



# The City of Roanoke, Virginia Pension Plan

POPULAR ANNUAL FINANCIAL REPORT

A Pension Trust Fund of the City of Roanoke, VA

Fiscal Year Ended June 30, 2017



Photo courtesy of the Virginia Museum of Transportation

# Popular Annual Financial Report

## Message to Our Readers:

It is our privilege to present the first Popular Annual Financial Report (PAFR) of City of Roanoke Pension Plan. City of Roanoke Pension Plan Popular Annual Financial Report (PAFR) provides insight into the Plan's financial condition. Derived from the Plan's Comprehensive Annual Financial Report (CAFR), the PAFR is written for those who do not have a background in finance. The document relies on graphics and other visual elements to compliment the financial message, and is not technical in nature.

The information provided in this report is a snapshot of the Plan, services, financial results, and investments, all of which are reported in more detail in the City of Roanoke Pension Plan Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2017. The CAFR is produced and prepared in conformity with generally accepted accounting principles. The PAFR is not required to present the same level of detail as the CAFR and, therefore, does not fully conform to GAAP and is not an audited document.



## What's Inside

- ◆ Plan Membership and Benefits
- ◆ Financial Statements
- ◆ Income & Expenses and Funded Status
- ◆ Investments
- ◆ Additional Information



For more in-depth information, you may obtain a copy of the City of Roanoke Pension CAFR on the city's website at [www.roanokecityva.gov](http://www.roanokecityva.gov).

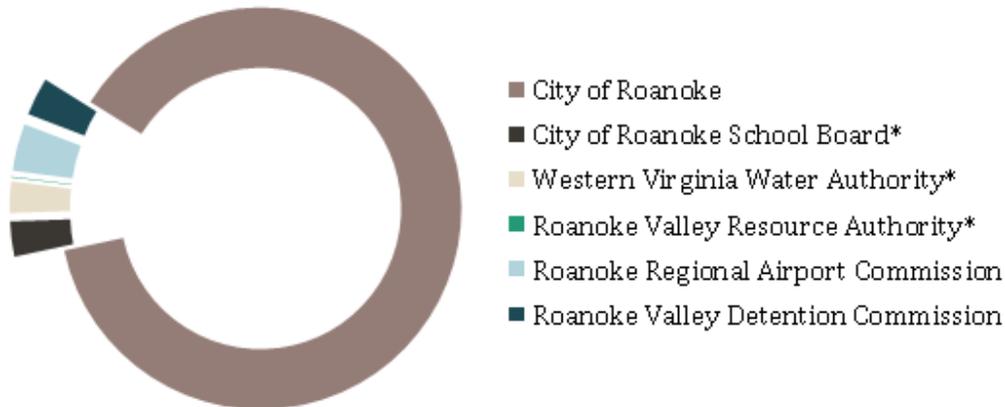
# Plan Membership and Benefits

## Plan Membership

	2017	2016
Active	1,633	1,623
Deferred Vested	619	606
Retirees and Beneficiaries	2,125	2,088

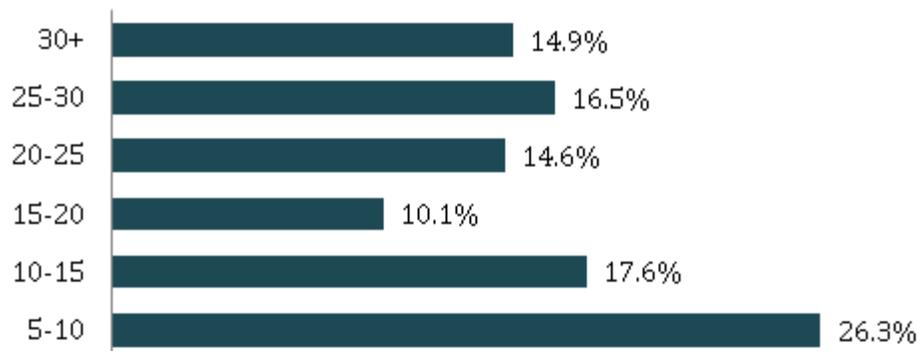
The Plan covers all full-time regular employees of the City, the Roanoke Regional Airport Commission, and the Roanoke Valley Detention Commission, certain employees of the Roanoke Valley Resource Authority, certain employees of the Western Virginia Water Authority, and certain non-professional City of Roanoke School Board employees. Employees of the City of Roanoke Sheriff's Office are not covered by the Plan.

## Active Membership by Employer



\* Constitutes closed group, no new employees admitted to membership

## Years of Service at Retirement



## Benefits and Services Provided

- ◆ Members are vested after five years of service and are eligible for benefits at the early or normal service retirement date.
- ◆ Normal service retirement and early service retirement benefits for members who attain the age and service requirements.
- ◆ Occupational disability benefits are eligible immediately upon becoming a member in the Plan.
- ◆ Non-occupational disability benefits are provided after the attainment of five years of membership.
- ◆ Benefit Statements provided to all active members on an annual basis.
- ◆ Counseling is provided to all plan participants.
- ◆ Presentations to introduce the City of Roanoke Pension Plan are conducted during new employee orientations.

# Financial Statements

## Summary of Fiduciary Net Position As of June 30

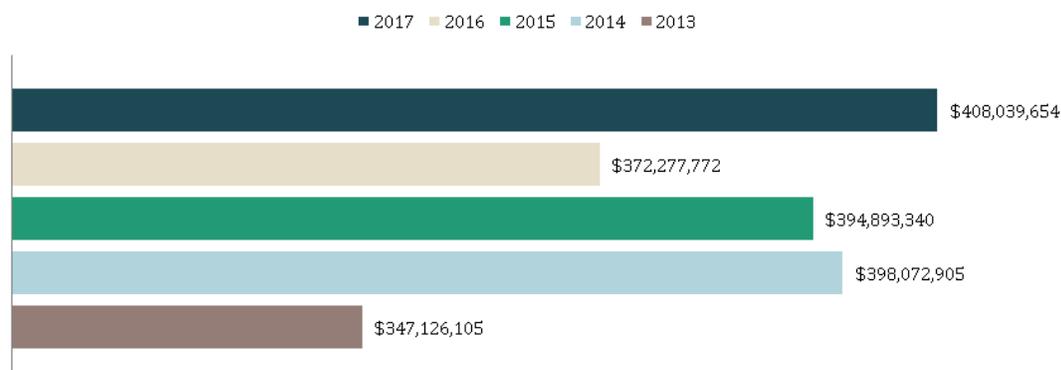
	2017	2016
<b>Assets:</b>		
Cash and Investments	\$ 407,993,255	\$ 371,940,414
Receivables	1,265,516	950,662
Receivable for Securities Transactions	206,389	940,370
<b>Total Assets</b>	<b>\$ 409,465,160</b>	<b>\$ 373,831,446</b>
<b>Liabilities:</b>		
Accounts Payable	\$ 276,261	\$ 279,840
Payable for Securities Transactions	1,149,245	1,273,834
<b>Total Liabilities</b>	<b>\$ 1,425,506</b>	<b>\$ 1,553,674</b>
<b>Net Position Restricted for Pension</b>	<b>\$ 408,039,654</b>	<b>\$ 372,277,772</b>

## Summary of Changes in Fiduciary Net Position As of June 30

	2017	2016
<b>Additions/(Reductions)</b>		
Employer Contributions	\$ 11,804,691	\$ 11,598,631
Employee Contributions	3,712,216	3,700,938
Net Investment Income	56,059,631	(3,319,955)
<b>Total Additions</b>	<b>\$ 71,576,538</b>	<b>\$ 11,979,614</b>
<b>Deductions</b>		
Pension Benefits	\$ 35,309,390	\$ 34,126,382
Administrative Expense	505,266	468,800
<b>Total Deductions</b>	<b>\$ 35,814,656</b>	<b>\$ 34,595,182</b>
<b>Net Increase/(Decrease)</b>	<b>\$ 35,761,882</b>	<b>\$ (22,615,568)</b>
<b>Net Position Restricted for Pensions</b>		
Beginning of Year	\$ 372,277,772	\$ 394,893,340
End of Year	\$ 408,039,654	\$ 372,277,772

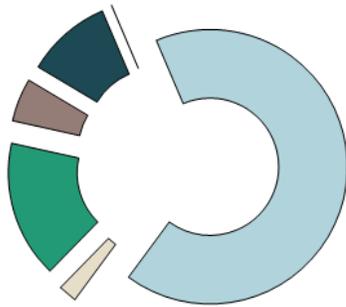
- ◆ The Plan's Fiduciary Net Position increased 9.6% or \$35.7 million as result of activities for the fiscal year ended June 30, 2017. Net Position Held in Trust for Pension Benefits totaled \$408 million at June 30, 2017 compared to \$372.3 million at June 30, 2016.
- ◆ Total Contributions increased \$217 thousand or 1.4% when compared to the fiscal year ended June 30, 2016 due to a change in the actuarial required contribution rate in fiscal year 2017.
- ◆ Employer contributions increased from \$11.6 million to \$11.8 million for the fiscal years ending June 30, 2016 and 2017, respectively.
- ◆ For the fiscal year ended June 30, 2017, the Plan had a 15.7% investment return, which resulted in Net Investment Gain of \$56.1 million. Net Investment Income increased by \$59.4 million compared to the fiscal period ended June 30, 2016, which had \$3.3 million in Net Investment Loss, driven by a -0.4% rate of return.
- ◆ Benefit payments increased \$1.2 million or 3.5% to \$35.3 million for the fiscal year ended June 30, 2017 when compared to \$34.1 million for the fiscal year ended June 30, 2016.

## Fiduciary Net Position for the Past Five Years As of June 30



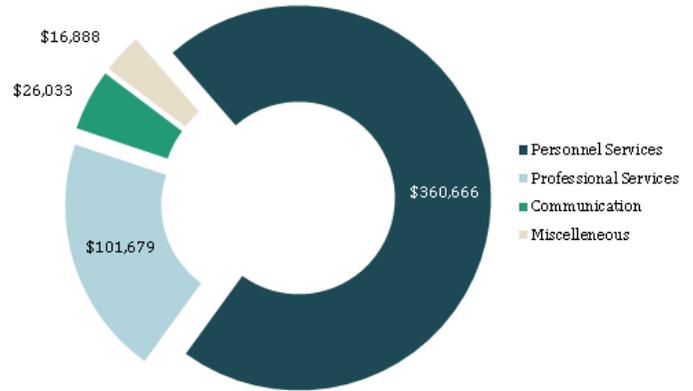
# Income & Expenses and Funded Status

### Income by Source



- Net Appreciation (Investments)
- Employer Contributions
- Dividends (Investments)
- Interest (Investments)
- Employee Contributions
- Other

### Administrative Expenses



- Personnel Services
- Professional Services
- Communication
- Miscellaneous

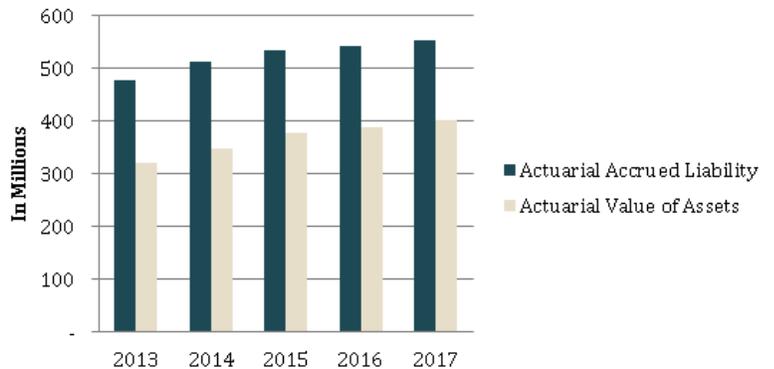
### Pension Benefit Expense by Retirement Type



- Retirees
- Beneficiaries
- Disability Retirees

## Funded Status

### Actuarial Accrued Liability and Value of Assets



The Plan's funded status:  
**72.8%** as of June 30, 2017

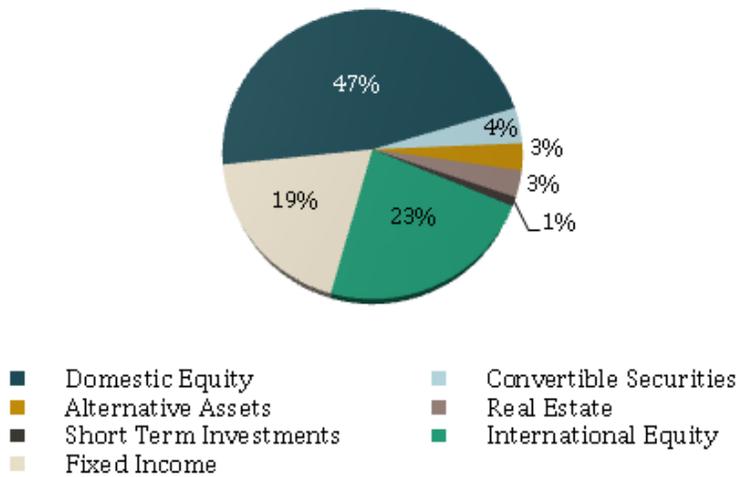


Funded status measures the progress of accumulating the funds necessary to meet future obligations. Historically, periods of diminished funded status were made up as market conditions improved. Similarly, years of enhanced funded status are eroded when market conditions are poor. The Plan continues to maintain this necessary balance by constantly monitoring and adapting to market conditions.

The financing objective of the Plan is to fully fund all current costs based on the normal contribution rate payable by the participating employers and to liquidate any unfunded accrued liability based on accrued liability contributions payable over a closed amortization period of 30 years.

# Investments

## Asset Allocation Mix



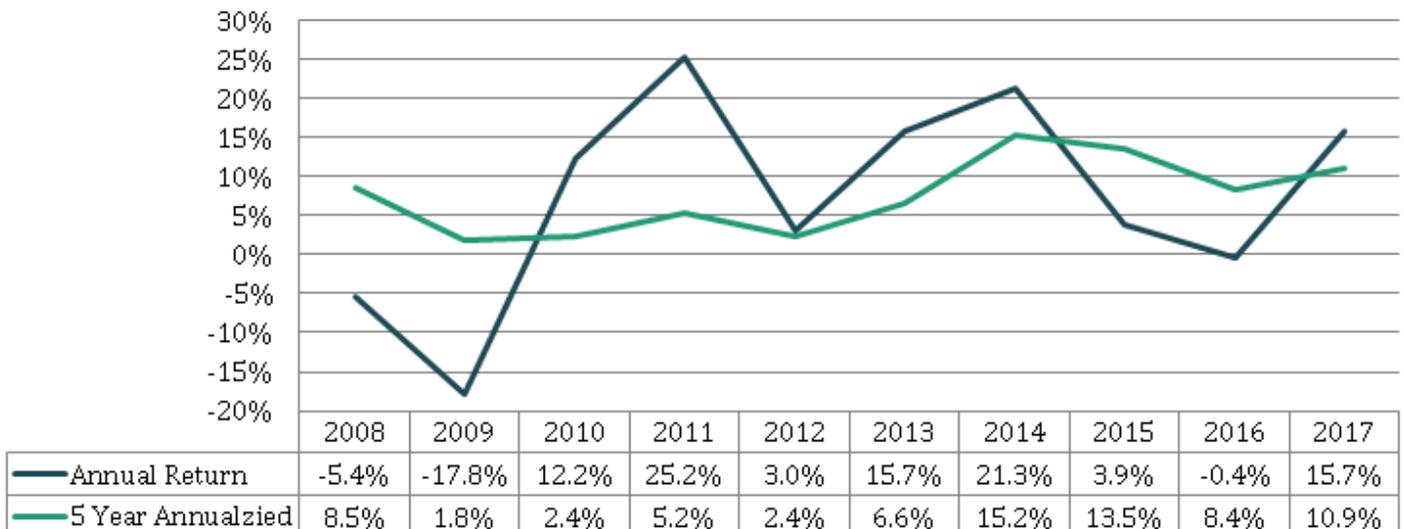
## Investment Summary

	2017 Fair Value
Fixed Income	\$ 77,704,617
Domestic Equity	\$ 188,010,337
Convertible Securities	\$ 16,146,767
International Equity	\$ 96,618,176
Real Estate	\$ 13,203,628
Alternative Assets	\$ 12,278,041
Short Term Investments	\$ 3,817,587
<b>Total Investments</b>	<b>\$ 407,779,153</b>

Market conditions continue positive momentum for equity and fixed income indices. Broad domestic and international equity performances, largely fueled by continued improvement in corporate earnings and macroeconomics data worldwide, continue to progress. Despite geopolitical tension, political uncertainty, and concerns over the economic impacts of the devastating hurricanes, our outlook remains optimistic, buoyed by positive returns in equity with record setting levels since June 30, 2017. The positive investment performance of domestic fixed income and real estate assets were boosted by returns experienced in domestic and international equities and convertible bonds.

The Plan's investment performance improved from -0.4% for year ended June 30, 2016 to 15.7% for year ended June 30, 2017, which is reflective of a robust market, low energy prices, and domestic and global economic growth. We believe the Plan's risk profile remains appropriately positioned for the attainment of its long-term investment objective; we will continue to monitor the Plan's asset allocation, considering new avenues to enhance risk adjusted returns.

## Annualized Returns



# Additional Information

## Board of Trustees

Gregory W. Feldmann  
Chairman - Citizen Trustee

Sherman P. Lea  
Mayor - Ex-officio Trustee

Cassandra D. Altice  
Participating Employer Trustee

Carolyn H. Glover  
Vice Chair - Retiree Trustee

Robert B. Townsend  
Acting City Manager - Ex-officio Trustee

Terry King  
Public Safety Trustee

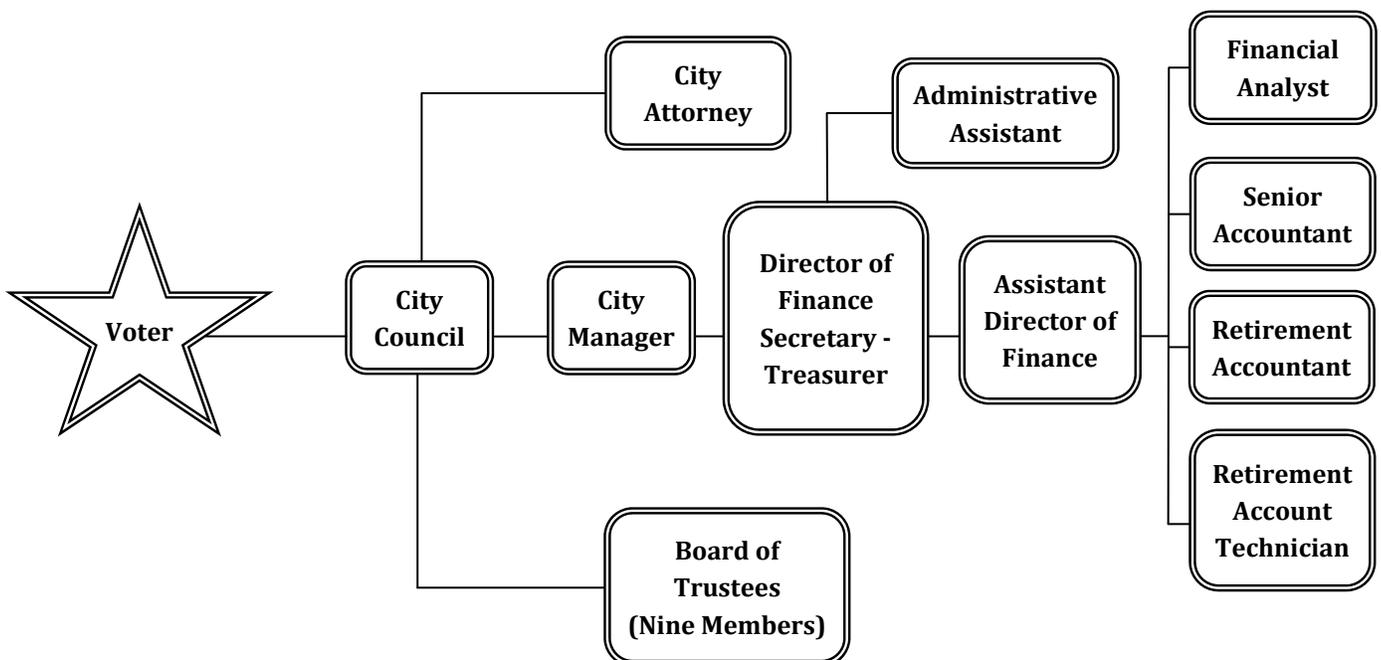
Barbara A. Dameron  
Secretary/Treasurer - Director of Finance

Glen Combs  
Citizen Trustee

Michael B. Shockley  
Member Trustee

The Government Finance Officers Association (GFOA) has been promoting the preparation of high quality popular annual financial reports since 1991. More than 140 governments participate in the program each year. The Popular Annual Financial Reporting Awards Program is specifically designed to encourage state and local governments to prepare and issue a high quality popular annual financial report. Popular annual financial reports can play an important role in making financial information accessible to ordinary citizens and other interested parties who may be challenged by more detailed traditional financial reports. Additional details can be found at the GFOA's website: [www.gfoa.org](http://www.gfoa.org).

## Organizational Chart



City of Roanoke Pension Plan 2017 PAFR offers a summary of information presented in the 2017 CAFR. The 2017 CAFR provides detailed information regarding the Pension Plan investment performance and funding as well as detailed demographic information for Plan members and employers.

Please visit the city's website at [www.roanokeva.gov](http://www.roanokeva.gov) to view the 2017 CAFR for the City of Roanoke Pension Plan. Hard copies are available from our office upon request.

Comments, questions, or concerns? Please contact our office . We welcome all feedback.

**Contacting the Retirement Office**

Address: 215 Church Ave. Room 465 Roanoke, VA 24012; Phone: 540-853-2062; 8AM - 5 PM Monday - Friday; Fax: 540-853-6142  
Prepared by Department of Finance Retirement Plans Administration