

RATINGS: Fitch: “AA+”
Moody’s: “Aa2”
S&P: “AA+”
(see “RATINGS” herein)

In the opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the City, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, interest on the Bonds (i) is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986 (the “Code”) and (ii) is not treated as a preference item in calculating the federal alternative minimum tax imposed under the Code; however for tax years beginning after December 31, 2022, interest on the Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. See “TAX MATTERS” herein.

In the opinion of Bond Counsel to the City, under existing statutes of the Commonwealth of Virginia, interest on the Bonds is not includable in computing the Virginia income tax.



\$30,750,000
City of Roanoke, Virginia,
General Obligation Public
Improvement Bonds, Series 2023

Dated: Date of Delivery

Due: As Shown On Inside Cover

This Official Statement has been prepared by the City of Roanoke to provide information on the above-referenced Series 2023 Bonds (the “Bonds”). Selected information is presented on this cover page for the convenience of the reader. To make an informed decision regarding the Bonds, a prospective investor should read this Official Statement in its entirety.

<i>Purpose</i>	The net proceeds of sale of the Bonds will be used to pay the costs of various public improvement projects of and for the City and to pay certain costs of issuance associated with the Bonds. See “INTRODUCTION” on page 1 of this Official Statement.
<i>Issued Pursuant to</i>	The Bonds will be issued in accordance with the Public Finance Act of 1991, Title 15.2, Chapter 26, of the Code of Virginia, 1950. The City Council of the City adopted a resolution on July 5, 2022 authorizing the issuance and sale of the Bonds.
<i>Security</i>	The Bonds will be general obligations of the City, and the full faith and credit of the City will be irrevocably pledged to the punctual payment of the principal of and interest on the Bonds as they become due.
<i>Interest Payment Dates</i>	April 1 and October 1, beginning April 1, 2024.
<i>Record Dates</i>	March 15 and September 15, beginning March 15, 2024.
<i>Redemption Provisions</i>	See “DESCRIPTION OF THE BONDS – Optional Redemption” herein.
<i>Denomination</i>	\$5,000 or integral multiples thereof.
<i>Registration</i>	Book-entry only; Cede & Co., as nominee for The Depository Trust Company.
<i>Registrar/Paying Agent</i>	Wilmington Trust, National Association, Richmond, Virginia.
<i>Financial Advisor</i>	Davenport & Company LLC, Richmond, Virginia.
<i>Bond Counsel</i>	Hawkins Delafield & Wood LLP, New York, New York.
<i>Issuer Contact</i>	Director of Finance, City of Roanoke, (540) 853-2824.

The Bonds are offered when, as and if issued, subject to approval of their validity by Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the City, as described herein. Certain legal matters will be passed upon for the City by Timothy Spencer, Esq., City Attorney. It is expected that delivery of the Bonds to DTC will be made in New York, New York, on or about November 30, 2023.

Dated: November 15, 2023

MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS

General Obligation Public Improvement Bonds, Series 2023

Year (October)	Principal Amount	Interest Rate	Yield	CUSIP Numbers**
2024	\$1,585,000	5.00%	3.32%	770078EH2
2025	1,585,000	5.00	3.16	770078EJ8
2026	1,600,000	5.00	3.07	770078EK5
2027	1,605,000	5.00	3.05	770078EL3
2028	1,615,000	5.00	3.00	770078EM1
2029	1,625,000	5.00	3.02	770078EN9
2030	1,635,000	5.00	3.06	770078EP4
2031	1,430,000	5.00	3.07	770078EQ2
2032	1,440,000	5.00	3.09	770078ER0
2033	1,450,000	5.00	3.12	770078ES8
2034	1,460,000	5.00	3.20*	770078ET6
2035	1,470,000	5.00	3.31*	770078EU3
2036	1,485,000	5.00	3.45*	770078EV1
2037	1,495,000	5.00	3.59*	770078EW9
2038	1,510,000	4.00	4.00	770078EX7
2039	1,525,000	4.00	4.05	770078EY5
2040	1,540,000	4.00	4.10	770078EZ2
2041	1,550,000	4.00	4.15	770078FA6
2042	1,565,000	4.00	4.25	770078FB4
2043	1,580,000	4.00	4.30	770078FC2

* Yield to the October 1, 2033 optional redemption date.

** CUSIP numbers have been assigned by an organization not affiliated with the City and are included solely for the convenience of the holders of the Bonds. The City is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Bonds or as indicated above.

CITY OF ROANOKE, VIRGINIA

CITY COUNCIL

SHERMAN P. LEA, SR., Mayor

JOSEPH L. COBB, Vice Mayor

LUKE W. PRIDDY

STEPHANIE MOON REYNOLDS

VIVIAN SANCHEZ-JONES

PETER J. VOLOSIN

PATRICIA WHITE-BOYD

CITY COUNCIL APPOINTED OFFICIALS

ROBERT S. COWELL, JR., City Manager

TIMOTHY SPENCER, City Attorney

CECELIA F. MCCOY, CMC, City Clerk

DREW HARMON, Municipal Auditor

HAWKINS DELAFIELD & WOOD LLP, Bond Counsel
New York, New York

DAVENPORT & COMPANY LLC, Financial Advisor
Richmond, Virginia

FOR ADDITIONAL INFORMATION
Department of Finance, City of Roanoke
215 Church Avenue, S.W., Room 461
Roanoke, Virginia 24011
(540) 853-2824

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The information contained in this Official Statement (which term shall be deemed to include all Appendices to this Official Statement) has been obtained from the City and other sources deemed reliable. The information concerning DTC has been obtained from DTC. This Official Statement is submitted in connection with the sale of the securities described in it and may not be reproduced or used, in whole or in part, for any other purpose. The information contained in this Official Statement is subject to change without notice and neither the delivery of this Official Statement nor any sale made by means of it shall, under any circumstances, create any implication that there have not been changes in the affairs of the City since the date of this Official Statement. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers of any of the Bonds.

No broker, dealer, sales representative or any other person has been authorized by the City to give any information or to make any representation other than as contained in this Official Statement in connection with the offering described in it and, if given or made, such other information or representation must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than those described on the cover page and inside cover page hereof, nor shall there be any offer to sell, solicitation of an offer to buy or sale of such securities by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The Bonds will be exempt from registration under the Securities Act of 1933, as obligations of a political subdivision of the Commonwealth of Virginia. The Bonds also will be exempt from registration under the securities laws of the Commonwealth of Virginia.

The electronic distribution of this Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the Bonds described herein to the residents of any particular state and is not specifically directed to the residents of any particular state. The Bonds will not be offered or sold in any state unless and until they are either registered pursuant to the laws of such state, or qualified pursuant to an appropriate exemption from registration in such state.

In making an investment decision investors must rely on their own examination of the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

All quotations from and summaries and explanations of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact.

Any References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this offering document for purposes of, and as that term is defined in, Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "intend," "projection" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the heading "BONDHOLDER REMEDIES IN THE EVENT OF A DEFAULT" AND in APPENDIX A to this Official Statement. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City does not plan to issue any updates or revisions to those forward-looking statements.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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**Official Statement
Relating to the Issuance of

\$30,750,000
City of Roanoke, Virginia,
General Obligation Public Improvement Bonds,
Series 2023**

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the Appendices hereto, is to furnish information in connection with the sale by the City of Roanoke, Virginia (the “City”) of \$30,750,000 aggregate principal amount of General Obligation Public Improvement Bonds, Series 2023 (the “Bonds”), dated November 30, 2023.

The Bonds are issued in accordance with the Public Finance Act of 1991, Title 15.2, Chapter 26 of the Code of Virginia, 1950, as amended. The City Council of the City adopted a resolution on July 5, 2022 authorizing the issuance and sale of the Bonds. The Bonds were sold at competitive sale on November 15, 2023.

The City is located at the southern end of the Shenandoah Valley and is the largest city in the Commonwealth west of Richmond. The City had an estimated population as of July 1, 2022 of 99,634 based on statistics published by the Weldon Cooper Center for Public Service. For a more detailed description of the City, see Appendix A hereto.

Series 2023 Projects

Proceeds of the sale of the Bonds will be applied to the financing of a portion of the costs of the acquisition, construction, reconstruction, improvement, extension, enlargement and equipping of the public improvement projects of and for the City, including school facility maintenance and improvement projects, bridge renovation, parks and recreation master plan projects, Berglund Center improvements, stormwater management projects, curb, gutter and sidewalk improvements, fleet capital replacements, technology capital, library facility projects, fire facility projects and capital building maintenance. Proceeds of the Bonds will also be applied to the payment of certain costs of issuance of the Bonds.

DESCRIPTION OF THE BONDS

Interest, Maturities and Places of Payment

The Bonds will be dated the date of their delivery. The Bonds will bear interest from their date, payable on April 1, 2024 and semiannually on each April 1 and October 1 thereafter, at the rates per annum set forth on the inside cover page of this Official Statement. The record dates for the payment of the principal of and the interest on the Bonds will be March 15, 2024 and each March 15 and September 15 thereafter. The Bonds will mature on October 1 in each of the years and in the aggregate principal amounts set forth on the inside cover page of this Official Statement.

Book-Entry Only Bonds; Registrar and Paying Agent

The Bonds will be issued in fully registered form in the denominations of \$5,000 or integral multiples thereof and will be held by The Depository Trust Company (“DTC”), or its nominee, as securities depository with respect to the Bonds. Purchases of beneficial ownership interest in the Bonds will be made only in book-entry form and individual purchasers will not receive physical delivery of Bond certificates. Reference is made to Appendix D for a description of DTC and DTC’s book-entry system.

The Registrar and Paying Agent for the Bonds will be Wilmington Trust, National Association, Richmond, Virginia.

Optional Redemption

The Bonds maturing on or before October 1, 2033 are not subject to optional redemption prior to their stated maturities. The Bonds maturing on and after October 1, 2034 (or portions thereof in installments of \$5,000) are subject to redemption at the option of the City prior to their stated maturities, on or after October 1, 2033, in whole or in part from time to time on any date, in such order as may be determined by the City (except that if at any time less than all of the Bonds of a given maturity are called for redemption, the particular Bonds or portions thereof in installments of \$5,000 of such maturity to be redeemed shall be selected by lot), at a redemption price equal to the principal amount of the Bonds to be redeemed, together with the interest accrued thereon to the date fixed for the redemption thereof.

Notice of Redemption

If any Bond (or any portion of the principal amount thereof in installments of \$5,000) shall be called for redemption, notice of the redemption thereof, specifying the date, number and maturity of such Bond, the date and place or places fixed for its redemption and if less than the entire principal amount of such Bond is to be redeemed, that such Bond must be surrendered in exchange for the principal amount thereof to be redeemed and a new Bond or Bonds of such series issued equaling in principal amount that portion of the principal amount thereof not to be redeemed, shall be mailed not less than thirty (30) days prior to the date fixed for redemption by first class mail, postage prepaid, to the registered owner of such Bond at the address of such registered owner as it appears on the books of registry kept by the Registrar for the Bonds as of the close of business on the forty-fifth (45th) day next preceding the date fixed for redemption. If notice of the redemption of any Bond (or portion thereof in installments of \$5,000) shall have been given as aforesaid, and payment of the principal amount of such Bond (or the portion of the principal amount thereof to be redeemed) and of the accrued interest payable upon such redemption shall have been duly made or provided for, interest on such Bond shall cease to accrue from and after the date so specified for the redemption thereof.

Any notice of optional redemption of the Bonds may state that such redemption will be conditional upon receipt by the Registrar and Paying Agent, on or prior to the date fixed for such redemption, of moneys sufficient to pay the principal of and interest on the Bonds to be redeemed and that if such moneys have not been so received, such notice will be of no force and effect and the Bonds will not be redeemed.

So long as the Bonds are in book-entry only form, any notice of redemption will be given only to DTC or its nominee. The City shall not be responsible for providing any beneficial owner of the Bonds with any notice of redemption.

SECURITY FOR THE BONDS

The Bonds are general obligations of the City, and the full faith and credit of the City are irrevocably pledged to the punctual payment of the principal of and interest on the Bonds as the same become due. In each year while the Bonds, or any of them, remain outstanding and unpaid, the City Council is authorized and required to levy and collect annually, at the same time and in the same manner as other taxes in the City are assessed, levied and collected, a tax upon all taxable property within the City, over and above all other taxes, authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and interest on the Bonds to the extent other funds of the City are not lawfully available and appropriated for such purpose.

ESTIMATED SOURCES AND USES OF FUNDS

The following table summarizes the estimated sources and uses of proceeds of the Bonds:

Sources Of Funds:	
Bond Proceeds	
Par Amount of Bonds	\$30,750,000
Net Premium	<u>2,030,675</u>
Total Sources	<u>\$32,780,675</u>
 Uses Of Funds:	
Project Costs	\$32,500,000
Costs of Issuance	222,355
Total Underwriter's Discount	<u>58,320</u>
Total Uses	<u>\$32,780,675</u>

BONDHOLDER REMEDIES IN THE EVENT OF DEFAULT

Section 15.2-2659 of the Code of Virginia, 1950, provides that, upon the affidavit of any owner or any paying agent of any general obligation bonds of a political subdivision of the Commonwealth of Virginia (including the City) in default as to payment of principal or interest, the Governor shall immediately make a summary investigation and if such default is established to the Governor's satisfaction, the Governor shall immediately make an order directing the State Comptroller to withhold all further payment to the political subdivision of all funds, or any part thereof, appropriated and payable by the Commonwealth to the political subdivision so in default for any and all purposes until such default is cured. The Governor shall, while such default continues, direct the payment of all such sums so withheld, or so much thereof as shall be necessary, to the owners of such bonds so in default, or the paying agent therefor, so as to cure, or to cure insofar as possible, the default on such bonds and the interest thereon. The Governor shall, as soon as practicable, give notice of such default and of the availability of funds with the paying agent or with the State Comptroller by publication one time in a daily newspaper of general circulation in the City of Richmond and, in the case of registered bonds, by mail, to the registered owners of the Bonds. The State Comptroller advises that to date no order to withhold funds pursuant to Section 15.2-2659 has ever been issued. Although the provisions of Section 15.2-2659 have never been ruled on by a Virginia court, the Attorney General of Virginia has ruled that appropriated funds can be withheld by the Commonwealth pursuant to that section. In the fiscal year ended June 30, 2022, total direct appropriations paid by the Commonwealth to the City amounted to approximately \$114,328,097, of which approximately \$110,025,416.24 constituted appropriations to the City's General Fund. The City estimates that it has received approximately \$139,000,000 total direct appropriations from the Commonwealth for the fiscal year ended June 30, 2023, of which approximately \$115,003,486.15 constituted appropriations to the City's General Fund.

Neither the Bonds, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Bonds if the City defaults in the payment of principal of or interest on the Bonds, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Bonds upon the occurrence of such default. Upon any default in the payment of the principal of or interest on a Bond, the owner of such Bond could, among other things, seek to obtain a writ of mandamus from a court of competent jurisdiction requiring the City Council to assess, levy and collect an ad valorem tax, unlimited as to rate or amount, upon all property in the City subject to taxation by the City, sufficient to pay the principal of and interest on the Bonds as the same shall come due and otherwise to observe the covenants contained in the Bonds and the proceedings with respect thereto. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

Although Virginia law currently does not authorize such action, future legislation may enable the City to file a petition for relief under the United States Bankruptcy Code (the "Bankruptcy Code") if it is insolvent or unable to pay its debts. Bankruptcy proceedings by the City could have adverse effects on bondholders including (a) delay

in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the City after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Bonds. The Bankruptcy Code contains provisions intended to ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors such as the holders of general obligation bonds, such creditors will have the benefit of their original claim or the “indubitable equivalent”. The effect of these and other provisions of the Bankruptcy Code cannot be predicted and may be significantly affected by judicial interpretation.

The City has never defaulted in the payment of either principal of or interest on any indebtedness.

RATINGS

Fitch Ratings, Moody’s Investors Service and S&P Global Ratings have assigned the Bonds the initial ratings set forth on the cover page of this Official Statement. An explanation of the significance of such ratings may only be obtained from the rating agency furnishing the same. The City furnished to such rating agencies the information contained in this Official Statement and certain publicly available materials and information about the City. Generally, rating agencies base their ratings on such materials and information, as well as investigations, studies, and assumptions of the rating agencies. Such ratings may be changed at any time, and no assurance can be given that they will not be revised downward or withdrawn entirely by either or all such rating agencies if, in the judgment of either or all, circumstances so warrant. Such circumstances may include, without limitation, changes in or unavailability of information relating to the City. Any such downward revision or withdrawal of any such ratings may have an adverse effect on the market price of the Bonds.

CERTIFICATE CONCERNING OFFICIAL STATEMENT

The City will furnish a certificate dated as of the date of delivery of the Bonds, signed by the City Manager and the Director of Finance, stating that the descriptions and statements contained in the Official Statement on the date of sale and on the date of delivery of the Bonds were and are, to the best of their knowledge, true and correct in all material respects and did not and do not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading. In such certificate the City Manager and the Director of Finance may state that they did not independently verify the information indicated in the Official Statement as having been obtained or derived from sources other than the City but that they have no reason to believe such information is not accurate. Such certificate will also state that from the date of sale of the Bonds to the date of delivery of the Bonds there has been no material adverse change in the condition of the City (financial or otherwise) which affects the City’s ability to pay principal of and interest on the Bonds or any other general obligation bonds of the City.

LITIGATION AND CONTINGENT LIABILITIES

The City Attorney reports that there is no litigation pending or, to the knowledge of the City Attorney, threatened affecting the issuance of the Bonds or the security therefor. The City is a defendant in certain litigation arising in the ordinary course of operations and is subject to certain contingent liabilities, including the litigation and contingent liabilities described in Note 18 to the City’s financial statements included in Appendix B to this Official Statement. The City Attorney has reviewed the status of such litigation and is of the opinion that foreseeable liability, if any, in all of them would not have a material adverse effect upon the financial condition of the City. The City Attorney is also of the opinion that such litigation will not affect the validity of the Bonds or the ability of the City to levy ad valorem taxes for payment of the principal of and interest on the Bonds.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters relating to the authorization and validity of the Bonds are subject to the approval of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the City. The opinion of Bond Counsel approving the Bonds will be furnished at the expense of the City upon delivery of the Bonds and will be printed on

the Bonds. The proposed form of the opinion of Bond Counsel is set forth as Appendix C to this Official Statement. Bond Counsel will express no opinion of any kind as to the Official Statement, and its opinions will be limited to matters relating to the authorization and validity of the Bonds and to the status of interest on the Bonds for purposes of federal and Commonwealth of Virginia income taxation as described herein.

Certain legal matters will be passed upon for the City by Timothy Spencer, Esq., City Attorney.

TAX MATTERS

Opinion of Bond Counsel with respect to the Bonds

In the opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the City, under existing statutes and court decisions and assuming compliance with certain tax covenants described herein, interest on the Bonds (i) is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986 (the “Code”) and (ii) is not treated as a preference item in calculating the alternative minimum tax imposed under the Code; however for tax years beginning after December 31, 2022, interest on the Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering its opinions, Bond Counsel has relied on certain representations, certifications of fact and statements of reasonable expectations made by the City in connection with the Bonds, and Bond Counsel has assumed compliance by the City with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the City, under existing statutes of the Commonwealth of Virginia, interest on the Bonds is not includable in computing the Virginia income tax.

Bond Counsel expresses no opinion regarding any other federal or state tax consequences with respect to the Bonds. Bond Counsel renders its opinions under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinions to reflect any action thereafter taken or not taken, or any facts or circumstances that may thereafter come to its attention, or changes in law or in interpretations thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Bonds or under state and local tax law.

The proposed form of the opinion of Bond Counsel is set forth as Appendix C to this Official Statement.

Certain Ongoing Federal Tax Requirements and Covenants with respect to the Bonds

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, without regard to the date on which such noncompliance occurs or is discovered. The City has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences with Respect to the Bonds

The following is a brief discussion of certain collateral federal income tax matters with respect to the Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds.

Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount on the Bonds

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity means the first price at which a substantial amount of the Series 2023 Bonds of that maturity was sold (excluding sales to bond houses, brokers or similar persons acting in the capacity as underwriters, placement agents or wholesalers). In general, the issue price for each maturity of the Series 2023 Bonds is expected to be the initial public offering price set forth on the inside cover page of this Official Statement. Bond Counsel further is of the opinion that, for any Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange or other disposition of such Discount Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of OID for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding and disposing of Discount Bonds.

Original Issue Premium on the Bonds

In general, if an owner acquires a Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “premium” on that Bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that result in the lowest yield on such Bond). An owner of a Premium Bond must amortize the premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the premium allocable to that period. In the case of a tax-exempt Premium Bond, if the premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of premium for federal income tax purposes, including various special rules relating thereto, and State and local tax consequences, in connection with the acquisition, ownership, amortization of premium on, sale, exchange or other disposition of Premium Bonds.

Information Reporting and Backup Withholding with Respect to the Bonds

Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification", or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding", which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future or enacted) and such decisions could affect the market price or marketability of the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

SALE AT COMPETITIVE BIDDING

The Bonds were sold at competitive bidding on November 15, 2023.

The Bonds were awarded to Hilltop Securities Inc. (the "Underwriter") at a price to the City that results in underwriting compensation in the amount of \$58,319.84 from the initial public offering prices derived from the yields for the Bonds shown on the inside cover page of this Official Statement. The Underwriter supplied the information as to the initial public offering yields for the Bonds shown on such inside cover page. The Underwriter may offer to sell the Bonds to certain dealers and others at prices lower than the initial public offering prices, or prices derived from the yields, shown on such inside cover page.

FINANCIAL ADVISOR

Davenport & Company LLC, Richmond, Virginia, is employed as Financial Advisor to the City in connection with the issuance of the Bonds. Although the Financial Advisor assisted in the preparation and review of this Official Statement, the Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement.

CONTINUING DISCLOSURE

The City will execute and deliver to the purchasers of the Bonds a Continuing Disclosure Certificate, the form of which is set forth as Appendix E to this Official Statement, pursuant to which the City will covenant and agree, for the benefit of the holders of the Bonds, consistent with the Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, to provide to the Municipal Securities Rulemaking Board (the "MSRB") annual financial information and operating data for the City, including audited

financial statements of the City, within nine (9) months after the end of each fiscal year, commencing with the fiscal year ending on June 30, 2023, and, in a timely manner not in excess of ten (10) business days after the occurrence thereof, notices of certain listed events with respect to the Bonds, as required by Rule 15c2-12 and as more particularly set forth in Appendix E to this Official Statement. The City will also agree to provide notice, in a timely manner, to the MSRB of any failure of the City to provide required annual financial information referred to in the Continuing Disclosure Certificate to the MSRB. The continuing obligation of the City to provide annual financial information and notices referred to above will terminate with respect to the Bonds when the Bonds are defeased or no longer outstanding. Any failure by the City to comply with the foregoing will not constitute a default with respect to the Bonds.

The City failed to timely file its Annual Comprehensive Financial Report (“ACFR”) for the fiscal years ended June 30, 2018, June 30, 2020, June 30, 2021 and June 30, 2022, as required by its existing continuing disclosure undertakings. The City has agreed in certain of its existing continuing disclosure undertakings with respect to certain of its bonds issued prior to the calendar year 2012 to provide annual financial information within six months after the end of each fiscal year (the “Pre-2012 Undertakings”). The City has agreed in certain of its existing continuing disclosure undertakings with respect to certain of its bonds issued in calendar year 2012 and thereafter to provide annual financial information within nine months after the end of each fiscal year.

The ACFR for the fiscal year ended June 30, 2018 was filed on August 16, 2019 and the Additional Information (defined below) for the fiscal year ended June 30, 2018 was filed on May 8, 2020, as described below. The ACFR and the Additional Information for the fiscal year ended June 30, 2020 was filed on March 12, 2021, which constituted a late filing under the Pre-2012 Undertakings only. The ACFR and the hereinafter defined Additional Information for the fiscal year ended June 30, 2021 was filed on March 23, 2022 and March 24, 2022, which constituted a late filing under the Pre-2012 Undertakings only. The City’s ACFR and Additional Information for the fiscal year ended June 30, 2022 was filed on April 10, 2023.

For the fiscal years ended June 30, 2018 and June 30, 2019, the City failed to include in its annual disclosure filings as required by its existing continuing disclosure agreements, annual updates of information relating to assessed value of taxable commercial real property and anticipated borrowing requirements for the City’s Capital Improvement Program (referred to herein as the “Additional Information”). On May 8, 2020, the City filed the Additional Information on EMMA for the fiscal years June 30, 2018 and June 30, 2019. The Additional Information for the fiscal years ended June 30, 2020, June 30, 2021 and June 30, 2022 was filed on the dates set forth hereinabove.

OTHER MATTERS

The City Council has by resolution authorized the distribution of this Official Statement.

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Bonds, the security for the payment of the Bonds and the rights and obligations of the holders thereof.

THE CITY OF ROANOKE, VIRGINIA

By: /s/ Sherman P. Lea, Sr.
 SHERMAN P. LEA, SR
 Mayor

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APPENDIX A

THE CITY OF ROANOKE

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APPENDIX A

THE CITY OF ROANOKE

General

The City of Roanoke, (sometimes also referred to herein as the “City” or “Roanoke”), the largest city in the Commonwealth of Virginia west of Richmond, is located at the southern end of the Shenandoah Valley, approximately 170 miles west of Richmond, 235 miles southwest of Washington, D.C., and 250 miles west of Norfolk. This position in the southeastern U.S. gives Roanoke ready access to nearly two-thirds of the total population of the United States, all within a 500-mile radius of the City. Located at the region’s crossroads of major rail and highway systems, the City serves as the principal trade, industrial, transportation, medical, and cultural center of western Virginia.

Chartered as a city in 1884, Roanoke encompasses a land area of approximately 43 square miles. The City’s population of approximately 99,634 as of July 1, 2022 represents nearly one-third of the population in its metropolitan area, which includes the neighboring City of Salem, the Town of Vinton, and the Counties of Roanoke, Botetourt, Craig, and Franklin.

Government

The City operates under the Council-Manager form of government. The City Council formulates policies for the administration of the City. It is comprised of seven members elected on an at-large basis to serve staggered four-year terms. Officers of the City Council are the Mayor, elected directly by the voters to a four-year term, and a Vice Mayor, who is selected on the basis of the highest popular vote in council elections and serves a two-year term.

The City Council appoints the City Manager to serve as the City’s chief administrative officer. The City Council also appoints the City Attorney, the City Clerk and the Municipal Auditor, each of whom reports directly to the City Council. The City Manager is responsible for implementing the policies of the City Council, directing business and administrative procedures and appointing departmental officials and certain other City employees. The City Manager is aided by three Assistant City Managers. The Director of Finance is aided by the Deputy Director of Finance and Accounting and Systems Manager. The Director of Finance reports directly to the City Manager.

The operation of the public school system in Roanoke is the responsibility of the City School Board (the “School Board”). The City Council appoints the seven members of the School Board to serve staggered three-year terms. The Superintendent of Schools is appointed by the School Board. Local funding for operating public schools in the City is provided by an appropriation from the City’s General Fund to the School Board. The School Board, however, is an autonomous policy-making body in matters governing education and therefore independent of the City Council.

The City Treasurer and the Commissioner of the Revenue are local constitutional officers of the Commonwealth, elected by the residents of Roanoke. The City Treasurer is responsible for the collection of and accountability for all monies payable to the City. The Commissioner of the Revenue prepares the levy of real estate, public service, business, professional and occupational licenses, and personal property taxes as well as processes City residents’ Virginia income tax returns. The Sheriff, the Commonwealth’s Attorney, and the Clerk of the Circuit Court are also local constitutional officers elected by City residents. All constitutional officers serve four-year terms except the Clerk of Circuit Court who serves an eight-year term.

City Administrative Officials

Robert S. Cowell, Jr. assumed his duties as City Manager in September 2017. Prior to that, he served as the Deputy City Planner for the City of Amarillo, Texas. Mr. Cowell has also served as the Executive Director of Planning and Development in College Station, Texas, has held a variety of City Planning positions in Indiana, Michigan, and Missouri, currently serves as a Visiting Assistant Professor to the Department of Landscape Architecture and Urban Planning at Texas A&M University, and his career includes operating as a private consultant to city planners.

Mr. Cowell maintains memberships in a variety of professional and civic organizations including the International City/County Management Association (ICMA), the American Institute of Certified Planners (AICP), Congress for the New Urbanism, the Urban Land Institute, and the Society of American City and Regional Planning History. Mr. Cowell's education includes a Bachelor of Science degree in Aeronautics from Saint Louis University in Missouri and a Master of Science in Urban Planning from the University of Tennessee - Knoxville.

W. Brent Robertson has served as Assistant City manager and Director of Finance for the City since 2022. He previously served as Assistant City Manager for Community Development since joining the City in 2020. Prior to joining the City, Mr. Robertson served as the County Administrator for Franklin County, Virginia from 2015 to 2019, managing 350 employees and a budget of \$148 million. Mr. Robertson also previously served as Director of Management and Budget for Roanoke County, Virginia for over 15 years and was responsible for strategic planning and the development of the County's annual operating and capital budget processes with revenues of \$388 million. Mr. Robertson earned a Bachelor of Science degree in accounting and economics from Radford University, is a graduate of the Master of Public Administration program of James Madison University, and earned a graduate certificate in Local Government Management from Virginia Tech's Center for Public Administration and Policy. He has taught Operating and Capital Budgeting for the Virginia Government Finance Officers Association (VGFOA)'s certification program for 10 years and was a member of GFOA's Committee on Economic Development and Capital Planning. Mr. Robertson is also a licensed CPA in the Commonwealth of Virginia.

Angie O'Brien was appointed Assistant City Manager for Strategy and Community Development in 2023. Ms. O'Brien previously served as the Chief Strategy Officer for the City, overseeing strategic initiatives, performing complex and high-profile tasks, research, and project management. Ms. O'Brien has held various leadership positions in the City's Department of Human and Social Services, in total serving the residents of the City for over 21 years. Ms. O'Brien received a Bachelor of Arts degree with a concentration in Education from Emory and Henry College, holds a Lean Practitioner Certification and a Graduate Certification from Virginia Tech in Local Government Management, and a Master of Public Administration degree from Virginia Tech's Center for Public Administration and Policy. Additionally, Ms. O'Brien is a member of the International City/County Management Association (ICMA).

Samuel Roman was appointed Assistant City Manager on July 1, 2023. Mr. Roman previously served as the Chief of Police for Roanoke from April 2020 through July 2023, leading a department of over 300 employees. Mr. Roman originally retired from the Roanoke Police Department in 2017 after 25 years of service as a police officer for the City. After leaving the Roanoke Police Department in 2017, he became the Chief of Police in Lexington, Virginia, until his return to the City in 2020. Mr. Roman received his Bachelor of Science from Liberty University in Criminal Justice. Mr. Roman has participated in leadership curriculums at Harvard University, Boston College (Senior Management Institute for Police), University of Richmond (Professional Executive Leadership), University of Virginia (Command College for Leadership) and the FBI Academy in Quantico, Virginia. Mr. Roman maintains memberships in a variety of professional and civic organizations, including the International Association of Chiefs of Police (IACP), International City/County Management Association (ICMA) and the Virginia Association of Police. Mr. Roman has previously served on the Board of Directors for Total Action for Progress (TAP) and currently serves on the Rescue Mission Executive Board and the Community Foundation Board of Governors.

Timothy R. Spencer has been the City Attorney for the City of Roanoke since October 2020. Prior to his appointment as City Attorney, Mr. Spencer served as Senior Assistant City Attorney for the City for more than 16 years. Previously, Mr. Spencer served as City Attorney for the City of Danville, Virginia for more than seven years. Mr. Spencer holds a Bachelor of Arts Degree in English from Virginia Military Institute (1983), and a Juris Doctor Degree from the T. C. Williams School of Law at the University of Richmond (1986). Mr. Spencer was admitted to the Virginia State Bar in 1986 and is admitted to practice before, the Supreme Court of Virginia, the United States Court of Appeals for the Fourth Circuit and the United States District Courts for the Eastern and Western Districts of Virginia. Mr. Spencer is a member and past President of the Local Government Attorneys of Virginia. Mr. Spencer has is also a past President of the Virginia Council of School Board Attorneys. Mr. Spencer has served as an adjunct professor for Hampton University, teaching graduate level courses in educational and administrative law.

Amelia C. Merchant, was appointed Director of Finance by the City Manager in 2017 by combining tasks and title from her former position as the Director of the Department of Management and Budget with the Finance Department, and now serves as the Deputy Director of Finance. Ms. Merchant has been employed by the City since

2001, previously serving in the positions of Budget/Management Analyst and Budget Administrator. Ms. Merchant received her Bachelor of Science degree in Physics from Norfolk State University through the Dozoretz National Institute for Minorities in Applied Science (DNIMAS) Program and a Master's Degree in Business Administration from Virginia Tech. She is a member of the Government Finance Officers Association of the United States and Canada (GFOA) and a member of the Virginia GFOA (VGFOA).

Harold R. Harless, Jr., Retirement System Manager, joined the City in 1999. Mr. Harless has served in various positions in the Department of Finance, including positions on the Retirement Administration team, since October 2000. Prior to joining the City, he was employed by First Union National Bank for as a Trust Officer in the Capital Management Group. Mr. Harless received his Bachelor of Business Administration degree from Roanoke College.

Marc Nelson, Director of Economic Development, joined the City in 2011. Mr. Nelson performs professional and administrative functions, managing and directing all activities involving economic development. As Director of Economic Development, Mr. Nelson promotes development through relationships between the City and the business community, economic development agencies, state and regional agencies, and regional institutions of higher education. Mr. Nelson serves as liaison between the City and private sector development in the negotiation and development of performance agreements, evaluation of fiscal impacts, and developing recommendations to the City Manager and City Council. Mr. Nelson leads a staff of six City employees focused on a wide range of economic development initiatives, including business development, business retention and expansion, public-private investment and economic equity. Prior to joining Roanoke, Mr. Nelson worked for the City of Savannah, Georgia and the North Carolina Office of State Budget and Management. Mr. Nelson is a member of the Board of Directors for the Jefferson Center for the Performing Arts and is a classroom reader for the Star City Reads Program. Mr. Nelson received his Bachelor of Arts degree and a Master's degree in Public Administration from the University of North Carolina at Chapel Hill.

Governmental Services Provided by Roanoke

Roanoke provides a full range of governmental services to its residents, including general government administration, emergency services, public safety, public works, recreational activities, judicial administration, health and welfare activities, and community development activities. The City owns and operates a civic center and several parking facilities. The City also provides services through multijurisdictional efforts such as the Western Virginia Water Authority, the Regional Center for Animal Care and Protection, and the Roanoke Valley Resource Authority, and a regional solid waste facility. In addition, the City participates in such commissions as the Hotel Roanoke and Conference Center Commission, the Roanoke Valley Juvenile Detention Commission and the Roanoke Regional Airport Commission and is a member of the Roanoke Valley Broadband Authority.

For budgetary purposes, the City prioritizes these services as defined during the Budgeting for Outcomes process, which the City implemented beginning in fiscal year 2012. The Budgeting for Outcomes process is designed to improve services while obtaining a better return on the investment of public funds. These defined priorities are summarized below:

Community Safety – Assure community safety and judicial needs are met and promote a safe and desirable region.

Economy – Cultivate a thriving business environment and innovative workforce opportunities to ensure the prosperity of the community.

Education – Foster an environment for lifelong learning which encompasses cradle to career and beyond through shared services and community involvement.

Good Government – Provide exceptional, yet cost competitive government services that are collaborative, transparent, responsive, and innovative.

Human Services – Foster a caring community that uses a regional and collaborative approach, which encourages self-sufficiency while providing a social safety net to citizens when they are most vulnerable.

Infrastructure – Maintain and build quality infrastructure that supports healthy residential neighborhoods, successful commercial areas, and accessible public facilities and amenities.

Livability – Enhance Roanoke’s exceptional vitality as an attractive, diverse, culturally inclusive, vibrant and active city in which to live, work and play.

COVID-19

In early 2020, an outbreak of the novel strain of coronavirus emerged globally. In response to the COVID-19 pandemic, the Governor of Virginia declared a state of emergency in the Commonwealth on March 12, 2020, and the United States declared a national state of emergency on March 13, 2020. During the various stages of the state of emergency relating to COVID-19, the Commonwealth issued several executive orders to address the effects of the COVID-19 pandemic. The state of emergency in the Commonwealth expired as of June 30, 2021 and President Biden ended the COVID-19 national public health emergency declaration effective May 11, 2023. With all COVID-related emergency declarations lifted, City operations are currently open without any restrictions.

In the response to the COVID-19 pandemic, the federal government enacted various legislation to provide relief, assistance and stimulus to individuals, businesses and state and local governments in the United States, including the Coronavirus Aid, Relief and Economic Security (CARES) Act. The City received a total of \$17.2 million in the aggregate in fiscal years 2020 and 2021 from CARES funds to assist the City in its response effort. In March 11, 2021, the federal government enacted the American Rescue Plan Act (ARPA) to provide additional funding set forth by the CARES Act. The City received approximately \$64.5 million in total ARPA funding in two tranches provided in fiscal year 2021 and in fiscal year 2022.

Following the end of the state of emergency and COVID-related restrictions in the Commonwealth in June 2021, the Roanoke economy has shown continued signs of recovery from the effects of the pandemic. Local taxes, including real estate and personal property taxes, for fiscal year 2022 continued to perform well with growth of approximately 2.6% over fiscal year 2021. Sales tax, business license tax, and prepared food and beverage taxes all showed record high revenues for fiscal year 2022, indicating a continued recovery of the local economy.

There can be no assurance that future surges in COVID transmission rates, or other novel health outbreaks, will not occur, or that any such future surges will not impact the City’s operations or financial condition. As part of its response to the COVID pandemic, the City formed the Star City Strong: Recovery and Resiliency Advisory Panel to aid and guide the City’s recovery from the effects of the pandemic and the use of the City’s ARPA funding and to develop a strategic plan for the City for post-pandemic recovery. The strategic plan developed by the Star City Strong Advisory Panel will be reviewed by the City annually.

Cybersecurity

The City, like many other municipalities, relies on a technology environment to conduct its operations. As such, it may face multiple cybersecurity threats, including but not limited to, hacking, viruses, malware and other such attacks on computer or other sensitive digital systems and networks. There can be no assurance that any security and operational control measures implemented by the City will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attack could impact operations and/or digital networks and the costs of remedying any such damage could be significant. To transfer and share these risks, the City has purchased a cyber-liability insurance policy. The City has two full-time employees dedicated to cybersecurity functions such as incident response, employee awareness and training, system security updates, and system security audits/assessments. The City has also adopted the U.S. Department of Commerce NIST (National Institute of Standards and Technology) Cybersecurity Framework for their security framework and follows a defense-in-depth strategy to enhance cybersecurity.

ECONOMIC PRIORITY

Economic Development

The City is the cultural and economic center of Southwest Virginia and is the largest city in Virginia west of Richmond. The City is home to nearly 100,000 residents and boasts a balanced and creative economy consisting of services, wholesale and retail trade, construction, manufacturing, transportation, health care, research & development, technology, warehousing, finance, insurance and real estate, public administration, and management of companies and enterprises. There are also industries specifically related to the arts, recreation, utilities and agriculture.

The City's Department of Economic Development (the "Department") continues to focus on traditional economic development initiatives, including: business attraction, retention, and expansion; asset promotion and marketing; and property redevelopment. In addition, the Department is also focusing on growing the City's Innovation and Health Sciences sector as well as on community development efforts centered on equity and entrepreneurship. The Department completed a Strategic Plan in December 2022, incorporating a more detailed focus on the Department's goals and objectives which, as implemented, will enhance the larger mission of growing the City's economy through a strong emphasis on business growth and marketing, business retention and expansion entrepreneurship and innovation, economic opportunity and community vibrancy, and asset and infrastructure development.

The Department continually engages in marketing and communications activities with consistent updates to the Department's website and social media sites, keeping constituents informed while increasing lead generation for new residents, business relocations and capital investments. These outlets include the Department's website, BizRoanoke.com, and its monthly email newsletter, BizNews, as well as the monthly television show, BizRoanoke, with videos showcasing Roanoke's amenities, business leaders and community events. The Department's social media outlets continue to garner regional, national, and international attention with bi-weekly posts, while the Department's staff remains dedicated to serving businesses in the City's growing business community.

As a result of these ongoing efforts, the Department estimates that fiscal year 2023 yielded \$229,377,125 in new investment and created 88 new jobs.

Significant projects have occurred in the following sectors during fiscal year 2023:

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

Manufacturing

A new craft beer brewery was announced in March and opened in late spring of 2023. Blindhouse Beer Co. is a café and tasting room along the Salem Avenue corridor. Blindhouse Beer is the fifth brand in what Roanokers describe as "beer alley", and serves a lineup of farmhouse-style beers on tap and in bottles and kegs.

Finance

In September 2022, Ridge View Bank announced plans to build its corporate headquarters in Roanoke. The 17,000-square-foot building will represent a \$20 million investment and will bring 20 new jobs to the City with plans to expand up to 50 new jobs over the next five years. The state-of-the-art facility will provide a modern, progressive workspace, designed to foster relationships between employees and the community with a new SMART Center, utilizing the latest technology to make financial transactions and information gathering both highly interactive and easier for customers. The headquarters is estimated to be complete in early 2024.

Education

The education sector in the City continues to grow.

Lucy Addison Middle School, part of Roanoke City Public School district, received a \$1,184,275 upgrade, making it a 21st Century Community Learning Center (CLC). This comprehensive after-school program provides academic enrichment for students in a safe and engaging learning environment. There are over 8,900 Community Learning Centers in the country, serving 1.5 million students. Roanoke City Public Schools operates five Community Learning Centers that partner with multiple community agencies that teach life skills and promote character education and social awareness. Enrichment workshops include cooking, mindfulness, art, dance, music, performing arts, healthy life styles, African culture and many more. Parent and family engagement is an important component of the 21st Century programs, with parents attending Family Engagement Programs designed to support student achievement and other educational topics related to literacy, finance, and careers.

The repurposing of the existing William Ruffner Administration Building (formerly a public middle school education facility) to a Career and Technical Education facility began in July 2022 and is a \$14,500,000 investment, consisting primarily of an interior renovation/repurposing construction project with limited exterior building and site work. Exterior building work is limited primarily to storefront and window replacement, a new entrance canopy, new overhead and main door entrances, and new and replacement of existing rooftop HVAC equipment.

Virginia Western Community College (VWCC) announced in August 2022 the offering of two new health care programs. The Physical Therapy Assistant (PTA) and Surgical Technology (ST) programs have been transitioned from Radford University Carilion (RUC). Students will gain clinical experience in the second year and ultimately earn an Associate of Applied Science degree. VWCC will lease space from RUC for the surgical program, which now operates a furnished surgical room where students can get hands-on experience. More than 70% of students who graduate from health care programs at VWCC go directly into the workforce, according to the college.

VWCC is nearing completion of a campus wide pavement rehabilitation project. Spectrum Design is providing engineering services for the improvements being made to parking, access, signage, lighting, and pavement surface conditions. The project is a \$471,000 investment in the City.

VWCC announced in November 2022 a record-high 630 students attending the community college tuition-free as the result of private-public community partnerships that fund the Community College Access Program (CCAP), the largest “free college” program at a Virginia community college. CCAP provides up to three years of tuition for recent high school graduates who meet program requirements, as funding allows.

Healthcare and Innovation

The Healthcare and Innovation sector continues to play an increasingly important role in the City’s economy. Certain projects being done at the Fralin Biomedical Research Institute (“FBRI”) and Carilion Clinic (“Carilion”) have brought ancillary benefits in the form of recent job growth, spin off companies, and increased investment in the community. The following recent investments have been made into this sector:

In April 2023, the City entered into a Memorandum of Understanding (MOU) with the Virginia Department of Housing and Community Development (DHCD) to receive \$15.7 million appropriated by the Virginia Legislature in 2022. The City is partnering with Carilion, the Virginia Tech Corporate Research Center (CRC), Verge, FBRI and VWCC to renovate a former medical office building located along South Jefferson Street in the City’s Innovation Corridor. The project will add more than 30,000 square feet and will be dedicated to advancing business and research in the Roanoke Valley in the coming years, including 10,000 square feet of wet and dry lab space, offices for biomedical and health sciences companies, and the virtual Johnson & Johnson JLABS program. The project will also offer a wide array of educational programs and professional growth opportunities, including the creation of 250 jobs. The City will provide a match of \$1.95 million, bringing the total investment to approximately \$19 million.

Carilion continues to expand its Roanoke facilities, with specific focus on construction of the seven-story Crystal Spring Tower, scheduled to open in Spring 2025. Located just south of the existing Roanoke Memorial

Hospital, the Tower will expand the existing emergency room by 95 additional beds, as well as provide a 40-bed observational unit for cardiovascular procedures. Additional work will include construction of a new building for psychiatric care and a new parking garage with 550 spaces along South Jefferson Street which will begin in third quarter 2023. City Council approved the health care provider's \$300 million expansion in November 2019.

Universal Health Corporation announced the opening of a new outpatient facility, Universal Transitional Care Center, to address the gap in healthcare between a patient's discharge and their return to home. Universal Transitional Care Center is now taking appointments in and will serve the Roanoke Valley and New River Valley. Established in 2012, the Roanoke-based company offers outstanding physicians and mid-level providers committed to providing excellence in patient care. Its innovative care model delivers exceptional results for post-acute and long-term care facilities by meeting a center's goals and objectives while improving financial and operational performance. The company purchased their corporate headquarters at 130 Church Avenue, SW in downtown Roanoke on December 31, 2022 for \$1.5 million and brings a leadership team of 13 professionals and staff to Roanoke.

Construction has started on River Ridge Dermatology, and other medical offices, a \$15 million project located on Brandon Avenue that includes the renovation of existing buildings, and construction of an addition joining the buildings. The project is expected to be completed in Fall 2023.

Carilion Roanoke Community Hospital, which is located at 101 Elm Avenue, SE, is undergoing a partial renovation of its first floor. This project represents an investment of \$2,450,000.

BioLife Plasma Services has committed to expand into the Roanoke Valley making this their fourth location in Virginia with the leasing of space at 4731 Valley View Blvd. The \$3.6 million project announced in December 2022 includes the renovation of the 10,174 square-foot existing commercial space to an outpatient medical office facility with the purpose of collecting and distributing plasma.

Good Samaritan Hospice House announced in October 2022 the purchase of a six-acre property in the 4000 block of Cove Road to open a free-standing hospice house. The one-story, 30,000 square-foot in-care hospice and home care hospice facility will include patient rooms and administrative space. The new facility will offer a home-like setting where people who have a life prognosis of six months or less can be cared for by professional staff. The new campus will include a two-wing, 16-bed hospice house, administrative offices and a community bereavement center and is a \$10,500,000 investment in the City, adding 25 to 30 jobs. The House will also be able to provide short-term respite care for families.

Hospitality and Tourism

South Roanoke Boutique Hotel announced a future complex in the South Roanoke neighborhood featuring an upscale boutique hotel with 23 to 27 rooms and a fine-dining restaurant to seat 150 restaurant patrons. This represents an investment of \$10 million.

Owners of Berglund Automotive and Farrell Family Properties announced in January 2023 the renovation of Colony House Motor Lodge located along the Franklin Road corridor. The property, which has been closed for four years, will become a boutique hotel. The project is an approximate \$500,000 investment with updates offering design and accommodations to attract modern travelers. The property was just placed on the Virginia Landmarks Register in December 2022.

The Berglund Center announced renovations at the 710 Williamson Road location totaling \$1,483,000. The construction project focuses on the Annex Building with renovations to include a 5,700 square foot banquet hall, a 4,672 square foot assembly space, public restrooms, and a warming kitchen.

Historic Fire Station Number One, located at 13 E. Church Avenue in downtown Roanoke, reopened as a new business for the Star City. After 15 years sitting vacant, Old School Partners and Txtur turned the 115-year-old fire station into a retail gallery for Roanoke-based Txtur Furniture, a Nordic-inspired bistro and seven-room boutique hotel. The project represents a \$2.8 million investment and was completed in February 2023.

Transportation

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

In November 2022, Valley Metro began service at the Third Street Station, which is located at the corner of Salem Avenue and Third Street in downtown. This new Roanoke Valley Metro Bus Station was completed June 14, 2023 and provides a range of transit services to address the needs of the community. Services include: fixed route, Starline Trolley which circulates between downtown and the Carilion Clinic Campus, Smart Way which links the Roanoke Valley to the New River Valley, Smart Way Express which directly links Virginia Tech Carilion and the campus of Virginia Tech, and STAR paratransit service. Smart Way also provides a thru-bus connection to Roanoke's Amtrak station. This represents an investment of \$17.5 million.

In July 2022, U.S. Senator Mark Warner (D-Va.) presented \$15 million to the Roanoke-Blacksburg Regional Airport from the Infrastructure and Jobs Act that passed in 2021 for transportation improvements in Roanoke to attract additional air traffic, lower fares and add more flights out of Roanoke. In addition to this announcement, in November 2022, the airport committed to an \$8 million project extending the existing Pedestrian Canopy in the airport parking lot while adding new Pedestrian Canopies to the existing canopy. Four new vehicle entry/exit canopies were also added to the main airport parking lot. The vehicle canopy at the overflow lot across Aviation Drive was replaced with a new canopy with the rental car pedestrian canopy to be extended.

A. Duie Pyle, a premier transportation and logistics provider with headquarters in West Chester, PA, announced an expansion into the City of Roanoke. The company leases a 16-bay, cross-dock service center in northwest Roanoke, creating 25 jobs. According to regional leaders of the company, this location offers key strategic advantages given Roanoke's position on the Interstate 81 corridor. The company has committed \$20 million to its new Virginia locations of Manassas, Richmond and Roanoke's western end. The new jobs based in Roanoke include drivers, technicians, managers and sales staff.

Amtrak service to Roanoke saw an increase of 72.1 percent in July 2022, as compared to July 2021, with 27,374 passengers traveling. This route, which includes stops in Alexandria, Burke Centre, Manassas, Culpeper, Charlottesville, Lynchburg, and Roanoke, also beat its pre-pandemic number with a 31.4 percent increase in July 2022 over July 2019. As the result of this increased ridership of the Amtrak Northeast Regional, a second daily departure from Roanoke, VA to points north began in July 2022, giving customers more flexibility and convenience for travel to Washington, D.C., and to cities in the Northeast and Southwest Virginia. Departures are now available at 6:20 am and 4:30 pm daily from the downtown Roanoke platform to points north.

Retail and Development

In January 2023, developer Ed Walker announced plans for Riverdale Southeast. Working with other experienced developers, this landmark redevelopment project will transform the Roanoke Industrial Center into a mixed use community that will include multifamily housing, retail, commercial, industrial, and outdoor amenities. The project represents a \$70 million investment, which includes a \$10 million forgivable loan provided by the Economic Development Authority for the City of Roanoke with assistance from the City. The project will begin in April 2023 and is expected to take 17 years to complete.

Construction is currently underway on the Randolph Street Project, which is located between Campbell and Salem Avenues, SW in downtown Roanoke. Hist: Re Partners is redeveloping the site to house a five story residential tower and an accompanying office building, as well as green space. The project represents an investment of approximately \$25 million and is expected to be completed in early 2024.

Junior Lofts in downtown Roanoke was completed in February offering, 14 residential units and one commercial space along Franklin Road adjacent to the Federal Building. The property blends contemporary designs with original features, including historic walls and ceilings.

Construction will soon begin on the former Days Inn located at 601 Orange Avenue, NE. The former motel will be transformed into L2L Roanoke Apartments, an adaptive reuse of an existing wood-framed 3-story hotel building to an apartment building. The project represents a \$5,488,850 investment in the City.

Panera Bread located at 1920 Valley View Blvd made a \$1.6 million investment with the construction of a new, 4,200 square-foot freestanding building shell for a future Panera Bread Cafe with patio and drive thru. The new restaurant will be located next to DSW in the Valley View Shopping Center.

Professional Services

The Thomas Mason Commercial Building, located at 105 Franklin Road, was upgraded to include \$2 million in improvements through a renovation and tenant upfit to a first floor office suite for a United States General Services Administration tenant. The space will mainly be used for office area, with a small holding area for detainees and a small weapons storage area.

Blue Ridge Memorial Gardens announced an expansion with the building of a 7,000 square-foot chapel and family community gathering center at their 5721 Airport Road, NW location. This is a \$2 million investment in the City.

Hopkins | Lacy announced the acquisition of a new, approximately 55,000 square-foot fabrication facility in August 2022 in the City of Roanoke’s Statesmen Industrial Park. The \$2.4 million expansion allows for approximately 20,000 more feet of space for production, assembly, staging, new equipment, and improved logistics and coordination. The current fabrication operations moved to the new facility in October 2022, which will house the Fabrication, Service and Special Projects divisions.

ECONOMIC PROFILE

Employment

The chart below shows State, national and City unemployment rates for the past five years ending December 31, 2022. The chart shows that Roanoke’s unemployment rate has typically been lower than the national average and has been relatively consistent with the Commonwealth’s unemployment rates for this period.

Annual Unemployment Rates as of December 31, 2022

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Roanoke MSA *	3.2%	3.1%	4.3%	2.5%	2.6%
Commonwealth of Virginia	3.0	2.8	4.9	3.2	3.0
United States	3.9	3.7	6.7	3.9	3.5

Source: U.S. Bureau of Labor Statistics

* MSA = Metropolitan Statistical Area

Roanoke’s economy is well diversified with all census-defined industries located within its borders, and no industrial sector employing more than 26% of its labor force. This economic base is comprised of healthcare, public administration, retail trade, and accommodation/food services due, in part, to Roanoke’s serving as the regional medical, leisure and cultural center of southwestern Virginia.

The following table sets forth the top 10 employers in the City of Roanoke.

City of Roanoke Major Employers as of December 31, 2022

<u>Employer</u>	<u>Product or Industry</u>	<u>Approximate Number of Employees</u>
Roanoke Memorial Community Hospital	Hospitals	10,000+
Roanoke City Public Schools	Education	1,000+
Carilion Services	Healthcare	1,000+
United Parcel Services	Package Delivery	1,000+
City of Roanoke	Local Government	1,000+
Walmart	Retail	250 to 499
United States Postal Service	Package Delivery	250 to 499
Virginia Western Community College	Education	250 to 499
Anthem	Insurance	250 to 499
Steel Dynamics Roanoke Bar Division	Manufacturing	250 to 499

Source: Roanoke City Community Profile

**City of Roanoke Employment by Industrial Sector
1st Quarter, 2023**

<u>Industry</u>	<u>Employment</u>	<u>Percentage</u>
Health care and social assistance	12,618	23.5%
Retail trade	7,139	13.3%
Accommodation and food services	5,677	10.6%
Transportation and warehousing	4,317	8.1%
Construction	3,885	7.2%
Manufacturing	3,879	7.2%
Management of companies and enterprises	3,035	5.7%
Professional and technical services	2,704	5.0%
Finance and Insurance	2,533	4.7%
Administrative and waste services	2,318	4.3%
Other services, except public administration	2,136	4.0%
Arts, entertainment, and recreation	1,313	2.4%
Real estate and rental and leasing	908	1.7%
Educational services	561	1.0%
Information	407	0.8%
Unclassified	267	0.5%
Total:	<u>53,697</u>	<u>100.0%</u>

Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages – 1st QTR 2023

Construction Activity

The following table presents data on construction activity in the City during recent fiscal years:

Fiscal Year	COMMERCIAL		RESIDENTIAL		TOTAL	
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value
2012-13	567	\$123,146,541	693	\$20,764,757	1,260	\$143,911,298
2013-14	583	107,120,600	709	21,150,152	1,292	128,270,752
2014-15	535	113,585,224	610	17,416,192	1,145	131,001,416
2015-16	541	128,368,145	625	20,843,406	1,166	149,211,551
2016-17	2,302	78,154,510	2,642	43,531,306	4,944	121,685,816
2017-18	2,496	179,936,191	1,556	22,051,158	4,052	201,987,349
2018-19	1,171	109,105,574	1,664	23,021,002	2,835	132,126,576
2019-20	1,155	133,592,810	1,481	29,332,097	2,636	162,924,907
2020-21	963	134,905,663	1,708	28,595,264	2,671	163,500,927
2021-22	852	364,472,441 ⁽¹⁾	1,789	33,990,995	2,641	398,463,436

(1) Roanoke Memorial Hospital Expansion

Source: City of Roanoke, Planning, Building and Development Department, City of Roanoke, ACFR, FY22

Personal Income

The following table compares per capita personal income for the City, the Commonwealth and the United States for the most recent calendar years for which information is available:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
City of Roanoke	\$41,824	\$43,451	\$45,277	\$46,550	\$50,599
Commonwealth of Virginia	55,306	57,799	59,657	62,189	66,305
United States	51,885	54,446	56,490	59,774	64,073

Source: St. Louis Fed

Cost of Living Index

The cost of living index measures regional differences in the cost of consumer goods and services such as housing, utilities, grocery items and transportation, and compares how expensive it is to live in one city versus another. The cost of living in the Roanoke region is 7.9% below the national average.

<u>Region</u>	<u>Index</u>
New York (Manhattan), NY	227.7%
Washington, D.C./Arlington, VA	140.7
Charlotte, NC	97.9
Richmond, VA	96.9
Chattanooga, TN	92.8
National Average	100
Roanoke Region	92.1

Source: www.roanoke.org/data/costs-taxes/ and www.coli.org, 2022-Annual Average

Housing

The following data is presented to illustrate the nature of housing in Roanoke for recent fiscal years:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Number of Single-Family Units	30,331	30,399	30,486	30,526	30,552
Number of Multi-Family Units	<u>16,957</u>	<u>16,811</u>	<u>16,795</u>	<u>16,775</u>	<u>16,649</u>
Total	47,288	47,210	47,281	47,301	47,201
Average Assessed Value – Single Family Unit Value	\$128,453	\$132,091	\$137,947	\$144,237	\$160,296

Source: City of Roanoke, Office of Real Estate Valuation.

The City is committed to providing housing in quality neighborhoods, an important part of economic development, by taking a multi-tiered approach to expanding its housing options and by diversifying housing opportunities. The City leverages federal, local and in-kind contributions from public and private sources with the utilization of Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) funding. CDBG funds are primarily intended to benefit low and moderate income persons and areas and the HOME program is exclusively for housing to benefit those of low or moderate income, including rehabilitation, new construction, homeownership assistance and improvements to rental housing. The City's allocation of new CDBG and HOME entitlement funds for fiscal year 2023 for these two programs totaled \$2,578,530. With carryover, and program income for CDBG and HOME, the adopted fiscal year 2023 budget for housing and community development programs was approximately \$3,324,287 for non-administrative programs related to housing and neighborhood development.

The City encourages economic growth in green-living housing and offers a special tax rate on the use of certain energy-efficient buildings. This program is available for buildings that exceed the energy efficient standards as prescribed by the Virginia Uniform Statewide Building Code by 30% or more.

LIVABILITY PRIORITY

The City of Roanoke has been recognized regionally and nationally for its outstanding quality of life. The City was selected as one of "America's Most Livable Communities" by Partners for Livable Communities, a national, nonprofit organization working to restore and renew communities. Additionally, the City implemented the Parks and Arts program, which provides venues for a wide variety of local and regional artists, dancers, and musicians to showcase their talents, and has also been distinguished through various awards. The program was developed to foster community interaction with innovative arts programming and emphasizes the City's Arts and Cultural Plan goal to bring performing and visual arts directly to its neighborhoods.

Entertainment

Roanoke offers numerous and diverse entertainment choices which contribute to citizens' overall quality of life. One of the primary entertainment venues in Roanoke is the Berglund Center (formerly the Roanoke Civic Center) which includes a 10,500 seat coliseum, a 2,148 seat performing arts theatre, a 14,000 square foot exhibition hall, and a 46,000 square foot special events center. The Berglund Special Events Center is a flexible facility that is suitable for a variety of larger events that require contiguous space such as consumer shows, trade shows and social events and is the largest facility of its kind in southwest Virginia. The Berglund Center features the Roanoke Symphony Orchestra, a Broadway show series, various large-scale concerts, family shows, and sporting events throughout the year. In addition to the Berglund Center, another cultural venue is the Jefferson Center. The Jefferson Center's Shaftman Performance Hall plays host to the Roanoke Ballet, Opera Roanoke, and an array of popular jazz and pop performances.

Center in the Square, located in the core of downtown Roanoke, attracts visitors from across the region, including children from various Virginia school districts. Within the Center in the Square's signature building are fascinating aquariums, a butterfly garden habitat, a retail antique store, and partner organizations including the

Harrison Museum of African American Culture, the Don & Barbara Smith Children’s Museum (Kids Square), the History Museum of Western Virginia, the Mill Mountain Theatre, the Roanoke Pinball Museum, Opera Roanoke, the Mill Mountain Theatre, and the Roanoke Ballet. Located near Center in the Square are the Virginia Transportation Museum and the O. Winston Link Museum where residents and tourists alike can also learn about the City’s history.

The Taubman Museum of Art is a world class 81,000 square foot center for art, entertainment, and cultural events that received the International Architecture Award from the Chicago Athenaeum. The Taubman Museum includes a 16,000 square foot art gallery, an atrium for musical events, an indoor café, and an education center.

Festivals such as Dickens of a Christmas, the St. Patrick’s Day Parade and the Celtic, Strawberry, Peach, and Latino Festivals, along with Local Colors and Roanoke’s Festival in the Park abound year-round along City streets, in Elmwood Park and in the Center in the Square, offering many free monthly activities throughout the year.

Roanoke’s leisure time offerings also include a number of concert venues. An annual summer concert series in Elmwood Park, including Party in the Park, features a variety of musical talent weekly and is sponsored by Downtown Roanoke, Inc. Another similar downtown event, First Fridays at Five, held the first and third Fridays of each of the spring and summer months, benefits local charities. “Movies in the Park” is also held on summer evenings at either Elmwood Park or the Wells Fargo Tower green space adjacent to the City Market building.

Libraries

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

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

The Libraries also offer extensive community partnerships programs to serve the Roanoke community, including Star City Reads, winner of several All-America City Awards and a 2021 Virginia Municipal League Innovation Award. Star City Reads is a citywide coalition of 36 community partners, spearheaded by the Libraries and in coordination with the Campaign for Grade Level Reading, to improve the grade-level reading outcomes of

Roanoke children. Star City Reads also coordinates with the RCPS to engage students at home and in the classroom and increase literacy through book distribution, education, and family events. The Libraries coordinate all book distribution for Star City Reads with over 180,000 books given to Roanoke's children since 2012. In June 2019, the City was awarded the first ever All America City Hall of Fame Award for the work of Star City Reads and the Feed and Read initiative. The Libraries' Feed and Read program is a partnership with Feeding America, providing free USDA-approved meals and literacy activities for children year round at every library has served 210,000 meals since its beginning in 2012. Since 2014, the Libraries, through an initiative with the Life Ring Foundation, also distributed the Roanoke Baby Board Book to every child born at Carilion with the support of Turn the Page volunteers. Turn the Page volunteers have distributed the Roanoke Baby Board Book to more than 25,000 children born at Carilion Clinic. In 2021, following the success of the original English version, this program was expanded to reach the thousands of Spanish-speaking families in the area with the Roanoke Baby Bilingual Board Book. The Libraries also distributed 20,000 additional bilingual books to local hospitals to promote early literacy. Since 2021, the Libraries have received over 41,000 books through large donations from the SOHO Center to extend children's literacy initiatives at all grade levels throughout Roanoke. With these and many more programs, the Libraries continue to promote equal access to education for all of the Roanoke Valley with innovative programs for children, teens, and adults.

Parks and Recreation

The City enjoys a unique combination of urban amenities surrounded by significant natural beauty and outdoor and recreational activities. The City's Parks and Recreation Department manages 69 parks, plazas, and greenways; supports more than 100 cultural events on an annual basis; and serves more than 115,000 individuals through more than 2,000 recreation programs.

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

The Appalachian Trail and Blue Ridge Parkway surround the City. The City's greenway system continues to grow and develop, gaining favor with visitors as well as residents of the Roanoke Valley. More than 25 miles of paved trails currently exist. The Lick Run, Garden City, Tinker Creek, Murray Run, Mill Mountain, Read Mountain, and Roanoke River greenways serve thousands of patrons annually. The City continues to enhance accessibility to roadways and trailways for cycling enthusiasts and is a "Bicycle Friendly Community." With more than 100 miles of trails, the City has become a national destination for mountain biking enthusiasts. Together with neighboring localities, the region received the Silver Ride Center designation from the International Mountain Bicycling Association, the only such center on the East Coast.

The Roanoke Department of Parks and Recreation (PLAY Roanoke) is a full-service, nationally accredited municipal agency providing thousands of recreational opportunities throughout an extensive park system. It was initially accredited in 2008 through the Commission for Accreditation of Park and Recreation Agencies, was reaccredited in 2013, 2018, and again in 2023, and is one of only 192 accredited parks and recreation agencies throughout the US. The department currently employs 70 full-time employees and more than 150 part-time and seasonal employees. The Parks and Recreation Department's mission is to "Build a welcoming community through PLAY" and its vision is to "Be the reason people choose Roanoke." The department's core values are Health and Well-Being, Inclusion, Service Excellence, and Sustainability.

The City's parks and recreation system includes many natural assets, including the 660-acre Mill Mountain Park located within the corridor of the National Park Service's Blue Ridge Parkway. This regional park serves as a gateway to Roanoke and brings in nearly 300,000 visitors annually. The park includes picnic facilities, overlooks, multi-use trails, and the Mill Mountain Zoo. Also within the park is Discovery Center, an award-winning interpretive center. Additionally, Carvins Cove Natural Reserve at 11,363-plus acres provides nearly 60 miles of multi-use trails for hiking and mountain biking as well as other outdoor activities including kayaking, canoeing, fishing and picnicking. Roanoke has nearly 13,000 acres of parkland in total. Parkland includes 69 park properties, eight community centers, 55 practice and/or competitive ball fields, 34 outdoor basketball courts, 51 tennis courts, 75 playgrounds, two Olympic-sized swimming pools, one gymnasium, a skate park, two disc golf courses, and over 100 miles of trails. The City's greenway system has become one of its most treasured assets with over 25 miles of greenways within the City limits and two additional miles under development.

The Parks and Recreation Department offers more than 2,000 programs annually in 10 specialized programming areas: adult athletics, outdoor recreation, environmental education, travel, youth development, fitness and wellness, cultural arts, events, and youth athletics. The department also collaborates with Roanoke County Parks, Recreation and Tourism in offering recreational programming for citizens with disabilities. Each year, the City contributes both funding and in-kind support to this program.

Outdoor recreation also includes several annual foot races through the City. The Blue Ridge Marathon, a nationally recognized foot race held in April of each year (except 2020 due to COVID-19) to benefit and preserve the Blue Ridge Parkway, is one of the most challenging and beautiful marathons in the nation attracting well over 1,000 runners. The annual Drumstick Dash, a fundraiser for the Roanoke Rescue Mission, has become a Thanksgiving Day tradition for the last 17 years. The City and surrounding jurisdictions hosted the IRONMAN 70.3 Virginia’s Blue Ridge in 2021, 2022 and 2023.

Other nearby outdoor recreational attractions include the Jefferson National Forest, Appalachian Trail, Smith Mountain Lake, Dixie Limestone Caverns, Natural Bridge, and Explore Park.

Shopping Malls and Retail Areas

In addition to the bustling Downtown area which includes the Roanoke City Market and surrounding restaurants and specialty stores, the residents of Roanoke enjoy a variety of shopping opportunities. Over 275 stores are located in the metropolitan area’s three regional malls. Numerous community, neighborhood, and discount shopping centers are conveniently dispersed throughout the area.

DEMOGRAPHIC PROFILE

Population

The City of Roanoke is the Commonwealth’s largest city west of Richmond and the economic center of western Virginia. The metropolitan statistical area, of which the City is the focal point, includes the Cities of Roanoke and Salem, the Town of Vinton, and the Counties of Roanoke, Botetourt, Craig and Franklin with a combined population of 313,734 (Weldon Cooper Center estimate as of July 1, 2022). Recent population statistics for the City as of July 1 of each year are presented below.

2010 (U.S. Census)	97,032
2018 (Weldon Cooper Center estimate).....	100,494
2019 (Weldon Cooper Center estimate).....	100,444
2020 (Weldon Cooper Center estimate).....	99,985
2021 (Weldon Cooper Center estimate).....	99,883
2022 (Weldon Cooper Center estimate).....	99,634

EDUCATION PRIORITY

Profile of the School District

The City shows a strong commitment to education by providing more funding toward education than any other area of government. Through a negotiated school funding formula between the City and Roanoke City Public Schools (“RCPS”), 40% of local tax dollars are provided to RCPS, which equates to more than \$94.7 million budgeted for fiscal year 2023. The total school division expenditure budget for fiscal year 2023 is \$292.3 million.

During the 2021-22 school year, RCPS provided a comprehensive program of study for 13,664 students in grades pre-kindergarten through twelve. In 2021-22, there were seventeen elementary schools, five middle schools, two high schools, the Roanoke Valley Governor’s School for Science and Technology, a vocational school, two alternative education facilities, adult education programs, and preschool programs for at-risk children.

All of Roanoke City schools were accredited for the 2021-2022 school year. Accreditation ratings are based on performance during the previous school year.

HIGHER EDUCATION

Twenty-two institutions of higher learning, enrolling over 91,000 students, are located within a 60-mile radius of Roanoke. Virginia Tech, which is located in Blacksburg, 35 miles from Roanoke, is a major educational institution with over 30,000 students. Institutions located in the City include the Virginia Tech – Carilion School of Medicine, Virginia Western Community College, and Radford University – Carilion (formerly the Jefferson College of Health Sciences). Other institutions within close proximity include Hollins University, Radford University, Roanoke College, and Ferrum College.

SAFETY PRIORITY

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

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

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

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

The E-911 Emergency Communications Center provides enhanced 911 (E-911) service 24 hours a day for wireline and wireless 911 calls. All cellular vendors provide Phase II GPS technology which assists with location information as mandated by the Federal Communications Commission (FCC). The agency is equipped with a Computer Aided Dispatch (CAD) System with mapping capability to assist with identifying the location of wireless callers. This system enables the dispatcher to provide basic medical information while sending the appropriate public safety entity during a medical emergency. Roanoke E-911 is one of the first 911 centers accepting text to 911 calls from the four major wireless carriers. In March 2021, Commission on Accreditation of Law Enforcement Agencies (CALEA) reaccredited Roanoke E-911. Roanoke E-911 is also a P33 certified training agency, a designation earned by meeting or exceeding all of the emergency communications center training standards set by the Association of Public-Safety Communications Officials (APCO) International.

Since the outbreak of COVID-19, the E911 Center has continued to research ways to continue 911 services during a pandemic or any state of emergency. In 2021, the agency acquired Virtual Private Network (VPN) laptops that will allow 911 services to continue remotely.

In September 2020, the City completed construction on a new 911 facility called the Blue Hills Communication Center. The City believes this facility is unique in that it is a partnership between the City and Virginia 811. Virginia 811 provides the ‘call before you dig’ services for utility companies for the entire state and operates a call center of approximately 80 personnel. Combining these two similar functions into one facility not only saved costs by avoiding duplication of common requirements but the City believes that this will also lead to long-term collaboration between public safety and utilities. The new facility incorporates many features to ensure these critical functions remain in operation. These include resilient electrical rooms, uninterruptable power sources and emergency generators. The building was also designed with state of the art provisions such as geographically diverse points of entry into the facility with significant room for growth and air conditioning and fire safety systems designed for data centers. The new construction improved the connection to the valley radio system from a single connection to a triple redundant connection. As part of the design the City also increased the number of dispatch positions from 15 to 24 with room for additional growth. These additional positions provide more flexibility to surge operations for major events. The new facility also has a small amount of space for personnel to stay overnight in the event travel conditions are hazardous. Overall, the new facility has improved the City’s ability to serve the citizens.

In November 2018, the City implemented a new CAD (Computer Aided Dispatch) system. Among the enhancements, this system provided the Automated Secure Alarm System Protocol (ASAP). ASAP provides two-way communication between alarm monitoring companies and the E-911 center. This shortens the amount of time and increases the accuracy of reporting burglar, fire and other emergency alarms. This ultimately means shorter response times and better service to Roanoke’s citizens. Roanoke was one of the first E-911 centers west of Richmond to implement this capability. Another key feature is the integration of enhanced location services for wireless devices. The E-911 center now automatically receives location information from enabled devices that use all the sensors available to the phone. In the past, 911 call location for these devices was limited to GPS location, which was easily affected by buildings, vegetation and other factors. Often this enhanced location is significantly more accurate than that provided by GPS. In addition, a fully redundant hardware and software infrastructure was implemented at the E-911 back-up facility in Roanoke County.

The City, along with the Counties of Roanoke and Botetourt, and the Town of Vinton, jointly participate on the Advisory Board which is responsible for the general fiscal and management policies for the Regional Center for Animal Care and Protection (“RCACP”). Each participating locality pays monthly amounts for its share of operating costs, debt service, and to fund reserves for the operating and maintenance needs of the RCACP based on the locality’s average use of the facility.

HUMAN SERVICES PRIORITY

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

In 2021, 1,936 households were prevented from entering homelessness through Central Intake, the Community Housing Resource Center, Total Action for Progress’ (“TAP”) Supportive Services for Veteran Families (“SSVF”) program, the Presbyterian Community Center, and Roanoke Area Ministries. Critical housing services for individuals and families to quickly exit homelessness and stabilize in permanent housing are also provided. In 2021, 238 individuals were rapidly re-housed through the Community Housing Resource Center and TAP’s Supportive SSVF program. The City of Roanoke’s Homeless Assistance Team placed 123 individuals in permanent housing in

2021. ARCH Services provided permanent supportive services to 49 veterans and chronically homeless individuals in 2021.

INFRASTRUCTURE PRIORITY

The focus of this priority is to proactively and efficiently maintain the infrastructure or fundamental capital assets required to support the operation of City activities and deliver essential services. It includes the City's streets and rights of way, parks, information technology equipment and software, fleet and capital equipment, buildings, greenways, public spaces, and stormwater facilities. Many types of infrastructure necessary for the community to function are provided by other agencies or companies such as the Western Virginia Water Authority, Roanoke Regional Airport, Norfolk Southern, Virginia Department of Transportation (VDOT), and utility companies.

Transportation

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

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

The City's public parking system in downtown includes seven garages and four surface lots, and the monitoring and enforcement of on-street parking. The parking system offers competitive daily, overnight, and monthly rates, and, at limited locations, free after hours and weekend parking.

Highways

Located approximately equidistant between New York City and Atlanta, Roanoke is connected to the nation's network of interstate highways by Interstate 81, which runs north and south through the Shenandoah Valley of Virginia. U.S. Route 460, connecting the City to Virginia's Tidewater port facilities and other interstate routes, provides direct east-west travel. U.S. Routes 220 and 11 provide alternate arteries for automotive traffic in the City's metropolitan statistical area. Interstate 581 connects the downtown and Roanoke-Blacksburg Regional Airport directly with Interstate 81 and U.S. Route 220. Additionally, Interstate 73, which will run from Michigan to South Carolina, is proposed to follow a route passing through Roanoke along Interstate 581. To ensure this occurs, the Interstate 73 Coalition has been formed and includes the City of Roanoke, Roanoke County, Franklin County, Henry County, and the City of Martinsville. The focus of the Coalition is to raise awareness of the project and its benefits for the area, and generate action towards construction. Once completed, the increased connectivity to the Roanoke area is anticipated to have a significant positive economic impact.

The Public Works Department uses bond funding to support capital improvements and maintenance activities within the City's rights of way. This work includes maintenance, repairs and replacement of bridges and other structures, construction of new curbs, gutters, and sidewalks, maintenance and repairs to existing curbs, gutters, and sidewalks, construction of new and maintenance of existing stormwater conveyances, and construction of new street scape projects. These efforts are intended to ensure that City assets are appropriately maintained to extend their service lives and to ensure that new construction supports the City's comprehensive plan, of which a significant element is to make Roanoke more walkable, bikeable, and comfortable for all users of the City's streets.

Railroad

Roanoke was established in the late 1800s at the junction of the Norfolk and Western and Shenandoah Valley railroads. In 1982, N&W and Southern Railway were consolidated into Norfolk Southern, now one of the nation's largest and most prosperous rail transportation companies.

In August 2013, Norfolk Southern, Amtrak, the City of Roanoke and the Commonwealth of Virginia entered into an agreement to extend the Amtrak Virginia regional intercity passenger rail service from Lynchburg to Roanoke and provide direct same seat service as far north as Boston. To date, the City has completed infrastructure improvements to facilitate the construction of the boarding platform and passenger rail siding; and design and engineering of the rail siding are currently underway. The City has vacated a portion of the existing right-of-way along Norfolk Avenue for the construction of the passenger rail siding and platform by Norfolk Southern, using funding provided by the Commonwealth of Virginia. It is estimated that passenger rail service between Roanoke and Lynchburg will lead to future job creation and economic growth in the Roanoke metropolitan area. The passenger rail system extending to Roanoke first entered operation in the fall of 2017.

Air Transport Services

The Roanoke-Blacksburg Regional Airport is served by Delta Airlines, regional affiliates of United Airlines, regional affiliates of American Airlines, and Allegiant Air. These airlines offer approximately 40 scheduled airline flights arriving and departing daily, with nonstop departure flights to six major hubs, with one stop service to nearly 500 cities worldwide. Regional and/or full sized jet service is available from Roanoke to the eight destinations of Atlanta, Charlotte, Chicago, New York, Philadelphia, Washington-Dulles, Orlando/Sanford, and St. Petersburg.

The Roanoke Regional Airport Commission, an independent subdivision of the Commonwealth of Virginia created in 1987, owns and operates the airport. The City of Roanoke and the County of Roanoke each appoint members to the Commission. The City of Salem joined the Airport Commission in 2020.

The airfield consists of approximately 900 acres, with two runways. One runway is 5,810 feet long, and the other is 6,802 feet long to facilitate safe aircraft operations in adverse weather conditions. Both runways are equipped with instrument landing systems. A six-gate, 98,000 square foot passenger terminal serves the airport.

During 2022, approximately 518,152 passengers passed through the airport, and 37,763 scheduled aircraft operations took place. Roanoke-Blacksburg Regional Airport's primary and secondary passenger service areas extend outward over a 60-mile radius, encompassing at least 19 counties, including three in West Virginia. One full service and two specialty fixed base operators are located on the field, including a fully certified flight school.

In addition to air passenger carriers and general aviation users, two major air cargo companies (FedEx and UPS) fly into and out of the airport on a scheduled basis. In 2022, these two and other cargo companies carried over 24,000 tons of cargo. United States Customs provides services upon request.

Truck and Bus Service

A number of interstate carriers are authorized to operate in the area. Specialized trucking services in the region include hauling and rigging, tank trucks, household moving, and parcel delivery.

Passenger bus service is available via Greyhound Bus Lines, with numerous schedules daily for local and long distance travel.

GRTC, also known locally as Valley Metro, is owned by the City, provides local bus service for approximately 2.5 million passengers annually. GRTC provides transportation along routes throughout the City with access to specific destinations by way of the "Smart Way" Bus. The Smart Way is a commuter bus service that links the Roanoke Valley to the New River Valley. The Smart Way begins service at Campbell Court, with stops at the Hotel Roanoke, the Roanoke Regional Airport, two park and ride lots along Interstate 81 at exits 140 and 118A, Laurel

Street, the Virginia Tech Corporate Research Center, Main Street in downtown Blacksburg, and the Squires Student Center on the campus of Virginia Tech. Rider fare is only \$4 each way.

GRTC also offers the “Smart Way Express” which is a specialized service created to connect students, professors, researchers, and patients to the Virginia Tech main campus in Blacksburg, VA and the Virginia Tech Carilion School of Medicine and Research Institute (VTCRI) located in downtown Roanoke. This service is provided free of charge to anyone with a valid Virginia Tech, VTCRI, Carilion Clinic, or Radford University ID. All other members of the general public can access this service on a first-come, first-served basis for just \$4.

Water and Wastewater Pollution Control

The Western Virginia Water Authority (Water Authority) was formed in July 2004 by the consolidation of the City’s and the County of Roanoke’s drinking water and wastewater pollution control functions. Franklin County later joined the Water Authority as a member locality and Botetourt County joined in 2015. The Town of Boones Mill’s utility system was acquired in December 2021, and on July 1, 2022, the Authority acquired the Town of Vinton’s water and wastewater systems. The Water Authority’s mission is to ensure an adequate supply of drinking water and wastewater treatment for Roanoke Valley residents. The Water Authority provides drinking water to over 159,000 residential and commercial accounts and wastewater service to more than 186,000 residents throughout the entire Roanoke Valley through contracts with other area localities. The Water Authority is governed by an eight-member board, with three members appointed by the City of Roanoke, three members appointed by Roanoke County and one member each appointed by Franklin County and Botetourt County.

The Water Authority owns and operates the Carvins Cove Reservoir and Filtration Plant, the Spring Hollow Reservoir and Treatment Plant, the Crystal Spring Filtration Plant, and the Falling Creek Reservoir and Filtration Plant. The Water Authority maintains 1,222 miles of water mains, 977 miles of sewer mains and 5,612 fire hydrants in the service area. It treats more than 46 million gallons of wastewater every day.

Pursuant to an Operating Agreement among the City, the County, the Water Authority and the Virginia Resources Authority, the Water Authority assumed certain liabilities of the City of Roanoke and Roanoke County representing obligations secured by revenues related to the respective drinking water and wastewater utilities. The Water Authority agreed to pay to the City and the County amounts equal to debt service due on the localities’ liabilities not legally assumed by the Water Authority. The City’s obligations not assumed by the Water Authority include the City’s general obligation debt issued by the City for its Water and Water Pollution Control Enterprise functions. The Water Authority has agreed to pay to the City amounts equal to debt service on this general obligation debt. The Water Authority has covenanted under the Operating Agreement to fix, charge and collect rates, fees and charges sufficient to pay expenses of the Water Authority and pay debt service on assumed obligations and the City’s affected general obligations.

GOOD GOVERNMENT PRIORITY

The pillars of good government are strong and accountable leadership; competent and motivated employees; efficient and effective operations and responsible financial management.

Budgetary Procedures

The City Charter requires the City Manager to submit a balanced budget to the City Council at least 60 days prior to the beginning of each fiscal year. The annual budget process begins with a strategic planning session with City Council in October of each year. Based upon the planning session strategy, the City develops its annual budget utilizing Program Based Budgeting (PBB) principles, a subset of the Priority Based Budgeting process, which connects local government resources with the results most important to the community. More specifically, the process entails departments submitting requests for appropriations in support of these programs. Prior to budget development an initiative to collect insights and new ideas is undertaken through a phased information gathering process called for in the Budget Preparation Manual. Following the receipt of budget requests, reviews are conducted by staff in the Division of Management and Budget and the Budget Committee. Following a detailed budget development process, including monthly Budget/Financial Planning Work Sessions with City Council, the City Manager prepares a

recommended budget for submission to the City Council and citizens for input. The recommended budget includes any proposed adjustments in tax rates and fees for services.

The proposed budget of Roanoke City Public Schools, which includes local funding from the City of Roanoke, is submitted to the City Manager for incorporation into the budget development and adoption process. The City Council makes an annual appropriation of local funds to the School Fund, adopts the School Fund budget, and authorizes school capital projects.

After a public hearing and work sessions with the City Council, the recommended budget, as may be amended, is adopted in final form by the City Council. During the fiscal year, monthly reviews of revenues and expenditures are undertaken by the Department of Finance. Subsequently, monthly financial reports are prepared and presented to the City Council.

The public hearing for the adoption of the fiscal year 2024 budget occurred on April 27, 2023 and the City Council adopted the fiscal year 2024 budget on May 8, 2023.

The City received the GFOA Distinguished Budget Presentation Award for its annual budget document for fiscal year 2023 and is currently preparing the submission package to the GFOA for the fiscal year 2024 fiscal year budget presentation award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, financial plan, operations guide, and communications device. The City has been a recipient of the Distinguished Budget Award for the last 38 consecutive years.

Annual Comprehensive Financial Report (ACFR)

Roanoke's Annual Comprehensive Financial Report (ACFR) includes the funds utilized to provide financial accountability for City operations. Each fund is considered to be a separate accounting entity and consists of the following major funds: General, Debt Service, Capital Projects, Enterprise, Internal Service, and Fiduciary. These funds are described in more detail in the ACFR and in the audited financial statements attached as Appendix B to this Official Statement. Since 1973, the City's financial statements have been audited annually by independent certified public accountants. The most recently completed audit, for the fiscal year ended June 30, 2022, was performed by Brown Edwards, Certified Public Accountants, Roanoke, Virginia.

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Roanoke, Virginia, for its ACFR for the fiscal year ended June 30, 2022. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR, whose content conforms to program standards. The ACFR must satisfy both U.S. generally accepted accounting principles and applicable legal requirements. A copy of the GFOA Certificate of Achievement is included in the introductory section of the ACFR and is valid for a one year period. The City has received a Certificate of Achievement for 48 years. The 2022 ACFR was prepared in conformity with the Certificate of Achievement program requirements and standards, and has been submitted to the GFOA to determine its eligibility for another certificate.

The accounting policies and procedures utilized by the City are in accordance with generally accepted accounting principles. Entity wide statements provide information about the City as a whole using the full accrual basis of accounting, which is the method used by most private-sector enterprises. All current year revenues and expenses are reported in the Statement of Activities regardless of when cash is received or paid. The modified accrual basis of accounting is used for the General, Debt Service, Special Revenue and Capital Projects Funds. Under this method, revenues are recognized in the accounting period in which they are objectively measurable and available. Expenditures, other than principal and interest on long-term debt and compensated absences, are recorded when the related liability is incurred. Principal and interest on long-term debt and compensated absences are recognized when due. Enterprise Funds, Internal Service Funds, Pension and OPEB Trust Funds are accounted for on the accrual basis of accounting.

The activities of Roanoke City Public Schools are reported separately as the School Component Unit. The School Board issues a separately published ACFR reflecting the operations of the public school system as a legally

separate entity. The School Board's operations are included in the City's ACFR in the form of a discretely presented component unit. Although legally separate, the City must include component units in the City's financial reporting for fair representation in conformity with Generally Accepted Accounting Principles.

The Greater Roanoke Transit Company (GRTC) is also a discretely presented component unit and has a seven-member board composed of two City Council members, two City employees, one regional customer, one representative of the physically challenged community and one citizen of the community at large. GRTC issues separately published financial statements reflecting the operations of the public transit system as a legally separate entity.

The audited Annual Comprehensive Financial Report of the City for the fiscal year ended June 30, 2022 is available on the City's website at www.roanokeva.gov or from the Director of Finance, Noel C. Taylor Municipal Building, Room 461, 215 Church Avenue, S.W., Roanoke, Virginia 24011.

Financial Policies

Financial policies serve as the framework for the financial operation of City government as well as the basis for budget development. Policies are in place to provide guidance in the areas of budget, expenditures, reserves, revenues, and debt management. The City's Reserve and Debt Management Policies include specific review and target dates to ensure the policies provide appropriate guidance and are representative of the current economic climate. The policies also include a requisite bi-annual review to ensure the policies reflect the most current information and take into consideration any regulatory requirements as well as any changes specific to the City's financial condition.

Investment Management

The City's investment and cash management program is directed by the City's Investment Committee which is comprised of representatives from the Office of the Treasurer and the Department of Finance.

City funds are invested in accordance with the laws of the Commonwealth. The City Treasurer has established an investment policy, the objectives of which are to ensure safety and repayment of principal, provide flexibility to meet cash requirements, maximize investment of all available funds, obtain the highest competitive yield on investments and ensure investments are in compliance with the Reporting and Disclosure Regulations of the Governmental Accounting Standards Board. In accordance with its investment policy, the City has never invested in instruments referred to as derivatives or structured investment products related to sub-prime mortgages and does not employ leverage in its investments.

During fiscal year 2022, the City's portfolio size was approximately \$195.7 million. This included investments of the governmental funds, proprietary funds and fiduciary funds, but excluded the City's Component Units, Hotel Roanoke Conference Center Commission (HRCCC), Pension Plan Trust Fund and OPEB Trust Fund. The funds are invested in money market accounts, U.S. Treasury/Agency obligations, the Local Government Investment Pool managed by the Commonwealth of Virginia, the Virginia Investment Pool and certificates of deposit. The City's investment decisions are guided by its investment policy.

GENERAL FUND REVENUE AND EXPENDITURES

The following is a discussion of the General Fund revenue structure and major classifications of General Fund expenditures. The information is based on audited data as of June 30, 2022. See Appendix B to this Official Statement for the audited general purpose financial statements of the City relating to the General Fund for the fiscal year ended June 30, 2022.

Revenues

General Property Taxes. An annual ad valorem ("according to value") tax is levied by the City Council on the assessed value of real and personal property located within the City as of January 1 in the fiscal year preceding the fiscal year in which the tax is levied and due. The ratio of the assessed value of real property to its estimated fair

market value is 100% as required by the Code of Virginia. During a reassessment, all property values are examined and adjustments are made where necessary to guarantee all property is assessed at market value. Real property taxes are payable in two installments, on October 5 and April 5 of the fiscal year in which they are levied. Personal property taxes are due on May 31, and are prorated in cases where a taxpayer owns the property only part of the year. A portion of personal property tax is paid by the Commonwealth of Virginia in accordance with the Personal Property Tax Relief Act. For fiscal year 2022, property taxes (including penalties for late payment of prior years' taxes) represented 41.4% of total General Fund revenues.

Other Local Taxes. The City levies various other local taxes including sales and use taxes, a tax on consumer utility bills, business, professional and occupational license taxes, a cigarette tax, a transient lodging tax, and a prepared food and beverage tax. Other local taxes represented 27.7% of total General Fund revenues for fiscal year 2022.

Intergovernmental Revenue. The City and its School component unit receive revenue from the Commonwealth of Virginia for a portion of shared expenses including certain expenditures for social services, the operation of constitutional offices, non-categorical aid, law enforcement, highway construction, operation of correctional facilities, and education. Revenues from the Commonwealth of Virginia and Federal government represented 23.9% of total General Fund revenues in fiscal year 2022.

Other Revenues. Other sources of revenue represented 7.0% of total General Fund revenues in fiscal year 2022 and include permits, fees, licenses, fines, forfeitures, rents, interest, charges for services and miscellaneous revenues.

Expenditures

Costs of General City Government. Payments for the costs of the operation of the City are made from the General Fund. Such costs include expenditures for general and judicial administration, public safety, public works, health and welfare services, community development, parks, recreation, and cultural and economic development. This classification represented 61.2% of total General Fund expenditures and net transfers during fiscal year 2022.

Costs of Education. A portion of the taxes levied by the City fund the operation of the City of Roanoke Public Schools. The local funding of the School Board component unit represented 27.6% of total expenditures and net transfers from the General Fund in fiscal year 2022.

Transfers to GRTC. Transfers are made in the form of operating subsidies or to fund capital projects. During fiscal year 2022, such transfers represented 0.5% of the total General Fund expenditures and net transfers.

Transfer to Debt Service Fund. Debt service requirements on City general government indebtedness are paid by a transfer from the General Fund to the Debt Service Fund. During fiscal year 2022, such transfers represented 4.0% of the total General Fund expenditures and net transfers.

Transfers to Other Funds. Transfers are made to fund capital projects and provide local match on grants. Transfers are also made to proprietary funds in the form of operating subsidies or to fund capital projects. During fiscal year 2022, such transfers represented 6.7% of the total General Fund expenditures and net transfers.

Summary of General Fund Revenues and Expenditures

The summary statement for the fiscal years 2019 through 2022 in the table below has been compiled from the audited general purpose financial statements. Data for fiscal year 2022 should be read in conjunction with the related general purpose financial statements and notes thereto appearing in Appendix B to this Official Statement. Fiscal year 2023 data is preliminary and unaudited. Additional detail on the adopted budget for fiscal year 2024a is described below under the heading "Fiscal Year 2024 Budget Highlights" and the complete adopted fiscal year 2024 budget is available on the City's website.

**General Fund
Fiscal Year Ended June 30**

	2019	2020	2021	2022	Preliminary 2023	Adopted Budget 2024
Revenues:						
Local Tax	\$204,319,350	\$204,306,603	212,256,761	\$224,628,930	\$236,668,726	\$250,332,400
Permit Fees	1,182,535	1,202,393	1,324,087	1,949,141	1,415,025	1,932,500
Fines and Forfeitures	1,183,005	1,061,114	863,283	758,877	637,478	769,000
Rental Income	279,409	137,561	161,481	277,138	306,140	-
Investment Income	786,573	386,787	84,027	195,189	3,967,116	1,736,000
Intergovernmental	73,631,726	74,419,878	75,188,311	77,764,539	85,384,677	81,899,000
Charges for Services	17,302,622	17,162,967	17,174,267	18,263,122	17,680,959	17,736,000
Miscellaneous	807,394	879,961	2,676,784	1,213,464	877,331	995,100
Total Revenues	299,492,614	299,557,264	309,729,001	325,050,400	346,937,452	355,400,000
Expenditures:						
General Government	19,738,378	20,580,134	21,698,776	22,457,915	28,086,904	29,507,190
Judicial administration	8,589,533	8,911,364	8,507,511	9,523,981	9,865,269	10,369,763
Public Safety	67,033,038	67,082,886	60,920,437	72,157,056	76,469,842	79,475,213
Public Works	32,697,492	30,732,556	30,876,459	32,095,557	29,640,406	34,831,809
Health and welfare	39,603,461	41,040,289	41,957,631	44,193,663	47,792,124	48,445,447
Parks, recreation and cultural	9,616,230	9,937,193	9,658,377	10,753,631	11,005,225	11,900,139
Community development	10,090,218	9,817,366	8,786,243	10,690,408	10,309,519	12,681,314
Nondepartmental						6,001,859
Transfers (net):						
School Board Component Unit	83,340,423	83,439,689	86,847,413	91,266,398	96,181,038	101,481,211
Greater Roanoke Transit Co.	1,991,161	2,031,161	-	1,773,432	1,773,432	2,163,000
Debt Service Fund	12,792,448	12,608,931	11,601,331	13,096,822	15,406,681	14,129,027
Capital Projects fund	6,791,408	10,652,065	8,518,926	15,368,549	4,899,697	2,844,137
Other	2,540,465	442,198	4,842,132	5,610,655	5,878,187	1,569,891
Total Expenditures and Net Transfers	294,824,255	297,275,832	294,215,236	328,988,067	337,308,324	355,400,000
Net increase (decrease) in Fund Balance	4,668,359	2,281,432	15,513,765	(3,937,667)	9,629,128	-
Fund Balance, beginning of year	39,844,711	44,513,070	46,794,502	62,308,267	58,370,600	67,999,728
Fund Balance, end of year	\$44,513,070	\$46,794,502	\$62,308,267	\$58,370,600	\$67,999,728	\$67,999,728

Notes

The above summary has been prepared in accordance with generally accepted accounting principals prescribed by the Governmental Accounting Standards Board (GASB). See the general purposes financial statements included in Appendix C for more detailed information.

The above summary presents audited actual revenues, expenditures and fund balances of the General Fund of the City for the four fiscal years ended June 30, 2019 through June 30, 2022, the preliminary unaudited numbers for the year ended June 30, 2023, and the adopted budget for the year ended June 30, 2024.

Fiscal Year 2023 Preliminary Financial Results

Fiscal year 2023 projections for the general fund show performance exceeding budgeted expectations and expenditures remaining within budget. The City projects an overall surplus of approximately \$9.7 million, equating to an ending residual fund balance of approximately \$68 million dollars.

Strong revenue performance is the primary driver of the fiscal year 2023 surplus. Revenue projections show the general fund revenues exceeding the budget by \$7.1 million (2.1%). The largest drivers of surplus revenues are real estate and personal property taxes along with local consumption taxes. General property taxes show a preliminary growth of 6% compared to fiscal year 2022, mainly attributed to increased assessed valuations. Consumption taxes such as sales taxes, business license, transient occupancy (hotel) and prepared food and beverage (meals) tax also showed significant increases compared to fiscal year 2022.

City of Roanoke, Virginia
Local Tax Revenues by Source
Preliminary Fiscal Year 2023 Results

	Preliminary (a) 2023	Audited 2022	Year over Year \$ Change	Year over Year % Change
General Property Tax(1)	\$ 142,581,629	\$ 134,435,422	\$ 8,146,206	6.1%
Sales Tax	27,991,128	26,412,560	1,578,568	6.0%
Utility Consumer Tax	9,165,773	9,355,793	(190,020)	-2.0%
Cigarette Tax	1,624,895	1,804,158	(179,263)	-9.9%
Recordation and Probate Tax	1,557,526	1,814,416	(256,890)	-14.2%
Business, Professional, and Occupational License Tax	15,800,551	15,300,818	499,733	3.3%
Utility Consumption Tax	421,923	461,335	(39,412)	-8.5%
Transient Room Tax	5,438,879	4,746,104	692,775	14.6%
Admissions Tax	1,032,450	949,394	83,056	8.7%
Telecommunications/Telephone Surcharge - E911	4,824,376	4,968,579	(144,203)	-2.9%
Motor Vehicle License Tax	3,402,539	2,684,923	717,616	26.7%
Franchise Tax	270,601	414,134	(143,533)	-34.7%
Prepared Food and Beverage Tax	20,785,877	19,248,569	1,537,309	8.0%
Bank Stock Tax	1,770,580	2,032,726	(262,146)	-12.9%
Total Local Taxes	\$ 236,668,726	\$ 224,628,930	\$ 12,039,796	5.4%

Note:

(a) - unaudited

Preliminary fiscal year 2023 expenditures show the City remaining within budget expectations at just over \$337 million in expenditures compared to an expenditure budget of \$344 million (98% realization). The City has seen increasing cost of services in both personnel and supplies, primarily associated with inflationary pressures being felt nationwide. Based upon the results of a compensation study, the City initiated step increases for departments in the middle of the fiscal year ended June 30, 2023 focused on areas with high staffing vacancies and compensation gaps, notably public safety. These increases will carry forward in coming years assuming strong tax revenue performance continues, with the goal of attracting and retaining strong employees. Increased local tax revenue collections also resulted in increased costs associated with the City's proportionate share of funding for Roanoke City Public Schools, in accordance with the longstanding funding agreement of the City to allocate 40% of local tax revenue to schools. Notwithstanding these increases, the City has been able to maintain expenditures in accordance with budgetary controls.

Fiscal Year 2024 Budget Highlights

The City's operating budget for fiscal year 2024 was adopted by council on May 8, 2023. The Adopted Budget for Fiscal Year 2024 totals \$355,400,000. For fiscal year 2024, a goal of furthering equity and enhancing compensation to attract/retain employees were major focal points. The total budget increase is \$30,611,000 or 9.4% from the fiscal year 2023 adopted budget. Below are a few important expenditure increases:

- Compensation – \$9,660,536 – Increase in budgeted funding for a compensation increase inclusive of movement of public safety employees to a final step placement, general employees toward a new minimum but no greater than a 7% and no less than a \$2,000 increase, as well as inclusion of increased compensation for employees included in the HeadStart compensation movement. All Constitutional Officers, Appointed Officials and Directors are to receive a 3% increase.
- Retirement – \$5,320,058 – Increase in funding due to an increase in the required contribution level from a 14.37% level to a 21.14% level.
- Roanoke City Public Schools – \$8,939,334 – Operating funding for Roanoke City Public Schools increase determined by the school funding formula.
- Human Services – \$2,117,800 – Funding to provide for Alternative/Private Day School for RCPS students, overtime for Adult Protective Services and Benefits as well as GPS monitoring as an alternative to detention provided by Juvenile Justice as ordered by judges.

These expenditure increases were primarily funded from the following revenue generating taxes/grants:

- Real Estate Tax – \$10,303,600 – The real estate tax is the single largest source of revenue for the City. This tax includes general real estate & district taxes (Downtown and Williamson Road). Property values increased as a result of the general reassessment and new construction activity. Important elements of Roanoke’s real estate taxation system are programs that provide relief to certain taxpayers or on selected types of properties. For fiscal year 2024 this relief is comprised of relief to the elderly and disabled taxpayers including some Veterans, relief on agricultural properties, and relief for properties under rehabilitation. Additionally, leased and energy-efficient properties receive tax exemptions. These relief programs are intended to benefit those on fixed incomes or with limited ability to cover the costs of increased taxes or to provide incentives for owners who invest in the rehabilitation of aged properties. The City’s real estate taxes are due annually in two installments, October 5th and April 5th. Fiscal year 2024 is forecasted to increase by 9.8% over the fiscal year 2023 adopted budget.
- Personal Property Tax – \$3,119,000 – The personal property tax is the second largest local tax. Annual assessments of the personal property tax are made in early April, and the tax due date is May 31st. Fiscal year 2024 is anticipated to increase by 10.79% compared to the fiscal year 2023 adopted budget.
- Sales Tax – \$4,000,000 - Sales tax is Roanoke’s third largest local tax and is collected at a 1% rate. Revenue for fiscal year 2024 is expected to increase by 16.0% when compared to the fiscal year 2023 adopted budget.
- Intergovernmental Revenue – \$5,319,300 – Intergovernmental revenue from the commonwealth and federal grants or reimbursements for costs incurred. Most of the revenue in this category is within Social Services and generated from services rendered to the citizens of Roanoke. This category comprises 23.04% of General Fund revenues.

Operating Data

The following data are presented to illustrate the trends and characteristics of the value of taxable property in Roanoke, property tax rates, tax collection experience, the ten largest holders of real property and taxable retail sales in the City during recent years.

Assessed Value of All Taxable Property

<u>Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Public Service Corporations</u>	<u>Total Assessed Value</u>	<u>Total Estimated Actual Value</u>
2013	\$6,725,168,858	\$840,633,111	\$416,800,579	\$7,982,602,548	\$8,544,527,065
2014	6,679,969,872	859,809,462	414,953,913	7,954,733,247	8,526,954,997
2015	6,693,874,349	899,096,367	437,573,144	8,030,543,860	8,634,365,581
2016	6,724,229,966	942,611,706	439,744,208	8,106,585,880	8,742,785,092
2017	6,783,463,907	943,805,249	451,184,702	8,178,453,858	8,817,419,846
2018	6,970,302,556	956,571,007	437,557,641	8,364,431,204	9,011,349,475
2019	7,180,263,228	993,064,406	471,816,290	8,645,143,921	9,316,391,122
2020	7,444,437,601	1,031,434,753	489,031,454	8,964,903,808	9,661,222,140
2021	7,764,101,330	1,083,274,770	488,147,929	9,335,524,029	10,073,067,773
2022	8,629,427,867	1,207,279,732	450,208,362	10,286,915,961	11,109,857,029

Source: City of Roanoke, ACFR as of June 30, 2022.

**Property Tax Rates
(Per \$100 Assessed Value)**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Real Property	\$1.19	\$1.19	\$1.19	\$1.22	\$1.22	\$1.22	\$1.22	\$1.22	\$1.22	\$1.22
Personal Property	3.45	3.45	3.45	3.45	3.45	3.45	3.45	3.45	3.45	3.45
Public Service Corporations	1.19	1.19	1.19	1.22	1.22	1.22	1.22	1.22	1.22	1.22

Source: City of Roanoke, ACFR as of June 30, 2022.

(1)The real estate tax rate was \$1.19 per \$100 of assessed value effective July 1, 2006. Effective July 1, 2015, the rate increased to \$1.22 per \$100 of assessed value.

Assessed Value of Taxable Commercial Real Estate Property

<u>Year</u>	<u>Commercial Property*</u>	<u>Real Property</u>	<u>Commercial Property Percentage</u>
2018	\$2,702,443,800	\$7,328,891,600	36.87%
2019	2,819,307,700	7,580,044,600	37.19
2020	2,965,458,500	7,962,115,600	37.24
2021	2,969,993,300	8,172,621,794	36.34
2022	3,041,887,000	8,812,158,000	34.52

Source: City of Roanoke, Office of Real Estate Valuation.

*Excludes Assessed value for multi-family properties, residential, exempt property, and public service corporations.

General Property Tax Levies and Collections

<u>Year</u>	<u>Total Levy</u>	<u>Current Collections</u>	<u>% of Levy</u>	<u>Delinquent Collections</u>	<u>Total Collection of Current & Delinquent Taxes</u>	<u>% of Current & Delinquent Collected to Tax Levy*</u>
2014	\$113,183,821	\$105,352,996	93.08%	\$3,445,666	\$108,798,662	96.13%
2015	115,885,506	107,051,158	92.38	3,179,202	110,230,361	95.12
2016	119,869,392	110,973,949	92.58	3,240,530	114,214,479	95.28
2017	120,894,494	111,241,686	92.02	3,762,800	115,004,486	95.13
2018	123,059,222	114,277,633	92.86	3,167,218	117,444,851	95.44
2019	126,568,227	116,743,493	92.24	4,047,295	120,790,788	95.44
2020	131,348,076	121,376,632	92.41	3,426,248	124,802,880	95.02
2021	136,379,330	126,827,811	93.00	2,647,637	129,475,448	94.94
2022	153,887,747	131,306,928	85.33	5,578,762	136,885,690	88.95

Source: City of Roanoke Department of Finance and Treasurer's Office

*In 2022 the City provide a personal property tax rebate of approximately \$5.9 million. As taxes were levied and subsequently rebated, collection percentage is lower than prior years.

Ten Largest Taxpayers

The following data show the assessed value of the real and personal property of the ten largest taxpayers in the City for the fiscal year ended June 30, 2022.

<u>Taxpayer</u>	<u>Description</u>	<u>2022 Assessed Value</u>	<u>Percentage of Total Assessed Valuation</u>
Carilion	Healthcare Provider	\$261,070,680	2.54%
Appalachian Power Co.	Public Utility	193,504,769	1.88%
Norfolk Southern Railway	Transportation	163,862,799	1.59%
Valley View Mall LLC	Shopping Mall	76,863,600	0.75%
Roanoke Gas Company	Public Utility	70,371,424	0.68%
Roanoke Electric Steel Corp	Primary Metals	53,786,937	0.52%
HR Foundation, Inc.	Hotel	40,520,019	0.39%
Advance Auto	Auto Parts	31,838,806	0.31%
Faison Roanoke Office, LP	Office Building	30,945,300	0.30%
Wholesome Harvest	Bakery	<u>29,737,322</u>	<u>0.29%</u>
Total:		\$ 952,501,646	9.26%

Source: City of Roanoke, ACFR as of June 30, 2022, and the City of Roanoke Commissioner of the Revenue.

Taxable Retail Sales

<u>Calendar Year</u>	<u>Total Retail Sales</u>
2013	\$1,746,710,461
2014	1,785,467,436
2015	1,752,752,699
2016	1,732,156,837
2017	1,726,342,166
2018	1,839,762,418
2019	1,872,974,553
2020	1,824,837,393
2021	957,251,684
2022	2,021,176,729

Source: Virginia Department of Taxation, City of Roanoke, ACFR as of June 30, 2022.

Notes: Data excludes prescription drug sales.

DEBT ADMINISTRATION

Pursuant to the Constitution of Virginia and the Virginia Public Finance Act of 1991 (Chapter 26 of Title 15.2, Code of Virginia, 1950 (the “Act”)), a city in Virginia is authorized to issue general obligation bonds secured by a pledge of its full faith and credit. In addition to the authority to issue general obligation bonds pursuant to the Act, the City is authorized to issue bonds under its Charter provided such issuance is approved at a referendum of voters in the City. In either case, for the payment of such bonds, the governing body of the City is required to levy, if necessary, an ad valorem (“according to value”) tax on all property in the City subject to local taxation. The issuance by cities in Virginia of bonds or other interest bearing obligations is limited to 10% of the assessed value of real property in the city subject to taxation as shown by the last preceding assessment for taxes. In determining the limitation, certain classes of indebtedness may be excluded, including revenue bonds, general obligation bonds payable from a specific revenue producing undertaking, and revenue anticipation notes maturing in one year or less.

The City’s debt management policy includes the following guidelines: Net debt will not exceed 4% of the assessed value of real estate, personal property and public service corporations; tax-supported general obligation debt service shall not exceed 10% of General Fund expenditures; and tax-supported debt will be structured in a manner such that not less than 60% of the aggregate outstanding tax-supported debt will be retired within ten years. The City

monitors these ratios to ensure ongoing compliance with the Debt Management Policy. Furthermore, the annual budget and financial planning sessions held between City Council and the administration provides a forum for discussion of the City’s long term capital financing plans.

The City has outstanding \$259,006,193 aggregate principal amount of general obligation bonds, Virginia Public School Authority (VPSA) bonds, and Qualified Zone Academy Bonds (QZAB) as of June 30, 2022, as follows:

Public Improvements	\$ 130,492,933
School Projects	91,829,428
Public Improvements -Utilities ⁽¹⁾	1,870,000
Stormwater	14,735,454
Civic Facilities.....	13,712,195
Parking Garages.....	6,366,183
Total.....	\$ 259,006,193

(1) General Obligation Bonds to be contractually repaid by the Western Virginia Water Authority.

The public improvements, Civic Facilities, and certain school indebtedness shown above are provided from the General Fund of the City. The Parking Fund and Stormwater Utility Fund are responsible for debt service on garage facilities and drainage infrastructure, respectively. If funding in an Enterprise Fund is not sufficient to pay debt service, the City Council is obligated to make such payment from the General Fund or from any other available monies.

Legal Debt Margin

The City’s legal debt margin as of June 30, 2022 was as follows:

Total Assessed Value of Real Estate, 2022 (1)		\$8,629,427,867
Legal Debt Limit: 10%		862,942,787
Debt applicable to limitation:		
Total Debt	242,561,961	
Less: Available in Debt Service Fund	(235,769)	<u>242,326,192</u>
Legal Debt Margin		<u>\$ 620,616,595</u>

(1) Source: City of Roanoke, ACFR as of June 30, 2022

Amortization Schedules

Total principal and interest payments to retire all outstanding indebtedness of the City are shown in the following tables:

Tax-Supported Indebtedness*							
<u>Outstanding Prior to Current Issue**</u>				<u>Current Issue</u>			<u>Total Debt Service</u>
<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Subtotal</u>	<u>Total</u>
2023	\$20,305,769	\$8,090,658	\$28,396,427	-	-	-	\$28,396,427
2024	20,600,533	7,437,543	28,038,075	-	\$ 426,727	\$ 426,727	28,464,802
2025	20,718,906	6,729,039	27,447,945	\$1,470,000	1,232,850	2,702,850	30,150,795
2026	17,321,158	5,978,974	23,300,132	1,465,000	1,159,475	2,624,475	25,924,607
2027	15,501,227	5,326,428	20,827,655	1,470,000	1,086,100	2,556,100	23,383,755
2028	14,926,240	4,716,900	19,643,141	1,470,000	1,012,600	2,482,600	22,125,741
2029	14,387,184	4,190,766	18,577,950	1,475,000	938,975	2,413,975	20,991,925
2030	13,079,401	3,685,373	16,764,773	1,475,000	865,225	2,340,225	19,104,998
2031	12,971,735	3,221,920	16,193,655	1,480,000	791,350	2,271,350	18,465,005
2032	12,311,525	2,780,780	15,092,305	1,265,000	722,725	1,987,725	17,080,030
2033	12,025,771	2,342,605	14,368,376	1,270,000	659,350	1,929,350	16,297,726
2034	10,643,336	1,964,950	12,608,286	1,270,000	595,850	1,865,850	14,474,136
2035	9,703,727	1,598,868	11,302,595	1,270,000	532,350	1,802,350	13,104,945
2036	8,490,501	1,263,061	9,753,462	1,270,000	468,850	1,738,850	11,492,312
2037	7,336,619	1,023,595	8,360,214	1,275,000	405,225	1,680,225	10,040,439
2038	5,897,882	818,482	6,716,364	1,275,000	341,475	1,616,475	8,332,839
2039	5,913,839	661,098	6,574,936	1,280,000	284,000	1,564,000	8,138,936
2040	5,925,191	503,041	6,428,232	1,285,000	232,700	1,517,700	7,945,932
2041	5,886,592	342,821	6,229,414	1,290,000	181,200	1,471,200	7,700,614
2042	4,412,897	172,716	4,585,613	1,290,000	129,600	1,419,600	6,005,213
2043	1,555,000	54,388	1,609,388	1,295,000	77,900	1,372,900	2,982,288
2044	860,000	17,675	887,675	1,300,000	26,000	1,326,000	2,213,675
TOTAL	<u>\$240,774,933</u>	<u>\$62,921,679</u>	<u>\$303,696,612</u>	<u>\$26,940,000</u>	<u>\$12,170,527</u>	<u>\$39,110,527</u>	<u>\$342,807,139</u>

* Includes Public Improvement Bonds for the City and School Board, Virginia Public School Authority Bonds, Literary Fund Loan Bonds, Qualified Zone Academy Bonds, Qualified School Construction Bonds, Civic Facilities General Obligation Bonds, and Capital Leases and General Obligation debt for the Western Virginia Regional Industrial Facility.

** Recovery Zone Economic Development Bonds and Qualified School Construction Bonds debt service is net of interest subsidy.

Parking Enterprise Fund Supported General Obligation Indebtedness

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total*</u>
2023	\$834,362	\$216,167	\$1,050,529
2024	866,168	187,505	1,053,673
2025	876,851	164,057	1,040,908
2026	778,802	138,257	917,059
2027	610,000	113,475	723,475
2028	635,000	94,825	729,825
2029	455,000	73,306	528,306
2030	475,000	55,675	530,675
2031	410,000	35,488	445,488
2032	425,000	18,063	443,063
Total	<u>\$6,366,183</u>	<u>\$1,096,818</u>	<u>\$7,463,001</u>

* As of June 30, 2022.

**General Obligation Indebtedness to be Paid Contractually
by Western Virginia Water Authority**

Fiscal Year Ending June 30	Principal	Interest	Total*
2023	\$925,000	\$40,765	\$965,765
2024	945,000	13,995	958,995
Total	<u>\$1,870,000</u>	<u>\$119,957</u>	<u>\$1,924,761</u>

* As of June 30, 2022.

General Obligation Indebtedness Supported by the Stormwater Fund

Fiscal Year Ending June 30,	<u>Outstanding Prior to Current Issue</u>			<u>Current Issue</u>			<u>Total Debt Service</u>
	Principal	Interest	Total	Principal	Interest	Subtotal	Total
2023	\$610,753	\$480,619	\$1,091,372	-	-	-	\$1,091,372
2024	659,088	462,161	1,121,249	-	\$ 58,887	\$ 58,887	1,180,136
2025	729,370	435,470	1,164,840	\$115,000	172,325	287,325	1,452,165
2026	836,183	403,896	1,240,080	120,000	166,450	286,450	1,526,530
2027	855,740	370,043	1,225,783	130,000	160,200	290,200	1,515,983
2028	875,577	339,552	1,215,129	135,000	153,575	288,575	1,503,704
2029	831,946	308,846	1,140,792	140,000	146,700	286,700	1,427,492
2030	827,168	277,894	1,105,062	150,000	139,450	289,450	1,394,512
2031	856,632	247,179	1,103,811	155,000	131,825	286,825	1,390,636
2032	875,021	217,125	1,092,146	165,000	123,825	288,825	1,380,971
2033	844,993	186,077	1,031,070	170,000	115,450	285,450	1,316,520
2034	866,763	160,209	1,026,973	180,000	106,700	286,700	1,313,673
2035	785,828	134,061	919,890	190,000	97,450	287,450	1,207,340
2036	722,184	110,388	832,572	200,000	87,700	287,700	1,120,272
2037	620,673	90,587	711,260	210,000	77,450	287,450	998,710
2038	524,251	73,994	598,245	220,000	66,700	286,700	884,945
2039	528,268	60,693	588,961	230,000	56,600	286,600	875,561
2040	547,029	47,355	594,384	240,000	47,200	287,200	881,584
2041	555,884	33,381	589,265	250,000	37,400	287,400	876,665
2042	437,103	19,284	456,387	260,000	27,200	287,200	743,587
2043	230,000	7,800	237,800	270,000	16,600	286,600	524,400
2044	115,000	2,300	117,300	280,000	5,600	285,600	402,900
TOTAL	<u>\$14,735,454</u>	<u>\$4,468,917</u>	<u>\$18,129,170</u>	<u>\$3,810,000</u>	<u>\$1,995,287</u>	<u>\$5,805,287</u>	<u>\$ 23,934,457</u>

Debt Ratios

The following data is presented to show trends in the relationship of the net general obligation bonded indebtedness of the City to its estimated population and to the total estimated actual value of taxable property in the City.

<u>Fiscal Year</u>	<u>Population (A)</u>	<u>Total Estimated Actual Value</u>	<u>Governmental Activities Gross Bonded Debt (B)</u>	<u>Business-type Activities Gross Bonded Debt (B)</u>	<u>Less Bonds Supported By Western Virginia Water Authority</u>	<u>Less Amount Available in Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Total Estimated Actual Value</u>	<u>Net Bonded Debt Per Capita</u>
2013	99,290	\$8,544,527,065	\$225,402,117	\$26,944,093	\$13,389,900	\$1,493,056	\$237,463,253	2.78	\$2,391.61
2014	99,638	8,526,954,997	217,261,926	26,817,066	10,989,900	1,406,148	231,682,944	2.72	2,325.25
2015	99,953	8,634,365,581	214,885,676	27,203,128	9,968,500	1,508,122	230,612,182	2.67	2,307.21
2016	100,266	8,742,785,092	210,393,462	30,109,234	9,405,800	1,011,031	230,085,865	2.63	2,294.75
2017	100,617	8,817,419,846	208,814,498	33,675,339	8,213,900	539,265	233,736,672	2.65	2,323.03
2018	100,494	9,011,349,475	199,521,519	31,488,513	7,003,200	41,733	223,965,099	2.49	2,228.64
2019	100,444	9,316,391,122	200,500,454	30,765,932	5,767,800	17,890	225,478,696	2.42	2,244.82
2020	99,985	9,661,222,140	224,716,453	34,585,420	4,515,516	17,215	254,769,142	2.64	2,548.07
2021	99,883	10,073,067,733	235,584,383	37,052,185	3,200,614	76,816	269,435,954	2.67	2,697.52
2022	99,634	11,145,069,247	239,814,070	36,858,379	1,870,000	235,769	274,566,860	2.46	2,755.75

Source: City of Roanoke, ACFR as of June 30, 2022.

(A) Estimated values obtained from Weldon – Cooper Center for Public Service

(B) Gross Bonded Debt includes Leases and Bond Premiums.

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**CAPITAL IMPROVEMENT PROGRAM-
FUTURE BORROWING REQUIREMENTS**

Prior to adoption of the annual capital and operating budgets, the City Manager presents a capital improvement program (“CIP”) to the City Council. In development of this plan, particular attention is focused upon the first year of the plan since it subsequently affects the City Manager’s capital budget request for the ensuing fiscal year. The CIP presents information on each project in detail.

The current CIP covers the fiscal years 2024 through 2028, and provides for the following proposed expenditures and projected sources of funding as presented in the following tables:

**Capital Improvement Program Fiscal Years 2024-2028
Summary of Estimated Expenditures**

<u>Project Classification</u>	<u>2024</u>	<u>2025-2028</u>	<u>Total Cost</u>
Public Buildings.....	\$5,091,586	\$40,669,081	\$45,760,667
Fleet Capital Replacement.....	6,144,449	17,435,437	23,579,886
Parks.....	10,163,444	12,656,258	22,819,702
Public Schools.....	12,855,000	20,000,000	32,855,000
Streets, Sidewalks and Bridges.....	36,974,077	75,053,138	112,027,215
Technology Improvements.....	6,561,739	10,880,854	17,442,593
Civic Center Facility.....	1,643,733	6,000,000	7,643,733
Stormwater Management.....	12,683,400	26,619,503	39,302,903
Parking Improvements	<u>450,000</u>	<u>1,800,000</u>	<u>2,250,000</u>
	\$92,567,428	\$211,114,271	\$303,681,699

Sources of Funds:

FY 2024 – 2028

Existing/Future Capital Funds.....	\$2,278,526
Intergovernmental Funding.....	33,534,213
Future Cash Funds.....	40,017,660
Third Party.....	625,709
General Revenue.....	2,974,342
Stormwater Revenues.....	7,231,499
Future Cash Surplus/One Time Funds.....	3,882,421
General Obligation Bond and Bond Anticipation Note Issues.....	<u>213,137,329</u>
	\$278,781,061

Source: City of Roanoke Capital Improvement Plan FY 2024-2028

EMPLOYEE RETIREMENT PLANS

The City of Roanoke Pension Plan (Pension Plan) covers substantially all full-time regular City employees, except for employees of the Roanoke Sheriff’s Department who participate in the Virginia Retirement System (VRS), and certain non-professional School Board employees. The Pension Plan is a defined benefit plan established by the City Council and is included in the City’s financial statements as the Pension Trust Fund. The Pension Plan consists of the Employee’s Retirement System (ERS) for employees hired before July 1, 1984, the Employee’s Supplemental Retirement System (ESRS) for employees hired on or after July 1, 1984, and for those hired before July 1, 1984 who elected to join ESRS. The City’s contribution rate is based on an actuarially determined amount. The Pension Plan received total contributions of \$16,134,616 in fiscal year 2022.

The City’s multi-year phase in of changes to the Pension Plan, developed following a two year review of retirement benefits and initially adopted effective July 1, 2013, has been completed. The adopted changes included the introduction of a new benefit and choice of benefit type for employees hired on a prospective basis effective July 1, 2014. In addition to these changes, employees hired on or after July 1, 2014, are required to contribute 5% of compensation toward the cost of their retirement benefit. Effective July 1, 2015, the required 5% employee

contribution was extended to employees hired prior to July 1, 2014. The Pension Plan modifications are expected to improve the long-term financial sustainability of the Pension Plan over time.

In addition, the Pension Plan modifications included the adoption of a formula defining cost of living adjustments (COLA) for current and future retirees. The adopted COLA policy resulted in recognition of a liability for the cost of living increase one year earlier than required by GASB Statement No. 67. The COLA policy calls for a cost of living adjustment equal to two-thirds of the urban Consumer Price Index (CPI), not to exceed 4% and not to exceed the active employee pay raise. Over the long term, retirement benefits costs are expected to decline as a result of the changes.

Following the completion of the most recent five year actuarial experience study as of June 30, 2021, the Board of Trustees of the Pension Plan approved changes to the actuarial assumptions. The approved changes included several modifications to the demographic and economic assumptions. Changes to the demographic assumptions included a decrease in healthy and disabled mortality rates and slight increases in retirement and termination rates. Changes to the economic assumptions included a slight increase in the inflation assumption from 2.25% to 2.50%, a slight increase to the related cost of living adjustment from 1.50% to 1.67%, a slight decrease in the salary increase assumption, and a decrease in the expected rate of return on investments from 7.25% to 7.00%. Overall, the combined impact of these assumption changes resulted in a significant increase in the actuarial liability of the Pension Plan as well as a significant increase in the actuarial determined contribution rate. Net Position Restricted for Pensions decreased by \$96.8 million in fiscal year 2022 in large part due to the plan's investment return falling well short of the actuarial expected rate of return. The -13.5% return experienced was well below the expected rate of return of 7.00%. Total contributions increased \$82 thousand due to an increase in total covered payroll of \$1.3 million. The Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability declined to 63.7% as of June 30, 2022 from 92.0% as of June 30, 2021, primarily as a result of the combination of the negative investment performance experienced in fiscal year 2022 and the impact of the approved changes in actuarial assumptions. The actuarially determined contribution rate, inclusive of the 5% employee contribution, was 21.10% of covered payroll for fiscal year 2022 compared to 21.31% in fiscal year 2021. The actuarial determined contribution for fiscal year 2023 is 19.37% of covered payroll.

Additional information regarding the Roanoke Pension Plan and retirement benefits can be found in the City's ACFR and separately published Pension Plan Annual Comprehensive Financial Report (Pension ACFR). The Pension ACFR can be found on the City's website at www.roanokeva.gov or from the Director of Finance, Noel C. Taylor, Municipal Building, Room 465, 215 Church Avenue, S.W., Roanoke, Virginia 24011.

OTHER POST-EMPLOYMENT BENEFIT PLANS

The City's Post-Retirement Health Plan provides eligible City employees the opportunity to continue health insurance coverage upon retirement. The Plan was established by the City Council and is included in the City's financial statements as the Other Post-Employment Benefit Plans (OPEB) Trust Fund.

The City's policy is to fully-fund actuarially determined OPEB costs, which include both normal costs and the amortization of the unfunded accrued liability. Assets of the OPEB Trust Fund are held in the Virginia Pooled OPEB Trust Fund (OPEB Trust Fund). The OPEB Trust Fund investments are recorded at net asset value. The Virginia OPEB Trust Fund Board of Trustees establishes investment objectives, risk tolerance and asset allocation policies in light of the investment policy, market and economic conditions, and generally prevailing prudent investment practices.

The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with GAAP. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability over a period not to exceed 30 years.

City employees with 15 years of continuous service, enrolled in the City's health plan at the date of retirement, and under the age of 65 are eligible to participate in the City's Post-Retirement Health Plan upon retirement. Retirees, participating in the Post-Retirement Health Plan, benefit from a lower insurance rate as a result

of inclusion in the health plan with active City employees. This lower insurance rate results in an implicit benefit which qualifies as an other post-employment benefit in accordance with GAAP.

Although the City's annual payments were for combined participants, the share of claims related to retirees represent a higher per capita cost of the total claims. Accordingly, contributions reflected in the OPEB calculations were adjusted to reflect the portion of contributions for active employees are subsidizing the retiree claims. For fiscal year 2022, the retirees contributed \$606,000 to the Post-Retirement Health Plan. The City contributed \$251,000 to a qualified trust, as defined by GAAP, to fund the annual required contribution of \$857,000 for fiscal year 2022. It is the City's intent to fully-fund the annual required contribution each fiscal year.

The Line of Duty Act (LODA) provides benefits to local government employees who hold specified hazardous duty positions (Code of Virginia §9.1-400 et seq.). By statute, LODA benefits must be provided. The Virginia Department of Accounts administers the benefit.

The Line of Duty plan is a single employer OPEB plan which provides a death benefit of \$100,000 to beneficiaries of public safety officers who die in the line of duty. The Line of Duty plan also provides a death benefit of \$25,000 to beneficiaries of public safety employees who die within five years of becoming disabled from a qualifying illness, as defined in the LODA. Further, a medical benefit is provided to disabled public safety employees as well as their spouses and dependents and, if circumstances dictate, their surviving spouses and dependents. The Commonwealth of Virginia has the authority to establish and amend Line of Duty plan benefits. The City's Line of Duty plan does not issue a stand-alone financial report.

The City's annual Line of Duty cost is calculated based on the ARC of the employer. The City's policy is to fully-fund actuarially determined LODA costs. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability over a period not to exceed 30 years.

Assets of the OPEB/LODA Trust fund are held in the Virginia Pooled OPEB Trust Fund (OPEB Trust Fund). The OPEB Trust Fund investments are recorded at net asset value.

For fiscal year 2022, the City contributed \$254,300 to the Line of Duty plan for death benefits and health insurance based on projected pay-as-you-go financing. No additional contribution was required by the City to a qualified trust, as defined by GAAP, to fund the actuarially determined contribution of \$195,200 for fiscal year 2022. It is the City's intent to fully-fund the actuarially determined contribution each year.

The VRS Group Life Insurance (GLI) Program is a multiple employer, cost-sharing, defined benefit plan. The GLI Program provides basic coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and provides the authority under which benefit terms are established or may be amended. For fiscal year 2022, the City recognized VRS GLI OPEB expense of \$83,594. Since there was a change in proportionate share between June 30, 2020 and June 30, 2021 a portion of the VRS GLI Net OPEB expense was related to deferred amounts from changes in proportion.

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**AUDITED FINANCIAL STATEMENTS
OF THE CITY OF ROANOKE, VIRGINIA,
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Change in Accounting Principle

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

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on the Audit of the Financial Statements (Continued)

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
March 29, 2023

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

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

FINANCIAL HIGHLIGHTS

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Government-Wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

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

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

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

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

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

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

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

FINANCIAL ANALYSIS OF THE PRIMARY GOVERNMENT

A comparative analysis of government-wide information follows:

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

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

Net Position:

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

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

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

FINANCIAL ANALYSIS OF THE PRIMARY GOVERNMENT (Continued)

Summary of Changes in Net Position:

The following table summarizes the changes in net position:

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

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

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

FINANCIAL ANALYSIS OF THE PRIMARY GOVERNMENT (Continued)

Summary of Changes in Net Position (Continued):

The following table continues the summaries of net position:

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

Governmental Activities

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

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

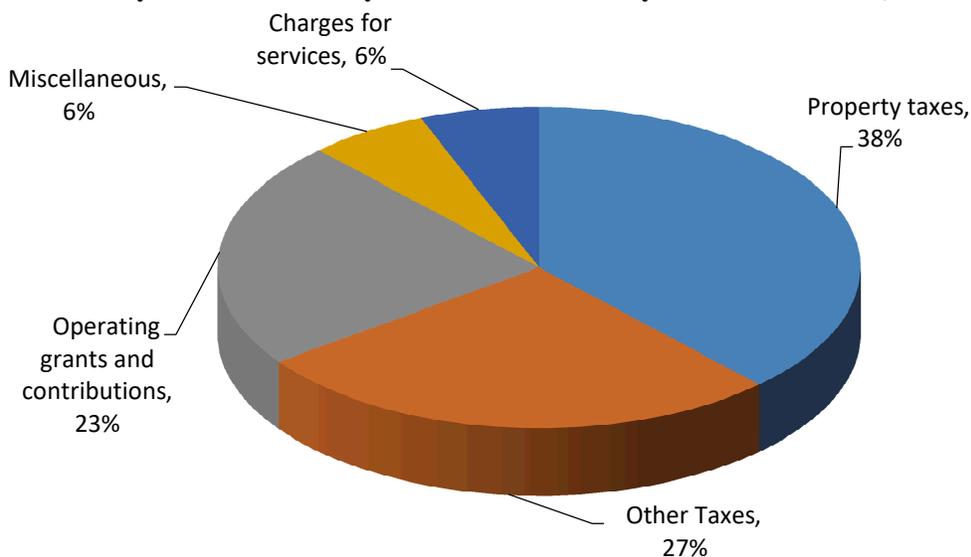
**CITY OF ROANOKE, VIRGINIA
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022
(UNAUDITED)
(Continued)**

FINANCIAL ANALYSIS OF THE PRIMARY GOVERNMENT (Continued)

Summary of Charges

Revenues generated for governmental activities are presented below by category:

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



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

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

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

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

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

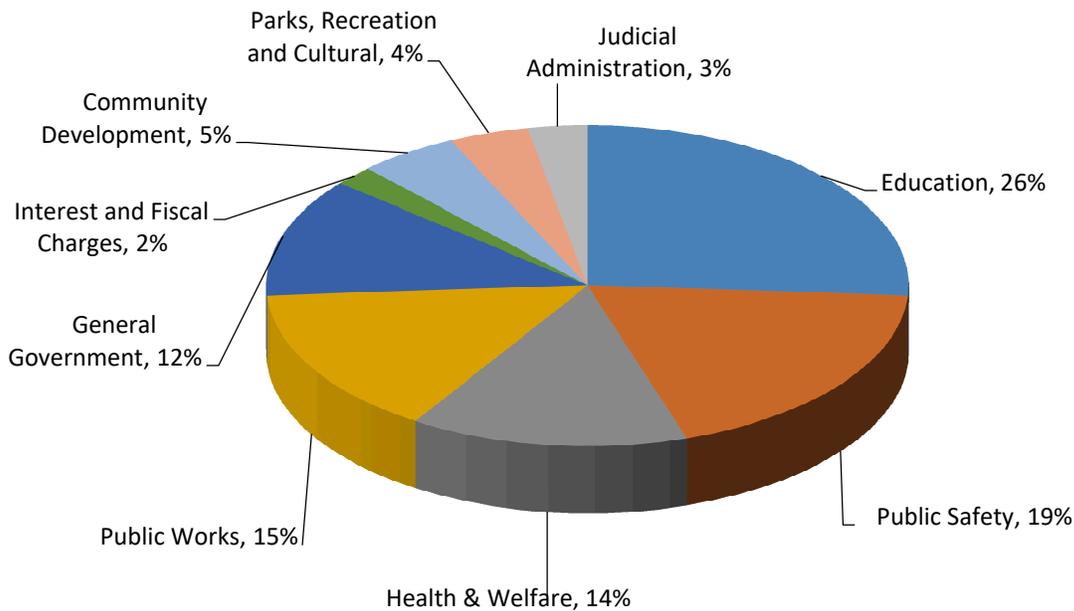
FINANCIAL ANALYSIS OF THE PRIMARY GOVERNMENT (Continued)

Summary of Charges (Continued)

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

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

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



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

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

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

Business-type Activities

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

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

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

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

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

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

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

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

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

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

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

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

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

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

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

CAPITAL ASSETS

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

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

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

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

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

Comparison of Estimated to Actual Maintenance Costs

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

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

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

LONG-TERM DEBT

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

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

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

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

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

**BASIC
FINANCIAL STATEMENTS**

CITY OF ROANOKE, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2022

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

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

CITY OF ROANOKE, VIRGINIA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

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

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

CITY OF ROANOKE, VIRGINIA

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

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

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

CITY OF ROANOKE, VIRGINIA

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

June 30, 2022

Total Fund Balance - Governmental Funds		\$ 121,286,651
Amounts reported for governmental activities in the Statement of Net Position are different due to:		
Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported as assets in the governmental funds.		
Governmental capital assets, at cost	1,079,388,722	
Less: accumulated depreciation	<u>(434,573,754)</u>	644,814,968
Other assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the governmental funds.		
Deferred outflows of resources from debt refundings resulting in loss	6,055,148	
Less: accumulated amortization	(4,131,334)	
Receivable from Western Virginia Water Authority	<u>1,870,000</u>	3,793,814
Property taxes receivable, which are expected to be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds.		8,938,467
Long-term liabilities, including bonds payable with related accrued interest, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		
Governmental bonds and loans payable	(224,192,362)	
Lease liabilities	(2,747,891)	
Bond premium	(24,074,101)	
Less: accumulated amortization of bond premium	8,452,393	
Compensated absences	(8,601,128)	
Accrued interest payable	<u>(1,962,167)</u>	(253,125,256)
Long-term liabilities and deferred flows of resources related to pensions and other post-employment benefits (OPEB) are applicable to future periods and, therefore, are not reported in the governmental funds.		
Net deferred outflows related to pensions	16,222,186	
Net deferred inflows related to pensions	(75,646,701)	
Net pension liability	(41,568,714)	
Net deferred outflows of resources related to OPEB	1,794,624	
Net deferred inflows of resources related to OPEB	(7,418,738)	
Net OPEB liability	<u>(7,706,813)</u>	(114,324,156)
Internal Service Fund is used by management to charge the costs of certain activities to individual funds. The assets, deferred outflows of resources, liabilities, deferred inflows and net position of the Internal Service Fund are included with governmental activities in the Statement of Net Position.		<u>(2,563,770)</u>
Total Net Position of Governmental Activities		<u>\$ 408,820,718</u>

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

CITY OF ROANOKE, VIRGINIA

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

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

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

CITY OF ROANOKE, VIRGINIA

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2022**

Net Change in Fund Balance - Governmental Funds	\$ 13,323,227
Amounts reported for Governmental Activities in the Statement of Activities are different due to:	
Governmental Funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate the cost of those assets over the life of the asset.	
Expenditures for capital assets	17,429,793
Donation of capital assets	5,756,760
Book value of assets disposed	(2,557,519)
Less current year depreciation expense	<u>(27,162,544)</u>
	(6,533,510)
Revenue in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.	
Changes in deferred revenue	2,421,049
Revenues in the Statement of Activities that were previously recognized in the Statement of Activities.	
Net principal reimbursed by Western Virginia Water Authority	<u>(1,330,614)</u>
	(1,330,614)
Bond and other long-term debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	
Leases	(1,465,511)
Bond and other long-term debt proceeds	(23,732,335)
Principal payments	18,949,133
Bond Premiums on issuance	<u>(2,219,827)</u>
	(8,468,540)
Governmental funds report employer pension and other post employment benefit contributions as expenditures. However, in the Statement of Activities, the cost of benefits earned net of employee contributions is reported as pension expense.	
Subsequent employer pension contribution	12,296,613
Employer pension expense	10,216,277
Subsequent employer OPEB contribution and administrative expense	675,916
Employer OPEB expense	<u>1,007,850</u>
	24,196,656
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Amortization of bond premiums	1,215,369
Changes in deferred loss on refundings	(373,578)
Change in long-term compensated absences	(88,087)
Change in accrued interest payable	<u>(349,210)</u>
	404,494
The Internal Service Fund is used by management to charge the costs of certain services to individual funds. The change in net position of the Internal Service Fund is reported with Governmental Activities.	
	<u>(582,408)</u>
Change in Net Position - Governmental Activities	<u>\$ 23,430,354</u>

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

CITY OF ROANOKE, VIRGINIA

STATEMENT OF NET POSITION –
PROPRIETARY FUNDS

June 30, 2022

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

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

CITY OF ROANOKE, VIRGINIA

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

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

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

CITY OF ROANOKE, VIRGINIA

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

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

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

CITY OF ROANOKE, VIRGINIA

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

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

Noncash Capital and Financing Activities:

Stormwater Fund noncash activities consisted of capital asset acquisitions of \$146,923 recorded as accounts payable at June 30, 2022.
Civic Facilities Fund noncash activities consisted of capital asset acquisitions of \$190,294 recorded as accounts payable at June 30, 2022.
Parking Fund noncash activities consisted of capital asset acquisitions of \$15,576 recorded as accounts payable at June 30, 2022.

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

CITY OF ROANOKE, VIRGINIA

STATEMENT OF FIDUCIARY NET POSITION –
FIDUCIARY FUNDS

June 30, 2022

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

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

CITY OF ROANOKE, VIRGINIA

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

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

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

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(1) Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

Discretely Presented Component Units

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

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

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(1) Summary of Significant Accounting Policies (Continued)

B. Financial Statement Presentation

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

Government-Wide Financial Statements and Fund Financial Statements

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

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

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

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

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

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

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(1) Summary of Significant Accounting Policies (Continued)

B. Financial Statement Presentation (Continued)

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

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

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

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

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

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

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

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

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

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(1) Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

D. Encumbrances

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(1) Summary of Significant Accounting Policies (Continued)

E. Deposits and Investments

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

F. Interfund Receivables and Payables

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

G. Allowance for Uncollectible Taxes and Accounts Receivable

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

H. Property Taxes

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

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(1) Summary of Significant Accounting Policies (Continued)

I. Inventory and Prepaid Items

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

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

J. Capital Assets

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

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

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

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

K. Leases

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(1) Summary of Significant Accounting Policies (Continued)

L. Compensated Absences Payable

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

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

M. Unearned Revenues

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

N. Long-Term Obligations

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

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

O. Net Position and Fund Balance

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(1) Summary of Significant Accounting Policies (Continued)

O. Net Position and Fund Balance (Continued)

Fund Balances – Governmental Funds

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

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

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

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

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(1) Summary of Significant Accounting Policies (Continued)

O. Net Position and Fund Balance (Continued)

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

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

P. Use of Estimates

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

Q. Deferred Inflows/Outflows of Resources

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

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(1) Summary of Significant Accounting Policies (Continued)

Q. Deferred Inflows/Outflows of Resources (Continued)

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

(2) Deposits and Investments

Governmental Funds

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(2) Deposits and Investments (Continued)

Governmental Funds (Continued)

Investment Policy: (Continued)

Investments at June 30, 2022 consisted of the following:

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

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

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

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

(2) Deposits and Investments (Continued)

Governmental Funds (Continued)

Investment Policy: (Continued)

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

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

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

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

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

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

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(2) Deposits and Investments (Continued)

Governmental Funds (Continued)

Investment Policy: (Continued)

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

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

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

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

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

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(2) Deposits and Investments (Continued)

Separately Presented Fiduciary Funds

Pension Trust Fund (the “Plan”)

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

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

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

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

Fair Value of Investments

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

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(2) Deposits and Investments (Continued)

Separately Presented Fiduciary Funds (Continued)

Fair Value of Investments (Continued)

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

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

Investments Measured at Net Position Value

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(2) Deposits and Investments (Continued)

Separately Presented Fiduciary Funds (Continued)

Fair Value of Investments (Continued)

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(2) Deposits and Investments (Continued)

Separately Presented Fiduciary Funds (Continued)

Fair Value of Investments (Continued)

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(2) Deposits and Investments (Continued)

Separately Presented Fiduciary Funds (Continued)

Fair Value of Investments (Continued)

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

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

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

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(2) Deposits and Investments (Continued)

Separately Presented Fiduciary Funds (Continued)

Fair Value of Investments (Continued)

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

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

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

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

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

OPEB Trust Fund

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(2) Deposits and Investments (Continued)

Separately Presented Fiduciary Funds (Continued)

OPEB Trust Fund (Continued)

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

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

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

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

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

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

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(3) Receivables and Due from Other Governments

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

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

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

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(4) Lease Receivables

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

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

* Maturity date includes option years, if applicable.

The lease receivable is due as follows:

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

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

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

* Maturity date includes option years, if applicable.

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(4) Lease Receivables (Continued)

The lease receivable is due as follows:

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

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

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

* Maturity date includes option years, if applicable.

The lease receivable is due as follows:

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(4) Lease Receivables (Continued)

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

The lease receivable is due as follows:

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

(5) Interfund Balances and Transfers

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

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(5) Interfund Balances and Transfers (Continued)

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

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(6) Changes in Capital Assets

Primary Government:

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

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

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

(6) Changes in Capital Assets (Continued)

Primary Government: (Continued)

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(6) Changes in Capital Assets (Continued)

Primary Government: (Continued)

Depreciation was charged to functions as follows:

Government Activities:

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

Business-type activities:

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

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(6) Changes in Capital Assets (Continued)

Primary Government: (Continued)

School Board Component Unit:

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

GRTC Component Unit:

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

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(7) Construction in Progress and Contract Commitments

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(8) Unearned Revenues

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

Governmental Activities:

	Special Revenue Fund	Total
Unearned Revenue	\$ 5,840,577	5,840,577

Business-Type Activities:

	Civic Facilities Fund	Parking Fund	Total
Unearned Revenue	\$ 1,268,615	\$ 121,414	\$ 1,390,029

(9) Long-Term Liabilities

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(9) Long-Term Liabilities (Continued)

Long-Term Debt Summary

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

Governmental-Type Activities:

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

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(9) Long-Term Liabilities (Continued)

Long-Term Debt Summary (Continued)

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

Governmental-Type Activities: (Continued)

Lease Liabilities

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

School Fund Bonds and Loans (1)

2003C VPSA Subsidized Roanoke Academy	3.10% - 5.35%	11/6/2003	7/15/2023	5,000,000	494,704
2004B VPSA Subsidized Lincoln Terrace	4.10% - 5.60%	11/1/2004	7/15/2024	1,300,000	190,539
2005D VPSA Subsidized Fallon Park	4.60% - 5.10%	11/10/2005	7/15/2025	1,160,900	224,730
2005D VPSA Subsidized Westside	4.60% - 5.10%	11/10/2005	7/15/2025	3,850,000	745,293
2006B VPSA Subsidized Monterey	4.22% - 5.10%	11/9/2006	7/15/2026	1,945,000	475,000
2006B VPSA Subsidized Patrick Henry	4.23% - 5.10%	11/9/2006	7/15/2026	7,500,000	1,807,576
2007A VPSA Patrick Henry (2015A Ref)	4.10% - 5.10%	5/10/2007	7/15/2027	3,345,000	990,000
2008B VPSA Subsidized William Fleming	3.60% - 5.35%	12/11/2008	7/15/2028	7,500,000	2,446,870
2010 VPSA Qualified School Constr Bonds (QSCB)	0.00%	7/8/2010	6/1/2027	1,135,000	2,839,000
2014B VPSA Refunding	3.00% - 5.00%	5/15/2014	7/15/2026	1,245,000	851,000
2015A VPSA Refunding	4.10% - 5.35%	2/17/2015	7/15/2028	9,555,000	350,000
					<u>11,414,712</u>
Total Governmental-Type Activities				\$	<u>226,940,253</u>

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(9) Long-Term Liabilities (Continued)

Long-Term Debt Summary (Continued)

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

Business-Type Activities:

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

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(9) Long-Term Liabilities (Continued)

Long-Term Debt Summary (Continued)

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

Business-Type Activities: (Continued)

Lease Liabilities

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

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

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

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

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(9) Long-Term Liabilities (Continued)

Long-Term Debt Summary (Continued)

Business-Type Activities: (Continued)

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(9) Long-Term Liabilities (Continued)

Long-Term Debt Summary (Continued)

Business-Type Activities: (Continued)

CHANGES IN GENERAL LONG TERM LIABILITIES

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

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

School Board Component Unit

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

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(9) Long-Term Liabilities (Continued)

Long-Term Debt Summary (Continued)

School Board Component Unit (Continued)

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

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

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(10) Fund Balances/Net Position

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(11) Pension and Deferred Compensation Plans

Summary of Pension Plans:

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

City of Roanoke Pension Plans

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(11) Pension and Deferred Compensation Plans (Continued)

City of Roanoke Pension Plans (Continued)

Plan Description

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

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

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(11) Pension and Deferred Compensation Plans (Continued)

City of Roanoke Pension Plan (Continued)

Plan Description (Continued)

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

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(11) Pension and Deferred Compensation Plans (Continued)

City of Roanoke Pension Plan (Continued)

Plan Description (Continued)

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

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

Contributions

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

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(11) Pension and Deferred Compensation Plans (Continued)

City of Roanoke Pension Plan (Continued)

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

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

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

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

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(11) Pension and Deferred Compensation Plans (Continued)

City of Roanoke Pension Plan (Continued)

Actuarial Assumptions

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

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

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

Investment Rate of Return

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(11) Pension and Deferred Compensation Plans (Continued)

City of Roanoke Pension Plan (Continued)

Discount Rate

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

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

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

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

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

VRS Defined Benefit Pension Plan

Plan Description

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(11) Pension and Deferred Compensation Plans (Continued)

VRS Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

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

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

Employees Covered by Benefit Terms

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

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

Contributions

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

The political subdivision’s contractually required contribution rate for the year ended June 30, 2022 was 17.71% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were \$1,626,093 and \$1,647,613 for the years ended June 30, 2022 and June 30, 2021, respectively.

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(11) Pension and Deferred Compensation Plans (Continued)

VRS Defined Benefit Pension Plan (Continued)

Net Pension Liability

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

Actuarial Assumptions

The total pension liability for General Employees and Public Safety employees with Hazardous Duty Benefits in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Inflation	2.50%
General Employees – Salary increases, including inflation	3.50 – 5.35%
Public Safety Employees with hazardous duty benefits – Salary increases, including inflation	3.50 – 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

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

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(11) Pension and Deferred Compensation Plans (Continued)

VRS Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (Continued)

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

Long-Term Expected Rate of Return

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

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

*Expected arithmetic nominal return

* The above allocation provides for a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(11) Pension and Deferred Compensation Plans (Continued)

VRS Defined Benefit Pension Plan (Continued)

Discount Rate

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

Changes in Net Pension Liability

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(11) Pension and Deferred Compensation Plans (Continued)

VRS Defined Benefit Pension Plan (Continued)

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Political subdivision's net pension liability (asset)	\$ 11,676,255	\$ 1,693,162	\$ (6,571,759)

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

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(11) Pension and Deferred Compensation Plans (Continued)

VRS Defined Benefit Pension Plan (Continued)

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

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

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

Pension Plan Data

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

School Board Component Unit Plans

VRS Defined Benefit Pension Plans

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(11) Pension and Deferred Compensation Plans (Continued)

School Board Component Unit Plans (Continued)

Plan Description

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

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

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

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

<https://www.varetirement.org/hybrid.html>

Actuarial Assumptions

Long-Term Expected Rate of Return

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

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(11) Pension and Deferred Compensation Plans (Continued)

School Board Component Unit Plans (Continued)

Actuarial Assumptions (Continued)

Long-Term Expected Rate of Return (Continued)

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

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

* The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at the time, provided a median return of 7.11%, including expected inflation at 2.50%.

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(11) Pension and Deferred Compensation Plans (Continued)

School Board Component Unit Plans (Continued)

Discount Rate

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

Virginia Retirement System – Statewide Professional Cost-Sharing Pool

Contributions

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

(11) Pension and Deferred Compensation Plans (Continued)

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

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

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

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(11) Pension and Deferred Compensation Plans (Continued)

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

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

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

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

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(11) Pension and Deferred Compensation Plans (Continued)

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

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
School division’s proportionate share of the VRS Teacher Employee Retirement plan net pension liability	\$ 147,173,197	\$ 76,257,682	\$ 17,920,199

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2021 ACFR. A copy of the 2021 VRS ACFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Virginia Retirement System – Nonprofessional Employees (Non-Teachers)

Employees Covered by Benefit Terms

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(11) Pension and Deferred Compensation Plans (Continued)

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

Contributions

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

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

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

Net Pension Asset

The political subdivision's net pension asset was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

(11) Pension and Deferred Compensation Plans (Continued)

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

Changes in Net Pension Liability (Asset)

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

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(11) Pension and Deferred Compensation Plans (Continued)

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

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

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

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

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(11) Pension and Deferred Compensation Plans (Continued)

City of Roanoke Pension Plan (School Board Participants)

Plan Description

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

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

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

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

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(11) Pension and Deferred Compensation Plans (Continued)

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

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

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

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

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(11) Pension and Deferred Compensation Plans (Continued)

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

Actuarial Assumptions

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

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

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

Investment Rate of Return

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

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

Discount Rate

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(12) Other Postemployment Benefit Plans

Summary of Other Postemployment Benefits Plans

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(12) Other Postemployment Benefit Plans (Continued)

Primary Government – OPEB Employee’s Post Retirement Health Plan

Plan Description

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

Plan Membership

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

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

Contributions

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

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

At June 30, 2022 the City reported a net OPEB liability of \$3,059,637. The net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(12) Other Postemployment Benefit Plans (Continued)

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

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

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

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

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(12) Other Postemployment Benefit Plans (Continued)

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

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

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(12) Other Postemployment Benefit Plans (Continued)

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

Actuarial Method and Significant Assumptions

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

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

Rate of Return

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

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(12) Other Postemployment Benefit Plans (Continued)

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

Rate of Return (Continued)

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Arithmetic Average Long-Term Real Return</u>	<u>Arithmetic Weight Average Long-Term Real Return</u>
Large Cap Equity (Domestic)	21.00 %	9.88 %	7.13 %	1.50 %
Small Cap Equity (Domestic)	10.00	11.28	8.53	0.85
International Equity (Developed)	13.00	10.74	7.99	1.04
Emerging Markets	5.00	11.98	9.23	0.46
Private Equity	10.00	13.22	10.47	1.05
Long/Short Equity	6.00	8.43	5.68	0.34
Core Bonds	5.00	5.33	2.58	0.13
Core Plus	11.00	5.63	2.88	0.32
Liquid Absolute Return	4.00	6.00	3.25	0.13
Core Real Estate	10.00	9.35	6.60	0.66
Opportunistic Real Estate	5.00	12.35	9.60	0.47
Total	<u>100.00 %</u>			6.95 %
			Inflation	2.75
		*Expected arithmetic nominal return		<u>9.70 %</u>

* The above allocation provides a one-year return of 9.70%, however, one-year returns do not take into account the volatility present in each of the asset classes.

Specific investment information for the Trust can be obtained by writing to VML/VACo Finance Program, 919 East Main Street, Suite 1100 Richmond, Virginia 23219.

Discount Rate

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(12) Other Postemployment Benefit Plans (Continued)

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

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

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

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Net OPEB liability	\$ 4,217,375	\$ 3,059,637	\$ 2,066,906

Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rates

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

	1.00% Decrease (8.25%)	Current Healthcare Cost Trend Rate (9.25%)	1.00% Increase (10.25%)
Net OPEB liability	\$ 1,918,896	\$ 3,059,637	\$ 4,407,334

The City’s OPEB Plan does not issue a stand-alone financial report, therefore financial statements for this plan are as follows:

Assets	
Investments in Pooled Funds	\$ 9,428,664
Net Position, Restricted	\$ 9,428,664
Additions/Reductions	
Contributions from Employer	\$ 1,095,100
Investment Income	
Net Depreciation in Fair Value of Investments	(947,488)
Interest	27
Less Investment Expense	(11,868)
Total	135,771
Deductions	
Benefit Payments	844,100
Change in Net Pension	(708,329)
Net Position, Beginning of Year	10,136,993
Net Position, End of Year	\$ 9,428,664

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(12) Other Postemployment Benefit Plans (Continued)

Primary Government – OPEB Line of Duty Benefits

Plan Description

The Line of Duty Act (LODA) provides benefits to local government employees who hold specified hazardous duty positions (Code of Virginia §9.1-400 et seq.). By statute, LODA benefits must be provided. The Virginia Department of Accounts administers the benefit. As of July 1, 2011, the General Assembly shifted the financial responsibility from the state government to local governments. The Line of Duty plan is a single employer OPEB plan to provide a death benefit of \$100,000 to beneficiaries of public safety officers who die in the line of duty and a death benefit of \$25,000 to beneficiaries of public safety employees who die within five years of becoming disabled as a result of a qualifying illness as defined in the LODA. A medical benefit is also provided to the disabled public safety employees, their surviving spouses, and their dependents. The Health OPEB and LODA OPEB are indeed two separate plans, but are included in one single trust. All assets are available to pay to any plan member or beneficiary. The Commonwealth of Virginia has the authority to establish and amend Line of Duty Plan benefits. The City of Roanoke Line of Duty plan does not issue a stand-alone financial report.

Plan Membership

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

	<u>2021</u>
Active Participants	694
Disableds	8
Spouses	8
Dependent Children	9
	<u>719</u>

Contributions

The contribution requirements of the City are established and may be amended by the Commonwealth of Virginia. The required contribution is based on projected pay-as-you-go financing requirements under which contributions are made in amounts sufficient to cover benefits paid, administrative costs, and anticipated inflationary increases. For the fiscal year ended June 30, 2022, members of the plan did not contribute. The City did not contribute to the Line of Duty plan for death benefits and health insurance based on projected pay-as-you-go financing. It is the City’s intent to fully fund the actuarially determined contribution each year.

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

At June 30, 2022 the City reported a Net OPEB liability of \$432,729. The net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

(12) Other Postemployment Benefit Plans (Continued)

Primary Government – OPEB Line of Duty Benefits (Continued)

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$20,465. OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 548,457
Net difference between projected and actual earnings on pension plan investments	-	381,118
City contributions and administrative fees subsequent to the measurement date	3,827	-
Total	\$ 3,827	\$ 929,575

The City reported \$3,827 as deferred outflows of resources, resulting from the City’s contributions subsequent to the measurement date, will be recognized as a reduction of the Net OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the City’s OPEB will be recognized in the City’s OPEB expense in future reporting periods as follows:

Year Ended June 30,	Reduction to OPEB Expense
2023	\$ (177,210)
2024	(167,874)
2025	(177,485)
2026	(194,809)
2027	(84,066)
Thereafter	(128,131)

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(12) Other Postemployment Benefit Plans (Continued)

Primary Government – OPEB Line of Duty Benefits (Continued)

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

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) – (b)
Balances at June 30, 2020	\$ 3,398,124	\$ 2,383,978	\$ 1,014,146
Changes for the year:			
Service cost	134,425	-	134,425
Interest	239,306	-	239,306
Changes in experience	(13,020)	-	(13,020)
Contributions – employer	-	228,800	(228,800)
Net investment income	-	716,525	(716,525)
Benefit payments	(227,800)	(227,800)	-
Administrative expenses	-	(3,197)	3,197
Other changes	-	-	-
Net changes	132,911	714,328	(581,417)
Balances at June 30, 2021	\$ 3,531,035	\$ 3,098,306	\$ 432,729

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(12) Other Postemployment Benefit Plans (Continued)

Primary Government – OPEB Line of Duty Benefits (Continued)

Actuarial Method and Significant Assumptions

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

Valuation Date	July 1, 2021
Measurement Date	June 30, 2021
Valuation Method	Entry Age Actuarial Cost
Investment Rate of Return	7.0%
Long-term projected salary increase	None Assumed
Healthcare cost trend rates	A range of 7.50% in 2021 to 4.50% in 2028 and beyond for Pre-Medicare and 5.50% in 2018 to 5.00% in 2023 for Post-Medicar
Pre-retirement mortality	125% of the RP-2000 Combined Healthy Mortality Table for males and females with generational mortality projection using Scale AA
Post-retirement mortality	125% of the RP-2000 Combined Healthy Mortality Table for males and females with generational mortality projection using Scale AA
Disabled mortality	SOA RP-2014 Adjusted to 2006 Disabled Retiree Mortality Table with base rates only

Rate of Return

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(12) Other Postemployment Benefit Plans (Continued)

Primary Government – OPEB Line of Duty Benefits (Continued)

Rate of Return (Continued)

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Arithmetic Average Long-Term Real Return</u>	<u>Arithmetic Weight Average Long-Term Real Return</u>
Large Cap Equity (Domestic)	21.00 %	9.88 %	7.13 %	1.50 %
Small Cap Equity (Domestic)	10.00	11.28	8.53	0.85
International Equity (Developed)	13.00	10.74	7.99	1.04
Emerging Markets	5.00	11.98	9.23	0.46
Private Equity	10.00	13.22	10.47	1.05
Long/Short Equity	6.00	8.43	5.68	0.34
Core Bonds	5.00	5.33	2.58	0.13
Core Plus	11.00	5.63	2.88	0.32
Liquid Absolute Return	4.00	6.00	3.25	0.13
Core Real Estate	10.00	9.35	6.60	0.66
Opportunistic Real Estate	5.00	12.35	9.60	0.47
Total	<u>100.00 %</u>			<u>6.95 %</u>
			Inflation	<u>2.75</u>
		*Expected arithmetic nominal return		<u>9.70 %</u>

* The above allocation provides a one-year return of 9.70%, however, one-year returns do not take into account the volatility present in each of the asset classes.

Discount Rate

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

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(12) Other Postemployment Benefit Plans (Continued)

Primary Government – OPEB Line of Duty Benefits (Continued)

Discount Rate (Continued)

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

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

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Net OPEB liability	\$ 802,348	\$ 432,729	\$ 121,895

Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rates

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

	1.00% Decrease (3.75%)	Current Healthcare Cost Trend Rate (4.75%)	1.00% Increase (5.75%)
Net OPEB liability	\$ 83,002	\$ 432,729	\$ 850,044

Other Postemployment Benefits Liability – Virginia Retirement System Plans – Primary Government

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the City also participates in various cost-sharing and agent multi-employer other postemployment benefit plans, described as follows.

Plan Descriptions

Group Life Insurance Program

All full-time employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

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

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(12) Other Postemployment Benefit Plans (Continued)

Other Postemployment Benefits Liability – Virginia Retirement System Plans – Primary Government (Continued)

Plan Descriptions (Continued)

General Employee Health Insurance Credit Program

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

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the General Employee Health Insurance Credit Program:

	Number
Inactive members or their beneficiaries currently receiving benefits	84
Inactive members:	
Vested inactive members	2
Total inactive members	86
Active members	215
Total covered employees	301

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2020 (General Employee HIC Program) and June 30, 2019 (GLI). The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	<i>Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.</i>
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2022 Contribution	\$422,658
June 30, 2021 Contribution	\$408,527

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(12) Other Postemployment Benefit Plans (Continued)

Other Postemployment Benefits Liability – Virginia Retirement System Plans – Primary Government (Continued)

Contributions (Continued)

General Employee Health Insurance Credit Program

Governed by:	<i>Code of Virginia 51.1-1402(E)</i> and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.
Total rate:	0.29% of covered employee compensation.
June 30, 2022 Contribution	\$26,789
June 30, 2021 Contribution	\$27,111

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

The net OPEB liabilities were measured as of June 30, 2021 and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. The covered employer’s proportion of the net OPEB liabilities, except for LODA, were based on the covered employer’s actuarially determined employer contributions for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. LODA proportion was determined based on pay-as-you-go employer contributions instead of actuarially determined contributions.

Group Life Insurance Program

June 30, 2022 proportionate share of liability	\$4,355,330
June 30, 2021 proportion	0.4023%
June 30, 2020 proportion	0.3702%
June 30, 2022 expense	\$83,594

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(12) Other Postemployment Benefit Plans (Continued)

Other Postemployment Benefits Liability – Virginia Retirement System Plans – Primary Government (Continued)

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

General Employee Health Insurance Credit Program

Changes in net OPEB liability of the General Employee Health Insurance Credit Program were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2020	\$ 450,377	\$ 140,190	\$ 310,187
Changes for the year:			
Service cost	5,560	-	5,560
Interest	30,381	-	30,381
Differences between expected and actual experience	(32,714)	-	(32,714)
Assumption changes	8,716	-	8,716
Contributions – employer	-	27,165	(27,165)
Net investment income	-	40,488	(40,488)
Benefit payments	(570)	(570)	-
Administrative expenses	-	(557)	557
Net changes	11,373	66,526	(55,153)
Balances at June 30, 2021	\$ 461,750	\$ 206,716	\$ 255,034

In addition, for the year ended June 30, 2022, the City recognized OPEB expense of \$16,685 related to the General Employee Health Insurance Credit Program.

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(12) Other Postemployment Benefit Plans (Continued)

Other Postemployment Benefits Liability – Virginia Retirement System Plans – Primary Government (Continued)

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

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Group Life Insurance Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 472,264	\$ 622,608
Change in assumptions	242,700	455,319
Net difference between projected and actual earnings on OPEB plan investments	-	1,029,049
Changes in proportion	196,857	-
Employer contributions subsequent to the measurement date	422,658	-
Total	\$ 1,334,479	\$ 2,106,976

General Employee Health Insurance Credit Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 31,808
Change in assumptions	7,549	-
Net difference between projected and actual earnings on OPEB plan investments	-	20,268
Changes in proportion	-	-
Employer contributions subsequent to the measurement date	26,789	-
Total	\$ 34,338	\$ 52,076

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

(12) Other Postemployment Benefit Plans (Continued)

Other Postemployment Benefits Liability – Virginia Retirement System Plans – Primary Government (Continued)

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

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

Group Life Insurance Program

Year Ended June 30,	Reduction to OPEB Expense
2023	\$ (313,638)
2024	(258,744)
2025	(234,838)
2026	(369,049)
2027	(18,806)
Thereafter	-

General Employee Health Insurance Credit Program

Year Ending June 30,	Reduction to OPEB Expense
2023	\$ (8,732)
2024	(8,722)
2025	(8,859)
2026	(10,055)
2027	(3,433)
Thereafter	(4,715)

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(12) Other Postemployment Benefit Plans (Continued)

Other Postemployment Benefits Liability – Virginia Retirement System Plans – Primary Government (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liabilities were determined using the following assumptions based on an actuarial valuation date of June 30, 2020, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

Inflation	2.50%
Salary increases, including inflation:	
• Locality – general employees	3.50 – 5.35%
• Locality – hazardous duty employees	3.50 – 4.75%
• Teachers	3.50 – 5.95%
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	5.375 – 4.75%
Investment rate of return, net of expenses, including inflation*	GLI & HIC: 6.75%

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans.

Net OPEB Liabilities

The net OPEB liabilities represent each program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	<u>Group Life Insurance Program</u>
Total OPEB liability	\$ 3,577,346
Plan fiduciary net position	<u>2,413,074</u>
Employers’ net OPEB liability (asset)	<u>\$ 1,164,272</u>
Plan fiduciary net position as a percentage of total OPEB liability	67.45%

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(12) Other Postemployment Benefit Plans (Continued)

Other Postemployment Benefits Liability – Virginia Retirement System Plans – Primary Government (Continued)

Group Life Insurance and Health Insurance Credit Programs

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

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

* The above allocation provides for a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11, including inflation of 2.50%.

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(12) Other Postemployment Benefit Plans (Continued)

Other Postemployment Benefits Liability – Virginia Retirement System Plans – Primary Government (Continued)

Discount Rate

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

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
GLI Net OPEB liability	\$ 6,431,689	\$ 4,355,330	\$ 2,763,311
General Employee HIC Net OPEB liability	\$ 303,276	\$ 255,034	\$ 214,326

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(12) Other Postemployment Benefit Plans (Continued)

School Board – Virginia Retirement System Plans

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the School Board also participates in various cost-sharing and agent multi-employer other postemployment benefit plans, described as follows.

Plan Descriptions

Group Life Insurance Program

All full-time teachers and employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

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

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>

Teacher Employee Health Insurance Credit Program

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

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

The GLI and Teacher HIC are administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Both of these plans are considered multiple employer, cost sharing plans.

General Employee Health Insurance Credit Program

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

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(12) Other Postemployment Benefit Plans (Continued)

School Board – Virginia Retirement System Plans (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the General Employee Health Insurance Credit Program:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>3</u>
Total inactive members	3
Active members	<u>135</u>
Total covered employees	<u><u>138</u></u>

Contributions

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

Group Life Insurance Program

Governed by:	<i>Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.</i>
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2022 Contribution	\$556,922
June 30, 2021 Contribution	\$482,262

Teacher Health Insurance Credit Program

Governed by:	<i>Code of Virginia 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.</i>
Total rate:	1.21% of covered employee compensation.
June 30, 2022 Contribution	\$1,100,269
June 30, 2021 Contribution	\$1,051,413

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(12) Other Postemployment Benefit Plans (Continued)

School Board – Virginia Retirement System Plans (Continued)

Contributions (Continued)

General Employee Health Insurance Credit Program

Governed by:	<i>Code of Virginia</i> 51.1-1402(E) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.
Total rate:	.11% of covered employee compensation.
June 30, 2022 Contribution	\$3,815
June 30, 2021 Contribution	\$3,573

The net OPEB liabilities were measured as of June 30, 2021 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by actuarial valuations as of that date. The covered employer's proportion of the net OPEB liabilities were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

	Teacher SGLI	Non-Teacher SGLI Plan 1	Non-Teacher SGLI Plan 2
June 30, 2022 proportionate share of liability	\$ 4,904,027	\$ 252,064	\$ 77,889
June 30, 2021 proportion	.42121%	.02165%	.00669%
June 30, 2020 proportion	.41371%	.02109%	.00743%
June 30, 2022 expense (income)	\$ 181,692	\$ 21,872	\$ (17,707)

Teacher Health Insurance Credit Program

June 30, 2022 proportionate share of liability	\$ 12,608,372
June 30, 2021 proportion	.98229%
June 30, 2020 proportion	.97086%
June 30, 2022 expense	\$ 968,036

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(12) Other Postemployment Benefit Plans (Continued)

School Board – Virginia Retirement System Plans (Continued)

General Employee Health Insurance Credit Program

Changes in net OPEB liability of the General Employee Health Insurance Credit Program were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) – (b)
Balances at June 30, 2020	\$ 46,252	\$ 69,072	\$ (22,820)
Changes for the year:			
Service cost	4,449	-	4,449
Interest	3,118	-	3,118
Assumption changes	(2,097)	-	(2,097)
Differences between expected and actual experience	(1,284)	-	(1,284)
Contributions – employer	-	3,573	(3,573)
Net investment income	-	18,713	(18,713)
Benefit payments	(141)	(141)	-
Administrative expenses	-	(232)	232
Net changes	4,045	21,913	(17,868)
Balances at June 30, 2021	<u>\$ 50,297</u>	<u>\$ 90,985</u>	<u>\$ (40,688)</u>

For the year ended June 30, 2021, the School Board recognized \$737 of OPEB revenue for general employees.

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(12) Other Postemployment Benefit Plans (Continued)

School Board – Virginia Retirement System Plans (Continued)

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

Group Life Insurance Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 596,955	\$ 39,880
Change in assumptions	288,548	716,120
Net difference between projected and actual earnings on OPEB plan investments	-	1,249,239
Changes in proportion	154,579	213,401
Employer contributions subsequent to the measurement date	523,904	-
Total	\$ 1,563,986	\$ 2,218,640

Teacher Health Insurance Credit Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 220,015
Change in assumptions	340,827	50,672
Net difference between projected and actual earnings on OPEB plan investments	-	166,090
Changes in proportion	134,147	298,339
Employer contributions subsequent to the measurement date	1,100,269	-
Total	\$ 1,575,243	\$ 735,116

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

(12) Other Postemployment Benefit Plans (Continued)

School Board – Virginia Retirement System Plans (Continued)

General Employee Health Insurance Credit Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,797	\$ 7,471
Change in assumptions	763	2,192
Net difference between projected and actual earnings on OPEB plan investments	-	9,212
Employer contributions subsequent to the measurement date	3,815	-
Total	\$ 7,375	\$ 18,875

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

Group Life Insurance Program

Year Ending June 30,	Reduction to OPEB Expense
2023	\$ (286,417)
2024	(229,566)
2025	(211,980)
2026	(390,182)
2027	(60,413)
Thereafter	-

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(12) Other Postemployment Benefit Plans (Continued)

School Board – Virginia Retirement System Plans (Continued)

Teacher Health Insurance Credit Program

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2023	\$ (74,241)
2024	(76,127)
2025	(71,327)
2026	(57,046)
2027	1,307
Thereafter	17,292

General Employee Health Insurance Credit Program

Year Ending June 30,	Reduction to OPEB Expense
2023	\$ (3,356)
2024	(3,341)
2025	(3,208)
2026	(3,314)
2027	(1,272)
Thereafter	(824)

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(12) Other Postemployment Benefit Plans (Continued)

School Board – Virginia Retirement System Plans (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2020, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

Inflation	2.50%
Salary increases, including inflation:	
• Locality – general employees	3.50 – 5.35%
• Teachers	3.50 – 5.95%
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	5.375 – 4.75%
Investment rate of return, net of expenses, including inflation*	GLI & HIC: 6.75%

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 11.

Net OPEB Liabilities

The net OPEB liabilities represent each program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2021, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program	Teacher Employee HIC OPEB Plan
Total OPEB liability	\$ 3,577,346	\$ 1,477,874
Plan fiduciary net position	2,413,074	194,305
Employers’ net OPEB liability (asset)	\$ 1,164,272	\$ 1,283,569
Plan fiduciary net position as a percentage of total OPEB liability	67.45%	13.15%

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(12) Other Postemployment Benefit Plans (Continued)

School Board – Virginia Retirement System Plans (Continued)

Long-Term Expected Rate of Return

Group Life Insurance and Health Insurance Credit Programs

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

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

* The above allocation provides for a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11, including inflation of 2.50%.

(Continued)

CITY OF ROANOKE, VIRGINIA

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

(12) Other Postemployment Benefit Plans (Continued)

School Board – Virginia Retirement System Plans (Continued)

Discount Rate

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

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

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

	<u>1.00% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1.00% Increase (7.75%)</u>
GLI Net OPEB Liability	\$ 7,647,035	\$ 5,233,980	\$ 3,285,329
Teacher HIC Net OPEB Liability	14,193,553	12,608,372	11,266,976
General Employee HIC Net OPEN Liability (Asset)	<u>(33,703)</u>	<u>(40,688)</u>	<u>(46,460)</u>
	<u>\$ 21,806,885</u>	<u>\$ 17,801,664</u>	<u>\$ 14,505,845</u>

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report. A copy of the 2021 VRS Annual Comprehensive Financial Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(13) Risk Management

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

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

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

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

The City purchases a liability policy and an accidental injury medical policy to protect up to 100 active volunteers who perform tasks on behalf of the City. The amount of settlements did not exceed insurance coverage for each of the past ten years. The City is self-insured for employee health insurance and worker's compensation with stop loss provisions to limit catastrophic claims exceeding \$1,250,000 for worker's compensation and \$300,000 for health insurance.

Included in long-term liabilities at June 30, 2022 were claims payables of \$14,453,690 as a provision for unasserted claims. Other risks insured through the City's self-insurance program adequately covered any claims incurred over each of the past 12 years.

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

	2021-2022	2020-2021
Claims liability at July 1	\$ 14,951,034	\$ 14,298,685
Claims incurred	13,917,667	16,801,225
Claims payments	(14,415,011)	(16,148,876)
Claims liability at June 30	\$ 14,453,690	\$ 14,951,034

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(13) Risk Management (Continued)

Surety Bond coverage is as follows:

Company:	Amount:
<u>Travelers Property Casualty Insurance Company:</u>	
Public Employee Pension/Crime/Dishonesty	\$ 1,000,000
<u>NGM Insurance Company:</u>	
Treasurer – Public Official Bond	1,000,000
<u>Self-insurance program through Commonwealth of Virginia</u> <u>Division of Risk Management</u>	
All Other Constitutional Officers' Employees Liability Insurance	1,000,000
City Treasurer's Bond	500,000
City Sheriff Bond	30,000
Commissioner of Revenue Bond	3,000
Clerk of Circuit Court Bond	3,000,000
City Sheriff's Liability Insurance	1,500,000

GAAP addresses the requirements for reporting liabilities related to cleaning up pollution and/or contamination. The City has evaluated the requirements of GAAP and determined the City had no material liability.

The City adopted comprehensive financial policies that included a Risk Management Reserve. The purpose of the reserve is to mitigate risk exposure of the City due to its self-insurance program. The City is currently self-insured for health insurance, workers' compensation, general liability and automotive claims.

The minimum funding level for The Risk Management Reserve is:

- 25% of the three year average of self-insured claims costs
- plus 10% of the three year average of fully insured premiums
- plus a \$1 million to cover catastrophic claims

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

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(13) Risk Management (Continued)

School Board Component Unit

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

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

The School Board has general liability, vehicular liability, and property insurance coverages through commercial insurers through the Virginia Municipal Liability Pool.

The School Board is self-insured for health insurance claims. The following table shows the activity in the account for the next two years.

	<u>2021-2022</u>	<u>2020-2021</u>
Claims liability at July 1	\$ 4,237,368	\$ 4,637,071
Claims incurred	28,048,157	19,287,929
Claims payments	<u>(25,649,776)</u>	<u>(19,687,633)</u>
Claims liability at June 30	<u>\$ 6,635,749</u>	<u>\$ 4,237,367</u>

(14) Tax Abatements

As of June 30, 2022, the City provides tax abatements through four programs:

<u>Tax Abatement Programs</u>	<u>Taxes Abated for FY 2022</u>
Real Estate Rehabilitation Abatements	\$ 1,602,710
Solar Energy Equipment, Facilities, and Devices Exemption	\$ 3,687
Energy Efficient Buildings Special Rate	\$ 1,747
Economic Development Grants	\$ 1,267,987

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(14) Tax Abatements (Continued)

The **Real Estate Rehabilitation Abatement** program is administered by the Real Estate Valuation Department in accordance with Chapter 32, Article II, Division 5 of Code of Ordinances for the City of Roanoke. Abatements and exemptions only apply to the change in value resulting from the renovation or new construction. The amount of the abatement is deducted from the recipient's tax bill. The program is composed of four tax abatement incentives:

1. An abatement of real property taxes on residential, commercial, and industrial properties to encourage rehabilitation of existing structures. To receive this abatement, the renovation must be completed within two years after the date of application. Residential properties must be no less than 40 years in age and be improved so as to increase their values no less than 40%. Commercial and industrial properties must be no less than 25 years in age and be improved so as to increase the value of their structures no less than 60%, without increasing total square footage by more than 100%.
2. A partial real property tax exemption for commercial and industrial properties within Enterprise Zone Two to encourage rehabilitation of existing structures. To receive this exemption, the property must have been no less than 15 years in age, have been renovated so as to increase the assessed value of the structure by at least \$50,000, have not received another exemption under Division 5 of the Code, and the rehabilitation must have been completed within one year after the date of the application. This program was closed to new applications as of December 31, 2015, but is still available for renewal for existing applicants in future periods. Program application fees follow the below guideline:

Program Application Fees:

- a. Residential Single Family Buildings (Must have assessed value of \$250,000 or less to qualify) \$175.00
 - b. Multi-Family Residential: \$250.00*
 - c. Commercial – Mixed Use: \$250.00*
- *per principle structure in application

3. A partial real property tax exemption for commercial, mixed-use commercial, and industrial properties in Enterprise Zone One A to encourage rehabilitation of existing structures. To receive this exemption, the property must be no less than 15 years in age, be renovated so as to increase the assessed value of the structure by at least \$50,000, have not received another exemption under Division 5 of the Code, and the rehabilitation must be completed within two years after the date of the application. Additionally, mixed-use commercial property must not be more than 80% residential use in order to qualify. Lastly, residential and non-residential (Commercial/mixed use) buildings must be constructed prior to January 1, 1970.
4. A partial real property tax exemption for residential and commercial properties in redevelopment and conservation areas, as well as rehabilitation districts, to encourage the construction of new structures or other improvements.

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(14) Tax Abatements (Continued)

5. The following timelines on Real Estate Tax Abatement durations will apply to those granted herein as follows:
 - a. Five years for eligible buildings city-wide;
 - b. Seven years for eligible buildings located within the H-1 and H-2 local historic districts;
 - c. Seven years for eligible buildings located within a designated redevelopment, rehabilitation or conservation district

For residential properties to receive this exemption, the new structure or improvement must have an assessed value, after construction or improvement, of at least 120% of the median value of other residential structures in the neighborhood. Commercial properties must be located in a district zoned Commercial Neighborhood (CN) and must be designed for and used for purposes permitted in a CN district.

For both residential and commercial properties, the construction or improvement must be completed within 2 years after the date of the application.

6. The exemption provided in this division shall not apply when any existing structure is demolished or razed and a replacement structure is constructed, unless the assessed value of the existing structure is less than \$10,000. The replacement structure must be in a single-family residence, and it must have an assessed value of at least 120% of the median value of other dwelling units in the neighborhood, as determined by the director of real estate valuation. Such exemption shall not apply when the structure to be demolished is a Virginia registered landmark, or is determined by the Division of Historic Resources to contribute to the significance of a registered historic district.

The **Solar Energy Equipment, Facilities, and Devices** program provides for an exemption on real estate or machinery and tools taxes to encourage investment in certified solar energy equipment, facilities, and devices, as specified in Chapter 32, Article II, Division 8 of the Code of the City of Roanoke. Taxpayers must file an application with the Department of Planning, Building, and Development, along with supporting documents that can be used to verify the costs, ownership, and nature of the property involved. The taxpayer may choose to apply the exemption to real estate taxes or machinery and tool taxes, as applicable. The exemption is determined by applying the appropriate local tax rate to the value of the qualified solar energy equipment, facilities, and devices.

The **Energy-Efficient Buildings** program provides a special classification to buildings certified as energy-efficient, which provides for a lower tax rate than that applied to other real property. Applications are reviewed by the City's Department of Planning, Building, and Development, as specified under Chapter 32, Article II, Division 9 of the Code of the City of Roanoke. If approved, the building is given the special classification for five years. For the year ended June 30, 2022, the real estate tax rate applicable to Energy-Efficient Buildings was \$1.10 per \$100 of assessed value.

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(14) Tax Abatements (Continued)

Economic Development Grants are provided to local developers who complete projects that promote economic development within the city, as determined in advance by the city administration in accordance with the Code of Ordinances for the City of Roanoke, Ordinance Numbers 40709 and 39447. Such projects are expected to provide additional tax revenue, jobs, and services that will benefit city residents. The local taxes collected from businesses located in these developments are used to fund the grants. Applicable local taxes include real estate tax, local option sales tax, business professional and occupational license tax, tangible personal property tax, and prepared food and beverage tax. Payments to developers are based on the taxes collected the preceding fiscal year. Grants paid during the fiscal year ended June 30, 2022, were between 50 and 75% of the local tax revenues generated from applicable projects.

(15) Joint Ventures

Blue Ridge Behavioral Healthcare

The counties of Botetourt, Craig and Roanoke, and the cities of Roanoke and Salem formed Blue Ridge Behavioral Health Care (BRBH) a community services board, to provide a system of comprehensive community mental health, intellectual disability and substance abuse services. BRBH is governed by a 16 -member board. Roanoke City Council appoints three members. Each locality's financial obligation is based on the type and amount of services performed for individuals in the locality. For the fiscal year ended June 30, 2022, the City remitted approximately \$979,213 to BRBH. Financial statements may be obtained from Blue Ridge Behavioral Healthcare, 611 McDowell Avenue, Roanoke, Virginia 24016.

Hotel Roanoke Conference Center Commission

The City is a participant with Virginia Polytechnic Institute and State University (Virginia Tech) in a joint venture to establish and operate a publicly-owned Conference Center in the City of Roanoke in conjunction with the Hotel Roanoke, which is adjacent to the Conference Center. The Hotel Roanoke Conference Center Commission (HRCCC) is composed of six members, three of whom are appointed by City Council and three of whom are appointed by Virginia Tech. The HRCCC has the authority to issue debt and such debt is the responsibility of the HRCCC. The City issued general obligation bonds in its name for its share of the Conference Center construction costs and was obligated to repay this debt. The City has incurred no related future obligation.

The intention of the HRCCC is to be self-supporting through its user fees. The City and Virginia Tech share equally in any operating deficit or if additional funding is needed for capital expenditures. The City has no equity interest in the HRCCC; however, as previously mentioned, additional funding or subsidies may be necessary to support ongoing operations. For the fiscal year ended June 30, 2022, the City contributed \$80,000 to the HRCCC. Financial statements may be obtained from the Hotel Roanoke Conference Center Commission, 106 Shenandoah Avenue, Roanoke, Virginia 24016.

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(15) Joint Ventures (Continued)

Roanoke Valley Broadband Authority

The Roanoke Valley Broadband Authority (Authority) was created under the Virginia Wireless Services Facilities Act by the cities of Roanoke and Salem, and the counties of Botetourt and Roanoke. The Authority was formed in order to provide quality affordable access to broadband technologies. The Board of the Authority consists of five members of which the City appoints one member for a four-year term. The Authority is in the process of engineering a 46 mile network in the Valley that will serve business parks, large institutions, government facilities, and businesses. For the fiscal year ended June 30, 2022, the City remitted \$333,186 to Roanoke Valley Broadband Authority for bond payments and \$354,904 for its commitment for the broadband project. Financial statements may be obtained from Roanoke Valley Broadband Authority, 601 South Jefferson Street, Suite 110, Roanoke, Virginia 24011.

Roanoke Valley Regional Fire-EMS Training Center

The City, along with the County of Roanoke, City of Salem, and Town of Vinton, jointly operate a Fire-EMS training center (Center). The Center is governed by a committee of eight members, designated by the participating jurisdictions. New Fire-EMS recruits are required to take a 17 week training course at the facility before being assigned to a station. Upon completion of the training, the new recruits are state certified. Each jurisdiction is responsible for a percentage of the annual operating costs of the facility. The City is responsible for 44% of the annual operating costs. For the fiscal year ended June 30, 2022, the City paid \$39,000 of the total annual operating costs. Financial statements may be obtained from the Roanoke Valley Regional Fire-EMS Training Center, 1220 Kessler Mill Road, Salem, Virginia 24153.

Roanoke Valley Resource Authority

The City of Roanoke, the County of Roanoke, and the Town of Vinton jointly participate in the Roanoke Valley Resource Authority (Authority), which operates the regional sanitary landfill, waste collection and transfer station, and related treatment facilities. The Authority is governed by a board composed of seven members designated by the participating jurisdictions. Roanoke City Council appoints two members. The City has control over the budget and financing for the Authority only to the extent of representation by the board members appointed. The participating localities are each responsible for their pro rata share, based on population, of any year-end operating deficit. For the fiscal year ended June 30, 2022, the City remitted \$2,636,752 to the Authority for services. Financial statements may be obtained from Roanoke Valley Resource Authority, 1020 Hollins Road, Roanoke, Virginia 24012.

Regional Center for Animal Care and Protection

The City of Roanoke, along with the Counties of Roanoke and Botetourt, and the Town of Vinton, jointly participate on the Advisory Board which is responsible for the general fiscal and management policies for the Regional Center for Animal Care and Protection (RCACP). The regional care center is comprised of an animal control and animal education facilities that are adjacent to each other and are owned and operated by the Roanoke Valley Society for the Prevention of Cruelty to Animals, Inc. (RVSPCA). The animal control facility was financed by bonds in the amount of \$3.5 million which were issued by the RVSPCA. This debt was defeased and reissued by the participating localities in connection with the purchase and operations of the control facility. Each participating locality pays monthly amounts for its share of operating costs, debt service, and to fund reserves for operating and maintenance needs of the RCACP based on the locality's average use of the facility. During the year ended June 30, 2022, the City's share was 58% on debt payments and 61.4% for operation, and the City remitted approximately \$1,442,885 for its share of RCACP expenses.

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(15) Joint Ventures (Continued)

Western Virginia Regional Industrial Facility Authority

The Western Virginia Regional Industrial Facility Authority was created as a combined effort with Roanoke City, Roanoke County, the City of Salem, Botetourt County, Franklin County and the Town of Vinton to enhance these localities economic base and stimulate economic growth by developing new opportunities in these areas. For fiscal year ended June 30, 2022, the City remitted \$18,563 for services and \$117,935 for capital reimbursements.

(16) Jointly Governed Organizations

Roanoke Valley Detention Commission

The Counties of Botetourt, Franklin and Roanoke and the Cities of Roanoke and Salem formed the Roanoke Valley Detention Commission (Commission) in 1998 to renovate, expand and operate a detention facility for juveniles. The Commission is governed by a six member board. Roanoke City Council appoints two members. Localities using the facility are guaranteed a number of beds according to the terms of the agreement. Each locality's financial obligation is based on the number of juveniles housed at the 81 bed facility. The Commission has the authority to issue debt, and such debt is the responsibility of the Commission. For the fiscal year ended June 30, 2022, the City remitted \$975,468 to the Roanoke Valley Detention Commission in per diem charges for juveniles housed by the Commission.

Western Virginia Water Authority

The City and the County of Roanoke combined its water and water pollution control functions to form the Western Virginia Water Authority (WVWA). The WVWA is responsible for the supply, treatment, distribution, and transmission of water and the collection and treatment of wastewater. In November 2009, Franklin County joined the WVWA to provide services to the western side of the County. The WVWA is governed by a seven-member board consisting of three City of Roanoke appointees, three County of Roanoke appointees, and one Franklin County appointee. The City has control over the budget and financing for the WVWA only to the extent of representation by the board members appointed. Upon formation of the WVWA, the City retained \$38 million of general obligation bonds, which are to be repaid contractually by the WVWA in accordance with its operating agreement. During fiscal year 2022, the WVWA paid \$1.4 million to the City in principal and interest payments on the bonds. As of June 30, 2022, the remaining principal balance of these bonds was approximately \$1.9 million. This amount was recorded as a Due from Other Governments in the Statement of Net Position of the basic financial statements.

Virginia's First Regional Industrial Facility Authority

The Cities of Radford, Roanoke and Salem; the Counties of Bland, Craig, Giles, Montgomery, Pulaski, Roanoke and Wythe; and the Towns of Christiansburg, Dublin, Narrows, Pearisburg and Pulaski all participate in the Virginia's First Regional Industrial Facility Authority (Authority). The Authority's purpose is to enhance the member localities economic base in Virginia's First Region. The Authority is governed by a board composed of twenty-nine members, two of which are appointed by Roanoke City Council. The City has control over the budget and financing for the Authority only to the extent of representation by the board members appointed. Each locality is obligated to annual dues of \$5,000. Authority member localities, who are also participants in the Regional Commerce Park like the City, are obligated to an annual amount based on the number of shares owned. The City owns 10,000 shares and has an annual obligation of \$27,500. For the fiscal year ended June 30, 2022, the City remitted \$32,500 to Virginia's First Regional Industrial Facility Authority.

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(16) Jointly Governed Organizations (Continued)

Market Building Foundation Inc.

The Market Building Foundation Inc., is a public non-profit entity created and incorporated to ensure the preservation of the City Market Building in Downtown Roanoke. The Foundation manages the rehabilitation, maintenance, and operation of the City Market Building. The Foundation has a board of seven members representing individuals from several organizations in the downtown area. These organizations include the City of Roanoke, Downtown Roanoke, Inc., the Roanoke Regional Chamber of Commerce and the private business community. Those board members are responsible for the oversight and governance of the facility as well as the management, leasing, and operational performance of the City Market Building. The City does not have authority to override the Foundation board regarding decisions about rates or operations but it is obligated to finance deficits of the Foundation. The City has an annual obligation to the Market Building of \$300,000 for an operating contribution. For the fiscal year ended June 30, 2022, the City paid the Market Building Foundation Inc. \$302,160 for the annual operating contribution and equipment replacement services.

(17) Related Organizations

Economic Development Authority

The Economic Development Authority issues low-interest, tax-free industrial revenue bonds in its name for the construction or renovation of properties sold or leased to enterprises locating to or remaining in the City. City Council is responsible for appointing the seven-member board; however, the City, the state, and any political subdivision thereof are not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2022, there were eleven series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$534.1 million.

Roanoke Redevelopment and Housing Authority

The Roanoke Redevelopment and Housing Authority (Housing Authority) is a political subdivision of the Commonwealth of Virginia created to provide low income and subsidized housing, promote self-sufficiency and foster economic development. Commissioners of the Housing Authority are appointed by City Council. The Housing Authority is financially independent of the City and has administrative control of its operations, but its overall housing plans require the approval of City Council. The City provides a financial benefit through federal pass-through grant funds awarded to the Housing Authority on a contractual basis to implement certain grant programs. The Housing Authority also directly receives other federal and state subsidies and rents for operating its housing programs. During the year ended June 30, 2022, the City remitted \$13,151 to the Housing Authority.

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(17) Related Organizations (Continued)

Roanoke Regional Airport Commission

The City and Roanoke County formed the Roanoke Regional Airport Commission (Airport Commission) in 1987 to own and operate The Roanoke Blacksburg Regional Airport. The Airport Commission is composed of five members. Three commissioners are appointed by Roanoke City Council and two are appointed by the Roanoke County Board of Supervisors. Airport operations are financed by user fees. The City and Roanoke County are each responsible for their pro rata share, based on population, of any year-end operating deficit or unfunded capital projects if any additional funding is required. The Airport Commission may incur debt and is responsible for paying all outstanding debt. The City has control over budget and financing only to the extent of representation by the board members appointed. No subsidy has been required since inception.

(18) Commitments, Contingencies and Other Matters

Litigation

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

Grants

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

(19) Restatement of Beginning Net Position

The Hotel Roanoke Conference Center Commission (HRCCC) restated an accumulating sales tax rebate surplus recognized in prior years as revenue with a corresponding restricted net position. The surplus is to be presented as deferred revenue in the Hotel Roanoke Conference Center Fiduciary Fund.

The Greater Roanoke Transit Company, a Component Unit of the City, restated net position for grant and miscellaneous revenue and local operating subsidies not recognized in prior years, unrecorded land exchanged for property, and miscellaneous expense not recognized in prior years.

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

(19) Restatement of Beginning Net Position (Continued)

	Hotel Roanoke Conference Center Fiduciary Fund	GRTC
Net position balance July 2021, as previously reported	\$ 4,709,945	\$ 19,063,417
Miscellaneous revenue	-	(4,920)
Miscellaneous expense	-	1,096
Unrecorded land	-	115,000
Grant revenue	-	(1,037,698)
Deferred revenue	(2,191,354)	1,329,137
Net change	(2,191,354)	402,615
Net position balance July 1, 2021, as restated	\$ 2,518,591	\$ 19,466,032

(20) New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective. The effective dates below are updated based on **Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*** due to the COVID-19 pandemic.

In May 2019, the GASB issued **Statement No. 91, *Conduit Debt Obligations***. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In March 2020, the GASB issued **Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements***. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In May 2020, the GASB issued **Statement No. 96, *Subscription-Based Information Technology Arrangements***. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

(Continued)

CITY OF ROANOKE, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

(20) New Accounting Standards (Continued)

In April 2022, the GASB issued **Statement No. 99**, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. In June 2022, the GASB issued **Statement No. 100**, *Accounting Changes and Error Corrections*. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

In June 2022, the GASB issued **Statement No. 101**, *Compensated Absences*. This statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023. Management has not determined the effects these new GASB Statements may have on prospective financial statements.

(21) Subsequent Events

Management has evaluated subsequent events through March 29, 2023, the date the financial statements were available to be issued.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
 Year Ended June 30, 2022

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance from Final Budget Over/(Under)
Resources (Inflows):				
Local Taxes	\$ 210,018,711	\$ 220,455,711	\$ 224,628,930	\$ 4,173,219
Permits, Fees, and Licenses	1,119,300	1,929,300	1,949,141	19,841
Fines and Forfeitures	1,035,500	1,035,500	758,877	(276,623)
Rental Income	178,500	178,500	277,138	98,638
Investment Income	350,000	350,000	195,189	(154,811)
Intergovernmental	75,981,798	77,510,813	77,764,539	253,726
Charges for Services	17,923,955	18,522,955	18,263,122	(259,833)
Miscellaneous	1,002,236	1,065,354	1,213,464	148,110
Transfers from Other Funds	-	1,139,551	1,139,551	-
Amounts Available for Appropriation	\$ 307,610,000	\$ 322,187,684	\$ 326,189,951	\$ 4,002,267
Charges to Appropriations (Outflows):				
General Government				
City Treasurer	\$ 2,100,103	\$ 1,931,997	\$ 1,931,996	\$ (1)
Commissioner of the Revenue	1,561,279	1,712,843	1,698,708	(14,135)
City Council	32,550	28,650	19,377	(9,273)
City Council - Mayor Lea	36,764	35,707	33,361	(2,346)
City Council - Vice Mayor Price	-	4,078	4,078	-
City Council - Council Member - Bestpitch	40,400	39,256	37,495	(1,761)
City Council - Council Member - Cobb	40,400	39,557	38,733	(824)
City Council - Council Member - Osborne	-	-	-	-
City Council - Council Member - White - Boyd	33,534	32,546	29,944	(2,602)
City Council - Council Member - Vivian Sanchez-Jones	32,366	31,502	29,964	(1,538)
City Council - Council Member - Stephanie Moon Reynolds	32,131	40,091	39,451	(640)
City Council - Council Member - Robert Jeffrey, Jr.	32,366	29,124	29,107	(17)
City Attorney	1,001,450	1,056,770	1,053,930	(2,840)
City Clerk	440,207	392,422	387,673	(4,749)
Municipal Auditing	870,577	964,524	964,299	(225)
Department of Finance	2,295,724	2,261,971	2,249,285	(12,686)
Real Estate Valuation	1,270,432	1,243,529	1,243,528	(1)
Board of Equalization	8,501	5,871	5,770	(101)
Electoral Board	1,077,574	692,175	647,934	(44,241)
City Manager	1,000,077	1,348,295	1,348,293	(2)
Citizen Engagement	586,813	636,810	636,809	(1)
Human Resources	1,713,493	1,809,891	1,809,890	(1)
Employee Health Services	878,166	963,751	958,929	(4,822)
Department of Management and Budget	637,083	721,420	721,419	(1)
Information Technology	4,606,330	3,783,447	3,783,446	(1)
DOT Capital Outlay	1,000,000	-	-	-
Radio Technology	622,238	577,480	576,469	(1,011)
Purchasing	615,419	785,648	785,647	(1)
Risk Management	1,387,859	1,414,775	1,414,774	(1)
Director of General Services	261,882	311,162	311,161	(1)
Environmental Management	415,100	391,871	391,867	(4)

(Continued)

The Notes to Required Supplementary Information is an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
 Year Ended June 30, 2022

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance from Final Budget Over/(Under)
Charges to Appropriations (Outflows): (Continued)				
Judicial Administration				
Clerk of Circuit Court	\$ 1,834,877	\$ 1,789,775	\$ 1,786,232	\$ (3,543)
Juvenile and Domestic Relations Court Services	1,169,168	1,219,469	1,219,081	(388)
Juvenile and Domestic Relations Court Clerk	51,227	96,604	94,664	(1,940)
Magistrates Office	4,500	4,820	4,819	(1)
General District Court	88,231	114,824	112,910	(1,914)
Circuit Court	521,450	542,369	532,857	(9,512)
Sheriff	3,144,824	3,762,226	3,762,224	(2)
Commonwealth's Attorney	1,932,402	1,836,673	1,836,671	(2)
Cost Collection Unit	87,768	43,549	43,548	(1)
Law Library	135,524	130,976	130,975	(1)
Public Safety				
Jail	\$ 17,010,326	\$ 17,839,762	\$ 17,833,532	\$ (6,230)
E911	2,772,539	2,988,789	2,988,788	(1)
E911 - Wireless	636,000	225,147	224,983	(164)
Fire - Administration	791,045	883,099	883,099	-
Fire - Support	1,557,802	1,848,277	1,848,276	(1)
Fire - Operations	19,092,338	21,739,414	21,739,413	(1)
E911/VA811 Shared Expenses	389,600	365,497	365,496	(1)
Emergency Management	213,655	241,124	241,122	(2)
Building Inspections	892,436	962,196	962,195	(1)
Outreach Detention	317,719	324,963	324,142	(821)
Youth Haven I	389,294	348,641	348,640	(1)
Enhanced Community Services	80,309	60,543	59,661	(882)
Substance Abuse Services	64,927	66,728	66,543	(185)
Police - Administration	2,263,449	2,995,916	2,940,232	(55,684)
Police - Investigation	3,901,057	4,202,725	4,202,724	(1)
Police - Patrol	14,173,896	13,125,087	13,108,487	(16,600)
Police - Services	1,514,788	1,374,368	1,322,028	(52,340)
Police - Training	682,660	1,044,290	1,044,288	(2)
Police - RESET	-	149,599	126,782	(22,817)
Police - Animal Control	1,810,198	1,829,186	1,813,299	(15,887)
Public Works				
Custodial Services	\$ 774,873	\$ 834,805	\$ 834,803	\$ (2)
Building Maintenance	4,686,803	4,992,494	4,992,493	(1)
Director of Public Works	162,933	165,337	165,336	(1)
Transportation - Streets and Traffic	3,750,052	3,461,252	3,461,250	(2)
Transportation - Paving Program	4,239,924	5,332,625	5,332,625	-
Transportation - Snow Removal	169,233	694,915	694,914	(1)
Transportation - Street Lighting	1,223,221	1,296,917	1,296,916	(1)
Transportation - Engineering and Operations	1,752,319	2,079,104	2,079,103	(1)
Solid Waste Management	6,445,245	6,039,227	6,039,225	(2)
Engineering	1,242,068	1,368,532	1,368,530	(2)
Fleet Management - Op	4,379,014	4,873,718	4,873,716	(2)
Fleet Management - NonOp	2,450,569	2,001,418	2,001,417	(1)

(Continued)

The Notes to Required Supplementary Information is an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
 Year Ended June 30, 2022

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance from Final Budget Over/(Under)
Charges to Appropriations (Outflows): (Continued)				
Health and Welfare				
Human Services Support	\$ 299,448	\$ 350,218	\$ 350,217	\$ (1)
Health Department	1,539,525	1,553,298	1,553,297	(1)
Blue Ridge Behavioral Health Care	939,863	939,863	939,863	-
Human Services Committee	430,000	430,000	430,000	-
Social Services	25,954,619	26,175,858	26,175,855	(3)
Children's Services Act	13,805,687	14,766,141	14,766,141	-
Parks, Recreation and Cultural				
Roanoke Arts Commission	336,500	341,000	328,000	(13,000)
Recreation	4,795,689	4,996,547	4,969,586	(26,961)
Parks & Recreation - Administration	1,470,485	1,488,572	1,472,377	(16,195)
Libraries	4,052,363	4,009,414	4,009,413	(1)
Community Development				
Memberships and Affiliations	3,679,249	4,574,846	4,574,846	-
Economic Development	3,240,459	3,179,127	3,167,530	(11,597)
Planning, Building and Development	1,486,825	1,581,108	1,581,107	(1)
Neighborhood Services	1,175,266	1,466,312	1,466,311	(1)
Virginia Cooperative Extension	79,610	88,010	88,010	-
Nondepartmental				
Residual Fringe Benefits	3,999,518	6,278	6,278	-
Transfers to Other Funds	6,699,774	23,282,187	23,282,187	-
Transfers to Debt Service Fund	12,005,738	13,096,822	13,096,822	-
Transfers to Component Units	87,541,934	93,039,830	93,039,830	-
Personnel Lapse	(2,258,633)	-	-	-
Funding for Reserves	1,375,000	610,000	610,000	-
Contingency	1,550,000	1,391,946	30,000	(1,361,947)
Total Charges to Appropriations	307,630,000	335,951,520	334,229,046	(1,722,475)
Net Resources Over (Under) Expenditures	(20,000)	(13,763,836)	(8,039,095)	5,724,742
Fund Balance - Beginning of Year	62,308,267	62,308,267	62,308,267	-
Fund Balance - End of Year	\$ 62,288,267	\$ 48,544,431	\$ 54,269,172	\$ 5,724,742

See Accompanying Note to Budgetary Comparison Schedule (RSI 2)

(Continued)

The Notes to Required Supplementary Information is an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year Ended June 30, 2022

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/Inflows of Resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 326,189,951
Transfers from other funds are a budgetary resource, but not a revenue for financial reporting purposes (Exhibit E)	<u>(1,139,551)</u>
Total general fund revenues as reported on the statement of revenues, expenditures, and changes in fund balances (Exhibit E).	<u>\$ 325,050,400</u>

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 334,229,046
Transfers to other funds are outflows of budgetary resources, but are not expenditures for financial reporting purposes (Exhibit E).	(36,989,009)
Encumbrances for goods and services ordered but not received are reported in the year the orders are placed for budgetary purposes, but are reported in the year goods and services are received for GAAP purposes (Exhibit C).	<u>(4,101,428)</u>
Total general fund expenditures as reported on the statement of revenues, expenditures, and changes in fund balances (Exhibit E).	<u>\$ 293,138,609</u>

See Accompanying Note to Budgetary Comparison Schedule.

CITY OF ROANOKE, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION
NOTE TO BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year Ended June 30, 2022**

Budgets and Budgetary Accounting

The City adheres to the following procedures in establishing the budgetary data reflected in the Budgetary Comparison Schedule located in the Required Supplementary Information:

1. Proposal – At least sixty days prior to June 30, the City Manager submits to City Council a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.

2. Projects and Grants – The capital projects budget is prepared on a project-length basis under which the total outlay for each project is estimated for the length of the project. The Special Revenue Fund budget is adopted on a grant-length basis as grants are received by the City. Grant budgets are not legally enacted on an annual period basis; therefore, a budgetary comparison statement is not presented for the Special Revenue Fund.

3. Adoption – Public hearings are conducted to obtain citizen comments on the proposed budget. Prior to May 14, the budget is legally adopted at the departmental-level through passage of an appropriation ordinance by City Council.

4. Amendment – The City Manager is authorized to transfer any amount, within or between funds and departments during the fiscal year. The Director of Finance reports to City Council on a quarterly basis all transfers in excess of \$100,000 between funds, as well as between project and program accounts in the Capital Project Fund and Grant Fund. All other transfers or supplemental appropriations must be approved by City Council. During the year, \$28,321,520 in supplemental appropriations were approved by City Council. These amendments consisted primarily of appropriations of prior year encumbrances, the appropriation of restricted, committed or assigned fund balance, and the appropriation of additional intergovernmental grants received during the year.

5. Integration – Formal budgetary integration is employed as a management control device during the year for the General and Capital Projects Funds. Formal budgetary integration is not employed for the Debt Service Fund because effective budgetary control is alternatively achieved through budgeted transfers from the General Fund to the Debt Service Fund for debt payments.

6. Legal Compliance – Actual expenditures and operating transfers out may not legally exceed budget appropriations for each department. City Council legally adopts an annual budget for the General Fund. Its budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America except for the recognition of encumbrances, the classification of certain transfers as expenditures, and the consideration of beginning fund balance as a budgetary resource. A reconciliation of the actual General Fund uses of financial resources presented in accordance with generally accepted accounting principles is presented as part of the Budgetary Comparison Schedule located in the Required Supplementary Information.

CITY OF ROANOKE, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION
INFRASTRUCTURE ASSETS UNDER MODIFIED APPROACH
Year Ended June 30, 2022**

INFRASTRUCTURE – FLOOD REDUCTION

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

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

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

Assessment Ratings of Infrastructure Components

	<u>Number Assessed</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Training Walls	2	3	2.5	2	2	2	2
Bench Cuts	14	2.7	2.7	2.8	2.3	3	2.5

Comparison of Estimated to Actual Maintenance Costs

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021*</u>	<u>2022</u>
Estimated	\$75,000	\$75,000	\$54,599	\$317,338	\$ 61,507	\$142,346
Actual	\$27,204	\$81,595	\$12,454	\$295,772	\$104,943	\$ 61,795

*Reflects costs associated with the study that is associated with flooding in relation to the Roanoke River Flood Reduction Project. Supporting information such GIS photos, surveys, and maps of the areas impacted are required for the completion of the project. The study was approximately \$22 thousand.

CITY OF ROANOKE, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PENSION CONTRIBUTIONS – CITY PLAN
Year Ended June 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$10,981,232	\$ 11,148,229	\$ 11,288,966	\$ 11,158,359	\$ 11,345,222	\$ 10,451,101	\$ 10,184,532	\$ 13,122,478	\$ 11,136,823
Contributions in Relation to Actuarially Determined Contribution	<u>10,981,232</u>	<u>11,148,229</u>	<u>11,288,966</u>	<u>11,158,359</u>	<u>11,345,222</u>	<u>10,451,101</u>	<u>10,184,532</u>	<u>13,122,478</u>	<u>11,136,823</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>								
Covered Payroll	\$68,352,114	\$ 70,205,011	\$ 67,097,768	\$ 68,221,419	\$ 65,579,941	\$ 66,104,371	\$ 65,118,496	\$ 59,030,490	\$ 60,633,287
Contributions as a Percentage of Covered Payroll	16.07%	15.88%	16.82%	16.36%	17.30%	15.81%	15.64%	22.23%	18.37%

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

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

The Notes to Required Supplementary Information are an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY – CITY PLAN
Year Ended June 30, 2022**

	2022	2021	2020	2019	2018	2017	2016	2015
City's Proportion of Net Pension Liability	89.66%	89.66%	89.19%	88.97%	88.53%	87.81%	86.73%	86.38%
City's Proportionate Share of Net Pension Liability	\$ 41,615,062	\$ 135,642,864	\$ 123,942,077	\$ 113,060,409	\$ 127,175,183	\$ 148,945,372	\$ 121,555,328	\$ 101,395,947
Covered Payroll	\$ 70,205,011	\$ 67,097,768	\$ 68,221,419	\$ 65,579,941	\$ 66,104,371	\$ 65,118,496	\$ 59,030,490	\$ 60,633,287
City's Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	59.28%	202.16%	181.68%	172.40%	192.39%	228.73%	205.90%	167.23%
Plan Fiduciary Net Position as a Percentage of Total Net Pension Liability	92.02%	73.69%	75.62%	77.32%	74.00%	68.70%	73.81%	77.23%

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

The Notes to Required Supplementary Information are an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL BOARD PENSION CONTRIBUTIONS – CITY PLAN
Year Ended June 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 183,654	\$ 191,759	\$ 200,200	\$ 222,911	\$ 248,488	\$ 257,269	\$ 340,838	\$ 527,115
Contributions in Relation to Actuarially Determined Contribution	<u>183,654</u>	<u>191,759</u>	<u>200,200</u>	<u>222,911</u>	<u>248,488</u>	<u>257,269</u>	<u>340,838</u>	<u>527,115</u>
Contribution Deficiency (Excess)	<u>\$ -</u>							
Covered Payroll	\$ 1,407,674	\$ 1,467,600	\$ 1,515,322	\$ 1,607,148	\$ 1,757,341	\$ 1,985,104	\$ 2,617,813	\$ 2,690,735
Contributions as a Percentage of Covered Payroll	13.05%	13.07%	13.21%	13.87%	14.14%	12.96%	13.02%	19.59%

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

The Notes to Required Supplementary Information are an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL BOARD'S PROPORTIONATE SHARE OF NET PENSION LIABILITY – CITY PLAN
Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
School Board's Proportion of Net Pension Liability	1.59%	1.59%	1.78%	1.95%	2.18%	2.94%	3.48%	3.63%
School Board's Proportionate Share of Net Pension Liability	\$ 715,812	\$ 2,405,192	\$ 2,476,003	\$ 2,476,295	\$ 3,130,602	\$ 4,984,640	\$ 4,882,739	\$ 4,256,291
Covered Payroll	\$ 1,467,600	\$ 1,515,322	\$ 1,607,148	\$ 1,757,341	\$ 1,985,100	\$ 1,985,104	\$ 2,690,735	\$ 3,005,980
School Board's Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	48.77%	158.72%	154.06%	140.91%	157.71%	251.10%	181.46%	141.59%
Plan Fiduciary Net Position as a Percentage of Total Net Pension Liability	92.00%	73.69%	75.62%	77.32%	74.00%	68.70%	73.81%	77.23%

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

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CITY OF ROANOKE, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PENSION CONTRIBUTIONS – VRS
Year Ended June 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Determined Contribution	\$ 1,626,093	\$ 1,647,613	\$ 1,490,872	\$ 1,493,066	\$ 1,446,685	\$ 1,443,062	\$ 1,499,615	\$ 1,514,713
Contributions in Relation to Contractually Determined Contribution	<u>1,626,093</u>	<u>1,647,613</u>	<u>1,490,872</u>	<u>1,493,066</u>	<u>1,446,685</u>	<u>1,443,062</u>	<u>1,499,615</u>	<u>1,514,713</u>
Contribution Deficiency (Excess)	<u>\$ -</u>							
Covered Payroll	\$ 9,180,121	\$ 9,346,540	\$ 9,571,771	\$ 8,994,376	\$ 8,842,818	\$ 8,761,712	\$ 8,537,263	\$ 8,650,983
Contributions as a Percentage of Covered Payroll	17.71%	17.63%	15.58%	16.60%	16.36%	16.47%	17.57%	17.51%

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CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL BOARD'S PENSION CONTRIBUTIONS – VRS NON-PROFESSIONALS' PLAN
Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 100,737	\$ 96,613	\$ 109,376	\$ 109,254	\$ 98,135	\$ 93,497	\$ 126,073	\$ 126,993
Contributions in Relation to Contractually Determined Contribution	<u>100,737</u>	<u>96,613</u>	<u>109,376</u>	<u>109,254</u>	<u>98,135</u>	<u>93,497</u>	<u>126,073</u>	<u>126,993</u>
Contribution Deficiency (Excess)	<u>\$ -</u>							
Covered Payroll	\$ 4,771,350	\$ 4,466,752	\$ 4,331,920	\$ 4,300,605	\$ 3,688,153	\$ 2,615,319	\$ 2,662,777	\$ 2,505,966
Contributions as a Percentage of Covered Payroll	2.11%	2.16%	2.52%	2.54%	2.66%	3.57%	4.73%	5.07%

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CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN CITY'S NET PENSION LIABILITY AND RELATED RATIOS – VRS
Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service Cost	\$ 1,493,366	\$ 1,419,883	\$ 1,347,664	\$ 1,337,903	\$ 1,348,893	\$ 1,380,941	\$ 1,312,849	\$ 1,333,127
Interest	4,768,599	4,631,232	4,539,086	4,339,444	4,195,752	4,042,340	3,859,768	3,680,676
Changes of Assumptions	2,654,951	-	2,014,530	-	(159,919)	-	-	-
Differences Between Expected and Actual Experience	(463,814)	(318,271)	(717,393)	430,539	(320,535)	(396,031)	101,336	-
Benefit Payments, Including Refunds of Employee Contributions	(3,886,896)	(3,508,646)	(3,325,626)	(3,186,070)	(2,836,839)	(2,834,452)	(2,497,107)	(2,413,588)
Net Change in Total Pension Liability	4,566,206	2,224,198	3,858,261	2,921,816	2,227,352	2,192,798	2,776,846	2,600,215
Total Pension Liability - Beginning	72,589,361	70,365,163	66,506,902	63,585,086	61,357,734	59,164,936	56,388,090	53,787,875
Total Pension Liability - Ending	\$ 77,155,567	\$ 72,589,361	\$ 70,365,163	\$ 66,506,902	\$ 63,585,086	\$ 61,357,734	\$ 59,164,936	\$ 56,388,090
Plan Fiduciary Net Position								
Contributions - Employer	\$ 1,639,152	\$ 1,582,180	\$ 1,490,872	\$ 1,444,142	\$ 1,439,698	\$ 1,499,615	\$ 1,514,713	\$ 1,460,269
Contributions - Employee	466,590	476,302	451,026	440,860	451,501	428,612	432,153	424,175
Net Investment Income	16,484,646	1,159,696	3,869,084	4,102,791	6,147,715	872,926	2,245,173	6,752,670
Benefit Payments, Including Refunds of Employee Contributions	(3,886,896)	(3,508,646)	(3,325,626)	(3,186,070)	(2,836,839)	(2,834,452)	(2,497,107)	(2,413,588)
Administrative Expense	(41,627)	(39,947)	(38,781)	(35,783)	(35,693)	(31,738)	(30,828)	(36,491)
Other	1,548	(1,371)	(2,440)	(3,643)	(5,465)	(372)	(473)	356
Net Change in Plan Fiduciary Net Position	14,663,413	(331,786)	2,444,135	2,762,297	5,160,917	(65,409)	1,663,631	6,187,391
Plan Fiduciary Net position - Beginning	60,798,992	61,130,778	58,686,643	55,924,346	50,763,429	50,828,838	49,165,207	42,977,816
Plan Fiduciary Net Position - Ending	\$ 75,462,405	\$ 60,798,992	\$ 61,130,778	\$ 58,686,643	\$ 55,924,346	\$ 50,763,429	\$ 50,828,838	\$ 49,165,207
Total Net Pension Liability - Beginning	\$ 11,790,369	\$ 9,234,385	\$ 7,820,259	\$ 7,660,740	\$ 10,594,305	\$ 8,336,098	\$ 7,222,883	\$ 10,810,059
Total Net Pension Liability - Ending	\$ 1,693,162	\$ 11,790,369	\$ 9,234,385	\$ 7,820,259	\$ 7,660,740	\$ 10,594,305	\$ 8,336,098	\$ 7,222,883
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	97.81%	83.76%	86.88%	88.24%	87.95%	82.73%	85.91%	87.19%
Covered Payroll	\$ 9,346,540	\$ 9,571,771	\$ 8,994,376	\$ 8,842,818	\$ 8,761,712	\$ 8,537,263	\$ 8,650,983	\$ 8,430,964
Net Pension Liability as a Percentage of Covered Payroll	18.12%	123.18%	102.67%	88.44%	87.43%	124.09%	96.36%	85.67%

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CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL BOARD'S PENSION CONTRIBUTIONS – VRS TEACHERS' RETIREMENT PLAN
Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 14,482,200	\$ 13,896,958	\$ 12,870,331	\$ 12,653,417	\$ 12,842,165	\$ 11,471,695	\$ 11,164,143	\$ 11,825,296
Contributions in Relation to Contractually Determined Contribution	<u>14,482,200</u>	<u>13,896,958</u>	<u>12,870,331</u>	<u>12,653,417</u>	<u>12,842,165</u>	<u>11,471,695</u>	<u>11,164,143</u>	<u>11,825,296</u>
Contribution Deficiency (Excess)	<u>\$ -</u>							
Covered Payroll	\$ 90,904,849	\$ 86,869,983	\$ 85,100,982	\$ 82,767,236	\$ 80,236,536	\$ 79,683,440	\$ 76,869,589	\$ 74,342,482
Contributions as a Percentage of Covered Payroll	15.93%	16.00%	15.12%	15.29%	16.01%	14.40%	14.52%	15.91%

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CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL BOARD'S PROPORTIONATE SHARE OF NET PENSION LIABILITY – TEACHERS' RETIREMENT PLAN
Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's Proportion of Net Pension Liability	0.98%	0.97%	0.99%	0.99%	1.01%	1.01%	1.00%	0.98%
Employer's Proportionate Share of Net Pension Liability	\$ 76,257,682	\$ 141,329,284	\$ 129,942,187	\$ 116,773,000	\$ 123,985,000	\$ 141,324,000	\$ 125,881,000	\$ 118,679,000
Covered Payroll	\$ 86,962,725	\$ 85,100,982	\$ 82,767,236	\$ 80,236,536	\$ 79,683,440	\$ 76,869,589	\$ 74,342,482	\$ 71,721,119
Employer's Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	87.69%	166.07%	157.00%	145.54%	155.60%	183.85%	169.33%	165.47%
Plan Fiduciary Net Position as a Percentage of Total Net Pension Liability	85.46%	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

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CIRY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF SCHOOL BOARD'S CHANGES IN NET PENSION ASSET AND RELATED RATIOS – VRS
 Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service Cost	\$ 350,268	\$ 341,743	\$ 330,934	\$ 303,752	\$ 327,500	\$ 292,621	\$ 250,347	\$ 238,778
Interest	226,226	193,074	157,720	137,429	115,185	90,855	75,430	57,278
Changes in Assumptions	(55,829)	-	95,414	-	(95,226)	-	-	-
Differences Between Expected and Actual Experience	107,958	35,755	77,685	(108,492)	22,079	3,596	(71,963)	-
Benefit Payments, Including Refunds of Employee Contributions	(87,207)	(71,644)	(37,449)	(48,197)	(55,331)	(23,660)	(43,270)	(30,199)
Net Change in Total Pension Liability	541,416	498,928	624,304	284,492	314,207	363,412	210,544	265,857
Total Pension Liability - Beginning	3,395,099	2,896,171	2,271,867	1,987,375	1,673,168	1,309,756	1,099,212	833,355
Total Pension Liability - Ending	\$ 3,936,515	\$ 3,395,099	\$ 2,896,171	\$ 2,271,867	\$ 1,987,375	\$ 1,673,168	\$ 1,309,756	\$ 1,099,212
Plan Fiduciary Net Position								
Contributions - Employer	\$ 96,613	\$ 103,807	\$ 109,376	\$ 98,135	\$ 93,237	\$ 114,441	\$ 103,468	\$ 167,937
Contributions - Employee	198,042	195,784	195,963	169,352	164,828	145,769	131,040	112,035
Net Investment Income	1,249,405	81,372	255,942	238,823	332,502	48,318	99,131	259,744
Benefit Payments, Including Refunds of Employee Contributions	(87,207)	(71,644)	(37,449)	(48,197)	(55,331)	(23,660)	(43,270)	(30,199)
Administrative Expense	(2,826)	(2,482)	(2,153)	(1,842)	(1,688)	(1,296)	(1,144)	(1,173)
Other	120	(99)	(164)	(222)	(306)	(19)	(21)	14
Net Change in Plan Fiduciary Net Position	1,454,147	306,738	521,515	456,049	533,242	283,553	289,204	508,358
Plan Fiduciary Net Position - Beginning	4,410,327	4,103,589	3,582,074	3,126,025	2,592,783	2,309,230	2,020,026	1,511,668
Plan Fiduciary Net Position - Ending	\$ 5,864,474	\$ 4,410,327	\$ 4,103,589	\$ 3,582,074	\$ 3,126,025	\$ 2,592,783	\$ 2,309,230	\$ 2,020,026
Total Net Pension Asset - Beginning	\$ (1,927,959)	\$ (1,015,228)	\$ (1,310,207)	\$ (1,138,650)	\$ (919,615)	\$ (999,474)	\$ (920,814)	\$ (678,313)
Total Net Pension Asset - Ending	\$ (1,927,959)	\$ (1,015,228)	\$ (1,207,418)	\$ (1,310,207)	\$ (1,138,650)	\$ (919,615)	\$ (999,474)	\$ (920,814)
Plan Fiduciary Net Position as a of Total Percentage Pension Asset	148.98%	129.90%	141.69%	157.67%	157.29%	154.96%	176.31%	183.77%
Covered Payroll	\$ 4,466,752	\$ 4,331,920	\$ 4,300,605	\$ 3,688,153	\$ 2,615,319	\$ 2,099,489	\$ 2,291,710	\$ 2,220,265
Net Pension Asset as a Percentage of Covered Payroll	(43.16%)	(23.44%)	(28.08%)	(35.52%)	(43.54%)	(43.80%)	(43.61%)	(41.47%)

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CITY OF ROANOKE, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
Year Ended June 30, 2022**

City of Roanoke – OPEB Trust

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Annual money weighted rate of return, net of investment expense	-13.26%	30.05%	3.01%	4.67%	9.52%	13.04%

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

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

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CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CITY'S OPEB CONTRIBUTIONS – EMPLOYEE'S POST-RETIREMENT HEALTH PLAN
 Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution	\$ 479,000	\$ 808,000	\$ 1,023,000	\$ 976,000	\$ 898,000	\$ 947,000	\$ 1,071,000	\$ 982,000	\$ 957,000	\$ 877,000
Contributions in Relation to Actuarially Determined Contribution	479,000	808,000	1,023,000	976,000	898,000	947,000	1,071,000	982,000	957,000	877,000
Contribution Deficiency (Excess)	\$ -									
Covered Payroll	\$ 76,894,042	\$ 79,460,497	\$ 75,773,316	\$ 75,773,316	\$ 73,943,000	\$ 73,167,000	\$ 71,512,000	\$ 69,346,000	\$ 70,052,000	\$ 66,641,000
Contributions as a Percentage of Covered Payroll	0.62%	1.02%	1.35%	1.29%	1.21%	1.29%	1.50%	1.42%	1.37%	1.32%

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CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CITY'S OPEB CONTRIBUTIONS – LINE OF DUTY BENEFITS
 Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution	\$ 180,200	\$ 228,800	\$ 222,500	\$ 204,200	\$ 334,900	\$ 328,000	\$ 367,100	\$ 370,900	\$ 349,100	\$ 248,000
Contributions in Relation to Actuarially Determined Contribution	180,200	228,800	222,500	204,200	334,900	328,000	367,100	370,900	349,100	330,000
Contribution Deficiency (Excess)	\$ -	\$ (82,000)								
Covered Payroll	\$ 35,090,473	\$ 33,268,489	\$ 35,283,151	\$ 33,943,700	\$ 34,133,600	\$ 33,524,900	\$ 33,268,489	\$ 32,577,300	\$ 33,055,600	\$ 31,425,600
Contributions as a Percentage of Covered Payroll	0.51%	0.69%	0.63%	0.60%	0.98%	0.98%	1.10%	1.14%	1.06%	1.05%

The Notes to Required Supplementary Information are an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS OPEB TRUST – EMPLOYEE’S POST-RETIREMENT HEALTH PLAN

Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service Cost	\$ 293,635	\$ 370,617	\$ 339,171	\$ 314,967	\$ 307,511
Interest	834,791	949,632	925,050	840,955	852,459
Differences Between Expected and Actual Experience	(2,317,557)	(2,155,356)	(163,990)	798,742	(602,777)
Benefit Payments, Including Refunds of Employee Contributions	(689,000)	(768,000)	(793,000)	(762,000)	(696,000)
Net Change in Total OPEB Liability	(1,878,131)	(1,603,107)	307,231	1,192,664	(138,807)
Total OPEB Liability - Beginning	11,976,455	13,579,562	13,272,331	12,079,667	12,218,474
Total OPEB Liability - Ending	\$ 10,098,324	\$ 11,976,455	\$ 13,579,562	\$ 13,272,331	\$ 12,079,667
Plan Fiduciary Net Position					
Contributions - Employer	\$ 808,000	\$ 1,023,000	\$ 976,000	\$ 898,000	\$ 947,000
Net Investment Income	1,601,840	155,467	216,095	384,002	430,894
Benefit Payments, Including Refunds of Employee Contributions	(689,000)	(768,000)	(793,000)	(762,000)	(696,000)
Administrative Expense	(6,499)	(5,936)	(5,395)	(4,961)	(4,408)
Net Change in Plan Fiduciary Net Position	1,714,341	404,531	393,700	515,041	677,486
Plan Fiduciary Net position - Beginning	5,324,346	4,919,815	4,526,115	4,011,074	3,333,588
Plan Fiduciary Net position - Ending	\$ 7,038,687	\$ 5,324,346	\$ 4,919,815	\$ 4,526,115	\$ 4,011,074
Total Net OPEB Liability - Beginning	6,652,109	8,659,747	8,746,216	8,068,593	8,884,886
Total Net OPEB Liability - Ending	\$ 3,059,637	\$ 6,652,109	\$ 8,659,747	\$ 8,746,216	\$ 8,068,593
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	69.70%	44.46%	36.23%	34.10%	33.21%
Covered Payroll	\$ 79,460,497	\$ 75,773,316	\$ 75,773,316	\$ 73,943,000	\$ 73,167,000
Net OPEB Liability as a Percentage of Covered Payroll	3.85%	8.78%	11.43%	11.83%	11.03%

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CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS OPEB TRUST – LINE OF DUTY ACT
Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service Cost	\$ 134,425	\$ 127,731	\$ 105,329	\$ 161,651	\$ 149,688
Interest	239,306	236,788	236,984	284,709	266,113
Changes of Benefit Terms	-	-	-	(412,038)	-
Differences Between Expected and Actual Experience	(13,020)	(124,956)	(182,205)	(490,047)	(30,411)
Benefit payments, including refunds of employee contributions	(227,800)	(192,800)	(177,800)	(161,700)	(101,700)
Net Change in Total OPEB Liability	132,911	46,763	(17,692)	(617,425)	283,690
Total OPEB Liability - Beginning	3,398,124	3,351,361	3,369,053	3,986,478	3,702,788
Total OPEB Liability - Ending	\$ 3,531,035	\$ 3,398,124	\$ 3,351,361	\$ 3,369,053	\$ 3,986,478
Plan Fiduciary Net Position					
Contributions - Employer	\$ 228,800	\$ 222,500	\$ 204,200	\$ 334,900	\$ 328,000
Net Investment Income	716,525	70,492	100,571	174,061	183,124
Benefit payments, including refunds of employee contributions	(227,800)	(192,800)	(177,800)	(161,700)	(101,700)
Administrative Expense	(3,197)	(3,037)	(2,822)	(2,504)	(2,137)
Net Change in Plan Fiduciary Net Position	714,328	97,155	124,149	344,757	407,287
Plan Fiduciary Net position - Beginning	2,383,978	2,286,823	2,162,674	1,817,917	1,410,630
Plan Fiduciary Net position - Ending	\$ 3,098,306	\$ 2,383,978	\$ 2,286,823	\$ 2,162,674	\$ 1,817,917
Total Net OPEB Liability - Beginning	1,014,146	1,064,538	1,206,379	2,168,561	2,292,170
Total Net OPEB Liability - Ending	\$ 432,729	\$ 1,014,146	\$ 1,064,538	\$ 1,206,379	\$ 2,168,561
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	87.74%	70.16%	68.24%	64.19%	45.60%
Covered Payroll	\$ 33,268,489	\$ 35,283,151	\$ 33,943,700	\$ 34,133,600	\$ 33,524,900
Net OPEB Liability as a Percentage of Covered Payroll	1.30%	2.87%	3.14%	3.53%	6.47%

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

The Notes to Required Supplementary Information are an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS VRS HEALTH INSURANCE CREDIT
Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service Cost	\$ 5,560	\$ 5,452	\$ 5,183	\$ 5,416	\$ 5,836
Interest	30,381	28,456	26,787	25,772	25,637
Differences Between Expected and Actual Experience	(32,714)	(5,099)	6,868	6,681	-
Changes of Assumptions	8,716	-	10,417	-	(6,386)
Benefit Payments, Including Refunds of Employee Contributions	(570)	-	(20,719)	(26,022)	(20,294)
Net Change in Total OPEB Liability	11,373	28,809	28,536	11,847	4,793
Total OPEB Liability - Beginning	450,377	421,568	393,032	381,185	376,392
Total OPEB Liability - Ending	\$ 461,750	\$ 450,377	\$ 421,568	\$ 393,032	\$ 381,185
Plan Fiduciary Net Position					
Contributions - Employer	\$ 27,165	\$ 27,760	\$ 26,085	\$ 22,982	\$ 22,904
Net Investment Income	40,488	2,391	6,415	6,618	9,633
Benefit Payments, Including Refunds of Employee Contributions	(570)	-	(20,719)	(26,022)	(20,294)
Administrative Expense	(557)	(268)	(143)	(153)	(158)
Other	-	(1)	(8)	(480)	480
Net Change in Plan Fiduciary Net Position	66,526	29,882	11,630	2,945	12,565
Plan Fiduciary Net position - Beginning	140,190	110,308	98,678	95,733	83,168
Plan Fiduciary Net position - Ending	\$ 206,716	\$ 140,190	\$ 110,308	\$ 98,678	\$ 95,733
Total Net OPEB Liability - Beginning	310,187	311,260	294,354	285,452	293,224
Total Net OPEB Liability - Ending	\$ 255,034	\$ 310,187	\$ 311,260	\$ 294,354	\$ 285,452
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	44.77%	31.13%	26.17%	25.11%	25.11%
Covered Payroll	\$ 9,361,803	\$ 9,571,771	\$ 9,586,952	\$ 9,000,883	\$ 8,761,712
Net OPEB Liability as a Percentage of Covered Payroll	2.72%	3.24%	3.25%	3.27%	3.26%

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

The Notes to Required Supplementary Information are an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS – VRS HEALTH INSURANCE CREDIT
Year Ended June 30, 2022**

	<u>2022</u>
Actuarially Determined Contribution	\$ 26,789
Contributions in Relation to Actuarially Determined Contribution	<u>26,789</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>
Covered Payroll	\$ 9,180,121
Contributions as a Percentage of Covered Payroll	0.29%

Schedule is intended to show information for 10 years. 2022 is the first year of presenting the information. Additional years will be included as they become available.

The Notes to Required Supplementary Information are an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET OPEB LIABILITY – VRS GROUP LIFE INSURANCE
Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's Proportion of Net OPEB Liability	0.359%	0.370%	0.414%	0.384%	0.401%
City's Proportionate Share of Net OPEB Liability	\$ 4,355,330	\$ 6,357,814	\$ 6,266,774	\$ 5,938,000	\$ 6,029,685
Covered Payroll	\$ 76,217,724	\$ 78,488,269	\$ 75,810,385	\$ 74,813,846	\$ 73,908,260
City's Proportionate Share of Net OPEB Liability as a Percentage of Covered Payroll	5.71%	8.10%	8.27%	7.94%	8.16%
Plan Fiduciary Net Position as a Percentage of Total Net OPEB Liability	67.45%	52.64%	52.00%	51.22%	48.86%

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

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

The Notes to Required Supplementary Information are an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS – VRS GROUP LIFE INSURANCE
Year Ended June 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 422,658	\$ 408,527	\$ 408,139	\$ 394,214	\$ 389,032
Contributions in Relation to Actuarially Determined Contribution	<u>422,658</u>	<u>408,527</u>	<u>408,139</u>	<u>394,214</u>	<u>389,032</u>
Contribution Deficiency (Excess)	<u>\$ -</u>				
Covered Payroll	\$ 78,854,104	\$ 76,217,724	\$ 78,488,269	\$ 75,810,385	\$ 74,813,846
Contributions as a Percentage of Covered Payroll	0.54%	0.54%	0.52%	0.52%	0.52%

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

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

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CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL BOARD CONTRIBUTIONS – VRS GROUP LIFE INSURANCE (NON-PROFESSIONALS)
Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 33,018	\$ 30,409	\$ 30,491	\$ 30,717	\$ 28,263
Contributions in Relation to Actuarially Determined Contribution	<u>33,018</u>	<u>30,409</u>	<u>30,491</u>	<u>30,717</u>	<u>28,263</u>
Contribution Deficiency (Excess)	<u>\$ -</u>				
Covered Payroll	\$ 6,114,380	\$ 6,047,907	\$ 5,866,775	\$ 5,907,182	\$ 4,535,214
Contributions as a Percentage of Covered Payroll	0.54%	0.52%	0.52%	0.52%	0.62%

Schedule is intended to show information for 10 years. As 2022 is the fifth year for this presentation, no earlier data is available. Additional years will be included as they become available.

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CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL BOARD CONTRIBUTIONS – VRS GROUP LIFE INSURANCE (PROFESSIONALS)
Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 523,904	\$ 452,211	\$ 442,525	\$ 430,624	\$ 417,241
Contributions in Relation to Actuarially Determined Contribution	<u>523,904</u>	<u>452,211</u>	<u>442,525</u>	<u>430,624</u>	<u>417,241</u>
Contribution Deficiency (Excess)	<u>\$ -</u>				
Covered Payroll	\$ 90,904,849	\$ 86,963,725	\$ 85,100,982	\$ 82,812,213	\$ 80,238,605
Contributions as a Percentage of Covered Payroll	0.58%	0.52%	0.52%	0.52%	0.52%

Schedule is intended to show information for 10 years. Since fiscal year 2022 (plan year 2021) was the fifth year for this presentation, no earlier data is available. Additional years will be included as they become available.

The Notes to Required Supplementary Information are an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL BOARD CONTRIBUTIONS – VRS GENERAL EMPLOYEE HEALTH INSURANCE CREDIT
Year Ended June 30, 2022

	2022	2021	2020	2019	2018
Actuarially Determined Contribution	\$ 3,815	\$ 3,573	\$ 5,207	\$ 5,161	\$ 4,036
Contributions in Relation to Actuarially Determined Contribution	3,815	3,573	5,207	5,161	4,036
Contribution Deficiency (Excess)	\$ -				
Covered Payroll	\$ 4,771,350	\$ 4,466,752	\$ 4,300,605	\$ 4,096,741	\$ 3,877,422
Contributions as a Percentage of Covered Payroll	0.08%	0.08%	0.12%	0.11%	0.10%

Schedule is intended to show information for 10 years. Since fiscal year 2022 (plan year 2021) was the fifth year for this presentation, no earlier data is available. Additional years will be included as they become available.

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CITY OF ROANOKE, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL BOARD CONTRIBUTIONS – VRS TEACHER HEALTH INSURANCE CREDIT
Year Ended June 30, 2022**

	2022	2021	2020	2019	2018
Actuarially Determined Contribution	\$ 1,100,269	\$ 1,051,413	\$ 1,021,183	\$ 993,285	\$ 987,227
Contributions in Relation to Actuarially Determined Contribution	1,100,269	1,051,413	1,021,183	993,285	987,227
Contribution Deficiency (Excess)	\$ -				
Covered Payroll	\$ 90,904,849	\$ 86,869,983	\$ 85,100,982	\$ 82,812,213	\$ 80,238,605
Contributions as a Percentage of Covered Payroll	1.21%	1.21%	1.20%	1.23%	1.23%

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CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL BOARD'S PROPORTIONATE SHARE OF THE NET VRS GROUP LIFE INSURANCE LIABILITY –
NON-PROFESSIONAL EMPLOYEES
Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
School Board's Proportion of Net OPEB Liability	0.029%	0.028%	0.030%	0.029%	0.028%
School Board's Proportionate Share of Net OPEB Liability	\$ 330,000	\$ 476,000	\$ 490,000	\$ 434,000	\$ 425,000
Covered Payroll	\$ 6,047,907	\$ 5,866,775	\$ 5,907,182	\$ 5,435,214	\$ 5,205,263
School Board's Proportionate Share of Net OPEB liability as a Percentage of Covered Payroll	5.46%	8.11%	8.29%	7.98%	8.16%
Plan Fiduciary Net Position as a Percentage of Total Net OPEB Liability	67.45%	52.64%	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. Since fiscal year 2022 (plan year 2021) was the fifth year for this presentation, no earlier data is available. Additional years will be included as they become available.

The Notes to Required Supplementary Information are an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL BOARD'S PROPORTIONATE SHARE OF THE NET VRS GROUP LIFE INSURANCE LIABILITY
PROFESSIONAL EMPLOYEES
Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
School Board's Proportion of Net OPEB Liability	0.42%	0.41%	0.42%	0.42%	0.43%
School Board's Proportionate Share of Net OPEB Liability	\$ 4,904,000	\$ 6,904,000	\$ 6,875,000	\$ 6,410,000	\$ 6,504,000
Covered Payroll	\$ 86,963,725	\$ 85,100,982	\$ 82,812,213	\$ 80,238,605	\$ 79,683,440
School Board's Proportionate Share of Net OPEB liability as a Percentage of Covered Payroll	5.64%	8.11%	8.30%	7.99%	8.16%
Plan Fiduciary Net Position as a Percentage of Total Net OPEB Liability	67.45%	52.64%	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. Since fiscal year 2022 (plan year 2021) was the fifth year for this presentation, no earlier data is available. Additional years will be included as they become available.

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CITY OF ROANOKE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL BOARD'S PROPORTIONATE SHARE OF THE NET VRS HEALTH INSURANCE CREDIT LIABILITY
TEACHERS
Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
School Board's Proportion of Net OPEB Liability	0.98%	0.97%	0.99%	0.99%	1.01%
School Board's Proportionate Share of Net OPEB Liability	\$ 12,608,000	\$ 12,700,000	\$ 12,919,000	\$ 12,597,000	\$ 12,810,000
Covered Payroll	\$ 86,869,983	\$ 85,100,982	\$ 82,812,213	\$ 80,238,605	\$ 79,683,440
School Board's Proportionate Share of Net OPEB Liability as a Percentage of its Covered Payroll	14.51%	14.92%	15.60%	15.70%	16.08%
Plan Fiduciary Net Position as a Percentage of Total Net OPEB Liability	13.15%	9.95%	8.97%	8.08%	7.04%

Schedule is intended to show information for 10 years. Since fiscal year 2022 (plan year 2021) is the fifth year for this presentation, no earlier data is available. Additional years will be included as they become available.

The Notes to Required Supplementary Information are an integral part of this statement.

CITY OF ROANOKE, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2022

Note 1. Changes of Benefit Terms

Pension

There have been no actuarially material changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation.

Note 2. Changes of Assumptions

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

Largest 10 – Non-Hazardous Duty:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age.
- Adjusted withdrawal rates to better fit experience at each year and service through 9 years of service.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

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

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age.
- Adjusted withdrawal rates to better fit experience at each year and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to line of duty rates.
- No change to discount rate.

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

(Continued)

CITY OF ROANOKE, VIRGINIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022**

Note 2. Changes of Assumptions (Continued)

All Others (Non 10 Largest) – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

Teacher cost-sharing pool

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 78 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each year and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to discount rate.

PROPOSED FORM OF OPINION OF BOND COUNSEL

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PROPOSED FORM OF OPINION OF BOND COUNSEL

November 30, 2023

The Honorable Mayor and Council
of the City of Roanoke, Virginia
Roanoke, Virginia

Dear Mayor and Councilmembers:

\$30,750,000
CITY OF ROANOKE, VIRGINIA,
GENERAL OBLIGATION PUBLIC
IMPROVEMENT BONDS, SERIES 2023

At your request we have examined the validity of an issue of \$30,750,000 aggregate principal amount of General Obligation Public Improvement Bonds, Series 2023 (the “Bonds”) of the City of Roanoke, Virginia (the “City”). The Bonds are dated their date of delivery; are issued in fully registered form in the denomination of \$5,000 each or any integral multiple thereof; and are numbered from No. R-2023-1 upwards in order of issuance. The Bonds mature in each of the years and in the principal amounts set forth below, and bear interest from their date, payable on each April 1 and October 1, commencing April 1, 2024, at the rates per annum set forth below:

Year (October)	Principal Amount	Interest Rate
2024	\$1,585,000	5.00%
2025	1,585,000	5.00
2026	1,600,000	5.00
2027	1,605,000	5.00
2028	1,615,000	5.00
2029	1,625,000	5.00
2030	1,635,000	5.00
2031	1,430,000	5.00
2032	1,440,000	5.00
2033	1,450,000	5.00
2034	1,460,000	5.00
2035	1,470,000	5.00
2036	1,485,000	5.00
2037	1,495,000	5.00
2038	1,510,000	4.00
2039	1,525,000	4.00
2040	1,540,000	4.00
2041	1,550,000	4.00
2042	1,565,000	4.00
2043	1,580,000	4.00

The Bonds are subject to redemption as set forth therein.

The Bonds recite that they are issued for the purpose of providing funds to pay the costs of acquisition, construction, reconstruction, improvement, extension, enlargement and equipping of various public improvement projects of and for the City, under and pursuant to and in full compliance with the Constitution and statutes of the Commonwealth of Virginia, including Chapter 26 of Title 15.2 of the Code of Virginia, 1950 (the same being the Public Finance Act of 1991), and a resolution and other proceedings of the Council of the City duly adopted and taken under the Public Finance Act of 1991.

We have examined (i) the Constitution and statutes of the Commonwealth of Virginia, (ii) certified copies of the aforementioned resolutions and other proceedings of the Council of the City in connection with the authorization, issuance, sale and delivery of the Bonds, (iii) such other papers, instruments, documents and proceedings as we have deemed to be necessary or advisable and (iv) an executed and authenticated Bond of such issue.

In our opinion, the Bonds have been duly authorized and issued in accordance with the Constitution and statutes of the Commonwealth of Virginia and constitute valid and legally binding obligations of the City, and the Council of the City is authorized and required to levy and collect annually, at the same time and in the same manner as other taxes of the City are assessed, levied and collected, a tax upon all taxable property within the City, over and above all other taxes, authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and interest on the Bonds to the extent other funds of the City are not lawfully available and appropriated for such purpose.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to judicial discretion, to the exercise of the sovereign police powers of the Commonwealth of Virginia and the constitutional powers of the United States of America and to valid bankruptcy, insolvency, reorganization, moratorium and other laws affecting the relief of debtors.

In our opinion, under existing statutes and court decisions, interest on the Bonds (i) is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986 (the "Code") and (ii) is not treated as an item of tax preference for purposes of the alternative minimum tax imposed under the Code; however for tax years beginning after December 31, 2022, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering our opinion, we have relied on certain representations, certifications of fact and statements of reasonable expectations made by the City in connection with the Bonds, and we have assumed compliance by the City with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

It is also our opinion that, under the existing statutes of the Commonwealth of Virginia, interest on the Bonds is not includable in computing the Virginia income tax.

We are further of the opinion that, for any Bonds having original issue discount ("Discount Bonds"), original issue discount that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Bonds.

We express no opinion regarding other federal or Commonwealth of Virginia tax consequences arising with respect to the Bonds. We are rendering our opinion under existing statutes and court decisions as of the issue date of the Bonds, and we assume no obligation to update our opinion after the issue date of the Bonds to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. We express no opinion on the effect of any action taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Bonds.

Very truly yours,

**DESCRIPTION OF THE DEPOSITORY TRUST COMPANY
AND THE BOOK-ENTRY SYSTEM**

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**DESCRIPTION OF THE DEPOSITORY TRUST COMPANY
AND THE BOOK-ENTRY SYSTEM**

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Bonds, payments of principal and interest on the Bonds to The Depository Trust Company (“DTC”), New York, New York, its nominee, Participants, defined herein, or Beneficial Owners, defined herein, confirmation and transfer of beneficial ownership interests in the Bonds and other bond-related transactions by and between DTC, Participants and Beneficial Owners, is based solely on information furnished by DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered Bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond will be issued in the aggregate principal amount of each maturity of the Bonds of each series and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC is rated AA+ by Standard & Poor’s. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds. DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and payment of redemption proceeds of, the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Registrar and Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC (nor its nominee), the Issuer or the Registrar and Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments and payment of redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Registrar and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Registrar and Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this Appendix D concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

APPENDIX E

PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE

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**PROPOSED FORM OF
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Certificate”), dated November 30, 2023, is executed and delivered in connection with the issuance by the City of Roanoke, Virginia (the “Issuer” or the “City”), of \$30,750,000 principal amount of City of Roanoke, Virginia, General Obligation Public Improvement Bonds, Series 2023, dated November 30, 2023 (the “Bonds”), and pursuant to a resolution duly adopted by the Council of the Issuer on July 5, 2022 (the “Resolution”). Capitalized terms used in this Certificate shall have the respective meanings specified above or in Article I hereof. Pursuant to the Resolution, the Issuer agrees as follows:

ARTICLE I

Definitions

SECTION 1.1. Definitions. The following terms used in this Certificate shall have the following respective meanings:

“Annual Financial Information” means, collectively, (i) updated versions of the following financial information and operating data with respect to the Issuer for each fiscal year of the types contained in Appendix A to the Official Statement under the headings “GOOD GOVERNMENT PRIORITY – Investment Management”; “GENERAL FUND REVENUES AND EXPENDITURES”– under the subheadings “Summary of General Fund Revenues and Expenditures” and “– Operating Data” (under the tables entitled “Assessed Value of All Taxable Property”, “Property Tax Rates (Per \$100 Assessed Value)”, “Assessed Value of Taxable Commercial Real Estate Property”, “General Property Tax Levies and Collections”, “Ten Largest Taxpayers” and “Taxable Retail Sales”); “DEBT ADMINISTRATION” – under the subheadings “Legal Debt Margin”, “Amortization Schedules” and “Debt Ratios”; “CAPITAL IMPROVEMENT PROGRAM - FUTURE BORROWING REQUIREMENTS”; “EMPLOYEE RETIREMENT PLANS” – including the subheading “OTHER POST-EMPLOYMENT BENEFIT PLANS” and information contained in Appendix B to the Official Statement and (ii) information regarding amendments to this Certificate required pursuant to Sections 4.2(d) and (e) of this Certificate. Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements.

The descriptions contained in Section 1.1(1)(i) of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. When such descriptions include information that is no longer regularly generated, updated or maintained by the City or that can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any Annual Financial Information containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

“Audited Financial Statements” means the annual financial statements, if any, of the Issuer, audited by such auditor as shall then be required or permitted by State law or the Resolution. Audited Financial Statements shall be prepared in accordance with GAAP; provided, however, that, pursuant to Section 4.2(a) and (e) hereof, the Issuer may from time to time, if required by federal or State legal requirements, modify the accounting principles to be followed in preparing its financial statements. Notice of any such modification required by Section 4.2(a) hereof shall include a reference to the specific federal or State law or regulation requiring such accounting principles or other description thereof.

“Counsel” means Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws.

“Financial Obligation” means “financial obligation” as such term is defined in the Rule. The term *financial obligation* as defined in the Rule means (a) a debt obligation, (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or guarantee of the Financial Obligations described in clauses (a) and (b). The term *financial obligation* shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“GAAP” means generally accepted accounting principles as prescribed from time to time for governmental units by Government Accounting Standards Board, the Financial Accounting Standards Board or any successor to the duties and responsibilities of either of them.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934 or any successor thereto or to the functions of the MSRB contemplated by this Certificate.

“Notice Event” means any of the following events with respect to the Bonds, whether relating to the Issuer or otherwise:

- (i) principal and interest payment delinquencies,
- (ii) non-payment related defaults, if material,
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties,
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties,
- (v) substitution of credit or liquidity providers, or their failure to perform,
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds,
- (vii) modifications to rights of Bondholders, if material,
- (viii) Bond calls, if material, and tender offers,
- (ix) defeasances,
- (x) release, substitution or sale of property securing repayment of the Bonds, if material,
- (xi) rating changes,
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer,

Note to clause (xii): For the purposes of the event identified in clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

- (xiii) the consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material,
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material,
- (xv) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect Bondholders, if material, and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

“Official Statement” means the Official Statement, dated November 15, 2023, of the Issuer relating to the Bonds.

“Rule” means Rule 15c2-12 promulgated by the SEC under the Securities and Exchange Act of 1934 as amended (17 CFR Part 240, §240.15c2-12), as in effect on the date of this Certificate, including any official interpretations thereof issued either before or after the effective date of this Certificate which are applicable to this Certificate.

“SEC” means the United States Securities and Exchange Commission.

“State” means the Commonwealth of Virginia.

“Unaudited Financial Statements” means the same as Audited Financial Statements, except the same shall not have been audited.

“Underwriter” means the winning bidder of the Bonds.

ARTICLE II

The Undertaking

SECTION 2.1. Purpose. This Certificate is being executed and delivered solely to assist the Underwriter in complying with paragraph (b)(5) of the Rule.

SECTION 2.2. Annual Financial Information. (a) The Issuer shall provide Annual Financial Information for the Issuer with respect to each fiscal year of the Issuer, commencing with the fiscal year ending June 30, 2023 by no later than nine (9) months after the end of the respective fiscal year, to the MSRB.

The Issuer shall provide, in a timely manner, notice of any failure of the Issuer to provide the Annual Financial Information by the date specified in subsection (a) above to the MSRB.

SECTION 2.3. Audited Financial Statements. If not provided as part of Annual Financial Information by the dates required by Section 2.2(a) hereof, the Issuer shall provide Audited Financial Statements, when and if available, to the MSRB.

SECTION 2.4. Notice Events. (a) If a Notice Event occurs, the Issuer shall provide, in a timely manner not in excess of ten (10) business days after the occurrence of such Notice Event, notice of such Notice Event to the MSRB.

Any notice of a defeasance of Bonds shall state whether the Bonds have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption.

SECTION 2.5. Additional Information. Nothing in this Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Financial Information or notice of Notice Event hereunder, in addition to that which is required by this Certificate. If the Issuer chooses to do so, the Issuer shall have no obligation under this Certificate to update such additional information or include it in any future Annual Financial Information or notice of a Notice Event hereunder.

SECTION 2.6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other federal and State laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that, under some circumstances, compliance with this Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

SECTION 2.7. Previous Non-Compliance. The City failed to timely file its Annual Comprehensive Financial Report (“ACFR”) for the fiscal years ended June 30, 2018, June 30, 2020, June 30, 2021 and June 30, 2022, as required by its existing continuing disclosure undertakings. The City has agreed in certain of its existing continuing disclosure undertakings with respect to certain of its bonds issued prior to the calendar year 2012 to provide annual financial information within six months after the end of each fiscal year (the “Pre-2012 Undertakings”). The City has agreed in certain of its existing continuing disclosure undertakings with respect to certain of its bonds issued in calendar year 2012 and thereafter to provide annual financial information within nine months after the end of each fiscal year.

The ACFR for the fiscal year ended June 30, 2018 was filed on August 16, 2019 and the Additional Information (defined below) for the fiscal year ended June 30, 2018 was filed on May 8, 2020, as described below. The ACFR and the Additional Information for the fiscal year ended June 30, 2020 was filed on March 12, 2021, which constituted a late filing under the Pre-2012 Undertakings only. The ACFR and the hereinafter defined Additional Information for the fiscal year ended June 30, 2021 was filed on March 23, 2022 and March 24, 2022, which constituted a late filing under the Pre-2012 Undertakings only. The City’s ACFR and Additional Information for the fiscal year ended June 30, 2022 was filed on April 10, 2023.

For the fiscal years ended June 30, 2018 and June 30, 2019, the City failed to include in its annual disclosure filings as required by its existing continuing disclosure agreements, annual updates of information relating to assessed value of taxable commercial real property and anticipated borrowing requirements for the City’s Capital Improvement Program (referred to herein as the “Additional Information”). On May 8, 2020, the City filed the Additional Information on EMMA for the fiscal years June 30, 2018 and June 30, 2019. The Additional Information for the fiscal years ended June 30, 2020, June 30, 2021 and June 30, 2022 was filed on the dates set forth hereinabove.

ARTICLE III

Operating Rules

SECTION 3.1. Reference to Other Documents. It shall be sufficient for purposes of Section 2.2 hereof if the Issuer provides Annual Financial Information by specific reference to documents (i) available to the public on the MSRB’s EMMA System website (currently, www.emma.msrb.org) or (ii) filed with the SEC. The provisions of this Section 3.1 shall not apply to notice of Notice Events pursuant to Section 2.4 hereof.

SECTION 3.2. Submission of Information. Annual Financial Information may be provided in one document or multiple documents and at one time or in part from time to time.

SECTION 3.3. Dissemination Agents. The Issuer may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the Issuer under this Certificate and revoke or modify any such designation.

SECTION 3.4. Transmission of Notices, Documents and Information. (a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to the EMMA system, the current Internet website address of which is www.emma.msrb.org.

All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 3.5. Fiscal Year. (a) The Issuer's current fiscal year is July 1 to June 30, and the Issuer shall promptly notify the MSRB of each change in its fiscal year.

Annual Financial Information shall be provided at least annually notwithstanding any fiscal year longer than twelve (12) calendar months.

ARTICLE IV

Effective Date, Termination, Amendment and Enforcement

SECTION 4.1. Effective Date; Termination. (a) This Certificate shall be effective upon the issuance of the Bonds.

The Issuer's obligations under this Certificate shall terminate upon legal defeasance, prior redemption or payment in full of all of the Bonds.

This Certificate, or any provision hereof, shall be null and void in the event that (i) the Issuer shall have received an opinion of Counsel, addressed to the Issuer, to the effect that those portions of the Rule which require this Certificate, or any such provision, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed or otherwise, as shall be specified in such opinion, and (ii) the Issuer shall have delivered copies of such opinion to the MSRB.

SECTION 4.2. Amendment. (a) This Certificate may be amended, by written certificate of the Director of Finance of the Issuer, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (i) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Issuer or the type of business conducted thereby, (ii) this Certificate as so amended would have complied with the requirements of the Rule as of the date of this Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (iii) the Issuer shall have received an opinion of Counsel addressed to the Issuer, to the same effect as set forth in clause (ii) above, (iv) the Issuer shall have received an opinion of Counsel, addressed to the Issuer, or a determination by an entity, in each case unaffiliated with the Issuer (such as Bond Counsel) and acceptable to the Issuer, to the effect that the amendment does not materially impair the interests of the holders of the Bonds and (v) the Issuer shall have delivered copies of such opinion and amendment to the MSRB.

This Certificate may be amended, by written certificate of the Director of Finance of the Issuer, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (i) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date hereof which is applicable to this Certificate, (ii) the Issuer shall have received an opinion of Counsel, addressed to the Issuer, to the effect that performance by the Issuer under this Certificate as so amended will not result in a violation of the Rule and (iii) the Issuer shall have delivered copies of such opinion and amendment to the MSRB.

This Certificate may be amended, by written certificate of the Director of Finance of the Issuer, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (i) the Issuer shall have received an opinion of Counsel, addressed to the Issuer, to the effect that the amendment is permitted by rule, order or other official pronouncement, or is consistent with any interpretive advice or no-action positions of the Staff of the SEC and (ii) the Issuer shall have delivered copies of such opinion and amendment to the MSRB.

To the extent any amendment to this Certificate results in a change in the types of financial information or operating data provided pursuant to this Certificate, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made pursuant to Section 4.2(a) hereof to the accounting principles to be followed by the Issuer in preparing its financial statements, the Annual Financial Information for the fiscal year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

SECTION 4.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Certificate shall constitute a contract with and inure solely to the benefit of the holders from time to time of the Bonds, except that beneficial owners of Bonds shall be third-party beneficiaries of this Certificate. The provisions of this Certificate shall create no rights in any person or entity except as provided in this subsection (a) and in subsection (b) of this Section 4.3.

The obligations of the Issuer to comply with the provisions of this Certificate shall be enforceable by the holders of the Bonds, including beneficial owners thereof. The Bondholders' rights to enforce the provisions of this Certificate shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Issuer's obligations under this Certificate and the Resolution. In consideration of the third-party beneficiary status of the beneficial owners of the Bonds pursuant to subsection (a) of this Section 4.3, the beneficial owners shall be deemed to be holders of the Bonds for purposes of this subsection (b).

Any failure by the Issuer to perform in accordance with this Certificate shall not constitute a default under the Resolution and any rights and remedies provided by the Resolution upon the occurrence of a default shall not apply to any such failure.

This Certificate shall be construed and interpreted in accordance with the laws of the State, without regard to its conflict of laws rules, and any suits and actions arising out of this Certificate shall be instituted and tried only in the Circuit Court of the City of Roanoke, Virginia; provided, however, that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

IN WITNESS WHEREOF, the undersigned have executed this Certificate as of the date first above written.

CITY OF ROANOKE, VIRGINIA

By: _____
Title: City Manager

By: _____
Title: Director of Finance

