

Roanoke County Public Schools

(A Component Unit of County of Roanoke, Virginia)



Comprehensive Annual Financial Report Year Ended June 30, 2010

Roanoke County Public Schools

Comprehensive Annual Financial Report

For the Year Ended June 30, 2010

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



Prepared by the
Department of Budget and Finance

Penny A. Hodge, CPA, Assistant Superintendent of Finance

David E. Atkins, Finance Manager

Sandra K. Thornton, Risk Management Coordinator

Robyn H. McKeever, Budget Specialist

Darlene H. Adams, Procurement Coordinator

5937 Cove Road

Roanoke, Virginia 24018

www.rcs.k12.va.us



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Comprehensive Annual Financial Report
For the Year Ended June 30, 2010

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Roanoke County Public Schools

5937 Cove Road
Roanoke, VA 24019

November 15, 2010

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, 2010. State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. Roanoke County Public Schools (School System) is a component unit of the County of Roanoke, Virginia (County), which is a general-purpose local government. This report has been prepared by the Department of Budget and Finance in accordance with the standards of financial reporting as prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB), and the Auditor of Public Accounts of the Commonwealth of Virginia (APA).

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

The auditing firm of KPMG LLP, a firm of independent certified public accountants, has issued an unqualified opinion on Roanoke County Public Schools' basic financial statements as of and for the year ended June 30, 2010, contained in this report. The independent auditors' report is located at the front of the financial section of this report.

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

Profile of the School System

Roanoke County Public Schools is the 17th 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 91,011¹ and a Metropolitan Statistical Area (MSA) population of 300,399. Located in the largest urban area west of Richmond, the School System is the largest employer in Roanoke County. The School Board consists of five members elected to four-year terms who serve the citizens of Roanoke County.

The School System provides a broad spectrum of general, special, gifted, career and technical education opportunities for 14,474 students between the ages of 3 and 21 at seventeen elementary schools, five middle schools, five high schools, and one specialty center.

The School System was selected as one of the “Best 100 Communities for Music Education in America” by the NAMM Foundation. This recognition demonstrates the School System’s commitment to quality music education despite the financial pressures on fine arts programs throughout the country.

The School System was one of only 15 divisions in Virginia that qualified for the Virginia Board of Education’s Excellence Award this year under the Virginia Index of Performance (VIP) program. The VIP program was established to recognize schools and school divisions that exceed minimum state and federal accountability standards and includes rigorous criteria designed to challenge students to ever-higher levels of learning and achievement. In addition, three schools earned the coveted Governor’s Award for Educational Excellence.

In 2009, the Virginia School Boards Association (VSBA) certified Roanoke County Public Schools as a “Green School Division” for the implementation of specific environmental policies and practical actions that reduce the carbon emissions generated by both the local school division and the broader community.

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

Local Economy

Fiscal year 2010 represented the most challenging economic time since the Great Depression. Unemployment rose to 6.3%² as of June 30, 2010 from 4.6% in 2009, and though it compares favorably with the State average of 7.0%, economic conditions

¹ Population source: VA Stats, Weldon Cooper Center, Charlottesville, VA

² Virginia Employment Commission statistics

continue to worsen throughout the nation and many of the County's major revenue sources continue to decline.

We are fortunate that our economic indicators are more favorable compared to some of the neighboring localities and to the State but they remain formidable challenges for Roanoke County; not only in the delivery of local government services, but also in maintaining our traditionally high standard of living and quality of life.

Along with the local, state, and national economic struggles, the School System is also experiencing declining student enrollment which negatively impacts the level of state funding. For the past two years, the number of graduating seniors has exceeded the number of incoming kindergarten students by 152-176 students. Indications are that this may continue for the next several years and seems to reflect lower birth rates in the community. The enrollment decline has been buffered to some extent by the enrollment of a significant number of students who had previously been enrolled in private schools and due to economic challenges, parents are finding a need to return their students to public schools.

From an infrastructure standpoint, the School System operates 28 school buildings with an average age of 52 years. The School Board has been diligently financing major renovations of the schools and is currently renovating three elementary schools and one high school as well as building a replacement elementary school. Despite the harsh economic times, the School Board has made a financial commitment to address the infrastructure needs in a steady and methodical manner and, accordingly, was able to take advantage of competitive construction bids in the past year resulting in lower overall costs to the citizens.

Economists generally agree that the national recession started in December 2007 but there are differences of opinions on the duration expected. Considering that there is a traditional 18-24 month lag between changes in general economic conditions and local government revenue collections, County revenues will most likely not return to pre-recession levels for some time. While Roanoke County and the Roanoke Valley have a diverse economic base that has been historically insulated from extreme expansions and contractions of the national economy, the impacts of higher unemployment, decreased business investment and activity, declining consumer confidence, and the instability of the stock market have initiated declines in the governmental revenue sources throughout the Roanoke region.

Long-Term Financial Planning

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

The School System has been purposefully establishing and increasing dedicated funding streams for ongoing and growing capital needs. The school bus replacement schedule, based on age and condition of the bus fleet, necessitates the replacement of ten school buses per year. The annual budget includes \$775,000 earmarked specifically for this purpose which allows the School Board to pay cash for the bus purchases each year rather than borrowing funds and incurring the additional financing charges.

Additionally, the School Board implemented a laptop computer initiative seven years ago to provide a laptop computer to every student in grades 9 through 12. The School Board had provided the grades 9 through 12 laptop program for eight years without incurring any debt. However, with the budget pressures at the national, state, and local levels, the program was scaled back for the 2009-10 school year with take home laptops provided for students in grades 10 through 12 only and laptops on carts provided in grade 9 classrooms.

Relevant Financial Policies

The School Board has an adopted year end balance policy that allocates the balance at the end of a fiscal year from excess revenues and/or unspent expenditures to capital projects. Most of the 28 school buildings in operation were built prior to 1970 and need capital improvements based on their age and the growth in student population since the schools were originally built. In order to fund the School System commitment to upgrading the facilities, the new policy allocates two-thirds of the year end balance to Major capital projects listed on the School Capital Improvement Plan and one-third to Minor capital projects (other projects identified and prioritized with costs less than \$500,000). This policy was adopted in conjunction with the County of Roanoke and enables the School System to ensure continued funding for needed capital improvements.

In addition, the School Board and County Board of Supervisors adopted a revenue sharing agreement in 2010 that identifies the methodology for allocating revenues between the local government and the school system. New incremental revenues are combined from both entities and used to address salary and benefit increases for all employees, jointly funded programs (including the capital financing plan), and then split equally to fund remaining school and county budgetary needs. The methodology has been used in practice for many years but was formally adopted in 2010 in response to the significant revenue challenges facing the School Board.

Major Initiatives

Technology Initiative: The School System completed the eighth year of a technology initiative rollout providing a laptop computer to high school students in grades 10 through 12. The laptop computers allow flexible access to educational resources and online classes and are integrated into the daily classroom lessons while incorporating technology education into all subject areas. The School System also invested heavily in providing interactive white board technology throughout the School System with an emphasis on

elementary classrooms. Additionally, each classroom has been equipped with an interactive white board at the four schools under renovation this year.

Standards of Learning: The General Assembly and the Board of Education of the Commonwealth of Virginia believe that the fundamental goal of the public schools must be to enable each student to develop the skills that are necessary for success in school and preparation for life in the years beyond. The current educational objectives are known as the Standards of Learning (SOL's). Based on results from the Spring 2010 testing window, Roanoke County met or exceeded the state average on all 34 SOL tests administered. All of our schools also met the state requirements for full state accreditation for the 2010-11 school year based on their 2009-10 SOL performance.

Capital Improvement Plan: The School Board and the County continue to place a major emphasis on the capital needs in the School System. In March 2005, the School Board adopted a list of capital projects, at a total cost of \$55 million, to be funded under Phase 3 of the School Capital Improvement Plan. The funding for this phase will come from both the Major Capital Reserve created with the year end balance policy adopted by the School Board in 2005 and allocations from the County government. The School System began construction on major renovations at three elementary schools and one high school this year, as well as the construction of a new replacement elementary school. All five projects are expected to be completed in early 2011.

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, 2009. This was the ninth consecutive year that the School System has received this prestigious national award.

In addition, the Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the School System for its CAFR for the fiscal year ended June 30, 2009. This certificate was also awarded for the ninth 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.

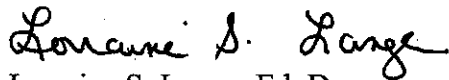
In order to be awarded a Certificate of Achievement or a Certificate of Excellence, a school system must publish an easily readable and efficiently organized comprehensive annual financial report, whose content conforms to the standards of both programs. The CAFR must also satisfy the standards of both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

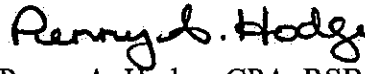
Excellence programs, and we are submitting it to both associations to determine its eligibility for another certificate.

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

Respectfully submitted,



Lorraine S. Lange, Ed. D.
Superintendent



Penny A. Hodge, CPA, RSBO
Assistant Superintendent of Finance

Roanoke County Public Schools

Principal Officials

As of June 30, 2010

School Board Members



Michael W. Stovall
Chairman
Vinton District



David M. Wymer
Vice Chairman
Cawtaba District



C. Drew Barrineau
Windsor Hills District



Jerry L. Canada
Hollins District



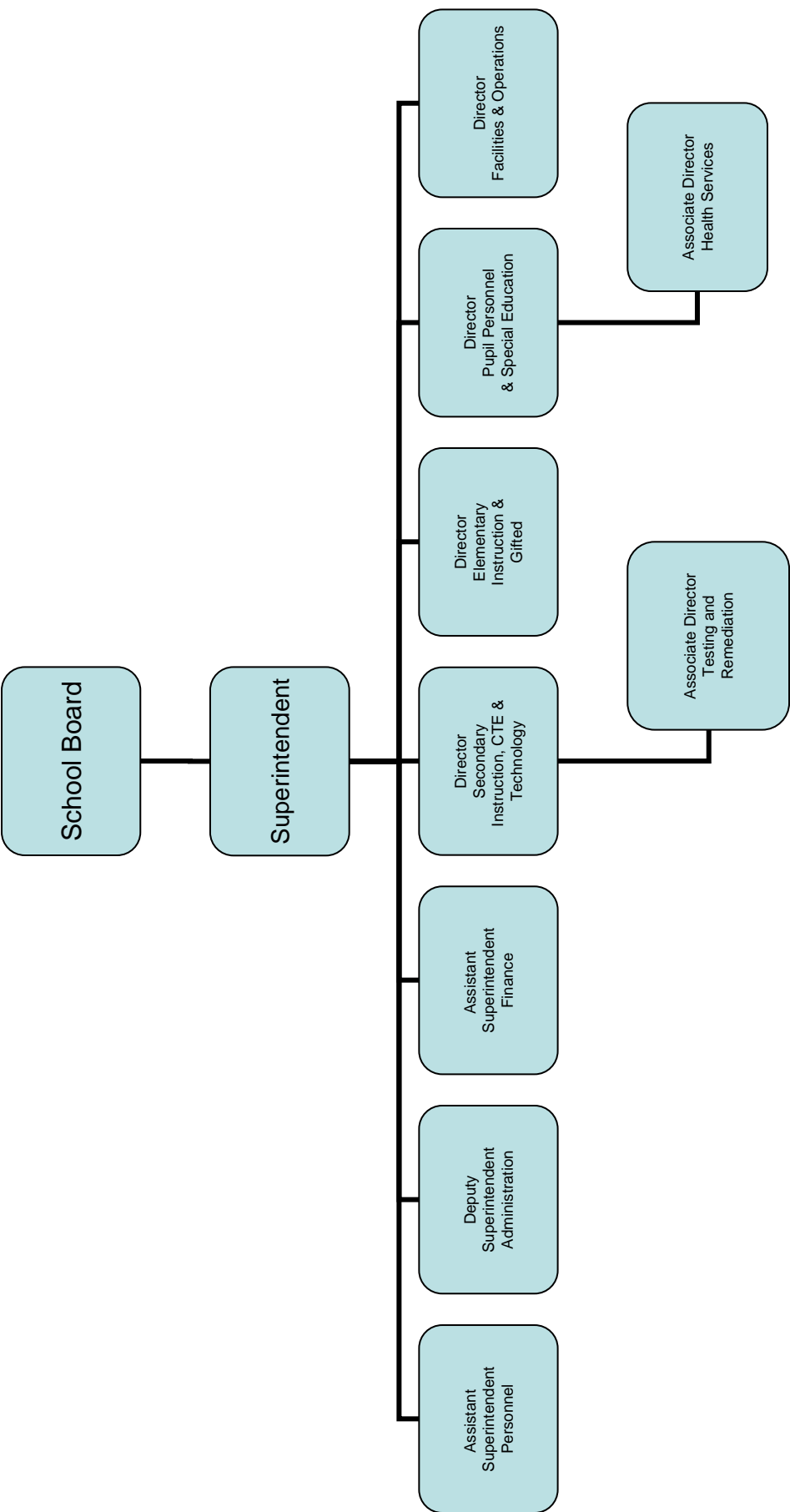
H. Odell Minnix
Cave Spring District

School Administration

Lorraine S. Lange, Superintendent of Schools

Deputy Superintendent of Administration.....	W. Allen Journell
Assistant Superintendent of Finance.....	Penny A. Hodge
Assistant Superintendent of Personnel.....	Carol E. Whitaker
Director of Elementary Instruction and Gifted	Rebecca Eastwood
Director of Secondary Instruction, CTE & Technology	Cecil C. Snead
Director of Facilities and Operations.....	Martin W. Misicko
Director of Pupil Personnel & Special Education.....	Jessica M. McClung
Clerk to the Board.....	Brenda F. Chastain

Roanoke County Public Schools
Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Roanoke County
Public Schools, Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized, handwritten signature in black ink.

President

A stylized, handwritten signature in black ink.

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

ROANOKE COUNTY PUBLIC SCHOOLS

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2009

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

Evin Green

President

John D. Mueser

Executive Director



KPMG LLP
Suite 1710
10 S. Jefferson Street
Roanoke, VA 24011-1331

Independent Auditors' Report

The Honorable Members of the School Board
County of Roanoke, Virginia:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Roanoke County Public Schools (the School System), a component unit of the County of Roanoke, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the School System's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the School System's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School System's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School System as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2010 on our consideration of the School System's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying Management's Discussion and Analysis, Budgetary Comparison Schedule – General Fund, Budgetary Comparison Schedule – Grant Fund, and Schedules of Funding Progress on pages 13 through 58, 59, and 60, respectively, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School System's basic financial statements. The accompanying introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of the Special Revenue Funds, budgetary comparison schedule of the Capital Fund, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, the budgetary comparison schedules of the Special Revenue Funds, and the budgetary comparison schedule of the Capital Fund have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

November 15, 2010

Roanoke County Public Schools
Management's Discussion and Analysis
For the Year Ended June 30, 2010

The management of Roanoke County Public Schools (the School System) presents the following discussion and analysis as an overview of the financial activities of the School System for the year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report, and the School System's basic financial statements, which immediately follow this section.

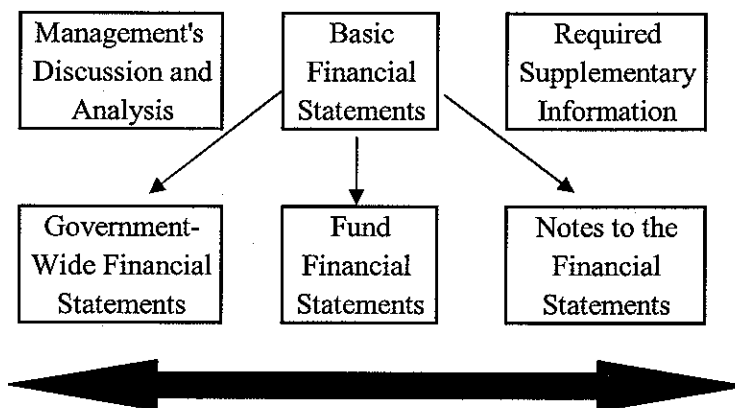
FINANCIAL HIGHLIGHTS

- The assets of the School System exceeded its liabilities as of June 30, 2010 by \$82.4 million (*net assets*). Of this amount, \$40.6 million (*unrestricted net assets*) may be used to meet the School System's future obligations to citizens and creditors (Exhibit A).
- On a government-wide basis for governmental activities, the School System had expenses, net of program revenues, of \$114.9 million, which were \$3.7 million less than general revenues of \$118.6 million (Exhibit B).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$9.3 million or 7.5 percent of total general fund expenditures for fiscal year 2010 (Exhibits C and D).
- The general fund, on a current financial resource basis, reported revenues in excess of expenditures and other financing sources (uses) of \$4.0 million for fiscal year 2010 (Exhibit D).

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

Components of the Financial Section



Management's Discussion and Analysis is intended to serve as an introduction to the School System's basic financial statements. The basic financial statements consist of three

Roanoke County Public Schools
Management's Discussion and Analysis
For the Year Ended June 30, 2010

components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. In addition, required supplementary information accompanies the basic financial statements but is unaudited.

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

Government-wide Financial Statements

The government-wide financial statements report information about the School System as a whole using accounting methods similar to those used by private-sector companies. The two statements – Statement of Net Assets and Statement of Activities, report the School System's net assets and how they have changed during the fiscal year. The amount of net assets, which is the difference between the School System's assets and liabilities, is one way to measure the overall financial position of the School System. Over time, increases or decreases in the School System's net assets are indicators of whether its financial health is improving or deteriorating. 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, to assess the overall financial health of the School System.

The School System does not have any business-type activities and reports only governmental activities. Governmental activities include the School System's basic services including instruction, administration, attendance and health, transportation, operations and maintenance, technology, facilities, and school nutrition. County appropriations and state aid finance the majority of these activities.

The government-wide financial statements can be found beginning on page 27 of this report.

Fund Financial Statements

Government financial statements have traditionally been prepared using the fund financial statement presentation. They provide more detailed information about the School System funds, focusing on its most significant or "major" funds – not the system as a whole. The School System utilizes three types of funds:

- Governmental funds: Most of the School System's activities are reported in governmental funds, which focus on 1) how resources flow into and out of these funds,

Roanoke County Public Schools
Management's Discussion and Analysis
For the Year Ended June 30, 2010

and 2) the balances available at year-end to spend in future periods. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader to determine whether there are current financial resources that can be used in the near future to finance the School System's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciliation is provided at the bottom of the governmental funds statement that explains the relationship (or differences) between the statements.

- **Proprietary funds:** Services for which the School System charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. The School System uses internal service funds to account for the financing of services provided by one department to other departments of the school system, on a cost reimbursement basis. The School System uses internal service funds for health insurance, dental insurance, and risk management activities.
- **Fiduciary funds:** The School System is responsible for agency assets that can be used only for the designated beneficiaries. The student activity funds and the Regional Alternative School are included in this fund type as agency funds. The agency funds are reported in a separate statement of fiduciary assets and liabilities. These assets are excluded from the School System's government-wide statements because the School System cannot use these assets to finance its operations.

The governmental fund financial statements can be found beginning on page 29 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 36 of this report.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the School System's budgetary comparisons and progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 58 of this report.

FINANCIAL ANALYSIS OF THE SCHOOL SYSTEM

Summary of Net Assets

The following table reflects the condensed Summary of Net Assets as presented in the government-wide financial statements:

Roanoke County Public Schools
Management's Discussion and Analysis
For the Year Ended June 30, 2010

Table 1
Summary of Net Assets
As of June 30, 2010 and 2009

	Governmental Activities 2010	2009	Percentage Change
Assets:			
Current and other assets	\$ 49,477,162	\$ 43,392,392	14%
Capital assets, net	44,665,708	48,126,865	-7%
Total assets	<u>94,142,870</u>	<u>91,519,257</u>	3%
Liabilities:			
Other liabilities	6,739,515	7,272,641	-7%
Long-term liabilities	5,010,942	5,532,262	-9%
Total liabilities	<u>11,750,457</u>	<u>12,804,903</u>	-8%
Net assets:			
Invested in capital assets, net of related debt	41,830,203	44,965,789	-7%
Unrestricted	40,562,210	33,748,565	20%
Total net assets	<u>\$ 82,392,413</u>	<u>\$ 78,714,354</u>	5%

As noted above, the amount of net assets may serve over time as a useful indicator of a government's financial position. In the case of the School System, assets exceed liabilities by \$82.4 million at the close of fiscal year 2010. This increase of \$3.7 million reflects an overall improvement in the School System's financial position and is the result of a combination of factors including 1) a hiring and spending freeze implemented by the School Board early in the year to address anticipated state aid reductions which resulted in expenditure savings of \$4.2 million, 2) state and local revenue reductions of \$11.1 million primarily due to mid-year state budget cuts, 3) the reduction in capital contributions from the County government of \$5.1 million for school assets transferred back to the schools upon full payment of outstanding debt, and 4) the realization of new federal grants authorized by the American Recovery and Reinvestment Act (ARRA) and distributed to the School System during fiscal year 2010. The ARRA funds were allocated to School Systems to stimulate the economy by funding new jobs and/or preserving existing jobs that were otherwise likely to be eliminated due to severe economic conditions at the national, state, and local levels. Federal revenue collections exceeded budget by \$2.1 million as a result of the distribution of the ARRA funds to public schools.

Expenditure savings came primarily from the reduction in personnel under the hiring freeze implemented at the start of the fiscal year. Positions vacated through voluntary retirements and resignations were reorganized among remaining personnel and the position remained vacant for the remainder of the fiscal year. Likewise, a spending freeze on operating costs was in place for the entire year in which departments evaluated the necessity of each purchase prior to spending. In addition, the Virginia General Assembly approved a Virginia Retirement System (VRS) premium holiday in March 2010 that relieved the School System from payment of the employer share of the VRS retiree and full life insurance premiums for April through June 2010 resulting in significant one-time expenditure savings.

Roanoke County Public Schools
Management's Discussion and Analysis
For the Year Ended June 30, 2010

The funds budgeted for expenses that did not materialize will be used for future capital purchases in accordance with the adopted year end balance policy.

The Commonwealth of Virginia requires counties to issue general obligation debt for all financially dependent component units. The County reports in its basic financial statements the majority of the debt related to the School System's capital assets. However, the School System is responsible for a capital lease obligation of \$2.8 million as of June 30, 2010 for capital leases entered into during fiscal years 2007 and 2009 related to an energy management project and internet filtering equipment, respectively.

The largest portion of the School System's net assets (50.8 percent) reflects its investment in capital assets (i.e., land, buildings, furniture and equipment), net of related capital lease obligation. The School System uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The remaining balance of *unrestricted net assets* (\$40.6 million) may be used to meet the School System's future obligations to citizens and creditors. At the end of the current fiscal year, the School System is able to report positive balances in both categories of net assets. The same situation applied for the prior year.

Changes in Net Assets

The County appropriation and general state aid accounted for most of the School System revenue, contributing 78 cents of every dollar of expenses. The remaining 22 cents of every dollar of expenses are funded with federal and state aid for specific programs, charges for services, and miscellaneous revenues.

The School System's total revenues decreased by 4% to \$153.7 million and expenses for all programs and services fell by 3% to \$150.0 million. Most of the School System's expenses, or 83 cents of every dollar spent, are directly related to the provision of services to students, including classroom instruction, attendance and health, transportation, technology, and school nutrition. The balance of every dollar spent goes for administrative costs (2 cents), operations and maintenance (8 cents), and interest and other charges for the school portion of County debt payments on school construction and renovations (7 cents).

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The following chart shows the revenues and expenses of the governmental activities:

Table 2 Changes in Net Assets For the Years Ended June 30, 2010 and 2009			
	Governmental Activities 2010		2009 Percentage Change
Revenues			
Program revenues:			
Charges for services	\$ 4,597,808	\$ 4,651,851	-1%
Operating grants and contributions	28,973,555	24,465,320	18%
Capital grants and contributions	1,512,936	1,318,410	15%
General revenues:			
County appropriation	63,597,776	64,267,132	-1%
State aid	53,945,620	64,632,296	-17%
Miscellaneous	357,303	755,268	-53%
Total revenues	152,984,998	160,090,277	-4%
Expenses			
Instruction	104,853,420	113,413,226	-8%
Administration	2,878,527	3,037,138	-5%
Attendance and health services	2,910,184	2,915,739	0%
Transportation	5,833,078	6,119,667	-5%
Operations and maintenance	12,378,003	12,138,884	2%
Technology	4,511,121	5,754,612	-22%
School nutrition	5,622,545	5,894,703	-5%
Capital lease interest	122,565	132,312	-7%
Interest and other charges	10,871,639	4,729,369	130%
Total expenses	149,981,082	154,135,650	-3%
Excess in net assets before capital contribution and special items	3,003,916	5,954,627	-50%
Capital contribution	-	5,171,236	N/A
Special item - pollution remediation expense	-	(94,708)	N/A
Special item - gain on sale of building	674,143	-	N/A
Change in net assets	3,678,059	11,031,155	-67%
Net assets, beginning of year	78,714,354	67,683,199	16%
Net assets, end of year	\$ 82,392,413	\$ 78,714,354	5%

Governmental Activities

Governmental activities increased the School System's net assets by \$3.7 million. Revenues for governmental activities decreased \$6.4 million (4.0%) and total expenses decreased \$4.2 million (2.7%) when compared to the prior year. Key elements of these changes during fiscal year 2010 were as follows:

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- Operating grants and contributions increased by 18% due to the receipt of federal stimulus funds under the American Recovery and Reinvestment Act.
- Capital grants and contributions increased by 15% with the receipt of federal stimulus funds allocated for school capital projects being partially offset by the loss of state aid for construction in the prior year.
- State aid decreased by 17% due to the decrease in basic aid allocated to the School System by the General Assembly.
- Capital contributions were eliminated for the fiscal year as there were no tenancy in common assets to be transferred to the school books from the local government.
- Miscellaneous revenues decreased by 53% due to significant reductions in investment income.
- Instruction costs decreased by 7 percent reflecting the freezing of salaries at the 2008-09 levels and the hiring freeze in effect all year which resulted in a significant number of positions remaining vacant as employees voluntarily retired or resigned from the School System. In addition, an overall spending freeze remained in effect all year contributing to a reduction in operating costs from the prior year across all functional areas.
- Administrative costs decreased by 5 percent due to the spending freeze as well as fewer employees enrolling in the group health insurance plan.
- Transportation expenses decreased by 5 percent as a result of the hiring and spending freezes and lower average fuel prices than the previous year.
- Technology expenses decreased by 22% reflecting the significant first time investment in interactive white boards in the previous year and a lower level of like purchases in the current year associated with the overall economic constraint imposed on the School System.
- School nutrition expenses decreased by 5% as a result of the hiring and spending freezes.
- Interest and other charges increased by 130% reflecting a combination of the adopted financial policy to reserve \$300,000 in new funds each year for funding of future debt related to the Capital Improvement Plan, the transfer for interest on County debt outstanding (and related to school assets), and the transfer of major capital reserves to school capital projects recorded on the local government books in conjunction with bonds issued to fund the full project costs. The financial policy was adopted by the School Board and Roanoke County Board of Supervisors in 2005.
- Overall, governmental activities decreased due to the hiring and spending freezes in place for the entire year.

Tables 2 and 3 present the cost of eight major School System activities and shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided by specific programs). The net cost reflects the financial burden that was placed on the taxpayers by each of these functions.

- The cost of all governmental activities this year was \$150.0 million.

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- The amount that the Roanoke County citizens paid for these activities through local taxes was \$63.6 million.
- Some of the costs were paid by those who directly benefited from the programs (\$4.6 million), entitlements from state and federal aid (\$29.0 million), and miscellaneous payments (\$1.5 million).

	Total Cost of Services			Percentage Change	Net Cost of Services			Percentage Change
	2010	2009			2010	2009		
Instruction	\$ 104,853,420	\$ 113,413,226		-8%	\$ 76,161,314	\$ 89,821,537		-15%
Administration	2,878,527	3,037,138		-5%	2,874,752	3,034,410		-5%
Attendance and health services	2,910,184	2,915,739		0%	2,910,184	2,915,739		0%
Transportation	5,833,078	6,119,667		-5%	5,833,078	6,119,667		-5%
Operations and maintenance	12,378,003	12,138,884		2%	11,573,207	11,713,680		-1%
Technology	4,511,121	5,754,612		-22%	4,511,121	4,943,673		-9%
School nutrition	5,622,545	5,894,703		-5%	38,923	289,682		-87%
Capital lease interest	122,565	132,312		-7%	122,565	132,312		-7%
Interest and other charges	10,871,639	4,729,369		130%	10,871,639	4,729,369		130%
Total expenses	\$ 149,981,082	\$ 154,135,650		-3%	\$ 114,896,783	\$ 123,700,069		-7%

FINANCIAL ANALYSIS OF THE SCHOOL SYSTEM'S FUNDS

Governmental Funds. Governmental funds consist of the General Fund, Special Revenue Fund, and Capital Projects Fund and account for the general operations of the School System. As noted earlier, the School System uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the School System's governmental funds is on near-term inflows, outflows, and balances of spendable resources. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the School System's governmental funds reported combined fund balances of \$29.3 million, an increase of \$6.2 million in comparison with fiscal year 2009. Of this amount, 23 percent (\$6.7 million) constitutes *unreserved general fund balance* designated for future capital projects in accordance with the adopted Use of Year End Balance policy. The School Board has an Emergency Fund balance of \$2.7 million at year end which is unreserved and undesignated but intended for emergency needs including unexpected revenue shortfalls and/or unanticipated expenditure increases during future years. The remainder of the governmental funds balance is either *reserved* or *designated* to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the period or to account for future commitments. These funds are accounted for using the modified accrual basis of accounting. The fund balance in the General Fund increased primarily as a result of expenditure savings generated by a hiring and spending freeze throughout the fiscal year.

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The Capital Projects Fund is used to account for the acquisition or construction of major capital facilities. At the end of the current fiscal year, the Capital Projects Fund balance consisted of \$16.4 million encumbered or designated for future school capital projects. The fund balance increased by \$1.6 million related to the board policy to commit year end General Fund balances for projects in the Capital Projects Fund. Significant expenditures from the capital reserve were incurred this year to renovate three elementary schools and one high school and begin construction on one new elementary school. These projects are part of the School Capital Improvement Plan.

GENERAL FUND BUDGETARY HIGHLIGHTS

The School System budget is prepared in accordance with the *Code of Virginia*. During the year, the School System amended the original budget primarily for the following purposes:

- To reappropriate monies to pay for commitments in the form of encumbrances established prior to June 30, 2009 but not paid by that date.
- To reappropriate grants, donations and other revenues authorized in fiscal year 2009 or earlier, but not expended or encumbered as of June 30, 2009.
- To appropriate grants, donations, and other revenues accepted or adjusted in fiscal year 2010 when official notice of approval was received.
- To appropriate the designated general fund balance to capital projects.

Table 4 presents a condensed version of the budgetary comparison of the original budget, amended budget, and actual amounts for fiscal year 2010.

	Original Budget	Budget as Amended	Actual
Revenues:			
Intergovernmental	\$ 60,543,357	\$ 63,597,776	\$ 63,597,776
Other	77,365,771	76,449,028	74,300,146
Total	137,909,128	140,046,804	137,897,922
Expenditures	133,469,176	136,521,126	124,751,816
Transfers out	4,439,952	9,176,720	9,176,720
Net change in fund balance	\$ -	\$ (5,651,042)	\$ 3,969,386

Actual General Fund total revenues were less than the amended budget by \$2.1 million for fiscal year 2010. The deficit reflects the significant mid-year reduction in state funding for

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public education approved by the General Assembly in March 2010. Expenditures were less than budgetary estimates by \$11.8 million, including the unspent emergency reserve of \$2.7 million, resulting in additional savings at year end. The School System operated throughout the year under hiring and spending freezes in anticipation of the possibility of mid-year state funding reductions associated with anticipated state revenue shortfalls. The School Board appropriated \$6.7 million in transfers in fiscal year 2010 to allocate the prior year ending fund balance for future capital projects. Due to the overall spending freezes for the year, the School System increased the ending fund balance at June 30, 2010 by \$4.0 million compared to the prior year end. The School Board and County Board of Supervisors have a jointly adopted financial policy designating year end balances for major and minor capital projects.

Proprietary Funds. The School System's Internal Service Funds, a proprietary fund type, are presented on the same basis as the government-wide financial statements but are presented in more detail in the fund financial statements.

Unrestricted net assets of the Health Insurance, Dental Insurance, and Risk Management, and Laptop Insurance Reserve Funds at the end of the year amounted to \$12.7 million. The increase (decrease) in net assets for all four funds was \$227,295, \$3,932, \$68,273, and (\$65,502), respectively.

CAPITAL ASSETS AND LEASES

At the end of the fiscal year, the School System had land, buildings and improvements, construction in progress, and furniture and equipment in governmental activities with a total historical cost of \$97.9 million. Total accumulated depreciation on these assets was approximately \$53.2 million. Table 5 shows capital asset balances (net of accumulated depreciation) for fiscal years 2010 and 2009. More detailed information about capital assets can be found in Note 6 to the basic financial statements.

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

- Completion of various building improvements at a cost of \$1,097,059.
- Purchase of 10 school buses and 13 support vehicles at a cost of \$1,051,825.
- Commencement and/or continuing construction in progress of \$339,573.
- Purchase of equipment at a cost of \$1,025,715.
- Sale of Southview building for proceeds of \$2,000,000.

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Table 5
Capital Assets
(net of accumulated depreciation)
As of June 30, 2010 and 2009

	Governmental Activities 2010	2009	Percentage Change
Land	\$ 5,222,784	\$ 5,238,978	-0.3%
Buildings and improvements	28,930,056	31,457,684	-8.0%
Furniture and equipment	10,270,241	10,430,090	-1.5%
Construction in progress	242,627	1,000,113	-75.7%
Totals	\$ 44,665,708	\$ 48,126,865	-7.2%

As of June 30, 2010, the School System had an outstanding capital lease obligation of \$2,835,505 related to capital leases initiated in fiscal years 2007 and 2009. More detailed information about the capital leases can be found in Note 8 to the basic financial statements.

SCHOOL SYSTEM RELATED DEBT

Under the *Code of Virginia*, local governments have a "tenancy in common" for school property with School Systems whenever the locality incurs any financial obligation which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of the school property related to any outstanding financial obligations on the County's financial statements. In accordance with this legislation, the County's Comprehensive Annual Financial Report includes school capital assets of \$147.1 million and \$121.0 million in related outstanding debt.

FACTORS INFLUENCING FUTURE BUDGETS

Key factors that are expected to impact future budgets include:

- Current financial market volatility and continued uncertainty of the economy.
- Current and projected state budget reductions for public education.
- Increasing federal requirements for student and school achievement.
- Replacement of technology and the allocation of a sustainable revenue stream.
- Declining student enrollments.
- Projected increases in retirement contribution rates assessed by the Virginia Retirement System.
- Volatile fuel and utility prices.
- Funding for the Capital Improvements Program.

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During fiscal year 2010, the Commonwealth of Virginia (the Commonwealth) initiated certain responsive actions to the economic downturn that will continue to affect the School System. Through changes in certain actuarial assumptions for VRS sponsored retirement plans, which were affected by legislation passed by the General Assembly, the Commonwealth was able to defer rate increases requested by the VRS Trustees, and an increase in the local employer share of these pension contributions was similarly deferred. The impact of these deferrals reduced pension related costs of the School System in fiscal year 2010 and will also decrease pension related costs in fiscal year 2011. The legislation requires that this deferral of costs begin to be replenished starting in fiscal year 2012 and will continue until fully replenished in fiscal year 2021. Ultimately, it is likely 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 2011 budget reflects the reduced pension rates approved by the General Assembly. Accordingly, the 2012 budget is expected to require budgetary increases to phase in the expected repayment of the pension deferrals approved for fiscal years 2010 and 2011.

The School System implemented Statement No. 45 of the Governmental Accounting Standard Board - *Accounting for Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45) in 2008. For the School System, other postemployment benefits (OPEB) include medical coverage extended to retirees. Currently, the School System funds these benefits on a pay-as-you-go basis. For government-wide reporting purposes, GASB 45 requires the School System to actuarially determine the value of these benefits and recognize the costs of OPEB as they are incurred. Also, the School System is required to disclose the extent to which these benefits have been funded. The School System has conducted an actuarial valuation of its OPEB liability. The actuarial study reflects an actuarially accrued liability of \$20.3 million, an annual required contribution of \$1.7 million, and a total postemployment benefit asset of \$27,710. More detailed information about the OPEB costs can be found in Note 11 to the basic financial statements.

ECONOMIC FACTORS

During fiscal year 2010, the state economy mirrored the slumping national economy. Sales tax collections, representing 10 percent of the school budget, improved only slightly over the preceding year continuing to reflect sluggish personal consumption. State aid, including sales taxes, represents 50 percent of the general fund revenues for 2010 which is down from 55% in 2009. The significant state budget reductions arising in 2009 and continuing into 2010 are expected to impact the school budget for the foreseeable future.

The County provided approximately 46 percent of the School System's operating budget needs in fiscal year 2010. State education funding reductions continue to place a burden on the local government to fund the existing educational programs and services and have a direct impact on the School System's ability to sustain the quality of education expected by our citizens. The remainder of the general fund revenue was funded by federal and other revenue sources totaling 4% of general fund revenues.

In February 2009, the federal government authorized the American Recovery and Reinvestment Act (ARRA) resulting in the significant infusion of new federal money for education targeted

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primarily at state fiscal stabilization funds (SFSF), disadvantaged students, preschool, and special education. The Virginia General Assembly used the SFSF allocated to Virginia in the fiscal 2010 state budget to offset significant declines in state revenues. Federal stimulus funds of \$3.8 million were used in fiscal year 2010 to subsidize the operating fund and offset reductions in state aid under the SFSF section of the federal legislation. Access to this new funding source provides a temporary means of addressing budget shortfalls due to declining revenue sources but also creates a challenge in addressing the "stimulus cliff" when the ARRA funds end in 2011.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and customers with a general overview of the School System's finances and to demonstrate the School System's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to the Assistant Superintendent of Finance, Roanoke County Public Schools, 5937 Cove Road, Roanoke, Virginia 24019, telephone (540) 562-3900, or visit the School System's web site at www.rcs.k12.va.us.

BASIC FINANCIAL STATEMENTS

Roanoke County Public Schools
Statement of Net Assets
June 30, 2010

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 30,798,493
Investments	14,006,348
Accounts receivable	232,373
Due from other governments	4,245,466
Inventory	166,772
Other postemployment obligation asset	27,710
Capital assets:	
Land and construction in progress	5,465,411
Other capital assets, net	39,200,297
Capital assets, net	<u>44,665,708</u>
Total assets	<u>94,142,870</u>
Liabilities	
Accounts payable	1,201,695
Accrued liabilities	1,284,487
Unearned revenue	1,637,766
Long-term liabilities:	
Portion due or payable within one year:	
Claims payable	1,423,151
Compensated absences	845,236
Obligation under capital leases	347,180
Portion due or payable after one year:	
Claims payable	472,923
Compensated absences	2,049,694
Obligation under capital leases	<u>2,488,325</u>
Total liabilities	<u>11,750,457</u>
Net Assets	
Invested in capital assets, net of related debt	41,830,203
Unrestricted	<u>40,562,210</u>
Total net assets	<u>\$ 82,392,413</u>

See accompanying notes to basic financial statements.

Roanoke County Public Schools
Statement of Activities
For the Year Ended June 30, 2010

Exhibit B

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net Expense and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Instruction	\$ 104,853,420	\$ 806,398	\$ 27,002,979	\$ 882,729	\$ (76,161,314)
Support Services:					
Administration	2,878,527	3,775	-	-	(2,874,752)
Attendance and health	2,910,184	-	-	-	(2,910,184)
Transportation	5,833,078	-	-	-	(5,833,078)
Operations and maintenance	12,378,003	174,589	-	630,207	(11,573,207)
Technology	4,511,121	-	-	-	(4,511,121)
Noninstructional services:					
School nutrition	5,622,545	3,613,046	1,970,576	-	(38,923)
Capital lease debt service:					
Interest	122,565	-	-	-	(122,565)
Interest and other charges	10,871,639	-	-	-	(10,871,639)
Total governmental activities	<u>\$ 149,981,082</u>	<u>\$ 4,597,808</u>	<u>\$ 28,973,555</u>	<u>\$ 1,512,936</u>	<u>\$ (114,896,783)</u>
General revenues:					
Payments from Roanoke County					63,597,776
Non-categorical state aid					53,945,620
Miscellaneous					357,303
Total general revenues					<u>117,900,699</u>
Special item - gain on sale of building					<u>674,143</u>
Change in net assets					3,678,059
Net assets at beginning of year					<u>78,714,354</u>
Net assets at end of year					<u>\$ 82,392,413</u>

See accompanying notes to basic financial statements.

Roanoke County Public Schools
Balance Sheet
Governmental Funds
June 30, 2010

Exhibit C

	<u>General</u>	<u>Grant</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total Governmental</u>
Assets					
Cash and cash equivalents	\$ 4,740,270	\$ -	\$ 8,346,741	\$ 1,548,890	\$ 14,635,901
Investments	4,536,371	-	7,987,711	1,482,266	14,006,348
Accounts receivable	205,379	-	691	8,155	214,225
Due from other governments	2,743,468	1,276,439	169,579	55,980	4,245,466
Due from other funds	979,722	-	-	-	979,722
Inventory	77,923	-	-	88,849	166,772
Total assets	<u>\$ 13,283,133</u>	<u>\$ 1,276,439</u>	<u>\$ 16,504,722</u>	<u>\$ 3,184,140</u>	<u>\$ 34,248,434</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 881,833	\$ 79,502	\$ 62,283	\$ 108,515	\$ 1,132,133
Accrued liabilities	1,274,910	9,577	-	-	1,284,487
Deferred revenue	1,505,962	22,768	-	-	1,528,730
Due to other funds	-	979,722	-	-	979,722
Total liabilities	<u>3,662,705</u>	<u>1,091,569</u>	<u>62,283</u>	<u>108,515</u>	<u>4,925,072</u>
Fund balances:					
Reserved for:					
Encumbrances	195,829	450	168,609	-	364,888
Inventories	77,923	-	-	88,849	166,772
Unreserved:					
Designated for:					
Special revenue funds	-	184,420	-	2,986,776	3,171,196
Future capital projects	6,675,386	-	16,273,830	-	22,949,216
Undesignated	2,671,290	-	-	-	2,671,290
Total fund balances	<u>9,620,428</u>	<u>184,870</u>	<u>16,442,439</u>	<u>3,075,625</u>	<u>29,323,362</u>
Total liabilities and fund balances	<u>\$ 13,283,133</u>	<u>\$ 1,276,439</u>	<u>\$ 16,504,722</u>	<u>\$ 3,184,140</u>	
Reconciliation to the Statement of Net Assets:					
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds (Note 6).					44,665,708
Internal service funds are used by the School Board 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 assets (Exhibit F).					12,691,216
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 (Notes 11 and 13). Balances at June 30, 2010 are:					
Obligation under capital leases			(2,835,505)		
Compensated absences			(2,894,930)		
Other post-employment benefits			27,710		(5,702,725)
Revenues earned but not considered available are not current financial resources and therefore are not reported in the governmental funds (Note 7).					1,414,852
Net assets of governmental activities					<u>\$ 82,392,413</u>

See accompanying notes to basic financial statements.

Roanoke County Public Schools
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

Exhibit D

	<u>General</u>	<u>Grant</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total Governmental</u>
Revenues					
Intergovernmental:					
Roanoke County	\$ 63,597,776	\$ -	\$ 25,000	\$ -	\$ 63,622,776
Commonwealth of Virginia	69,502,612	840,006	882,729	83,985	71,309,332
Federal government	4,193,311	6,469,853	605,207	1,886,591	13,154,962
Charges for services	477,215	144,668	168,516	3,618,386	4,408,785
Other	127,008	-	95,515	34,750	257,273
Total revenues	<u>137,897,922</u>	<u>7,454,527</u>	<u>1,776,967</u>	<u>5,623,712</u>	<u>152,753,128</u>
Expenditures					
Current:					
Instruction	94,148,008	7,141,064	882,729	1,275,540	103,447,341
Administration	2,852,598	-	2,191	-	2,854,789
Attendance and health	2,716,220	230,608	-	-	2,946,828
Transportation	5,314,350	-	-	683,421	5,997,771
Operations and maintenance	11,591,085	-	916,545	-	12,507,630
School nutrition	-	-	-	5,615,301	5,615,301
Technology	3,359,628	23,885	1,172,561	-	4,556,074
Capital lease debt service:					
Principal	325,571	-	-	-	325,571
Interest	122,565	-	-	-	122,565
Capital outlay:					
Facilities	292,422	-	356,996	-	649,418
Intergovernmental:					
Roanoke County	4,029,369	-	6,667,246	-	10,696,615
Total expenditures	<u>124,751,816</u>	<u>7,395,557</u>	<u>9,998,268</u>	<u>7,574,262</u>	<u>149,719,903</u>
Excess (deficiency) of revenues over (under) expenditures	13,146,106	58,970	(8,221,301)	(1,950,550)	3,033,225
Other financing sources (uses)					
Proceeds from sale of property	-	-	361	11,115	11,476
Special item - sale of building	-	-	2,000,000	-	2,000,000
Transfers in	1,130,863	18,387	7,854,360	2,512,115	11,515,725
Transfers out	(10,307,583)	(3,000)	-	-	(10,310,583)
Total other financing sources (uses)	<u>(9,176,720)</u>	<u>15,387</u>	<u>9,854,721</u>	<u>2,523,230</u>	<u>3,216,618</u>
Net change in fund balances	3,969,386	74,357	1,633,420	572,680	6,249,843
Fund balances at beginning of year	<u>5,651,042</u>	<u>110,513</u>	<u>14,809,019</u>	<u>2,502,945</u>	<u>23,073,519</u>
Fund balances at end of year	<u>\$ 9,620,428</u>	<u>\$ 184,870</u>	<u>\$ 16,442,439</u>	<u>\$ 3,075,625</u>	<u>\$ 29,323,362</u>

See accompanying notes to basic financial statements.

Roanoke County Public Schools**Exhibit E****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, 2010**

Net change in fund balances - total governmental funds (Exhibit D) \$ 6,249,843

Amounts reported for governmental activities in the Statement of Activities are
different due to:

Governmental funds report capital outlays as expenditures. In the statement of activities,
the cost of those assets is allocated over their estimated useful lives and reported as
depreciation expense. This is the amount by which new depreciation expense (\$4,670,562)
exceeds new capital outlay (\$2,546,737) in the current year (Note 6). (2,123,825)

The obligation under capital leases is a current financial resource to governmental funds
while the repayment of the lease consumes current financial resources of governmental
funds. This amount is the difference in the treatment of the capital lease payment (Note 13). 325,571

The net effect of various transactions involving capital assets (i.e., sales and
donations) is a decrease in net assets. (1,337,333)

Revenues reported in the Statement of Activities, such as certain unearned revenues,
are not considered available current financial resources and therefore are not
reported as revenues in governmental funds. This is the amount by which the
current year unearned amount exceeds the prior year available resources. 118,671

Expenses reported in the Statement of Activities, such as compensated absences, post-employment
benefits, and pollution remediation expenses that do not require the use of current financial resources
are not reported as expenditures in governmental funds. 211,134

Internal service funds are used by the School System to charge the costs of health,
dental, and workers' compensation insurance to individual funds. The change in net
assets of the internal service funds are reported with governmental activities (Exhibit G). 233,998

Change in net assets of governmental activities (Exhibit B) \$ 3,678,059

Roanoke County Public Schools
Statement of Net Assets
Proprietary Funds
June 30, 2010

Exhibit F

	<u>Internal Service Funds</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 16,162,592
Accounts receivable	<u>18,148</u>
Total assets	<u>16,180,740</u>
Liabilities	
Current liabilities:	
Accounts payable	69,562
Claims payable	1,423,151
Deferred revenue	<u>1,523,888</u>
Total current liabilities	<u>3,016,601</u>
Noncurrent liabilities:	
Claims payable	<u>472,923</u>
Total noncurrent liabilities	<u>472,923</u>
Total liabilities	<u>3,489,524</u>
Net Assets	
Unrestricted	<u>12,691,216</u>
Total net assets	<u><u>\$ 12,691,216</u></u>

Roanoke County Public Schools
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

Exhibit G

	Internal Service Funds
Operating revenues:	
Charges for services	\$ 16,757,355
Other operating revenues	<u>187,880</u>
Total operating revenues	<u>16,945,235</u>
Operating expenses:	
Claims	15,388,019
Administrative charges	<u>29,303</u>
Total operating expenses	<u>15,417,322</u>
Operating income	<u>1,527,913</u>
Nonoperating revenues (expenses):	
Intergovernmental	(175,024)
Interest and dividend income	<u>86,251</u>
Total nonoperating expenses, net	<u>(88,773)</u>
Income before transfers	1,439,140
Transfers out	<u>(1,205,142)</u>
Change in net assets	233,998
Net assets at beginning of year	<u>12,457,218</u>
Net assets at end of year	<u><u>\$ 12,691,216</u></u>

Roanoke County Public Schools
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

Exhibit H

	Internal Service Funds
Cash flows from operating activities:	
Cash received from interfund services provided	\$ 16,767,237
Payments to suppliers	(35,273)
Payments from suppliers	55,527
Claims paid	(15,447,767)
Other receipts	233,819
Other payments	(540)
Net cash provided by operating activities	<u>1,573,003</u>
Cash flows from noncapital financing activities:	
Transfers to other funds	<u>(1,380,166)</u>
Cash flows from investing activities:	
Interest and dividends received	<u>86,251</u>
Net increase in cash and cash equivalents	279,088
Cash and cash equivalents at beginning of the year	<u>15,883,504</u>
Cash and cash equivalents at end of the year	<u><u>\$ 16,162,592</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,527,913
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Accounts receivable	9,882
Accounts payable	49,557
Claims payable	(59,748)
Deferred revenue	45,399
Net cash provided by operating activities	<u><u>\$ 1,573,003</u></u>

See accompanying notes to basic financial statements.

Roanoke County Public Schools
Statement of Fiduciary Assets and Liabilities
June 30, 2010

Exhibit I

	Agency Funds
Assets	
Cash and cash equivalents	\$ 2,268,323
Total assets	<u>\$ 2,268,323</u>
Liabilities	
Accounts payable	115,082
Due to student groups	<u>2,153,241</u>
Total liabilities	<u>\$ 2,268,323</u>

Roanoke County Public Schools

Notes to Basic Financial Statements

June 30, 2010

(1) Summary of Significant Accounting Policies

Financial Reporting Entity

Roanoke County Public Schools (School System) is a corporate body operating under the constitution of Virginia and the *Code of Virginia*. The members of the School Board are elected by the citizens of the County of Roanoke, Virginia (County) to serve 4-year terms. The School Board is responsible for setting the educational policies of Roanoke County Public Schools and employs a superintendent to implement the School Board's policies. The mission of the School System is to provide quality programs to meet the educational needs of all students in the County in a safe learning environment.

The School System receives funding from property taxes collected and allocated by the County, tuition and fees, and state and federal aid. Virginia Public School Authority bonds, state literary loans, and general obligation bonds approved by the County Board of Supervisors and/or County voters fund school construction projects. The School System is considered to be a component unit of the County because the County Board of Supervisors approves the School System's budget, levies the necessary taxes to finance operations, and issues debt on behalf of the School System. The School System is fiscally dependent on the County and its operations are funded significantly by transfers from the County's general fund.

The financial statements of the School System have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies and reporting practices of the School System.

GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis - for State and Local Governments*, as amended, was implemented July 1, 2001. It established requirements and a reporting model for the annual financial reports of state and local governments. GASB Statement No. 34 (GASB 34) was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions and includes the following:

Management's Discussion and Analysis – GASB 34 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" (MD&A). This analysis is similar to the analysis included in private-sector annual reports.

Government-wide financial statements – The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities. Accrual accounting reports all of the revenues, not just those received in the current year or soon thereafter.

Statement of Net Assets – The Statement of Net Assets is designed to display the financial position of the government. Governments report all capital assets, net of accumulated depreciation, in the government-wide Statement of Net Assets and report depreciation expense – the cost of "using up" capital assets – in the Statement of Activities. The net assets of a government are presented in three categories – 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Roanoke County Public Schools

Notes to Basic Financial Statements

June 30, 2010

Statement of Activities – The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each government's functions. The expense of individual functions is compared to the revenues generated directly by that function.

Reconciliation of Government-wide and Fund Financial Statements

A summary reconciliation of the difference between total fund balances and total net assets for governmental activities is presented on the governmental funds balance sheet. The asset and liability elements which comprise the reconciliation difference stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

A summary reconciliation of the difference between the net change in governmental fund balances and change in net assets for governmental activities is presented in an accompanying schedule to the governmental funds statement of revenues, expenditures and changes in fund balances. The revenue and expense elements which comprise the reconciliation difference stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

Budgetary Comparison Schedules - Demonstrating compliance with the legally adopted budget is an important component of a government's accountability to the public. The School System and many other governments revise their original budgets over the course of the year for a variety of reasons. The School System provides budgetary comparison information in its annual report, which includes a comparison of the original budget to both the final budget and actual results. The School System adopts annual budgets for the General, School Grants, School Nutrition, School Textbook, School Bus, and Capital Funds. Additional budgets for the Capital Funds are approved by the School Board during the fiscal year as funding is identified and designated for school bus purchases and capital projects.

Basis of Presentation

Government-wide Financial Statements: The statement of net assets and the statement of activities display information about the School System as a whole, except for fiduciary funds. The government-wide statements are prepared using the economic resources measurement focus, which differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation, with brief explanations, to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program within the governmental activities. Direct expenses are those that are specifically associated with a service, program or department and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Charges for services include adult education, school lunch sales, rental of facilities, and summer tuition. Program-specific operating grants and contributions revenues include the federal and state school lunch program and other grants and reimbursements. Revenues which are not classified as program revenues are presented as general revenues of the School System. In accordance with the Auditor of Public Accounts in the

Roanoke County Public Schools

Notes to Basic Financial Statements

June 30, 2010

Commonwealth of Virginia (APA), revenues received from the local government for the overall educational program are non-categorical and therefore considered general revenue. The comparison of direct expenses with program revenues identifies the extent to which the governmental function is self-financing or draws from the general revenues of the School System.

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.

Expenses are grouped in three broad categories: instruction, support services, and non-instructional services. Some functions classified under support services include expenses that are, in essence, indirect expenses of instructional functions. However, the School System does not allocate those indirect expenses to the instructional program.

Fund Financial Statements: The fund financial statements provide information about the School System's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

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

- **Governmental Funds:** These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School System considers all revenues reported in the governmental funds to be available if the revenues are collected as of June 30 or within 30 days thereafter. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. The individual governmental funds are:
 - General Fund – This is the primary operating fund of the School System. It is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from state and federal aid and transfers from the County of Roanoke.
 - Grant Fund (a Special Revenue Fund) - This fund is used to account for proceeds of specific grants that are restricted to expenditures for specific purposes. This fund includes transactions related to the federal, state, and private grants that are not specifically reported in another fund. The Grant Fund is considered a major fund for fund financial statement reporting purposes.
 - Capital Projects Fund - This fund is used to account for financial resources used for the acquisition or construction of major capital facilities, other than those financed by the general fund. The Capital Projects Fund is considered a major fund for fund financial statement reporting purposes.

Roanoke County Public Schools

Notes to Basic Financial Statements

June 30, 2010

- **Non-major Funds** – These funds are used to account for revenues internally restricted to expenditures for certain purposes including the funds for school nutrition, textbooks, and school buses.
- **Proprietary Funds:** Proprietary funds are used to account for operations that are financed in a manner similar to a private business enterprise. The measurement focus is based on determination of change in net assets, financial position, and cash flows. Operating revenues include charges for services. Operating expenses include costs of services. All revenues and expenses not meeting these definitions, such as interest and dividend income, are reported as nonoperating revenues and expenses.
- **Internal Service Funds** – These funds account for employee health, dental, and risk management coverage provided to other departments on a cost-reimbursement basis. The internal service funds derive their funding from charges assessed to the user departments and employees. They are included in the governmental activities for government-wide reporting purposes. The effect of interfund activity has been eliminated from the government-wide financial statements. The excess revenues or expenses for the fund have been allocated to the appropriate functional activity.
- **Fiduciary Funds:** Fiduciary funds are used to account for assets held by the School System in a purely custodial capacity. Fiduciary funds are not included in the government-wide financial statements. Agency funds include the student activity funds in each school and the financial resources of the Regional Alternative School.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School System considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year-end. State aid, grant reimbursements, sales taxes, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

Cash and Cash Equivalents – The School System's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less.

Roanoke County Public Schools

Notes to Basic Financial Statements

June 30, 2010

Deposits and Investments – The County maintains all School System funds except for those of the agency fund, which are maintained by school principals. 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. All other monies of the School System are deposited with the County Treasurer in a pool of bank accounts and are used to purchase investments which are specifically allocated to the appropriate funds. Short-term investments are stated at cost (which approximates fair value) and consist of repurchase agreements, commercial paper, bankers' acceptances and U.S. government securities. Each fund with monies deposited in the pooled accounts has an equity interest therein. Interest earned is allocated based on average monthly balance.

The County requires all banking institutions holding its public funds to protect such funds in accordance with the Virginia Security for Public Deposits Act (Act). The Act established a single body of law applicable to the pledge of security as collateral for public funds on deposit in banking institutions so that the procedures for securing public deposits is uniform throughout the Commonwealth. Under the Act, banks holding public deposits must pledge certain levels of collateral and make monthly filings with the State Treasury Board.

Cash in student activity funds represent available cash in the local school accounts, all of which are fully insured or collateralized. Deposits, including checking and savings accounts and certificates of deposit, are placed with banks and savings and loan institutions and are protected by the Federal Depository Insurance laws or collateral held under the provisions of the Act.

Accounts Receivable – Accounts receivable consist of insurance refunds, tuition payments, substitute reimbursements, energy conservation savings, interest income, and utility refunds from the individual schools.

Due from Other Governments and Other Funds – Local sales taxes and governmental accounts receivable are recorded in the School System's accounts as due from other governments. Transactions between funds and other entities that are representative of the recognition of revenues or expenditures are referred to as "due to/from" the other funds or entities.

Inventory – Inventories consist of various consumable supplies and are maintained on a perpetual basis with periodic verification based on physical count. All inventories are valued at cost using the first-in first-out method for the government-wide statements. The cost of the consumable supplies is recorded as expenditures when purchased in the general fund. Reported inventories in the governmental funds are equally offset by a reservation of fund balance.

Capital Assets – Capital outlays are recorded as expenditures in the governmental funds and as assets in the government-wide financial statements to the extent of the School System's capitalization threshold. The capitalization criterion for reporting capital assets has been established at \$5,000. 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. Depreciation expense for capital assets is identified with a function and is included as a direct expense.

All capital assets are capitalized at historical costs and updated for additions and retirements during the year. Donated capital assets are reported at estimated fair value at the time received. The School System does not own any infrastructure. Upon sale or retirement of a capital asset, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

Roanoke County Public Schools
Notes to Basic Financial Statements
June 30, 2010

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

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

Compensated Absences – The liability for compensated absences reported in the government-wide statement consists of unpaid accumulated vacation and sick leave balances. The liability is based on the sick leave and the vacation leave accumulated at June 30. Limited vacation and sick leave may be accumulated until retirement or termination. Accumulated sick leave is paid at a fixed daily rate and accumulated vacation is paid at the employee's current wage upon retirement or termination. A liability for these amounts is reported in governmental funds only if they have matured as a result of employee resignations and retirements.

Net Assets – Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation and related debt. Net assets are reported as restricted when there are external restrictions imposed by grantors or laws or regulations of other governments. The School System applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

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

Pension Plan - The School System participates in an agent and cost-sharing multi-employer defined benefit pension plan administered by the Virginia Retirement System. Defined benefit pension plan contributions are actuarially determined and consist of current service costs and amortization of the unfunded accrued liability.

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

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

Interfund Transactions – In the governmental fund financial statements, receivables and payables resulting from interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the government-wide Statement of Net Assets. 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

Roanoke County Public Schools
Notes to Basic Financial Statements
June 30, 2010

reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

New Accounting Pronouncements - The School System adopted GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, in fiscal year 2010. This Statement provides guidance on how to identify, account for, and report intangible assets. The adoption of GASB Statement No. 51 had no material affect on the School System's financial statements.

The County adopted GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, in fiscal year 2010. This Statement provides guidance to improve how state and local governments report information about derivative instruments - financial arrangements used by governments to manage specific risks or make investments- in their financial statements. The adoption of GASB Statement No. 53 had no material affect on the School System's financial statements.

Reclassifications - Certain reclassifications have been made to the prior period's balances appearing in the notes to the basic financial statements to place them on a basis comparable with the current period's presentation in the notes to the basic financial statements.

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

(2) Fund Balances

In the governmental fund financial statements, fund balances of governmental funds have been classified to reflect the limitations and restrictions placed on the respective funds as follows:

Reserved Fund Balance

- *Inventories* - This amount represents inventories reported in the General Fund.
- *Encumbrances* - This amount reflects a reserve for goods and services encumbered, or ordered, prior to the end of the fiscal year, for which delivery of goods and services had not been made prior to the close of the fiscal year.

Unreserved Fund Balances

- *Fund Balances - Designated* - These amounts represents tentative plans for financial resources in a future period.
- *Fund Balances - Undesignated* - This amount represents the remainder of the School System's fund balance in governmental funds.

Roanoke County Public Schools

Notes to Basic Financial Statements

June 30, 2010

(3) Deposits and Investments

The County of Roanoke maintains a cash and investment pool that is available for use by all County funds and by the School System. The School System's portion of this pool is included on the balance sheet in "cash and cash equivalents" and "investments". As of June 30, 2010, the fair value and maturity of the School System's total deposits and investments were as follows:

Investment Type	Fair Value	Investment Maturity Less Than 1 year	Credit Rating
Demand and time deposits	\$ 3,205,704	\$ 3,205,704	N/A
Money market mutual funds	18,283,334	18,283,334	AAAm
Virginia LGIP	7,322,769	7,322,769	AAAm
Federal agency bonds and notes	15,993,034	15,993,034	AAA
	<u>\$ 44,804,841</u>	<u>\$ 44,804,841</u>	

The carrying value of deposits and investments for the School System as of June 30, 2010 is as follows:

Entity	Cash and Cash Equivalents	Investments	Total
Roanoke County Public Schools	\$ 30,798,493	\$ 14,006,348	\$ 44,804,841
Agency Funds	2,268,323	-	2,268,323
	<u>\$ 33,066,816</u>	<u>\$ 14,006,348</u>	<u>\$ 47,073,164</u>

Credit Risk and Concentration of 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 and requires certificates of deposits with savings and loan associations to pledge collateral equal to 100% of their public deposits, compared to 50% required by banks. All cash and investments of the County of Roanoke are covered by Federal deposit insurance or collateralized in accordance with the Virginia Security for Public Deposits Act. The Virginia Local Government Investment Pool (LGIP) is administered by the Treasury Board pursuant to Sections 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.

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:

Roanoke County Public Schools

Notes to Basic Financial Statements

June 30, 2010

U.S. Treasury Obligations	70%
U.S. Government Agency Securities and Instrumentalities of Government Sponsored Corporations	80%
Bankers Acceptance with no more than 25% with any one Institution and a maximum of 10% in any one issuance	40%
Repurchase Agreement Overnight with no more than 20% with any one Institution	70%
Repurchase Agreement Two or more nights with no more than 20% with any one Institution	25%
Certificate of Deposit with Commercial Banks with no more than 45% with any one institution	100%
Certificate of Deposit with Savings and Loan Associations with no more than \$100,000 with any one institution	10%
Commercial Paper with no more than 25% 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, 2010, the portion of the County and School System's portfolio, excluding the Virginia LGIP, Virginia State Non-Arbitrage Program (SNAP), and U.S. Government guaranteed obligations that exceed 5% of the total portfolio are as follows:

<u>Issuer</u>	<u>% of Portfolio</u>
Smith Barney	29.48%
Federal Home Loan Bank	22.81%
Federal Farm Credit Bank	5.56%

Custodial Credit Risk

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, 2010, 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

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, 2010, the County had no investments with a maturity greater than 30 months.

Roanoke County Public Schools
Notes to Basic Financial Statements
June 30, 2010

(4) Due from Other Governments

Amounts due from other governments at June 30, 2010 are as follows:

	<u>Federal</u>	<u>Commonwealth of Virginia</u>	<u>Total</u>
General Fund	\$ 209,810	\$ 2,533,658	\$ 2,743,468
Grant Fund	1,251,239	25,200	1,276,439
Capital Fund	160,777	8,802	169,579
Non-Major Fund	55,980	-	55,980
Total	<u>\$ 1,677,806</u>	<u>\$ 2,567,660</u>	<u>\$ 4,245,466</u>

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

Amounts due to the Grant Fund are attributed primarily to the Individuals with Disabilities Education Act (IDEA) and the Titles I, II and III federal grants. IDEA is designed to ensure that all school age handicapped children are provided a free, appropriate public education. Titles I, II and III programs enhance the instruction for disadvantaged children. Amounts due to the Capital Fund are primarily attributed to reimbursements for capital projects funded with federal stimulus grants. Amounts due to the Non-Major Fund are attributable primarily to state reimbursements for the school lunch program.

(5) Interfund Balances and Transfers

Interfund balances as of June 30, 2010 consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Grant Fund	\$ 979,722

The balance due to the general fund from the grant fund is for a temporary loan to cover a timing difference between grant reimbursement receipts and expenditures. The balance has subsequently been repaid.

Roanoke County Public Schools
Notes to Basic Financial Statements
June 30, 2010

Interfund transfers for the year ended June 30, 2010 consisted of the following amounts:

Transfers to	Transfers from		Transfers from	Total
	General Fund	Grants Fund	Internal Services	
General Fund	\$ -	\$ -	\$ 1,130,863	\$ 1,130,863
Grant Fund	18,387	-	-	18,387
Capital Projects	7,851,360	3,000	-	7,854,360
Nonmajor Governmental	2,437,836	-	74,279	2,512,115
Total	\$ 10,307,583	\$ 3,000	\$ 1,205,142	\$ 11,515,725

Transfers are 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.

(6) Capital Assets

Components of the School System's capital assets, net, at June 30, 2010 are summarized as follows:

Land	\$ 5,222,784
Buildings and improvements	66,223,291
Furniture and equipment	26,161,387
Construction in progress	242,627
Subtotal	97,850,089
Accumulated depreciation	(53,184,381)
Capital assets, net	\$ 44,665,708

In accordance with the GASB and Virginia state laws, all school related debt is reported in the Comprehensive Annual Financial Report (CAFR) of the primary government as the County is legally responsible for debt repayment. All capital assets related to this debt have been reported in the County CAFR. During the fiscal year, the School System sold a vacated building to the Commonwealth of Virginia for \$2,000,000. The book value of the capital asset was \$1,325,857, net of accumulated depreciation.

Roanoke County Public Schools
Notes to Basic Financial Statements
June 30, 2010

The School System's capital asset activity for the year ended June 30, 2010 was as follows:

	Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010
Capital assets not being depreciated:				
Land	\$ 5,238,978	\$ -	\$ (16,194)	\$ 5,222,784
Construction in progress	1,000,113	339,573	(1,097,059)	242,627
Total capital assets at historical cost not being depreciated	6,239,091	339,573	(1,113,253)	5,465,411
Capital assets being depreciated:				
Buildings and improvements	66,426,846	1,226,683	(1,430,238)	66,223,291
Furniture and equipment	24,458,127	2,077,540	(374,280)	26,161,387
Total capital assets at historical cost being depreciated	90,884,973	3,304,223	(1,804,518)	92,384,678
Less accumulated depreciation:				
Buildings and improvements	(34,969,162)	(2,433,173)	109,100	(37,293,235)
Furniture and equipment	(14,028,037)	(2,237,389)	374,280	(15,891,146)
Total accumulated depreciation	(48,997,199)	(4,670,562)	483,380	(53,184,381)
Total capital assets being depreciated, net	41,887,774	(1,366,339)	(1,321,138)	39,200,297
Capital assets, net	\$ 48,126,865	\$ (1,026,766)	\$ (2,434,391)	\$ 44,665,708

Depreciation expense for the year ended June 30, 2010 was charged to School System activities as follows:

Governmental activities:

Instruction	\$ 3,618,501
Administration	61,683
Transportation	957,954
Operations and maintenance	23,122
School nutrition	9,302
	<u>\$ 4,670,562</u>

Capital outlays are reported as expenditures in the governmental funds; however, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. The adjustment from governmental funds to the government-wide statements is summarized as follows:

Capital outlay	\$ 2,546,737
Depreciation expense	<u>(4,670,562)</u>
Total adjustments	<u>\$ (2,123,825)</u>

Roanoke County Public Schools

Notes to Basic Financial Statements

June 30, 2010

The School System has active construction projects as of June 30, 2010. The projects are being financed with Virginia Public School Authority bonds issued by the local government and school capital funds. At year end, the School System's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Cave Spring Elementary	\$ 5,044,606	\$ 2,159,513
Green Valley Elementary	4,969,396	2,248,219
Mason's Cove Elementary	1,643,537	8,240,070
Mount Pleasant Elementary	5,508,561	1,513,444
William Byrd High	7,878,816	3,478,223

(7) Deferred and Unearned Revenue

Deferred and unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. To comply with the requirements of GASB Statement No. 33, assets and deferred and unearned revenue related to certain non-exchange transactions are recorded in the basic financial statements. Deferred and unearned revenue as of June 30, 2010 is comprised of the following:

	Governmental Funds	Governmental Activities
Sales tax	\$ 1,414,852	\$ -
Tuition	91,110	91,110
Grant revenue	22,768	22,768
Internal services revenue	-	1,523,888
Total deferred revenue	<u>\$ 1,528,730</u>	<u>\$ 1,637,766</u>

- Deferred sales tax - Deferred revenue of the School System representing June sales taxes collected by the state in July and remitted to the School System in August.
- Deferred and unearned tuition - Deferred revenue representing tuition for online courses collected in June for programs to be conducted in July and August.
- Deferred and unearned grant revenue - Deferred grant revenue representing grant receipts of the School System in excess of current grant expenditures.
- Unearned Internal Services revenue - Unearned revenue in the Internal Service Funds representing the premiums collected in June for July insurance coverage.

Roanoke County Public Schools
Notes to Basic Financial Statements
June 30, 2010

(8) Capital Leases

During fiscal year 2007, the School System entered into a lease agreement as lessee for financing the acquisition and installation of energy management equipment. Under the lease agreement, the School System pays annual rent representing principal and interest payments at 3.9725% over a lease term of ten years. This lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. Amortization of the leased equipment is included as part of depreciation expense over 10 years.

During fiscal year 2009, the School System entered into a lease agreement as lessee for financing the acquisition and installation of internet filtering equipment and software. Under the lease agreement, the School System pays principal and interest of \$38,173 over the lease term of four years. This lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. Amortization of the leased equipment is included as part of depreciation expense over four years.

The assets recorded in connection with the capital lease obligations incurred are as follows:

	<u>Governmental Activities</u>
Asset:	
Furniture and Equipment	\$ 3,686,574

The future minimum lease payments under the capital leases as of June 30, 2010 are as follows:

Year Ending June 30	<u>Governmental Activities</u>
2011	460,435
2012	473,103
2013	447,978
2014	461,418
2015	475,260
2016	489,517
2017	504,203
	<hr/>
Total minimum lease payments	3,311,914
Less: Amount representing interest	(476,409)
	<hr/>
Present value of minimum lease payments	2,835,505
	<hr/> <hr/>

(9) Risk Management

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

Roanoke County Public Schools

Notes to Basic Financial Statements

June 30, 2010

Risk Management – The School System established a self-insured Workers' Compensation program on July 1, 1990. Premiums are paid into the Internal Service Fund by the General Fund and are available to pay claims, claims reserves, and administrative costs of the programs. An excess coverage insurance policy covers each accident in excess of \$400,000 for the School System, with statutory limits. At June 30, 2010, the School System has accrued liabilities for workers' compensation of \$697,000, based upon an estimate by a qualified actuary. Interfund premiums are based upon the insured funds' claims experience and are reported as interfund services provided and used. At June 30, 2010, the School System had cash reserves of \$1,422,688 for workers' compensation to cover school employees.

Technology Reserve – On July 1, 2003, the School System established a self-insured program for claims arising from the loss or damage of student laptop computers. Student computer use fees and computer warranty reimbursements are paid into the Risk Management Internal Service Fund and are available to pay claims, claims reserves, and administrative costs of the program. At June 30, 2010, the School System had cash reserves of \$718,455.

Health Insurance – The School System implemented a self-insured health insurance program on July 1, 1990. Monthly contributions are paid into the Internal Service fund from all other funds and school employees. These contributions are based upon estimates from the claims processor that should cover administrative expenses, stop loss insurance premiums, and claims. An excess coverage insurance policy covers each individual's pooled claims in excess of \$200,000. At June 30, 2010, incurred but not yet reported claims for the School System are estimated to be \$1,199,074. Interfund premiums are based upon the employees within that fund that are enrolled in the plan.

Unpaid claims are included as claims payable on the statement of net assets. Changes in the balances of claims payable liability during the past two years were as follows:

	Risk Management	Technology Reserve	Health Insurance	Total
Unpaid claims, June 30, 2008	\$ 717,000	\$ -	\$ 1,214,525	\$ 1,931,525
Incurred claims (including IBNR and changes in estimates)	318,354	151,551	14,182,087	14,651,992
Claim payments	(338,354)	(151,551)	(14,137,790)	(14,627,695)
Unpaid claims, June 30, 2009	697,000	-	1,258,822	1,955,822
Incurred claims (including IBNR and changes in estimates)	364,371	404,717	13,432,688	14,201,776
Claim payments	(364,371)	(404,717)	(13,492,436)	(14,261,524)
Unpaid claims, June 30, 2010	\$ 697,000	\$ -	\$ 1,199,074	\$ 1,896,074

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

Roanoke County Public Schools
Notes to Basic Financial Statements
June 30, 2010

(10) Defined Benefit Pension Plan

A. Plan Description

The School System contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System (System). Professional and non-professional employees of the School System are covered by the VRS. Professional employees participate in a VRS statewide teacher cost-sharing pool, and non-professional employees participate as a separate group in the agent multiple-employer retirement system.

All full time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service or at age 50 with 30 years of service for participating employers payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases limited to 5% per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months of reported compensation. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by writing to the System at P.O. Box 2500, Richmond, Virginia 23218-2500 or accessing their web site at <http://www.varetire.org/Pdf/Publications/2009-Annual-Report.pdf>.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. The School System has assumed this 5% member contribution. In addition, the School System is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The School System's contribution rate for professional employees for the fiscal year ended June 30, 2010 was 14.85% of the annual covered payroll for the first nine months of the fiscal year and 5.0% for the last three months (including the employee share of 5% paid by the employer). For the three years ended June 30, 2010, 2009, and 2008, total employer and employee contributions made to the VRS statewide teacher pool for professional employees by the School System were \$8,593,714, \$11,951,073, and \$12,123,013, respectively, and represented 14.85%, 14.89%, and 16.46% of annual covered payroll of \$71,434,718, \$77,235,026, and \$73,424,845, respectively. The School System's contribution rate for nonprofessional employees was 9.21% of annual covered payroll (including the employee share of 5% paid by the employer).

C. Annual Pension Cost

For fiscal year 2010, the School System's non-professional employee's annual pension costs of \$266,811 under the VRS agent multi-employer plan were equal to their required and actual contributions as follows:

Roanoke County Public Schools
Notes to Basic Financial Statements
June 30, 2010

Three Year Trend Information – Virginia Retirement System

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
June 30, 2010	\$ 266,811	100%
June 30, 2009	302,343	100%
June 30, 2008	409,593	100%

D. Funded Status and Funding Progress

As of June 30, 2009, the School's most recent actuarial valuation date, the plan was 105.89% funded. The actuarial accrued liability for benefits was \$27,075,002, and the actuarial value of assets was \$28,670,508, resulting in an overfunded actuarial liability (OAAL) of \$1,595,506. The covered payroll (annual payroll of active employees covered by the plan) was \$6,735,037, and the ratio of the OAAL to the covered payroll was (23.69%). The schedules of funding progress, presented as Required Supplementary Information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

E. Actuarial Methods and Assumptions

The required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return, (b) projected salary increases ranging from 3.75% to 5.60% per year, and (c) 2.5% per year cost-of-living adjustments. Both the investment rate of return and the projected salary increases also include an inflation component of 2.50%. The actuarial value of the Roanoke County Public Schools' assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The unfunded actuarial liabilities are being amortized as a level percentage of payroll on an open basis within a period of 20 years or less.

(11) Other Postemployment Healthcare Benefits

From an accrual accounting perspective, the cost of post-employment health care benefits (OPEB), like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in future years when it will be paid. In adopting the requirements of GASB Statement No. 45, *Accounting for Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, during the year ended June 30, 2008, the School System recognizes the cost of post-employment health care in the year when the employee services are rendered, reports the accumulating liability, and provides information useful in assessing potential demands on the School System's future cash flows. Recognition of the liability accumulated from prior years is being phased in over 30 years, commencing with the 2008 liability.

A. Plan Description

The School System provides post-employment health care benefits through a single-employer defined benefit plan. Employees are eligible for this benefit if they retire after the age of 55 with at least 10 years of service

Roanoke County Public Schools

Notes to Basic Financial Statements

June 30, 2010

and 12 months enrollment in the School System's group health plan. The benefits, employee contributions, and employer contributions are governed by School Board policy and can be amended by the School Board through board action. Required supplementary information and trend information are included in the School System's financial report and consequently, there is no separately issued report.

The School System contributes up to \$2,500 per year towards the total medical premium for each eligible retiree for up to five years after retiring under the early retirement work program. All health care benefits are provided through the School System's self-insured health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous and substance abuse care; vision care; and prescriptions. Once a retiree reaches age 65, Medicare becomes the primary insurer and the School System's plan becomes secondary. 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.

B. Funding Policy

The School System currently pays for post-employment health care benefits on a pay-as-you-go basis. For the year ended June 30, 2010, the School System paid approximately \$1,814,000 in health care benefits, including \$516,119 in monthly health insurance premium payments for 215 school retirees. Expenditures for post-retirement health care benefits are recognized on a monthly basis as the employee premium becomes due.

C. Annual OPEB Costs and Net OPEB Obligation (Asset)

The School System had an actuarial valuation performed for the plan as of July 1, 2009 to determine the funded status of the plan as well as the employer's annual required contribution (ARC) for the fiscal year ended June 30, 2010. The School System's annual OPEB cost (expense) of \$1,726,490 was equal to the ARC for the fiscal year. The School System's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for 2010 are as follows:

Fiscal Year Ended	Beginning OPEB Obligation	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Ending Net OPEB Obligation (Asset)
June 30, 2010	\$ 60,000	\$ 1,726,490	\$ 1,814,200	105.08 %	\$ (27,710)
June 30, 2009	60,000	1,717,062	1,717,062	100.00 %	\$ 60,000
June 30, 2008	-	1,678,000	1,618,000	96.42	60,000

Roanoke County Public Schools
Notes to Basic Financial Statements
June 30, 2010

The net OPEB asset as of June 30, 2010 was calculated as follows:

Annual Required Contribution	\$ 1,726,428
Interest on Net OPEB Obligation	2,400
Adjustment to Annual Required Contribution	(2,338)
Annual OPEB Cost	1,726,490
Contributions Made	1,814,200
Decrease in Net OPEB Obligation	(87,710)
Net OPEB Obligation, Beginning of Year	60,000
Net OPEB Asset, End of Year	<u>\$ (27,710)</u>

D. Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to basic financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term prospective of the calculations.

The required contribution was determined as part of the July 1, 2009 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included 4.0% investment rate of return and an initial annual healthcare cost trend rate of 9.0% reduced by 0.50% to 1.00% each year to arrive at an ultimate health care cost trend rate of 5.0%. Because the plan is unfunded, reference to general assets, which are short-term in nature (such as money market funds), was considered in the selection of the 4.0% rate. The School System funds the plan on a pay-as-you-go basis so the actuarial value of plan assets as of June 30, 2010 was \$0. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis over a period of 30 years.

As of July 1, 2009, the School System's most recent actuarial valuation date, the actuarial accrued liability for benefits was \$20,262,618, all of which was unfunded.

(12) Early Retirement Incentive Plan

The School Board participates in an Employee Extended Work Plan (the "Plan") for eligible employees. Any full-time employee who is a member of VRS and has ten consecutive years of full-time service in the

Roanoke County Public Schools

Notes to Basic Financial Statements

June 30, 2010

Roanoke County Public School System is eligible to participate in the Plan at any time after age 55. The School Board approves the Plan on an annual basis and it can be terminated at any time.

The School System contributes up to \$2,500 per year towards the annual group health insurance premium for employees who elect to continue their group coverage and have been enrolled in the group health plan for at least twelve months prior to retirement. In addition, eligible retirees receive 20% of their final contract salary annually for five years in exchange for working 2.5 days per contract month (25 days for 10 month contracts and 30 days for 12 month contracts) in the School System. During 2010, the School Board offered additional employee incentives to retire including a one-time election for eligible retirees to retire under the Plan as of June 30, 2010 and receive a lump sum payment of \$12,500, an option to retire under the Plan with the insurance benefits only and no work obligation, or an option to work all of the required work days in the first year following retirement after a 30 day break in service.. During the fiscal year ended June 30, 2010, the School System expended \$3,273,354 for the compensation paid under the Employee Extended Work Plan.

(13) Long-term Liabilities

The change in the School System's long-term liabilities within the government-wide financial statements during the fiscal year ended June 30, 2010 consists of the following:

	Obligation Under Capital Leases	Compensated Absences	Claims Payable	Total
Balance, June 30, 2009	\$ 3,161,076	\$ 2,953,167	\$ 1,955,822	\$ 8,070,065
Additions	-	1,837,276	14,201,776	16,039,052
Reductions	(325,571)	(1,895,513)	(14,261,524)	(16,482,608)
Balance, June 30, 2010	<u>\$ 2,835,505</u>	<u>\$ 2,894,930</u>	<u>\$ 1,896,074</u>	<u>\$ 7,626,509</u>
Amount due within one year	<u>\$ 347,180</u>	<u>\$ 845,236</u>	<u>\$ 1,423,151</u>	<u>\$ 2,615,567</u>

Under the modified accrual basis of accounting used in the fund financial statements for the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the government-wide statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. The conversion from modified accrual to full accrual reflects an adjustment of \$2,894,930 for compensated absences. Compensated absences will be paid from the General Fund.

(14) Pollution Remediation Obligation

In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, the School System is obligated to address pollution remediation activities associated with the commencement of asbestos abatement as part of the major renovations of Cave Spring Elementary, Green Valley Elementary, Mount Pleasant Elementary, and William Byrd High School. Additional minor renovations at William Byrd Middle resulted in the need for asbestos abatement as well. The School System began the renovation projects in June 2009. As part of the planned renovations, ceiling and floor tiles containing asbestos were removed and abated in accordance with federal regulations promulgated by the

Roanoke County Public Schools

Notes to Basic Financial Statements

June 30, 2010

Environmental Protection Agency. The asbestos abatement was completed as of June 30, 2010. The total remediation expenses paid during fiscal year 2010 were \$145,838 and there were no outstanding obligations as of June 30, 2010. Since this work was part of the planned renovations, there are no outside recoveries expected. The change in the School System's pollution remediation obligation within the government-wide financial statements during the fiscal year ended June 30, 2010 consists of the following:

Balance, June 30, 2009	\$	65,186
Additions		80,652
Reductions		<u>(145,838)</u>
Balance, June 30, 2010	\$	<u><u>-</u></u>

(15) Commitments, Contingencies and Other Information

The School System may be contingently liable with respect to lawsuits and other claims which arise in the ordinary course of its operations. At June 30, 2010, management believes that the amount of loss, if any, is not material to the School System's financial position.

The School System receives grant funds, principally from the federal government, for various educational programs. Certain expenditures of these funds are subject to audit by the grantor. The School System is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of the School System management, no material refunds will be required as a result of expenditures disallowed, if any, by the grantors.

(16) Related Parties

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

REQUIRED SUPPLEMENTARY
INFORMATION
OTHER THAN MANAGEMENT'S
DISCUSSION AND ANALYSIS

(Unaudited)

In accordance with the Governmental Accounting Standards Board Statements No. 34, No. 45, and No. 50, the following information is a required part of the basic financial statements.

Roanoke County Public Schools
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2010
(Unaudited)

Exhibit J

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues:				
Intergovernmental:				
Roanoke County	\$ 60,543,357	\$ 63,597,776	\$ 63,597,776	\$ -
Commonwealth of Virginia	72,730,310	69,541,552	69,502,612	(38,940)
Federal government	4,044,692	6,264,832	4,193,311	(2,071,521)
Charges for services	419,949	470,149	477,215	7,066
Investment income	150,000	150,000	73,291	(76,709)
Miscellaneous	20,820	22,495	53,717	31,222
Total revenues	137,909,128	140,046,804	137,897,922	(2,148,882)
Expenditures:				
Current:				
Instruction	102,072,200	102,473,821	94,148,008	8,325,813
Administration	3,570,820	3,440,819	2,852,598	588,221
Attendance and health	2,570,630	2,807,720	2,716,220	91,500
Transportation	5,111,958	5,855,684	5,314,350	541,334
Operation and maintenance	12,150,745	13,575,474	11,591,085	1,984,389
Technology	3,198,762	3,591,473	3,359,628	231,845
Capital lease debt service:				
Principal	325,571	325,571	325,571	-
Interest	122,565	122,565	122,565	-
Capital outlay:				
Facilities	316,556	298,630	292,422	6,208
Intergovernmental:				
Roanoke County	4,029,369	4,029,369	4,029,369	-
Total expenditures	133,469,176	136,521,126	124,751,816	11,769,310
Excess of revenues over expenditures	4,439,952	3,525,678	13,146,106	9,620,428
Other financing sources (uses):				
Operating transfers:				
Transfers to grant fund	-	(18,387)	(18,387)	-
Transfers to capital projects fund	(3,188,000)	(7,851,360)	(7,851,360)	-
Transfers to nonmajor funds	(1,251,952)	(2,437,836)	(2,437,836)	-
Transfers from internal service fund	-	1,130,863	1,130,863	-
Total other financing uses	(4,439,952)	(9,176,720)	(9,176,720)	-
Net change in fund balance	-	(5,651,042)	3,969,386	9,620,428
Fund balance at beginning of year	-	5,651,042	5,651,042	-
Fund balance at end of year	\$ -	\$ -	\$ 9,620,428	\$ 9,620,428

Roanoke County Public Schools
Budgetary Comparison Schedule
Grant Fund
For the Year Ended June 30, 2010
(Unaudited)

Exhibit K

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Commonwealth of Virginia	\$ 979,774	\$ 868,356	\$ 840,006	\$ (28,350)
Federal government	4,468,363	10,168,266	6,469,853	(3,698,413)
Charges for services	-	169,825	144,668	(25,157)
Total revenues	<u>5,448,137</u>	<u>11,206,447</u>	<u>7,454,527</u>	<u>(3,751,920)</u>
Expenditures:				
Current:				
Instruction	5,448,137	11,026,362	7,141,064	3,885,298
Attendance & health	-	221,089	230,608	(9,519)
Technology	-	33,891	23,885	10,006
Total expenditures	<u>5,448,137</u>	<u>11,281,342</u>	<u>7,395,557</u>	<u>3,885,785</u>
Excess (deficiency) of revenues over (under) expenditures	-	(74,895)	58,970	133,865
Other financing sources:				
Operating transfers:				
Transfers from general fund	-	18,387	18,387	-
Transfers from capital fund	-	(3,000)	(3,000)	-
Total other financing sources	<u>-</u>	<u>15,387</u>	<u>15,387</u>	<u>-</u>
Net change in fund balance	-	(59,508)	74,357	133,865
Fund balance at beginning of year	-	59,508	110,513	51,005
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,870</u>	<u>\$ 184,870</u>

Roanoke County Public Schools
Required Supplementary Information
Schedules of Funding Progress
For the Year Ended June 30, 2010
(Unaudited)

Exhibit L

Virginia Retirement System

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Over (Under) Funded Actuarial Accrued Liability (OAAL)	Funded Ratio	Covered Payroll	OAAL as a Percentage of Covered Payroll
Roanoke County Public Schools Non-Professional Employees:						
June 30, 2007	\$ 26,540,024	\$ 25,309,633	\$ 1,230,391	104.86 %	\$ 6,758,772	18.20 %
June 30, 2008	29,040,574	26,489,508	2,551,066	109.63	6,948,926	36.71
June 30, 2009	28,670,508	27,075,002	1,595,506	105.89	6,735,037	23.69

Other Postemployment Benefits

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Under Funded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Other Postemployments Benefit Plan (Retiree Healthcare):						
July 1, 2006	\$ -	\$ 19,460,000	\$ (19,460,000)	- %	\$ 85,547,858	(22.75) %
July 1, 2009	-	20,262,618	(20,262,618)	-	89,186,099	(22.72)

The School System implemented GASB Statement No. 45 for the fiscal year ended June 30, 2008. Information for prior years is not applicable.

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

Roanoke County Public Schools
Notes to Required Supplementary Information
For the Year Ended June 30, 2010
(Unaudited)

(1) Summary of Significant Accounting Policies

Annual Budget Adoption – Annual budgets are legally adopted for the General, Grants, School Nutrition, School Textbook, School Bus, and Capital funds. Additional 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 general and major special revenue funds, as required by GASB Statement No. 34, are presented as required supplementary information. All appropriations are legally controlled at the fund level. The Code of Virginia requires adoption of a balanced budget by June 30 of each year. The School Board formally adopted the fiscal year 2009-10 budget appropriation on March 26, 2009. On April 14, 2009, the County Board of Supervisors adopted the original school budget. Budget revisions were approved throughout fiscal year 2010.

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 amended budget. All budgets are presented using the modified accrual basis of accounting. Accordingly, the accompanying Budgetary Comparison Schedules for the General and Major Special Revenue Funds 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. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

(2) Material Violations

There were no material violations of the annual appropriated budget for the General and Grant Funds for the fiscal year ended June 30, 2010. In addition, there were no excesses of budgetary expenditures for the period.

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

The **School Textbooks Fund** is used to account for the purchase of student textbooks and is supported primarily by state categorical revenues and a transfer from the school general fund.

The **School Bus Fund** is used to account for the replacement of school buses and is supported with transfers from the school general fund and investment income.

Roanoke County Public Schools
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

Schedule 1

	<u>School Nutrition</u>	<u>School Textbooks</u>	<u>School Bus</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 447,353	\$ 362,399	\$ 739,138	\$ 1,548,890
Investments	428,111	346,811	707,344	1,482,266
Accounts receivable	793	6,184	1,178	8,155
Due from other governments	55,980	-	-	55,980
Inventory	88,849	-	-	88,849
Total assets	<u>\$ 1,021,086</u>	<u>\$ 715,394</u>	<u>\$ 1,447,660</u>	<u>\$ 3,184,140</u>
Liabilities and Fund Balances				
Accounts payable	\$ 8,637	\$ 99,878	\$ -	\$ 108,515
Total liabilities	<u>8,637</u>	<u>99,878</u>	<u>-</u>	<u>108,515</u>
Fund Balances				
Reserved for inventories	88,849	-	-	88,849
Unreserved - designated for subsequent year's budget	923,600	615,516	1,447,660	2,986,776
Total fund balances	<u>1,012,449</u>	<u>615,516</u>	<u>1,447,660</u>	<u>3,075,625</u>
Total liabilities and fund balances	<u>\$ 1,021,086</u>	<u>\$ 715,394</u>	<u>\$ 1,447,660</u>	<u>\$ 3,184,140</u>

Roanoke County Public Schools**Schedule 2****Combining Statement of Revenues, Expenditures and Changes in Fund Balances****Nonmajor Governmental Funds****For the Year Ended June 30, 2010**

	<u>School Nutrition</u>	<u>School Textbooks</u>	<u>School Bus</u>	<u>Total</u>
Revenues:				
Intergovernmental:				
Commonwealth of Virginia	\$ 83,985	\$ -	\$ -	\$ 83,985
Federal government	1,886,591	-	-	1,886,591
Charges for services:				
Food sales	3,613,045	-	-	3,613,045
Textbook rentals and sales	-	5,341	-	5,341
Other:				
Investment income	4,444	-	4,995	9,439
Miscellaneous	19,128	6,183	-	25,311
Total revenues	<u>5,607,193</u>	<u>11,524</u>	<u>4,995</u>	<u>5,623,712</u>
Expenditures:				
Current:				
Instruction	-	1,275,540	-	1,275,540
Transportation	-	-	683,421	683,421
School nutrition	5,615,301	-	-	5,615,301
Total expenditures	<u>5,615,301</u>	<u>1,275,540</u>	<u>683,421</u>	<u>7,574,262</u>
Excess of expenditures over revenues	(8,108)	(1,264,016)	(678,426)	(1,950,550)
Other financing sources:				
Proceeds from sale of equipment	-	-	11,115	11,115
Transfers:				
Transfers from internal service fund	74,279	-	-	74,279
Transfers from general fund	66,806	1,561,030	810,000	2,437,836
Total other financing sources	<u>141,085</u>	<u>1,561,030</u>	<u>821,115</u>	<u>2,523,230</u>
Net change in fund balance	132,977	297,014	142,689	572,680
Fund balances at beginning of year	<u>879,472</u>	<u>318,502</u>	<u>1,304,971</u>	<u>2,502,945</u>
Fund balances at end of year	<u>\$ 1,012,449</u>	<u>\$ 615,516</u>	<u>\$ 1,447,660</u>	<u>\$ 3,075,625</u>

Roanoke County Public Schools
Budgetary Comparison Schedule
Special Revenue Fund - School Nutrition
For the Year Ended June 30, 2010

Schedule 3

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Commonwealth of Virginia	\$ 75,000	\$ 75,000	\$ 83,985	\$ 8,985
Federal government	1,390,000	1,706,259	1,886,591	180,332
Charges for services	3,950,000	3,950,000	3,613,045	(336,955)
Other	40,000	40,000	23,572	(16,428)
Total revenues	<u>5,455,000</u>	<u>5,771,259</u>	<u>5,607,193</u>	<u>(164,066)</u>
Expenditures:				
Current:				
School nutrition	<u>5,521,806</u>	<u>6,791,816</u>	<u>5,615,301</u>	<u>1,176,515</u>
Total expenditures	<u>5,521,806</u>	<u>6,791,816</u>	<u>5,615,301</u>	<u>1,176,515</u>
Excess of expenditures over revenues	(66,806)	(1,020,557)	(8,108)	1,012,449
Other financing sources:				
Transfers:				
Transfers from internal service fund	-	74,279	74,279	-
Transfers from general fund	<u>66,806</u>	<u>66,806</u>	<u>66,806</u>	<u>-</u>
Total other financing sources	<u>66,806</u>	<u>141,085</u>	<u>141,085</u>	<u>-</u>
Net change in fund balance	-	(879,472)	132,977	1,012,449
Fund balance at beginning of year	-	879,472	879,472	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,012,449</u>	<u>\$ 1,012,449</u>

Roanoke County Public Schools
Budgetary Comparison Schedule
Special Revenue Fund - School Textbooks
For the Year Ended June 30, 2010

Schedule 4

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Commonwealth of Virginia	\$ 1,150,884	-	\$ -	\$ -
Charges for services	10,000	10,000	5,341	(4,659)
Other	9,000	9,000	6,183	(2,817)
Total revenues	1,169,884	19,000	11,524	(7,476)
Expenditures:				
Current:				
Instruction	1,580,030	1,580,030	1,275,540	304,490
Total expenditures	1,580,030	1,580,030	1,275,540	304,490
Excess of expenditures over revenues	(410,146)	(1,561,030)	(1,264,016)	297,014
Other financing sources:				
Transfers:				
Transfers from general fund	410,146	1,561,030	1,561,030	-
Total other financing sources	410,146	1,561,030	1,561,030	-
Net change in fund balance	-	-	297,014	297,014
Fund balance at beginning of year	-	-	318,502	318,502
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 615,516</u>	<u>\$ 615,516</u>

Roanoke County Public Schools
Budgetary Comparison Schedule
Special Revenue Fund - School Bus
For the Year Ended June 30, 2010

Schedule 5

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Other	\$ -	\$ -	\$ 4,995	\$ 4,995
Total revenues	-	-	4,995	4,995
Expenditures:				
Current:				
Transportation	810,000	2,114,971	683,421	1,431,550
Total expenditures	810,000	2,114,971	683,421	1,431,550
Excess of expenditures over revenues	(810,000)	(2,114,971)	(678,426)	1,436,545
Other financing sources:				
Proceeds from sale of equipment	-	-	11,115	11,115
Operating transfers:				
Transfers from general fund	810,000	810,000	810,000	-
Total other financing sources	810,000	810,000	821,115	11,115
Net change in fund balance	-	(1,304,971)	142,689	1,447,660
Fund balance at beginning of year	-	1,304,971	1,304,971	-
Fund balance at end of year	\$ -	\$ -	\$ 1,447,660	\$ 1,447,660

See accompanying independent auditor report.

CAPITAL FUNDS

Capital funds are used to account for the financing of capital outlay for construction and technology. Revenues are primarily from bond issues and allocations from the Major Capital Reserve maintained by the School Board. Major expenditures represent capital outlay, construction, and renovation of school facilities.

Roanoke County Public Schools
Budgetary Comparison Schedule
Capital Fund
For the Year Ended June 30, 2010
(Unaudited)

Schedule 6

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Roanoke County	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Commonwealth of Virginia	804,000	882,759	882,729	30
Federal government	1,132,200	1,132,200	605,207	526,993
Charges for services	-	168,516	168,516	-
Investment income	-	-	11,741	(11,741)
Miscellaneous	-	-	83,774	(83,774)
Total revenues	<u>1,961,200</u>	<u>2,208,475</u>	<u>1,776,967</u>	<u>431,508</u>
Expenditures:				
Current:				
Instruction	804,000	882,759	882,729	30
Administration	-	85,260	2,191	83,069
Operation and maintenance	1,132,200	1,636,727	916,545	720,182
Technology	-	1,418,963	1,172,561	246,402
Capital outlay:				
Facilities	25,000	16,180,899	356,996	15,823,903
Intergovernmental:				
Roanoke County	-	6,667,246	6,667,246	-
Total expenditures	<u>1,961,200</u>	<u>26,871,854</u>	<u>9,998,268</u>	<u>16,873,586</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(24,663,379)</u>	<u>(8,221,301)</u>	<u>(16,442,078)</u>
Other financing sources:				
Proceeds from sale of property	-	-	361	(361)
Special item - sale of building	-	2,000,000	2,000,000	-
Operating transfers:				
Transfers from general fund	-	7,854,360	7,854,360	-
Total other financing sources	<u>-</u>	<u>9,854,360</u>	<u>9,854,721</u>	<u>(361)</u>
Net change in fund balance	-	(14,809,019)	1,633,420	(16,442,439)
Fund balance at beginning of year	-	14,809,019	14,809,019	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,442,439</u>	<u>\$ (16,442,439)</u>

INTERNAL SERVICE FUNDS

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

The **Health Insurance Fund** is a self-insured fund used to account for health care costs for employees electing the Anthem group program.

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

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

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

Roanoke County Public Schools
Combining Statement of Net Assets
Internal Service Funds
June 30, 2010

Schedule 7

	Health Insurance	Dental Insurance	Risk Management	Laptop Insurance Reserve	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 13,216,376	\$ 64,394	\$ 2,107,996	\$ 773,826	\$ 16,162,592
Accounts receivable	1,263	165	12,484	4,236	18,148
Total assets	13,217,639	64,559	2,120,480	778,062	16,180,740
Liabilities					
Current liabilities:					
Accounts payable	8,938	225	792	59,607	69,562
Claims payable	1,199,074	-	224,077	-	1,423,151
Deferred revenue	1,507,067	16,821	-	-	1,523,888
Total current liabilities	2,715,079	17,046	224,869	59,607	3,016,601
Noncurrent liabilities:					
Claims payable	-	-	472,923	-	472,923
Total noncurrent liabilities	-	-	472,923	-	472,923
Total liabilities	2,715,079	17,046	697,792	59,607	3,489,524
Net Assets					
Unrestricted	10,502,560	47,513	1,422,688	718,455	12,691,216
Total net assets	\$ 10,502,560	\$ 47,513	\$ 1,422,688	\$ 718,455	\$ 12,691,216

Roanoke County Public Schools
Schedule 8
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2010

	Health Insurance	Dental Insurance	Risk Management	Laptop Insurance Reserve	Total
Operating revenues:					
Charges for services	\$ 15,069,452	\$ 1,190,175	\$ 350,000	\$ 147,728	\$ 16,757,355
Warranty revenue	-	-	-	187,880	187,880
Total operating revenues	<u>15,069,452</u>	<u>1,190,175</u>	<u>350,000</u>	<u>335,608</u>	<u>16,945,235</u>
Operating expenses:					
Claims	13,432,688	1,186,243	364,371	404,717	15,388,019
Administrative charges	29,303	-	-	-	29,303
Total operating expenses	<u>13,461,991</u>	<u>1,186,243</u>	<u>364,371</u>	<u>404,717</u>	<u>15,417,322</u>
Operating income (loss)	<u>1,607,461</u>	<u>3,932</u>	<u>(14,371)</u>	<u>(69,109)</u>	<u>1,527,913</u>
Nonoperating revenues (expenses):					
Intergovernmental	(175,024)	-	-	-	(175,024)
Interest and dividend income	-	-	82,644	3,607	86,251
Total nonoperating revenues (expenses), net	<u>(175,024)</u>	<u>-</u>	<u>82,644</u>	<u>3,607</u>	<u>(88,773)</u>
Income (loss) before transfers	<u>1,432,437</u>	<u>3,932</u>	<u>68,273</u>	<u>(65,502)</u>	<u>1,439,140</u>
Transfers out	<u>(1,205,142)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,205,142)</u>
Change in net assets	227,295	3,932	68,273	(65,502)	233,998
Total net assets at beginning of year	<u>10,275,265</u>	<u>43,581</u>	<u>1,354,415</u>	<u>783,957</u>	<u>12,457,218</u>
Total net assets at end of year	<u>\$ 10,502,560</u>	<u>\$ 47,513</u>	<u>\$ 1,422,688</u>	<u>\$ 718,455</u>	<u>\$ 12,691,216</u>

Roanoke County Public Schools
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2010

Schedule 9

	Health Insurance	Dental Insurance	Risk Management	Laptop Insurance Reserve	Total
Cash flows from operating activities:					
Cash received from interfund services provided	\$ 15,089,273	\$ 1,190,349	\$ 339,307	\$ 148,308	\$ 16,767,237
Payments to suppliers	(29,698)	-	(5,575)	-	(35,273)
Payments from suppliers	-	55	-	55,472	55,527
Claims paid	(13,492,436)	(1,186,243)	(364,371)	(404,717)	(15,447,767)
Other receipts	45,939	-	-	187,880	233,819
Other payments	-	(540)	-	-	(540)
Net cash provided by (used for) operating activities	<u>1,613,078</u>	<u>3,621</u>	<u>(30,639)</u>	<u>(13,057)</u>	<u>1,573,003</u>
Cash flows to noncapital financing activities:					
Intergovernmental	(175,024)	-	-	-	(175,024)
Transfers to other funds	(1,205,142)	-	-	-	(1,205,142)
Net cash used for noncapital financing activities	<u>(1,380,166)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,380,166)</u>
Cash flows from investing activities:					
Interest and dividends	-	-	82,644	3,607	86,251
Net increase (decrease) in cash and cash equivalents	232,912	3,621	52,005	(9,450)	279,088
Cash and cash equivalents at beginning of the year	12,983,464	60,773	2,055,991	783,276	15,883,504
Cash and cash equivalents at end of the year	<u>\$ 13,216,376</u>	<u>\$ 64,394</u>	<u>\$ 2,107,996</u>	<u>\$ 773,826</u>	<u>\$ 16,162,592</u>
Reconciliation of operating income to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 1,607,461	\$ 3,932	\$ (14,371)	\$ (69,109)	\$ 1,527,913
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:					
Change in assets and liabilities:					
Accounts receivable	19,821	174	(10,693)	580	9,882
Accounts payable	(395)	55	(5,575)	55,472	49,557
Claims payable	(59,748)	-	-	-	(59,748)
Deferred revenue	45,939	(540)	-	-	45,399
Net cash provided by (used for) operating activities	<u>\$ 1,613,078</u>	<u>\$ 3,621</u>	<u>\$ (30,639)</u>	<u>\$ (13,057)</u>	<u>\$ 1,573,003</u>

FIDUCIARY FUNDS

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

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

The **Regional Alternative School Fund** is used to account for the financial resources held by Roanoke County for the regionally operated alternative school program.

Roanoke County Public Schools
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2010

Schedule 10

	Student Activity Fund	Regional Alternative School	Total Agency Funds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and cash equivalents	\$ 2,153,241	\$ 115,082	\$ 2,268,323
Total assets	<u>\$ 2,153,241</u>	<u>\$ 115,082</u>	<u>\$ 2,268,323</u>
Liabilities			
Accounts payable	-	115,082	115,082
Due to student groups	<u>2,153,241</u>	<u>-</u>	<u>2,153,241</u>
Total liabilities	<u>\$ 2,153,241</u>	<u>\$ 115,082</u>	<u>\$ 2,268,323</u>

Roanoke County Public Schools**Schedule 11****Combining Statement of Changes in Fiduciary Assets and Liabilities****Agency Funds****For the Year Ended June 30, 2010**

	<u>Student Activity Fund</u>	<u>Regional Alternative School</u>	<u>Total Agency Funds</u>
Assets			
Balance, July 1, 2009	\$ 1,986,017	\$ 115,822	\$ 2,101,839
Additions	6,974,094	42,346	7,016,440
Deductions	<u>(6,806,870)</u>	<u>(43,086)</u>	<u>(6,849,956)</u>
Balance, June 30, 2010	<u>\$ 2,153,241</u>	<u>\$ 115,082</u>	<u>\$ 2,268,323</u>
Liabilities			
Balance, July 1, 2009	\$ 1,986,017	\$ 115,822	\$ 2,101,839
Additions	6,974,094	42,346	7,016,440
Deductions	<u>(6,806,870)</u>	<u>(43,086)</u>	<u>(6,849,956)</u>
Balance, June 30, 2010	<u>\$ 2,153,241</u>	<u>\$ 115,082</u>	<u>\$ 2,268,323</u>



Roanoke County Public Schools

Statistical Section (unaudited)

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

	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the School System's financial performance and well-being have changed over time.	80 - 83
Revenue Capacity	
These schedules contain information to help the reader assess the School System's most significant local revenue source.	84 - 88
Debt Capacity	
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future for the School System.	89 - 91
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the School System's financial activities take place.	92 - 93
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the School System's financial report relates to the services the School System provides and the activities it performs.	94 - 107

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The School System implemented GASB Statement No. 34 with the fiscal year beginning July 1, 2001; therefore, schedules presenting government-wide information include data beginning with fiscal year 2001-02.

Table 1

Roanoke County Public Schools
Net Assets by Component (unaudited)
Last Nine Fiscal Years
 (accrual basis of accounting)

	Invested in Capital Assets,		Total
	Net of Related Debt	Unrestricted	Net Assets
2002	\$ 31,363,009	\$ 12,415,847	\$ 43,778,856
2003	31,226,875	13,859,789	45,086,664
2004	31,267,460	14,873,530	46,140,990
2005	32,586,897	18,327,328	50,914,225
2006	34,511,703	23,826,070	58,337,773
2007	36,132,848	27,743,240	63,876,088
2008	41,002,752	26,680,447	67,683,199
2009	44,965,789	33,748,565	78,714,354
2010	41,830,203	40,562,210	82,392,413

Source: Statement of Net Assets (Exhibit A).

Only nine years of data provided due to GASB Statement No. 34 implementation in fiscal year 2001-02.

Roanoke County Public Schools
Changes in Net Assets (unaudited)
Last Nine Fiscal Years
 (accrual basis of accounting)

Table 2

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expenses:									
Instruction	\$ 80,318,532	\$ 84,323,408	\$ 87,066,880	\$ 92,136,561	\$ 95,561,863	\$ 102,574,458	\$ 107,156,982	\$ 113,413,226	\$ 104,853,420
Administration	2,736,026	2,980,386	2,768,346	3,057,970	3,653,131	3,302,541	3,248,300	3,037,138	2,878,527
Attendance & health	2,894,124	2,995,779	2,618,104	3,018,482	2,255,095	2,624,041	2,960,709	2,915,739	2,910,184
Transportation	4,288,397	4,303,445	4,558,167	5,037,459	5,499,181	5,717,561	6,007,152	6,119,667	5,833,078
Operations & maintenance	9,150,109	9,865,178	10,255,449	10,177,817	10,685,364	11,958,229	10,970,831	12,138,884	12,378,003
Technology	-	1,240,912	2,974,664	3,475,534	3,631,136	4,693,570	5,527,484	5,754,612	4,511,121
School nutrition	3,735,912	3,969,333	4,027,007	4,356,509	4,708,752	5,198,160	5,376,635	5,894,703	5,622,545
Facilities	547,006	865,423	275,548	282,315	675,571	982,443	3,559,558	-	-
Interest and other charges	2,585,596	2,585,596	2,445,471	2,304,369	2,604,368	2,904,369	3,429,369	4,729,369	10,871,639
Capital lease interest	-	-	-	-	-	-	141,582	132,312	122,565
Total expenses	106,255,702	113,129,460	116,989,636	123,847,016	129,274,461	139,955,372	148,378,602	154,135,650	149,981,082
Program revenues:									
Charges for services:									
Instruction	630,367	432,255	686,934	639,639	670,240	908,028	796,490	853,738	806,398
Administration	6,175	-	144	-	4,149	-	210	2,728	3,775
Attendance & health	4,140	1,176	-	-	-	-	-	-	-
Transportation	6,934	-	-	-	-	-	-	-	-
Operations & maintenance	130,211	127,927	126,970	50,385	7,366	6,835	10,860	4,490	174,589
School nutrition	2,918,414	2,932,555	3,103,672	3,365,149	3,630,443	3,788,710	3,664,463	3,790,895	3,613,046
Operating grants and contributions	17,233,294	15,159,116	16,140,335	18,697,499	20,061,079	21,893,206	24,665,232	24,465,320	28,973,555
Capital grants and contributions	1,360,322	1,104,616	1,105,548	1,086,315	2,095,930	1,056,544	1,131,195	1,318,410	1,512,936
Total revenues	22,289,857	19,757,645	21,163,603	23,838,987	26,469,207	27,653,323	30,268,450	30,435,581	35,084,299
Net expense	(83,965,845)	(93,371,815)	(95,826,033)	(100,008,029)	(102,805,254)	(112,302,049)	(118,110,152)	(123,700,069)	(114,896,783)
General revenues and other changes in net assets:									
Payments from Roanoke County	52,763,511	55,881,964	56,539,339	56,675,543	58,925,214	60,747,935	64,717,113	64,267,132	63,597,776
State aid	35,221,186	38,426,184	40,070,792	47,659,550	49,684,913	56,191,094	55,861,280	64,632,296	53,945,620
Gain on sale of capital assets	1,165	24,153	-	-	-	-	57,318	5,163	674,143
Miscellaneous	317,781	347,322	270,228	446,171	1,618,675	1,278,643	1,173,552	750,105	357,303
Capital donated to (from) Schools	-	-	-	-	-	(377,308)	108,000	5,171,236	-
Pollution remediation expense	-	-	-	-	-	-	-	(94,708)	-
Total general and other changes in net assets	88,303,643	94,679,623	96,880,359	104,781,264	110,228,802	117,840,364	121,917,263	134,731,224	118,574,842
Change in net assets	\$ 4,337,798	\$ 1,307,808	\$ 1,054,326	\$ 4,773,235	\$ 7,423,548	\$ 5,538,315	\$ 3,807,111	\$ 11,031,155	\$ 3,678,059

Source: Statement of Activities (Exhibit B).
 Only nine years of data provided due to GASB Statement No. 34 implementation in fiscal year 2001-02.

Table 3

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

	General Fund				All Other Governmental Funds			
	Reserved	Unreserved		Total	Reserved	Unreserved		Total
		Designated	Undesignated			Special Revenue	Capital Projects	
2002	\$ 39,354	\$ -	\$ 4,008,279	\$ 4,047,633	\$ -	\$ 3,059,910	\$ 4,557,342	\$ 7,617,252
2003	71,305	-	4,118,851	4,190,156	189,814	1,537,095	4,847,825	6,574,734
2004	100,770	-	3,569,754	3,670,524	652,884	2,171,039	6,048,474	8,872,397
2005	156,181	5,229,506	-	5,385,687	221,056	1,491,624	7,111,075	8,823,755
2006	289,423	7,293,555	-	7,582,978	871,824	1,737,157	8,706,786	11,315,767
2007	339,662	6,653,171	1,300,000	8,292,833	2,498,765	1,822,817	8,062,159	12,383,741
2008	471,515	4,816,548	2,000,000	7,288,063	569,989	1,934,391	7,680,942	10,185,322
2009	179,035	4,472,007	1,000,000	5,651,042	207,206	2,483,733	14,731,538	17,422,477
2010	273,752	6,675,386	2,671,290	9,620,428	257,908	3,171,196	16,273,830	19,702,934

⁽¹⁾ The increase in total fund balance of the general fund and all other governmental funds is explained in Management's Discussion and Analysis.

Source: Balance Sheet - General Fund (Exhibit C).

Only nine years of data provided due to GASB Statement No. 34 implementation in fiscal year 2001-02.

Roanoke County Public Schools

Changes in Fund Balance of Governmental Funds (unaudited)

Last Nine Fiscal Years

(modified accrual basis of accounting)

Table 4

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues:									
Roanoke County	\$ 54,621,646	\$ 55,881,963	\$ 56,539,339	\$ 56,675,543	\$ 59,582,458	\$ 60,747,935	\$ 64,717,113	\$ 64,292,132	\$ 63,622,776
Commonwealth of Virginia	47,813,899	50,076,198	51,942,418	61,360,969	64,902,941	72,785,446	74,870,079	83,349,243	71,309,332
Federal government	4,007,106	4,647,782	5,376,225	6,072,924	6,342,076	6,601,781	6,946,602	7,025,549	13,154,962
Charges for services	3,547,086	3,585,862	3,906,730	3,927,784	4,367,122	4,470,075	4,257,357	4,368,022	4,408,785
Other	328,445	137,680	112,357	318,083	496,781	667,732	600,683	490,488	257,273
Total revenue	110,318,182	114,329,485	117,877,069	128,355,303	135,691,378	145,272,969	151,391,834	159,525,434	152,753,128
Expenditures:									
Current:									
Instruction	80,590,210	84,508,505	85,511,866	92,545,814	95,378,317	102,085,681	106,716,335	111,649,978	103,447,341
Administration	2,740,556	3,003,169	2,651,756	3,066,908	3,637,621	3,306,631	3,262,037	3,000,153	2,854,789
Attendance & health	2,917,110	3,039,483	2,592,377	3,058,951	2,262,051	2,647,551	2,987,391	2,918,544	2,946,828
Transportation	4,885,085	4,670,245	4,498,137	5,598,274	5,203,567	5,652,308	6,025,437	5,608,857	5,997,771
Operations & maintenance	9,234,500	10,057,434	10,141,257	10,305,382	10,705,207	12,055,177	11,071,884	12,125,394	12,507,630
School nutrition	3,726,946	3,961,100	4,024,520	4,352,589	4,704,297	5,191,962	5,367,882	5,885,913	5,615,301
Technology	-	1,240,912	2,952,265	3,503,144	3,639,226	4,723,754	5,567,218	5,766,371	4,556,074
Capital lease debt service:									
Principal	-	-	-	-	-	-	244,848	280,650	325,571
Interest	-	-	-	-	-	-	141,582	132,312	122,565
Capital outlay:									
Facilities	1,362,267	1,873,724	1,125,516	1,944,560	3,429,743	8,113,735	9,563,489	2,138,689	649,418
Intergovernmental:									
Roanoke County	2,585,596	2,585,596	2,445,471	2,304,369	2,604,368	2,904,369	3,429,369	4,729,369	10,696,615
Total expenditures	108,042,270	114,940,168	115,943,165	126,679,991	131,564,397	146,681,168	154,377,472	154,236,230	149,719,903
Excess (deficiency) of revenues over (under) expenditures	2,275,912	(610,683)	1,933,904	1,675,312	4,126,981	(1,408,199)	(2,985,638)	5,289,204	3,033,225
Other financing sources (uses):									
Transfers, net	-	(313,465)	(159,024)	(37,618)	(40,865)	(425,355)	(290,845)	183,250	1,205,142
Issuance of debt	-	-	-	-	-	3,564,057	-	122,517	-
Proceeds from refunding savings	-	-	-	-	581,774	-	-	-	-
Sale of capital assets	1,165	24,153	3,151	28,827	21,413	47,326	73,294	5,163	2,011,476
Total other financing sources (uses)	1,165	(289,312)	(155,873)	(8,791)	562,322	3,186,028	(217,551)	310,930	3,216,618
Change in fund balances	2,277,077	(899,995)	1,778,031	1,666,521	4,689,303	1,777,829	(3,203,189)	5,600,134	6,249,843

Source: Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (Exhibit D).
Only nine years of data provided due to GASB Statement No. 34 implementation in fiscal year 2001-02.

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

Table 5

	County of Roanoke			State Aid		
	Annual Appropriation	Increase (Decrease)	Percent Increase	Annual Appropriation	Increase (Decrease)	Percent Increase
2001	\$ 49,722,402	\$ 1,370,662	2.83%	\$ 46,478,233	\$ 2,542,616	5.79%
2002	52,763,511	3,041,109	6.12%	45,414,146	(1,064,087)	-2.29%
2003	55,778,534	3,015,023	5.71%	47,774,574	2,360,428	5.20%
2004	56,539,339	760,805	1.36%	49,673,995	1,899,421	3.98%
2005	56,675,543	136,204	0.24%	59,182,836	9,508,841	19.14%
2006	58,925,214	2,249,671	3.97%	62,285,520	3,102,684	5.24%
2007	60,747,935	1,822,721	3.09%	70,197,695	7,912,175	12.70%
2008	64,717,113	3,969,178	6.53%	72,106,483	1,908,788	2.72%
2009	64,267,132	(449,981)	-0.70%	80,195,499	8,089,016	11.22%
2010	63,597,776	(669,356)	-1.04%	69,502,612	(10,692,887)	-13.33%

Source: Budgetary Comparison Schedule - General Fund (Exhibit J).

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

Table 6

Fiscal Year	Real Property	Personal Property	Public Service Corporation	Total Taxable Assessed Value	Real Property Total Direct Tax Rate	Personal Property Tax Rate	Estimated Actual Taxable Value
2001	4,643,168,800	656,165,873	195,341,354	5,494,676,027	\$1.12	\$3.50/3.00	\$ 6,620,091,599
2002	4,934,402,800	656,879,439	193,280,816	5,784,563,055	\$1.12	\$3.50/3.00	\$ 6,969,353,078
2003	5,219,760,400	685,832,531	209,248,724	6,114,841,655	\$1.12	\$3.50/3.00	\$ 7,367,279,102
2004	5,563,983,100	663,297,004	218,702,303	6,445,982,407	\$1.12	\$3.50/3.00	\$ 7,766,243,864
2005	5,969,476,500	725,053,654	207,774,445	6,902,304,599	\$1.12	\$3.50/3.00	\$ 8,316,029,637
2006	6,441,496,100	768,161,943	207,613,114	7,417,271,157	\$1.11	\$3.50/3.00	\$ 8,936,471,273
2007	7,052,990,600	778,899,217	202,045,580	8,033,935,397	\$1.09	\$3.50/3.00	\$ 9,679,440,237
2008	7,630,455,000	830,364,367	223,884,755	8,684,704,122	\$1.09	\$3.50/3.00	\$10,217,298,967
2009	7,929,158,898	766,339,671	224,653,310	8,920,151,879	\$1.09	\$3.50/3.00	\$10,494,293,975
2010	8,020,716,300	780,689,905	233,127,850	9,034,534,055	\$1.09	\$3.50/3.00	\$10,151,161,860

Source: Roanoke County Real Estate Office

Notes: All tax rates per \$100 of assessed value. Personal property tax rate is \$3.50 for personal property; \$3.00 for machinery and tools.

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

Table 7

Fiscal Year	Direct Rates			Overlapping Rates	
	County of Roanoke			Town of Vinton	
	First Half	Real Property ⁽¹⁾ Second Half	Total	Real Property ⁽¹⁾	Personal Property ⁽¹⁾⁽²⁾
2001	\$0.560	\$0.560	\$1.12	\$0.05	\$1.00
2002	\$0.560	\$0.560	\$1.12	\$0.05	\$1.00
2003	\$0.560	\$0.560	\$1.12	\$0.03	\$1.00
2004	\$0.560	\$0.560	\$1.12	\$0.03	\$1.00
2005	\$0.560	\$0.560	\$1.12	\$0.03	\$1.00
2006	\$0.555	\$0.555	\$1.11	\$0.03	\$1.00
2007	\$0.545	\$0.545	\$1.09	\$0.03	\$1.00
2008	\$0.545	\$0.545	\$1.09	\$0.03	\$1.00
2009	\$0.545	\$0.545	\$1.09	\$0.03	\$1.00
2010	\$0.545	\$0.545	\$1.09	\$0.03	\$1.00

⁽¹⁾ All tax rates per \$100 of assessed value.

⁽²⁾ Applies to tangible personal property, machinery and tools.

⁽³⁾ Tangible personal property - \$3.50; Machinery and tools - \$3.00.

Source: Roanoke County Real Estate Office

Notes: 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 the Town of Vinton's tax, in addition to the County of Roanoke's tax.

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

Table 8

Taxpayer	2010				2001			
	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	112	1	1.24%		95	1	1.99%	
Roanoke Tanglewood LLC	41	2	0.45%		15	3	0.32%	
Kroger Mid-Atlantic (formerly The Kroger Company)	41	3	0.45%		37	2	0.77%	
Verizon Virginia, Inc.	41	4	0.45%		-	-	-	
Friendship Manor Apartment Complex	29	5	0.32%		-	-	-	
Richfield Retirement Community	29	6	0.32%		-	-	-	
Integrity Windows, Inc.	19	7	0.21%		-	-	-	
Wal-Mart Real Estate Business	19	8	0.21%		-	-	-	
First States Investors 3300 LLC	18	9	0.20%		-	-	-	
Carilion Hospital Inc	17	10	0.19%		-	-	-	
Roanoke Gas Company	-	-	-		11	8	0.23%	
Hanover Realty, Inc.	-	-	-		14	4	0.30%	
Pebble Creek LLC	-	-	-		13	5	0.26%	
R.R. Donnelley & Sons Company	-	-	-		12	6	0.26%	
Stellar One (formerly First Union National Bank)	-	-	-		12	7	0.24%	
Occidental Development Limited	-	-	-		11	9	0.23%	
Blue Ridge Associates	-	-	-		11	10	0.22%	
Total	366		4.040%		231		4.820%	

Source: County Real Estate Assessment Department

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

Table 9

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the		Collections In Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy	Percentage of Levy		Amount	Percentage of Levy
		Amount				
2001	\$ 76,218,272	\$ 74,082,128	\$ 97.20%	\$ 1,848,615	\$ 75,930,743	99.62%
2002	80,088,427	77,434,626	96.69%	2,099,914	79,534,540	99.31%
2003	85,103,201	81,994,546	96.35%	2,177,234	84,171,780	98.91%
2004	87,904,924	84,798,976	96.47%	2,480,057	87,279,033	99.29%
2005	93,272,656	90,113,624	96.61%	1,933,102	92,046,726	98.69%
2006	99,049,526	95,857,523	96.78%	3,367,606	99,225,129	100.18%
2007	105,141,160	101,614,506	96.65%	3,192,385	104,806,891	99.68%
2008	112,429,173	107,449,039	95.57%	2,980,389	110,429,428	98.22%
2009	115,405,145	111,054,250	96.23%	3,225,700	114,279,950	99.03%
2010	116,489,107	111,980,936	96.13%	-	111,980,936	96.13%

Source: Roanoke County Commissioner of Revenue and Treasurer's Department

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

Table 10

Fiscal Year	Governmental Activities										Business-Type				Component Unit		Percentage of			County of Roanoke		
	General			Lease			VPSA			State			General		Total Primary Government	School Board Capital Leases	Actual Value of Taxable Property	Percentage of Personal Income	Per Capita			
	Obligation	Debt	Revenue Bonds	Revenue Bonds	School Bonds	Literary Bonds	Capital Leases	Obligation	Debt	Revenue Bonds												
2001	27,055,000		5,743,100		48,906,368	11,274,690	2,327,831	2,764,630		70,524,111	168,595,730	-	-	-	3.07%	4.71%	1,916					
2002	25,860,000		5,425,149		59,864,797	10,390,658	1,649,004	2,463,334		68,749,021	174,401,963	-	-	-	3.01%	4.77%	1,995					
2003	25,538,398		4,899,194		56,144,053	9,506,626	932,495	2,188,857		66,965,385	166,175,008	-	-	-	2.72%	4.53%	1,888					
2004	25,716,449		26,703,265		74,499,309	8,622,594	372,109	1,835,031		65,928,087	203,676,844	-	-	-	3.16%	5.30%	2,295					
2005	23,287,203		26,281,871		69,708,272	7,738,562	-	-		-	127,015,908	-	-	-	1.84%	3.22%	1,420					
2006	21,185,562		25,517,803		65,053,722	6,888,530	-	-		-	118,645,617	-	-	-	1.60%	2.87%	1,316					
2007	19,040,454		24,724,570		60,490,721	6,038,498	-	-		-	113,858,300	3,564,057	-	-	1.42%	2.76%	1,263					
2008	16,825,346		82,989,144		78,376,947	5,211,866	-	-		-	183,403,303	3,319,209	-	-	2.11%	4.44%	1,999					
2009	14,560,238		80,954,308		120,748,501	4,524,181	-	-		-	220,787,228	3,161,076	-	-	2.48%	5.13%	2,430					
2010	12,645,130		78,700,454		115,035,423	4,064,860	-	-		-	210,445,867	2,835,505	-	-	2.33%	4.43%	2,312					

Fiscal Year	School System		
	School Board Long-term Debt	Percentage of Personal Income	
		Per Capita	
2007	\$ 3,564,057	0.09%	\$ 39.54
2008	3,319,209	0.08%	36.17
2009	3,161,076	0.07%	34.79
2010	2,835,505	0.06%	31.16

From VaStat, a service of the Weldon Cooper Center for Public Service.
 Effective July 1, 2004, the debt payable from the enterprise revenues was transferred to the Western Virginia Water Authority.
 Per capita personal income and personal income from the Bureau of Economic Analysis. Latest information available was for 2008.

Source: Roanoke County Finance Office

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

Table 11

General Bonded Debt Outstanding - County Government						
Fiscal Year	General Obligation Debt	Lease Revenue	VPSA School	State Literary	Total	Percentage of Actual Value of Taxable Property
		Bonds	Bonds	Bonds		
2001	\$ 27,055,000	\$ 5,743,100	\$ 48,906,368	\$ 11,274,690	\$ 92,979,158	1.69%
2002	25,860,000	5,425,149	59,864,797	10,390,658	101,540,604	1.76%
2003	25,538,398	4,899,194	56,144,053	9,506,626	96,088,271	1.57%
2004	25,716,449	26,703,265	74,499,309	8,622,594	135,541,617	2.10%
2005	23,287,203	26,281,871	69,708,272	7,738,562	127,015,908	1.84%
2006	21,185,562	25,517,803	65,053,722	6,888,530	118,645,617	1.60%
2007	19,040,454	24,724,570	60,490,721	6,038,498	110,294,243	1.37%
2008	16,825,346	82,989,144	78,376,947	5,211,866	183,403,303	2.11%
2009	14,560,238	80,954,308	120,748,501	4,524,181	220,787,228	2.48%
2010	12,645,130	78,700,454	115,035,423	4,064,860	210,445,867	2.33%
						\$ 1,071
						1,173
						1,098
						1,530
						1,420
						1,316
						1,224
						2,035
						2,430
						2,312

Population from VaStat, a service of the Weldon Cooper Center for Public Service. Fiscal Years 2007 was unavailable.
Effective July 1, 2004, the debt payable from the enterprise revenues was transferred to the Western Virginia Water Authority.
Per capita personal income from the Bureau of Economic Analysis. Latest information available was for 2008.

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

Table 12

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General bonded debt outstanding										
General Obligation Bonds	\$ 12,645,130	\$ 14,560,238	\$ 16,825,346	\$ 19,040,454	\$ 21,185,562	\$ 23,287,203	\$ 25,716,449	\$ 25,538,398	\$ 25,860,000	\$ 27,055,000
Lease Revenue Bonds	78,700,454	80,954,238	82,989,144	24,724,570	25,517,803	26,281,871	26,703,265	4,899,194	5,425,149	5,743,100
VPSA School Bonds	115,035,423	120,748,501	78,376,947	60,490,721	65,053,722	69,708,272	74,499,309	56,144,053	59,864,797	48,906,368
State Literary Bonds	4,064,860	4,524,181	5,211,866	6,038,498	6,888,530	7,738,562	8,622,594	9,506,626	10,390,658	11,274,690
Total net debt applicable to debt limits	\$ 210,445,867	\$ 220,787,158	\$ 183,403,303	\$ 110,294,243	\$ 118,645,617	\$ 127,015,908	\$ 135,541,617	\$ 96,088,271	\$ 101,540,604	\$ 92,979,158
Ratio of net debt to assessed taxable property value	2.33%	2.48%	2.11%	1.42%	1.60%	1.84%	2.00%	1.49%	1.66%	1.59%
Debt limit per policy for property value	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Per capita	\$ 2,312	\$ 2,430	\$ 2,035	\$ 1,224	\$ 1,318	\$ 1,440	\$ 1,537	\$ 1,098	\$ 1,173	\$ 1,071
Debt limit per policy for per capita	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500
Debt service to general fund expenditures	7.79%	7.30%	5.05%	5.48%	6.13%	6.63%	5.63%	5.24%	5.36%	6.40%
Debt limit per policy for general governmental expenditures	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%

Source: Roanoke County Finance Office

County of Roanoke, Virginia
Demographic Statistics (unaudited)
Last Ten Fiscal Years

Table 13

Fiscal Year	Population ⁽¹⁾	Personal Income (thousands of dollars) ⁽²⁾	Per Capita Personal Income ⁽²⁾	School Enrollment ⁽³⁾	Unemployment Rate % ⁽⁴⁾
2001	86,800	3,577,363	32,386	13,865	2.2
2002	86,600	3,654,128	32,887	13,930	3.4
2003	87,500	3,669,268	32,860	14,127	2.5
2004	88,600	3,844,855	34,296	14,279	2.7
2005	89,469	3,955,970	34,823	14,365	3.1
2006	90,482	4,128,137	35,978	14,728	2.8
2007	90,902	4,303,761	37,324	14,777	2.6
2008	90,420	4,750,916	41,019	14,802	2.8
2009	90,867	4,750,916	41,019	14,650	4.6
2010	91,011	4,750,916	41,019	14,474	6.3

⁽¹⁾ From VaStat, a service of the Weldon Cooper Center for Public Service. Latest final information available is for 2006. The figures for 2007 through 2010 have been estimated.

⁽²⁾ Per Capita Personal Income from the Bureau of Economic Analysis. Latest information available is for 2008. The figures for 2009 and 2010 have not been updated.

⁽³⁾ Average daily membership as of March 31 (Office of Pupil Assignment).

⁽⁴⁾ Virginia Employment Commission

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

Table 14

Employer	2010			2001		
	Rank	Ownership	Number of Employees (1)	Rank	Ownership	Number of Employees (1)
Roanoke County Public Schools	1	Local Govt.	1,000+	1	Local Govt.	1,000+
Wells Fargo Bank, N.A. (formerly Wachovia Bank, N.A.)	2	Private	1,000+	2	Private	1,000+
Allstate Insurance Company	3	Private	1,000+	4	Private	1,000+
County of Roanoke	4	Local Govt.	1,000+	5	Local Govt.	1,000+
Kroger	5	Private	500-999	-	-	-
Friendship Manor	6	Private	500-999	-	-	-
Bright Personnel and Business	7	Private	250-499	-	-	-
Courtland Health Care Center	8	Private	250-499	10	Private	500-999
HSN LP	9	Private	250-499	-	-	-
Wal Mart	10	Private	250-499	-	-	-
ITT Industries	-	-	-	3	Private	1,000+
Hanover Home Fashions Group	-	-	-	6	Private	500-999
Atlantic Mutual Insurance	-	-	-	7	Private	500-999
RPS Teleservice Inc	-	-	-	8	Private	500-999
Manpower International	-	-	-	9	Private	500-999

Source: Virginia Employment Commission

(1) Per current VEC guidelines, actual number of employees for each employer are no longer available for publication.

Roanoke County Public Schools
Student Enrollment (unaudited)
Last Ten Fiscal Years

Table 15

Fiscal Year	Average Daily Membership	Special Education Enrollment	English as a Second Language Enrollment	Per Pupil Cost
2001	13,865	2,382	65	7,151
2002	13,930	2,323	106	7,354
2003	14,127	2,352	168	7,669
2004	14,279	2,369	179	7,778
2005	14,365	2,329	220	8,242
2006	14,728	2,202	270	8,343
2007	14,777	2,222	323	9,034
2008	14,802	2,218	327	9,487
2009	14,650	2,223	336	9,882
2010	14,474	2,192	401	10,700 *

Source: Offices of Pupil Assignment, Special Education, Instruction and Superintendent's Annual Report Table 15.

* Table 15 for FY2010 submitted based on estimates due to state reporting deadlines each year.

Roanoke County Public Schools
Number of Students Per Teacher (unaudited)
Last Four Fiscal Years

Table 16

Grade	2007	2008	2009	2010
Kindergarten	17.00	17.00	17.00	19.00
1	18.50	18.00	17.00	19.00
2	18.00	18.00	18.00	20.00
3	19.00	18.00	18.00	19.00
4	20.00	19.00	18.00	20.00
5	21.00	20.00	19.00	20.00
6	22.00	21.00	20.00	23.00
7	22.00	21.00	21.00	23.00
8	22.00	21.00	21.00	23.00
9	22.50	21.00	21.00	22.00
10	22.00	21.00	21.00	22.00
11	22.00	21.00	21.00	22.00
12	22.00	21.00	21.00	22.00

Source: Students to teacher ratios calculated by the Personnel Office.
Only four years of data available in this format.
2007-2009 ratios included teaching support provided by Elementary Assistant Principals and Language Arts Coordinators that teach 50% of the day.

Table 17

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

Course	2001		2002		2003		2004		2005		2006		2007		2008		2009		2010	
	RCPS	VA	RCPS	VA	RCPS	VA	RCPS	VA	RCPS	VA	RCPS	VA	RCPS	VA	RCPS	VA	RCPS	VA	RCPS	VA
Elementary SOL's:																				
Grade 3 English RLR	74	65	79	72	75	72	75	71	78	77	88	84	89	80	90	84	90	86	87	83
Grade 3 Mathematics	85	77	86	80	87	83	92	87	89	88	91	90	95	89	94	89	94	89	96	92
Grade 3 History	84	72	84	76	85	82	88	87	90	89	92	91	94	92	95	93	95	93	97	93
Grade 3 Science	88	74	87	78	88	82	90	86	92	89	92	90	93	88	91	88	92	89	95	91
VA Studies	75	63	82	72	85	79	90	86	86	85	89	85	85	83	88	83	94	88	92	87
Grade 4 Reading (new in 2006)	-	-	-	-	-	-	-	-	-	-	91	86	91	87	93	88	91	89	94	88
Grade 4 Mathematics (new in 2006)	-	-	-	-	-	-	-	-	-	-	83	77	83	81	92	84	92	86	93	88
Grade 5 English RLR	86	73	84	78	88	82	90	85	90	85	91	87	91	87	92	89	91	92	93	90
Grade 5 English Writing	89	84	90	84	88	85	89	88	94	91	92	89	91	89	88	87	96	86	90	88
Grade 5 Mathematics	78	67	76	71	80	74	82	78	86	81	88	83	90	87	93	88	97	90	95	90
Grade 5 Science	90	75	88	76	89	79	89	84	90	81	91	85	92	88	92	88	95	88	95	88
Grade 6 Reading (new in 2006)	-	-	-	-	-	-	-	-	-	-	93	83	88	84	89	85	91	86	93	88
Grade 6 Mathematics (new in 2006)	-	-	-	-	-	-	-	-	-	-	66	51	64	60	74	68	72	73	77	77
Grade 6 U S History to 1877	-	-	-	-	-	-	-	-	-	-	-	-	-	-	77	74	81	74	83	78
Grade 7 Reading (new in 2006)	-	-	-	-	-	-	-	-	-	-	90	81	90	82	92	86	94	88	91	90
Grade 7 Mathematics (new in 2006)	-	-	-	-	-	-	-	-	-	-	68	44	70	55	79	65	78	71	81	75
Grade 7 U S History to Present	-	-	-	-	-	-	-	-	-	-	-	-	-	-	94	92	94	92	91	91
Grade 8 English RLR	79	73	73	69	74	67	79	72	82	76	86	78	83	79	92	83	92	87	93	90
Grade 8 English Writing	83	75	81	76	85	74	82	77	81	74	93	91	90	86	91	87	92	89	92	91
Grade 8 Mathematics	76	68	78	71	77	72	86	78	90	81	92	76	86	77	92	83	93	85	93	87
Grade 8 History	61	56	80	78	83	80	n/a	83	n/a	82	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Grade 8 Civics	-	-	-	-	-	-	-	-	-	-	-	-	-	-	92	84	92	84	92	86
Grade 8 Science	91	84	91	85	91	84	95	88	95	87	95	87	94	89	95	90	94	90	96	92
Secondary SOL's:																				
End of Course English RLR	85	82	87	86	97	93	94	89	93	85	95	90	96	94	95	94	97	95	95	94
End of Course English Writing	88	84	86	86	94	91	92	87	93	88	96	88	96	92	96	92	98	92	95	92
Algebra I	80	74	87	78	83	78	82	80	90	84	97	88	95	92	92	93	97	94	98	94
Algebra II	80	74	77	77	83	81	84	86	89	87	87	85	85	88	90	90	94	91	96	91
Geometry	85	73	81	76	86	79	86	87	92	81	91	83	92	86	89	87	95	87	92	88
Earth Science	88	73	82	70	85	73	86	71	86	75	90	82	91	84	88	86	94	87	94	88
Biology	87	81	91	83	91	82	89	80	91	79	91	83	93	87	92	88	92	88	94	89
Chemistry	81	74	88	78	90	84	91	86	91	86	95	87	91	91	88	92	95	93	95	93
World History to 1500	93	83	90	86	93	86	90	83	94	82	91	85	97	89	96	91	92	93	98	93
World History from 1500	90	65	96	79	92	82	90	83	97	86	96	89	96	92	94	92	98	93	95	92
World Geography	89	77	85	74	86	76	84	71	85	70	90	77	86	83	n/a	n/a	91	86	87	86
US History	61	47	80	72	86	75	90	87	94	88	96	92	95	93	95	94	97	95	96	95

Source: Office of Testing and Remediation

Table 18

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

	Participation Rate	Roanoke County Schools				Virginia	National
		Verbal	Math	Writing	Combined		
2001	55%	522	523	-	1,045	1,009	1,020
2002	52%	514	519	-	1,033	1,016	1,020
2003	56%	532	531	-	1,063	1,024	1,016
2004	50%	530	533	-	1,063	1,024	1,024
2005	49%	527	528	-	1,055	1,030	1,028
2006	46%	524	530	519	1,573	1,561	1,520
2007	48%	524	526	507	1,557	1,516	1,511
2008	47%	514	522	507	1,543	1,517	1,523
2009	60%	515	517	504	1,536	1,521	1,509
2010	50%	515	525	507	1,547	1,521	1,509

Source: School Counseling Services Office

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

Table 19

Positions	2002 FTE's	2003 FTE's	2004 FTE's	2005 FTE's	2006 FTE's	2007 FTE's	2008 FTE's	2009 FTE's	2010 FTE's
School Board Member	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
Assistant Superintendent	2.0	2.0	2.0	2.0	2.0	2.7	2.7	3.0	2.7
Administrator	25.1	27.3	28.0	30.5	29.7	30.9	29.7	31.3	20.5
Principal	31.0	28.8	28.8	29.0	29.0	29.0	29.0	29.0	29.0
Assistant Principal	27.0	28.0	30.0	33.0	32.0	27.1	27.5	28.5	28.0
Teacher	1,080.5	1,079.6	1,116.9	1,144.3	1,176.5	1,188.5	1,193.5	1,201.7	1,153.6
Guidance Counselor	48.9	55.7	55.6	54.1	54.4	57.9	57.6	59.9	43.4
Librarian	27.0	25.5	29.0	28.2	26.0	26.0	25.9	25.0	26.3
Social Worker	3.0	3.0	3.0	3.0	3.0	3.0	3.2	4.0	4.0
Instructional Assistant	226.5	239.2	232.0	262.2	307.6	291.9	309.9	310.8	288.5
Secretary	59.5	62.0	71.4	75.3	75.5	74.7	74.7	75.5	75.5
Print Shop	3.0	3.0	3.0	3.0	2.9	-	-	-	-
School Nurse	12.0	15.8	17.3	24.0	24.3	24.7	27.9	27.8	26.0
School Psychologist	9.8	9.0	7.0	9.0	8.6	9.0	9.0	9.0	9.0
Other Attendance & Health	32.9	42.7	29.5	15.0	17.5	19.0	19.2	19.5	18.9
Bus Driver	157.9	156.5	157.5	157.9	161.0	162.4	168.5	176.5	170.9
Other Transportation	16.0	16.1	16.2	17.4	18.2	18.8	18.0	18.3	18.2
Custodian	106.0	119.0	124.2	118.3	118.0	118.0	121.3	118.3	127.1
Tradesman	32.0	31.9	32.7	32.8	33.1	34.0	33.0	35.5	31.8
Other Maintenance	7.9	7.0	6.0	7.0	7.0	6.0	6.5	6.9	5.3
Construction	2.0	2.6	2.0	3.5	3.9	4.0	6.0	6.4	5.2
Technology	25.5	23.0	37.0	37.5	48.5	49.0	50.5	50.0	47.0
School Nutrition	124.5	135.4	135.6	134.1	130.6	135.5	142.4	145.2	136.8
Total	2,066.0	2,119.1	2,170.7	2,227.1	2,315.3	2,318.1	2,361.9	2,388.1	2,273.6

Source: Annual School Report filed with Department of Education.
Only nine years of data provided due to availability.

Roanoke County Public Schools
Teacher Salary Information (unaudited)
Last Nine Fiscal Years

Table 20

Degree	2002	2003	2004	2005	2006	2007	2008	2009	2010
Bachelors	Min \$ 30,500	30,500 \$	31,000 \$	32,100 \$	33,000 \$	34,000 \$	34,500 \$	35,000 \$	35,000
	Max 44,160	44,895	45,500	48,600	50,301	52,565	54,404	57,125	57,125
Bachelors + 12 hrs	Min 30,805	30,805	31,310	32,421	33,321	34,321	34,821	35,321	35,321
	Max 44,602	45,344	45,955	49,055	50,756	53,020	54,859	57,580	57,580
Bachelors + 24 hrs	Min 30,958	30,958	31,465	32,582	33,482	34,482	34,982	35,482	35,482
	Max 44,822	45,568	46,183	49,283	50,984	53,248	55,087	57,808	57,808
Masters	Min 32,025	32,025	32,550	33,705	34,605	35,605	36,105	36,605	36,605
	Max 46,368	47,140	47,775	50,875	52,576	54,840	56,679	59,400	59,400
Masters + 12 hrs	Min 32,178	32,178	32,705	33,866	34,766	35,766	36,266	36,766	36,766
	Max 46,589	47,364	48,003	51,103	52,804	55,068	56,907	59,628	59,628
Masters + 24 hrs	Min 32,330	32,330	32,860	34,026	34,926	35,926	36,426	36,926	36,926
	Max 46,810	47,589	48,230	51,330	53,031	55,295	57,134	59,855	59,855
Doctorate	Min 33,550	33,550	34,100	35,310	36,210	37,210	37,710	38,210	38,210
	Max 48,576	49,384	50,050	53,150	54,851	57,115	58,954	61,675	61,675
Annual salary increase approved by School Board	4.0%	Avg. 3.5%	Avg. 2.0%	Avg. 2.5%	Avg. 4.0%	4.5%	3.5%	5.0%	0.0%
Roanoke County Schools Average Salary	\$ 43,253	\$ 44,139	\$ 44,792	\$ 45,957	\$ 45,891	\$ 46,734	\$ 47,698	\$ 49,221	\$ 48,656
Virginia Average Salary	\$ 41,731	\$ 42,677	\$ 43,936	\$ 45,377	\$ 47,248	\$ 49,152	\$ 50,511	\$ 52,309	\$ 52,149

Source: Annual Budget and Salary Scales publication.
Only nine years of data presented due to accessibility of comparative information.

Roanoke County Public Schools
Expenditures by Function - General Fund (unaudited)
Last Nine Fiscal Years

Table 21

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010
Instruction	\$ 74,762,515 78.8%	\$ 77,996,983 78.4%	\$ 79,981,449 77.8%	\$ 85,510,916 77.5%	\$ 88,864,911 77.6%	\$ 94,875,331 77.1%	\$ 99,117,153 76.5%	\$ 103,689,529 76.1%	\$ 94,148,008 75.5%
Administration	2,715,424 2.9%	3,003,169 3.0%	2,651,756 2.6%	3,050,670 2.8%	3,310,389 2.9%	3,304,531 2.7%	3,261,460 2.5%	3,000,153 2.2%	2,852,598 2.3%
Attendance & health	2,089,468 2.2%	2,174,067 2.2%	2,367,095 2.3%	2,939,374 2.7%	2,262,051 2.0%	2,435,385 2.0%	2,751,056 2.1%	2,670,042 2.0%	2,716,220 2.2%
Transportation	3,653,953 3.8%	3,699,267 3.7%	3,716,512 3.6%	4,280,768 3.9%	4,475,495 3.9%	4,830,524 3.9%	5,233,994 4.0%	5,300,869 3.9%	5,314,350 4.3%
Operations & maintenance	9,016,829 9.5%	9,972,752 10.0%	9,531,658 9.3%	10,053,066 9.1%	10,224,875 8.9%	11,279,126 9.2%	11,192,791 8.6%	12,125,394 8.9%	11,591,085 9.3%
Technology	- 0.0%	- 0.0%	2,060,804 2.0%	2,005,413 1.8%	2,630,820 2.3%	3,126,761 2.5%	4,020,246 3.1%	4,012,055 2.9%	3,359,628 2.7%
Capital lease debt service:	-	-	-	-	-	-	246,264 0.2%	412,506 0.3%	448,136 0.4%
Facilities	92,513 0.1%	97,080 0.1%	111,602 0.1%	179,357 0.2%	201,675 0.2%	225,099 0.2%	322,763 0.2%	340,810 0.3%	292,422 0.2%
Intergovernmental	2,585,596 2.7%	2,585,596 2.6%	2,445,471 2.4%	2,304,369 2.1%	2,604,368 2.3%	2,904,369 2.4%	3,429,369 2.6%	4,729,369 3.5%	4,029,369 3.2%
Total expenditures	\$ 94,916,298	\$ 99,528,914	\$ 102,866,347	\$ 110,323,933	\$ 114,574,584	\$ 122,981,126	\$ 129,575,096	\$ 136,280,727	\$ 124,751,816
March 31 ADM	13,930	14,127	14,279	14,365	14,728	14,777	14,802	14,650	14,474
Average expenditures per pupil	\$ 6,814	\$ 7,045	\$ 7,204	\$ 7,680	\$ 7,779	\$ 8,322	\$ 8,754	\$ 9,302	\$ 8,619

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

The totals on percentages may not equal 100.00% due to rounding.

Only nine years of data presented due to implementation of GASB 34 in fiscal year 2001-02.

Table 22

Roanoke County Public Schools
Expenditures by Function Per Pupil - General Fund (unaudited)
Last Nine Fiscal Years

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010
Instruction	\$ 5,367 \$ 78.8%	5,521 \$ 78.4%	5,601 \$ 77.8%	5,953 \$ 77.5%	6,034 \$ 77.6%	6,420 \$ 77.1%	6,696 \$ 76.6%	7,078 \$ 76.3%	6,505 75.5%
Administration	195 2.9%	213 3.0%	186 2.6%	212 2.8%	225 2.9%	224 2.7%	220 2.5%	205 2.2%	197 2.3%
Attendance & health	150 2.2%	154 2.2%	166 2.3%	205 2.7%	154 2.0%	165 2.0%	186 2.1%	182 2.0%	188 2.2%
Transportation	262 3.8%	262 3.7%	260 3.6%	298 3.9%	304 3.9%	327 3.9%	354 4.0%	362 3.9%	367 4.3%
Operations & maintenance	647 9.5%	706 10.0%	668 9.3%	700 9.1%	694 8.9%	763 9.2%	756 8.7%	828 8.9%	801 9.3%
Technology	- 0.0%	- 0.0%	144 2.0%	140 1.8%	179 2.3%	212 2.5%	272 3.1%	274 3.0%	232 2.7%
Capital lease debt service	-	-	-	-	-	-	17	28	31 0.4%
Facilities	7 0.1%	7 0.1%	8 0.1%	12 0.2%	14 0.2%	15 0.2%	22 0.2%	23 0.3%	20 0.2%
Intergovernmental	186 2.7%	183 2.6%	171 2.4%	160 2.1%	177 2.3%	197 2.4%	232 2.7%	323 3.5%	278 3.2%
Total expenditures	\$ 6,814 \$	7,045 \$	7,204 \$	7,680 \$	7,779 \$	8,322 \$	8,737 \$	9,274 \$	8,619
March 31 ADM	13,930	14,127	14,279	14,365	14,728	14,777	14,802	14,650	14,474

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

The totals on percentages may not equal 100.00% due to rounding.

Only nine years of data presented due to implementation of GASB 34 in fiscal year 2001-02.

Table 23

Roanoke County Public Schools
School Nutrition Program (unaudited)
Last Ten Fiscal Years

	Number of Lunches Served Daily	Student Lunch Price			Number of Breakfasts Served Daily	Student Breakfast Price	Breakfast Sites	Free and Reduced Eligibility
		Elementary	Middle School	High School				
2001	7,086	\$1.35	\$1.50	\$1.50	407	\$0.75	8	10.3%
2002	7,023	\$1.50	\$1.75	\$1.75	461	\$0.75	8	13.2%
2003	6,865	\$1.50	\$1.75	\$1.75	466	\$0.75	8	13.5%
2004	6,924	\$1.60	\$1.75	\$1.75	524	\$0.85	13	15.1%
2005	7,162	\$1.60	\$1.75	\$1.75	772	\$0.85	13	16.3%
2006	7,351	\$1.75	\$1.75	\$1.75	893	\$0.85	13	16.0%
2007	7,520	\$1.75	\$1.75	\$1.75	1,023	\$0.85	17	17.0%
2008	7,516	\$1.75	\$1.75	\$1.75	1,107	\$0.85	17	18.5%
2009	7,449	\$2.00	\$2.00	\$2.00	1,106	\$1.00	17	20.0%
2010	7,517	\$2.00	\$2.00	\$2.00	1,229	\$1.00	19	21.0%

Source: School Nutrition Office

Roanoke County Public Schools
Capital Asset Statistics (unaudited)
Last Five Fiscal Years

Table 24

	2006	2007	2008	2009	2010
Back Creek Elementary (1937)					
Square feet	48,316	48,316	48,316	48,316	48,316
Capacity (student)	386	386	386	386	386
Enrollment	352	331	311	285	298
Bent Mountain Elementary (1911)					
Square feet	18,876	18,876	18,876	18,876	18,876
Capacity (student)	106	106	106	106	106
Enrollment	75	66	63	58	54
Bonsack Elementary (1998)					
Square feet	57,649	70,514	70,514	70,514	70,514
Capacity (student)	446	572	572	572	572
Enrollment	479	469	463	440	447
Burlington Elementary (1939)					
Square feet	62,225	62,225	62,225	62,225	62,225
Capacity (student)	473	473	473	473	473
Enrollment	460	453	437	445	459
Cave Spring Elementary (1961)					
Square feet	49,164	49,164	49,164	49,164	49,164
Capacity (student)	537	537	537	537	537
Enrollment	526	506	496	441	445
Clearbrook Elementary (1938)					
Square feet	42,385	42,385	42,385	42,385	42,385
Capacity (student)	294	294	294	294	294
Enrollment	197	208	237	246	230
Fort Lewis Elementary (1928)					
Square feet	33,754	33,754	33,754	33,754	33,754
Capacity (student)	235	235	235	235	235
Enrollment	207	215	205	233	234

Roanoke County Public Schools
Capital Asset Statistics (unaudited)
Last Five Fiscal Years

Table 24

	2006	2007	2008	2009	2010
Glen Cove Elementary (1971)					
Square feet	65,630	65,630	65,630	65,630	65,630
Capacity (student)	516	516	516	516	516
Enrollment	465	446	433	443	443
Glenvar Elementary (1959)					
Square feet	65,521	65,521	65,521	65,521	65,521
Capacity (student)	446	446	446	446	446
Enrollment	367	352	366	358	354
Green Valley Elementary (1964)					
Square feet	51,469	51,469	51,469	51,469	51,469
Capacity (student)	387	387	387	387	387
Enrollment	391	365	350	370	359
Herman L. Horn Elementary (1961)					
Square feet	53,299	53,299	53,299	53,299	53,299
Capacity (student)	552	552	552	552	552
Enrollment	444	431	406	413	413
Mason's Cove Elementary (1961)					
Square feet	40,258	40,258	40,258	40,258	40,258
Capacity (student)	279	279	279	279	279
Enrollment	190	198	190	186	192
Mount Pleasant Elementary (1934)					
Square feet	52,361	52,361	52,361	52,361	52,361
Capacity (student)	403	403	403	403	403
Enrollment	279	288	306	317	317
Mountain View Elementary (1959)					
Square feet	50,968	50,968	50,968	50,968	50,968
Capacity (student)	584	584	584	584	584
Enrollment	450	467	446	451	449

Roanoke County Public Schools
Capital Asset Statistics (unaudited)
Last Five Fiscal Years

Table 24

	2006	2007	2008	2009	2010
Oak Grove Elementary (1959)					
Square feet	48,658	48,658	48,658	48,658	48,658
Capacity (student)	564	564	564	564	564
Enrollment	484	491	539	538	536
Penn Forest Elementary (1972)					
Square feet	70,387	70,387	70,387	70,387	70,387
Capacity (student)	516	516	516	516	516
Enrollment	543	557	580	564	567
W.E. Cundiff Elementary (1972)					
Square feet	62,133	62,133	62,133	62,133	62,133
Capacity (student)	512	512	512	512	512
Enrollment	507	535	524	472	479
Cave Spring Middle (1956)					
Square feet	74,511	74,511	74,511	74,511	74,511
Capacity (student)	675	675	675	675	675
Enrollment	626	638	614	607	603
Glenvar Middle (1996)					
Square feet	101,595	101,595	101,595	101,595	101,595
Capacity (student)	606	606	606	606	606
Enrollment	465	492	474	405	414
Hidden Valley Middle (1972)					
Square feet	123,537	123,537	123,537	123,537	123,537
Capacity (student)	938	938	938	938	938
Enrollment	830	823	801	758	762
Northside Middle (1970)					
Square feet	161,824	161,824	161,824	161,824	161,824
Capacity (student)	806	806	806	806	806
Enrollment	750	757	797	688	696

Roanoke County Public Schools
Capital Asset Statistics (unaudited)
Last Five Fiscal Years

Table 24

	2006	2007	2008	2009	2010
William Byrd Middle (1988)					
Square feet	167,026	167,026	167,026	167,026	167,026
Capacity (student)	887	887	887	887	887
Enrollment	924	894	905	910	908
Cave Spring High (1968)					
Square feet	150,618	150,618	150,618	150,618	150,618
Capacity (student)	1,015	1,015	1,015	1,015	1,015
Enrollment	875	875	863	863	837
Glenvar High (1964)					
Square feet	120,914	120,914	120,914	120,914	120,914
Capacity (student)	675	675	675	675	675
Enrollment	601	598	613	659	661
Hidden Valley High (2002)					
Square feet	201,808	201,808	201,808	201,808	201,808
Capacity (student)	975	975	975	972	972
Enrollment	1,090	1,161	1,202	1,164	1,154
Northside High (1961)					
Square feet	132,263	132,263	147,263	147,263	147,263
Capacity (student)	968	968	1,100	1,100	1,100
Enrollment	992	1,008	970	1,016	1,019
William Byrd High (1969)					
Square feet	169,720	169,720	169,720	169,720	169,720
Capacity (student)	950	950	950	950	950
Enrollment	1,145	1,235	1,207	1,177	1,158
Burton Center for Arts and Technology (1962)					
Square feet	84,232	84,232	84,232	84,232	84,232
Roanoke County Central Middle School (1932)					
Square feet	63,569	63,569	63,569	63,569	63,569

Roanoke County Public Schools
Capital Asset Statistics (unaudited)
Last Five Fiscal Years

Table 24

	2006	2007	2008	2009	2010
Roland E. Cook Alternative School (1915)					
Square feet	20,729	20,729	20,729	20,729	20,729
Administration Building (1972)					
Square feet	52,773	52,773	52,773	52,773	52,773
Warehouse (2006)					
Square feet	20,000	20,000	20,000	20,000	20,000
Maintenance (1967)					
Square feet	15,808	15,808	15,808	15,808	15,808
Bus Garage (1946)					
Square feet	16,134	16,134	16,134	16,134	16,134

Source: School System insurance records, Operations Office, and Office of Pupil Assignment.
 Enrollment counts for May used for comparison purposes in this table.

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of renovations and additions.

Only five years of data presented due to accessibility of comparative data.

OTHER REPORT OF INDEPENDENT AUDITORS



KPMG LLP
Suite 1710
10 S. Jefferson Street
Roanoke, VA 24011-1331

**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***

The Honorable Members of the School Board
County of Roanoke, Virginia:

We have audited the financial statements of the governmental activities, each major fund, and the remaining fund information of the Roanoke County Public Schools (the School System), a component unit of the County of Roanoke, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the School System's basic financial statements, and have issued our report thereon dated November 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School System's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School System's internal control over financial reporting.

A deficiency in internal control over financial reporting 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 combination of deficiencies, in internal control over financial reporting, 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School System'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



This report is intended solely for the information and use of management, the school board, the audit committee of the School System, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 15, 2010



Roanoke County Public Schools
Budget and Finance Office
5937 Cove Road
Roanoke, Virginia 24019

www.rcs.k12.va.us