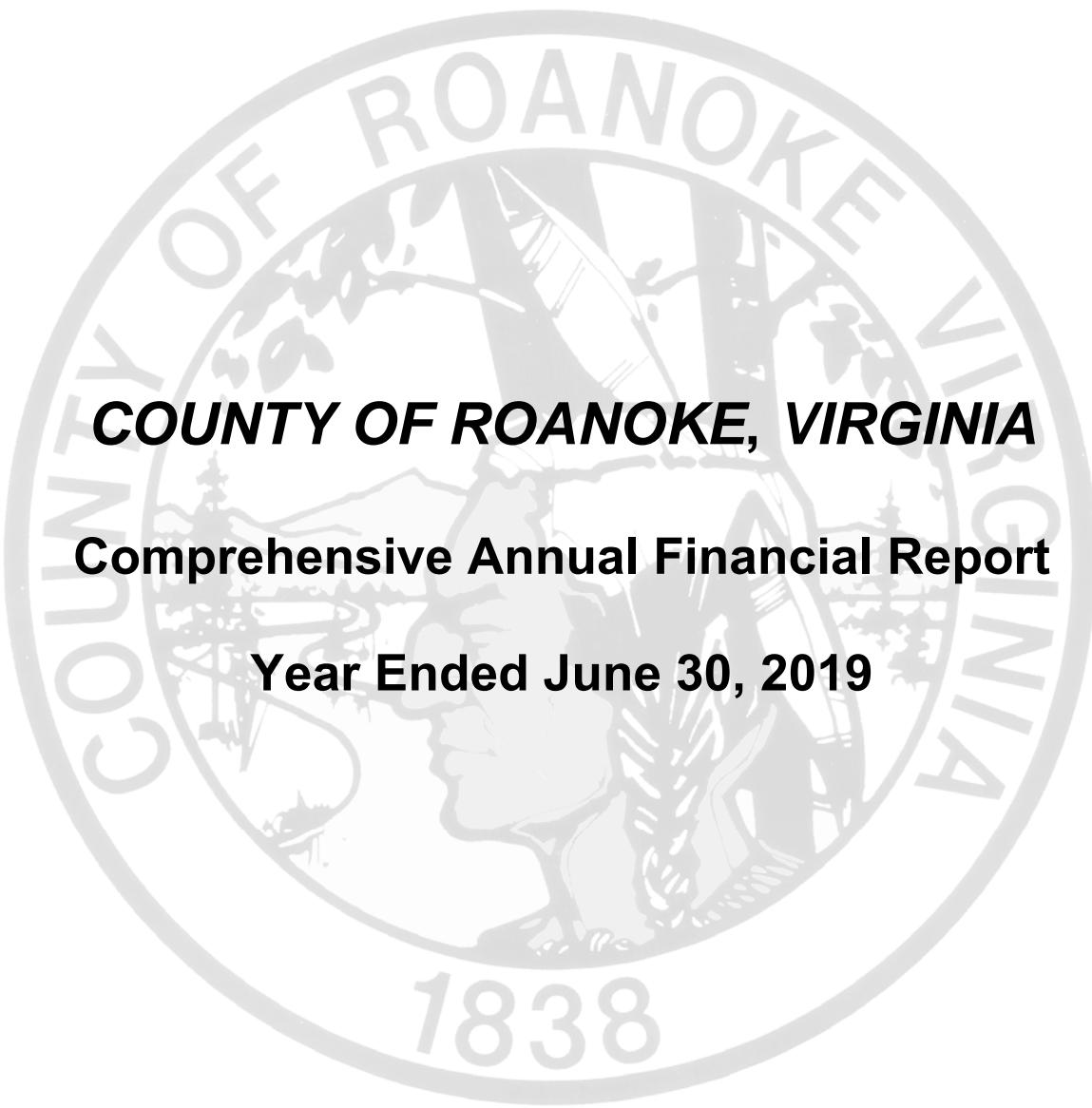


# County of Roanoke, Virginia

## Comprehensive Annual Financial Report



*Year Ended June 30, 2019*



**COUNTY OF ROANOKE, VIRGINIA**

**Comprehensive Annual Financial Report**

**Year Ended June 30, 2019**

Prepared by the

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

540-772-2020

[www.roanokecountyva.gov](http://www.roanokecountyva.gov)

## **Finance and Management Services Department**

**Laurie L. Gearheart, CPA**  
*Director of Finance and Management Services*

**W. L. Heath Honaker**  
Purchasing Division Director

**Shannon L. Lecas, CPA**  
*Finance Manager*

**Amy B. Meacham**  
*Finance Manager*

**Steven R. Elliott**  
*Budget Manager*

**Meredith L. Thompson**  
Budget Division Director

**Cynthia L. Kakouras**  
*Finance Manager*

**Evan C. Malone, CPA**  
*Finance Manager*

**Jessica C. Lovell, MBA**  
*Financial Analyst*

**Joshua B. Pegram**  
*Financial Analyst*

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## County of Roanoke Board of Supervisors



Phil C. North  
Chair  
Hollins District



Martha B. Hooker  
Vice Chair  
Catawba District



George G. Assaid  
Cave Spring District



P. Jason Peters  
Vinton District



David F. Radford  
Windsor Hills District



Daniel R. O'Donnell  
County Administrator



**COUNTY OF ROANOKE, VIRGINIA**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2019**

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# INTRODUCTORY SECTION



## **County of Roanoke**

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

November 22, 2019

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 Comprehensive Annual Financial Report (CAFR) of the County of Roanoke, Virginia (the County) for the fiscal year ended June 30, 2019. 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 November 30 to the Auditor of Public Accounts of the Commonwealth of Virginia (APA). This report has been prepared by the County's Department of Finance in accordance with the standards of financial reporting as prescribed by the Governmental Accounting Standards Board (GASB).

The CAFR 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, 2019. 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 93,672<sup>1</sup>, up 1.6% from the 2010 census population of 92,253. The County is part of the Roanoke Metropolitan Statistical Area (MSA) that has a total population of 314,172, reflecting an increase of 1.8% over the 2010 census. The County is within easy reach of major markets for local manufacturers and distributors via Interstate 81 and railway access.

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<sup>1</sup> Population source: Weldon Cooper Center for Public Service, University of Virginia.

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 (the 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.

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 comprehensive annual 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 (e.g., public safety), and department (e.g., 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**

Fiscal year 2019 continued to show signs of economic stability in the Valley. Unemployment as of June 30, 2019 remained low at 2.7%<sup>2</sup>, which is below the State average of 2.9%<sup>3</sup>.

Additionally, according to the “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. This past year, the RVBA expanded its local Roanoke County network footprint extending out from the County’s Center for Research and Technology (CRT) to the Western Virginia Regional Jail and then beyond to the Western Virginia Water Authority’s Spring Hollow Reservoir facility.

RVBA also helped Roanoke County make state-wide economic development headlines this year, with the launch of MtnNet, a Roanoke County based business that officially became the county’s newest residential internet service provider in January. MtnNet, located in the Bent Mountain area delivers high-speed wireless service, which has been previously unavailable to area residents. Dedicated internet connections will be provided to ensure common connection issues are minimized and will serve more than 100 homes at speeds up to 25mbps. The project is expected to be a catalyst for innovation and entrepreneurship in the Bent Mountain area.

The 109-acre Wood Haven Technology Park will be 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. Infrastructure improvements continued during the year including, water and sewer extensions to the entrance of the property, construction of a four-lane entrance road with landscaped median and the demolition of structures. Additional improvements for entrance landscaping, curb and gutter construction and paving are slated for the spring of 2020. Marketing strategies are underway, and funding is secured for Exit 2 (Peters Creek Road) to study the interchange to determine potential improvements that could benefit existing businesses as well as the future Wood Haven property development.

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<sup>2</sup> Virginia Employment Commission statistics

<sup>3</sup> U.S. Bureau of Labor Statistics

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 FY19, with implementation strategies underway beginning in FY20.

Nearly \$30 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.

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. The Oak Grove Center Plan and the Hollins Center Plan are also underway, with final plans to be completed in FY 20.

Redevelopment projects continued throughout the year, including the completion of The Billy Byrd project, converting the historic property into 82 market rate apartments. The \$12 million 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.

Metis Plaza completed a redevelopment project in FY19, with more than \$6 million in investment and an expected job creation of up to 600 positions at full occupancy. Consisting of more than 5 corporate tenants, Metis Plaza brings significant new employment and will serve as a catalyst for future development in the Oak Grove area.

Richfield Living launched a significant redevelopment and expansion project that was enabled by a \$93 million bond inducement through the Economic Development Authority to support the project and provide high-quality health care services for the community. The not-for-profit plans for an additional 140 new independent living residences with skilled nursing facilities, a new Town Center featuring an atrium, Chapel, dining room, and salon services, with the goal to serve as a new communal, multi-purpose space for the residences. As demands for retirement living facilities rise, Richfield's Vision 2020: Project Home redevelopment plan seeks to meet these demands.

Other commercial and industrial expansion projects include the announcement of VFP, Inc.'s relocation of their corporate headquarters to Roanoke County, bringing more than 60 new jobs to the 419 Planning area. The Economic Development office also sold 53 acres in the Center for Research and Technology for \$1.05 million for a new 75,000 sf. highly secured mission critical facility. This project represents a \$60+ million investment and 50 new jobs with expected completion in 2021.

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, 2019 the unassigned fund balance for the general government fund was 12% of the fiscal year 2019 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.

Effective July 1, 2019 the Board of Supervisors 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 2018-2019 included:

**Education:** Roanoke County Public Schools is the 19<sup>th</sup> largest of 132 school systems in the Commonwealth of Virginia. The School Board consists of five members elected to four-year terms.

The School System provides a broad spectrum of general, special, gifted, career and technical education opportunities for 14,000 students (including pre-kindergarten) between the ages of 3 and 21 at sixteen elementary schools, five middle schools, five high schools, and one specialty center. Roanoke County Public Schools had a strong year in terms of standards of learning (SOL) performance. The School system again had all of its 26 schools fully accredited for the 2019-2020 school year based on 2018-2019 results.

The School System has been recognized for the past 16 years as one of the "Best Communities for Music Education" in America by the NAMM Foundation and one of only eighteen school divisions in the Commonwealth of Virginia. This recognition demonstrates the School System's commitment to providing a wide range of musical opportunities and supporting them financially.

**Eastern Section of the Roanoke River Greenway:** This project entails the planning, design and construction of approximately 2.7 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 in Explore Park. The project is has completed the design phase and is in the right of way acquisition stage. The project is funded through approximately \$6.8 million in VDOT Transportation Alternatives and Regional Surface Transportation Program (RSTP) funds with a local match of approximately \$193,000. The project is estimated to be completed in the summer of FY 2022.

**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 Riverside Park in the City of Salem. The project has completed its design stage and is in the right of way acquisition stage. The project is funded through approximately \$8.03 million in VDOT Open Container (OC), Regional Surface Transportation Program (RSTP) funds and VDOT SMART SCALE funds. The project is estimated to be completed in the summer of FY 2022

**Explore Park:** Explore Park is an 1100 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. Roanoke County is contracting with private firms to begin private recreation operations in 2018. In FY18, the public

water and sewer project was completed to Explore Park. In FY19, 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. Explore Park has two private vendors currently in operation with cabins and camping operations with a new private operator to begin operating historic Brugh Tavern in the fall of 2019. Treetop Quest, Explore Park's signature aerial adventure park opened to the public in the summer of 2019. Explore Park has become a regional outdoor destination in just three years 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 will 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 is complete 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. The Right-of-Way phase is underway and construction is anticipated in 2020. Another \$1.8 million was awarded in 2017 for Phase 2 of the Plantation Road Project which will continue sidewalks, curb, gutter and street trees 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. Preliminary Engineering is underway and construction is anticipated to begin in FY 2021.

**Public Service Center Facility:** This multi-phase project was initiated in the FY 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. FY 2018 resulted in contracting for the acquisition of a key property adjacent to the County's Fleet Service Center necessary for Phase I of the project. Architectural and Engineering services were procured in FY2019 for Phase I and design work has begun. Remaining property acquisition, Architectural and Engineering services and Phase I construction is anticipated to commence in FY2020. Phase II is currently planned for funding in FY2023. The total cost for all prior and future project phases is anticipated to be \$15.3 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 Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. This was the thirty-fifth 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 CAFR 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, 2019. This was the thirty-third 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, (the "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 93,672 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, 2019

### ***Board of Supervisors***

Phil C. North, Chair, Hollins District  
Martha B. Hooker, Vice-Chair, Catawba District  
George G. Assaid, Cave Spring District  
P. Jason Peters, Vinton District  
David F. Radford, Windsor Hills District

### ***County Administration***

Daniel R. O'Donnell, County Administrator

County Attorney .....	Ruth Ellen Kuhnle
Assistant County Administrator .....	Richard L. Caywood
Assistant County Administrator .....	Rebecca E. Owens
Clerk to the Board .....	Deborah C. Jacks
Chief of Fire and Rescue .....	Stephen G. Simon
Chief of Police .....	Howard B. Hall
Acting Director of Planning .....	Philip G. Thompson
Acting Director of Development Services .....	Tarek M. Moneir
Director of Economic Development .....	Jill Loope
Acting Director of Finance .....	Laurie L. Gearheart
Director of General Services .....	Howard R Light
Director of Human Resources .....	Anne Marie Green
Director of Information Technology .....	Bill Hunter
Director of Libraries .....	Shari Henry
Director of Parks, Recreation and Tourism .....	Douglas Blount
Director of Real Estate Assessments .....	Kenneth E. Fay
Director of Social Services .....	Joyce W. Earl
Registrar .....	Anna Cloeter
Unit Coordinator for Virginia Cooperative Extension .....	Leslie Prillaman

### ***Constitutional Officers***

Clerk of the Circuit Court .....	Steven A. McGraw
Commissioner of the Revenue .....	Nancy J. Horn
Commonwealth Attorney .....	Aaron T. Lavinder
Sheriff .....	Joseph "Eric" Orange
Treasurer .....	F. Kevin Hutchins

# **Roanoke County Public Schools**

## **Principal Officials**

June 30, 2019

### ***School Board Members***

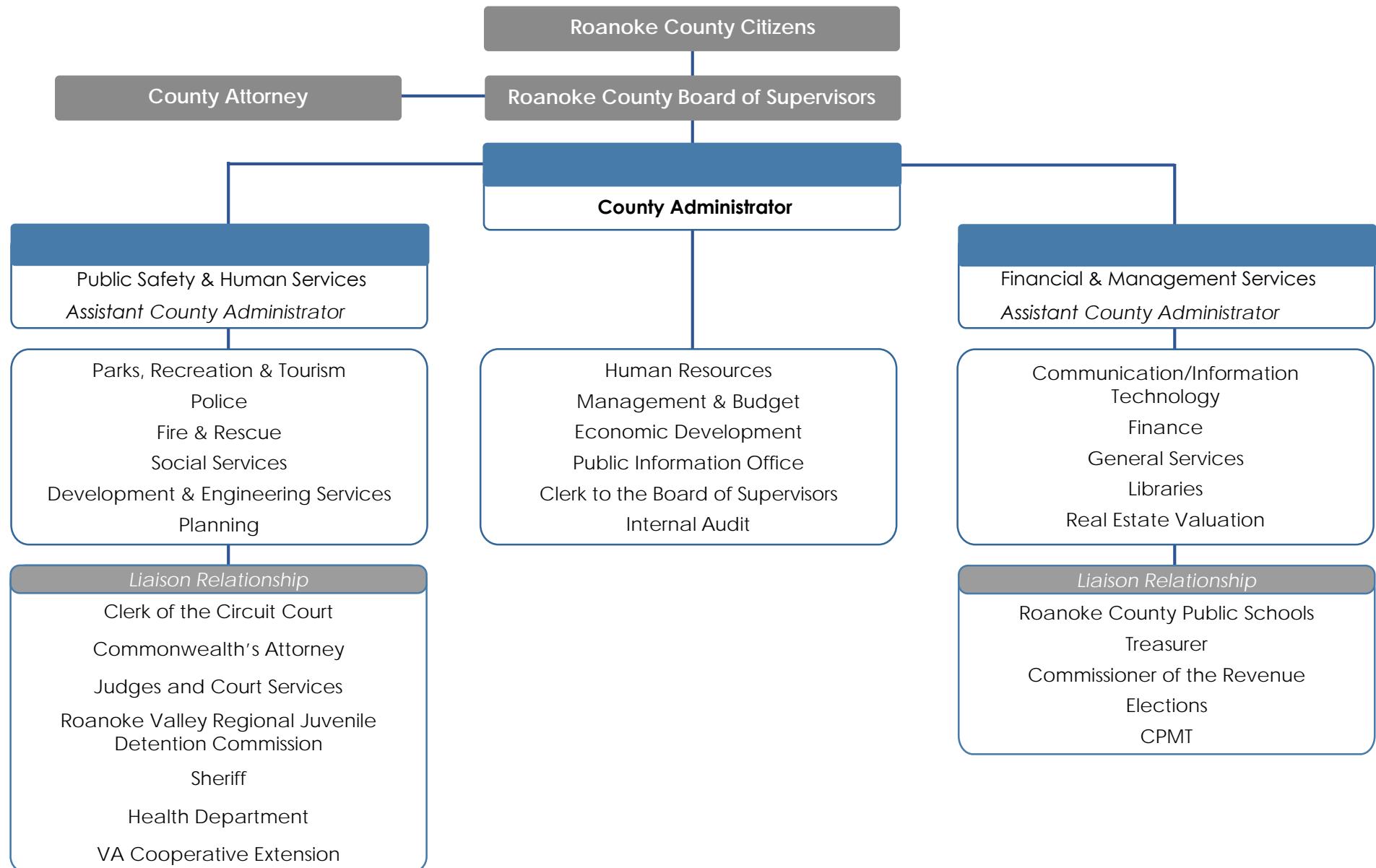
Donald T. Butzer, Chairman, Catawba District  
Timothy D. Greenway, Vice-Chairman, Vinton District  
Michael A. Wray, Cave Spring District  
David Linden, Hollins District  
Jason B. Moretz, Chariman, Windsor Hills District

### ***School Administration***

Dr. Kenneth E. Nicely, Superintendent of Schools

Assistant Superintendent of Instruction and Leadership.....	Dr. Rebecca G. Eastwood
Assistant Superintendent of Student Services and Human Resources.....	Dr. Jessica M. McClung
Executive Director of Administration.....	Dr. Rhonda 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. Mark G. Kitta
Director of Finance.....	Mrs. Susan L. Peterson, MA, CPA, SFO
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





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, 2018**

*Christopher P. Morill*

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, 2019, 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 5.5% of the respective assets, 0.4% of the respective revenues, and 1.4% 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.

*Your Success is Our Focus*

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## ***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, 2019, 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 November 22, 2019 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 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, S.C.P.*

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia  
November 22, 2019

**County of Roanoke, Virginia**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2019**

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The management of the County of Roanoke, Virginia (the "County") presents the following discussion and analysis as an overview of the financial activities of the County for the year ended June 30, 2019. 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 1-8 of this report.

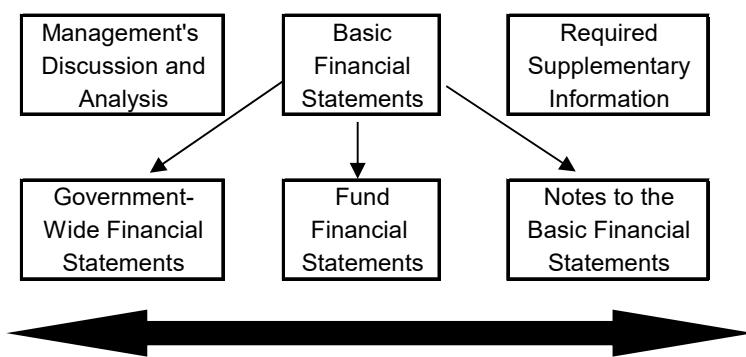
### **FINANCIAL HIGHLIGHTS**

- The total assets and deferred outflows of the County's governmental activities exceeded its liabilities and deferred inflows as of June 30, 2019 by \$74.5 million (*net position*).
- On a government-wide basis for governmental activities, the County had expenses, net of program revenues, of \$179.3 million, which were \$7.3 million more than general revenues of \$172.0 million (Exhibit II).
- The County's outstanding debt increased by \$28.7 million during fiscal year 2019. This is the net result of new debt issued and scheduled debt payments made during the year that reduced the principal balance.

### **OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

The financial section of the comprehensive annual financial report consists of the following:

#### **Components of the Financial Section**



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 is unaudited.

**County of Roanoke, Virginia**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2019**

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The basic financial statements present 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.

### **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 enterprises. 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 32-33 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.

**County of Roanoke, Virginia**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2019**

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## **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 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 an agency 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 34 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 45 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 132 of this report.

**County of Roanoke, Virginia**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2019**

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**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:

<b>Summary of Net Position</b> <b>As of June 30, 2019 and 2018</b>		
	<b>Governmental Activities</b>	
	<b>FY2019</b>	<b>FY2018</b>
Current and other assets	\$ 108,281,871	\$ 85,440,205
Capital assets, net	232,050,807	242,281,810
Total assets	<u>340,332,678</u>	<u>327,722,015</u>
Deferred outflows	9,555,460	10,337,935
Other liabilities	16,384,903	11,480,962
Long-term liabilities	243,085,084	228,934,614
Total liabilities	<u>259,469,987</u>	<u>240,415,576</u>
Deferred inflows	15,955,209	15,924,017
Net investment in capital assets	94,294,227	108,276,652
Restricted	3,396,762	4,018,119
Unrestricted	(23,228,047)	(30,574,414)
Total net position	<u>\$ 74,462,942</u>	<u>\$ 81,720,357</u>

In the case of the County, assets and deferred outflows exceed liabilities and deferred inflows by \$74.5 million at the close of fiscal year 2019. This decrease of \$7.3 million reflects an overall decrease in the County's financial position and is the result of a combination of factors including 1) a decrease in net capital assets due to an increase in asset values offset by annual depreciation expense, 2) a decrease in net assets resulting from tenancy-in-common assets transferred to Roanoke County Public Schools and 3) expenses exceeding revenues for the year ended.

The largest portion of the County's net position (126.6%) reflects its investment in capital assets (e.g., 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. Restricted net position (4.5%) is restricted for state and federal grant programs. The remaining balance is unrestricted net position (-31.2%). 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, 2019**

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 shows the revenue and expenses of the government-wide activities:

<b>Changes in Net Position</b> <b>For the Year Ended June 30, 2019 and 2018</b>			
	<b>Governmental Activities</b>		
	<b>FY2019</b>	<b>FY2018</b>	
<b>Revenues</b>			
Program Revenues:			
Charges for services	\$ 14,168,473	\$ 14,102,732	
Operating grants & contributions	29,868,781	30,095,411	
General Revenues:			
Property taxes	119,113,019	115,215,532	
Sales taxes	11,011,106	10,273,373	
Business license taxes	7,101,616	6,697,712	
Communication taxes	3,342,247	3,602,706	
Consumer utility taxes	3,738,985	3,792,647	
Tax on prepared food	4,382,887	4,496,145	
Motor vehicle licenses	2,416,603	2,371,464	
Other local taxes	5,747,923	4,982,011	
Non-categorical state aid	12,229,857	12,229,857	
Other revenues	2,912,969	1,689,308	
<b>Total revenues</b>	<b>216,034,466</b>	<b>209,548,898</b>	
<b>Expenses</b>			
General government	16,846,002	16,027,976	
Judicial administration	3,330,368	3,009,591	
Public safety	48,393,359	50,771,951	
Public works	19,401,962	16,438,048	
Library	5,894,548	5,871,360	
Health & welfare	19,288,522	19,625,816	
Parks, recreation and culture	10,318,020	9,533,021	
Community development	2,436,934	8,378,672	
Education	88,884,391	80,977,546	
Interest and other charges	8,497,775	8,314,005	
<b>Total expenses</b>	<b>223,291,881</b>	<b>218,947,986</b>	
Change in net position	(7,257,415)	(9,399,088)	
Total net position, beginning of year	81,720,357	91,119,445	
Total net position, end of year	<b>\$ 74,462,942</b>	<b>\$ 81,720,357</b>	

### **Governmental Activities**

Governmental activities decreased the County's net position by \$7.3 million. The County's total revenues increased from the prior year by 3.1% to \$216.0 million and expenses for all programs and services increased 2.0% to \$223.3 million.

**County of Roanoke, Virginia**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2019**

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Approximately 55.1% of the County's revenues come from property taxes, 3.3% from business license tax, 1.6% from communications tax, 1.7% from consumer utility tax, 2.0% from tax on prepared food, 1.1% from motor vehicle license, 2.7% from other local tax, 6.6% from charges for services, 13.8% from operating grants and contributions, 5.7% from non-categorical state aid, 5.1% from sales tax, and 1.4% from other and miscellaneous revenues.

The County's expenses cover a range of services, with about 39.8% related to Education, 21.7% to Public Safety, 8.7% to Public Works, 8.6% to Health and Welfare, 1.5% to Judicial Administration, 2.6% to Library, 4.6% to Parks, Recreation and Culture, 1.1% to Community Development, 7.5% to General Government, and 3.8% for interest and other charges.

Revenues for governmental activities increased \$6.5 million (3.1%) and total expenses increased \$4.3 million (2.0%) when compared to the prior year. Key elements of these changes were as follows:

- Property tax revenues increased by \$3.9 million (3.4%) during the year. This increase was primarily due to modest growth in both real and personal property tax values.
- Business license tax revenues increased by \$0.4 million (6.0%). This increase was primarily due to modest growth in local business revenues.
- Sales tax revenues increased by \$0.7 million (7.2%). This increase was primarily due to modest growth in local business revenues.
- General Government expenses increased by \$0.8 million (5.1%) due to an increase in administrative costs, capital outlays for software upgrades, and other capital outlays
- Public Works expenses increased by \$3.0 million (18.0%) primarily due corridor improvement projects and multiple flooding events that required extensive cleanup.
- Public Safety expenses decreased by \$2.4 million (-4.7%) due, in large part, to a decrease in depreciation expense and decreases in capital outlays.
- Parks, Recreation and Culture expenses increased by \$0.8 million (8.2%) primarily due to new operations and capital improvements at Explore Park.
- Community Development expenses decreased by \$5.9 million (-70.9%) primarily due to a decrease in capital outlays related to transportation alternative grants, transportation improvement grants, and greenway improvement grants.

## **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

**County of Roanoke, Virginia**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2019**

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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 \$77.4 million, an increase of \$16.4 million in comparison with fiscal year 2018. Of this amount 0.3% (\$0.2 million) constitutes non-spendable fund balance which reflects inventories and prepaid assets that are non-liquid in form and cannot be spent, 32.9% (\$25.5 million) constitutes restricted fund balance, which is externally restricted for State and Federal grant programs, 34.0% (\$26.3 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, 1.2% (\$0.9 million) constitutes assigned fund balance, which is designated for parks and recreation and other various general government programs, and 31.6% (\$24.4 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 \$1.0 million during the current fiscal year. This increase is primarily attributed to revenues exceeding original projections.

The Special Revenue Fund accounts for proceeds of specific revenue sources that are restricted to expenditures for specific purposes. The restricted fund balance increased from prior year by \$3,248 as a result of the increase 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 \$18.8 million committed and \$22.1 million restricted for future capital projects. The fund balance increased by \$15.4 million primarily due to bond proceeds received for the renovation of Cave Spring High School.

### **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, 2019 but not paid by that date.
- To reappropriate grants, donations and other revenues authorized in fiscal year 2019 or earlier, but not expended or encumbered as of June 30, 2019.
- To appropriate grants, donations, and other revenues accepted or adjusted in fiscal year 2018 when official notice of approval was received.
- To appropriate the designated general fund balance to capital projects.

Below is a condensed version of the budgetary comparison of the General Fund original budget, amended budget, and actual amounts for fiscal year 2019.

**County of Roanoke, Virginia**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2019**

<b>General Fund</b>			
<b>Budgetary Highlights for 2019</b>			
	<b>Original Budget</b>	<b>Budget as Amended</b>	<b>Actual</b>
Revenues	\$ 202,635,789	\$ 217,687,322	\$ 206,559,574
Expenditures	114,379,363	131,518,338	114,759,825
Transfers out, net	<u>91,173,239</u>	<u>90,765,933</u>	<u>90,766,033</u>
Net change in fund balance	<u>\$ (2,916,813)</u>	<u>\$ (4,596,949)</u>	<u>\$ 1,033,716</u>

Actual General Fund total revenues fell short of the amended budget by \$11.1 million for fiscal year 2019. The deficit is primarily the result of several reimbursable federal and state grants budgeted for the Roanoke River Greenway, Corridor improvements 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 \$16.8 million, resulting in savings at year end primarily due to grant awarded budgeted, but not fully expended.

The County Board of Supervisors appropriated \$3.2 million in transfers in fiscal year 2019 to allocate the prior year ending fund balance for future expenditures and capital projects. The County ending fund balance increased at June 30, 2019 by \$16.4 million compared to the prior fiscal year end largely due to bond proceeds received for several new capital projects offset by one-time transfers to County and School Capital. The School Board and County Board of Supervisors have a jointly adopted financial policy designating year end balances for major and minor capital projects.

### **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.

Unrestricted net position of the Health Insurance, Dental Insurance, and Risk Management funds at the end of the year amounted to \$1,423,204. The net position of Risk Management increased by \$123,854, Health Insurance increased by \$1,560,231 as a result of favorable claims experience, and Dental Insurance increased by \$27,965.

**County of Roanoke, Virginia**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2019**

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**CAPITAL ASSETS**

As of June 30, 2019, the County had invested \$232.0 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 \$10.2 million.

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

<b>Capital Assets</b> <b>As of June 30, 2019 and 2018</b>		
	<b>Governmental Activities</b>	
	<b>FY2019</b>	<b>FY2018</b>
Land	\$ 14,747,553	\$ 14,209,655
Buildings, improvements and systems	336,458,654	346,568,390
Furniture, fixtures, and equipment	71,761,486	69,669,035
Construction in progress	20,772,388	5,764,874
Subtotal	<u>443,740,081</u>	<u>436,211,954</u>
Accumulated depreciation	(211,689,274)	(193,390,144)
Totals	<u><u>\$ 232,050,807</u></u>	<u><u>\$ 242,821,810</u></u>

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

- Building, improvements and systems decreased by \$10.1 million primarily due to the transfer of tenancy-in-common assets to Roanoke County Public Schools.
- Furniture, fixtures, and equipment increased by \$2.1 million primarily due to the purchase and disposal of vehicles and heavy equipment for various departments.

**LONG-TERM DEBT**

At June 30, 2019, the County had a number of bonded debt issues outstanding. These include \$1.9 million of general obligation debt (which is privately held), \$91.9 million of Virginia Public School Authority (VPSA) bonds for School purposes and \$79.0 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 at June 30, 2019 increased by a net amount of \$17.9 million as a result the issuance of new VPSA bonds and of 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

**County of Roanoke, Virginia**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2019**

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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, 2019, the County's net debt per capita ratio was \$1,924, the net debt to assessments ratio was 1.80%, and the percent of debt service to general fund expenditures was 6.26% 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 of the notes to the basic financial statements. The following table illustrates the County's outstanding debt:

<b>Outstanding Debt</b> <b>As of June 30, 2019 and 2018</b>			
	<b>Governmental Activities</b>		
	<b>FY2019</b>	<b>FY2018</b>	
General Obligation bonds	\$ 1,866,987	\$ 2,765,175	
Lease Revenue bonds	75,035,000	77,970,000	
Virginia Public School Authority bonds	91,947,188	72,194,043	
Bond Premiums	11,356,388	9,929,441	
<b>Totals</b>	<b>\$ 180,205,563</b>	<b>\$ 162,858,659</b>	

### **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 increases 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**

During fiscal year 2019, the State economy mirrored the slow, yet steady, recovery of the national economy. The County continues to forecast and experience relatively flat revenue growth in the local tax base, further challenging the ability to maintain existing service levels.

Fiscal year 2019-20 revenue estimates appear to be performing slightly above budget. While we have always kept a watchful eye on the year-to-date revenue collections and regularly

**County of Roanoke, Virginia**  
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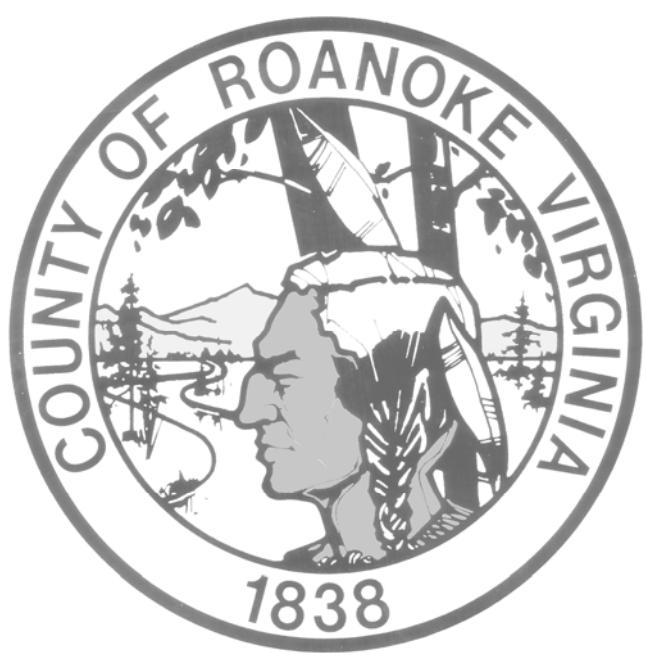
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update revenue forecasts, our current fiscal climate dictates that continuous revenue budgeting be a top priority. However, even with this emphasis, it is important to be aware of the pitfalls of estimating future revenues in this continuing unstable 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 maintain 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](http://www.roanokecountyva.gov).



# BASIC FINANCIAL STATEMENTS

**Exhibit I**  
**COUNTY OF ROANOKE, VIRGINIA**  
**Statement of Net Position**  
**June 30, 2019**

	<b>Governmental</b>	<b>Component</b>
	<b>Activities</b>	<b>Units</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 27,264,823	\$ 29,114,882
Cash and investments with fiscal agents	29,468,663	-
Investments	18,053,932	11,902,627
Restricted cash and cash equivalents	985,873	-
Accounts receivable	16,524,737	443,810
Due from other governments	15,250,886	3,928,240
Inventories	172,002	445,291
Land held for resale	-	4,162,324
Prepaid and other assets	560,955	46,875
Net asset from pension	-	1,844,862
Capital assets:		
Land and construction in progress	35,519,941	14,598,861
Other capital assets, net	196,530,866	43,948,249
Capital assets, net	<u>232,050,807</u>	<u>58,547,110</u>
Total assets	<u>340,332,678</u>	<u>110,436,021</u>
<b>DEFERRED OUTFLOWS</b>		
Deferred charges on refundings of debt	1,402,596	-
Resources related to pension plan	5,828,482	15,955,485
Other postemployment benefits provided by Virginia		
Retirement System	567,682	2,065,548
Other postemployment benefits provided by Roanoke County	1,756,700	
and Roanoke County Public Schools	-	1,023,106
Total deferred outflows	<u>9,555,460</u>	<u>19,044,139</u>
<b>LIABILITIES</b>		
Accounts payable	9,064,089	2,105,933
Accrued liabilities	1,331,169	879,050
Unearned revenues	3,050,453	286,050
Accrued interest payable	2,939,192	141,570
Long-term liabilities:		
Portion due or payable within one year:		
Bonds payable	12,864,287	222,000
Bond premiums	885,093	-
Compensated absences	3,274,639	728,558
Claims payable	1,560,193	1,841,232
Portion due or payable after one-year:		
Bonds payable	155,984,888	6,258,000
Bond premiums	10,471,295	-
Compensated absences	2,301,150	1,754,774
Claims payable	1,548,932	507,591
Net pension liabilities	32,046,579	112,596,000
Net LOSAP pension liability	9,921,930	-
Other postemployment benefits provided by Virginia		
Retirement System	4,865,393	18,502,000
Other postemployment benefits provided by Roanoke		
County and Roanoke County Public Schools	7,360,705	10,012,145
Total liabilities	<u>259,469,987</u>	<u>155,834,903</u>
<b>DEFERRED INFLOWS</b>		
Deferred tax revenues	11,293,290	-
Resources related to pension plan	4,057,109	15,911,541
Other postemployment benefits provided by Virginia		
Retirement System	398,009	1,161,000
Other postemployment benefits provided by Roanoke		
County and Roanoke County Public Schools	206,801	4,786,514
Total deferred inflows	<u>15,955,209</u>	<u>21,859,055</u>
<b>NET POSITION</b>		
Net investment in capital assets	94,294,227	52,067,110
Restricted for:		
Grants and other governmental programs	3,396,762	-
Emergency contingency	-	2,000,000
Unrestricted	<u>(23,228,047)</u>	<u>(102,280,908)</u>
Total net position	<u>\$ 74,462,942</u>	<u>\$ (48,213,798)</u>

See accompanying notes to basic financial statements.

Exhibit II

COUNTY OF ROANOKE, VIRGINIA  
Statement of Activities  
For the Year Ended June 30, 2019

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	
<b>Primary Government</b>							
General government	\$ 16,846,002	\$ 1,437,214	\$ 660,522	\$ -	\$ (14,748,266)	\$ -	-
Judicial administration	3,330,368	987,506	1,275,027	-	(1,067,835)	-	-
Public safety	48,393,359	4,528,571	7,154,337	-	(36,710,451)	-	-
Public works	19,401,962	368,628	52,676	-	(18,980,658)	-	-
Library	5,894,548	356,175	161,264	-	(5,377,109)	-	-
Health and welfare	19,288,522	953,319	12,859,128	-	(5,476,075)	-	-
Parks, recreation, and culture	10,318,020	4,782,249	511,037	-	(5,024,734)	-	-
Community development	2,436,934	754,811	277,069	-	(1,405,054)	-	-
Education	88,884,391	-	6,917,721	-	(81,966,670)	-	-
Interest and other charges	8,497,775	-	-	-	(8,497,775)	-	-
Total governmental activities	<u>\$ 223,291,881</u>	<u>\$ 14,168,473</u>	<u>\$ 29,868,781</u>	<u>\$ -</u>	<u>(179,254,627)</u>	<u>-</u>	<u>-</u>
<b>Total component units</b>	<u>\$ 155,327,081</u>	<u>\$ 4,427,831</u>	<u>\$ 31,987,163</u>	<u>\$ 8,050,076</u>	<u>-</u>	<u>(110,862,011)</u>	
General revenues:							
Real estate and personal property					119,113,019	-	-
Local share of sales tax					11,011,106	-	-
Business license taxes					7,101,616	-	-
Communications taxes					3,342,247	-	-
Consumer utility taxes					3,738,985	-	-
Tax on prepared food					4,382,887	-	-
Motor vehicle licenses					2,416,603	-	-
Other local taxes					5,747,923	-	-
Payments from Roanoke County					-	70,473,293	
Payments from other local governments					-	1,263	
Non-categorical state aid					12,229,857	56,104,830	
Incremental tax revenues					-	654,338	
Special assessment revenues					-	5,027	
Gain on sale of capital assets					253,267	616,891	
Interest and Investment earnings					1,832,127	29,210	
Miscellaneous					827,575	1,141,514	
Total general revenues					<u>171,997,212</u>	<u>129,026,366</u>	
Change in net position					(7,257,415)	18,164,355	
Total net position at beginning of year					<u>81,720,357</u>	<u>(66,378,153)</u>	
Total net position at end of year					<u>\$ 74,462,942</u>	<u>\$ (48,213,798)</u>	

See accompanying notes to basic financial statements.

**COUNTY OF ROANOKE, VIRGINIA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 11,659,106	\$ 821,134	\$ 96,028	\$ 11,274,896	\$ 23,851,164
Cash and investments with fiscal agents	3,528,286	-	8,646	25,931,731	29,468,663
Investments	7,989,047	-	-	7,725,779	15,714,826
Restricted cash and cash equivalents	985,873	-	-	-	985,873
Receivables	16,241,146	-	-	17,710	16,258,856
Due from other governments	15,247,183	-	-	3,703	15,250,886
Prepaid items and other assets	52,055	-	-	181,422	233,477
Inventories	172,002	-	-	-	172,002
Total assets	<u>\$ 55,874,698</u>	<u>\$ 821,134</u>	<u>\$ 104,674</u>	<u>\$ 45,135,241</u>	<u>\$ 101,935,747</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 3,480,204	\$ 5,714	\$ -	\$ 4,091,854	\$ 7,577,772
Accrued wages and benefits	1,331,169	-	-	-	1,331,169
Unearned revenues	3,050,453	-	-	-	3,050,453
Total liabilities	<u>7,861,826</u>	<u>5,714</u>	<u>-</u>	<u>4,091,854</u>	<u>11,959,394</u>
<b>DEFERRED INFLOWS</b>					
Deferred tax revenues	11,293,290	-	-	-	11,293,290
Unavailable revenues	1,251,500	-	-	-	1,251,500
	<u>12,544,790</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,544,790</u>
<b>FUND BALANCES</b>					
Nonspendable	224,057	-	-	181,422	405,479
Restricted	2,581,342	815,420	-	22,114,293	25,511,055
Committed	7,299,040	-	104,674	18,747,672	26,151,386
Assigned	926,701	-	-	-	926,701
Unassigned	24,436,942	-	-	-	24,436,942
Total fund balances	<u>35,468,082</u>	<u>815,420</u>	<u>104,674</u>	<u>41,043,387</u>	<u>77,431,563</u>
Total liabilities, deferred inflows and fund balances	<u><u>\$ 55,874,698</u></u>	<u><u>\$ 821,134</u></u>	<u><u>\$ 104,674</u></u>	<u><u>\$ 45,135,241</u></u>	<u><u>\$ 101,935,747</u></u>

(continued)

**Exhibit III (Continued)**

**COUNTY OF ROANOKE, VIRGINIA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

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

Total fund balances for governmental funds	\$ 77,431,563
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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. Those assets consist of:

Land and construction in progress	35,519,941
Other capital assets, net of \$211,689,274 of accumulated depreciation	<u>196,530,866</u>
Total capital assets, net	232,050,807

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: 1,423,204

County revenues that are earned but not considered available are not current financial resources and, therefore, are not reported in the governmental funds. 1,251,500

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, 2019 are:

Prepaid and other assets	327,478
Accrued interest payable	(2,939,192)
Bonds payable	(168,849,175)
Bond premiums	(11,356,388)
Compensated absences	(5,575,789)
Other postemployment benefit OPEB liabilities	(12,226,098)
Net pension liabilities	<u>(41,968,509)</u>
Total long-term assets and liabilities	(242,587,673)

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, 2019 are:

Deferred outflow from debt refundings resulting in loss transactions	1,402,596
Deferred outflows of resources related to pension plan	5,828,482
Deferred outflows of resources related to other postemployment benefits	2,324,382
Deferred inflows of resources related to other postemployment benefits	(604,810)
Deferred inflow of resources related to pension plan	<u>(4,057,109)</u>
Total deferred outflows and inflows	4,893,541

Total net position of governmental activities (Exhibit I)	<u>\$ 74,462,942</u>
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**COUNTY OF ROANOKE, VIRGINIA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
General property taxes	\$ 119,672,139	\$ 271,155	\$ -	\$ -	\$ 119,943,294
Other local taxes	36,816,003	388,210	- -	- -	37,204,213
Permits, fees, and licenses	1,005,537	- -	- -	- -	1,005,537
Fines and forfeitures	512,634	- -	- -	- -	512,634
Use of money and property	393,630	- 1,643	649,017	1,044,290	
Charges for services	9,190,199	- -	194,185	9,384,384	
Intergovernmental revenue	35,144,326	- 4,125,345	2,792,376	42,062,047	
Locality compensation payments	- -	124,894	- -	124,894	
Miscellaneous	3,825,106	- 157,704	588,381	4,571,191	
Total revenues	<u>206,559,574</u>	<u>659,365</u>	<u>4,409,586</u>	<u>4,223,959</u>	<u>215,852,484</u>
<b>EXPENDITURES</b>					
Current operating:					
General government	15,644,724	- -	- -	- -	15,644,724
Judicial administration	2,888,851	- -	- -	- -	2,888,851
Public safety	46,470,016	- -	- -	- -	46,470,016
Public works	15,188,632	- -	- -	- -	15,188,632
Library	5,040,832	- -	- -	- -	5,040,832
Health and welfare	19,114,976	- -	- -	- -	19,114,976
Parks, recreation, and culture	7,767,986	- -	- -	- -	7,767,986
Community development	2,643,807	23,353	- -	- -	2,667,160
Education	68,662,247	- -	- -	- -	68,662,247
Debt service:					
Principal	- 196,000	11,955,043	- -	- -	12,151,043
Interest and other charges	- 436,764	6,470,875	75,541	6,983,180	
Capital outlay	- -	- -	25,338,792	25,338,792	
Total expenditures	<u>183,422,071</u>	<u>656,117</u>	<u>18,425,918</u>	<u>25,414,333</u>	<u>227,918,439</u>
Excess (deficiency) of revenues over (under) expenditures	<u>23,137,503</u>	<u>3,248</u>	<u>(14,016,332)</u>	<u>(21,190,374)</u>	<u>(12,065,955)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of bonds	- -	- -	- -	27,875,000	27,875,000
Premium on bonds	- -	- -	- -	2,201,943	2,201,943
Proceeds from sale of land, buildings and equipment	- -	- -	- -	253,267	253,267
Transfers in	158,244	- 14,137,974	6,369,223	20,665,441	
Transfers out	(22,262,031)	- (78,852)	(158,244)	(22,499,127)	
Total other financing sources (uses), net	<u>(22,103,787)</u>	<u>- 14,059,122</u>	<u>36,541,189</u>	<u>28,496,524</u>	
Net change in fund balances	1,033,716	3,248	42,790	15,350,815	16,430,569
Total fund balances at beginning of year	34,434,366	812,172	61,884	25,692,572	61,000,994
Total fund balances at end of year	<u>\$ 35,468,082</u>	<u>\$ 815,420</u>	<u>\$ 104,674</u>	<u>\$ 41,043,387</u>	<u>\$ 77,431,563</u>

(continued)

**Exhibit IV ( continued)**

**COUNTY OF ROANOKE, VIRGINIA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

**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	\$ 16,430,569
Total change in net position reported for governmental activities in the Statement of Activities is different due to:	
Internal service funds (See 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.	1,712,050
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	9,529
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 (\$13,368,652) were under depreciation expense (\$23,599,656) in the current period.	(10,231,004)
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.	
Obligation under debt issuances	(30,076,943)
Repayments of principal	11,955,043
Locality compensation payment	<u>(124,894)</u>
Net adjustment	(18,246,794)
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	275,492
Accrued interest payable	<u>(1,514,594)</u>
Net adjustment	(1,239,102)
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.	3,452,666
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.	854,671
Change in net position of governmental activities (Exhibit II)	<u>\$ (7,257,415)</u>

See accompanying notes to basic financial statements.

**Exhibit V**

**COUNTY OF ROANOKE, VIRGINIA**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2019**

	<b>Internal Service Funds</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 3,413,659
Investments	2,339,106
Accounts receivable	265,881
Total current assets	<u>6,018,646</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	1,486,317
Claims payable	1,560,193
Total current liabilities	<u>3,046,510</u>
Noncurrent liabilities:	
Claims payable	<u>1,548,932</u>
Total noncurrent liabilities	<u>1,548,932</u>
Total liabilities	<u>4,595,442</u>
Net Position:	
Unrestricted	<u>1,423,204</u>
Total net position	<u>\$ 1,423,204</u>

See accompanying notes to basic financial statements

**Exhibit VI**

**COUNTY OF ROANOKE, VIRGINIA**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 12,420,612
Total operating revenues	<u>12,420,612</u>
<b>OPERATING EXPENSES</b>	
Purchased services	2,290,079
Personal services	41,903
Claims	<u>10,254,346</u>
Total operating expenses	<u>12,586,328</u>
Operating loss	<u>(165,716)</u>
<b>NONOPERATING REVENUES</b>	
Investment income	<u>44,080</u>
Total nonoperating revenues	<u>44,080</u>
Loss before transfers	(121,636)
Transfers in	<u>1,833,686</u>
Change in net position	1,712,050
Total net position (deficit) at beginning of year	(288,846)
Total net position at end of year	<u>\$ 1,423,204</u>

See accompanying notes to basic financial statements.

**Exhibit VII**

**COUNTY OF ROANOKE, VIRGINIA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from interfund services provided	\$ 12,420,612
Payments to suppliers	(1,795,256)
Payments to employees	(41,903)
Claims paid	(10,179,293)
Other payments, net	294,003
Cash provided by operating activities	<u>698,163</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds, net	<u>1,833,686</u>
Cash provided by noncapital financing activities	<u>1,833,686</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments	21,091
Interest and dividends received	44,080
Cash provided by investing activities	<u>65,171</u>
	2,597,020
Increase in cash and cash equivalents	<u>816,639</u>
Cash and cash equivalents at beginning of the year	<u>816,639</u>
Cash and cash equivalents at end of the year	<u>\$ 3,413,659</u>
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>	
Operating loss	\$ (165,716)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Change in assets and liabilities:	
Accounts receivable	233,323
Prepaid expenses	64,190
Accounts payable	491,313
Claims payable	75,053
Cash provided by operating activities	<u>\$ 698,163</u>

See accompanying notes to basic financial statements.

**Exhibit VIII**

**COUNTY OF ROANOKE, VIRGINIA**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2019**

	<b>OPEB Trust</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 34,462,059
Investments	- -	5,028,757
Investments held by trustee, at fair value:		
Other pooled funds	<u>6,951,510</u>	-
Total assets	<u>6,951,510</u>	<u>\$ 39,490,816</u>
<b>LIABILITIES</b>		
Accounts payable	- -	39,490,816
Total liabilities	<u>- -</u>	<u>\$ 39,490,816</u>
<b>NET POSITION</b>		
Fiduciary Net Position	<u>\$ 6,951,510</u>	

See accompanying notes to basic financial statements.

**Exhibit IX**

**COUNTY OF ROANOKE, VIRGINIA**  
**Statement of Changes in Fiduciary Net Position**  
**OPEB Trust**  
**For the Year Ended June 30, 2019**

**ADDITIONS**

Contributions from employer	\$ 121,825
Investment income:	
Interest and dividends	3,211
Unrealized/Realized gains	<u>302,433</u>
Total Investment Gain	305,644
Less Investment Expenses	<u>(7,567)</u>
Net Investment Income	<u>298,077</u>
Total additions	<u>419,902</u>

**DEDUCTIONS**

Benefit Payments	<u>-</u>
Total deductions	<u>-</u>
Change in net position	419,902
Total net position at beginning of year	<u>6,531,608</u>
Total net position at ending of year	<u>\$ 6,951,510</u>

See accompanying notes to basic financial statements.

**COUNTY OF ROANOKE, VIRGINIA**  
**Combining Statement of Net Position**  
**Component Units**  
**June 30, 2019**

	<b>Roanoke County Public Schools</b>	<b>Economic Development Authority</b>	<b>South Peak Community Development Authority</b>	<b>Total Component Units</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 27,273,930	\$ 1,840,952	\$ -	\$ 29,114,882
Investments	11,902,627	-	-	11,902,627
Accounts and other receivables	441,647	2,163	-	443,810
Due from other governments	3,112,820	-	815,420	3,928,240
Inventory	445,291	-	-	445,291
Prepaid and other assets	46,875	-	-	46,875
Net asset from pension	1,844,862	-	-	1,844,862
Land held for resale	-	4,162,324	-	4,162,324
Capital assets:				
Land and construction in progress	9,268,798	-	5,330,063	14,598,861
Other capital assets, net	43,948,249	-	-	43,948,249
Capital assets, net	<u>53,217,047</u>	<u>-</u>	<u>5,330,063</u>	<u>58,547,110</u>
Total assets	<u>98,285,099</u>	<u>6,005,439</u>	<u>6,145,483</u>	<u>110,436,021</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension	15,955,485	-	-	15,955,485
Other postemployment benefit provided by				
Virginia Retirement System	2,065,548	-	-	2,065,548
Other postemployment benefit provided by				
Roanoke County Public Schools	<u>1,023,106</u>	<u>-</u>	<u>-</u>	<u>1,023,106</u>
Total deferred outflows of resources	<u>19,044,139</u>	<u>-</u>	<u>-</u>	<u>19,044,139</u>
<b>LIABILITIES</b>				
Accounts payable	2,105,933	-	-	2,105,933
Accrued liabilities	879,050	-	-	879,050
Unearned revenue	286,050	-	-	286,050
Accrued interest payable	-	-	141,570	141,570
Long-term liabilities:				
Portion due or payable within one year:				
Compensated absences	728,558	-	-	728,558
Claims payable	1,841,232	-	-	1,841,232
Bonds payable	-	-	222,000	222,000
Portion due or payable after one year:				
Bonds payable	-	-	6,258,000	6,258,000
Compensated absences	1,754,774	-	-	1,754,774
Claims payable	507,591	-	-	507,591
Net pension liability	112,596,000	-	-	112,596,000
Net liability from other postemployment benefit provided by Virginia Retirement System	18,502,000	-	-	18,502,000
Net liability from other postemployment benefit provided by Roanoke County Public Schools	<u>10,012,145</u>	<u>-</u>	<u>-</u>	<u>10,012,145</u>
Total liabilities	<u>149,213,333</u>	<u>-</u>	<u>6,621,570</u>	<u>155,834,903</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension	15,911,541	-	-	15,911,541
Other postemployment benefit provided by				
Virginia Retirement System	1,161,000	-	-	1,161,000
Other postemployment benefit provided by				
Roanoke County Public Schools	<u>4,786,514</u>	<u>-</u>	<u>-</u>	<u>4,786,514</u>
Total deferred inflows of resources	<u>21,859,055</u>	<u>-</u>	<u>-</u>	<u>21,859,055</u>
<b>NET POSITION</b>				
Net investment in capital assets	53,217,047	-	(1,149,937)	52,067,110
Restricted for:				
Emergency contingency	2,000,000	-	-	2,000,000
Unrestricted (deficit)	<u>(108,960,197)</u>	<u>6,005,439</u>	<u>673,850</u>	<u>(102,280,908)</u>
Total net (deficit) position	<u>\$ (53,743,150)</u>	<u>\$ 6,005,439</u>	<u>\$ (476,087)</u>	<u>\$ (48,213,798)</u>

**COUNTY OF ROANOKE, VIRGINIA**  
**Combining Statement of Activities**  
**Component Units**  
**For the Year Ended June 30, 2019**

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position				Total Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Public Schools	Economic Development Authority	South Peak Community Development Authority		
Roanoke County Public Schools	\$ 154,841,466	\$ 4,427,831	\$ 31,987,163	\$ 8,050,076	\$ (110,376,396)	\$ -	\$ -	\$ -	\$ (110,376,396)
Economic Development Authority	29,780	-	-	-	-	(29,780)	-	-	(29,780)
South Peak Community Development Authority	455,835	-	-	-	-	-	(455,835)	(455,835)	
<b>Total component units</b>	<b>\$ 155,327,081</b>	<b>\$ 4,427,831</b>	<b>\$ 31,987,163</b>	<b>\$ 8,050,076</b>	<b>\$ (110,376,396)</b>	<b>(29,780)</b>	<b>(455,835)</b>	<b>\$ (110,862,011)</b>	
General revenues:									
Payments from Roanoke County				70,448,764		24,529		-	70,473,293
Payments from other local governments				-		1,263		-	1,263
Non-categorical state aid				56,104,830		-		-	56,104,830
Incremental tax revenues				-		-	654,338		654,338
Special assessment revenues				-		-	5,027		5,027
Gain on sale of capital assets				85,021		531,870		-	616,891
Interest and Investment earnings				-		29,210		-	29,210
Miscellaneous				1,068,954		72,560		-	1,141,514
Total general revenues				127,707,569		659,432		659,365	129,026,366
Change in net position									
Total net (deficit) position at beginning of year				17,331,173		629,652		203,530	18,164,355
Total net (deficit) position at end of year				(71,074,323)		5,375,787		(679,617)	(66,378,153)
				\$ (53,743,150)		\$ 6,005,439		\$ (476,087)	\$ (48,213,798)

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**COUNTY OF ROANOKE, VIRGINIA**  
**Notes to Basic Financial Statements**  
**June 30, 2019**

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

**Financial Reporting Entity**

Formed in 1838, the County of Roanoke, Virginia (the County) is a county government within the Commonwealth of Virginia (the Commonwealth or the State). The County is a municipal corporation governed by an elected five-member Board of Supervisors (the 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 (the GAAP) as applicable to government units. The Governmental Accounting Standards Board (the 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 (the 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 (the 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 Budget and Finance, 5937 Cove Road, Roanoke, VA 24018 or visit their website at [www.rcs.k12va.us](http://www.rcs.k12va.us).

**COUNTY OF ROANOKE, VIRGINIA**  
**Notes to Basic Financial Statements**  
**June 30, 2019**

**Economic Development Authority of Roanoke County, Virginia**

The Economic Development Authority of Roanoke County, Virginia (the EDA or the 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 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 (the 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 (the 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. 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 Finance Department, 5204 Bernard Drive, Roanoke, VA 24018.

**COUNTY OF ROANOKE, VIRGINIA**  
**Notes to Basic Financial Statements**  
**June 30, 2019**

### **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 Agency funds within the County's financial records:

Roanoke Valley Resource Authority  
Commonwealth Fund  
Special Welfare Fund  
Cable TV  
Roanoke Valley Greenway Commission  
Virginia Recreational Facilities Authority  
Regional Fire Training Center  
Western Virginia Regional Jail Authority  
Regional Center for Animal Care and Protection

### **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:

#### **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).

**COUNTY OF ROANOKE, VIRGINIA**  
**Notes to Basic Financial Statements**  
**June 30, 2019**

**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 agency 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 government-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-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

**COUNTY OF ROANOKE, VIRGINIA**  
**Notes to Basic Financial Statements**  
**June 30, 2019**

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

**COUNTY OF ROANOKE, VIRGINIA**  
**Notes to Basic Financial Statements**  
**June 30, 2019**

- **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.
- **Agency 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 Agency 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. Agency 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. Agency funds report assets and liabilities and have no measurement focus and only 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

**COUNTY OF ROANOKE, VIRGINIA**  
**Notes to Basic Financial Statements**  
**June 30, 2019**

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.

**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/OPEB trust investment returns that exceed projected earnings, change in the proportion, actual economic experience that is different than estimated, and pension/OPEB contributions made 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

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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 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 (the 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.

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**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.

**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.

**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

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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 multi-employer, agent plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the 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 (the OPEB Trust Fund). The County plans to contribute amounts to the OPEB Trust Fund sufficient to fund the actuarially determined contribution (the 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. 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** – 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

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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.

**Temporary Literary Loan Proceeds** – The County receives drawdowns from the Commonwealth of Virginia from approved Literary Loans. These loans are accounted for as short-term borrowings until the entire proceeds have been received by the County at which time the repayment schedules are finalized and the amounts established as long-term debt.

**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.

**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 and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is divided into three components:

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- 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, 2019, 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. 83, *Certain Asset Retirement Obligations (AROs)*, addresses accounting and financial reporting for certain asset retirement obligations. This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. It requires that recognition occur when the liability is both incurred and reasonably estimable. In practice, there have been no material changes to the financial statements of the County as a result of Statement No. 83.
- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when

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disclosing information related to debt. In practice, there have been no material changes to the financial statements of the County as a result of Statement No. 88.

**(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 (the 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.

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, 2019 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.

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- 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.

Fund balances classified in accordance with GAAP at June 30, 2019 are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<b>Total Governmental Funds</b>
<b>Nonspendable:</b>					
Prepays	\$ 52,055	\$ -	\$ -	\$ 181,422	\$ 233,477
Inventory	<u>172,002</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,002</u>
	<u><u>\$ 224,057</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 181,422</u></u>	<u><u>\$ 405,479</u></u>
<b>Restricted for:</b>					
Children's Services Act	\$ 915,839	\$ -	\$ -	\$ -	\$ 915,839
Law Enforcement	979,675	-	-	-	979,675
Clerk of Circuit Court	-	-	-	15,950	15,950
Fire and Rescue	10,837	-	-	829,990	840,827
Parks and Recreation	446,310	-	-	18,571	464,881
Stormwater Management	-	-	-	31,124	31,124
Community Development	-	815,420	-	-	815,420
Education	-	-	-	21,218,658	21,218,658
Other purposes	<u>228,681</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>228,681</u>
	<u><u>\$ 2,581,342</u></u>	<u><u>\$ 815,420</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 22,114,293</u></u>	<u><u>\$ 25,511,055</u></u>

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	General	Special Revenue	Debt Service	Capital Projects	Total
	General	Special Revenue	Debt Service	Capital Projects	Governmental Funds
<b>Committed to:</b>					
Law Enforcement	\$ 171,691	\$ -	\$ -	\$ 498,175	\$ 669,866
LOSAP pension	3,528,286	-	-	-	3,528,286
Fire and Rescue	9,091	-	-	1,097,379	1,106,470
Garage and Motor Pool	145,242	-	-	-	145,242
Information Technology and Communications Shop	345,864	-	-	654,040	999,904
Integrated Financial System	-	-	-	588,742	588,742
Human Resources and Payroll System	-	-	-	321,652	321,652
Public Works	209,968	-	-	-	209,968
Parks and Recreation	500	-	-	1,218,219	1,218,719
Libraries	26,769	-	-	291,340	318,109
General Services	1,164	-	-	2,737,821	2,738,985
Debt Service Reserves	-	-	104,674	-	104,674
Education	-	-	-	4,816,877	4,816,877
Future Capital Projects	2,811,795	-	-	1,721,245	4,533,040
Community Development	14,678	-	-	4,691,350	4,706,028
Assessment	-	-	-	110,832	110,832
Other purposes	33,992	-	-	-	33,992
	<u>\$ 7,299,040</u>	<u>\$ -</u>	<u>\$ 104,674</u>	<u>\$ 18,747,672</u>	<u>\$ 26,151,386</u>
<b>Assigned to:</b>					
Law enforcement	\$ 2,717	\$ -	\$ -	\$ -	\$ 2,717
Parks and Recreation	<u>923,984</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>923,984</u>
	<u>\$ 926,701</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 926,701</u>
Unassigned	<u>\$ 24,436,942</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,436,942</u>
Total Fund Balances	<u>\$ 35,468,082</u>	<u>\$ 815,420</u>	<u>\$ 104,674</u>	<u>\$ 41,043,387</u>	<u>\$ 77,431,563</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 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.

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**(4) Deposits and Investments**

At June 30, 2019, 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	\$ 32,286,543	\$ 32,286,543	\$ -	- not applicable
Interest-earning investment contract	3,528,286	3,528,286	\$ -	AA-
Money market mutual funds	60,369,695	60,369,695	\$ -	AAAm
Virginia LGIP	27,374,477	27,374,477	\$ -	AAAm
Federal agency bonds and notes	34,985,314	\$ -	34,985,314	AAA
Investment in other pooled funds	7,914,230	7,914,230	\$ -	- not applicable
<b>Total</b>	<b>\$ 166,458,545</b>	<b>\$ 131,473,231</b>	<b>\$ 34,985,314</b>	

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 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, 2019, 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, 2019:

Entity	Cash and Cash Equivalents	Cash and Investments with Fiscal Agents		Investments	Restricted Cash	Total
County	\$ 27,264,823	\$ 29,468,663	\$ 18,053,932	\$ 985,873	\$ 75,773,291	
Component Units:						
School System	27,273,930		-	11,902,627	-	39,176,557
Authority	1,840,952		-	-	-	1,840,952
	<b>29,114,882</b>		<b>-</b>	<b>11,902,627</b>	<b>-</b>	<b>41,017,509</b>
Fiduciary Funds:						
Fiduciary Funds - County	34,462,059	6,951,510	5,028,757	-	-	46,442,326
Fiduciary Funds - School System	2,262,699	962,720	-	-	-	3,225,419
	<b>36,724,758</b>	<b>7,914,230</b>	<b>5,028,757</b>	<b>-</b>	<b>-</b>	<b>49,667,745</b>
<b>Total</b>	<b>\$ 93,104,463</b>	<b>\$ 37,382,893</b>	<b>\$ 34,985,316</b>	<b>\$ 985,873</b>	<b>\$ 166,458,545</b>	

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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, 2019:

	Level 1	Level 2	Level 3	Total
Debt securities				
U.S. governmental bonds & notes	\$ -	\$ 34,985,314	\$ -	\$ 34,985,314

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 (the 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 (the 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.

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 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%

**COUNTY OF ROANOKE, VIRGINIA**  
**Notes to Basic Financial Statements**  
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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%

As of June 30, 2019, 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	25.56%

**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, 2019, 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, 2019, the County did not have investments with a maturity greater than 24 months.

**(5) Receivables**

Receivables at June 30, 2019 are as follows:

	Accounts	Taxes	Due from Other Governments	Total
Governmental activities				
General	\$ 4,048,328	\$ 12,192,818	\$ 15,247,183	\$ 31,488,329
Capital Projects	17,710	-	3,703	21,413
Internal Service	265,881	-	-	265,881
Total governmental activities	<u>\$ 4,331,919</u>	<u>\$ 12,192,818</u>	<u>\$ 15,250,886</u>	<u>\$ 31,775,623</u>

**COUNTY OF ROANOKE, VIRGINIA**  
**Notes to Basic Financial Statements**  
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**(6) Interfund Transfers**

Interfund transfers for the year ended June 30, 2019 consisted of the following amounts:

Transfer To	Transfer Out					Total
	General	Debt Service	Capital Projects	Internal Service		
General Fund	\$ -	\$ -	\$ 158,244	\$ -	\$ -	\$ 158,244
Debt Service Fund	14,137,974	-	-	-	-	14,137,974
Capital Projects Fund	6,290,371	78,852	-	-	-	6,369,223
Internal Service Fund	1,833,686	-	-	-	-	1,833,686
<b>Totals</b>	<b>\$ 22,262,031</b>	<b>\$ 78,852</b>	<b>\$ 158,244</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,499,127</b>

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, 2019 are as follows:

	Vendors	Accrued Wages and Benefits	Total
Governmental funds:			
General	\$ 3,480,204	\$ 1,331,169	\$ 4,811,373
Special Revenue	5,714	-	5,714
Capital Projects	4,091,854	-	4,091,854
Total governmental funds	<b>\$ 7,577,772</b>	<b>\$ 1,331,169</b>	<b>\$ 8,908,941</b>
Proprietary funds:			
Internal Service	1,486,317	\$ -	\$ 1,486,317
Total proprietary funds	<b>\$ 1,486,317</b>	<b>\$ -</b>	<b>\$ 1,486,317</b>
Accrued interest payable			2,939,192
Total governmental activities			<b>\$ 13,334,449</b>

**(8) Long-Term Liabilities**

The County's outstanding debt consists of General Obligation Bonds, Lease Revenue Bonds, and Virginia Public School Authority (the 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 (the 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, 2019 are as follows:

**COUNTY OF ROANOKE, VIRGINIA**  
**Notes to Basic Financial Statements**  
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	<u>Governmental Activities</u>
\$6,503,586 - 2013 General Obligation Refunding Bonds due in annual installments of \$898,188 to \$948,122 through June 1, 2021; interest at 2.4%	\$ 1,866,987
\$6,920,000 - 1999 Series B VPSA Bonds due in annual installments of \$345,000 through July 15, 2019; interest at 6.1%	345,000
\$16,500,000 - 2001 Series A VPSA Bonds due in annual installments of \$825,000 through July 15, 2021; interest at 5.1%	2,475,000
\$12,968,814 - 2001 Series B VPSA Bonds due in annual installments of \$675,397 to \$683,564 through July 15, 2021; interest at 3.1% to 5.1%	2,049,135
\$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%	5,150,000
\$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%	6,705,000
\$6,364,713 - 2007 subsidized VPSA bonds due in annual installments of \$317,799 to \$371,160 through July 15, 2027; interest at 4.4% to 5.1%	3,108,053
\$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%	24,090,000
\$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%	5,895,000
\$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%	14,255,000
\$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%	27,875,000

**COUNTY OF ROANOKE, VIRGINIA**  
**Notes to Basic Financial Statements**  
**June 30, 2019**

**Governmental  
Activities**

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\$58,595,000 - Lease Revenue bond Series 2008 due in annual installments of \$1,345,000 to \$1,825,000 through October 15, 2020; interest at 4.0% to 5.0%	2,825,000
\$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%	16,695,000
\$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 \$105,000 to \$3,215,000 through October 15, 2037; interest at 3.0% to 5.0%	43,580,000
\$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%	6,165,000
	<hr/> <u>\$ 168,849,175</u>
Bond premiums	11,356,388
Accrued compensated absences	5,575,789
Claims payable	3,109,125
LOSAP liability	9,921,930
Net OPEB liability provided by VRS	4,865,393
Net OPEB liability provided by County	7,360,705
Net Pension liability	32,046,579
	<hr/> <u>\$ 243,085,084</u>

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 2013A and 2014A Virginia Resources Authority (VRA) bonds have the Public Safety Facility as collateral, the 2008 and 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, and the 2017 VRA bonds are collateralized by the Vinton Library.

**COUNTY OF ROANOKE, VIRGINIA**  
**Notes to Basic Financial Statements**  
**June 30, 2019**

Changes in long-term liabilities for the year ended June 30, 2019 were as follows:

<b>Primary Government</b>	<b>Outstanding</b>			<b>Outstanding</b>	<b>Amounts Due</b>
	<b>June 30, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2019</b>	<b>Within One Year</b>
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 2,765,175	\$ -	\$ 898,188	\$ 1,866,987	\$ 918,865
VPSA School Bonds	72,194,043	27,875,000	8,121,855	91,947,188	8,885,422
Lease Revenue Bonds	77,970,000	-	2,935,000	75,035,000	3,060,000
	152,929,218	27,875,000	11,955,043	168,849,175	12,864,287
Bond premiums	9,929,441	2,201,943	774,996	11,356,388	885,093
Accrued compensated absences	5,851,281	4,152,447	4,427,939	5,575,789	3,274,639
Claims payable	3,034,072	9,523,128	9,448,075	3,109,125	1,560,193
LOSAP liability	9,502,709	824,581	405,360	9,921,930	-
Net OPEB liability provided by VRS	4,859,384	190,527	184,518	4,865,393	-
Net OPEB liability provided by County	7,572,810	1,877,680	2,089,785	7,360,705	-
Net Pension liability	35,255,699	21,195,285	24,404,405	32,046,579	-
	\$ 228,934,614	\$ 67,840,591	\$ 53,690,121	\$ 243,085,084	\$ 18,584,212
 <b>Component Units</b>					
<b>School System:</b>					
Accrued compensated absences	\$ 2,764,478	\$ 1,707,806	\$ 1,988,952	\$ 2,483,332	\$ 728,558
Claims payable	2,639,826	14,712,023	15,003,026	2,348,823	1,841,232
Net Pension liability	120,182,000	35,939,100	43,525,100	112,596,000	-
Net OPEB liability provided by VRS	18,866,000	2,894,100	3,258,100	18,502,000	-
Net OPEB liability provided by RCPS	14,997,036	2,389,158	7,374,049	10,012,145	-
	\$ 159,449,340	\$ 57,642,187	\$ 71,149,227	\$ 145,942,300	\$ 2,569,790
 CDA:					
Bond payable	\$ 6,676,000	\$ -	\$ 196,000	\$ 6,480,000	\$ 222,000

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 and net pension liabilities are liquidated by the General Fund.

**COUNTY OF ROANOKE, VIRGINIA**  
**Notes to Basic Financial Statements**  
**June 30, 2019**

The annual requirements to amortize governmental activities' debt outstanding as of June 30, 2019 are as follows:

Fiscal Year	General Obligation Serial Bonds		Virginia Public School Authority Bonds		Lease Revenue Bonds		Total Government Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 918,865	44,434	\$ 8,885,422	\$ 4,377,329	\$ 3,060,000	\$ 3,012,076	\$ 12,864,287	\$ 7,433,839
2021	948,122	22,566	8,546,276	3,653,582	3,195,000	2,880,244	12,689,398	6,556,392
2022	-	-	8,552,438	3,226,863	3,340,000	2,733,381	11,892,438	5,960,244
2023	-	-	7,043,501	2,835,696	3,495,000	2,575,200	10,538,501	5,410,896
2024	-	-	7,048,369	2,482,881	3,670,000	2,413,250	10,718,369	4,896,131
2025-2029	-	-	29,066,182	7,892,185	21,050,000	9,151,189	50,116,182	17,043,374
2030-2034	-	-	14,965,000	2,703,248	23,690,000	4,685,987	38,655,000	7,389,235
2035-2039	-	-	7,840,000	649,983	13,535,000	1,009,336	21,375,000	1,659,319
Total	\$ 1,866,987	\$ 67,000	\$ 91,947,188	\$ 27,821,767	\$ 75,035,000	\$ 28,460,663	\$ 168,849,175	\$ 56,349,430

**COUNTY OF ROANOKE, VIRGINIA**  
**Notes to Basic Financial Statements**  
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**(9) Capital Assets**

In accordance with GAAP, all school related bond obligations are reported herein as County debt since it 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, 2019, the related capital assets totaled \$90,531,200, net of accumulated depreciation, and \$9,300,000 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, 2019 was as follows:

**Governmental Activities**

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019
<b>Capital assets not being depreciated:</b>				
Land	\$ 14,209,655	\$ 537,898	\$ -	\$ 14,747,553
Construction in progress	5,764,874	16,027,036	(1,019,522)	20,772,388
Total capital assets at historical cost not being depreciated	<u>19,974,529</u>	<u>16,564,934</u>	<u>(1,019,522)</u>	<u>35,519,941</u>
<b>Capital assets being depreciated:</b>				
Building and improvements	346,568,390	854,152	(10,963,888)	336,458,654
Furniture, fixtures, and equipment	69,669,035	3,883,312	(1,790,861)	71,761,486
Total capital assets at historical cost being depreciated	<u>416,237,425</u>	<u>4,737,464</u>	<u>(12,754,749)</u>	<u>408,220,140</u>
<b>Less accumulated depreciation:</b>				
Buildings and improvements	(143,661,040)	(17,479,341)	4,069,590	(157,070,791)
Furniture, fixtures, and equipment	(50,269,104)	(6,120,315)	1,770,936	(54,618,483)
Total accumulated depreciation	<u>(193,930,144)</u>	<u>(23,599,656)</u>	<u>5,840,526</u>	<u>(211,689,274)</u>
Total capital assets, being depreciated, net	<u>222,307,281</u>	<u>(18,862,192)</u>	<u>(6,914,223)</u>	<u>196,530,866</u>
Governmental activities capital assets, net	<u>\$ 242,281,810</u>	<u>\$ (2,297,258)</u>	<u>\$ (7,933,745)</u>	<u>\$ 232,050,807</u>

**COUNTY OF ROANOKE, VIRGINIA**  
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**June 30, 2019**

Depreciation expense for the year ended June 30, 2019 was charged to functions/programs of the Primary Government as follows:

**Governmental Activities:**

General government	\$ 745,838
Judicial administration	76,803
Public Safety	3,675,634
Public Works	2,367,506
Health and welfare	678,563
Parks, recreation and culture	1,731,118
Library	971,430
Community development	47,011
Education	13,305,753
<b>Total depreciation expense - governmental activities</b>	<b><u>\$ 23,599,656</u></b>

The County has no active major building construction projects as of June 30, 2019.

The South Peak Community Development Authority's capital asset activity for the year ended June 30, 2019 was as follows:

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019
<b>Capital assets not being depreciated:</b>				
Infrastructure	\$ 5,330,063	\$ -	\$ -	\$ 5,330,063
Total capital assets at historical cost not being depreciated	<u>\$ 5,330,063</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,330,063</u>

The Roanoke County Public Schools' capital asset activity for the year ended June 30, 2019 was as follows:

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019
<b>Capital assets not being depreciated:</b>				
Land	\$ 5,683,473	\$ -	\$ -	\$ 5,683,473
Construction in progress	1,663,592	2,449,429	(527,696)	3,585,325
Total capital assets at historical cost not being depreciated	<u>7,347,065</u>	<u>2,449,429</u>	<u>(527,696)</u>	<u>9,268,798</u>
<b>Capital assets being depreciated:</b>				
Building and improvements	84,417,375	7,114,746	-	91,532,121
Furniture, fixtures, and equipment	39,293,142	3,286,081	(295,775)	42,283,448
Total capital assets at historical cost being depreciated	<u>123,710,517</u>	<u>10,400,827</u>	<u>(295,775)</u>	<u>133,815,569</u>
<b>Less accumulated depreciation:</b>				
Buildings and improvements	(55,526,101)	(3,065,466)	-	(58,591,567)
Furniture, fixtures, and equipment	(28,588,037)	(2,975,106)	287,390	(31,275,753)
Total accumulated depreciation	<u>(84,114,138)</u>	<u>(6,040,572)</u>	<u>287,390</u>	<u>(89,867,320)</u>
Total capital assets, being depreciated, net	<u>39,596,379</u>	<u>4,360,255</u>	<u>(8,385)</u>	<u>43,948,249</u>
Governmental activities capital assets, net	<u>\$ 46,943,444</u>	<u>\$ 6,809,684</u>	<u>\$ (536,081)</u>	<u>\$ 53,217,047</u>

**COUNTY OF ROANOKE, VIRGINIA**  
**Notes to Basic Financial Statements**  
**June 30, 2019**

Depreciation expense for the Roanoke County Public Schools' charged to function/program activities for the year ended June 30, 2019 was as follows:

Instruction	\$ 4,762,158
Administration	366,441
Transportation	32,423
Operations and maintenance	795,868
School nutrition	83,682
<b>Total depreciation expense</b>	<b><u>\$ 6,040,572</u></b>

**(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 \$82,051 was paid for the fiscal year ended June 30, 2019.

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, 2019 were as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2020	\$ 92,002
2021	87,956
2022	91,347
2023	41,610
2024	27,468
2025-2029	<u>113,020</u>
<b>Total</b>	<b><u>\$ 453,403</u></b>

**(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 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 VACORP Pool for any claims in excess of \$200,000. At June 30, 2019, the County and the School System have accrued liabilities of \$2,188,000 and \$748,000, 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.

**COUNTY OF ROANOKE, VIRGINIA**  
**Notes to Basic Financial Statements**  
**June 30, 2019**

**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, 2019, incurred but not yet reported (IBNR) claims for the County and School System are estimated to be \$908,625 and \$1,600,823 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, 2019, the County has an accrued general liability of \$2,500, based primarily upon an estimate by a qualified claims adjuster with a third party administrator.

**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, 2019, the County has an accrued automotive liability of \$10,000, based primarily upon an estimate by a qualified claims adjuster with a third party administrator.

Settled claims have not exceeded insurance coverage for the past three 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:

**Primary Government:**

	<b>Workers' Compensation</b>	<b>Health Insurance</b>	<b>General Liability</b>	<b>Automobile Liability</b>	<b>Total</b>
Unpaid Claims June 30, 2017	\$ 2,288,000	\$ 851,118	\$ 19,249	\$ 26,616	\$ 3,184,983
Incurred claims (including IBNR and changes in estimates)	792,568	9,437,672	8,419	-	10,238,659
Claim Payments	<u>(1,016,568)</u>	<u>(9,353,359)</u>	<u>(19,249)</u>	<u>(394)</u>	<u>(10,389,570)</u>
Unpaid Claims June 30, 2018	2,064,000	935,431	8,419	26,222	3,034,072
Incurred claims (including IBNR and changes in estimates)	1,179,104	8,341,524	2,500	-	9,523,128
Claim Payments	<u>(1,055,104)</u>	<u>(8,368,330)</u>	<u>(8,419)</u>	<u>(16,222)</u>	<u>(9,448,075)</u>
Unpaid Claims June 30, 2019	<u>\$ 2,188,000</u>	<u>\$ 908,625</u>	<u>\$ 2,500</u>	<u>\$ 10,000</u>	<u>\$ 3,109,125</u>

**COUNTY OF ROANOKE, VIRGINIA**  
**Notes to Basic Financial Statements**  
**June 30, 2019**

**School System Component Unit:**

	<b>Workers' Compensation</b>	<b>Technology Reserve</b>	<b>Health Insurance</b>	<b>Total</b>
Unpaid Claims June 30, 2017	\$ 811,000	\$ -	\$ 1,669,899	\$ 2,480,899
Incurred claims (including IBNR and changes in estimates)	523,017	146,466	16,769,323	17,438,806
Claim Payments	<u>(452,017)</u>	<u>(146,466)</u>	<u>(16,681,396)</u>	<u>(17,279,879)</u>
Unpaid Claims June 30, 2018	882,000	-	1,757,826	2,639,826
Incurred claims (including IBNR and changes in estimates)	240,864	-	14,471,159	14,712,023
Claim Payments	<u>(374,864)</u>	<u>-</u>	<u>(14,628,162)</u>	<u>(15,003,026)</u>
Unpaid Claims June 30, 2019	<u>\$ 748,000</u>	<u>\$ -</u>	<u>\$ 1,600,823</u>	<u>\$ 2,348,823</u>

**(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 (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria 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 table below:

<b>RETIREMENT PLAN PROVISIONS</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<b>About Plan 1</b> 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.	<b>About Plan 2</b> 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.	<b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.

**COUNTY OF ROANOKE, VIRGINIA**  
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		<ul style="list-style-type: none"> <li>• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</li> <li>• 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.</li> <li>• 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.</li> </ul>
<p><b>Eligible Members</b>  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.</p> <p><b>Hybrid Opt-In Election</b>  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><b>Eligible Members</b>  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.</p> <p><b>Hybrid Opt-In Election</b>  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</p>	<p><b>Eligible Members</b>  Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees*</li> <li>• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014</li> </ul> <p><b>*Non-Eligible Members</b>  Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees</li> </ul>

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<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>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>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.</p>
<p><b>Retirement Contributions</b>  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><b>Retirement Contributions</b>  Same as Plan 1.</p>	<p><b>Retirement Contributions</b>  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. 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>
<p><b>Creditable Service</b>  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 purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their</p>	<p><b>Creditable Service</b>  Same as Plan 1.</p>	<p><b>Creditable Service</b>  <b><u>Defined Benefit Component:</u></b>  Under the defined benefit component of the plan, 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 purchased or additional creditable service the member was granted. A</p>

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<p>eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>		<p>member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><b><u>Defined Contributions Component:</u></b>  Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>
<p><b>Vesting</b>  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. 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><b>Vesting</b>  Same as Plan 1.</p>	<p><b>Vesting</b>  <b><u>Defined Benefit Component:</u></b>  Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are 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><b><u>Defined Contributions Component:</u></b>  Defined contribution 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>

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		<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> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70½.</p>
<p><b>Calculating the Benefit</b>  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>	<p><b>Calculating the Benefit</b>  See definition under Plan 1.</p>	<p><b>Calculating the Benefit</b>  <b><u>Defined Benefit Component:</u></b>  See definition under Plan 1</p> <p><b><u>Defined Contribution Component:</u></b>  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>
<p><b>Average Final Compensation</b>  A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b>  A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b>  Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>

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<p><b>Service Retirement Multiplier</b>  <b>VRS:</b> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p><b>Sheriffs and regional jail superintendents:</b> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p><b>Political subdivision hazardous duty employees:</b> 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.</p>	<p><b>Service Retirement Multiplier</b>  <b>VRS:</b> Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. 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><b>Sheriffs and regional jail superintendents:</b> Same as Plan 1.</p> <p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Service Retirement Multiplier</b>  <b>Defined Benefit Component:</b>  <b>VRS:</b> 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><b>Sheriffs and regional jail superintendents:</b> Not applicable.</p> <p><b>Political subdivision hazardous duty employees:</b> Not applicable.</p> <p><b>Defined Contribution Component:</b>  Not applicable.</p>
<p><b>Normal Retirement Age</b>  <b>VRS:</b> Age 65.</p> <p><b>Political subdivisions hazardous duty employees:</b> Age 60.</p>	<p><b>Normal Retirement Age</b>  <b>VRS:</b> Normal Social Security retirement age.</p> <p><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Normal Retirement Age</b>  <b>Defined Benefit Component:</b>  <b>VRS:</b> Same as Plan 2.</p> <p><b>Political subdivisions hazardous duty employees:</b> Not applicable.</p> <p><b>Defined Contribution Component:</b>  Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

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<p><b>Earliest Unreduced Retirement Eligibility</b>  <b>VRS:</b> Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p><b>Political subdivisions hazardous duty employees:</b>  Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b>  <b>VRS:</b> Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p><b>Political subdivisions hazardous duty employees:</b>  Same as Plan 1.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b>  <b>Defined Benefit Component:</b>  <b>VRS:</b> Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p><b>Political subdivisions hazardous duty employees:</b>  Not applicable.</p> <p><b>Defined Contribution Component:</b>  Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Reduced Retirement Eligibility</b>  <b>VRS:</b> Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p> <p><b>Political subdivisions hazardous duty employees:</b>  50 with at least five years of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility</b>  <b>VRS:</b> Age 60 with at least five years (60 months) of creditable service.</p> <p><b>Political subdivisions hazardous duty employees:</b>  Same as Plan 1.</p>	<p><b>Earliest Reduced Retirement Eligibility</b>  <b>Defined Benefit Component:</b>  <b>VRS:</b> Age 60 with at least five years (60 months) of creditable service.</p> <p><b>Political subdivisions hazardous duty employees:</b>  Not applicable.</p> <p><b>Defined Contribution Component:</b>  Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b>  The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b>  The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b>  <b>Defined Benefit Component:</b>  Same as Plan 2.</p>

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<p>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><b>Eligibility:</b>  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><b>Exceptions to COLA Effective Dates:</b>  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"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• 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.</li> </ul>	<p>of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><b>Eligibility:</b>  Same as Plan 1.</p> <p><b>Exceptions to COLA Effective Dates:</b>  Same as Plan 1.</p>	<p><b>Defined Contribution Component:</b>  Not applicable.</p> <p><b>Eligibility:</b>  Same as Plan 1 and Plan 2.</p> <p><b>Exceptions to COLA Effective Dates:</b>  Same as Plan 1 and Plan 2.</p>
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<ul style="list-style-type: none"> <li>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 December 31) from the date the monthly benefit begins.</li> </ul>		
<p><b>Disability Coverage</b>  Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p>	<p><b>Disability Coverage</b>  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.</p>	<p><b>Disability Coverage</b>  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.</p> <p>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.</p>
<p><b>Purchase of Prior Service</b>  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.</p>	<p><b>Purchase of Prior Service</b>  Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b>  <b><u>Defined Benefit Component:</u></b>  Same as Plan 1, with the following exceptions: <ul style="list-style-type: none"> <li>Hybrid Retirement Plan members are ineligible for ported service.</li> </ul> <b><u>Defined Contribution Component:</u></b>  Not applicable.</p>

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The System issues a publicly available comprehensive annual financial report 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/2018-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, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<b>County of Roanoke</b>	<b>School System Non-Professional Plan</b>
Inactive members or their beneficiaries currently receiving benefits	665	417
Inactive members:		
Vested	181	127
Non-vested	262	178
Active elsewhere in VRS	316	107
Total inactive members	<hr/> 759	<hr/> 412
Active members	982	98
Total covered employees	<hr/> <hr/> 2,406	<hr/> <hr/> 927

### **Contributions**

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to 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, 2019 was 12.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 \$5,664,637 and \$5,081,170 for the years ended June 30, 2019 and June 30, 2018, respectively.

In addition, The School System's contractually required employer contribution rates for the year ended June 30, 2019 were 15.68% and 1.92% 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, 2017. 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 15.68%. Contributions to the

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pension plan from the School System Teacher Retirement Plan were \$11,968,521 and \$12,566,803 and from the and Non-Professional Plan were \$50,964 and \$153,066 for the years ended June 30, 2019 and June 30, 2018, 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, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017 rolled forward to the measurement date of June 30, 2018.

### **Actuarial Assumptions – General Employees**

The total pension liability for General Employees in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation.....	2.5 percent
Salary increases.....	3.5 percent to 5.35%, including inflation
Investment rate of return.....	7.0 Percent, 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 – Non-Hazardous Duty: 20% 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.

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All Others (Non 10 Largest) – 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.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

**Largest 10 – Non-Hazardous Duty:**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
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
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 20%

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
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
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%

**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, 2017, 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, 2018.

- Inflation..... 2.5 percent

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- Salary increases.....3.5 percent to 4.75 percent, including inflation
- Investment rate of return.....7.0 percent, 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 – Hazardous Duty: 70% 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.

All Others (Non 10 Largest) –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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled	Update to a more current mortality table – RP-2014 projected to 2020
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Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 60% to 70%

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
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% to 45%

### 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	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		4.80%
Inflation			2.50%
* Expected arithmetic nominal return			7.30%

- \* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

### Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be

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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 alternate employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015, actuarial valuations, whichever was greater. From July 1, 2018 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the Long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

	County of Roanoke			School System - Non-Professional		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at June 30, 2017	\$ 231,406,018	\$ 196,150,319	\$ 35,255,699	\$ 32,015,564	\$ 33,348,331	\$ (1,332,767)
Changes for the year:						
Service cost	5,269,835	-	5,269,835	298,984	-	298,984
Interest	15,786,598	-	15,786,598	2,167,570	-	2,167,570
Contribution - employer	-	4,943,269	(4,943,269)	-	147,119	(147,119)
Contributions - employee	-	2,214,542	(2,214,542)	-	153,729	(153,729)
Change in assumptions between expected and actual experience	-	-	-	-	-	-
Difference between expected and actual experience	(2,793,363)	-	(2,793,363)	(282,722)	-	(282,722)
Impact in change of proportion	(86,209)	(73,075)	(13,134)	-	-	-
Net investment income	-	14,440,097	(14,440,097)	-	2,419,142	(2,419,142)
Benefit payments including refunds of employee contributions	(11,593,993)	(11,593,993)	-	(2,100,554)	(2,100,554)	-
Administrative expense	-	(126,070)	126,070	-	(21,956)	21,956
Other changes	-	(12,782)	12,782	-	(2,107)	2,107
Net Changes	6,582,868	9,791,988	(3,209,120)	83,278	595,373	(512,095)
Balances at June 30, 2018	<u>\$ 237,988,886</u>	<u>\$ 205,942,307</u>	<u>\$ 32,046,579</u>	<u>\$ 32,098,842</u>	<u>\$ 33,943,704</u>	<u>\$ (1,844,862)</u>

**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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

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	Net Pension Liability (Asset)		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
<b><u>County of Roanoke:</u></b>			
Retirement Plan	\$ 63,071,699	\$ 32,046,579	\$ 6,256,600
<b><u>School System:</u></b>			
Teacher Retirement Plan	\$ 171,994,000	\$ 112,596,000	\$ 63,432,000
Non-Professional Plan	1,329,241	(1,844,862)	(4,560,473)

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

For the year ended June 30, 2019, the County and the School System recognized pension expense (benefit) of \$1,708,096, \$5,776,000, and \$(576,791) in the Retirement Plan, the Teacher Retirement Plan and the Non-Professional Plan, respectively. At June 30, 2019, 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	\$ 163,845	\$ 1,999,794	\$ -	\$ 9,628,000	\$ -	\$ -
Change in assumptions	-	225,057	1,344,000	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,645,710	-	2,388,000	-	238,541
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	186,548	2,592,000	3,657,000	-	-
Employer contributions subsequent to the measurement date	5,664,637	-	11,968,521	-	50,964	-
<b>Total</b>	<b><u>\$ 5,828,482</u></b>	<b><u>\$ 4,057,109</u></b>	<b><u>\$ 15,904,521</u></b>	<b><u>\$ 15,673,000</u></b>	<b><u>\$ 50,964</u></b>	<b><u>\$ 238,541</u></b>

\$5,664,637, \$11,968,521, and \$50,964 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, 2020, 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:

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<b>Year ended June 30:</b>	<b>County of Roanoke</b>	<b>School System</b>	
	<b>Retirement Plan</b>	<b>Teacher Retirement Plan</b>	<b>Non-Professional Plan</b>
2020	(220,252)	(2,202,000)	147,684
2021	(1,059,548)	(2,626,000)	(8,877)
2022	(2,438,501)	(4,754,000)	(347,629)
2023	(174,963)	(1,482,000)	(29,719)
2024		(673,000)	
	<b>\$ (3,893,264)</b>	<b>\$ (11,737,000)</b>	<b>\$ (238,541)</b>

**Payable to the Pension Plan**

At June 30, 2019, the Teacher and Non-Professional Plans reported payables of \$192,173, and \$3,702, respectively, for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

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

***Retiree Medical Program***

**Plan Description** - The County administers a single-employer healthcare plan (the Retiree Medical Plan). All full-time employees hired before July 1, 2016 who retire directly from the County and are eligible to receive an early or regular retirement benefit from the VRS are eligible for post-retirement medical coverage. Specific information about the County's Retiree Medical Plan, including eligibility, coverage, and benefits is set out in the table that follows:

<b>OPEB PLAN PROVISIONS – RETIREE MEDICAL</b>	
<b>Eligible Members</b>	
All full-time employees hired before July 1, 2016, who meet the following criteria, are eligible to for post-retirement medical coverage:	
<ul style="list-style-type: none"> <li>○ Retire directly from the County and are eligible to receive an early or regular retirement benefit from the VRS</li> <li>○ Have 10 years of continuous full-time service through the date of retirement</li> <li>○ Have 5 years of enrollment in the County sponsored medical plan</li> </ul>	
Eligible dependents on the employee's health insurance may continue to receive the County's contribution toward the health plan.	
<b>Benefit Amounts</b>	
For plan members receiving benefits, the County contributes a specified amount monthly towards the cost of the health insurance premium.	
<b>Program Notes</b>	
Actives hired after July 1, 2016 are not eligible.	

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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.

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 Trust Fund issues a separate report, which can be obtained by requesting a copy from the plan administrator, Virginia Municipal League (the VML), at P.O. Box 12164, Richmond, Virginia 23241.

**Long-Term Expected Rate of Return** - The long-term expected rate of return on OPEB 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	Weighted Average
		Long-Term Expected Rate of Return	Long-Term Expected Rate of Return
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>		10.16%
		Inflation	3.48%
		*Expected arithmetic nominal return	13.64%

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.

**Retiree Medical Program – OPEB Plan Disclosures**

**Employees Covered by Benefits Terms** - As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the Retiree Medical Plan:

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Inactive members:	
Retirees	126
Disableds	-
Total inactive members	<hr/> 126
Active members	694
Total covered employees	<hr/> <hr/> 820

**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 22.5% to 61.2%, towards the cost of the health insurance premiums. For fiscal year ended June 30, 2019, the retirees contributed approximately \$569,796, or 52.0% of total premiums, through their required contributions of \$254.41 to \$1,294.87 per month depending on the coverage (single, single plus dependent, single plus spouse, or family).

The County's actuarially determined contribution rate for the year ended June 30, 2019 was 3.3% of covered employee compensation for the Retiree Medical Plan. The total amount contributed was \$1,137,882. This rate was based on the actuarially determined rate from actuarial valuations as of June 30, 2018.

**Net OPEB Liability** - The Plan data for the Retiree Medical Plan was measured as of June 30, 2019 based on an actuarial valuation performed as of June 30, 2018.

**Actuarial Methods and Assumptions** - The net OPEB liability was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Discount rate.....	7.50 percent
Salary increases.....	2.00 percent
Investment rate of return.....	7.50 percent

Healthcare cost trend rate – Medical.....7.50 percent graded down to 5.00% over ten years beginning in 2018

\*Administrative expenses for the medical plan were \$465 for pre-65 coverage, and \$0 for post-65 coverage, increasing at 5.0% per year. Stop-loss expenses were \$706 for pre-65 coverage, and \$0 for post-65 coverage, increasing 13.0% per year.

Mortality rates

Pre-Retirement.....RP-2000 table projected with Scale AA to 2020; males set forward 2 years; females setback 3 years.

Post-Retirement.....RP-2000 table projected with Scale AA to 2020; females setback 1 year (no setback for males)

Post-Disablement.....RP-2000 table projected with Scale AA to 2020; males setback 3 years; no future mortality improvements.

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## **OPEB Liabilities and OPEB Expense for the Retiree Medical Plan as of 2018 measurement date**

	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2018	\$ 12,956,503	\$ 6,531,608	\$ 6,424,895
Changes for the year:			
Service cost	497,351	-	497,351
Interest	940,257	-	940,257
Contribution - employer	-	439,329	(439,329)
Contributions - member	656,266	660,096	(3,830)
Net investment income	-	305,644	(305,644)
Benefit payments including refunds of member contributions	(1,573,359)	(977,600)	(595,759)
Administrative expense	-	(7,567)	7,567
Net Changes	520,515	419,902	100,613
Balances at June 30, 2019	\$ 13,477,018	\$ 6,951,510	\$ 6,525,508

**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, 2019, NOL amounts are as follows:

Total OPEB Liability	\$ 13,477,018
Plan Fiduciary Net Position	6,951,510
<b>Net OPEB Liability</b>	<b>\$ 6,525,508</b>

Fiduciary Net Position as a Percentage  
of Total OPEB Liability 51.58%

**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% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net OPEB Liability	\$ 8,013.727	\$ 6,525,508	\$ 5,245,070

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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 7.50% grading to 5.00% over ten years, 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 4.00% over ten years) or one percentage point higher (8.50% grading to 6.00% over ten years) than the current rate:

	1% Decrease (6.50% decreasing to 4.0% over 10 yrs)	Current Rate (7.50% decreasing to 5.0% over 10 yrs)	1% Increase (8.50% decreasing to 6.0% over 10 yrs)
Net OPEB Liability	\$ 4,827,321	\$ 6,525,508	\$ 8,580,145

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Retiree Medical Plan** - At June 30, 2019, 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	\$ -	\$ 3,913,572
Change in assumptions	2,589,769	-
Net difference between projected and actual earnings on OPEB plan investments	-	181,790
<b>Total</b>	<b><u>\$ 2,589,769</u></b>	<b><u>\$ 4,095,362</u></b>

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:

**Year ended June 30:**

2020	(302,524)
2021	(302,524)
2022	(246,783)
2023	(223,345)
Thereafter	<u>(430,417)</u>
	<b><u>\$ (1,505,593)</u></b>

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**Retiree Medical Program – Employer Recognition of the OPEB Plan**

**Employees Covered by Benefits Terms** - As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the Retiree Medical Plan:

Inactive members:	
Retirees	126
Disableds	7
Total inactive members	<hr/> 133
Active members	848
Total covered employees	<hr/> 981

**Contributions** - The County's actuarially determined contribution rate for the year ended June 30, 2018 was 4% of covered employee compensation. The total amount contributed was \$1,756,700. This rate was based on the actuarially determined rate from actuarial valuations as of June 30, 2018.

**Net OPEB Liability** - The Employer data for the Retiree Medical Plan was measured as of June 30, 2017. The total OPEB liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017. 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, 2016, 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, 2017.

Discount rate.....	7.50 percent
Salary increases.....	2.00 percent
Investment rate of return.....	7.50 percent

Healthcare cost trend rate – Medical.....8.00 percent graded down to 5.00% over six years beginning in 2016

Mortality Rates.....1994 Group Annuity Mortality Tables for males and females with a one year setback

\*Administrative expenses for the medical plan were \$527 for pre-65 coverage, and \$0 for post-65 coverage, increasing at 5.0% per year.

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**OPEB Liabilities and OPEB Expense**

	<b>Total OPEB Liability (a)</b>	<b>Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a) - (b)</b>
Balances at June 30, 2017	\$ 13,401,751	\$ 5,828,941	\$ 7,572,810
Changes for the year:			
Service cost	886,862	-	886,862
Interest	984,257	-	984,257
Difference between expected and actual experience	-	-	-
Contribution - employer	-	1,635,501	(1,635,501)
Contributions - member	531,064	531,064	-
Net investment income	-	454,284	(454,284)
Benefit payments including refunds of member contributions	(1,687,468)	(1,687,468)	-
Administrative expense	-	(6,561)	6,561
Net Changes	<u>714,714</u>	<u>926,819</u>	<u>(212,105)</u>
Balances at June 30, 2018	<u><u>\$ 14,116,465</u></u>	<u><u>\$ 6,755,760</u></u>	<u><u>\$ 7,360,705</u></u>

For the year ended June 30, 2019, the County recognized OPEB expense of \$1,425,639.

**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, 2019, NOL amounts are as follows:

Total OPEB Liability	\$ 14,116,465
Plan Fiduciary Net Position	<u>6,755,760</u>
Net OPEB Liability	<u><u>\$ 7,360,705</u></u>

Fiduciary Net Position as a Percentage of Total OPEB Liability	47.86%
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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:

	<b>1% Decrease (6.50%)</b>	<b>Current Discount Rate (7.50%)</b>	<b>1% Increase (8.50%)</b>
Net OPEB Liability	\$ 8,762,744	\$ 7,360,705	\$ 6,182,992

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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% Decrease (7.00% decreasing to 4.0% over 6 yrs)	Current Rate (8.00% decreasing to 5.0% over 6 yrs)	1% Increase (9.00% decreasing to 6.0% over 6 yrs)
Net OPEB Liability	\$ 5,667,743	\$ 7,360,705	\$ 9,559,357

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Retiree Medical Plan** - At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to the Retiree Medical Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 40,467
Net difference between projected and actual earnings on OPEB plan investments	-	166,334
Employer contributions subsequent to the measurement date	1,756,700	-
<b>Total</b>	<b><u>\$ 1,756,700</u></b>	<b><u>\$ 206,801</u></b>

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, 2020 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:**

2020	\$ (63,538)
2021	(63,538)
2022	(63,538)
2023	(8,094)
2024	(8,092)
Thereafter	-
	<b><u>\$ (206,801)</u></b>

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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 (the 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**

<b>HEALTH INSURANCE CREDIT</b>	<b>GROUP LIFE INSURANCE</b>
<b>Eligible Members</b>	
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.  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.	The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.  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.
<b>Benefit Amounts</b>	
The County's Retiree Health Insurance Credit Program provides the following benefits for eligible employees:	The benefits payable under the Group Life Insurance Program have several components.

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<p><b><u>At Retirement</u></b></p> <p>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><b><u>Disability Retirement</u></b></p> <p>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><b><u>Natural Death Benefit</u></b></p> <p>The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.</p> <p><b><u>Accidental Death Benefit</u></b></p> <p>The accidental death benefit is double the natural death benefit.</p> <p><b><u>Other Benefit Provisions</u></b></p> <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"> <li>o Accidental dismemberment benefit</li> <li>o Safety belt benefit</li> <li>o Repatriation benefit</li> <li>o Felonious assault benefit</li> <li>o Accelerated death benefit option</li> </ul>
<p><b><u>Program Notes</u></b></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><b><u>Reduction in Benefit Amounts</u></b></p> <p>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><b><u>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</u></b></p> <p>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 \$8,279.</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 2018 CAFR. A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-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, 2017 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

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Inactive members or their beneficiaries currently receiving benefits	193
Inactive members:	
Vested inactive members	9
Non-vested inactive members	-
Inactive members active elsewhere in VRS	-
Total inactive members	<u>202</u>
Active members	746
Total covered employees	<u><u>948</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, 2019 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, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the Political Subdivision Health Insurance Credit Program were \$104,564 and \$135,906 for the years ended June 30, 2019 and June 30, 2018, respectively.

The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% 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, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 \$240,118 and \$237,653 for the years ended June 30, 2019 and June 30, 2018, 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, 2018. The total OPEB liability for each program was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

**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, 2017, using

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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, 2018.

Inflation.....	2.5 percent
Salary increases, including inflation.....	3.5 percent – 5.35 percent
Investment rate of return.....	7.0 percent, 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of the OPEB liabilities.

Mortality rates

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 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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates.....	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.....	Adjusted rates to better match experience (Group Life Insurance Program) Lowered disability rates (Health Insurance Credit Program)
Salary Scale.....	No change

**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:

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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	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
Inflation			<u>2.50%</u>
Expected arithmetic nominal return			<u>7.30%</u>

\* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

**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 7.00%. 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, 2018, 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, 2018 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, 2017	\$ 1,599,599	\$ 516,215	\$ 1,083,384
Changes for the year:			
Service cost	33,005	-	33,005
Interest	108,211	-	108,211
Changes of assumptions	-	-	-
Difference between expected and actual experience	(3,870)	-	(3,870)
Contribution - employer	-	142,874	(142,874)
Net investment income	-	37,774	(37,774)
Benefit payments, including refunds of member contributions	(107,448)	(107,448)	-
Administrative expense	-	(941)	941
Other changes	-	(2,370)	2,370
Net Changes	<u>29,898</u>	<u>69,889</u>	<u>(39,991)</u>
Balances at June 30, 2018	<u>\$ 1,629,497</u>	<u>\$ 586,104</u>	<u>\$ 1,043,393</u>

**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, 2018, NOL amounts for the Group Life Insurance Program is as follows:

Total GLI OPEB Liability	\$ 7,835,000
Plan Fiduciary Net Position	<u>4,013,000</u>
Net OPEB Liability	<u><u>\$ 3,822,000</u></u>

Fiduciary Net Position as a Percentage of Total OPEB Liability	51.22%
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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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

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	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net HIC OPEB Liability	\$ 1,220,904	\$ 1,043,393	\$ 892,484
Net GLI OPEB Liability	4,995,000	3,822,000	2,870,000

**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, 2019, the County recognized Health Insurance Credit Program OPEB expense of \$96,400. At June 30, 2019, 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	\$ -	\$ 3,300
Change in assumptions	-	30,197
Net difference between projected and actual earnings on OPEB plan investments	-	12,512
Employer contributions subsequent to the measurement date	104,564	-
<b>Total</b>	<b>\$ 104,564</b>	<b>\$ 46,009</b>

\$104,564 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, 2020. 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:**

2020	\$ (10,868)
2021	(10,868)
2022	(10,869)
2023	(6,835)
2024	(6,119)
Thereafter	(450)
	<b><u>\$ (46,009)</u></b>

**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, 2019, the entities reported a liability of \$3,822,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as

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of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. 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, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was 0.25166% as compared to 0.25093% at June 30, 2017.

For the year ended June 30, 2019, the participating employer recognized GLI OPEB expense of \$35,000. 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, 2019, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 187,000	\$ 69,000
Change in assumptions	-	159,000
Changes in Proportionate Share	36,000	-
Net difference between projected and actual earnings on OPEB plan investments	-	124,000
Employer contributions subsequent to the measurement date	240,118	-
<b>Total</b>	<b><u>\$ 463,118</u></b>	<b><u>\$ 352,000</u></b>

\$240,118 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, 2020. 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:**

2020	\$ (48,000)
2021	(48,000)
2022	(48,000)
2023	(13,000)
2024	16,000
Thereafter	<u>12,000</u>
	<b><u>\$ (129,000)</u></b>

***Other Postemployment Benefits – VRS – Schools***

**Plan Description** – All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit

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Program (Health Credit Program). 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. Members of the Health Credit Program earn one month of service credit toward the benefit of 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.

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 Program and the Group Life Program, including eligibility, coverage, and benefits is set out in the table on the following pages.

<b>Health Credit Program</b>	<b>Group Life Program</b>
<b>Eligible Members</b>	
The Teacher Employee Retiree Health Insurance Credit Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.  Eligible employees are enrolled automatically upon employment. They include:  Full-time permanent (professional) salaried employees of public school divisions covered under VRS.	The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.  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 member contributions and accrued interest.
<b>Benefit Amounts</b>	
The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees.	The benefits payable under the Group Life Insurance Program have several components.
<b>At Retirement</b> For Teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.	
<b>Natural Death Benefit</b> The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.	

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<b>Health Credit Program</b>	<b>Group Life Program</b>
<p><b><u>Disability Retirement</u></b>  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"> <li>○ \$4.00 per month, multiplied by twice the amount of service credit, or</li> <li>○ \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.</li> </ul>	<p><b><u>Accidental Death Benefit</u></b>  The accidental death benefit is double the natural death benefit.</p> <p><b><u>Other Benefit Provisions</u></b>  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"> <li>○ Accidental dismemberment benefit</li> <li>○ Safety belt benefit</li> <li>○ Repatriation benefit</li> <li>○ Felonious assault benefit</li> <li>○ Accelerated death benefit option</li> </ul>
<p><b>Program Notes</b></p> <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 year of service credit to qualify for the health insurance credit as a retiree.</p>	<p><b>Reduction in benefit Amounts</b>  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><b>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</b>  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 \$8,279.</p>

Detailed information about the VRS Teacher Employee Health Insurance Credit Program's Fiduciary Net Position is available in the separately issued VRS 2018 CAFR. A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued 2018 VRS CAFR. A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Contributions** – Under the Health Credit Program, the contribution requirement for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be

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impacted as a result of funding provided to school divisions 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 funding provided to state agencies and school divisions by the Virginia General Assembly.

Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 1.20% of covered employee compensation for employees in the Health Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School System to the Health Credit Program were \$930,288 and \$947,188 for the years ended June 30, 2019 and June 30, 2018, respectively.

The total rate for the Group Life Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Although not required, the School System 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, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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. Contribution to the Group Life Insurance Program from the entity were \$419,260 and \$420,490 for the years ended June 30, 2019 and June 30, 2018, respectively.

**OPEB Liabilities and OPEB Expense** – At June 30, 2019, the School System reported \$12,093,000 for its proportionate share of the Health Credit Program Net OPEB Liability. The Health Credit Program Net OPEB Liability was measured as of June 30, 2018 and the Health Credit Program total OPEB liability used to calculate the Health Credit Program Net OPEB Liability was determined by an actuarial valuation as of that date. The School System's proportion of the Health Credit Program Net OPEB Liability was based on the School System's actuarially determined employer contributions to the Health Credit Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the School System's proportion of the Health Credit Program was 0.95240% as compared to 0.97245% at June 30, 2017.

At June 30, 2019, the School System reported \$6,157,000 and \$252,000 for its proportionate share of the Group Life Program Net OPEB Liability for the teachers and non-professional employees, respectively. The Group Life Program Net OPEB Liability was measured as of June 30, 2018 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 that date. 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, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was 0.40541% and 0.01657% for teachers and non-professional employees,

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respectively, as compared to 0.41724% and 0.01666% for teachers and non-professional employees, respectively, at June 30, 2017.

For the year ended June 30, 2019, the School System recognized Health Credit Program OPEB expense of \$993,000. For the year ended June 30, 2019, the participating employer recognized Group Life Program OPEB expense of \$50,000 and \$(1,000) 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.

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans** – At June 30, 2019, the School System reported deferred outflows of resources and deferred inflows of resources related to the OPEB program from the following sources:

	<b>Group Life Program</b>					
	<b>Health Credit Program</b>		<b>Teacher Plan</b>		<b>Non-Professional Plan</b>	
	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	\$ -	\$ 61,000	\$ 301,000	\$ 110,000	\$ 12,000	\$ 5,000
Change in assumptions		- 105,000		- 257,000		- 10,000
Net difference between projected and actual earnings on OPEB plan investments		- 9,000		- 200,000		- 8,000
Changes in proportion and differences between Employer contributions and proportionate share of contributions	232,000	223,000	171,000	167,000	-	6,000
Employer contributions subsequent to the measurement date	930,288	-	403,539	-	15,721	-
<b>Total</b>	<b>\$ 1,162,288</b>	<b>\$ 398,000</b>	<b>\$ 875,539</b>	<b>\$ 734,000</b>	<b>\$ 27,721</b>	<b>\$ 29,000</b>

\$930,288, \$403,539, and \$15,721 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 net OPEB liability in the year ended June 30, 2020 for the Health Credit Program, Group Life Program Teacher Plan, and Group Life Program 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:

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<b>Year ended June 30:</b>	<b>Group Life Program</b>		
	<b>Health Credit Program</b>	<b>Teacher Plan</b>	<b>Non-Professional Plan</b>
2020	\$ (25,000)	\$ (84,000)	\$ (6,000)
2021	(25,000)	(84,000)	(6,000)
2022	(25,000)	(84,000)	(6,000)
2023	(19,000)	(27,000)	(1,000)
2024	(21,000)	7,000	1,000
Thereafter	(51,000)	10,000	1,000
	<b>\$ (166,000)</b>	<b>\$ (262,000)</b>	<b>\$ (17,000)</b>

**Payable to the OPEB Plans** – At June 30, 2019, the Health Credit Program, Group Life Program Teacher Plan, and Group Life Program Non-Professional Plan reported payables of \$14,870, \$16,223, and \$2,932, respectively, for the outstanding amount of contributions to the OPEB plans required for the year ended June 30, 2019.

**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, 2017, 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, 2018.

Inflation.....	2.50%
Salary increases, including inflation.....	3.50% to 5.95% for Health Credit Program
	.....3.50% to 5.95% for Group Life Program-Teacher Plan
	.....3.50% to 5.35% for Group Life Program-Non-Professional Plan
Investment rate of return.....	7.00%, 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of OPEB liabilities.

**Mortality rates for 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% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

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Post-Disablement..... RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

Mortality rates for 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 1.0% 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, 2017 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates ..... 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 (Health Credit Program and Group Life Program Teacher Plan) Adjusted termination rates to better fit experience at each age and service (Group Life Program Non-Professional Plan)

Disability Rates ..... Adjusted rates to better match experience (Health Credit Program and Group Life Program Teacher Plan) Lowered disability rates (Group Life Program Non-Professional Plan)

Salary Scale ..... No change

**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, 2018, NOL amounts for the School System's participation in the OPEB Plans is as follows:

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	Health Credit Program	Group Life Program	
		Teacher Plan	Non-Professional Plan
Total GLI OPEB Liability	\$ 13,156,000	\$ 12,622,000	\$ 517,000
Plan Fiduciary Net Position	1,063,000	6,465,000	265,000
Net OPEB Liability	<u>\$ 12,093,000</u>	<u>\$ 6,157,000</u>	<u>\$ 252,000</u>
Fiduciary Net Position as a Percentage of Total OPEB Liability	8.08%	51.22%	51.26%

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.

**Discount Rate** – The discount rate used to measure the total OPEB liability was 7.00%. For the Health Credit Program, the projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. For the Group Life Program, the projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the school division for the OPEB Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees for the Health Credit Program and eligible employees for the Group Life Program. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

**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 OPEB 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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<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return</b>	
		<b>Arithmetic</b>	<b>Weighted Average</b>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
<b>Total</b>	<b>100.00%</b>		<b>4.80%</b>
		Inflation	2.50%
*Expected arithmetic nominal return			7.30%

\*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

**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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
School System's proportionate share of the OPEB Liability			
Health Credit Program	\$ 13,506,000	\$ 12,093,000	\$ 10,890,000
Group Life Program: Teacher	8,047,000	6,157,000	4,623,000
Group Life Program: Non-Professional Plan	329,000	252,000	189,000

***Other Postemployment Benefits – Employer Recognition of the OPEB Plan – Schools***

**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, 2019 School System Retiree Medical Plan balances are based on the June 30, 2018 actuarial valuation with a measurement date of June 30, 2018.

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.

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**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. 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 afforded 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, 2018, the following employees were covered by the benefit terms in the Retiree Medical Plan:

Inactive employees or beneficiaries currently receiving benefits	147
Active employees	<u>1,382</u>
Total covered employees	<u><u>1,529</u></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, 2019, the School System's average contribution rate was 1.59% of covered employee payroll. The total amount contributed was \$579,484. This rate was based on the actuarially determined rate from the actuarial valuation performed as of June 30, 2018.

**Net OPEB Liability and OPEB Expense** – At June 30, 2019, the Retiree Medical Plan reported a net OPEB liability of \$10,012,145. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2018.

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	<b>Total OPEB Liability (a)</b>	<b>Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (Asset) (a) - (b)</b>
Balances at June 30, 2017	\$ 15,677,364	\$ 680,328	\$ 14,997,036
Changes for the year:			
Service cost	977,606	-	977,606
Interest	471,102	-	471,102
Difference between expected and actual experience	(2,488,407)	-	(2,488,407)
Change of assumptions	(3,035,172)		(3,035,172)
Contribution - employer	-	846,172	(846,172)
Contributions - member	939,187	939,187	-
Net investment income	-	65,111	(65,111)
Benefit payments including refunds of member contributions	(1,785,359)	(1,785,359)	-
Administrative expense	-	(1,263)	1,263
Net Changes	<u>(4,921,043)</u>	<u>63,848</u>	<u>(4,984,891)</u>
Balances at June 30, 2018	<u>\$ 10,756,321</u>	<u>\$ 744,176</u>	<u>\$ 10,012,145</u>

For the year ended June 30, 2019, the School System recognized OPEB expense of \$597,085.

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** – At June 30, 2019, the School System reported deferred outflows of resources and deferred inflows of resources related to the Retiree Medical Plan from the following sources:

	<b>Deferred Outflows of Resources \$</b>	<b>Deferred Inflows of Resources \$</b>
Net difference in prior year's contribution	\$ 443,622	\$ -
Differences between expected and actual experience	-	2,157,936
Change in assumptions	-	2,601,576
Net difference between projected and actual earnings on OPEB plan investments	-	37,000
Amortization of or change in beginning balances	-	(9,998)
Employer contributions subsequent to the measurement date	579,484	-
<b>Total</b>	<b><u>\$ 1,023,106</u></b>	<b><u>\$ 4,786,514</u></b>

\$579,484 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, 2019. Other amounts reported as deferred outflows of resources and

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deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2019	\$ (801,908)
2020	(801,908)
2021	(801,906)
2022	(795,482)
2023	(792,657)
Thereafter	<u>(349,031)</u>
	<u><u>\$ (4,342,892)</u></u>

**Actuarial Assumptions** – The total OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age normal actuarial cost method and the following assumptions:

Inflation.....	This is implicitly included in the investment rate of return and healthcare cost trend rates.
Discount rate .....	2.98% per annum
Salary increases.....	3.0% per annum
Investment rate of return.....	7.5% per annum
Medical cost trend rate.....	7.5% graded down to 5.00% over 10 years beginning 2018

**Mortality rates Professionals**

Pre-Retirement.....RP-2000, Males setback 3 years, Females setback 5 years, projected to 2020 with Scale AA

Post-Retirement .....RP-2000, Males setback 2 years, Females setback 3 years, projected to 2020 with Scale AA

Non-Professionals.....RP-2000, Males setback 1 year, no future mortality improvements

**Mortality rates Non-Professionals**

Pre-Retirement.....RP-2000, Males set forward 2 years, Females setback 3 years, projected to 2020 with Scale AA

Post-Retirement .....RP-2000, Females setback 1 year (no setback for males), projected to 2020 with Scale AA

Non-Professionals.....RP-2000, Males setback 3 years, no future mortality improvements

The following changes were made to the actuarial assumptions and methods effective June 30, 2018:

- The percentage of future eligible retirees electing medical coverage was updated from 45.89% to 42.50%.
- The percentage of future eligible retirees electing medical coverage for a spouse was updated from 9.48% to 8.80%

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- The mortality, disability, withdrawal, and retirement assumptions were updated to the assumptions listed in the most recently published VRS Comprehensive Annual Financial Report, which was the 2017 report.

**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, 2019, NOL amounts are as follows:

Total OPEB Liability	\$ 10,756,321
Plan Fiduciary Net Position	<u>744,176</u>
Net OPEB Liability	<u><u>\$ 10,012,145</u></u>

Fiduciary Net Position as a Percentage	
of Total OPEB Liability	6.92%

**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	Weighted Average
		Long-Term Expected Rate of Return	Long-Term Expected Rate of Return
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>		10.16%
		Inflation	3.48%
		*Expected arithmetic nominal return	13.64%

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 2.98% 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, 2018.

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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 2.98%, as well as what it would be if it were calculated using a discount rate that is one percentage point lower (1.98%) or one percentage point higher (3.98%) than the current rate:

	1% Decrease (1.98%)	Current Discount Rate (2.98%)	1% Increase (3.98%)
Net OPEB Liability	\$ 11,280,867	\$ 10,012,145	\$ 8,904,978

**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 7.5% decreasing to 5% 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 (6.5% decreasing to 4.0% over 10 years) or one percentage point higher (8.5% decreasing to 6.0% over 10 years) than the current rate:

	1% Decrease (6.50% decreasing to 4.0% over 10 yrs)	Current Rate (7.50% decreasing to 5.0% over 10 yrs)	1% Increase (8.50% decreasing to 6.0% over 10 yrs)
Net OPEB Liability	\$ 8,936,360	\$ 10,012,145	\$ 11,310,959

***Other Postemployment Benefits – Retiree Medical Plan Disclosures – Schools***

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 itself because since the plan does not issue a separate financial report. Information for these required disclosures and RSI are based on the June 30, 2018 actuarial valuation date with measurement dates of June 30, 2019. 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 Note 12.

**Employees Covered by Benefit Terms** – As of the valuation of June 30, 2018 and measurement date of June 30, 2019, the following employees were covered by the benefit terms in the Retiree Medical Plan:

Inactive employees or beneficiaries currently receiving benefits	147
Active employees	<u>1,382</u>
Total covered employees	<u><u>1,529</u></u>

**Contributions** – As of the valuation of June 30, 2018 and measurement date of June 30, 2019, the School System's average contribution rate was 1.09% of covered employee payroll. The total amount contributed was \$579,484.

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**Net OPEB Liability and OPEB Expense** – As of the valuation of June 30, 2018 and measurement date of June 30, 2019, the Retiree Medical Plan reported a net OPEB liability of \$10,291,899.

<b>Change in OPEB Liability</b>	<b>Total OPEB Liability (a)</b>	<b>Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (Asset) (a) - (b)</b>
Balances at June 30, 2018	\$ 10,756,321	\$ 744,176	\$ 10,012,145
Changes for the year:			
Service cost	593,436	-	593,436
Interest	323,704	-	323,704
Contribution - employer	-	579,484	(579,484)
Contributions - member	540,748	540,748	-
Net investment income	-	59,165	(59,165)
Benefit payments including refunds of member contributions	(1,027,942)	(1,027,942)	-
Administrative expense	-	(1,263)	1,263
Net Changes	<u>429,946</u>	<u>150,192</u>	<u>279,754</u>
Balances at June 30, 2019	<u>\$ 11,186,267</u>	<u>\$ 894,368</u>	<u>\$ 10,291,899</u>

**Net OPEB Expense** – For the valuation date of June 30, 2018 and measurement date ended June 30, 2019, the School System recognized OPEB expense of \$57,330.

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** – As of the valuation of June 30, 2018 and measurement date of June 30, 2019, the School System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources \$</b>	<b>Deferred Inflows of Resources \$</b>
Differences in prior year's contribution	\$ 788,998	-
Differences between expected and actual experience	-	2,157,936
Change in assumptions	-	37,000
Net difference between projected and actual earnings on OPEB plan investments	-	2,601,576
Amortization of or change in beginning balances	-	(811,906)
Employer contributions subsequent to the measurement date	-	-
<b>Total</b>	<b>\$ 788,998</b>	<b>\$ 3,984,606</b>

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

**Year ended June 30:**

2020	\$ (801,908)
2021	(801,906)
2022	(795,482)
2023	(792,657)
Thereafter	<u>(3,655)</u>
	<u><u>\$ (3,195,608)</u></u>

**Actuarial Assumptions** – The total OPEB liability was based on an actuarial valuation date of June 30, 2018 and measurement date as of June 30, 2019, using the Entry Age normal actuarial market value cost method and the following assumptions.

Inflation..... This is implicitly included in the investment rate of return and healthcare cost trend rates.  
 Discount rate ..... 2.98% per annum  
 Salary increases..... 3.0% per annum  
 Investment rate of return ..... 7.5% per annum  
 Medical..... 7.5% graded down to 5.0% over 10 years beginning in 2018

**Mortality rates**

Professionals Pre-Retirement..... RP-2000, Males setback 3 years, Females setback 5 years, projected to 2020 with Scale AA

Professionals Post-Retirement..... RP-2000, Males setback 2 years, Females setback 3 years, projected to 2020 with Scale AA

Professionals Disability ..... RP-2000, Males setback 1 year, no future mortality improvements

Non-Professionals Pre-retirement.. RP-2000, Males set forward 2 years, Females setback 3 years, projected to 2020 with Scale AA

Non-Professionals Post-retirement RP-2000, Females setback 1 years (no setback for Males), projected to 2020 with Scale AA

Non-Professionals Disability ..... RP-2000, Males setback 3 years, no future mortality improvements

The following changes were made to the actuarial assumptions and methods effective June 30, 2018:

- The percentage of future eligible retirees electing medical coverage was updated from 45.89% to 42.50%.
- The percentage of future eligible retirees electing medical coverage for a spouse was

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updated from 9.48% to 8.80%.

- The mortality, disability, withdrawal, and retirement assumptions were updated to the assumptions listed in the most recently published VRS Comprehensive Annual Financial Report, which was the 2017 report.

**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, 2018 and measurement date of June 30, 2019, NOL amounts are as follows:

Total OPEB Liability	\$ 11,186,267
Plan Fiduciary Net Position	894,368
<b>Net OPEB Liability</b>	<b><u>\$ 10,291,899</u></b>

Fiduciary Net Position as a Percentage	
of Total OPEB Liability	8.00%

**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:

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return</b>
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%
<b>Total</b>	<b><u>100.00%</u></b>		<b><u>10.16%</u></b>
*Expected arithmetic nominal return			Inflation
			3.48%
			<b><u>13.64%</u></b>

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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 2.98% 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, 2018.

**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 2.98%, as well as what it would be if it were calculated using a discount rate that is one percentage point lower (1.98%) or one percentage point higher (3.98%) than the current rate:

	1% Decrease (1.98%)	Current Discount Rate (2.98%)	1% Increase (3.98%)
Net OPEB Liability	\$ 11,619,429	\$ 10,291,899	\$ 9,132,283

**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 7.5% decreasing to 5.0% 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 (6.5% decreasing to 4.0% over 10 years) or one percentage point higher (8.5% decreasing to 6.0% over 10 years) than the current rate:

	1% Decrease (6.50% decreasing to 4.0% over 6 yrs)	Current Rate (7.50% decreasing to 5.0% over 6 yrs)	1% Increase (8.50% decreasing to 6.0% over 6 yrs)
Net OPEB Liability	\$ 9,085,843	\$ 10,291,899	\$ 11,755,211

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

**Plan Description**

The County established a Length of Service Awards Program (the 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. (the 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

**COUNTY OF ROANOKE, VIRGINIA**  
**Notes to Basic Financial Statements**  
**June 30, 2019**

increases. Members vested over a ten year period in accordance with the following vesting schedule:

<u>Years of Service</u>	<u>Vested Percentage</u>
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	233
Retired and Beneficiaries	<u>204</u>
Total	<u>437</u>

The program is closed to new entrants.

### **Total Pension Liability**

The County's total LOSAP pension liability of \$9,921,930 was measured as of July 31, 2018 and was determined by an actuarial valuation as of that date.

### **Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of July 31, 2017 rolled forward to July 31, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	0.0 percent
Salary increases	Not applicable
Investment rate of return	3.69 percent, 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 tax-exempt general obligation bond rate of 3.69%.

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**Changes in the Total Pension Liability**

	<u>Total Pension Liability</u>
Balance at July 31, 2017	\$ 9,502,709
Charges for the year:	
Service cost	6,440
Interest	343,290
Differences between expected and actual experience	19,496
Changes of assumptions	455,355
Benefit payments	<u>(405,360)</u>
Net changes	<u>419,221</u>
Balance at July 31, 2018	<u>\$ 9,921,930</u>

Changes in assumptions reflect change in the discount rate from 3.50% to 3.69% and changes in the mortality tables used.

**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 (2.69 percent) or 1-percentage point higher (4.69 percent) than the current discount rate:

	1% Decrease (2.69%)	Discount Rate (3.69%)	1% Increase (4.69%)
Total pension liability	\$ 10,642,607	\$ 9,921,930	\$ 9,185,317

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

At July 31, 2018, there were no deferred outflows of resources nor deferred inflows of resources related to LOSAP pensions.

**(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, 2019:

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	County	School System
Grant Revenue	\$ 162,088	\$ 118,669
Prepaid Adult and Student Food	-	129,178
Registration and Other Fees	1,885,523	-
Contractor Escrows	985,873	-
Other State Revenue	-	38,203
Rental Income	16,969	-
<b>Total</b>	<b>\$ 3,050,453</b>	<b>\$ 286,050</b>

Unavailable revenues in the fund financial statements at June 30, 2019 were comprised of the following:

<u>General Fund</u>		
Sales Tax	\$ 995,395	
Other local tax	256,105	
<b>Total</b>	<b>\$ 1,251,500</b>	

**(16) Commitments, Contingencies, and Other Information**

*Encumbrances* – The County had \$695,993 of encumbrances reported as restricted and committed under the general governmental funds and \$26,348,764 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, 2019.

*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

**COUNTY OF ROANOKE, VIRGINIA**  
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years, beginning in FY 2009. The County's contribution to the WVA for the year ended June 30, 2019 totaled \$179,859.

- The 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, will construct 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, 2019 totaled \$714,477, which included contributions for debt related principal and interest payments of \$387,279 and operating support of \$327,198.
- The Western Virginia Regional Industrial Facility Authority 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 Authority 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, 2019 totaled \$149,557.
- On September 10, 2019, the Board of Supervisors authorized the issuance of not to exceed \$10,000,000 of Revenue Lease Bonds through the Virginia Resources Authority and appropriation of funds for the construction and renovation for the relocation of all General Services department functions and the Commit department shop and tower maintenance functions.

**(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 (the RVRA) was established on October 23, 1991 under a user agreement between the County, City of Roanoke, Virginia (the City), and the

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**Notes to Basic Financial Statements**  
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Town of Vinton, Virginia (the 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, 2019, the County remitted \$2,064,680 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 an agency fund.

**Roanoke Regional Airport Commission**

The Roanoke Regional Airport Commission (the 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 five members.

Two members are appointed by the County Board and three by City Council. The County and the City 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 (the 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, 2019 was \$407,220. 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 (the 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, 2019 was \$240,000.

**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.

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Regional Center for Animal Care and Protection

The Regional Center for Animal Care and Protection (the 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. For the year ended June 30, 2019, the County’s share was \$302,709.

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, 2019, the County’s share of principal and interest was \$51,253.

Western Virginia Water Authority

The 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 two 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 (the 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, 2019, the County’s share was approximately \$2,855,350.

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

**COUNTY OF ROANOKE, VIRGINIA**  
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**June 30, 2019**

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, 2019 totaled \$714,477, which included contributions for debt-related payments of \$387,279 and operating support of \$327,198.

**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 payable over 20 years, beginning in FY 2018. For the year ended June 30, 2019, the County share of principal and interest was \$149,471.

**(18) Incentive Agreements and Tax Abatements**

The County, along with the Economic Development Authority of Roanoke County, which is reported as discretely presented component unit, provides economic development incentive grants as permitted by Virginia State Code section 15.2-4905, Powers of authorities. During the fiscal year ended June 30, 2019, the County abated taxes and fees totaling \$93,325 through such agreements. A summary of the key provisions of each agreement follows.

The Authority, in conjunction with the County, approved an agreement with Edward Rose Development Company, L.L.C., on May 5, 2011, which was subsequently amended on April 22, 2014. Under the terms of the agreement, as amended, the Company agreed to construct a new mixed use commercial development by December 31, 2019, along with certain public infrastructure improvements. The agreement calls for the Authority, with funds provided by the County, to pay not more than \$300,000 in the form of an Economic Development Incentive Grant, based on new commercial real estate tax revenues in any two calendar years of the Company's choice from 2013 through 2019. The Authority, in conjunction with the County, also agreed to reimburse up to \$100,000, with a matching \$100,000 to be reimbursed by the Western Virginia Water Authority (WVWA), upon completion and acceptance by the WVWA of water line extension construction. No reimbursement has been made pursuant to this agreement, nor is reimbursement expected under the current terms.

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 shall

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**Notes to Basic Financial Statements**  
**June 30, 2019**

acquire from the County and redevelop the old Roland E. Cook Elementary School building for the Company's use that will contain twenty-one (21) apartments, including a complete restoration, 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 \$19,669 and Town of Vinton local tax revenues in the amount of \$1,263 were reimbursed to the Company in the form of an Economic Development Incentive Grant during the year ended June 30, 2019.

On April 7, 2016, the Authority, in conjunction with the County, approved an agreement with Waukeshaw Development, Inc., whereby the Company shall acquire from the County the Old William Byrd High School building and associated acreage for the Company's use. The Company will convert 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 \$28,952, Town of Vinton local tax revenues in the amount of \$1,859, and other fees and permits in the amount of \$24,455 were reimbursed to the Company in the form of an Economic Development Incentive Grant during the year ended June 30, 2019.

On June 26, 2016, the Authority, in conjunction with the County, approved an agreement with Vindos, LLC, whereby the Company shall acquire from the County the old Vinton Library for \$700,000. The Company will convert 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 \$17,127 were reimbursed to the Company in the form of an Economic Development Incentive Grant during the year ended June 30, 2019.

**(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 maturity 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

**COUNTY OF ROANOKE, VIRGINIA**  
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approved annually by the CDA. A special assessment of \$10,054 was levied for tax year 2018. The County collected \$5,027 the first half of the special assessment, in June 2018 and the second half of assessment in the amount of \$5,027 in December 2018. A special assessment was not levied for tax year 2019.



# REQUIRED SUPPLEMENTARY INFORMATION

**COUNTY OF ROANOKE, VIRGINIA**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2019**  
**(Unaudited)**

	Original Budget	Final Budget, as Amended	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
General property taxes	\$ 130,426,042	\$ 118,196,185	\$ 119,672,139	\$ 1,475,954
Other local taxes	35,312,530	35,312,530	36,816,003	1,503,473
Permits, fees, and licenses	791,200	791,200	1,005,537	214,337
Fines and forfeitures	409,500	450,613	512,634	62,021
Use of money and property	278,800	293,414	393,630	100,216
Charges for services	10,288,279	10,570,516	9,190,199	(1,380,317)
Intergovernmental revenues	22,140,101	48,602,612	35,144,326	(13,458,286)
Miscellaneous	2,989,337	3,470,252	3,825,106	354,854
<b>Total revenues</b>	<b>202,635,789</b>	<b>217,687,322</b>	<b>206,559,574</b>	<b>(11,127,748)</b>
<b>Expenditures:</b>				
General government:				
Board of Supervisors	325,980	381,802	360,358	21,444
County Administrator	376,196	412,295	402,614	9,681
Community Relations	194,761	211,267	203,366	7,901
Internal Auditor	117,665	125,975	123,410	2,565
Human resources	933,505	1,035,315	959,758	75,557
County Attorney	631,198	679,396	631,882	47,514
Commissioner of Revenue	839,630	921,647	868,665	52,982
Assessor	844,560	914,747	870,148	44,599
Treasurer	898,175	986,904	957,764	29,140
Assistant County Administrator -				
Management services	209,175	224,870	222,569	2,301
Finance	1,544,314	1,686,666	1,547,504	139,162
Management and budget	337,712	363,546	342,064	21,482
Procurement	429,434	473,172	445,528	27,644
Electoral Board and officials	414,373	451,239	438,575	12,664
Judicial administration:				
Circuit Court	307,068	307,068	309,081	(2,013)
General District Court	95,440	95,440	100,682	(5,242)
Special magistrates	1,590	1,590	1,850	(260)
Juvenile and Domestic Relations Court	39,086	39,086	39,331	(245)
Clerk of the Circuit Court	1,144,899	1,166,329	1,106,169	60,160
Commonwealth's Attorney	1,227,304	1,364,332	1,331,738	32,594
Public safety:				
Sheriff and police	14,029,957	16,839,701	16,605,504	234,197
E911 maintenance	3,150,270	3,152,503	3,126,486	26,017
Fire and rescue services	15,628,264	17,663,487	17,313,845	349,642
Confinement and care of prisoners	7,989,186	8,080,368	8,214,435	(134,067)
Court service unit	270,500	270,500	411,294	(140,794)
VJCCA grant	292,052	292,052	240,771	51,281
Animal control	603,792	607,249	557,681	49,568

(continued)

**COUNTY OF ROANOKE, VIRGINIA**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2019**  
**(Unaudited)**

	Original Budget	Final Budget, as Amended	Actual	Variance with Final Budget Positive (Negative)
<b>Public works:</b>				
General services administration	\$ 583,344	\$ 727,890	\$ 743,208	\$ (15,318)
Refuse disposal	4,859,519	4,934,198	5,031,938	(97,740)
Maintenance of general buildings and grounds	5,141,511	5,214,320	5,394,920	(180,600)
Engineering	1,820,564	2,873,428	2,942,958	(69,530)
Inspections	1,190,101	1,165,445	1,075,608	89,837
<b>Health and welfare:</b>				
Public health	500,358	500,358	481,713	18,645
Social services administration	6,929,383	7,824,182	7,499,484	324,698
Comprehensive Services Act	8,343,504	8,343,504	6,913,812	1,429,692
Public assistance	4,702,666	4,702,666	4,219,967	482,699
<b>Parks, recreation and cultural:</b>				
Assistant County Administrator -				
Human Services	201,768	215,422	209,539	5,883
Parks and recreation	7,672,528	19,555,367	7,558,448	11,996,919
Library	4,255,124	5,178,670	5,040,832	137,838
<b>Community development:</b>				
Planning and zoning	1,037,573	3,136,227	1,252,788	1,883,439
Cooperative extension program	87,097	87,097	82,966	4,131
Economic development	533,504	578,499	513,352	65,147
Public transportation	515,000	515,000	794,701	(279,701)
Nondepartmental	13,129,733	7,217,519	7,270,519	(53,000)
<b>Total Expenditures</b>	<b>114,379,363</b>	<b>131,518,338</b>	<b>114,759,825</b>	<b>16,758,513</b>
<b>Excess of revenues over expenditures</b>	<b>88,256,426</b>	<b>86,168,984</b>	<b>91,799,749</b>	<b>5,630,765</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	158,244	158,244	-
Transfers out	(91,173,239)	(90,924,177)	(90,924,277)	(100)
<b>Total other financing uses, net</b>	<b>(91,173,239)</b>	<b>(90,765,933)</b>	<b>(90,766,033)</b>	<b>(100)</b>
<b>Net change in fund balances</b>	<b>(2,916,813)</b>	<b>(4,596,949)</b>	<b>1,033,716</b>	<b>5,630,665</b>
<b>Fund balances at beginning of the year</b>	<b>35,699,110</b>	<b>27,862,690</b>	<b>34,434,366</b>	<b>6,571,676</b>
<b>Fund balances at end of year</b>	<b>\$ 32,782,297</b>	<b>\$ 23,265,741</b>	<b>\$ 35,468,082</b>	<b>\$ 12,202,341</b>

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, 2019**  
**(Unaudited)**

	2019		2018		2017		2016		2015	
	County of Roanoke Employees	School System Non-Professional Employees	County of Roanoke Employees	School System Non-Professional Employees	County of Roanoke Employees	School System Non-Professional Employees	County of Roanoke Employees	School System Non-Professional Employees	County of Roanoke Employees	School System Non-Professional Employees
<b>Virginia Retirement System</b>										
Total pension liability:										
Service Cost	\$ 5,269,835	\$ 298,984	\$ 5,358,767	\$ 318,248	\$ 5,283,828	\$ 326,990	\$ 5,207,280	\$ 590,031	\$ 5,273,706	\$ 642,968
Interest	15,786,598	2,167,570	15,156,698	2,177,707	14,606,824	2,219,068	14,176,909	2,164,578	13,590,501	2,114,246
Changes in assumptions between expected and actual experience	-	-	(504,631)	(66,597)	-	-	-	-	-	-
Differences between expected and actual experience	(2,793,363)	(282,722)	283,025	(496,773)	156,418	(1,113,216)	(3,178,877)	76,137	-	-
Impact in change on proportion	(86,209)	-	(1,732,097)	-	(182,776)	-	(1,384,013)	-	-	-
Benefit payments, including refunds of employee contributions	(11,593,993)	(2,100,554)	(10,824,191)	(2,054,245)	(10,095,057)	(1,993,180)	(9,666,752)	(2,111,460)	(8,539,110)	(1,964,916)
Net change in total pension liability	6,582,868	83,278	7,737,571	(121,660)	9,769,236	(560,338)	5,154,547	719,286	10,325,097	792,298
Total pension liability - beginning	231,406,018	32,015,564	223,668,447	32,137,224	213,899,211	32,697,562	208,744,662	31,978,276	198,419,565	31,185,978
Total pension liability - ending (a)	<u>237,988,886</u>	<u>32,098,842</u>	<u>231,406,018</u>	<u>32,015,564</u>	<u>223,668,447</u>	<u>32,137,224</u>	<u>213,899,209</u>	<u>32,697,562</u>	<u>208,744,662</u>	<u>31,978,276</u>
Plan fiduciary net position:										
Impact in change on proportion	(73,075)	-	(1,393,043)	-	(154,093)	-	(1,171,025)	-	-	-
Contributions - employer	4,943,269	147,119	4,812,332	144,668	4,697,194	209,100	4,589,017	206,447	4,090,698	306,710
Contributions - employee	2,214,542	153,729	2,219,705	150,511	2,136,523	152,767	2,064,188	152,195	2,061,935	293,796
Net investment income	14,440,097	2,419,142	21,594,685	3,725,620	3,083,905	525,814	8,008,131	1,454,882	24,311,664	4,569,047
Benefit payments, including refunds of employee contributions	(11,593,993)	(2,100,554)	(10,824,191)	(2,054,245)	(10,095,057)	(1,993,180)	(9,666,752)	(2,111,460)	(8,539,110)	(1,964,916)
Administrative expense	(126,070)	(21,956)	(125,909)	(22,797)	(112,789)	(20,892)	(110,989)	(21,377)	(131,901)	(25,570)
Other	(12,782)	(2,107)	(19,169)	(3,259)	(1,320)	(231)	(1,682)	(305)	1,281	241
Net change in plan fiduciary net position	9,791,988	595,373	16,264,410	1,940,498	(445,637)	(1,126,622)	3,710,888	(319,618)	21,794,567	3,179,308
Plan fiduciary net position - beginning	196,150,319	33,348,331	179,885,909	31,407,833	180,331,546	32,534,455	176,620,656	32,854,073	154,826,069	29,674,765
Plan fiduciary net position - ending (b)	<u>205,942,307</u>	<u>33,943,704</u>	<u>196,150,319</u>	<u>33,348,331</u>	<u>179,885,909</u>	<u>31,407,833</u>	<u>180,331,544</u>	<u>32,534,455</u>	<u>176,620,656</u>	<u>32,854,073</u>
Total net pension liability -- beginning	35,255,699	(1,332,767)	43,782,538	729,391	33,567,665	163,107	32,124,006	(875,797)	43,593,476	1,511,213
Total net pension liability (asset) -- ending (a - b)	<u>\$ 32,046,579</u>	<u>\$ (1,844,862)</u>	<u>\$ 35,255,699</u>	<u>\$ (1,332,767)</u>	<u>\$ 43,782,538</u>	<u>\$ 729,391</u>	<u>\$ 33,567,665</u>	<u>\$ 163,107</u>	<u>\$ 32,124,006</u>	<u>\$ (875,797)</u>
Plan fiduciary net position as a percentage of total pension liability (asset)	86.53%	105.75%	84.76%	104.16%	80.43%	97.73%	84.31%	99.50%	84.61%	102.74%
Covered payroll	\$ 45,263,004	\$ 3,112,471	\$ 43,733,860	\$ 3,068,829	\$ 42,627,702	\$ 3,081,526	\$ 41,432,034	\$ 3,027,639	\$ 40,544,179	\$ 5,875,694
Net pension liability (asset) as a percentage of covered payroll	70.80%	-59.27%	80.61%	-43.43%	102.71%	23.67%	81.02%	5.39%	79.23%	-14.91%

Schedule is intended to show information for 10 years. Since 2019 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.

The amounts presented have a measurement date of the previous fiscal year end.

**COUNTY OF ROANOKE, VIRGINIA**  
**Required Supplemental Information**  
**Schedule of Employer's Proportionate Share of Net Pension Liability**  
**For the Year Ended June 30, 2019**  
**(Unaudited)**

	<b>School System Teacher Retirement Plan</b>				
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b><u>Virginia Retirement System</u></b>					
Schools System's proportion of the net pension liability	0.95745%	0.97725%	0.94772%	0.94973%	0.97506%
Schools System's proportionate share of the net pension liability	\$112,596,000	\$120,182,000	\$132,815,000	\$119,536,000	\$ 117,833,000
Schools System's covered payroll	\$ 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	146.13%	156.60%	183.80%	169.28%	165.29%
Plan fiduciary net position as a percentage of the total pension liability	74.81%	72.92%	68.28%	70.68%	70.88%

Schedule is intended to show information for 10 years. Since 2019 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.

The amounts presented have a measurement date of the previous fiscal year end.

**COUNTY OF ROANOKE, VIRGINIA**  
**Required Supplemental Information**  
**Schedule of Contributions**  
**Last 10 Fiscal Years**  
**(Unaudited)**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>County of Roanoke Retirement Plan:</b>					
Contractually required contribution	\$ 5,664,637	\$ 5,081,170	\$ 4,893,436	\$ 4,638,384	\$ 4,090,698
Contributions recognized in relation to the actuarially determined contribution	5,664,637	5,081,170	4,893,436	4,638,384	4,090,698
Contribution (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 45,853,501	\$ 45,263,004	\$ 43,733,860	\$ 42,627,702	\$ 41,432,034
Contributions as a percentage of covered payroll	12.35%	11.23%	11.19%	10.88%	9.87%

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>School System Teacher Retirement Plan:</b>					
Contractually required contribution	\$ 12,647,916	\$ 12,575,093	\$ 11,097,430	\$ 10,159,569	\$ 10,239,218
Contributions recognized in relation to the contractually required contribution	11,968,521	12,566,803	11,251,117	10,159,568	10,238,755
Contribution deficiency (excess)	\$ (679,395)	\$ (8,290)	\$ 153,687	\$ (1)	\$ (463)
Covered Payroll	\$ 77,499,484	\$ 77,053,264	\$ 76,745,715	\$ 72,258,672	\$ 70,615,294
Contributions as a percentage of covered payroll	15.44%	16.31%	14.66%	14.06%	14.50%

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>School System Non-Professional Retirement Plan:</b>					
Contractually required contribution	\$ 58,356	\$ 150,332	\$ 148,224	\$ 210,776	\$ 210,776
Contributions recognized in relation to the actuarially determined contribution	50,964	153,066	148,080	210,558	207,090
Contribution (excess)	\$ (7,392)	\$ 2,734	\$ (144)	\$ (218)	\$ (3,686)
Covered Payroll	\$ 3,039,400	\$ 3,112,471	\$ 3,068,829	\$ 3,081,526	\$ 3,027,639
Contributions as a percentage of covered payroll	1.68%	4.92%	4.83%	6.83%	6.84%

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>County of Roanoke and School System Non-Professional</b>					
Actuarial Valuation Date:	June 30, 2017	June 30, 2016	June 30, 2016	June 30, 2014	June 30, 2014
Methods and assumptions used to determine contribution rates:					
Actuarial cost method	Entry-age Level percentage of payroll, closed				
Amortization method	3.00%	3.00%	3.00%	3.00%	3.00%
Payroll growth	30 years				
Remaining amortization period	5-year smoothed market				
Asset valuation method	3.50 - 5.35%	3.50 - 5.35%	3.50 - 5.35%	3.50 - 5.35%	3.50 - 5.35%
Salary increases*	7%	7%	7%	7%	7%
Investment rate of return*	2.50%	2.50%	2.50%	2.50%	2.50%
*Includes inflation at	2.25 - 2.5%	2.25 - 2.5%	2.25 - 2.5%	2.25 - 2.5%	2.25 - 2.5%
Cost of living adjustments	2.25 - 2.5%	2.25 - 2.5%	2.25 - 2.5%	2.25 - 2.5%	2.25 - 2.5%

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2014</b>
<b>School System Teacher</b>					
Actuarial Valuation Date:	June 30, 2018	June 30, 2016	June 30, 2016	June 30, 2014	June 30, 2014
Methods and assumptions used to determine contribution rates:					
Actuarial cost method	Entry-age Level percentage of payroll, closed				
Amortization method	3.00%	3.00%	3.00%	3.00%	3.00%
Payroll growth	30 years				
Remaining amortization period	5-year smoothed market				
Asset valuation method	3.50 - 5.95%	3.50 - 5.35%	3.50 - 5.35%	3.50 - 5.35%	3.50 - 5.35%
Salary increases*	7%	7%	7%	7%	7%
Investment rate of return*	2.50%	2.50%	2.50%	2.50%	2.50%
*Includes inflation at	2.25 - 2.5%	2.25 - 2.5%	2.25 - 2.5%	2.25 - 2.5%	2.25 - 2.5%
Cost of living adjustments	2.25 - 2.5%	2.25 - 2.5%	2.25 - 2.5%	2.25 - 2.5%	2.25 - 2.5%

Schedule is intended to show information for 10 years. Since 2019 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**  
**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, 2019**  
**(Unaudited)**

**A. Schedule of Changes in the Total Pension Liability**

	Actuarial Valuation Date 7/31/2017	Actuarial Valuation Date 7/31/2018	Actuarial Valuation Date 7/31/2019
Total pension liability:			
Service cost	\$ 5,613	\$ 6,050	\$ 6,440
Interest on total pension liability	295,965	354,080	343,290
Changes of assumptions	(574,306)	1,562,137	455,355
Differences between expected and actual experience	-	-	19,496
Benefit payments	(347,975)	(422,801)	(405,360)
Net change in total pension liability	(620,703)	1,499,466	419,221
 Total pension liability - beginning	 \$ 8,623,946	 8,003,243	 9,502,709
Total pension liability - ending	<u>\$ 8,003,243</u>	<u>\$ 9,502,709</u>	<u>\$ 9,921,930</u>

**B. Schedule of the Total Pension Liability and Related Ratios**

Fiscal Year Ended	Total Pension Liability	Covered Payroll	Total Pension Liability as a Percent of Covered Payroll
June 30, 2017	\$ 8,003,243	\$ -	N/A
June 30, 2018	9,502,709	-	N/A
June 30, 2019	9,921,930	-	N/A

**Notes to schedules:**

Changes in assumptions. Changes of assumptions reflect change in the discount rate from 3.50% to 3.69% and changes in the mortality tables used.

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

This schedule is intended to show information for 10 years. Since this is the third year for this presentation, only two additional years are shown. However, additional years will be included as they become available.

The amounts presented have a measurement date of the previous fiscal year end.

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, 2019\***  
**(Unaudited)**

	2017		2018		2019	
	County of Roanoke Members	School System	County of Roanoke Members	School System	County of Roanoke Members	School System
Total OPEB liability:						
Service Cost	\$ 849,141	\$ 931,053	\$ 891,598	\$ 977,606	\$ 497,351	\$ 593,436
Interest	943,357	476,676	1,024,059	471,102	940,257	323,704
Differences between expected and actual experience	(56,957)	(28,590)	(5,174,702)	(2,488,407)	-	-
Changes of assumptions	-	-	3,453,025	(3,035,172)	-	-
Contributions -- employee	470,020	94,298	502,321	939,187	656,266	540,748
Benefit payments, including refunds of employee contributions	(1,493,500)	(684,162)	(1,204,285)	(1,785,359)	(1,573,359)	(1,027,942)
Net change in total OPEB liability	712,061	789,275	(507,984)	(4,921,043)	520,515	429,946
Total OPEB liability - beginning	<u>12,752,426</u>	<u>14,888,089</u>	<u>13,464,487</u>	<u>15,677,364</u>	<u>12,956,503</u>	<u>10,756,321</u>
Total OPEB liability - ending (a)	<u>13,464,487</u>	<u>15,677,364</u>	<u>12,956,503</u>	<u>10,756,321</u>	<u>13,477,018</u>	<u>11,186,267</u>
Plan fiduciary net position:						
Contributions -- employer	1,219,282	682,154	823,789	846,172	1,137,882	579,484
Contributions -- employee	470,020	94,298	502,321	939,187	656,266	540,748
Net investment income	661,110	74,106	560,627	65,111	497,740	59,165
Benefit payments, including refunds of employee contributions	(1,493,500)	(684,162)	(1,204,285)	(1,785,359)	(1,573,359)	(1,027,942)
Administrative expense	(6,596)	(1,169)	(7,071)	(1,263)	(7,071)	(1,263)
Net change in plan fiduciary net position	850,316	165,227	675,381	63,848	711,458	150,192
Plan fiduciary net position -- beginning	<u>5,005,911</u>	<u>515,101</u>	<u>5,856,227</u>	<u>680,328</u>	<u>6,531,608</u>	<u>744,176</u>
Plan fiduciary net position -- ending (b)	<u>5,856,227</u>	<u>680,328</u>	<u>6,531,608</u>	<u>744,176</u>	<u>7,243,066</u>	<u>894,368</u>
Total net OPEB liability -- beginning	<u>7,746,515</u>	<u>14,372,988</u>	<u>7,608,260</u>	<u>14,997,036</u>	<u>6,424,895</u>	<u>10,012,145</u>
Total net OPEB liability -- ending (a - b)	<u>\$ 7,608,260</u>	<u>\$ 14,997,036</u>	<u>\$ 6,424,895</u>	<u>\$ 10,012,145</u>	<u>\$ 6,233,952</u>	<u>\$ 10,291,899</u>
Plan fiduciary net position as a percentage of total OPEB liability	43.49%	4.34%	50.41%	6.92%	53.74%	8.00%
Covered payroll	\$ 39,941,319	\$ 65,279,124	\$ 33,955,725	\$ 53,150,640	\$ 34,634,840	\$ 53,150,640
Net OPEB liability as a percentage of covered payroll	19.05%	22.97%	18.92%	18.84%	18.00%	19.36%

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.

Schedule is intended to show information for 10 years. Since 2019 is the third year for this presentation, only two additional years of data are available. However, additional years will be included as they become available.

*\*This information is presented as of the measurement date.*

**COUNTY OF ROANOKE, VIRGINIA**  
**Required Supplemental Information**  
**Schedule of Employer Contributions**  
**Other Postemployment Benefits Plan**  
**For the Year Ended June 30, 2019**  
**(Unaudited)**

	2017	2018	2019			
	County of Roanoke Members	School System Members	County of Roanoke Members	School System Members	County of Roanoke Members	School System Members
Actuarially determined contribution	\$ 1,219,282	\$ 682,154	\$ 1,644,235	\$ 1,997,378	\$ 1,137,882	\$ 1,289,794
Contributions in relation to the actuarially determined contribution	1,415,084	682,154	823,789	846,172	1,137,882	579,484
Contribution deficiency (excess)	<u><u>\$ (195,802)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 820,446</u></u>	<u><u>\$ 1,151,206</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 710,310</u></u>
Percentage contributed	116.06%	100.00%	50.10%	42.36%	100.00%	44.93%
Employer's covered payroll	\$ 39,941,319	\$ 65,279,124	\$ 33,955,725	\$ 53,150,640	\$ 34,634,840	\$ 53,150,640
Contributions as a percentage of covered payroll	3.54%	1.04%	2.43%	1.59%	3.29%	1.09%

**Notes to the Schedule of Contributions:**

Actuarial Valuation Date:	June 30, 2016	June 30, 2016	June 30, 2018	June 30, 2018	June 30, 2018	June 30, 2018
<b>Methods and assumptions used to determine contribution rates:</b>						
Actuarial cost method	Entry Age Normal 20 years					
Remaining amortization period	Market Value Included in the investment rate of return and healthcare cost trend rates	Market Value Included in the investment rate of return and healthcare cost trend rates	Market Value Included in the investment rate of return and healthcare cost trend rates	Market Value Included in the investment rate of return and healthcare cost trend rates	Market Value Included in the investment rate of return and healthcare cost trend rates	Market Value Included in the investment rate of return and healthcare cost trend rates
Asset valuation method	Included in the investment rate of return and healthcare cost trend rates	Included in the investment rate of return and healthcare cost trend rates	Included in the investment rate of return and healthcare cost trend rates	Included in the investment rate of return and healthcare cost trend rates	Included in the investment rate of return and healthcare cost trend rates	Included in the investment rate of return and healthcare cost trend rates
Inflation	Included in the investment rate of return and healthcare cost trend rates	Included in the investment rate of return and healthcare cost trend rates	Included in the investment rate of return and healthcare cost trend rates	Included in the investment rate of return and healthcare cost trend rates	Included in the investment rate of return and healthcare cost trend rates	Included in the investment rate of return and healthcare cost trend rates
Salary increases	2.00%	3.00%	2.00%	3.00%	2.00%	3.00%
Investment rate of return	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Healthcare cost trend rate	8.0% graded down to 5.0% over 6 years, beginning in 2018	8.0% graded down to 5.0% over 6 years, beginning in 2018	7.5% graded down to 5.0% over 10 years, beginning in 2018	7.5% graded down to 5.0% over 10 years, beginning in 2018	7.5% graded down to 5.0% over 10 years, beginning in 2018	7.5% graded down to 5.0% over 10 years, beginning in 2018

Schedule is intended to show information for 10 years. Since 2019 is the third year for this presentation, only two 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, 2019**  
**(Unaudited)**

	2017		2018		2019	
	County of Roanoke	School System	County of Roanoke	School System	County of Roanoke	School System
Annual money-weighted rate of return, net of investment expense:	13.04%	13.04%	9.52%	9.52%	TBD	TBD

This schedule is intended to show information for 10 years. Since this is the third year for this presentation and the data was not available for fiscal year 2019, only two additional years are shown. 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 Changes in Net OPEB Liability and Related Ratios**  
**For the Year Ended June 30, 2019**  
**(Unaudited)**

	<b>2018</b>	<b>2019</b>
Total OPEB liability:		
Service Cost	\$ 32,415	\$ 33,005
Interest	107,974	108,211
Changes of benefit terms	-	(3,870)
Differences between expected and actual experience	(42,521)	-
Changes of assumptions	(81,531)	(107,448)
Benefit payments, including refunds of employee contributions	<u>16,337</u>	<u>29,898</u>
Net change in total OPEB liability	<u>1,583,262</u>	<u>1,599,599</u>
Total OPEB liability - beginning	<u>1,599,599</u>	<u>1,629,497</u>
Plan fiduciary net position:		
Contributions -- employer	135,458	142,874
Net investment income	50,806	37,774
Benefit payments, including refunds of employee contributions	(81,531)	(107,448)
Administrative expense	(905)	(941)
Other changes	2,370	(2,370)
Net change in plan fiduciary net position	<u>106,198</u>	<u>69,889</u>
Plan fiduciary net position -- beginning	<u>410,017</u>	<u>516,215</u>
Plan fiduciary net position -- ending (b)	<u>516,215</u>	<u>586,104</u>
Total net OPEB liability -- beginning	<u>1,173,245</u>	<u>1,083,384</u>
Total net OPEB liability -- ending (a - b)	<u>\$ 1,083,384</u>	<u>\$ 1,043,393</u>
Plan fiduciary net position as a percentage of total OPEB liability	32.27%	35.97%
Covered payroll	\$ 43,733,860	\$ 42,253,004
Net OPEB liability as a percentage of covered payroll	2.48%	2.47%

Schedule is intended to show information for 10 years. Since 2019 is the second year for this presentation, only one additional year of data is available. However, additional years will be included as they become available.

The amounts presented have a measurement date of the previous fiscal year end.

See accompanying independent auditor's report.

**COUNTY OF ROANOKE, VIRGINIA**  
**Required Supplementary Information**  
**Virginia Retirement System Health Insurance Credit Program**  
**Schedule of Employer Contributions**  
**For the Year Ended June 30, 2019**  
**(Unaudited)**

County of Roanoke Employees:

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
June 30, 2010	\$ 61,426	\$ 61,426	\$ -	\$ 19,814,931	0.31 %
June 30, 2011	122,293	122,293	-	39,449,375	0.31
June 30, 2012	94,223	94,223	-	39,259,763	0.24
June 30, 2013	92,999	92,999	-	38,749,497	0.24
June 30, 2014	103,865	103,865	-	41,545,798	0.25
June 30, 2015	80,354	80,354	-	40,544,179	0.20
June 30, 2016	95,257	95,257	-	41,432,034	0.23
June 30, 2017	106,244	106,244	-	42,627,702	0.25
June 30, 2018	135,906	135,906	-	43,733,860	0.31
June 30, 2019	104,564	104,564	-	45,253,004	0.23

School System Employees:

June 30, 2010	\$ 742,921	\$ 528,292	\$ 214,629	\$ 71,434,717	0.74 %
June 30, 2011	405,912	405,912	-	67,652,004	0.60
June 30, 2012	412,070	412,070	-	68,678,251	0.60
June 30, 2013	801,954	801,962	(8)	72,248,134	1.11
June 30, 2014	791,283	791,284	(1)	71,286,776	1.11
June 30, 2015	748,522	748,490	32	70,615,294	1.06
June 30, 2016	765,942	765,995	(53)	72,258,672	1.06
June 30, 2017	851,877	851,887	(10)	76,745,715	1.11
June 30, 2018	947,755	947,188	567	77,053,264	1.23
June 30, 2019	929,994	930,288	(294)	77,499,484	1.20

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, 2019**  
**(Unaudited)**

	<b>2018</b>	<b>2019</b>
Employer's proportion of the Net GLI OPEB Liability	0.25093%	0.25166%
Employer's proportionate share of the Net GLI OPEB Liability	\$ 3,776,000	\$ 3,822,000
Employer's covered payroll	\$ 44,698,860	\$ 46,284,675
Employer's proportionate share of the Net GLI OPEB Liability as a percentage of its covered payroll	8.45%	8.26%
Plan Fiduciary Net Position as a percentage of the Total GLI OPEB Liability	48.86%	51.22%

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Schedule is intended to show information for 10 years. Since 2019 is the second year for this presentation, only one additional year of data is available. However, additional years will be included as they become available.

The amounts presented have a measurement date of the previous fiscal year end.

**COUNTY OF ROANOKE, VIRGINIA**  
**Required Supplementary Information**  
**Virginia Retirement System Group Life Insurance Program**  
**Schedule of Employer Contributions**  
**For the Year Ended June 30, 2019**  
**(Unaudited)**

County of Roanoke Employees:

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
June 30, 2010	\$ 143,631	\$ 107,723	\$ 35,908	\$ 39,897,565	0.27 %
June 30, 2011	142,183	80,001	62,182	39,495,312	0.20
June 30, 2012	173,072	110,136	62,936	39,334,458	0.28
June 30, 2013	171,259	108,983	62,276	38,922,453	0.28
June 30, 2014	221,837	200,909	20,928	41,855,983	0.48
June 30, 2015	225,194	203,949	21,245	42,489,422	0.48
June 30, 2016	229,672	208,005	21,667	43,334,385	0.48
June 30, 2017	230,974	230,974	-	44,698,860	0.52
June 30, 2018	237,653	237,653	-	46,284,675	0.51
June 30, 2019	240,118	240,118	-	47,852,850	0.50

School System Employees:

June 30, 2010	\$ 209,985	\$ 175,154	\$ (34,831)	\$ 77,772,281	0.23 %
June 30, 2011	206,348	82,540	(123,808)	73,695,601	0.11
June 30, 2012	208,944	83,684	(125,260)	74,623,028	0.11
June 30, 2013	377,134	374,671	(2,463)	78,569,574	0.48
June 30, 2014	370,380	367,834	(2,546)	77,162,470	0.48
June 30, 2015	353,486	351,815	(1,671)	73,642,933	0.48
June 30, 2016	361,633	359,464	(2,169)	75,340,198	0.48
June 30, 2017	415,036	419,387	4,351	79,814,544	0.53
June 30, 2018	416,862	420,490	3,628	80,165,735	0.52
June 30, 2019	418,802	419,260	458	80,538,884	0.52

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, 2019**  
**(Unaudited)**

	<b>2018</b>	<b>2019</b>
<b><u>VRS Health Insurance Credit Program</u></b>		
Employer's proportion of the Net GLI OPEB Liability	0.97245%	0.95240%
Employer's proportionate share of the Net GLI OPEB Liability	\$ 12,337,000	\$ 12,093,000
Employer's covered payroll	\$ 76,745,715	\$ 77,053,264
Employer's proportionate share of the Net GLI OPEB Liability as a percentage of its covered payroll	16.08%	15.69%
Plan Fiduciary Net Position as a percentage of the Total GLI OPEB Liability	7.04%	8.08%
<b><u>VRS Group Life Insurance Program - Teacher Plan</u></b>		
Employer's proportion of the Net GLI OPEB Liability	0.41724%	0.40541%
Employer's proportionate share of the Net GLI OPEB Liability	\$ 6,279,000	\$ 6,157,000
Employer's covered payroll	\$ 76,745,715	\$ 77,053,264
Employer's proportionate share of the Net GLI OPEB Liability as a percentage of its covered payroll	8.18%	7.99%
Plan Fiduciary Net Position as a percentage of the Total GLI OPEB Liability	48.86%	51.22%
<b><u>VRS Group Life Insurance Program - Non-Professional Plan</u></b>		
Employer's proportion of the Net GLI OPEB Liability	0.01666%	0.01657%
Employer's proportionate share of the Net GLI OPEB Liability	\$ 250,000	\$ 252,000
Employer's covered payroll	\$ 3,068,829	\$ 3,112,471
Employer's proportionate share of the Net GLI OPEB Liability as a percentage of its covered payroll	8.15%	8.10%
Plan Fiduciary Net Position as a percentage of the Total GLI OPEB Liability	48.98%	51.22%

Schedule is intended to show information for 10 years. Since 2019 is the second year for this presentation, only one additional year of data is available. However, additional years will be included as they become available.

The amounts presented have a measurement date of the previous fiscal year end.

**COUNTY OF ROANOKE, VIRGINIA**  
**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2019**  
**(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 2018-2019 budget appropriation on May 22, 2018.

*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 2018-2019. These major amendments must go through the same public hearing requirements as the original budget.

**COUNTY OF ROANOKE, VIRGINIA**  
**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2019**  
**(Unaudited)**

**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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and 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

**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, 2018:

- The percentage of future eligible retirees electing medical coverage was updated from 64.6% to 61.4%.
- The percentage of future eligible retirees electing medical coverage for a spouse was updated from 29.8% to 27.5%.
- The mortality, disability, withdrawal, and retirement assumptions were updated to the assumptions listed in the most recent published VRS Comprehensive Annual Financial Report, which was the 2017 report.
- Actives hired on or after July 1, 2016 are not eligible for the plan.

**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* – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 – Non-Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
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
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 20%

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
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
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%

Largest 10 – Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 60% to 70%

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
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% to 45%

# SUPPLEMENTARY INFORMATION

## 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, 2019**

	Original Budget	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Locality Compensation Payment	\$ 124,894	\$ 124,894	\$ 124,894	\$ -
Interest Income	-	-	1,643	1,643
Miscellaneous	141,825	158,523	157,704	(819)
<b>Total Revenues</b>	<b>266,719</b>	<b>283,417</b>	<b>284,241</b>	<b>824</b>
<b>Expenditures</b>				
Principal Payments				
General Obligation Bonds				
General Government	898,188	898,188	898,188	-
Schools Virginia Public Schools Authority Bonds	8,121,855	8,121,855	8,121,855	-
<b>Total General Obligation Bonds</b>	<b>9,020,043</b>	<b>9,020,043</b>	<b>9,020,043</b>	<b>-</b>
Lease Revenue Bonds				
General Government	2,935,000	2,935,000	2,935,000	-
<b>Total Lease Revenue Bonds</b>	<b>2,935,000</b>	<b>2,935,000</b>	<b>2,935,000</b>	<b>-</b>
<b>Total Principal Payments</b>	<b>11,955,043</b>	<b>11,955,043</b>	<b>11,955,043</b>	<b>-</b>
Interest Payments				
General Obligation Bonds				
General Government	65,811	72,293	72,293	-
Schools Virginia Public Schools Authority Bonds	3,226,474	3,226,474	3,226,472	2
<b>Total General Obligation Bonds</b>	<b>3,292,285</b>	<b>3,298,767</b>	<b>3,298,765</b>	<b>2</b>
Lease Revenue Bonds				
General Government	3,140,888	3,140,888	3,140,888	-
<b>Total Lease Revenue Bonds</b>	<b>3,140,888</b>	<b>3,140,888</b>	<b>3,140,888</b>	<b>-</b>
<b>Total Interest Payments</b>	<b>6,433,173</b>	<b>6,439,655</b>	<b>6,439,653</b>	<b>2</b>
Miscellaneous Costs	134,255	68,810	31,222	37,588
<b>Total Expenditures</b>	<b>18,522,471</b>	<b>18,463,508</b>	<b>18,425,918</b>	<b>37,590</b>
<b>Excess (deficit) of revenues over (under) expenditures</b>	<b>(18,255,752)</b>	<b>(18,180,091)</b>	<b>(18,141,677)</b>	<b>38,414</b>
Other financing sources (uses):				
Transfers				
Transfer from County General Fund	14,137,975	14,137,975	14,137,974	(1)
Transfer from School General Fund	4,125,345	4,125,345	4,125,345	-
Transfer (to) County Capital Fund	(70,813)	(78,852)	(78,852)	-
<b>Total other financing sources, net</b>	<b>18,192,507</b>	<b>18,184,468</b>	<b>18,184,467</b>	<b>(1)</b>
Net change in fund balance	(63,245)	4,377	42,790	38,413
Fund balance at beginning of year	288,588	61,884	61,884	-
<b>Fund balance at end of year</b>	<b>\$ 225,343</b>	<b>\$ 66,261</b>	<b>\$ 104,674</b>	<b>\$ 38,413</b>

**COUNTY OF ROANOKE, VIRGINIA**  
**Budgetary Comparison Schedule**  
**Capital Projects Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Use of money and property	\$ -	\$ -	\$ 649,017	\$ 649,017
Charges for services	108,000	518,360	194,185	(324,175)
Intergovernmental revenue	2,632,500	2,957,821	2,792,376	(165,445)
Miscellaneous	100,000	146,565	588,381	441,816
<b>Total revenues</b>	<b>2,840,500</b>	<b>3,622,746</b>	<b>4,223,959</b>	<b>601,213</b>
<b>EXPENDITURES</b>				
Capital outlay	12,343,889	66,325,011	25,414,333	40,910,678
<b>Total expenditures</b>	<b>12,343,889</b>	<b>66,325,011</b>	<b>25,414,333</b>	<b>40,910,678</b>
Excess (deficiency) of revenues over (under) expenditures	(9,503,389)	(62,702,265)	(21,190,374)	41,511,891
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of land, buildings, and equipment	125,000	125,000	253,267	(128,267)
Proceeds from sale of bonds	-	27,875,000	27,875,000	-
Premium on bonds	-	2,201,943	2,201,943	-
Transfers in	6,744,494	7,004,121	6,369,223	634,898
Transfers out	-	(158,244)	(158,244)	-
<b>Total other financing sources, net</b>	<b>6,869,494</b>	<b>37,047,820</b>	<b>36,541,189</b>	<b>506,631</b>
Net change in fund balance	(2,633,895)	(25,654,445)	15,350,815	41,005,260
Fund balance at beginning of year	2,633,895	25,692,572	25,692,572	-
<b>Fund balance at end of year</b>	<b>-</b>	<b>\$ 38,127</b>	<b>\$ 41,043,387</b>	<b>\$ 41,005,260</b>

**Schedule 3**

**COUNTY OF ROANOKE, VIRGINIA**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance** ·  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2019**

	<b>Final Budget as Amended</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>			
From local sources:			
General property taxes:			
Real property taxes	\$ 92,719,101	\$ 93,596,250	\$ 877,149
Real and personal public service corporation property taxes	3,210,000	3,342,725	132,725
Payments in lieu of taxes	180,000	186,002	6,002
Personal property taxes	21,287,084	21,721,915	434,831
Penalties and interest	800,000	825,247	25,247
Total general property taxes	<u>118,196,185</u>	<u>119,672,139</u>	<u>1,475,954</u>
Other local taxes:			
Local sales and use taxes	10,424,500	10,967,333	542,833
Business license taxes	6,350,901	7,101,616	750,715
Motor vehicle licenses	2,312,387	2,401,262	88,875
Bank franchise taxes	650,000	803,331	153,331
Taxes on recordation and wills	1,509,509	1,635,678	126,169
Utility license tax	510,000	673,020	163,020
Communications sales and use tax	3,600,000	3,376,491	(223,509)
Consumer utility tax	3,750,000	3,738,985	(11,015)
E911 tax	330,923	308,462	(22,461)
Hotel and motel tax	1,290,680	1,340,426	49,746
Tax on prepared food	4,489,630	4,382,887	(106,743)
Admissions tax	94,000	86,512	(7,488)
Total other local taxes	<u>35,312,530</u>	<u>36,816,003</u>	<u>1,503,473</u>
Permits, fees, and licenses:			
Animal licenses	44,500	40,111	(4,389)
Permits and other licenses	<u>746,700</u>	<u>965,426</u>	<u>218,726</u>
Total permits, fees, and licenses	<u>791,200</u>	<u>1,005,537</u>	<u>214,337</u>
Fines and forfeitures	450,613	512,634	62,021
Use of money and property	<u>293,414</u>	<u>393,630</u>	<u>100,216</u>
Charges for services:			
Refuse costs	17,200	16,588	(612)
Court costs	121,450	84,273	(37,177)
Charges for correction and detention	260,737	260,737	-
Charges for parks and recreation	5,981,382	4,782,249	(1,199,133)
Rescue fees	3,511,552	3,388,725	(122,827)
Other charges	678,195	657,627	(20,568)
Total charges for services	<u>10,570,516</u>	<u>9,190,199</u>	<u>(1,380,317)</u>
Miscellaneous:			
Reimbursements - shared programs	1,274,473	1,496,977	222,504
Miscellaneous	999,871	1,149,803	149,932
Legal services	10,000	11,250	1,250
Jail	503,700	450,043	(53,657)
Welfare department	86,074	87,632	1,558
Resource Authority	60,585	59,773	(812)
WVVA	40,434	59,804	19,370
WVRJA	145,115	159,824	14,709
Host locality fee	350,000	350,000	-
Total miscellaneous	<u>3,470,252</u>	<u>3,825,106</u>	<u>354,854</u>
Total revenue from local sources	<u>169,084,710</u>	<u>171,415,248</u>	<u>2,330,538</u>

(continued)

Schedule 3 (continued)

**COUNTY OF ROANOKE, VIRGINIA**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2019**

	<b>Final Budget as Amended</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
From the Commonwealth:			
Non-categorical aid:			
Motor vehicles carriers tax	\$ 29,000	\$ 15,341	\$ (13,659)
Trailer tax	384,000	507,256	123,256
Personal property tax relief	<u>12,229,857</u>	<u>12,229,857</u>	-
Total non-categorical aid	<u>12,642,857</u>	<u>12,752,454</u>	<u>109,597</u>
Categorical aid:			
Shared expenditures:			
Commonwealth's Attorney	700,543	702,187	1,644
Sheriff	3,238,769	3,333,954	95,185
Commissioner of the Revenue	245,921	247,047	1,126
Treasurer	214,753	263,244	48,491
Registrar/Electoral Board	47,700	47,586	(114)
Clerk of Court	<u>590,464</u>	<u>562,491</u>	<u>(27,973)</u>
Total shared expenditures	<u>5,038,150</u>	<u>5,156,509</u>	<u>118,359</u>
Other categorical aid:			
EMS	90,527	62,376	(28,151)
Recovered costs - welfare	4,580,452	3,639,853	(940,599)
Confiscated goods	13,531	13,531	-
VJCCA grant	267,408	216,127	(51,281)
Library	157,095	161,204	4,109
Comprehensive Services Act	4,112,314	3,495,862	(616,452)
Police department grant	1,901,631	1,920,140	18,509
Other state grants	<u>2,504,036</u>	<u>640,258</u>	<u>(1,863,778)</u>
Total other categorical aid	<u>13,626,994</u>	<u>10,149,351</u>	<u>(3,477,643)</u>
Total categorical aid	<u>18,665,144</u>	<u>15,305,860</u>	<u>(3,359,284)</u>
Total from the Commonwealth	<u>31,308,001</u>	<u>28,058,314</u>	<u>(3,249,687)</u>
From the Federal government:			
Categorical aid:			
Seized goods	9,048	9,048	-
Greenways	9,029,256	108,305	(8,920,951)
Welfare reimbursement	4,512,294	5,690,646	1,178,352
Other federal grants	<u>3,744,013</u>	<u>1,278,013</u>	<u>(2,466,000)</u>
Total categorical aid	<u>17,294,611</u>	<u>7,086,012</u>	<u>(10,208,599)</u>
Total from the Federal government	<u>17,294,611</u>	<u>7,086,012</u>	<u>(10,208,599)</u>
Total Intergovernmental revenues	<u>48,602,612</u>	<u>35,144,326</u>	<u>(13,458,286)</u>
Total revenues	<u>217,687,322</u>	<u>206,559,574</u>	<u>(11,127,748)</u>

(continued)

Schedule 3 (continued)

**COUNTY OF ROANOKE, VIRGINIA**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance** ·  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2019**

	<b>Final Budget as Amended</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Expenditures:</b>			
General government administration:			
Legislative:			
Board of Supervisors	\$ 381,802	\$ 360,358	\$ 21,444
General and financial administration:			
County Administrator	412,295	402,614	9,681
Community relations	211,267	203,366	7,901
Internal Auditor	125,975	123,410	2,565
Human resources	1,035,315	959,758	75,557
County Attorney	679,396	631,882	47,514
Commissioner of Revenue	921,647	868,665	52,982
Assessor	914,747	870,148	44,599
Treasurer	986,904	957,764	29,140
Assistant County Administrator - management services	224,870	222,569	2,301
Finance	1,686,666	1,547,504	139,162
Management and Budget	363,546	342,064	21,482
Procurement	473,172	445,528	27,644
Total general and financial administration	8,035,800	7,575,272	460,528
Electoral Board and officials	451,239	438,575	12,664
Total general government administration	8,868,841	8,374,205	494,636
<b>Judicial administration</b>			
Courts:			
Circuit Court	307,068	309,081	(2,013)
General District Court	95,440	100,682	(5,242)
Special magistrates	1,590	1,850	(260)
Juvenile and Domestic Relations Court	39,086	39,331	(245)
Clerk of the Circuit Court	1,166,329	1,106,169	60,160
Total courts	1,609,513	1,557,113	52,400
Commonwealth's Attorney	1,364,332	1,331,738	32,594
Total judicial administration	2,973,845	2,888,851	84,994
<b>Public safety:</b>			
Law enforcement and traffic control:			
Sheriff and Police	16,839,701	16,605,504	234,197
E911 maintenance	3,152,503	3,126,486	26,017
Total law enforcement and traffic control	19,992,204	19,731,990	260,214
Fire and rescue services:			
Fire and rescue services	17,663,487	17,313,845	349,642
Total fire and rescue services	17,663,487	17,313,845	349,642

(continued)

Schedule 3 (continued)

**COUNTY OF ROANOKE, VIRGINIA**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance .**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2019**

	<b>Final Budget as Amended</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Correction and detention:</b>			
Confinement and care of prisoners	\$ 8,080,368	\$ 8,214,435	\$ (134,067)
Court service unit	270,500	411,294	(140,794)
VJCCCA grant	292,052	240,771	51,281
Total correction and detention	<u>8,642,920</u>	<u>8,866,500</u>	<u>(223,580)</u>
<b>Animal control</b>			
Total public safety	<u>607,249</u>	<u>557,681</u>	<u>49,568</u>
	<u>46,905,860</u>	<u>46,470,016</u>	<u>435,844</u>
<b>Public Works:</b>			
General services administration	727,890	743,208	(15,318)
Refuse disposal	4,934,198	5,031,938	(97,740)
Maintenance of general buildings and grounds	5,214,320	5,394,920	(180,600)
Engineering	2,873,428	2,942,958	(69,530)
Inspections	1,165,445	1,075,608	89,837
Total public works	<u>14,915,281</u>	<u>15,188,632</u>	<u>(273,351)</u>
<b>Health and welfare:</b>			
Public health	500,358	481,713	18,645
Social services administration	7,824,182	7,499,484	324,698
Comprehensive Services Act	8,343,504	6,913,812	1,429,692
Public assistance	<u>4,702,666</u>	<u>4,219,967</u>	<u>482,699</u>
Total health and welfare	<u>21,370,710</u>	<u>19,114,976</u>	<u>2,255,734</u>
<b>Parks, recreation and cultural:</b>			
Assistant County Administrator -			
Human Services	215,422	209,539	5,883
Parks and recreation	19,555,367	7,558,448	11,996,919
Library	<u>5,178,670</u>	<u>5,040,832</u>	<u>137,838</u>
Total parks, recreation and cultural	<u>24,949,459</u>	<u>12,808,819</u>	<u>12,140,640</u>

(continued)

Schedule 3 (continued)

**COUNTY OF ROANOKE, VIRGINIA**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance** ·  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2019**

	<b>Final Budget as Amended</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Community development:			
Planning and zoning	\$ 3,136,227	\$ 1,252,788	\$ 1,883,439
Cooperative extension program	87,097	82,966	4,131
Economic development	578,499	513,352	65,147
Public transportation	515,000	794,701	(279,701)
Total community development	<u>4,316,823</u>	<u>2,643,807</u>	<u>1,673,016</u>
Nondepartmental:			
Employee benefits	1,441,964	1,624,932	(182,968)
Dixie Caverns landfill cleanup	52,000	52,783	(783)
Miscellaneous	4,713,555	4,443,961	269,594
Tax relief for the elderly and handicapped	850,000	1,038,843	(188,843)
Refuse credit - Town of Vinton	110,000	110,000	-
Board contingency	50,000	-	50,000
Total nondepartmental	<u>7,217,519</u>	<u>7,270,519</u>	<u>(53,000)</u>
Total expenditures	<u>131,518,338</u>	<u>114,759,825</u>	<u>16,758,513</u>
Excess of revenues over expenditures	<u>86,168,984</u>	<u>91,799,749</u>	<u>5,630,765</u>
Other financing uses:			
Transfer to internal service fund	(1,833,686)	(1,833,686)	-
Transfer to debt service fund	(6,914,993)	(6,914,993)	-
Payment to school board	(75,885,229)	(75,885,229)	-
Transfer to capital projects fund	(6,132,025)	(6,132,125)	(100)
Total other financing uses	<u>(90,765,933)</u>	<u>(90,766,033)</u>	<u>(100)</u>
Net change in fund balance	<u>(4,596,949)</u>	<u>1,033,716</u>	<u>5,630,665</u>
Fund balance at beginning of year	<u>27,862,690</u>	<u>34,434,366</u>	<u>6,571,676</u>
Fund balance at end of year	<u>\$ 23,265,741</u>	<u>\$ 35,468,082</u>	<u>\$ 12,202,341</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.



**Schedule 4**

**COUNTY OF ROANOKE, VIRGINIA**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2019**

<b>ASSETS</b>	<b>Internal Service Funds</b>			<b>Total Internal Service Funds</b>
	<b>Health Insurance</b>	<b>Dental Insurance</b>	<b>Risk Management</b>	
Current assets:				
Cash and cash equivalents	\$ 1,396,271	\$ 86,521	\$ 1,930,867	\$ 3,413,659
Investments	956,770	59,287	1,323,049	2,339,106
Accounts receivable	240,023	9,704	16,154	265,881
Total current assets	<u>2,593,063</u>	<u>155,512</u>	<u>3,270,070</u>	<u>6,018,646</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,467,437	-	18,880	1,486,317
Claims payable	908,625	-	651,568	1,560,193
Total current liabilities	<u>2,376,062</u>	<u>-</u>	<u>670,448</u>	<u>3,046,510</u>
Noncurrent liabilities:				
Claims payable	-	-	1,548,932	1,548,932
Total noncurrent liabilities	-	-	1,548,932	1,548,932
Total liabilities	<u>2,376,062</u>	<u>-</u>	<u>2,219,380</u>	<u>4,595,442</u>
<b>NET POSITION</b>				
Unrestricted	217,002	155,512	1,050,690	1,423,204
Total net position	<u>\$ 217,002</u>	<u>\$ 155,512</u>	<u>\$ 1,050,690</u>	<u>\$ 1,423,204</u>

See accompanying independent auditors' report.

**Schedule 5**

**COUNTY OF ROANOKE, VIRGINIA**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2019**

	Internal Service Funds			Total Internal Service Funds
	Health Insurance	Dental Insurance	Risk Management	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 9,652,167	\$ 748,524	\$ 2,019,921	\$ 12,420,612
Total operating revenues	<u>9,652,167</u>	<u>748,524</u>	<u>2,019,921</u>	<u>12,420,612</u>
<b>OPERATING EXPENSES</b>				
Purchased services	1,577,115	-	712,964	2,290,079
Personal services	-	-	41,903	41,903
Claims	8,341,524	733,718	1,179,104	10,254,346
Total operating expenses	<u>9,918,639</u>	<u>733,718</u>	<u>1,933,971</u>	<u>12,586,328</u>
Operating income (loss)	(266,472)	14,806	85,950	(165,716)
<b>NONOPERATING REVENUES</b>				
Investment income	-	6,176	37,904	44,080
Total nonoperating revenues	<u>-</u>	<u>6,176</u>	<u>37,904</u>	<u>44,080</u>
Net income (loss) before transfers	<u>(266,472)</u>	<u>20,982</u>	<u>123,854</u>	<u>(121,636)</u>
Transfers in	1,826,703	6,983	-	1,833,686
Change in net position	1,560,231	27,965	123,854	1,712,050
Total net position (deficit) at beginning of year	(1,343,229)	127,547	926,836	(288,846)
Total net position at end of year	<u>\$ 217,002</u>	<u>\$ 155,512</u>	<u>\$ 1,050,690</u>	<u>\$ 1,423,204</u>

See accompanying independent auditors' report.

**COUNTY OF ROANOKE, VIRGINIA**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2019**

	Internal Service Funds			
	Health Insurance	Dental Insurance	Risk Management	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from interfund services provided	\$ 9,652,167	\$ 748,524	\$ 2,019,921	\$ 12,420,612
Payments to suppliers	(1,098,281)	-	(696,975)	(1,795,256)
Payments to employees	-	-	(41,903)	(41,903)
Claims paid	(8,368,330)	(733,718)	(1,077,245)	(10,179,293)
Other (payments) receipts	251,946	56,960	(14,903)	294,003
Net cash provided by operating activities	<u>437,502</u>	<u>71,766</u>	<u>188,895</u>	<u>698,163</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	1,826,703	6,983	-	1,833,686
Net cash provided by noncapital financing activities	<u>1,826,703</u>	<u>6,983</u>	<u>-</u>	<u>1,833,686</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	(956,770)	(59,287)	1,037,148	21,091
Interest and dividends received	-	6,176	37,904	44,080
Net cash provided by (used in) investing activities	<u>(956,770)</u>	<u>(53,111)</u>	<u>1,075,052</u>	<u>65,171</u>
Net increase in cash and cash equivalents	1,307,435	25,638	1,263,947	2,597,020
Cash and cash equivalents at beginning of the year	88,836	60,883	666,920	816,639
Cash and cash equivalents at end of the year	<u>\$ 1,396,271</u>	<u>\$ 86,521</u>	<u>\$ 1,930,867</u>	<u>\$ 3,413,659</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ (266,472)	\$ 14,806	\$ 85,950	\$ (165,716)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Change in assets and liabilities:				
Accounts receivable	251,946	(3,720)	(14,903)	233,323
Prepaid expenses	3,510	60,680	-	64,190
Accounts payable	475,324	-	15,989	491,313
Claims payable	(26,806)	-	101,859	75,053
Net cash provided by operating activities	<u>\$ 437,502</u>	<u>\$ 71,766</u>	<u>\$ 188,895</u>	<u>\$ 698,163</u>



## AGENCY 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 agency 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 Assets and Liabilities**  
**Agency Funds**  
**June 30, 2019**

	<b>Roanoke Valley Resource Authority</b>	<b>Common- wealth Fund</b>	<b>Special Welfare Fund</b>	<b>Cable TV</b>
<b>ASSETS</b>				
Equity in cash and cash equivalents	\$ 13,081,502	\$ 80,679	\$ 69,258	\$ 995,519
Equity in investments	5,028,757	-	-	-
<b>Total assets</b>	<b><u>\$ 18,110,259</u></b>	<b><u>\$ 80,679</u></b>	<b><u>\$ 69,258</u></b>	<b><u>\$ 995,519</u></b>
<b>LIABILITIES</b>				
Accounts payable	\$ 18,110,259	\$ 80,679	\$ 69,258	\$ 995,519
<b>Total liabilities</b>	<b><u>\$ 18,110,259</u></b>	<b><u>\$ 80,679</u></b>	<b><u>\$ 69,258</u></b>	<b><u>\$ 995,519</u></b>

See accompanying independent auditors' report.

Schedule 7

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
\$ 83,435	\$ 5,170	\$ 7,386	\$ 20,054,591	\$ 84,520	\$ 34,462,059
-	-	-	-	-	5,028,757
<u>\$ 83,435</u>	<u>\$ 5,170</u>	<u>\$ 7,386</u>	<u>\$ 20,054,591</u>	<u>\$ 84,520</u>	<u>\$ 39,490,816</u>
\$ 83,435	\$ 5,170	\$ 7,386	\$ 20,054,591	\$ 84,520	\$ 39,490,816
<u>\$ 83,435</u>	<u>\$ 5,170</u>	<u>\$ 7,386</u>	<u>\$ 20,054,591</u>	<u>\$ 84,520</u>	<u>\$ 39,490,816</u>

**COUNTY OF ROANOKE, VIRGINIA**  
**Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2019**

Schedule 8

	<b>Balance</b> <b>June 30, 2018</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance</b> <b>June 30, 2019</b>
<b>Roanoke Valley Resource Authority :</b>				
<b>Assets:</b>				
Equity in Cash, Cash Equivalents and Investments	\$ 20,365,814	\$ 21,354,055	\$ 23,609,610	\$ 18,110,259
<b>Total Assets</b>	<b>\$ 20,365,814</b>	<b>\$ 21,354,055</b>	<b>\$ 23,609,610</b>	<b>\$ 18,110,259</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 20,365,814	\$ 21,354,055	\$ 23,609,610	\$ 18,110,259
<b>Total Liabilities</b>	<b>\$ 20,365,814</b>	<b>\$ 21,354,055</b>	<b>\$ 23,609,610</b>	<b>\$ 18,110,259</b>
<b>Commonwealth Fund :</b>				
<b>Assets:</b>				
Equity in Cash And Cash Equivalents	\$ 204,382	\$ 4,057,827	\$ 4,181,530	\$ 80,679
<b>Total Assets</b>	<b>\$ 204,382</b>	<b>\$ 4,057,827</b>	<b>\$ 4,181,530</b>	<b>\$ 80,679</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 204,382	\$ 4,057,827	\$ 4,181,530	\$ 80,679
<b>Total Liabilities</b>	<b>\$ 204,382</b>	<b>\$ 4,057,827</b>	<b>\$ 4,181,530</b>	<b>\$ 80,679</b>
<b>Special Welfare Fund :</b>				
<b>Assets:</b>				
Equity in Cash And Cash Equivalents	\$ 193,805	\$ 247,458	\$ 372,005	\$ 69,258
<b>Total Assets</b>	<b>\$ 193,805</b>	<b>\$ 247,458</b>	<b>\$ 372,005</b>	<b>\$ 69,258</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 193,805	\$ 247,458	\$ 372,005	\$ 69,258
<b>Total Liabilities</b>	<b>\$ 193,805</b>	<b>\$ 247,458</b>	<b>\$ 372,005</b>	<b>\$ 69,258</b>
<b>Cable TV :</b>				
<b>Assets:</b>				
Equity in Cash And Cash Equivalents	\$ 1,104,904	\$ 480,345	\$ 589,730	\$ 995,519
<b>Total Assets</b>	<b>\$ 1,104,904</b>	<b>\$ 480,345</b>	<b>\$ 589,730</b>	<b>\$ 995,519</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 1,104,904	\$ 480,345	\$ 589,730	\$ 995,519
<b>Total Liabilities</b>	<b>\$ 1,104,904</b>	<b>\$ 480,345</b>	<b>\$ 589,730</b>	<b>\$ 995,519</b>
<b>Roanoke Valley Greenway Commission :</b>				
<b>Assets:</b>				
Equity in Cash And Cash Equivalents	\$ 76,438	\$ 109,624	\$ 102,627	\$ 83,435
<b>Total Assets</b>	<b>\$ 76,438</b>	<b>\$ 109,624</b>	<b>\$ 102,627</b>	<b>\$ 83,435</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 76,438	\$ 109,624	\$ 102,627	\$ 83,435
<b>Total Liabilities</b>	<b>\$ 76,438</b>	<b>\$ 109,624</b>	<b>\$ 102,627</b>	<b>\$ 83,435</b>

(continued)

**COUNTY OF ROANOKE, VIRGINIA**  
**Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2019**

Schedule 8

	Balance June 30, 2018			Balance June 30, 2018
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<b>Regional Fire Training Center :</b>				
<b>Assets:</b>				
Equity in Cash And Cash Equivalents	\$ 41,585	\$ 94,379	\$ 130,794	\$ 5,170
<b>Total Assets</b>	<b>\$ 41,585</b>	<b>\$ 94,379</b>	<b>\$ 130,794</b>	<b>\$ 5,170</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 41,585	\$ 94,379	\$ 130,794	\$ 5,170
<b>Total Liabilities</b>	<b>\$ 41,585</b>	<b>\$ 94,379</b>	<b>\$ 130,794</b>	<b>\$ 5,170</b>

<b>Virginia Recreational Facilities Authority :</b>				
<b>Assets:</b>				
Equity in Cash And Cash Equivalents	\$ 5,597	\$ 10,086	\$ 8,297	\$ 7,386
<b>Total Assets</b>	<b>\$ 5,597</b>	<b>\$ 10,086</b>	<b>\$ 8,297</b>	<b>\$ 7,386</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 5,597	\$ 10,086	\$ 8,297	\$ 7,386
<b>Total Liabilities</b>	<b>\$ 5,597</b>	<b>\$ 10,086</b>	<b>\$ 8,297</b>	<b>\$ 7,386</b>

<b>Western Virginia Regional Jail Authority :</b>				
<b>Assets:</b>				
Equity in Cash And Cash Equivalents	\$ 21,424,018	\$ 33,400,231	\$ 34,769,658	\$ 20,054,591
<b>Total Assets</b>	<b>\$ 21,424,018</b>	<b>\$ 33,400,231</b>	<b>\$ 34,769,658</b>	<b>\$ 20,054,591</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 21,424,018	\$ 33,400,231	\$ 34,769,658	\$ 20,054,591
<b>Total Liabilities</b>	<b>\$ 21,424,018</b>	<b>\$ 33,400,231</b>	<b>\$ 34,769,658</b>	<b>\$ 20,054,591</b>

<b>Regional Center for Animal Care and Protection:</b>				
<b>Assets:</b>				
Equity in Cash And Cash Equivalents	\$ 261,588	\$ 2,294,109	\$ 2,471,177	\$ 84,520
<b>Total Assets</b>	<b>\$ 261,588</b>	<b>\$ 2,294,109</b>	<b>\$ 2,471,177</b>	<b>\$ 84,520</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 261,588	\$ 2,294,109	\$ 2,471,177	\$ 84,520
<b>Total Liabilities</b>	<b>\$ 261,588</b>	<b>\$ 2,294,109</b>	<b>\$ 2,471,177</b>	<b>\$ 84,520</b>

## **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.



Schedule 9

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

June 30, 2019

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 27,273,930
Investments	11,902,627
Accounts receivable	441,647
Due from other governments	3,112,820
Inventory	445,291
Prepaid and other assets	46,875
Net asset from pension	1,844,862
Capital assets:	
Land and construction in progress	9,268,798
Other capital assets, net	43,948,249
Capital assets, net	<u>53,217,047</u>
Total assets	<u>98,285,099</u>
<b>Deferred outflows of resources</b>	
Pension	15,955,485
Other postemployment benefit provided by Virginia Retirement System	2,065,548
Other postemployment benefit provided by Roanoke County Public Schools	<u>1,023,106</u>
Total Deferred outflows of resources	<u>19,044,139</u>
<b>Liabilities</b>	
Accounts payable	2,105,933
Accrued liabilities	879,050
Unearned revenues	286,050
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	728,558
Claims payable	1,841,232
Portion due or payable after one year:	
Compensated absences	1,754,774
Claims payable	507,591
Net pension liability	112,596,000
Net OPEB liability	<u>28,514,145</u>
Total liabilities	<u>149,213,333</u>
<b>Deferred inflows of resources</b>	
Pension	15,911,541
Other postemployment benefit provided by Virginia Retirement System	1,161,000
Other postemployment benefit provided by Roanoke County Public Schools	<u>4,786,514</u>
Total deferred inflows of resources	<u>21,859,055</u>
<b>Net Position</b>	
Net investment in capital assets	53,217,047
Restricted for:	
Emergency contingency	2,000,000
Unrestricted	<u>(108,960,197)</u>
Total net (deficit) position	<u>\$ (53,743,150)</u>

Schedule 10

**COUNTY OF ROANOKE, VIRGINIA**  
**Component Unit**  
**Roanoke County Public Schools**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net Revenue (Expense) and Changes in Net Position</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
Instruction	\$ 114,886,508	\$ 1,572,987	\$ 29,129,513	\$ 1,131,033	\$ (83,052,975)
Support Services:					
Administration	3,545,283	-	-	-	(3,545,283)
Attendance and health	2,206,735	-	-	-	(2,206,735)
Transportation	5,231,245	-	-	-	(5,231,245)
Operations and maintenance	13,296,479	75,666	-	6,919,043	(6,301,770)
Technology	7,222,269	-	-	-	(7,222,269)
Nutrition	5,080,060	2,779,178	2,857,650	-	556,768
Debt Service					
Interest	1,172,887	-	-	-	(1,172,887)
Payment for future capital	2,200,000	-	-	-	(2,200,000)
Total governmental activities	<u>\$ 154,841,466</u>	<u>\$ 4,427,831</u>	<u>\$ 31,987,163</u>	<u>\$ 8,050,076</u>	<u>(110,376,396)</u>
General revenues:					
Payments from Roanoke County					70,448,764
Non-categorical state aid					56,104,830
Gain on sale of assets					85,021
Miscellaneous					1,068,954
		Total general revenues			<u>127,707,569</u>
		Change in net position			17,331,173
		Total net position, beginning			<u>(71,074,323)</u>
		Total net position, ending			<u>\$ (53,743,150)</u>

See accompanying independent auditors' report.

**COUNTY OF ROANOKE, VIRGINIA**  
**Component Unit**  
**Roanoke County Public Schools**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	<b>General</b>	<b>Grant</b>	<b>Nutrition</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 5,175,562	\$ -	\$ 2,274,613	\$ 9,920,353	\$ 17,370,528
Investments	3,546,360	-	1,558,610	6,797,657	11,902,627
Accounts receivable	138,709	-	19,137	-	157,846
Due from other governments	2,406,142	706,678	-	-	3,112,820
Due from other fund	451,655	-	-	-	451,655
Inventory	167,899	-	277,392	-	445,291
Prepaid and other Assets	-	46,875	-	-	46,875
<b>Total assets</b>	<b>\$ 11,886,327</b>	<b>\$ 753,553</b>	<b>\$ 4,129,752</b>	<b>\$ 16,718,010</b>	<b>\$ 33,487,642</b>
<b>Liabilities</b>					
Accounts payable	\$ 1,126,833	\$ 145,967	\$ 5,662	\$ 827,471	\$ 2,105,933
Accrued liabilities	671,665	37,262	5,835	-	714,762
Unearned revenues	38,203	118,669	129,178	-	286,050
Due to other fund	-	451,655	-	-	451,655
<b>Total liabilities</b>	<b>1,836,701</b>	<b>753,553</b>	<b>140,675</b>	<b>827,471</b>	<b>3,558,400</b>
<b>Deferred inflows of resources</b>					
Unavailable sales tax	589,844	-	-	-	589,844
<b>Total deferred inflows of resources</b>	<b>589,844</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>589,844</b>
<b>Fund balances</b>					
Nonspendable:					
Inventory	167,899	-	277,392	-	445,291
Restricted for:					
Emergency contingency	2,000,000	-	-	-	2,000,000
Committed to:					
School capital projects	4,848,307	-	-	15,890,539	20,738,846
School vehicles	926,878	-	-	-	926,878
School textbooks	1,401,379	-	-	-	1,401,379
School nutrition	-	-	3,711,685	-	3,711,685
Assigned to:					
Instruction	16,199	-	-	-	16,199
Administration	93,700	-	-	-	93,700
Operations and Maintenance	5,420	-	-	-	5,420
<b>Total fund balances</b>	<b>9,459,782</b>	<b>-</b>	<b>3,989,077</b>	<b>15,890,539</b>	<b>29,339,398</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 11,886,327</b>	<b>\$ 753,553</b>	<b>\$ 4,129,752</b>	<b>\$ 16,718,010</b>	
Reconciliation to the Statement of Net Position:					
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.					53,217,047
Internal service funds are used by the School Board 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.					7,674,092
Revenues earned but not considered available are not current financial resources and, therefore, are not reported in the governmental funds.					589,844
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, 2019 are:					
Net asset from pension					1,844,862
Compensated absences					(2,483,332)
Net liability from pension					(112,596,000)
Net liability from other postemployment benefits					(28,514,145)
Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds:					
Deferred outflows of resources related to pensions					15,955,485
Deferred outflows of resources related to other postemployment benefits					3,088,654
Deferred inflows of resources related to pensions					(15,911,541)
Deferred inflows of resources related to other postemployment benefits					(5,947,514)
<b>Total net position of governmental activities</b>					<b>\$ (53,743,150)</b>

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, 2019**

	<b>General</b>	<b>Grant</b>	<b>Nutrition</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>					
Intergovernmental:					
Roanoke County	\$ 70,448,764	\$ -	\$ -	\$ 405,032	\$ 70,853,796
Commonwealth of Virginia	79,544,600	872,768	118,849	-	80,536,217
Federal government	1,299,950	4,742,037	2,746,097	-	8,788,084
Investment income	367,866	-	64,203	-	432,069
Charges for services	1,138,576	-	2,779,178	-	3,917,754
Miscellaneous	378,335	9,865	20,297	50,000	458,497
Total revenues	<u>153,178,091</u>	<u>5,624,670</u>	<u>5,728,624</u>	<u>455,032</u>	<u>164,986,417</u>
<b>Expenditures</b>					
Current:					
Instruction	109,084,465	5,499,704	-	7,365	114,591,534
Administration	3,449,231	-	-	14,523	3,463,754
Attendance and health	2,257,322	32,942	-	-	2,290,264
Transportation	7,022,008	-	-	-	7,022,008
Operations and maintenance	12,029,304	-	-	1,027,140	13,056,444
Technology	7,545,530	178,592	-	432,500	8,156,622
School nutrition	908	-	5,002,186	-	5,003,094
Debt Service:					
Principal	2,952,458	-	-	-	2,952,458
Interest	1,172,887	-	-	-	1,172,887
Payment for Future Capital	2,200,000	-	-	-	2,200,000
Capital Outlay	<u>172,068</u>	<u>-</u>	<u>-</u>	<u>3,118,539</u>	<u>3,290,607</u>
Total expenditures	<u>147,886,181</u>	<u>5,711,238</u>	<u>5,002,186</u>	<u>4,600,067</u>	<u>163,199,672</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,291,910</u>	<u>(86,568)</u>	<u>726,438</u>	<u>(4,145,035)</u>	<u>1,786,745</u>
<b>Other financing sources (uses)</b>					
Proceeds from sale of property	65,782	-	13,981	5,258	85,021
Transfers in	1,247,601	-	-	5,324,422	6,572,023
Transfers out	<u>(5,324,422)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,324,422)</u>
Total other financing sources (uses), net	<u>(4,011,039)</u>	<u>-</u>	<u>13,981</u>	<u>5,329,680</u>	<u>1,332,622</u>
Net change in fund balances	1,280,871	(86,568)	740,419	1,184,645	3,119,367
Total fund balances at beginning of year	<u>8,178,911</u>	<u>86,568</u>	<u>3,248,658</u>	<u>14,705,894</u>	<u>26,220,031</u>
Total fund balances at end of year	<u>\$ 9,459,782</u>	<u>\$ -</u>	<u>\$ 3,989,077</u>	<u>\$ 15,890,539</u>	<u>\$ 29,339,398</u>

See accompanying independent auditors' report.

Schedule 13

**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, 2019**

Net change in fund balances - total governmental funds	\$ 3,119,367
Amounts reported for governmental activities in the Statement of Activities are different due to:	
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 the internal service funds are reported with governmental activities.	301,174
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	5,403,517
Capital donated	6,919,043
Depreciation expense	(6,040,572)
Loss on sale of assets	(8,385)
Revenues reported in the Statement of Activities, such as certain unearned revenues, are not considered available current financial resources and, therefore, are not reported as revenues in governmental funds. This is the amount by which the current year unearned amount exceeds the prior year available resources.	(13,694)
Expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absenses	281,146
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	(1,832,384)
Cost of benefits earned net of employee contributions	8,457,910
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	215,870
Cost of benefits earned net of employee contributions	87,000
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	192,094
Cost of benefits earned net of employee contributions	249,087
Change in net position of governmental activities	<u>\$ 17,331,173</u>

See accompanying independent auditors' report.

**COUNTY OF ROANOKE, VIRGINIA**  
**Component Unit**  
**Economic Development Authority of Roanoke County, Virginia**  
**Balance Sheet**  
**Governmental Fund**  
**June 30, 2019**

**Assets**

Cash and cash equivalents	\$ 1,840,952
Interest receivable	2,163
Land held for resale	<u>4,162,324</u>
Total assets	<u><u>\$ 6,005,439</u></u>

**Liabilities and Fund Balances**

## Fund balances:

Unassigned	\$ 6,005,439
Total fund balances	<u>6,005,439</u>
Total liabilities and fund balances	<u><u>\$ 6,005,439</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, 2019**

**REVENUES**

Bondholders' assessments	\$ 59,700
Roanoke County contributions:	
Roland E Cook Project	19,669
Other projects	4,860
Town of Vinton contributions:	
Roland E. Cook Project	1,263
Gain on Sale of Land	531,870
Investment income	29,210
Miscellaneous	<u>12,860</u>
Total revenues	<u><u>659,432</u></u>

**EXPENDITURES**

Professional fees	6,342
Miscellaneous	2,505
Project disbursements:	
Roland E Cook Project	<u>20,932</u>
Total operating expenditures	<u><u>29,780</u></u>
Excess of revenues over expenditures	<u><u>629,652</u></u>
Net change in fund balance	629,652
Fund balance at beginning of year	<u>5,375,787</u>
Fund balance at end of year	<u><u>\$ 6,005,439</u></u>

**Schedule 16**

**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, 2019**

	<u>Date Issued</u>	<u>Original Issue</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Type of Project</u>
<b>Bondholders/Noteholders</b>				
Roanoke County	3/27/2008	58,595,000	2,825,000	Public Facility Projects
Richfield Retirement Community	10/20/2008	4,415,000	-	Alzheimer's Center
Richfield Retirement Community	1/1/2019	93,520,000	93,520,000	Richfield Residential Care
		<u>\$ 156,530,000</u>	<u>\$ 96,345,000</u>	

**COUNTY OF ROANOKE, VIRGINIA**  
**Component Unit**  
**South Peak Community Development Authority**  
**Statement of Net (Deficit) Position**  
**June 30, 2019**

**Schedule 17**

**ASSETS**

Current assets:

Due from Primary Government	\$ 815,420
Total current assets	<u>815,420</u>

Noncurrent assets:

Capital assets	5,330,063
Total noncurrent assets	<u>5,330,063</u>
 Total assets	 <u>6,145,483</u>

**LIABILITIES**

Current liabilities:

Accrued interest payable	141,570
Current portion of long-term debt	<u>222,000</u>
Total current liabilities	<u>363,570</u>

Noncurrent liabilities:

Bonds payable	6,258,000
Total noncurrent liabilities	<u>6,258,000</u>
 Total liabilities	 <u>6,621,570</u>

**NET (DEFICIT) POSITION**

Net investment in capital assets	(1,149,937)
Unrestricted	<u>673,850</u>
Total net (deficit) position	<u>\$ (476,087)</u>

See accompanying independent auditors' report

**COUNTY OF ROANOKE, VIRGINIA  
Component Unit**

**Schedule 18**

**South Peak Community Development Authority  
Statement of Revenues, Expenses, and Changes in Net (Deficit) Position  
For the Year Ended June 30, 2019**

**OPERATING REVENUES**

Incremental tax revenues	\$ 654,338
Special assessment revenues	5,027
Total operating revenues	<u>659,365</u>

**OPERATING EXPENSES**

Administrative fees	18,689
Legal fees	3,189
Insurance expenses	1,475
Total operating expenses	<u>23,353</u>

Operating income 636,012

**NON-OPERATING EXPENSE**

Note Interest Expense	(432,482)
Total Non-Operating Expenses	<u>(432,482)</u>

Change in net position 203,530

Total net (deficit) position at beginning of year  
Total net (deficit) position at end of year \$ (679,617)  
(476,087)

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, 2019**

**Schedule 19**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	\$ _____ -
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	_____ -
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	\$ 636,012
Adjustments to reconcile operating income to net cash used in operating activities	
Change in assets and liabilities:	
Accrued revenues	(636,012)
Net cash used in operating activities	\$ _____ - _____ -

See accompanying independent auditors' report



# STATISTICAL SECTION

# Statistical Section (Unaudited)

This part of the County comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

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### Financial Trends

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These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	183

### 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.	190
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### 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.	194
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### 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.	197
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### 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.	199
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Table 1

**COUNTY OF ROANOKE, VIRGINIA**  
**Net Position by Component,**  
**Last Ten Fiscal Years**  
**(unaudited)**  
**(accrual basis of accounting)**

	<b>Fiscal Year</b>									
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Governmental activities										
Net investment in capital assets	\$ 94,294,227	\$ 108,276,652	\$ 111,249,469	\$ 117,285,621	\$ 130,671,059	\$ 127,038,171	\$ 125,321,272	\$ 124,727,913	\$ 120,640,542	\$ 101,462,327
Restricted	3,396,762	4,018,119	3,558,562	5,228,778	6,302,613	7,106,651	9,514,571	9,651,709	8,807,540	-
Unrestricted	(23,228,047)	(30,574,414)	(11,844,228)	(1,370,979)	(4,712,743)	36,965,323	35,148,307	34,348,766	32,380,363	39,007,905
Total governmental activities net position	\$ 74,462,942	\$ 81,720,357	\$ 102,963,803	\$ 121,143,420	\$ 132,260,929	\$ 171,110,145	\$ 169,984,150	\$ 168,728,388	\$ 161,828,445	\$ 140,470,232

Table 2

<b>COUNTY OF ROANOKE, VIRGINIA</b>											
<b>Changes in Net Position, Last Ten Fiscal Years</b>											
<b>(unaudited)</b>											
<b>(accrual basis of accounting)</b>											
<b>Fiscal Year</b>											
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	
<b>Expenses</b>											
Governmental activities:											
General government	\$ 16,846,002	\$ 16,027,976	\$ 14,712,459	\$ 12,313,823	\$ 12,397,721	\$ 16,914,828	\$ 12,834,641	\$ 12,593,044	\$ 12,767,696	\$ 13,759,638	
Judicial administration	3,330,368	3,009,591	3,044,106	2,956,266	2,749,238	2,700,700	2,679,794	2,684,829	2,677,709	2,694,185	
Public safety	48,393,359	50,771,951	48,191,825	48,014,484	48,719,989	47,455,056	44,950,933	44,176,676	44,716,348	43,937,823	
Public works	19,401,962	16,438,048	17,411,621	20,913,459	18,065,834	15,520,933	14,996,985	13,691,054	14,433,587	13,749,180	
Library	5,894,548	5,871,360	6,803,503	5,296,128	4,757,017	5,211,675	3,779,294	3,976,041	4,207,795	3,328,486	
Health and welfare	19,288,522	19,625,816	19,624,895	19,481,808	15,240,781	15,716,422	15,369,139	15,215,796	17,157,554	17,245,746	
Parks, recreation, and culture	10,318,020	9,533,021	8,487,614	9,673,809	9,782,293	6,640,738	9,320,763	9,219,851	8,843,246	6,611,041	
Community development	2,436,934	8,378,672	3,796,642	3,030,851	2,793,445	3,011,776	2,368,102	2,878,957	2,694,899	3,741,964	
Education	88,884,391	80,977,546	83,509,170	85,645,780	77,890,528	75,386,420	74,001,766	69,625,724	69,593,033	65,673,860	
Interest and other charges	8,497,775	8,314,005	8,594,638	6,325,692	7,787,622	7,243,036	8,189,147	8,592,219	8,956,954	9,316,330	
Total governmental activities' expenses	\$ 223,291,881	\$ 218,947,986	\$ 214,176,473	\$ 213,652,100	\$ 200,184,468	\$ 195,801,584	\$ 188,490,564	\$ 182,654,191	\$ 186,048,821	\$ 180,058,253	
<b>Program Revenues</b>											
Governmental activities:											
Charges for services:											
General government	\$ 1,437,214	\$ 1,136,666	\$ 844,265	\$ 675,994	\$ 569,654	\$ 439,139	\$ 491,777	\$ 551,590	\$ 297,785	\$ 364,757	
Judicial administration	987,506	957,315	884,334	1,058,476	1,110,870	1,131,167	1,374,270	1,429,817	1,492,024	1,414,831	
Public safety	4,528,571	4,449,517	4,862,372	4,321,703	5,066,198	4,729,349	4,517,466	4,008,320	3,677,631	3,734,382	
Public works	368,628	367,506	367,076	328,883	316,412	325,220	315,511	317,366	317,459	349,825	
Library	356,175	366,911	383,560	53,919	59,325	74,108	61,909	-	-	-	
Health and welfare	953,319	1,601,167	673,735	854,523	717,266	801,325	746,537	1,379,369	1,536,402	1,264,060	
Parks, recreation, and culture	4,782,249	4,778,218	4,915,280	4,942,739	4,976,079	4,730,172	4,731,114	5,311,248	4,920,779	2,699,633	
Community development	754,811	445,432	468,198	474,818	509,108	454,035	468,892	347,766	347,766	504,289	
Operating grants and contributions	29,868,781	30,095,411	27,434,634	27,784,548	27,090,413	30,515,001	24,218,404	23,185,995	45,488,815	30,487,857	
Total governmental activities' revenues	\$ 44,037,254	\$ 44,198,143	\$ 40,833,454	\$ 40,495,603	\$ 40,415,325	\$ 43,199,516	\$ 36,925,880	\$ 36,531,471	\$ 58,078,661	\$ 40,819,634	
<b>Net (Expense)/Revenue</b>											
Governmental activities	\$ (179,254,627)	\$ (174,749,843)	\$ (173,343,019)	\$ (173,156,497)	\$ (159,769,143)	\$ (152,602,068)	\$ (151,564,684)	\$ (146,122,720)	\$ (127,970,160)	\$ (139,238,619)	

**COUNTY OF ROANOKE, VIRGINIA**  
**Changes in Net Position, Last Ten Fiscal Years**  
**(unaudited)**  
**(accrual basis of accounting)**

	2019	2018	2017	2016	2015	Fiscal Year 2014	2013	2012	2011	2010
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Real estate and personal property	\$ 119,113,019	\$ 115,215,532	\$ 113,049,822	\$ 110,987,417	\$ 108,825,422	\$ 106,338,649	\$ 105,819,996	\$ 105,800,481	\$ 105,068,835	\$ 104,367,304
Local share of sales tax	11,011,106	10,273,373	10,708,955	10,060,910	9,900,197	9,869,029	9,410,322	9,351,254	8,782,444	8,345,658
Other local taxes	26,730,261	25,942,685	25,689,973	25,144,513	24,461,049	24,450,249	23,444,438	22,340,305	22,638,322	21,562,986
Non-categorical state aid	12,229,857	12,229,857	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	253,267	219,762	792,488	1,618,880	123,232	90,862	160,337	56,408	95,553	102,850
Capital contribution	-	-	-	-	-	-	-	-	(1,077,603)	-
Investment earnings	1,832,127	1,189,032	1,121,537	1,664,589	1,582,887	1,355,822	1,547,328	1,553,498	1,548,862	1,762,425
Miscellaneous	827,575	280,514	194,716	332,822	79,381	115,337	208,168	1,690,860	42,103	29,222
<b>Total governmental activities</b>	<b><u>171,997,212</u></b>	<b><u>165,350,755</u></b>	<b><u>163,787,348</u></b>	<b><u>162,038,988</u></b>	<b><u>157,202,025</u></b>	<b><u>154,449,805</u></b>	<b><u>152,820,446</u></b>	<b><u>153,022,663</u></b>	<b><u>149,328,373</u></b>	<b><u>148,400,302</u></b>
<b>Change in Net Position</b>										
Governmental activities	\$ (7,257,415)	\$ (9,399,088)	\$ (9,555,671)	\$ (11,117,509)	\$ (2,567,118)	\$ 1,847,737	\$ 1,255,762	\$ 6,899,943	\$ 21,358,213	\$ 9,161,683

Table 3

**COUNTY OF ROANOKE, VIRGINIA**  
**Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
**(unaudited)**  
**(modified accrual basis of accounting)**

	<b>Fiscal Year</b>									
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 944,832
Unreserved	-	-	-	-	-	-	-	-	-	35,757,184
Nonspendable	224,057	400,304	182,259	283,984	189,474	239,384	217,648	164,378	380,491	-
Restricted	2,581,342	3,205,947	2,773,044	4,521,364	5,907,985	6,961,640	9,514,571	9,651,709	8,807,540	-
Committed	7,299,040	6,583,134	7,976,704	8,818,598	10,876,727	12,243,948	10,646,747	10,687,402	3,929,813	-
Assigned	926,701	1,084,220	1,046,647	1,108,425	1,801,280	1,951,749	2,065,969	1,052,100	725,925	-
Unassigned	24,436,942	23,160,761	23,720,456	22,950,883	22,224,946	21,799,195	21,266,557	20,572,318	25,105,706	-
Total General Fund	\$ 35,468,082	\$ 34,434,366	\$ 35,699,110	\$ 37,683,254	\$ 41,000,412	\$ 43,195,916	\$ 43,711,492	\$ 42,127,907	\$ 38,949,475	\$ 36,702,016
All Other Governmental Funds:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,128,848
Unreserved, reported in:										
Capital projects fund	-	-	-	-	-	-	-	-	-	33,862,753
Debt service fund	-	-	-	-	-	-	-	-	-	252,762
Nonspendable	181,422	-	-	-	-	-	36,000	-	-	-
Restricted	22,929,713	1,633,267	1,223,632	1,399,111	3,855,709	6,972,721	583,510	439,867	1,590,715	-
Committed	18,852,346	24,933,361	22,388,838	20,997,219	30,762,309	27,589,865	22,571,058	29,809,261	51,711,936	-
Total all other governmental funds	\$ 41,963,481	\$ 26,566,628	\$ 23,612,470	\$ 22,396,330	\$ 34,618,018	\$ 34,562,586	\$ 23,190,568	\$ 30,249,128	\$ 53,302,651	\$ 63,244,363

The County implemented GASB Statement No. 54 in fiscal year 2011, which expanded fund balances. Previous years information is not available.

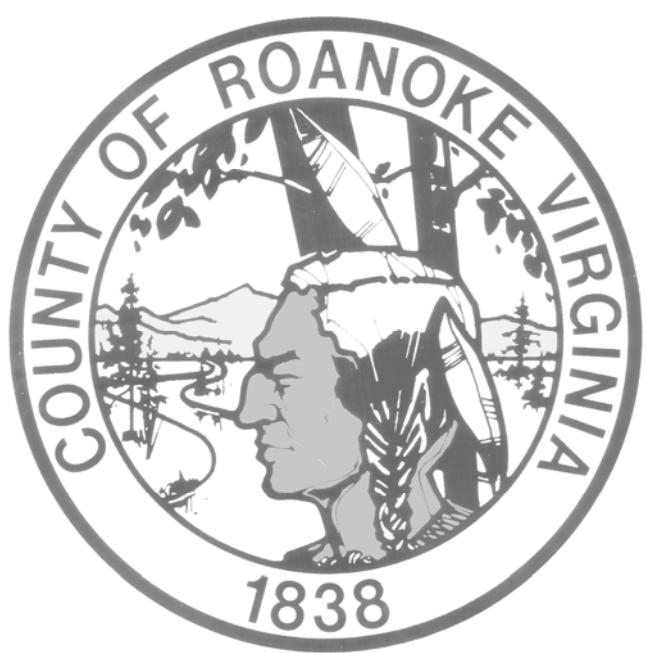


Table 4

**COUNTY OF ROANOKE, VIRGINIA**  
**Changes in Fund Balances**  
**Governmental Funds**  
**(unaudited)**  
**Last Ten Fiscal Years**

	<b>Fiscal Year</b>									
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>REVENUES</b>										
General property taxes	\$ 119,943,294	\$ 115,981,678	\$ 113,850,872	\$ 111,878,323	\$ 109,715,187	\$ 107,236,063	\$ 106,612,790	\$ 106,577,030	\$ 105,757,875	\$ 105,039,725
Other local taxes	37,204,213	35,815,717	35,978,018	34,806,191	34,248,528	33,777,424	32,867,664	31,953,379	31,965,165	30,067,742
Permits, fees, and licenses	1,005,537	722,265	710,051	796,474	743,224	713,047	706,560	670,373	642,732	829,674
Fines and forfeitures	512,634	478,764	452,348	497,757	549,582	567,686	803,636	793,542	888,995	810,241
Use of money and property	1,044,290	544,563	388,978	836,201	726,956	714,616	801,931	820,663	883,689	1,062,082
Charges for services	9,384,384	9,584,739	9,282,927	8,566,239	9,173,010	8,836,231	8,260,131	8,681,856	7,905,937	5,794,055
Intergovernmental revenue	42,062,047	42,103,481	39,900,415	40,121,358	39,375,596	42,167,620	36,630,966	34,969,934	56,345,534	42,248,109
Locality compensation payments	124,894	125,284	124,301	124,624	124,568	124,459	124,251	125,469	125,119	124,676
Miscellaneous	4,571,191	4,052,530	3,229,658	3,391,456	2,904,696	3,555,382	3,099,981	4,817,465	4,053,395	2,943,226
<b>Total revenues</b>	<b>215,852,484</b>	<b>209,409,021</b>	<b>203,917,568</b>	<b>201,018,623</b>	<b>197,561,347</b>	<b>197,692,528</b>	<b>189,907,910</b>	<b>189,409,711</b>	<b>208,568,441</b>	<b>188,919,530</b>
<b>EXPENDITURES</b>										
General government	15,644,724	14,401,607	13,564,460	12,405,928	12,680,566	11,377,635	11,951,092	11,312,307	11,208,849	11,319,789
Judicial administration	2,888,851	2,906,165	2,809,515	2,786,803	2,675,518	2,714,526	2,559,664	2,518,735	2,535,222	2,563,138
Public safety	46,470,016	47,266,283	44,876,375	43,753,458	44,001,157	44,006,263	43,147,408	40,967,084	42,170,041	40,436,054
Public works	15,188,632	14,104,319	14,622,163	16,639,108	16,526,594	14,058,502	13,420,416	12,802,861	13,078,780	12,716,367
Library	5,040,832	4,802,369	4,887,940	4,216,532	3,826,494	3,752,433	3,402,388	3,333,501	3,171,140	2,967,222
Health and welfare	19,114,976	18,913,665	18,244,195	18,623,203	17,272,394	15,352,905	14,979,463	14,615,516	16,614,818	16,779,189
Parks, recreation, and culture	7,767,986	7,492,934	7,484,888	8,070,880	8,151,576	8,161,222	7,564,437	7,704,845	7,351,415	5,757,057
Community development	2,667,160	4,691,220	2,373,565	2,146,072	2,142,359	2,033,821	2,091,085	2,288,881	2,554,430	2,644,744
Education	68,662,247	67,580,428	67,666,376	66,637,354	65,947,374	67,132,105	64,332,561	64,339,603	62,819,511	61,180,665
Debt service:										
Principal	12,151,043	12,161,384	11,906,869	13,104,653	11,389,614	10,593,023	13,129,978	12,534,407	12,269,095	9,964,540
Interest and other charges	6,983,180	7,574,249	7,736,239	7,891,500	8,090,015	8,168,073	8,952,723	9,050,745	9,563,362	9,437,308
Capital outlay	25,338,792	12,226,887	8,698,654	21,503,018	30,473,036	8,568,487	11,867,812	38,029,888	34,135,287	52,178,280
<b>Total expenditures</b>	<b>227,918,439</b>	<b>214,121,510</b>	<b>204,871,239</b>	<b>217,778,509</b>	<b>223,176,697</b>	<b>195,918,995</b>	<b>197,399,027</b>	<b>219,498,373</b>	<b>217,471,950</b>	<b>227,944,333</b>
(Deficiency) excess of revenues over (under) expenditures	(12,065,955)	(4,712,489)	(953,671)	(16,759,886)	(25,615,350)	1,773,533	(7,491,117)	(30,088,662)	(8,903,509)	(39,024,803)

Table 4 (continued)

**COUNTY OF ROANOKE, VIRGINIA**  
**Changes in Fund Balances**  
**Governmental Funds**  
**(unaudited)**  
**Last Ten Fiscal Years**

	<b>Fiscal Year</b>									
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
Proceeds from lease purchase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,148,037	\$ -
Issuance of bonds	27,875,000	6,440,000	-	44,175,000	17,835,000	32,898,586	-	9,080,000	-	-
Premium on bonds	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	253,927	219,762	792,488	1,618,880	123,232	90,862	160,337	56,408	95,553	102,850
Transfers in	20,665,441	23,080,070	22,345,552	24,408,165	21,161,659	24,684,884	22,493,225	19,620,902	19,166,458	22,453,787
Transfers out	(22,499,127)	(24,195,450)	(22,952,373)	(25,075,647)	(21,070,157)	(24,032,156)	(20,637,420)	(19,498,617)	(19,200,792)	(19,520,242)
Total other financing sources, net	<u>28,496,524</u>	<u>6,401,903</u>	<u>185,667</u>	<u>1,221,040</u>	<u>20,254,598</u>	<u>9,082,909</u>	<u>2,016,142</u>	<u>10,213,571</u>	<u>1,209,256</u>	<u>3,036,395</u>
Net change in fund balances	<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>	<u>\$ (7,694,253)</u>	<u>\$ (35,988,408)</u>
Debt service as a percentage of noncapital expenditures	8.9%	9.6%	9.8%	10.2%	9.9%	11.7%	11.8%	11.7%	10.8%	10.9%

Table 5

**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
2010	\$ 8,020,716,300	\$ 780,689,905	\$ 233,127,850	\$ 9,034,534,055	\$1.09	\$3.50/3.00	\$ 10,151,161,860
2011	8,053,281,600	782,346,945	223,646,000	9,059,274,545	1.09	3.50/3.00	9,847,037,549
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
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
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
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
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
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
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
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

**Source:** Roanoke County Real Estate Land Books

**Notes:** Property in Roanoke County is assessed annually and is assessed at approximately 92% of actual value for 2018-2019 and at approximately 94.2% for years 2010 - 2018. 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

Table 6

**COUNTY OF ROANOKE, VIRGINIA**  
**Direct and Overlapping Property Tax Rates**  
**(Unaudited)**  
**Last Ten Fiscal Years**

Fiscal Year	Direct Rates					Overlapping Rates		
	County of Roanoke					Town of Vinton		
	Real Property <sup>(1)</sup>			Personal Property <sup>(1)(2)</sup>	Real Property <sup>(1)</sup>	Personal Property <sup>(1)(2)</sup>		
	First Half		Second Half	Total				
2010	\$ 0.545		\$ 0.545	\$ 1.09	\$3.50/3.00 (3)	\$ 0.03	\$ 1.00	
2011	0.545		0.545	1.09	3.50/3.00 (3)	0.03	1.00	
2012	0.545		0.545	1.09	3.50/3.00 (3)	0.03	1.00	
2013	0.545		0.545	1.09	3.50/3.00 (3)	0.03	1.00	
2014	0.545		0.545	1.09	3.50/3.00 (3)	0.03	1.00	
2015	0.545		0.545	1.09	3.50/3.00 (3)	0.07	1.00	
2016	0.545		0.545	1.09	3.50/2.95 (4)	0.07	1.00	
2017	0.545		0.545	1.09	3.50/2.90 (5)	0.07	1.00	
2018	0.545		0.545	1.09	3.50/2.85 (6)	0.07	1.00	
2019	0.545		0.545	1.09	3.50/2.85 (6)	0.07	1.00	

<sup>(1)</sup> All tax rates per \$100 of assessed value.

<sup>(2)</sup> Applies to tangible personal property, machinery and tools.

<sup>(3)</sup> Tangible personal property - \$3.50; Machinery and tools - \$3.00.

<sup>(4)</sup> Tangible personal property - \$3.50; Machinery and tools - \$2.95.

<sup>(5)</sup> Tangible personal property - \$3.50; Machinery and tools - \$2.90.

<sup>(6)</sup> Tangible personal property - \$3.50; Machinery and tools - \$2.85.

**Source:** Roanoke County Real Estate Land Books

**Notes:** 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.

Table 7

**COUNTY OF ROANOKE, VIRGINIA**  
**Principal Property Tax Payers**  
**(unaudited)**  
**Fiscal Years 2019 and 2010**

Taxpayer	2019			2010		
	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	\$ 178	1	1.78 %	\$ 112	1	1.24 %
Kroger Limited Partnership	42	2	0.42	41	2	0.45
Roanoke Owner 1 LLC (Formerly Pebble Creek, LLC)	36	3	0.36	-	-	-
Walmart Real Estate Business	29	4	0.29	19	8	0.21
Roanoke Gas Company	28	5	0.28	-	-	-
Cellco Partnership dba Verizon Wireless	26	6	0.26	-	-	-
Norfolk and Western Railway Company	23	7	0.23	-	-	-
Tanglewood Venture LLC (Formerly Roanoke Tanglewood LLC)	23	8	0.23	41	3	0.45
Verizon Virginia LLC	22	9	0.22	41	4	0.45
Mikeone EK Roanoke LLC	21	10	0.21	-	-	-
Friendship Manor Apartment Complex	-	-	-	29	5	0.32
Richfield Retirement Community	-	-	-	29	6	0.32
Integrity Windows, Inc.	-	-	-	19	7	0.21
First States Investors 3300 LLC	-	-	-	18	9	0.20
Carilion Hospital, Inc.	-	-	-	17	10	0.19
Total	<u>\$ 429</u>		<u>4.28 %</u>	<u>\$ 366</u>		<u>4.04 %</u>

Table 8

**COUNTY OF ROANOKE, VIRGINIA**  
**Property Tax Levies and Collections**  
**(Unaudited)**  
**Last Ten Fiscal Years**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 116,489,107	\$ 111,980,936	96.13 %	\$ 3,835,301	\$ 115,816,237	99.42 %
2011	118,335,928	113,612,208	96.01	3,988,037	117,600,245	99.38
2012	118,634,364	113,978,854	96.08	4,181,928	118,160,782	99.60
2013	118,489,124	113,917,134	96.14	3,784,655	117,701,789	99.34
2014	118,192,461	113,964,831	96.42	3,135,862	117,100,693	99.08
2015	120,224,376	116,398,283	96.82	3,042,262	119,440,545	99.35
2016	123,023,949	118,615,971	96.42	4,013,136	122,629,107	99.68
2017	123,991,274	120,899,417	97.51	3,975,544	124,874,961	100.71
2018	126,405,991	123,195,790	97.46	3,308,056	126,503,846	100.08
2019	131,070,799	126,869,715	96.79	-	126,869,715	-

Source: Roanoke County Commissioner of Revenue and Treasurer's Department

Table 9

COUNTY OF ROANOKE, VIRGINIA  
Ratios of Outstanding Debt by Type  
(Unaudited)  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities							Total Primary Government	Component Unit Capital Lease	Percentage of Assessed Value			Percentage Of Personal Income	Per Capita		
	General Obligation Debt		Lease Revenue Bonds		VPSA School Bonds		State Literary Bonds		Capital Leases		Bond Premiums					
2010	\$ 12,585,000	\$ 78,264,276	\$ 109,042,483	\$ 4,064,860	\$ -	\$ 6,489,248	\$ 210,445,867	\$ 2,835,505		2.36 %	4.56 %	\$ 2,312				
2011	10,615,000	75,952,287	101,503,194	3,617,042	1,148,037	6,112,426	198,947,986	2,488,325		2.22	4.21	2,177				
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				
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	3.70	1,976				
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	3.66	1,968				
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	3.68	2,032				
2016	4,497,704	77,275,000	88,460,767	-	-	10,564,744	180,798,215	484,939		1.95	3.33	1,933				
2017	3,640,935	74,535,000	80,301,667	-	-	9,832,624	168,310,226	-		1.78	2.92	1,792				
2018	2,765,175	77,970,000	72,194,043	-	-	9,929,441	162,858,659	-		1.68	2.81	1,737				
2019	1,866,987	75,035,000	91,947,188	-	-	11,356,388	180,205,563	-		1.80	3.02	1,924				

(1) Population from VaStat, a service of the Weldon Cooper Center for Public Service.

(2) Per capital personal income and personal income from the Bureau of Economic Analysis.

Table 10

COUNTY OF ROANOKE, VIRGINIA  
 Ratios of General Bonded Debt Outstanding  
 (Unaudited)  
 Last Ten Fiscal Years

General Bonded Debt Outstanding - Governmental Activities							Percentage of Actual Value of Taxable Property	Per Capita
Fiscal Year	General Obligation Debt	Lease Revenue Bonds	VPSA School Bonds	State Literary Bonds	Bond Premiums	Total		
2010	\$ 12,585,000	\$ 78,264,276	\$ 109,042,483	\$ 4,064,860	\$ 6,489,248	\$ 210,445,867	2.07 %	\$ 2,312
2011	10,615,000	75,952,287	101,503,194	3,617,042	6,112,426	197,799,949	2.01	2,138
2012	8,565,000	73,553,388	103,057,169	3,169,225	6,669,073	195,013,855	2.08	2,104
2013	6,440,000	71,048,816	95,104,061	2,721,409	6,223,963	181,538,249	2.00	1,947
2014	6,150,390	76,993,268	87,191,051	2,273,592	7,636,915	180,245,216	1.97	1,944
2015	5,332,236	74,886,582	97,117,015	1,825,775	9,256,934	188,418,542	1.94	2,014
2016	4,497,704	77,275,000	88,460,767	-	10,564,744	180,798,215	1.83	1,928
2017	3,640,935	74,535,000	80,301,667	-	9,832,624	168,310,226	1.66	1,792
2018	2,765,175	77,970,000	72,194,043	-	9,929,441	162,858,659	1.58	1,737
2019	1,866,987	75,035,000	91,947,188	-	11,356,388	180,205,563	1.66	1,924

(1) Population from VaStat, a service of the Weldon Cooper Center for Public Service.

(2) Per capital personal income from the Bureau of Economic Analysis.

(3) Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(4) All debt listed above is to be repaid with general government resources.

Table 11

**COUNTY OF ROANOKE, VIRGINIA**  
**Debt Policy Information**  
**(Unaudited)**  
**Last Ten Fiscal Years**

	<b>Fiscal Year</b>									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General bonded debt outstanding										
General Obligation Bonds	\$ 1,866,987	\$ 2,765,175	\$ 3,640,935	\$ 4,497,704	\$ 5,332,236	\$ 6,150,390	\$ 6,440,000	\$ 8,565,000	\$ 10,615,000	\$ 12,585,000
Lease Revenue Bonds	75,035,000	77,970,000	74,535,000	77,275,000	74,886,582	76,993,268	71,048,816	73,553,388	75,952,287	78,264,276
VPSA School Bonds	91,947,188	72,194,043	80,301,667	88,460,767	97,117,015	87,191,051	95,104,061	103,057,169	101,503,194	109,042,483
State Literary Bonds	-	-	-	-	1,825,775	2,273,952	2,721,409	3,169,225	3,617,042	4,064,860
Bond Premiums	11,356,388	9,929,441	9,832,624	10,564,744	9,256,934	7,636,915	6,223,963	6,669,073	6,112,426	6,489,248
Total net debt applicable to debt limits	\$ 180,205,563	\$ 162,858,659	\$ 168,310,226	\$ 180,798,215	\$ 188,418,542	\$ 180,245,576	\$ 181,538,249	\$ 195,013,855	\$ 197,799,949	\$ 210,445,867
Ratio of net debt to assessed taxable property value	1.80%	1.68%	1.78%	1.95%	2.08%	2.04%	2.07%	2.20%	2.22%	2.36%
Debt limit per policy for property value	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Per capita	\$ 1,924	\$ 1,737	\$ 1,792	\$ 1,933	\$ 2,032	\$ 1,968	\$ 1,976	\$ 2,138	\$ 2,177	\$ 2,312
Debt limit per policy for per capita	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Debt service to general governmental expenditures	6.26%	6.57%	6.78%	7.57%	7.14%	7.20%	8.51%	8.29%	8.51%	7.79%
Debt limit per policy for general governmental expenditures	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%

(1) Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(2) Property value data can be found on Table 5. Per capita data can be found on Table 12.

(3) 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.

(4) The County does not have any Constitutional or Statutory Debt Limits.

Table 12

**COUNTY OF ROANOKE, VIRGINIA**  
**Demographic Statistics**  
**Last Ten Fiscal Years**  
**(Unaudited)**  
**June 30, 2019**

Fiscal Year	Population <sup>(1)</sup>	Personal Income (thousands of dollars) <sup>(2)</sup>	Per Capita Personal Income <sup>(2)</sup>	School Enrollment <sup>(3)</sup>	Unemployment Rate % <sup>(4)</sup>
2010	92,253	\$ 4,672,291	\$ 39,315	\$ 14,474	6.3 %
2011	92,524	4,789,030	40,688	14,259	5.7
2012	92,687	4,984,547	42,288	14,081	5.6
2013	93,256	5,159,100	42,288	13,958	5.5
2014	92,703	5,435,865	45,577	13,929	5.2
2015	93,569	5,758,037	48,047	13,909	4.5
2016	93,775	5,785,780	48,384	13,982	3.5
2017	93,924	5,962,802	49,860	13,830	3.6
2018	93,735	5,962,802	49,860	13,779	3.1
2019	93,672	5,962,802	49,860	13,671	2.7

Sources:

<sup>(1)</sup> Weldon Cooper Center for Public Service, Demographics Research Group, [www.coopercenter.org/demographics](http://www.coopercenter.org/demographics)

<sup>(2)</sup> Personal Income & Per Capita Personal Income from the Bureau of Economic Analysis. Latest information available is for 2017. The figures for 2018 and 2019 have not been updated.

<sup>(3)</sup> Roanoke County Public School's Administration Department

<sup>(4)</sup> Virginia Employment Commission and the U.S. Bureau of Labor Statistics

Table 13

**COUNTY OF ROANOKE, VIRGINIA**  
**Principal Employers**  
**(unaudited)**  
**Fiscal Years 2019 and 2010**

Employer	2019			2010		
	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 (Wachovia division)	2	Private	2,000+	2	Private	1,000+
County of Roanoke	3	Local Govt.	1,000+	4	Local Govt.	1,000+
Kroger	4	Private	500-999	5	Private	500-999
Friendship Retirement Community	5	Private	500-999	6	Private	500-999
Richfield Recovery & Care Center	6	Private	500-999	-	-	-
Allstate Insurance Company	7	Private	500-999	3	Private	1,000+
Harris Corporation	8	Private	500-999	-	-	-
Integrity Windows & Doors	9	Private	250-499	-	-	-
Wal-mart	10	Private	250-499	10	Private	250-499
Bright Personnel and Business				7	Private	250-499
Courtland Health Care Center	-	-	-	8	Private	250-499
HSN LP	-	-	-	9	Private	250-499

Table 14

**COUNTY OF ROANOKE, VIRGINIA**  
**Full-time Equivalent County Government Employees by Function/Program**  
**(unaudited)**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General government										
Legislative	6.5	6.5	6	7	7	7	7	7	7	8
General and financial administration	70.5	70.5	72	69	70	69	71	72	72	74
Other	63	62	61	61	61	57	53	53	54	58
Judicial administration										
Courts	16	16	16	16	16	16	16	16	16	16
Commonwealth attorney	14	14	14	14	14	14	14	14	14	13
Public safety										
Sheriff	87	87	86	86	85	84	84	84	84	84
Police	156	156	156	154	154	154	154	153	153	188
Emergency Communication Center	42	42	42	42	42	44	44	43	43 *	-
Fire & rescue	177	168	164	164	159	153	153	153	153	149
Public works										
General services administration	3	3	3	3	3	3	3	3	3	3
Refuse disposal	34	34	34	34	34	34	34	35	34	35
Maintenance of general buildings and grounds	19	19	19	18	18	21	21	21	21	21
Garage	12	12	12	11	11	11	11	11	12	11
Engineering and inspections	32	33	33	32	32	32	32	34	36	36
Library	43	43	43	42	39	41	40	40	38	35
Health and welfare	106	103	103	101	99	98	98	95	95	95
Parks, recreation, and culture	75	69	69	69	69	69	67	68	66	63
Community development	19	19	19	19	19	19	23	23	24	28
<b>Total</b>	<b>975</b>	<b>957</b>	<b>952</b>	<b>942</b>	<b>932</b>	<b>926</b>	<b>925</b>	<b>925</b>	<b>925</b>	<b>917</b>

Source: Roanoke County Payroll Office

\* Effective July 1, 2010 the Emergency Communication Center department was moved out of the Police department. Previous years' FTE's are not available

Table 15

**COUNTY OF ROANOKE, VIRGINIA**  
**Operating Indicators by Function/Program**  
**(Unaudited)**  
**Last Ten Fiscal Years**

Function/Program	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General government										
Number of sales	1,388	1,183	1,114	1,029	938	953	748	636	800	932
Median assessment/sales ratio	94.10%	91.86%	92.23%	92.73%	92.87%	94.00%	98.00%	98.00%	95.00%	92.10%
Coefficient of dispersion	5.64%	7.20%	6.82%	6.62%	6.44%	7.18%	7.37%	6.23%	6.76%	7.09%
Judicial administration										
Circuit Court civil cases concluded *	2,943	2,286	722	836	883	998	1,121	973	939	940
General District Court concluded	25,233	21,032	22,025	23,045	24,118	26,029	27,238	27,984	33,138	33,316
Juvenile and Domestic cases concluded	4,400	4,533	4,902	5,313	5,038	4,940	5,487	5,706	5,389	6,563
Public safety										
Physical arrests	4,736	3,818	3,710	3,633	3,403	3,611	4,676	3,948	4,224	4,109
Calls for service police	81,500	74,200	76,100	79,600	79,200	75,500	71,600	69,500	75,300	77,000
Calls for service fire	15,923	16,060	15,502	15,177	14,770	13,857	14,164	14,014	13,293	11,373
Fire inspections	1,516	1,137	1,194	1,109	1,218	1,158	1,293	1,245	984	473
Public works										
New business licenses	572	834	465	475	690	785	741	643	762	591
New prospect inquires Econ Dev	43	44	77	56	54	40	40	40	28	30
Waste tonnage to RVRA	41,503	39,268	37,970	39,070	40,070	40,003	42,922	40,046	40,570	40,536
Library										
Patrons registered	90,082	90,917	84,374	75,067	76,847	70,670	65,069	59,185	76,581	73,339
Total circulation	968,246	1,088,190	1,250,670	1,349,997	1,352,031	1,330,625	1,298,834	1,315,015	1,235,094	1,227,716
Health and welfare										
Individuals enrolled in Medicaid	15,231	14,783	14,699	14,167	12,795	11,158	12,453	9,881	8,676	8,568
Households receiving Supplemental Nutrition Assistance	2,892	3,113	3,199	3,503	3,736	4,087	4,001	3,800	3,404	3,157
Number of children in foster care	105	89	92	98	165	144	132	120	109	119
Community development										
Building permits issued	1,138	1,111	1,075	1,011	1,110	1,097	1,067	1,025	1,089	1,283

Source: Various County departments

\*Starting with 2018 report, the Virginia Court system reclassified many Miscellaneous cases as Civil cases.

Table 16

County of Roanoke  
Capital Asset Statistics by Function/Program  
(unaudited)  
Last Ten Fiscal Years

	<u>Function/Program</u>	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
		2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
	General Government										
	Administration Buildings	8	8	8	8	9	9	9	9	7	7
	Judicial Administration										
	Courthouses	1	1	1	1	1	1	1	1	1	1
	Public Safety										
	Fire Stations	12	12	12	12	12	12	12	12	12	12
	Rescue Stations	13	11	11	11	11	11	11	11	11	11
	Fire Units	28	28	28	28	27	28	27	27	27	27
	Ambulances	21	20	24	24	24	24	24	23	24	24
	Jails	1	1	1	1	1	1	1	1	1	1
201	Law Enforcement Vehicles	158	156	153	145	145	143	137	143	141	146
	Public Works										
	Refuse Collection Trucks	26	28	26	25	24	23	23	23	20	19
	Libraries	6	6	6	6	6	6	6	6	6	6
	Parks, Recreation, and Tourism*										
	Parks	31	31	31	30	30	30	29	29	28	28
	Park Acreage	2,090	2,090	2,090	2,160	2,160	2,160	1,092	1,092	1,075	1,061
	Recreation Centers	3	3	3	3	3	3	3	3	3	3
	Park District Maintenance Centers	3	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	2	2	2	1	1	1	1	1	1	1

Source: Various County departments



# **SINGLE AUDIT SECTION**

**COUNTY OF ROANOKE, VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**Fiscal Year Ended June 30, 2019**

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
<b>Department of Agriculture</b>							
Passed Through the Commonwealth of Virginia:							
<u>Department of Agriculture and Consumer Services</u>							
<b>Non-Cash Assistance:</b> National School Lunch Program - Commodities	10.555 <sup>1</sup>	Child Nutrition Cluster		\$ 318,911			
<u>Department of Education</u>							
School Breakfast Program	10.553	Child Nutrition Cluster		575,137			
National School Lunch Program	10.555 <sup>1</sup>	Child Nutrition Cluster		1,844,754			
Summer Food Service Program for Children	10.559	Child Nutrition Cluster		7,295			
<u>Department of Social Services</u>							
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	SNAP Cluster		1,054,876			
<u>Forest Service</u>							
Schools and Roads - Grants to States	10.665			2,726			
Total for Child Nutrition Cluster (10.553, 10.555, 10.559)				\$ 2,746,098			
Total for SNAP Cluster (10.561)				1,054,876			
1 - Total for National School Lunch Program (10.555)							\$ 2,163,665
<b>Department of Defense</b>							
Direct Awards:							
Selected Reserve Education Assistance Program (ROTC)	12.609			32,093			
<b>Department of Justice</b>							
Direct Awards:							
Bulletproof Vest Partnership Program	16.607			5,784			
Edward Byrne Memorial Justice Assistance Grant Program	16.738 <sup>2</sup>		2017-DJ-BX-0728	14,900			
Edward Byrne Memorial Justice Assistance Grant Program	16.738 <sup>2</sup>		2018-DJ-BX-0204	19,533			
Edward Byrne Memorial Competitive Grant Program	16.751		2015-WY-BX-0007	90,044			
STOP School Violence	16.839			14,412			
Equitable Sharing Program	16.922			60,232			
Passed Through the Commonwealth of Virginia:							
<u>Department of Criminal Justice Services</u>							
Crime Victim Assistance	16.575		19-Y8561VW17	117,260			
Edward Byrne/Justice Assistance Grant Program	16.738 <sup>2</sup>		18-A4285AD12	32,284			
2 - Total for Edward Byrne Memorial JAG Program (16.738)							66,717
<b>Department of Transportation</b>							
Passed Through the Commonwealth of Virginia:							
<u>Department of Motor Vehicles</u>							
State and Community Highway Safety	20.600	Highway Safety Cluster	SC-2018-58075-8075 FOP-2018-58076-8076	41,892			

**COUNTY OF ROANOKE, VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**Fiscal Year Ended June 30, 2019**

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
Alcohol Impaired Driving Countermeasures Incentive	20.601		FSC-2019-59095-9095				
Alcohol Open Container Requirements	20.607		FOP-2019-59094-9094				
			K8-2018-58496-8496	17,375			
			154AL-2018-58073-8073	96,195			
			154AL-2018-58095-8095				
National Priority Safety Programs	20.616	Highway Safety Cluster	154AL-2019-59194-9194				
			M6OT-2019-59168-9168	74,694			
			M6OT-2019-59195-9195				
<b><u>Department of Transportation</u></b>							
Highway Planning and Construction	20.205	Highway Planing and Construction Cluster	EN08-080-105	261,378			
			EN08-080-108				
			UPC 103607				
			UPC 110155				
			UPC 111366				
Total for Highway Safety Cluster (20.600, 20.616)					116,586		
Total for Highway Planning and Construction Cluster (20.205)					261,378		
<b>205</b>							
<b>Department of Education</b>							
Passed Through the Commonwealth of Virginia:							
<b><u>Department of Education</u></b>							
Title I Grants to Local Educational Agencies	84.010		S010A160046	1,378,204			
			S010A170046				
			S010A180046				
Special Education_Grants to States	84.027	Special Education Cluster	H027A170107	2,909,535			
			H027A180107				
Career and Technical Education -- Basic Grants to States	84.048		V048A150046	157,606			
			V048A170046				
Special Education_Preschool Grants	84.173	Special Education Cluster	H183A180112	47,860			
English Language Acquisition State Grants	84.365		S365A160046	43,873			
			S365A170046				
			S365A180046				
Supporting Effective Instruction State Grants	84.367		S367A160044	274,522			
			S367A170044				
			S367A180044				
Student Support and Academic Enrichment Program	84.424		S424A170048	73,631			
			S424A180048				
Total for Special Education Cluster (IDEA) (84.027, 84.173)					2,957,395		

**Department of Health and Human Services**

Passed Through the Commonwealth of Virginia:

**Department of Social Services**

**COUNTY OF ROANOKE, VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**Fiscal Year Ended June 30, 2019**

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
Promoting Safe and Stable Families	93.556			50,803			
Temporary Assistance for Needy Families	93.558	TANF Cluster		610,175			
Refugee and Entrant Assistance_State Administered Programs	93.566			229			
Low-Income Home Energy Assistance	93.568			91,381			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CCDF Cluster		103,689			
Chafee Education and Training Vouchers Program	93.599			5,720			
Adoption and Legal Guardianship Incentive Payments	93.603			558			
Stephanie Tubbs Jones Child Welfare Services Program	93.645			620			
Foster Care_Title IV-E	93.658			965,675			
Adoption Assistance	93.659			1,033,971			
Social Services Block Grant	93.667			590,824			
Chafee Foster Care Independence Program	93.674			9,430			
Children's Health Insurance Program	93.767			23,207			
Medical Assistance Program	93.778	Medicaid Cluster		1,642,426			
Total for CCDF Cluster (93.596)				103,689			
Total for Medicaid Cluster (93.778)				1,642,426			
Total for TANF Cluster (93.558)				610,175			
<b>Executive Office of the President</b>							
Passed Through Washington/Baltimore HIDTA:							
High Intensity Drug Trafficking Areas Program	95.001		I-2018ROANOKE I-2019ROANOKE	35,876			
<b>Department of Homeland Security</b>							
Direct Awards:							
Staffing for Adequate Fire and Emergency Response	97.083			465,035			
Passed Through the Commonwealth of Virginia:							
<u>Department of Emergency Management</u>							
Emergency Management Performance Grant Program	97.042		7864	29,094			
Homeland Security Grant Program	97.067		7974	11,000			
				<b><u>\$ 15,236,720</u></b>			
							<b><u>\$ 64,607</u></b>

County of Roanoke, Virginia  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2019

- 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 grants awarded to the County of Roanoke, Virginia (the County). The reporting entity is defined in Note 1 of the County's basic financial statements.
- 3) In-Kind Contributions - The County received \$318,911 in food and food stamps from the U.S. Department of Agriculture during fiscal year 2019. These in-kind contributions are included in the basic financial statements.
- 4) Indirect Costs – The agency has 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

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, 2019 and the related notes to the financial statements which collectively comprise the County’s basic financial statements, and have issued our report thereon dated, November 22, 2019. 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) to determine the 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.**

*Your Success is Our Focus*

## 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 determination of financial statement amounts. 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, S.C.P.*

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia  
November 22, 2019

**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  
Roanoke, Virginia

**Report on Compliance for Each Major Federal Program**

We have audited the County of Roanoke, Virginia's (the "County's") 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, 2019. 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, 2019.

*Your Success is Our Focus*

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## 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, S.C.P.*  
CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia  
November 22, 2019

**COUNTY OF ROANOKE, VIRGINIA**  
**SUMMARY OF COMPLIANCE MATTERS**  
**JUNE 30, 2019**

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**

<u>Code of Virginia</u>	<u>State Agency Requirements</u>
Budget and Appropriation Laws	
Cash and Investment Laws	Education
Conflicts of Interest Act	Social Services
Local Retirement Systems	
Debt Provisions	
Procurement Laws	
Children's Services Act	
Uniform Disposition of Unclaimed Property Act	
Sheriff Internal Controls	

**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, 2019**

**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:

<b>Name of Program</b>	<b>CFDA #</b>
Child Nutrition Cluster:	
School Breakfast Program	10.553
School Lunch Program	10.555
Summer Food Service Program	10.559
Foster Care – Title IV-E	93.658

8. The **threshold** for distinguishing Type A and B programs was **\$750,000**.
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.**

