

# Popular Annual Financial Report



City of Roanoke  
Pension Plan  
For Fiscal Year 2018

## Message to Our Readers:

We are pleased to present the Popular Annual Financial Report (PAFR) for The City of Roanoke Pension Plan's fiscal year ended June 30, 2018. The Plan's 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 Plan's CAFR for the fiscal year ending June 30, 2018. 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:

- Financial Statements
- Income & Expenses and Funded Status
- Investments
- Plan Membership and Benefits
- PAFR Certificate

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).

# Financial Statements

- The Plan's Fiduciary Net Position increased \$25.1 million or 6.1% as result of activities for the fiscal year ended June 30, 2018. Net Position Held in Trust for Pension Benefits totaled \$433.1 million at June 30, 2018 compared to \$408 million at June 30, 2017.
- Total Contributions increased 6.2% or \$966 thousand or when compared to the fiscal year ended June 30, 2017 due to a change in the actuarial required contribution rate in fiscal year 2018.
- Employer contributions increased from \$11.8 million to \$12.8 million for the fiscal years ending June 30, 2017 and 2018, respectively.
- For the fiscal year ended June 30, 2018, the Plan had a 11.7% investment return, which resulted in Net Investment Gain of \$46 million. Investments totaled \$431.7 million at June 30, 2018 compared to \$407.8 million at June 30, 2017.
- Benefit payments increased 4.3% or \$1.5 million to \$36.8 million for the fiscal year ended June 30, 2018 when compared to \$35.3 million for the fiscal year ended June 30, 2017.

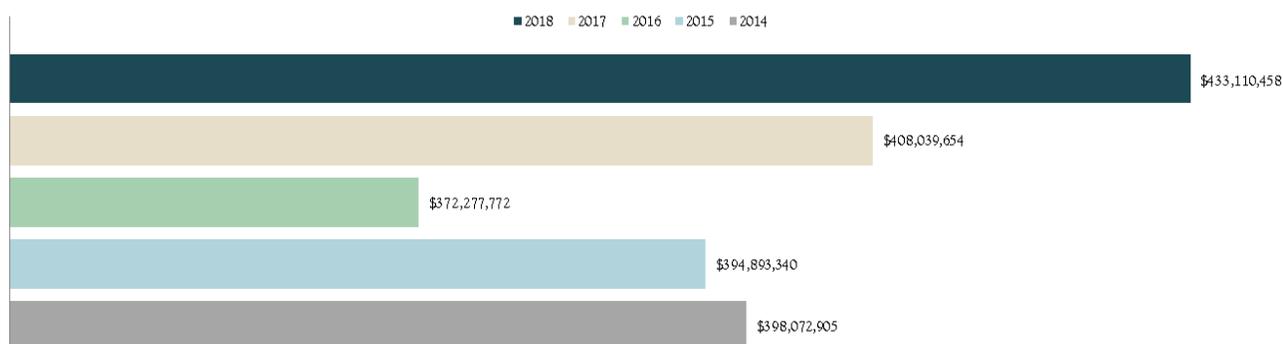
## Summary of Fiduciary Net Position As of June 30

	2018	2017
<b>Assets:</b>		
Cash and Investments	\$ 432,454,155	\$ 407,993,255
Receivables	1,090,387	1,265,516
Receivable for Securities Transactions	279,812	206,389
<b>Total Assets</b>	<b>\$ 433,824,354</b>	<b>\$ 409,465,160</b>
<b>Liabilities:</b>		
Accounts Payable	\$ 294,197	\$ 276,261
Payable for Securities Transactions	419,699	1,149,245
<b>Total Liabilities</b>	<b>\$ 713,896</b>	<b>\$ 1,425,506</b>
<b>Net Position Restricted for Pension</b>	<b>\$ 433,110,458</b>	<b>\$ 408,039,654</b>

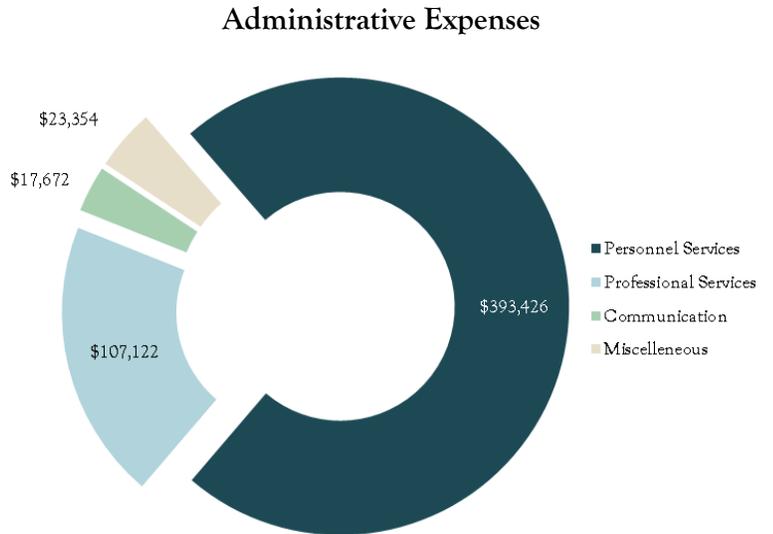
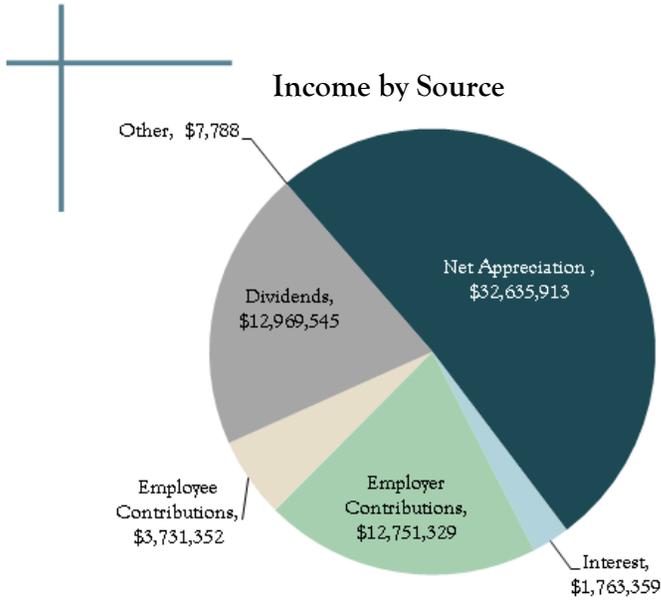
## Summary of Changes in Fiduciary Net Position As of June 30

	2018	2017
<b>Additions</b>		
Employer Contributions	\$ 12,751,329	\$ 11,804,691
Employee Contributions	3,731,352	3,712,216
Net Investment Income	45,958,499	56,059,631
<b>Total Additions</b>	<b>\$ 62,441,180</b>	<b>\$ 71,576,538</b>
<b>Deductions</b>		
Pension Benefits	\$ 36,828,802	\$ 35,309,390
Administrative Expense	541,574	505,266
<b>Total Deductions</b>	<b>\$ 37,370,376</b>	<b>\$ 35,814,656</b>
<b>Net Increase</b>	<b>\$ 25,070,804</b>	<b>\$ 35,761,882</b>
<b>Net Position Restricted for Pensions</b>		
Beginning of Year	\$ 408,039,654	\$ 372,277,772
End of Year	\$ 433,110,458	\$ 408,039,654

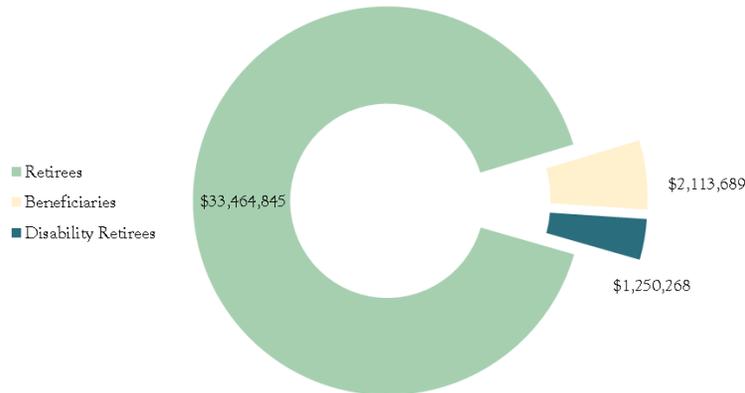
## Fiduciary Net Position for the Past Five Years



# Income & Expenses and Funded Status

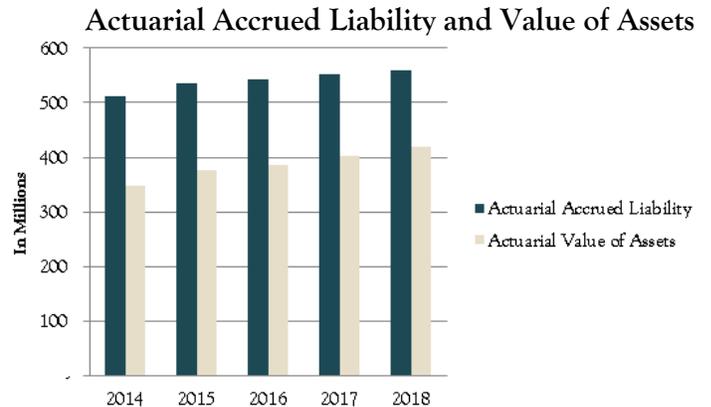


### Pension Benefit Expense by Retirement Type



### Funded Status

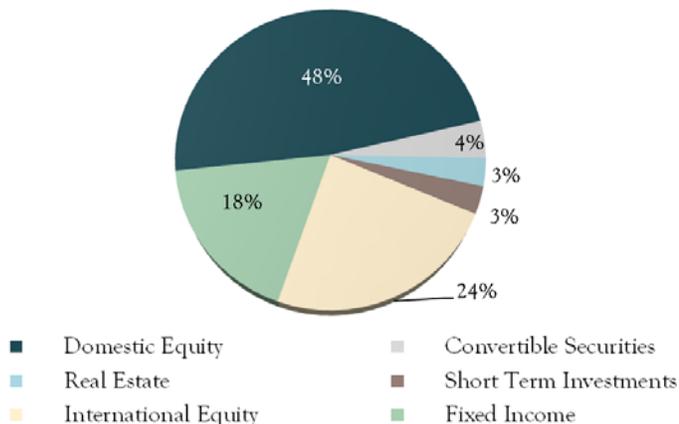
The Plan's funded status:  
**74.6%** as of June 30, 2018



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 employees 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



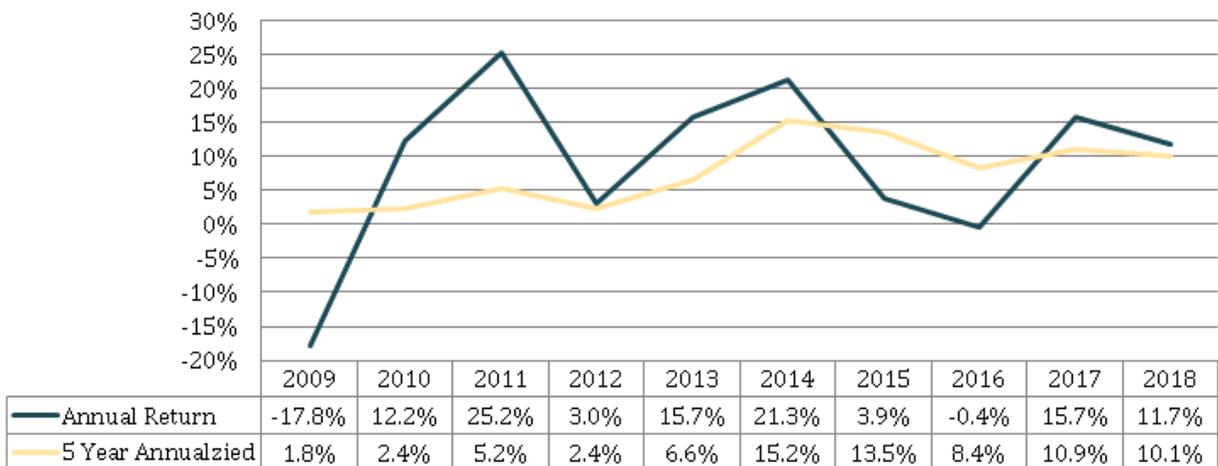
Investment Summary

	2018 Fair Value
Fixed Income	\$ 78,217,237
Domestic Equity	\$ 203,408,563
Convertible Securities	\$ 17,970,563
International Equity	\$ 103,952,409
Real Estate	\$ 14,108,389
Alternative Assets	\$ -
Short Term Investments	\$ 14,067,235
<b>Total Investments</b>	<b>\$ 431,724,396</b>

The Plan's increase in fair value of assets as of June 30, 2018 was primarily the result of a positive investment performance of 11.7% for the fiscal year. The Plan's positive investment performance for fiscal year ended June 30, 2018 was due to strong domestic equity returns of 18% as well international equity, convertible bond, and real estate investments. Despite a slight decline in investment performance from the prior year, the Plan's annual return still ranked in the top decile of all retirement plans performance.

Despite potential volatility from rising short-term interest rates, increasing trade tension, and fluctuating oil prices, our outlooks remains optimistic. 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



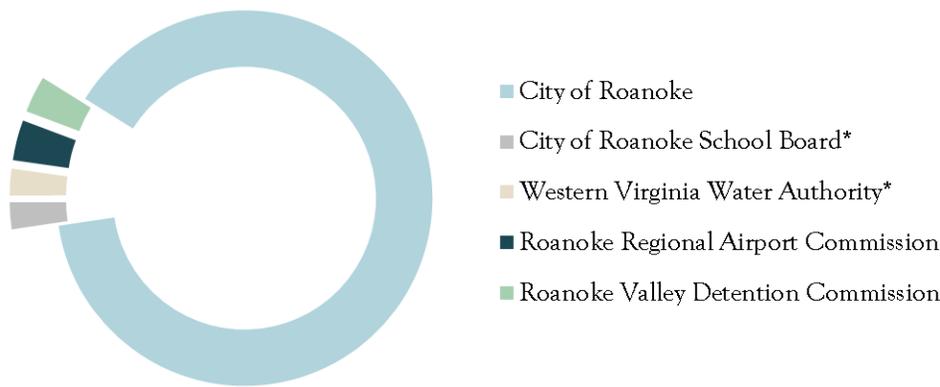
# Plan Membership and Benefits

## Plan Membership

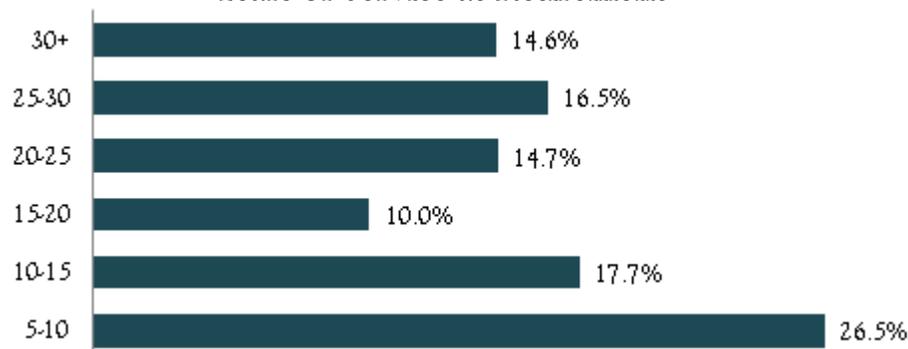
	2018	2017
Active	1,610	1,633
Deferred Vested	614	619
Retirees and Beneficiaries	2,158	2,125

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 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



## Years of Service at Retirement

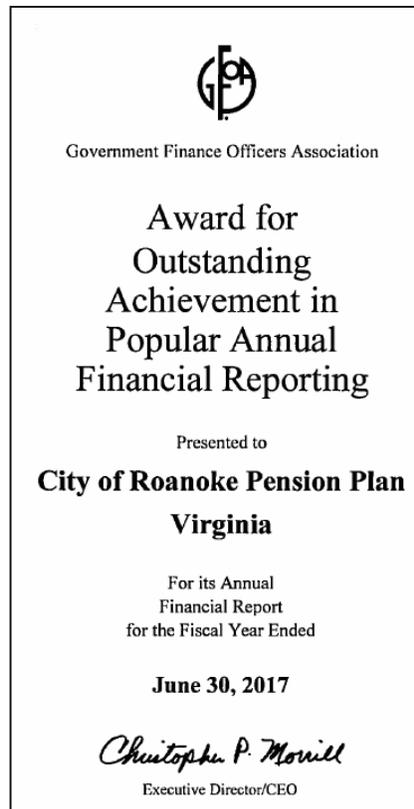


## Benefits and Services Provided

- 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 are available 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.

# PAFR Certificate

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Roanoke Pension Plan for its Popular Annual Financial Report for the fiscal year ended June 30, 2017. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to receive an Award for Outstanding Achievement in Popular Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.



City of Roanoke Pension Plan 2018 PAFR offers a summary of information presented in the 2018 CAFR. The 2018 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 2018 CAFR for the City of Roanoke Pension Plan.

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;

Office Hours: 8AM - 5 PM Monday - Friday;

Phone: 540-853-2062; Fax: 540-853-6142

Prepared by Department of Finance Retirement Plans Administration

