended June 30, 2021 was 0.30% of covered employee compensation for employees in the Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional

COUNTY OF ROANOKE, VIRGINIA
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amount to finance any unfunded accrued liability. Contributions from the County to the Political Subdivision Health Insurance Credit Program were \$140,406 and \$144,688 for the years ended June 30, 2021 and June 30, 2020, respectively.

The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$253,325 and \$247,275 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net OPEB Liability - The County's net Health Insurance Credit OPEB liability and Group Life Insurance OPEB liability were measured as of June 30, 2020. The total OPEB liability for each program was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions - The total OPEB liability for the Health Insurance Credit Program and Group Life Insurance Program was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

| | |
|---|--|
| Inflation | 2.50% |
| Salary increases, including inflation | 3.50% – 5.35% |
| Investment rate of return | 6.75% net of investment expenses, including inflation* |

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

Mortality rates – General Employees

| | |
|------------------------|---|
| Pre-Retirement | RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates. |
| Post-Retirement | RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90. |
| Post-Disablement | RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates. |

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016 except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS board action are as follows:

| | |
|------------------------|---|
| Mortality Rates | Updated to a more current mortality table – RP-2014 projected to 2020 (pre-retirement, post-retirement healthy, and disabled) |
| Retirement Rates | Lowered retirement rates at older ages and, for the HIC Program, extended final retirement age from 70 to 75 |

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Withdrawal RatesAdjusted termination rates to better fit experience at each age and service year
Disability Rates.....Lowered disability rates
Salary ScaleNo change
Line of Duty Disability.....Increased rate from 14.00% to 20.00%
Discount Rate.....Decreased rate from 7.00% to 6.75%

Long-Term Expected Rate of Return - The long-term expected rate of return on the 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 System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class (Strategy) | Target Allocation | Arithmetic Long-Term Expected Rate of Return | Weighted Average Long-Term Expected Rate of Return |
|--------------------------------|--------------------------|---|---|
| Public Equity | 34.00% | 4.65% | 1.58% |
| Fixed Income | 15.00% | 0.46% | 0.07% |
| Credit Strategies | 14.00% | 5.38% | 0.75% |
| Real Assets | 14.00% | 5.01% | 0.70% |
| Private Equity | 14.00% | 8.34% | 1.17% |
| Multi-asset Public Strategies | 6.00% | 3.04% | 0.18% |
| Private Investment Partnership | 3.00% | 6.49% | 0.19% |
| Total | <u>100.00%</u> | | <u>4.64%</u> |
| | | Inflation | <u>2.50%</u> |
| | | *Expected arithmetic nominal return | <u>7.14%</u> |

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

Discount Rate - The discount rate used to measure the total OPEB liability for the Health Insurance Credit Program and the Group Life Insurance Program was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the 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 entity for the OPEB plans 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, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net positions were projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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Net OPEB Liability - Health Insurance Credit Program

| | Total OPEB Liability (a) | Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
|---|---|---|---|
| Balances at June 30, 2019 | \$ 1,728,789 | \$ 652,760 | \$ 1,076,029 |
| Changes for the year: | | | |
| Service cost | 36,822 | - | 36,822 |
| Interest | 111,918 | - | 111,918 |
| Difference between expected and actual experience | 35,707 | - | 35,707 |
| Contribution - employer | - | 155,620 | (155,620) |
| Net investment income | - | 13,657 | (13,657) |
| Benefit payments, including refunds of member contributions | (141,476) | (141,476) | - |
| Administrative expense | - | (1,290) | 1,290 |
| Other changes | - | (6) | 6 |
| Net Changes | 42,971 | 26,505 | 16,466 |
| Balances at June 30, 2020 | \$ 1,771,760 | \$ 679,265 | \$ 1,092,495 |

Net OPEB Liability - Group Life Insurance Program - The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the Group Life Insurance Program is as follows:

| | |
|-----------------------------|---------------------|
| Total GLI OPEB Liability | \$ 8,617,270 |
| Plan Fiduciary Net Position | 4,536,131 |
| Net OPEB Liability | <u>\$ 4,081,139</u> |

| | |
|--|--------|
| Fiduciary Net Position as a Percentage of Total OPEB Liability | 52.64% |
|--|--------|

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

Sensitivity of the Health Insurance Credit Net OPEB Liability and the County's proportionate Share of the net GLI OPEB Liability to Changes in the Discount Rate - The following presents the County's Health Insurance Credit Program net HIC OPEB liability and proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the County's net HIC OPEB liability and proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

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| | 1.00% Decrease (5.75%) | Current Rate (6.75%) | 1.00% Increase (7.75%) |
|------------------------|----------------------------------|--------------------------------|----------------------------------|
| Net HIC OPEB Liability | \$ 1,286,805 | \$ 1,092,495 | \$ 927,383 |
| Net GLI OPEB Liability | 5,364,971 | 4,081,139 | 3,038,548 |

Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Program OPEB - For the year ended June 30, 2021, the County recognized Health Insurance Credit Program OPEB expense of \$117,182. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to the Health Insurance Credit Program from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 49,875 | \$ 2,160 |
| Change in assumptions | 29,931 | 17,873 |
| Net difference between projected and actual earnings on OPEB plan investments | 26,164 | 4,240 |
| Employer contributions subsequent to the measurement date | 140,406 | - |
| Total | <u>\$ 246,376</u> | <u>\$ 24,273</u> |

\$140,406 reported as deferred outflows of resources related to the HIC OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the Fiscal Year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year ended June 30:

| | |
|------------|------------------|
| 2022 | \$ 11,640 |
| 2023 | 15,674 |
| 2024 | 16,390 |
| 2025 | 21,559 |
| 2026 | 12,797 |
| Thereafter | 3,637 |
| | <u>\$ 81,697</u> |

Group Life Insurance Program OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB - At June 30, 2021, the entities reported a liability of \$4,081,139 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.24455% as compared to 0.24848% at June 30, 2019.

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For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$150,046. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 261,767 | \$ 36,655 |
| Change in assumptions | 204,104 | 85,217 |
| Changes in Proportionate Share | 20,596 | 84,610 |
| Net difference between projected and actual earnings on OPEB plan investments | 122,594 | - |
| Employer contributions subsequent to the measurement date | 253,325 | - |
| Total | <u><u>\$ 862,386</u></u> | <u><u>\$ 206,482</u></u> |

\$253,325 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year ended June 30:

| | |
|------------|--------------------------|
| 2022 | \$ 55,886 |
| 2023 | 90,507 |
| 2024 | 118,890 |
| 2025 | 116,513 |
| 2026 | 20,667 |
| Thereafter | 116 |
| | <u><u>\$ 402,579</u></u> |

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Other Postemployment Benefits – VRS – School System

Health Credit Program Plan Description – All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee (Teacher Plan) Health Insurance Credit Program (Health Credit Program). All full-time, salaried permanent (professional) employees of participating political subdivisions are automatically covered by the VRS Political Subdivision (Non-Professional Plan) Health Insurance Credit Program (Health Credit Program). These plans are administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

Members of the Health Credit Program 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.

Group Life Program Plan Description – All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program (Group Life Program) upon employment. These plans are administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

The specific information for the Health Credit and the Group Life Programs, including eligibility, coverage, and benefits for each program are set out in the following table.

| Health Credit Program | | Group Life Program |
|--|---|--|
| Teacher Plan | Non-Professional Plan | Both |
| Eligible Members | | |
| The Health Credit Program was established July 1, 1993, for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. | The Health Credit Program was established July 1, 1993, for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit. | The Group Life Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program. |

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| Health Credit Program | | Group Life Program |
|--|--|--|
| Teacher Plan | Non-Professional Plan | Both |
| <p>Eligible employees are enrolled automatically upon employment.</p> <p>They include:</p> <ul style="list-style-type: none"> • Full-time permanent (professional) salaried employees of public school divisions covered under VRS. | <p>Eligible employees are enrolled automatically upon employment.</p> <p>They include:</p> <ul style="list-style-type: none"> • Full-time permanent salaried employees of the participating political subdivision who are covered under VRS. | <p>Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.</p> |
| Benefit Amounts | | |
| <p>The Health Credit Program provides the following benefits for eligible employees.</p> <p><u>At Retirement</u> For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.</p> <p><u>Disability Retirement</u> For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either:</p> <ul style="list-style-type: none"> • \$4.00 per month, multiplied by twice the amount of service credit, or • \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower. | <p>The Health Credit Program provides the following benefits for eligible employees.</p> <p><u>At Retirement</u> For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month.</p> <p><u>Disability Retirement</u> For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.</p> | <p>The benefits payable under the Group Life Program have several components.</p> <p><u>Natural Death Benefit</u> The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.</p> <p><u>Accidental Death Benefit</u> The accidental death benefit is double the natural death benefit.</p> <p><u>Other Benefit Provisions</u> In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:</p> <ul style="list-style-type: none"> • Accidental dismemberment benefit • Safety belt benefit • Repatriation benefit • Felonious assault benefit • Accelerated death benefit option |

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| Health Credit Program | | Group Life Program |
|---|--|---|
| Teacher Plan | Non-Professional Plan | Both |
| Program Notes | | |
| <p>The monthly Health Insurance Credit benefit cannot exceed the individual premium amount.</p> <p>Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.</p> | <p>The monthly Health Insurance Credit benefit cannot exceed the individual premium amount.</p> <p>No Health Insurance Credit for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans.</p> <p>Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the Health Insurance Credit as a retiree.</p> | <p><u>Reduction in Benefit Amounts</u> The benefit amounts provided to members covered under the Group Life Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p> <p><u>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</u> For covered members with at least 30 years of service credit, there is a minimum benefit payable under the Group Life Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for COLA was \$8,616 effective June 30, 2021.</p> |

OPEB Plan Data - The system issues a publicly available Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information for the Health Care and Group Life programs administered by VRS. A copy of the 2020 VRS ACFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Health Credit Program Employees Covered by Benefit Terms – As of the June 30, 2019 actuarial valuation the following employees in the Non-Professional Plan were covered by the benefit terms of the plan:

| | |
|--|-----------|
| Inactive employees or beneficiaries currently receiving benefits | - |
| Active employees | 86 |
| Total covered employees | <u>86</u> |

Health Credit Program Contributions – The contribution requirement for active employees is governed by §51.1-1401(E) 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.

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Each school division's contractually required employer contribution rate for the year ended June 30, 2021, was 1.21% and 1.44% of covered employee compensation for the Teacher and Non-Professional Plans, respectively. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

For the years ended June 30, 2020 and June 30, 2021, the actual contribution rates and total amount contributed to the Health Credit Program from the School Division were as follows:

| | Health Credit Program | | | |
|----------------------------------|--|-----------------------------------|--|-----------------------------------|
| | Teacher Plan | | Non-Professional Plan | |
| | Contractually Required Rate | Amount of Contribution | Contractually Required Rate | Amount of Contribution |
| For the Year Ended June 30, 2020 | 1.20% | \$ 963,455 | N/A | \$ - |
| For the Year Ended June 30, 2021 | 1.21% | 991,342 | 1.44% | 42,267 |

Group Life Program Contributions – The contribution requirements are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly.

The total rate for the Group Life Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Although not required, the School Division elected to pay the employee component, which is separate from the contractually required employer component. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

For the years ended June 30, 2020 and June 30, 2021, the actual contribution rates and total amount contributed to the Group Life Program from the School Division were as follows:

| | Group Life Program | | | | |
|-------------------------------------|--|-----------------------------------|--|-----------------------------------|-----------------------------------|
| | Teacher Plan | | Non-Professional Plan | | Total |
| | Contractually Required Rate | Amount of Contribution | Contractually Required Rate | Amount of Contribution | Amount of Contribution |
| Paid on behalf of employee | 0.79% | \$ 632,324 | 0.79% | \$ 23,912 | \$ 656,236 |
| Contractually required contribution | 0.52% | 416,199 | 0.52% | 15,739 | 431,938 |
| For the year ended June 30, 2020 | 1.31% | \$ 1,048,523 | 1.31% | \$ 39,651 | \$ 1,088,174 |
| Paid on behalf of employee | 0.80% | \$ 657,947 | 0.80% | \$ 23,481 | \$ 681,428 |
| Contractually required contribution | 0.54% | 444,099 | 0.54% | 15,850 | 459,949 |
| For the year ended June 30, 2021 | 1.34% | \$ 1,102,046 | 1.34% | \$ 39,331 | \$ 1,141,377 |

Health Credit Program Liabilities – At June 30, 2021, the School Division reported \$11,960,329 for its proportionate share of the Teacher Plan Health Credit Program Net OPEB Liability. The Teacher Plan Health Credit Program Net OPEB Liability was measured as of June 30, 2020 and the Teacher Plan Health Credit Program total OPEB liability used to calculate the Teacher Plan Health Credit Program Net OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The School Division's proportion of the Teacher Plan Health Credit

COUNTY OF ROANOKE, VIRGINIA
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Program Net OPEB Liability was based on the School Division's actuarially determined employer contributions to the Teacher Plan Health Credit Program OPEB plan for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the School Division's proportion of the Health Credit Program was 0.91684% as compared to 0.92539% at June 30, 2019.

At June 20, 2021, the School Division reported \$610,084 for its Non-Professional Plan Health Credit Program OPEB liability. The School Division's net Non-Professional Plan Health Credit Program OPEB liability was measured as of June 30, 2020. The total Non-Professional Plan Health Credit Program OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Change in Non-Professional Plan Health Credit Program Liability

| | Total OPEB Liability | Fiduciary Net Position | Net OPEB Liability |
|------------------------------|-------------------------|---------------------------|-----------------------|
| Balances at June 30, 2019 | \$ - | \$ - | \$ - |
| <u>Changes for the year:</u> | | | |
| Benefit Changes | (610,084) | - | (610,084) |
| Net Changes | (610,084) | - | (610,084) |
| Balances at June 30, 2020 | <u>\$ (610,084)</u> | <u>\$ -</u> | <u>\$ (610,084)</u> |

Group Life Program Liabilities – At June 30, 2021, the School Division reported \$6,497,448 and \$245,485 for its proportionate share of the Group Life Program Net OPEB Liability for teachers and non-professional employees, respectively. The Group Life Program Net OPEB Liability was measured as of June 30, 2021 and the Group Life Program total OPEB liability used to calculate the Group Life Program Net OPEB Liability was determined by an actuarial valuation as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Group Life Program Net OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Program for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.38934% and 0.01471% for teachers and non-professional employees, respectively, as compared to 0.39603% and 0.01544% for teachers and non-professional employees, respectively, at June 30, 2019.

Health Credit Program Expense – For the year ended June 30, 2021, the School Division recognized Health Credit Program OPEB expense of \$932,913 and \$610,084 for the Teacher Plan and Non-Professional Plan, respectively. Since there was a change in proportionate share between measurement dates a portion of the Health Credit Program and Group Life Program Net OPEB expense was related to deferred amounts from changes in proportion.

Group Life Program Expense – For the year ended June 30, 2021, the School Division recognized Group Life Program OPEB expense (benefit) of \$222,146 and \$3,661 for teachers and non-professional employees, respectively. Since there was a change in proportionate share between measurement dates a portion of the Health Credit Program and Group Life Program OPEB expense was related to deferred amounts from changes in proportion.

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Health Credit Program Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2021, the School Division reported deferred outflows of resources and deferred inflows from the following sources:

| | Health Credit Program | | | |
|---|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| | Teacher Plan | | Non-Professional Plan | |
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ - | \$ 159,724 | \$ - | \$ - |
| Net difference between projected and actual earnings on OPEB plan investments | 53,003 | - | - | - |
| Change in assumptions | 236,439 | 65,348 | - | - |
| Changes in Proportionate Share | 149,438 | 505,975 | - | - |
| Employer contributions subsequent to the measurement date | 991,342 | - | 42,267 | - |
| Total | \$ 1,430,222 | \$ 731,047 | \$ 42,267 | \$ - |

\$991,342 and \$42,267 of deferred outflows of resources resulting from the School Division's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022 for the Teacher Plan and Non-Professional Plan, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB programs will be recognized in OPEB expense as follows:

Year ended June 30:

| | Health Credit Program | |
|------------|------------------------------|------------------------------|
| | Teacher Plan | Non-Professional Plan |
| 2022 | \$ (46,561) | \$ - |
| 2023 | (41,307) | - |
| 2024 | (43,068) | - |
| 2025 | (53,390) | - |
| 2026 | (61,525) | - |
| Thereafter | (46,316) | - |
| | \$ (292,167) | \$ - |

Group Life Program Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2021, the School Division reported deferred outflows of resources and deferred inflows from the following sources:

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| | Group Life Program | | | |
|---|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| | Teacher Plan | | Non-Professional Plan | |
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 416,751 | \$ 58,359 | \$ 15,746 | \$ 2,205 |
| Net difference between projected and actual earnings on OPEB plan investments | 195,178 | - | 7,374 | - |
| Change in assumptions | 324,947 | 135,670 | 12,277 | 5,126 |
| Changes in Proportionate Share | 94,146 | 291,940 | - | 24,866 |
| Employer contributions subsequent to the measurement date | 444,099 | - | 15,850 | - |
| Total | \$ 1,475,121 | \$ 485,969 | \$ 51,247 | \$ 32,197 |

\$444,099, and \$15,850 of deferred outflows of resources resulting from the School Division's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021 for Teacher Plan and Non-Professional Plan, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB programs will be recognized in OPEB expense as follows:

Year ended June 30:

| Group Life Program | |
|---------------------------|------------------------------|
| Teacher Plan | Non-Professional Plan |
| \$ 72,237 | \$ (2,003) |
| 127,356 | 79 |
| 156,527 | 2,720 |
| 160,717 | 3,413 |
| 28,277 | (739) |
| (61) | (270) |
| \$ 545,053 | \$ 3,200 |

Health Credit Program Payable – At June 30, 2021, the Teacher Plan and Non-Professional Plan reported payables of \$15,397 and \$2,955, respectively, for the outstanding amount of contributions to the OPEB plans required for the year ended June 30, 2021.

Group Life Program Payable – At June 30, 2021, the Teacher Plan and Non-Professional Plan reported payables of \$17,075 and \$2,750, respectively, for the outstanding amount of contributions to the OPEB plans required for the year ended June 30, 2021. Of these payables, \$6,881 and \$1,108 for the Teacher Plan and Non-Professional Plan represent the required employer contribution. The difference is the employee component the School Division elected to pay on behalf of the employee.

Actuarial Assumptions – The total OPEB liability for the Health Credit Program and Group Life Program was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method

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and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

| | |
|--|--|
| Inflation..... | 2.50% |
| Salary increases, including inflation..... | 3.50% to 5.95% for Teacher Plans |
| | 3.50% to 5.35% Non-Professional Plans |
| Investment rate of return | 6.75%, net of pension plan investment expense, including inflation* |

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

Mortality rates – Health Credit Program and Group Life Program Teacher Plan

| | |
|-----------------------|--|
| Pre-Retirement..... | RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020. |
| Post-Retirement | RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1.00% increase compounded from ages 70 to 90; females set back 3 years with 1.50% increase compounded from ages 65 to 70 and 2.00% increase compounded from ages 75 to 90. |
| Post-Disablement..... | RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females. |

Mortality rates – Health Credit Program and Group Life Program Non-Professional Plan

| | |
|-----------------------|--|
| Pre-Retirement..... | RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to age 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates. |
| Post-Retirement | RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.00% increase compounded from ages 70 to 90. |
| Post-Disablement..... | RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates. |

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, 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:

| | |
|------------------------|---|
| Mortality Rates | Updated to a more current mortality table – RP-2014 projected to 2020 (pre-retirement, post-retirement healthy, and disabled) |
| Retirement Rates | Lowered rates at older ages and changed final retirement from 70 to 75 |
| Withdrawal Rates | Adjusted rates to better fit experience at each year age and service through 9 years of service (Teacher Plans) |
| | Adjusted termination rates to better fit experience at each age and service (Non-Professional Plans) |
| Disability Rates | Adjusted rates to better match experience (Teacher Plans) |
| | Lowered disability rates (Non-Professional Plans) |
| Salary Scale | No change |
| Discount Rate..... | Decrease rate from 7.00% to 6.75% |

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Net OPEB Liability – The net OPEB liability (NOL) is calculated separately for each school division and represents that particular division'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, 2020, NOL amounts for the School System's participation in the OPEB Plans is as follows:

| | <u>Health Credit Program</u> | <u>Group Life Program</u> | |
|-----------------------------|------------------------------|---------------------------|-------------------------|
| | <u>Teacher</u> | <u>Teacher</u> | <u>Non-Professional</u> |
| | <u>Plan</u> | <u>Plan</u> | <u>Plan</u> |
| Total OPEB Liability | \$ 13,282,028 | \$ 13,720,102 | \$ 518,371 |
| Plan Fiduciary Net Position | 1,321,699 | 7,222,654 | 272,886 |
| Net OPEB Liability | <u>\$ 11,960,329</u> | <u>\$ 6,497,448</u> | <u>\$ 245,485</u> |

| | | | |
|---|-------|--------|--------|
| Fiduciary Net Position as a Percentage of Total OPEB Liability | 9.95% | 52.64% | 52.64% |
|---|-------|--------|--------|

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

Fiduciary Net Position – Detailed information about the OPEB Plan's fiduciary net position is available in the separately issued VRS 2020 ACFR, which was previously referenced.

Discount Rate The discount rate used to measure the total Health Credit Program and Group Life Program liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that 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 school divisions for the Teacher Plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Health Credit Program's and Group Life Program'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 Health Credit Program and Group Life Program liabilities.

Long-Term Expected Rate of Return – The long-term expected rate of return on VRS OPEB 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 VRS System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

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| Asset Class (Strategy) | Target Allocation | Arithmetic Long-Term Expected Rate of Return | Weighted Average Long-Term Expected Rate of Return |
|--------------------------------|--------------------------|---|---|
| Public Equity | 34.00% | 4.65% | 1.58% |
| Fixed Income | 15.00% | 0.46% | 0.07% |
| Credit Strategies | 14.00% | 5.38% | 0.75% |
| Real Assets | 14.00% | 5.01% | 0.70% |
| Private Equity | 14.00% | 8.34% | 1.17% |
| Multi-asset Public Strategies | 6.00% | 3.04% | 0.18% |
| Private Investment Partnership | 3.00% | 6.49% | 0.19% |
| Total | <u>100.00%</u> | | <u>4.64%</u> |
| | | Inflation | <u>2.50%</u> |
| | | *Expected arithmetic nominal return | <u>7.14%</u> |

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the 2020 actuarial valuations, provide a median return of 6.81%.

Sensitivity of the School System's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate – The following presents the School System's proportionate share of the Net OPEB liability using the discount rate of 6.75%, as well as what the School System's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

| | 1.00% Decrease (5.75%) | Current Rate (6.75%) | 1.00% Increase (7.75%) |
|--|-----------------------------------|---------------------------------|-----------------------------------|
| Health Credit Program: Teacher Plan | \$ 13,388,341 | \$ 11,960,329 | \$ 10,746,622 |
| Health Credit Program: Non-Professional Plan | 661,811 | 610,084 | 564,650 |
| Group Life Program: Teacher Plan | 8,541,393 | 6,497,448 | 4,837,572 |
| Group Life Program: Non-Professional Plan | 322,709 | 245,485 | 182,772 |

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Other Postemployment Benefits – Employer Recognition of the OPEB Plan – School System

Plan Description – The School System administers and sponsors a single-employer defined benefit healthcare plan (Retiree Medical Plan). Employees are eligible for this benefit if they retire after age 55 with at least 10 years of service and 12 months enrollment in the School System's self-insured health insurance program. Information for the June 30, 2021 School System Retiree Medical Plan balances are based on the June 30, 2020 actuarial valuation with a measurement date of June 30, 2020.

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

Benefits Provided – The School System contributes up to \$2,500 per year towards the total medical premium for each eligible retiree for up to five years after retiring under the Employee Extended Work Plan. In addition, the total retiree medical premium is calculated as a blended rate based on the medical claims of all active and retired participants resulting in an implicit subsidy that benefits the retiree with a lower cost medical premium.

All health care benefits are provided through the School System's self-insured health insurance program. The benefit levels are the same as those provided to active employees. Benefits include general inpatient and outpatient medical services, mental, nervous and substance abuse care, vision care, and prescriptions. Once a retiree reaches age 65, retirees are removed from the plan.

The benefits, employee contributions, and employer contributions are governed by School Board policy and can be amended through School Board action.

Employees Covered by Benefit Terms – As of the Valuation Date of June 30, 2021, the following employees were covered by the benefit terms in the Retiree Medical Plan:

| | |
|--|--------------|
| Inactive employees or beneficiaries currently receiving benefits | 71 |
| Active employees | 1,445 |
| Total covered employees | <u>1,516</u> |

Contributions – The Retiree Medical Plan is funded through member and employer contributions. Plan members receiving benefits contribute monthly premiums towards the cost of the health insurance depending on the coverage selected (single, single plus dependent, single plus spouse, or family).

For the fiscal year ended June 30, 2021, the School System's average contribution rate was 0.81% of covered employee payroll. The total amount contributed was \$664,473. This rate was based on the actuarially determined rate from the actuarial valuation performed as of June 30, 2020.

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Net OPEB Liability and OPEB Expense – At June 30, 2021, the Retiree Medical Plan reported a net OPEB liability of \$5,790,970. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2020.

| | Total OPEB Liability (a) | Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
|---|---|---|---|
| Balances at June 30, 2019 | \$ 11,186,267 | \$ 962,720 | \$ 10,223,547 |
| Changes for the year: | | | |
| Service cost | 889,124 | - | 889,124 |
| Interest | 351,384 | - | 351,384 |
| Changes of assumptions | (3,877,843) | - | (3,877,843) |
| Difference between expected and actual experience | (1,101,996) | - | (1,101,996) |
| Contribution - employer | - | 664,473 | (664,473) |
| Net investment income | - | 30,365 | (30,365) |
| Benefit payments, including refunds of member contributions | (572,183) | (572,183) | - |
| Administrative expense | - | (1,592) | 1,592 |
| Net Changes | (4,311,514) | 121,063 | (4,432,577) |
| Balances at June 30, 2020 | \$ 6,874,753 | \$ 1,083,783 | \$ 5,790,970 |

For the year ended June 30, 2021, the School System recognized OPEB expense of \$172,801.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – At June 30, 2021, the School System reported deferred outflows of resources and deferred inflows of resources related to the Retiree Medical Plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ - | \$ 2,415,792 |
| Net difference between projected and actual earnings on OPEB plan investments | 43,876 | - |
| Change in assumptions | - | 5,181,356 |
| Employer contributions subsequent to the measurement date | 673,705 | - |
| Total | \$ 717,581 | \$ 7,597,148 |

\$673,705 of deferred outflows of resources resulting from the School System's contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended June 30:

| | |
|------------|-----------------------|
| 2021 | \$ (1,339,355) |
| 2022 | (1,332,933) |
| 2023 | (1,330,787) |
| 2024 | (1,336,933) |
| 2025 | (553,315) |
| Thereafter | (1,659,949) |
| | <u>\$ (7,553,272)</u> |

Actuarial Assumptions – The total OPEB liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age normal actuarial market value method and the following assumptions:

| | |
|---------------------------------|---|
| Inflation..... | 2.50% per annum |
| Discount rate | 7.50% as of June 30, 2020 per annum |
| Salary increases..... | 3.50% per annum plus a step-rate/promotional component based on the VRS actuarial valuation as of June 30, 2019 |
| Investment rate of return | 7.50% per annum |
| Medical cost trend rate | 8.00% graded down to 5.00% over 8 years beginning in 2021 |

Mortality rates

| | |
|-------------------------|--|
| Professionals..... | SOA Pub-2010 Teacher Headcount Weighted Mortality Table fully generational using Scale MP-2019 |
| Non-Professionals..... | SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019 |
| Surviving Spouses | SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2019 |
| Disabled Retirees..... | SOA Pub-2010 Non-Safety Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2019 |

The following changes were made to the actuarial assumptions and methods effective June 30, 2020:

- The percentage of health care coverage election rate was updated from 42.50% to 60.00%.
- The mortality assumptions were updated from the RP-2000 to the SOA Pub-2010.
- The payroll growth was updated from a flat 2.00% annually to follow the most recent tables provided in the VRS actuarial report as of June 30, 2020.
- Retirement rates have been updated to follow the most recent tables provided in the VRS actuarial valuation as of June 30, 2019, including a distinction between Plan 1 and Plan 2/Hybrid members following the VRS tables.
- Termination rates and disability rates have been updated to follow the most recent tables provided in the VRS actuarial valuation as of June 30, 2019.
- Health care trend rates have been updated from an initial rate of 7.50% decreasing by 0.25% annually to an ultimate rate of 5.00% to an initial rate of 8.00% decreasing by 0.50% annually down to an ultimate rate of 4.50%.
- Spousal coverage election rate has been updated from 8.80% to 15.00%.
- The discount rate has been updated as of June 30, 2020 (measurement date) based on the long-term rate of return information for the Trust's target investment policy provided by the Virginia Pooled OPEB Trust Fund ACFR as of June 30, 2020. The discount rate is 2.98% as of July 1, 2019 and 7.50% as of June 30, 2020 for accounting disclosure purposes.

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Net OPEB Liability – The net OPEB liability (NOL) for the Retiree Medical Plan represents its total OPEB liability calculated by the actuary in accordance with GASB Statement No. 74 less the fiduciary net position. As of June 30, 2021, NOL amounts are as follows:

| | |
|-----------------------------|----------------------------|
| Total OPEB Liability | \$ 6,874,753 |
| Plan Fiduciary Net Position | 1,083,783 |
| Net OPEB Liability | <u><u>\$ 5,790,970</u></u> |

| | |
|---|--------|
| Fiduciary Net Position as a Percentage of Total OPEB Liability | 15.76% |
|---|--------|

Long-Term Expected Rate of Return – The long-term expected rate of return on Retiree Medical Plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB Plan 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> |
|----------------------------------|------------------------------|---|---|
| Large Cap Equity (Domestic) | 26.00% | 11.01% | 2.86% |
| Small Cap Equity (Domestic) | 10.00% | 12.27% | 1.23% |
| International Equity (Developed) | 13.00% | 11.99% | 1.56% |
| Emerging Markets | 5.00% | 13.28% | 0.66% |
| Private Equity | 5.00% | 13.64% | 0.68% |
| Core Bonds | 7.00% | 6.22% | 0.44% |
| Core Plus | 14.00% | 6.49% | 0.91% |
| Diversified Hedge Funds | 10.00% | 9.74% | 0.97% |
| Private Core Real Estate | 5.00% | 9.39% | 0.47% |
| Private Value Add Real Estate | 2.00% | 10.63% | 0.21% |
| Commodities | 3.00% | 5.66% | 0.17% |
| Cash | 0.00% | 0.00% | 0.00% |
| Total | <u>100.00%</u> | | <u>10.16%</u> |
| | | Inflation | <u>3.48%</u> |
| | | *Expected arithmetic nominal return | <u><u>13.64%</u></u> |

Benefits will be financed through a combination of accumulated trust funds and on a pay as you go basis until sufficient funds are accumulated in the OPEB trust. Therefore, the discount rate of 7.50% used to measure the total OPEB liability is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2020.

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Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the Retiree Medical Plan's net OPEB liability using the discount rate of 7.50%, as well as what it would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

| | 1.00% Decrease (6.50%) | Current Rate (7.50%) | 1.00% Increase (8.50%) |
|--------------------|----------------------------------|--------------------------------|----------------------------------|
| Net OPEB Liability | \$ 6,239,057 | \$ 5,790,970 | \$ 5,369,491 |

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following presents the Retiree Medical Plan's net OPEB liability using the health care cost rate of 8.0% decreasing to 4.50% over 10 years, as well as what it would be if it were calculated using a healthcare cost rate that is one percentage point lower (7.0% decreasing to 3.50% over 10 years) or one percentage point higher (9.0% decreasing to 5.50% over 10 years) than the current rate:

| | 1.00% Decrease (7.00% grading to 3.50% over 10 years) | Current Rate (8.00% grading to 4.50% over 10 years) | 1.00% Increase (9.00% decreasing to 5.50% over 10 years) |
|--------------------|---|---|--|
| Net OPEB Liability | \$ 5,263,464 | \$ 5,790,970 | \$ 6,404,407 |

Other Postemployment Benefits – Retiree Medical Plan Disclosures – School System

The GASB issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, in June 2015. This GASB Statement requires the School System to report extensive note disclosures and required supplementary information (RSI) about the Retiree Medical Plan since the plan does not issue a separate financial report. Information for these required disclosures and RSI are based on the June 30, 2021 actuarial valuation with measurement date of June 30, 2021. Given this, the information for the Retiree Medical Plan below is one year subsequent to the required Employer Disclosures of the Plan as recognized in the Statement of Net Position and discussed in the previous pages.

Employees Covered by Benefit Terms – As of the valuation of June 30, 2021 and measurement date of June 30, 2021, the following employees were covered by the benefit terms in the Retiree Medical Plan:

| | |
|--|--------------|
| Inactive employees or beneficiaries currently receiving benefits | 71 |
| Active employees | 1,445 |
| Total covered employees | <u>1,516</u> |

Contributions – As of the valuation of June 30, 2021 and measurement date of June 30, 2021, the School System's average contribution rate was 0.82% of covered employee payroll. The total amount contributed was \$673,705.

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Net OPEB Liability – As of the valuation of June 30, 2021 and measurement date of June 30, 2021, the Retiree Medical Plan reported a net OPEB liability of \$5,163,187.

| | Total OPEB Liability (a) | Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
|---|---|---|---|
| Balances at June 30, 2020 | \$ 6,874,753 | \$ 1,083,783 | \$ 5,790,970 |
| Changes for the year: | | | |
| Service cost | 298,947 | - | 298,947 |
| Interest | 516,619 | - | 516,619 |
| Difference between expected and actual experience | (444,524) | - | (444,524) |
| Contribution - employer | - | 673,705 | (673,705) |
| Net investment income | - | 326,848 | (326,848) |
| Benefit payments, including refunds of member contributions | (581,415) | (581,415) | - |
| Administrative expense | - | (1,728) | 1,728 |
| Net Changes | (210,373) | 417,410 | (627,783) |
| Balances at June 30, 2021 | \$ 6,664,380 | \$ 1,501,193 | \$ 5,163,187 |

Net OPEB Expense – For the valuation date of June 30, 2021 and measurement date ended June 30, 2021, the School System recognized OPEB expense of \$695,536.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – As of the valuation of June 30, 2021 and measurement date of June 30, 2021, the School System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 39,406 | \$ 2,338,400 |
| Net difference between projected and actual earnings on OPEB plan investments | - | 195,931 |
| Change in assumptions | - | 4,316,889 |
| Total | \$ 39,406 | \$ 6,851,220 |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

COUNTY OF ROANOKE, VIRGINIA
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Year ended June 30:

| | |
|------------|-----------------------|
| 2022 | \$ (1,421,790) |
| 2023 | (1,419,644) |
| 2024 | (1,425,790) |
| 2025 | (642,172) |
| 2026 | (593,726) |
| Thereafter | (1,308,692) |
| | <u>\$ (6,811,814)</u> |

Actuarial Assumptions – The total OPEB liability was based on an actuarial valuation date of June 30, 2021, using the Entry Age normal actuarial market value method and the following assumptions:

| | |
|---------------------------------|---|
| Inflation..... | 2.50% per annum |
| Discount rate | 7.50% as of June 30, 2021 per annum |
| Salary increases..... | 3.50% per annum plus a step-rate/promotional component based on the VRS actuarial valuation as of June 30, 2021 |
| Investment rate of return | 7.50% per annum |
| Medical | 7.50% graded down to 4.5% over 7 years beginning in 2022 |

Mortality rates

| | |
|-------------------------|--|
| Professionals..... | SOA Pub-2010 Teacher Headcount Weighted Mortality Table fully generational using Scale MP-2019 |
| Non-Professionals..... | SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019 |
| Surviving Spouses | SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2019 |
| Disabled Retirees..... | SOA Pub-2010 Non-Safety Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2019 |

The following changes were made to the actuarial assumptions and methods effective June 30, 2021:

- Health care trend rates have been updated from 8.00% graded down to 5.0% over 8 years beginning in 2021 to 7.50% graded down to 4.5% over 7 years beginning in 2022.

Net OPEB Liability – The net OPEB liability (NOL) for the Retiree Medical Plan represents its total OPEB liability calculated by the actuary in accordance with GASB Statement No. 74 less the fiduciary net position. As of the valuation date of June 30, 2021 and measurement date of June 30, 2021, NOL amounts are as follows:

| | |
|-----------------------------|---------------------|
| Total OPEB Liability | \$ 6,664,380 |
| Plan Fiduciary Net Position | 1,501,193 |
| Net OPEB Liability | <u>\$ 5,163,187</u> |

| | |
|---|--------|
| Fiduciary Net Position as a Percentage of Total OPEB Liability | 22.53% |
|---|--------|

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

| Asset Class (Strategy) | Target Allocation | Arithmetic Long-Term Expected Rate of Return | Weighted Average Long-Term Expected Rate of Return |
|----------------------------------|--------------------------|---|---|
| Large Cap Equity (Domestic) | 26.00% | 7.15% | 1.86% |
| Small Cap Equity (Domestic) | 10.00% | 8.44% | 0.84% |
| International Equity (Developed) | 13.00% | 7.94% | 1.03% |
| Emerging Markets | 5.00% | 9.09% | 0.45% |
| Private Equity | 5.00% | 10.40% | 0.52% |
| Core Bonds | 7.00% | 2.58% | 0.18% |
| Core Plus | 14.00% | 2.86% | 0.40% |
| Diversified Hedge Funds | 6.00% | 5.72% | 0.34% |
| Private Core Real Estate | 10.00% | 6.66% | 0.67% |
| Private Value Add Real Estate | 4.00% | 3.26% | 0.13% |
| Total | <u>100.00%</u> | | <u>6.43%</u> |
| | | Inflation | <u>2.75%</u> |
| | | *Expected arithmetic nominal return | <u>9.18%</u> |

Benefits will be financed through a combination of accumulated trust funds and on a pay as you go basis until sufficient funds are accumulated in the OPEB trust. Therefore, the discount rate of 7.50% used to measure the total OPEB liability is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2021.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the Retiree Medical Plan's net OPEB liability using the discount rate of 7.50%, as well as what it would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

| | 1.00% Decrease (6.5%) | Current Rate (7.5%) | 1.00% Increase (8.5%) |
|--------------------|----------------------------------|--------------------------------|----------------------------------|
| Net OPEB Liability | \$ 5,597,805 | \$ 5,163,187 | \$ 4,754,166 |

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following presents the Retiree Medical Plan's net OPEB liability using the health care cost rate of 8.00% decreasing to 4.50% over 10 years, as well as what it would be if it were calculated using a healthcare cost rate that is one percentage point lower (7.00% decreasing to 3.50% over 10 years) or one percentage point higher (9.00% decreasing to 5.50% over 10 years) than the current rate:

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| | 1.00% Decrease (6.50% decreasing to 3.5% over 10 years) | Current Rate (7.50% decreasing to 4.5% over 10 years) | 1.00% Increase (8.50% decreasing to 5.5% over 10 years) |
|--------------------|---|---|---|
| Net OPEB Liability | \$ 4,604,203 | \$ 5,163,187 | \$ 5,815,324 |

(14) Fire and Rescue Pension Trust Length of Service Awards Program

Plan Description

The County established a Length of Service Awards Program (LOSAP) on January 1, 1989, to recognize the service the volunteers for the County Fire and Rescue provide to the County. LOSAP is a single employer, noncontributory defined benefit plan. It is owned by the County and governed by the Volunteer Fireman's Insurance Services, Inc. (VFIS). The plan's fiscal year follows the calendar year January 1 through December 31. It was active until December 31, 2005, at which time the County Board froze all member benefits in the program. LOSAP was open to any volunteer member over 18 years of age who met specific eligibility and service requirements. No assets are accumulated in a trust that meets the reporting and disclosure criteria of GAAP. Plan assets are accumulated in a revocable trust reported in the General Fund.

Benefits provided. The Plan provides a benefit of \$12 for each year of credited fire or rescue service completed after January 1, 1989, plus \$12 for each year of credited fire or rescue service completed between January 1, 1979 and January 1, 1989. No participant receives credit for more than a total of 20 years of fire or rescue service. The maximum per month benefit under this plan is \$240. The plan does not provide for post-retirement increases. Members vested over a ten year period in accordance with the following vesting schedule:

| Years of Service | Vested Percentage |
|-------------------------|--------------------------|
| Less than 5 years | 0% |
| 5 years | 50% |
| 6 years | 60% |
| 7 years | 70% |
| 8 years | 80% |
| 9 years | 90% |
| 10 years | 100% |

Volunteers Covered by Benefit Terms - As of the most recent actuarial report, the program membership consisted of the following:

| | |
|---------------------------|-----|
| Vested-Terminated Members | 192 |
| Retired and Beneficiaries | 238 |
| Total | 430 |

The program is closed to new entrants.

Total Pension Liability

The County's total LOSAP pension liability of \$12,156,472 was measured as of July 31, 2020 and was determined by an actuarial valuation as of that date.

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Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of August 1, 2019 rolled forward to July 31, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------------|--|
| Inflation | 0.00% |
| Salary increases | Not applicable |
| Investment rate of return | 2.39%, net of pension plan investment expense, including inflation |
| Mortality | No pre-retirement mortality; Post retirement RP2000 projected to 2030 |
| Retirement | First eligible |
| Turnover | None |
| Disability | None |

The discount rate was based on the 20-year, AA general obligation bond rate of 2.39% as of July 31, 2020 (the disclosure date).

Changes in the Total Pension Liability

| | Total Pension Liability |
|--|----------------------------|
| Balance at August 1, 2019 | \$ 10,780,197 |
| Charges for the year: | |
| Service cost | 6,370 |
| Interest | 252,591 |
| Differences between expected and actual experience | (124,425) |
| Changes of assumptions | 1,671,210 |
| Benefit payments | (429,471) |
| Net changes | 1,376,275 |
| Balance at July 31, 2020 | \$ 12,156,472 |

Changes in assumptions reflect change in the discount rate from 3.09% to 2.39%.

Sensitivity of the Total Pension Liability to Changes in the Discount Rate

The following presents the total pension liability of the County as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.39 percent) or 1-percentage point higher (3.39 percent) than the current discount rate:

| | 1% Decrease (1.39%) | Current Discount Rate (2.39%) | 1% Increase (3.39%) |
|-------------------------|------------------------|-------------------------------------|------------------------|
| Total Pension Liability | \$ 13,032,616 | \$ 12,156,472 | \$ 11,260,662 |

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

For the year ended July 31, 2020, the LOSAP recognized pension expense of \$1,805,746. At July 31, 2020, there were no deferred outflows of resources nor deferred inflows of resources related to LOSAP pensions.

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(15) Unearned and Unavailable Revenues

Unearned revenues, representing amounts for which asset recognition criteria have been met but for which revenue recognition criteria have not been met, was comprised of the following as of June 30, 2021:

| | County | School System |
|--------------------------------|----------------------|-------------------|
| Grant Revenue | \$ 9,567,524 | \$ 535,378 |
| Prepaid Adult and Student Food | - | 233,056 |
| Registration and Other Fees | 426,304 | 35 |
| Contractor Escrows | 2,236,065 | - |
| Rental Income & STARS Revenue | 38,646 | - |
| Total | <u>\$ 12,268,539</u> | <u>\$ 768,469</u> |

Unavailable revenues in the fund financial statements at June 30, 2021 were comprised of the following:

| | General Fund |
|-----------------|---------------------|
| Sales Tax | \$ 1,257,400 |
| Other local tax | 215,638 |
| Total | <u>\$ 1,473,038</u> |

(16) Commitments, Contingencies, and Other Information

Encumbrances – The County had \$2,610,408 of encumbrances reported as restricted and committed under the general governmental funds and \$9,982,428 for capital projects.

Litigation – Various claims are pending against the County. In the opinion of County management, after consulting with legal counsel, the potential loss on all claims will not materially affect the County's financial position or activities.

Grant Programs – Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement of the grantor agencies. County management believes disallowances, if any, would not be material to the financial position of the County at June 30, 2021.

Other Commitments –

- In August 1999, the Board adopted a resolution to enter into a Local Participation Agreement with Virginia's First Regional Industrial Facility Authority, and to purchase 10,000 shares of a 150,000 share pool for the financing of the initial phase of the New River Valley Commerce Park Project. The County's annual required payment for the shares and the administrative costs are currently \$34,255 per year.
- In November 2007, the Board approved a three party agreement between the Western Virginia Water Authority (WVWA), Franklin County, and the County. The agreement is to provide for the construction of a water line in the Route 220 corridor from Clearbrook in the County to the Wirtz Plateau in Franklin County. The WVWA will design, construct, and issue revenue bonds for this \$5.5 million project. The County's contribution to this project is approximately \$2.3 million payable over 20 years, beginning in FY 2009. The County's contribution to the WVWA for the year ended June 30, 2021 totaled \$175,537.

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- The Economic Development Authority of Roanoke County, Virginia (Authority) entered into an agreement with R.R. Donnelley and Sons Company, Inc. in February 2006 to assume any maintenance obligations for the Valley TechPark stormwater facilities, under existing uniform local policies and ordinances. In the unlikely event that the County adopts an ordinance or policy imposing a stormwater fee on property owned by R.R. Donnelley, the County of Roanoke will appropriate to the Authority a sum sufficient to pay R.R. Donnelley's pro rata share of this fee, for a period of ten years from the imposition of the fee. After ten years, any such fees shall be paid by R.R. Donnelley.

Although obligation under the revenue bonds issued to date through the Authority is secured by lease proceeds and the underlying properties and the Authority retains no liability on pass through leases, the Authority and the County may choose at their option to assume responsibility for the bonds in the event of default by lessees to preserve the credit rating of the Authority for future issues.

- The Roanoke Valley Broadband Authority (RVBA), formed by the County, City of Roanoke, City of Salem, and Botetourt County, has constructed a core fiber network of approximately 25 miles to service Roanoke County. The County's contribution to this project is expected to be approximately \$3.85 million payable over 10 years. The County's contribution to the RVBA for the year ended June 30, 2021 totaled \$691,328, which included contributions for debt related principal and interest payments of \$380,490 and operating support of \$310,838.
- The Western Virginia Regional Industrial Facility Authority (WVRIFA) was formed in 2014 and includes the County, Franklin County, Botetourt County, Town of Vinton, City of Salem and City of Roanoke. The purpose of the WVRIFA was to provide a mechanism for local jurisdictions to engage in partnerships that would facilitate economic growth and development in the Roanoke Valley. The County, City of Salem and Roanoke City entered into a partnership agreement for the acquisition of the Wood Haven Property. The County's contribution to this project is approximately \$4.4 million payable over 20 years, beginning in FY 2018. The County's debt related payments for the year ended June 30, 2021 totaled \$127,780.
- On October 5, 2021, the Board of Supervisors authorized the issuance of not to exceed \$22,440,000 of Local School Bonds through the Virginia Public School Authority and appropriation of funds for construction and renovation at William Byrd High School. On November 9, 2021, the bonds were issued for \$19,910,000 with a net premium of \$2,543,232.

(17) Jointly Governed Organizations

The following entities are considered to be jointly governed. The County has no ongoing financial responsibility or interest in jointly governed organizations.

Roanoke Valley Resource Authority

The Roanoke Valley Resource Authority (RVRA) was established on October 23, 1991 under a user agreement between the County, City of Roanoke, Virginia (City), and the Town of Vinton, Virginia (Town) to develop a regional solid waste disposal facility. The old regional sanitary landfill operated by the Roanoke Valley Regional Solid Waste Management Board was closed on September 30, 1993. The City of Salem became a member of the RVRA, effective November 1, 2016.

RVRA is presently governed by a nine member board appointed by the governing bodies of the Charter Members. The County has control over the budget and financing of the RVRA only to the extent of representation by the board members appointed. For the fiscal year ended June 30,

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2021, the County remitted \$2,210,153 to RVRA for services. Participating localities are responsible for their pro-rata share, based on population, of any year-end deficit. RVRA is currently self-supporting and is expected to remain as such in the future. The County is the fiscal agent for RVRA and reports its assets and liabilities in a custodial fund.

Roanoke Regional Airport Commission

The Roanoke Regional Airport Commission (Commission) was established on July 1, 1987 by legislative act of the Commonwealth of Virginia to own and operate the Roanoke Regional Airport. The Commission is composed of seven members.

Two members are appointed by the County Board, four by the Roanoke City Council, and one by the Salem City Council. The County and Cities are each responsible for their pro-rata share, based on population, of any year-end operating deficit or capital expenditures if any additional funding is required. The Commission is responsible for paying all outstanding debt. No subsidy has been required since inception.

Roanoke Valley Detention Commission

The Counties of Botetourt, Craig, and Roanoke, and the Cities of Roanoke and Salem formed the Roanoke Valley Detention Commission (RVDC) to renovate, expand, and operate a detention facility for juveniles. RVDC is governed by a six member board. Each locality's financial obligation is based on the number of juveniles housed at the facility. The County's contribution for the year ended June 30, 2021 was \$426,282. RVDC has the authority to issue debt and such debt is the responsibility of RVDC.

Blue Ridge Behavioral Healthcare

The Counties of Botetourt, Craig, and Roanoke, and the Cities of Roanoke and Salem formed Blue Ridge Community Services (Blue Ridge) to provide a system of comprehensive community mental health, mental retardation, and substance abuse services. Blue Ridge is governed by a sixteen member board. Each locality's financial obligation is based on the type and amount of services performed for individuals in the locality. The annual contribution for the year ended June 30, 2021 was \$280,000.

Fifth Planning District Disability Services Board

The Counties of Allegheny, Botetourt, Craig, and Roanoke, the Town, and the Cities of Roanoke, Salem, Covington, and Clifton Forge jointly participate in the Fifth Planning District Disability Services Board, which provides input to state and local agencies on service needs and priorities with physical and sensory disabilities.

Regional Center for Animal Care and Protection

The Regional Center for Animal Care and Protection (Regional Pound) was created by an intergovernmental agreement dated December 11, 2012 between the charter members of the County, the City, the Town, and Botetourt County pursuant to code section 3.26546 of the *Code of Virginia* which requires the governing body of each county, town, or city to maintain or cause a "pound" to be maintained and allows one or more local governing bodies to operate a single "pound" in conjunction with one another. This agreement established a format to transition the management of the "pound" from the Roanoke Valley Society for the Prevention of Cruelty to Animals to the governing localities and also established the County as the fiscal agent effective July 1, 2013. Participating localities are responsible for their pro-rata share of the operating budget, which is billed on a monthly basis. Effective July 1, 2019, the County of Roanoke was responsible for payment of the Town of Vinton's pro-rata share of operating, debt, and capital expenses due to the equitable ending of the Vinton Gainsharing Agreement. For the year ended June 30, 2021, the County's share was \$449,569.

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In addition, the City issued \$1,829,500 on November 1, 2013 to purchase the property and equipment from the Roanoke Valley Society for the Prevention of Cruelty to Animals on behalf of the Regional Pound. Participating localities are responsible for their pro-rata share of the outstanding debt, which is billed on a quarterly basis. For the year ended June 30, 2021, the County's share of principal and interest was \$59,415.

Western Virginia Water Authority

The Western Virginia Water Authority (WVWA) was created by the County and the City on July 1, 2004. The WVWA is a full service authority that provides water and wastewater treatment to both County and City citizens. The WVWA is governed by a seven member board of which three are appointed by the County Board. The County has no financial responsibility for the debt issued by the WVWA.

Western Virginia Regional Jail Authority

The Counties of Roanoke, Franklin, Montgomery, and the City of Salem formed the Western Virginia Regional Jail Authority (WVRJA) in June 2005 for the purpose of developing and operating a regional jail authority for the benefit of the Member Jurisdictions. The Board consists of three representatives from each of the Member Jurisdictions. The Member Jurisdictions will each be responsible for a per diem cost based on their prisoner days used. For the year ended June 30, 2021, the County's share was approximately \$2,649,571.

Roanoke Valley Broadband Authority

In 2011, the regional business community initiated a work group to examine the region's broadband infrastructure. Based on the findings of the work group, the County of Roanoke, City of Roanoke, City of Salem, and Botetourt County concurrently took action to form the Roanoke Valley Broadband Authority (RVBA) for the purpose of bringing enhanced broadband services to the Roanoke Valley. In 2015, the City of Salem and the City of Roanoke, through the RVBA, initiated construction of approximately 47 miles of fiber network in their respective jurisdictions, which became operational in early 2016.

In May 2016, the Roanoke County Board of Supervisors authorized an expansion of the RVBA fiber network to include construction of approximately 25 miles of broadband infrastructure in Roanoke County. As a result, RVBA issued a revenue bond on June 17, 2016 in the amount of \$3,000,000 (plus amounts for a required Local Debt Service Reserve Fund, administrative costs, and costs of issuance) to design, construct, and operate the expanded network. The County is responsible for the amount of debt service on the Series 2016 Local Bond. Additionally, the County of Roanoke, City of Roanoke, and City of Salem will each be responsible for one-third of the operation and maintenance expenses related to the expansion. The County's contribution to the RVBA for the year ended June 30, 2021 totaled \$691,478, which included contributions for debt-related payments of \$380,640 and operating support of \$310,838.

Western Virginia Regional Industrial Facility Authority

The Western Virginia Regional Industrial Facility Authority (WVRIFA) was formed in 2014, and includes the Counties of Roanoke, Franklin, and Botetourt, the Town of Vinton, and the Cities of Roanoke and Salem. The purpose of the WVRIFA is to provide a mechanism for local jurisdictions to engage in partnerships that would facilitate economic growth and development in the Roanoke Valley.

Through the WVRIFA, the County entered into a partnership agreement with the Cities of Salem and Roanoke for the acquisition of the Wood Haven Property, which consists of several tracts of land comprising over 100 acres of developable land situated at the intersection of Interstate 81 and 581. According to the terms of the Partnership Agreement, the costs of acquisition and site development will be shared by the County (44.2%), City of Roanoke (44.2%), and the City of Salem (11.6%). The County's contribution to this project is expected to be approximately \$4.4 million

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payable over 20 years, beginning in FY 2018. For the year ended June 30, 2021, the County share of principal and interest was \$126,780.

(18) Incentive Agreements and Tax Abatements

The County, along with the Economic Development Authority of Roanoke County, which is reported as a discretely presented component unit, provides economic development incentive grants as permitted by *Code of Virginia* section 15.2-4905, Powers of authorities. During the fiscal year ended June 30, 2021, the County abated taxes and fees totaling \$115,247 through such agreements. A summary of the key provisions of each agreement follows.

On August 11, 2015, the Authority, in conjunction with the County and Town of Vinton, approved an agreement with Old School Partners, LLC, whereby the Company has acquired from the County and redeveloped the old Roland E. Cook Elementary School building for the Company's use. The complete restoration contains twenty-one (21) apartments, while maintaining the historic character of the building and incorporating modern conveniences. This agreement provides for the Authority, with funds provided by the County and the Town of Vinton, to grant funds not to exceed \$150,000 for the Economic Development Incentive Grant, based on new local tax revenues collected in calendar years 2017 through 2026. The agreement also calls for reimbursement by the Authority of certain permitting and other fees imposed by the County and of utility connection fees imposed by the Town of Vinton. In accordance with the terms of this agreement, Roanoke County local tax revenues in the amount of \$20,378 and Town of Vinton local tax revenues in the amount of \$1,309 were reimbursed to the Company in the form of an Economic Development Incentive Grant during the year ended June 30, 2021.

On April 7, 2016, the Authority, in conjunction with the County, approved an agreement with Waukeshaw Development, Inc., whereby the Company has acquired from the County the Old William Byrd High School building and associated acreage for the Company's use. The Company has converted the building to market rate apartments, at a density and unit mix to be determined by the Town of Vinton's zoning requirements and the Company's sole discretion. In accordance with the agreement, the Company was required to deposit \$200,000 in escrow payable to the County or the Authority prior to commencing any renovation or construction. The agreement provides for the Authority, with funds provided by the County and Town of Vinton, to provide an Economic Development Incentive Grant not to exceed \$1 million based on new real estate tax revenues collected in calendar years 2018 through 2027. In accordance with the terms of this agreement, Roanoke County local tax revenues in the amount of \$40,932 and Town of Vinton local tax revenues in the amount of \$2,629 were reimbursed to the Company in the form of an Economic Development Incentive Grant during the year ended June 30, 2021.

On June 26, 2016, the Authority, in conjunction with the County, approved an agreement with Vindos, LLC, whereby the Company has acquired from the County the old Vinton Library for \$700,000. The Company has converted the building into a restaurant. The agreement provides for the Authority, with funds provided by the Town of Vinton, to provide an Economic Development Incentive Grant not to exceed \$500,000 based on new meals tax revenues collected in calendar years 2018 through 2027. In accordance with the terms of this agreement, Town of Vinton meals tax revenues in the amount of \$50,000 were reimbursed to the Company in the form of an Economic Development Incentive Grant during the year ended June 30, 2021.

On November 6, 2019, the Authority, in conjunction with the County and Town of Vinton, approved an agreement with Vinyard Station, LLC, whereby the Company shall redevelop a group of real estate located at the intersection of Washington Avenue and South Pollard Street in the Town of Vinton. The agreement calls for the Authority, with funds provided by the Town of Vinton, to provide an Economic Development Incentive Grant of \$750,000 over a ten year term. Roanoke County agrees to contribute up to \$40,000 per year of new tax revenue, not to exceed \$200,000 over a five year period. In accordance with the terms of this agreement, tax revenues will be reimbursed in the form of an Economic Development Incentive Grant beginning in year ended June 30, 2022.

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June 30, 2021

(19) Special Assessment – Component Unit

On February 8, 2012, the CDA approved the issuance of the Series 2012 bonds by resolution to finance the infrastructure improvements and facilities for approximately 62.5 acres of land within the County as mixed-use commercial and residential development. The Series 2012 bonds were issued in December 2012 in the amount of \$7,000,000 with maturation in 20 years. Neither the faith nor credit of the Commonwealth of Virginia nor the County is pledged to the payment of the principal or interest of the Series 2012 bonds. By memorandum of understanding dated February 1, 2011, the County will collect and pay to the CDA or Trustee the incremental tax revenues generated by the District. In addition, the County will levy a special assessment on property owners in the district as approved annually by the CDA. A special assessment of \$15,380 was levied for tax year 2021. The County collected \$7,690, the first half of the special assessment, in June 2021. The second half of the assessment in the amount of \$7,690 will be collected in December 2021.

(20) Prior Period Adjustment

For the year ended June 30, 2021, the County adopted GASB Statement No. 84, *Fiduciary Activities*. The primary purpose of this standard was to improve the comparability of fiduciary activities between local governments while also enhancing the usefulness of the fiduciary activity information reported in the ACFR. In doing so, users of the financial statements can readily see the responsibility governments have in their roles as fiduciaries. As a result, the County incorporated the agencies for which the County serves as fiscal agent, but is not financially accountable for their operations.

The following is a summary of the restatement of beginning net position for the County's Fiduciary Funds:

| | |
|---|----------------------|
| Net Position (Fiduciary Funds), June 30, 2020, as previously reported | \$ 7,280,052 |
| Effect of adopting GASB 84 | 36,117,292 |
| Net Position (Fiduciary Funds), June 30, 2020, as restated | <u>\$ 43,397,344</u> |

The School System adopted Statement No. 84 of the Government Accounting Standards Board, "Fiduciary Activities," for fiscal year ended June 30, 2021. This Statement established standards of accounting and financial reporting for fiduciary activities. Roanoke County Public Schools' Student Activity Fund has historically been reported as a stand-alone cash-basis audited financial report. The total balance was reported in the Annual Comprehensive Financial Report as a fiduciary fund, separate from all other funds.

With the implementation of Statement No. 84, the Student Activity Fund was incorporated in the Annual Comprehensive Financial Report as a special revenue fund and reported as part of total governmental funds. The Student Activity Fund was reported on the modified accrual basis of accounting.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2021

The restatement of prior period net positions and fund balance for fiscal year ended June 30, 2020 increased the amounts by \$2,159,058. As a result, the net position as of June 30, 2020 has been adjusted accordingly:

| | Governmental Activities | General | Grant | Student Activity | Total Governmental Funds |
|--------------------------------------|----------------------------|---------------------|--------------------|---------------------|--------------------------------|
| As reported June 30, 2020: | | | | | |
| Total net position | \$ (55,820,550) | | | | |
| Total fund balance | | \$ 9,638,683 | \$ (87,140) | \$ - | \$ 9,551,543 |
| Adjustments for June 30, 2020 items: | | | | | |
| Cash and cash equivalents | 2,210,573 | - | - | 2,210,573 | 2,210,573 |
| Accounts receivable | 8,712 | 5,388 | 3,324 | - | 8,712 |
| Accounts payable | (60,227) | (60,227) | - | - | (60,227) |
| As restated June 30, 2021: | | | | | |
| Total net position | <u>\$ (53,661,492)</u> | | | | |
| Total fund balance | | <u>\$ 9,583,844</u> | <u>\$ (83,816)</u> | <u>\$ 2,210,573</u> | <u>\$ 11,710,601</u> |

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021
(Unaudited)

| | Original Budget | Final Budget, as Amended | Actual | Variance with Final Budget Positive (Negative) |
|---|----------------------------|-------------------------------------|----------------|---|
| Revenues: | | | | |
| General property taxes | \$ 134,932,477 | \$ 124,123,844 | \$ 130,037,598 | \$ 5,913,754 |
| Other local taxes | 30,980,786 | 33,615,948 | 38,038,109 | 4,422,161 |
| Permits, fees, and licenses | 796,845 | 776,845 | 935,262 | 158,417 |
| Fines and forfeitures | 360,500 | 353,500 | 407,824 | 54,324 |
| Use of money and property | 311,300 | 313,502 | 206,391 | (107,111) |
| Charges for services | 9,381,698 | 9,637,334 | 7,097,686 | (2,539,648) |
| Intergovernmental revenues | 22,132,808 | 72,540,109 | 54,806,695 | (17,733,414) |
| Miscellaneous | 3,624,096 | 3,805,922 | 3,669,125 | (136,797) |
| Total revenues | 202,520,510 | 245,167,004 | 235,198,690 | (9,968,314) |
| Expenditures: | | | | |
| General government: | | | | |
| Board of Supervisors | 326,454 | 379,207 | 372,018 | 7,189 |
| County Administrator | 342,074 | 379,574 | 363,104 | 16,470 |
| Community Relations | 208,682 | 215,304 | 209,552 | 5,752 |
| Internal Auditor | 132,462 | 136,922 | 53,495 | 83,427 |
| Human resources | 867,711 | 976,036 | 835,544 | 140,492 |
| County Attorney | 596,470 | 657,776 | 654,826 | 2,950 |
| Commissioner of Revenue | 867,301 | 972,064 | 871,879 | 100,185 |
| Assessor | 877,843 | 985,653 | 830,159 | 155,494 |
| Treasurer | 960,301 | 1,085,378 | 1,039,060 | 46,318 |
| Assistant County Administrator - Management services | 221,430 | 237,668 | 226,080 | 11,588 |
| Finance | 1,559,108 | 1,786,801 | 1,747,798 | 39,003 |
| Management and budget | 301,619 | 306,602 | 291,924 | 14,678 |
| Procurement | 422,296 | 498,055 | 485,573 | 12,482 |
| Electoral Board and officials | 414,708 | 649,772 | 842,232 | (192,460) |
| Judicial administration: | | | | |
| Circuit Court | 309,068 | 309,068 | 304,949 | 4,119 |
| General District Court | 103,440 | 103,440 | 70,545 | 32,895 |
| Special magistrates | 1,590 | 1,590 | 1,554 | 36 |
| Juvenile and Domestic Relations Court | 39,086 | 39,327 | 31,469 | 7,858 |
| Clerk of the Circuit Court | 1,149,728 | 1,196,314 | 1,178,216 | 18,098 |
| Commonwealth's Attorney | 1,355,960 | 1,513,186 | 1,540,840 | (27,654) |
| Public safety: | | | | |
| Sheriff and police | 14,375,203 | 18,710,341 | 17,987,223 | 723,118 |
| E911 maintenance | 3,233,258 | 3,233,258 | 3,190,526 | 42,732 |
| Fire and rescue services | 16,842,790 | 22,078,566 | 19,575,243 | 2,503,323 |
| Confinement and care of prisoners | 8,824,897 | 7,936,717 | 7,673,973 | 262,744 |
| Court service unit | 445,500 | 450,389 | 433,956 | 16,433 |
| VJCCCA grant | 307,352 | 307,352 | 246,575 | 60,777 |
| Animal control | 945,241 | 929,666 | 876,306 | 53,360 |

See accompanying notes to required supplementary information.
See accompanying independent auditors' report.

(continued)

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2020
(Unaudited)

| | Original Budget | Final Budget, as Amended | Actual | Variance with Final Budget Positive (Negative) |
|--|----------------------------|-------------------------------------|---------------|---|
| Public works: | | | | |
| General services administration | \$ 788,879 | \$ 4,267,981 | \$ 4,149,630 | \$ 118,351 |
| Refuse disposal | 5,081,842 | 5,088,638 | 5,282,974 | (194,336) |
| Maintenance of general buildings and grounds | 5,253,992 | 5,291,684 | 4,943,658 | 348,026 |
| Engineering | 1,808,790 | 2,153,932 | 2,127,662 | 26,270 |
| Inspections | 1,148,333 | 1,135,196 | 1,212,692 | (77,496) |
| Health and welfare: | | | | |
| Public health | 515,902 | 515,902 | 505,121 | 10,781 |
| Social services administration | 7,627,771 | 8,542,318 | 8,043,760 | 498,558 |
| Comprehensive Services Act | 7,750,007 | 7,750,007 | 9,233,706 | (1,483,699) |
| Public assistance | 4,718,666 | 5,393,805 | 5,500,193 | (106,388) |
| Parks, recreation and cultural: | | | | |
| Assistant County Administrator - Human Services | 204,299 | 219,694 | 211,548 | 8,146 |
| Parks and recreation | 6,672,648 | 21,850,711 | 8,092,345 | 13,758,366 |
| Library | 4,234,726 | 5,491,204 | 4,833,407 | 657,797 |
| Community development: | | | | |
| Planning and zoning | 1,241,580 | 6,993,066 | 2,238,004 | 4,755,062 |
| Cooperative extension program | 87,097 | 87,097 | 55,604 | 31,493 |
| Economic development | 459,622 | 2,103,274 | 2,068,600 | 34,674 |
| Public transportation | 741,429 | 709,710 | 538,925 | 170,785 |
| Nondepartmental: | 13,438,693 | 13,387,708 | 11,861,865 | 1,525,843 |
| Total Expenditures | 117,805,848 | 157,057,953 | 132,834,313 | 24,223,640 |
| Excess of revenues over expenditures | 84,714,662 | 88,109,051 | 102,364,377 | 14,255,326 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | 141,652 | 141,652 | - |
| Transfers out | (88,043,235) | (91,477,653) | (91,442,356) | 35,297 |
| Total other financing uses, net | (88,043,235) | (91,336,001) | (91,300,704) | 35,297 |
| Net change in fund balances | (3,328,573) | (3,226,950) | 11,063,673 | 14,290,623 |
| Fund balances at beginning of the year | 35,468,082 | 20,512,140 | 36,128,599 | 15,616,459 |
| Fund balances at end of year | \$ 32,139,509 | \$ 17,285,189 | \$ 47,192,272 | \$ 29,907,082 |

See accompanying notes to required supplementary information.
See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For the Year Ended June 30, 2021
(Unaudited)

Exhibit XIII

| Virginia Retirement System Measurement Date: | County of Roanoke Employees | | | | | | |
|--|------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 2021 6/30/2020 | 2020 6/30/2019 | 2019 6/30/2018 | 2018 6/30/2017 | 2017 6/30/2016 | 2016 6/30/2015 | 2015 6/30/2014 |
| <i>Total pension liability:</i> | | | | | | | |
| Service Cost | \$ 5,788,075 | \$ 5,345,891 | \$ 5,269,835 | \$ 5,358,767 | \$ 5,283,828 | \$ 5,207,280 | \$ 5,273,706 |
| Interest | 16,748,382 | 16,178,857 | 15,786,598 | 15,156,698 | 14,606,824 | 14,176,909 | 13,590,501 |
| Changes in assumptions between expected and actual experience | - | 7,368,804 | - | (504,631) | - | - | - |
| Differences between expected and actual experience | 3,198,412 | 1,203,647 | (2,793,363) | 283,025 | 156,418 | (3,178,877) | - |
| Impact in change on proportion | (516,831) | (703,792) | (86,209) | (1,732,097) | (182,776) | (1,384,013) | - |
| Benefit payments, including refunds of employee contributions | (12,848,272) | (12,317,141) | (11,593,993) | (10,824,191) | (10,095,057) | (9,666,752) | (8,539,110) |
| Net change in total pension liability | 12,369,766 | 17,076,266 | 6,582,868 | 7,737,571 | 9,769,236 | 5,154,547 | 10,325,097 |
| Total pension liability - beginning | 255,065,152 | 237,988,886 | 231,406,018 | 223,668,447 | 213,899,211 | 208,744,662 | 198,419,565 |
| Total pension liability - ending (a) | <u>\$ 267,434,918</u> | <u>\$ 255,065,152</u> | <u>\$ 237,988,886</u> | <u>\$ 231,406,018</u> | <u>\$ 223,668,447</u> | <u>\$ 213,899,209</u> | <u>\$ 208,744,662</u> |
| <i>Plan fiduciary net position:</i> | | | | | | | |
| Impact in change on proportion | (433,938) | (609,022) | (73,075) | (1,393,043) | (154,093) | (1,171,025) | - |
| Contributions -- employer | 5,628,312 | 5,491,969 | 4,943,269 | 4,812,332 | 4,697,194 | 4,589,017 | 4,090,698 |
| Contributions -- employee | 2,281,124 | 2,215,083 | 2,214,542 | 2,219,705 | 2,136,523 | 2,064,188 | 2,061,935 |
| Net investment income | 4,103,304 | 13,577,327 | 14,440,097 | 21,594,685 | 3,083,905 | 8,008,131 | 24,311,664 |
| Benefit payments, including refunds of employee contributions | (12,848,272) | (12,317,141) | (11,593,993) | (10,824,191) | (10,095,057) | (9,666,752) | (8,539,110) |
| Administrative expense | (139,386) | (135,811) | (126,070) | (125,909) | (112,789) | (110,989) | (131,901) |
| Other | (4,797) | (8,548) | (12,782) | (19,169) | (1,320) | (1,682) | 1,281 |
| Net change in plan fiduciary net position | (1,413,653) | 8,213,857 | 9,791,988 | 16,264,410 | (445,637) | 3,710,888 | 21,794,567 |
| Plan fiduciary net position -- beginning | 214,156,164 | 205,942,307 | 196,150,319 | 179,885,909 | 180,331,546 | 176,620,656 | 154,826,089 |
| Plan fiduciary net position -- ending (b) | <u>\$ 212,742,511</u> | <u>\$ 214,156,164</u> | <u>\$ 205,942,307</u> | <u>\$ 196,150,319</u> | <u>\$ 179,885,909</u> | <u>\$ 180,331,544</u> | <u>\$ 176,620,656</u> |
| Total net pension liability -- beginning | 40,908,988 | 32,046,579 | 35,255,699 | 43,782,538 | 33,567,665 | 32,124,006 | 43,593,476 |
| Total net pension liability (asset) -- ending (a - b) | <u>\$ 54,692,407</u> | <u>\$ 40,908,988</u> | <u>\$ 32,046,579</u> | <u>\$ 35,255,699</u> | <u>\$ 43,782,538</u> | <u>\$ 33,567,665</u> | <u>\$ 32,124,006</u> |
| Plan fiduciary net position as a percentage of total pension liability (asset) | 79.55% | 83.96% | 86.53% | 84.76% | 80.43% | 84.31% | 84.61% |
| Covered payroll | \$ 47,123,041 | \$ 45,853,501 | \$ 45,263,004 | \$ 43,733,860 | \$ 42,627,702 | \$ 41,432,034 | \$ 40,544,179 |
| Net pension liability (asset) as a percentage of covered payroll | 116.06% | 89.22% | 70.80% | 80.61% | 102.71% | 81.02% | 79.23% |

Note:

Schedule is intended to show information for 10 years. Since 2021 is the seventh year for this presentation, only six additional years of data are available. However, additional years will be included as they become available.

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For the Year Ended June 30, 2021
(Unaudited)

Exhibit XIII
(continued)

| Virginia Retirement System | School System Non-Professional Employees | | | | | | |
|--|--|---------------|----------------|----------------|---------------|---------------|---------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| | 6/30/2020 | 6/30/2019 | 6/30/2018 | 6/30/2017 | 6/30/2016 | 6/30/2015 | 6/30/2014 |
| Measurement Date: | | | | | | | |
| | | | | | | | |
| Total pension liability: | | | | | | | |
| Service Cost | \$ 295,894 | \$ 300,766 | \$ 298,984 | \$ 318,248 | \$ 326,990 | \$ 590,031 | \$ 642,968 |
| Interest | 2,163,509 | 2,172,731 | 2,167,570 | 2,177,707 | 2,219,068 | 2,164,578 | 2,114,246 |
| Changes in assumptions between expected and actual experience | - | 743,564 | - | (66,597) | - | - | - |
| Differences between expected and actual experience | (471,339) | 190,670 | (282,722) | (496,773) | (1,113,216) | 76,137 | - |
| Benefit payments, including refunds of employee contributions | (2,669,867) | (2,119,648) | (2,100,554) | (2,054,245) | (1,993,180) | (2,111,460) | (1,964,916) |
| Net change in total pension liability | (681,803) | 1,288,083 | 83,278 | (121,660) | (560,338) | 719,286 | 792,298 |
| Total pension liability - beginning | 33,386,925 | 32,098,842 | 32,015,564 | 32,137,224 | 32,697,562 | 31,978,276 | 31,185,978 |
| Total pension liability - ending (a) | \$ 32,705,122 | \$ 33,386,925 | \$ 32,098,842 | \$ 32,015,564 | \$ 32,137,224 | \$ 32,697,562 | \$ 31,978,276 |
| | | | | | | | |
| Plan fiduciary net position: | | | | | | | |
| Contributions -- employer | 47,759 | 50,964 | 147,119 | 144,668 | 209,100 | 206,447 | 306,710 |
| Contributions -- employee | 145,004 | 144,753 | 153,729 | 150,511 | 152,767 | 152,195 | 293,796 |
| Net investment income | 635,055 | 2,185,110 | 2,419,142 | 3,725,620 | 525,814 | 1,454,882 | 4,569,047 |
| Benefit payments, including refunds of employee contributions | (2,669,867) | (2,119,648) | (2,100,554) | (2,054,245) | (1,993,180) | (2,111,460) | (1,964,916) |
| Administrative expense | (23,385) | (23,221) | (21,956) | (22,797) | (20,892) | (21,377) | (25,570) |
| Other | (729) | (1,365) | (2,107) | (3,259) | (231) | (305) | 241 |
| Net change in plan fiduciary net position | (1,866,163) | 236,593 | 595,373 | 1,940,498 | (1,126,622) | (319,618) | 3,179,308 |
| Plan fiduciary net position -- beginning | 34,180,297 | 33,943,704 | 33,348,331 | 31,407,833 | 32,534,455 | 32,854,073 | 29,674,765 |
| Plan fiduciary net position -- ending (b) | \$ 32,314,134 | \$ 34,180,297 | \$ 33,943,704 | \$ 33,348,331 | \$ 31,407,833 | \$ 32,534,455 | \$ 32,854,073 |
| | | | | | | | |
| Total net pension liability -- beginning | (793,372) | (1,844,862) | (1,332,767) | 729,391 | 163,107 | (875,797) | 1,511,213 |
| Total net pension liability (asset) -- ending (a - b) | \$ 390,988 | \$ (793,372) | \$ (1,844,862) | \$ (1,332,767) | \$ 729,391 | \$ 163,107 | \$ (875,797) |
| | | | | | | | |
| Plan fiduciary net position as a percentage of total pension liability (asset) | 98.80% | 102.38% | 105.75% | 104.16% | 97.73% | 99.50% | 102.74% |
| | | | | | | | |
| Covered payroll | \$ 3,051,242 | \$ 3,039,400 | \$ 3,112,471 | \$ 3,068,829 | \$ 3,081,526 | \$ 3,027,639 | \$ 5,875,694 |
| | | | | | | | |
| Net pension liability (asset) as a percentage of covered payroll | 12.81% | -26.10% | -59.27% | -43.43% | 23.67% | 5.39% | -14.91% |

Note:

Schedule is intended to show information for 10 years. Since 2021 is the seventh year for this presentation, only six additional years of data are available. However, additional years will be included as they become available.

See accompanying notes to required supplementary information.
See accompanying independent auditor's report.

COUNTY OF ROANOKE, VIRGINIA
Required Supplemental Information
Schedule of Employer's Proportionate Share of Net Pension Liability
For the Year Ended June 30, 2021
(Unaudited)

| <u>Virginia Retirement System</u> Measurement Date: | School System Teacher Retirement Plan | | | | | | |
|---|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 2021 6/30/2020 | 2020 6/30/2019 | 2019 6/30/2018 | 2018 6/30/2017 | 2017 6/30/2016 | 2016 6/30/2015 | 2015 6/30/2014 |
| Schools System's proportion of the net pension liability | 0.92573% | 0.93221% | 0.95745% | 0.97725% | 0.94772% | 0.94973% | 0.97506% |
| Schools System's proportionate share of the net pension liability | \$ 134,718,026 | \$ 122,684,122 | \$ 112,596,000 | \$ 120,182,000 | \$ 132,815,000 | \$ 119,536,000 | \$ 117,833,000 |
| Schools System's covered payroll | \$ 80,389,368 | \$ 77,499,484 | \$ 77,053,264 | \$ 76,745,715 | \$ 72,258,672 | \$ 70,615,294 | \$ 71,286,776 |
| Schools System's proportionate share of the net pension liability as a percentage of its covered payroll | 167.58% | 158.30% | 146.13% | 156.60% | 183.80% | 169.28% | 165.29% |
| Plan fiduciary net position as a percentage of the total pension liability | 71.47% | 73.51% | 74.81% | 72.92% | 68.28% | 70.68% | 70.88% |

Note:

Schedule is intended to show information for 10 years. Since 2021 is the seventh year for this presentation, only six additional years of data are available. However, additional years will be included as they become available.

COUNTY OF ROANOKE, VIRGINIA
Required Supplemental Information
Schedule of Contributions
For the Year Ended June 30, 2021
(Unaudited)

Exhibit XV

| Year Ended | Actuarial Valuation Date | Contractually Required Contribution | Contributions in Relation to Actuarially Determined Contribution | Contribution (Deficiency) Excess | Covered Payroll | Contributions as a % of Covered Payroll |
|--|--------------------------|-------------------------------------|--|----------------------------------|-----------------|---|
| <u>County of Roanoke Retirement Plan:</u> | | | | | | |
| June 30, 2021 | June 30, 2019 | \$ 6,730,418 | \$ 6,730,418 | \$ - | \$ 46,381,208 | 14.51% |
| June 30, 2020 | June 30, 2018 | 5,846,191 | 5,846,191 | - | 47,123,041 | 12.41% |
| June 30, 2019 | June 30, 2017 | 5,664,637 | 5,664,637 | - | 45,853,501 | 12.35% |
| June 30, 2018 | June 30, 2016 | 5,081,170 | 5,081,170 | - | 45,263,004 | 11.23% |
| June 30, 2017 | June 30, 2016 | 4,893,436 | 4,893,436 | - | 43,733,860 | 11.19% |
| June 30, 2016 | June 30, 2014 | 4,638,384 | 4,638,384 | - | 42,627,702 | 10.88% |
| June 30, 2015 | June 30, 2014 | 4,090,698 | 4,090,698 | - | 41,432,034 | 9.87% |
| <u>School System Teacher Retirement Plan:</u> | | | | | | |
| June 30, 2021 | June 30, 2019 | \$ 13,520,644 | \$ 13,245,307 | \$ (275,337) | \$ 81,351,646 | 16.28% |
| June 30, 2020 | June 30, 2018 | 12,605,053 | 12,283,727 | (321,326) | 80,389,368 | 15.28% |
| June 30, 2019 | June 30, 2017 | 12,647,916 | 11,968,521 | (679,395) | 77,499,484 | 15.44% |
| June 30, 2018 | June 30, 2016 | 12,575,093 | 12,566,803 | (8,290) | 77,053,264 | 16.31% |
| June 30, 2017 | June 30, 2016 | 11,097,430 | 11,251,117 | 153,687 | 76,745,715 | 14.66% |
| June 30, 2016 | June 30, 2014 | 10,159,569 | 10,159,568 | (1) | 72,258,672 | 14.06% |
| June 30, 2015 | June 30, 2014 | 10,239,218 | 10,238,755 | (463) | 70,615,294 | 14.50% |
| <u>School System Non-Professional Retirement Plan:</u> | | | | | | |
| June 30, 2021 | June 30, 2019 | \$ 60,916 | \$ 45,833 | \$ (15,083) | \$ 2,914,661 | 1.57% |
| June 30, 2020 | June 30, 2018 | 58,584 | 56,224 | (2,360) | 3,051,242 | 1.84% |
| June 30, 2019 | June 30, 2017 | 58,356 | 50,964 | (7,392) | 3,039,400 | 1.68% |
| June 30, 2018 | June 30, 2016 | 150,332 | 153,066 | 2,734 | 3,112,471 | 4.92% |
| June 30, 2017 | June 30, 2016 | 148,224 | 148,080 | (144) | 3,068,829 | 4.83% |
| June 30, 2016 | June 30, 2014 | 210,776 | 210,558 | (218) | 3,081,526 | 6.83% |
| June 30, 2015 | June 30, 2014 | 210,776 | 207,090 | (3,686) | 3,027,639 | 6.84% |

Actuarial Assumptions:

County of Roanoke and School System Non-Professional Retirement Plans:

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|-------------------------------------|
| Actuarial cost method | Entry-age Normal |
| Amortization method | Level percentage of payroll, closed |
| Payroll growth | 3.00% |
| Remaining amortization period | 30 years |
| Asset valuation method | 5-year smoothed market |
| Salary increases | 3.50 - 5.35% |
| Investment rate of return | 6.75% |
| Inflation | 2.50% |
| Cost of living adjustments | 2.25 - 2.50% |

School System Teacher Retirement Plan:

Methods and assumptions used to determine contribution rates:

| | |
|----------------------------|-------------------------------------|
| Actuarial cost method | Entry-age Normal |
| Amortization method | Level percentage of payroll, closed |
| Payroll growth | 3.00% |
| Remaining amortization | 30 years |
| Asset valuation method | 5-year smoothed market |
| Salary increases | 3.50 - 5.95% |
| Investment rate of return | 6.75% |
| Inflation | 2.50% |
| Cost of living adjustments | 2.25 - 2.50% |

Note:

Schedule is intended to show information for 10 years. Since 2021 is the seventh year for this presentation, only six additional years of data are available. However, additional years will be included as they become available.

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Schedules of Changes in Total Pension Liability and Related Ratios
Fire and Rescue Pension Trust Length of Service Awards Program
For the Year Ended June 30, 2021
(Unaudited)

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|----------------------|----------------------|---------------------|---------------------|---------------------|
| Measurement Date: | 6/30/2020 | 6/30/2019 | 6/30/2018 | 6/30/2017 | 6/30/2016 |
| Actuarial Valuation Date: | 7/31/2020 | 7/31/2019 | 7/31/2019 | 7/31/2018 | 7/31/2017 |
| <i>Total pension liability:</i> | | | | | |
| Service cost | \$ 6,370 | \$ 6,440 | \$ 6,440 | \$ 6,050 | \$ 5,613 |
| Interest on total pension liability | 252,591 | 300,425 | 343,290 | 354,080 | 295,965 |
| Changes of assumptions ① | 1,671,210 | 912,720 | 455,355 | 1,562,137 | (574,306) |
| Differences between expected and actual experience | (124,425) | 44,042 | 19,496 | - | - |
| Benefit payments | (429,471) | (405,360) | (405,360) | (422,801) | (347,975) |
| Net change in total pension liability | 1,376,275 | 858,267 | 419,221 | 1,499,466 | (620,703) |
| Total pension liability - beginning | <u>\$ 10,780,197</u> | <u>\$ 9,921,930</u> | <u>9,502,709</u> | <u>8,003,243</u> | <u>\$ 8,623,946</u> |
| Total pension liability - ending | <u>\$ 12,156,472</u> | <u>\$ 10,780,197</u> | <u>\$ 9,921,930</u> | <u>\$ 9,502,709</u> | <u>\$ 8,003,243</u> |
| Covered Payroll ② | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net pension liability (asset) as a percentage of covered payroll | N/A | N/A | N/A | N/A | N/A |

① Changes of assumptions reflect change in the discount rate from 3.09% to 2.39% and changes in the mortality tables used.

② There is no covered employee payroll since this plan provides benefits for volunteers.

Note:

Schedule is intended to show information for 10 years. Since 2021 is the fifth year for this presentation, only four additional years of data are available. However, additional years will be included as they become available.

See accompanying notes to required supplementary information.

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios
For the Year Ended June 30, 2021
(Unaudited)

Exhibit XVII

| | County of Roanoke Members | | | | |
|---|----------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 |
| Measurement Date: | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 | 6/30/2017 |
| <i>Total OPEB liability:</i> | | | | | |
| Service Cost | \$ 213,572 | \$ 237,164 | \$ 497,351 | \$ 891,598 | \$ 849,141 |
| Interest | 848,803 | 998,382 | 940,257 | 1,024,059 | 943,357 |
| Differences between expected and actual experience | (1,386,189) | (1,577,201) | - | (5,174,702) | (56,957) |
| Changes of assumptions | - | (884,021) | - | 3,453,025 | - |
| Contributions - employee | - | - | - | 502,321 | 470,020 |
| Benefit payments, including refunds of employee contributions | (667,798) | (819,674) | (917,093) | (1,204,285) | (1,493,500) |
| Net change in total OPEB liability | (991,612) | (2,045,350) | 520,515 | (507,984) | 712,061 |
| Total OPEB liability - beginning | 11,431,668 | 13,477,018 | 12,956,503 | 13,464,487 | 12,752,426 |
| Total OPEB liability - ending (a) | <u>\$ 10,440,056</u> | <u>\$ 11,431,668</u> | <u>\$ 13,477,018</u> | <u>\$ 12,956,503</u> | <u>\$ 13,464,487</u> |
| <i>Plan fiduciary net position:</i> | | | | | |
| Contributions - employer | 789,623 | 941,499 | 1,038,918 | 823,789 | 1,219,282 |
| Contributions - employee | - | - | - | 502,321 | 470,020 |
| Net investment income | 2,190,495 | 214,926 | 305,644 | 560,627 | 661,110 |
| Benefit payments, including refunds of employee contributions | (667,798) | (819,674) | (917,093) | (1,204,285) | (1,493,500) |
| Administrative expense | (8,731) | (8,209) | (7,567) | (7,071) | (6,596) |
| Net change in plan fiduciary net position | 2,303,589 | 328,542 | 419,902 | 675,381 | 850,316 |
| Plan fiduciary net position - beginning | 7,280,052 | 6,951,510 | 6,531,608 | 5,856,227 | 5,005,911 |
| Plan fiduciary net position - ending (b) | <u>\$ 9,583,641</u> | <u>\$ 7,280,052</u> | <u>\$ 6,951,510</u> | <u>\$ 6,531,608</u> | <u>\$ 5,856,227</u> |
| Total net OPEB liability - beginning | 4,151,616 | 6,525,508 | 6,424,895 | 7,608,260 | 7,746,515 |
| Total net OPEB liability - ending (a - b) | <u>\$ 856,415</u> | <u>\$ 4,151,616</u> | <u>\$ 6,525,508</u> | <u>\$ 6,424,895</u> | <u>\$ 7,608,260</u> |
| Plan fiduciary net position as a percentage of total OPEB liability | 91.80% | 63.68% | 51.58% | 50.41% | 43.49% |
| Covered payroll | \$ 32,083,550 | \$ 34,512,829 | \$ 34,634,840 | \$ 33,955,725 | \$ 39,941,319 |
| Net OPEB liability as a percentage of covered payroll | 2.67% | 12.03% | 18.84% | 18.92% | 19.05% |

The County of Roanoke has fiscal entities who participate in the Retiree Medical OPEB plan. The above information reflects the total plan liability and related ratios. However, the "Retiree Medical Program - Employer Recognition of the OPEB Plan" section of footnote 13 only reflects the County employer portion.

Note:

Schedule is intended to show information for 10 years. Since 2021 is the fifth year for this presentation, only four additional years of data are available. However, additional years will be included as they become available.

(continued)

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios
For the Year Ended June 30, 2021
(Unaudited)

Exhibit XVII
(continued)

| | School System Members | | | | |
|---|------------------------------|---------------------|----------------------|----------------------|----------------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 |
| Measurement Date: | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 | 6/30/2017 |
| <i>Total OPEB liability:</i> | | | | | |
| Service Cost | \$ 298,947 | \$ 889,124 | \$ 593,436 | \$ 977,606 | \$ 931,053 |
| Interest | 516,619 | 351,384 | 323,704 | 471,102 | 476,676 |
| Differences between expected and actual experience | (444,524) | (1,101,996) | - | (2,488,407) | (28,590) |
| Changes of assumptions | - | (3,877,843) | - | (3,035,172) | - |
| Contributions - employee | - | - | - | 939,187 | 94,298 |
| Benefit payments, including refunds of employee contributions | (581,415) | (572,183) | (487,194) | (1,785,359) | (684,162) |
| Net change in total OPEB liability | (210,373) | (4,311,514) | 429,946 | (4,921,043) | 789,275 |
| Total OPEB liability - beginning | 6,874,753 | 11,186,267 | 10,756,321 | 15,677,364 | 14,888,089 |
| Total OPEB liability - ending (a) | <u>\$ 6,664,380</u> | <u>\$ 6,874,753</u> | <u>\$ 11,186,267</u> | <u>\$ 10,756,321</u> | <u>\$ 15,677,364</u> |
| <i>Plan fiduciary net position:</i> | | | | | |
| Contributions - employer | 673,705 | 664,473 | 671,774 | 846,172 | 682,154 |
| Contributions - employee | - | - | - | 939,187 | 94,298 |
| Net investment income | 326,848 | 30,365 | 35,334 | 65,111 | 74,106 |
| Benefit payments, including refunds of employee contributions | (581,415) | (572,183) | (487,194) | (1,785,359) | (684,162) |
| Administrative expense | (1,728) | (1,592) | (1,370) | (1,263) | (1,169) |
| Net change in plan fiduciary net position | 417,410 | 121,063 | 218,544 | 63,848 | 165,227 |
| Plan fiduciary net position - beginning | 1,083,783 | 962,720 | 744,176 | 680,328 | 515,101 |
| Plan fiduciary net position - ending (b) | <u>\$ 1,501,193</u> | <u>\$ 1,083,783</u> | <u>\$ 962,720</u> | <u>\$ 744,176</u> | <u>\$ 680,328</u> |
| Total net OPEB liability - beginning | 5,790,970 | 10,223,547 | 10,012,145 | 14,997,036 | 14,372,988 |
| Total net OPEB liability - ending (a - b) | <u>\$ 5,163,187</u> | <u>\$ 5,790,970</u> | <u>\$ 10,223,547</u> | <u>\$ 10,012,145</u> | <u>\$ 14,997,036</u> |
| Plan fiduciary net position as a percentage of total OPEB liability | 22.53% | 15.76% | 8.61% | 6.92% | 4.34% |
| Covered payroll | \$ 85,040,042 | \$ 82,164,292 | \$ 53,150,640 | \$ 53,150,640 | \$ 65,279,124 |
| Net OPEB liability as a percentage of covered payroll | 6.07% | 7.05% | 19.24% | 18.84% | 22.97% |

Note:

Schedule is intended to show information for 10 years. Since 2021 is the fifth year for this presentation, only four additional years of data are available. However, additional years will be included as they become available.

See accompanying independent auditor's report.

COUNTY OF ROANOKE, VIRGINIA
Required Supplemental Information
Schedule of Employer Contributions
Other Postemployment Benefits Plan
For the Year Ended June 30, 2021
(Unaudited)

Exhibit XVIII

| Year Ended | Actuarial Valuation Date | Actuarially Determined Contribution | Contributions in Relation to Actuarially Determined Contribution | Contribution (Deficiency) Excess | Percentage Contributed | Employer's Covered Payroll | Contributions as a % of Covered Payroll |
|-----------------------------------|-----------------------------|---|--|--|---------------------------|----------------------------------|--|
| <u>County of Roanoke Members:</u> | | | | | | | |
| June 30, 2021 | June 30, 2020 | \$ 669,662 | \$ 789,623 | \$ 119,961 | 117.91% | \$ 32,083,550 | 2.46% |
| June 30, 2020 | June 30, 2020 | 927,268 | 941,499 | 14,231 | 101.53% | \$ 34,512,829 | 2.73% |
| June 30, 2019 | June 30, 2018 | 1,137,882 | 1,038,918 | (98,964) | 91.30% | \$ 34,634,840 | 3.00% |
| June 30, 2018 | June 30, 2018 | 1,644,235 | 823,789 | (820,446) | 50.10% | \$ 33,955,725 | 2.43% |
| June 30, 2017 | June 30, 2016 | 1,219,282 | 1,415,084 | 195,802 | 116.06% | \$ 39,941,319 | 3.54% |
| <u>School System Members:</u> | | | | | | | |
| June 30, 2021 | June 30, 2020 | \$ 935,211 | \$ 673,705 | \$ (261,506) | 72.04% | \$ 85,040,042 | 0.79% |
| June 30, 2020 | June 30, 2020 | 2,009,130 | 664,473 | (1,344,657) | 33.07% | \$ 82,164,292 | 0.81% |
| June 30, 2019 | June 30, 2018 | 1,289,794 | 671,774 | (618,020) | 52.08% | \$ 53,150,640 | 1.26% |
| June 30, 2018 | June 30, 2018 | 1,997,378 | 846,172 | (1,151,206) | 42.36% | \$ 53,150,640 | 1.59% |
| June 30, 2017 | June 30, 2016 | 682,154 | 682,154 | - | 100.00% | \$ 65,279,124 | 1.04% |

Actuarial Assumptions:

County of Roanoke Plan:

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry Age Normal |
| Remaining amortization period | 17 years |
| Asset valuation method | Market Value |
| Inflation | Included in the investment rate of return and healthcare cost trend rates |
| Salary increases | 3.50%, including a 2.50% inflation assumption and a 1.00% productivity component |
| Investment rate of return | 7.50% |
| Healthcare cost trend rate | 7.50% graded down to 4.50% |
| Retirement age | In the 2020 actuarial valuation, expected retirement ages of employees were updated to the assumptions |
| Mortality | In the 2020 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the SOA |

School System Plan:

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry Age Normal |
| Remaining amortization period | 17 years |
| Asset valuation method | Market Value |
| Inflation | Included in the investment rate of return and healthcare cost trend rates |
| Salary increases | 3.50% |
| Investment rate of return | 7.50% |
| Healthcare cost trend rate | 7.50% graded down to 4.50% |
| Retirement age | In the 2020 actuarial valuation, expected retirement ages of employees were updated to the assumptions |
| Mortality | In the 2020 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the SOA |

Note:

Schedule is intended to show information for 10 years. Since 2021 is the fifth year for this presentation, only four additional years of data are available. However, additional years will be included as they become available.

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Schedule of Investment Returns
Other Postemployment Benefits Plan
For the Year Ended June 30, 2021
(Unaudited)

| | County of Roanoke | | | | |
|--|-------------------|-------|-------|-------|--------|
| | 2021 | 2020 | 2019 | 2018 | 2017 |
| Annual money-weighted rate of return, net of investment expense: | TBD | 6.43% | 6.31% | 9.52% | 13.04% |

| | School System | | | | |
|--|---------------|-------|-------|-------|--------|
| | 2021 | 2020 | 2019 | 2018 | 2017 |
| Annual money-weighted rate of return, net of investment expense: | TBD | 6.43% | 6.31% | 9.52% | 13.04% |

Note:

Schedule is intended to show information for 10 years. Since 2021 is the fifth year for this presentation, only four additional years of data are available. However, additional years will be included as they become available.

See accompanying notes to required supplementary information.

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Virginia Retirement System Health Insurance Credit Program
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2021
(Unaudited)

| Measurement Date: | County of Roanoke | | | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 2021 6/30/2020 | 2020 6/30/2019 | 2019 6/30/2018 | 2018 6/30/2017 |
| <i>Total OPEB liability:</i> | | | | |
| Service Cost | \$ 36,822 | \$ 33,450 | \$ 33,005 | \$ 32,415 |
| Interest | 111,918 | 110,052 | 108,211 | 107,974 |
| Differences between expected and actual experience | 35,707 | 27,799 | (3,870) | - |
| Changes of assumptions | - | 42,641 | - | (42,521) |
| Benefit payments, including refunds of employee contributions | (141,476) | (114,650) | (107,448) | (81,531) |
| Net change in total OPEB liability | 42,971 | 99,292 | 29,898 | 16,337 |
| Total OPEB liability - beginning | 1,728,789 | 1,629,497 | 1,599,599 | 1,583,262 |
| Total OPEB liability - ending (a) | <u>\$ 1,771,760</u> | <u>\$ 1,728,789</u> | <u>\$ 1,629,497</u> | <u>\$ 1,599,599</u> |
| <i>Plan fiduciary net position:</i> | | | | |
| Contributions -- employer | 155,620 | 142,727 | 142,874 | 135,458 |
| Net investment income | 13,657 | 39,488 | 37,774 | 50,806 |
| Benefit payments, including refunds of employee contributions | (141,476) | (114,650) | (107,448) | (81,531) |
| Administrative expense | (1,290) | (862) | (941) | (905) |
| Other changes | (6) | (47) | (2,370) | 2,370 |
| Net change in plan fiduciary net position | 26,505 | 66,656 | 69,889 | 106,198 |
| Plan fiduciary net position -- beginning | 652,760 | 586,104 | 516,215 | 410,017 |
| Plan fiduciary net position -- ending (b) | <u>\$ 679,265</u> | <u>\$ 652,760</u> | <u>\$ 586,104</u> | <u>\$ 516,215</u> |
| Total net OPEB liability -- beginning | 1,076,029 | 1,043,393 | 1,083,384 | 1,173,245 |
| Total net OPEB liability -- ending (a - b) | <u>\$ 1,092,495</u> | <u>\$ 1,076,029</u> | <u>\$ 1,043,393</u> | <u>\$ 1,083,384</u> |
| Plan fiduciary net position as a percentage of total OPEB liability | 38.34% | 37.76% | 35.97% | 32.27% |
| Covered payroll | \$ 47,123,041 | \$ 45,253,004 | \$ 43,733,860 | \$ 42,627,702 |
| Net OPEB liability as a percentage of covered payroll | 2.32% | 2.38% | 2.39% | 2.54% |
| School System | | | | |
| Measurement Date: | 2021 6/30/2020 | | | |
| <i>Total OPEB liability:</i> | | | | |
| Benefit changes | \$ 610,084 | | | |
| Net change in total OPEB liability | 610,084 | | | |
| Total OPEB liability - beginning | - | | | |
| Total OPEB liability - ending (a) | <u>\$ 610,084</u> | | | |
| <i>Plan fiduciary net position:</i> | | | | |
| Net change in plan fiduciary net position | - | | | |
| Plan fiduciary net position -- beginning | - | | | |
| Plan fiduciary net position -- ending (b) | <u>\$ -</u> | | | |
| Total net OPEB liability -- beginning | - | | | |
| Total net OPEB liability -- ending (a - b) | <u>\$ 610,084</u> | | | |
| Plan fiduciary net position as a percentage of total OPEB liability | 0.00% | | | |
| Covered payroll | \$ 3,051,242 | | | |
| Net OPEB liability as a percentage of covered payroll | 19.99% | | | |

Note:

Schedule is intended to show information for 10 years. Since 2021 is the fourth year for this presentation for the County, only three additional years of data are available. Since 2021 is the first year for this presentation for the School System, no additional years of data are available. However, additional years will be included as they become available.

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Virginia Retirement System Health Insurance Credit Program
Schedule of Employer Contributions
For the Year Ended June 30, 2021
(Unaudited)

| Year Ended | Contractually Required Contribution | Contributions in Relation to Contractually Required Contribution | Contribution (Deficiency) Excess | Employer's Covered Payroll | Contributions as a % of Covered Payroll |
|---|--|---|---|-----------------------------------|--|
| <i>County of Roanoke Employees:</i> | | | | | |
| June 30, 2021 | \$ 140,406 | \$ 140,406 | \$ - | \$ 46,381,208 | 0.30 % |
| June 30, 2020 | 144,688 | 144,688 | - | 47,123,041 | 0.31 |
| June 30, 2019 | 104,564 | 104,564 | - | 45,253,004 | 0.23 |
| June 30, 2018 | 135,906 | 135,906 | - | 43,733,860 | 0.31 |
| June 30, 2017 | 106,244 | 106,244 | - | 42,627,702 | 0.25 |
| June 30, 2016 | 95,257 | 95,257 | - | 41,432,034 | 0.23 |
| June 30, 2015 | 80,354 | 80,354 | - | 40,544,179 | 0.20 |
| June 30, 2014 | 103,865 | 103,865 | - | 41,545,798 | 0.25 |
| June 30, 2013 | 92,999 | 92,999 | - | 38,749,497 | 0.24 |
| June 30, 2012 | 94,223 | 94,223 | - | 39,259,763 | 0.24 |
| <i>School System Employees - Teacher Plan:</i> | | | | | |
| June 30, 2021 | \$ 984,355 | \$ 991,342 | \$ 6,987 | \$ 81,351,646 | 1.22 % |
| June 30, 2020 | 964,672 | 963,455 | (1,217) | 80,389,368 | 1.20 |
| June 30, 2019 | 929,994 | 930,288 | 294 | 77,499,484 | 1.20 |
| June 30, 2018 | 947,755 | 947,188 | (567) | 77,053,264 | 1.23 |
| June 30, 2017 | 851,877 | 851,887 | 10 | 76,745,715 | 1.11 |
| June 30, 2016 | 765,942 | 765,995 | 53 | 72,258,672 | 1.06 |
| June 30, 2015 | 748,522 | 748,490 | (32) | 70,615,294 | 1.06 |
| June 30, 2014 | 791,283 | 791,284 | 1 | 71,286,776 | 1.11 |
| June 30, 2013 | 801,954 | 801,962 | 8 | 72,248,134 | 1.11 |
| June 30, 2012 | 412,070 | 412,070 | - | 68,678,251 | 0.60 |
| <i>School System Employees - Non-Professional Plan:</i> | | | | | |
| June 30, 2021 | \$ 41,971 | \$ 42,267 | \$ 296 | \$ 2,914,661 | 1.45 % |

Note:

Schedule is intended to show information for 10 years. Since 2021 is the first year for this presentation for the Non-Professional Plan, only one year of data is available. However, additional years will be included as they become available.

See accompanying notes to required supplementary information.
See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Required Supplemental Information
Virginia Retirement System Group Life Insurance Program
Schedule of Employer's Proportionate Share of Net OPEB Liability
For the Year Ended June 30, 2021
(Unaudited)

| Measurement Date: | <u>2021</u> 6/30/2020 | <u>2020</u> 6/30/2019 | <u>2019</u> 6/30/2018 | <u>2018</u> 6/30/2017 |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| Employer's proportion of the Net GLI OPEB Liability | 0.24455% | 0.24848% | 0.25166% | 0.25093% |
| Employer's proportionate share of the Net GLI OPEB Liability | \$ 4,081,139 | \$ 4,043,431 | \$ 3,822,000 | \$ 3,776,000 |
| Employer's covered payroll | \$ 48,710,165 | \$ 47,852,850 | \$ 46,284,675 | \$ 44,698,860 |
| Employer's proportionate share of the Net GLI OPEB Liability as a percentage of its covered payroll | 8.38% | 8.45% | 8.26% | 8.45% |
| Plan Fiduciary Net Position as a percentage of the Total GLI OPEB Liability | 52.64% | 52.00% | 51.22% | 48.86% |

Note:

Schedule is intended to show information for 10 years. Since 2021 is the fourth year for this presentation, only three additional years of data are available. However, additional years will be included as they become available.

See accompanying notes to required supplementary information.
See accompanying independent auditor's report.

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Virginia Retirement System Group Life Insurance Program
Schedule of Employer Contributions
For the Year Ended June 30, 2021
(Unaudited)

| Year Ended | Contractually Required Contribution | Contributions in Relation to Contractually Required Contribution | Contribution (Deficiency) Excess | Employer's Covered Payroll | Contributions as a % of Covered Payroll |
|--|--|---|---|-----------------------------------|--|
| <u><i>County of Roanoke Employees:</i></u> | | | | | |
| June 30, 2021 | \$ 253,325 | \$ 253,325 | \$ - | \$ 49,741,151 | 0.51 % |
| June 30, 2020 | 247,275 | 247,275 | - | 48,710,165 | 0.51 |
| June 30, 2019 | 240,118 | 240,118 | - | 47,852,850 | 0.50 |
| June 30, 2018 | 237,653 | 237,653 | - | 46,284,675 | 0.51 |
| June 30, 2017 | 230,974 | 230,974 | - | 44,698,860 | 0.52 |
| June 30, 2016 | 229,672 | 208,005 | (21,667) | 43,334,385 | 0.48 |
| June 30, 2015 | 225,194 | 203,949 | (21,245) | 42,489,422 | 0.48 |
| June 30, 2014 | 221,837 | 200,909 | (20,928) | 41,855,983 | 0.48 |
| June 30, 2013 | 171,259 | 108,983 | (62,276) | 38,922,453 | 0.28 |
| June 30, 2012 | 173,072 | 110,136 | (62,936) | 39,334,458 | 0.28 |
| <u><i>School System Employees:</i></u> | | | | | |
| June 30, 2021 | \$ 455,038 | \$ 459,949 | \$ 4,911 | \$ 84,266,307 | 0.55 % |
| June 30, 2020 | 433,891 | 431,938 | (1,953) | 83,440,610 | 0.52 |
| June 30, 2019 | 418,802 | 419,260 | 458 | 80,538,884 | 0.52 |
| June 30, 2018 | 416,862 | 420,490 | 3,628 | 80,165,735 | 0.52 |
| June 30, 2017 | 415,036 | 419,387 | 4,351 | 79,814,544 | 0.53 |
| June 30, 2016 | 361,633 | 359,464 | (2,169) | 75,340,198 | 0.48 |
| June 30, 2015 | 353,486 | 351,815 | (1,671) | 73,642,933 | 0.48 |
| June 30, 2014 | 370,380 | 367,834 | (2,546) | 77,162,470 | 0.48 |
| June 30, 2013 | 377,134 | 374,671 | (2,463) | 78,569,574 | 0.48 |
| June 30, 2012 | 208,944 | 83,684 | (125,260) | 74,623,028 | 0.11 |

See accompanying notes to required supplementary information.

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Required Supplemental Information
Roanoke County Public Schools
Schedule of Employer's Proportionate Share of Net OPEB Liability
For the Year Ended June 30, 2021
(Unaudited)

| Measurement Date: | 2021 6/30/2020 | 2020 6/30/2019 | 2019 6/30/2018 | 2018 6/30/2017 |
|--|-------------------|-------------------|-------------------|-------------------|
| <u><i>VRS Health Insurance Credit Program - Teacher Plan</i></u> | | | | |
| Employer's proportion of the Net GLI OPEB Liability | 0.91684% | 0.92539% | 0.95240% | 0.97245% |
| Employer's proportionate share of the Net GLI OPEB Liability | \$ 11,960,329 | \$ 12,114,255 | \$ 12,093,000 | \$ 12,337,000 |
| Employer's covered payroll | \$ 80,389,368 | \$ 77,499,484 | \$ 77,053,264 | \$ 76,745,715 |
| Employer's proportionate share of the Net GLI OPEB Liability as a percentage of its covered payroll | 14.88% | 15.63% | 15.69% | 16.08% |
| Plan Fiduciary Net Position as a percentage of the Total GLI OPEB Liability | 9.95% | 8.97% | 8.08% | 7.04% |
| <u><i>VRS Group Life Insurance Program - Teacher Plan</i></u> | | | | |
| Employer's proportion of the Net GLI OPEB Liability | 0.38934% | 0.39603% | 0.40541% | 0.41724% |
| Employer's proportionate share of the Net GLI OPEB Liability | \$ 6,497,448 | \$ 6,444,462 | \$ 6,157,000 | \$ 6,279,000 |
| Employer's covered payroll | \$ 80,389,368 | \$ 77,499,484 | \$ 77,053,264 | \$ 76,745,715 |
| Employer's proportionate share of the Net GLI OPEB Liability as a percentage of its covered payroll | 8.08% | 8.32% | 7.99% | 8.18% |
| Plan Fiduciary Net Position as a percentage of the Total GLI OPEB Liability | 52.64% | 52.00% | 51.22% | 48.86% |
| <u><i>VRS Group Life Insurance Program - Non-Professional Plan</i></u> | | | | |
| Employer's proportion of the Net GLI OPEB Liability | 0.01471% | 0.01544% | 0.01657% | 0.01666% |
| Employer's proportionate share of the Net GLI OPEB Liability | \$ 245,485 | \$ 251,250 | \$ 252,000 | \$ 250,000 |
| Employer's covered payroll | \$ 3,051,242 | \$ 3,039,400 | \$ 3,112,471 | \$ 3,068,829 |
| Employer's proportionate share of the Net GLI OPEB Liability as a percentage of its covered payroll | 8.05% | 8.27% | 8.10% | 8.15% |
| Plan Fiduciary Net Position as a percentage of the Total GLI OPEB Liability | 52.64% | 52.00% | 51.22% | 48.98% |

Note:

Schedule is intended to show information for 10 years. Since 2021 is the fourth year for this presentation, only three additional years of data are available. However, additional years will be included as they become available.

COUNTY OF ROANOKE, VIRGINIA
Notes to Required Supplementary Information
For the Year Ended June 30, 2021
(Unaudited)

1. Budgetary Accounting and Control

Annual Budget Adoption - Annual budgets are legally adopted for the General, Debt Service, and School Board Component Unit Operating Funds. The Debt Service Fund is budgeted for principal and interest payments to be paid. Capital Projects Fund is budgeted on a project basis. The County follows these procedures in establishing the budgetary data reflected in the required supplementary information. The Code of Virginia requires adoption of a balanced budget by June 30 of each year. The County Board of Supervisors formally adopted the fiscal year 2020-2021 budget appropriation on June 23, 2020.

Budgetary Basis of Accounting - The General and Debt Service Fund budgets are adopted on the modified accrual basis of accounting, a basis of accounting consistent with accounting principles generally accepted in the United States of America.

Budgetary Process - At least sixty days prior to June 30, the County Administrator submits to the Board of Supervisors a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain citizen comments. Prior to June 30, the budget is legally enacted through an ordinance passed by the County Board of Supervisors.

Budgetary Controls - Legal budgetary control is maintained at the fund level. However, for management purposes, the budget is segregated into three categories: personnel, operating, and capital expenditures by department. The Department Head may use discretion to transfer from one category to another as long as the departmental total does not change. County debt is segregated into a separate fund for budgetary purposes. The County Administrator may authorize or delegate the authorization of a transfer of any unencumbered balance or portion thereof from one department to another within a fund. All other transfers require approval of the Board of Supervisors.

Formal budgetary integration into the financial accounting system is employed as a management control device during the year for the governmental type funds. Management control is maintained at the category level (i.e. personnel, operating, capital) and supplemental appropriations during the year-end cannot exceed the undesignated fund balance. Actual expenditures and operating transfers out may not legally exceed budget appropriations at the fund level. Unspent appropriations lapse at year-end for legally adopted budgets. The Board of Supervisors must approve any budget amendments increasing or decreasing appropriations. Major amendments are budget amendments that exceed one percent of the original budget, which is \$2.2 million for fiscal year 2020-2021. These major amendments must go through the same public hearing requirements as the original budget.

2. Other Postemployment Benefits Plan - VRS Health Insurance Credit (HIC) and Group Life Insurance (GLI) Programs

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016 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:

COUNTY OF ROANOKE, VIRGINIA
Notes to Required Supplementary Information
For the Year Ended June 30, 2021
(Unaudited)

| | |
|-----------------------------|---|
| Mortality Rates | Updated to a more current mortality table – RP-2014 projected to 2020 (pre-retirement, post-retirement healthy, and disabled) |
| Retirement Rates | Lowered retirement rates at older ages and, for the HIC Program, extended final retirement age from 70 to 75 |
| Withdrawal Rates | Adjusted termination rates to better fit experience at each age and service year |
| Disability Rates | Lowered disability rates |
| Salary Scale | No change |
| Line of Duty Disability.... | Increased rate from 14.00% to 20.00% |
| Discount Rate..... | Decreased rate from 7.00% to 6.75% |

3. Other Postemployment Benefits Plan - Retiree Medical

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

Changes of assumptions – The following changes in actuarial assumptions and methods were made effective for measurement date June 30, 2021:

| | |
|-------------------------|--|
| Coverage Election..... | Updated from a health care coverage election rate of 61.40% to 65.00% (active employees with current coverage) |
| Mortality Rates | Updated to a more current mortality table – SOA Pub-2010 fully generational using Scale MP-2019 (general retirees, surviving spouses, disabled retirees) |
| Retirement Rates | Updated to follow the most recent tables provided in the VRS actuarial valuation as of June 30, 2019, including a distinction between Plan 1 and Plan 2/Hybrid members following the VRS tables. |
| Termination Rates..... | Updated to follow the most recent tables provided in the VRS actuarial valuation as of June 30, 2019. |
| Disability Rates | Lowered disability rates |
| Salary Scale | Updated from a flat 2.00% annually to follow the most recent tables provided in the VRS actuarial valuation as of June 30, 2019 |
| Health care Trend Rate. | Updated to an initial rate of 8.00% decreasing by 0.50% annually down to an ultimate rate of 4.50% |

4. Pension Plan – Virginia Retirement System

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

Changes of assumptions – General Employees – The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on the VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

| | |
|------------------------|---|
| Mortality Rates | Updated to a more current mortality table – RP-2014 projected to 2020 (Pre-retirement, post-retirement healthy, and disabled) |
| Retirement Rates | Lowered rates at older ages and changed final retirement from 70 to 75 |
| Withdrawal Rates | Adjusted rates to better fit experience at each year age and service through 9 years of service |

COUNTY OF ROANOKE, VIRGINIA
Notes to Required Supplementary Information
For the Year Ended June 30, 2021
(Unaudited)

Disability RatesLowered rates
Salary ScaleNo change
Line of Duty Disability....Increase rate from 14.00% to 15.00%
Discount Rate.....Decreased rate from 7.00% to 6.75%

Mortality rates – Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement.....RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-RetirementRP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement.....RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

Changes of assumptions – Public Safety Employees with Hazardous Duty Benefits – The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on the VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality RatesUpdate to a more current mortality table – RP-2014 projected to 2020 (Pre-retirement, post-retirement healthy, and disabled)
Retirement RatesIncreased age 50 rates, and lowered rates at older ages
Withdrawal RatesAdjusted rates to better fit experience at each year age and service through 9 years of service
Disability RatesAdjusted rates to better fit experience
Salary ScaleNo change
Line of Duty Disability....Decrease rate from 60.00% to 45.00%
Discount Rate.....Decreased rate from 7.00% to 6.75%

Mortality rates – Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement.....RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-RetirementRP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement.....RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.



GOVERNMENTAL FUNDS

The **General Fund** is the general operating fund of the County which is used to account for all of the financial resources, except those required to be accounted for in another fund.

The **Debt Service Fund** is the fund used to account for the financial resources for, and the payment of, general long-term debt principal, interest, and related costs.

The **Capital Projects Fund** is the fund used to account for the financial resources to be used for the acquisition or construction of capital activities.



COUNTY OF ROANOKE, VIRGINIA
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2021

| | Original Budget | Final Budget as Amended | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|----------------------------|--------------|---|
| Revenues | | | | |
| Locality Compensation Payment | \$ 125,371 | \$ 125,371 | \$ 125,371 | \$ - |
| Interest Income | - | - | 1,521 | 1,521 |
| Miscellaneous | 377,886 | 377,886 | 377,886 | - |
| Total Revenues | 503,257 | 503,257 | 504,778 | 1,521 |
| Expenditures | | | | |
| Principal Payments | | | | |
| General Obligation Bonds | | | | |
| General Government | 948,122 | 948,122 | 948,122 | - |
| Schools Virginia Public Schools Authority Bonds | 8,546,276 | 8,546,276 | 8,546,276 | - |
| Total General Obligation Bonds | 9,494,398 | 9,494,398 | 9,494,398 | - |
| Lease Revenue Bonds | | | | |
| General Government | 3,470,000 | 3,470,000 | 3,470,000 | - |
| Total Lease Revenue Bonds | 3,470,000 | 3,470,000 | 3,470,000 | - |
| Total Principal Payments | 12,964,398 | 12,964,398 | 12,964,398 | - |
| Interest Payments | | | | |
| General Obligation Bonds | | | | |
| General Government | 27,010 | 27,010 | 27,010 | - |
| Schools Virginia Public Schools Authority Bonds | 3,653,582 | 3,653,582 | 3,653,582 | - |
| Total General Obligation Bonds | 3,680,592 | 3,680,592 | 3,680,592 | - |
| Lease Revenue Bonds | | | | |
| General Government | 3,253,928 | 3,253,928 | 3,253,928 | - |
| Total Lease Revenue Bonds | 3,253,928 | 3,253,928 | 3,253,928 | - |
| Total Interest Payments | 6,934,520 | 6,934,520 | 6,934,520 | - |
| Miscellaneous Costs | 30,928 | 35,511 | 9,125 | 26,386 |
| Total Expenditures | 19,929,846 | 19,934,429 | 19,908,043 | 26,386 |
| Excess (deficit) of revenues over (under) expenditures | (19,426,589) | (19,431,172) | (19,403,265) | 27,907 |
| Other financing sources (uses): | | | | |
| Transfers | | | | |
| Transfer from County General Fund | 15,648,202 | 15,648,202 | 15,648,202 | - |
| Transfer from School General Fund | 4,125,345 | 4,125,345 | 4,125,345 | - |
| Transfer (to) County Capital Fund | (167,832) | (180,000) | (180,000) | - |
| Transfer (to) School Capital Fund | - | (180,483) | (180,483) | - |
| Total other financing sources, net | 19,605,715 | 19,413,064 | 19,413,064 | - |
| Net change in fund balance | 179,126 | (18,108) | 9,799 | 27,907 |
| Fund balance at beginning of year | 243,984 | 230,534 | 230,534 | - |
| Fund balance at end of year | \$ 423,110 | \$ 212,426 | \$ 240,333 | \$ 27,907 |

See accompanying independent auditors' report

COUNTY OF ROANOKE, VIRGINIA
Budgetary Comparison Schedule
Capital Projects Fund
For the Year Ended June 30, 2021

| | Original Budget | Final Budget as Amended | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|----------------------------|----------------------|---|
| REVENUES | | | | |
| Use of money and property | \$ - | \$ - | \$ 64,866 | \$ 64,866 |
| Charges for services | 687,150 | 800,075 | 785,917 | (14,158) |
| Intergovernmental revenue | 832,812 | 8,650,725 | 1,302,043 | (7,348,682) |
| Miscellaneous | 100,000 | 128,480 | 119,710 | (8,770) |
| Total revenues | <u>1,619,962</u> | <u>9,579,280</u> | <u>2,272,536</u> | <u>(7,306,744)</u> |
| EXPENDITURES | | | | |
| Capital outlay | <u>5,275,474</u> | <u>52,526,688</u> | <u>13,395,301</u> | <u>39,131,387</u> |
| Total expenditures | <u>5,275,474</u> | <u>52,526,688</u> | <u>13,395,301</u> | <u>39,131,387</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(3,655,512)</u> | <u>(42,947,408)</u> | <u>(11,122,765)</u> | <u>(31,824,643)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of land, buildings, and equipment | - | - | 203,351 | 203,351 |
| Transfers in | (351,562) | 10,913,400 | 10,913,400 | - |
| Transfers out | <u>884,700</u> | <u>(5,224,323)</u> | <u>(5,224,323)</u> | <u>-</u> |
| Total other financing sources, net | <u>533,138</u> | <u>5,689,077</u> | <u>5,892,428</u> | <u>203,351</u> |
| Net change in fund balance | <u>(3,122,374)</u> | <u>(37,258,331)</u> | <u>(5,230,337)</u> | <u>(32,027,994)</u> |
| Fund balance at beginning of year | <u>3,122,374</u> | <u>27,755,584</u> | <u>27,755,584</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ (9,502,747)</u> | <u>\$ 22,525,247</u> | <u>\$ (32,027,994)</u> |

See accompanying independent auditors' report

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2021

Schedule 3

| | Final Budget as Amended | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------------------------|--------------------|---|
| Revenues: | | | |
| From local sources: | | | |
| General property taxes: | | | |
| Real property taxes | \$ 99,146,523 | \$ 100,202,683 | \$ 1,056,160 |
| Real and personal public service corporation property taxes | 3,710,928 | 3,727,419 | 16,491 |
| Payments in lieu of taxes | 180,000 | 182,347 | 2,347 |
| Personal property taxes | 20,511,393 | 24,900,988 | 4,389,595 |
| Penalties and interest | 575,000 | 1,024,161 | 449,161 |
| Total general property taxes | <u>124,123,844</u> | <u>130,037,598</u> | <u>5,913,754</u> |
| Other local taxes: | | | |
| Local sales and use taxes | 11,246,475 | 12,891,876 | 1,645,401 |
| Business license taxes | 5,920,000 | 6,951,809 | 1,031,809 |
| Motor vehicle licenses | 2,383,600 | 2,469,710 | 86,110 |
| Bank franchise taxes | 635,000 | 707,387 | 72,387 |
| Taxes on recordation and wills | 1,209,509 | 1,982,822 | 773,313 |
| Utility license tax | 650,000 | 539,444 | (110,556) |
| Communications sales and use tax | 3,000,000 | 2,955,602 | (44,398) |
| Consumer utility tax | 3,610,000 | 3,730,296 | 120,296 |
| E911 tax | 330,923 | 365,451 | 34,528 |
| Hotel and motel tax | 734,179 | 973,782 | 239,603 |
| Tax on prepared food | 3,882,500 | 4,428,697 | 546,197 |
| Admissions tax | 13,762 | 41,233 | 27,471 |
| Total other local taxes | <u>33,615,948</u> | <u>38,038,109</u> | <u>4,422,161</u> |
| Permits, fees, and licenses: | | | |
| Animal licenses | 42,500 | 50,461 | 7,961 |
| Permits and other licenses | 734,345 | 884,801 | 150,456 |
| Total permits, fees, and licenses | <u>776,845</u> | <u>935,262</u> | <u>158,417</u> |
| Fines and forfeitures | <u>353,500</u> | <u>407,824</u> | <u>54,324</u> |
| Use of money and property | <u>313,502</u> | <u>206,391</u> | <u>(107,111)</u> |
| Charges for services: | | | |
| Refuse costs | 17,200 | 15,251 | (1,949) |
| Court costs | 88,500 | 97,434 | 8,934 |
| Charges for correction and detention | 310,636 | 300,219 | (10,417) |
| Charges for parks and recreation | 5,019,052 | 2,654,275 | (2,364,777) |
| Rescue fees | 3,291,975 | 3,370,344 | 78,369 |
| Other charges | 909,971 | 660,163 | (249,808) |
| Total charges for services | <u>9,637,334</u> | <u>7,097,686</u> | <u>(2,539,648)</u> |
| Miscellaneous: | | | |
| Reimbursements - shared programs | 1,417,893 | 1,608,405 | 190,512 |
| Miscellaneous | 1,137,858 | 1,023,331 | (114,527) |
| Legal services | 11,250 | 12,558 | 1,308 |
| Jail | 355,000 | 316,165 | (38,835) |
| Welfare department | 86,074 | 122,869 | 36,795 |
| Resource Authority | 59,985 | 58,824 | (1,161) |
| WVWA | 217,883 | 53,673 | (164,210) |
| WVRJA | 169,979 | 123,300 | (46,679) |
| Host locality fee | 350,000 | 350,000 | - |
| Total miscellaneous | <u>3,805,922</u> | <u>3,669,125</u> | <u>(136,797)</u> |
| Total revenue from local sources | <u>172,626,895</u> | <u>180,391,995</u> | <u>7,765,100</u> |

(continued)

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2021

Schedule 3
(continued)

| | Final Budget as Amended | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|------------------------------------|--------------------|---|
| From the Commonwealth: | | | |
| Non-categorical aid: | | | |
| Motor vehicles carriers tax | \$ 18,000 | \$ 7,314 | \$ (10,686) |
| Trailer tax | 384,000 | 305,497 | (78,503) |
| Personal property tax relief | 12,229,857 | 12,229,857 | - |
| Games of Skill tax | - | 166,896 | 166,896 |
| Total non-categorical aid | <u>12,631,857</u> | <u>12,709,564</u> | <u>77,707</u> |
| Categorical aid: | | | |
| Shared expenditures: | | | |
| Commonwealth's Attorney | 772,253 | 780,391 | 8,138 |
| Sheriff | 3,371,994 | 3,466,570 | 94,576 |
| Commissioner of the Revenue | 252,687 | 254,284 | 1,597 |
| Treasurer | 216,543 | 264,470 | 47,927 |
| Registrar/Electoral Board | 47,700 | 59,099 | 11,399 |
| Clerk of Court | 584,194 | 580,785 | (3,409) |
| Total shared expenditures | <u>5,245,371</u> | <u>5,405,599</u> | <u>160,228</u> |
| Other categorical aid: | | | |
| EMS | 267,693 | 47,711 | (219,982) |
| Recovered costs - welfare | 4,448,865 | 3,687,597 | (761,268) |
| Confiscated goods | 10,518 | 10,518 | - |
| VJCCCA grant | 282,708 | 221,931 | (60,777) |
| Library | 157,095 | 184,878 | 27,783 |
| Comprehensive Services Act | 3,900,933 | 4,769,313 | 868,380 |
| Police department grant | 1,920,141 | 1,995,028 | 74,887 |
| Other state grants | 3,052,910 | 1,026,773 | (2,026,137) |
| Total other categorical aid | <u>14,040,863</u> | <u>11,943,749</u> | <u>(2,097,114)</u> |
| Total categorical aid | <u>19,286,234</u> | <u>17,349,348</u> | <u>(1,936,886)</u> |
| Total from the Commonwealth | <u>31,918,091</u> | <u>30,058,912</u> | <u>(1,859,179)</u> |
| From the Federal government: | | | |
| Categorical aid: | | | |
| Seized goods | 537,078 | 537,078 | - |
| Greenways | 9,365,844 | 136,883 | (9,228,961) |
| Welfare reimbursement | 5,170,500 | 6,120,807 | 950,307 |
| Other federal grants | 25,548,596 | 17,953,015 | (7,595,581) |
| Total categorical aid | <u>40,622,018</u> | <u>24,747,783</u> | <u>(15,874,235)</u> |
| Total from the Federal government | <u>40,622,018</u> | <u>24,747,783</u> | <u>(15,874,235)</u> |
| Total Intergovernmental revenues | <u>72,540,109</u> | <u>54,806,695</u> | <u>(17,733,414)</u> |
| Total revenues | <u>245,167,004</u> | <u>235,198,690</u> | <u>(9,968,314)</u> |

(continued)

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2021

Schedule 3
(continued)

| | Final Budget as Amended | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------------------------|-------------------|---|
| Expenditures: | | | |
| General government administration: | | | |
| Legislative: | | | |
| Board of Supervisors | \$ 379,207 | \$ 372,018 | \$ 7,189 |
| General and financial administration: | | | |
| County Administrator | 379,574 | 363,104 | 16,470 |
| Community Relations | 215,304 | 209,552 | 5,752 |
| Internal Auditor | 136,922 | 53,495 | 83,427 |
| Human Resources | 976,036 | 835,544 | 140,492 |
| County Attorney | 657,776 | 654,826 | 2,950 |
| Commissioner of Revenue | 972,064 | 871,879 | 100,185 |
| Assessor | 985,653 | 830,159 | 155,494 |
| Treasurer | 1,085,378 | 1,039,060 | 46,318 |
| Assistant County Administrator - | | | |
| Management Services | 237,668 | 226,080 | 11,588 |
| Finance | 1,786,801 | 1,747,798 | 39,003 |
| Management and Budget | 306,602 | 291,924 | 14,678 |
| Procurement | 498,055 | 485,573 | 12,482 |
| Total general and financial administration | <u>8,237,833</u> | <u>7,608,994</u> | <u>628,839</u> |
| Electoral Board and officials | <u>649,772</u> | <u>842,232</u> | <u>(192,460)</u> |
| Total general government administration | <u>9,266,812</u> | <u>8,823,244</u> | <u>443,568</u> |
| Judicial administration | | | |
| Courts: | | | |
| Circuit Court | 309,068 | 304,949 | 4,119 |
| General District Court | 103,440 | 70,545 | 32,895 |
| Special magistrates | 1,590 | 1,554 | 36 |
| Juvenile and Domestic Relations Court | 39,327 | 31,469 | 7,858 |
| Clerk of the Circuit Court | 1,196,314 | 1,178,216 | 18,098 |
| Total courts | <u>1,649,739</u> | <u>1,586,733</u> | <u>63,006</u> |
| Commonwealth's Attorney | <u>1,513,186</u> | <u>1,540,840</u> | <u>(27,654)</u> |
| Total judicial administration | <u>3,162,925</u> | <u>3,127,573</u> | <u>35,352</u> |
| Public safety: | | | |
| Law enforcement and traffic control: | | | |
| Sheriff and Police | 18,710,341 | 17,987,223 | 723,118 |
| E911 maintenance | 3,233,258 | 3,190,526 | 42,732 |
| Total law enforcement and traffic control | <u>21,943,599</u> | <u>21,177,749</u> | <u>765,850</u> |
| Fire and rescue services: | | | |
| Fire and rescue services | <u>22,078,566</u> | <u>19,575,243</u> | <u>2,503,323</u> |
| Total fire and rescue services | <u>22,078,566</u> | <u>19,575,243</u> | <u>2,503,323</u> |

(continued)

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2021

Schedule 3
(continued)

| | Final Budget as Amended | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------------------------|-------------------|---|
| Correction and detention: | | | |
| Confinement and care of prisoners | \$ 7,936,717 | \$ 7,673,973 | \$ 262,744 |
| Court service unit | 450,389 | 433,956 | 16,433 |
| VJCCCA grant | 307,352 | 246,575 | 60,777 |
| Total correction and detention | <u>8,694,458</u> | <u>8,354,504</u> | <u>339,954</u> |
| Animal control | 929,666 | 876,306 | 53,360 |
| Total public safety | <u>53,646,289</u> | <u>49,983,802</u> | <u>3,662,487</u> |
| Public Works: | | | |
| General services administration | 4,267,981 | 4,149,630 | 118,351 |
| Refuse disposal | 5,088,638 | 5,282,974 | (194,336) |
| Maintenance of general buildings and grounds | 5,291,684 | 4,943,658 | 348,026 |
| Engineering | 2,153,932 | 2,127,662 | 26,270 |
| Inspections | 1,135,196 | 1,212,692 | (77,496) |
| Total public works | <u>17,937,431</u> | <u>17,716,616</u> | <u>220,815</u> |
| Health and welfare: | | | |
| Public health | 515,902 | 505,121 | 10,781 |
| Social services administration | 8,542,318 | 8,043,760 | 498,558 |
| Comprehensive Services Act | 7,750,007 | 9,233,706 | (1,483,699) |
| Public assistance | 5,393,805 | 5,500,193 | (106,388) |
| Total health and welfare | <u>22,202,032</u> | <u>23,282,780</u> | <u>(1,080,748)</u> |
| Parks, recreation and cultural: | | | |
| Assistant County Administrator - Human Services | 219,694 | 211,548 | 8,146 |
| Parks and recreation | 21,850,711 | 8,092,345 | 13,758,366 |
| Library | 5,491,204 | 4,833,407 | 657,797 |
| Total parks, recreation and cultural | <u>27,561,609</u> | <u>13,137,300</u> | <u>14,424,309</u> |

(continued)

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2021

Schedule 3
(continued)

| | Final Budget as Amended | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------------------------|----------------------|---|
| Community development: | | | |
| Planning and zoning | \$ 6,993,066 | \$ 2,238,004 | \$ 4,755,062 |
| Cooperative extension program | 87,097 | 55,604 | 31,493 |
| Economic development | 2,103,274 | 2,068,600 | 34,674 |
| Public transportation | 709,710 | 538,925 | 170,785 |
| Total community development | <u>9,893,147</u> | <u>4,901,133</u> | <u>4,992,014</u> |
| Nondepartmental: | | | |
| Employee benefits | 3,644,128 | 2,344,646 | 1,299,482 |
| Dixie Caverns landfill cleanup | 52,000 | 79,674 | (27,674) |
| Miscellaneous | 8,246,580 | 8,028,056 | 218,524 |
| Tax relief for the elderly and handicapped | 1,035,000 | 1,299,489 | (264,489) |
| Refuse credit - Town of Vinton | 110,000 | 110,000 | - |
| Board contingency | 300,000 | - | 300,000 |
| Total nondepartmental | <u>13,387,708</u> | <u>11,861,865</u> | <u>1,525,843</u> |
| Total expenditures | <u>157,057,953</u> | <u>132,834,313</u> | <u>24,223,640</u> |
| Excess of revenues over expenditures | <u>88,109,051</u> | <u>102,364,377</u> | <u>14,255,326</u> |
| Other financing uses: | | | |
| Transfer to internal service fund | (996,298) | (996,298) | - |
| Transfer to debt service fund | (7,573,689) | (7,573,689) | - |
| Payment to school board | (77,221,640) | (77,221,639) | 1 |
| Transfer to capital projects fund | (5,544,374) | (5,509,078) | 35,296 |
| Total other financing uses | <u>(91,336,001)</u> | <u>(91,300,704)</u> | <u>35,297</u> |
| Net change in fund balance | (3,226,950) | 11,063,673 | 14,290,623 |
| Fund balance at beginning of year | 20,512,140 | 36,128,599 | 15,616,459 |
| Fund balance at end of year | <u>\$ 17,285,190</u> | <u>\$ 47,192,272</u> | <u>\$ 29,907,082</u> |

See accompanying independent auditors' report.

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of services, provided by one department to other departments of the County, on a cost reimbursement basis.

The **Health Insurance Fund** is a self-insured fund used to account for health care costs and other postemployment benefits.

The **Dental Insurance Fund** is a fully insured fund used to account for dental care costs.

The **Risk Management Fund** is a self-insured fund used to account for workers' compensation costs for employees injured on the job.



COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Net Position
Internal Service Funds
June 30, 2021

| | Internal Service Funds | | | |
|------------------------------|-------------------------------|-------------------------|------------------------|-------------------------------------|
| | Health Insurance | Dental Insurance | Risk Management | Total Internal Service Funds |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 2,416,719 | \$ 49,053 | \$ 2,300,301 | \$ 4,766,073 |
| Investments | 1,451,477 | 29,461 | 1,381,556 | 2,862,494 |
| Accounts receivable | 199,823 | 1,120 | 7,041 | 207,984 |
| Total current assets | 4,068,019 | 79,634 | 3,688,898 | 7,836,551 |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 756,753 | - | 225,766 | 982,519 |
| Claims payable | 769,292 | - | 950,705 | 1,719,997 |
| Total current liabilities | 1,526,045 | - | 1,176,471 | 2,702,516 |
| Noncurrent liabilities: | | | | |
| Claims payable | - | - | 1,179,595 | 1,179,595 |
| Total noncurrent liabilities | - | - | 1,179,595 | 1,179,595 |
| Total liabilities | 1,526,045 | - | 2,356,066 | 3,882,111 |
| NET POSITION | | | | |
| Unrestricted | 2,541,974 | 79,634 | 1,332,832 | 3,954,440 |
| Total net position | \$ 2,541,974 | \$ 79,634 | \$ 1,332,832 | \$ 3,954,440 |

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2021

| | Internal Service Funds | | | |
|---|-------------------------------|-------------------------|------------------------|-------------------------------------|
| | Health Insurance | Dental Insurance | Risk Management | Total Internal Service Funds |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 10,691,748 | \$ 737,080 | \$ 1,681,648 | \$ 13,110,476 |
| Total operating revenues | 10,691,748 | 737,080 | 1,681,648 | 13,110,476 |
| OPERATING EXPENSES | | | | |
| Purchased services | 1,830,720 | - | 947,467 | 2,778,187 |
| Claims | 9,421,141 | 744,727 | 602,893 | 10,768,761 |
| Total operating expenses | 11,251,861 | 744,727 | 1,550,360 | 13,546,948 |
| Operating income/(loss) | (560,113) | (7,647) | 131,288 | (436,472) |
| NONOPERATING REVENUES | | | | |
| Investment income | - | 697 | 11,226 | 11,923 |
| Total nonoperating revenues | - | 697 | 11,226 | 11,923 |
| Net income/(loss) before transfers | (560,113) | (6,950) | 142,514 | (424,549) |
| TRANSFERS | | | | |
| Transfers in | 973,091 | 23,208 | - | 996,299 |
| Net transfers | 973,091 | 23,208 | - | 996,299 |
| Change in net position | 412,978 | 16,258 | 142,514 | 571,750 |
| Total net position at beginning of year | 2,128,996 | 63,376 | 1,190,318 | 3,382,690 |
| Total net position at end of year | \$ 2,541,974 | \$ 79,634 | \$ 1,332,832 | \$ 3,954,440 |

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2021

| | Internal Service Funds | | | |
|---|-------------------------------|-------------------------|------------------------|-------------------------------------|
| | Health Insurance | Dental Insurance | Risk Management | Total Internal Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received from interfund services provided | \$ 10,691,748 | \$ 737,080 | \$ 1,681,648 | \$ 13,110,476 |
| Payments to suppliers | (1,724,460) | - | (798,483) | (2,522,943) |
| Claims paid | (9,405,716) | (744,727) | (663,893) | (10,814,336) |
| Other payments, net | (43,374) | 39,569 | 536,055 | 532,250 |
| Net cash provided by/(used in) operating activities | (481,802) | 31,922 | 755,327 | 305,447 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Transfers in from other funds | 973,091 | 23,208 | - | 996,299 |
| Net cash provided by noncapital financing activities | 973,091 | 23,208 | - | 996,299 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of pooled investments | (592,610) | (23,691) | (640,091) | (1,256,392) |
| Interest and dividends received | - | 697 | 11,226 | 11,923 |
| Net cash used in investing activities | (592,610) | (22,994) | (628,865) | (1,244,469) |
| Net increase/(decrease) in cash and cash equivalents | (101,321) | 32,136 | 126,462 | 57,277 |
| Cash and cash equivalents at beginning of the year | 2,518,040 | 16,917 | 2,173,839 | 4,708,796 |
| Cash and cash equivalents at end of the year | \$ 2,416,719 | \$ 49,053 | \$ 2,300,301 | \$ 4,766,073 |
| <u>Reconciliation of operating income/(loss) to net cash provided by/(used in) operating activities:</u> | | | | |
| Operating income/(loss) | \$ (560,113) | \$ (7,647) | \$ 131,288 | \$ (436,472) |
| <i>Adjustments to reconcile operating income/(loss) to net cash provided by/(used in) operating activities</i> | | | | |
| Change in assets and liabilities: | | | | |
| Accounts receivable | (43,374) | 6,674 | (7,035) | (43,735) |
| Prepaid expenses | - | 32,895 | 543,090 | 575,985 |
| Accounts payable | 106,260 | - | 148,984 | 255,244 |
| Claims payable | 15,425 | - | (61,000) | (45,575) |
| Net cash provided by/(used in) operating activities | \$ (481,802) | \$ 31,922 | \$ 755,327 | \$ 305,447 |

See accompanying independent auditors' report.

CUSTODIAL FUNDS

The **Roanoke Valley Resource Authority Fund** reflects cash held by the County as fiscal agent for the Roanoke Valley Resource Authority.

The **Commonwealth Fund** reflects activity related to monies collected in the County for the Commonwealth of Virginia.

The **Special Welfare Fund** reflects the receipt and disbursement of monies maintained in individual custodial accounts for certain County welfare recipients.

The **Cable TV Fund** reflects cash held by the County as fiscal agent for the Cable TV Committee.

The **Roanoke Valley Greenway Commission Fund** reflects cash held by the County as fiscal agent for Roanoke Valley Greenway Commission.

The **Regional Fire Training Center Fund** reflects the receipts and disbursements to fund the operating costs of the Regional Fire Training Center.

The **Virginia Recreational Facilities Authority Fund** reflects cash held by the County as fiscal agent for the Virginia Recreation Facilities Authority.

The **Western Virginia Regional Jail Authority Fund** reflects cash held by the County as fiscal agent for the Western Virginia Regional Jail Authority.

The **Regional Center for Animal Care and Protection Fund** reflects cash held by the County as fiscal agent for the Regional Center for Animal Care and Protection.



COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2021

| | Roanoke Valley Resource Authority | Common- wealth Fund | Special Welfare Fund | Cable TV | Roanoke Valley Greenway Commission | Regional Fire Training Center | Virginia Recreational Facilities Authority | Western Virginia Regional Jail Authority | Regional Center For Animal Care and Protection | Total |
|--|--|------------------------------------|-------------------------------------|---------------------|---|--|---|---|---|----------------------|
| ASSETS | | | | | | | | | | |
| Cash and cash equivalents | \$ 7,291,777 | \$ 10,267 | \$ 44,100 | \$ 899,260 | \$ 101,518 | \$ (128) | \$ 12,640 | \$ 17,625,325 | \$ 658,730 | \$ 26,643,489 |
| Equity in investments | 4,379,428 | - | - | - | - | - | - | - | - | 4,379,428 |
| Accounts receivable | 1,281,468 | - | 20 | - | - | - | - | 66,347 | 8,607 | 1,356,442 |
| Interest receivable | 975 | - | - | 77 | 9 | - | 1 | 1,503 | 56 | 2,621 |
| Due from other governments | - | 6,065 | - | - | - | - | - | 2,503,902 | - | 2,509,967 |
| Prepaid items | 23,000 | - | - | - | - | - | - | - | - | 23,000 |
| Inventory | 372,695 | - | - | - | - | - | - | 103,066 | 33,295 | 509,056 |
| Total assets | \$ 13,349,343 | \$ 16,332 | \$ 44,120 | \$ 899,337 | \$ 101,527 | \$ (128) | \$ 12,641 | \$ 20,300,143 | \$ 700,688 | \$ 35,424,003 |
| LIABILITIES | | | | | | | | | | |
| Accounts payable | \$ 2,217,648 | \$ 3,065 | \$ - | \$ 1,763 | \$ - | \$ 1,073 | \$ - | \$ 8,417 | \$ 18,450 | \$ 2,250,416 |
| Accrued payroll | 355,641 | - | - | 33,541 | 11,711 | - | - | 1,638,992 | 21,857 | 2,061,742 |
| Due to other governments | 585,396 | - | - | - | - | - | - | - | 515 | 585,911 |
| Total liabilities | \$ 3,158,685 | \$ 3,065 | \$ - | \$ 35,304 | \$ 11,711 | \$ 1,073 | \$ - | \$ 1,647,409 | \$ 40,822 | \$ 4,898,069 |
| NET POSITION | | | | | | | | | | |
| Restricted for: | | | | | | | | | | |
| Individuals, organizations, and other governments | \$ 10,190,658 | \$ 13,267 | \$ 44,120 | \$ 864,033 | \$ 89,816 | \$ (1,201) | \$ 12,641 | \$ 18,652,734 | \$ 659,866 | \$ 30,525,934 |

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
June 30, 2021

| | Roanoke Valley Resource Authority | Common- wealth Fund | Special Welfare Fund | Cable TV | Roanoke Valley Greenway Commission | Regional Fire Training Center | Virginia Recreational Facilities Authority | Western Virginia Regional Jail Authority | Regional Center For Animal Care and Protection | Total |
|---|--|------------------------------------|-------------------------------------|---------------------|---|--|---|---|---|----------------------|
| ADDITIONS | | | | | | | | | | |
| Custodial fund additions | \$ 44,420,233 | \$ 10,620,166 | \$ 189,169 | \$ 877,583 | \$ 122,884 | \$ 141,146 | \$ 17,370 | \$ 73,670,544 | \$ 5,664,428 | \$ 135,723,523 |
| Total additions | <u>44,420,233</u> | <u>10,620,166</u> | <u>189,169</u> | <u>877,583</u> | <u>122,884</u> | <u>141,146</u> | <u>17,370</u> | <u>73,670,544</u> | <u>5,664,428</u> | <u>135,723,523</u> |
| DEDUCTIONS | | | | | | | | | | |
| Custodial fund payments and withdrawals | 49,117,713 | 10,620,166 | 266,988 | 990,457 | 111,794 | 150,344 | 14,690 | 74,655,752 | 5,386,977 | 141,314,881 |
| Total deductions | <u>49,117,713</u> | <u>10,620,166</u> | <u>266,988</u> | <u>990,457</u> | <u>111,794</u> | <u>150,344</u> | <u>14,690</u> | <u>74,655,752</u> | <u>5,386,977</u> | <u>141,314,881</u> |
| Change in fiduciary net position | (4,697,480) | - | (77,819) | (112,874) | 11,090 | (9,198) | 2,680 | (985,208) | 277,451 | (5,591,358) |
| Total net position - beginning, as restated | 14,888,138 | 13,267 | 121,939 | 976,907 | 78,726 | 7,997 | 9,961 | 19,637,942 | 382,415 | 36,117,292 |
| Total net position - ending | <u>\$ 10,190,658</u> | <u>\$ 13,267</u> | <u>\$ 44,120</u> | <u>\$ 864,033</u> | <u>\$ 89,816</u> | <u>\$ (1,201)</u> | <u>\$ 12,641</u> | <u>\$ 18,652,734</u> | <u>\$ 659,866</u> | <u>\$ 30,525,934</u> |

See accompanying independent auditors' report.



Component Units

Component units are organizations for which the primary government is financially accountable. The component units represent the financial data for the Roanoke County Public School System, the Economic Development Authority of Roanoke County, Virginia, and the South Peak Community Development Authority.



COUNTY OF ROANOKE, VIRGINIA
Component Unit
Roanoke County Public Schools
Statement of Net Position
June 30, 2021

| | Governmental Activities |
|---|------------------------------------|
| Assets | |
| Cash and cash equivalents | \$ 28,932,622 |
| Investments | 9,837,729 |
| Accounts receivable | 252,341 |
| Due from other governments | 9,391,966 |
| Inventory | 601,097 |
| Prepaid and other assets | 370,311 |
| <i>Capital assets:</i> | |
| Land and construction in progress | 6,582,350 |
| Other capital assets, net | 47,809,417 |
| Capital assets, net | <u>54,391,767</u> |
| Total assets | <u>103,777,833</u> |
| Deferred outflows of resources | |
| Pension | 34,848,583 |
| Other postemployment benefit provided by Virginia Retirement System | 2,998,857 |
| Other postemployment benefit provided by Roanoke County Public Schools | 717,581 |
| Total deferred outflows of resources | <u>38,565,021</u> |
| Liabilities | |
| Accounts payable | 1,867,797 |
| Accrued liabilities | 5,365,893 |
| Unearned revenues | 768,469 |
| <i>Long-term liabilities due or payable within one year:</i> | |
| Compensated absences | 817,262 |
| Claims payable | 1,412,722 |
| <i>Long-term liabilities due or payable after one year:</i> | |
| Compensated absences | 1,903,388 |
| Claims payable | 532,707 |
| Net liability from pension | 135,109,014 |
| Net liability from other postemployment benefit provided by Virginia Retirement System | 19,313,346 |
| Net liability from other postemployment benefit provided by Roanoke County Public Schools | 5,790,970 |
| Total liabilities | <u>172,881,568</u> |
| Deferred inflows of resources | |
| Pension | 11,873,244 |
| Other postemployment benefit provided by Virginia Retirement System | 1,249,213 |
| Other postemployment benefit provided by Roanoke County Public Schools | 7,597,148 |
| Total deferred inflows of resources | <u>20,719,605</u> |
| Net Position | |
| Net investment in capital assets | 54,391,767 |
| <i>Restricted for:</i> | |
| Emergency contingency | 2,000,000 |
| Unrestricted deficit | (107,650,086) |
| Total net position | <u>\$ (51,258,319)</u> |

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Roanoke County Public Schools
Statement of Activities
For the Year Ended June 30, 2021

| Functions/Programs | Expenses | Program Revenues | | | Net Revenue (Expense) and Changes in Net Position |
|--|-----------------------|-------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| Instruction | \$ 122,800,765 | \$ 936,469 | \$ 42,016,704 | \$ 935,927 | \$ (78,911,665) |
| <i>Support services:</i> | | | | | |
| Administration | 3,991,213 | - | - | - | (3,991,213) |
| Attendance and health | 2,494,383 | - | - | - | (2,494,383) |
| Transportation | 6,178,017 | - | - | - | (6,178,017) |
| Operations and maintenance | 15,147,452 | 32,681 | - | - | (15,114,771) |
| Technology | 17,632,974 | - | - | - | (17,632,974) |
| Nutrition | 4,450,723 | 96,772 | 1,524,044 | - | (2,829,907) |
| Student activities | 1,170,692 | 483,299 | - | - | (687,393) |
| Interest | 1,235,448 | - | - | - | (1,235,448) |
| Payment for future capital | 2,400,000 | - | - | - | (2,400,000) |
| Total governmental activities | <u>\$ 177,501,667</u> | <u>\$ 1,549,221</u> | <u>\$ 43,540,748</u> | <u>\$ 935,927</u> | <u>(131,475,771)</u> |
| <i>General revenues:</i> | | | | | |
| Roanoke County | | | | | 73,982,081 |
| Non-categorical State aid | | | | | 58,194,850 |
| Gain on sale of assets | | | | | 159,208 |
| Miscellaneous | | | | | <u>1,542,805</u> |
| Total general revenues | | | | | <u>133,878,944</u> |
| Change in net position | | | | | 2,403,173 |
| Total net position, beginning, as restated | | | | | <u>(53,661,492)</u> |
| Total net position, ending | | | | | <u>\$ (51,258,319)</u> |

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Roanoke County Public Schools
Balance Sheet
Governmental Funds
June 30, 2021

| | General | Grant | Nutrition | Student Activity | Capital Projects | Total Governmental Funds |
|---|----------------------|---------------------|---------------------|---------------------|----------------------|--------------------------|
| Assets | | | | | | |
| Cash and cash equivalents | \$ 6,125,448 | \$ - | \$ 2,736,987 | \$ 2,423,775 | \$ 7,517,454 | \$ 18,803,664 |
| Investments | 3,678,932 | - | 1,643,829 | | 4,514,968 | 9,837,729 |
| Accounts receivable | 24,038 | - | 3,207 | | - | 27,245 |
| Due from other governments | 2,686,887 | 6,516,179 | 97,592 | | - | 9,300,658 |
| Due from other fund | 5,998,317 | - | - | 36,806 | - | 6,035,123 |
| Inventory | 300,741 | - | 300,356 | | - | 601,097 |
| Prepaid and other assets | 85,715 | 284,596 | - | | - | 370,311 |
| Total assets | <u>\$ 18,900,078</u> | <u>\$ 6,800,775</u> | <u>\$ 4,781,971</u> | <u>\$ 2,460,581</u> | <u>\$ 12,032,422</u> | <u>\$ 44,975,827</u> |
| Liabilities | | | | | | |
| Accounts payable | \$ 519,754 | \$ 109,689 | \$ 10,223 | \$ - | \$ 1,193,824 | \$ 1,833,490 |
| Accrued liabilities | 5,105,533 | 165,112 | 95,248 | - | - | 5,365,893 |
| Unearned revenues | 35 | 535,378 | 233,056 | - | - | 768,469 |
| Due to other fund | 6,967 | 5,990,596 | - | 37,560 | - | 6,035,123 |
| Total liabilities | <u>5,632,289</u> | <u>6,800,775</u> | <u>338,527</u> | <u>37,560</u> | <u>1,193,824</u> | <u>14,002,975</u> |
| Deferred inflows of resources | | | | | | |
| Unavailable revenue | 869,382 | - | - | - | - | 869,382 |
| Total deferred inflows of resources | <u>869,382</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>869,382</u> |
| Fund balances | | | | | | |
| <i>Nonspendable:</i> | | | | | | |
| Inventory | 300,741 | - | 300,356 | - | - | 601,097 |
| <i>Restricted for:</i> | | | | | | |
| Emergency contingency | 2,000,000 | - | - | | - | 2,000,000 |
| <i>Committed to:</i> | | | | | | |
| Instruction | 1,188,062 | - | - | - | - | 1,188,062 |
| Transportation | 1,292,686 | - | - | - | - | 1,292,686 |
| Operations and maintenance | 27,175 | - | - | - | - | 27,175 |
| Technology | 2,437,132 | - | - | - | - | 2,437,132 |
| Capital Outlay | 5,152,611 | - | - | - | 10,838,598 | 15,991,209 |
| <i>Assigned to:</i> | | | | | | |
| Nutrition | - | - | 4,143,088 | - | - | 4,143,088 |
| Student activities | - | - | - | 2,423,021 | - | 2,423,021 |
| Total fund balances | <u>12,398,407</u> | <u>-</u> | <u>4,443,444</u> | <u>2,423,021</u> | <u>10,838,598</u> | <u>30,103,470</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 18,900,078</u> | <u>\$ 6,800,775</u> | <u>\$ 4,781,971</u> | <u>\$ 2,460,581</u> | <u>\$ 12,032,422</u> | <u>\$ 44,975,827</u> |

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Roanoke County Public Schools
Reconciliation of the Balance Sheet
to the Statement of Net Position
June 30, 2021

Total fund balances - total governmental funds **\$ 30,103,470**

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

Internal service funds are used to charge the cost of health, dental, and workers' compensation insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. 8,465,626

Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the governmental funds. 54,391,767

Revenues earned but not considered available are not current financial resources and, therefore, are not reported in the governmental funds. 869,382

Long-term assets or liabilities are not due and payable in the current period and, therefore, are not reported as assets or liabilities in the governmental funds:

| | |
|---|---------------|
| Compensated absences | (2,720,650) |
| Net liability from pension | (135,109,014) |
| Net liability from other postemployment benefit provided by Virginia Retirement System | (19,313,346) |
| Net liability from other postemployment benefit provided by Roanoke County Public Schools | (5,790,970) |

Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the governmental funds:

Deferred outflows of resources:

| | |
|--|------------|
| Pension | 34,848,583 |
| Other postemployment benefit provided by Virginia Retirement System | 2,998,857 |
| Other postemployment benefit provided by Roanoke County Public Schools | 717,581 |

Deferred inflows of resources:

| | |
|--|--------------|
| Pension | (11,873,244) |
| Other postemployment benefit provided by Virginia Retirement System | (1,249,213) |
| Other postemployment benefit provided by Roanoke County Public Schools | (7,597,148) |

Net position of governmental activities **\$ (51,258,319)**

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Roanoke County Public Schools
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

| | General | Grant | Nutrition | Student Activity | Capital Projects | Total Governmental Funds |
|---|---------------|------------|--------------|------------------|------------------|--------------------------|
| Revenues | | | | | | |
| <i>Intergovernmental:</i> | | | | | | |
| Roanoke County | \$ 71,514,710 | \$ - | \$ - | \$ - | \$ 2,467,371 | \$ 73,982,081 |
| Commonwealth of Virginia | 84,070,845 | 1,302,695 | 79,514 | - | 209,927 | 85,662,981 |
| Federal government | 1,040,687 | 12,288,478 | 4,095,486 | - | - | 17,424,651 |
| Charges for services | 2,162 | - | 96,772 | 483,299 | - | 582,233 |
| Investment income | 20,023 | - | 5,759 | - | - | 25,782 |
| Miscellaneous | 444,625 | 79,935 | 25,887 | 1,472,215 | 500 | 2,023,162 |
| Total revenues | 157,093,052 | 13,671,108 | 4,303,418 | 1,955,514 | 2,677,798 | 179,700,890 |
| Expenditures | | | | | | |
| <i>Current:</i> | | | | | | |
| Instruction | 112,450,215 | 5,934,373 | - | 951,623 | - | 119,336,211 |
| Administration | 3,603,525 | 70,101 | - | 28,360 | - | 3,701,986 |
| Attendance and health | 2,437,737 | 74,386 | - | - | - | 2,512,123 |
| Transportation | 5,722,107 | 100,180 | - | - | - | 5,822,287 |
| Operations and maintenance | 12,578,934 | 1,240,526 | - | - | 557,299 | 14,376,759 |
| Technology | 11,643,581 | 5,729,022 | 63,545 | 2,430 | 1,005,301 | 18,443,879 |
| Nutrition | 108,269 | 159,123 | 4,028,427 | - | - | 4,295,819 |
| Student activities | - | - | - | 1,170,692 | - | 1,170,692 |
| <i>Debt service:</i> | | | | | | |
| Principal | 2,889,897 | - | - | - | - | 2,889,897 |
| Interest | 1,235,448 | - | - | - | - | 1,235,448 |
| Payment for future capital | 2,400,000 | - | - | - | - | 2,400,000 |
| Capital outlay | 125,828 | - | - | 28,272 | 4,556,817 | 4,710,917 |
| Total expenditures | 155,195,541 | 13,307,711 | 4,091,972 | 2,181,377 | 6,119,417 | 180,896,018 |
| Excess (deficiency) of revenues over (under) expenditures | 1,897,511 | 363,397 | 211,446 | (225,863) | (3,441,619) | (1,195,128) |
| Other financing sources (uses) | | | | | | |
| Proceeds from sale of property | 127,371 | - | - | - | 31,837 | 159,208 |
| Transfers in | 3,737,442 | - | 144,487 | 1,493,304 | 1,620,000 | 6,995,233 |
| Transfers out | (2,947,761) | (279,581) | (66) | (1,054,993) | (30,272) | (4,312,673) |
| Total other financing sources (uses), net | 917,052 | (279,581) | 144,421 | 438,311 | 1,621,565 | 2,841,768 |
| Net change in fund balances | 2,814,563 | 83,816 | 355,867 | 212,448 | (1,820,054) | 1,646,640 |
| Total fund balances, beginning, as restated | 9,638,683 | (83,816) | 4,087,577 | 2,210,573 | 12,658,652 | 28,456,830 |
| Total fund balances, ending | \$ 12,453,246 | \$ - | \$ 4,443,444 | \$ 2,423,021 | \$ 10,838,598 | \$ 30,103,470 |

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Roanoke County Public Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2021

Net change in fund balances - total governmental funds **\$ 1,646,640**

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

Internal service funds are used to charge the costs of health, dental, and workers' compensation insurance to individual funds. The change in net position of internal service funds is reported with governmental activities. (904,068)

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 assets.

| | |
|-----------------------------------|-------------|
| Capital outlay | 4,003,098 |
| Depreciation expense | (6,226,934) |
| Expenditure of asbestos abatement | (535,482) |

Revenues earned but not considered available in the Statement of Activities are not reported as revenues in governmental funds. This is the amount by which the current year amount exceeds the prior year available resources. 27,759

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.

| | |
|----------------------|----------|
| Compensated absences | (78,595) |
|----------------------|----------|

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

| | |
|---|-------------|
| Deferred outflows of resources | 8,053,081 |
| Cost of benefits earned net of employee contributions | (9,090,797) |

Governmental funds report other postemployment benefit provided by Virginia Retirement System contributions as expenditures. However, in the Statement of Activities, the cost of other postemployment benefit provided by Virginia Retirement System benefits earned net of employee contributions is reported as pension expense.

| | |
|---|-----------|
| Deferred outflows of resources | 129,419 |
| Cost of benefits earned net of employee contributions | (402,114) |

Governmental funds report other postemployment benefit provided by Roanoke County Public Schools contributions as expenditures. However, in the Statement of Activities, the cost of other postemployment benefit provided by Roanoke County Public Schools benefits earned net of employee contributions is reported as pension expense.

| | |
|---|-----------|
| Deferred outflows of resources | (16,670) |
| Cost of benefits earned net of employee contributions | 5,797,836 |

| | |
|--|---------------------|
| Change in net position of governmental activities | \$ 2,403,173 |
|--|---------------------|

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Economic Development Authority of Roanoke County, Virginia
Balance Sheet
Governmental Fund
June 30, 2021

Assets

| | |
|---------------------------|----------------------------|
| Cash and cash equivalents | \$ 919,773 |
| Restricted Cash | 700,000 |
| Interest receivable | 138 |
| Land held for resale | <u>4,162,324</u> |
| Total assets | <u><u>\$ 5,782,235</u></u> |

Liabilities and Fund Balances

Liabilities:

| | |
|---------------------|-------------|
| Accrued liabilities | <u>\$ -</u> |
| Total liabilities | <u>-</u> |

Fund balances:

Restricted for:

| | |
|---------------------|-------------------------|
| Grants | 700,000 |
| Unassigned | <u>5,082,235</u> |
| Total fund balances | <u><u>5,782,235</u></u> |

| | |
|-------------------------------------|----------------------------|
| Total liabilities and fund balances | <u><u>\$ 5,782,235</u></u> |
|-------------------------------------|----------------------------|

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Economic Development Authority of Roanoke County, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund
For the Year Ended June 30, 2021

REVENUES

| | |
|-------------------------------|------------------|
| Bondholders' assessments | \$ 70,516 |
| Roanoke County contributions: | |
| Roland E Cook Project | 20,377 |
| Waukeshaw/William Byrd | 40,932 |
| Small Business Recovery Grant | 1,500,000 |
| Other projects | 4,860 |
| Town of Vinton contributions: | |
| Roland E. Cook Project | 1,309 |
| Waukeshaw/William Byrd | 2,628 |
| Vindos LLC-Macados | 50,000 |
| Vinton Façade Grant | 1,509 |
| Small Business Recovery Grant | 100,000 |
| Investment income | 3,103 |
| Total revenues | <u>1,795,234</u> |

EXPENDITURES

| | |
|--------------------------------------|----------------------------|
| Professional fees | 5,467 |
| Miscellaneous | 1,750 |
| Project disbursements: | |
| Roland E Cook Project | 21,686 |
| Waukeshaw/William Byrd | 43,560 |
| Vindos LLC-Macados | 50,000 |
| Small Business Recovery Grant | 1,600,000 |
| Other Projects | 545,705 |
| Total operating expenditures | <u>2,268,168</u> |
| Excess of expenditures over revenues | <u>(472,934)</u> |
| Net change in fund balance | (472,934) |
| Fund balance at beginning of year | 6,255,169 |
| Fund balance at end of year | <u><u>\$ 5,782,235</u></u> |

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Economic Development Authority of Roanoke County, Virginia
Schedule of Revenue Bonds and Notes Outstanding
For the Year Ended June 30, 2021

| Bondholders/Noteholders | Date Issued | Original Issue | Balance June 30, 2021 | Type of Project |
|--------------------------------|------------------------|---------------------------|----------------------------------|--|
| Richfield Retirement Community | 01/01/19 | \$ 93,520,000 | \$ 93,520,000 | Richfield Residential Care Facility |
| | | <u>\$ 93,520,000</u> | <u>\$ 93,520,000</u> | |

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Component Unit
South Peak Community Development Authority
Statement of Net (Deficit) Position
June 30, 2021

ASSETS

| | |
|-----------------------------|------------------|
| Current assets: | |
| Due from Primary Government | \$ 721,095 |
| Total current assets | <u>721,095</u> |
| Noncurrent assets: | |
| Capital assets | 5,330,063 |
| Total noncurrent assets | <u>5,330,063</u> |
| Total assets | <u>6,051,158</u> |

LIABILITIES

| | |
|-----------------------------------|------------------|
| Current liabilities: | |
| Accounts payable | 400 |
| Accrued interest payable | 105,303 |
| Current portion of long-term debt | 278,000 |
| Total current liabilities | <u>383,703</u> |
| Noncurrent liabilities: | |
| Bonds payable | 5,731,000 |
| Total noncurrent liabilities | <u>5,731,000</u> |
| Total liabilities | <u>6,114,703</u> |

NET (DEFICIT) POSITION

| | |
|----------------------------------|--------------------|
| Net investment in capital assets | (678,937) |
| Unrestricted | 615,392 |
| Total net (deficit) position | <u>\$ (63,545)</u> |

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Component Unit
South Peak Community Development Authority
Statement of Revenues, Expenses, and Changes in Net (Deficit) Position
For the Year Ended June 30, 2021

OPERATING REVENUES

| | |
|-----------------------------|----------------|
| Incremental tax revenues | \$ 585,296 |
| Special assessment revenues | 7,690 |
| Total operating revenues | <u>592,986</u> |

OPERATING EXPENSES

| | |
|---------------------------|---------------|
| Administrative fees | 11,644 |
| Legal fees | 11,304 |
| Insurance expenses | 1,475 |
| Accounting and audit fees | 4,500 |
| Total operating expenses | <u>28,923</u> |

| | |
|------------------|---------|
| Operating income | 564,063 |
|------------------|---------|

NON-OPERATING EXPENSE

| | |
|------------------------------|----------------|
| Note Interest Expense | 356,039 |
| Total Non-Operating Expenses | <u>356,039</u> |

| | |
|------------------------|----------------|
| Change in net position | <u>208,024</u> |
|------------------------|----------------|

| | |
|---|--------------------|
| Total net (deficit) position at beginning of year | (271,569) |
| Total net (deficit) position at end of year | <u>\$ (63,545)</u> |

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Component Unit
South Peak Community Development Authority
Statement of Cash Flows
For the Year Ended June 30, 2021

| | |
|---|------|
| CASH FLOWS FROM OPERATING ACTIVITIES | \$ - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | - |
| Net increase in cash and cash equivalents | - |
| Cash and cash equivalents at beginning of year | - |
| Cash and cash equivalents at end of year | \$ - |

Reconciliation of operating income to net cash used in operating activities:

| | |
|--|------------|
| Operating income | \$ 564,063 |
| Adjustments to reconcile operating income to net cash used in operating activities | |
| Change in assets and liabilities: | |
| Decrease in accrued revenues | 60,001 |
| Decrease in prepaid revenues | 1,475 |
| Increase in accounts payable | 400 |
| Accrued revenues used for debt service | (625,939) |
| Net cash used in operating activities | \$ - |

See accompanying independent auditors' report.



STATISTICAL SECTION

Statistical Section (Unaudited)

This part of the County Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Contents

Financial Trends

Page

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time. 178

Revenue Capacity Information

These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes. 183

Debt Capacity Information

These schedules contain information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future. 187

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments. 190

Operating Information

These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs. 192

COUNTY OF ROANOKE, VIRGINIA
Net Position by Component
Last Ten Fiscal Years
(unaudited)
(accrual basis of accounting)

Table 1

| | Fiscal Year | | | | | | | | | |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| | | | | ① | | | | ② | | |
| Governmental activities | | | | | | | | | | |
| Net investment | | | | | | | | | | |
| in capital assets | \$ 93,331,384 | \$ 90,616,318 | \$ 94,294,227 | \$ 108,276,652 | \$ 111,249,469 | \$ 117,285,621 | \$ 130,671,059 | \$ 127,038,171 | \$ 125,321,272 | \$ 124,727,913 |
| Restricted | 3,428,187 | 3,568,610 | 3,396,762 | 4,018,119 | 3,558,562 | 5,228,778 | 6,302,613 | 7,106,651 | 9,514,571 | 9,651,709 |
| Unrestricted | (17,480,267) | (25,633,275) | (23,228,047) | (30,574,414) | (11,844,228) | (1,370,979) | (4,712,743) | 36,965,323 | 35,148,307 | 34,348,766 |
| Total governmental activities | | | | | | | | | | |
| net position | <u>\$ 79,279,304</u> | <u>\$ 68,551,653</u> | <u>\$ 74,462,942</u> | <u>\$ 81,720,357</u> | <u>\$ 102,963,803</u> | <u>\$ 121,143,420</u> | <u>\$ 132,260,929</u> | <u>\$ 171,110,145</u> | <u>\$ 169,984,150</u> | <u>\$ 168,728,388</u> |

① Fiscal year 2017 net position was restated in fiscal year 2018 due to the implementation of GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions."

② Fiscal year 2014 net position was restated in fiscal year 2015 due to the implementation of GASB Statement 68, "Accounting and Financial Reporting for Pensions" and GASB Statement 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date."

COUNTY OF ROANOKE, VIRGINIA
Changes in Net Position, Last Ten Fiscal Years
(unaudited)
(accrual basis of accounting)

Table 2

| | Fiscal Year | | | | | | | | | |
|---|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|----------------------|----------------------|----------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| Governmental activities: | | | | | | | | | | |
| Expenses | | | | | | | | | | |
| General government | \$ 20,559,622 | \$ 14,959,070 | \$ 16,846,002 | \$ 16,027,976 | \$ 14,712,459 | \$ 12,313,823 | \$ 12,397,721 | \$ 16,914,828 | \$ 12,834,641 | \$ 12,593,044 |
| Judicial administration | 3,337,128 | 3,287,260 | 3,330,368 | 3,009,591 | 3,044,106 | 2,956,266 | 2,749,238 | 2,700,700 | 2,679,794 | 2,684,829 |
| Public safety | 55,886,260 | 58,816,946 | 48,393,359 | 50,771,951 | 48,191,825 | 48,014,484 | 48,719,989 | 47,455,056 | 44,950,933 | 44,176,676 |
| Public works | 19,878,694 | 18,565,362 | 19,401,962 | 16,438,048 | 17,411,621 | 20,913,459 | 18,065,834 | 15,520,933 | 14,996,985 | 13,691,054 |
| Library | 5,900,826 | 6,030,245 | 5,894,548 | 5,871,360 | 6,803,503 | 5,296,128 | 4,757,017 | 5,211,675 | 3,779,294 | 3,976,041 |
| Health and welfare | 24,320,257 | 21,564,398 | 19,288,522 | 19,625,816 | 19,624,895 | 19,481,808 | 15,240,781 | 15,716,422 | 15,369,139 | 15,215,796 |
| Parks, recreation, and culture | 9,799,032 | 9,863,100 | 10,318,020 | 9,533,021 | 8,487,614 | 9,673,809 | 9,782,293 | 6,640,738 | 9,320,763 | 9,219,851 |
| Community development | 5,504,813 | 3,653,856 | 2,436,934 | 8,378,672 | 3,796,642 | 3,030,851 | 2,793,445 | 3,011,776 | 2,368,102 | 2,878,957 |
| Education | 80,416,431 | 81,396,425 | 88,884,391 | 80,977,546 | 83,509,170 | 85,645,780 | 77,890,528 | 75,386,420 | 74,001,766 | 69,625,724 |
| Interest and other charges | 6,559,521 | 7,925,589 | 8,497,775 | 8,314,005 | 8,594,638 | 6,325,692 | 7,787,622 | 7,243,036 | 8,189,147 | 8,592,219 |
| Total governmental activities' expenses | 232,162,584 | 226,062,251 | 223,291,881 | 218,947,986 | 214,176,473 | 213,652,100 | 200,184,468 | 195,801,584 | 188,490,564 | 182,654,191 |
| Program Revenues | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | 1,280,835 | 1,400,415 | 1,437,214 | 1,136,666 | 844,265 | 675,994 | 569,654 | 439,139 | 491,777 | 551,590 |
| Judicial administration | 935,752 | 813,853 | 987,506 | 957,315 | 884,334 | 1,058,476 | 1,110,870 | 1,131,167 | 1,374,270 | 1,429,817 |
| Public safety | 4,348,734 | 4,245,721 | 4,528,571 | 4,449,517 | 4,862,372 | 4,321,703 | 5,066,198 | 4,729,349 | 4,517,466 | 4,008,320 |
| Public works | 365,251 | 368,915 | 368,628 | 367,506 | 367,076 | 328,883 | 316,412 | 325,220 | 315,511 | 317,366 |
| Library | 99,642 | 268,317 | 356,175 | 366,911 | 383,560 | 53,919 | 59,325 | 74,108 | 61,909 | - |
| Health and welfare | 1,190,877 | 1,010,080 | 953,319 | 1,601,167 | 673,735 | 854,523 | 717,266 | 801,325 | 746,537 | 1,379,369 |
| Parks, recreation, and culture | 2,654,275 | 4,245,587 | 4,782,249 | 4,778,218 | 4,915,280 | 4,942,739 | 4,976,079 | 4,730,172 | 4,731,114 | 5,311,248 |
| Community development | 698,617 | 597,158 | 754,811 | 445,432 | 468,198 | 474,818 | 509,108 | 454,035 | 468,892 | 347,766 |
| Operating grants and contributions | 48,846,350 | 31,976,337 | 29,868,781 | 30,095,411 | 27,434,634 | 27,784,548 | 27,090,413 | 30,515,001 | 24,218,404 | 23,185,995 |
| Total governmental activities' revenues | 60,420,333 | 44,926,383 | 44,037,254 | 44,198,143 | 40,833,454 | 40,495,603 | 40,415,325 | 43,199,516 | 36,925,880 | 36,531,471 |
| Net (Expense)/Revenue | (171,742,251) | (181,135,868) | (179,254,627) | (174,749,843) | (173,343,019) | (173,156,497) | (159,769,143) | (152,602,068) | (151,564,684) | (146,122,720) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Real estate and personal property | 129,304,393 | 122,406,123 | 119,113,019 | 115,215,532 | 113,049,822 | 110,987,417 | 108,825,422 | 106,338,649 | 105,819,996 | 105,800,481 |
| Local share of sales tax | 13,052,496 | 12,151,618 | 11,011,106 | 10,273,373 | 10,708,955 | 10,060,910 | 9,900,197 | 9,869,029 | 9,410,322 | 9,351,254 |
| Other local taxes | 25,873,347 | 26,101,384 | 26,730,261 | 25,942,685 | 25,689,973 | 25,144,513 | 24,461,049 | 24,450,249 | 23,444,438 | 22,340,305 |
| Non-categorical state aid | 12,229,857 | 12,229,856 | 12,229,857 | 12,229,857 | 12,229,857 | 12,229,857 | 12,229,857 | 12,229,857 | 12,229,857 | 12,229,857 |
| Gain on sale of capital assets | 203,351 | 227,275 | 253,267 | 219,762 | 792,488 | 1,618,880 | 123,232 | 90,862 | 160,337 | 56,408 |
| Investment earnings | 1,258,439 | 1,417,470 | 1,832,127 | 1,189,032 | 1,121,537 | 1,664,589 | 1,582,887 | 1,355,822 | 1,547,328 | 1,553,498 |
| Miscellaneous | 548,019 | 690,853 | 827,575 | 280,514 | 194,716 | 332,822 | 79,381 | 115,337 | 208,168 | 1,690,860 |
| Total general revenues and other changes in net position | 182,469,902 | 175,224,579 | 171,997,212 | 165,350,755 | 163,787,348 | 162,038,988 | 157,202,025 | 154,449,805 | 152,820,446 | 153,022,663 |
| Change in Net Position | \$ 10,727,651 | \$ (5,911,289) | \$ (7,257,415) | \$ (9,399,088) | \$ (9,555,671) | \$ (11,117,509) | \$ (2,567,118) | \$ 1,847,737 | \$ 1,255,762 | \$ 6,899,943 |

Table 3

COUNTY OF ROANOKE, VIRGINIA
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(unaudited)
(modified accrual basis of accounting)

| | Fiscal Year | | | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| General Fund: | | | | | | | | | | |
| Nonspendable | \$ 247,591 | \$ 346,501 | \$ 224,057 | \$ 400,304 | \$ 182,259 | \$ 283,984 | \$ 189,474 | \$ 239,384 | \$ 217,648 | \$ 164,378 |
| Restricted | 2,707,492 | 2,787,514 | 2,581,342 | 3,205,947 | 2,773,044 | 4,521,364 | 5,907,985 | 6,961,640 | 9,514,571 | 9,651,709 |
| Committed | 19,835,293 | 8,705,280 | 7,299,040 | 6,583,134 | 7,976,704 | 8,818,598 | 10,876,727 | 12,243,948 | 10,646,747 | 10,687,402 |
| Assigned | 530,893 | 418,302 | 926,701 | 1,084,220 | 1,046,647 | 1,108,425 | 1,801,280 | 1,951,749 | 2,065,969 | 1,052,100 |
| Unassigned | 23,871,003 | 23,871,002 | 24,436,942 | 23,160,761 | 23,720,456 | 22,950,883 | 22,224,946 | 21,799,195 | 21,266,557 | 20,572,318 |
| Total General Fund | <u>\$ 47,192,272</u> | <u>\$ 36,128,599</u> | <u>\$ 35,468,082</u> | <u>\$ 34,434,366</u> | <u>\$ 35,699,110</u> | <u>\$ 37,683,254</u> | <u>\$ 41,000,412</u> | <u>\$ 43,195,916</u> | <u>\$ 43,711,492</u> | <u>\$ 42,127,907</u> |
| All Other Governmental Funds: | | | | | | | | | | |
| Nonspendable | \$ 200,549 | \$ 31,255 | \$ 181,422 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 36,000 | \$ - |
| Restricted | 961,904 | 2,124,871 | 22,929,713 | 1,633,267 | 1,223,632 | 1,399,111 | 3,855,709 | 6,972,721 | 583,510 | 439,867 |
| Committed | 22,323,822 | 26,612,563 | 18,852,346 | 24,933,361 | 22,388,838 | 20,997,219 | 30,762,309 | 27,589,865 | 22,571,058 | 29,809,261 |
| Total All Other Governmental Funds | <u>\$ 23,486,275</u> | <u>\$ 28,768,689</u> | <u>\$ 41,963,481</u> | <u>\$ 26,566,628</u> | <u>\$ 23,612,470</u> | <u>\$ 22,396,330</u> | <u>\$ 34,618,018</u> | <u>\$ 34,562,586</u> | <u>\$ 23,190,568</u> | <u>\$ 30,249,128</u> |
| Total fund balances - all governmental funds | <u>\$ 70,678,547</u> | <u>\$ 64,897,288</u> | <u>\$ 77,431,563</u> | <u>\$ 61,000,994</u> | <u>\$ 59,311,580</u> | <u>\$ 60,079,584</u> | <u>\$ 75,618,430</u> | <u>\$ 77,758,502</u> | <u>\$ 66,902,060</u> | <u>\$ 72,377,035</u> |

COUNTY OF ROANOKE, VIRGINIA
Changes in Fund Balances
Governmental Funds
(unaudited)
Last Ten Fiscal Years

Table 4

| | Fiscal Year | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| REVENUES | | | | | | | | | | |
| General property taxes | \$ 130,328,554 | \$ 123,050,946 | \$ 119,943,294 | \$ 115,981,678 | \$ 113,850,872 | \$ 111,878,323 | \$ 109,715,187 | \$ 107,236,063 | \$ 106,612,790 | \$ 106,577,030 |
| Other local taxes | 38,340,138 | 37,692,790 | 37,204,213 | 35,815,717 | 35,978,018 | 34,806,191 | 34,248,528 | 33,777,424 | 32,867,664 | 31,953,379 |
| Permits, fees, and licenses | 935,262 | 837,800 | 1,005,537 | 722,265 | 710,051 | 796,474 | 743,224 | 713,047 | 706,560 | 670,373 |
| Fines and forfeitures | 407,824 | 364,007 | 512,634 | 478,764 | 452,348 | 497,757 | 549,582 | 567,686 | 803,636 | 793,542 |
| Use of money and property | 272,778 | 782,131 | 1,044,290 | 544,563 | 388,978 | 836,201 | 726,956 | 714,616 | 801,931 | 820,663 |
| Charges for services | 7,883,603 | 9,247,355 | 9,384,384 | 9,584,739 | 9,282,927 | 8,566,239 | 9,173,010 | 8,836,231 | 8,260,131 | 8,681,856 |
| Intergovernmental revenue | 60,234,083 | 43,420,108 | 42,062,047 | 42,103,481 | 39,900,415 | 40,121,358 | 39,375,596 | 42,167,620 | 36,630,966 | 34,969,934 |
| Locality compensation payments | 125,371 | 124,444 | 124,894 | 125,284 | 124,301 | 124,624 | 124,568 | 124,459 | 124,251 | 125,469 |
| Miscellaneous | 4,166,721 | 4,345,834 | 4,571,191 | 4,052,530 | 3,229,658 | 3,391,456 | 2,904,696 | 3,555,382 | 3,099,981 | 4,817,465 |
| Total revenues | 242,694,334 | 219,865,415 | 215,852,484 | 209,409,021 | 203,917,568 | 201,018,623 | 197,561,347 | 197,692,528 | 189,907,910 | 189,409,711 |
| EXPENDITURES | | | | | | | | | | |
| General government | 20,685,109 | 14,631,086 | 15,644,724 | 14,401,607 | 13,564,460 | 12,405,928 | 12,680,566 | 11,377,635 | 11,951,092 | 11,312,307 |
| Judicial administration | 3,127,573 | 2,982,275 | 2,888,851 | 2,906,165 | 2,809,515 | 2,786,803 | 2,675,518 | 2,714,526 | 2,559,664 | 2,518,735 |
| Public safety | 49,983,802 | 49,882,643 | 46,470,016 | 47,266,283 | 44,876,375 | 43,753,458 | 44,001,157 | 44,006,263 | 43,147,408 | 40,967,084 |
| Public works | 17,716,616 | 14,991,285 | 15,188,632 | 14,104,319 | 14,622,163 | 16,639,108 | 16,526,594 | 14,058,502 | 13,420,416 | 12,802,861 |
| Library | 4,833,407 | 4,839,143 | 5,040,832 | 4,802,369 | 4,887,940 | 4,216,532 | 3,826,494 | 3,752,433 | 3,402,388 | 3,333,501 |
| Health and welfare | 23,282,780 | 20,500,549 | 19,114,976 | 18,913,665 | 18,244,195 | 18,623,203 | 17,272,394 | 15,352,905 | 14,979,463 | 14,615,516 |
| Parks, recreation, and culture | 8,303,893 | 7,654,122 | 7,767,986 | 7,492,934 | 7,484,888 | 8,070,880 | 8,151,576 | 8,161,222 | 7,564,437 | 7,704,845 |
| Community development | 4,930,055 | 2,381,491 | 2,667,160 | 4,691,220 | 2,373,565 | 2,146,072 | 2,142,359 | 2,033,821 | 2,091,085 | 2,288,881 |
| Education | 69,147,126 | 70,320,166 | 68,662,247 | 67,580,428 | 67,666,376 | 66,637,354 | 65,947,374 | 67,132,105 | 64,332,561 | 64,339,603 |
| Debt service: | | | | | | | | | | |
| Principal | 13,213,398 | 13,086,287 | 12,151,043 | 12,161,384 | 11,906,869 | 13,104,653 | 11,389,614 | 10,593,023 | 13,129,978 | 12,534,407 |
| Interest and other charges | 7,501,067 | 8,165,298 | 6,983,180 | 7,574,249 | 7,736,239 | 7,891,500 | 8,090,015 | 8,168,073 | 8,952,723 | 9,050,745 |
| Capital outlay | 13,395,301 | 32,341,885 | 25,338,792 | 12,226,887 | 8,698,654 | 21,503,018 | 30,473,036 | 8,568,487 | 11,867,812 | 38,029,888 |
| Total expenditures | 236,120,127 | 241,776,230 | 227,918,439 | 214,121,510 | 204,871,239 | 217,778,509 | 223,176,697 | 195,918,995 | 197,399,027 | 219,498,373 |
| (Deficiency) excess of revenues over/(under) expenditures | 6,574,207 | (21,910,815) | (12,065,955) | (4,712,489) | (953,671) | (16,759,886) | (25,615,350) | 1,773,533 | (7,491,117) | (30,088,662) |

COUNTY OF ROANOKE, VIRGINIA
Changes in Fund Balances
Governmental Funds
(unaudited)
Last Ten Fiscal Years

Table 4
(continued)

| | Fiscal Year | | | | | | | | | |
|---|---------------------|------------------------|----------------------|---------------------|---------------------|------------------------|-----------------------|----------------------|-----------------------|------------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Issuance of bonds | \$ - | \$ 9,025,000 | \$ 27,875,000 | \$ 6,440,000 | \$ - | \$ 44,175,000 | \$ 17,835,000 | \$ 32,898,586 | \$ - | \$ 9,080,000 |
| Premium on bonds | - | 1,245,358 | 2,201,943 | 857,521 | - | 2,331,690 | 2,204,864 | 1,888,404 | - | 954,878 |
| Refunded escrow agent payment | - | - | - | - | - | (46,237,048) | - | (26,219,862) | - | - |
| Debt issuance costs | - | - | - | - | - | - | - | (227,809) | - | - |
| Proceeds from sale of land, machinery and equipment | 203,351 | 227,275 | 253,267 | 219,762 | 792,488 | 1,618,880 | 123,232 | 90,862 | 160,337 | 56,408 |
| Transfers in | 26,703,254 | 21,268,022 | 20,665,441 | 23,080,070 | 22,345,552 | 24,408,165 | 21,161,659 | 24,684,884 | 22,493,225 | 19,620,902 |
| Transfers out | (27,699,553) | (22,389,115) | (22,499,127) | (24,195,450) | (22,952,373) | (25,075,647) | (21,070,157) | (24,032,156) | (20,637,420) | (19,498,617) |
| Total other financing sources, net | (792,948) | 9,376,540 | 28,496,524 | 6,401,903 | 185,667 | 1,221,040 | 20,254,598 | 9,082,909 | 2,016,142 | 10,213,571 |
| Net change in fund balances | <u>\$ 5,781,259</u> | <u>\$ (12,534,275)</u> | <u>\$ 16,430,569</u> | <u>\$ 1,689,414</u> | <u>\$ (768,004)</u> | <u>\$ (15,538,846)</u> | <u>\$ (5,360,752)</u> | <u>\$ 10,856,442</u> | <u>\$ (5,474,975)</u> | <u>\$ (19,875,091)</u> |
| Debt service as a percentage of noncapital expenditures | 9.4% | 9.9% | 9.6% | 9.8% | 10.2% | 9.9% | 11.7% | 11.8% | 11.7% | 10.8% |

COUNTY OF ROANOKE, VIRGINIA
Assessed Value and Estimated Actual Value of Taxable Property
(Unaudited)
Last Ten Fiscal Years

| Fiscal Year | Real Property | Personal Property | Public Service Corporation | Total Taxable Assessed Value | Real Property Total Direct Tax Rate | Personal Property Tax Rate | | Estimated Actual Taxable Value |
|-------------|------------------|-------------------|----------------------------|------------------------------|-------------------------------------|----------------------------|-------------------|--------------------------------|
| | | | | | | Tangible | Machinery & Tools | |
| 2021 | \$ 9,321,504,400 | \$ 1,085,989,709 | \$ 340,427,300 | \$ 10,747,921,409 | \$1.09 | \$3.50 | \$2.85 | \$ 11,682,523,271 |
| 2020 | 8,993,754,200 | 998,431,217 | 329,478,800 | 10,321,664,217 | 1.09 | 3.50 | 2.85 | 11,468,515,797 |
| 2019 | 8,719,015,700 | 991,949,413 | 305,072,700 | 10,016,037,813 | 1.09 | 3.50 | 2.85 | 10,886,997,623 |
| 2018 | 8,448,729,500 | 927,786,840 | 293,523,830 | 9,670,040,170 | 1.09 | 3.50 | 2.85 | 10,287,276,777 |
| 2017 | 8,254,177,800 | 916,529,122 | 275,690,440 | 9,446,397,362 | 1.09 | 3.50 | 2.90 | 10,157,416,518 |
| 2016 | 8,098,986,500 | 899,232,061 | 277,724,570 | 9,275,943,131 | 1.09 | 3.50 | 2.95 | 9,868,024,607 |
| 2015 | 7,972,937,500 | 889,550,760 | 267,613,790 | 9,130,102,050 | 1.09 | 3.50 | 3.00 | 9,712,874,521 |
| 2014 | 7,850,267,000 | 855,450,240 | 257,490,630 | 8,963,207,870 | 1.09 | 3.50 | 3.00 | 9,146,130,480 |
| 2013 | 7,798,171,500 | 835,361,990 | 247,863,410 | 8,881,396,900 | 1.09 | 3.50 | 3.00 | 9,062,649,898 |
| 2012 | 7,968,030,200 | 814,156,400 | 233,411,860 | 9,015,598,460 | 1.09 | 3.50 | 3.00 | 9,391,248,396 |

Source: Roanoke County Real Estate Land Books

Note: Property in Roanoke County is assessed annually and is assessed at approximately 90% of actual value for fiscal year 2021 and at approximately 94.3% for fiscal years 2012-2020. Estimated actual taxable value is calculated by dividing taxable assessed value by those percentages. Tax rates are per \$100 of assessed value. Personal Property Tax Rates = \$3.50 for Personal Property; \$2.85 for Machinery and Tools. Real Estate Tax Rate = \$1.09

COUNTY OF ROANOKE, VIRGINIA
Direct and Overlapping Property Tax Rates
(Unaudited)
Last Ten Fiscal Years

Table 6

| Fiscal Year | Direct Rates | | | | | Overlapping Rates | | |
|----------------|-------------------|-------------|--------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | County of Roanoke | | | | | Town of Vinton | | |
| | Real Property | | Total | Personal Property | | Real Property | Personal Property | |
| | First Half | Second Half | | Tangible | Machinery & Tools | | Tangible | Machinery & Tools |
| 2021 | \$0.545 | \$0.545 | \$1.09 | \$3.50 | \$2.85 | \$0.07 | \$1.00 | \$1.00 |
| 2020 | 0.545 | 0.545 | 1.09 | 3.50 | 2.85 | 0.07 | 1.00 | 1.00 |
| 2019 | 0.545 | 0.545 | 1.09 | 3.50 | 2.85 | 0.07 | 1.00 | 1.00 |
| 2018 | 0.545 | 0.545 | 1.09 | 3.50 | 2.85 | 0.07 | 1.00 | 1.00 |
| 2017 | 0.545 | 0.545 | 1.09 | 3.50 | 2.90 | 0.07 | 1.00 | 1.00 |
| 2016 | 0.545 | 0.545 | 1.09 | 3.50 | 2.95 | 0.07 | 1.00 | 1.00 |
| 2015 | 0.545 | 0.545 | 1.09 | 3.50 | 3.00 | 0.07 | 1.00 | 1.00 |
| 2014 | 0.545 | 0.545 | 1.09 | 3.50 | 3.00 | 0.03 | 1.00 | 1.00 |
| 2013 | 0.545 | 0.545 | 1.09 | 3.50 | 3.00 | 0.03 | 1.00 | 1.00 |
| 2012 | 0.545 | 0.545 | 1.09 | 3.50 | 3.00 | 0.03 | 1.00 | 1.00 |

Source: Roanoke County Real Estate Land Books

Notes:

All tax rates per \$100 of assessed value.

The County's tax rates are determined each year by the Roanoke County Board of Supervisors.

Overlapping rates are those of the Town of Vinton, which is located in the County of Roanoke. Only those residents living in Vinton are subject to the Town of Vinton's tax, in addition to the County of Roanoke's tax.

COUNTY OF ROANOKE, VIRGINIA
Principal Property Tax Payers
(unaudited)
Fiscal Years 2021 and 2012

Table 7

| Taxpayer | 2021 | | | 2012 | | |
|--|--|-------------|--|--|-------------|--|
| | Taxable Assessed Value (Millions) | Rank | Percentage of Total County Taxable Assessed Value | Taxable Assessed Value (Millions) | Rank | Percentage of Total County Taxable Assessed Value |
| Appalachian Power Company | \$ 196 | 1 | 1.82 % | \$ 125 | 1 | 1.39 % |
| Kroger Limited Partnership | 41 | 2 | 0.38 | 39 | 2 | 0.43 |
| Roanoke Owner 1 LLC (Formerly Pebble Creek, LLC) | 37 | 3 | 0.34 | - | - | - |
| Roanoke Gas Company | 33 | 4 | 0.31 | 19 | 8 | 0.21 |
| Cellco Partnership dba Verizon Wireless | 28 | 5 | 0.26 | 21 | 6 | 0.23 |
| Walmart Real Estate Business | 27 | 6 | 0.25 | 29 | 5 | 0.32 |
| Tanglewood Venture LLC (Formerly Roanoke Tanglewood LLC) | 23 | 7 | 0.21 | 32 | 3 | 0.35 |
| Norfolk and Western Railway Company | 23 | 7 | 0.21 | - | - | - |
| Mikeone EK Roanoke LLC | 22 | 9 | 0.20 | - | - | - |
| Verizon Virginia LLC | 21 | 10 | 0.20 | 32 | 4 | 0.35 |
| Integrity Windows, Inc. | - | - | - | 19 | 7 | 0.21 |
| First States Investors 3300 LLC | - | - | - | 18 | 9 | 0.20 |
| Lowes Home Centers Inc. | - | - | - | 17 | 10 | 0.19 |
| Total | <u>\$ 451</u> | | <u>4.20 %</u> | <u>\$ 351</u> | | <u>3.88 %</u> |

Source: County Real Estate Assessment Department

COUNTY OF ROANOKE, VIRGINIA
Property Tax Levies and Collections
(Unaudited)
Last Ten Fiscal Years

Table 8

| Fiscal Year | Taxes Levied for the Fiscal Year | Collected within the | | Collections In Subsequent Years | Total Collections to Date | |
|----------------|--|-------------------------|---------|---------------------------------------|---------------------------|---------|
| | | Fiscal Year of the Levy | | | Percentage | |
| | | Amount | Levy | | Amount | of Levy |
| 2021 | \$ 140,632,799 | \$ 134,677,508 | 95.77 % | \$ - | \$ 134,677,508 | 95.77 % |
| 2020 | 136,412,657 | 129,752,896 | 95.12 | 4,859,860 | 134,612,756 | 98.68 |
| 2019 | 131,070,799 | 126,869,715 | 96.79 | 4,628,830 | 131,498,545 | 100.33 |
| 2018 | 126,405,991 | 123,195,790 | 97.46 | 4,044,992 | 127,240,782 | 100.66 |
| 2017 | 123,991,274 | 120,899,417 | 97.51 | 4,209,937 | 125,109,354 | 100.90 |
| 2016 | 123,023,949 | 118,615,971 | 96.42 | 4,072,783 | 122,688,754 | 99.73 |
| 2015 | 120,224,376 | 116,398,283 | 96.82 | 3,057,455 | 119,455,738 | 99.36 |
| 2014 | 118,192,461 | 113,964,831 | 96.42 | 3,136,521 | 117,101,352 | 99.08 |
| 2013 | 118,489,124 | 113,917,134 | 96.14 | 3,782,433 | 117,699,567 | 99.33 |
| 2012 | 118,634,364 | 113,978,854 | 96.08 | 4,179,824 | 118,158,678 | 99.60 |

Source: Roanoke County Commissioner of Revenue and Treasurer's Department

COUNTY OF ROANOKE, VIRGINIA
Ratios of Outstanding Debt by Type
(Unaudited)
Last Ten Fiscal Years

Table 9

| Fiscal Year | Governmental Activities | | | | | | Total Primary Government | Component Unit | Percentage of | Percentage Of Personal Income | Per Capita Personal Income |
|----------------|-------------------------------|---------------------------|-------------------------|----------------------------|-------------------|------------------|--------------------------------|----------------------------------|--|-------------------------------------|----------------------------------|
| | General Obligation Debt | Lease Revenue Bonds | VPSA School Bonds | State Literary Bonds | Capital Leases | Bond Premiums | | School Board Capital Lease | Assessed Value of Taxable Property | | |
| | | | | | | | | | ① | ② | ② |
| 2021 | \$ - | \$ 77,530,000 | \$ 74,515,490 | \$ - | \$ - | \$ 10,777,149 | \$ 162,822,639 | \$ - | 1.51 % | 2.55 % | 1,680 |
| 2020 | 948,122 | 81,000,000 | 83,061,766 | - | - | 11,716,653 | 176,726,541 | - | 1.71 | 2.77 | 1,884 |
| 2019 | 1,866,987 | 75,035,000 | 91,947,188 | - | - | 11,356,388 | 180,205,563 | - | 1.80 | 2.82 | 1,924 |
| 2018 | 2,765,175 | 77,970,000 | 72,194,043 | - | - | 9,929,441 | 162,858,659 | - | 1.68 | 2.60 | 1,737 |
| 2017 | 3,640,935 | 74,535,000 | 80,301,667 | - | - | 9,832,624 | 168,310,226 | - | 1.78 | 2.82 | 1,792 |
| 2016 | 4,497,704 | 77,275,000 | 88,460,767 | - | - | 10,564,744 | 180,798,215 | 484,939 | 1.95 | 3.13 | 1,933 |
| 2015 | 5,332,236 | 74,886,582 | 97,117,015 | 1,825,775 | 741,516 | 9,256,934 | 189,160,058 | 937,225 | 2.08 | 3.30 | 2,032 |
| 2014 | 6,150,390 | 76,993,268 | 87,191,051 | 2,273,592 | 849,437 | 7,636,915 | 181,094,653 | 1,358,518 | 2.04 | 3.36 | 1,968 |
| 2013 | 6,440,000 | 71,048,816 | 95,104,061 | 2,721,409 | 952,889 | 6,223,963 | 182,491,138 | 1,750,401 | 2.07 | 3.57 | 1,976 |
| 2012 | 8,565,000 | 73,553,388 | 103,057,169 | 3,169,225 | 1,052,372 | 6,669,073 | 196,066,227 | 2,114,385 | 2.20 | 3.98 | 2,138 |

① Assessed Property Value from Table 5 Assessed Value and Estimated Actual Value of Taxable Property.

② Population, per capita personal income and personal income from Table 12 Demographic Statistics.

COUNTY OF ROANOKE, VIRGINIA
Ratios of General Bonded Debt Outstanding
(Unaudited)
Last Ten Fiscal Years

Table 10

| Fiscal Year | General Bonded Debt Outstanding - Governmental Activities ^① | | | | | | Percentage of Actual Value of Taxable Property ^② | Per Capita Personal Income ^③ |
|-------------|--|---------------------|-------------------|----------------------|---------------|----------------|---|---|
| | General Obligation Debt | Lease Revenue Bonds | VPSA School Bonds | State Literary Bonds | Bond Premiums | Total | | |
| 2021 | \$ - | \$ 77,530,000 | \$ 74,515,490 | \$ - | \$ 10,777,149 | \$ 162,822,639 | 1.51 % | \$ 1,680 |
| 2020 | 948,122 | 81,000,000 | 83,061,766 | - | 11,716,653 | 176,726,541 | 1.71 | 1,884 |
| 2019 | 1,866,987 | 75,035,000 | 91,947,188 | - | 11,356,388 | 180,205,563 | 1.80 | 1,924 |
| 2018 | 2,765,175 | 77,970,000 | 72,194,043 | - | 9,929,441 | 162,858,659 | 1.68 | 1,737 |
| 2017 | 3,640,935 | 74,535,000 | 80,301,667 | - | 9,832,624 | 168,310,226 | 1.78 | 1,792 |
| 2016 | 4,497,704 | 77,275,000 | 88,460,767 | - | 10,564,744 | 180,798,215 | 1.95 | 1,928 |
| 2015 | 5,332,236 | 74,886,582 | 97,117,015 | 1,825,775 | 9,256,934 | 188,418,542 | 2.06 | 2,014 |
| 2014 | 6,150,390 | 76,993,268 | 87,191,051 | 2,273,592 | 7,636,915 | 180,245,216 | 2.01 | 1,944 |
| 2013 | 6,440,000 | 71,048,816 | 95,104,061 | 2,721,409 | 6,223,963 | 181,538,249 | 2.04 | 1,947 |
| 2012 | 8,565,000 | 73,553,388 | 103,057,169 | 3,169,225 | 6,669,073 | 195,013,855 | 2.16 | 2,104 |

① Details regarding the County's outstanding debt can be found in the notes to the financial statements. All debt listed above is to be repaid with general government resources.

② Assessed Property Value from Table 5 Assessed Value and Estimated Actual Value of Taxable Property.

③ Population and per capita personal income from Table 12 Demographic Statistics.

COUNTY OF ROANOKE, VIRGINIA
Debt Policy Information
(Unaudited)
Last Ten Fiscal Years

Table 11

| | Fiscal Year | | | | | | | | | |
|--|----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| General bonded debt outstanding ① | | | | | | | | | | |
| General Obligation Bonds | \$ - | \$ 948,122 | \$ 1,866,987 | \$ 2,765,175 | \$ 3,640,935 | \$ 4,497,704 | \$ 5,332,236 | \$ 6,150,390 | \$ 6,440,000 | \$ 8,565,000 |
| Lease Revenue Bonds | 77,530,000 | 81,000,000 | 75,035,000 | 77,970,000 | 74,535,000 | 77,275,000 | 74,886,582 | 76,993,268 | 71,048,816 | 73,553,388 |
| VPSA School Bonds | 74,515,490 | 83,061,766 | 91,947,188 | 72,194,043 | 80,301,667 | 88,460,767 | 97,117,015 | 87,191,051 | 95,104,061 | 103,057,169 |
| State Literary Bonds | - | - | - | - | - | - | 1,825,775 | 2,273,952 | 2,721,409 | 3,169,225 |
| Bond Premiums | 10,777,149 | 11,716,653 | 11,356,388 | 9,929,441 | 9,832,624 | 10,564,744 | 9,256,934 | 7,636,915 | 6,223,963 | 6,669,073 |
| Total net debt applicable to debt limits | <u>\$162,822,639</u> | <u>\$176,726,541</u> | <u>\$ 180,205,563</u> | <u>\$162,858,659</u> | <u>\$168,310,226</u> | <u>\$180,798,215</u> | <u>\$188,418,542</u> | <u>\$180,245,576</u> | <u>\$181,538,249</u> | <u>\$195,013,855</u> |
| Ratio of net debt to assessed taxable property value ② | | | | | | | | | | |
| Actual | 1.51% | 1.71% | 1.80% | 1.68% | 1.78% | 1.95% | 2.06% | 2.01% | 2.04% | 2.16% |
| Debt limit per policy | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| Ratio of net debt per capita ③ | | | | | | | | | | |
| Actual | \$ 1,680 | \$ 1,884 | \$ 1,924 | \$ 1,737 | \$ 1,792 | \$ 1,928 | \$ 2,014 | \$ 1,944 | \$ 1,947 | \$ 2,104 |
| Debt limit per policy | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 |
| Ratio of net debt to general fund governmental expenditures ④ | | | | | | | | | | |
| Actual | 6.35% | 6.76% | 6.26% | 6.57% | 6.78% | 7.57% | 7.14% | 7.20% | 8.51% | 8.29% |
| Debt limit per policy | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% |

① Details regarding the County's outstanding debt can be found in the notes to the financial statements.

② Assessed Property Value from Table 5 Assessed Value and Estimated Actual Value of Taxable Property.

③ Population and per capita personal income from Table 12 Demographic Statistics.

④ General governmental expenditures include the Governmental Fund expenditures, the School Board component unit expenditures, and County and School transfer to Capital Projects and Proprietary funds.

Note:

The County does not have any Constitutional or Statutory Debt Limits.

COUNTY OF ROANOKE, VIRGINIA
Demographic Statistics
Last Ten Fiscal Years
(Unaudited)

Table 12

| Fiscal Year | Population | Personal Income (thousands of dollars) | Per Capita Personal Income | School Enrollment | Unemployment Rate |
|--------------------|-------------------|---|-----------------------------------|--------------------------|--------------------------|
| | ① | ② | ② | ③ | ④ |
| 2021 | 96,929 | \$ 6,391,212 | \$ 53,489 | 13,184 | 3.60 % |
| 2020 | 93,805 | 6,391,212 | 53,489 | 13,576 | 6.80 |
| 2019 | 93,672 | 6,391,212 | 53,489 | 13,671 | 2.70 |
| 2018 | 93,735 | 6,254,966 | 52,248 | 13,779 | 3.10 |
| 2017 | 93,924 | 5,962,802 | 49,860 | 13,830 | 3.60 |
| 2016 | 93,775 | 5,785,780 | 48,384 | 13,982 | 3.50 |
| 2015 | 93,569 | 5,758,037 | 48,047 | 13,909 | 4.50 |
| 2014 | 92,703 | 5,435,865 | 45,577 | 13,929 | 5.20 |
| 2013 | 93,256 | 5,159,100 | 42,288 | 13,958 | 5.50 |
| 2012 | 92,687 | 4,984,547 | 42,288 | 14,081 | 5.60 |

Sources:

- ① Weldon Cooper Center for Public Service, Demographics Research Group, www.coopercenter.org/demographics
- ② Personal Income & Per Capita Personal Income from the Bureau of Economic Analysis. Latest information available is for 2019. The figures for 2020 and 2021 have not been updated.
- ③ Roanoke County Public School's Administration Department
- ④ Virginia Employment Commission and the U.S. Bureau of Labor Statistics

COUNTY OF ROANOKE, VIRGINIA
Principal Employers
(unaudited)
Fiscal Years 2021 and 2012

Table 13

| Employer | 2021 | | | 2012 | | |
|----------------------------------|-------------|------------------|----------------------------|-------------|------------------|----------------------------|
| | Rank | Ownership | Number of Employees | Rank | Ownership | Number of Employees |
| Roanoke County Schools | 1 | Local Govt. | 2,000+ | 1 | Local Govt. | 1,000+ |
| Wells Fargo Operations Center | 2 | Private | 2,000+ | 2 | Private | 1,000+ |
| County of Roanoke | 3 | Local Govt. | 1,000+ | 3 | Local Govt. | 1,000+ |
| Kroger | 4 | Private | 500-999 | 6 | Private | 500-999 |
| Friendship Retirement Community | 5 | Private | 500-999 | 7 | Private | 500-999 |
| Richfield Recovery & Care Center | 6 | Private | 500-999 | 10 | Private | 250-499 |
| Elbit Systems Ltd. | 7 | Private | 500-999 | - | - | - |
| Marvin Windows and Doors | 8 | Private | 500-999 | - | - | - |
| Allstate Insurance Company | 9 | Private | 500-999 | 4 | Private | 1,000+ |
| Walmart | 10 | Private | 250-499 | - | - | - |
| ITT Industries | - | - | - | 5 | Private | 500-999 |
| Hollins University | - | - | - | 8 | Private | 250-499 |
| Berkshire Health Care Center | - | - | - | 9 | Private | 250-499 |

Source: Roanoke County Economic Development Department

COUNTY OF ROANOKE, VIRGINIA
Full-time Equivalent County Government Employees by Function/Program
(unaudited)
Last Ten Fiscal Years

Table 14

| Function/Program | Fiscal Year | | | | | | | | | |
|---|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| General government | | | | | | | | | | |
| Legislative | 7 | 6 | 6.5 | 6.5 | 6 | 7 | 7 | 7 | 7 | 7 |
| General and financial administration | 71 | 71 | 70.5 | 70.5 | 72 | 69 | 70 | 69 | 71 | 72 |
| Other | 63 | 63 | 63 | 62 | 61 | 61 | 61 | 57 | 53 | 53 |
| Judicial administration | | | | | | | | | | |
| Courts | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| Commonwealth attorney | 15 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 |
| Public safety | | | | | | | | | | |
| Sheriff | 87 | 87 | 87 | 87 | 86 | 86 | 85 | 84 | 84 | 84 |
| Police | 156 | 156 | 156 | 156 | 156 | 154 | 154 | 154 | 154 | 153 |
| Emergency Communication Center | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 44 | 44 | 43 |
| Fire & rescue | 192 | 188 | 177 | 168 | 164 | 164 | 159 | 153 | 153 | 153 |
| Public works | | | | | | | | | | |
| General services administration | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Refuse disposal | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 35 |
| Maintenance of general buildings and grounds | 19 | 19 | 19 | 19 | 19 | 18 | 18 | 21 | 21 | 21 |
| Garage | 13 | 12 | 12 | 12 | 12 | 11 | 11 | 11 | 11 | 11 |
| Engineering and inspections | 32 | 31 | 32 | 33 | 33 | 32 | 32 | 32 | 32 | 34 |
| Library | 43 | 43 | 43 | 43 | 43 | 42 | 39 | 41 | 40 | 40 |
| Health and welfare | 115 | 113 | 107 | 103 | 103 | 101 | 99 | 98 | 98 | 95 |
| Parks, recreation, and culture | 74 | 74 | 75 | 69 | 69 | 69 | 69 | 69 | 67 | 68 |
| Community development | 19 | 21 | 19 | 19 | 19 | 19 | 19 | 19 | 23 | 23 |
| Total | 1001 | 993 | 976 | 957 | 952 | 942 | 932 | 926 | 925 | 925 |

Source: Roanoke County Budget Division

COUNTY OF ROANOKE, VIRGINIA
Operating Indicators by Function/Program
(Unaudited)
Last Ten Fiscal Years

Table 15

| | Fiscal Year | | | | | | | | | |
|--|-------------|---------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| Function/Program | | | | | | | | | | |
| General government | | | | | | | | | | |
| Number of sales | 1,617 | 1,443 | 1,388 | 1,183 | 1,114 | 1,029 | 938 | 953 | 748 | 636 |
| Median assessment/sales ratio | 92.70% | 94.10% | 94.10% | 91.86% | 92.23% | 92.73% | 92.87% | 94.00% | 98.00% | 98.00% |
| Coefficient of dispersion | 6.48% | 5.67% | 5.64% | 7.20% | 6.82% | 6.62% | 6.44% | 7.18% | 7.37% | 6.23% |
| Judicial administration | | | | | | | | | | |
| Circuit Court civil cases concluded* | 641 | 2,710 | 2,943 | 2,286 | 722 | 836 | 883 | 998 | 1,121 | 973 |
| General District Court concluded | 21,315 | 25,846 | 25,233 | 21,032 | 22,025 | 23,045 | 24,118 | 26,029 | 27,238 | 27,984 |
| Juvenile and Domestic cases concluded | 4,531 | 5,390 | 4,400 | 4,533 | 4,902 | 5,313 | 5,038 | 4,940 | 5,487 | 5,706 |
| Public safety | | | | | | | | | | |
| Physical arrests | 3,995 | 4,376 | 4,736 | 3,818 | 3,710 | 3,633 | 3,403 | 3,611 | 4,676 | 3,948 |
| Calls for service police | 91,800 | 83,363 | 81,500 | 74,200 | 76,100 | 79,600 | 79,200 | 75,500 | 71,600 | 69,500 |
| Calls for service fire | 15,131 | 15,047 | 15,923 | 16,060 | 15,502 | 15,177 | 14,770 | 13,857 | 14,164 | 14,014 |
| Fire inspections | 1,875 | 1,432 | 1,516 | 1,137 | 1,194 | 1,109 | 1,218 | 1,158 | 1,293 | 1,245 |
| Public works | | | | | | | | | | |
| New business licenses | 486 | 446 | 572 | 834 | 465 | 475 | 690 | 785 | 741 | 643 |
| New prospect inquires Econ Dev | 62 | 45 | 43 | 44 | 77 | 56 | 54 | 40 | 40 | 40 |
| Waste tonnage to RVRA | 42,606 | 42,524 | 41,503 | 39,268 | 37,970 | 39,070 | 40,070 | 40,003 | 42,922 | 40,046 |
| Library | | | | | | | | | | |
| Patrons registered | 95,124 | 93,387 | 90,082 | 90,917 | 84,374 | 75,067 | 76,847 | 70,670 | 65,069 | 59,185 |
| Total circulation | 497,948 | 740,205 | 968,246 | 1,088,190 | 1,250,670 | 1,349,997 | 1,352,031 | 1,330,625 | 1,298,834 | 1,315,015 |
| Health and welfare | | | | | | | | | | |
| Individuals enrolled in Medicaid | 18,488 | 17,560 | 15,231 | 14,783 | 14,699 | 14,167 | 12,795 | 11,158 | 12,453 | 9,881 |
| Households receiving Supplemental Nutrition Assistance | 3,327 | 2,957 | 2,892 | 3,113 | 3,199 | 3,503 | 3,736 | 4,087 | 4,001 | 3,800 |
| Number of children in foster care | 168 | 107 | 105 | 89 | 92 | 98 | 165 | 144 | 132 | 120 |
| Community development | | | | | | | | | | |
| Building permits issued | 1,119 | 1,002 | 1,138 | 1,111 | 1,075 | 1,011 | 1,110 | 1,097 | 1,067 | 1,025 |

*In 2018, the Virginia Court System reclassified many miscellaneous cases as civil cases. In 2021, this reclassification was reversed.

Source: Various County departments

County of Roanoke
Capital Asset Statistics by Function/Program
(unaudited)
Last Ten Fiscal Years

Table 16

| | Fiscal Year | | | | | | | | | |
|---------------------------------------|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| Function/Program | | | | | | | | | | |
| General Government | | | | | | | | | | |
| Administration Buildings | 8 | 8 | 8 | 8 | 8 | 8 | 9 | 9 | 9 | 9 |
| Judicial Administration | | | | | | | | | | |
| Courthouses | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Safety | | | | | | | | | | |
| Fire Stations | 11 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Rescue Stations | 13 | 13 | 13 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Fire Units | 27 | 27 | 28 | 28 | 28 | 28 | 27 | 28 | 27 | 27 |
| Ambulances | 21 | 21 | 21 | 20 | 24 | 24 | 24 | 24 | 24 | 23 |
| Jails | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Law Enforcement Vehicles | 155 | 159 | 158 | 156 | 153 | 145 | 145 | 143 | 137 | 143 |
| Public Works | | | | | | | | | | |
| Refuse Collection Trucks | 20 | 23 | 26 | 28 | 26 | 25 | 24 | 23 | 23 | 23 |
| Libraries | | | | | | | | | | |
| | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Parks, Recreation, and Tourism | | | | | | | | | | |
| Parks | 38 | 36 | 31 | 31 | 31 | 30 | 30 | 30 | 29 | 29 |
| Park Acreage | 2,662 | 2,346 | 2,090 | 2,090 | 2,090 | 2,160 | 2,160 | 2,160 | 1,092 | 1,092 |
| Recreation Centers | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Park District Maintenance Centers | 4 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Education | | | | | | | | | | |
| Elementary Schools | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| Middle/Junior High Schools | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| High Schools | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Vocational-Technical Schools | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

Source: Various County departments



COMPLIANCE SECTION

COUNTY OF ROANOKE, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal Year Thru June 30, 2021

| Federal Grantor/Pass-Through Entity/Program Title | Assistance Listing Number | Cluster Name | Pass-Through Entity Identifying Number | Expenditures | Total Cluster | Total Program | Passed Through to Subrecipients |
|--|---------------------------|-------------------------|--|--------------|---------------|---------------|---------------------------------|
| Department of Agriculture | | | | | | | |
| Passed Through the Commonwealth of Virginia: | | | | | | | |
| <u>Department of Agriculture and Consumer Services</u> | | | | | | | |
| Non-Cash Assistance: National School Lunch Program - Commodities | 10.555 ¹ | Child Nutrition Cluster | | \$ 366,211 | | | |
| Non-Cash Assistance: Summer Food Service Program for Children - Commodities | 10.559 | Child Nutrition Cluster | | 4,042 | | | |
| <u>Department of Education</u> | | | | | | | |
| COVID-19 School Breakfast Program | 10.553 | Child Nutrition Cluster | | 6,469 | | | |
| COVID-19 National School Lunch Program | 10.555 ¹ | Child Nutrition Cluster | | 22,056 | | | |
| COVID-19 Summer Food Service Program for Children | 10.559 | Child Nutrition Cluster | | 517,264 | | | |
| Summer Food Service Program for Children | 10.559 | Child Nutrition Cluster | | 3,179,444 | | | |
| <u>Department of Social Services</u> | | | | | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | SNAP Cluster | | 1,312,471 | | | |
| <u>Forest Service</u> | | | | | | | |
| Schools and Roads - Grants to States | 10.665 | | | 2,365 | | | |
| Total for Child Nutrition Cluster (10.553, 10.555, 10.559) | | | | | \$ 4,095,486 | | |
| Total for SNAP Cluster (10.561) | | | | | 1,312,471 | | |
| ¹ - Total for National School Lunch Program (10.555) | | | | | | \$ 388,267 | |
| Department of Justice | | | | | | | |
| Direct Awards: | | | | | | | |
| Coronavirus Emergency Supplemental Funding Program | 16.034 | | 2020-VD-BX-0280 | 24,195 | | | |
| Bulletproof Vest Partnership Program | 16.607 | | | 21,338 | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 ² | | 2020-DJ-BX-0193 | 11,680 | | | |
| STOP School Violence | 16.839 | | | 23,655 | | | |
| Equitable Sharing Program | 16.922 | | | 63,426 | | | |
| Passed Through the Commonwealth of Virginia: | | | | | | | |
| <u>Department of Criminal Justice Services</u> | | | | | | | |
| Crime Victim Assistance | 16.575 | | 20-Y8561VW18 | 115,527 | | | |
| ² - Total for Edward Byrne Memorial JAG Program (16.738) | | | | | | 11,680 | |
| Department of Transportation | | | | | | | |
| Passed Through the Commonwealth of Virginia: | | | | | | | |
| <u>Department of Conservation and Recreation</u> | | | | | | | |
| Recreational Trails Program | 20.219 | | VRT-318-N-170 | 96,952 | | | |

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual program may be found at the end of each federal grantor section.

COUNTY OF ROANOKE, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal Year Thru June 30, 2021

| Federal Grantor/Pass-Through Entity/Program Title | Assistance Listing Number | Cluster Name | Pass-Through Entity Identifying Number | Expenditures | Total Cluster | Total Program | Passed Through to Subrecipients |
|--|----------------------------------|--|--|---------------------|----------------------|----------------------|--|
| <u>Department of Motor Vehicles</u> | | | | | | | |
| State and Community Highway Safety | 20.600 | Highway Safety Cluster | FSC-2020-50320-20320 FOP-2020-50147-20147 FSC-2021-51254-21254 FOP-2021-51245-21245 | 30,465 | | | |
| Alcohol Open Container Requirements | 20.607 | | 154AL-2020-50324-20324 154AL-2020-50418-20418 154AL-2021-51149-21149 154AL-2021-51195-21195 | 80,407 | | | |
| <u>Department of Transportation</u> | | | | | | | |
| Highway Planning and Construction | 20.205 | Highway Planing and Construction Cluster | UPC 91191 UPC 97171 UPC 111356 UPC 111366 | 484,301 | | | |
| Federal Lands Access Program | 20.224 | | UPC 110155 | 17,763 | | | |
| Total for Highway Safety Cluster (20.600) | | | | | 30,465 | | |
| Total for Highway Planning and Construction Cluster (20.205) | | | | | 484,301 | | |
| United States Department of the Treasury | | | | | | | |
| Direct Awards: | | | | | | | |
| COVID-19 Coronavirus Relief Fund (CARES) | 21.019 | | | 18,950,420 | | | \$ 1,401,033 |
| Department of Education | | | | | | | |
| Passed Through the Commonwealth of Virginia: | | | | | | | |
| <u>Department of Education</u> | | | | | | | |
| Title I Grants to Local Educational Agencies | 84.010 | | S010A180046 S010A190046 S010A200046 | 1,364,534 | | | |
| Special Education_Grants to States | 84.027 | Special Education Cluster | H027A180107 H027A190107 H027A200107 | 2,840,101 | | | |
| Career and Techincal Education -- Basic Grants to States | 84.048 | | V048A180046 V048A190046 V048A200046 | 182,086 | | | |
| Special Education_Preschool Grants | 84.173 | Special Education Cluster | H173A190112 H173A200112 | 69,333 | | | |
| English Language Acquisition State Grants | 84.365 | | S365A180046 S365A190046 S365A200046 | 44,722 | | | |

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual program may be found at the end of each federal grantor section.

COUNTY OF ROANOKE, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal Year Thru June 30, 2021

| Federal Grantor/Pass-Through Entity/Program Title | Assistance Listing Number | Cluster Name | Pass-Through Entity Identifying Number | Expenditures | Total Cluster | Total Program | Passed Through to Subrecipients |
|--|----------------------------------|---------------------|---|---------------------|----------------------|----------------------|--|
| Supporting Effective Instruction State Grants | 84.367 | | S367A180044 S367A190044 S367A200044 | 187,623 | | | |
| Student Support and Academic Enrichment Program | 84.424 | | S424A180048 S424A190048 S424A200048 | 83,015 | | | |
| COVID-19 Governor's Emergency Education Relief | 84.425C | | S425D200008 S425C200042 | 1,297,101 | | | |
| COVID-19 Elementary and Secondary School Emergency Relief (ESSER) | 84.425D | | S425D210008 | 1,938,305 | | | |
| Total for Special Education Cluster (IDEA) (84.027, 84.173) | | | | | 2,909,434 | | |
| Department of Health and Human Services | | | | | | | |
| Direct Awards: | | | | | | | |
| Provider Relief Fund | 93.498 | | | 126,805 | | | |
| Passed Through The United Way: | | | | | | | |
| Federal Preschool Development Grant Birth-5 | 93.434 | | | 16,625 | | | |
| Passed Through the Commonwealth of Virginia: | | | | | | | |
| <u>Department of Social Services</u> | | | | | | | |
| Promoting Safe and Stable Families | 93.556 | | | 63,550 | | | |
| Temporary Assistance for Needy Families | 93.558 | | | 495,841 | | | |
| Refugee and Entrant Assistance_State Administered Programs | 93.566 | | | 811 | | | |
| Low-Income Home Energy Assistance | 93.568 | | | 68,720 | | | |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.596 | CCDF Cluster | | 104,736 | | | |
| Chafee Education and Training Vouchers Program | 93.599 | | | 12,000 | | | |
| Adoption and Legal Guardianship Incentive Payments | 93.603 | | | 1,393 | | | |
| Stephanie Tubbs Jones Child Welfare Services Program | 93.645 | | | 424 | | | |
| Foster Care_Title IV-E | 93.658 | | | 939,455 | | | |
| Adoption Assistance | 93.659 | | | 1,602,424 | | | |
| Social Services Block Grant | 93.667 | | | 519,392 | | | |
| Chafee Foster Care Independence Program | 93.674 | | | 10,870 | | | |
| Children's Health Insurance Program | 93.767 | | | 11,285 | | | |
| Medical Assistance Program | 93.778 | Medicaid Cluster | | 1,419,176 | | | |
| Total for CCDF Cluster (93.596) | | | | | 104,736 | | |
| Total for Medicaid Cluster (93.778) | | | | | 1,419,176 | | |

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual program may be found at the end of each federal grantor section.

COUNTY OF ROANOKE, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal Year Thru June 30, 2021

| Federal Grantor/Pass-Through Entity/Program Title | Assistance Listing Number | Cluster Name | Pass-Through Entity Identifying Number | Expenditures | Total Cluster | Total Program | Passed Through to Subrecipients |
|--|----------------------------------|---------------------|---|----------------------|----------------------|----------------------|--|
| Executive Office of the President | | | | | | | |
| Passed Through Washington/Baltimore HIDTA: | | | | | | | |
| High Intensity Drug Trafficking Areas Program | 95.001 | | I-2020ROANOKE I-2021ROANOKE | 54,075 | | | |
| Department of Homeland Security | | | | | | | |
| Direct Awards: | | | | | | | |
| Assistance to Firefighters Grant Program | 97.044 | | EMW-2020-FG-01432 | 90,933 | | | |
| Staffing for Adequate Fire and Emergency Response | 97.083 | | EMW-2016-FH-00387 EMW-2019-FF-00795 | 437,769 | | | |
| | | | | \$ 39,313,556 | | | \$ 1,401,033 |

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual program may be found at the end of each federal grantor section.



COUNTY OF ROANOKE, VIRGINIA
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

1) *Basis of Accounting*

Federal Programs are accounted for on the modified accrual basis of accounting.

2) *Reporting Entity*

The Schedule of Expenditures of Federal Awards includes all Federal grants awarded to the County of Roanoke, Virginia (County). The reporting entity is defined in Note 1 of the County's basic financial statements.

3) *In-Kind Contributions*

The County received commodities at the fair market value of \$370,253 from the U.S. Department of Agriculture during fiscal year 2021. These in-kind contributions are included in the basic financial statements.

4) *Indirect Costs*

For fiscal year 2021, the County adopted the Department of Education methodology for calculating the Local Educational Agency indirect costs. The restricted rate is used each year to calculate indirect costs for Federal Programs. The 10% de minimus rate was not utilized.

**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 Board of Supervisors
County of Roanoke, Virginia
Roanoke, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Roanoke, Virginia (the "County"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 1, 2021. Our report includes a reference to other auditors who audit the financial statements of the South Peak Community Development Authority, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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.**

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County'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
December 1, 2021

**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 Board of Supervisors
County of Roanoke, Virginia
Roanoke, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Roanoke, Virginia's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the County's major federal programs for the year ended June 30, 2021. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section, and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. **We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.**

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
December 1, 2021

COUNTY OF ROANOKE, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
June 30, 2021

As more fully described in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the County's compliance with certain provisions of the 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
Local Retirement Systems
Debt Provisions
Procurement Laws
Children's Services Act
Uniform Disposition of Unclaimed Property Act
Sheriff Internal Controls
Fire Programs Aid to Localities

State Agency Requirements

Education
Social Services

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal program selected for testing.

COUNTY OF ROANOKE, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2021

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 was reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion** on all programs.
6. The audit disclosed **no audit findings** relating to the major programs.
7. The programs tested as major were:

| <u>Name of Program</u> | <u>ALN #</u> |
|---|--------------|
| COVID-19 – Coronavirus Relief Fund (CARES) | 21.019 |
| Special Education Cluster – Grants to States | 84.027 |
| Special Education Cluster – Preschool Grants | 84.173 |
| COVID-19 – Governor's Emergency Education Relief Fund | 84.425C |
| COVID-19 – Elementary and Secondary Emergency Relief Fund | 84.425D |

8. The **threshold** for distinguishing Type A and B programs was **\$1,179,407**.
9. The County of Roanoke is determined to be a **low-risk auditee**.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

D. FINDINGS – COMMONWEALTH OF VIRGINIA

None.



