



ROANOKE COUNTY Public Schools

ROANOKE, VIRGINIA

A component unit of the County of Roanoke, Virginia

www.rcps.us
5937 Cove Road
Roanoke, VA 24019
(540) 562-3900



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended: June 30, 2020

Cover design

Chuck Lionberger, Director of Communications

Roanoke County Public Schools

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

Comprehensive Annual Financial Report For the Year Ended June 30, 2020



Prepared by the Finance Department

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5937 Cove Road
Roanoke, Virginia 24019
www.rcps.us

Roanoke County Public Schools



Preparing every student, in every school, and in every classroom to be Opportunity Ready.

Roanoke County Public Schools
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June 30, 2020

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INTRODUCTORY SECTION







ROANOKE COUNTY PUBLIC SCHOOLS
Department of Finance
5937 Cove Rd. Roanoke, VA 24019 ♦ (540) 562-3900 Ext 10161



November 12, 2020

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, 2020. 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 Division) 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 Division'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 Division. 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 Brown, Edwards & Company, L.L.P., 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, 2020, 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 DIVISION

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 93,805 and a Metropolitan Statistical Area (MSA) population of approximately 308,707¹. Located in the largest urban area west of Richmond, the School Division is one of the largest employers in the Roanoke Valley.

The supervision of schools in each school division shall be vested in a school board selected in accordance with the applicable provisions of the Code of Virginia. The school board is a corporate body whose official title shall be the Roanoke County School Board (School Board). The School Board consists of five members by the citizens of their magisterial district to serve four-year terms.

¹ Population source: VaStat, a service of the Weldon Cooper Center for Public Service (2010 Census)

The School Division provides a broad spectrum of general, special, gifted, career and technical education opportunities for approximately 13,890 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. In addition to the Standard Diploma, the School System also offers an Advanced Studies Diploma, an Applied Studies Diploma for students with disabilities who complete the requirements of their Individualized Education Program, a General Achievement Adult High School Diploma for individuals who are at least 18 years of age and not enrolled in public school or not otherwise meeting the compulsory school attendance requirements set forth in the Code of Virginia, and a General Educational Development Certificate.

The School Division continues to be a leader in student performance across the state with all 26 schools having achieved full state accreditation based on 2019 Standards of Learning test performance in Mathematics, Reading, Science, and Social Studies. Full accreditation means a school meets all standards as stated in the Commonwealth of Virginia's Standards of Accreditation. Rigorous intervention programs have been implemented to meet the needs of each student.

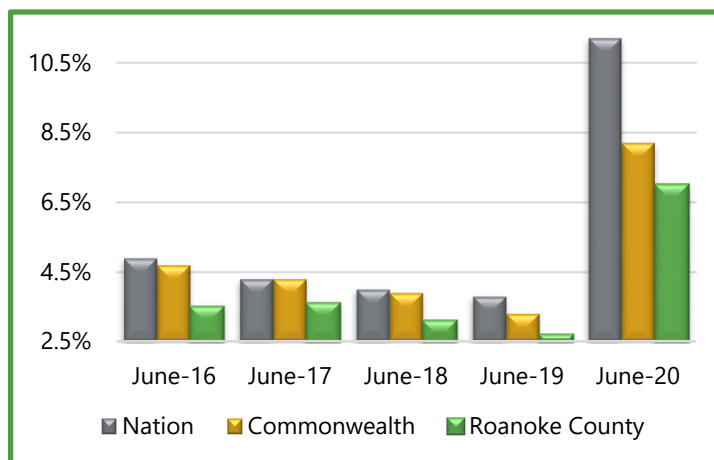
LOCAL ECONOMY

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

Governor Ralph Northam issued stay-at-home and social distancing orders during March 2020 to slow the transmission of the virus and allow hospitals the capacity to manage critical patients. Immediately, brick-and-mortar businesses closed to comply with these orders. With the closure of a significant number of businesses, the economy took a swift downturn to recession levels that come second only to the Great Depression of 1929-1939. This situation has depressed the tax bases and other areas in which the Commonwealth and County receive revenue. Further it has limited the ability for these governments to raise taxes, assess fees, and access the capital markets that have been directly impacted

In order to provide quality educational programs to its students, the School Division is largely dependent upon the economy of its largest funding sources, which include the Commonwealth of Virginia (49.3% of revenue), the County of Roanoke (42.6% of revenue) and the Federal government (5.2% 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 all levels of the government have shown an increase due to the Coronavirus pandemics impact on the economy.



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 Division. The School Division experienced an increase in sales tax revenue of 4.73% this year. Due to the two-month lag in receipting sales tax revenue, the effects of slower spending by consumers is expected to be felt subsequent to year end.

The enrollment projection for fiscal year 2020 was 13,610 (excluding pre-kindergarten), however year-end Average Daily Membership was 13,576. This continues to reflect the declining student enrollment trend within the School Division, which began in 2009. All years have declined except for school year 2016. This decline negatively impacts the level of State funding, while not directly reducing the cost of education services on a one-to-one basis. Enrollment declines result in reductions in State funding as the State aid for education formula is driven by K-12 enrollment. Indications are that this trend reflects lower birth rates in the community and limited growth in the County population. The School Division conducted a demographic study in 2017 which also reflects a decline in enrollment over the next ten years. Given this experience and trend the enrollment projection for fiscal year 2021 is 13,483.

From an infrastructure standpoint, the School Division operates 27 school buildings with an average age of 50 years. The School Board has made a financial commitment to address the infrastructure needs in a steady and methodical manner through a joint financing program with the local governing body and, accordingly, has been able to take advantage of competitive construction bids resulting in lower overall costs to the citizens.

LONG-TERM FINANCIAL PLANNING

The School Division 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 Division. 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 order to help fund the CIP, the School Division maintained an operating transfer to Roanoke County of \$2.2 million for future capital needs.

In addition to school building needs, the School Division has a dedicated funding stream for ongoing capital needs related to fleet replacement. The fleet replacement schedule, based on age and condition of the fleet, necessitates the replacement of approximately ten school buses per year along with other maintenance vehicles. The annual budget includes funds earmarked specifically towards this purpose which allows the School Division to accumulate a replacement reserve to pay cash for the vehicles purchased each year rather than borrowing funds and incurring the additional financing charges. The School Division transferred \$675,000 for the fleet replacement fund in fiscal year 2020, which increased by \$141,781 from fiscal year 2019.

Another dedicated funding stream for ongoing capital needs relates to technology replacement. The School Division continues to be a frontrunner in the integration of technology throughout the instructional program. The laptop computer initiative was implemented 16 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 through a recurring operating lease. The School Board expanded the program to the middle schools by adding grades 6 through 8 in fiscal years 2017 and 2018. 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 and all technological needs which are an integral part of classroom instruction in the School Division. The School Division transferred \$1.1 million for the technology replacement fund in fiscal year 2020, which increased by \$100,000 from fiscal year 2019.

RELEVANT FINANCIAL POLICIES

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 legally adopts the School Division budget on an annual basis at the fund level. This annual budget serves as the foundation for the School Division's financial planning and budget 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.

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 Division. 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.

In 2020, the School Board revised the Year-End Carryover policy that allocates the balance at the end of a fiscal year from excess revenues and/or unspent expenditures. The first allocation for a \$2 million emergency fund, then outstanding encumbrances, and remaining balances is be split evenly between Major Capital Projects listed on the School Capital Improvement Plan and to Minor Capital Projects (other projects identified and prioritized with costs less than \$500,000). 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. This policy revision helps fund the School Division's commitment to upgrading the facilities. This policy was adopted in conjunction with the County Board of Supervisors and enables the School Division to ensure continued funding for needed capital improvements.

MAJOR INITIATIVES

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 Division. In the 2021-2030 CIP (the most recent plan) the School Board funded \$18.4 million of projects in the June 30, 2021 budget. The funding is derived from general fund operating transfer and debt proceeds from the County. Of this balance, \$17.2 million is reserved for building renovations at William Byrd High School, \$451,650 is reserved for the School Division portion of a county-wide Human Resource and Payroll Software System implementation, \$360,000 is reserved for the School Division portion of a county-wide Financial Software System upgrade, \$224,253 is reserved for building renovations at W.E. Cundiff Elementary School, \$224,253 is reserved for building renovations at Glen Cove Elementary School, and \$1.0 million is reserved for the Capital Maintenance Plan to maintain school facilities.

Technology Initiative – The integration of technology into all facets of the instructional program is instrumental to the vision of the School Division to “Prepare every student, in every school, and in every classroom to be Opportunity Ready.” As previously mentioned, all students in grades 6 to 12 have their own laptop computer, which allow flexible access to educational resources and online classes and are integrated into the daily classroom lessons of all subject areas. In addition, all classrooms are equipped with an interactive Active Boards. All schools have wireless connections to the internet and broadband to adequately support the heavy utilization of technology throughout the district.

Because of the School Divisions commitment to technology, when the Governor closed schools on March 13, 2020, students in grades 6 through 12 had a laptop to take home. Although the Governor granted a waiver from graded assessments during the last semester of the year, the access to the laptops provided students in those grades a means by which to continue a form of learning and allowed students the ability to join their fellow teachers and students in online classes.

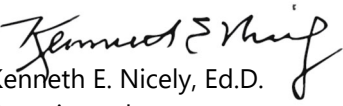
AWARDS AND ACKNOWLEDGEMENTS

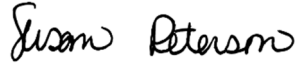
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Roanoke County Public Schools for its CAFR for the fiscal year ended June 30, 2019. This was the 19th consecutive year that the School Division 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 Division for its CAFR for the fiscal year ended June 30, 2019. This certificate was also awarded for the 19th 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 fiscal health of the School Division. Appreciation is also extended to the personnel in the Finance Department for their dedication to assuring the fiscal integrity of the School Division and the preparation of this report.

Respectfully yours,


Kenneth E. Nicely, Ed.D.
Superintendent


Susan L. Peterson, MA, CPA, SFO
Director of Finance

**Roanoke County Public Schools
School Board Members
June 30, 2020**



Mr. Donald T. Butzer
Chairman
Catawba District



Mr. Michael A. Wray
Vice-Chairman
Cave Spring District



Mr. David M. Linden
Hollins District



Mr. Jason B. Moretz
Windsor Hills District



Mr. Timothy D. Greenway
Vinton District

Clerk to the BoardMrs. Angela B. Roberson

**Roanoke County Public Schools
Superintendent's Cabinet
June 30, 2020**



Dr. Kenneth E. Nicely
Superintendent



Dr. Rebecca G. Eastwood
Assistant Superintendent of
Instruction and Leadership



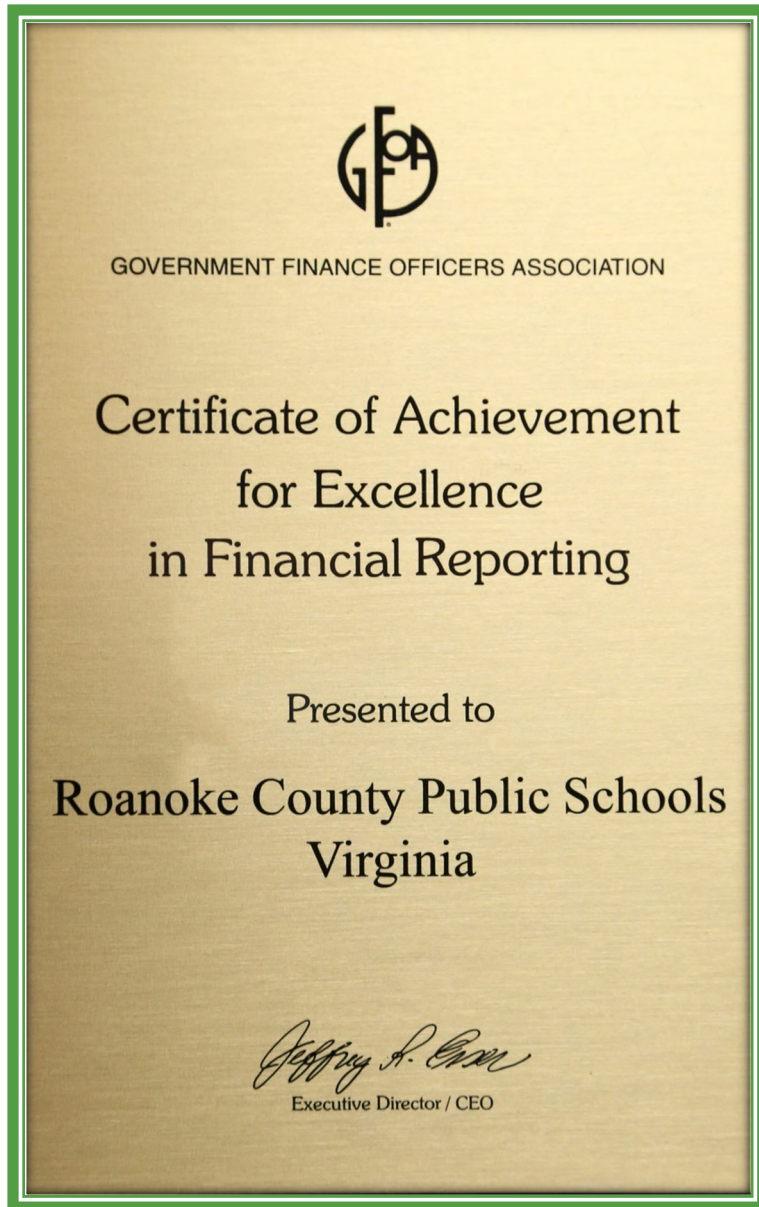
Dr. Jessica M. McClung
Assistant Superintendent of
Student Services and Human Resources

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

Roanoke County Public Schools
Organizational Chart
June 30, 2020

<div style="display: flex; align-items: center;">  <div> Roanoke County Public Schools Organizational Chart Effective July 1, 2019 </div> </div>											
School Board											
Superintendent											
Superintendent's Cabinet	Assistant Superintendent of Instruction and Leadership							Assistant Superintendent of Student Services & Human Resources			
		Executive Director of Elementary Instruction	Executive Director of Secondary Instruction					Executive Director of Administration			
	Director of Assessment & Research	Director of Career & Technical Education			Director of Technology	Director of Finance	Director of Facilities & Operations		Director of Special Education	Director of Human Resources	Director of School Counseling
		Elementary Principals	Secondary Principals								
	Instructional Supervisors				Supervisors	Supervisor	Supervisors	District DBA	Supervisors of Special Education	Supervisor of Human Resources	Supervisor of School Counseling

**Roanoke County Public Schools
Government Finance Officers Association Award
June 30, 2020**



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 19th consecutive year ended June 30, 2019. 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, 2020



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 19th consecutive year ended June 30, 2019. This nationally recognized program was established by ASBO to encourage school business officials to achieve a high standard of financial reporting and accountability. 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 Division's commitment to fiscal and financial integrity and enhances the credibility of the School Division's operations with the School Board and the community. The program reviews the accounting practices and reporting procedures used by the School Division in its CAFR based upon specific standards established within GAAP.

FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the School Board
County of Roanoke, Virginia
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 Roanoke County Public Schools (the "School Division"), a component unit of Roanoke County, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School Division'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 *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, 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 Division, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2020 on our consideration of the School Division's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Division's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Division's internal control over financial reporting and compliance.

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

**Roanoke County Public Schools
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020**

The management of Roanoke County Public Schools (School Division) presents the following discussion and analysis as an overview of the financial activities of the School Division for the year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report, and the School Division'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 Division as of June 30, 2020 by \$55.8 million (net position). This net position is a deficit due to recognizing a \$122.7 million liability related to the Virginia Retirement System Pension and \$29.0 million liability related to other postemployment benefits. Of this amount, \$(118.7) million is unrestricted net position (Exhibit A).
- On a government-wide basis for governmental activities, the School Division had expenses, net of program revenues, of \$131.8 million, which were \$2.1 million less than general revenues of \$129.8 million (Exhibit B).
- At the end of the current fiscal year, committed fund balance for the General Fund was \$7.4 million or 4.9% of total General Fund expenditures for fiscal year 2020 (Exhibits C and E). Based on 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 in excess of expenditures and other financing sources (uses) by \$178,901 for fiscal year 2020 (Exhibit E).

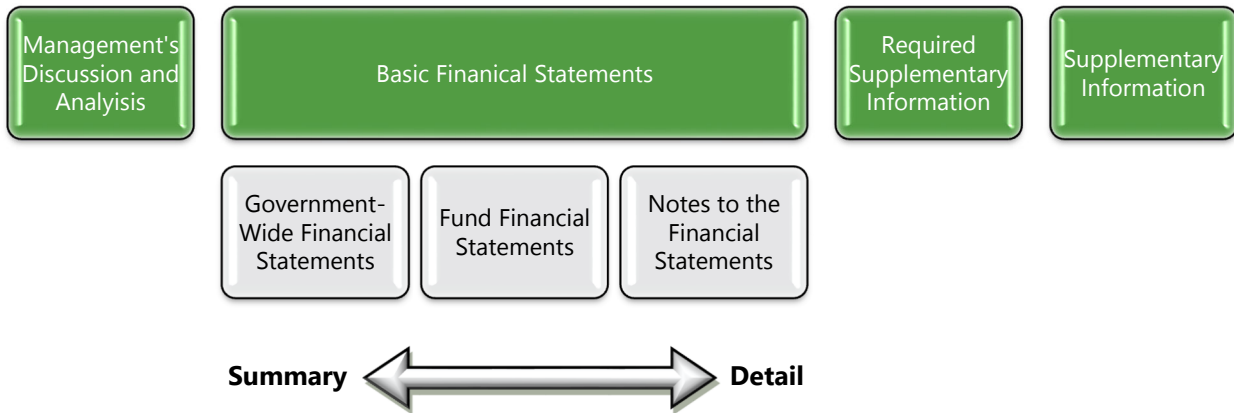
OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended to serve as an introduction to the School Division'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 Division's basic financial statements include two types of financial statements, each with a different view of the School Division's finances. The focus is on both the School Division 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 Division's overall financial position. The fund financial statements focus on the individual funds of the School Division, reporting the School Division'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 Division's accountability.

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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 Division 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 Division'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 Division'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 Division, 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 Division reports only **governmental activities**, which include the School Division's basic services: instruction; administration, attendance and health; transportation; operations and maintenance; technology; facilities; and 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 32 of this report.

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

- **Governmental funds:** Most of the School Division'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 Division's

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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 Division 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 Division uses the Internal Service Funds to account for the financing of services provided by one department to other departments of the School Division on a cost reimbursement basis. The School Division uses Internal Service Funds for health insurance, dental insurance, and risk management expenses. (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 Division'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 Division 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 34 of this report.

Notes to the basic financial statements – The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 43 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 Division's budgetary comparisons for the General Fund, Grant Fund, and Nutrition Fund, along with progress in funding its obligations to provide pension and other postemployment benefits to its employees. Required supplementary information can be found beginning on page 87 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, combining statements for internal service funds, and the statement of changes in fiduciary assets and liabilities. Supplementary information can be found beginning on page 109 of this report.

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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, 2020 and 2019			
	Governmental Activities		Percentage
	2020	2019	Change
Current and other assets	\$ 44,385,238	\$ 45,068,052	(1.5)%
Capital assets, net	57,151,085	53,217,047	7.4
Total assets	101,536,323	98,285,099	3.3
Deferred outflows of resources	30,399,191	19,044,139	59.6
Current and other liabilities	7,227,850	5,840,823	23.7
Long-term liabilities	154,214,618	143,372,510	7.6
Total liabilities	161,442,468	149,213,333	8.2
Deferred inflows of resources	26,313,596	21,859,055	20.4
Net investment in capital assets	57,151,085	53,217,047	7.4
Restricted	5,739,586	2,000,000	187.0
Unrestricted	(118,711,221)	(108,960,197)	8.9
Total net position	\$ (55,820,550)	\$ (53,743,150)	3.9

For fiscal year 2020, the School Division's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$55.8 million. Net position decreased \$2.1 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 2020, \$57.2 million of the School Division's net position reflects its *net investment in capital assets* (i.e., land, buildings, furniture and equipment). The School Division 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 Division's capital assets.

The School Division's *restricted net position* is \$5.7 million. \$2.0 million represents the emergency fund authorized by the County Board of Supervisors and restricted to use for unexpected revenue shortfalls or unanticipated expenses. \$3.7 million represents net position restricted by the Virginia Department of Education for use by the Nutrition program.

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The remaining balance of *unrestricted net position* of \$(118.7) million is a result of recognizing the School Division's proportionate share of the Virginia Retirement System's (VRS) net pension liability and recognizing the School Division's liabilities for other postemployment benefit liabilities.

The School Division'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 Division, 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, 2020 and 2019			
	Governmental Activities 2020	2019	Percentage Change
Program revenues:			
Charges for services	\$ 3,791,419	\$ 4,427,831	(14.4)%
Operating grants and contributions	35,731,337	31,987,163	11.7%
Capital grants and contributions	556,392	8,050,076	(93.1)%
General revenues:			
County appropriation	72,303,722	70,448,764	2.6%
Non-categorical State aid	56,237,049	56,104,830	0.2%
Miscellaneous	1,219,381	1,153,975	5.7%
Total revenues	169,839,300	172,172,639	(1.4)%
Program expenses:			
Instruction	126,974,714	114,886,508	10.5%
Administration	4,046,141	3,545,283	14.1%
Attendance and health	2,210,782	2,206,735	0.2%
Transportation	7,078,949	5,231,245	35.3%
Operations and maintenance	13,601,829	13,296,479	2.3%
Technology	8,938,042	7,222,269	23.8%
School nutrition	5,504,686	5,080,060	8.4%
Interest	1,361,557	1,172,887	16.1%
Payment for Future Capital	2,200,000	2,200,000	0.0%
Total expenses	171,916,700	154,841,466	11.0%
Change in net position	(2,077,400)	17,331,173	(112.0)%
Total net position, beginning of year	(53,743,150)	(71,074,323)	(24.4)%
Total net position, end of year	<u>\$ (55,820,550)</u>	<u>\$ (53,743,150)</u>	3.9%

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Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020**

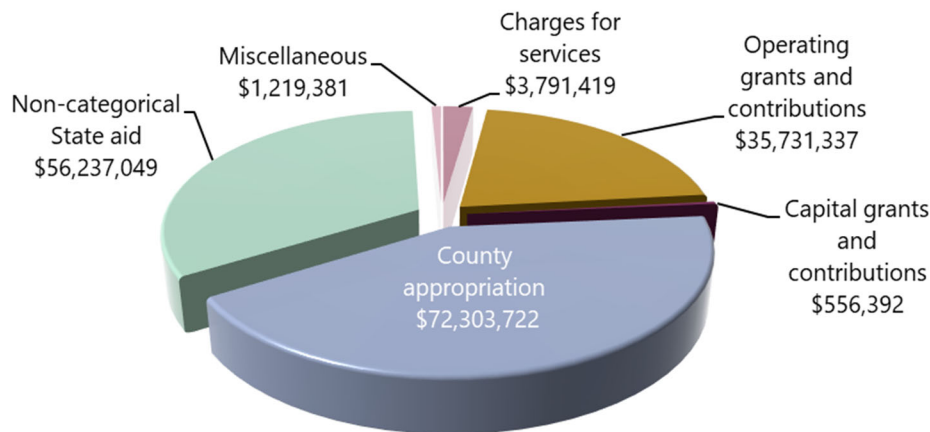
Governmental activities decreased the School Division's net position by \$2.1 million. Revenues for governmental activities decreased \$2.3 million (1.4%) and total expenses increased \$17.1 million (11.0%) when compared to the prior year.

The County appropriation and general State aid accounted for most of the School Division revenue, contributing 75¢ of every dollar of expenses. The remaining 25¢ 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 Division's expenses, or 88¢ of every dollar spent, are directly related to the provision of services to students, including classroom instruction, attendance and health, transportation, technology, and nutrition. The balance of every dollar spent goes for administrative costs (2¢), operations and maintenance (8¢), and interest and other charges for the school portion of County debt payments on school construction and renovations (2¢).

Governmental Activities – Revenues

Revenues of the governmental activities are shown by category below:



Charges for services, which were 2.2% of total government revenues, include school breakfast and lunch sales, tuition fees, Medicaid reimbursements, and other miscellaneous fees for services provided. These revenues decreased \$636,412 from prior year due to the Governor mandated school closure for the COVID-19 pandemic on March 13, 2020 and the elimination of charges for two and half months, including meals, tuition and gifted art.

Operating grants and contributions, which were 21.0% of total government revenues, include 46.7% for non-Basic Aid Standards of Quality State revenues, 17.6% for Individuals with Disabilities Education Act (IDEA) and Titles I, II and III Federal grants, 7.0% for State and Federal nutrition funding, and 28.7% for State supplemental support for operating costs. These revenues increased \$3.7 million from prior year primarily due to the compensation supplement, the Virginia Department of Education Intensive Support Services Funding Project, and state and federal grants.

Capital grants and contributions, which were 0.3% of total government revenues, include state technology grants and capital transfers from the County. These revenues decreased \$7.5 million from prior year primarily from a County transfer of net school buildings related to debt payoff for tenancy in common assets in the prior year.

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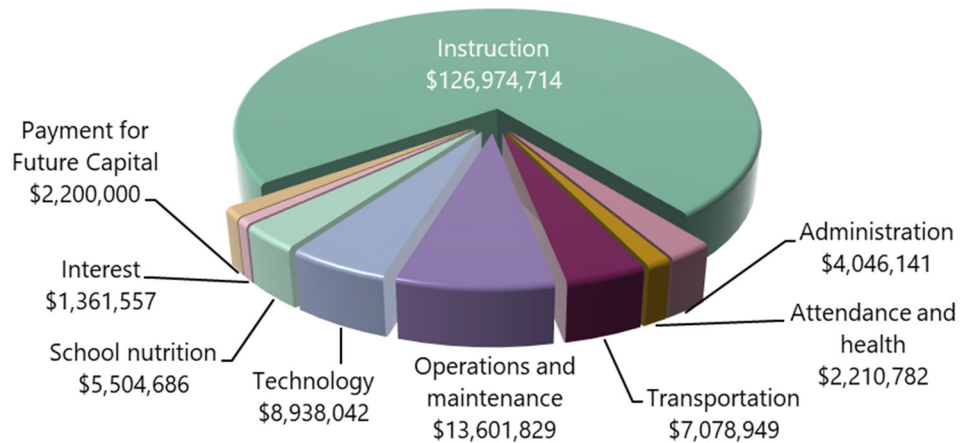
County appropriation, which is the largest funding source at 42.6% of total government revenues, includes local County support which is based on a revenue sharing formula. These revenues increased \$1.9 million from prior year and include a transfer of bond proceeds for capital projects.

State aid, which was 33.1% of total government revenues, includes State sales tax and the Basic Aid Standards of Quality State revenues. These revenues increased \$132,219 from an increase in State sales tax offset by a decrease in the Basic Aid Standards of Quality State revenues.

Miscellaneous, which was 0.8% 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 \$65,406 due to an increase in sale of machinery and equipment, rebates and refunds, warranty reimbursements, and insurance refunds. These increases were reduced by interest revenue earned.

Governmental Activities – Expenses

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



Instruction, which was 73.9% 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 \$12.1 million from prior year, primarily related to Virginia Retirement System Pension and Other Post Employment Benefit-RCPS increases.

Administration, which was 2.4% of total government expenses, includes executive administration, personnel services, fiscal services, board services, reprographic services, planning services, and information services. These expenses increased \$500,858 from prior year, primarily related to print shop equipment purchased in the prior year, Virginia Retirement System Pension and Other Post Employment Benefit-RCPS increases.

Attendance and health, which was 1.3% of total government expenses, includes health, psychological, and attendance services. These expenses increased \$4,047 from prior year.

Transportation, which was 4.1% of total government expenses, includes vehicle operation, monitoring, and maintenance services. These expenses increased \$1.8 million from purchasing six more school buses in the prior year, depreciation expense, and Other Post Employment Benefit-RCPS increases.

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Operations and maintenance, which was 7.9% 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 \$305,350 from prior year primarily related to Virginia Retirement System Pension and Other Post Employment Benefit-RCPS increases.

Technology, which was 5.2% of total government expenses, includes noncapital equipment, software, operating and maintenance costs for all classrooms, administration, and attendance and health. These expenses increased \$1.7 million from prior year primarily related to Virginia Retirement System Pension and Other Post Employment Benefit-RCPS increases and new digital radio BDA infrastructure and annual license.

Nutrition, which was 3.2% of total government expenses, includes all costs associated with operating and maintaining school cafeterias. These expenses increased \$424,626 from prior year primarily related to additional salary and food costs incurred to serve meals to students during the school closure through the month of June.

Interest, which was 0.7% of total government expenses, includes a portion of the School Division's \$4.1 million transfer to the County for debt service. The portion reflected for interest mirrors the ratio of interest to principal plus interest paid in total by the County on total School Debt. The proportionate share increased \$188,670 from prior year.

Payment for future capital, which was 1.3% of total government expenses, includes a transfer to the County for the joint funding of future debt related to the Capital Improvement Plan. These expenses remained level between fiscal year 2019 and 2020.

Governmental Activities – Total Cost and Net Cost

Table 3 presents the cost of the School Division's functions and shows the net cost (total expenses less program revenues). 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						
For the Years Ended June 30, 2020 and 2019						
	Total Cost of Services		Percent Change	Net Cost of Services		Percent Change
	2020	2019		2020	2019	
Instruction	\$ 126,974,714	\$ 114,886,508	10.5%	\$ 91,668,489	\$ 83,052,975	10.4%
Administration	4,046,141	3,545,283	14.1%	4,046,141	3,545,283	14.1%
Attendance and health	2,210,782	2,206,735	0.2%	2,210,782	2,206,735	0.2%
Transportation	7,078,949	5,231,245	35.3%	7,078,949	5,231,245	35.3%
Operations and maintenance	13,601,829	13,296,479	2.3%	13,508,686	6,301,770	114.4%
Technology	8,938,042	7,222,269	23.8%	8,938,042	7,222,269	23.8%
School nutrition	5,504,686	5,080,060	8.4%	824,906	(556,768)	(248.2)%
Interest	1,361,557	1,172,887	16.1%	1,361,557	1,172,887	16.1%
Payment for future capital	2,200,000	2,200,000	0.0%	2,200,000	2,200,000	0.0%
Total expenses	\$ 171,916,700	\$ 154,841,466	11.0%	\$ 131,837,552	\$ 110,376,396	19.4%

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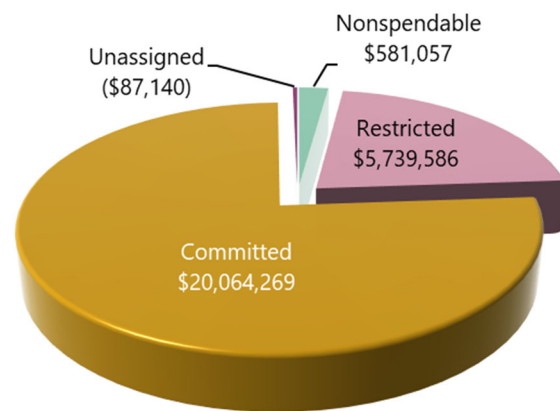
Key elements of total and net cost of governmental activities during fiscal year 2020 were as follows:

- The cost of all governmental activities this year was \$171.9 million.
- Roanoke County citizens paid for these activities through local taxes in the amount of \$72.3 million.
- Some of the costs were paid by those who directly benefited from the programs (\$3.8 million), entitlements from State and Federal aid (\$35.7 million), and other receipts for capital investments (\$556,392).

FINANCIAL ANALYSIS OF THE FUNDS

Governmental Funds – Governmental funds consist of the General Fund, Grant Fund, Nutrition Fund, and Capital Projects Fund, and account for the general operations of the School Division. As noted earlier, the School Division uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the School Division'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.

As of the end of the current fiscal year, the School Division's governmental funds reported combined fund balances of \$26.3 million, a decrease of \$3.0 million in comparison with fiscal year 2019. Of this amount, 2.2% constitutes *nonspendable fund balance*, which reflects inventories that are in a non-liquid form and cannot be spent; 21.8% constitutes *restricted fund balance*, which is externally restricted for an emergency contingency fund and nutrition services; 76.3% constitutes *committed fund balance*, which is approved by the School Board and Board of Supervisors to be spent on specific expenditures in 2022; (3)% constitutes *unassigned fund balance*. The School Board approved a one-year departure from the year-end carryover policy for this year-end. The portion of carryover that is usually only committed to capital will be allowed to be used to fill large budget gaps in fiscal year 2021 resulting directly from expected economic declines due to the national COVID-19 health pandemic.



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 increased by \$178,901.

The Grant Fund is used to account for Federal, State, and local grants restricted for specified school purposes by the grantor. During fiscal year 2020, Federal grant funding decreased by \$87,140 directly related to setting aside spending from March 1, 2020 through June 30, 2020 that qualified for the Coronavirus Relief Fund grant awarded in fiscal year 2022.

The Nutrition Fund is used to account for the preparation and serving of student breakfasts and lunches. At the end of the fiscal year, the Nutrition Fund balance reflected \$347,991 in nonspendable fund balance for nutrition inventory consisting of USDA Commodities, purchased food, and other supplies used to serve

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meals. The fund balance also consisted of \$3.7 million in restricted fund balance for nutrition operations. The overall fund balance of the fund increased by \$98,500 from the prior year.

The Capital Projects Fund is used to account for the acquisition or construction of major capital facilities not funded through debt issuance. At the end of the current fiscal year, the Capital Projects Fund balance consisted of \$12.7 million committed for future school capital projects. The fund balance decreased by \$3.2 million.

Proprietary Funds – The School Division's Internal Service Funds, 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, and risk management funds at the end of the year amounted to \$9.4 million. The increase in net position for the health insurance, dental insurance, and risk management funds were \$1.5 million, \$33,200, and \$193,543, respectively. The change resulted from decreases in health insurance claims, dental insurance claims and risk management claims mostly due to the shutdown of brick and mortar businesses from March through June 2020 and employees not seeking medical or dental services.

GENERAL FUND BUDGETARY HIGHLIGHTS

The School Division 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 2020.

Budgetary Highlights - General Fund For the Year Ended June 30, 2020			Table 4
	Original Budget	Final Budget	Actual
Revenues:			
Intergovernmental-Roanoke County	\$ 70,499,722	\$ 72,303,722	\$ 72,303,722
Intergovernmental-State and Federal	82,368,391	82,433,859	83,358,829
Other	1,488,606	1,423,138	1,777,269
Total	154,356,719	156,160,719	157,439,820
Expenditures	(154,107,322)	(159,570,629)	(151,239,959)
Other financing sources	107,960	107,960	136,870
Transfers out	(964,227)	(6,101,207)	(6,157,830)
Net change in fund balance	<u>\$ (606,870)</u>	<u>\$ (9,403,157)</u>	<u>\$ 178,901</u>

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

- To reappropriate monies to pay for commitments in the form of encumbrances established prior to June 30, 2019 but not paid by that date.
- To reappropriate grants, donations and other revenues authorized in fiscal year 2019 or earlier, but not expended or encumbered as of June 30, 2019.

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- To appropriate grants, donations, and other revenues accepted or adjusted in fiscal year 2020 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 \$1.8 million is related to the transfer of additional funds from the County for comprehensive services.

Actual revenues were more than the final budget by \$1.3 million. The positive variance primarily relates to higher sales tax received than budgeted and higher Medicaid revenue received than budgeted

Actual expenditures were less than the final budget by \$8.3 million. The positive variance primarily relates to personnel savings, unused emergency funds, and utility and fuel from not having school in session March through the end of the year.

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

CAPITAL ASSETS AND LEASES

At the end of the fiscal year, the School Division had land, buildings and improvements, furniture and equipment, and construction in progress in governmental activities with a total historical cost of \$150.7 million. Total accumulated depreciation on these assets was \$93.5 million. Table 5 shows capital asset balances (net of accumulated depreciation) for fiscal years 2020 and 2019. More detailed information about capital assets can be found in Note 5 to the basic financial statements.

Capital Assets - Net of Accumulated Depreciation			Table 5
As of June 30, 2020 and 2019			
	Governmental Activities		Percentage
	2020	2019	Change
Land	\$ 5,683,473	\$ 5,683,473	0.0%
Construction in progress	9,225,872	3,585,325	157.3%
Buildings and improvements	32,240,875	32,940,554	(2.1)%
Furniture and equipment	10,000,865	11,007,695	(9.1)%
Totals	\$ 57,151,085	\$ 53,217,047	7.4%

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

- \$7.4 million spent for the commencement or continuation of construction in progress
 - Building renovation at Cave Spring High School
 - Athletic field turf replacement at Glenvar High School
- \$3.9 million recognized for capitalizing the following projects
 - \$1.5 million for athletic field turf replacement at Glenvar High School

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- \$1.0 million for purchase of ten school buses
- \$537,836 for network switches and servers
- \$458,331 for athletic field turf replacement at Bogle Field
- \$172,505 for seven vehicles
- \$51,307 for security fence at Burton Center for Arts & Technology
- \$47,260 for hybrid vehicle trainer
- \$38,817 for two lawn mowers, one gator, and one snowplow
- \$17,465 for electronic sign at Hidden Valley High School
- \$14,480 for play clock and wrestling mats at Glenvar High School
- \$8,049 for new projector at Northside High School

During fiscal year 2014 and each of the subsequent years, the School Division entered into a lease agreement as a lessee for grade-level laptops. Although each 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 Division pays annual rent, which is \$2.5 million.

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 Division and County, respectively. As of June 30, 2020, the County's government-wide financial statements included school capital assets and related debt outstanding of \$213.9 million and \$83.1 million, respectively related to tenancy in common assets.

FACTORS INFLUENCING FUTURE BUDGETS

Key factors that are expected to impact future budgets include:

- Uncertainty of length of the COVID-19 health pandemic and related economic recession
- Increasing unfunded federal statutory requirements for student and school achievement
- Declining student enrollments 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

The Commonwealth of Virginia (the Commonwealth) continues to initiate 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

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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 2020 expenditures reflect the increased pension costs necessary for this replenishment.

ECONOMIC FACTORS

During fiscal year 2020, the Commonwealth's economy started to reflect a slowdown due to the COVID-19 pandemic. However; sales tax collections, representing 10.5% of the School Division's budget, were stable with the preceding year reflecting negligible improvement in personal consumption. Revenues from the Commonwealth, including sales taxes, represent 52.5% of the General Fund budget for fiscal year 2020, which is in line with 2019 but still lower than pre-2009 funding levels.

The County provided approximately 46.3% of the School Division's operating budget needs in fiscal year 2020. 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 Division'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

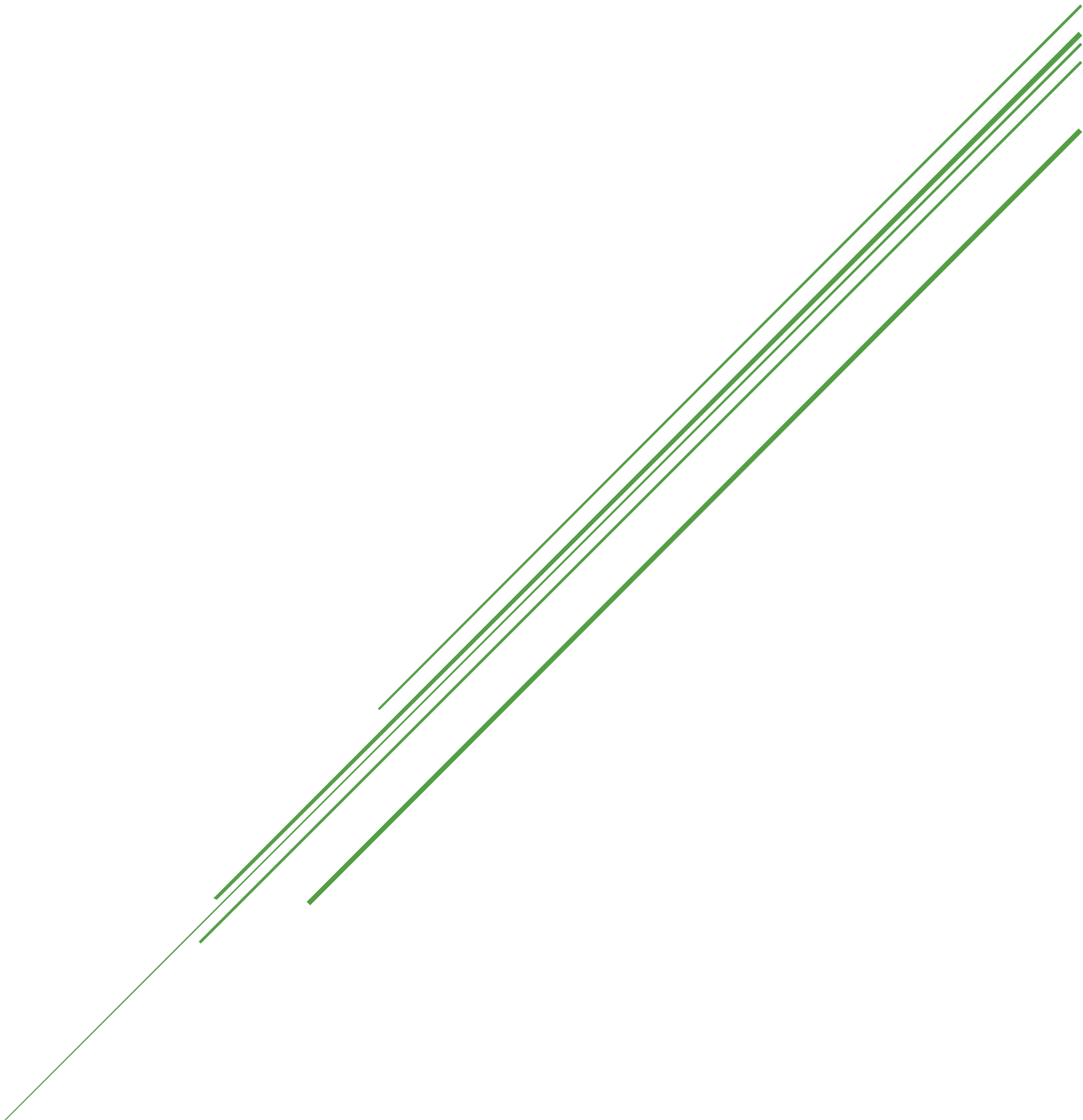
This financial report is designed to provide our citizens, taxpayers, and parents with a general overview of the School Division's finances and to demonstrate the School Division's accountability for the money it receives. Questions concerning this report or requests for additional financial information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

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

<https://www.rcps.us/Page/1700>



BASIC FINANCIAL STATEMENTS



Roanoke County Public Schools
Statement of Net Position
June 30, 2020

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents (Note 2)	\$ 32,337,178
Investments (Note 2)	7,138,083
Accounts receivable	276,189
Due from other governments (Note 3)	3,123,743
Inventory	581,057
Prepaid and other assets	135,616
Net asset from pension (Note 10)	793,372
<i>Capital assets (Note 5):</i>	
Land and construction in progress	14,909,345
Other capital assets, net	42,241,740
Capital assets, net	57,151,085
Total assets	101,536,323
Deferred outflows of resources	
Pension (Note 10)	26,795,502
Other postemployment benefit provided by Virginia Retirement System (Note 11)	2,869,438
Other postemployment benefit provided by Roanoke County Public Schools (Note 12)	734,251
Total deferred outflows of resources	30,399,191
Liabilities	
Accounts payable	3,475,514
Accrued liabilities	797,395
Unearned revenues (Note 7)	529,832
<i>Long-term liabilities due or payable within one year:</i>	
Claims payable (Note 9)	1,698,474
Compensated absences (Note 8)	726,635
<i>Long-term liabilities due or payable after one year:</i>	
Claims payable (Note 9)	581,562
Compensated absences (Note 8)	1,915,420
Net liability from pension (Note 10)	122,684,122
Net liability from other postemployment benefit provided by Virginia Retirement System (Note 11)	18,809,967
Net liability from other postemployment benefit provided by Roanoke County Public Schools (Note 12)	10,223,547
Total liabilities	161,442,468
Deferred inflows of resources	
Pension (Note 10)	16,000,711
Other postemployment benefit provided by Virginia Retirement System (Note 11)	1,350,478
Other postemployment benefit provided by Roanoke County Public Schools (Note 12)	8,962,407
Total deferred inflows of resources	26,313,596
Net Position	
Net investment in capital assets	57,151,085
<i>Restricted for:</i>	
Emergency contingency	2,000,000
Nutrition	3,739,586
Unrestricted deficit	(118,711,221)
Total net position	\$ (55,820,550)

See accompanying notes to basic financial statements.

Roanoke County Public Schools
Statement of Activities
For the Year Ended June 30, 2020

Exhibit B

		Program Revenues			Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Functions/Programs	Expenses				
Instruction	\$ 126,974,714	\$ 1,541,264	\$ 33,236,426	\$ 528,535	\$ (91,668,489)
<i>Support services:</i>					
Administration	4,046,141	-	-	-	(4,046,141)
Attendance and health	2,210,782	-	-	-	(2,210,782)
Transportation	7,078,949	-	-	-	(7,078,949)
Operations and maintenance	13,601,829	65,286	-	27,857	(13,508,686)
Technology	8,938,042	-	-	-	(8,938,042)
Nutrition	5,504,686	2,184,869	2,494,911	-	(824,906)
Interest	1,361,557	-	-	-	(1,361,557)
Payment for future capital	2,200,000	-	-	-	(2,200,000)
Total governmental activities	<u>\$ 171,916,700</u>	<u>\$ 3,791,419</u>	<u>\$ 35,731,337</u>	<u>\$ 556,392</u>	<u>(131,837,552)</u>
<i>General revenues:</i>					
Roanoke County					72,303,722
Non-categorical State aid					56,237,049
Gain on sale of assets					145,868
Miscellaneous					1,073,513
Total general revenues					<u>129,760,152</u>
Change in net position					(2,077,400)
Total net position, beginning					(53,743,150)
Total net position, ending					<u>\$ (55,820,550)</u>

See accompanying notes to basic financial statements.

Roanoke County Public Schools
Balance Sheet
Governmental Funds
June 30, 2020

Exhibit C

	General	Grant	Nutrition	Capital Projects	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 6,244,600	\$ -	\$ 2,880,017	\$ 11,802,934	\$ 20,927,551
Investments	2,129,942	-	982,332	4,025,809	7,138,083
Accounts receivable	97,453	-	20,874	-	118,327
Due from other governments	2,455,764	466,352	106,273	-	3,028,389
Due from other fund	239,132	-	-	-	239,132
Inventory	233,066	-	347,991	-	581,057
Prepaid and other assets	58,092	77,524	-	-	135,616
Total assets	<u>\$ 11,458,049</u>	<u>\$ 543,876</u>	<u>\$ 4,337,487</u>	<u>\$ 15,828,743</u>	<u>\$ 32,168,155</u>
Liabilities					
Accounts payable	\$ 220,396	\$ 71,350	\$ 13,677	\$ 3,170,091	\$ 3,475,514
Accrued liabilities	757,347	6,687	20,248	-	784,282
Unearned revenues	-	313,847	215,985	-	529,832
Due to other fund	-	239,132	-	-	239,132
Total liabilities	<u>977,743</u>	<u>631,016</u>	<u>249,910</u>	<u>3,170,091</u>	<u>5,028,760</u>
Deferred inflows of resources					
Unavailable revenue	841,623	-	-	-	841,623
Total deferred inflows of resources	<u>841,623</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>841,623</u>
Fund balances					
<i>Nonspendable:</i>					
Inventory	233,066	-	347,991	-	581,057
<i>Restricted for:</i>					
Emergency contingency	2,000,000	-	-	-	2,000,000
Nutrition	-	-	3,739,586	-	3,739,586
<i>Committed to:</i>					
Instruction	2,520,486	-	-	12,658,652	15,179,138
Administration	59,010	-	-	-	59,010
Attendance and health	52,581	-	-	-	52,581
Transportation	1,013,874	-	-	-	1,013,874
Operations and maintenance	162,781	-	-	-	162,781
Technology	1,848,547	-	-	-	1,848,547
Nutrition	144,377	-	-	-	144,377
Capital outlay	1,603,961	-	-	-	1,603,961
<i>Unassigned</i>	-	(87,140)	-	-	(87,140)
Total fund balances	<u>9,638,683</u>	<u>(87,140)</u>	<u>4,087,577</u>	<u>12,658,652</u>	<u>26,297,772</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,458,049</u>	<u>\$ 543,876</u>	<u>\$ 4,337,487</u>	<u>\$ 15,828,743</u>	<u>\$ 32,168,155</u>

See accompanying notes to basic financial statements.

Roanoke County Public Schools
Reconciliation of the Balance Sheet
to the Statement of Net Position
June 30, 2020

Exhibit D

Total fund balances - total governmental funds (Exhibit C) \$ 26,297,772

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 (Exhibit G). 9,369,694

Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the governmental funds (Note 5). 57,151,085

Revenues earned but not considered available are not current financial resources and, therefore, are not reported in the governmental funds (Note 7). 841,623

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:

Net asset from pension (Note 10)	793,372
Compensated absences (Note 8)	(2,642,055)
Net liability from pension (Note 10)	(122,684,122)
Net liability from other postemployment benefit provided by Virginia Retirement System (Note 11)	(18,809,967)
Net liability from other postemployment benefit provided by Roanoke County Public Schools (Note 12)	(10,223,547)

Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the governmental funds:

Deferred outflows of resources:

Pension (Note 10)	26,795,502
Other postemployment benefit provided by Virginia Retirement System (Note 11)	2,869,438
Other postemployment benefit provided by Roanoke County Public Schools (Note 12)	734,251

Deferred inflows of resources:

Pension (Note 10)	(16,000,711)
Other postemployment benefit provided by Virginia Retirement System (Note 11)	(1,350,478)
Other postemployment benefit provided by Roanoke County Public Schools (Note 12)	(8,962,407)

Net position of governmental activities (Exhibit A)	\$ (55,820,550)
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Roanoke County Public Schools
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

Exhibit E

	General	Grant	Nutrition	Capital Projects	Total Governmental Funds
Revenues					
<i>Intergovernmental:</i>					
Roanoke County	\$ 72,303,722	\$ -	\$ -	\$ 528,535	\$ 72,832,257
Commonwealth of Virginia	82,024,606	908,564	123,453	-	83,056,623
Federal government	1,334,223	4,824,708	3,075,285	-	9,234,216
Charges for services	1,012,341	-	2,184,869	-	3,197,210
Investment income	283,310	-	59,713	-	343,023
Miscellaneous	481,618	10,723	48,855	51,307	592,503
Total revenues	<u>157,439,820</u>	<u>5,743,995</u>	<u>5,492,175</u>	<u>579,842</u>	<u>169,255,832</u>
Expenditures					
<i>Current:</i>					
Instruction	111,664,987	5,470,131	-	39,200	117,174,318
Administration	3,557,399	2,557	-	-	3,559,956
Attendance and health	2,009,920	101,680	-	-	2,111,600
Transportation	7,049,944	1,362	-	9,693	7,060,999
Operations and maintenance	11,851,500	56,833	-	1,261,454	13,169,787
Technology	8,568,091	174,156	-	310,820	9,053,067
Nutrition	12,752	24,416	5,393,675	-	5,430,843
<i>Debt service:</i>					
Principal	2,763,788	-	-	-	2,763,788
Interest	1,361,557	-	-	-	1,361,557
Payment for future capital	2,200,000	-	-	-	2,200,000
Capital outlay	200,021	-	-	8,300,766	8,500,787
Total expenditures	<u>151,239,959</u>	<u>5,831,135</u>	<u>5,393,675</u>	<u>9,921,933</u>	<u>172,386,702</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,199,861</u>	<u>(87,140)</u>	<u>98,500</u>	<u>(9,342,091)</u>	<u>(3,130,870)</u>
Other financing sources (uses)					
Proceeds from sale of property	136,870	-	-	8,998	145,868
Transfers in	-	-	-	6,101,206	6,101,206
Transfers out	(6,157,830)	-	-	-	(6,157,830)
Total other financing sources (uses), net	<u>(6,020,960)</u>	<u>-</u>	<u>-</u>	<u>6,110,204</u>	<u>89,244</u>
Net change in fund balances	178,901	(87,140)	98,500	(3,231,887)	(3,041,626)
Total fund balances, beginning	<u>9,459,782</u>	<u>-</u>	<u>3,989,077</u>	<u>15,890,539</u>	<u>29,339,398</u>
Total fund balances, ending	<u>\$ 9,638,683</u>	<u>\$ (87,140)</u>	<u>\$ 4,087,577</u>	<u>\$ 12,658,652</u>	<u>\$ 26,297,772</u>

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, 2020

Exhibit F

Net change in fund balances - total governmental funds (Exhibit E) \$ (3,041,626)

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). 1,695,602

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	9,742,271
Capital donated by County, Schools, and Parent Organizations	27,857
Depreciation expense	(5,584,090)
Expenditure of asbestos abatement	(252,000)

Revenues earned but not considered available in the Statement of Activities are not reported as revenues in governmental funds. This is the amount by which the current year amount exceeds the prior year available resources (Note 7). 251,779

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

Compensated absences (Note 8)	(158,723)
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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	10,006,017
Cost of benefits earned net of employee contributions	(10,394,782)

Governmental funds report other postemployment benefit provided by Virginia Retirement System contributions as expenditures. However, in the Statement of Activities, the cost of other postemployment benefit provided by Virginia Retirement System benefits earned net of employee contributions is reported as pension expense (Note 11).

Deferred outflows of resources	803,890
Cost of benefits earned net of employee contributions	(497,445)

Governmental funds report other postemployment benefit provided by Roanoke County Public Schools contributions as expenditures. However, in the Statement of Activities, the cost of other postemployment benefit provided by Roanoke County Public Schools benefits earned net of employee contributions is reported as pension expense (Note 12).

Deferred outflows of resources	(288,855)
Cost of benefits earned net of employee contributions	(4,387,295)

Change in net position of governmental activities (Exhibit B) \$ (2,077,400)

See accompanying notes to basic financial statements.

Roanoke County Public Schools
Statement of Net Position
Proprietary Funds
June 30, 2020

Exhibit G

	<u>Internal Service Funds</u>
Assets	
<i>Current assets:</i>	
Cash and cash equivalents	\$ 11,409,627
Accounts receivable	157,862
Due from other governments	95,354
Total assets	<u>11,664,035</u>
 Liabilities	
<i>Current liabilities:</i>	
Accounts payable	13,113
Claims payable	1,698,474
Total current liabilities	<u>1,712,779</u>
 <i>Noncurrent liabilities:</i>	
Claims payable	581,562
Total noncurrent liabilities	<u>581,562</u>
 Total liabilities	<u>2,294,341</u>
 Net Position	
Unrestricted	9,369,694
Total net position	<u><u>\$ 9,369,694</u></u>

See accompanying notes to basic financial statements.

Roanoke County Public Schools
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

Exhibit H

	<u>Internal Service Funds</u>
Operating revenues	
Charges for services	\$ 21,071,592
Total operating revenues	<u>21,071,592</u>
Operating expenses	
Claims	16,822,728
Reinsurance costs	1,092,336
Wellness and HRA benefits	1,445,275
Administrative charges and taxes	230,239
Total operating expenses	<u>19,590,578</u>
Operating income	<u>1,481,014</u>
Nonoperating revenues	
Interest and dividend income	<u>157,964</u>
Net nonoperating revenues	<u>157,964</u>
Income before transfers	<u>1,638,978</u>
Transfers	
Transfers In	<u>56,624</u>
Net transfers	<u>56,624</u>
Change in net position	1,695,602
Total net position, beginning	<u>7,674,092</u>
Total net position, ending	<u><u>\$ 9,369,694</u></u>

See accompanying notes to basic financial statements.

Roanoke County Public Schools
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

Exhibit I

	Internal Service Funds
Operating activities	
Cash received from interfund services provided	\$ 21,197,531
Payments to suppliers	(1,473,750)
Payments from suppliers	(95,354)
Claims paid	(16,891,515)
Other payments	(1,445,275)
Net cash provided by operating activities	<u>1,291,637</u>
Noncapital financing activities	
Transfers from other funds	<u>56,624</u>
Net cash provided by noncapital financing activities	<u>56,624</u>
Investing activities	
Interest and dividend income	<u>157,964</u>
Net cash provided by investing activities	<u>157,964</u>
Net increase in cash and cash equivalents	1,506,225
Cash and cash equivalents, beginning	<u>9,903,402</u>
Cash and cash equivalents, ending	<u><u>\$ 11,409,627</u></u>
<u>Reconciliation of operating income to net cash provided by operating activities</u>	
Operating income	\$ 1,481,014
<i>Adjustments to reconcile operating income to net cash provided by operating activities:</i>	
<i>Decrease (increase) in assets:</i>	
Accounts receivable	125,939
Due from other governments	(95,354)
<i>Increase (decrease) in liabilities:</i>	
Accounts payable	(151,175)
Claims payable	(68,787)
Net cash provided by operating activities	<u><u>\$ 1,291,637</u></u>

See accompanying notes to basic financial statements.

Roanoke County Public Schools
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

Exhibit J

	OPEB Trust	Agency
Assets		
Cash and cash equivalents	\$ -	\$ 2,210,573
<i>Investments held by trustee, at fair value</i>		
Other pooled funds	1,083,783	-
Total assets	<u>\$ 1,083,783</u>	<u>\$ 2,210,573</u>
Liabilities		
Due to student groups	\$ -	\$ 2,210,573
Total liabilities	<u>-</u>	<u>\$ 2,210,573</u>
Net Position		
Net position restricted for other postemployment benefits	<u>\$ 1,083,783</u>	

See accompanying notes to basic financial statements.

Roanoke County Public Schools
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2020

Exhibit K

	OPEB Trust
Additions	
Employer contributions	\$ 92,290
<i>Investment income:</i>	
Increase in fair value of investments	29,896
Interest and dividends	469
Less investment expenses	(1,592)
Total additions	<u>121,063</u>
Deductions	<u>-</u>
Net increase in net position	121,063
Net position restricted for other postemployment benefits, beginning	962,720
Net position restricted for other postemployment benefits, ending	<u><u>\$ 1,083,783</u></u>

See accompanying notes to basic financial statements.

Roanoke County Public Schools
Notes to Basic Financial Statements
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Roanoke County Public Schools (School Division) was established in 1870 to provide educational opportunities to the residents of the County of Roanoke, Virginia (County). The accounting policies of the School Division 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 (Commonwealth) 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 Division and employs a superintendent to implement the School Board's policies. The mission of the School Division is to provide a safe, nurturing, and engaging environment in which students are empowered by knowledge, skills, and experiences to thrive as tomorrow's leaders, workforce, and citizens.

The School Division 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 Division's budget, levies the necessary taxes to finance operations, and issues debt on behalf of the School Division. During the current year, the County provided \$72,303,722 of operating support and \$528,535 of capital support to the School Division and made debt service payments of \$13,262,751 on behalf of the School Division.

FINANCIAL REPORTING MODEL

GAAP establishes accounting and financial reporting standards for general purpose external financial reporting by state and local governments. The School Division'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 Division, except for the fiduciary funds.

The **Statement of Net Position** is designed to display the financial position of the School Division on the accrual basis of accounting. This approach incorporates capital assets and long-term liabilities. The School Division'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 Division's functions are self-financing or draw from the general revenues of the School Division.

Roanoke County Public Schools
Notes to Basic Financial Statements
June 30, 2020

Fund Financial Statements – These statements provide information about the School Division'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. All of the School Division's funds are considered major governmental funds.

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

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 *Nutrition Fund* is a special revenue fund used to account for activities of the nutrition program.
- 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.

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, and risk management and are provided to other departments on a cost-reimbursement basis.

Fiduciary Funds account for assets held either by a trustee or by the School Division 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.

Roanoke County Public Schools
Notes to Basic Financial Statements
June 30, 2020

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 Division 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 Division'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 Division and many other governments revise their original budgets over the course of the year for a variety of reasons. The School Division adopts annual budgets for the General Fund, Grant Fund, Capital Projects Fund, and Nutrition 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 Division'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.

Roanoke County Public Schools
Notes to Basic Financial Statements
June 30, 2020

Deposits and Investments – All non-fiduciary monies of the School Division 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 2020. 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 the specific program 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 and are offset by nonspendable fund balance. 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. Nutrition fund inventories consist of USDA Commodities, purchased food, and other supplies used to serve meals and are offset by committed fund balance. 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.

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 Division 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 Division includes the cost of certain intangible assets with a definite life in the appropriate asset class.

Roanoke County Public Schools
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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:	<table> <tr> <th><u>Asset Class</u></th><th><u>Estimated Useful Lives</u></th></tr> <tr> <td>Buildings</td><td>40 years</td></tr> <tr> <td>Building improvements</td><td>10 years</td></tr> <tr> <td>Furniture and equipment</td><td>3 – 20 years</td></tr> </table>	<u>Asset Class</u>	<u>Estimated Useful Lives</u>	Buildings	40 years	Building improvements	10 years	Furniture and equipment	3 – 20 years
<u>Asset Class</u>	<u>Estimated Useful Lives</u>								
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 Division 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, amounts relate to the Pension Plan, Teacher Employee Health Insurance Credit Program, Group Life Insurance Program, and the Other Postemployment Benefits Plan. The amount includes changes in assumptions, the net difference between projected and actual experience, changes in proportion and differences between employer contributions and proportionate share of contributions, and the employer contributions subsequent to the measurement date for these benefits. Changes in deferred outflows of resources, except contributions subsequent to the measurement date, are amortized over the remaining service life of all plan participants.

Compensated Absences – The School Division 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 Virginia Retirement System (VRS) Teacher Employee Retirement Plan (Teacher Plan) is a multiple employer, cost-sharing plan. The VRS Political Subdivision Retirement Plan (Non-Professional Plan) 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 Plan and Non-Professional Plan and the additions to/deductions from the Teacher 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.

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

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

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

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

Other Postemployment Benefits Plan – The School Division participates in an other 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.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Retiree Medical Plan, and additions to/deductions from the fiduciary net position, the School Division recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

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, amounts relate to the Pension Plan, Teacher Employee Health Insurance Credit Program, Group Life Insurance Program, and the Other Postemployment Benefits Plan. The amount includes changes in assumptions, the net difference between projected and actual experience, the net difference between projected and actual investment earnings, and changes in proportion and differences

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between employer contributions and proportionate share of contributions. Changes in deferred inflows of resources are amortized over the remaining service life of all plan participants.

In the governmental fund statement, sales tax revenues collected in August are included in total due from other governments and since the availability criterion of 30 days has not been met, it is recorded as a deferred inflow of resources rather than as a revenue.

Debt Service – The School Division makes payments to the County to fund a portion of the principal and interest for tenancy in common assets and to fund future capital needs.

Encumbrances – The School Division 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 Division 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:

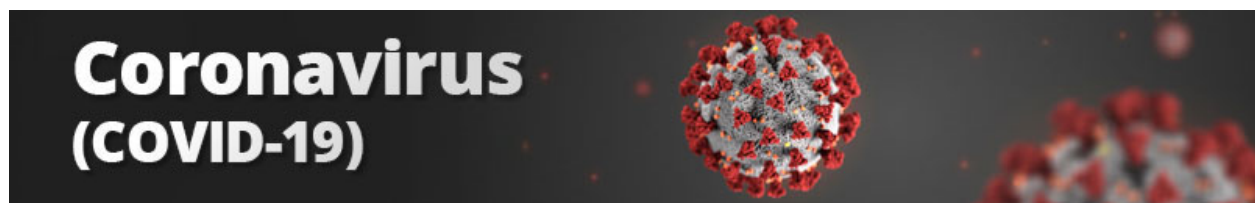
- *Nonspendable Fund Balance* – This amount cannot be spent because it is either not in spendable form or it is legally or contractually required to be maintained intact. The School Division has inventory balances at year-end that are nonspendable.
- *Restricted Fund Balance* – This amount is subject 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 Division 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.

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- *Unassigned Fund Balance* – This amount has no spending restrictions under any of the preceding four classifications. The School Division 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 Division 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 Division policy considers fund balances to be exhausted in the order listed.

Use of Estimates – Management of the School Division has made a number of estimates and assumptions relating to the reporting of assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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.



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

Governor Ralph Northam issued stay-at-home and social distancing orders during March 2020 to slow the transmission of the virus and allow hospitals the capacity to manage critical patients. Immediately, brick-and-mortar businesses closed to comply with these orders. With the closure of a significant number of businesses, the economy took a swift downturn to recession levels that come second only to the Great Depression of 1929-1939. This situation has depressed the tax bases and other areas in which the Commonwealth and County receive revenue. Further it has limited the ability for these governments to raise taxes, assess fees, and access the capital markets that have been directly impacted

Since the School Division relies significantly upon revenue from the Commonwealth and the County, the financial condition and liquidity may be negatively impacted for the fiscal year 2021. Additionally, access to grants and contracts from federal and state governments may decrease or may not be available depending on appropriations.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on the School Division’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the School Division is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2020.

Roanoke County Public Schools
Notes to Basic Financial Statements
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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 Division. The carrying value of the School Division's share of deposits and investments as of June 30, 2020 is as follows:

	Governmental Activities	Governmental Funds	Internal Service Funds	Fiduciary Funds	Total Funds
Cash and cash equivalents	\$ 32,337,178	\$ 20,927,551	\$ 11,409,627	\$ 2,210,573	\$ 34,547,751
Investments	7,138,083	7,138,083	-	-	7,138,083
Other pooled funds	-	-	-	1,083,783	1,083,783
	<u>\$ 39,475,261</u>	<u>\$ 28,065,634</u>	<u>\$ 11,409,627</u>	<u>\$ 3,294,356</u>	<u>\$ 42,769,617</u>

The investment in other pooled funds categorizes its investments within the fair value hierarchy established by general accepted accounting principles. A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the NAV (Net Asset Value) 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 Division's share of deposits and investments as of June 30, 2020 is as follows:

	Credit Rating	Original Investment Maturity		Fair Value/NAV
		< 1 year	1-2 years	
Demand and time deposits	N/A	\$ 7,815,896	\$ -	\$ 7,815,896
Money market mutual funds	AAAm	14,880,719	-	14,880,719
Virginia LGIP	AAAm	11,851,136	-	11,851,136
Federal agency bonds and notes	AAA	-	7,138,083	7,138,083
Investment in other pooled funds	AAA-CAA	1,083,783	-	1,083,783
		<u>\$ 35,631,534</u>	<u>\$ 7,138,083</u>	<u>\$ 42,769,617</u>

Fair Value – The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The School Division has the following recurring fair value measurements as of June 30, 2020:

	Level 1	Level 2	Level 3	Total
Debt Securities				
U.S. governmental bonds and notes	\$ -	\$ 7,138,083	\$ -	\$ 7,138,083
	<u>\$ -</u>	<u>\$ 7,138,083</u>	<u>\$ -</u>	<u>\$ 7,138,083</u>

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

Roanoke County Public Schools
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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%

Roanoke County Public Schools
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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, 2020, the portion of the County and School Division'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 Farm Credit Bank	15.07%

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, 2020, with the exception of the LOSAP funds, 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, 2020, the County and School Division had no investments with a maturity greater than 24 months.

Roanoke County Public Schools
Notes to Basic Financial Statements
June 30, 2020

3. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments as of June 30, 2020 are as follows:

	Total Governmental Activities	General	Grant	Nutrition	Total Governmental Funds	Total Internal Service Funds
Federal	\$ 944,694	\$ 398,634	\$ 439,787	\$ 106,273	\$ 944,694	\$ -
State	2,179,049	2,057,130	26,565	-	2,083,695	95,354
	<u>\$ 3,123,743</u>	<u>\$ 2,455,764</u>	<u>\$ 466,352</u>	<u>\$ 106,273</u>	<u>\$ 3,028,389</u>	<u>\$ 95,354</u>

A significant portion of amounts due to the General Fund is attributed to the State sales tax due to the School Division 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. Other amounts include the Federal E-rate reimbursement, which assists schools in obtaining affordable telecommunications and information services.

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 Internal Service Funds include health and dental insurance premiums due from Virginia Retirement Systems.

4. INTERFUND BALANCES AND TRANSFERS

An interfund balance for a temporary loan as of June 30, 2020 includes \$239,132 due from the Grant Fund to the General Fund to cover a timing difference between grant reimbursement receipts and expenditures. The balance has subsequently been repaid.

Interfund transfers for the year ended June 30, 2020 were as follows:

Transfer from	Transfers To		
	Capital Projects	Internal Service	Total
General	\$ 6,101,206	\$ 56,624	\$ 6,157,830
	<u>\$ 6,101,206</u>	<u>\$ 56,624</u>	<u>\$ 6,157,830</u>

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.

Roanoke County Public Schools
Notes to Basic Financial Statements
June 30, 2020

5. CAPITAL ASSETS

The School Division's capital asset activity for the year ended June 30, 2020 was as follows:

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets, nondepreciable:				
Land	\$ 5,683,473	\$ -	\$ -	\$ 5,683,473
Construction in progress	3,585,325	7,420,151	(1,779,604)	9,225,872
Capital assets, nondepreciable	<u>9,268,798</u>	<u>7,420,151</u>	<u>(1,779,604)</u>	<u>14,909,345</u>
Capital assets, depreciable:				
Buildings and improvements	91,532,121	2,065,329	(717,535)	92,879,915
Furniture and equipment	42,283,448	1,812,252	(1,210,631)	42,885,069
Capital assets, depreciable	<u>133,815,569</u>	<u>3,877,581</u>	<u>(1,928,166)</u>	<u>135,764,984</u>
Accumulated depreciation:				
Buildings and improvements	(58,591,567)	(2,765,008)	717,535	(60,639,040)
Furniture and equipment	(31,275,753)	(2,819,082)	1,210,631	(32,884,204)
Accumulated depreciation	<u>(89,867,320)</u>	<u>(5,584,090)</u>	<u>1,928,166</u>	<u>(93,523,244)</u>
Capital assets, depreciable, net	<u>43,948,249</u>	<u>(1,706,509)</u>	<u>-</u>	<u>42,241,740</u>
Capital assets, net	<u>\$ 53,217,047</u>	<u>\$ 5,713,642</u>	<u>\$ (1,779,604)</u>	<u>\$ 57,151,085</u>

Depreciation expense charged to function/program activities for the year ended June 30, 2020 was as follows:

Instruction	\$ 4,344,534
Administration	310,636
Transportation	824,157
Operations and maintenance	31,551
Nutrition	73,212
	<u>\$ 5,584,090</u>

As of June 30, 2020, the County's government-wide financial statements included school capital assets and related debt outstanding of \$213,944,562 and \$83,061,766, respectively, related to tenancy in common assets.

Roanoke County Public Schools
Notes to Basic Financial Statements
June 30, 2020

6. OPERATING LEASE

The School Division has a lease agreement for technology equipment. Each agreement is for a five-year term and is subject to approval of available funds on an annual basis. Under the lease agreement, the School Division pays annual rent, which was \$2,548,803 for year ended June 30, 2020. The future minimum operating lease commitments as of June 30, 2020 are as follows:

Fiscal Year	Total
June 30, 2021	\$ 2,106,619
June 30, 2022	\$ 1,704,521
June 30, 2023	\$ 1,167,324
June 30, 2024	\$ 677,583

7. UNEARNED AND UNAVAILABLE REVENUES

Unearned revenues as of June 30, 2020 are as follows:

	Total Governmental Activities	Grants	Nutrition	Total Governmental Funds
Charges for services	\$ 215,985	\$ -	\$ 215,985	\$ 215,985
Other revenue	313,847	313,847	-	313,847
Unearned Revenues	<u>\$ 529,832</u>	<u>\$ 313,847</u>	<u>\$ 215,985</u>	<u>\$ 529,832</u>

Unearned charges for services include prepayments on student and adult meal 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, 2020 are \$841,623 and include June sales taxes received in August.

8. LONG-TERM LIABILITIES

The change in the School Division's long-term liabilities for the year ended June 30, 2020 was as follows:

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020	Due Within One Year
Claims payable	\$ 2,348,823	\$ 15,219,738	\$ (15,288,525)	\$ 2,280,036	\$ 1,698,474
Compensated absences	2,483,332	1,327,325	(1,168,602)	2,642,055	726,635
Net pension liability	112,596,000	48,961,700	(38,873,578)	122,684,122	-
Net OPEB liability					
provided by VRS	18,502,000	2,527,767	(2,219,800)	18,809,967	-
Net OPEB liability					
provided by RCPS	10,012,145	918,510	(707,108)	10,223,547	-
	<u>\$ 145,942,300</u>	<u>\$ 68,955,040</u>	<u>\$ (58,257,613)</u>	<u>\$ 156,639,727</u>	<u>\$ 2,425,109</u>

The Internal Service Fund is used to liquidate the long-term liabilities for claims payables and net OPEB liabilities, while the General Fund is used to liquidate the long-term liabilities for compensated absences and net pension liability.

Roanoke County Public Schools
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June 30, 2020

9. RISK MANAGEMENT

The School Division 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 Division maintains self-insured Internal Service Funds for health insurance benefits, and workers' compensation claims. The School Division believes it is more cost effective to manage certain risks internally rather than purchase commercial insurance.

Health Insurance – The School Division established a self-insured health insurance program on July 1, 1990. Premiums are paid into the Internal Service Fund from all other funds and school employees. They are based upon claims experience, stop-loss insurance costs, and administrative costs. Interfund premiums are based upon the employees within each fund enrolled in the plan. An excess coverage insurance policy covers each individual's claim exceeding \$200,000. As of June 30, 2020, incurred but not yet reported claims for the School Division are estimated to be \$1,423,036.

Risk Management – The School Division established a self-insured workers' compensation program on July 1, 1990. Premiums are paid into the Internal Service Fund from the General Fund and the Nutrition Fund. They are based upon the claims experience and administrative costs. Interfund premiums are based upon the employees within each fund. An excess coverage insurance policy covers each individual's claim exceeding \$200,000. As of June 30, 2020, the School Division has \$857,000 of accrued liabilities based upon an actuarial estimate and net cash reserves of \$1,345,898 for workers' compensation.

Unpaid claims For the Health Insurance and Risk Management funds 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	Total
Unpaid claims, June 30, 2018	\$ 1,757,826	\$ 882,000	\$ 2,639,826
Incurred claims*	14,471,159	240,864	14,712,023
Claim payments	(14,628,162)	(374,864)	(15,003,026)
Unpaid claims, June 30, 2019	1,600,823	748,000	2,348,823
Incurred claims*	15,108,067	111,671	15,219,738
Claim payments	(15,285,854)	(2,671)	(15,288,525)
Unpaid claims, June 30, 2020	<u>\$ 1,423,036</u>	<u>\$ 857,000</u>	<u>\$ 2,280,036</u>

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

In addition to the self-insurance program, the School Division 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.

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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 Plan) upon employment. All full-time, salaried permanent non-professional employees of the School Division are automatically covered by the 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 pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE

PLAN 1	PLAN 2	HYBRID PLAN
About Plans		
Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	<p>The Hybrid Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> The defined benefit is based on a member's age, service credit 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.

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PLAN 1	PLAN 2	HYBRID PLAN
Eligible Members		
<p>Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p><u>Hybrid Opt-In Election</u> Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Plan during a special election window held January 1 - April 30, 2014.</p> <p>The Hybrid Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan, and remain as Plan 1 or ORP.</p>	<p>Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p><u>Hybrid Opt-In Election</u> Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Plan during a special election window held January 1 - April 30, 2014.</p> <p>The Hybrid Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan, and remain as Plan 1 or ORP.</p>	<p>Employees are in the Hybrid Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> 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		
<p>Employees contribute 5% of their compensation each month to their member contribution account through a pretax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund.</p> <p>The employer makes a separate actuarially determined contribution to VRS for all covered employees.</p> <p>VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Same as Plan 1.</p>	<p>A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer.</p> <p>Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

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

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PLAN 1	PLAN 2	HYBRID PLAN
		<p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distributions not required, except as governed by law.</p>
Calculating the Benefit		
<p>The basic benefit is determined using the average final compensation, service credit and plan multiplier.</p> <p>An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit.</p> <p>In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.</p>	Same as Plan 1.	<p><u>Defined Benefit Component</u> Same as Plan 1.</p> <p><u>Defined Contribution Component</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
Average Final Compensation		
A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier		
The retirement multiplier is a factor used in the formula to determine a final retirement benefit.	Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013.	<p><u>Defined Benefit Component</u> The retirement multiplier for members is 1.00%.</p>

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PLAN 1	PLAN 2	HYBRID PLAN
The retirement multiplier for members is 1.70%	The retirement multiplier for members is 1.65% for service credit earned, purchased, or granted on or after January 1, 2013.	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. <u>Defined Contribution Component</u> Not applicable.
Normal Retirement Age		
Age 65.	Normal Social Security retirement age.	<u>Defined Benefit Component</u> Same as Plan 2. <u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility		
Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.	Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90.	<u>Defined Benefit Component</u> Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service equal 90. <u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility		
Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit	Age 60 with at least five years (60 months) of service credit.	<u>Defined Benefit Component</u> Age 60 with at least five years (60 months) of service credit <u>Defined Contribution Component</u> 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%.	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%.	<u>Defined Benefit Component</u> Same as Plan 2. <u>Defined Contribution Component</u> Not applicable.

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PLAN 1	PLAN 2	HYBRID PLAN
<p><u>Eligibility</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><u>Exceptions to COLA Effective Dates</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • 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. <p>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.</p>	<p><u>Eligibility</u> Same as Plan 1.</p> <p><u>Exceptions to COLA Effective Dates</u> Same as Plan 1.</p>	<p><u>Eligibility</u> Same as Plan 1.</p> <p><u>Exceptions to COLA Effective Dates</u> Same as Plan 1.</p>

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PLAN 1	PLAN 2	HYBRID PLAN
Disability Coverage		
Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased, or granted.	Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.	Employees of 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 service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	Same as Plan 1.	<p><u>Defined Benefit Component</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> Hybrid Plan members are ineligible for ported service. <p><u>Defined Contribution Component</u> Not applicable.</p>

Pension Plan Data – 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 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Employees Covered by Benefit Terms – As of the June 30, 2018 actuarial valuation the following employees in the Non-Professional Plan were covered by the benefit terms of the pension plan:

Inactive members or their beneficiaries currently receiving benefits	421
<i>Inactive members:</i>	
Vested inactive members	114
Non-vested inactive members	173
Active elsewhere in VRS	103
Total inactive members	390
Active members	96
Total covered employees	907

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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 the full 5.00% member contribution was assumed by the School Division.

The School Division's contractually required employer contribution rates for the year ended June 30, 2020 were 15.68% and 1.92% of covered employee compensation for the Teacher and Non-Professional Plans, respectively. These rates were based on actuarially determined rates from actuarial valuations as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

For years ended June 30, 2019 and June 30, 2020, the actual contribution rates and total amount contributed for the VRS retirement plans were as follows:

	Teacher Plan		Non-Professional Plan	
	Contractually Required Rate	Amount of Contribution	Contractually Required Rate	Amount of Contribution
For the Year Ended June 30, 2019	15.68%	\$ 11,968,521	1.92%	\$ 50,964
For the Year Ended June 30, 2020	15.68%	12,283,727	1.92%	56,224

Pension Liabilities (Asset) – At June 30, 2020, the School Division reported a liability of \$122,684,122 for its proportionate share of the Teacher Plan net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The School Division's proportion of the net pension liability was based on the School Division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2019, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the School Division's proportion was 0.93221% as compared to 0.95745% at June 30, 2018.

At June 30, 2020, the School Division reported a net pension asset of (\$793,372) for the Non-Professional Plan. The Net pension liability (asset) is calculated separately for each employer and represents that particular employer's total pension liability (asset) determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019.

Change in Pension Liability Non-Professional Plan	Total Pension Liability	Fiduciary Net Position	Net Pension (Asset) Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2018	\$ 32,098,842	\$ 33,943,704	\$ (1,844,862)
Changes for the year:			
Service cost	300,766	-	300,766
Interest	2,172,731	-	2,172,731
Changes of assumptions	743,564	-	743,564
Difference between expected and actual experience	190,670	-	190,670
Contributions - employer	-	50,964	(50,964)
Contributions - member	-	144,753	(144,753)
Net investment income	-	2,185,110	(2,185,110)
Benefit payments, including refunds of contributions	(2,119,648)	(2,119,648)	-
Administrative expense	-	(23,221)	23,221
Other	-	(1,365)	1,365
Net changes	1,288,083	236,593	1,051,490
Balances at June 30, 2019	\$ 33,386,925	\$ 34,180,297	\$ (793,372)

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Pension Expense – For the year ended June 30, 2020, the School Division recognized pension expense (benefit) of \$11,549,693 and \$1,151,937 in the Teacher and Non-Professional Plans, respectively. Since there was a change in proportionate share between measurement dates in the Teacher 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, 2020, the School Division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Teacher Plan		Non-Professional Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 7,855,984	\$ -	\$ -
Change in assumptions	12,148,605	-	-	-
Net difference between projected and actual earnings on plan investments	-	2,693,852	436,952	724,976
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,869,994	4,725,899	-	-
Employer contributions subsequent to the measurement date	12,283,727	-	56,224	-
Total	\$ 26,302,326	\$ 15,275,735	\$ 493,176	\$ 724,976

\$12,283,727 and \$56,224 reported as deferred outflows of resources related to pensions resulting from the School Division's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021, for the Teacher and Non-Professional Plans, respectively.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Teacher Plan	Non-Professional Plan
For the Year Ended June 30, 2021	\$ (733,272)	\$ 15,673
For the Year Ended June 30, 2022	(2,793,364)	(323,079)
For the Year Ended June 30, 2023	384,214	(5,169)
For the Year Ended June 30, 2024	1,169,560	24,551
For the Year Ended June 30, 2025	715,726	-
	\$ (1,257,136)	\$ (288,024)

Payable to the Pension Plan – At June 30, 2020, the Teacher and Non-Professional Plans reported payables of \$196,213, and \$3,302, respectively, for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

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Actuarial Assumptions – The total pension liability for the both Teacher and Non-Professional Plans was based on an actuarial valuation as of June 30, 2018, 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, 2019.

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

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

Mortality rates for Teacher Plan

Pre-Retirement.....	RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.
Post-Retirement.....	RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.
Post-Disablement.....	RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

Mortality rates for Non-Professional Retirement Plan – 15% of deaths are assumed to be service related

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

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The actuarial assumptions used in the June 30, 2018 valuation for the both Teacher and Non-Professional Plans were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Net Pension Liability – The net pension liability (NPL) is calculated separately for each school division and represents that particular school division's total pension liability determined in accordance with GAAP, less that school division's fiduciary net position. As of June 30, 2020, NPL amounts for the School Division's participation in the Teacher Plan is as follows:

	<u>Teacher Plan</u>
Total Pension Liability	\$ 463,153,027
Fiduciary Net Position	340,468,905
Net Pension Liability	<u>\$ 122,684,122</u>
Fiduciary Net Position as a Percentage of Total Pension Liability	73.51%

The total pension liability is calculated by the System's actuary, and each school division's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

Pension Plan Fiduciary Net Position – Detailed information about the Teacher Plan's fiduciary net position is available in the separately issued VRS 2019 CAFR, which was previously referenced.

Discount Rate – The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by the school divisions for the Teacher Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 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.

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

Asset Class (Strategy)	Target Allocation	Long-Term Expected Rate of Return	
		Arithmetic	Weighted Average
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
Multi-Asset Public Strategies	6.00%	3.52%	0.21%
Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

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

	1.00% Decrease (5.75%)	Current Rate (6.75%)	1.00% Increase (7.75%)
Teacher Plan	\$ 184,692,918	\$ 122,684,122	\$ 71,414,352
Non-Professional Plan	\$ 2,509,054	\$ (793,372)	\$ (3,473,265)

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11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – VRS

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

Members of the Health Credit Program earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

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

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

OPEB PLAN PROVISIONS BY PLAN STRUCTURE

Health Credit Program	Group Life Program
Eligible Members	
<p>The Health Credit Program was established July 1, 1993, for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> • Full-time permanent (professional) salaried employees of public school divisions covered under VRS. 	<p>The Group Life Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.</p> <p>Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.</p>
Benefit Amounts	
<p>The Health Credit Program provides the following benefits for eligible employees.</p>	<p>The benefits payable under the Group Life Program have several components.</p>

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Health Credit Program	Group Life Program
<p><u>At Retirement</u> For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.</p> <p><u>Disability Retirement</u> For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either:</p> <ul style="list-style-type: none"> • \$4.00 per month, multiplied by twice the amount of service credit, or • \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower. 	<p><u>Natural Death Benefit</u> The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.</p> <p><u>Accidental Death Benefit</u> The accidental death benefit is double the natural death benefit.</p> <p><u>Other Benefit Provisions</u> In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:</p> <ul style="list-style-type: none"> • Accidental dismemberment benefit • Safety belt benefit • Repatriation benefit • Felonious assault benefit • Accelerated death benefit option
Program Notes	
<p>The monthly Health Insurance Credit benefit cannot exceed the individual premium amount.</p> <p>Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.</p>	<p><u>Reduction in Benefit Amounts</u> The benefit amounts provided to members covered under the Group Life Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p> <p><u>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</u> For covered members with at least 30 years of service credit, there is a minimum benefit payable under the Group Life Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for COLA was \$8,463 effective June 30, 2020.</p>

OPEB Plan Data – The System issues a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information for the Health Care and Group Life programs administered by VRS. A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <https://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Contributions – Under the Health Credit Program, the contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Under the Group Life Program, the contribution requirements are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended,

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

Each school division's contractually required employer contribution rate for the year ended June 30, 2020, was 1.20% of covered employee compensation for employees in the Health Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Division to the Health Credit Program were \$963,455 and \$930,288 for the years ended June 30, 2020 and June 30, 2019, respectively.

The total rate for the Group Life Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% ($1.31\% \times 60\%$) and the employer component was 0.52% ($1.31\% \times 40\%$). Although not required, the School Division elected to pay the employee component, which is separate from the contractually required employer component. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the Group Life Program from the entity were \$431,938 and \$419,260 for the years ended June 30, 2020 and June 30, 2019, respectively.

OPEB Liabilities – At June 30, 2020, the School Division reported \$12,114,255 for its proportionate share of the Health Credit Program Net OPEB Liability. The Health Credit Program Net OPEB Liability was measured as of June 30, 2019 and the Health Credit Program total OPEB liability used to calculate the Health Credit Program Net OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The School Division's proportion of the Health Credit Program Net OPEB Liability was based on the School Division's actuarially determined employer contributions to the Health Credit Program OPEB plan for the year ended June 30, 2019, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the School Division's proportion of the Health Credit Program was 0.92539% as compared to 0.95240% at June 30, 2019.

At June 30, 2020, the School Division reported \$6,444,462 and \$251,250 for its proportionate share of the Group Life Program Net OPEB Liability for teachers and non-professional employees, respectively. The Group Life Program Net OPEB Liability was measured as of June 30, 2020 and the Group Life Program total OPEB liability used to calculate the Group Life Program Net OPEB Liability was determined by an actuarial valuation as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Group Life Program Net OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Program for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.39603% and 0.01544% for teachers and non-professional employees, respectively, as compared to 0.40541% and 0.01657% for teachers and non-professional employees, respectively, at June 30, 2019.

OPEB Expense – For the year ended June 30, 2020, the School Division recognized Health Credit Program OPEB expense of \$957,750. In addition, for the year ended June 30, 2020, the School Division recognized

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Group Life Program OPEB expense (benefit) of \$133,119 and \$1,641 for teachers and non-professional employees, respectively. Since there was a change in proportionate share between measurement dates a portion of the Heath Credit Program and Group Life Program OPEB expense was related to deferred amounts from changes in proportion.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans – At June 30, 2020, the School Division reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plans from the following sources:

	Health Credit Program		Group Life Program			
			Teacher Plan		Non-Professional Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 68,617	\$ 428,595	\$ 83,591	\$ 16,710	\$ 3,259
Net difference between projected and actual earnings on plan investments	765	-	-	132,374	-	5,161
Change in assumptions	281,955	84,177	406,866	194,329	15,862	7,576
Changes in proportion and differences between Employer contributions and proportionate share of contributions	190,719	490,568	132,573	261,098	-	19,728
Employer contributions subsequent to the measurement date	963,455	-	416,199	-	15,739	-
Total	\$ 1,436,894	\$ 643,362	\$ 1,384,233	\$ 671,392	\$ 48,311	\$ 35,724

\$963,455, \$416,199, and \$15,739 of deferred outflows of resources resulting from the School Division's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021 for the Health Credit Program, Group Life Program Teacher Plan, and Group Life Program Non-Professional Plan, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB programs will be recognized in OPEB expense as follows:

	Health Credit Program	Group Life Program	
		Teacher Plan	Non-Professional Plan
For the Year Ended June 30, 2021	\$ (27,790)	\$ 6,995	\$ (3,276)
For the Year Ended June 30, 2022	(27,802)	7,000	(3,276)
For the Year Ended June 30, 2023	(22,493)	63,066	(1,090)
For the Year Ended June 30, 2024	(24,270)	93,099	1,645
For the Year Ended June 30, 2025	(34,545)	97,327	2,342
Thereafter	(33,023)	29,155	503
	<u>\$ (169,923)</u>	<u>\$ 296,642</u>	<u>\$ (3,152)</u>

Payable to the OPEB Plans – At June 30, 2020, the Health Credit Program, Group Life Program Teacher Plan, and Group Life Program Non-Professional Plan reported payables of \$15,268, \$16,667 and \$2,872, respectively, for the outstanding amount of contributions to the OPEB plans required for the year ended June 30, 2020.

Actuarial Assumptions – The total OPEB liability for the Health Credit Program and Group Life Program was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method

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and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.50%
Salary increases, including inflation.....	3.50% to 5.95% for Health Credit Program
	3.50% to 5.95% for Group Life Program-Teacher Plan
	3.50% to 5.35% for Group Life Program-Non-Professional Plan
Investment rate of return.....	6.75%, net of pension plan investment expense, including inflation*

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

Mortality rates Health Credit Program and Group Life Program Teacher Plan

Pre-Retirement..... RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement..... RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

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

Mortality rates Group Life Program Non-Professional Plan

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

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

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

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Mortality Rates Updated to a more current mortality table – RP-2014 projected to 2020 (pre-retirement, post-retirement healthy, and disabled)

Retirement Rates Lowered rates at older ages and changed final retirement from 70 to 75

Withdrawal Rates Adjusted rates to better fit experience at each year age and service through 9 years of service (Health Credit Program and Group Life Program Teacher Plan)
Adjusted termination rates to better fit experience at each age and service (Group Life Program Non-Professional Plan)

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

Salary Scale No change

Discount Rate Decrease rate from 7.00% to 6.75%

Net OPEB Liability – The net OPEB liability (NOL) is calculated separately for each school division and represents that particular division’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the School Division’s participation in the OPEB Plans is as follows:

	Health Credit Program	Group Life Program	
		Teacher Plan	Non-Professional Plan
Total OPEB Liability	\$ 13,308,156	\$ 13,426,360	\$ 523,453
Fiduciary Net Position	1,193,901	6,981,898	272,203
Net OPEB Liability	<u>\$ 12,114,255</u>	<u>\$ 6,444,462</u>	<u>\$ 251,250</u>
Fiduciary Net Position as a			
Percentage of Total OPEB Liability	8.97%	52.00%	52.00%

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

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB Plan’s fiduciary net position is available in the separately issued VRS 2019 CAFR, which was previously referenced.

Discount Rate – The discount rate used to measure the total OPEB liability was 6.75%. For the Health Credit Program, the projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. For the Group Life Program, The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by the school division for the OPEB Programs will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rates. From July 1, 2019 on, school divisions are assumed to contribute 100% of

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the actuarially determined contribution rates. Based on those assumptions, the OPEB program's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employee for the Health Credit Program and eligible employees for the Group Life Program. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

Asset Class (Strategy)	Target Allocation	Long-Term Expected Rate of Return	
		Arithmetic	Weighted Average
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
Multi-Asset Public Strategies	6.00%	3.52%	0.21%
Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

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

	1.00% Decrease (5.75%)	Current Rate (6.75%)	1.00% Increase (7.75%)
School System's proportionate share of the OPEB Liability			
Health Credit Program	\$ 13,557,911	\$ 12,114,255	\$ 10,887,871
Group Life Program: Teacher Plan	8,466,239	6,444,462	4,804,857
Group Life Program: Non-Professional Plan	330,073	251,250	187,327

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12. OTHER POSTEMPLOYMENT BENEFITS PLAN – RCPS (EMPLOYER RECOGNITION OF THE OPEB PLAN)

Plan Description – The School Division 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 Division’s self-insured health insurance program. Information for the June 30, 2020 School Division Retiree Medical Plan balances are based on the June 30, 2020 actuarial valuation with a measurement date of June 30, 2020.

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

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

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

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

Employees Covered by Benefit Terms – As of the valuation and measurement date of June 30, 2020, the following employees were covered by the benefit terms in the Retiree Medical Plan:

Inactive employees or beneficiaries currently receiving benefits	108
Active employees	<u>1,779</u>
Total covered employees	<u><u>1,887</u></u>

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

For the year ended June 30, 2020, the School Division’s average contribution rate was 1.26% of covered employee payroll. The total amount contributed was \$671,774. This rate was based on the actuarially determined rate from the actuarial valuation performed as of June 30, 2020.

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Net OPEB Liability – At June 30, 2020, the Retiree Medical Plan reported a net OPEB liability of \$10,223,547. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2020.

Change in OPEB Liability	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2018	\$ 10,756,321	\$ 744,176	\$ 10,012,145
Changes for the year:			
Service cost	593,436	-	593,436
Interest	323,704	-	323,704
Contributions - employer	-	671,774	(671,774)
Net investment income	-	35,334	(35,334)
Benefit payments, including refunds of contributions	(487,194)	(487,194)	-
Administrative expense	-	(1,370)	1,370
Net changes	429,946	218,544	211,402
Balances at June 30, 2019	\$ 11,186,267	\$ 962,720	\$ 10,223,547

OPEB Expense – For the year ended June 30, 2020, the School Division recognized OPEB expense of \$(57,349).

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – At June 30, 2020, the School Division reported deferred outflows of resources and deferred inflows of resources related to the Retiree Medical Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,897,297
Net difference between projected and actual earnings on plan investments	69,778	19,287
Changes in assumptions	-	6,045,823
Employer contributions subsequent to the measurement date	664,473	-
Total	\$ 734,251	\$ 8,962,407

\$664,473 of deferred outflows of resources resulting from the School Division's contributions subsequent to the measurement date were recognized as a reduction of the OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended June 30, 2020	\$ (1,339,357)
For the Year Ended June 30, 2021	(1,339,355)
For the Year Ended June 30, 2022	(1,332,933)
For the Year Ended June 30, 2023	(1,330,787)
For the Year Ended June 30, 2024	(1,336,933)
Thereafter	(2,213,264)
	<u>\$ (8,892,629)</u>

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

Inflation	2.50% per annum
Discount rate.....	7.50% as of June 30, 2020 per annum
	2.98% as of July 1, 2019 for accounting disclosure purposes
Salary increases.....	3.50% per annum plus a step-rate/promotional component
	based on the VRS actuarial valuation as of June 30, 2019
Investment rate of return.....	7.50% per annum
Medical cost trend rate.....	7.50% graded down to 5.0% over 8 years beginning in 2021.

Mortality rates

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

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

- The percentage of health care coverage election rate was updated from 42.5% to 60%.
- The mortality assumptions were updated from the RP-2000 to the SOA Pub-2010.
- The payroll growth was updated from a flat 2.00% annually to follow the most recent tables provided in the VRS actuarial report as of June 30, 2020.
- Retirement rates have been updated to follow the most recent tables provided in the VRS actuarial valuation as of June 30, 2019, including a distinction between Plan 1 and Plan 2/Hybrid members following the VRS tables.
- Termination rates and disability rates have been updated to follow the most recent tables provided in the VRS actuarial valuation as of June 30, 2019.
- Health care trend rates have been updated from an initial rate of 7.5% decreasing by 0.25% annually to an ultimate rate of 5.0% to an initial rate of 8.0% decreasing by 0.5% annually down to an ultimate rate of 4.5%.
- Spousal coverage election rate has been updated from 8.8% to 15%.
- The discount rate has been updated as of June 30, 2020 (measurement date) based on the long term rate of return information for the Trust's target investment policy provided by the Virginia Pooled OPEB Trust Fund CAFR as of June 30, 2020. The discount rate is 2.98% as of July 1, 2019 and 7.50% as of June 30, 2020 for accounting disclosure purposes.

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Net OPEB Liability – The net OPEB liability (NOL) for the Retiree Medical Plan represents its total OPEB liability calculated by the actuary in accordance with GASB Statement No. 74 less the fiduciary net position. As of June 30, 2020, NOL amounts are as follows:

Total OPEB Liability	\$ 11,186,267
Fiduciary Net Position	<u>962,720</u>
Net OPEB Liability	<u><u>\$ 10,223,547</u></u>

Fiduciary Net Position as a	
Percentage of Total OPEB Liability	8.61%

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%	11.01%	2.86%
Small Cap Equity (Domestic)	10.00%	12.27%	1.23%
International Equity (Developed)	13.00%	11.99%	1.56%
Emerging Markets	5.00%	13.28%	0.66%
Private Equity	5.00%	13.64%	0.68%
Core Bonds	7.00%	6.22%	0.44%
Core Plus	14.00%	6.49%	0.91%
Diversified Hedge Funds	10.00%	9.74%	0.97%
Private Core Real Estate	5.00%	9.39%	0.47%
Private Value Add Real Estate	2.00%	10.63%	0.21%
Commodities	3.00%	5.66%	0.17%
Total	<u>100.00%</u>		<u>10.16%</u>
		Inflation	<u>3.48%</u>
		*Expected arithmetic nominal return	<u><u>13.64%</u></u>

Benefits will be financed through a combination of accumulated trust funds and on a pay as you go basis until sufficient funds are accumulated in the OPEB trust. Therefore, the discount rate of 2.98 % used to measure the total OPEB liability is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2020.

Roanoke County Public Schools
Notes to Basic Financial Statements
June 30, 2020

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the Retiree Medical Plan's net OPEB liability using the discount rate of 2.98%, as well as what it would be if it were calculated using a discount rate that is one percentage point lower (1.98%) or one percentage point higher (3.98%) than the current rate:

	1.00% Decrease (1.98%)	Current Rate (2.98%)	1.00% Increase (3.98%)
Net OPEB Liability	\$ 11,551,077	\$ 10,223,547	\$ 9,063,931

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following presents the Retiree Medical Plan's net OPEB liability using the health care cost rate of 7.5% decreasing to 5.0% over 10 years, as well as what it would be if it were calculated using a healthcare cost rate that is one percentage point lower (6.5% decreasing to 4.0% over 10 years) or one percentage point higher (8.5% decreasing to 6.0% over 10 years) than the current rate:

	1.00% Decrease (6.5% grading to 4.0% over 10 years)	Current Rate (7.5% grading to 5.0% over 10 years)	1.00% Increase (8.5% grading to 6.0% over 10 years)
Net OPEB Liability	\$ 9,017,491	\$ 10,223,547	\$ 11,686,859

13. OTHER POSTEMPLOYMENT BENEFITS PLAN – RCPS (RETIREE MEDICAL PLAN DISCLOSURES)

The GASB issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, in June 2015. This GASB Statement requires the School Division to report extensive note disclosures and required supplementary information (RSI) about the Retiree Medical Plan since the plan does not issue a separate financial report. Information for these required disclosures and RSI are based on the June 30, 2020 actuarial valuation with measurement date of June 30, 2020. Given this, the information for the Retiree Medical Plan below is one year subsequent to the required Employer Disclosures of the Plan as recognized in the Statement of Net Position and discussed in Note 12.

Employees Covered by Benefit Terms – As of the valuation date of June 30, 2020 and measurement date of June 30, 2020, the following employees were covered by the benefit terms in the Retiree Medical Plan:

Inactive employees or beneficiaries currently receiving benefits	108
Active employees	1,427
Total covered employees	<u>1,535</u>

Contributions – As of the valuation date of June 30, 2020 and a measurement date of June 30, 2020, the School Division's average contribution rate was 0.80% of covered employee payroll. The total amount contributed was \$664,473.

Roanoke County Public Schools
Notes to Basic Financial Statements
June 30, 2020

Net OPEB Liability – As of the valuation date of June 30, 2020 and a measurement date of June 30, 2020, the Retiree Medical Plan reported a net OPEB liability of \$5,790,970.

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

Net OPEB Expense – For the valuation date of June 30, 2020 and measurement date ended June 30, 2020, the School Division recognized OPEB expense of \$172,801.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – As of the valuation date of June 30, 2020 and a measurement date of June 30, 2020, the School Division reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 54,592	\$ 2,415,792
Change in assumptions	-	5,181,356
Net difference between projected and actual earnings on plan investments	-	10,716
Total	\$ 54,592	\$ 7,607,864

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

For the Year Ended June 30, 2021	\$ (1,339,355)
For the Year Ended June 30, 2022	(1,332,933)
For the Year Ended June 30, 2023	(1,330,787)
For the Year Ended June 30, 2024	(1,336,933)
For the Year Ended June 30, 2025	(553,315)
Thereafter	(1,659,949)
	<u>\$ (7,553,272)</u>

Roanoke County Public Schools
Notes to Basic Financial Statements
June 30, 2020

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

Inflation	2.50% per annum
Discount rate.....	7.50% as of June 30, 2020 per annum
Salary increases.....	3.50% per annum plus a step-rate/promotional component based on the VRS actuarial valuation as of June 30, 2019
Investment rate of return.....	7.50% per annum
Medical cost trend rate.....	8.00% graded down to 5.0% over 8 years beginning in 2021.

Mortality rates

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

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

- The percentage of health care coverage election rate was updated from 42.5% to 60%.
- The mortality assumptions were updated from the RP-2000 to the SOA Pub-2010.
- The payroll growth was updated from a flat 2.00% annually to follow the most recent tables provided in the VRS actuarial report as of June 30, 2020.
- Retirement rates have been updated to follow the most recent tables provided in the VRS actuarial valuation as of June 30, 2019, including a distinction between Plan 1 and Plan 2/Hybrid members following the VRS tables.
- Termination rates and disability rates have been updated to follow the most recent tables provided in the VRS actuarial valuation as of June 30, 2019.
- Health care trend rates have been updated from an initial rate of 7.5% decreasing by 0.25% annually to an ultimate rate of 5.0% to an initial rate of 8.0% decreasing by 0.5% annually down to an ultimate rate of 4.5%.
- Spousal coverage election rate has been updated from 8.8% to 15%.
- The discount rate has been updated as of June 30, 2020 (measurement date) based on the long term rate of return information for the Trust's target investment policy provided by the Virginia Pooled OPEB Trust Fund CAFR as of June 30, 2020. The discount rate is 2.98% as of July 1, 2019 and 7.50% as of June 30, 2020 for accounting disclosure purposes.

Net OPEB Liability – The net OPEB liability (NOL) for the Retiree Medical Plan represents its total OPEB liability calculated by the actuary in accordance with GASB Statement No. 74 less the fiduciary net position. As of the valuation date of June 30, 2020 and measurement date of June 30, 2020, NOL amounts are as follows:

Total OPEB Liability	\$ 6,874,753
Fiduciary Net Position	1,083,783
Net OPEB Liability	<u>\$ 5,790,970</u>
Fiduciary Net Position as a Percentage of Total OPEB Liability	15.76%

Roanoke County Public Schools
Notes to Basic Financial Statements
June 30, 2020

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%	11.01%	2.86%
Small Cap Equity (Domestic)	10.00%	12.27%	1.23%
International Equity (Developed)	13.00%	11.99%	1.56%
Emerging Markets	5.00%	13.28%	0.66%
Private Equity	5.00%	13.64%	0.68%
Core Bonds	7.00%	6.22%	0.44%
Core Plus	14.00%	6.49%	0.91%
Diversified Hedge Funds	10.00%	9.74%	0.97%
Private Core Real Estate	5.00%	9.39%	0.47%
Private Value Add Real Estate	2.00%	10.63%	0.21%
Commodities	3.00%	5.66%	0.17%
Total	100.00%		10.16%
		Inflation	3.48%
		*Expected arithmetic nominal return	13.64%

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

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the Retiree Medical Plan's net OPEB liability using the discount rate of 7.5%, as well as what it would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1.00% Decrease (6.5%)	Current Rate (7.5%)	1.00% Increase (8.5%)
Net OPEB Liability	\$ 6,239,057	\$ 5,790,970	\$ 5,369,491

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following presents the Retiree Medical Plan's net OPEB liability using the health care cost rate of 8.0% decreasing to 4.5% over 10 years, as well as what it would be if it were calculated using a healthcare cost rate that is one percentage point lower (7.00% decreasing to 3.5% over 10 years) or one percentage point higher (9.0% decreasing to 5.5% over 10 years) than the current rate:

Roanoke County Public Schools
Notes to Basic Financial Statements
June 30, 2020

	1.00% Decrease (7% grading to 3.5% over 10 years)	Current Rate (8% grading to 4.5% over 10 years)	1.00% Increase (9% grading to 5.5% over 10 years)
Net OPEB Liability	\$ 5,263,464	\$ 5,790,970	\$ 6,404,407

14. COMMITMENTS, CONTINGENCIES AND OTHER

Construction Commitments – The School Division has active construction projects as of June 30, 2020 with commitments with construction contractors as follows:

	Spent to Date	Remaining Contract
Cave Spring High Building Renovation	\$ 5,254,356	\$ 2,611,842
Mountain View Property Fence	19,200	14,650
	<u>\$ 5,273,556</u>	<u>\$ 2,626,492</u>

The Cave Spring High Building Renovation includes amounts funded out of School Funds; the commitments related to the bond funds are included in the County CAFR.

Grant Funds – The School Division participates in a 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 any expenditure was to be disallowed under terms of the grants. Based on prior experience, the School Division's management believes such disallowances, if any, would be immaterial.

Encumbrances – The School Division has open purchase orders in its governmental funds as of June 30, 2020 as follows:

Fund Balance	General	Grant	Nutrition	Capital Projects	Total Governmental Funds
Restricted	\$ -	\$ 634,713	\$ 2,160	\$ -	\$ 636,873
Committed	7,127	-	-	2,777,851	2,784,978
	<u>\$ 7,127</u>	<u>\$ 634,713</u>	<u>\$ 2,160</u>	<u>\$ 2,777,851</u>	<u>\$ 3,421,851</u>

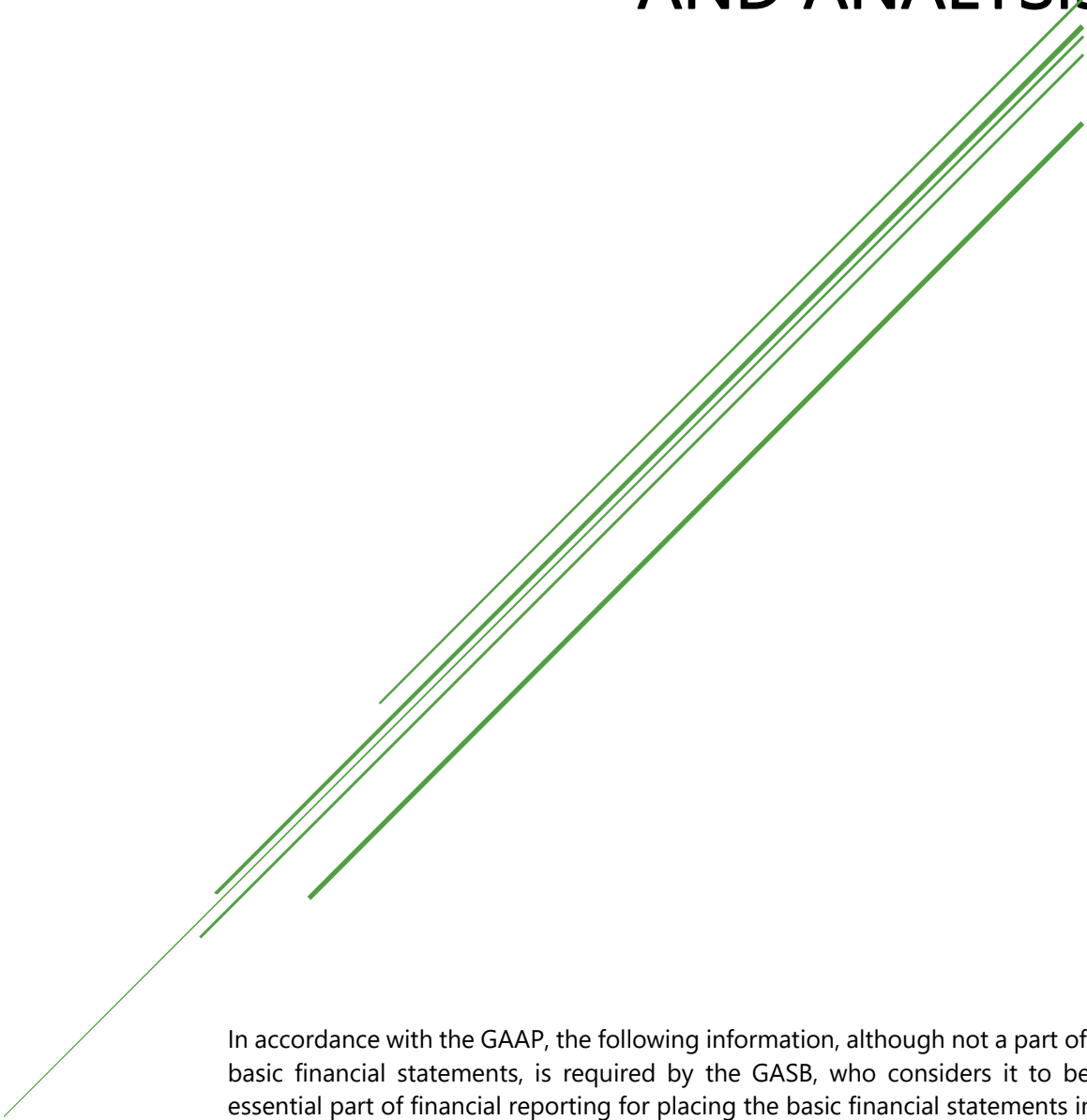
Litigation – The School Division may be contingently liable with respect to lawsuits and other claims, which arise in the ordinary course of its operations. As of June 30, 2020, management believes that the amount of loss, if any, is not material to the School Division's financial position.

15. RELATED PARTIES

Except for the County, which funds a large portion of the School Division budget, the School Division has no other related parties.



REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS

A series of five parallel green lines of varying lengths, slanted diagonally from the bottom left towards the top right, positioned behind the main title and the explanatory text.

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, 2020

Exhibit L
Unaudited

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Revenues	Original	Final	Amounts	
<i>Intergovernmental:</i>				
Roanoke County	\$ 70,499,722	\$ 72,303,722	\$ 72,303,722	\$ -
Commonwealth of Virginia	81,313,815	81,379,283	82,024,606	645,323
Federal government	1,054,576	1,054,576	1,334,223	279,647
Charges for services	944,358	944,358	1,012,341	67,983
Investment income	120,000	120,000	283,310	163,310
Miscellaneous	424,248	358,779	481,618	122,839
Total revenues	<u>154,356,719</u>	<u>156,160,718</u>	<u>157,439,820</u>	<u>1,279,102</u>
Expenditures				
<i>Current:</i>				
Instruction	114,409,784	118,168,625	111,664,987	6,503,638
Administration	4,061,258	4,047,181	3,557,399	489,782
Attendance and health	2,445,565	2,486,170	2,009,920	476,250
Transportation	7,019,340	7,579,734	7,049,944	529,790
Operations and maintenance	12,030,232	12,726,380	11,851,500	874,880
Technology	7,657,368	8,067,907	8,568,091	(500,184)
School nutrition	-	-	12,752	(12,752)
<i>Debt service:</i>				
Principal	2,763,788	2,763,788	2,763,788	-
Interest	1,361,557	1,361,557	1,361,557	-
Payment for future capital	2,200,000	2,200,000	2,200,000	-
Capital outlay	158,430	169,287	200,021	(30,734)
Total expenditures	<u>154,107,322</u>	<u>159,570,629</u>	<u>151,239,959</u>	<u>8,330,670</u>
Excess (deficiency) of revenues over (under) expenditures	<u>249,397</u>	<u>(3,409,911)</u>	<u>6,199,861</u>	<u>(9,609,772)</u>
Other financing sources (uses)				
Proceeds from sale of property	107,960	107,960	136,870	28,910
<i>Transfers:</i>				
Transfers from internal service fund	120,773	-	-	-
Transfers to capital projects fund	(1,085,000)	(6,101,207)	(6,101,206)	1
Transfers to internal service fund	-	(56,624)	(56,624)	-
Total other financing uses, net	<u>(856,267)</u>	<u>(6,049,871)</u>	<u>(6,020,960)</u>	<u>28,911</u>
Net change in fund balances	(606,870)	(9,459,782)	178,901	(9,580,861)
Total fund balances, beginning	606,870	9,459,782	9,459,782	-
Total fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,638,683</u>	<u>\$ (9,580,861)</u>

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, 2020**

Exhibit M
Unaudited

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues				
<i>Intergovernmental:</i>				
Commonwealth of Virginia	\$ 1,042,935	\$ 1,206,410	\$ 908,564	\$ (297,846)
Federal government	5,080,388	6,301,713	4,824,708	(1,477,005)
Miscellaneous	401,000	171,855	10,723	(161,132)
Total revenues	<u>6,524,323</u>	<u>7,679,978</u>	<u>5,743,995</u>	<u>(1,935,983)</u>
Expenditures				
<i>Current:</i>				
Instruction	5,685,122	7,384,025	5,470,131	1,913,894
Administration	-	-	2,557	(2,557)
Attendance and health	8,000	10,618	101,680	(91,062)
Transportation	-	736	1,362	(626)
Operations and maintenance	-	10,321	56,833	(46,512)
Technology	831,201	274,278	174,156	100,122
School nutrition	-	-	24,416	(24,416)
Total expenditures	<u>6,524,323</u>	<u>7,679,978</u>	<u>5,831,135</u>	<u>1,848,843</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(87,140)</u>	<u>(87,140)</u>
Net change in fund balances	-	-	(87,140)	(87,140)
Total fund balances, beginning	-	-	-	-
Total fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (87,140)</u>	<u>\$ (87,140)</u>

See accompanying notes to required supplementary information.

See accompanying independent auditors' report.

Nutrition Fund

Special Revenue Fund

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

The **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 - Nutrition Fund
For the Year Ended June 30, 2020**

Exhibit N
Unaudited

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues				
<i>Intergovernmental:</i>				
Commonwealth of Virginia	\$ 126,814	\$ 126,814	\$ 123,453	\$ (3,361)
Federal government	2,610,000	2,610,000	3,075,285	465,285
Charges for services	3,180,000	3,180,000	2,184,869	(995,131)
Investment income	10,000	10,000	59,713	49,713
Miscellaneous	45,000	45,000	48,855	3,855
Total revenues	<u>5,971,814</u>	<u>5,971,814</u>	<u>5,492,175</u>	<u>(479,639)</u>
Expenditures				
<i>Current:</i>				
School nutrition	<u>5,976,814</u>	<u>9,965,891</u>	<u>5,393,675</u>	<u>4,572,216</u>
Total expenditures	<u>5,976,814</u>	<u>9,965,891</u>	<u>5,393,675</u>	<u>4,572,216</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,000)</u>	<u>(3,994,077)</u>	<u>98,500</u>	<u>4,092,577</u>
Other financing sources				
Proceeds from sale of property	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
Total other financing sources	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
Net change in fund balances	-	(3,989,077)	98,500	4,087,577
Total fund balances, beginning	-	3,989,077	3,989,077	-
Total fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,087,577</u>	<u>\$ 4,087,577</u>

See accompanying notes to required supplementary information.

See accompanying independent auditors' report.

**Roanoke County Public Schools
Virginia Retirement System Teacher Plan
Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2020**

**Exhibit O
Unaudited**

	2015	2016	2017	2018	2019	2020
Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Employer's proportion of the net liability	0.97506%	0.94973%	0.94772%	0.97725%	0.95745%	0.93221%
Employer's proportionate share of the net liability	\$ 117,833,000	\$ 119,536,532	\$ 132,815,000	\$ 120,182,000	\$ 112,596,000	\$ 122,684,122
Employer's covered payroll	\$ 71,286,776	\$ 70,615,294	\$ 72,258,672	\$ 76,745,715	\$ 77,053,264	\$ 77,499,484
Employer's proportionate share of the net liability as a percentage of its covered payroll	165.29%	169.28%	183.80%	156.60%	146.13%	158.30%
Plan fiduciary net position as a percentage of the total liability	70.88%	70.68%	68.28%	72.92%	74.81%	73.51%

Note:

Schedule is intended to show information for 10 years. Since 2020 is the sixth year for this presentation, only six 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
Virginia Retirement System Teacher Plan
Schedule of Employer Contributions
For the Year Ended June 30, 2020**

**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
June 30, 2011	\$ 5,960,142	\$ 2,658,724	\$ (3,301,418)	\$ 67,652,004	3.93%
June 30, 2012	2,699,055	4,347,333	1,648,278	68,678,251	6.33
June 30, 2013	4,573,307	8,424,633	3,851,326	72,248,134	11.66
June 30, 2014	8,312,038	8,312,038	(0)	71,286,776	11.66
June 30, 2015	8,233,743	10,238,755	2,005,012	70,615,294	14.50
June 30, 2016	10,477,507	10,159,568	(317,939)	72,258,672	14.06
June 30, 2017	10,790,448	11,251,117	460,669	76,745,715	14.66
June 30, 2018	11,296,009	12,566,803	1,270,794	77,053,264	16.31
June 30, 2019	12,647,916	11,968,521	(679,395)	77,499,484	15.44
June 30, 2020	12,605,053	12,283,727	(321,326)	80,389,368	15.28

Actuarial assumptions:

Valuation date	Actuarially determined contribution rates are calculated as of June 30,
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	3.50% - 5.95%
Investment rate of return	6.75%
Cost of living adjustment	2.25% - 2.50%

See accompanying notes to required supplementary information.

See accompanying independent auditors' report.

Roanoke County Public Schools
Virginia Retirement System Non-Professional Plan
Schedule of Changes in the Net Pension Liability
For the Year Ended June 30, 2020

Exhibit Q
Unaudited

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

Note:

Schedule is intended to show information for 10 years. Since 2020 is the sixth year for this presentation, only six 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
Virginia Retirement System Non-Professional Plan
Schedule of Employer Contributions
For the Year Ended June 30, 2020

Exhibit R
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
June 30, 2011	\$ 198,834	\$ 198,834	\$ (0)	\$ 6,043,597	3.29%
June 30, 2012	195,583	195,583	(0)	5,944,776	3.29
June 30, 2013	329,979	330,021	42	6,321,440	5.22
June 30, 2014	306,711	306,711	(0)	5,875,694	5.22
June 30, 2015	207,091	207,090	(1)	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
June 30, 2018	65,673	153,066	87,393	3,112,471	4.92
June 30, 2019	58,356	50,964	(7,392)	3,039,400	1.68
June 30, 2020	58,584	56,224	(2,360)	3,051,242	1.84

Actuarial assumptions:

Valuation date	Actuarially determined contribution rates are calculated as of June 30,
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	3.50% - 5.35%
Investment rate of return	6.75%
Cost of living adjustment	2.25% - 2.50%

See accompanying notes to required supplementary information.

See accompanying independent auditors' report.

Roanoke County Public Schools
Virginia Retirement System Health Insurance Credit Program
Schedule of Employer's Share of Net OPEB Liability
For the Year Ended June 30, 2020

Exhibit S
Unaudited

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Measurement Date	6/30/2017	6/30/2018	6/30/2019
Employer's proportion of the net liability	0.97245%	0.95240%	0.92539%
Employer's proportionate share of the net liability	\$ 12,337,000	\$ 12,093,000	\$ 12,114,255
Employer's covered payroll	\$ 76,745,715	\$ 77,053,264	\$ 77,499,484
Employer's proportionate share of the net liability as a percentage of its covered payroll	16.08%	15.69%	15.63%
Plan fiduciary net position as a percentage of the total liability	7.04%	8.08%	8.97%

Note:

Schedule is intended to show information for 10 years. Since 2020 is the third year for this presentation, only three 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
Virginia Retirement System Health Insurance Credit Program
Schedule of Employer Contributions
For the Year Ended June 30, 2020

Exhibit T
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
June 30, 2011	\$ 405,912	\$ 405,912	\$ (0)	\$ 67,652,004	0.60%
June 30, 2012	412,070	412,070	0	68,678,251	0.60
June 30, 2013	801,954	801,962	8	72,248,134	1.11
June 30, 2014	791,283	791,284	1	71,286,776	1.11
June 30, 2015	748,522	748,490	(32)	70,615,294	1.06
June 30, 2016	765,942	765,995	53	72,258,672	1.06
June 30, 2017	851,877	851,887	10	76,745,715	1.11
June 30, 2018	947,755	947,188	(567)	77,053,264	1.23
June 30, 2019	929,994	930,288	294	77,499,484	1.20
June 30, 2020	964,672	963,455	(1,217)	80,389,368	1.20

Actuarial assumptions:

Valuation date	Actuarially determined contribution rates are calculated as of June 30,
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	3.50% - 5.95%
Investment rate of return	6.75%
Cost of living adjustment	2.25% - 2.50%

See accompanying notes to required supplementary information.

See accompanying independent auditors' report.

Roanoke County Public Schools
Virginia Retirement System Group Life Insurance Program
Schedule of Employer's Share of Net OPEB Liability
For the Year Ended June 30, 2020

Exhibit U
Unaudited

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Measurement Date	6/30/2017	6/30/2018	6/30/2019
Teacher Plan:			
Employer's proportion of the net liability	0.41724%	0.40541%	0.39603%
Employer's proportionate share of the net liability	\$ 6,279,000	\$ 6,157,000	\$ 6,444,462
Employer's covered payroll	\$ 76,745,715	\$ 77,053,264	\$ 77,499,484
Employer's proportionate share of the net liability as a percentage of its covered payroll	8.18%	7.99%	8.32%
Plan fiduciary net position as a percentage of the total liability	48.86%	51.22%	52.00%
Non-Professional Plan:			
Employer's proportion of the net liability	0.01666%	0.01657%	0.01544%
Employer's proportionate share of the net liability	\$ 250,000	\$ 252,000	\$ 251,250
Employer's covered payroll	\$ 3,068,829	\$ 3,112,471	\$ 3,039,400
Employer's proportionate share of the net liability as a percentage of its covered payroll	8.15%	8.10%	8.27%
Plan fiduciary net position as a percentage of the total liability	48.86%	51.22%	52.00%

Note:

Schedule is intended to show information for 10 years. Since 2020 is the third year for this presentation, only three 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
Virginia Retirement System Group Life Insurance Program
Schedule of Employer Contributions
For the Year Ended June 30, 2020

Exhibit V
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
June 30, 2011	\$ 206,348	\$ 82,540	\$ (123,808)	\$ 73,695,601	0.11%
June 30, 2012	208,944	83,684	(125,260)	74,623,027	0.11
June 30, 2013	377,134	374,671	(2,463)	78,569,574	0.48
June 30, 2014	370,380	367,834	(2,546)	77,162,470	0.48
June 30, 2015	353,486	351,815	(1,671)	73,642,933	0.48
June 30, 2016	361,633	359,464	(2,169)	75,340,198	0.48
June 30, 2017	415,036	419,387	4,351	79,814,544	0.53
June 30, 2018	416,862	420,490	3,628	80,165,735	0.52
June 30, 2019	418,802	419,260	458	80,538,884	0.52
June 30, 2020	433,891	431,938	(1,953)	83,440,610	0.52

Actuarial assumptions:

Valuation date	Actuarially determined contribution rates are calculated as of June 30,
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	3.50% - 5.35% (Non-professional Plan) 3.50% - 5.95% (Teacher Plan)
Investment rate of return	6.75%
Cost of living adjustment	2.25% - 2.50%

See accompanying notes to required supplementary information.

See accompanying independent auditors' report.

Roanoke County Public Schools
Roanoke County Public Schools' Other Postemployment Benefits Plan
Schedule of Changes in the Net Liability
For the Year Ended June 30, 2020

Exhibit W
Unaudited

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Measurement Date	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Total liability - beginning	\$ 14,888,089	\$ 15,677,364	\$ 10,756,321	\$ 11,186,267
Service cost	931,053	977,606	593,436	889,124
Interest	476,676	471,102	323,704	351,384
Change of assumptions	-	(3,035,172)	-	(3,877,843)
Difference between expected and actual experience	(28,590)	(2,488,407)	-	(1,101,996)
Contributions - member	94,298	939,187	-	-
Benefit payments, including refunds of contributions	(684,162)	(1,785,359)	(487,194)	(572,183)
Net changes	789,275	(4,921,043)	429,946	(4,311,514)
Total liability - ending	<u>\$ 15,677,364</u>	<u>\$ 10,756,321</u>	<u>\$ 11,186,267</u>	<u>\$ 6,874,753</u>
Fiduciary net position - beginning	\$ 515,101	\$ 680,328	\$ 744,176	\$ 962,720
Contributions - employer	682,154	846,172	671,774	664,473
Contributions - member	94,298	939,187	-	-
Net investment income	74,106	65,111	35,334	30,365
Benefit payments, including refunds of contributions	(684,162)	(1,785,359)	(487,194)	(572,183)
Administrative expense	(1,169)	(1,263)	(1,370)	(1,592)
Net changes	165,227	63,848	218,544	121,063
Fiduciary net position - ending	<u>\$ 680,328</u>	<u>\$ 744,176</u>	<u>\$ 962,720</u>	<u>\$ 1,083,783</u>
Net OPEB liability - ending	<u>\$ 14,997,036</u>	<u>\$ 10,012,145</u>	<u>\$ 10,223,547</u>	<u>\$ 5,790,970</u>
Fiduciary net position as a percentage of total (asset) liability	4.3%	6.9%	8.6%	15.8%
Covered payroll	\$ 65,279,124	\$ 53,150,640	\$ 53,150,640	\$ 82,164,292
Net (asset) liability as a percentage of covered payroll	23.0%	18.8%	19.2%	7.0%

Note:

Schedule is intended to show information for 10 years. Since 2020 is the fourth year for this presentation, only four 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
Roanoke County Public Schools' Other Postemployment Benefits Plan
Schedule of Employer Contributions
For the Year Ended June 30, 2020

Exhibit X
Unaudited

Year Ended	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution (Deficiency) Excess	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
(Measurement Date)			(1)	(1)	(1)
June 30, 2015	\$ 949,804	\$ 1,045,395			
June 30, 2016	956,782	1,024,218			
June 30, 2017	682,154	682,154	\$ -	\$ 65,279,124	1.04%
June 30, 2018	1,997,378	846,172	(1,151,206)	53,150,640	1.59%
June 30, 2019	1,289,794	671,774	(618,020)	53,150,640	1.26%
June 30, 2020	2,009,130	664,473	(1,344,657)	82,164,292	0.81%

Notes:

(1) Added for compliance with new GASB 74 requirements. Schedule is intended to show GASB 74 information for 10 years. Since 2020 is the fourth year for this presentation, only four years of data are 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, 2020.
Actuarial cost method	Entry Age Normal
Remaining amortization period	18 years
Asset valuation method	Market value
Inflation	This is implicitly included in the investment rate of return and healthcare cost trend rates.
Discount rate	7.50%
Salary increases	3.50%
Investment rate of return	7.50%
Healthcare cost trend rates	8.00% graded down to 5.0% over 8 years beginning in 2021.
Retirement age	In the 2020 actuarial valuation, expected retirement ages of employees were updated to the assumptions
Mortality	In the 2020 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the SOA

See accompanying notes to required supplementary information.

See accompanying independent auditors' report.

Roanoke County Public Schools
Roanoke County Public Schools' Other Postemployment Benefits Plan
Schedule of Investment Returns
For the Year Ended June 30, 2020

Exhibit Y
Unaudited

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Annual money-weighted rate of return, net of investment expense	13.04%	9.52%	6.31%	TBD

Note:

Schedule is intended to show information for 10 years. Since 2020 is the fourth year for this presentation and the data was not available for fiscal year 2020, only four years of data are available. However, additional years will be added 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 – 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 of \$50,000 or below within a fund are approved by the Superintendent. Budget transfers exceeding \$50,000 within a fund are approved by the School Board. Budget revisions were approved throughout fiscal year 2020. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

Annual budgets are legally adopted for the General Fund, Grant Fund, Nutrition Fund, and Capital Projects Fund. Supplemental capital budgets are approved by the School Board during the fiscal year as funding is identified and designated for capital projects. Budgetary Comparison Schedules for the General Fund, Grant Fund, and Nutrition Fund, as required by GAAP, are presented as required supplementary information. The Budgetary Comparison Schedule for the Capital Projects Fund is presented as 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 Budgetary Comparison Schedules 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 2020 budget appropriation on March 28, 2019. The County Board of Supervisors adopted the school budget on April 23, 2019. Subsequently, the School Board adopted a revised budget on May 23, 2019 to increase the County transfer for the County Board of Supervisors final revenue sharing calculation. The County Board of Supervisors adopted the revised school budget on May 28, 2019.

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, 2018 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020 (pre-retirement, post-retirement healthy, and disabled)
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service (Health Credit Program and Group Life Program Teacher Plan) Adjusted termination rates to better fit experience at each age and service (Group Life Program Non-Professional Plan)
Disability Rates	Adjusted rates to better match experience (Health Credit Program and Group Life Program Teacher Plan) Lowered disability rates (Group Life Program Non-Professional Plan)

Roanoke County Public Schools
Notes to Required Supplementary Information
June 30, 2020

Unaudited

Salary Scale..... No change
Discount Rate Decrease rate from 7.00% to 6.75%

Changes of Roanoke County Public Schools OPEB benefit terms – There have been no actuarially material changes to the Plan benefit provisions since the prior actuarial valuation.

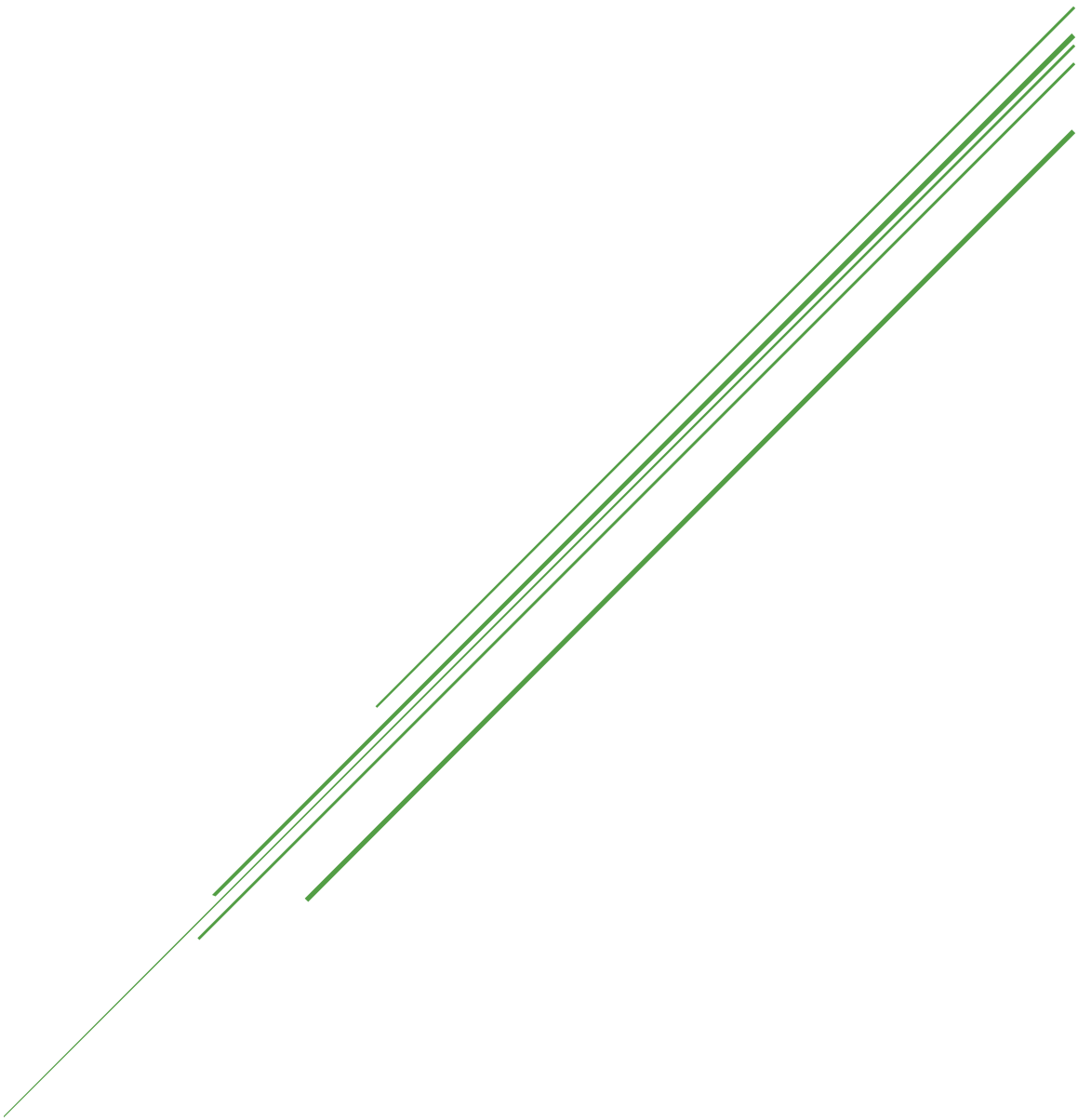
Changes of Roanoke County Public Schools OPEB assumptions – The following changes were made to the actuarial assumptions and methods effective June 30, 2020:

- The percentage of health care coverage election rate was updated from 42.5% to 60%.
 - The morality assumptions were updated from the RP-2000 to the SOA Pub-2010.
 - The payroll growth was updated from a flat 2.00% annually to follow the most recent tables provided in the VRS actuarial report as of June 30, 2020.
 - Retirement rates have been updated to follow the most recent tables provided in the VRS actuarial valuation as of June 30, 2019, including a distinction between Plan 1 and Plan 2/Hybrid members following the VRS tables.
 - Termination rates and disability rates have been updated to follow the most recent tables provided in the VRS actuarial valuation as of June 30, 2019.
 - Health care trend rates have been updated from an initial rate of 7.5% decreasing by 0.25% annually to an ultimate rate of 5.0% to an initial rate of 8.0% decreasing by 0.5% annually down to an ultimate rate of 4.5%.
 - Spousal coverage election rate has been updated from 8.8% to 15%.
- The discount rate has been updated as of June 30, 2020 (measurement date) based on the long term rate of return information for the Trust's target investment policy provided by the Virginia Pooled OPEB Trust Fund CAFR as of June 30, 2020. The discount rate is 2.98% as of July 1, 2019 and 7.50% as of June 30, 2020 for accounting disclosure purposes.

2. MATERIAL VIOLATIONS

There were no material violations of the annual appropriated budget for the General Fund, Grant Fund, and Nutrition Fund for the fiscal year ended June 30, 2020. 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, 2020

Schedule 1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues				
<i>Intergovernmental:</i>				
Roanoke County	\$ 512,500	\$ 512,500	\$ 528,535	\$ 16,035
Miscellaneous	250,000	250,000	51,307	(198,693)
Total revenues	<u>762,500</u>	<u>762,500</u>	<u>579,842</u>	<u>(182,658)</u>
Expenditures				
<i>Current:</i>				
Instruction	20,000	76,406	39,200	37,206
Transportation	-	9,693	9,693	-
Operations and maintenance	1,000,000	2,829,773	1,261,454	1,568,319
Technology	310,820	310,820	310,820	-
Capital outlay	516,680	19,527,553	8,300,766	11,226,787
Total expenditures	<u>1,847,500</u>	<u>22,754,245</u>	<u>9,921,933</u>	<u>12,832,312</u>
Deficiency of revenues under expenditures	<u>(1,085,000)</u>	<u>(21,991,745)</u>	<u>(9,342,091)</u>	<u>12,649,654</u>
Other financing sources				
Proceeds from sale of property	-	-	8,998	8,998
<i>Transfers:</i>				
Transfers from general fund	<u>1,085,000</u>	<u>6,101,206</u>	<u>6,101,206</u>	<u>-</u>
Net other financing sources	<u>1,085,000</u>	<u>6,101,206</u>	<u>6,110,204</u>	<u>8,998</u>
Net change in fund balances	-	(15,890,539)	(3,231,887)	12,658,652
Total fund balances, beginning	<u>-</u>	<u>15,890,539</u>	<u>15,890,539</u>	<u>-</u>
Total fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,658,652</u>	<u>\$ 12,658,652</u>

See accompanying independent auditors' report.

Internal Service Funds

Internal service funds are used to account for the financing of services provided by one department to other departments of the School Division 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 the Anthem group program.

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.

Roanoke County Public Schools
Combining Statement of Net Position
Internal Service Funds
June 30, 2020

Schedule 2

	Health Insurance	Dental Insurance	Risk Management	Total Internal Service Funds
Assets				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 9,205,731	\$ -	\$ 2,203,896	\$ 11,409,627
Accounts receivable	157,271	87	504	157,862
Due from other governments	48,990	46,364	-	95,354
Due from other fund	1,192	-	-	1,192
Total assets	<u>9,413,184</u>	<u>46,451</u>	<u>2,204,400</u>	<u>11,664,035</u>
Liabilities				
<i>Current liabilities:</i>				
Accounts payable	11,611	-	1,502	13,113
Due to other fund	-	1,192	-	1,192
Claims payable	1,423,036	-	275,438	1,698,474
Total current liabilities	<u>1,434,647</u>	<u>1,192</u>	<u>276,940</u>	<u>1,712,779</u>
<i>Noncurrent liabilities:</i>				
Claims payable	-	-	581,562	581,562
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>581,562</u>	<u>581,562</u>
Total liabilities	<u>1,434,647</u>	<u>1,192</u>	<u>858,502</u>	<u>2,294,341</u>
Net Position				
Unrestricted	7,978,537	45,259	1,345,898	9,369,694
Total net position	<u>\$ 7,978,537</u>	<u>\$ 45,259</u>	<u>\$ 1,345,898</u>	<u>\$ 9,369,694</u>

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, 2020

Schedule 3

	Health Insurance	Dental Insurance	Risk Management	Total Internal Service Funds
Operating revenues				
Charges for services	\$ 19,108,526	\$ 1,579,566	\$ 383,500	\$ 21,071,592
Total operating revenues	19,108,526	1,579,566	383,500	21,071,592
Operating expenses				
Claims	15,108,067	1,602,990	111,671	16,822,728
Reinsurance costs	1,092,336	-	-	1,092,336
Wellness and HRA benefits	1,445,275	-	-	1,445,275
Administrative charges and taxes	125,411	-	104,828	230,239
Total operating expenses	17,771,089	1,602,990	216,499	19,590,578
Operating income (loss)	1,337,437	(23,424)	167,001	1,481,014
Nonoperating revenues				
Interest and dividend income	131,422	-	26,542	157,964
Total nonoperating revenues	131,422	-	26,542	157,964
Income (loss) before transfers	1,468,859	(23,424)	193,543	1,638,978
Transfers				
Transfers in	-	56,624	-	56,624
Net transfers	-	56,624	-	56,624
Change in net position	1,468,859	33,200	193,543	1,695,602
Total net position, beginning	6,509,678	12,059	1,152,355	7,674,092
Total net position, ending	\$ 7,978,537	\$ 45,259	\$ 1,345,898	\$ 9,369,694

See accompanying independent auditors' report.

Roanoke County Public Schools
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2020

Schedule 4

	Health Insurance	Dental Insurance	Risk Management	Total Internal Service Funds
Operating activities				
Cash received from interfund services provided	\$ 19,232,719	\$ 1,579,574	\$ 385,238	\$ 21,197,531
Payments to suppliers	(1,359,406)	-	(114,344)	(1,473,750)
Payments from suppliers	(48,990)	(46,364)	-	(95,354)
Claims paid	(15,285,854)	(1,602,990)	(2,671)	(16,891,515)
Other payments	(1,445,275)	-	-	(1,445,275)
Net cash provided by (used in) operating activities	<u>1,093,194</u>	<u>(69,780)</u>	<u>268,223</u>	<u>1,291,637</u>
Noncapital financing activities				
Transfers from other funds	(1,192)	56,624	-	55,432
Transfers to other funds	-	1,192	-	1,192
Net cash provided by (used in) noncapital financing activities	<u>(1,192)</u>	<u>57,816</u>	<u>-</u>	<u>56,624</u>
Investing activities				
Interest and dividend income	131,422	-	26,542	157,964
Net cash provided by investing activities	<u>131,422</u>	<u>-</u>	<u>26,542</u>	<u>157,964</u>
Net increase (decrease) in cash and cash equivalents	1,223,424	(11,964)	294,765	1,506,225
Cash and cash equivalents, beginning	7,982,307	11,964	1,909,131	9,903,402
Cash and cash equivalents, ending	<u>\$ 9,205,731</u>	<u>\$ -</u>	<u>\$ 2,203,896</u>	<u>\$ 11,409,627</u>
<u>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</u>				
Operating income (loss)	\$ 1,337,437	\$ (23,424)	\$ 167,001	\$ 1,481,014
<i>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:</i>				
<i>Decrease (increase) in assets:</i>				
Accounts receivable	124,193	8	1,738	125,939
Due from other governments	(48,990)	(46,364)	-	(95,354)
<i>Increase (decrease) in liabilities:</i>				
Accounts payable	(141,659)	-	(9,516)	(151,175)
Claims payable	(177,787)	-	109,000	(68,787)
Net cash provided by (used in) operating activities	<u>\$ 1,093,194</u>	<u>\$ (69,780)</u>	<u>\$ 268,223</u>	<u>\$ 1,291,637</u>

See accompanying independent auditors' report.

Fiduciary Fund

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

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

Roanoke County Public Schools
Statement of Changes in Fiduciary Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2020

Schedule 5

	<u>Agency</u>
Assets	
Balance, beginning	\$ 2,262,699
Additions	6,025,186
Deductions	<u>(6,077,312)</u>
Balance, ending	<u><u>\$ 2,210,573</u></u>
Liabilities	
Balance, beginning	\$ 2,262,699
Additions	6,025,186
Deductions	<u>(6,077,312)</u>
Balance, ending	<u><u>\$ 2,210,573</u></u>

See accompanying independent auditors' report.



STATISTICAL SECTION





Roanoke County Public Schools
Statistical Section
June 30, 2020

Unaudited

This part of the School Division'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 Division's overall financial position.

Financial Trends..... 120-123

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

Revenue Capacity..... 124-128

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

Debt Capacity..... 129-131

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 Division's capital improvements.

Demographic and Economic Information..... 132-133

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

Operating Information..... 134-147

These schedules contain service and capital asset data to help the reader understand how the information in the School Division's financial report relates to the services the School Division 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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net investment										
in capital assets	\$ 41,651,583	\$ 41,371,652	\$ 43,142,309	\$ 41,852,791	\$ 39,733,962	\$ 47,263,705	\$ 46,765,379	\$ 46,943,444	\$ 53,217,047	\$ 57,151,085
<i>Restricted for:</i>										
Emergency contingency	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Instructional grants	157,951	75,677	92,364	75,494	75,508	66,398	77,309	86,568	-	-
Nutrition	-	-	-	-	-	-	-	-	-	3,739,586
Unrestricted	29,590,419	31,845,216	30,604,787	26,244,281	(98,692,493)	(92,973,387)	(91,056,890)	(120,104,335)	(108,960,197)	(118,711,221)
Total net position	<u>\$ 73,399,953</u>	<u>\$ 75,292,545</u>	<u>\$ 75,839,460</u>	<u>\$ 70,172,566</u>	<u>\$ (56,883,023)</u>	<u>\$ (43,643,284)</u>	<u>\$ (42,214,202)</u>	<u>\$ (71,074,323)</u>	<u>\$ (53,743,150)</u>	<u>\$ (55,820,550)</u>
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				<u>\$ (61,322,937)</u>						
Adjustment for beginning net VRS OPEB liability per GASB 75							(18,102,726)			
Adjustment for beginning net RCPS OPEB liability per GASB 75							(14,022,074)			
Total net position, as restated reported, June 30, 2017							<u>\$ (74,339,002)</u>			

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Instruction	\$ 104,091,890	\$ 104,117,764	\$ 107,041,368	\$ 108,041,904	\$ 109,136,909	\$ 107,696,660	\$ 116,721,895	\$ 117,622,278	\$ 114,886,508	\$ 126,974,714
Administration	2,362,580	2,593,752	2,595,087	2,505,845	2,719,118	2,909,808	3,315,935	3,328,192	3,545,283	4,046,141
Attendance and health	2,598,603	2,729,219	2,301,288	2,132,406	2,358,106	2,332,133	2,276,599	2,359,421	2,206,735	2,210,782
Transportation	6,964,180	6,675,986	6,751,036	6,620,044	6,014,584	5,924,837	6,403,743	5,431,735	5,231,245	7,078,949
Operations and maintenance	11,436,014	11,542,861	12,114,141	12,033,120	11,164,752	11,227,448	11,480,475	13,860,087	13,296,479	13,601,829
Technology	6,121,084	4,946,469	4,609,269	5,991,294	4,356,121	6,367,798	6,679,719	6,256,710	7,222,269	8,938,042
Nutrition	5,572,527	5,682,159	5,827,060	5,612,945	5,041,064	4,804,867	5,027,956	5,233,734	5,080,060	5,504,686
Capital lease interest	187,855	87,563	73,194	57,835	41,367	23,731	4,864	1,226,326	1,172,887	1,361,557
Payment for future capital	24,413,643	6,450,345	6,725,345	8,911,343	7,325,344	7,325,340	6,347,576	5,099,019	2,200,000	2,200,000
Total expenses	163,748,376	144,826,118	148,037,788	151,906,736	148,157,365	148,612,622	158,258,762	160,417,502	154,841,466	171,916,700
Program revenues										
<i>Charges for services:</i>										
Instruction	877,818	832,118	841,332	888,546	814,843	689,976	1,560,379	1,599,270	1,572,987	1,541,264
Administration	297	124	-	-	-	-	-	-	-	-
Operations and maintenance	53,225	22,775	48,487	58,800	102,418	97,858	129,177	108,385	75,666	65,286
Nutrition	3,535,548	3,480,466	3,280,884	3,013,951	3,015,530	2,955,049	2,841,963	2,855,676	2,779,178	2,184,869
Operating grants and contributions	32,456,049	23,680,280	25,239,635	24,199,967	25,685,624	26,189,097	27,839,282	31,676,933	31,987,163	35,731,337
Capital grants and contributions	1,588,677	893,950	2,491,469	860,106	1,814,146	9,116,549	3,089,261	3,513,954	8,050,076	556,392
Total revenues	38,511,614	28,909,713	31,901,807	29,021,370	31,432,561	39,048,529	35,460,062	39,754,218	44,465,070	40,079,148
Net expense	(125,236,762)	(115,916,405)	(116,135,981)	(122,885,366)	(116,724,804)	(109,564,093)	(122,798,700)	(120,663,284)	(110,376,396)	(131,837,552)
General revenues and other changes in net position										
Roanoke County	64,559,361	66,083,024	65,597,324	65,944,318	67,617,035	68,924,133	68,763,376	69,307,937	70,448,764	72,303,722
Non-categorical state aid	50,182,318	51,265,516	50,771,561	50,799,563	53,150,488	53,533,578	54,914,899	53,896,466	56,104,830	56,237,049
Gain on sale of capital assets	27,134	29,264	28,114	38,838	13,733	8,616	116,956	145,912	85,021	145,868
Miscellaneous	397,886	431,193	285,897	435,753	383,462	337,505	432,551	577,648	1,068,954	1,073,513
Capital donated to Schools	1,077,603	-	-	-	-	-	-	-	-	-
Total general revenues and other changes in net position	116,244,302	117,808,997	116,682,896	117,218,472	121,164,718	122,803,832	124,227,782	123,927,963	127,707,569	129,760,152
Change in net position	\$ (8,992,460)	\$ 1,892,592	\$ 546,915	\$ (5,666,894)	\$ 4,439,914	\$ 13,239,739	\$ 1,429,082	\$ 3,264,679	\$ 17,331,173	\$ (2,077,400)

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund									(1)	
Nonspendable	\$ 146,447	\$ 243,570	\$ 178,017	\$ 249,890	\$ 232,353	\$ 162,313	\$ 133,407	\$ 156,687	\$ 167,899	\$ 233,066
Restricted	2,000,000	2,000,000	2,000,000	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	5,965,686	7,176,564	7,405,617
Assigned	473,950	600,606	817,935	34,719	133,827	26,902	32,157	56,538	115,319	-
Total fund balance	<u>\$ 14,463,379</u>	<u>\$ 6,838,736</u>	<u>\$ 4,634,138</u>	<u>\$ 6,329,885</u>	<u>\$ 7,339,127</u>	<u>\$ 8,024,007</u>	<u>\$ 7,349,957</u>	<u>\$ 8,178,911</u>	<u>\$ 9,459,782</u>	<u>\$ 9,638,683</u>
All other governmental funds										
Nonspendable	\$ 102,327	\$ 74,255	\$ 106,646	\$ 183,435	\$ 226,933	\$ 203,302	\$ 274,932	\$ -	\$ 277,392	\$ 347,991
Restricted	157,951	75,677	92,364	75,494	75,508	66,398	77,309	86,568	-	3,739,586
Committed	5,733,083	15,387,193	16,715,054	12,845,599	14,584,349	14,788,306	17,268,497	17,954,552	19,602,224	12,658,652
Assigned	195,552	-	-	-	-	-	-	-	-	-
Unassigned								-	-	(87,140)
Total fund balance	<u>\$ 6,188,913</u>	<u>\$ 15,537,125</u>	<u>\$ 16,914,064</u>	<u>\$ 13,104,528</u>	<u>\$ 14,886,790</u>	<u>\$ 15,058,006</u>	<u>\$ 17,620,738</u>	<u>\$ 18,041,120</u>	<u>\$ 19,879,616</u>	<u>\$ 16,659,089</u>
Total fund balances - all governmental funds	<u>\$ 20,652,292</u>	<u>\$ 22,375,861</u>	<u>\$ 21,548,202</u>	<u>\$ 19,434,413</u>	<u>\$ 22,225,917</u>	<u>\$ 23,082,013</u>	<u>\$ 24,970,695</u>	<u>\$ 26,220,031</u>	<u>\$ 29,339,398</u>	<u>\$ 26,297,772</u>

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 2019, the Laptop Insurance Reserve Fund (proprietary fund) was repurposed into the Technology Replacement Fund, which is now accounted for in the General Fund.

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

Table 4
Unaudited

Revenues	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Roanoke County	\$ 64,951,268	\$ 66,108,024	\$ 65,647,324	\$ 65,969,318	\$ 67,617,035	\$ 68,924,133	\$ 68,763,376	\$ 72,013,582	\$ 70,853,796	\$ 72,832,257
Commonwealth of Virginia	65,885,715	67,879,498	69,191,858	69,327,834	72,094,741	73,064,205	75,767,747	78,676,285	80,536,217	83,056,623
Federal government	18,279,497	8,382,678	7,761,649	6,757,028	7,668,652	7,499,321	8,215,472	9,214,914	8,788,084	9,234,216
Charges for services	4,166,423	3,961,756	3,883,207	3,646,693	3,701,470	3,611,433	4,003,740	3,949,225	3,917,754	3,197,210
Other	340,243	402,610	303,183	393,084	326,570	253,371	383,180	485,536	890,566	935,526
Total revenues	153,623,146	146,734,566	146,787,221	146,093,957	151,408,468	153,352,463	157,133,515	164,339,542	164,986,417	169,255,832
Expenditures										
<i>Current:</i>										
Instruction	101,375,153	99,645,396	102,153,926	102,199,992	105,269,002	105,356,201	111,139,524	114,283,727	114,591,534	117,174,318
Administration	2,269,955	2,472,589	2,369,109	2,460,131	2,807,443	3,601,491	2,956,934	3,047,674	3,463,754	3,559,956
Attendance and health	2,592,637	2,717,336	2,287,489	2,108,964	2,424,938	2,366,707	2,254,534	2,395,337	2,290,264	2,111,600
Transportation	7,054,463	6,668,232	6,405,023	6,522,524	5,304,357	6,896,242	5,542,849	6,965,079	7,022,008	7,060,999
Operations and maintenance	11,370,452	11,643,854	12,021,331	11,866,554	11,382,964	11,558,047	11,377,853	13,260,400	13,056,444	13,169,787
Technology	6,108,595	6,675,913	5,167,438	6,627,926	5,657,517	6,988,432	6,850,659	7,459,110	8,156,622	9,053,067
Nutrition	5,563,659	5,864,493	5,839,269	5,594,187	5,022,818	4,820,635	4,951,948	5,186,057	5,003,094	5,430,843
<i>Debt service:</i>										
Principal	2,784,496	2,899,478	2,908,865	4,229,938	3,140,309	3,195,935	3,310,978	2,899,019	2,952,458	2,763,788
Interest	1,801,284	1,723,970	1,664,458	2,242,823	1,460,295	1,418,922	1,340,801	1,226,326	1,172,887	1,361,557
Payment for future capital	20,288,298	2,300,000	2,600,000	2,900,000	3,200,000	3,200,000	2,200,000	2,200,000	2,200,000	2,200,000
Capital outlay	1,112,358	2,507,844	5,440,998	3,358,661	2,961,054	2,914,678	3,325,852	4,793,532	3,290,607	8,500,787
Total expenditures	162,321,350	145,119,105	148,857,906	150,111,700	148,630,697	152,317,290	155,251,932	163,716,261	163,199,672	172,386,702
Excess (deficiency) of revenues over (under) expenditures	(8,698,204)	1,615,461	(2,070,685)	(4,017,743)	2,777,771	1,035,173	1,881,583	623,281	1,786,745	(3,130,870)
Other financing sources (uses)										
Proceeds from sale of property	27,134	29,264	28,114	38,838	13,733	8,616	190,381	76,527	85,021	145,868
Transfers, net	-	78,844	1,214,912	1,865,116	-	(187,693)	(183,282)	549,528	1,247,601	(56,624)
Total other financing sources (uses), net	27,134	108,108	1,243,026	1,903,954	13,733	(179,077)	7,099	626,055	1,332,622	89,244
Change in fund balances	\$ (8,671,070)	\$ 1,723,569	\$ (827,659)	\$ (2,113,789)	\$ 2,791,504	\$ 856,096	\$ 1,888,682	\$ 1,249,336	\$ 3,119,367	\$ (3,041,626)
Debt service as a percentage of non-capital expenditures	15.57%	4.89%	5.00%	6.49%	5.34%	5.28%	4.50%	4.02%	4.01%	3.89%

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
2011	\$ 64,559,361	\$ (669,356)	(1.04)%	\$ 64,103,729	\$ (10,692,887)	(13.33)%
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
2018	69,307,937	569,561	0.83	76,700,495	2,795,552	3.78
2019	70,448,764	1,140,827	1.65	79,544,600	2,844,105	3.71
2020	72,303,722	1,854,958	2.63	82,024,606	2,480,006	3.12

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	
2011	\$ 8,053,281,600	\$ 782,346,945	\$ 223,646,000	\$ 9,059,274,545	\$1.09	\$3.50	\$3.00	\$ 9,847,037,549
2012	7,968,030,200	814,156,400	233,411,860	9,015,598,460	1.09	3.50	3.00	9,391,248,396
2013	7,798,171,500	835,361,990	247,863,410	8,881,396,900	1.09	3.50	3.00	9,062,649,898
2014	7,850,267,000	855,450,240	257,490,630	8,963,207,870	1.09	3.50	3.00	9,146,130,480
2015	7,972,937,500	889,550,760	267,613,790	9,130,102,050	1.09	3.50	3.00	9,712,874,521
2016	8,098,986,500	899,232,061	277,724,570	9,275,943,131	1.09	3.50	2.95	9,868,024,607
2017	8,254,177,800	916,529,122	275,690,440	9,446,397,362	1.09	3.50	2.90	10,157,416,518
2018	8,448,729,500	927,786,840	293,523,830	9,670,040,170	1.09	3.50	2.85	10,287,276,777
2019	8,719,015,700	991,949,413	305,072,700	10,016,037,813	1.09	3.50	2.85	10,886,997,623
2020	8,993,754,200	998,431,217	329,478,800	10,321,664,217	1.09	3.50	2.85	11,219,200,236

Source: Roanoke County Real Estate Assessment Department.

Note:

Property in Roanoke County is assessed annually and is assessed at approximately 96% of actual value for fiscal year 2020 and at approximately 94.9% for fiscal years 2011-2019. Estimated actual taxable value is calculated by dividing taxable assessed value by those percentages. Tax rates are per \$100 of assessed value.

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 Property	Personal Property	
	First Half	Second Half	Total	Tangible	Machinery & Tools		Tangible	Machinery & Tools
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	2.90	0.07	1.00	1.00
2018	0.545	0.545	1.09	3.50	2.85	0.07	1.00	1.00
2019	0.545	0.545	1.09	3.50	2.85	0.07	1.00	1.00
2020	0.545	0.545	1.09	3.50	2.85	0.07	1.00	1.00

Source: Roanoke County Real Estate Assessment Department.

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	2020			2011		
	Taxable Assessed Value (Millions)	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value (Millions)	Rank	Percentage of Total County Taxable Assessed Value
Appalachian Power Company	\$191	1	1.85%	\$112	1	1.24%
Kroger Limited Partnership	42	2	0.41	40	3	0.44
Roanoke Owner 1 LLC (Formerly Pebble Creek, LLC)	37	3	0.36	15	10	0.17
Cellco Partnership dba Verizon Wireless	31	4	0.30	-	-	-
Roanoke Gas Company	31	5	0.30	17	8	0.19
Walmart Real Estate Business	28	6	0.27	29	5	0.32
Norfolk and Western Railway Company	23	7	0.23	-	-	-
Tanglewood Venture LLC (Formerly Roanoke Tanglewood LLC)	23	8	0.22	41	2	0.45
Mikeone EK Roanoke LLC	22	9	0.21	-	-	-
Verizon Virginia LLC	21	10	0.20	40	-	0.44
Integrity Windows, Inc.	-	-	-	19	5	0.21
First States Investors 3300 LLC	-	-	-	18	6	0.20
Lowes Home Centers Inc.	-	-	-	17	7	0.19
Total	<u>\$449</u>		<u>4.28%</u>	<u>\$348</u>		<u>3.85%</u>

Source: Roanoke County Real Estate Assessment Department.

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
2011	\$ 118,335,928	\$ 113,612,208	96.01%	\$ 3,988,037	\$ 117,600,245	99.38%
2012	118,634,364	113,978,854	96.08	4,181,928	118,160,782	99.60
2013	118,489,124	113,917,134	96.14	3,784,758	117,701,892	99.34
2014	118,192,461	113,964,831	96.42	3,138,163	117,102,994	99.08
2015	120,224,376	116,398,283	96.82	3,055,977	119,454,260	99.36
2016	123,023,949	118,615,971	96.42	4,054,406	122,670,377	99.71
2017	123,991,274	120,899,417	97.51	4,173,641	125,073,058	100.87
2018	126,405,991	123,195,790	97.46	3,854,436	127,050,226	100.51
2019	131,070,799	126,869,715	96.79	3,972,548	130,842,263	99.83
2020	136,412,657	129,752,896	95.12	-	129,752,896	95.12

Source: Roanoke County Commissioner of Revenue and Roanoke County Treasurer.

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

Table 10
Unaudited

Fiscal Year	Governmental Activities						Total Primary Government	Component Unit	Percentage of Personal Income	Per Capita Personal Income	Percentage of Assessed Value of Taxable Property
	General Obligation Debt	Lease Revenue Bonds	VPSA School Bonds	State Literary Bonds	Capital Leases	Bond Premiums		School Board Capital Leases			
									(1)	(1)	
2011	\$10,615,000	\$75,952,287	\$101,503,194	\$3,617,042	\$1,148,037	\$6,112,426	\$198,947,986	\$2,488,325	4.21%	\$2,177	2.22%
2012	8,565,000	73,553,388	103,057,169	3,169,225	1,052,372	6,669,073	196,066,227	2,114,385	3.98	2,138	2.20
2013	6,440,000	71,048,816	95,104,061	2,721,409	952,889	6,223,963	182,491,138	1,750,401	3.57	1,976	2.07
2014	6,150,390	76,993,268	87,191,051	2,273,592	849,437	7,636,915	181,094,653	1,358,518	3.36	1,968	2.04
2015	5,332,236	74,886,582	97,117,015	1,825,775	741,516	9,256,934	189,160,058	937,225	3.30	2,032	2.08
2016	4,497,704	77,275,000	88,460,767	-	-	10,564,744	180,798,215	484,939	3.13	1,933	1.95
2017	3,640,935	74,535,000	80,301,667	-	-	9,832,624	168,310,226	-	2.82	1,792	1.78
2018	2,765,175	77,970,000	72,194,043	-	-	9,929,441	162,858,659	-	2.60	1,632	1.68
2019	1,866,987	75,035,000	91,947,188	-	-	11,356,388	180,205,563	-	2.88	1,924	1.80
2020	948,122	81,000,000	83,061,766	-	-	11,716,653	176,726,541	-	2.83	1,884	1.71

Source: Roanoke County Finance Department.

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						Percentage of	Per
	General Obligation Debt	Lease Revenue Bonds	VP SA School Bonds	State Literary Bonds	Bond Premiums	Total	Estimated Actual Taxable Value of Property (1)	
2011	\$ 10,615,000	\$ 75,952,287	\$ 101,503,194	\$ 3,617,042	\$ 6,112,426	\$ 197,799,949	2.01%	\$2,138
2012	8,565,000	73,553,388	103,057,169	3,169,225	6,669,073	195,013,855	2.08	2,104
2013	6,440,000	71,048,816	95,104,061	2,721,409	6,223,963	181,538,249	2.00	1,947
2014	6,150,390	76,993,268	87,191,051	2,273,592	7,636,915	180,245,216	1.97	1,944
2015	5,332,236	74,886,582	97,117,015	1,825,775	9,256,934	188,418,542	1.94	2,014
2016	4,497,704	77,275,000	88,460,767	-	10,564,744	180,798,215	1.83	1,928
2017	3,640,935	74,535,000	80,301,667	-	9,832,624	168,310,226	1.66	1,792
2018	2,765,175	77,970,000	72,194,043	-	9,929,441	162,858,659	1.58	1,737
2019	1,866,987	75,035,000	91,947,188	-	11,356,388	180,205,563	1.66	1,924
2020	948,122	81,000,000	83,061,766	-	11,716,653	176,726,541	1.58	1,884

Source: Roanoke County Finance Department.

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General bonded debt outstanding										
General Obligation Bonds	\$ 10,615,000	\$ 8,565,000	\$ 6,440,000	\$ 6,150,390	\$ 5,332,236	\$ 4,497,704	\$ 3,640,935	\$ 2,765,175	\$ 1,866,987	\$ 948,122
Lease Revenue Bonds	75,952,287	73,553,388	71,048,816	76,993,268	74,886,582	77,275,000	74,535,000	77,970,000	75,035,000	81,000,000
VP&A School Bonds	101,503,194	103,057,169	95,104,061	87,191,051	97,117,015	88,460,767	80,301,667	72,194,043	91,947,188	83,061,766
State Literary Bonds	3,617,042	3,169,225	2,721,409	2,273,592	1,825,775	-	-	-	-	-
Bond Premiums	6,112,426	6,669,073	6,223,963	7,636,915	9,256,934	10,564,744	9,832,624	9,929,441	11,356,388	11,716,653
Total net debt applicable to debt limits	<u>\$ 197,799,949</u>	<u>\$ 195,013,855</u>	<u>\$ 181,538,249</u>	<u>\$ 180,245,216</u>	<u>\$ 188,418,542</u>	<u>\$ 180,798,215</u>	<u>\$ 168,310,226</u>	<u>\$ 162,858,659</u>	<u>\$ 180,205,563</u>	<u>\$ 176,726,541</u>
Ratio of net debt to assessed taxable property value										
Actual	2.18%	2.16%	2.04%	2.01%	2.06%	1.95%	1.78%	1.68%	1.80%	1.71%
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	\$2,138	\$2,104	\$1,947	\$1,944	\$2,014	\$1,928	\$1,792	\$1,737	\$1,924	\$1,884
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	8.51%	8.29%	8.51%	7.20%	7.14%	7.57%	6.78%	6.57%	6.26%	6.76%
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 Department.

**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)
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	5,785,780	48,384	13,982	3.50
2017	93,924	5,962,802	49,860	13,830	3.60
2018	93,735	6,254,966	52,248	13,779	3.10
2019	93,672	6,254,966	52,248	13,671	2.70
2020	93,805	6,254,966	52,248	13,576	7.00

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 2018. The figures for 2019 and 2020 have not been updated.
- (3)** Department of Administration.
- (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

Employer	2020			2011		
	Rank	Ownership	Number of Employees	Rank	Ownership	Number of Employees
Roanoke County Schools	1	Local Govt.	2,000+	1	Local Govt.	1,000+
Wells Fargo Operations Center (Wachovia division)	2	Private	2,000+	2	Private	1,000+
County of Roanoke	3	Local Govt.	1000+	3	Local Govt.	1,000+
Kroger	4	Private	500-999	-	-	-
Friendship Retirement Community	5	Private	500-999	6	Private	500-999
Richfield Recovery & Care Center	6	Private	500-999	7	Private	500-999
Elbit Systems Ltd.	7	Private	500-999	-	-	-
Allstate Insurance Company	8	Private	500-999	4	Private	1000+
Integrity Windows & Doors	9	Private	250-499	-	-	-
Wal-mart	10	Private	250-499	-	-	-
ITT Industries	-	-	-	5	Private	1000+
Friendship Manor, Inc	-	-	-	8	Private	500-999
Berkshire Health Care Center	-	-	-	9	Private	250-499
Medeco High Security Locks	-	-	-	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)
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	10,394
2018	13,779	2,328	453	10,878
2019	13,671	2,301	454	11,095
2020	13,576	2,324	510	11,496

Sources and Notes:

- (1)** Virginia Department of Education Spring Verification Report. Average daily membership is calculated as of March 31 each year and used in the state funding formulas for Standards of Quality Basic Aid support.
- (2)** Virginia Department of Education December 1 Special Education Child Count Certification Report.
- (3)** Virginia Department of Education Fall Verification Report.
- (4)** Virginia Department of Education Superintendent's Annual Report for Virginia Table 15. For fiscal year 2020, 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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Elementary	KG	18	20	20	19	19	19	18	19	19	18
	1	20	21	20	20	20	19	19	18	18	18
	2	20	20	21	20	20	20	20	20	20	18
	3	20	21	21	21	21	20	20	20	20	19
	4	21	22	21	21	21	20	20	20	20	20
	5	21	22	22	21	21	21	22	20	20	20
Middle	6	23	23	23	23	23	21	21	23	23	23
	7	23	23	23	23	23	21	21	23	23	23
	8	23	23	23	23	23	20	20	21	20	20
High	9	22	22	22	22	23	20	20	21	20	20
	10	22	22	22	22	23	20	20	20	18	18
	11	22	22	22	22	23	21	21	19	18	18
	12	22	22	22	22	23	21	21	18	17	17

Source: Department of Human Resources.

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

Table 17
Unaudited

Level	Course	2011		2012		2013		2014		2015		2016		2017		2018		2019		2020	
		RCPS	VA	RCPS	VA	RCPS	VA	RCPS	VA	RCPS	VA	RCPS	VA	RCPS	VA	RCPS	VA	RCPS	VA	RCPS	VA
Elementary SOL's																				(1)	
	Grade 3 English RLR	94	83	95	86	78	72	72	69	83	75	81	76	84	75	82	72	80	71	n/a	n/a
	Grade 3 Mathematics	96	91	73	64	73	65	71	67	81	74	81	77	85	75	82	73	88	82	n/a	n/a
	Grade 3 History	91	90	90	87	90	87	86	86	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Grade 3 Science	96	85	94	90	87	84	85	83	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Grade 4 VA Studies	94	87	95	89	93	87	90	85	93	87	92	87	93	87	89	85	81	81	n/a	n/a
	Grade 4 Reading	93	89	94	88	81	70	79	70	84	77	85	77	85	79	85	76	80	75	n/a	n/a
	Grade 4 Mathematics	93	87	83	70	84	74	87	80	89	84	88	83	89	81	86	79	89	83	n/a	n/a
	Grade 5 English RLR	94	89	93	89	86	73	84	73	85	79	85	81	87	81	86	80	83	78	n/a	n/a
	Grade 5 English Writing	90	87	92	87	79	71	75	71	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Grade 5 Mathematics	95	89	80	67	82	69	85	73	86	79	86	79	85	79	85	77	88	81	n/a	n/a
	Grade 5 Science	93	87	95	88	85	75	86	73	88	79	89	81	89	79	87	79	87	79	n/a	n/a
	Grade 6 Reading	94	87	95	89	83	73	83	73	87	76	83	77	84	78	86	80	84	77	n/a	n/a
	Grade 6 Mathematics	85	73	89	74	91	77	91	76	94	83	92	82	93	82	90	79	87	78	n/a	n/a
	Grade 6 U S History to 1865	91	81	89	81	91	83	94	81	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Grade 7 Reading	94	89	94	88	83	74	86	76	92	81	90	82	87	82	86	81	86	79	n/a	n/a
	Grade 7 Mathematics	89	77	86	58	86	61	87	65	92	72	93	72	87	71	85	69	89	78	n/a	n/a
	Grade 7 U S History 1865 to present	89	85	88	84	89	82	90	81	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Grade 8 English RLR	94	90	95	89	84	71	80	70	85	75	87	75	83	76	81	77	80	76	n/a	n/a
	Grade 8 English Writing	90	88	92	88	78	70	77	70	79	72	78	71	80	73	73	73	74	70	n/a	n/a
	Grade 8 Mathematics	89	82	74	60	76	61	80	67	85	74	81	73	81	74	80	71	82	77	n/a	n/a
	Grade 8 Civics	91	89	91	84	93	85	91	83	91	86	92	87	93	87	88	86	89	82	n/a	n/a
	Grade 8 Science	95	92	97	92	92	76	81	74	85	78	86	79	88	79	82	78	87	78	n/a	n/a
Secondary SOL's	End of Course English RLR	96	94	95	94	95	89	94	90	95	89	92	89	92	87	89	87	93	86	n/a	n/a
	End of Course English Writing	97	93	96	93	90	87	91	84	87	83	88	83	90	84	93	84	91	81	n/a	n/a
	Algebra I	97	94	86	73	88	76	91	79	89	82	91	83	92	82	91	81	94	86	n/a	n/a
	Algebra II	97	91	68	69	83	76	88	82	86	87	94	89	94	90	90	89	96	91	n/a	n/a
	Geometry	92	87	83	74	89	76	90	77	90	80	89	80	85	78	87	77	91	83	n/a	n/a
	Earth Science	94	89	94	90	93	83	93	83	90	83	89	84	90	82	89	81	86	81	n/a	n/a
	Biology	93	90	96	92	91	83	89	83	89	84	90	84	85	82	88	82	89	83	n/a	n/a
	Chemistry	97	93	96	93	87	86	85	87	89	88	87	88	90	89	86	89	80	88	n/a	n/a
	World History to 1500	94	81	98	84	98	84	98	85	97	85	96	84	98	85	99	82	98	80	n/a	n/a
	World History from 1500	85	82	88	85	92	85	89	86	94	87	89	86	91	87	92	84	88	81	n/a	n/a
	World Geography	n/a	n/a	n/a	n/a	91	86	88	n/a	n/a	n/a	85	86	87	83	86	82	81	80	n/a	n/a
	US & VA History	92	83	88	85	93	86	92	87	90	87	89	86	89	86	87	84	75	68	n/a	n/a

Source: Department of Assessment and Research

Note: (1) Standards of Learning Tests were not taken in fiscal year 2020 due to COVID-19 Pandemic.

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

**Table 18
Unaudited**

Fiscal Year	Participation Rate	Roanoke County Public Schools				Virginia	National	Maximum
		Reading	Writing	Math	Combined			
2011	44%	518	516	523	1,557	1,521	1,509	2,400
2012	42	522	505	525	1,552	1,510	1,477	2,400
2013	59	526	511	522	1,559	1,517	1,474	2,400
2014	62	519	497	511	1,527	1,520	1,472	2,400
2015	61	510	482	508	1,500	1,520	1,400	2,400
2016	62	525	472	526	1,523	1,522	1,453	2,400
2017 (1)	55	564	n/a	558	1,122	1,101	1,071	1,600
2018	65	558	n/a	553	1,111	1,110	1,049	1,600
2019	56	568	n/a	559	1,127	1,118	1,059	1,600
2020	58	566	n/a	557	1,123	1,116	1,051	1,600

Source: Department of School Counseling

Note:

(1) Effective 2017, reading and writing were combined into one portion of the exam and the maximum reduced from 2,400 to 1,600 points.

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

Table 19
Unaudited

Positions	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	2.7	2.7	1.7	2.1	2.0	2.0	2.0	2.5	2.0
Administrator	16.8	19.2	12.8	14.0	14.5	15.7	15.2	15.0	17.4	20.1
Principal	27.0	27.0	27.3	27.0	26.8	26.9	27.2	27.0	27.1	27.0
Assistant Principal	26.9	26.0	25.3	24.9	24.8	24.2	26.1	22.6	24.9	35.9
Teacher	1,096.9	1,113.0	1,101.7	1,100.0	1,111.8	1,119.1	1,116.7	1,146.6	1,144.0	1,102.0
Guidance Counselor	42.9	47.0	47.7	47.8	47.7	47.7	47.8	45.7	51.5	53.5
Librarian	28.0	26.0	24.2	25.9	25.7	24.8	25.0	24.8	24.9	25.0
Social Worker	4.0	4.0	4.0	4.0	4.0	4.0	3.9	4.0	4.0	4.0
Instructional Assistant	299.4	293.7	288.4	282.4	286.2	298.0	291.5	308.4	304.8	306.7
Secretary	69.9	71.4	68.6	69.0	69.8	70.9	72.7	71.8	73.1	77.7
Nurse	25.9	23.0	24.7	24.3	26.2	27.7	27.3	26.1	26.5	26.0
Psychologist	9.0	9.0	9.0	8.9	8.9	9.0	9.0	8.9	8.0	8.0
Other Attendance & Health	6.3	9.7	7.3	8.0	7.8	7.8	7.2	7.3	7.2	1.3
Bus Driver	170.8	175.7	174.3	167.3	182.8	191.1	178.3	197.5	184.5	184.8
Other Transportation	16.6	16.1	15.8	16.4	16.3	17.2	16.4	17.1	16.7	17.1
Custodian	114.1	113.3	113.0	102.9	83.8	67.1	51.1	53.2	44.0	35.3
Tradesman	30.2	29.7	29.7	28.0	29.1	27.7	25.8	27.6	28.2	28.8
Other Maintenance	4.0	4.0	4.0	4.0	3.8	4.0	3.0	2.3	2.3	2.4
Construction	4.0	4.4	4.0	4.3	4.4	3.9	2.4	2.3	2.4	2.6
Technology	40.9	37.6	37.3	36.4	36.2	34.1	37.0	37.2	36.3	41.4
Nutrition	128.7	126.0	120.0	117.5	110.7	110.1	93.9	128.3	128.2	127.7
Total	2,171.0	2,184.5	2,147.8	2,120.7	2,129.4	2,139.0	2,085.5	2,181.7	2,164.5	2,135.3

Source: Virginia Department of Education Annual School Report.

Roanoke County Public Schools
Teacher Salary Information
Last Ten Fiscal Years

Table 20
Unaudited

Degree		Level	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
					(3)				(4)			(5)
Bachelors	(1)	Min	\$35,000	\$35,700	\$36,000	\$36,000	\$36,000	\$36,000	\$38,585	\$38,585	\$38,971	\$39,555
		Max	57,125	58,268	63,366	63,366	64,633	64,885	59,420	59,420	60,014	60,914
Bachelors + 12 hrs	(1)	Min	35,321	36,021	36,321	36,321	36,321	36,321	39,185	39,185	39,571	40,155
		Max	57,580	58,723	63,821	63,821	65,088	65,340	60,020	60,020	60,614	61,514
Bachelors + 24 hrs	(1)	Min	35,482	36,182	36,482	36,482	36,482	36,482	39,785	39,785	40,171	40,755
		Max	57,808	58,951	64,049	64,049	65,316	65,568	60,620	60,620	61,214	62,114
Masters	(1)	Min	36,605	37,305	37,605	37,605	37,605	37,605	40,985	40,985	41,371	41,955
		Max	59,400	60,543	65,641	65,641	66,908	67,160	61,820	61,820	62,414	63,314
Masters + 12 hrs	(1)	Min	36,766	37,466	37,766	37,766	37,766	37,766	N/A	N/A	N/A	N/A
		Max	59,628	60,771	65,869	65,869	67,136	67,388	N/A	N/A	N/A	N/A
Masters + 24 hrs	(1)	Min	36,926	37,626	37,926	37,926	37,926	37,926	N/A	N/A	N/A	N/A
		Max	59,855	60,998	66,096	66,096	67,363	67,615	N/A	N/A	N/A	N/A
Doctorate	(1)	Min	38,210	38,910	39,210	39,210	39,210	39,210	42,585	42,585	42,971	43,555
		Max	61,675	62,818	67,916	67,916	69,183	69,435	63,420	63,420	64,014	64,914
Average Salary	(2)		\$48,712	\$48,267	\$50,886	\$49,968	\$49,719	\$49,967	\$51,942	\$51,397	\$51,404	\$53,519
Average Annual Salary Increase			0.00%	0.00%	3.00%	0.00%	2.00%	2.50%	2.00%	1.50%	2.50%	3.00%
Virginia Average Salary	(2)		\$51,494	\$52,115	\$52,942	\$53,767	\$54,486	\$55,989	\$56,362	\$57,261	\$59,301	TBD

Source:

(1) Annual School Board approved Pay Plans.

(2) Virginia Department of Education Superintendent's Annual Report for Virginia Table 19.

Note:

(3) In fiscal year 2013, the salary increase includes state mandated pass through of 5.0% VRS contribution.

(4) In fiscal year 2017, the School Division adopted a revised Pay Plan based on a compensation study performed by an external vendor. The salary increase of 2.00% was a base cost of living adjustment for all employees. In addition, \$4.77 million was allocated to address internal and external inequities in salaries identified by the vendor.

(5) For fiscal year 2020, Average Salary is based on the Virginia Department of Education Annual School Report Schedule I on a tentative basis until the Superintendent's Annual Report is published.

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

Table 21
Unaudited

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction	\$ 92,094,364 74.1%	\$ 93,314,768 74.2%	\$ 96,391,360 74.5%	\$ 97,531,990 74.0%	\$ 99,642,723 75.0%	\$ 99,646,993 73.2%	\$ 105,206,154 75.0%	\$ 108,104,845 74.6%	\$ 109,084,465 73.9%	\$ 111,664,987 73.8%
Administration	2,269,955 1.8%	2,472,105 2.0%	2,368,952 1.8%	2,459,588 1.9%	2,645,348 2.0%	2,795,734 2.1%	2,955,752 2.1%	3,047,674 2.1%	3,449,231 2.3%	3,557,399 2.4%
Attendance and health	2,207,280 1.8%	2,181,587 1.7%	2,018,980 1.6%	1,948,458 1.5%	2,085,647 1.6%	2,172,278 1.6%	2,254,534 1.6%	2,395,337 1.7%	2,257,322 1.5%	2,009,920 1.3%
Transportation	7,054,463 5.7%	6,668,232 5.3%	6,405,023 4.9%	6,522,524 5.0%	5,304,357 4.0%	6,896,242 5.1%	5,542,849 4.0%	6,965,079 4.8%	7,022,008 4.7%	7,049,944 4.7%
Operations and maintenance	10,868,321 8.8%	11,335,888 9.0%	11,975,025 9.3%	11,641,249 8.9%	11,221,460 8.4%	11,116,417 8.2%	11,227,063 8.0%	11,560,625 8.0%	12,029,304 8.1%	11,851,500 7.8%
Technology	3,059,017 2.5%	2,944,589 2.3%	3,078,205 2.4%	3,896,061 3.0%	4,162,379 3.1%	5,786,781 4.2%	5,831,202 4.2%	6,348,558 4.4%	7,545,530 5.1%	8,568,091 5.7%
Nutrition	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	2,440 0.0%	908 0.0%	12,752 0.0%
Principal	2,784,496 2.2%	2,899,478 2.3%	2,908,865 2.2%	3,025,786 2.3%	3,140,309 2.4%	3,195,935 2.3%	3,295,830 2.4%	2,899,019 2.0%	2,952,458 2.0%	2,763,788 1.8%
Interest	1,801,284 1.5%	1,723,970 1.4%	1,664,458 1.3%	1,560,975 1.2%	1,460,295 1.1%	1,418,922 1.0%	1,333,718 1.0%	1,226,326 0.8%	1,172,887 0.8%	1,361,557 0.9%
Payment for future capital	2,000,000 1.6%	2,300,000 1.8%	2,600,000 2.0%	2,900,000 2.2%	3,200,000 2.4%	3,200,000 2.3%	2,200,000 1.6%	2,200,000 1.5%	2,200,000 1.5%	2,200,000 1.5%
Capital outlay	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	159,889 0.1%	165,145 0.1%	172,068 0.1%	200,021 0.1%
Total expenditures	<u>\$ 124,139,180</u>	<u>\$ 125,840,617</u>	<u>\$ 129,410,868</u>	<u>\$ 131,486,631</u>	<u>\$ 132,862,518</u>	<u>\$ 136,229,302</u>	<u>\$ 140,006,991</u>	<u>\$ 144,915,048</u>	<u>\$ 147,886,181</u>	<u>\$ 151,239,959</u>

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

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

Table 22
Unaudited

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction	\$ 6,459 74.1%	\$ 6,627 74.2%	\$ 6,906 74.5%	\$ 7,002 74.0%	\$ 7,164 75.0%	\$ 7,127 73.2%	\$ 7,607 75.0%	\$ 7,846 74.6%	\$ 7,979 73.9%	\$ 8,225 73.8%
Administration	159 1.8%	176 2.0%	170 1.8%	177 1.9%	190 2.0%	200 2.1%	214 2.1%	221 2.1%	252 2.3%	262 2.4%
Attendance and health	155 1.8%	155 1.7%	145 1.6%	140 1.5%	150 1.6%	155 1.6%	163 1.6%	174 1.7%	165 1.5%	148 1.3%
Transportation	495 5.7%	474 5.3%	459 4.9%	468 5.0%	381 4.0%	493 5.1%	401 4.0%	505 4.8%	514 4.7%	519 4.7%
Operations and maintenance	762 8.8%	805 9.0%	858 9.3%	836 8.9%	807 8.4%	795 8.2%	812 8.0%	839 8.0%	880 8.1%	873 7.8%
Technology	215 2.5%	209 2.3%	221 2.4%	280 3.0%	299 3.1%	414 4.2%	422 4.2%	461 4.4%	552 5.1%	631 5.7%
Nutrition	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	1 0.0%
Principal	195 2.2%	206 2.3%	208 2.2%	216 2.3%	226 2.4%	229 2.3%	238 2.4%	209 2.0%	216 2.0%	204 1.8%
Interest	126 1.4%	122 1.4%	119 1.3%	112 1.2%	105 1.1%	101 1.0%	96 1.0%	89 0.8%	86 0.8%	100 0.9%
Payment for future capital	141 1.6%	163 1.8%	186 2.0%	208 2.2%	230 2.4%	229 2.3%	159 1.6%	160 1.5%	161 1.5%	162 1.5%
Capital outlay	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	12 0.1%	12 0.1%	13 0.1%	15 0.1%
Total expenditures	<u>\$ 8,707</u>	<u>\$ 8,937</u>	<u>\$ 9,272</u>	<u>\$ 9,439</u>	<u>\$ 9,552</u>	<u>\$ 9,743</u>	<u>\$ 10,124</u>	<u>\$ 10,516</u>	<u>\$ 10,818</u>	<u>\$ 11,140</u>
March 31 ADM	14,259	14,081	13,958	13,929	13,909	13,982	13,830	13,779	13,671	13,576

Sources:

Expenditures derive from the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (Exhibit E).

March 31 ADM derives from Student Enrollment (Table 15).

**Roanoke County Public Schools
Nutrition Program
Last Ten Fiscal Years**

**Table 23
Unaudited**

Fiscal Year	Breakfast			Lunch				Free and Reduced Eligibility
	Average Served Daily	Number Breakfast Sites	Student Breakfast Price	Average Served Daily	Student Lunch Price			
					Elementary School	Middle School	High School	
2011	1,367	19	\$1.00	7,477	\$2.00	\$2.00	\$2.00	23.8%
2012	1,592	22	1.00	7,086	2.05	2.05	2.05	25.2
2013	1,582	24	1.00	6,345	2.15	2.15	2.15	25.7
2014	1,603	24	1.10	6,395	2.25	2.25	2.25	26.7
2015	1,722	26	1.15	6,195	2.35	2.35	2.35	28.9
2016	1,888	26	1.25	6,035	2.35	2.60	2.60	27.3
2017	2,013	26	1.25	5,575	2.45	2.70	2.70	27.3
2018	2,252	26	1.35	5,841	2.55	2.70	2.70	30.5
2019	2,352	26	1.35	5,852	2.55	2.80	2.80	30.9
2020	2,492	26	1.35	5,992	2.55	2.80	2.80	34.5

Source: School Nutrition

Roanoke County Public Schools
Capital Asset Statistics
Last Ten Fiscal Years

Table 24
Unaudited

School / Statistic	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
						(1)			(2)	
Back Creek Elementary (1937)										
Square feet	49,959	49,959	49,959	49,959	49,959	49,959	49,959	49,959	49,959	49,959
Capacity (student)	386	386	386	386	386	349	349	349	349	349
Enrollment	318	303	318	287	303	325	289	295	298	289
Bonsack Elementary (1998)										
Square feet	70,317	70,317	70,317	70,317	70,317	70,317	70,317	70,317	70,317	70,317
Capacity (student)	572	572	572	572	572	428	428	428	428	428
Enrollment	447	418	418	392	399	389	374	346	353	342
Burlington Elementary (1939)										
Square feet	65,699	76,324	76,324	76,324	76,324	76,324	76,324	76,324	76,324	76,324
Capacity (student)	473	473	473	473	473	525	525	525	525	525
Enrollment	445	422	420	420	427	455	413	424	424	425
Cave Spring Elementary (1961)										
Square feet	65,711	65,711	65,711	65,711	65,711	65,711	65,711	65,711	65,711	65,711
Capacity (student)	600	600	600	600	600	501	501	501	501	501
Enrollment	435	472	459	452	466	494	473	473	493	494
Clearbrook Elementary (1938)										
Square feet	44,020	44,020	44,020	44,020	44,020	44,020	44,020	44,020	44,020	44,020
Capacity (student)	294	294	294	294	294	354	354	354	354	354
Enrollment	232	272	297	319	334	359	326	338	315	331
Fort Lewis Elementary (1928)										
Square feet	33,913	33,913	33,913	33,913	33,913	33,913	33,913	33,913	33,913	33,913
Capacity (student)	235	235	235	235	235	252	252	252	252	252
Enrollment	233	223	229	220	221	241	224	241	247	241

(Continued)

Roanoke County Public Schools
Capital Asset Statistics
Last Ten Fiscal Years

Table 24
Unaudited

School / Statistic	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
						(1)			(2)	
Glen Cove Elementary (1971)										
Square feet	61,612	61,612	61,612	61,612	61,612	61,612	61,612	61,612	61,612	61,612
Capacity (student)	516	516	516	516	516	470	470	470	470	470
Enrollment	434	423	430	443	429	446	446	458	453	420
Glenvar Elementary (1959)										
Square feet	58,130	58,130	58,130	58,130	58,130	58,130	58,130	58,130	58,130	58,130
Capacity (student)	446	446	446	446	446	420	420	420	420	420
Enrollment	355	365	351	363	359	403	357	359	358	335
Green Valley Elementary (1964)										
Square feet	70,376	70,376	70,376	70,376	70,376	70,376	70,376	70,376	70,376	70,376
Capacity (student)	600	600	600	600	600	517	517	517	517	517
Enrollment	347	383	409	418	458	518	497	513	521	527
Herman L. Horn Elementary (1961)										
Square feet	66,065	66,065	66,065	66,065	66,065	66,065	66,065	66,065	66,065	66,065
Capacity (student)	552	552	552	552	552	501	501	501	501	501
Enrollment	400	396	398	386	378	426	388	365	403	414
Mason's Cove Elementary (2012)										
Square feet	38,253	52,108	52,108	52,108	52,108	52,108	52,108	52,108	52,108	52,108
Capacity (student)	279	350	350	350	350	270	270	270	270	270
Enrollment	190	197	205	197	226	234	184	176	165	198
Mount Pleasant Elementary (1934)										
Square feet	64,073	64,073	64,073	64,073	64,073	64,073	64,073	64,073	64,073	64,073
Capacity (student)	403	403	403	403	403	412	412	412	412	412
Enrollment	317	330	307	323	326	344	295	295	311	284

(Continued)

Roanoke County Public Schools
Capital Asset Statistics
Last Ten Fiscal Years

Table 24
Unaudited

School / Statistic	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
						(1)			(2)	
Mountain View Elementary (1959)										
Square feet	69,734	69,734	69,734	69,734	69,734	69,734	69,734	69,734	69,734	69,734
Capacity (student)	584	584	584	584	584	483	483	483	483	483
Enrollment	462	444	430	389	379	376	349	344	317	302
Oak Grove Elementary (1959)										
Square feet	74,037	74,037	74,037	74,037	74,037	74,037	74,037	74,037	74,037	74,037
Capacity (student)	564	564	564	564	564	467	467	467	467	467
Enrollment	540	479	446	434	423	458	418	392	394	397
Penn Forest Elementary (1972)										
Square feet	66,375	66,375	66,375	66,375	66,375	66,375	66,375	66,375	66,375	66,375
Capacity (student)	516	516	516	516	516	504	504	504	504	504
Enrollment	544	472	463	456	449	462	447	456	454	430
W.E. Cundiff Elementary (1972)										
Square feet	61,747	61,747	61,747	61,747	61,747	61,747	61,747	61,747	61,747	61,747
Capacity (student)	512	512	512	512	512	585	585	585	585	585
Enrollment	484	456	455	497	515	533	516	492	480	475
Cave Spring Middle (2013)										
Square feet	85,130	85,130	132,265	132,265	132,265	132,265	132,265	132,265	132,265	132,265
Capacity (student)	675	675	900	900	900	952	952	952	952	952
Enrollment	631	671	716	728	746	775	754	760	757	778
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	619	619	619	619	619
Enrollment	428	409	402	403	431	442	440	434	457	444

(Continued)

Roanoke County Public Schools
Capital Asset Statistics
Last Ten Fiscal Years

Table 24
Unaudited

School / Statistic	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
						(1)			(2)	
Hidden Valley Middle (1972)										
Square feet	120,454	120,454	120,454	120,454	120,454	120,454	120,454	120,454	120,454	120,454
Capacity (student)	938	938	938	938	938	952	952	952	952	952
Enrollment	769	768	653	653	597	601	576	592	600	597
Northside Middle (1970)										
Square feet	163,527	163,527	163,527	163,527	163,527	163,527	163,527	163,527	163,527	163,527
Capacity (student)	806	806	806	806	806	993	993	993	993	993
Enrollment	694	719	750	745	721	681	653	662	703	697
William Byrd Middle (1988)										
Square feet	153,412	153,412	153,412	153,412	153,412	153,412	153,412	153,412	153,412	153,412
Capacity (student)	887	887	887	887	887	938	938	938	938	938
Enrollment	883	922	856	821	801	797	806	832	805	854
Cave Spring High (1968)										
Square feet	156,756	156,756	156,756	156,756	156,756	156,756	156,756	156,756	156,756	156,756
Capacity (student)	1,015	1,015	1,015	1,015	1,015	1,190	1,190	1,190	1,190	1,190
Enrollment	823	856	887	947	983	1,012	1,032	1,013	991	982
Glenvar High (2016)										
Square feet	120,914	120,914	120,914	120,914	120,914	148,987	148,987	148,987	148,987	148,987
Capacity (student)	675	675	675	675	675	650	650	755	755	755
Enrollment	610	592	568	557	549	554	548	584	571	638
Hidden Valley High (2002)										
Square feet	201,020	201,020	201,020	201,020	201,020	201,020	201,020	201,020	201,020	201,020
Capacity (student)	972	972	972	972	972	1,251	1,251	1,251	1,251	1,251
Enrollment	1,095	1,060	999	1,014	1,007	949	901	876	815	813

(Continued)

Roanoke County Public Schools
Capital Asset Statistics
Last Ten Fiscal Years

Table 24
Unaudited

School / Statistic	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
						(1)			(2)	
Northside High (1961)										
Square feet	160,636	160,636	160,636	160,636	160,636	160,636	160,636	160,636	160,636	160,636
Capacity (student)	1,100	1,100	1,100	1,100	1,100	1,217	1,217	1,217	1,217	1,217
Enrollment	991	989	993	967	1,004	1,022	990	990	893	894
William Byrd High (1969)										
Square feet	186,923	186,923	186,923	186,923	186,923	186,923	186,923	186,923	186,923	186,923
Capacity (student)	1,400	1,400	1,400	1,400	1,400	1,107	1,107	1,107	1,107	1,107
Enrollment	1,157	1,100	1,158	1,142	1,131	1,133	1,061	1,043	1,054	1,081
Burton Center for Arts and Technology (1962)										
Square feet	86,995	86,995	86,995	86,995	86,995	86,995	86,995	86,995	86,995	86,995
Administration Building (1972)										
Square feet	52,373	52,373	52,373	52,373	52,373	52,373	52,373	52,373	52,373	52,373
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	18,308	18,308	18,308	18,308	18,308	18,308	18,308	18,308	18,308	18,308
Bus Garage (1946)										
Square feet	17,074	17,074	17,074	17,074	17,074	17,074	17,074	17,074	17,074	17,074

Sources: Department of Administration and Department of Facilities and Operations.

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 2016, the student capacity was updated from an independent facility study conducted by Perkins & Will. The Glenvar High School student capacity was updated after the completion of construction with information provided by the Roanoke County Public Schools' Facilities and Operations Department.

(2) In fiscal year 2019, Cave Spring High School began the process of undergoing a major renovation. Square footage and capacity will be updated upon completion of the project.



COMPLIANCE SECTION

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Roanoke County Public Schools (the "School Division"), a component unit of Roanoke County, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School Division's basic financial statements, and have issued our report thereon dated November 12, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School Division's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Division's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Division'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 Division's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Division'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 School Division's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 12, 2020

Roanoke County Public Schools
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Granting Agency/Recipient State Agency/ Grant Program	Federal Number	Pass-Through Number	Subtotals	Total Federal Expenditures
DEPARTMENT OF AGRICULTURE				
School Breakfast Program	10.553	201819N109941	\$ 113,234	
School Breakfast Program	10.553	202020N109941	335,263	
School Breakfast Program CARES	10.553	202020N850341	31,149	\$ 479,646
National School Lunch Program - Commodities	10.555		377,919	
National School Lunch Program	10.555	201919N109941	382,018	
National School Lunch Program	10.555	202020N109941	1,036,378	
National School Lunch Program CARES	10.555	202020N850341	95,497	1,891,812
Summer Food Service Program for Children	10.559	201918N109941	15,267	
Summer Food Service Program for Children	10.559	202020N850341	688,090	703,357
State Administrative Expenses for Child Nutrition	10.560	201919N253341	470	470
			Child Nutrition Cluster	3,075,285
*Schools and Roads - Grants to States	10.665		2,635	2,635
			Forest Service Schools and Roads Cluster	2,635
DEPARTMENT OF JUSTICE				
*STOP School Violence	16.839		46,434	46,434
DEPARTMENT OF TREASURY				
Coronavirus Relief Fund (County of Roanoke)	21.019		77,408	
Coronavirus Relief Fund (Department of Education)	21.019		9,732	87,140
ENVIRONMENTAL PROTECTION AGENCY				
*2019 Diesel Emission Reduction Act School Bus Rebates	66.040		200,000	200,000
DEPARTMENT OF EDUCATION				
<u>ESEA - Title I Part A - Improving Basic Programs</u>				
2017 Title I - Local Education Agency	84.010	S010A170046	15,472	
2018 Title I - Local Education Agency	84.010	S010A180046	149,145	
2019 Title I - Local Education Agency	84.010	S010A190046	1,041,374	1,205,991
*Direct aid for public education				

(Continued)

See accompanying notes to schedule of expenditures of federal awards.
See accompanying independent auditors' report.

Roanoke County Public Schools
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Granting Agency/Recipient State Agency/ Grant Program	Federal Number	Pass-Through Number	Subtotals	Total Federal Expenditures
DEPARTMENT OF EDUCATION				(Continued)
<u>Perkins CTE Title I - Vocational Education Basic Grant</u>				
2019 Perkins CTE Secondary Program	84.048	V048A190046	138,143	138,143
<u>ESEA - Title II Part A - Improving Teacher Quality</u>				
2017 Title II - Part A	84.367	S367A170044	4,764	
2018 Title II - Part A	84.367	S367A180044	66,209	
2019 Title II - Part A	84.367	S367A190044	69,104	140,077
<u>ESEA - Title III Part A - Language Acquisition State Grant</u>				
2017 Language Acquisition State Grant	84.365	S365A170046	139	
2018 Language Acquisition State Grant	84.365	S365A180046	7,364	
2019 Language Acquisition State Grant	84.365	S365A190046	15,781	
2019 Immigrant & Youth State Grant	84.365	S365A190046	1,588	24,872
<u>ESEA - Title IV - Student Support and Academic Enrichment</u>				
2017 Title IV Part A LEA	84.424	S424A170048	15	
2018 Title IV Part A LEA	84.424	S424A180048	5,287	
2019 Title IV Part A LEA	84.424	S424A190048	45,641	50,943
<u>IDEA - Part B Section 611 - Special Education</u>				
2018 Instructional Support Tech Asst	84.027	H027A170107	7,500	
2018 IDEA 611 Flow-through	84.027	H027A180107	368,215	
2019 IDEA 611 Flow-through	84.027	H027A190107	2,591,623	2,967,338
<u>IDEA - Part B Section 619 - Special Education Preschool</u>				
2018 Preschool Handicapped Allocation	84.173	H173A180112	\$ 41,883	
2019 Early Childhood Quality Grant	84.173	H173A170112	24,380	
2019 Preschool Handicapped Allocation	84.173	H173A190112	69,651	135,914
			Special Education Cluster (IDEA)	3,103,252
<u>ESEA - Preschool Development Grants - Expansion</u>				
2019 Federal Preschool Expansion Grant Year 4	84.419	S419B150010	86,427	86,427

*Direct aid for public education

(Continued)

See accompanying notes to schedule of expenditures of federal awards.
See accompanying independent auditors' report.

Roanoke County Public Schools
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Granting Agency/Recipient State Agency/ Grant Program	Federal Number	Pass-Through Number	Subtotals	Total Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES				(Continued)
*Provider Relief Fund	93.498		10,618	10,618
<i>The United Way</i>				
Federal Preschool Development Grant Birth-5	93.434		9,033	9,033
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Centers for Medicare and Medicaid Services</i>				
*Medical Assistance Program-Medicaid Reimbursements	93.778		186,994	
*Medical Assistance Program-Medicaid Admin Claiming	93.778		66,111	
*Medical Assistance Program-Medicaid Cost Report	93.778		318,491	571,596
			Medicaid Cluster	571,596
DEPARTMENT OF HOMELAND SECURITY				
Disaster Grants - Public Assistance	97.036		8,917	8,917
			8,761,363	8,761,363

*Direct aid for public education

See accompanying notes to schedule of expenditures of federal awards.
See accompanying independent auditors' report.

Roanoke County Public Schools
Notes to Schedule of Expenditures of Federal Awards
June 30, 2020

1. BASIS OF ACCOUNTING

Federal Programs are accounted for on the modified accrual basis of accounting.

2. REPORTING ENTITY

The Schedule of Expenditures of Federal Awards includes all Federal grants awarded to Roanoke County Public Schools (School Division).

3. IN-KIND CONTRIBUTIONS

The School Division received commodities at the fair market value of \$377,919 from the U.S. Department of Agriculture during fiscal year 2020. These in-kind contributions are included in the basic financial statements.

4. INDIRECT COSTS

For fiscal year 2020, the School Division adopted the Department of Education methodology for calculating the Local Educational Agency indirect costs. The restricted rate is used each year to calculate indirect costs for Federal Programs. The 10% de minimis rate was not utilized.





Roanoke County Public Schools
Finance Department
5937 Cove Road
Roanoke, Virginia 24019

www.rcps.us

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 Director of Administration (Title IX Coordinator) or the Director of Pupil Personnel Services (504 Coordinator) at (540) 562-3700.