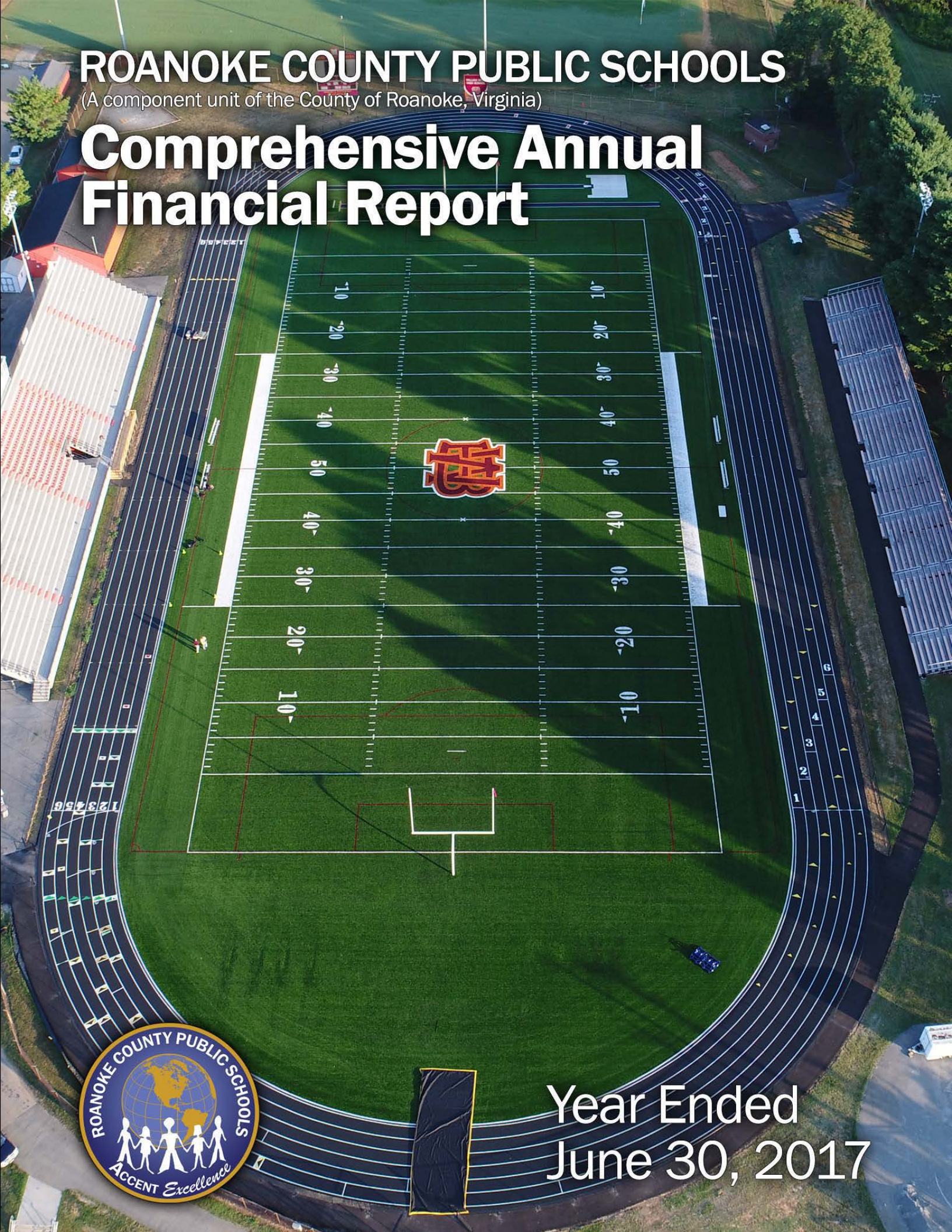
ROANOKE COUNTY PUBLIC SCHOOLS

(A component unit of the County of Roanoke, Virginia)

Comprehensive Annual Financial Report



Year Ended
June 30, 2017

In 2017, Roanoke County Public Schools completed a significant renovation and replacement of the turf and track at William Byrd High School. This new turf will withstand the heavy demand of multiple athletic teams from William Byrd High School and Middle School who use the turf for multiple athletic events. In addition, the new track will provide a competition-level surface for high school and middle school track and field events.

~Cover photo courtesy WDBJ7

Roanoke County Public Schools

(A Component Unit of the County of Roanoke, Virginia)

Comprehensive Annual Financial Report
For the Year Ended June 30, 2017

Prepared by the Finance Department

Penny A. Hodge, CPA, SFO, Assistant Superintendent of Finance and Operations
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5937 Cove Road
Roanoke, Virginia 24019
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Roanoke County Public Schools

Empowering all students through technology and 21st Century Skills: Critical Thinking; Collaboration; Creativity; Communication

Roanoke County Public Schools
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ROANOKE COUNTY PUBLIC SCHOOLS
ACCENT Excellence

INTRODUCTORY SECTION

Learning Culture
Balance
School Climate
Support Services
Professional Growth
Citizenship
Collaboration
Creativity
Critical Thinking
Communication
DEEPER LEARNING

ROANOKE COUNTY PUBLIC SCHOOLS
Office of Assistant Superintendent of Finance & Operations
5937 Cove Rd. Roanoke, VA 24019 ♦ (540) 562-3900 Ext 10161

November 13, 2017

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Roanoke County Public Schools for the fiscal year ended June 30, 2017. State law requires that every general-purpose local government publish a complete set of audited financial statements within six months of the close of the fiscal year. Roanoke County Public Schools (School System) is a component unit of the County of Roanoke, Virginia (County), which is a general-purpose local government. This report has been prepared by the School System's Finance Department in accordance with the standards of financial reporting as prescribed by the Governmental Accounting Standards Board (GASB) and the Auditor of Public Accounts of the Commonwealth of Virginia (APA).

The CAFR was prepared with an emphasis on full disclosure of the financial activities of the School System. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

The auditing firm of Cherry Bekaert LLP, a firm of independent certified public accountants, has issued unmodified opinions on Roanoke County Public Schools' basic financial statements as of and for the year ended June 30, 2017, contained in this report. The report of independent auditors is located at the front of the financial section of this report.

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

PROFILE OF THE SCHOOL SYSTEM

Roanoke County Public Schools is the 19th largest of 132 school systems in the Commonwealth of Virginia. The County of Roanoke is located in the southwestern part of the State and is the suburban hub of the Roanoke Valley, with a provisional population of 93,924[1] and a Metropolitan Statistical Area (MSA) population of approximately 318,707. Located in the largest urban area west of Richmond, the School System is the largest employer in Roanoke County. The School Board consists of five members elected to four-year terms who serve the citizens of Roanoke County.

[1] Population source: VaStat, a service of the Weldon Cooper Center for Public Service

The School System provides a broad spectrum of general, special, gifted, career and technical education opportunities for 14,049 students (including pre-kindergarten) between the ages of 3 and 21 at sixteen elementary schools, five middle schools, five high schools, and one specialty center.

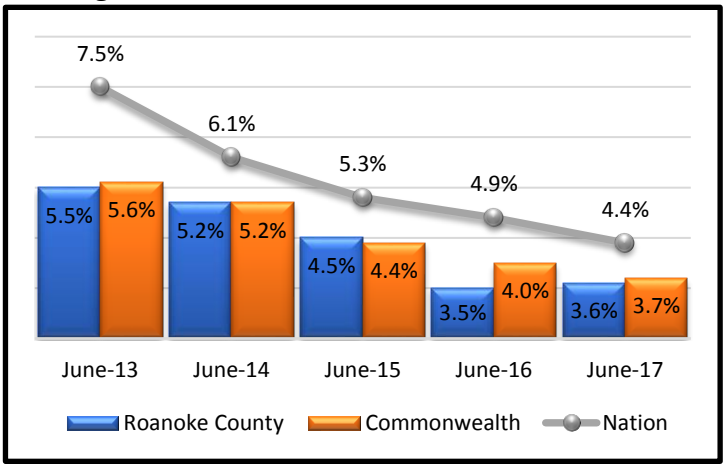
Roanoke County Public Schools had a strong year in terms of SOL performance. The school division was one of a minority of school districts in the state that will have all of its schools fully accredited for the 2017-2018 school year based on 2016-2017 results. Furthermore, the school system exceeded the state average on all 29 SOL tests and significantly increased overall performance in 3rd grade reading and mathematics, which are key indicators of future academic success. The system excels in all areas, but the district's mathematics at the middle school level is a particular highlight. The district's Math 6 results were ranked 9th in the state and 7th grade math was ranked 5th in the state (out of 132 school divisions).

Roanoke County Public Schools has been recognized for 14 years by the NAMM Foundation as one of the "Best Communities for Music Education" in America. The School System was chosen as 1 of 14 school divisions in the Commonwealth of Virginia. The award is based on a survey of the School System and its commitment to providing a wide range of musical opportunities and supporting them financially.

The School Board is required to submit an adopted budget to the County Board of Supervisors by April 1 of each year for the fiscal year beginning July 1. The County adopts the School System budget on an annual basis at the fund level. This annual budget serves as the foundation for the School System's financial planning and control. The budget is prepared by fund, function (e.g., instruction, attendance and health, nutrition), and department (e.g., transportation, technology, human resources) for management purposes. The School Board must seek approval from the County Board of Supervisors to transfer funds from one fund to another. However, the School Board may transfer resources within funds as they see fit.

LOCAL ECONOMY

In order to provide quality educational programs to its students, the School System is largely dependent upon the economy of its largest funding sources, which include the Commonwealth of Virginia (47.4% of revenue), the County of Roanoke (43.1% of revenue) and the Federal government (4.9% of revenue).



One measure of the health of an economy is the level of unemployment. This is a graph of the unemployment trend for the past five years for the Commonwealth, the County of Roanoke, and the nation as a whole. The unemployment rates at the Commonwealth and national levels continue to decline, however, the County rate increased .1%.

Another factor that indicates how well the State economy is recovering is the personal income level. The personal income level is strongly correlated to income tax and sales tax income. Not only does this provide greater revenue to be passed to the local government, but state-wide sales tax collections are a line item revenue for the School System. The School System experienced an increase in sales tax revenue of 1.68% this year.

Overall, the Commonwealth's economy is continuing to slowly improve although it still lags behind the nation as a whole. This is related to the decline in Federal government spending and reflects the significant reliance on Federal contracts in the Northern Virginia and Tidewater areas of the state, which continue to impact state revenue sources post-recession. State revenue declines ultimately impact the state funding for public education and the School System directly.

While Roanoke County and the Roanoke Valley have a diverse economic base that has been historically insulated from extreme expansions and contractions of the national economy, the impacts of higher unemployment, decreased business investment and activity, stagnant consumer confidence, and lower Federal spending in the Commonwealth have delayed recovery in the governmental revenue sources throughout the Roanoke region. This directly affects the School System because of an agreed-upon revenue sharing formula that drives the local appropriation.

The School System has experienced a declining student enrollment in eight of the last nine years which negatively impacts the level of State funding while not directly reducing the cost of education services on a one-to-one basis. Indications are that this trend reflects lower birth rates in the community and limited growth in the County population. Enrollment declines result in reductions in State funding as the State aid for education formula is driven by K-12 enrollment. The enrollment projection for fiscal year 2018 is 13,700 (excluding pre-kindergarten). The School System conducted a demographic study in 2016 which reflects a slight decline in enrollment over the next ten years.

We are fortunate that our economic indicators are showing signs of improvement but sustaining a quality program based on pre-2009 funding levels remains a formidable challenge for the County; not only in the delivery of local government services, but also in maintaining our traditionally high standard of living and quality of life.

From an infrastructure standpoint, the School System operates 27 school buildings with an average age of 50 years. Despite the sluggish economy in recent years, the School Board has made a financial commitment to address the infrastructure needs in a steady and methodical manner and, accordingly, has been able to take advantage of competitive construction bids in the past six years resulting in lower overall costs to the citizens.

LONG-TERM FINANCIAL PLANNING

The School System annually updates a Capital Improvement Plan (CIP). The CIP serves as a planning tool for efficient, effective, and equitable distribution of public improvements throughout the School System. The CIP represents a balance between finite resources and an ever-increasing number of competing school projects. This balance is achieved using the priorities and objectives established by the School Board. The CIP serves as a long-range planning tool to schedule

anticipated capital projects and coordinate capital financing in a way that manages future debt service requirements.

In addition to school building needs, the School System has a dedicated funding stream for ongoing capital needs related to school bus replacement. The school bus replacement schedule, based on age and condition of the fleet, necessitates the replacement of approximately ten school buses per year. The annual budget includes funds earmarked specifically towards this purpose which allows the School Board to accumulate a bus replacement reserve and pay cash for the bus purchases each year rather than borrowing funds and incurring the additional financing charges. The School Board increased the annual funding stream from $433,219 to $783,219 in fiscal year 2017. Additional funding for the replacement of buses will continue to impact future budget cycles until full funding for bus replacements is restored.

Another dedicated funding stream for ongoing capital needs relates to school technology replacement. On an annual basis, the School System updates a multi-year Technology Assessment Plan to plan for obsolescence of technology equipment and identify funding streams for replacements. The School Board continues to be a frontrunner in the integration of technology throughout the instructional program. The laptop computer initiative implemented 14 years ago to provide a laptop computer to every student in grades 9 through 12 has been sustained through difficult budget years and continues to be funded without incurring debt. The School Board expanded the program to the middle schools by adding 8th, 7th and 6th grades in fiscal years 2016, 2017, and 2018, respectively. With the budget pressures at the national, State, and local levels in recent years, the technology program has been funded with a combination of sources including Federal stimulus funds, grant funds, and operating funds. The ongoing significant investment in technology warrants the need for a replacement funding plan to ensure the sustainability of this important tool which is an integral part of classroom instruction in the school division.

RELEVANT FINANCIAL POLICIES

The School Board adopted a Year-End Balance policy in fiscal year 2005 that allocates the balance at the end of a fiscal year from excess revenues and/or unspent expenditures to capital projects. Most of the 27 school buildings in operation were built prior to 1970 and need capital improvements based on their age and the change in student population and programs since the schools were originally built. In order to fund the School System's commitment to upgrading the facilities, the policy allocates two-thirds of the year-end balance to Major Capital Projects listed on the School Capital Improvement Plan and one-third to Minor Capital Projects (other projects identified and prioritized with costs less than $500,000). This policy was adopted in conjunction with the County and enables the School System to ensure continued funding for needed capital improvements.

In addition, the School Board and County Board of Supervisors utilize a revenue sharing agreement that identifies the methodology for allocating revenues between the local government and the School System. The agreement factors in fluctuations in County population and student enrollment, a payroll element reflecting the labor-intensive nature of public education, and the calculation of a net allocation percentage which is then applied to total general property and other

local taxes of the local governing body to arrive at the allocation of local revenues for public education. This formula has been used since the fiscal year 2015 school budget.

MAJOR INITIATIVES

Standards of Learning – The General Assembly and the Board of Education of the Commonwealth of Virginia believe that the fundamental goal of the public schools must be to enable each student to develop the skills that are necessary for success in school and preparation for life in the years beyond. The current educational objectives are known as the Standards of Learning (SOL). Based on results from the spring 2017 testing window, the school system exceeded the state average on all 29 SOL tests administered. We are also pleased that Roanoke County is among a minority of school divisions in the state in which all of our schools met Virginia's requirements for full state accreditation for the 2017-2018 school year based on the 2016-2017 SOL performance.

Technology Initiative – The integration of technology into all facets of the instructional program is instrumental to the vision of the School System that "all Roanoke County students will be empowered to learn through technology and 21st century skills: collaboration, communication, creativity, and critical thinking." The School System completed the 14th year of a technology initiative, which provides one-to-one laptop computers to all students in grades 7 to 12. The laptop computers allow flexible access to educational resources and online classes and are integrated into the daily classroom lessons while incorporating technology education into all subject areas. In addition, the School System has invested heavily in providing interactive technology throughout the School System with all classrooms equipped with an interactive white board. All schools have wireless connections to the internet and broadband was expanded in fiscal year 2014 to adequately support the heavy utilization of technology throughout the district. The School System also conducted an independent evaluation of all aspects of information technology in fiscal year 2015 to optimize the investment in technology infrastructure and identify financial savings opportunities.

Capital Improvement Plan – The School Board and the County Board of Supervisors continue to place a major emphasis on the capital needs in the School System. The School Board has identified a priority list of capital projects to be funded under the School Capital Improvement Plan with $36.6 million funded on the most recent plan. The funding is derived from both the Major Capital Reserve, created with the year-end balance policy, and bond proceeds issued by the County. The renovation of Cave Spring High School is the next major improvement slated at $37.5 million.

The School Board conducted a district-wide Facility and Demographic study in 2016 to identify population and enrollment trends that will guide the development of the Capital Improvement Plan in the coming years. A follow-up in-depth facility review was also conducted in order to help prioritize renovation needs. The School Board adopted an updated Capital Improvement Plan in March 2017 which identified the next seven schools slated for renovation.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Roanoke County Public Schools for its CAFR for the fiscal year ended June 30, 2016. This was the 16th consecutive year that the School System has received this prestigious national award.

In addition, the Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the School System for its CAFR for the fiscal year ended June 30, 2016. This certificate was also awarded for the 16th consecutive year. The Certificate of Excellence program is similar to the GFOA Certificate of Achievement program and is an international award recognizing excellence in the preparation and issuance of school system financial reports.

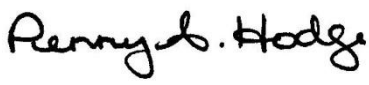
In order to be awarded the GFOA Certificate of Achievement or the ASBO Certificate of Excellence, a school system must publish an easily readable and efficiently organized comprehensive annual financial report, whose content conforms to the standards of both programs. The CAFR must also satisfy the standards of both generally accepted accounting principles and applicable legal requirements.

The GFOA Certificate of Achievement and the ASBO Certificate of Excellence are valid for a period of one year only. We believe our current report continues to meet the requirements of the GFOA Certificate of Achievement and ASBO Certificate of Excellence programs, and we are submitting it to both associations to determine its eligibility for another certificate.

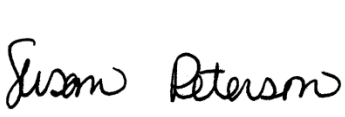
We would like to express our sincere gratitude to the School Board and the administration, whose continuing leadership and support is vital to the financial health of the School System. Appreciation is also extended to the personnel in the Finance Department for their dedication to assuring the financial integrity of the School System and the preparation of this report.

Respectfully yours,

Gregory N. Killough, Ed. D.
Superintendent



Penny A. Hodge, CPA, SFO
Assistant Superintendent of Finance & Operations



Susan Peterson, CPA, MA
Director of Finance

Roanoke County Public Schools
School Board Members
June 30, 2017

Mr. Timothy D. Greenway
Chairman
Vinton District

Mr. Jason B. Moretz
Vice-Chairman
Windsor Hills District

Mr. Donald T. Butzer
Catawba District

Mr. Jerry L. Canada
Hollins District

Mr. Michael A. Wray
Cave Spring District

Clerk to the Board.....Mrs. Angela B. Roberson

Roanoke County Public Schools
School Administration
June 30, 2017

Dr. Gregory N. Killough
Superintendent of Schools

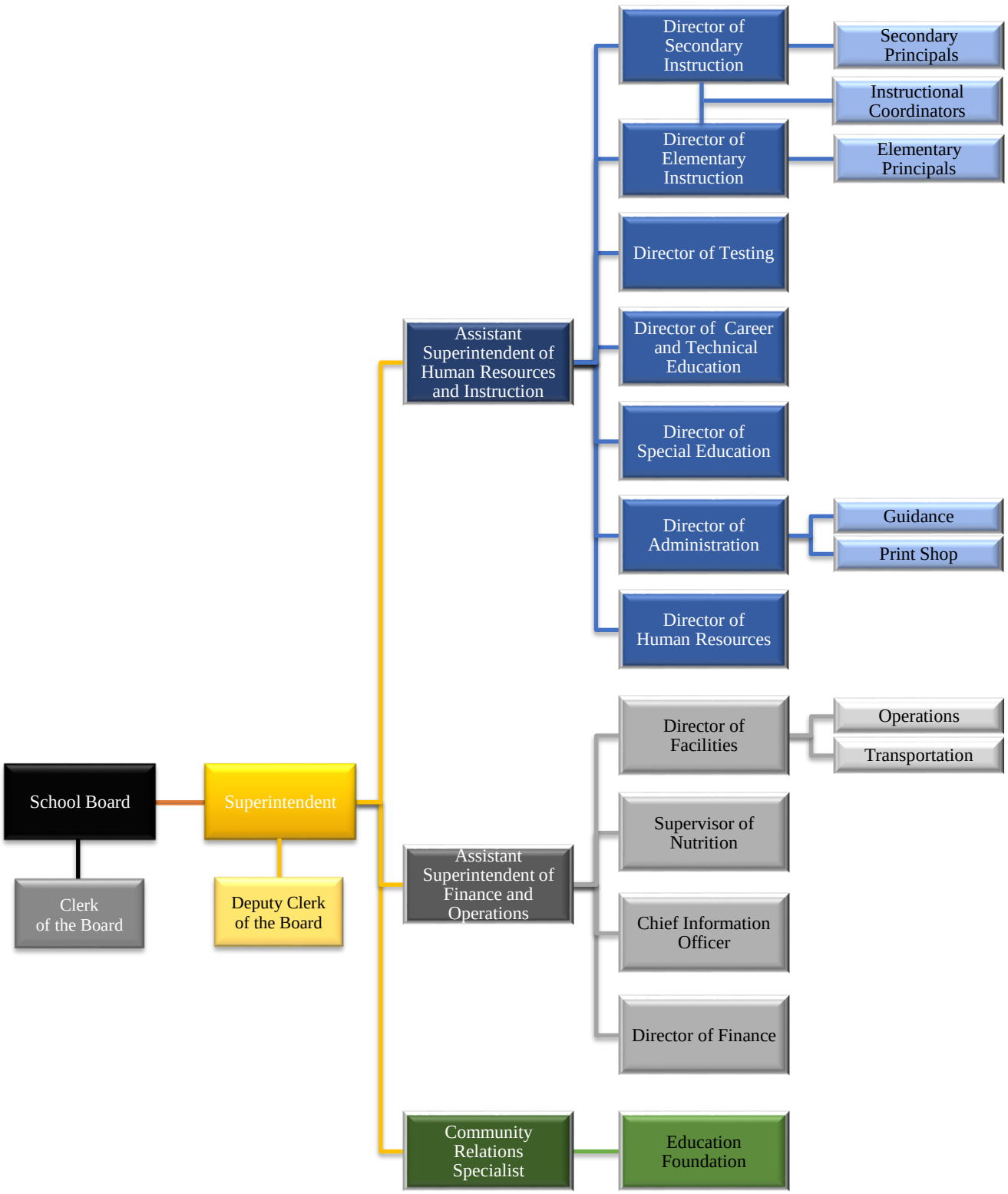
Dr. Rebecca G. Eastwood
Assistant Superintendent of Human Resources and Instruction

Director of Secondary Instruction ..... Dr. Rhonda W. Stegall
Director of Elementary Instruction ..... Dr. Linda F. Wright
Director of Testing ..... Mr. Ben J. Williams
Director of Career and Technical Education ..... Mr. Jason D. Suhr
Director of Special Education ..... Dr. Jessica M. McClung
Director of Administration ..... Dr. Kenneth E. Nicely
Director of Human Resources ..... Mr. James R. Bradshaw
Community Relations Specialist ..... Mr. Chuck D. Lionberger

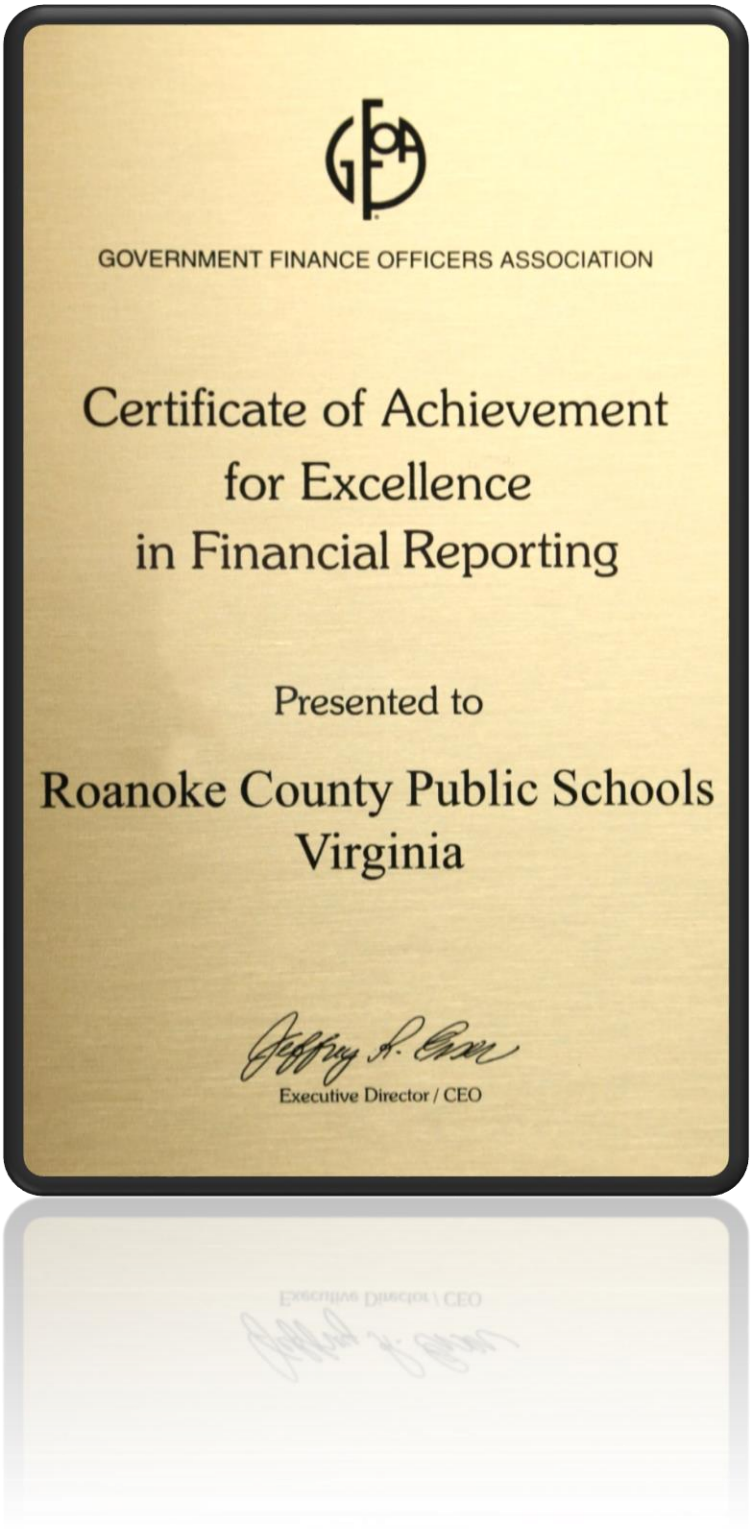
Mrs. Penny A. Hodge, CPA, SFO
Assistant Superintendent of Finance and Operations

Director of Facilities ..... Mr. George G. Assaid
Supervisor of Nutrition ..... Mrs. Rhonda R. Huffman
Chief Information Officer ..... Mr. Jeff A. Terry
Director of Finance ..... Mrs. Susan L. Peterson, CPA, MA

Roanoke County Public Schools
Organizational Chart
June 30, 2017



Roanoke County Public Schools
Government Finance Officers Association Award
June 30, 2017



The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Roanoke County Public Schools for its Comprehensive Annual Financial Report for the 16th consecutive year ended June 30, 2016. The Certificate of Achievement for Excellence in Financial Reporting is a prestigious, national award, which recognizes conformance with the highest standards for preparation of state and local government CAFRs.

In order to receive a Certificate of Achievement for Excellence in Financial Reporting, a government unit must publish a CAFR whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. In addition, this report must satisfy both accounting principles generally accepted in the United States of America (GAAP) and applicable legal requirements.

Roanoke County Public Schools
Association of School Business Officials International Award
June 30, 2017

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to Roanoke County Public Schools for its CAFR for the 16th consecutive year ended June 30, 2016. This nationally recognized program was established by ASBO to encourage school business officials to achieve a high standard of financial reporting. The award is the highest recognition for school division financial operations offered by ASBO, and it is only conferred upon school systems that have met or exceeded the standards of the program. Participation in the Certificate of Excellence in Financial Reporting program validates the School System's commitment to fiscal and financial integrity and enhances the credibility of the School System's operations with the School Board and the community. The program reviews the accounting practices and reporting procedures used by the School System in its CAFR based upon specific standards established within GAAP.

ROANOKE COUNTY PUBLIC SCHOOLS
ACCENT Excellence

FINANCIAL SECTION

Learning Culture
Balance
School Climate
Support Services
Professional Growth
Citizenship
Collaboration
Creativity
Critical Thinking
Communication
DEEPER LEARNING

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Roanoke County Public Schools (the "School System"), a component unit of Roanoke County, Virginia, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School System, as of June 30, 2017, 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.

Emphasis of Matters

As discussed in Note 1 and presented in Note 11 to the financial statements, the School System adopted the provisions of Governmental Accounting Standards Board Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* effective July 1, 2016. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the required supplementary information and the notes to 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School System's basic financial statements. The Introductory Section, Supplementary Information, and Statistical Section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2017, on our consideration of the School System'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School System's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Richmond, Virginia
November 13, 2017

Roanoke County Public Schools
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2017

The management of Roanoke County Public Schools (the School System) presents the following discussion and analysis as an overview of the financial activities of the School System for the year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report, and the School System's basic financial statements and notes thereto, which immediately follow this section.

FINANCIAL HIGHLIGHTS

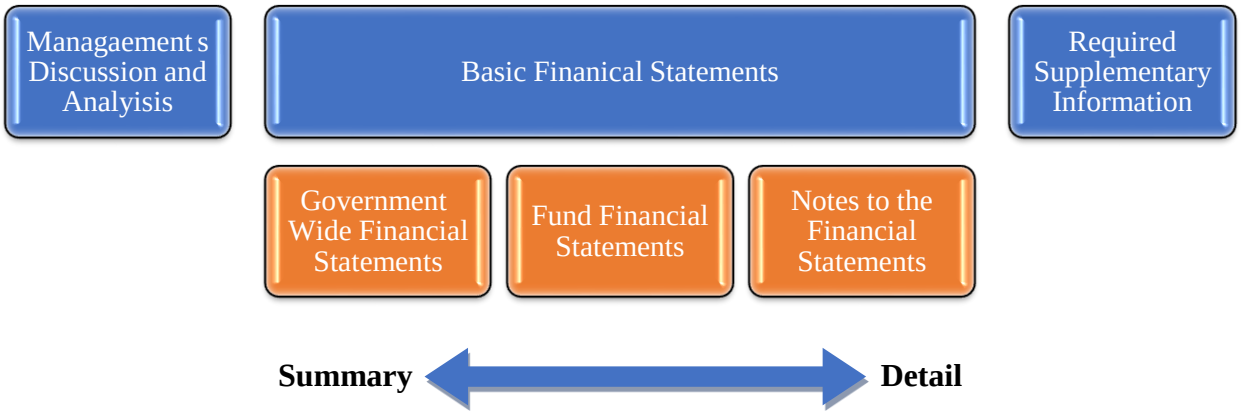
- The total liabilities and deferred inflows exceeded the total assets and deferred outflows of the School System as of June 30, 2017 by $42.2 million (*net position*). This net position is a deficit due to recognizing a $133.5 million liability related to the Virginia Retirement System Pension. Of this amount, $(91.1) million is unrestricted net position. (Exhibit A).
- On a government-wide basis for governmental activities, the School System had expenses, net of program revenues, of $122.8 million, which were $1.4 million less than general revenues of $124.2 million (Exhibit B).
- At the end of the current fiscal year, committed fund balance for the General Fund was $5.2 million or 3.7% of total General Fund expenditures for fiscal year 2017 (Exhibits C and E). Due to School Board policy, the fund balance in the General Fund rolls over to the capital fund at year-end so there is no unassigned fund balance at year-end.
- The General Fund, on a current financial resource basis, reported revenues less than expenditures and other financing sources (uses) by $674,050 for fiscal year 2017 (Exhibit E).

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

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

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



Government-wide Financial Statements – The government-wide financial statements report information about the School System as a whole using accounting methods similar to those used by private-sector companies. The two statements – Statement of Net Position and Statement of Activities, report the School System's net position and how it has changed during the fiscal year.

The Statement of Net Position includes all of the government's assets, deferred outflows of resources, liabilities (both current and long-term) and deferred inflows of resources. The result is reported in one of the three categories of the net position (Net investment in capital assets, Restricted, or Unrestricted). Over time, increases or decreases in the School System's net position are indicators of whether its financial position is improving or deteriorating. In order to assess the overall financial position of the School System, other non-financial factors must also be considered, however, such as changes in the property tax base of the County of Roanoke, Virginia (the County) and the condition of school buildings and other facilities.

The Statement of Activities reports all of the current year's revenues and expenses as soon as the underlying event for recognition occurs, regardless of the timing of the related cash flows.

The School System reports only ***governmental activities***, which include the School System's basic services: instruction; administration, attendance and health; transportation; operations and maintenance; technology; facilities; and school nutrition. County appropriations and State aid finance the majority of these activities.

The government-wide financial statements (Exhibits A and B) can be found beginning on page 38 of this report.

Fund Financial Statements – Fund financial statements provide more detailed information about the School System funds, focusing on its most significant or "major" funds – not the system as a whole. The School System utilizes three types of funds:

- ***Governmental funds***: Most of the School System's activities are reported in governmental funds, which focus on how resources flow into and out of these funds and the balances at

year-end available to spend in future periods. Consequently, the governmental funds statements (Exhibits C and E) provide a detailed short-term view that helps the reader to determine whether there are current financial resources that can be used in the near future to finance the School System's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciliation (Exhibits D and F) is provided immediately following the governmental funds statement that explains the relationship (or differences) between the statements.

- ***Proprietary funds***: Services for which the School System charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. The School System uses Internal Service Funds to account for the financing of services provided by one department to other departments of the school system on a cost reimbursement basis. The School System uses Internal Service Funds for health insurance, dental insurance, risk management, and laptop insurance reserves. (Exhibits G, H, and I)

- ***Fiduciary funds***: Assets held either by a trustee or in an agency capacity are reported in fiduciary funds. These funds cannot be used to support the School System's activities and are reported in a separate statement of fiduciary assets and liabilities. They are not included in the government-wide financial statements. The School System reports an OPEB Trust and student activity funds as fiduciary funds. (Exhibits J and K)

The fund financial statements can be found beginning on page 38 of this report.

Notes to the basic financial statements – The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 47 of this report.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the School System's budgetary comparisons for the General Fund and Grant Fund and progress in funding its obligations to provide pension and other postemployment benefits to its employees. Required supplementary information can be found beginning on page 83 of this report.

Certain additional *supplementary information* is presented immediately following the required supplementary information. Supplementary information includes budgetary comparisons for the Capital Projects Fund and Nonmajor Governmental Fund, combining statements for Internal Service Funds, and the statement of changes in fiduciary assets and liabilities. Supplementary information can be found beginning on page 97 of this report.

FINANCIAL ANALYSIS OF THE SCHOOL SYSTEM

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

Summary of Net Position **Table 1**
As of June 30, 2017 and 2016

	Governmental Activities		Percentage
	2017	2016	Change
Current and other assets	$ 43,293,158	$ 43,826,214	(1.2)%
Capital assets, net	46,765,379	47,748,644	(2.1)
Total assets	90,058,537	91,574,858	(1.7)
Deferred outflows of resources	19,794,703	10,445,845	89.5
Current and other liabilities	7,255,655	7,887,135	(8.0)
Long-term liabilities	136,093,787	122,261,736	11.3
Total liabilities	143,349,442	130,148,871	10.1
Deferred inflows of resources	8,718,000	15,475,036	(43.7)
Net investment in capital assets	46,765,379	47,263,705	(1.1)
Restricted	2,077,309	2,066,398	0.5
Unrestricted	(91,056,890)	(92,973,387)	(2.1)
Total net position	$ (42,214,202)	$ (43,643,284)	(3.3)

For fiscal year 2017, the School System's, liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by $42.2 million. Net position increased $1.4 million from the prior year balance. A detailed description of the changes in revenues and expenses that create the differences in net position is discussed in the next section.

For fiscal year 2017, $46.8 million of the School System's net position reflects its *net investment in capital assets* (i.e., land, buildings, furniture and equipment). The School System uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The Commonwealth of Virginia requires counties to issue general obligation debt for all financially dependent component units. The County reports in its basic financial statements the majority of the debt related to the School System's capital assets. As of June 30, 2017, the School System paid off $484,939 for an energy management project capital lease entered into during fiscal year 2007.

A significant portion of the *restricted net position* includes the School System's $2.0 million emergency contingency fund authorized by the County Board of Supervisors and restricted to use

for unexpected revenue shortfalls or unanticipated expense increases. The remaining balance includes grant balances restricted by grant agencies for specified purposes.

The remaining balance of *unrestricted net position* of $(91.1) million is a result of recognizing the School System's proportionate share of the Virginia Retirement System's (VRS) net pension liability.

The School System's net position on hand at the end of a fiscal year is designated for specific uses in funding capital projects in the upcoming year. Thus, increases or decreases in net position typically result from and are in accordance with the adopted plan to provide capital programs in any given year, and fluctuate dollar for dollar with changes in the amount of net capital assets and noncurrent liabilities due in more than one year. Finally, to assess the overall health of the School System, additional non-financial factors need to be considered, such as changes in the property tax base of the County, the condition of the school buildings and equipment, and the supply of and demand for instructional staff.

Summary of Changes in Net Position – The following table presents a condensed summary of changes in net position for governmental activities:

Summary of Changes in Net Position **Table 2**
For the Years Ended June 30, 2017 and 2016

	Governmental Activities 2017	Governmental Activities 2016	Percentage Change
Program revenues:			
Charges for services	$ 4,531,519	$ 3,742,883	21.1%
Operating grants and contributions	27,839,282	26,189,097	6.3%
Capital grants and contributions	3,089,261	9,116,549	(66.1)%
General revenues:			
County appropriation	68,763,376	68,924,133	(0.2)%
State aid	54,914,899	53,533,578	2.6%
Miscellaneous	549,507	346,121	58.8%
Total revenues	159,687,844	161,852,361	(1.3)%
Program expenses:			
Instruction	116,721,895	107,696,660	8.4%
Administration	3,315,935	2,909,808	14.0%
Attendance and health	2,276,599	2,332,133	(2.4)%
Transportation	6,403,743	5,924,837	8.1%
Operations and maintenance	11,480,475	11,227,448	2.3%
Technology	6,679,719	6,367,798	4.9%
School nutrition	5,027,956	4,804,867	4.6%
Capital lease interest	4,864	23,731	(79.5)%
Debt Service	6,347,576	7,325,340	(13.3)%
Total expenses	158,258,762	148,612,622	6.5%
Change in net position	1,429,082	13,239,739	(89.2)%
Total net position, beginning of year	(43,643,284)	(56,883,023)	(23.3)%
Total net position, end of year	$ (42,214,202)	$ (43,643,284)	(3.3)%

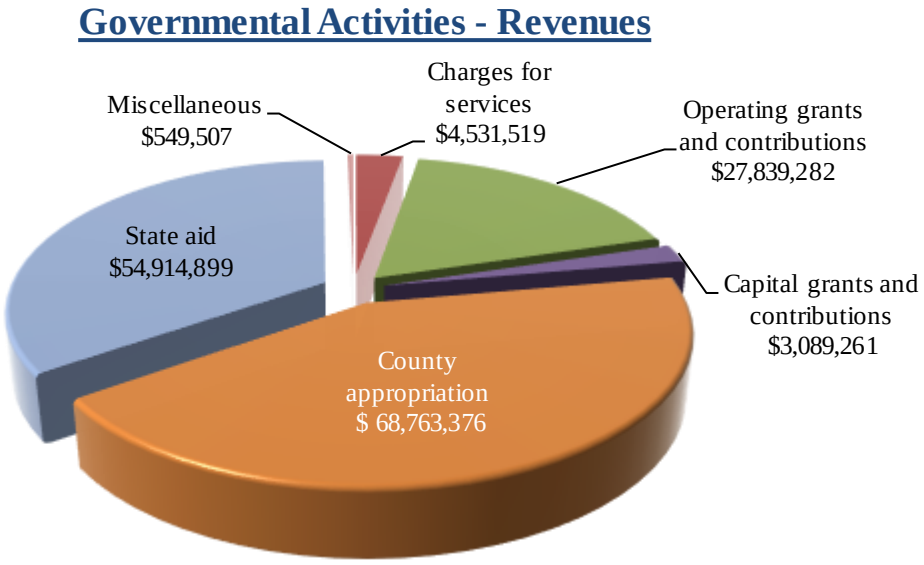
Governmental activities increased the School System's net position by $1.4 million. Revenues for governmental activities decreased $2.2 million (1.3%) and total expenses increased $9.6 million (6.5%) when compared to the prior year.

The County appropriation and general State aid accounted for most of the School System revenue, contributing 78¢ of every dollar of expenses. The remaining 22¢ of every dollar of expenses are

funded with Federal and State aid for specific programs, charges for services, and miscellaneous revenues.

Most of the School System's expenses, or 87¢ of every dollar spent, are directly related to the provision of services to students, including classroom instruction, attendance and health, transportation, technology, and school nutrition. The balance of every dollar spent goes for administrative costs (2¢), operations and maintenance (7¢), and interest and other charges for the school portion of County debt payments on school construction and renovations (4¢).

Governmental Activities – Revenues
Revenues of the governmental activities are shown by category below:



Charges for services, which were 2.8% of total government revenues, include school breakfast and lunch sales, tuition fees, Medicaid reimbursements, and other miscellaneous fees for services provided. These revenues increased $788,636 from prior year primarily due to a reclassification of laptop fees and increase in Medicaid reimbursements.

Operating grants and contributions, which were 17.4% of total government revenues, include 58.2% for non-Basic Aid Standards of Quality State revenues, 18.6% for Individuals with Disabilities Education Act (IDEA) and Titles I, II and III Federal grants, 9.5% for State and Federal nutrition funding, and 13.7% for State supplemental support for operating costs. These revenues increased $1.7 million from prior year primarily due to the increases in the State VRS, Medicare, and Special Education SOQ funding, along with an increase in Federal grant funds.

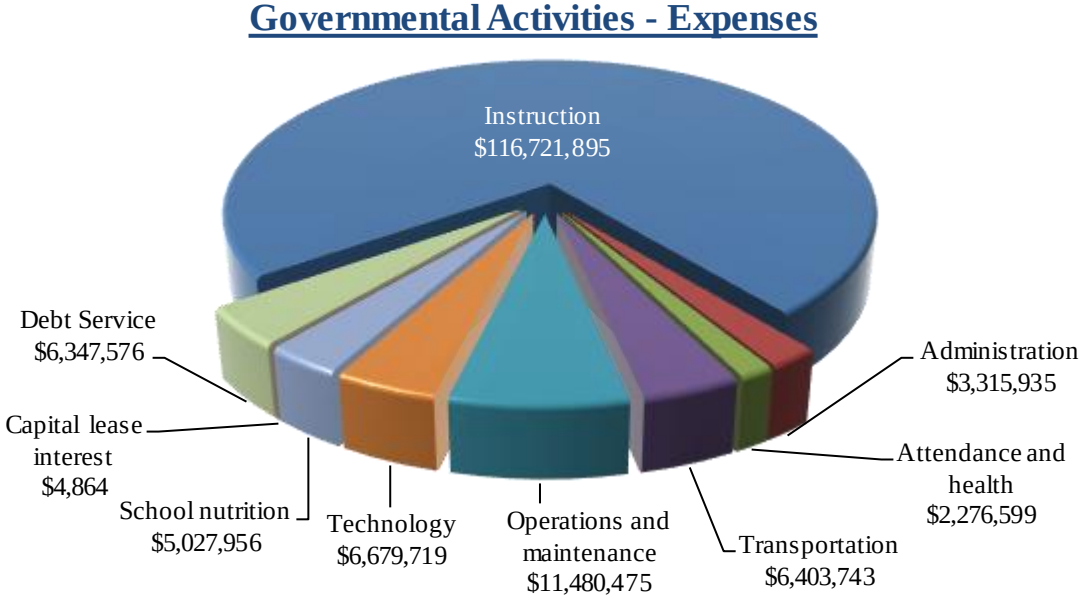
Capital grants and contributions, which were 1.9% of total government revenues, include state technology grants and capital transfers from the County. These revenues decreased $6.0 million from prior year primarily due to the transfer of buildings and improvements, net of accumulated depreciation, to the schools from the County related to debt payoff for tenancy in common assets.

County appropriation, which is the largest funding source at 43.1% of total government revenues, includes local County support which has been based on a revenue sharing formula. These revenues decreased $160,757 from prior year and include a transfer of bond proceeds for capital projects.

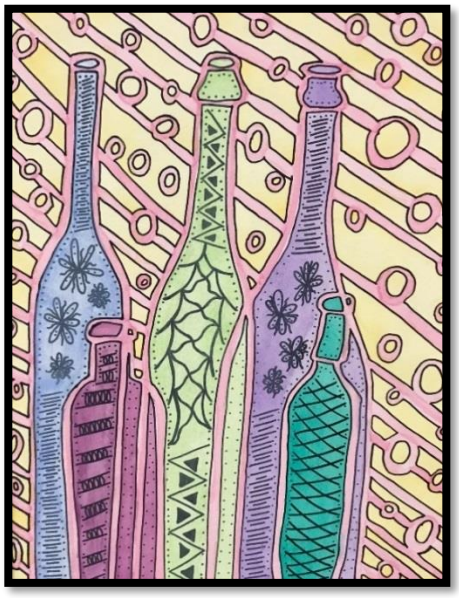
State aid, which was 34.4% of total government revenues, includes state sales tax and the Basic Aid Standards of Quality State revenues. These revenues increased $1.4 million from prior year primarily due to an increase Basic Aid.

Miscellaneous, which was 0.4% of total government revenues, includes investment income, soft drink commissions, rebates and refunds, donations, gain on sale of assets, and other miscellaneous items. These revenues increased $203,386 due to non-recurring fiscal year 2017 receipts including the sale of approximately 1,600 retired MacBook Air laptops and approximately 1,000 retired Dell latitude laptops and OptiPlex desktops along with donations from schools for capital projects.

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



Instruction, which was 73.8% of total government expenses, includes activities and programs to prepare all students to be productive citizens in a democratic and diverse society while enabling them to meet established standards of achievement and foster life-long learning. These expenses increased $9.0 million from prior year primarily due to increases for market adjustments to eliminate internal and external salary equities identified in a compensation study, a 2% cost in living salary adjustment, increase in staffing for teachers and instructional aides, the change of the School System's proportionate share of the VRS's net pension liability, and recognizing a full year's worth of depreciation for the ten school additions transferred from the County related to debt payoff for tenancy in common assets.



Administration, which was 2.1% of total government expenses, includes executive administration, personnel services, fiscal services, board services, reprographic services, planning services, and information services. These expenses increased $406,127 from prior year due to an increase in the depreciation expense related to the financial management system capitalized for the first time in 2017 and the change in the School System's proportionate share of the VRS's net pension liability.

Attendance and health, which was 1.4% of total government expenses, includes health, psychological, and attendance services. These expenses decreased $55,534 from prior year primarily due to the change in the School System's proportionate share of the VRS's net pension liability.

Transportation, which was 4.0% of total government expenses, includes vehicle operation, monitoring, and maintenance services. These expenses increased $478,906 from prior year primarily due to increases for market adjustments to eliminate internal and external salary inequities identified in a market study, a 2% cost of living salary adjustment, increase in staffing for bus aides, and the change in the School System's proportionate share of the VRS's net pension liability.

Operations and maintenance, which was 7.3% of total government expenses, includes custodial, maintenance, utilities, and security services for buildings and grounds at all 27 schools, central office, maintenance, garage, and warehouse. These expenses increased $253,027 from prior year primarily due to the implementation of the capital maintenance plan to fund routine maintenance needs at the schools that would preserve the condition of facilities for a longer time in addition to the change in the School System's proportionate share of the VRS's net pension liability.

Technology, which was 4.2% of total government expenses, includes noncapital equipment, software, operating and maintenance costs for all classrooms, administration, and attendance and health. These expenses increased $311,921 from prior year primarily due to the addition of five computers in each elementary school class and extending the one-to-one laptop program to include the 7th grade.

School nutrition, which was 3.2% of total government expenses, includes all costs associated with operating and maintaining school cafeterias. These expenses increased $223,089 from prior year primarily due to increases for market adjustments to eliminate internal and external salary inequities identified in a market study and to provide a 2% cost of living salary adjustment.

Capital lease interest, which was 0.0% of total government expenses, includes interest payments for energy management equipment recorded as capital assets. These expenses decreased $18,867

from prior year primarily due to the reduction in interest paid from year to year as the lease matures. The final payment of this lease was made in fiscal year 2017.

Debt Service, which was 4.0% of total government expenses, includes a transfer for interest on County debt outstanding related to school assets, a transfer of major capital reserves to capital projects recorded on the local government books in conjunction with bonds issued to fund the full project costs, and funding of future debt related to the Capital Improvement Plan. These expenses decreased $1.0 million from prior year to redirect the funds into the Capital Maintenance Plan.

Governmental Activities – Total Cost and Net Cost

Table 3 presents the cost of the School System's functions and shows the net cost (total cost less fees generated by and intergovernmental aid provided by specific programs). The net cost reflects the financial burden that was placed on the taxpayers by each of these functions.

Total Cost and Net Cost of Governmental Activities **Table 3**
For the Years Ended June 30, 2017 and 2016

	Total Cost of Services		Percent	Net Cost of Services		Percent
	2017	2016	Change	2017	2016	Change
Instruction	$ 116,721,895	$ 107,696,660	8.4%	$ 89,194,953	$ 76,112,820	17.2%
Administration	3,315,935	2,909,808	14.0%	3,315,935	2,728,588	21.5%
Attendance and health	2,276,599	2,332,133	(2.4)%	2,276,599	2,191,326	3.9%
Transportation	6,403,743	5,924,837	8.1%	6,403,743	5,477,822	16.9%
Operations and	11,480,475	11,227,448	2.3%	9,040,037	10,405,813	(13.1)%
Technology	6,679,719	6,367,798	4.9%	6,679,719	5,992,697	11.5%
School nutritio	5,027,956	4,804,867	4.6%	(464,726)	(694,044)	(33.0)%
Capital lease interest	4,864	23,731	(79.5)%	4,864	23,731	(79.5)%
Debt Service	6,347,576	7,325,340	(13.3)%	6,347,576	7,325,340	(13.3)%
Total expenses	$ 158,258,762	$ 148,612,622	6.5%	$ 122,798,700	$ 109,564,093	12.1%

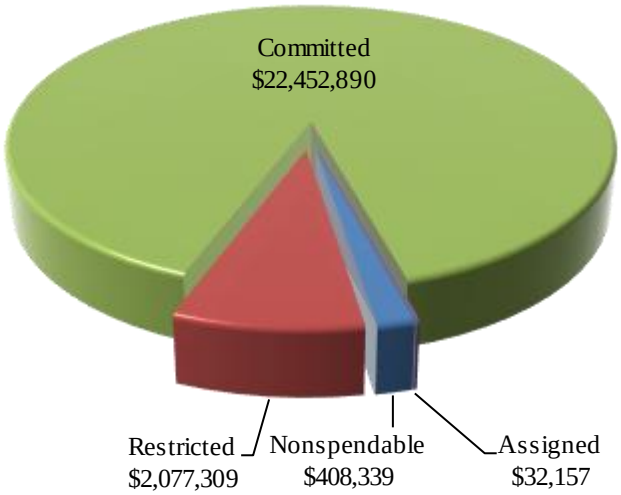
Key elements of total and net cost of governmental activities during fiscal year 2017 were as follows:

- The cost of all governmental activities this year was $158.3 million.
- Roanoke County citizens paid for these activities through local taxes in the amount of $68.8 million.
- Some of the costs were paid by those who directly benefited from the programs ($4.5 million), entitlements from State and Federal aid ($27.8 million), and miscellaneous payments ($3.1 million).

FINANCIAL ANALYSIS OF THE FUNDS

Governmental Funds – Governmental funds consist of the General Fund, Grant Fund (special revenue fund), Capital Projects Fund, and Nonmajor Governmental Fund and account for the general operations of the School System. As noted earlier, the School System uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the School System's governmental funds is on near-term inflows, outflows, and balances of spendable resources. As such, these funds are accounted for using the modified accrual basis of accounting.

Governmental Fund Balances



As of the end of the current fiscal year, the School System's governmental funds reported combined fund balances of $25.0 million, an increase of $1.9 million in comparison with fiscal year 2016. Of this amount, 1.7% constitutes *nonspendable fund balance*, which reflects inventories that are in a non-liquid form and cannot be spent; 8.3% constitutes *restricted fund balance*, which is externally restricted for an emergency contingency fund and grants; 89.9% constitutes *committed fund balance*, which is designated for future capital projects in accordance with the adopted Use of Year-End Balance policy; and 0.1% constitutes *assigned fund balance*, which is designated for outstanding operating encumbrances at year-end.

The General Fund is the primary operating fund used to account for all financial transactions and resources except those required to be accounted for in another fund. The fund balance in the General Fund decreased by $674,050 primarily due to an increase in the transfer to the Capital projects and increases for market adjustments to eliminate internal and external salary inequities identified in a market study, a 2% cost of living salary adjustment, and increase in staffing for teachers and instructional aides offset by the local government appropriation and SOQ revenues.

The Grant Fund is used to account for Federal, State, and local grants restricted for specified school purposes by the grantor. During fiscal year 2017, Federal grant funding increased by $233,665 related to increases in IDEA, Title I, and Title II Federal funding. At the end of the current fiscal

year, the Grant Fund balance consisted of $77,309 restricted for the purposes specified in the grant awards.

The Capital Projects Fund is used to account for the acquisition or construction of major capital facilities. At the end of the current fiscal year, the Capital Projects Fund balance consisted of $14.8 million committed for future school capital projects. The fund balance increased by $2.0 million related to an increase in transfers from the General Fund during the year as a result of the Year-End Balance policy and prior year allocation.

The Nonmajor Governmental Fund is used to account for the preparation and serving of student breakfasts and lunches. At the end of the fiscal year, the school nutrition fund balance reflected $274,932 in nonspendable fund balance for inventory and $2.4 million in committed fund balance for school nutrition operations. The overall fund balance of the fund increased by $565,886 from the prior year primarily due to an increase in free and reduced price lunches served, an expansion of the breakfast program, and reductions in operating expenditures associated with tighter control over food and labor costs.

Proprietary Funds – The School System's Internal Service Fund, a proprietary fund type, is presented on the same basis as the government-wide financial statements but is presented in more detail in the fund financial statements. Unrestricted net position of the health insurance, dental insurance, risk management, and laptop insurance reserve funds at the end of the year amounted to $9.5 million. The increase (decrease) in net position for all four funds was $(2.3) million, $26,022, $(52,715), and $30,381, respectively. The decrease in the health insurance fund relates to higher health insurance claims expenses than expected during this fiscal year and costs incurred to open a health and wellness center in efforts to reduce future claims costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The School System budget is prepared in accordance with the *Code of Virginia*. Table 4 presents a condensed version of the budgetary comparison of the original budget, final budget, and actual amounts for fiscal year 2017.

Budgetary Highlights - General Fund **Table 4**
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual
Revenues:			
Intergovernmental-Roanoke County	$ 67,839,376	$ 68,738,376	$ 68,738,376
Intergovernmental-State and Federal	75,275,394	75,457,402	74,621,580
Other	1,015,319	1,048,311	1,436,460
Total	144,130,089	145,244,089	144,796,416
Expenditures	(144,105,089)	(147,814,240)	(140,006,991)
Other financing sources	-	200,000	190,381
Transfers out	(25,000)	(5,653,856)	(5,653,856)
Net change in fund balance	$ -	$ (8,024,007)	$ (674,050)

During the year, the School System amended the original budget primarily for the following purposes:

- To reappropriate monies to pay for commitments in the form of encumbrances established prior to June 30, 2016 but not paid by that date.
- To reappropriate grants, donations and other revenues authorized in fiscal year 2016 or earlier, but not expended or encumbered as of June 30, 2016.
- To appropriate grants, donations, and other revenues accepted or adjusted in fiscal year 2017 when official notice of approval was received.
- To appropriate the designated General Fund balance to capital projects.

The increase in the amended budget revenues of $1.1 million is related to the transfer of additional funds from the County for comprehensive services along with grants awards granted more than budgeted.

Actual revenues were less than the final budget by $447,673. The negative variance primarily relates to a lower Average Daily Membership than budgeted resulting in less SOQ-based revenues than budgeted, a budgeted compensation supplement not received, and budgeted E-rate that was not approved, offset by higher receipts from Medicaid reimbursement and sales tax revenue, both of which were budgeted conservatively.

Actual expenditures were less than the final budget by $7.8 million. The positive variances were primarily related to unused allocation accumulated for future school bus replacements, unused allocation of emergency funds, personnel savings, and utility savings.

The School Board and County Board of Supervisors have a jointly adopted financial policy designating year-end balances for major and minor capital projects.

CAPITAL ASSETS AND LEASES

At the end of the fiscal year, the School System had land, buildings and improvements, furniture and equipment, and construction in progress in governmental activities with a total historical cost of $127.8 million. Total accumulated depreciation on these assets was $81.0 million. Table 5 shows capital asset balances (net of accumulated depreciation) for fiscal years 2017 and 2016. More detailed information about capital assets can be found in Note 5 to the basic financial statements.

Capital Assets **Table 5**
(net of accumulated depreciation)
As of June 30, 2017 and 2016

	Governmental Activities		Percentage
	2017	2016	Change
Land	$ 5,683,472	$ 5,683,472	0.0%
Construction in progress	1,338,378	1,404,840	(4.7)%
Buildings and improvements	28,971,180	28,323,442	2.3%
Furniture and equipment	10,772,349	12,336,890	(12.7)%
Totals	$ 46,765,379	$ 47,748,644	(2.1)%

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

- $2.3 million spent for the commencement or continuation of construction in progress
  - locker room renovation at William Byrd High School
  - athletic fields at William Byrd High School
  - building renovation at Cave Spring High School
  - building improvements at W.E. Cundiff and Glen Cove Elementary Schools
  - multi-use facility renovation at Glenvar High School
  - financial management system

- $5.5 million recognized for capitalizing the following projects
  - $2.3 million transfer of the Northside Middle School improvement project from the County related to current year debt payoff for tenancy-in-common assets
  - $1.2 million for locker room renovation at William Byrd High School
  - $1.1 million for financial management system

- $437,920 for technology equipment, including servers, firewall equipment, and core network switch
- $90,000 for intercom and clock system at Burlington Elementary School
- $83,933 for equipment for classrooms
- $66,320 for completion of key card access system
- $52,422 for playground at Green Valley Elementary School
- $29,963 for completion of intercom system at William Byrd Middle School

As of June 30, 2017, the School System paid off $484,939 for an energy management project capital lease entered into during fiscal year 2007. More detailed information about the capital leases can be found in Note 8 to the basic financial statements.

CAPITAL ASSETS FINANCED THROUGH DEBT

According to the *Code of Virginia*, when a local government incurs a financial obligation payable over more than one fiscal year to fund an acquisition, construction or improvement of public school property, the local government acquires title to the school property as a tenant in common with the local school board for the term of the financial obligation. For financial reporting purposes, the local government may report the school property and related financial obligation. At the time the financial obligation is paid in full, the net value of the school property is transferred to the school board as program revenue and expense on the government-wide financial statements for the School System and County, respectively. As of June 30, 2017, the County's government-wide financial statements included school capital assets and related debt outstanding of $195.4 million and $86.5 million, respectively related to tenancy in common assets.

FACTORS INFLUENCING FUTURE BUDGETS

Key factors that are expected to impact future budgets include:

- Uncertainty of Federal spending in the Commonwealth of Virginia, particularly in the Northern Virginia and Hampton Roads areas with heavy military and Federal contractor presence
- Increasing Federal requirements for student and school achievement related to Federal legislation
- Pending trigger dates for Federal sequestration that could force across the board cuts in Federal grant revenues
- Replacement of technology and the allocation of a sustainable funding stream
- Declining student enrollments in and the related impact on State and local funding
- Projected increases in retirement contribution rates assessed by the Virginia Retirement System (the VRS)
- Challenge to pay competitive salaries for recruitment and retention of high quality employees
- Increasing cost of healthcare

- Increasing cost of special education services related to the Comprehensive Services Act (CSA) and potential for reductions in shared CSA funding

In the last two years, the Commonwealth of Virginia (the Commonwealth) initiated actions that are expected to impact the school budget in future years. Through changes in certain actuarial assumptions for the VRS sponsored retirement plans, which were affected by legislation passed by the General Assembly, the Commonwealth was able to defer rate increases requested by the VRS Trustees, and an increase in the local employer share of these pension contributions was similarly deferred. The legislation required that this deferral of costs begin to be replenished in fiscal year 2012 and continue until fully replenished in fiscal year 2021. Ultimately, it is expected that there will be significant increases in the local employer costs to be funded in order to meet the future payment obligations under the VRS plan. The 2017 expenditures reflect the increased pension costs necessary for this replenishment.

ECONOMIC FACTORS

During fiscal year 2017, the Commonwealth's economy continued to reflect slow growth. Sales tax collections, representing 10.4% of the School System's budget, improved slightly over the preceding year reflecting negligible improvement in personal consumption. Revenues from the Commonwealth, including sales taxes, represent 50.9% of the General Fund budget for fiscal year 2017, which is slightly higher than 2016 but still lower than pre-2009 funding levels.

The County provided approximately 47.3% of the School System's operating budget needs in fiscal year 2017. Virginia education funding reductions continue to place a burden on the local government to fund the existing educational programs and services and have a direct impact on the School System's ability to sustain the quality of education expected by our citizens. The County is experiencing slow revenue growth in the local tax base, further challenging the ability to maintain existing school and county services.

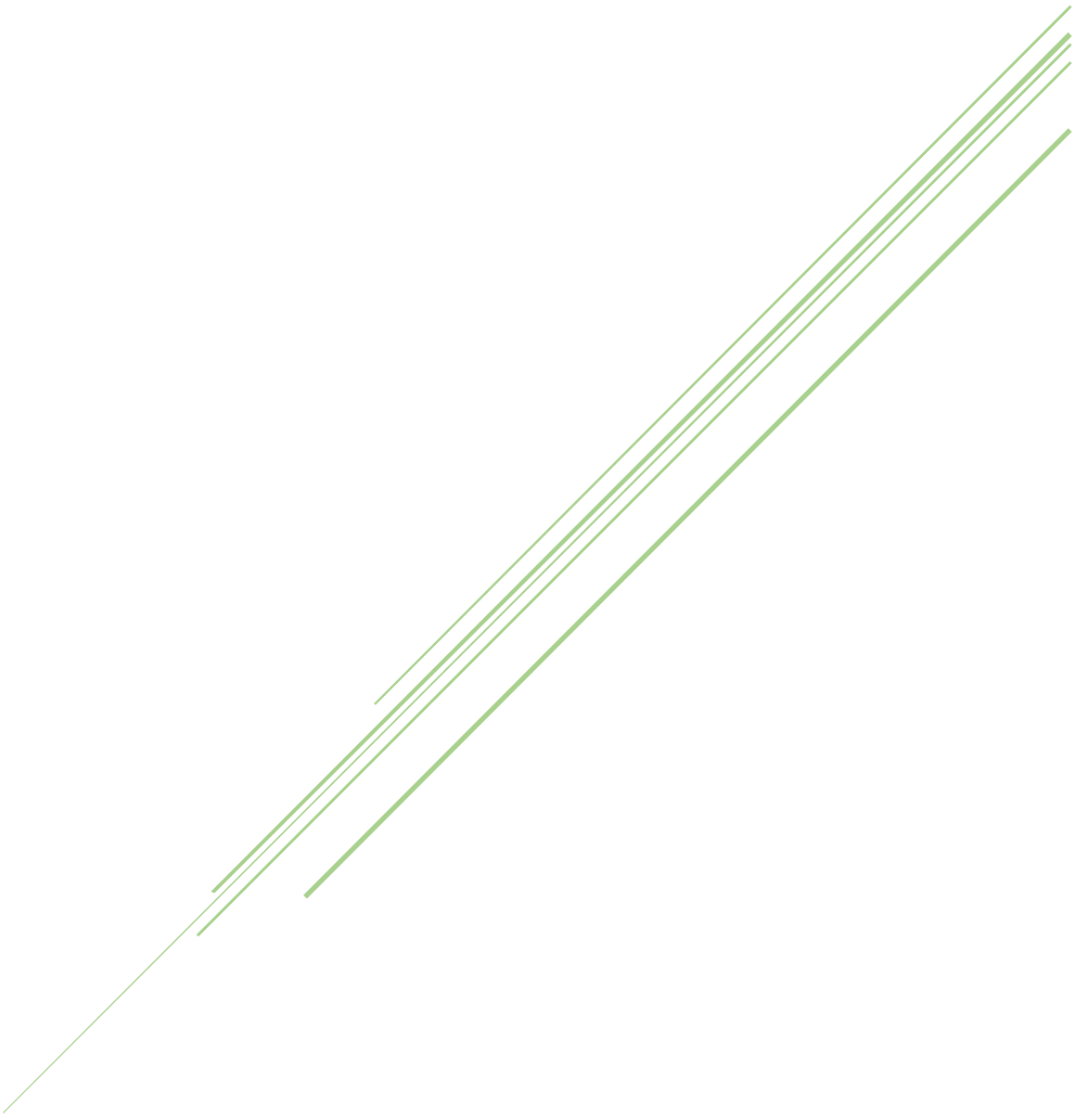
REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and customers with a general overview of the School System's finances and to demonstrate the School System's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to:

Director of Finance
Roanoke County Public Schools
5937 Cove Road, Roanoke
Virginia 24019
(540) 562-3900

https://www.rcs.k12.va.us/Page/1700

BASIC FINANCIAL STATEMENTS



Roanoke County Public Schools
Statement of Net Position
June 30, 2017

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents (Note 2)	$ 14,702,902
Investments (Note 2)	22,080,902
Accounts receivable	1,108,301
Due from other governments (Note 3)	4,540,539
Inventory	408,339
Prepaid and other assets	120,935
Other postemployment benefit asset (Note 11)	331,240
Capital assets (Note 5):	
Land and construction in progress	7,021,850
Other capital assets, net	39,743,529
Capital assets, net	46,765,379
Total assets	90,058,537
Deferred outflows of resources	
Deferred outflows of resources related to pension (Note 10)	19,794,703
Total deferred outflows of resources	19,794,703
Liabilities	
Accounts payable	1,814,605
Accrued liabilities	2,490,253
Unearned revenues	198,164
Long-term liabilities due or payable within one year:	
Claims payable (Note 9)	1,930,567
Compensated absences (Note 7)	822,066
Long-term liabilities due or payable after one year:	
Claims payable (Note 9)	550,332
Compensated absences (Note 7)	1,999,064
Net pension liability (Note 10)	133,544,391
Total liabilities	143,349,442
Deferred inflows of resources	
Deferred inflows of resources related to pension (Note 10)	8,718,000
Total deferred inflows of resources	8,718,000
Net Position	
Net investment in capital assets	46,765,379
Restricted for:	
Instructional grants	77,309
Emergency contingency	2,000,000
Unrestricted deficit	(91,056,890)
Total net position	$ (42,214,202)

See accompanying notes to basic financial statements.

Roanoke County Public Schools
Statement of Activities
For the Year Ended June 30, 2017

		Program Revenues			Net Revenue (Expense) and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Functions/Programs					
Instruction	$ 116,721,895	$ 1,560,379	$ 25,188,563	$ 778,000	$ (89,194,953)
Support services:					
Administration	3,315,935	-	-	-	(3,315,935)
Attendance and health	2,276,599	-	-	-	(2,276,599)
Transportation	6,403,743	-	-	-	(6,403,743)
Operations and maintenance	11,480,475	129,177	-	2,311,261	(9,040,037)
Technology	6,679,719	-	-	-	(6,679,719)
School nutrition	5,027,956	2,841,963	2,650,719	-	464,726
Capital lease interest	4,864	-	-	-	(4,864)
Debt service	6,347,576	-	-	-	(6,347,576)
Total governmental activities	$ 158,258,762	$ 4,531,519	$ 27,839,282	$ 3,089,261	(122,798,700)
General revenues:					
Roanoke County					68,763,376
Non-categorical State aid					54,914,899
Gain on sale of assets					116,956
Miscellaneous					432,551
Total general revenues					124,227,782
Change in net position					1,429,082
Total net position, beginning					(43,643,284)
Total net position, ending					$ (42,214,202)

See accompanying notes to basic financial statements.

Roanoke County Public Schools
Balance Sheet
Governmental Funds
June 30, 2017

	General	Grant	Capital Projects	Nonmajor Governmental	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 997,834	$ -	$ 2,128,246	$ 343,847	$ 3,469,927
Investments	6,349,728	-	13,543,104	2,188,070	22,080,902
Accounts receivable	467,235	-	-	3,172	470,407
Due from other governments	2,923,293	1,579,331	-	37,915	4,540,539
Due from other fund	1,055,604	-	-	-	1,055,604
Inventory	133,407	-	-	274,932	408,339
Total assets	$ 11,927,101	$ 1,579,331	$ 15,671,350	$ 2,847,936	$ 32,025,718
Liabilities					
Accounts payable	$ 582,822	$ 332,549	$ 842,490	$ 6,199	$ 1,764,060
Accrued liabilities	2,430,649	36,711	-	22,531	2,489,891
Unearned revenues	16,369	77,158	-	104,637	198,164
Due to other fund	-	1,055,604	-	-	1,055,604
Total liabilities	3,029,840	1,502,022	842,490	133,367	5,507,719
Deferred inflows of resources					
Unavailable revenue	1,547,304	-	-	-	1,547,304
Total deferred inflows of resources	1,547,304	-	-	-	1,547,304
Fund balances					
Nonspendable:					
Inventory	133,407	-	-	274,932	408,339
Restricted for:					
Emergency contingency	2,000,000	-	-	-	2,000,000
School grants	-	77,309	-	-	77,309
Committed to:					
School capital projects	2,827,764	-	14,828,860	-	17,656,624
School vehicles	2,341,709	-	-	-	2,341,709
School textbooks	14,920	-	-	-	14,920
School nutrition	-	-	-	2,439,637	2,439,637
Assigned to:					
Instruction	13,866	-	-	-	13,866
Administration	13,131	-	-	-	13,131
Transportation	180	-	-	-	180
Technology	1,000	-	-	-	1,000
Facilities	3,980	-	-	-	3,980
Total fund balances	7,349,957	77,309	14,828,860	2,714,569	24,970,695
Total liabilities, deferred inflows of resources, and fund balances	$ 11,927,101	$ 1,579,331	$ 15,671,350	$ 2,847,936	$ 32,025,718

See accompanying notes to basic financial statements.

Roanoke County Public Schools
Reconciliation of the Balance Sheet
to the Statement of Net Position
For the Year Ended June 30, 2017

Total fund balances - total governmental funds (Exhibit C)	**$**	**24,970,695**
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Internal service funds are used to charge the cost of health, dental, and workers' compensation insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position		9,459,998
Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the governmental funds (Note 5).		46,765,379
Revenues earned but not considered available are not current financial resources and, therefore, are not reported in the governmental funds.		1,547,304
Long-term assets or liabilities are not due and payable in the current period and, therefore, are not reported as assets or liabilities in the governmental funds:		
Other postemployment benefit asset (Note 11)		331,240
Compensated absences (Note 7)		(2,821,130)
Net pension liability (from pension schedule) (Note 10)		(133,544,391)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds (Note 10):		
Deferred outflows of resources related to pensions (from pension schedule)		19,794,703
Deferred inflows of resources related to pensions (from pension schedule)		(8,718,000)
Net position of governmental activities (Exhibit A)	**$**	**(42,214,202)**

See accompanying notes to basic financial statements.

Exhibit E

Roanoke County Public Schools
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	General	Grant	Capital Projects	Nonmajor Governmental	Total Governmental Funds
Revenues					
Intergovernmental:					
Roanoke County	$ 68,738,376	$ -	$ 25,000	$ -	$ 68,763,376
Commonwealth of Virginia	73,904,943	1,753,816	-	108,988	75,767,747
Federal government	716,637	4,957,105	-	2,541,730	8,215,472
Charges for services	1,140,343	-	21,433	2,841,964	4,003,740
Investment income	100,603	-	-	11,993	112,596
Miscellaneous	195,514	11,911	50,000	13,159	270,584
Total revenues	144,796,416	6,722,832	96,433	5,517,834	157,133,515
Expenditures					
Current:					
Instruction	105,206,154	5,932,739	631	-	111,139,524
Administration	2,955,752	1,182	-	-	2,956,934
Attendance and health	2,254,534	-	-	-	2,254,534
Transportation	5,542,849	-	-	-	5,542,849
Operations and maintenance	11,227,063	-	150,790	-	11,377,853
Technology	5,831,202	726,000	293,457	-	6,850,659
School nutrition	-	-	-	4,951,948	4,951,948
Capital lease debt service:					
Principal	484,939	-	-	-	484,939
Interest	19,264	-	-	-	19,264
Capital outlay:					
Facilities	159,889	52,000	3,113,963	-	3,325,852
Debt Service	6,325,345	-	22,231	-	6,347,576
Total expenditures	140,006,991	6,711,921	3,581,072	4,951,948	155,251,932
Excess (deficiency) of revenues over (under) expenditures	4,789,425	10,911	(3,484,639)	565,886	1,881,583
Other financing sources (uses)					
Proceeds from sale of property	190,381	-	-	-	190,381
Transfers in	-	-	5,470,574	-	5,470,574
Transfers out	(5,653,856)	-	-	-	(5,653,856)
Total other financing sources (uses), net	(5,463,475)	-	5,470,574	-	7,099
Net change in fund balances	(674,050)	10,911	1,985,935	565,886	1,888,682
Total fund balances, beginning	8,024,007	66,398	12,842,925	2,148,683	23,082,013
Total fund balances, ending	$ 7,349,957	$ 77,309	$ 14,828,860	$ 2,714,569	$ 24,970,695

See accompanying notes to basic financial statements.

Roanoke County Public Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2017

Net change in fund balances - total governmental funds (Exhibit E)	**$**	**1,888,682**
Amounts reported for governmental activities in the Statement of Activities are different because:		
Internal service funds are used to charge the costs of health, dental, and workers' compensation insurance to individual funds. The change in net position of internal service funds is reported with governmental activities (Exhibit H).		(2,298,337)
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate the cost of those assets over the life of the assets (Note 5).		
Capital outlay		3,079,753
Capital donated by County, Schools, and Parent Organizations		2,311,261
Depreciation expense		(6,300,854)
Loss on sale of assets		(73,425)
Revenues reported in the Statement of Activities, such as certain unearned revenues, are not considered available current financial resources and, therefore, are not reported as revenues in governmental funds. This is the amount by which the current year unearned amount exceeds the prior year available resources (Note 6).		52,687
Expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Other postemployment benefit asset (Note 11)		32,677
Accrued interest on capital lease obligations		14,400
Compensated absences (Note 7)		(63,733)
Capital lease obligations (Note 8)		484,939
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense (Note 10).		
Deferred outflows of resources		9,388,938
Cost of benefits earned net of employee contributions (pension expense from the pension schedule)		(7,087,906)
Change in net position of governmental activities (Exhibit B)	**$**	**1,429,082**

See accompanying notes to basic financial statements.

Roanoke County Public Schools Exhibit G
Statement of Net Position
Proprietary Funds
June 30, 2017

	Internal Service Funds
Assets	
Current assets:	
Cash and cash equivalents	$ 11,232,975
Accounts receivable	637,894
Prepaid and other assets	120,935
Total assets	11,991,804
Liabilities	
Current liabilities:	
Accounts payable	50,545
Accrued liabilities	362
Long-term liabilities due or payable within one year:	
Claims payable	1,930,567
Long-term liabilities due or payable after one year:	
Claims payable	550,332
Total liabilities	2,531,806
Net Position	
Unrestricted	9,459,998
Total net position	$ 9,459,998

See accompanying notes to basic financial statements.

Roanoke County Public Schools Exhibit H
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2017

	Internal Service Funds
Operating revenues	
Charges for services	$ 17,539,482
Other operating revenues	148,155
Total operating revenues	17,687,637
Operating expenses	
Claims	18,260,282
Reinsurance costs	814,034
Wellness and HRA benefits	829,685
Administrative charges and taxes	338,680
Total operating expenses	20,242,681
Operating loss	(2,555,044)
Nonoperating revenues	
Interest and dividend income	73,425
Net nonoperating revenues	73,425
Loss before transfers	(2,481,619)
Transfers	
Transfers In	183,282
Net transfers	183,282
Change in net position	(2,298,337)
Total net position, beginning	11,758,335
Total net position, ending	$ 9,459,998

See accompanying notes to basic financial statements.

Roanoke County Public Schools Exhibit I
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017

	Internal Service Funds
Operating activities	
Cash received from interfund services provided	$ 17,207,892
Payments to suppliers	(1,157,925)
Payments from suppliers	34,409
Claims paid	(18,118,405)
Other receipts	148,155
Other payments	(748,059)
Net cash used in operating activities	(2,633,933)
Noncapital financing activities	
Transfers from other funds	208,220
Transfers to other funds	(24,938)
Net cash provided by noncapital financing activities	183,282
Investing activities	
Interest and dividend income	73,425
Net cash provided by investing activities	73,425
Net decrease in cash and cash equivalents	(2,377,226)
Cash and cash equivalents, beginning	13,610,201
Cash and cash equivalents, ending	$ 11,232,975
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	$ (2,555,044)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Decrease (increase) in assets:	
Accounts receivable	(331,590)
Prepaid and other assets	81,626
Increase (decrease) in liabilities:	
Accounts payable	29,337
Accrued liabilities	(139)
Claims payable	141,877
Net cash used in operating activities	$ (2,633,933)

See accompanying notes to basic financial statements.

Exhibit J

Roanoke County Public Schools
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	OPEB Trust	Agency
Assets		
Cash and cash equivalents	$ -	$ 2,315,799
Investments held by trustee, at fair value		
Other pooled funds	680,328	-
Total assets	$ 680,328	$ 2,315,799
Liabilities		
Due to student groups	$ -	$ 2,315,799
Total liabilities	-	$ 2,315,799
Net Position		
Net position held in trust for other postemployment benefits	$ 680,328	

See accompanying notes to basic financial statements.

Roanoke County Public Schools Exhibit K
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

	OPEB Trust
Additions	
Employer contributions	$ 92,290
Investment income:	
Decrease in fair value of investments	73,828
Interest and dividends	278
Less investment expenses	(1,169)
Total additions	165,227
Deductions	-
Net decrease in net position	165,227
Net position held in trust for other postemployment benefits, beginning	515,101
Net position held in trust for other postemployment benefits, ending	$ 680,328

See accompanying notes to basic financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Roanoke County Public Schools (School System) was established in 1870 to provide educational opportunities to the residents of the County of Roanoke, Virginia (County). The accounting policies of the School System conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the more significant policies.

FINANCIAL REPORTING ENTITY

Roanoke County Public Schools is a political subdivision of the Commonwealth of Virginia that operates sixteen elementary schools, five middle schools, five high schools, and one specialty center. The members of the School Board are elected by the citizens of their magisterial district to serve four-year terms. The School Board is responsible for setting the educational policies of the School System and employs a superintendent to implement the School Board's policies. The mission of the School System is to empower all students through technology and 21st Century Skills: Critical Thinking; Collaboration; Creativity; Communication.

The School System is a component unit of the County because it is fiscally dependent on the County as operations are funded significantly by transfers from the County's General Fund. Specifically, the County Board of Supervisors approves the School System's budget, levies the necessary taxes to finance operations, and issues debt on behalf of the School System. During the current year, the County provided $68,738,376 of operating support and $25,000 of capital support to the School System and made debt service payments of $12,210,713 on behalf of the School System.

FINANCIAL REPORTING MODEL

GAAP establishes accounting and financial reporting standards for general purpose external financial reporting by state and local governments. The School System's basic financial statements include the Management's Discussion and Analysis (MD&A), the Basic Financial Statements, and related footnotes.

Management's Discussion and Analysis – GAAP requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of Management's Discussion and Analysis. This analysis is similar to what the private sector provides in its annual reports.

Government-wide Financial Statements – These statements report on all activities of the School System, except for the fiduciary funds.

> The ***Statement of Net Position*** is designed to display the financial position of the School System on the accrual basis of accounting. This approach incorporates capital assets and long-term liabilities. The School System's net position is presented in three categories: net investment in capital assets, restricted, and unrestricted.

The ***Statement of Activities*** is designed to demonstrate the degree to which the direct expenses of a given function are offset by program revenues. *Direct Expenses* are those that are clearly identifiable with a specific function. *Program Revenues* include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Revenues which are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which the School System's functions are self-financing or draw from the general revenues of the School System.

Fund Financial Statements – These statements provide information about the School System's funds, including its fiduciary funds, each of which is considered a separate accounting entity. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The remaining governmental fund is reported as a nonmajor governmental fund.

The following is a brief description of the specific funds used by the School System:

Governmental Funds account for expendable financial resources. The individual major governmental funds are:

- The *General Fund* is the primary operating fund used to account for all financial resources except those required to be accounted for in another fund.
- The *Grant Fund* is a special revenue fund used to account for proceeds of specific grants that are restricted to expenditures for specific purposes.
- The *Capital Projects Fund* is used to account for financial resources used for the acquisition or construction of major capital facilities, other than those financed by the General Fund.
- The *Nonmajor Governmental Fund* is a special revenue fund used to account for activities of the nutrition program.

Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The individual proprietary funds are:

- *The Internal Service Funds* account for employee health, dental, risk management, and laptop insurance reserves coverage provided to other departments on a cost-reimbursement basis.

Fiduciary Funds account for assets held either by a trustee or by the School System in an agency capacity. The individual fiduciary funds are:

- *The OPEB Trust Fund* was created in fiscal year 2012 to account for assets held for and costs of other postemployment benefits.
- *The Agency Fund* accounts for monies held in a custodial capacity on behalf of the student activity funds in each school.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting**.** *Measurement focus* indicates the type of resources being measured, such as economic resources or current financial resources. The *basis of accounting* determines when transactions or events are reported in the financial statements.

Government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recognized when earned, regardless of the timing of the related cash flows. Grants, entitlements, and donations are recognized as soon as all eligibility requirements imposed by the provider have been met. Expenses are recognized when liabilities are incurred, regardless of the timing of related cash flows.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are when services are provided and used. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental Fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis of accounting*. Revenues are recognized when they become susceptible to accrual; that is when they become both measurable and available to finance expenditures of the current period. Grant and other reimbursement-based revenues are recognized in the fiscal year in which all eligibility requirements have been satisfied. All other revenue items are considered measurable and available if collected within 30 days after year-end. Expenditures are recorded when liability is incurred, except for compensated absences and capital lease obligations, which are recognized as expenditures only when payment is due.

As a result of the different measurement focus and basis of accounting used in preparing the government-wide statements versus the governmental fund financial statements, a reconciliation between the government-wide and fund financial statements is necessary. The reconciliations are presented immediately following the fund financial statements. As part of the reconciliation process, non-departmental indirect expenditures are allocated to functional expenses based on a percent of functional expenses. Some functions classified under support services include expenses that are, in essence, indirect expenses of instructional functions. However, the School System does not allocate those indirect expenses to the instructional program.

Proprietary Fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. These statements distinguish operating from nonoperating revenues and expenses wherein operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. Specifically, operating revenues include charges to departments, employees, and students for insurance premiums and operating expenses include insurance claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating.

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

Fiduciary Fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. However, the agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

ACCOUNTING POLICIES

Budgetary Process – Demonstrating compliance with the legally adopted budget is an important component of a government's accountability to the public. The School System and many other governments revise their original budgets over the course of the year for a variety of reasons. The School System adopts annual budgets for the General Fund, Grant Fund, Capital Projects Fund, School Nutrition Fund, and Laptop Insurance Reserve Fund. Additional budgets for the Capital Projects Fund are approved by the School Board during the fiscal year as funding is identified and designated for capital projects.

Cash and Cash Equivalents – The School System's cash and cash equivalents are comprised of cash on hand, demand deposits and short-term investments with original maturities of three months or less. Agency fund cash and cash equivalents are maintained by school principals.

Deposits and Investments – All non-fiduciary monies of the School System are deposited with the County Treasurer in a pool of bank accounts and are used to purchase investments which are specifically allocated to the appropriate funds. Short-term investments are stated at cost (which approximates fair value) or at quoted market prices for all debt securities.

Each fund with monies deposited in the pooled accounts has an equity interest therein. Interest earned is allocated based on average monthly balance. Monies that are legally required to be maintained individually, such as trust balances and contractor escrows, are deposited and maintained in individual segregated bank accounts. The OPEB trust fund's other pooled funds represent cash and investments held by the Virginia Pooled OPEB Trust Fund (OPEB Trust Fund) sponsored by the Virginia Municipal League and the Virginia Association of Counties (VML/VACo).

Accounts Receivable – Accounts receivable consist of amounts due from individual schools, self-insurance prescription reimbursements, facility rentals passed through individual schools, refunds, interest, and other various immaterial amounts due for fiscal year 2017. All accounts are deemed collectible.

Due from Other Governments – Revenue from specific-purpose Federal, State, and other grants, which are provided to fund specific program expenditures, is recognized at the time that the specific expenditures are incurred and have met all eligibility requirements for reimbursement. Revenue from general-purpose grants is recognized in the period to which the grant applies.

Interfund Balances and Transfers – In the governmental funds' financial statements, receivables and payables resulting from interfund loans are referred to as due to or due from other funds. These amounts are eliminated in the government-wide Statement of Net Position.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flow of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in the proprietary funds.

Inventory – General fund inventories consist of fuel and vehicle parts. Fuel inventory is valued at cost using the first-in first-out method, while vehicle parts are valued at cost using the average cost method. Nonmajor governmental fund inventories consist of USDA Commodities, purchased food, and other supplies used to serve meals. These inventories are valued at cost using the first-in first-out method. The cost of all inventories is recorded as expenditures when consumed, rather than purchased. Reported inventories in the governmental funds are equally offset by nonspendable fund balance.

Capital Assets – Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the School System as assets with an initial, individual cost of more than $5,000 and an estimated useful life exceeding three years. Such assets are recorded at historical cost if purchased or estimated historical cost if constructed. Donated capital assets are reported at acquisition value at the time received. The School System includes the cost of certain intangible assets with a definite life in the appropriate asset class.

Land and construction in progress are not depreciated. The other property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	40 years
Building improvements	10 years
Furniture and equipment	3 – 20 years

Major additions, including those that significantly prolong a capital asset's economic life or expand usefulness, are capitalized. Normal repairs that merely maintain the asset in its present condition are recorded as expenditures and are not capitalized.

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

Deferred Outflows of Resources – This represents a consumption of net position that applies to a future period when the expense will be recognized. In the government-wide statement, this relates to the pension plan and includes the net difference between projected and actual experience and the employer contributions subsequent to the measurement date.

Compensated Absences – The School System has a policy to allow the accumulation and vesting of limited amounts of vacation and sick leave. Amounts of such leave are accrued when earned in the government-wide financial statements. A liability for these amounts, including the related social security and Medicare tax withholdings, is reported in the governmental funds when the amounts are due for payment as a result of employee resignations and retirements.

Pollution and Remediation – Upon the demolition or renovation of aged school buildings, ceiling and floor tiles containing asbestos are removed and abated in accordance with Federal regulations promulgated by the Environmental Protection Agency. A pollution and remediation obligation is recognized as a payable upon commencement of such projects and the costs are recognized when incurred.

Pension Plan – The School System participates in the Virginia Retirement System (VRS) Teacher Employee Retirement Plan (Teacher Retirement Plan), which is a multiple employer cost-sharing plan. In addition, the School System participates in the VRS Political Subdivision Retirement Plan (Non-Professional Plan), which is a multi-employer, agent plan. Defined benefit pension plan contributions are actuarially determined and consist of current service costs and amortization of the unfunded accrued liability.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan (and Non-Professional Plan) and the additions to/deductions from the Teacher Retirement Plan's (and Non-Professional Plan's) net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits Plan – The School System participates in another postemployment benefits plan through a single-employer defined benefit plan. The benefits are set by the School Board and subject to change through board action.

Deferred Inflows of Resources – When an asset is recorded in governmental fund financial statements but the revenue is not available, it is reported as a deferred inflow of resources until it becomes available. In the government-wide statement, this includes the net difference between projected and actual earnings on pension plan investments and changes in proportion and difference between employer contributions and proportionate share of contributions. In the governmental fund statement, sales tax revenues and Medicaid administration claiming collected in August are included in total due from other government and since the availability criterion of 30 days has not been met, it is recorded as a deferred inflows of resources rather than as a revenue.

Debt Service – The School System makes payments to the County for interest costs and direct expenditures for tenancy in common assets. This is pursuant to the School System's Year-End Balance Policy that authorizes the allocation of all year-end balances to school capital.

Encumbrances – The School System uses encumbrance accounting, wherein purchase orders, contracts, and other commitments are recorded in order to reserve the applicable appropriation. Encumbrances outstanding at year-end represent the estimated amount of expenditures if unperformed contracts and open purchase orders in process are completed. Funding for all encumbrances lapses at year-end and re-appropriation is required by the County Board of Supervisors with the exception of capital project fund encumbrances.

Net Position – Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation and related capital leases. Net position is reported as restricted when there are external restrictions imposed by grantors or laws or regulations of other governments. The School System applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balances – In the governmental funds' financial statements, fund balances have been classified to reflect the limitations and restrictions placed on the respective funds in accordance with the provisions of GAAP as follows:

- *Nonspendable Fund Balance* – This amount cannot be spent because it is either not in spendable form or it is legally or contractually required to be maintained intact. The School System has inventory balances at year-end that are nonspendable.
- *Restricted Fund Balance* – This amount is subject to externally imposed regulations on the spending for a specific purpose and includes an emergency contingency and grant balances restricted by the grant agencies for specified purposes. The emergency contingency was authorized by the County Board of Supervisors statute. In accordance with School Board policy, up to $2,000,000 will be reserved for unexpected revenue shortfalls, unplanned significant expenditure increases, and emergency appropriations. The balance will be replenished with the next available year end funds from school operations.

- *Committed Fund Balance* – This amount can only be used for specific purposes as imposed or rescinded by formal appropriation of the School Board, which is the highest level of decision making authority. The School Board has adopted board policies on the use of year-end balances for capital in the General Fund and the unspent balances at year-end in the Capital Projects Fund.
- *Assigned Fund Balance* – This amount is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. The School System has assigned fund balance to liquidate outstanding encumbrances at year-end. As part of the annual budget appropriation, the School Board authorizes the assignment of year-end balance to outstanding encumbrances. The School Board has not authorized any officer to make assignments of fund balance.
- *Unassigned Fund Balance* – This amount has no spending restrictions under any of the preceding four classifications. The School System has no unassigned fund balance at year-end.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School System policy considers restricted amounts to have been spent first. In addition, when an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, the School System policy considers fund balances to be exhausted in the order listed.

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

New Accounting Pronouncements – The following accounting pronouncements became effective and have been implemented by the School System in fiscal year 2017. Unless otherwise noted, the adoption of these statements had no material effect on the School System's financial statements, however they were incorporated in Note 11 and Exhibits R, S, and T.

- The GASB issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* in June 2015. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments.

2. DEPOSITS AND INVESTMENTS

The County maintains a cash and investment pool that is available for use by all County funds and by the School System. The carrying value of the School System's share of deposits and investments as of June 30, 2017 is as follows:

	Governmental Activities	Governmental Funds	Internal Service Funds	Fiduciary Funds	Total Funds
Cash and cash equivalents	$14,702,902	$ 3,469,927	$11,232,975	$ 2,315,799	$17,018,701
Investments	22,080,902	22,080,902	-	-	22,080,902
Other pooled funds	-	-	-	680,328	680,328
	$36,783,804	$25,550,829	$11,232,975	$ 2,996,127	$39,779,931

The investment in other pooled funds categorizes its investments within the fair value hierarchy established by general accepted accounting principles. A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the NAV per share (or its equivalent) of the investment. Investments in the pooled funds are valued using the NAV per share which is determined by dividing the total value of the pooled funds by the number of outstanding shares. The NAV per share changes with the value of the underlying investments in the pooled funds. Generally, participants may redeem their investment at the end of a calendar quarter upon 90 days' written notice. The fair value and maturity of the School System's share of deposits and investments as of June 30, 2017 is as follows:

		Original Investment Maturity		
	Credit Rating	< 1 year	1-2 years	Fair Value/NAV
Demand and time deposits	N/A	$ 9,732,836	$ -	$ 9,732,836
Money market mutual funds	AAAm	4,924,640	-	4,924,640
Virginia LGIP	AAAm	2,361,225	-	2,361,225
Federal agency bonds and notes	AAA	852,699	21,228,203	22,080,902
Investment in other pooled funds	AAA-CAA	680,328	-	680,328
		$ 18,551,728	$ 21,228,203	$ 39,779,931

Fair Value – The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The County has the following recurring fair value measurements as of June 30, 2017:

	Level 1	Level 2	Level 3	Total
Debt Securities				
U.S. governmental bonds and notes	$ -	$ 22,080,902	$ -	$ 22,080,902
	$ -	$ 22,080,902	$ -	$ 22,080,902

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

Deposits and Credit Risk – Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (Act) §2.2-4400 et. seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

The Virginia Local Government Investment Pool (LGIP) is administered by the Treasury Board pursuant to §2.2-4600 through §2.2-4606 of the *Code of Virginia*. The Treasury Board has delegated the management of the LGIP to the State Treasurer. The fair value of the County's position in the LGIP is the same as the value of the pool shares measured at amortized cost.

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

The OPEB Trust Fund is established as an investment vehicle for participating employers to accumulate assets to fund OPEB. Plan assets are usually in the form of stocks, bonds, and other classes of investments, that have been segregated and restricted in a trust, in which (a) contributions to the plan are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, and (c) assets are legally protected from creditors of the employer or plan administrator, for the payment of benefits in accordance with the terms of the plan.

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

U.S. Treasury Obligations..... 70%

U.S. Treasury Agency Securities and Instrumentalities of Government Sponsored Corporations 80%

Bankers' Acceptance with no more than 25% with any one institution and a maximum of 10% in any one issuance..... 40%

Repurchase Agreement Overnight with no more than 20% with any one institution..... 70%

Repurchase Agreement Two or more nights with no more than 20% with any one institution..... 25%

Certificate of Deposit with Commercial Banks with no more than 45% with any one institution..... 100%

Certificate of Deposit with Savings and Loan Associations with no more than $100,000 with any one institution 10%

Commercial Paper with no more than 35% with any one institution and a maximum of 10% or $1 million dollars in any one issuance..... 35%

Local Government Investment Pool 75%

As of June 30, 2017, the portion of the County and School System's portfolio, excluding the LGIP, Virginia State Non-Arbitrage Program (SNAP), interest-earning investment contract and investment in other pooled funds held by fiduciary agents, and U.S. Government guaranteed obligations, that exceeds 5% of the total portfolio is as follows:

Issuer	% of Portfolio
Federal Home Loan Bank	14.50%
Federal Farm Credit Bank	18.14%
Federal Home Loan Mortgage Corporation	13.79%

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the depositor will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. The Policy requires that all investment securities purchased by the County or held as collateral on deposits or investments shall be held by the County or by a third-party custodial agent who may not otherwise be counterparty to the investment transaction. As of June 30, 2017, all of the County's investments are held by the County or in a bank's trust department in the County's name.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Policy requires maturity scheduling be timed to anticipated need and scheduled to coincide with projected cash flow needs. All funds shall be considered short-term except those reserved for capital projects and prepayment funds being held for debt retirement. As of June 30, 2017, the County and School System had no investments with a maturity greater than 24 months.

3. Due from Other Governments

Amounts due from other governments as of June 30, 2017 are as follows:

	Total Governmental Activities	General	Grant	Nonmajor Governmental	Total Governmental Funds
Federal	$ 1,744,411	$ 189,368	$ 1,555,043	$ -	$ 1,744,411
State	2,796,127	2,733,925	24,287	37,915	2,796,127
	$ 4,540,539	$ 2,923,293	$ 1,579,331	$ 37,915	$ 4,540,539

A significant portion of amounts due to the General Fund is attributed to the State sales tax due to the School System from the Commonwealth of Virginia. The Virginia Retail Sales and Use Tax Act require one and one-eighth of every 5¢ collected in State sales tax to be distributed to school divisions on the basis of school-age population.

Amounts due to the Grant Fund are attributed primarily to the Individuals with Disabilities Education Act (IDEA) and the Titles I, II, and III Federal grants. IDEA is designed to ensure that all school age handicapped children are provided a free, appropriate public education. Titles I, II, and III programs enhance the instruction for disadvantaged children.

Amounts due to the Nonmajor Governmental fund are attributable primarily to State reimbursements for the school lunch program.

4. Interfund Balances and Transfers

Interfund balances for temporary loans as of June 30, 2017 include $1,055,604 due from the Grant Fund to the General Fund to cover a timing difference between grant reimbursement receipts and expenditures. The balances have subsequently been repaid.

Interfund transfers for the year ended June 30, 2017 were as follows:

	Transfers to		
	Capital Projects	Internal Service	Total
Transfers from General Fund	$ 5,470,574	$ 183,282	$ 5,653,856

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

5. Capital Assets

The School System's capital asset activity for the year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
Capital assets, nondepreciable:				
Land	$ 5,683,472	$ -	$ -	$ 5,683,472
Construction in progress	1,404,840	2,348,437	(2,414,899)	1,338,378
Capital assets, nondepreciable	7,088,312	2,348,437	(2,414,899)	7,021,850
Capital assets, depreciable:				
Buildings and improvements	78,058,692	3,519,630	-	81,578,322
Furniture and equipment	37,741,217	1,937,846	(485,280)	39,193,783
Capital assets, depreciable	115,799,909	5,457,476	(485,280)	120,772,105
Accumulated depreciation:				
Buildings and improvements	(49,735,250)	(2,871,892)	-	(52,607,142)
Furniture and equipment	(25,404,327)	(3,428,962)	411,855	(28,421,434)
Accumulated depreciation	(75,139,577)	(6,300,854)	411,855	(81,028,576)
Capital assets, depreciable, net	40,660,332	(843,378)	(73,425)	39,743,529
Capital assets, net	$ 47,748,644	$ 1,505,059	$ (2,488,324)	$ 46,765,379

Depreciation expense charged to function/program activities for the year ended June 30, 2017 was as follows:

Instruction	$ 5,051,001
Administration	330,074
Transportation	806,647
Operations and maintenance	37,124
School nutrition	76,008
	$ 6,300,854

As of June 30, 2017, the County's government-wide financial statements included school capital assets and related debt outstanding of $195.4 million and $86.5 million, respectively, related to tenancy in common assets.

6. UNEARNED AND UNAVAILABLE REVENUES

Unearned revenues as of June 30, 2017 are as follows:

	Total Governmental Activities	General	Grants	Nonmajor Governmental	Total Governmental Funds
Charges for services	$ 104,637	$ -	$ -	$ 104,637	$ 104,637
Other	93,527	16,369	77,158	-	93,527
Unearned Revenues	$ 198,164	$ 16,369	$ 77,158	$ 104,637	$ 198,164

Unearned charges for services include prepayments on student and adult food accounts. Unearned other revenue includes grant and other state revenue collected in June before legal and contractual requirements have been met (available but unearned).

Unavailable revenues as of June 30, 2017 are as follows:

	General	Total Governmental Funds
Taxes	$ 1,507,149	$ 1,507,149
Medicaid Claiming	40,155	40,155
Unavailable Revenues	$ 1,547,304	$ 1,547,304

7. LONG-TERM LIABILITIES

The change in the School System's long-term liabilities for the year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017	Due Within One Year
Claims payable	$ 2,339,022	$ 16,809,456	$(16,667,579)	$ 2,480,899	$ 1,930,567
Compensated absences	2,757,397	1,671,273	(1,607,540)	2,821,130	822,066
Capital lease obligations	484,939	-	(484,939)	-	-
Net pension liability	119,699,449	15,845,839	(2,000,897)	133,544,391	-
	$ 125,280,807	$ 34,326,568	$(20,760,955)	$ 138,846,420	$ 2,752,633

The Internal Service Fund is used to liquidate the long-term liabilities for claims payables, while the General Fund is used to liquidate the long-term liabilities for compensated absences and capital lease obligations.

8. LEASE OBLIGATIONS

Capital Lease – During fiscal year 2007, the School System entered into a lease agreement as lessee for financing the acquisition and installation of energy management equipment. Under the lease agreement, the School System pays annual rent representing principal and interest payments at 3.9725% over the lease term of 10 years. This lease qualifies as a capital lease for accounting purposes and, therefore, was recorded at the present value of the future minimum lease payments as of the inception date. As of June 30, 2017, the final payment of $504,203 including $19,264 of annual interest has been paid. Amortization of the leased equipment is included as part of depreciation expense over 10 years. Furniture and equipment of $3,580,447 was recorded in connection with the capital lease and was fully depreciated this year.

Operating Lease – During fiscal year 2014, the School System entered into a lease agreement as a lessee for grade-level laptops. Although the agreement is for a five-year term, it is subject to approval of available funds on an annual basis. Under the lease agreement, the School System pays annual rent, which is $1,355,797.

9. RISK MANAGEMENT

The School System is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; the health of and injuries to employees; and natural disasters. The School System maintains self-insured Internal Service Funds for health insurance benefits, workers' compensation claims, and laptop computer loss claims. The School System believes it is more cost effective to manage certain risks internally rather than purchase commercial insurance.

Health Insurance – The School System established a self-insured health insurance program on July 1, 1990. Monthly contributions are paid into the Internal Service Fund from all other funds and school employees. These contributions are based upon estimates from the claims processor that should cover administrative expenses, stop-loss insurance premiums, and claims. Interfund premiums are based upon the employees within each fund enrolled in the plan. An excess coverage insurance policy covers each individual's pooled claims in excess of $200,000. During 2016, the prescription program was carved out of the self-insured health program. As of June 30, 2017, incurred but not yet reported claims for the School System are estimated to be $1,669,899.

Risk Management – The School System established a self-insured workers' compensation program on July 1, 1990. Premiums are paid into the Internal Service Fund by the General Fund and are available to pay claims, claims reserves, and administrative costs of the programs. Interfund premiums are based upon the insured funds' claims experience and are reported as interfund services provided and used. An excess coverage insurance policy covers each accident in excess of $200,000, with statutory limits. At June 30, 2017, the School System has accrued liabilities for workers' compensation of $811,000, based upon an estimate by a qualified actuary. At June 30, 2017, the School System had net cash reserves of $1,051,290 for workers' compensation to cover school employees.

Laptop Insurance Reserve – The School System established a self-insured program for loss or damage of student laptop computers on July 1, 2003. Student computer warranty reimbursements are paid into the Internal Service Fund and are available to pay claims, claims reserves, and administrative costs of the program. At June 30, 2017, the School System had net cash reserves of $1,471,941.

In addition to the self-insurance program, the School System carries commercial property, casualty, and auto insurance, surety bonds, fiduciary insurance, and dental insurance. There were no significant changes in the coverage levels of these policies this year. In the past three fiscal years, settled claims have not exceeded any of these commercial policy limits.

Unpaid claims are included as claims payable on the Statement of Net Position. Changes in the balances of claims payable liability during the past two years were as follows:

	Health Insurance	Risk Management	Laptop Insurance Reserve	Total
Unpaid claims, June 30, 2015	$ 1,489,626	$ 819,000	$ -	$ 2,308,626
Incurred claims*	14,711,050	409,866	96,101	15,217,017
Claim payments	(14,632,654)	(457,866)	(96,101)	(15,186,621)
Unpaid claims, June 30, 2016	1,568,022	771,000	-	2,339,022
Incurred claims*	16,251,718	448,846	108,892	16,809,456
Claim payments	(16,149,841)	(408,846)	(108,892)	(16,667,579)
Unpaid claims, June 30, 2017	$ 1,669,899	$ 811,000	$ -	$ 2,480,899

*Incurred claims includes IBNR and changes in estimates.

10. PENSION PLAN

Plan Description – All full-time, salaried permanent professional employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan (Teacher Retirement Plan) upon employment. All full-time, salaried permanent non-professional employees of Roanoke County Public Schools are automatically covered by VRS Political Subdivision Retirement Plan (Non-Professional Plan) upon employment.

These plans are 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 are paying contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	**PLAN 2**	**HYBRID PLAN**
About Plans		
Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	The Hybrid Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members") • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

PLAN 1	PLAN 2	HYBRID PLAN
Eligible Members		
Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013. **Hybrid Opt-In Election** Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Plan during a special election window held January 1 through April 30, 2014. The Hybrid Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Plan.	Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. **Hybrid Opt-In Election** Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Plan during a special election window held January 1 through April 30, 2014. The Hybrid Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Plan.	Employees are in the Hybrid Plan if their membership date is on or after January 1, 2014. This includes: • School division employees • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014
Retirement Contributions		
Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.	A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
Creditable Service		
Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted.	Same as Plan 1.	**Defined Benefit Component:** Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted.

PLAN 1	PLAN 2	HYBRID PLAN
Creditable Service (Continued)		
A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.		A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. **Defined Contributions Component:** Creditable service is used to determine vesting for the employer contribution portion of the plan.
Vesting		
Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	Same as Plan 1.	**Defined Benefit Component:** Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Plan remain vested in the defined benefit component. **Defined Contributions Component:** Vesting is the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.

PLAN 1	PLAN 2	HYBRID PLAN
Calculating the Benefit		
The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	Same as Plan 1.	**Defined Benefit Component:** Same as Plan 1. **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation		
A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier		
The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for members is 1.70%	Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013. The retirement multiplier for members is 1.65% for creditable service earned, purchased, or granted on or after January 1, 2013.	**Defined Benefit Component:** The retirement multiplier for members is 1.00%. For members that opted into the Hybrid Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. **Defined Contribution Component:** Not applicable.
Normal Retirement Age		
Age 65.	Normal Social Security retirement age.	**Defined Benefit Component:** Same as Plan 2. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility		
Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.	Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.	**Defined Benefit Component:** Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.

PLAN 1	PLAN 2	HYBRID PLAN
Earliest Reduced Retirement Eligibility		
Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.	Age 60 with at least five years (60 months) of creditable service.	**Defined Benefit Component:** Age 60 with at least five years (60 months) of creditable service. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement		
The COLA matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. **Eligibility:** For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date. **Exceptions to COLA Effective Dates:** The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	The COLA matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. **Eligibility:** Same as Plan 1. **Exceptions to COLA Effective Dates:** Same as Plan 1.	**Defined Benefit Component:** Same as Plan 2. **Defined Contribution Component:** Not applicable. **Eligibility:** Same as Plan 1. **Exceptions to COLA Effective Dates:** Same as Plan 1.

PLAN 1	PLAN 2	HYBRID PLAN
Disability Coverage		
N/A	N/A	Employees of school divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.
Purchase of Prior Service		
Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	Same as Plan 1.	**Defined Benefit Component:** Same as Plan 1, with the following exceptions: • Hybrid Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that on-year period, the rate for most categories of service will change to actuarial cost. **Defined Contribution Component:** Not applicable.

The System issues a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the 2016 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2016-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Employees Covered by Benefit Terms – Membership as of the Valuation Date of June 30, 2014, in the Non-Professional Plan was as follows:

Inactive members or their beneficiaries currently receiving bene	395
Inactive members:	
Vested inactive members	157
Non-vested inactive members	206
Inactive members active elsewhere in VRS	114
Total inactive members	477
Active members	108
Total covered employees	980

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. Prior to July 1, 2012 all of the 5.00% member contribution was assumed by the School System.

The School System's contractually required contribution rates for the year ended June 30, 2017 were 14.66% and 4.83% of covered employee compensation for the Teacher Retirement and Non-Professional Plans, respectively. These rates were based on actuarially determined rates from actuarial valuations as of June 30, 2015. For the Teacher Retirement Plan, the rate reflects the transfer in June 2015 of $192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Teacher Retirement Plan was 16.32%.

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. Based on the provisions of §51.1-145 of the *Code of Virginia*, as amended, the Teacher Retirement Plan contributions were funded at 89.84% of the actuarial rate for the ended June 30, 2017.

For years ended June 30, 2016 and June 30, 2017, the actual contribution rates and total amount contributed for the VRS retirement plans were as follows:

	Teacher Retirement Plan		**Non-Professional Plan**	
	Contractually Required Rate	Amount of Contribution	Contractually Required Rate	Amount of Contribution
For the Year Ended June 30, 2016	14.06%	$ 10,159,568	6.84%	$ 210,558
For the Year Ended June 30, 2017	14.66%	11,251,117	4.83%	148,080

Pension Liabilities (Asset) and Pension Expense – At June 30, 2017, the School System reported a liability of $132,815,000 for its proportionate share of the Teacher Retirement Plan net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School System's proportion of the net pension liability was based on the School System's actuarially determined employer contributions to the pension plan for the year ended June 30, 2016 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2016, the School System's proportion was 0.94772% as compared to 0.94973% at June 30, 2015.

At June 30, 2017, the School System reported a liability of $729,391 for the Non-Professional Plan net pension liability. The School System's net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

Change in Pension Liability Non-Professional Plan	**Total Pension Liability**	**Fiduciary Net Position**	**Net Pension Liability**
	(a)	(b)	(a) - (b)
Balances at June 30, 2015	$ 32,697,562	$ 32,534,455	$ 163,107
Changes for the year:			
Service cost	326,990	-	326,990
Interest	2,219,068	-	2,219,068
Difference between expected and actual experience	(1,113,216)	-	(1,113,216)
Contributions - employer	-	209,100	(209,100)
Contributions - member	-	152,767	(152,767)
Net investment income	-	525,814	(525,814)
Benefit payments including refunds of contributions	(1,993,180)	(1,993,180)	-
Administrative expense	-	(20,892)	20,892
Other	-	(231)	231
Net Changes	(560,338)	(1,126,622)	566,284
Balances at June 30, 2016	$ 32,137,224	$ 31,407,833	$ 729,391

For the year ended June 30, 2017, the School System recognized pension expense of $9,900,000 and $(895,519) in the Teacher Retirement Plan and Non-Professional Plan, respectively. Since there was a change in proportionate share between measurement dates in the Teacher Retirement Plan, 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.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the School System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Teacher Retirement Plan		Non-Professional Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 4,304,000	$ -	$ -
Change in assumptions	-	-	-	-
Net difference between projected and actual earnings on plan	7,587,000	-	808,506	-
Changes in proportion and differences between Employer contributions and	-	4,414,000	-	-
Employer contributions subsequent to the measurement date	11,251,117	-	148,080	-
Total	$ 18,838,117	$ 8,718,000	$ 956,586	$ -
Net Deferred Outflows and Inflows		$ 10,120,117		$ 956,586

Deferred outflows of resources resulting from the School System's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Teacher Retirement Plan	Non-Professional Plan
For the Year Ended June 30, 2018	$ 8,842,117	$ 135,301
For the Year Ended June 30, 2019	(2,409,000)	(12,778)
For the Year Ended June 30, 2020	2,205,000	495,312
For the Year Ended June 30, 2021	1,793,000	338,751
For the Year Ended June 30, 2022	(311,000)	-
	$ 10,120,117	$ 956,586

Payable to the Pension Plan – At June 30, 2017, the Teacher Retirement Plan and Non-Professional Plan reported payables of $1,086,671, and $12,760, respectively, for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

Actuarial Assumptions – The total pension liability for the Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2015, 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, 2016.

Inflation	2.50%
Salary increases, including inflation	3.50% to 5.95%, Teacher Retirement Plan 3.50% to 5.35% for Non-Professional Plan
Investment rate of return	7.00%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates for Teacher Retirement Plan

Pre-Retirement	RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females set back 5 years.
Post-Retirement	RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 3 years.
Post-Disablement	RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement.

Mortality rates for Non-Professional Plan – 14% of deaths are assumed to be service related

Pre-Retirement	RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 4 years and females set back 2 years.
Post-Retirement	RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.
Post-Disablement	RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Teacher Retirement Plan

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

Non-Professional Plan

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Net Pension Liability – The net pension liability (NPL) is calculated separately the School System and represents its total pension liability determined in accordance with GAAP, less the fiduciary net position. As of June 30, 2016, NPL amounts for the Teacher Retirement Plan are as follows:

	Teacher Retirement Plan
Total Pension Liability	$ 418,725,000
Fiduciary Net Position	285,910,000
Net Pension Liability	$ 132,815,000
Fiduciary Net Position as a Percentage of Total Pension Liabil	68.28%

The total pension liability is calculated by the System's actuary, and each School System's fiduciary net position is reported in the Statement of Net Position. The net pension liability is disclosed in accordance with the requirements of GAAP in the System's notes to the financial statements and required supplementary information.

Pension Plan Fiduciary Net Position – Detailed information about the Teacher Retirement Plan's fiduciary net position is available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR), which was previously referenced.

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 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, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the 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.

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
		*Expected arithmetic nominal return	8.33%

*Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one-year results produces an expected real return of 8.33%, but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Sensitivity of the School System's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the School System's net pension liability for the Teacher Retirement Plan (proportionate share) and Non-Professional Plan using the discount rate of 7.00%, as well as what it 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 Rate (7.00%)	1.00% Increase (8.00%)
Teacher Retirement Plan	$ 189,328,000	$ 132,815,000	$ 86,262,000
Non-Professional Plan	$ 4,011,468	$ 729,391	$ (2,068,896)

11. OTHER POSTEMPLOYMENT BENEFITS PLAN

From an accrual accounting perspective, the cost of other postemployment benefits (OPEB), like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in future years when it will be paid. Historically, GASB Statement 45 requires the School System to recognize the cost of other postemployment benefits in the year when the employee services are rendered, report the accumulating liability, and provide information useful in assessing potential demands on the School System's future cash flows.

The GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* in June 2015. This replaces GASB Statement 45 and requires the School System to report the actuarial liability on the Statement of Net Position for the OPEB in addition to requiring more extensive note disclosures, and required supplementary information (RSI) about the OPEB liabilities. This statement will be implemented for June 30, 2018.

As a transition, however, the GASB issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* in June 2015. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. Since a separate report for the OPEB plan is not issued, extended note disclosures and RSI are required this year.

This footnote is segregated into two distinct sections. The first section provides the current disclosures under GASB 45 and relies on the related actuarial valuation as of July 1, 2016. The net asset agrees with the amount reported on the Statement of Net Position (Exhibit A). The second section provides additional disclosures required under GASB 74 and relies on the related actuarial valuation as of June 30, 2016. The RSI is also expanded to include schedules under both statements.

CURRENT DISCLOSURES UNDER GASB 45

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

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

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

The benefits, employee contributions, and employer contributions are governed by School Board policy and can be amended through School Board action. Required supplementary information and trend information are included in the School System's financial report because there is no separately issued report.

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

Funding Policy – The Retiree Medical Plan is funded through member and employer contributions. Plan members receiving benefits contribute monthly premiums towards the cost of the health insurance depending on the coverage selected (single, single plus dependent, single plus spouse, or family). For the fiscal year ended June 30, 2017, the School System contributed $265,141 for 143 retired plan members through monthly health insurance premium payments.

Based on the July 1, 2016 actuarial valuation, the School System contributed $617,587 to the Retiree Medical Plan for the fiscal year ended June 30, 2017. The School System also contributed $92,290 to the OPEB Trust Fund this year. It is the School System's intent to fully fund the annual required contribution (ARC) each year.

Annual OPEB Cost and Net OPEB Obligation – The School System's annual OPEB cost is calculated based on the ARC of the employer, an amount actuarially determined in accordance with the parameters of GAAP. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liability (or funding excess) over a period not to exceed 30 years.

The following table presents the OPEB cost, amount contributed, and changes in the OPEB Plan for the fiscal year ended June 30, 2017:

Annual required contribution	$	682,154
Interest on net OPEB obligation		(23,885)
Adjustment to annual required contributior		18,931
Annual OPEB cost		677,200
Annual Trust Contribution		92,290
Contributions made		617,587
Change in net OPEB obligation		(32,677)
Net OPEB asset, beginning of year		(298,563)
Net OPEB asset, end of year	$	(331,240)

The School System's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2017 and the preceding two years are as follows:

	Beginning Net OPEB Obligation (Asset)	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Ending Net OPEB Obligation (Asset)
June 30, 2015	$ (129,613)	$ 947,653	$ 1,045,395	110.31%	$ (227,355)
June 30, 2016	(227,355)	953,010	1,024,218	107.47%	(298,563)
June 30, 2017	(298,563)	677,200	709,877	104.83%	(331,240)

Funded Status and Funding Progress – As of July 1, 2016, the most recent actuarial valuation date, the plan was 7.36% funded. The actuarial accrued liability (AAL) for benefits was $6,996,795 and the actuarial value of assets was $515,101, resulting in an unfunded actuarial accrued liability (UAAL) of $6,481,694. The covered payroll (annual payroll of active employees covered by the plan) was $65,279,124 and the ratio of the UAAL to the covered payroll was 9.93%.

The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trends. Amounts determined regarding the funded status of the plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Calculations for financial reporting purposes are based on the benefits provided under terms of the substantive plan (the plan as understood by the employer and plan members) in effect at the time of each valuation and on the historical pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term prospective of the calculations.

The July 1, 2016 actuarial valuation was based on the following actuarial methods:

Actuarial cost method.	Projected unit credit
Amortization method	Level percentage of projected payrolls
Amortization period	30 years
Liability valuation method	Closed group

The July 1, 2016 actuarial valuation used the following actuarial assumptions:

Investment rate of return	An 8.0% investment rate of return. Because the School System participates in the Virginia Pooled OPEB Trust Fund and expects to fully fund the annual required contribution, a higher investment rate of return was used in this actuarial valuation.
Projected annual payroll growth	3.00%
Healthcare cost trend rates	8.0% graded down to 5.0% over 6 years.
Inflationary rates	This is implicitly included in the investment rate of return and healthcare cost trend rates.

ADDITIONAL DISCLOSURES REQUIRED UNDER GASB 74 RELATED TO THE RETIREE MEDICAL PLAN

The following additional disclosures relate to the Retiree Medical Plan itself and are required to be reported in the School System's financial statements since the plan does not issue a separate report.

Employees Covered – Membership, as of the Valuation Date of June 30, 2016, in the Retiree Medical Plan was as follows:

Inactive members	
Retirees	143
Total inactive members	143
Active members	1,448
Total covered employees	1,591

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

The School System's contractually required contribution rate for the year ended June 30, 2017 was 1.09% of covered employee compensation for the Retiree Medical Plan. The total amount contributed was $709,877. This rate was based on the actuarially determined rate from actuarial valuations as of June 30, 2016.

OPEB Liabilities and OPEB Expense – At June 30, 2017, the Retiree Medical Plan reported a net OPEB liability of $14,997,036. The Retiree Medical Plan's net OPEB liability was measured as of June 30, 2017. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Change in OPEB Liability	Total OPEB Liability	Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at June 30, 2016	$ 14,888,089	$ 515,101	$ 14,372,988
Changes for the year:			
Service cost	931,053	-	931,053
Interest	476,676	-	476,676
Difference between expected and actual experience	(28,590)	-	(28,590)
Contributions - employer	-	682,154	(682,154)
Contributions - member	94,298	94,298	-
Net investment income	-	74,106	(74,106)
Benefit payments including refunds of contributions	(684,162)	(684,162)	-
Administrative expense	-	(1,169)	1,169
Net Changes	789,275	165,227	624,048
Balances at June 30, 2017	$ 15,677,364	$ 680,328	$ 14,997,036

For the year ended June 30, 2017, the Retiree Medical Plan recognized pension expense of $1,356,912.

Actuarial Methods and Assumptions – The net Retiree Medical Plan OPEB liability under GASB 74 was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Discount rates.....3.13%

Salary increases.....3.00%

Investment rate of return.....7.5%

Healthcare cost trend rates

Medical .....8.0% graded down to 5.0% over 6 years.

Administrative expenses 5.0%

Stop loss expenses.....15.0%

Mortality rates

Professionals Pre-retirement.....1994 Group Annuity Mortality Tables for males and females set back one year

Professionals Post-retirement.....1994 Group Annuity Mortality Tables for males and females set back three years

Non-Professionals.....1994 Group Annuity Mortality Tables for males and females set back one year

Net OPEB Liability – The net OPEB liability (NOL) is calculated separately, the Retiree Medical Plan represents its total OPEB liability determined in accordance with GASB Statement No. 74, less the fiduciary net position. As of June 30, 2017, NOL amounts are as follows:

Total OPEB Liability	$ 15,677,364
Plan Fiduciary Net Position	680,328
Net OPEB Liability	$ 14,997,036

Fiduciary Net Position as a Percentage of Total OPEB Liability 4.34%

The total OPEB liability is calculated by the Retiree Medical Plan's actuary.

Benefits will be financed on a pay as you go basis and therefore, the discount rate of 3.13% used to measure the total OPEB liability is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2017.

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Large Cap Equity (Domestic)	26.00%	11.39%	2.96%
Small Cap Equity (Domestic)	10.00%	12.68%	1.27%
International Equity (Developed)	13.00%	12.39%	1.61%
Emerging Markets	5.00%	13.74%	0.69%
Private Equity	5.00%	14.03%	0.70%
Core Bonds	7.00%	6.40%	0.45%
Core Plus	14.00%	6.67%	0.93%
Diversified Hedge Funds	10.00%	9.92%	0.99%
Private Core Real Estate	5.00%	9.11%	0.46%
Private Valu eAdd Real Estate	2.00%	10.28%	0.21%
Commodities	3.00%	7.50%	0.23%
Cash	0.00%	4.53%	0.00%
Total	100.00%		10.49%
		Inflation	3.60%
		*Expected arithmetic nominal return	14.09%

Sensitivity to Changes in the Discount Rate – The following presents the Retiree Medical Plan's net OPEB liability using the discount rate of 3.13%, as well as what it would be if it were calculated using a discount rate that is one percentage point lower (2.13%) or one percentage point higher (4.13%) than the current rate:

	1.00% Decrease (2.13%)	Current Rate (3.13%)	1.00% Increase (4.13%)
Net OPEB Liability	$ 16,956,087	$ 14,997,036	$ 13,294,321

Sensitivity to the Changes in the Healthcare Cost Rate – The following presents the Retiree Medical Plan's net OPEB liability using the health care cost rate of 8.0% grading to 5% over 6 years, as well as what it would be if it were calculated using a healthcare ccost rate that is one percentage point lower (7.0% grading to 4.0% over 6 years) or one percentage point higher (9.0% grading to 6.0% over 6 years) than the current rate:

	1.00% Decrease (7.0% grading to 4% over 6 years)	Current Rate (8.0% grading to 5% over 6 years)	1.00% Increase (9.0% grading to 6% over 6 years)
Net OPEB Liability	$ 13,130,255	$ 14,997,036	$ 17,282,569

12. COMMITMENTS, CONTINGENCIES AND OTHER

Construction Commitments – The School System has active construction projects as of June 30, 2017 with commitments with construction contractors as follows:

	Spent to Date	Remaining Contract
Cave Spring High Building Renovation	$ 479,084	$ 1,481,416
William Byrd High Athletic Field	541,787	852,443
W.E. Cundiff Elementary Security Improvemen	89,764	9,096
Glen Cove Elementary Secuirty Improvements	89,922	8,443
	$ 1,200,557	$ 2,351,398

Grant Funds – The School System participates in a number of Federal award programs, which are subject to audit annually in accordance with the provisions of the Uniform Guidance. These programs are also potentially subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursements to the grantor agencies in the event that any expenditure was to be disallowed under terms of the grants. Based on prior experience, the School System's management believes such disallowances, if any, would be immaterial.

Encumbrances – The School System has open purchase orders in its governmental funds as of June 30, 2017 as follows:

Fund Balance	General	Capital Projects	Nonmajor Governmental	Total Governmental Funds
Committed	$ 754,764	$ 3,505,270	$ 19,654	$ 4,279,688
Assigned	32,157	-	-	32,157
	$ 786,921	$ 3,505,270	$ 19,654	$ 4,311,845

Litigation – The School System may be contingently liable with respect to lawsuits and other claims, which arise in the ordinary course of its operations. At June 30, 2017, management believes that the amount of loss, if any, is not material to the School System's financial position.

13. RELATED PARTIES

With the exception of the County, which funds a large portion of the School System budget, the School System has no other related parties.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

In accordance with the GAAP, the following information, although not a part of the basic financial statements, is required by the GASB, 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.

General Fund

The **General Fund** reflects all revenues and expenditures of the School Board, which are not required to be accounted for in another fund. Revenues are primarily derived from the County local appropriation, the Virginia Department of Education, and the Federal Government. Major expenditures represent the costs of operating the County's public school system.

Roanoke County Public Schools
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues				
Intergovernmental:				
Roanoke County	$ 67,839,376	$ 68,738,376	$ 68,738,376	$ -
Commonwealth of Virginia	75,016,446	74,966,327	73,904,943	(1,061,384)
Federal government	258,948	491,075	716,637	225,562
Charges for services	893,117	898,401	1,140,343	241,942
Investment income	44,000	44,000	100,603	56,603
Miscellaneous	78,202	105,910	195,514	89,604
Total revenues	144,130,089	145,244,089	144,796,416	(447,673)
Expenditures				
Current:				
Instruction	108,524,959	110,187,714	105,206,154	4,981,560
Administration	3,311,063	3,093,272	2,955,752	137,520
Attendance and health	2,175,900	2,308,260	2,254,534	53,726
Transportation	5,607,831	7,745,376	5,542,849	2,202,527
Operations and maintenance	11,226,835	11,697,187	11,227,063	470,124
Technology	5,303,868	5,794,915	5,831,202	(36,287)
Capital lease debt service:				
Principal	470,254	484,939	484,939	-
Interest	19,264	19,264	19,264	-
Capital outlay:				
Facilities	139,770	157,968	159,889	(1,921)
Debt Service	7,325,345	6,325,345	6,325,345	-
Total expenditures	144,105,089	147,814,240	140,006,991	7,807,249
Excess (deficiency) of revenues over (under) expenditures	25,000	(2,570,151)	4,789,425	(8,254,922)
Other financing sources (uses)				
Proceeds from sale of property	-	200,000	190,381	(9,619)
Transfers:				
Transfers to Capital Projects Fund	(25,000)	(5,470,574)	(5,470,574)	-
Transfers to Internal Service Fund	-	(183,282)	(183,282)	-
Total other financing uses, net	(25,000)	(5,453,856)	(5,463,475)	(9,619)
Net change in fund balances	-	(8,024,007)	(674,050)	(8,254,922)
Total fund balances, beginning	-	8,024,007	8,024,007	-
Total fund balances, ending	$ -	$ -	$ 7,349,957	$ (8,254,922)

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

Grant Fund

Special Revenue Fund

Special revenue funds are used to account for certain revenues that are restricted to expenditures for specific purposes.

The **Grant Fund** is used to account for transactions related to Federal, State, and private grants that are not reported in another fund

Roanoke County Public Schools
Budgetary Comparison Schedule
Special Revenue Fund - Grant Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues				
Intergovernmental:				
Commonwealth of Virginia	$ 2,096,155	$ 1,851,035	$ 1,753,816	$ (97,219)
Federal government	4,676,697	5,696,616	4,957,105	(739,511)
Miscellaneous	1,000	46,170	11,911	(34,259)
Total revenues	6,773,852	7,593,821	6,722,832	(870,989)
Expenditures				
Current:				
Instruction	6,047,852	6,881,037	5,932,739	948,298
Administration	-	1,182	1,182	-
Technology	726,000	726,000	726,000	-
Capital outlay:				
Facilities	-	52,000	52,000	-
Total expenditures	6,773,852	7,660,219	6,711,921	948,298
Net change in fund balances	-	(66,398)	10,911	77,309
Total fund balances, beginning	-	66,398	66,398	-
Total fund balances, ending	$ -	$ -	$ 77,309	$ 77,309

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

Roanoke County Public Schools
Schedule of Employer's Share of Net Pension Liability
Virginia Retirement System Teacher Retirement Plan
For the Year Ended June 30, 2017

Exhibit N
Unaudited

	2015	2016	2017
Employer's proportion of the net pension liability	0.97506%	0.94973%	0.94772%
Employer's proportionate share of the net pension liability	$ 117,833,000	$ 119,536,532	$ 132,815,000
Employer's covered payroll	$ 71,286,776	$ 70,615,294	$ 72,258,672
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	165.29%	169.28%	183.80%
Plan fiduciary net position as a percentage of the total pension liability	70.88%	70.68%	68.28%

Notes:
Schedule is intended to show information for 10 years. Since 2017 is the third year for this presentation, only two additional years of data are available. However, additional years will be included as they become available.

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

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

Roanoke County Public Schools
Schedule of Changes in the Net Pension (Asset) Liability
Virginia Retirement System Non-Professional Plan
For the Year Ended June 30, 2017

Exhibit O
Unaudited

	2015	2016	2017
Total pension liability			
Service cost	$ 642,968	$ 590,031	$ 326,990
Interest	2,114,246	2,164,578	2,219,068
Difference between expected and actual experience	-	76,137	(1,113,216)
Benefit payments, including refunds of member contributions	(1,964,916)	(2,111,460)	(1,993,180)
Net change in total pension liability	792,298	719,286	(560,338)
Plan total pension liability - beginning	31,185,978	31,978,276	32,697,562
Plan total pension liability - ending	$ 31,978,276	$ 32,697,562	$ 32,137,224
Plan fiduciary net position			
Contributions - employer	$ 306,710	$ 206,447	$ 209,100
Contributions - employee	293,796	152,195	152,767
Net investment income	4,569,047	1,454,882	525,814
Benefit payments, including refunds of member contributions	(1,964,916)	(2,111,460)	(1,993,180)
Administrative expense	(25,570)	(21,377)	(20,892)
Other	241	(305)	(231)
Net change in Plan fiduciary net position	3,179,308	(319,618)	(1,126,622)
Plan fiduciary net position - beginning	29,674,765	32,854,073	32,534,455
Plan fiduciary net position - ending	$ 32,854,073	$ 32,534,455	$ 31,407,833
Net pension (asset) liability - ending	$ (875,797)	$ 163,107	$ 729,391
Plan fiduciary net position as a percentage of			
	102.74%	99.50%	97.73%
the total pension (asset) liability			
Covered employee payroll	$ 5,875,694	$ 3,027,639	$ 3,081,526
Net pension (asset) liability as a percentage of			
	-14.91%	5.39%	23.67%
covered employee payroll			

Note:
Schedule is intended to show information for 10 years. Since 2017 is the third year for this presentation, only two additional years of data are available. However, additional years will be included as they become available.

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

Roanoke County Public Schools
Schedule of Employer Contributions
Virginia Retirement System
For the Year Ended June 30, 2017

Exhibit P
Unaudited

Year Ended	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution (Deficiency) Excess	Employer's Covered Payroll	Contributions as a % of Covered Payroll
Teacher Retirement Plan:					
June 30, 2015	$ 10,239,218	$ 10,238,755	$ (463)	$ 70,615,294	14.50%
June 30, 2016	10,159,569	10,159,568	(1)	72,258,672	14.06
June 30, 2017	11,097,430	11,251,117	153,687	76,745,715	14.66
Non-Professional Retirement Plan:					
June 30, 2015	$ 207,090	$ 207,090	$ -	$ 3,027,639	6.84%
June 30, 2016	210,776	210,558	(218)	3,081,526	6.83
June 30, 2017	148,224	148,080	(144)	3,068,829	4.83

Notes:
Schedule is intended to show information for 10 years. Since 2017 is the third year for this presentation, only two additional years of data are available. However, additional years will be included as they become available.

Actuarial assumptions:

Valuation date	Actuarially determined contribution rates are calculated as of June 30, 2016, one year prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	3.5 - 5.35%
Investment rate of return	7.00%
Cost of living adjustment	2.25 - 2.5%

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

Roanoke County Public Schools
Schedule of Funding Progress
Other Postemployment Benefits Plan
For the Year Ended June 30, 2017

Exhibit Q
Unaudited

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2013	$ 445,854	$ 9,533,047	$ 9,087,193	4.68%	$78,569,574	11.57%
July 1, 2015	507,627	9,640,700	9,133,073	5.27	75,340,198	12.12
July 1, 2016	515,101	6,996,795	6,481,694	7.36	65,279,124	9.93

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

Exhibit R
Unaudited

Roanoke County Public Schools
Schedule of Changes in the Net Liability
Other Postemployment Benefits Plan
For the Year Ended June 30, 2017

	2017
Total OPEB liability	
Service cost	$ 931,053
Interest	476,676
Difference between expected and actual experience	(28,590)
Contributions	94,298
Benefit payments, including refunds of member contributions	(684,162)
Net change in total OPEB liability	789,275
Plan total OPEB liability - beginning	14,888,089
Plan total OPEB liability - ending	$ 15,677,364
Plan fiduciary net position	
Contributions - employer	$ 682,154
Contributions - employee	94,298
Net investment income	74,106
Benefit payments, including refunds of member contributions	(684,162)
Administrative expense	(1,169)
Net change in Plan fiduciary net position	165,227
Plan fiduciary net position - beginning	515,101
Plan fiduciary net position - ending	$ 680,328
Net OPEB liability - ending	$ 14,997,036
Plan fiduciary net position as a percentage of the total OPEB liability	4.3%
Covered employee payroll	$ 65,279,124
Net OPEB liability as a percentage of covered employee payroll	23.0%

Note:
Schedule is intended to show information for 10 years. Since 2017 is the first year for this presentation, only one year of data is available. However, additional years will be included as they become available.

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

Roanoke County Public Schools
Schedule of Employer Contributions
Other Postemployment Benefits Plan
For the Year Ended June 30, 2017

Exhibit S
Unaudited

Year Ended	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Percentage Contributed	Contribution Excess	Employer's Covered Payroll	Contributions as a % of Covered Payroll
				(1)	(1)	(1)
June 30, 2015	$ 949,804	$ 1,045,395	110.06%			
June 30, 2016	956,782	1,024,218	107.05%			
June 30, 2017	682,154	709,877	104.06%	27,723	$ 65,279,124	1.09%

Notes:
(1) Added for compliance with new GASB 74 requirements
Schedule is intended to show GASB 74 information for 10 years. Since 2017 is the first year for this presentation, only one year of data is available. However, additional years will be included as they become available.

Actuarial assumptions: (1)
The following assumptions relate only to the GASB 74 actuarial valuation.

Valuation date	Actuarially determined contribution rates are calculated as of June 30, 2016, one year prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Entry Age Normal
Remaining amortization period	20 years
Asset valuation method	Market value
Inflation	3.13%
Salary increases	3.00%
Investment rate of return	7.50%

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

Roanoke County Public Schools
Schedule of Investment Returns
Other Postemployment Benefits Plan
For the Year Ended June 30, 2017

Exhibit T
Unaudited

	June 30, 2017
Annual money-weighted rate of return, net of investment expense	13.04%

Note:
Schedule is intended to show information for 10 years. Since 2017 is the first year for this presentation, only one year of data is available. However, additional years will be included as they become available.

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

1. Summary of Significant Accounting Policies

Annual Budget Adoption – Budgetary Comparison Schedules for the General Fund and the Grant Fund, as required by GAAP, are presented as required supplementary information. The budgets are integrated into the accounting system and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the final amended budget. All budgets are presented using the modified accrual basis of accounting. Accordingly, the accompanying Budgetary Comparison Schedules for the General Fund and the Grant Fund present actual expenditures in accordance with the accounting principles generally accepted in the United States of America on a basis consistent with the legally adopted budgets as amended.

The *Code of Virginia* requires adoption of a balanced budget by June 30 of each year. The School Board formally adopted the fiscal year 2017 budget appropriation on March 24, 2016. The County Board of Supervisors adopted the school budget on May 10, 2016. Subsequently on May 24, 2016, the Board of Supervisors approved the County budget with a small change to the transfer to the School System. This revision was then adopted by the School Board on June 9, 2016.

Annual budgets are legally adopted for the General Fund, Grant Fund, Capital Projects Fund, School Nutrition Fund, and Laptop Insurance Reserve Fund. Supplemental capital budgets are approved by the School Board during the fiscal year as funding is identified and designated for capital projects.

All appropriations are legally controlled at the fund level. Overall increases in fund budgets are adopted by the School Board and then by the County Board of Supervisors. Budget transfers within a fund are approved by the School Board only. Budget revisions were approved throughout fiscal year 2017. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

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

Changes of VRS assumptions – The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Teacher Retirement Plan

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

Non-Professional Plan

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

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

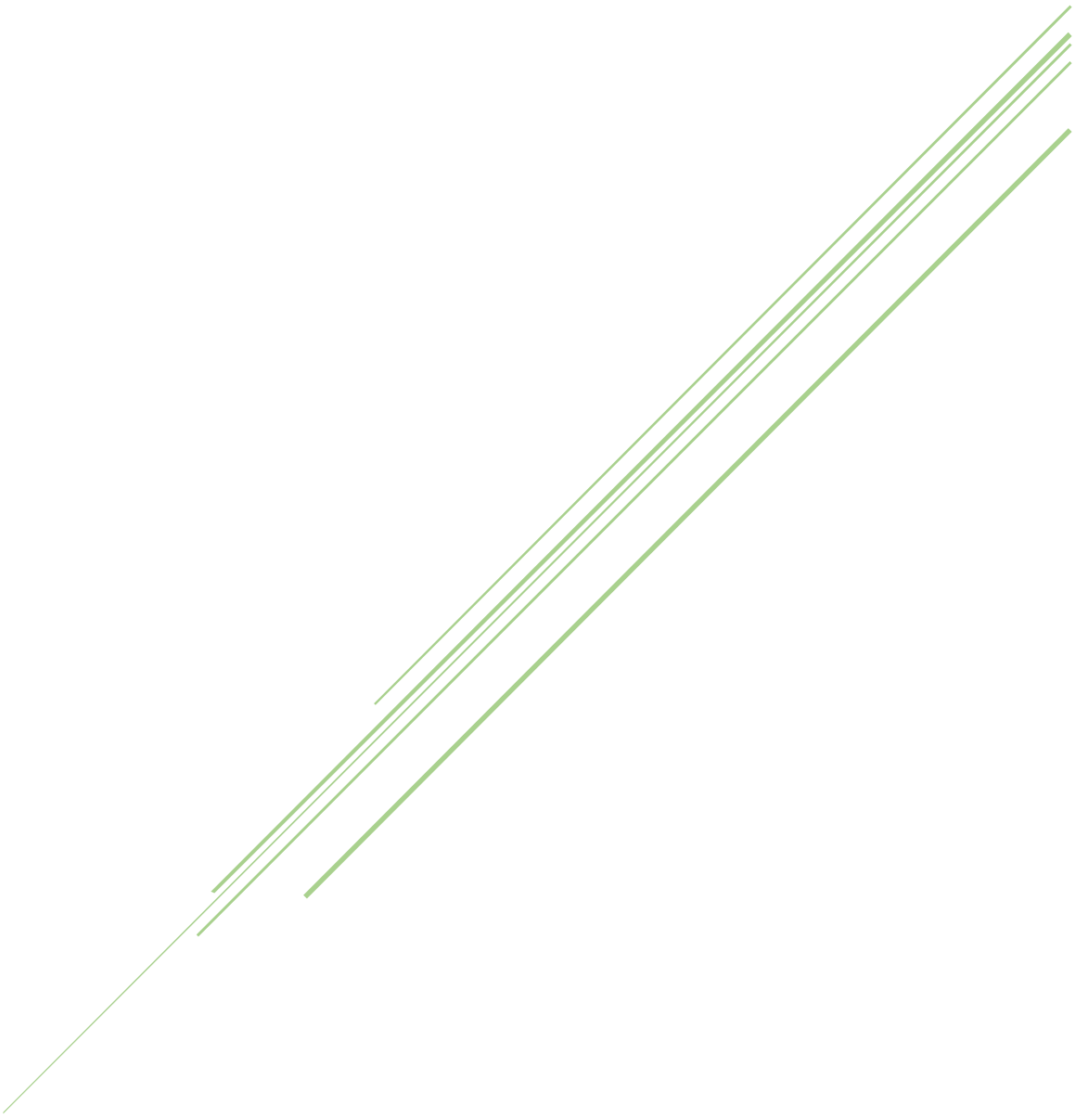
Changes of OPEB assumptions – The actuarial assumptions used in the June 30, 2016 valuation for GASB 74 differed from the July 1, 2016 valuation for GASB 45 as follows:

- The actuarial cost method has been revised from Projected Unit Credit to Entry Age Normal
- The discount rate has been lowered from 8.0% to 3.13%
- Investment rate of return has been lowered from 8.0% to 7.5%

2. MATERIAL VIOLATIONS

There were no material violations of the annual appropriated budget for the General Fund and Grant Fund for the fiscal year ended June 30, 2017. In addition, there were no excesses of budgetary expenditures for the period.

SUPPLEMENTARY INFORMATION



Capital Projects Fund

The **Capital Projects Fund** is used to account for the financing of capital outlay for construction and technology. Revenues are primarily from bond issues and allocations from the Major and Minor Capital Reserves maintained by the School Board. Major expenditures represent capital outlay, construction, and renovation of school facilities.

Roanoke County Public Schools
Budgetary Comparison Schedule
Capital Projects Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues				
Intergovernmental:				
Roanoke County	$ 25,000	$ 25,000	$ 25,000	$ -
Charges for services	20,670	20,670	21,433	763
Miscellaneous	200,000	200,000	50,000	(150,000)
Total revenues	245,670	245,670	96,433	(149,237)
Expenditures				
Current:				
Instruction	-	64,841	631	64,210
Administration	-	14,523	-	14,523
Operations and maintenance	1,020,670	2,687,109	150,790	2,536,319
Technology	5,000	607,270	293,457	313,813
Capital outlay:				
Facilities	250,000	15,163,194	3,113,963	12,049,231
Debt Service	-	22,232	22,231	1
Total expenditures	1,275,670	18,559,169	3,581,072	14,978,097
Deficiency of revenues under expenditures	(1,030,000)	(18,313,499)	(3,484,639)	14,828,860
Other financing sources				
Transfers:				
Transfers from General Fund	1,030,000	5,470,574	5,470,574	-
Net other financing sources	1,030,000	5,470,574	5,470,574	-
Net change in fund balances	-	(12,842,925)	1,985,935	14,828,860
Total fund balances, beginning	-	12,842,925	12,842,925	-
Total fund balances, ending	$ -	$ -	$ 14,828,860	$ 14,828,860

See accompanying independent auditors' report.

Nonmajor Governmental Fund

Special Revenue Fund

Special revenue funds are used to account for certain revenues that are restricted to expenditures for specific purposes.

The **School Nutrition Fund** is used to account for procurement, preparation, and serving of student breakfasts and lunches. The primary source of revenues is receipts derived from food sales and subsidies from the Federal school lunch program

Roanoke County Public Schools
Budgetary Comparison Schedule
Special Revenue Fund - School Nutrition Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues				
Intergovernmental:				
Commonwealth of Virginia	$ 127,110	$ 102,110	$ 108,988	$ 6,878
Federal government	2,442,000	2,442,000	2,541,730	99,730
Charges for services	3,465,000	3,465,000	2,841,964	(623,036)
Investment income	2,770	2,770	11,993	9,223
Miscellaneous	30,000	55,000	13,159	(41,841)
Total revenues	6,066,880	6,066,880	5,517,834	(549,046)
Expenditures				
Current:				
School nutrition	6,071,880	8,220,563	4,951,948	3,268,615
Total expenditures	6,071,880	8,220,563	4,951,948	3,268,615
Excess (deficiency) of revenues over (under) expenditures	(5,000)	(2,153,683)	565,886	2,719,569
Other financing sources				
Proceeds from sale of property	5,000	5,000	-	(5,000)
Total other financing sources	5,000	5,000	-	(5,000)
Net change in fund balances	-	(2,148,683)	565,886	2,714,569
Total fund balances, beginning	-	2,148,683	2,148,683	-
Total fund balances, ending	$ -	$ -	$ 2,714,569	$ 2,714,569

See accompanying independent auditors' report.

Internal Service Funds

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

The **Health Insurance Fund** is a self-insured fund used to account for health care costs for employees electing to participate in one of the Anthem group programs offered.

The **Dental Insurance Fund** is a fully insured fund used to account for dental care costs for employees electing to participate in the Delta Dental group program.

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

The **Laptop Insurance Reserve Fund** is a self-insured fund used to account for the repair and replacement of laptop computers under the Technology Initiative program implemented by the School System.

Roanoke County Public Schools
Combining Statement of Net Position
Internal Service Funds
June 30, 2017

	Health Insurance	Dental Insurance	Risk Management	Laptop Insurance Reserve	Total Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	$ 8,195,988	$ -	$ 1,565,834	$1,471,153	$ 11,232,975
Accounts receivable	296,430	31	325,846	15,587	637,894
Due from other fund	18,980	-	-	-	18,980
Prepaid and other assets	-	120,935	-	-	120,935
Total assets	8,511,398	120,966	1,891,680	1,486,740	12,010,784
Liabilities					
Current liabilities:					
Accounts payable	6,718	-	29,390	14,437	50,545
Accrued liabilities	-	-	-	362	362
Due to other fund	-	18,980	-	-	18,980
Long-term liabilities due or payable:					
Claims payable	1,669,899	-	260,668	-	1,930,567
Long-term liabilities due or payable:					
Claims payable	-	-	550,332	-	550,332
Total liabilities	1,676,617	18,980	840,390	14,799	2,550,786
Net Position					
Unrestricted	6,834,781	101,986	1,051,290	1,471,941	9,459,998
Total net position	$ 6,834,781	$101,986	$ 1,051,290	$1,471,941	$ 9,459,998

See accompanying independent auditors' report.

Roanoke County Public Schools
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2017

	Health Insurance	Dental Insurance	Risk Management	Laptop Insurance Reserve	Total Internal Service Funds
Operating revenues					
Charges for services	$ 15,524,950	$1,476,848	$ 530,300	$ 7,384	$ 17,539,482
Other operating revenues	25,266	-	-	122,889	148,155
Total operating revenues	15,550,216	1,476,848	530,300	130,273	17,687,637
Operating expenses					
Claims	16,251,718	1,450,826	448,846	108,892	18,260,282
Reinsurance costs	814,034	-	-	-	814,034
Wellness and HRA benefits	829,685	-	-	-	829,685
Administrative charges and taxes	193,984	-	144,696	-	338,680
Total operating expenses	18,089,421	1,450,826	593,542	108,892	20,242,681
Operating income (loss)	(2,539,205)	26,022	(63,242)	21,381	(2,555,044)
Nonoperating revenues					
Interest and dividend income	53,898	-	10,527	9,000	73,425
Total nonoperating revenues	53,898	-	10,527	9,000	73,425
Income (loss) before transfers	(2,485,307)	26,022	(52,715)	30,381	(2,481,619)
Transfers					
Transfers in	183,282	-	-	-	183,282
Net transfers	183,282	-	-	-	183,282
Change in net position	(2,302,025)	26,022	(52,715)	30,381	(2,298,337)
Total net position, beginning	9,136,806	75,964	1,104,005	1,441,560	11,758,335
Total net position, ending	$ 6,834,781	$ 101,986	$ 1,051,290	$1,471,941	$ 9,459,998

See accompanying independent auditors' report.

Roanoke County Public Schools
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2017

	Health Insurance	Dental Insurance	Risk Management	Laptop Insurance Reserve	Total Internal Service Funds
Operating activities					
Cash received from interfund services provided	$15,518,855	$1,476,943	$ 215,057	$ (2,963)	$ 17,207,892
Payments to suppliers	(1,012,893)	(197)	(144,696)	(139)	(1,157,925)
Payments from suppliers	-	-	25,006	9,403	34,409
Claims paid	(16,149,841)	(1,450,826)	(408,846)	(108,892)	(18,118,405)
Other receipts	25,266	-	-	122,889	148,155
Other payments	(747,077)	(982)	-	-	(748,059)
Net cash provided by (used in) operating activities	(2,365,690)	24,938	(313,479)	20,298	(2,633,933)
Noncapital financing activities					
Transfers from other funds	208,220	-	-	-	208,220
Transfers to other funds	-	(24,938)	-	-	(24,938)
Net cash provided by (used in) noncapital financing activities	208,220	(24,938)	-	-	183,282
Investing activities					
Interest and dividend income	53,898	-	10,527	9,000	73,425
Net cash provided by investing activities	53,898	-	10,527	9,000	73,425
Net increase (decrease) in cash and cash equivalents	(2,103,572)	-	(302,952)	29,298	(2,377,226)
Cash and cash equivalents, beginning	10,299,560	-	1,868,786	1,441,855	13,610,201
Cash and cash equivalents, ending	$ 8,195,988	$ -	$ 1,565,834	$1,471,153	$ 11,232,975
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	$ (2,539,205)	$ 26,022	$ (63,242)	$ 21,381	$ (2,555,044)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Decrease (increase) in assets:					
Accounts receivable	(6,095)	95	(315,243)	(10,347)	(331,590)
Prepaid and other assets	82,608	(982)	-	-	81,626
Increase (decrease) in liabilities:					
Accounts payable	(4,875)	(197)	25,006	9,403	29,337
Accrued liabilities	-	-	-	(139)	(139)
Claims payable	101,877	-	40,000	-	141,877
Net cash provided by (used in) operating activities	$ (2,365,690)	$ 24,938	$ (313,479)	$ 20,298	$ (2,633,933)

See accompanying independent auditors' report.

Roanoke County Public Schools
Budgetary Comparison Schedule
Internal Service Fund - Laptop Insurance Reserve Fund
For the Year Ended June 30, 2017

	Budgeted Amounts Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Operating revenues				
Charges for services	$ -	$ -	$ 7,384	$ 7,384
Other operating revenues	100,000	100,000	122,889	22,889
Total operating revenues	100,000	100,000	130,273	30,273
Operating expenses				
Claims	100,000	1,541,560	108,892	1,432,668
Total operating expenses	100,000	1,541,560	108,892	1,432,668
Operating income (loss)	-	(1,441,560)	21,381	1,462,941
Nonoperating revenues				
Interest and dividend income	-	-	9,000	9,000
Total nonoperating revenues	-	-	9,000	9,000
Change in net position	-	(1,441,560)	30,381	22,889
Total net position, beginning	-	1,441,560	1,441,560	-
Total net position, ending	$ -	$ -	$ 1,471,941	$ 22,889

See accompanying independent auditors' report.

Fiduciary Fund

Fiduciary funds are used to account for the financial resources held by the School System in a trustee capacity.

The Student Activity Fund is used to account for the financial resources held by the School System for the students.

Roanoke County Public Schools
Statement of Changes in Fiduciary Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2017

	Agency
Assets	
Balance, beginning	$ 2,189,022
Additions	6,725,715
Deductions	(6,598,938)
Balance, ending	$ 2,315,799
Liabilities	
Balance, beginning	$ 2,189,022
Additions	6,725,715
Deductions	(6,598,938)
Balance, ending	$ 2,315,799

See accompanying independent auditors' report.

STATISTICAL SECTION

Learning Culture
Balance
School Climate
Support Services
Professional Growth
Citizenship
Collaboration
Creativity
Critical Thinking
DEEPER LEARNING

Roanoke County Public Schools Unaudited
Statistical Section
June 30, 2017

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

Financial Trends 112-115

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

Revenue Capacity 116-120

These schedules contain information to help the reader assess the School System's most significant local revenue sources and the factors affecting the County's ability to generate its property and sales taxes.

Debt Capacity 121-123

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future for the School System's capital improvements.

Demographic and Economic Information 124-125

These schedules offer demographic and economic indicators to help the reader understand the environment within which the School System's financial activities take place and to help make comparisons with other school divisions over time.

Operating Information 126-139

These schedules contain service and capital asset data to help the reader understand how the information in the School System's financial report relates to the services the School System provided and the activities it performs.

Roanoke County Public Schools
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

Table 1
Unaudited

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Net investment in capital assets	$ 41,002,752	$ 44,965,789	$ 41,830,203	$ 41,651,583	$ 41,371,652	$ 43,142,309	$ 41,852,791	$ 39,733,962	$ 47,263,705	$ 46,765,379
Restricted for:										
Instructional grants	-	-	-	157,951	75,677	92,364	75,494	75,508	66,398	77,309
Emergency contingency	-	-	-	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Unrestricted	26,680,447	33,748,565	40,562,210	29,590,419	31,845,216	30,604,787	26,244,281	(98,692,493)	(92,973,387)	(91,056,890)
Total net position	$ 67,683,199	$ 78,714,354	$ 82,392,413	$ 73,399,953	$ 75,292,545	$ 75,839,460	$ 70,172,566	$ (56,883,023)	$ (43,643,284)	$ (42,214,202)
Adjustment for beginning net pension liability per GASB 68							(140,126,213)			
Adjustment for 2014 employer contributions per GASB 71							8,630,710			
Total net position, as restated, June 30, 2014							$ (61,322,937)			

Source: Statement of Net Position (Exhibit A)

Roanoke County Public Schools
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Table 2
Unaudited

Governmental Activities	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Instruction	$107,156,982	$113,413,226	$104,853,420	$104,091,890	$104,117,764	$107,041,368	$108,041,904	$109,136,909	$107,696,660	$116,721,895
Administration	3,248,300	3,037,138	2,878,527	2,362,580	2,593,752	2,595,087	2,505,845	2,719,118	2,909,808	3,315,935
Attendance and health	2,960,709	2,915,739	2,910,184	2,598,603	2,729,219	2,301,288	2,132,406	2,358,106	2,332,133	2,276,599
Transportation	6,007,152	6,119,667	5,833,078	6,964,180	6,675,986	6,751,036	6,620,044	6,014,584	5,924,837	6,403,743
Operations and maintenance	10,970,831	12,138,884	12,378,003	11,436,014	11,542,861	12,114,141	12,033,120	11,164,752	11,227,448	11,480,475
Technology	5,527,484	5,754,612	4,511,121	6,121,084	4,946,469	4,609,269	5,991,294	4,356,121	6,367,798	6,679,719
School nutrition	5,376,635	5,894,703	5,622,545	5,572,527	5,682,159	5,827,060	5,612,945	5,041,064	4,804,867	5,027,956
Capital lease interest	141,582	132,312	122,565	187,855	87,563	73,194	57,835	41,367	23,731	4,864
Payment of interest and other charges for County capital projects	3,429,369	4,729,369	10,871,639	24,413,643	6,450,345	6,725,345	8,911,343	7,325,344	7,325,340	6,347,576
Facilities	3,559,558	-	-	-	-	-	-	-	-	-
Total expenses	148,378,602	154,135,650	149,981,082	163,748,376	144,826,118	148,037,788	151,906,736	148,157,365	148,612,622	158,258,762
Program revenues										
Charges for services:										
Instruction	796,490	853,738	806,398	877,818	832,118	841,332	888,546	814,843	689,976	1,560,379
Administration	210	2,728	3,775	297	124	-	-	-	-	-
Operations and maintenance	10,860	4,490	174,589	53,225	22,775	48,487	58,800	102,418	97,858	129,177
School nutrition	3,664,463	3,790,895	3,613,046	3,535,548	3,480,466	3,280,884	3,013,951	3,015,530	2,955,049	2,841,963
Operating grants and contributions	24,665,232	24,465,320	28,973,555	32,456,049	23,680,280	25,239,635	24,199,967	25,685,624	26,189,097	27,839,282
Capital grants and contributions	1,131,195	1,318,410	1,512,936	1,588,677	893,950	2,491,469	860,106	1,814,146	9,116,549	3,089,261
Total revenues	30,268,450	30,435,581	35,084,299	38,511,614	28,909,713	31,901,807	29,021,370	31,432,561	39,048,529	35,460,062
Net expense	(118,110,152)	(123,700,069)	(114,896,783)	(125,236,762)	(115,916,405)	(116,135,981)	(122,885,366)	(116,724,804)	(109,564,093)	(122,798,700)
General revenues and other changes in net position										
Payments from Roanoke County	64,717,113	64,267,132	63,597,776	64,559,361	66,083,024	65,597,324	65,944,318	67,617,035	68,924,133	68,763,376
Non-categorical state aid	55,861,280	64,632,296	53,945,620	50,182,318	51,265,516	50,771,561	50,799,563	53,150,488	53,533,578	54,914,899
Gain on sale of capital assets	57,318	5,163	674,143	27,134	29,264	28,114	38,838	13,733	8,616	116,956
Miscellaneous	1,173,552	655,397	357,303	397,886	431,193	285,897	435,753	383,462	337,505	432,551
Capital donated to Schools	108,000	5,171,236	-	1,077,603	-	-	-	-	-	-
Total general revenues and other changes in net position	121,917,263	134,731,224	118,574,842	116,244,302	117,808,997	116,682,896	117,218,472	121,164,718	122,803,832	124,227,782
Change in net position	$ 3,807,111	$ 11,031,155	$ 3,678,059	$ (8,992,460)	$ 1,892,592	$ 546,915	$ (5,666,894)	$ 4,439,914	$ 13,239,739	$ 1,429,082

Source: Statement of Activities (Exhibit B)

Roanoke County Public Schools
Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 3
Unaudited

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund				(1)						
Reserved	$ 471,515	$ 179,035	$ 273,752							
Unreserved, designated	4,816,548	4,472,007	6,675,386							
Unreserved, undesignated	2,000,000	1,000,000	2,671,290							
Nonspendable				$ 146,447	$ 243,570	$ 178,017	$ 249,890	$ 232,353	$ 162,313	$ 133,407
Restricted				2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Committed				11,842,982	3,994,560	1,638,186	4,045,276	4,972,947	5,834,792	5,184,393
Assigned				473,950	600,606	817,935	34,719	133,827	26,902	32,157
Total fund balance	$ 7,288,063	$ 5,651,042	$ 9,620,428	$ 14,463,379	$ 6,838,736	$ 4,634,138	$ 6,329,885	$ 7,339,127	$ 8,024,007	$ 7,349,957
All other governmental funds										
Reserved	$ 569,989	$ 207,206	$ 257,908							
Unreserved, designated:										
Special Revenue Fund	1,934,391	2,483,733	3,171,196							
Capital Projects Fund	7,680,942	14,731,538	16,273,830							
Nonspendable				$ 102,327	$ 74,255	$ 106,646	$ 183,435	$ 226,933	$ 203,302	$ 274,932
Restricted				157,951	75,677	92,364	75,494	75,508	66,398	77,309
Committed				5,733,083	15,387,193	16,715,054	12,845,599	14,584,349	14,788,306	17,268,497
Assigned				195,552	-	-	-	-	-	-
Total fund balance	$ 10,185,322	$ 17,422,477	$ 19,702,934	$ 6,188,913	$ 15,537,125	$ 16,914,064	$ 13,104,528	$ 14,886,790	$ 15,058,006	$ 17,620,738
Total fund balances - all governmental funds	$ 17,473,385	$ 23,073,519	$ 29,323,362	$ 20,652,292	$ 22,375,861	$ 21,548,202	$ 19,434,413	$ 22,225,917	$ 23,082,013	$ 24,970,695

Source: Balance Sheet - Governmental Funds (Exhibit C)

Notes:
The change in total fund balance of the General Fund and all other governmental funds is explained in Management's Discussion and Analysis.
(1) In fiscal year 2011, the School System implemented GASB Statement 54, which resulted in moving school textbooks and school bus special revenue funds into the General Fund. Per the statement, prior year fund balances have not been restated.

Roanoke County Public Schools
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 4
Unaudited

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Roanoke County	$ 64,717,113	$ 64,292,132	$ 63,622,776	$ 64,951,268	$ 66,108,024	$ 65,647,324	$ 65,969,318	$ 67,617,035	$ 68,924,133	$ 68,763,376
Commonwealth of Virginia	74,870,079	83,349,243	71,309,332	65,885,715	67,879,498	69,191,858	69,327,834	72,094,741	73,064,205	75,767,747
Federal government	6,946,602	7,025,549	13,154,962	18,279,497	8,382,678	7,761,649	6,757,028	7,668,652	7,499,321	8,215,472
Charges for services	4,257,357	4,368,022	4,408,785	4,166,423	3,961,756	3,883,207	3,646,693	3,701,470	3,611,433	4,003,740
Other	600,683	490,488	257,273	340,243	402,610	303,183	393,084	326,570	253,371	383,180
Total revenues	151,391,834	159,525,434	152,753,128	153,623,146	146,734,566	146,787,221	146,093,957	151,408,468	153,352,463	157,133,515
Expenditures										
Current:										
Instruction	106,716,335	111,649,978	103,447,341	101,375,153	99,645,396	102,153,926	102,199,992	105,269,002	105,356,201	111,139,524
Administration	3,262,037	3,000,153	2,854,789	2,269,955	2,472,589	2,369,109	2,460,131	2,807,443	3,601,491	2,956,934
Attendance and health	2,987,391	2,918,544	2,946,828	2,592,637	2,717,336	2,287,489	2,108,964	2,424,938	2,366,707	2,254,534
Transportation	6,025,437	5,608,857	5,997,771	7,054,463	6,668,232	6,405,023	6,522,524	5,304,357	6,896,242	5,542,849
Operations and maintenance	11,071,884	12,125,394	12,507,630	11,370,452	11,643,854	12,021,331	11,866,554	11,382,964	11,558,047	11,377,853
Technology	5,567,218	5,766,371	4,556,074	6,108,595	6,675,913	5,167,438	6,627,926	5,657,517	6,988,432	6,850,659
School nutrition	5,367,882	5,885,913	5,615,301	5,563,659	5,864,493	5,839,269	5,594,187	5,022,818	4,820,635	4,951,948
Capital lease debt service:										
Principal	244,848	280,650	325,571	347,180	373,940	363,984	391,883	421,293	452,286	484,939
Interest	141,582	132,312	122,565	113,255	99,163	83,994	69,535	53,967	37,231	19,264
Capital outlay:										
Facilities	9,563,489	2,138,689	649,418	1,112,358	2,507,844	5,440,998	3,358,661	2,961,054	2,914,678	3,325,852
Intergovernmental:										
Roanoke County	3,429,369	4,729,369	10,696,615	24,413,643	6,450,345	6,725,345	8,911,343	7,325,344	7,325,340	6,347,576
Total expenditures	154,377,472	154,236,230	149,719,903	162,321,350	145,119,105	148,857,906	150,111,700	148,630,697	152,317,290	155,251,932
Excess (deficiency) of revenues over (under) expenditures	(2,985,638)	5,289,204	3,033,225	(8,698,204)	1,615,461	(2,070,685)	(4,017,743)	2,777,771	1,035,173	1,881,583
Other financing sources (uses)										
Transfers, net	(290,845)	183,250	1,205,142	-	78,844	1,214,912	1,865,116	-	(187,693)	(183,282)
Issuance of debt	-	122,517	-	-	-	-	-	-	-	-
Proceeds from sale of property	73,294	5,163	2,011,476	27,134	29,264	28,114	38,838	13,733	8,616	190,381
Total other financing sources (uses), net	(217,551)	310,930	3,216,618	27,134	108,108	1,243,026	1,903,954	13,733	(179,077)	7,099
Change in fund balances	$ (3,203,189)	$ 5,600,134	$ 6,249,843	$ (8,671,070)	$ 1,723,569	$ (827,659)	$ (2,113,789)	$ 2,791,504	$ 856,096	$ 1,888,682
Debt service as a percentage of non-capital expenditures	0.26%	0.28%	0.30%	0.29%	0.33%	0.31%	0.32%	0.33%	0.33%	0.33%

Source: Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (Exhibit E)

Roanoke County Public Schools
Major Local Revenue Sources - General Fund
Last Ten Fiscal Years

Table 5
Unaudited

Fiscal Year	County of Roanoke			State Aid		
	Annual Appropriation	Increase (Decrease)	Percent Change	Annual Appropriation	Increase (Decrease)	Percent Change
2008	$ 64,717,113	$ 3,969,178	6.53%	$ 72,106,483	$ 1,908,788	2.72%
2009	64,267,132	(449,981)	(0.70)	80,195,499	8,089,016	11.22
2010	63,597,776	(669,356)	(1.04)	69,502,612	(10,692,887)	(13.33)
2011	64,559,361	961,585	1.51	64,103,729	(5,398,883)	(7.77)
2012	66,083,024	1,523,663	2.36	66,119,254	2,015,525	3.14
2013	65,597,324	(485,700)	(0.73)	67,541,127	1,421,873	2.15
2014	65,944,318	346,994	0.53	67,573,186	32,059	0.05
2015	66,996,426	1,052,108	1.60	70,235,683	2,662,497	3.94
2016	67,703,707	707,281	1.06	71,274,588	1,038,905	1.48
2017	68,738,376	1,034,669	1.53	73,904,943	2,630,355	3.69

Source: Budgetary Comparison Schedule - General Fund (Exhibit L)

County of Roanoke, Virginia
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Table 6
Unaudited

Fiscal Year	Real Property	Personal Property	Public Service Corporation	Total Taxable Assessed Value	Real Property Direct Tax Rate	Personal Property Tax Rate		Estimated Actual Taxable Value
						Tangible	Machinery & Tools	
2008	$7,630,455,000	$830,364,367	$223,884,755	$8,684,704,122	1.09	3.50	3.00	$10,217,298,967
2009	7,929,156,898	766,339,671	224,653,310	8,920,149,879	1.09	3.50	3.00	10,494,293,975
2010	8,020,716,300	780,689,905	233,127,850	9,034,534,055	1.09	3.50	3.00	10,151,161,860
2011	8,053,281,600	782,346,945	223,646,000	9,059,274,545	1.09	3.50	3.00	9,847,037,549
2012	7,968,030,200	814,156,400	233,411,860	9,015,598,460	1.09	3.50	3.00	9,391,248,396
2013	7,798,171,500	835,361,990	247,863,410	8,881,396,900	1.09	3.50	3.00	9,062,649,898
2014	7,850,267,000	855,450,240	257,490,630	8,963,207,870	1.09	3.50	3.00	9,146,130,480
2015	7,972,937,500	889,550,760	267,613,790	9,130,102,050	1.09	3.50	3.00	9,712,874,521
2016	8,098,986,500	899,232,061	277,724,570	9,275,943,131	1.09	3.50	2.95	9,868,024,607
2017	8,254,177,800	916,529,122	275,690,440	9,446,397,362	1.09	3.50	2.90	10,157,416,518

Source: Roanoke County Real Estate Office

Note:
Property in Roanoke County is assessed annually and is assessed at approximately 93% of actual value for 2016-2017 and at approximately 92.1% for years 2008-2016. Estimated actual taxable value is calculated by dividing taxable assessed value by those percentages. Tax rates are per $100 assessed value. Tax Rates equal $3.50 for Personal Property, $2.85 for Machinery and Tools, and $1.09 for Real Estate.

County of Roanoke, Virginia
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Table 7
Unaudited

Fiscal Year	Direct Rates County of Roanoke					Overlapping Rates Town of Vinton		
	Real Property			Personal Property		Real	Personal Property	
	First Half	Second Half	Total	Tangible	Machinery & Tools	Property	Tangible	Machinery & Tools
2008	$0.545	$0.545	$1.09	$3.50	$3.00	$0.03	$1.00	$1.00
2009	0.545	0.545	1.09	3.50	3.00	0.03	1.00	1.00
2010	0.545	0.545	1.09	3.50	3.00	0.03	1.00	1.00
2011	0.545	0.545	1.09	3.50	3.00	0.03	1.00	1.00
2012	0.545	0.545	1.09	3.50	3.00	0.03	1.00	1.00
2013	0.545	0.545	1.09	3.50	3.00	0.03	1.00	1.00
2014	0.545	0.545	1.09	3.50	3.00	0.03	1.00	1.00
2015	0.545	0.545	1.09	3.50	3.00	0.07	1.00	1.00
2016	0.545	0.545	1.09	3.50	2.95	0.07	1.00	1.00
2017	0.545	0.545	1.09	3.50	2.85	0.07	1.00	1.00

Source: Roanoke County Real Estate Office

Notes:
All tax rates per $100 of assessed value.
The County's tax rates are determined each year by the Roanoke County Board of Supervisors.
Overlapping rates are those of the Town of Vinton, which is located in the County of Roanoke. Only those residents living in Vinton are subject to both the Town of Vinton's rate and the County of Roanoke's rate.

County of Roanoke, Virginia
Principal Property Tax Payers
Current Year and Nine Years Ago

Table 8
Unaudited

Taxpayer	2017 Taxable Assessed Value (Millions)	2017 Rank	2017 Percentage of Total County Taxable Assessed Value	2008 Taxable Assessed Value (Millions)	2008 Rank	2008 Percentage of Total County Taxable Assessed Value
Appalachian Power Company	$157	1	1.66%	$96	1	1.11%
Kroger Limited Partnership	39	2	0.41	20	5	0.23
Walmart Real Estate Business	29	3	0.31	-	-	-
Roanoke Owner 1 LLC (Formerly Pebble Creek, LLC)	25	4	0.26	-	-	-
Cellco Partnership dba Verizon Wireless	24	5	0.25	21	4	0.24
Tanglewood Venture LLC (Formerly Roanoke Tanglewood, LLC	23	6	0.24	41	3	0.47
Roanoke Gas Company	23	7	0.24	15	10	0.17
Verizon Virginia LLC	22	8	0.23	43	2	0.50
Norfolk and Western Railway Company	22	9	0.23	-	-	-
Mikeone EK Roanoke LLC	19	10	0.20	-	-	-
Integrity Windows, Inc.	-	-	-	19	6	0.22
Lowes	-	-	-	16	9	0.18
First States Investors 3300 LLC	-	-	-	18	7	0.21
Villages at Garst Creek LLC	-	-	-	17	8	0.20
Total	$383		4.05%	$306		3.53%

Source: Roanoke County Real Estate Office

County of Roanoke, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years

Table 9
Unaudited

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	$ 113,379,407	$ 107,449,039	94.77%	$ 3,692,916	111,141,955	98.03%
2009	116,316,521	111,054,250	95.48	2,972,938	114,027,188	98.03
2010	116,489,107	111,980,936	96.13	3,835,301	115,816,237	99.42
2011	118,335,928	113,612,208	96.01	3,996,865	117,609,073	99.39
2012	118,634,364	113,978,854	96.08	4,183,970	118,162,824	99.60
2013	118,489,124	113,917,134	96.14	3,766,237	117,683,371	99.32
2014	118,192,461	113,964,831	96.42	3,067,960	117,032,791	99.02
2015	120,224,376	116,398,283	96.82	2,622,023	119,020,306	99.00
2016	123,023,949	118,615,971	96.42	3,027,708	121,643,679	98.88
2017	123,991,274	120,899,417	97.51	-	120,899,417	97.51

Source: Roanoke County Comissioner of Revenue and Treasurer's Offices

County of Roanoke, Virginia
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Table 10
Unaudited

Fiscal Year	Governmental Activities: General Obligation Debt	Governmental Activities: Lease Revenue Bonds	Governmental Activities: VPSA School Bonds	Governmental Activities: State Literary Bonds	Governmental Activities: Capital Leases	Total Primary Government	Component Unit: School Board Capital Leases	Percentage of Personal Income (1)	Per Capita Personal Income (1)	Percentage of Assessed Value of Taxable Property
2008	$ 16,825,346	$ 82,989,144	$ 78,376,947	$ 5,211,866	$ -	$ 183,403,303	$ 3,319,209	3.93%	$2,068	2.15%
2009	14,560,238	80,954,308	120,748,501	4,524,181	-	220,787,228	3,161,076	4.91	2,448	2.51
2010	12,645,130	78,700,454	115,035,423	4,064,860	-	210,445,867	2,835,505	4.56	2,312	2.36
2011	10,655,022	76,376,966	107,150,919	3,617,042	1,148,037	198,947,986	2,488,325	4.21	2,177	2.22
2012	8,584,914	73,969,030	109,290,686	3,169,225	1,052,372	196,066,227	2,114,385	3.98	2,138	2.20
2013	6,416,798	71,455,422	100,944,620	2,721,409	952,889	182,491,138	1,750,401	3.57	1,976	2.07
2014	6,150,390	79,182,582	92,638,652	2,273,592	849,437	181,094,653	1,358,518	3.36	1,968	2.04
2015	5,332,236	76,949,408	104,311,123	1,825,775	741,516	189,160,058	937,225	3.30	2,032	2.08
2016	4,497,704	81,150,705	95,149,806	-	-	180,798,215	484,939	3.15	1,933	1.95
2017	3,640,935	78,183,655	86,485,636	-	-	168,310,226	-	2.92	1,792	1.78

Source: Roanoke County Finance Office

Notes:
(1) Personal income and per capita personal income from Table 13 Demographic Statistics

County of Roanoke, Virginia
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Table 11
Unaudited

Fiscal Year	General Bonded Debt Outstanding - County Government: General Obligation Debt	Lease Revenue Bonds	VPSA School Bonds	State Literary Bonds	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2008	$ 16,825,346	$ 82,989,144	$ 78,376,947	$ 5,211,866	$ 183,403,303	1.80%	$2,031
2009	14,560,238	80,954,308	120,748,501	4,524,181	220,787,228	2.10	2,413
2010	12,645,130	78,700,454	115,035,423	4,064,860	210,445,867	2.07	2,281
2011	10,655,022	76,376,966	107,150,919	3,617,042	197,799,949	2.01	2,138
2012	8,584,914	73,969,030	109,290,686	3,169,225	195,013,855	2.08	2,104
2013	6,416,798	71,455,422	100,944,620	2,721,409	181,538,249	2.00	1,947
2014	6,150,390	79,182,582	92,638,652	2,273,592	180,245,216	1.97	1,944
2015	5,332,236	76,949,408	104,311,123	1,825,775	188,418,542	1.94	2,014
2016	4,497,704	81,150,705	95,149,806	-	180,798,215	1.83	1,928
2017	3,640,935	78,183,655	86,485,636	-	168,310,226	1.66	1,792

Source: Roanoke County Finance Office

Notes:
(1) Estimated Actual Taxable Value of Property from Table 6 Assessed Value and Estimated Actual Value of Taxable Property
(2) Population from Table 13 Demographic Statistics

County of Roanoke, Virginia
Debt Policy Information
Last Ten Fiscal Years

Table 12
Unaudited

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General bonded debt outstanding										
General Obligation Bonds	$ 16,825,346	$ 14,560,238	$ 12,645,130	$ 10,655,022	$ 8,584,914	$ 6,416,798	$ 6,150,390	$ 5,332,236	$ 4,497,704	$ 3,640,935
Lease Revenue Bonds	82,989,144	80,954,308	78,700,454	76,376,966	73,969,030	71,455,422	79,182,582	76,949,408	81,150,705	78,183,655
VPSA School Bonds	78,376,947	120,748,501	115,035,423	107,150,919	109,290,686	100,944,620	92,638,652	104,311,123	95,149,806	86,485,636
State Literary Bonds	5,211,866	4,524,181	4,064,860	3,617,042	3,169,225	2,721,409	2,273,592	1,825,775	-	-
Total net debt applicable to debt limits	$183,403,303	$220,787,228	$210,445,867	$197,799,949	$195,013,855	$181,538,249	$180,245,216	$188,418,542	$180,798,215	$168,310,226
Ratio of net debt to assessed taxable property value										
Actual	2.11%	2.48%	2.33%	2.18%	2.16%	2.04%	2.01%	2.06%	1.95%	1.78%
Debt limit per policy	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Ratio of net debt per capita										
Actual	$2,031	$2,413	$2,281	$2,138	$2,104	$1,947	$1,944	$2,014	$1,928	$1,792
Debt limit per policy	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500
Ratio of net debt to general fund governmental expenditures										
Actual	5.29%	7.30%	7.79%	8.51%	8.29%	8.51%	7.20%	7.14%	7.57%	6.78%
Debt limit per policy	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%

Source: Roanoke County Finance Office

County of Roanoke, Virginia
Demographic Statistics
Last Ten Fiscal Years

Table 13
Unaudited

Fiscal Year	Population	Personal Income (Thousands)	Per Capita Personal Income	Average Daily Membership	Unemployment Rate
	(1)	(2)	(2)	(3)	(4)
2008	90,293	$4,750,916	$41,019	14,802	2.80%
2009	91,494	4,561,791	39,315	14,650	4.60
2010	92,253	4,672,291	39,315	14,474	6.30
2011	92,524	4,789,030	40,688	14,259	5.70
2012	92,687	4,984,547	42,288	14,081	5.60
2013	93,256	5,159,100	42,288	13,958	5.50
2014	92,703	5,435,865	45,577	13,929	5.20
2015	93,569	5,758,037	48,047	13,909	4.50
2016	93,775	5,758,037	48,047	13,982	3.50
2017	93,924	5,758,037	48,047	13,830	3.60

Sources:

(1) Weldon Cooper Center for Public Service, Demographics Research Group, www.coopercenter.org/demographics

(2) Personal Income & Per Capita Personal Income from the Bureau of Economic Analysis. Latest information available is for 2015. The figures for 2016 and 2017 have not been updated.

(3) Roanoke County Public School's Administration Department

(4) Virginia Employment Commission and the U.S. Bureau of Labor Statistics

County of Roanoke, Virginia
Principal Employers
Current Year and Nine Years Ago

Table 14
Unaudited

	2017			2008		
Employer	**Rank**	**Ownership**	**Number of Employees**	**Rank**	**Ownership**	**Number of Employees**
Roanoke County Public Schools	1	Local Govt.	2000+	1	Local Govt.	1,000+
Wells Fargo Operations Center (Wachovia division)	2	Private	1,500+	2	Private	1,000+
County of Roanoke	3	Local Govt.	500-999	4	Local Govt.	1,000+
Kroger Limited Partnership	4	Private	500-999	5	Private	500-999
Friendship Manor	5	Private	500-999	6	Private	500-999
Richfield Recovery & Care Center	6	Private	500-999	-	-	-
Allstate Insurance Company	7	Private	500-999	3	Private	1,000+
Wal-mart	8	Private	250-499	-	-	-
ITT Exelis-Harris Corporation	9	Private	250-499	-	-	-
Integrity Windows, Inc.	10	Private	250-499	-	-	-
Advance Auto Parts, Inc.	-	-	-	7	Private	500-999
Hanover Direct, Inc.	-	-	-	8	Private	250-499
Verizon Virginia, Inc.	-	-	-	9	Private	240-499
Bright Personnel and Business	-	-	-	10	Private	250-499

Source: Roanoke County Economic Development Department

Roanoke County Public Schools
Student Enrollment
Last Ten Fiscal Years

Table 15
Unaudited

Fiscal Year	Average Daily Membership	Special Education Enrollment	English as a Second Language Enrollment	Per Pupil Cost
	(1)	(2)	(3)	(4)
2008	14,802	2,218	327	$9,487
2009	14,650	2,223	336	9,882
2010	14,474	2,192	401	9,348
2011	14,259	2,152	407	9,521
2012	14,081	2,164	397	9,506
2013	13,958	2,181	381	9,627
2014	13,929	2,159	352	9,701
2015	13,909	2,167	331	9,832
2016	13,982	2,236	389	10,081
2017	13,830	2,276	393	10,395

Sources:
(1) Roanoke County Public School's Administration Department
(2) Roanoke County Public School's Special Education Department
(3) Roanoke County Public School's Instructional Department
(4) Superintendent's Annual Report Table 15. For fiscal year 2017, the per pupil cost was estimated from the Annual School Report and is not considered final until the Virginia Department of Education officially publishes the Table 15.

Roanoke County Public Schools
Number of Students Per Teacher
Last Ten Fiscal Years

Table 16
Unaudited

Grade	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Kindergarten	17	17	19	18	20	20	19	19	19	18
1	18	17	19	20	21	20	20	20	19	19
2	18	18	20	20	20	21	20	20	20	20
3	18	18	19	20	21	21	21	21	20	20
4	19	18	20	21	22	21	21	21	20	20
5	20	19	20	21	22	22	21	21	21	22
6	21	20	23	23	23	23	23	23	21	21
7	21	21	23	23	23	23	23	23	21	21
8	21	21	23	23	23	23	23	23	20	20
9	21	21	22	22	22	22	22	23	20	20
10	21	21	22	22	22	22	22	23	20	20
11	21	21	22	22	22	22	22	23	21	21
12	21	21	22	22	22	22	22	23	21	21

Source: Roanoke County Public School's Human Resources Department

Notes:
These ratios include teaching support provided by Elementary Assistant Principals and Language Arts Coordinators who teach 50% of the day.

Roanoke County Public Schools
Standards of Learning Test Scores (SOL's)
Last Ten Fiscal Years

Table 17
Unaudited

Level	2008		2009		2010		2011		2012		2013		2014		2015		2016		2017	
Course	**RCPS**	**VA**	**RCPS**	**VA**	**RCPS**	**VA**	**RCPS**	**VA**	**RCPS**	**VA**	**RCPS**	**VA**	**RCPS**	**VA**	**RCPS**	**VA**	**RCPS**	**VA**	**RCPS**	**VA**
Elementary SOL's:																				
Grade 3 English RLR	90	84	90	86	87	83	94	83	95	86	78	72	72	69	83	75	81	76	84	75
Grade 3 Mathematics	94	89	94	89	96	92	96	91	73	64	73	65	71	67	81	74	81	77	85	75
Grade 3 History	95	93	95	93	97	93	91	90	90	87	90	87	86	86	n/a	n/a	n/a	n/a	n/a	n/a
Grade 3 Science	91	88	92	89	95	91	96	85	94	90	87	84	85	83	n/a	n/a	n/a	n/a	n/a	n/a
Grade 4 VA Studies	88	83	94	88	92	87	94	87	95	89	93	87	90	85	93	87	92	87	93	87
Grade 4 Reading	93	88	91	89	94	88	93	89	94	88	81	70	79	70	84	77	85	77	85	79
Grade 4 Mathematics	92	84	92	86	93	88	93	87	83	70	84	74	87	80	89	84	88	83	89	81
Grade 5 English RLR	92	89	91	92	93	90	94	89	93	89	86	73	84	73	85	79	85	81	87	81
Grade 5 English Writing	88	87	96	86	90	88	90	87	92	87	79	71	75	71	n/a	n/a	n/a	n/a	n/a	n/a
Grade 5 Mathematics	93	88	97	90	95	90	95	89	80	67	82	69	85	73	86	79	86	79	85	79
Grade 5 Science	92	88	95	88	95	88	93	87	95	88	85	75	86	73	88	79	89	81	89	79
Grade 6 Reading	89	85	91	86	93	88	94	87	95	89	83	73	83	73	87	76	83	77	84	78
Grade 6 Mathematics	74	68	72	73	77	77	85	73	89	74	91	77	91	76	94	83	92	82	93	82
Grade 6 U S History to 1865	77	74	81	74	83	78	91	81	89	81	91	83	94	81	n/a	n/a	n/a	n/a	n/a	n/a
Grade 7 Reading	92	86	94	88	91	90	94	89	94	88	83	74	86	76	92	81	90	82	87	82
Grade 7 Mathematics	79	65	78	71	81	75	89	77	86	58	86	61	87	65	92	72	93	72	87	71
Grade 7 U S History 1865 to present	94	92	94	92	91	91	89	85	88	84	89	82	90	81	n/a	n/a	n/a	n/a	n/a	n/a
Grade 8 English RLR	92	83	92	87	93	90	94	90	95	89	84	71	80	70	85	75	87	75	83	76
Grade 8 English Writing	91	87	92	89	92	91	90	88	92	88	78	70	77	70	79	72	78	71	80	73
Grade 8 Mathematics	92	83	93	85	93	87	89	82	74	60	76	61	80	67	85	74	81	73	81	74
Grade 8 Civics	92	84	92	84	92	86	91	89	91	84	93	85	91	83	91	86	92	87	93	87
Grade 8 Science	95	90	94	90	96	92	95	92	97	92	92	76	81	74	85	78	86	79	87	79
Secondary SOL's:																				
End of Course English RLR	95	94	97	95	95	94	96	94	95	94	95	89	94	90	95	89	92	89	92	87
End of Course English Writing	96	92	98	92	95	92	97	93	96	93	90	87	91	84	87	83	88	83	90	84
Algebra I	92	93	97	94	98	94	97	94	86	73	88	76	91	79	89	82	91	83	92	82
Algebra II	90	90	94	91	96	91	97	91	68	69	83	76	88	82	86	87	94	89	94	90
Geometry	89	87	95	87	92	88	92	87	83	74	89	76	90	77	90	80	89	80	85	78
Earth Science	88	86	94	87	94	88	94	89	94	90	93	83	93	83	90	83	89	84	90	82
Biology	92	88	92	88	94	89	93	90	96	92	91	83	89	83	89	84	90	84	85	82
Chemistry	88	92	95	93	95	93	97	93	96	93	87	86	85	87	89	88	87	88	90	89
World History to 1500	96	91	92	93	98	93	94	81	98	84	98	84	98	85	97	85	96	84	98	85
World History from 1500	94	92	98	93	95	92	85	82	88	85	92	85	89	86	94	87	89	86	91	87
World Geography	n/a	n/a	91	86	87	86	n/a	n/a	n/a	n/a	91	86	88	n/a	n/a	n/a	85	86	87	83
US & VA History	95	94	97	95	96	95	92	83	88	85	93	86	92	87	90	87	89	86	89	86

Source: Roanoke County Pubic School's Testing and Remediation Department

Roanoke County Public Schools
Scholastic Achievement Tests (SAT's)
Last Ten Fiscal Years

Table 18
Unaudited

Fiscal Year	Participation Rate	Roanoke County Schools				Virginia	National
		Reading	Math	Writing	Combined		
2008	47%	514	522	507	1,543	1,517	1,523
2009	60	515	517	504	1,536	1,521	1,509
2010	50	515	525	507	1,547	1,521	1,509
2011	44	518	523	516	1,557	1,521	1,509
2012	42	522	525	505	1,552	1,510	1,477
2013	59	526	522	511	1,559	1,517	1,474
2014	62	519	511	497	1,527	1,520	1,472
2015	61	510	508	482	1,500	1,520	1,400
2016	62	525	526	472	1,523	1,522	1,453
2017	55	564*	558	n/a*	1,122*	1,101*	1,071*

Source: Roanoke County Public School 's Counseling Services Department

Note: Effective FY17, SAT scoring changed from a maximum of 2,400 points to a maximum of 1,600 points. Reading and Writing were combined into one portion of the exam. This is reflected in the 2017 data presented.

Roanoke County Public Schools
Full-time Equivalent (FTE) Positions
Last Ten Fiscal Years

Table 19
Unaudited

Positions	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
School Board Member	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Assistant Superintendent	2.7	3.0	2.7	2.7	2.7	2.7	1.7	2.1	2.0	2.0
Administrator	29.7	31.3	20.5	16.8	19.2	12.8	14.0	14.5	15.7	15.2
Principal	29.0	29.0	29.0	27.0	27.0	27.3	27.0	26.8	26.9	27.2
Assistant Principal	27.5	28.5	28.0	26.9	26.0	25.3	24.9	24.8	24.2	26.1
Teacher	1,193.5	1,201.7	1,153.6	1,096.9	1,113.0	1,101.7	1,100.0	1,111.8	1,119.1	1,116.7
Guidance Counselor	57.6	59.9	43.4	42.9	47.0	47.7	47.8	47.7	47.7	47.8
Librarian	25.9	25.0	26.3	28.0	26.0	24.2	25.9	25.7	24.8	25.0
Social Worker	3.2	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.9
Instructional Assistant	309.9	310.8	288.5	299.4	293.7	288.4	282.4	286.2	298.0	291.5
Secretary	74.7	75.5	75.5	69.9	71.4	68.6	69.0	69.8	70.9	72.7
School Nurse	27.9	27.8	26.0	25.9	23.0	24.7	24.3	26.2	27.7	27.3
School Psychologist	9.0	9.0	9.0	9.0	9.0	9.0	8.9	8.9	9.0	9.0
Other Attendance & Health	19.2	19.5	18.9	6.3	9.7	7.3	8.0	7.8	7.8	7.2
Bus Driver	168.5	176.5	170.9	170.8	175.7	174.3	167.3	182.8	191.1	178.3
Other Transportation	18.0	18.3	18.2	16.6	16.1	15.8	16.4	16.3	17.2	16.4
Custodian	121.3	118.3	127.1	114.1	113.3	113.0	102.9	83.8	67.1	51.1
Tradesman	33.0	35.5	31.8	30.2	29.7	29.7	28.0	29.1	27.7	25.8
Other Maintenance	6.5	6.9	5.3	4.0	4.0	4.0	4.0	3.8	4.0	3.0
Construction	6.0	6.4	5.2	4.0	4.4	4.0	4.3	4.4	3.9	2.4
Technology	50.5	50.0	47.0	40.9	37.6	37.3	36.4	36.2	34.1	37.0
School Nutrition	142.4	145.2	136.8	128.7	126.0	120.0	117.5	110.7	110.1	93.9
Total	2,362.0	2,388.1	2,273.7	2,171.0	2,184.5	2,147.8	2,120.7	2,129.4	2,139.0	2,085.5

Source: Annual School Report

Roanoke County Public Schools
Teacher Salary Information
Last Ten Fiscal Years

Table 20
Unaudited

Degree	Level	2008	2009	2010	2011	2012	2013 (1)	2014	2015	2016	2017 (2)
Bachelors	Min	$34,500	$35,000	$35,000	$35,000	$35,700	$36,000	$36,000	$36,000	$36,000	$38,585
	Max	54,404	57,125	57,125	57,125	58,268	63,366	63,366	64,633	64,885	59,420
Bachelors + 12 hrs	Min	34,821	35,321	35,321	35,321	36,021	36,321	36,321	36,321	36,321	39,185
	Max	54,859	57,580	57,580	57,580	58,723	63,821	63,821	65,088	65,340	60,020
Bachelors + 24 hrs	Min	34,982	35,482	35,482	35,482	36,182	36,482	36,482	36,482	36,482	39,785
	Max	55,087	57,808	57,808	57,808	58,951	64,049	64,049	65,316	65,568	60,020
Masters	Min	36,105	36,605	36,605	36,605	37,305	37,605	37,605	37,605	37,605	40,985
	Max	56,679	59,400	59,400	59,400	60,543	65,641	65,641	66,908	67,160	61,820
Masters + 12 hrs	Min	36,266	36,766	36,766	36,766	37,466	37,766	37,766	37,766	37,766	N/A
	Max	56,907	59,628	59,628	59,628	60,771	65,869	65,869	67,136	67,388	N/A
Masters + 24 hrs	Min	36,426	36,926	36,926	36,926	37,626	37,926	37,926	37,926	37,926	N/A
	Max	57,134	59,855	59,855	59,855	60,998	66,096	66,096	67,363	67,615	N/A
Doctorate	Min	37,710	38,210	38,210	38,210	38,910	39,210	39,210	39,210	39,210	42,585
	Max	58,954	61,675	61,675	61,675	62,818	67,916	67,916	69,183	69,435	63,420
Average Annual Salary Increase		3.50%	5.00%	0.00%	0.00%	2.00%	8.75%	0.00%	2.00%	2.50%	2.00%
Average Salary		$47,698	$49,221	$48,656	$48,712	$48,267	$50,886	$49,968	$49,719	$49,967	$51,942
Virginia Average Salary		$50,511	$52,309	$52,149	$51,903	$52,003	$52,561	$53,466	$54,516	$55,553	$56,148

Source: Annual Budget and Salary Scales

Note:
(1) In fiscal year 2013, the salary increase includes state mandated pass through of 5.0% VRS contribution.
(2) In fiscal year 2017, Roanoke County Public Schools adopted a revised Comprehensive Pay Plan based on the recommendation of Evergreen Solutions, LLC, who performed an independent study to identify and eliminate internal and external inequities within the previous Unified Pay Plan. The salary increase of 2.00% was a base cost of living adjustment for all employees. In addition, $4.77 million was allocated based on recommendations from Evergreen Solutions, LLC to address identified internal and external inequities in salaries.

Roanoke County Public Schools
Expenditures by Function - General Fund
Last Ten Fiscal Years

Table 21
Unaudited

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction	$ 99,117,153	$ 103,689,529	$ 94,148,008	$ 92,094,364	$ 93,314,768	$ 96,391,360	$ 97,531,990	$ 99,642,723	$ 99,646,993	105,206,154
	76.5%	76.1%	75.5%	74.2%	74.2%	74.5%	74.2%	75.0%	73.1%	75.1%
Administration	3,261,460	3,000,153	2,852,598	2,269,955	2,472,105	2,368,952	2,459,588	2,645,348	2,795,734	2,955,752
	2.5%	2.2%	2.3%	1.8%	2.0%	1.8%	1.9%	2.0%	2.1%	2.1%
Attendance	2,751,056	2,670,042	2,716,220	2,207,280	2,181,587	2,018,980	1,948,458	2,085,647	2,172,278	2,254,534
	2.1%	2.0%	2.2%	1.8%	1.7%	1.6%	1.5%	1.6%	1.6%	1.6%
and health										
Transportation	5,233,994	5,300,869	5,314,350	7,054,463	6,668,232	6,405,023	6,522,524	5,304,357	6,896,242	5,542,849
	4.0%	3.9%	4.3%	5.7%	5.3%	4.9%	5.0%	4.0%	5.1%	4.0%
Operations and	11,192,791	12,125,394	11,591,085	10,868,321	11,335,888	11,975,025	11,641,249	11,221,460	11,116,417	11,227,063
	8.6%	8.9%	9.3%	8.8%	9.0%	9.3%	8.9%	8.4%	8.2%	8.0%
maintenance										
Technology	4,020,246	4,012,055	3,359,628	3,059,017	2,944,589	3,078,205	3,896,061	4,162,379	5,786,781	5,831,202
	3.1%	2.9%	2.7%	2.5%	2.3%	2.4%	3.0%	3.1%	4.2%	4.2%
Capital lease	246,264	412,506	448,136	460,435	473,103	447,978	461,418	475,260	489,517	504,203
	0.2%	0.3%	0.4%	0.4%	0.4%	0.3%	0.4%	0.4%	0.4%	0.4%
debt service										
Facilities	322,763	340,810	292,422	-	-	-	-	-	-	159,889
	0.2%	0.3%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Debt service	3,429,369	4,729,369	4,029,369	6,125,345	6,450,345	6,725,345	7,025,343	7,325,344	7,325,340	6,325,345
	3.0%	3.7%	3.3%	4.8%	5.1%	5.2%	5.1%	5.5%	5.3%	4.6%
Total expenditures	$ 129,575,096	$ 136,280,727	$ 124,751,816	$ 124,139,180	$ 125,840,617	$ 129,410,868	$ 131,486,631	$ 132,862,518	$ 136,229,302	$ 140,006,991

Source: Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (Exhibit E)

Roanoke County Public Schools
Expenditures by Function Per Pupil - General Fund
Last Ten Fiscal Years

Table 22
Unaudited

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction	$ 6,696	$ 7,078	$ 6,505	$ 6,459	$ 6,627	$ 6,906	$ 7,002	$ 7,164	$ 7,127	$ 7,607
	76.5%	76.1%	75.5%	74.2%	74.2%	74.5%	74.2%	75.0%	73.1%	75.1%
Administration	220	205	197	159	176	170	177	190	200	214
	2.5%	2.2%	2.3%	1.8%	2.0%	1.8%	1.9%	2.0%	2.1%	2.1%
Attendance	186	182	188	155	155	145	140	150	155	163
	2.1%	2.0%	2.2%	1.8%	1.7%	1.6%	1.5%	1.6%	1.6%	1.6%
and health										
Transportation	354	362	367	495	474	459	468	381	493	401
	4.0%	3.9%	4.3%	5.7%	5.3%	4.9%	5.0%	4.0%	5.1%	4.0%
Operations and	756	828	801	762	805	858	836	807	795	812
	8.6%	8.9%	9.3%	8.8%	9.0%	9.3%	8.9%	8.4%	8.2%	8.0%
maintenance										
Technology	272	274	232	215	209	221	280	299	414	422
	3.1%	2.9%	2.7%	2.5%	2.3%	2.4%	3.0%	3.1%	4.2%	4.2%
Capital lease	17	28	31	32	34	32	33	34	35	36
	0.2%	0.3%	0.4%	0.4%	0.4%	0.3%	0.4%	0.4%	0.4%	0.4%
debt service										
Facilities	22	23	20	-	-	-	-	-	-	12
	0.2%	0.3%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Debt service	231	322	278	429	457	480	504	527	524	456
	3.0%	3.7%	3.3%	4.8%	5.1%	5.2%	5.1%	5.5%	5.3%	4.6%
Total expenditures	$ 8,754	$ 9,302	$ 8,619	$ 8,706	$ 8,937	$ 9,271	$ 9,440	$ 9,552	$ 9,743	$ 10,123
March 31 ADM	14,802	14,650	14,474	14,259	14,081	13,958	13,929	13,909	13,982	13,830

Sources:
Expenditures derived from the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (Exhibit E)
March 31 ADM derives from Student Enrollment (Table 15)

Note: ADM is average daily membership calculated as of March 31 each year and used by the Department of Education in the state funding formulas.

Roanoke County Public Schools
School Nutrition Program
Last Ten Fiscal Years

Table 23
Unaudited

Fiscal Year	Lunch				Breakfast			Free and Reduced Eligibility
	Number Served Daily	Student Lunch Price			Number Served Daily	Number Breakfast Sites	Student Breakfast Price	
		Elementary School	Middle School	High School				
2008	7,516	$1.75	$1.75	$1.75	1,107	17	$0.85	18.5%
2009	7,449	2.00	2.00	2.00	1,106	17	1.00	20.0
2010	7,517	2.00	2.00	2.00	1,229	19	1.00	21.0
2011	7,477	2.00	2.00	2.00	1,367	19	1.00	23.8
2012	7,086	2.05	2.05	2.05	1,592	22	1.00	25.2
2013	6,345	2.15	2.15	2.15	1,582	24	1.00	25.7
2014	6,395	2.25	2.25	2.25	1,603	24	1.10	26.7
2015	6,195	2.35	2.35	2.35	1,722	26	1.15	28.9
2016	6,035	2.35	2.60	2.60	1,888	26	1.25	27.3
2017	5,575	2.45	2.70	2.70	2,013	26	1.25	27.3

Source: Roanoke County Public School's Nutrition Department

Roanoke County Public Schools
Capital Asset Statistics
Last Ten Fiscal Years

Table 24
Unaudited

School / Statistic	2008	2009	2010	2011	2012 (1)	2013	2014	2015	2016 (2)	2017
Back Creek Elementary (1937)										
Square feet	48,316	48,316	48,316	48,316	48,316	48,316	48,316	48,316	48,316	48,316
Capacity (student)	386	386	386	386	386	386	386	386	349	349
Enrollment	311	285	298	318	303	318	287	303	325	289
Bonsack Elementary (1998)										
Square feet	70,514	70,514	70,514	57,649	57,649	57,649	57,649	57,649	57,649	57,649
Capacity (student)	572	572	572	572	572	572	572	572	428	428
Enrollment	463	440	447	447	418	418	392	399	389	374
Burlington Elementary (1939)										
Square feet	62,225	62,225	62,225	62,225	62,225	65,649	65,649	65,649	65,649	65,649
Capacity (student)	473	473	473	473	473	473	473	473	525	525
Enrollment	437	445	459	445	422	420	420	427	455	413
Cave Spring Elementary (1961)										
Square feet	49,164	49,164	49,164	65,245	65,245	65,245	65,245	65,245	65,245	65,245
Capacity (student)	537	537	537	600	600	600	600	600	501	501
Enrollment	496	441	445	435	472	459	452	466	494	473
Clearbrook Elementary (1938)										
Square feet	42,385	42,385	42,385	47,833	47,833	47,833	47,833	47,833	47,833	47,833
Capacity (student)	294	294	294	294	294	294	294	294	354	354
Enrollment	237	246	230	232	272	297	319	334	359	326
Fort Lewis Elementary (1928)										
Square feet	33,754	33,754	33,754	33,754	33,754	33,754	33,754	33,754	33,754	33,754
Capacity (student)	235	235	235	235	235	235	235	235	252	252
Enrollment	205	233	234	233	223	229	220	221	241	224

(Continued)

Roanoke County Public Schools
Capital Asset Statistics
Last Ten Fiscal Years

Table 24
Unaudited

School / Statistic	2008	2009	2010	2011	2012 (1)	2013	2014	2015	2016 (2)	2017
Glen Cove Elementary (1971)										
Square feet	65,630	65,630	65,630	65,630	65,630	65,630	65,630	65,630	65,630	65,630
Capacity (student)	516	516	516	516	516	516	516	516	470	470
Enrollment	433	443	443	434	423	430	443	429	446	446
Glenvar Elementary (1959)										
Square feet	65,521	65,521	65,521	61,418	61,418	61,418	61,418	61,418	61,418	61,418
Capacity (student)	446	446	446	446	446	446	446	446	420	420
Enrollment	366	358	354	355	365	351	363	359	403	357
Green Valley Elementary (1964)										
Square feet	51,469	51,469	51,469	69,629	69,629	69,629	69,629	69,629	69,629	69,629
Capacity (student)	387	387	387	600	600	600	600	600	517	517
Enrollment	350	370	359	347	383	409	418	458	518	497
Herman L. Horn Elementary (1961)										
Square feet	53,299	53,299	53,299	65,847	65,847	65,847	65,847	65,847	65,847	65,847
Capacity (student)	552	552	552	552	552	552	552	552	501	501
Enrollment	406	413	413	400	396	398	386	378	426	388
Mason's Cove Elementary (2012)										
Square feet	40,258	40,258	40,258	40,258	51,678	51,678	51,678	51,678	51,678	51,678
Capacity (student)	279	279	279	279	350	350	350	350	270	270
Enrollment	190	186	192	190	197	205	197	226	234	184
Mount Pleasant Elementary (1934)										
Square feet	52,361	52,361	52,361	64,836	64,836	64,836	64,836	64,836	64,836	64,836
Capacity (student)	403	403	403	403	403	403	403	403	412	412
Enrollment	306	317	317	317	330	307	323	326	344	295

(Continued)

Roanoke County Public Schools
Capital Asset Statistics
Last Ten Fiscal Years

Table 24
Unaudited

School / Statistic	2008	2009	2010	2011	2012 (1)	2013	2014	2015	2016 (2)	2017
Mountain View Elementary (1959)										
Square feet	50,968	50,968	50,968	71,255	71,255	71,255	71,255	71,255	71,255	71,255
Capacity (student)	584	584	584	584	584	584	584	584	483	483
Enrollment	446	451	449	462	444	430	389	379	376	349
Oak Grove Elementary (1959)										
Square feet	48,658	48,658	48,658	55,355	55,355	55,355	55,355	55,355	55,355	55,355
Capacity (student)	564	564	564	564	564	564	564	564	467	467
Enrollment	539	538	536	540	479	446	434	423	458	418
Penn Forest Elementary (1972)										
Square feet	70,387	70,387	70,387	64,206	64,206	64,206	64,206	64,206	64,206	64,206
Capacity (student)	516	516	516	516	516	516	516	516	504	504
Enrollment	580	564	567	544	472	463	456	449	462	447
W.E. Cundiff Elementary (1972)										
Square feet	62,133	62,133	62,133	62,133	62,133	62,133	62,133	62,133	62,133	62,133
Capacity (student)	512	512	512	512	512	512	512	512	585	585
Enrollment	524	472	479	484	456	455	497	515	533	516
Cave Spring Middle (2013)										
Square feet	74,511	74,511	74,511	77,527	77,527	135,365	135,365	135,365	135,365	135,365
Capacity (student)	675	675	675	675	675	900	900	900	952	952
Enrollment	614	607	603	631	671	716	728	746	775	754
Glenvar Middle (1996)										
Square feet	101,595	101,595	101,595	101,595	101,595	101,595	101,595	101,595	101,595	101,595
Capacity (student)	606	606	606	606	606	606	606	606	619	619
Enrollment	474	405	414	428	409	402	403	431	442	440

(Continued)

Roanoke County Public Schools
Capital Asset Statistics
Last Ten Fiscal Years

Table 24
Unaudited

School / Statistic	2008	2009	2010	2011	2012 (1)	2013	2014	2015	2016 (2)	2017
Hidden Valley Middle (1972)										
Square feet	123,537	123,537	123,537	122,462	122,462	122,462	122,462	122,462	122,462	122,462
Capacity (student)	938	938	938	938	938	938	938	938	952	952
Enrollment	801	758	762	769	768	653	653	597	601	576
Northside Middle (1970)										
Square feet	161,824	161,824	161,824	161,824	161,824	161,824	161,824	161,824	161,824	161,824
Capacity (student)	806	806	806	806	806	806	806	806	993	993
Enrollment	797	688	696	694	719	750	745	721	681	653
William Byrd Middle (1988)										
Square feet	167,026	167,026	167,026	153,412	153,412	153,412	153,412	153,412	153,412	153,412
Capacity (student)	887	887	887	887	887	887	887	887	938	938
Enrollment	905	910	908	883	922	856	821	801	797	806
Cave Spring High (1968)										
Square feet	150,618	150,618	150,618	150,240	150,240	150,240	150,240	150,240	150,240	150,240
Capacity (student)	1,015	1,015	1,015	1,015	1,015	1,015	1,015	1,015	1,190	1,190
Enrollment	863	863	837	823	856	887	947	983	1,012	1,032
Glenvar High (2016)										
Square feet	120,914	120,914	120,914	120,914	120,914	120,914	120,914	120,914	148,987	148,987
Capacity (student)	675	675	675	675	675	675	675	675	650	650
Enrollment	613	659	661	610	592	568	557	549	554	548
Hidden Valley High (2002)										
Square feet	201,808	201,808	201,808	171,435	171,435	171,435	171,435	171,435	171,435	171,435
Capacity (student)	975	972	972	972	972	972	972	972	1,251	1,251
Enrollment	1,202	1,164	1,154	1,095	1,060	999	1,014	1,007	949	901

(Continued)

Roanoke County Public Schools
Capital Asset Statistics
Last Ten Fiscal Years

Table 24
Unaudited

School / Statistic	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
					(1)				(2)	
Northside High (1961)										
Square feet	147,263	147,263	147,263	153,217	153,217	153,217	153,217	153,217	153,217	153,217
Capacity (student)	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,217	1,217
Enrollment	970	1,016	1,019	991	989	993	967	1,004	1,022	990
William Byrd High (1969)										
Square feet	169,720	169,720	169,720	183,169	183,169	183,169	183,169	183,169	183,169	183,169
Capacity (student)	950	950	950	1,400	1,400	1,400	1,400	1,400	1,107	1,107
Enrollment	1,207	1,177	1,158	1,157	1,100	1,158	1,142	1,131	1,133	1,061
Burton Center for Arts and Technology (1962)										
Square feet	84,232	84,232	84,232	96,148	96,148	96,148	96,148	96,148	96,148	96,148
Administration Building (1972)										
Square feet	52,773	52,773	52,773	58,917	58,917	58,917	58,917	58,917	58,917	58,917
Warehouse (2006)										
Square feet	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Maintenance (1967)										
Square feet	15,808	15,808	15,808	18,308	18,308	18,308	18,308	18,308	18,308	18,308
Bus Garage (1946)										
Square feet	16,134	16,134	16,134	17,074	17,074	17,074	17,074	17,074	17,074	17,074

Sources: Roanoke County Public School 's insurance records, Operations Department, and Pupil Assignment Department

Notes:
The year of original construction or major replacement is shown in parentheses.
Increases in square footage and capacity are the result of renovations and additions.
The enrollment counts for May are used for comparison purposes in this table.
(1) In fiscal year 2011, the square footage was updated from an independent facility study conducted by Chas. Lunsford.

ROANOKE COUNTY PUBLIC SCHOOLS
ACCENT Excellence

COMPLIANCE SECTION

Learning Culture
Balance
School Climate
Professional Growth
Support Services
Citizenship
Communication
Collaboration
Critical Thinking
Creativity
DEEPER LEARNING

Cherry Bekaert LLP
CPAs & Advisors

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Roanoke County Public Schools (the "School System"), a component unit of Roanoke County, Virginia, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School System's basic financial statements, and have issued our report thereon dated November 13, 2017. Our report recognizes that the School System implemented one new accounting standard effective July 1, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School System's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School System's internal control. Accordingly, we do not express an opinion on the effectiveness of the School System's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Cherry Bekaert LLP

Richmond, Virginia
November 13, 2017

Roanoke County Public Schools does not discriminate with regard to race, color, age, national origin, sex, or handicapping condition in an educational and/or employment policy or practice. Questions and/or complaints should be addressed to the Deputy Superintendent/Title IX Coordinator at (540) 562-3900 ext. 10121 or the Director of Pupil Personnel Services/504 Coordinator at (540) 562-3900 ext. 10181

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