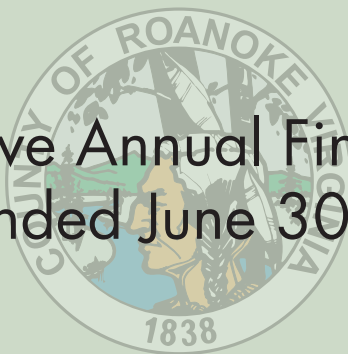
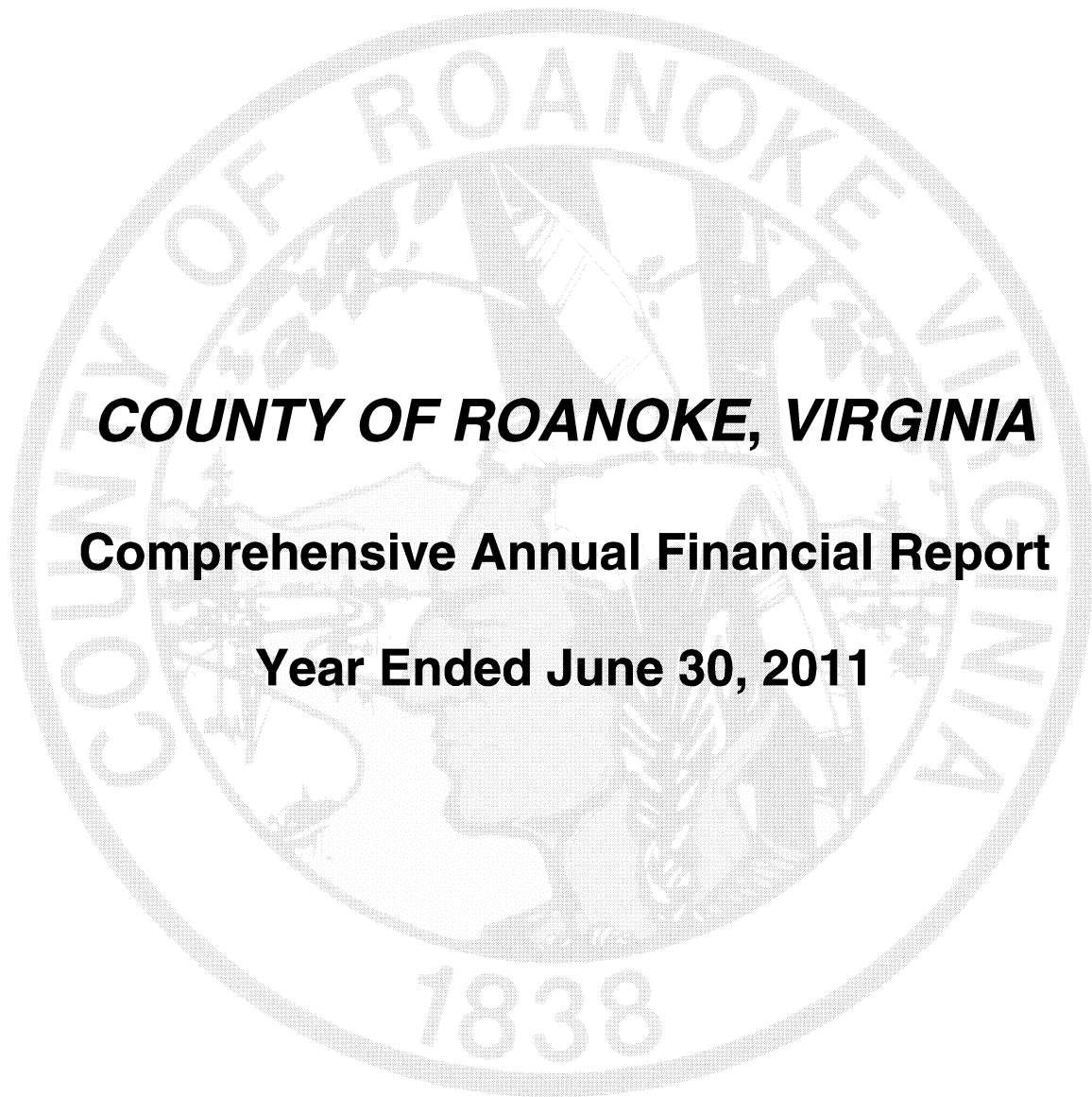


County of Roanoke, Virginia



Comprehensive Annual Financial Report
Year Ended June 30, 2011





COUNTY OF ROANOKE, VIRGINIA
Comprehensive Annual Financial Report
Year Ended June 30, 2011

Prepared by the

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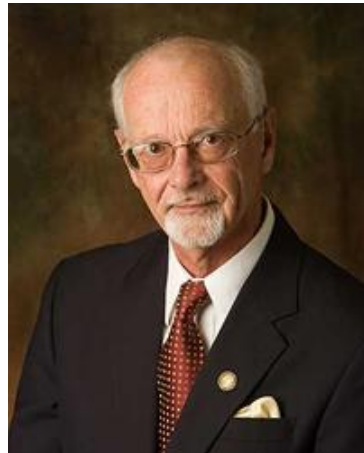
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County of Roanoke Board of Supervisors



Joseph B. "Butch" Church
Chairman
Catawba District



Eddie "Ed" Elswick
Vice Chairman
Windsor Hills District



Michael W. Altizer
Vinton District



Richard C. Flora
Hollins District



Charlotte A. Moore
Cave Spring District



B. Clayton Goodman, III
County Administrator



**COUNTY OF ROANOKE, VIRGINIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2011**

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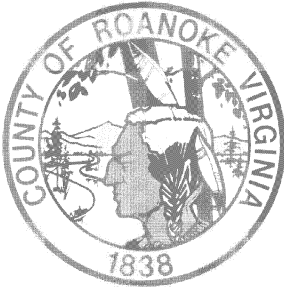
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County of Roanoke

Department of Finance
5204 Bernard Drive, PO Box 29800
Roanoke, VA 24018

November 14, 2011

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

It is with pleasure that we submit to you the Comprehensive Annual Financial Report (CAFR) of the County of Roanoke, Virginia (the County) for the fiscal year ended June 30, 2011. State law requires that all local governments have their accounts and records, including those of the constitutional officers, audited annually as of June 30 by an independent certified public accountant and that the audited financial report be submitted on or before November 30 to the Auditor of Public Accounts of the Commonwealth of Virginia (APA). This report has been prepared by the Department of 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 APA.

The CAFR was prepared with an emphasis on full disclosure of the financial activities of the County. Responsibility for both the completeness and reliability of the information contained in this report rests solely with County management, and is based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal controls 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 has issued an unqualified opinion on the County's basic financial statements as of and for the fiscal year ended June 30, 2011 contained in this report. The audit was conducted in accordance with professional standards which require that the independent auditors plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 Government

The County of Roanoke is primarily the suburban hub of the Roanoke Valley. Within the County's geographical boundaries lie the independent cities of Roanoke and Salem, as well as the Town of Vinton. The County's provisional population is 92,376¹, up by 7.1% from the 2000

¹ Population source: United States Census Bureau, 2010

census amount of 85,778. The County is part of the Roanoke Metropolitan Statistical Area (MSA) that has a total population of approximately 300,000, reflecting an increase of 4.1% over the 2000 census. The County is within easy reach of major markets for local manufacturers and distributors via Interstate 81 and railway access.

The County is governed by a charter approved by the 1986 session of the Virginia General Assembly which grants additional authority to the County Administrator. The Board of Supervisors (the Board) is the governing body of the County. Members of the Board, one from each of five magisterial districts, are elected to four-year terms. Board members annually select a Chairman and Vice-Chairman to each serve a one-year term.

The Board appoints a County Administrator to act as administrative head of the County. The County Administrator serves at the pleasure of the Board, carries out its policies and directs business procedures. All department heads report to the County Administrator, except for the County Attorney, who reports directly to the Board. Five constitutional officers (Commissioner of the Revenue, Commonwealth's Attorney, Clerk of the Circuit Court, Sheriff and Treasurer) are elected by the voters of the County and are not accountable to the Board, but work closely with the Board and the County Administrator.

The County provides a full range of services, including police and fire protection, trash collection, general public improvements, planning and zoning management, recreation and cultural activities, economic development and general administrative support. Residents enjoy certain other services provided through joint cooperation with neighboring localities, such as airport facilities, solid waste facilities and water and sewer services.

The County provides education through its school system administered by the Roanoke County Public School Board (School Board) and promotes industry through the Economic Development Authority (EDA). These agencies have been classified as discretely presented component units in the accompanying financial statements because, under GASB pronouncements, they are legally separate entities for which the County is financially accountable. The School Board administers the County's schools and administers its own appropriations within the categories defined by the *Code of Virginia*, but is fiscally dependent upon the County because the Board of Supervisors approves the budget, levies the necessary taxes to finance operations and issues debt to finance capital projects. Additional information for the Schools is available in the separately published Roanoke County Public Schools (School System) comprehensive annual financial report. The EDA has the power to issue tax-exempt industrial development revenue bonds to qualifying enterprises wishing to utilize that form of financing. Those bonds represent limited obligations of the EDA and are to be repaid solely from revenue and receipts derived from the projects funded with the proceeds. The outstanding debt does not constitute a debt or pledge for the faith and credit of the County or the EDA.

The annual budget serves as the foundation of the County's financial planning and control. All departments of the County generally submit requests to the Department of Management and Budget after January of each year. The County Administrator uses these requests as the starting point for developing a proposed budget. The County Administrator then presents the proposed budget to the Board. The Board is required to hold a public hearing on the proposed budget and to adopt a final budget no later than June 30, the close of the County's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., Sheriff's office) with the budget appropriation resolution adopted by the Board of Supervisors placing legal restrictions on expenditures at the fund level.

Economic Condition and Outlook

Local Economy

Fiscal year 2011 continued to provide economic challenges, however the County recognized slight growth in some local taxes. Unemployment fell to 5.7%² as of June 30, 2011 from 6.3% in 2010, and compares favorably with the State average of 6.1% and the national average of 9.2%.

We are fortunate that our economic indicators are more favorable compared to those of neighboring localities and 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.

Although economists generally agree on when the national recession started, there are great differences of opinion as to the duration of the situation. Considering that there is a traditional 18-24 month lag between changes in general economic conditions and local governmental revenue collections, County revenues will 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 the 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.

Economic Development

The Economic Development Department received reaccreditation with the International Economic Development Council (IEDC). It is one of twenty-five economic development groups to be recognized as an Accredited Economic Development Organization. Accreditation with the IEDC reaffirms the County's commitment to promoting business growth and sustainability in the Roanoke Valley.

The County's Economic Development Department successfully utilizes the Public Private Partnership Policy, which allows businesses to receive financial assistance from the County for qualifying facility expansions and relocations. The expected return on investment in new taxes and employment as well as the private construction of public infrastructure are critical factors governing the use of public funds to assist businesses.

The County recognizes the importance of expanding the business tax base to provide revenues for needed services and has made a commitment to attracting and retaining quality jobs and investment, which will diversify the economy, broaden the tax base, and provide long-term employment opportunities for residents. The County of Roanoke and surrounding communities continue to sustain a healthy economic base that includes industrial manufacturing, medical facilities, wholesale/retail trade, higher education, hotel and motel service, technology-based businesses, and agriculture. The Economic Development Department works with new and existing businesses to assist with their facility and site needs as well as resolving County regulatory-related issues.

The Department of Economic Development is committed to new business recruitment. Roanoke County experienced moderate economic development growth in fiscal year 2011 due

² Virginia Employment Commission statistics

in part to the relocation of the Miller-Motte Technical Center to Tanglewood Mall, the further development of the Catawba Sustainability Center, and the opening of the Clearbrook Wal-Mart. Several smaller businesses including the Chico's clothing store on Starkey Road and IDK Restaurant and Catering, Snap Fitness, Studio Faux Interiors, O'Reilly Auto Parts, and Phoenix Communications VA also provided much needed jobs. This resurgence in the establishment of small businesses to the area suggests a recovering local economy and a potential increase in sales tax revenues.

The County continued to work with the Virginia Tech College of Outreach and International Affairs on the Catawba Sustainability Center project. The Center, owned by Virginia Tech, is located on 377 acres in rural Roanoke County and is designed to link university research and agribusiness development with the goals of the community. In FY2011, County staff across a variety of departments worked with the Center to help promote and sustain one of its first initiatives, the Catawba Farmer's Market. The Market proved very successful as a place for local farmers to sell their produce and other products throughout the growing season.

Roanoke County's Economic Development Department recognizes the importance of planning for the future. The Department is working with staff in the County's Community Development Department to reach out to citizens and businesses in the County's major commercial entrance corridors to learn how they would like these areas developed in the future. To date, the Board of Supervisors has approved and adopted plans for five County corridors and plans for at least three other corridor areas are currently being studied and developed.

Long-Term Financial Planning

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

The Board of Supervisors adopted a formal policy for the establishment, maintenance, and use of unassigned general fund balance to provide for the long-term economic stability of the County of Roanoke. This policy increases the unassigned fund balance incrementally over several years with the ultimate goal of 11% of general fund revenues. Rating agencies carefully monitor levels of unassigned fund balance in a government's general fund to evaluate a government's continued creditworthiness. The rating agencies recommend that the unassigned balance be maintained at a level between 10% and 15% of the general fund revenues.

At June 30, 2011, progress was made towards this goal with an unassigned fund balance for the general fund at 10.67% of the fiscal year 2012 general fund budgeted revenues. This is a tenet of the Board's commitment to prudent financial planning because it eliminates the need for short-term borrowing, ensures that current obligations, including debt payments, can be met and provides a cushion against the potential shock of any unexpected change in revenues. This practice, along with our prudent debt management policies, allows the County to maintain bond ratings of AA+ from Fitch, and Aa1 from Moody's Investor Service and receive an upgrade to an AA+ by Standard and Poor's.

Relevant Financial Policies

The County of Roanoke adopted policies which allocate the balance at the end of a fiscal year from excess revenues and/or unspent expenditures to capital projects. In order to fund projects identified in the Capital Improvement Plan, the new policy allocates all of the revenues in excess of budget at year end, first to the General Fund Unassigned Balance until the maximum amount for the current year is met, and next to the Major Capital Fund. Also, forty percent of unspent expenditure appropriations at year end are allocated to Minor Capital Projects which are other projects identified and prioritized with costs less than \$500,000. These policies were adopted in conjunction with the School System to ensure continued funding for needed capital improvements.

Major Initiatives

Initiatives of the County of Roanoke promote economic progress, improve the community's quality of life, and position the County to respond to future development needs. The County is committed to providing quality housing and continues to receive positive publicity for the quality of life enjoyed by citizens and potential business prospects. Roanoke County saw the continuation of several major capital projects in the 2011 fiscal year.

Major initiatives for 2012 include several areas: Education, Economic Development, Capital Improvement, and Quality of Life.

North County Business Park: Roanoke County, in partnership with English Construction, is planning to develop a 190-acre business park at the intersection of Interstates 581 and 81. The site, long identified by the County's Economic Development Department as a prime location for future development, contains a high concentration of technology infrastructure which will make it a premier location for technology based enterprises. Progress in terms of developing the park has been hampered over the last few years by the economic downturn. However, with its close proximity to the Green Ridge Recreation Center, there is great potential for the business park to become a reality once the local economy returns to prerecession levels.

Education: Roanoke County Public Schools is the 17th largest of 132 school systems in the Commonwealth of Virginia. Located in the largest urban area west of Richmond, the Roanoke County Public School System is also the largest employer in the Roanoke Valley. The School Board consists of five members elected to four-year terms.

Roanoke County had its best performance ever on state standardized tests in the 2010-2011 school year. The division exceeded the state average on all 33 state Standards of Learning (SOL) assessments. All 26 of Roanoke County schools are fully accredited. While three schools earned the coveted Governor's Award for Educational Excellence last year, we anticipate that at least eight schools will qualify this year based on results from Spring 2011 testing.

In 2011, Dr. Lorraine Lange was named the Virginia Superintendent of the Year. Dr. Lange was selected from among eight Regional Superintendent's of the Year by the State Superintendent of Public Instruction and the leaders of four Virginia educational organizations.

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.

South County Library: An exciting project currently underway is the construction of a new 54,000 square foot library, with a total budget of \$17 million. The new facility will be located on Merriman Road in Southwest Roanoke County and will replace the cramped Headquarters branch on Route 419. The existing library, which has the highest circulation of any library in the Roanoke Valley, has a demand for services, programs, and parking which far exceeds the limitations of the current site and facility.

The innovative design of the new building will include all the traditional services citizens expect to find in their libraries, including collections of popular materials; computer workstations and classes; research assistance; story times for children; and special programs for teens and adults. It will feature comfortable areas for browsing, lounging, or quiet study, as well as functional community gathering spaces which incorporate a retail model atmosphere. Revenues from the coffee shop, meeting rooms, auditorium and used book store will be used to enhance the operations of the facility.

In addition to creating unique indoor spaces, the building has been designed to take advantage of the natural beauty of the outdoors. The new library will have large windows that will allow visitors to enjoy the extensive mountain views and surrounding scenery. Patio areas outside the facility will provide access to the educational walking trail that winds throughout the native wetlands and connects the Library property with the adjacent County parks and school.

The County began construction of the facility in October 2009 and expects the project to be completed in late 2011. The traffic roundabout companion project, which will provide access to the Library, was successfully completed in August 2010.

Glenvar Library: In the fall of 2010, planning began for a new 15,000 square-foot library to serve the Glenvar community and Catawba District. Built on the same site as the current small and outdated facility, it will be energy-efficient and LEED™ certified and will include the features most requested by citizens who participated in a series of three community meetings. Their ideas are reflected in a plan that includes expansive public spaces, abundant light and the latest technology. When the new library opens, citizens will find beautiful and functional furnishings, a computer instructional lab, meeting and conference rooms and attractive areas designed specifically for children and teens. New books and other materials will have appropriate shelving that is accessible to all patrons.

As with all capital projects, there are still many steps to be completed before construction can begin in the fall of 2011. The most noticeable change on the horizon for FY2012 will be the demolition of the old building and a major reconfiguration of the site, which will begin in October 2011. Construction of the new library is scheduled to begin before the end of 2011 and is expected to take twelve to fourteen months to complete. During that period, library services will be provided at a temporary location just two miles east on Route 460.

Law Enforcement Firearms Training Facility: In mid 2009, the Roanoke County Police Department began the voluntary process of revitalizing the County's Firearms Range. The firearms range formally opened on May 17, 2001. After nine years of use, some cleaning and range enhancements were necessary and so began the rebuild and reclamation process. In the fall of 2009, a company was hired to reclaim the lead and return all soil to an environmentally safe condition.

During the course of the lead abatement initiative, engineers and contractors were asked to explore strategies for enhancing the safety and operational effectiveness of the range. Several proposals from an array of commercial vendors offered a variety of options. Ultimately the decision was made to accomplish the range renovations using in-house expertise. Engineers in Roanoke County's Community Development Department designed construction plans and the department's stormwater management staff worked diligently to convert those plans into a reality.

Initial cost estimates for the renovation work were as high as \$1.3 million, which did not include all of the improvements that will eventually be incorporated when construction is completed. With the work being completed internally in partnership between the County's Community Development and Police Departments, the County of Roanoke will end up with a better equipped facility while also recognizing well over \$800,000 in savings. The initial phase of the range construction is expected to be complete by November 2011. A second phase consisting of erecting an open span steel building to facilitate tactical training is expected to be finished in the spring of 2012.

The Roanoke County Police Department funded the rebuilding and enhancements of the range entirely through asset forfeiture monies. These monies were awarded to the Police Department as a result of criminal investigations and subsequent prosecutions and permitted this project to be completed without any County funds.

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 the County of Roanoke for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. This was the twenty-seventh consecutive year that Roanoke County has received this prestigious honor. In order to be awarded a Certificate of Achievement, governments have to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements. In addition, the County received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2010. This was the twenty-fourth consecutive year that the government received this esteemed recognition. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document must be judged proficient as a policy document, a financial plan, an operations guide and a communications device.

The National Purchasing Institute established the Achievement of Excellence in Procurement award designed to recognize organizational excellence in procurement. This program is sponsored by the National Purchasing Institute (NPI), the National Institute of Governmental Purchasing (NIGP), the National Association of State Procurement Officials (NASPO), and the National Association of Educational Procurement (NAEP). The program is designed to measure innovation, professionalism, e-procurement, productivity, and leadership attributes of the procurement function. The Roanoke County Procurement Division of the Finance Department received this prestigious award in 2011 for the sixth consecutive year recognizing the staff for Achievement of Excellence in Procurement.

Various other Roanoke County departments also received awards in the 2011 fiscal year. The Department of Parks, Recreation and Tourism received six awards at the Virginia Recreation and Park Society's annual conference in September. Among the awards were *Best New Facility* and *Best Promotional Effort* for work related to the Green Ridge Recreation Center. The

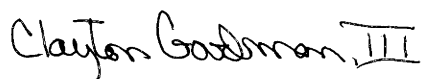
Roanoke County Fire and Rescue Department received the Governor's Outstanding EMS Agency Award, the highest award an EMS (emergency medical services) agency can receive from the Commonwealth. This recognition is representative of the high caliber of service the County's Fire and Rescue employees and volunteers provide residents.

In June 2011, the Roanoke County Public Information Office received a Silver Anvil from the Public Relations Society of America. The most prestigious award in the public relations field, the Silver Anvil was awarded to Roanoke County in the Crisis Communication – Government category for its communications effort to locate an abducted child. The Department also received a 2010 MarCom Gold Award for its online publication of the County's Annual Progress Report. A summation of major departmental accomplishments throughout the year, the Annual Progress Report increases citizen awareness of Roanoke County initiatives.


Roanoke County once again ranked among the top digital counties in the nation for use of information and communication technology to support and provide public service, placing fifth in its population category in the 2011 annual Digital Counties Survey. The Digital Counties Survey conducted by the Center for Digital Government and the National Association of Counties has consistently named Roanoke County among the most technologically-advanced, cutting-edge county governments in the United States.

In closing, we would like to express our sincere gratitude to the personnel in the Department of Finance for their dedication to assuring the financial integrity of the County of Roanoke and the preparation of this report. Appreciation is also extended to the Board of Supervisors and the administration, whose continuing leadership and support is essential to the financial health of the County of Roanoke.

Sincerely,



B. Clayton Goodman III
County Administrator



Diane D. Hyatt, CPA
Asst. County Administrator



Rebecca E. Owens, MBA
Director of Finance



History of Roanoke County, Virginia

In the 1740s, the first Scotch-Irish and German settlers reached the upper Roanoke Valley by traveling from Pennsylvania through the Shenandoah Valley. They were joined by Tidewater Virginians of English ancestry who journeyed up the valleys of the James and Roanoke Rivers.

Roanoke County, named after the Roanoke River, was formed in 1838 from a portion of Botetourt County and in 1849 a portion of Montgomery County was added. Roanoke County's name comes from the Indian word "Rawrenock", which means wampum. Wampum were white shell beads worn by Native Americans. This explanation comes from Captain John Smith, who wrote about the origins of Roanoke Island in North Carolina's Albermarle Sound.

Most of Roanoke County was rural in nature and farming was predominant throughout the area. By the latter half of the 20th century, Roanoke County, (the "County"), was in transition from farm to factory, but the County's rural population was still relatively large in 1920.

The County today has a population of approximately 92,376 and is a mostly suburban area that surrounds the City of Roanoke. Its 251 square miles include the Town of Vinton; Hollins, home of the prestigious Hollins University for women; and historic Bonsack. A diversified economic base helps to provide security from market fluctuations related to particular products.

The County is governed by a charter approved by the 1986 session of the Virginia General Assembly, which grants additional authority to the County Administrator. The Board of Supervisors is the governing body of the County. Members of the Board, one from each of five magisterial districts, are elected to four-year terms. Board members annually select a Chairman and Vice-Chairman to each serve a one-year term.

The Board appoints a County Administrator to act as administrative head of the County. The County Administrator serves at the pleasure of the Board, carries out its policies and directs business procedures. All department heads report to the County Administrator except for the School Board, Welfare Board, Library Board, Health Department and the County Attorney who report directly to the Board. Five constitutional officers (Commissioner of the Revenue, Commonwealth's Attorney, Clerk of the Circuit Court, Sheriff, and Treasurer) are elected by the voters of the County and are not accountable to the Board, but work closely with the Board and the County Administrator.

On July 1, 1980, the Roanoke County Public Service Authority (therein called the "Authority") was dissolved and the sewer utility operation became a part of the utility department within the County government. The water utility operation had previously been transferred to the County effective July 1, 1976. Effective July 1, 2004, these utility operations were transferred to the newly created Western Virginia Water Authority as discussed in more detail below.

Roanoke County's pioneering spirit extends to modern times. In 1989, Roanoke County was named an All-American City. Regional cooperation, public-private partnerships, citizen involvement, innovation, and quality services provide the foundation for Roanoke County's strength.

The Department of Engineering and Inspections acquired a 50/50 grant from the U.S. Corps of Engineers to develop a GIS mapping system providing digital orthophotos, topographic and

planimetric features. Integration with the County's E-911 dispatch system, school bus and solid waste vehicle routing is planned.

The County participates in the Roanoke Regional Airport Commission, formed in 1987. Mutual concern for valley air service and growth resulted in a two million-dollar contribution from the County over a ten-year period. This is representative of a new cooperative, promotional spirit that is emerging in the Roanoke Valley between local governments.

In November 1992, the Roanoke County Police Department became the first nationally accredited department in Southwest Virginia. Existing departmental programs, including criminal investigations, traffic enforcement, domestic violence, crime prevention, criminal apprehension, and community-involved policing, were enhanced through the accreditation process.

The Roanoke Valley Resource Authority (RVRA) was established on October 23, 1991 under a user agreement between the County of Roanoke, the City of Roanoke and the Town of Vinton to develop a regional solid waste disposal facility. A seven-member board appointed by the governing bodies of the Charter Members presently governs the RVRA. The County has control over the budget and financing of the Authority only to the extent of representation by board members appointed. The old regional sanitary landfill operated by the Roanoke Valley Regional Solid Waste Management Board was closed on September 30, 1993.

On July 1, 2004, the County of Roanoke and the City of Roanoke (City) formed the Western Virginia Water Authority, a regional water and wastewater authority. This full service authority serves both County and City citizens ensuring a reliable and efficient means of providing water and wastewater treatment, at the lowest cost and best rate and service for its customers. The assets and liabilities of the County and City water and wastewater utilities were merged into one full service authority.

The Western Virginia Regional Jail Authority was formed in June 2005 by the counties of Roanoke, Franklin, and Montgomery and the City of Salem. This regional initiative was undertaken to address overcrowded conditions experienced by each of the partner jurisdictions. The Western Virginia Regional Jail houses post-sentencing inmates and special populations, while the local jails remain operational and are used to house pre-sentencing inmates.

From its beginning, Roanoke County has served as a catalyst for growth and unity in the Roanoke Valley. In fact, most of the present day neighborhoods in the Valley started life within Roanoke County. The County continues to support this cooperative spirit with its citizens, private commercial and industrial interests, and area localities.

County of Roanoke

County Officials

June 30, 2011

Board of Supervisors

Joseph B. "Butch" Church, Chairman, Catawba District
Charlotte A. Moore, Vice-Chairman, Cave Spring District
Michael W. Altizer, Vinton District
Eddie "Ed" Elswick, Windsor Hills District
Richard C. Flora, Hollins District

County Administration

B. Clayton Goodman III, County Administrator

County Attorney	Paul M. Mahoney
Assistant County Administrator	Daniel O'Donnell
Assistant County Administrator	Diane D. Hyatt
Director of Management and Budget	W. Brent Robertson
Acting Director of Economic Development	Jill Loope
Director of Finance	Rebecca Owens
Director of Human Resources	Joseph Sgroi
Director of Real Estate Assessments	William Driver
Director of Information Technology	Bill Greeves
Director of Community Development	O. Arnold Covey
Director of Libraries	Diana Rosapepe
Director of Parks, Recreation and Tourism	Thomas "Pete" Haislip
Associate Director of Parks, Recreation and Tourism	Douglas Blount
Director of General Services	Anne Marie Green
Director of Social Services	Joyce W. Earl
Registrar	Judith Stokes
Unit Coordinator for Virginia Cooperative Extension	Leslie Prillaman
Chief of Police	James Ray Lavinder
Chief of Fire and Rescue	Richard E. Burch, Jr.
Clerk to the Board	Deborah C. Jacks

Constitutional Officers

Clerk of the Circuit Court	Steven A. McGraw
Commissioner of the Revenue	Nancy J. Horn
Commonwealth Attorney	Edwin R. Leach
Sheriff	Michael G. Winston
Treasurer	F. Kevin Hutchins

Roanoke County Public Schools

Principal Officials

June 30, 2011

School Board Members

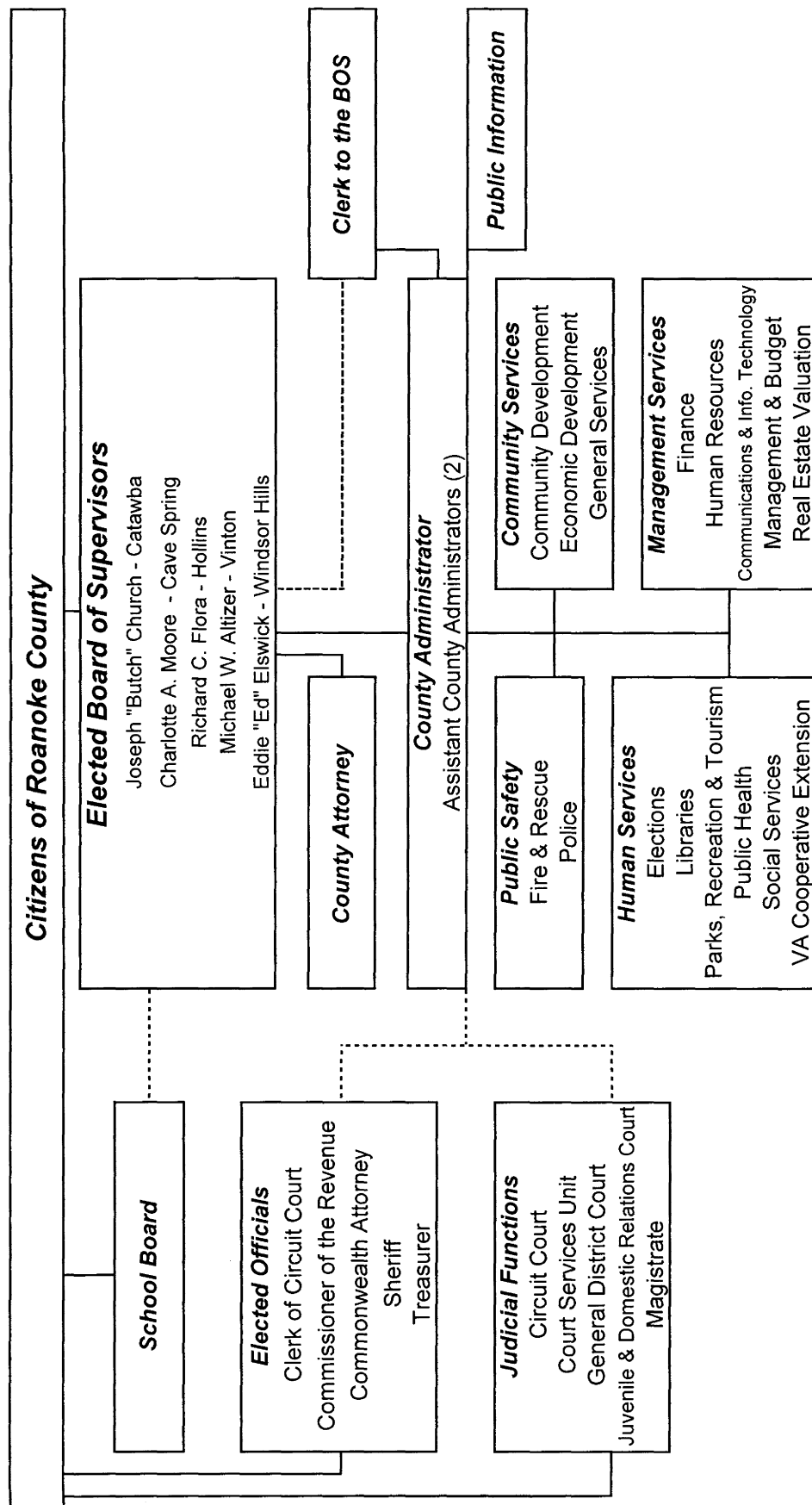
David M. Wymer, Chairman, Catawba District
H. Odell "Fuzzy" Minnix, Vice Chairman, Cave Spring District
Jerry L. Canada, Hollins District
C. Drew Barrineau, Windsor Hills District
Michael W. Stovall, Vinton District

School Administration

Lorraine S. Lange, Superintendent of Schools

Deputy SuperintendentW. Allen Journell
Assistant Superintendent of Finance.....Penny A. Hodge
Assistant Superintendent of Personnel.....Carol E. Whitaker
Director of Elementary InstructionRebecca Eastwood
Director of Secondary Instruction..... Cecil C. Snead
Director of Facility and Operations.....Martin W. Misicko
Director of Pupil Personnel and Special Education.....Jessica M. McClung
Clerk to the Board.....Brenda F. Chastain

County of Roanoke Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

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County of Roanoke
Virginia

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

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.



President

Executive Director





KPMG LLP
Suite 1010
10 S. Jefferson Street
Roanoke, VA 24011-1331

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Roanoke, Virginia (the County) as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the County'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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Counties, Cities and Towns* (Specifications), issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and Specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 County'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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Roanoke, Virginia as of June 30, 2011, 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.

As discussed in note 1 to the basic financial statements, the County adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2011 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

KPMG LLP is a Delaware limited liability partnership,
the U.S. member firm of KPMG International Cooperative
("KPMG International"), a Swiss entity.



The accompanying Management's Discussion and Analysis, Budgetary Comparison Schedule – General Fund, Schedules of Funding Progress, and Schedules of Employer Contributions on pages 20 through 31, 96 and 97, 98, and 99, 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 County's basic financial statements. The accompanying Introductory Section, the Supplementary Information included in Schedules 1 through 21, and the Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is also presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is not a required part of the basic financial statements. The Supplementary Information included in Schedules 1 through 21 and the Schedule of Expenditures of Federal Awards 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 the 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 14, 2011

County of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2011

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 basic financial statements present two types of financial statements, each with a different view of the County's finances, the County 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 County's overall financial position. The fund financial statements focus on the individual funds of the County, reporting the County'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 County's accountability.

Government-Wide Financial Statements

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities. These statements provide information about the County as a whole using the accrual basis of accounting, which is the method used by most private-sector enterprises. All current year revenues and expenses are reported in the Statement of Activities regardless of when cash is received or paid. These statements allow readers to answer the question: "Is the County's financial position, as a whole, better or worse as a result of the year's activities?"

One of the main goals of these two statements is to report the County's net assets and changes that affected net assets during the fiscal year. The amount of net assets, which is the difference between assets and liabilities, is one way to measure the County's financial position. Over time, increases or decreases in net assets are indicators of whether the County's financial condition is improving or deteriorating. Other nonfinancial factors, such as changes in the County's property tax base and the condition of the County's infrastructure should also be considered in assessing the overall financial condition of the County.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate Roanoke County Public Schools and a legally separate Economic Development Authority for which the County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 34-35 of this report.

In the Statement of Net Assets and the Statement of Activities, the County's fund-based activity is classified as follows:

Governmental activities – Most of the County's basic services are reported as governmental activities, including public safety, public works, judicial administration, library, health and welfare, parks, recreation and cultural, community development, education, and general government. Property and other local taxes, and state and federal grants finance most of these activities.

County of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2011

Fund Financial Statements

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

- **Governmental funds:** Most of the County's basic services are reported in governmental funds, which focus on how resources flow into and out of those funds and the remaining balances at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation accompanying the fund financial statements.
- **Proprietary funds:** The County uses Internal Service funds to provide for health, other post employment benefits, dental, and workers' compensation coverage for employees and for general and automobile liability coverage.
- **Fiduciary funds:** The County is trustee, or fiduciary, for the Fire and Rescue Pension Trust Length of Service Awards Program. The County acts in an agency capacity or fiscal agent, for the Roanoke Valley Resource Authority, Virginia Recreational Facilities Authority, the Western Virginia Regional Jail Authority and other local agencies. Resources held for other governments, individuals or agencies not part of the County are reported as fiduciary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. The County excludes these activities from the government-wide financial statements because the County cannot use these assets to finance its operations.

The governmental fund financial statements can be found beginning on page 36 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 48 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 County'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 96 of this report.

County of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2011

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Summary of Net Assets

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

Summary of Net Assets		
As of June 30, 2011 and 2010		
	Governmental Activities	
	FY2011	FY2010
Current and other assets	\$ 124,382,024	\$ 131,800,298
Capital assets, net	266,528,964	248,916,593
Total Assets	<u>390,910,988</u>	<u>380,716,891</u>
Other Liabilities	22,428,728	22,004,994
Long-Term Liabilities	206,653,815	218,241,665
Total Liabilities	<u>229,082,543</u>	<u>240,246,659</u>
Invested in capital assets, net of related debt	120,640,542	101,462,327
Restricted	8,807,540	8,228,241
Unrestricted	32,380,363	30,779,664
Total Net Assets	<u>\$ 161,828,445</u>	<u>\$ 140,470,232</u>

In the case of the County, assets exceed liabilities by \$161.8 million at the close of fiscal year 2011. This increase of \$21.4 million reflects an overall increase in the County's financial position and is the result of a combination of factors including 1) the decrease in outstanding debt as a result of scheduled debt payments made during the year that reduced the principal balance of outstanding debt service as a result of principal payments, 2) the ongoing hiring and spending freeze, and 3) the increase in capital contributions from the Schools of \$11.6 million for school capital building projects funded with school funds and Virginia Public School Authority Bonds.

The largest portion of the County's net assets (74.5%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net assets (6.5%) are restricted for state and federal grant programs. The remaining balance is unrestricted net assets (19.0%) that may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County was able to report a positive balance in all categories of net assets for its governmental activities.

County of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2011

Changes in Net Assets

The following table shows the revenue and expenses of the government-wide activities:

Changes in Net Assets For the Fiscal Years Ended June 30, 2011 and 2010		
	Governmental Activities	
	FY2011	FY2010
Revenues		
Program Revenue		
Charges for services	\$ 12,589,846	\$ 10,331,777
Operating grants & contributions	45,488,815	30,487,857
General Revenue		
Property taxes	105,068,835	104,367,304
Sales taxes	8,782,444	8,345,658
Business License taxes	6,388,966	5,264,972
Communications taxes	4,167,743	4,316,244
Consumer utility taxes	3,681,806	3,620,581
Tax on prepared food	3,563,201	3,384,352
Motor vehicle licenses	2,125,698	2,004,301
Other local taxes	2,710,908	2,972,536
Non-categorical state aid	12,229,857	12,229,857
Other revenues	1,686,518	1,894,497
Total revenues	208,484,637	189,219,936
Expenses		
General government	12,767,696	13,759,638
Judicial administration	2,677,709	2,694,185
Public safety	44,716,348	43,937,823
Public works	14,433,587	13,749,180
Library	4,207,795	3,328,486
Health & welfare	17,157,554	17,245,746
Parks, recreation & culture	8,843,246	6,611,041
Community development	2,694,899	3,741,964
Education	69,593,033	65,673,860
Interest and other charges	8,956,954	9,316,330
Total expenses	186,048,821	180,058,253
Excess in net assets before capital contribution	22,435,816	9,161,683
Capital contribution	(1,077,603)	-
Change in net assets	21,358,213	9,161,683
Net assets beginning of year	140,470,232	131,308,549
Net assets end of year	\$ 161,828,445	\$ 140,470,232

Governmental Activities

Governmental activities increased the County's net assets by \$21.4 million. The County's total revenues increased over the prior year by 10.2% to \$208.5 million and expenses for all programs and services increased 3.3% to \$186.0 million.

Approximately 50.4% of the County's revenues come from property taxes, 3.1% from business license tax, 2.0% from communications tax, 1.8% from consumer utility tax, 1.7% from tax on prepared food, 1.0% from motor vehicle license, 1.3% from other local tax, 6.0% from charges

County of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2011

for services, 21.8% operating grants and contributions, 5.9% from non-categorical state aid, 4.2% from sales tax, and 0.8% from other and miscellaneous.

The County's expenses cover a range of services, with about 37.4% related to Education, 24.0% to Public Safety, 7.8% to Public Works and 9.2% to Health and Welfare.

Revenues for governmental activities increased \$19.3 million (10.2%) and total expenses increased \$6.0 million (3.3%) when compared to the prior year. Key elements of these changes were as follows:

- Property tax revenues increased by \$0.7 million (0.6%) during the year. This increase was primarily due to minimal growth in the tax base from commercial construction. While the overall market value declined 0.02%, the total reassessment increase was 0.51%.
- Operating grants and contributions revenues increased by \$15.0 million (49.2%) as a result of the transfer of School major capital reserves to the County for the school capital projects recorded in conjunction with bonds issued to fund the full project costs of the Cave Spring Middle School Project.
- Charges for services increased by \$2.3 million (21.9%) as a result of the opening of the Green Ridge Multi-Generational Center with this year being the first full year of operations.
- Business license tax revenues increased by \$1.1 million (21.3%) as a result of a one-time payment from a business that was several years behind in payment and the various construction projects going on throughout the County.
- Parks, Recreation and Culture expenses increased by \$2.2 million (33.8%) during the year primarily as a result of a full year of operations of the Green Ridge Multi-Generational Center.
- Community Development expenses decreased by \$1.0 million (28.0%) during the year as a result of delaying capital and stormwater management projects.
- Public Works expenses increased \$0.6 million (5.0%) primarily as a result of expenses related to the energy management lease project.
- Capital contribution increased 100% and included tenancy in common assets to be transferred to the Schools; there were no transfers in the prior year.

County of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2011

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental Funds

Governmental funds consist of the General Fund, Capital Projects Fund and Debt Service Fund and account for the general operations of the County. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. For fiscal year 2011, the County implemented Governmental Accounting Standard Board Statement No. 54, *Fund Balance Reporting and Governmental fund Type Definitions*, which replaced the traditional fund balance components. The new components of fund balance include non-spendable, restricted, committed, assigned and unassigned. The County has fund balances in all components at year end.

As of the end of the year, the County's governmental funds reported combined fund balance of \$92.3 million, a decrease of \$7.7 million in comparison with fiscal year 2010. Of this amount 0.4% (\$380,491) constitutes nonspendable fund balance which reflects inventories and prepaid items that are non-liquid in form and cannot be spent, 11.3% (\$10.4 million) constitutes restricted fund balance which is externally restricted for state and federal grant programs, 60.3% (\$55.6 million) constitutes committed fund balance which is designated for future capital projects, E911, and other general government programs, 0.7% (\$725,925) constitutes assigned fund balance which is designated for the D.A.R.E. program and other general government programs, and 27.3% (\$25.1 million) constitutes unassigned fund balance which reflects the County's unappropriated fund balances for all general governmental accounts.

The fund balance of the General Fund increased \$2.2 million during the current fiscal year. This increase is attributed to departments delaying capital purchases, strict budget monitoring, and good fiscal management.

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 \$51.5 million committed and \$1.6 restricted for future capital projects. The fund balance decreased by \$9.9 million related due to the completion on projects that were part of the Capital Improvement Plan and other minor projects identified by the County Board.

GENERAL FUND BUDGETARY HIGHLIGHTS

The County's budget is prepared in accordance with the *Code of Virginia*. During the year, the County 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, 2011 but not paid by that date.
- To reappropriate grants, donations and other revenues authorized in fiscal year 2011 or earlier, but not expended or encumbered as of June 30, 2011.
- To appropriate grants, donations, and other revenues accepted or adjusted in fiscal year 2011 when official notice of approval was received.
- To appropriate the designated general fund balance to capital projects.

County of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2011

Below is a condensed version of the budgetary comparison of the General Fund original budget, amended budget, and actual amounts for fiscal year 2011.

General Fund Budgetary Highlights for 2011			
	Original Budget	Budget as Amended	Actual
Revenues	\$ 189,618,185	\$ 184,022,549	\$ 181,337,126
Expenditures	106,003,245	109,232,276	98,684,695
Transfers out	83,614,940	80,439,996	80,404,972
Net change in fund balance	<u>\$ -</u>	<u>\$ (5,649,723)</u>	<u>\$ 2,247,459</u>

Actual General Fund total revenues fell short of the amended budget by \$2.7 million for fiscal year 2011. The deficit is primarily the result of a \$3.5 million dollar reimbursable federal grant for the Roanoke River Greenway that was approved and appropriated during the fiscal year. During the year, planning for the project continued but minimal expenditures were incurred and, therefore, few revenues were received. Expenditures and transfers were less than budgetary estimates by \$10.5 million, resulting in additional savings at year end. The County operated during the year under spending advisories in anticipation of the possibility of additional cuts from the state and further decline in the revenues. Additionally, restrictions were placed on travel and training requests, and departments delayed capital purchases. Also, a job bank committee reviewed all requests to fill vacant positions and part-time hires with all but the most critical positions remaining vacant through the end of the fiscal year. In addition several reimbursable grants were appropriated; however, minimal expenditures had been incurred as of June 30, 2011.

The County Board of Supervisors appropriated \$3.6 million in transfers in fiscal year 2011 to allocate the prior year ending fund balance for future expenditures and capital projects. Also, the County had budgeted grant and departmental expenditures that had not been expended at year end in the amount of \$2.7 million but will be spent next year. Due to the excess revenue collections and expenditure savings, the County increased the ending fund balance at June 30, 2011 by \$2.2 million compared to the prior fiscal 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.

County of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2011

Proprietary Funds

The County Internal Service Funds, a proprietary fund type, are presented on the same basis as the government-wide financial statements but is presented in more detail in the fund financial statements.

Unrestricted net assets of the Health Insurance, Dental Insurance, and Risk Management funds at the end of the year amounted to \$7.6 million. Health insurance net assets increased \$66,842, while dental and risk management decreased \$11,396 and \$52,119 respectively.

CAPITAL ASSETS

As June 30, 2011, the County had invested \$266.5 million, net of accumulated depreciation, in a variety of capital assets including land, buildings, construction in progress, land improvements, and equipment. The total net increase in the County's investment in capital assets for the current year was \$17.6 million.

Additional information on the County's capital assets can be found in note 10 of the notes to the basic financial statements. Capital assets are illustrated in the following table:

Capital Assets As of June 30, 2011 and 2010			
	Governmental Activities		
	FY2011	FY2010	
Land	\$ 18,080,295	\$ 17,924,904	
Buildings, improvements and systems	223,722,253	225,007,159	
Furniture, fixtures, and equipment	44,342,272	42,573,024	
Construction in progress	63,480,387	36,311,532	
Subtotal	349,625,207	321,816,619	
Accumulated depreciation	(83,096,243)	(72,900,026)	
Totals	\$ 266,528,964	\$ 248,916,593	

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

- Construction in progress for the South County Library in the amount of \$7.5 million.
- Construction in progress for the Energy Management Equipment in the amount of \$1.4 million.
- Construction in progress for School projects in the amount of \$18.2 million.

County of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2011

LONG-TERM DEBT

At June 30, 2011, the County had a number of bonded debt issues outstanding. These include \$10.7 million of general obligation debt and \$107.2 million of Virginia Public School Authority (VPSA) bonds for School purposes. In addition, \$3.6 million outstanding for literary loan debt issued for School capital projects and \$76.4 million outstanding of lease revenue bonds. Although the issuance of bonds by Virginia counties is not subject to any limitations on amount, counties are prohibited from issuing general obligation bonds unless the issuance has been approved by public referendum. Outstanding debt at June 30, 2011 decreased \$11.5 million or 5.5% as a result of scheduled debt payments made during the year that reduced the principal balance of outstanding debt.

The County has adopted a debt policy that establishes guidelines and limitations for the issuance of debt. The debt policy addresses the level of indebtedness the County can reasonably expect to incur without jeopardizing its financial position and to ensure the efficient and effective operation of the County. The County measures its level of debt through three ratios: 1) net debt per capita (excluding business type funds) should not exceed \$2,500, 2) net debt per assessments should not exceed 3%, and 3) debt service to general fund expenditures should not exceed 10%. As of June 30, 2011, the County's net debt per capita ratio was \$2,141, the net debt to assessments ratio was 2.18%, and the percent of debt service to general fund expenditures was 8.51%.

The County received an upgrade on bond ratings on outstanding debt from Standard and Poor's to a AA+ and maintained a AA+ from Fitch Ratings and Aa1 from Moody's Investor Service.

Additional information on the County's long-term debt can be found in note 9 of the notes to the basic financial statements. The following table illustrates the County's outstanding debt:

Outstanding Debt			
As of June 30, 2011 and 2010			
Governmental Activities			
	FY2011		FY2010
General Obligation Bonds	\$ 10,655,022	\$	12,645,130
Lease Revenue Bonds	76,376,966		78,700,454
Virginia Public School Authority Bonds	107,150,919		115,035,423
State Literary Fund Loans	3,617,042		4,064,860
Capital Lease	1,148,037		-
Totals	<u>\$ 198,947,986</u>	<u>\$</u>	<u>210,445,867</u>

County of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2011

FACTORS INFLUENCING FUTURE BUDGETS AND RATES

Key factors that are expected to impact future budget include:

- Current financial market volatility and continued uncertainty of the economy.
- Current and projected decline if the market value of residential real estate.
- Current and projected state budget reductions.
- Projected increases in retirement contribution rates assessed by the Virginia Retirement System.
- Projected increases in health insurance premiums and retirement contribution rates assessed by the Virginia Retirement System.
- Volatile fuel and utility prices.
- Funding for the Capital Improvements Program.

The County 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 fiscal year 2008. For the County, other postemployment benefits (OPEB) include medical coverage extended to retirees. The County participates in the Virginia Pooled OPEB Trust Fund, an irrevocable trust established for the purpose of accumulating assets to fund postemployment benefits other than pensions. For government-wide reporting purposes, GASB 45 requires the County to actuarially determine the value of these benefits and recognize the costs of OPEB as they are incurred. Also, the County is required to disclose the extent to which these benefits have been funded. The County has conducted an actuarial valuation of its OPEB liability. The actuarial study reflects an actuarially accrued liability of \$15.9 million, an annual required contribution of \$1.5 million, and no postemployment benefit obligation as of June 30, 2011. More detailed information about the OPEB costs can be found in Note 15 to the basic financial statements.

ECONOMIC FACTORS

During fiscal year 2011, the state economy mirrored the slow to recover national economy. The unemployment rate for the County in June 2011 was 5.7% which is down from 6.3% in 2010 which still compares favorably to the State's average unemployment rate of 6.1%.

The 2011-12 budget was developed during a challenging economic environment. The global recession that began in late 2007 has affected national and regional economies and has produced a number of disruptive trends including unstable real estate markets, record unemployment, low consumer confidence, rising energy and health care costs, and a volatile stock market. These trends have had real and immediate impacts on local resources which have directly affected the decisions made in regard to the types and level of services the County will provide. While there is still a great deal of uncertainty and volatility affecting current economic conditions, consumer spending, home starts/sales, corporate profits, industrial production, and non-residential fixed investment are all showing positive signs. These indicators provide optimism for improving economic condition, however local revenues have not yet seen a rebound.

The County has been impacted by the housing market with decreased year-over-year growth amounts and slight declines in value being projected for the foreseeable future. Initial

County of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2011

assessment data suggests an overall slight decrease in residential property values for tax year 2011-12 and 2012-13. Other local taxes are not rebounding as originally anticipated and conservative growth is projected for personal property taxes. The significant state budget deficits arising in 2011 are expected to impact the County budget in the near future, as well as the cumulative impact of the significant instability in the financial markets over the past year.

Fiscal year 2011-12 revenue estimates appear to be performing slightly below budget. While we have always kept a watchful eye on the year-to-date revenue collections and regularly update revenue forecasts, our current fiscal climate dictates that continuous revenue budgeting be a top priority; however, even with this emphasis it is important to be aware of the pitfalls of estimating future revenues in this unstable economic environment.

The County recognizes the value of properly illustrating year-end commitments. Accordingly, the County is able to utilize all or portions of surpluses at the end of the current year as a source of funding in a subsequent year, while also meeting the County's fund balance and capital policies, and maintain desired reserves for future needs.

In February 2009, the federal government authorized the American Recovery and Reinvestment Act (ARRA) resulting in the significant infusion of new federal money targeted primarily at state fiscal stabilization funds (SFSF). The primary focus of the package was to foster economic growth, promote job creation, and stimulate investment in the nation's technological infrastructure. The Virginia General Assembly used the ARRA allocated to Virginia in the fiscal 2011 state budget to offset significant declines in state revenues. 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, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the Director of Finance, County of Roanoke, 5204 Bernard Drive, Suite 300E, Roanoke, Virginia 24018, telephone (540) 772-2020, or visit the County's web site at www.roanokecountyva.gov.



COUNTY OF ROANOKE, VIRGINIA
Statement of Net Assets
June 30, 2011

ASSETS	Governmental Activities	Component Units
Cash and cash equivalents	\$ 38,142,788	\$ 25,145,282
Cash and investments with fiscal agents	3,202,462	-
Investments	53,045,278	11,362,082
Accounts receivable	11,436,319	265,206
Note receivable	-	343,788
Due from other governments	16,924,469	5,766,328
Inventories	183,367	248,774
Land held for resale	-	133,824
Other postemployment obligation asset	-	205,810
Prepaid and other assets	1,447,341	-
Capital assets:		
Land and construction in progress	81,560,682	5,776,380
Other capital assets, net	184,968,282	38,363,528
Capital assets, net	<u>266,528,964</u>	<u>44,139,908</u>
Total assets	<u>\$ 390,910,988</u>	<u>\$ 87,611,002</u>
LIABILITIES		
Accounts payable	\$ 6,396,980	\$ 2,391,827
Accrued wages and benefits	1,622,052	1,229,044
Unearned revenue	11,209,792	1,608,697
Accrued interest payable	3,199,904	74,600
Long-term liabilities:		
Portion due or payable within one year:		
Bonds payable	12,802,680	-
Compensated absences	2,326,127	733,980
Claims payable	1,372,334	1,773,740
Obligation under capital leases	95,665	373,940
Pollution remediation obligation	-	95,357
Portion due or payable after one-year:		
Bonds payable	184,997,269	-
Compensated absences	2,286,582	2,095,767
Claims payable	1,720,786	602,328
Obligation under capital leases	1,052,372	2,114,385
Total liabilities	<u>\$ 229,082,543</u>	<u>\$ 13,093,665</u>
NET ASSETS		
Invested in capital assets, net of related debt	\$ 120,640,542	\$ 41,651,583
Restricted for:		
Grants and other governmental programs	8,807,540	-
Instructional grants	-	157,951
Emergency contingency	-	2,000,000
Unrestricted	32,380,363	29,590,419
Total net assets	<u>\$ 161,828,445</u>	<u>\$ 73,399,953</u>

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Statement of Activities
For the Year Ended June 30, 2011

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Units
Primary government					
General government	\$ 12,767,696	\$ 297,785	\$ 466,025	\$ -	\$ -
Judicial administration	2,677,709	1,492,024	1,134,909	-	-
Public safety	44,716,348	3,677,631	6,025,679	-	-
Public works	14,433,587	317,459	338,553	-	-
Library	4,207,795	-	155,470	-	-
Health and welfare	17,157,554	1,536,402	10,722,910	-	-
Parks, recreation, and culture	8,843,246	4,920,779	30,840	-	-
Community development	2,694,899	347,766	-	-	-
Education	69,593,033	-	26,614,429	-	-
Interest and other charges	8,956,954	-	-	-	-
Total governmental activities	\$ 186,048,821	\$ 12,589,846	\$ 45,488,815	\$ -	\$ -
Component units					
Total component units	164,484,711	4,468,124	32,456,049	1,588,677	(125,971,861)
	\$ 164,484,711	\$ 4,468,124	\$ 32,456,049	\$ 1,588,677	\$ (125,971,861)
General revenues:					
Real estate and personal property				\$ 105,068,835	\$ -
Local share of sales tax				8,782,444	-
Business license taxes				6,388,966	-
Communications taxes				4,167,743	-
Consumer utility taxes				3,681,806	-
Tax on prepared food				3,563,201	-
Motor vehicle licenses				2,125,698	-
Other local taxes				2,710,908	-
Payments from Roanoke County				-	65,207,293
Non-categorical state aid				12,229,857	50,182,318
Gain on sale of capital assets				95,553	27,134
Interest and investment earnings				1,548,862	11,613
Miscellaneous				42,103	397,886
Total general revenues				\$ 150,405,976	\$ 115,826,244
Capital contribution				\$ (1,077,603)	\$ 1,077,603
Change in net assets				\$ 21,358,213	\$ (9,068,014)
Net assets at beginning of year				140,470,232	83,585,351
Net assets at end of year				\$ 161,828,445	\$ 74,517,337

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2011

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 11,583,052	\$ 243,086	\$ 21,818,434	\$ 33,644,572
Cash and investments with fiscal agents	-	-	3,202,462	3,202,462
Investments	16,211,901	-	30,537,572	46,749,473
Receivables	11,428,618	-	-	11,428,618
Due from other governments	15,688,214	-	1,236,255	16,924,469
Inventories	183,367	-	-	183,367
Prepaid items and other assets	197,124	-	-	197,124
Total assets	<u>\$ 55,292,276</u>	<u>\$ 243,086</u>	<u>\$ 56,794,723</u>	<u>\$ 112,330,085</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,039,237	\$ -	\$ 3,265,534	\$ 6,304,771
Accrued wages and benefits	1,620,202	-	-	1,620,202
Deferred revenue	11,529,362	-	-	11,529,362
Interfund payable	154,000	-	469,624	623,624
Total liabilities	<u>\$ 16,342,801</u>	<u>\$ -</u>	<u>\$ 3,735,158</u>	<u>\$ 20,077,959</u>
Fund balances:				
Nonspendable	380,491	-	-	380,491
Restricted	8,807,540	-	1,590,714	10,398,254
Committed	3,929,813	243,086	51,468,851	55,641,750
Assigned	725,925	-	-	725,925
Unassigned	25,105,706	-	-	25,105,706
Total fund balances	<u>\$ 38,949,475</u>	<u>\$ 243,086</u>	<u>\$ 53,059,565</u>	<u>\$ 92,252,126</u>
Total liabilities and fund balances	<u>\$ 55,292,276</u>	<u>\$ 243,086</u>	<u>\$ 56,794,723</u>	<u>\$ 112,330,085</u>

(continued)

COUNTY OF ROANOKE, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2011

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

Total fund balances for governmental funds (Exhibit III) \$ 92,252,126

Total net assets reported for governmental activities in the Statement of Net Assets is different because:

Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds. Those assets consist of:

Land and construction in progress	81,560,682	
Other capital assets, net of \$83,096,243 of accumulated depreciation	184,968,282	
Total capital assets, net	266,528,964	266,528,964

Internal service funds (Exhibit V) are used by the County to charge the cost of health, dental, and risk management to individual funds. These assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets. Internal service fund net assets are:

7,567,128

County revenues that are earned but not considered available are not current financial resources and therefore are not reported in the governmental funds.

990,609

Long-term assets and liabilities, related to bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported as assets or liabilities in the governmental funds. Balances at June 30, 2011 are:

Prepaid and other assets	1,250,217	
Accrued interest payable	(3,199,904)	
Bonds payable	(197,799,949)	
Obligation under capital lease	(1,148,037)	
Compensated absences	(4,612,709)	
Total long-term assets and liabilities	(205,510,382)	(205,510,382)

Total net assets of governmental activities (Exhibit I)

\$ 161,828,445

COUNTY OF ROANOKE, VIRGINIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
General property taxes	\$ 105,757,875	\$ -	\$ -	\$ 105,757,875
Other local taxes	31,965,165	-	-	31,965,165
Permits, fees, and licenses	642,732	-	-	642,732
Fines and forfeitures	888,995	-	-	888,995
Use of money and property	803,018	-	80,671	883,689
Charges for services	7,540,997	-	364,940	7,905,937
Intergovernmental revenue	30,646,696	4,125,346	21,573,492	56,345,534
Locality compensation payments	-	125,119	-	125,119
Miscellaneous	3,091,648	891,013	70,734	4,053,395
Total revenues	<u>\$ 181,337,126</u>	<u>\$ 5,141,478</u>	<u>\$ 22,089,837</u>	<u>\$ 208,568,441</u>
EXPENDITURES				
Current operating:				
General government	\$ 11,208,849	\$ -	\$ -	\$ 11,208,849
Judicial administration	2,535,222	-	-	2,535,222
Public safety	42,170,041	-	-	42,170,041
Public works	13,078,780	-	-	13,078,780
Library	3,171,140	-	-	3,171,140
Health and welfare	16,614,818	-	-	16,614,818
Parks, recreation, and culture	7,351,415	-	-	7,351,415
Community development	2,554,430	-	-	2,554,430
Education	62,819,511	-	-	62,819,511
Debt service:				
Principal	-	12,269,095	-	12,269,095
Interest and other charges	-	9,563,362	-	9,563,362
Capital outlay	-	-	34,135,287	34,135,287
Total expenditures	<u>\$ 161,504,206</u>	<u>\$ 21,832,457</u>	<u>\$ 34,135,287</u>	<u>\$ 217,471,950</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 19,832,920</u>	<u>\$ (16,690,979)</u>	<u>\$ (12,045,450)</u>	<u>\$ (8,903,509)</u>
OTHER FINANCING SOURCES (USES)				
Capital lease obligation incurred	-	-	1,148,037	1,148,037
Proceeds from sale of land and equipment	-	-	95,553	95,553
Transfers in	1,061,011	16,681,303	1,424,144	19,166,458
Transfers out	(18,646,472)	-	(554,320)	(19,200,792)
Total other financing sources(uses), net	<u>\$ (17,585,461)</u>	<u>\$ 16,681,303</u>	<u>\$ 2,113,414</u>	<u>\$ 1,209,256</u>
Net change in fund balances	<u>\$ 2,247,459</u>	<u>\$ (9,676)</u>	<u>\$ (9,932,036)</u>	<u>\$ (7,694,253)</u>
Fund balances at beginning of year	<u>36,702,016</u>	<u>252,762</u>	<u>62,991,601</u>	<u>99,946,379</u>
Fund balances at end of year	<u><u>\$ 38,949,475</u></u>	<u><u>\$ 243,086</u></u>	<u><u>\$ 53,059,565</u></u>	<u><u>\$ 92,252,126</u></u>

(continued)

COUNTY OF ROANOKE, VIRGINIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities**

Net change in fund balances-total governmental funds (Exhibit IV) \$ (7,694,253)

Total change in net assets reported for governmental activities in the Statement of Activities is different due to:

Internal service funds (See Exhibit VI) are used by the County to charge the cost of health, dental, and risk management to individual funds. The change in net assets of internal service funds is reported with governmental activities. 3,327

Capital contribution to Roanoke County Public Schools (1,077,603)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds (86,854)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$31,066,166) exceeded depreciation (\$12,376,191) expense in the current period. 18,689,975

Long-term liabilities, including bond and other obligation proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the change in net assets. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Assets.

Obligation under capital lease	(1,148,037)	
Repayments of principal	12,269,095	
Locality compensation payment	(125,119)	
Net Adjustment		10,995,939

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net change of the following:

Compensated absences	(78,726)	
Accrued interest payable	606,408	
Net adjustment		527,682

Change in net assets of governmental activities (Exhibit II)	\$ 21,358,213
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See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Internal Service Funds
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,498,216
Investments	6,295,805
Accounts receivable	7,701
Interfund receivable	496,065
Total current assets	<u>\$ 11,297,787</u>
Noncurrent assets:	
Interfund receivable	127,559
Total noncurrent assets	<u>\$ 127,559</u>
Total assets	<u>\$ 11,425,346</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 92,209
Accrued wages and benefits	1,850
Claims payable	1,372,334
Deferred revenue	671,039
Total current liabilities	<u>\$ 2,137,432</u>
Noncurrent liabilities:	
Claims payable	1,720,786
Total noncurrent liabilities	<u>\$ 1,720,786</u>
Total liabilities	<u>\$ 3,858,218</u>
NET ASSETS	
Unrestricted	\$ 7,567,128
Total net assets	<u><u>\$ 7,567,128</u></u>

See accompanying notes to basic financial statements

COUNTY OF ROANOKE, VIRGINIA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Internal Service Funds
OPERATING REVENUES	
Charges for services	\$ 8,886,015
Total operating revenues	<u>\$ 8,886,015</u>
OPERATING EXPENSES	
Purchased services	\$ 639,663
Personal services	157,381
Claims	8,105,660
Administrative charges	46,933
Total operating expenses	<u>\$ 8,949,637</u>
Operating loss	<u>\$ (63,622)</u>
NONOPERATING REVENUES	
Investment income	\$ 32,615
Total nonoperating revenues	<u>\$ 32,615</u>
Loss before transfers	(31,007)
Transfers in	541,025
Transfers out	<u>(506,691)</u>
Change in net assets	<u>\$ 3,327</u>
Total net assets at beginning of year	\$ 7,563,801
Total net assets at end of year	<u><u>\$ 7,567,128</u></u>

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from interfund services provided	\$ 8,886,015
Payments to suppliers	(1,134,262)
Payments to employees	(157,032)
Claims paid	(8,274,355)
Other receipts	281,390
Cash used in operating activities	<u>\$ (398,244)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	\$ 34,334
Interfund loans-proceeds and collections	360,000
Cash provided by noncapital financing activities	<u>\$ 394,334</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	\$ (968,720)
Interest and dividends received	32,615
Cash used in investing activities	<u>\$ (936,105)</u>
Decrease in cash and cash equivalents	(940,015)
Cash and cash equivalents at beginning of the year	<u>5,438,231</u>
Cash and cash equivalents at end of the year	<u><u>\$ 4,498,216</u></u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (63,622)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Change in assets and liabilities:	
Accounts receivable	245,628
Accounts payable	(447,666)
Claims payable	(168,695)
Accrued wages payable	349
Deferred revenue	35,762
Cash used in operating activities	<u><u>\$ (398,244)</u></u>

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	<u>*Pension Trust</u> <u>Fire and Rescue</u> <u>Pension Trust</u> <u>Length of Service</u> <u>Awards Program</u>	<u>OPEB</u> <u>Trust</u>	<u>Agency Funds</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ 19,177,264
Investments	-	-	6,634,215
Investments held by trustee, at fair value			
Unallocated group annuity contract	2,721,397	-	-
Other pooled funds	-	2,621,926	-
Total assets	<u>\$ 2,721,397</u>	<u>\$ 2,621,926</u>	<u>\$ 25,811,479</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 25,811,479
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,811,479</u>
NET ASSETS			
Held in trust for pension and other postemployment benefits	<u>\$ 2,721,397</u>	<u>\$ 2,621,926</u>	<u>\$ -</u>

*For period ending July 31, 2011

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Statement of Changes in Fiduciary Net Assets
Pension Trust and OPEB Trust
For the Year Ended June 30, 2011

	<u>*Pension Trust</u>	<u>OPEB Trust</u>
ADDITIONS		
Contributions for beneficiaries	\$ 336,287	\$ -
Contributions from employer	-	552,200
Investment income		
Interest and dividends	178,800	-
Realized/Unrealized gains	-	410,361
Less investment expenses	-	(3,220)
Net investment loss	178,800	407,141
Total additions	<u>\$ 515,087</u>	<u>\$ 959,341</u>
DEDUCTIONS		
Members' benefits	\$ 418,590	\$ -
Administrative fees	4,944	-
Total deductions	<u>\$ 423,534</u>	<u>\$ -</u>
Change in net assets	\$ 91,553	\$ 959,341
Total net assets at beginning of year	2,629,844	1,662,585
Total net assets at ending of year	<u>\$ 2,721,397</u>	<u>\$ 2,621,926</u>

*For period ending July 31, 2011.

See accompanying notes to basic financial statements.

County of Roanoke, Virginia
Combining Statement of Net Assets
Component Units
June 30, 2011

	Roanoke County Public Schools	Economic Development Authority	Total Component Units
ASSETS			
Cash and cash equivalents	\$ 24,505,988	\$ 639,294	\$ 25,145,282
Investments	11,362,082	-	11,362,082
Accounts and other receivables	264,706	500	265,206
Note receivable	-	343,788	343,788
Due from other governments	5,766,328	-	5,766,328
Inventory	248,774	-	248,774
Land held for resale	-	133,824	133,824
Other postemployment obligation asset	205,810	-	205,810
Capital assets:			
Land and construction in progress	5,776,380	-	5,776,380
Other capital assets, net	38,363,528	-	38,363,528
Capital assets, net	44,139,908	-	44,139,908
Total assets	<u>\$ 86,493,596</u>	<u>\$ 1,117,406</u>	<u>\$ 87,611,002</u>
LIABILITIES			
Accounts payable	\$ 2,391,805	\$ 22	\$ 2,391,827
Accrued liabilities	1,229,044	-	1,229,044
Unearned revenue	1,608,697	-	1,608,697
Accrued interest payable	74,600	-	74,600
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences	733,980	-	733,980
Claims payable	1,773,740	-	1,773,740
Obligation under capital lease	373,940	-	373,940
Pollution remediation obligation	95,357	-	95,357
Portion due or payable after one year:			
Compensated absences	2,095,767	-	2,095,767
Claims payable	602,328	-	602,328
Obligation under capital lease	2,114,385	-	2,114,385
Total liabilities	<u>\$ 13,093,643</u>	<u>\$ 22</u>	<u>\$ 13,093,665</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 41,651,583	\$ -	\$ 41,651,583
Restricted for:			
Instructional grants	157,951	-	157,951
Emergency contingency	2,000,000	-	2,000,000
Unrestricted	29,590,419	1,117,384	30,707,803
Total net assets	<u>\$ 73,399,953</u>	<u>\$ 1,117,384</u>	<u>\$ 74,517,337</u>

See accompanying notes to basic financial statements

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Public Schools	Economic Development Authority	Total Component Units
Roanoke County Public Schools	\$ 163,748,376	\$ 4,466,888	\$ 32,456,049	\$ 1,588,677	\$ (125,236,762)	\$ -	\$ (125,236,762)
Economic Development Authority	736,335	1,236	-	-	-	(735,099)	(735,099)
Total component units	<u>\$ 164,484,711</u>	<u>\$ 4,468,124</u>	<u>\$ 32,456,049</u>	<u>\$ 1,588,677</u>	<u>\$ (125,236,762)</u>	<u>\$ (735,099)</u>	<u>\$ (125,971,861)</u>
General revenues:							
Payments from Roanoke County					\$ 64,559,361	\$ 647,932	\$ 65,207,293
Non-categorical state aid					50,182,318	-	50,182,318
Gain on sale of capital assets					27,134	-	27,134
Interest and Investment earnings					-	11,613	11,613
Miscellaneous					397,886	-	397,886
Total general revenues					<u>\$ 115,166,699</u>	<u>\$ 659,545</u>	<u>\$ 115,826,244</u>
Special item - capital contribution					\$ 1,077,603	-	\$ 1,077,603
Change in net assets					\$ (8,992,460)	\$ (75,554)	\$ (9,068,014)
Net assets at beginning of year					82,392,413	1,192,938	83,585,351
Net assets at end of year					<u>\$ 73,399,953</u>	<u>\$ 1,117,384</u>	<u>\$ 74,517,337</u>

See accompanying notes to basic financial statements



COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
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(1) Summary of Significant Accounting Policies

Financial Reporting Entity

Formed in 1838, the County of Roanoke, Virginia (the "County") is a county government within the Commonwealth of Virginia. The County is a municipal corporation governed by an elected five-member Board of Supervisors that appoints a County Administrator. There are also five elected Constitutional Officers who are independent of the Roanoke County Government by law and serve as Clerk of the Circuit Court, Commissioner of the Revenue, Commonwealth Attorney, Sheriff and Treasurer. As required by U.S. generally accepted accounting principles (GAAP), these basic financial statements present the County of Roanoke (the primary government) and its component units (Roanoke County Public Schools and the Economic Development Authority of Roanoke County, Virginia), entities for which the government is considered to be financially accountable.

Discretely Presented Component Units

Discretely presented component units are entities that are legally separate from the government, but for which the government is financially accountable, or whose relationship with the government is such that exclusion would cause the government's financial statements to be misleading or incomplete. They are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

Roanoke County School Board

The Roanoke County Public School Board (School Board) is responsible for elementary and secondary education within the government's jurisdiction. The members of the School Board are elected by the citizens of Roanoke County. However, the Roanoke County Public School System (School System) is fiscally dependent upon the government because the primary government's Board approves the School System budget, levies the necessary taxes to finance operations, and approves the borrowing of money and issuance of debt. The School System component unit is presented in a separate column to emphasize that it is legally separate from the primary government. The School System has separately issued financial statements which may be obtained by writing the Roanoke County Public Schools Department of Budget and Finance, 5937 Cove Road, Roanoke, VA 24018 or visit their website at www.rcs.k12.va.us.

Economic Development Authority of Roanoke County, Virginia

The Economic Development Authority of Roanoke County, Virginia (EDA or Authority) was created as a political subdivision of the Commonwealth of Virginia by ordinance of the Roanoke County Board of Supervisors on August 11, 1971, pursuant to the provisions of the Industrial Development and Revenue Bond Act (Chapter 49, Section 15.2 et. Seq., of the Code of Virginia (1950), as amended). The Authority is governed by a board of directors appointed by the Board of Supervisors of Roanoke County, Virginia. As a result, the Authority's revenues and expenses may be influenced by the decisions made by the County of Roanoke. It is authorized to acquire, own, lease and dispose of properties to the end that such activities may

COUNTY OF ROANOKE, VIRGINIA
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promote industry and develop trade by encouraging enterprises to locate and remain in the Roanoke Valley. In addition, the Authority is authorized to issue revenue bonds for the purpose of obtaining and constructing facilities. Liability under the bonds may be retained by the Authority, or it may be assumed by the enterprises for whom facilities are constructed. Collection of revenues pledged to liquidate the bonds may be assigned to a trustee. The revenue bonds are not deemed to constitute a debt or pledge of faith and credit of the Commonwealth of Virginia or any municipality thereof. The bonds are payable solely from revenues generated from the lease of facilities constructed and may be secured by a deed of trust on those facilities. The Economic Development Authority of Roanoke County, Virginia does not issue separate financial statements.

Related Organizations

As the custodian of public funds, the Treasurer invests all public monies held on deposit with the County. In the case of the separate agencies listed below, the County serves as fiscal agent, but is not financially accountable for their operations. Accordingly, the activities of the following organizations are presented as agency funds within the County's financial statements:

- Roanoke Valley Resource Authority
- Commonwealth Fund
- Special Welfare Fund
- Cable TV
- Roanoke Valley Greenway Commission
- Virginia Recreational Facilities Authority
- Regional Fire Training Center
- Western Virginia Regional Jail Authority

The accompanying basic financial statements of the County have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts of the Commonwealth of Virginia (APA) and GAAP as specified by the Governmental Accounting Standards Board (GASB). The following is a summary of significant accounting policies and reporting practices of the County:

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 and represented a significant change in the financial reporting model used by state and local governments. It established requirements and a reporting model for the annual financial reports of state and local governments. GASB Statement No. 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 Statement No. 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).

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
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Government-wide Financial Statements

The reporting model includes financial statements prepared using full accrual accounting for all the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities. Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid 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 primary government and its discretely presented component units. Governments report all capital assets, net of accumulated depreciation, in the government-wide Statement of Net Assets and report depreciation expense in the Statement of Activities. The net assets of a government are broken down into three categories, 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Activities

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

Reconciliation of Government-wide and Fund Financial Statements

A summary reconciliation of the difference between the total governmental fund balances and total net assets for governmental activities as shown in the government-wide Statement of Net Assets is presented in an accompanying reconciliation to the governmental funds balance sheet. The asset and liability elements which comprise the reconciliation differences 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 net changes in governmental fund balances and change in net assets for governmental activities as shown on the government-wide Statement of Activities is presented in a reconciliation to the governmental funds statement of revenues, expenditures, and changes in fund balances. The revenue and expense elements which comprise the reconciliation differences 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 adopted budget is an important component of a government's accountability to the public. The County and many other governments revise their original budgets over the course of the year for a variety of reasons. The County will continue to provide budgetary comparison information in their annual reports which includes a comparison of the original budget to both the final budget and actual results.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
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Basis of Presentation

Government-wide Financial Statements: The Statement of Net Assets and the Statement of Activities display information about the County 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 reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the County's 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 for services, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County. The County does not allocate indirect expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this rule is where the elimination of the interfund activity would distort the direct costs and program revenues reported for the various functions.

Fund Financial Statements: Financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances and changes therein. Fund financial statements are designed to present financial information of the County at this more detailed level. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. The following is a brief description of the specific funds used by the County:

- **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 County considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year-end. Accordingly, real and personal property taxes are recorded as deferred revenue and receivables when billed. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, 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:

COUNTY OF ROANOKE, VIRGINIA
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- **General Fund** – This fund accounts for all revenues and expenditures applicable to the general operations of the County that are not required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Roanoke County Public Schools. The General Fund is considered a major fund for reporting purposes.
- **Debt Service Fund** – This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and other related costs. The Debt Service Fund is considered a major fund for reporting purposes.
- **Capital Projects Fund** – This fund accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by the proprietary fund. The Capital Projects Fund is considered a major fund for reporting purposes.
- ***Internal Service Funds*** – These funds account for employee health/other postemployment benefits, dental, and workers' compensation coverage provided to other departments on a cost-reimbursement basis and they derive their funding from charges assessed to the user departments and employees. These funds are included in the governmental activities for government-wide reporting purposes. As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. The excess revenue or expenses for the fund are allocated to the appropriate functional activity. The County has adopted Statement 20 of the Governmental Accounting Standards Board (GASB), *Accounting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*.

Additionally, the government reports the following Fiduciary funds:

- ***Pension Trust Fund*** – This fund is used to account for the assets held in trust for beneficiaries of the Fire and Rescue Length of Service Awards Program, which was frozen as of December 31, 2005.
- ***OPEB Trust Fund*** – This fund accounts for the assets held for, and costs of, other postemployment benefits (OPEB). This fund was created in connection with the County's funding of other postemployment benefits in fiscal year 2009.
- ***Agency Funds*** – These funds account for assets held by the County of Roanoke in a trustee capacity or as agent or custodian for other governmental units or other funds. They are presented in the fund financial statements by type. The County's Agency funds include assets held for entities for which the County is fiscal agent. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

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Notes to Basic Financial Statements
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Basis of Accounting

The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements.

Government-wide, Proprietary Fund, and Fiduciary Fund Financial Statements.

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and 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. Fiduciary funds report assets and liabilities and have no measurement focus and only use the accrual basis of accounting.

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 County considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year-end. 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. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Revenues: Exchange and Non-exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available means expected to be received within thirty days of fiscal year end.

Non-exchange transactions, in which the County receives value without directly giving value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See note 2). Revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

Deferred Revenue – Deferred revenue arises when assets are recognized before revenue recognition criteria can be satisfied and also when assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period. Property taxes for which there is an enforceable legal claim as of June 30, 2011 but which were levied to finance fiscal year 2012 operations, have been recorded as

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deferred revenue. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue. In governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Cash and Cash Equivalents – The County considers cash and cash equivalents in proprietary funds to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent. For purposes of the statement of cash flows, cash and cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and investments with maturities of 90 days or less. For purposes of the statement of cash flows, cash includes unrestricted cash and cash equivalents and restricted cash. Restricted cash equivalents are defined differently and are not considered available for operations, and therefore not considered to be cash equivalents for the statement of cash flows. Note 4 provides a detailed disclosure regarding cash equivalents and investments held by the County.

Investments – Cash received by the County is deposited in various bank accounts. Monies which are legally required to be maintained individually, such as trusts balances and contractor escrows, are deposited and maintained in individual segregated bank accounts. All other monies of the County are deposited in a pool of bank accounts and are used to purchase investments that are specifically allocated to the appropriate funds. Interest earned on pooled investments is accrued as earned and distributed to the General Fund and other qualifying funds utilizing a formula based on the average month end balance of cash and cash equivalents of all pooled 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. Investments are stated at fair value with any net appreciation or depreciation in fair value reflected as investment income in the operating statement. Investments consist of long-term investments in U.S. government securities and corporate notes. Each fund whose monies are deposited in the pooled accounts has an equity interest therein. Interest earned is allocated based on average monthly balance. Note 4 provides a detailed disclosure regarding cash equivalents and investments held by the County.

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.

Receivables – Local taxes and governmental fund accounts receivable are recorded in the County's accounts as both receivables and deferred revenue when billed. Property taxes paid in advance are recorded as deferred revenue until such time as the taxes become due.

Inventories – 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

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the consumable supplies is recorded as expenditures when consumed 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 the County's capitalization threshold is met. The County defines capital assets as assets with an initial, individual cost of more than \$10,000 and an estimated useful life of at least two years. Major additions, including those that significantly prolong a capital asset's economic life or expand usefulness, are capitalized. Normal repairs that merely maintain the asset in its present condition are recorded as expenditures and are not capitalized. Depreciation expense for capital assets is identified with a function, whenever possible, and is included as a direct expense.

All capital assets are capitalized at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the time received. Upon the 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.

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

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	40-50 years
Building Improvements	10-25 years
Furniture, Fixtures, and Equipment	3-25 years

Pension Plan – The County's policy is to fund pension costs, which include both normal costs and amortization of prior service costs, on an annual basis in accordance with actuarially determined amounts.

Other Postemployment Benefits (OPEB) – In connection with the County's funding of other postemployment benefits in fiscal 2009, the County joined the Virginia Pooled OPEB Trust (OPEB Trust Fund). The County plans to contribute amounts to the OPEB Trust Fund sufficient to fund the annual required contribution (ARC), an actuarially determined rate in accordance with parameters of GASB Statement No. 45. The OPEB Trust Fund assets and investments are recorded at fair value. The Trust Board of Trustees establishes investment objectives, risk tolerance, and asset allocation policies based on the investment policy, market and economic conditions, and generally prevailing prudent investment practices.

Temporary Literary Loan Proceeds – The County receives draw downs from the Commonwealth of Virginia from approved Literary Loans. These loans are accounted for as short-term borrowings until the entire proceeds have been received by the County at which time the repayment schedules are finalized and the amounts established as long-term debt.

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Self Insurance – The County is self-insured for workers' compensation, health insurance, general liability and automobile liability. Estimates for accrued liability in each program at the end of the year have been recorded.

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.

Long-term Obligations – Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental Statement of Net Assets in the government-wide financial statements. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using straight line amortization.

Interfund Transactions – On fund financial statements, receivables and payables resulting from interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities columns of the Statement of Net Assets. Flow of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

Encumbrances – The County uses encumbrance accounting, wherein purchase orders, contracts, and other commitments for the expenditure of funds are recorded to restrict, commit, or assign that portion of the applicable appropriation.

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 limitations imposed on their use through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance – Except for those required to comply with accounting standards, all reservations and designations of Governmental Fund balances reflect County Board of Supervisor's action in the context of adoption of the County's budget.

Net Investment in Direct Financing Leases – The Economic Development Authority of Roanoke County, Virginia (Authority) may acquire and improve properties and retain title to them. Where transfer of title at the completion of a lease to a tenant is not reasonably assured by bargain purchase options or other lease provision, the Authority accounts for activities in its role as lessor as either capital leases or operating leases in accordance with the provisions of Financial Accounting Standards Board (FASB) Statement No. 13.

COUNTY OF ROANOKE, VIRGINIA
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Pass-through Financing Leases – At present, the Economic Development Authority of Roanoke County, Virginia (Authority) has pass through leases on two Roanoke County office buildings. The agreement provides for periodic rental payments in amounts which are equal to the principal and interest payments due to project bondholders. The Authority has assigned all rights to the rental payments to the trustees of bondholders, and the lessee has assumed responsibility for all operating costs such as utilities, repairs and property taxes. In such cases, the Authority neither receives nor disburses funds.

Although title to the property rests with the Authority, bargain purchase options or other lease provisions eliminate any equity interest that would otherwise be retained. Deeds of trust secure outstanding bond obligations, and title will revert to the lessee when the bonds are fully paid.

Although the Authority provides a conduit to execute such transactions, it does not retain either the benefits of asset ownership or the liability for bond liquidation. Accordingly, the Authority does not recognize associated assets, liabilities, rental income or interest expense in its financial statements.

Other current activities of the Authority are the issuance of revenue bonds, as authorized under the Industrial Development and Revenue Bond Act, pursuant to Chapter 49, Title 15.2 of the Code of Virginia (1950) as amended. These bonds are issued for the purpose of obtaining and constructing facilities that will contribute to the economic growth of the County of Roanoke.

Pollution and Remediation – During fiscal year 2009, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 49 – *Accounting and Financial Reporting for Pollution Remediation Obligations* which addresses the requirements for reporting liabilities related to cleaning up pollution and/or contamination. The County evaluated the impact of GASB Statement No. 49 on all projects and facilities and determined there is no liability as of June 30, 2011.

Use of Estimates – Management of the County has made a number of estimates and assumptions relating to the reporting of assets, liabilities, revenues, 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.

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.

New Accounting Pronouncements – The County adopted GASB Statement No. 59, *Financial Instruments Omnibus*, in fiscal year 2011. This Statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. The adoption of GASB Statement No. 59 had no effect on the County's financial statements.

The County adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. This Statement provides guidance on how to identify, account for, and report fund balance categories as well as clarification of the

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governmental fund type definitions. See note 3 for further information regarding the County's adoption of GASB Statement No. 54.

(2) Property Taxes

Property taxes are levied annually in April on assessed values as of January 1. In addition, personal property transactions during the year are taxed on a prorated basis. Real estate tax is payable in two equal installments on or before December 5 and June 5, and personal property tax is due on or before May 31, or within 30 days subsequent to assessment. After three years, real estate taxes become an enforceable lien on the property. Personal property taxes do not create a lien on property; however, the County reports delinquent taxpayers to the Virginia Department of Motor Vehicles (DMV) twice a year. At that time, the taxpayer will no longer be able to conduct any business with the DMV until the outstanding taxes are paid. The County bills and collects both real estate and personal property taxes. The County recognizes tax revenue when levied to the extent that they are collected during the fiscal year and within 30 days after year-end.

The annual assessment for real estate is based on 85% of the assessed fair market value. A penalty of 10% of the unpaid tax is due for late payment. Interest is accrued at 10% for the initial year of delinquency, and thereafter at the maximum annual rate authorized by the Internal Revenue Code Section 6621 (b). The effective tax rates per \$100 of assessed value for the year ended June 30, 2011 were as follows:

Real Estate	\$1.09
Personal Property	3.50
Machinery and Tools	3.00

(3) Fund Balances

GASB Statement No. 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

- Nonspendable - This fund balance represents County assets that will never convert to cash which consisted of inventory and prepaid items at year end.
- Restricted - This fund balance represents County resources with externally enforceable limitations on their use imposed by grantors, or laws and regulations of other governments
- Committed – This fund balance represents County resources that can be used only for specific purposes as imposed by formal action of the Roanoke County Board of Supervisors, which is the highest level of the decision making authority for the County. The County has adopted board policies on the use of year end balances to set aside reserves for future capital projects
- Assigned - This fund balance represents County resources that are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. The Roanoke County Board of Supervisors has approved limited authority to management to have the flexibility in decisions on the use of certain funds as deemed necessary.

COUNTY OF ROANOKE, VIRGINIA
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- Unassigned – This fund balance represents County resources that have no spending restrictions under any of the preceding four classifications. The County has adopted a board policy for establishing an unappropriated fund balance.

Fund Balances by classification as of June 30, 2011 pursuant to GASB Statement No. 54 are as follows:

	General	Debt Service	Capital Projects	Total
Nonspendable:				
Inventory	\$ 183,367	\$ -	\$ -	\$ 183,367
Prepays	197,124	-	-	197,124
	<u>380,491</u>	<u>-</u>	<u>-</u>	<u>380,491</u>
Restricted for:				
Comprehensive Services Act	5,238,599	-	-	5,238,599
Law enforcement	3,354,716	-	-	3,354,716
Education	-	-	6,490	6,490
Libraries	-	-	1,174,509	1,174,509
Parks and recreation	-	-	320,878	320,878
Community development	-	-	88,837	88,837
Other purposes	214,225	-	-	214,225
	<u>8,807,540</u>	<u>-</u>	<u>1,590,714</u>	<u>10,398,254</u>
Committed to:				
Law enforcement	1,985,539	-	233,194	2,218,733
Fire and rescue	-	-	500,198	500,198
Garage and motor pool	24,919	-	97,997	122,916
Information Technology and Communications shop	508,353	-	686,816	1,195,169
Clerk of Circuit Court	-	-	10,134	10,134
Radio maintenance	328,374	-	-	328,374
Public works	199,344	-	-	199,344
Parks and recreation	-	-	1,244,060	1,244,060
Libraries	-	-	13,581,787	13,581,787
General services	-	-	331,075	331,075
Salem Bank & Trust building	883,284	-	-	883,284
Debt service reserves	-	243,086	-	243,086
Education	-	-	20,624,190	20,624,190
Future capital projects	-	-	5,441,243	5,441,243
Community development	-	-	8,412,896	8,412,896
Assessment	-	-	228,530	228,530
Other purposes	-	-	76,731	76,731
	<u>3,929,813</u>	<u>243,086</u>	<u>51,468,851</u>	<u>55,641,750</u>
Assigned to:				
Parks and recreation	725,925	-	-	725,925
Unassigned:				
Unassigned	25,105,706	-	-	25,105,706
Total fund balances	<u>\$ 38,949,475</u>	<u>\$ 243,086</u>	<u>\$ 53,059,565</u>	<u>\$ 92,252,126</u>

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2011

The General Fund Unappropriated Balance Policy's stated purpose is to ensure the long-term economic stability of the County of Roanoke, by establishing a policy that maintains a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures. The minimum balance shall be maintained between 10% and 11%. At the end of each fiscal year, all general fund revenues in excess of budget will first go into the General Fund Unassigned Balance, until the maximum balance for the current fiscal year is met.

It is the policy of the County to spend all restricted monies first, committed funds second, with assigned funds third, and unassigned funds being spent last for any projects with multiple funding sources.

(4) Deposits and Investments

As of June 30, 2011, the fair value and maturity of the County's and Component Units' total deposits and investments were as follows:

Investment Type	Fair Value	Original Investment Maturity		Credit Rating
		Less Than 1 year	1-2 year	
Demand and time deposits	\$ 29,239,327	\$ 29,239,327	\$ -	N/A
Interest-earning investment contract	2,721,397	2,721,397	-	AAA-BB
Money market mutual funds	43,717,444	43,717,444	-	AAAm
Virginia LGIP	13,104,294	13,104,294	-	AAAm
Virginia SNAP fund	2,054,425	2,054,425	-	AAAm
Federal agency bonds and notes	71,041,575	-	71,041,575	AAA
Investment in other pooled funds	2,621,926	2,621,926	-	AAAm
	<u>\$ 164,500,388</u>	<u>\$ 93,458,813</u>	<u>\$ 71,041,575</u>	

Below is the carrying value of cash and investments for each entity as of June 30, 2011:

Entity	Cash and Cash Equivalents	Cash and Investments with Fiscal Agents	Investments	Total
County of Roanoke	\$ 38,142,788	\$ 3,202,462	\$ 53,045,278	\$ 94,390,528
Component Unit:				
Roanoke County Public Schools	24,505,988	-	11,362,082	35,868,070
Economic Development Authority of Roanoke County	<u>639,294</u>	<u>-</u>	<u>-</u>	<u>639,294</u>
	25,145,282	-	11,362,082	36,507,364
Fiduciary Funds				
Fiduciary Funds- County	19,177,264	5,343,323	6,634,215	31,154,802
Fiduciary Funds- Schools	<u>2,447,694</u>	<u>-</u>	<u>-</u>	<u>2,447,694</u>
	21,624,958	5,343,323	6,634,215	33,602,496
	<u>\$ 84,913,028</u>	<u>\$ 8,545,785</u>	<u>\$ 71,041,575</u>	<u>\$ 164,500,388</u>

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2011

Credit and Concentration of Credit Risk

In accordance with the Code of Virginia and other applicable laws, including regulations, the County's investment policy (the 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 State 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. Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized. The Virginia Local Government Investment Pool (LGIP) is administered by the Treasury Board pursuant to 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:

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, 2011, the portion of the County and School System's portfolio, excluding the Virginia LGIP and State Non-Arbitrage Program (SNAP) and U.S. Government guaranteed obligations, that exceed 5% of the total portfolio are as follows:

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2011

<u>Issuer</u>	<u>% of Portfolio</u>
Federal Home Loan Bank	16.96%
Federal Farm Credit Bank	15.72%
Federal Home Loan Mortgage Corporation	6.29%
Federal National Mortgage Association	5.03%

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, 2011, 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, 2011, the County had no investments with a maturity greater than 30 months.

(5) Receivables

Receivables at June 30, 2011 are as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental activities:				
General	\$ 370,723	\$ 11,057,895	\$ 15,688,214	\$ 27,116,832
Capital projects	-	-	1,236,255	1,236,255
Internal service	7,701	-	-	7,701
Total governmental activities	<u>\$ 378,424</u>	<u>\$ 11,057,895</u>	<u>\$ 16,924,469</u>	<u>\$ 28,360,788</u>

6) Notes Receivable – Component Unit

In November 2001, the Economic Development Authority of Roanoke County, Virginia (Authority) entered into a performance agreement with Novozymes Biologicals, Inc. (Novozymes), allowing for Novozymes' expansion to a 30 acre site located in the Center for Research and Technology (CRT). In July 2003, the County transferred the remaining 13 acres

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2011

with a deed of trust note in the amount of \$325,000, discounted at 2.87%, for a balance due of \$343,788, including accrued interest, payable to the Authority. Novozymes must implement Phase II no later than December 2011, or it shall sell the 13 acres of real estate back to the Authority at the price of \$25,000 per acre.

7) Interfund Balances and Transfers

Interfund balances at June 30, 2011 consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Internal Service	Capital Projects	\$ 469,624
Internal Service	General Fund	154,000
		<u>\$ 623,624</u>

The balance of \$623,624 due to the Internal Service Fund from the Capital Projects Fund and the General Fund is the result of loans made for fire trucks and the construction of a regional fire and rescue training center. The balance not scheduled to be collected within the next year is \$127,559.

Interfund transfers for the year ended June 30, 2011 consisted of the following amounts:

<u>Transfer To</u>	<u>Transfer Out</u>			<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Internal Service</u>	
General fund	\$ -	\$ 554,320	\$ 506,691	\$ 1,061,011
Debt service fund	16,681,303	-	-	16,681,303
Capital projects fund	1,424,144	-	-	1,424,144
Internal service fund	541,025	-	-	541,025
Totals	<u>\$ 18,646,472</u>	<u>\$ 554,320</u>	<u>\$ 506,691</u>	<u>\$ 19,707,483</u>

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 debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2011

(8) Payables

Payables at the government-wide level at June 30, 2011 are as follows:

	Vendors	Accrued Wages and Benefits	Total
Governmental funds:			
General	\$ 3,039,237	\$ 1,620,202	\$ 4,659,439
Internal service	92,209	1,850	94,059
Capital projects	3,265,534	-	3,265,534
Total governmental funds	<u>\$ 6,396,980</u>	<u>\$ 1,622,052</u>	8,019,032
Accrued interest payable			<u>3,199,904</u>
Total governmental activities			<u>\$ 11,218,936</u>



COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2011

(9) Long-Term Liabilities

The County's outstanding debt consists of General Obligation Bonds, Lease Revenue Bonds, Virginia Public School Authority Bonds, and Literary Loans. The debt was issued to provide funds for the acquisition, construction and improvement of major capital facilities. Federal arbitrage regulations are managed by SNAP and Virginia Resource Authority for state obligations and all other obligations are managed by a private consulting firm. The issuance of bonds by Virginia counties is not subject to any limitation on amount.

Outstanding long-term liabilities at June 30, 2011 are as follows:

	Governmental Activities
\$27,410,000 - 2003 General Obligation Refunding Bonds due in annual installments of \$700,000 to \$2,125,000 through June 1, 2021; interest at 3.5% to 5.0%	\$ 10,655,022
\$1,760,000 - 1992 Virginia Public School Authority Bonds (VPSA) due in annual installments of \$55,000 to \$65,000 through December 15, 2012; interest at 5.9%	120,000
\$2,310,000 - 1993 VPSA Bonds due in annual installments of \$10,000 to \$30,000 through December 15, 2013; interest at 5.0%	55,000
\$3,200,000 - 1994 Series B VPSA Bonds due in annual installments of \$160,000 through July 15, 2014; interest at 6.5% to 6.6%	640,000
\$10,100,000 - 1995 Series A VPSA Bonds due in annual installments of \$505,000 through July 15, 2015; interest at 5.7% to 6.0%	2,525,000
\$1,300,000 - 1996 Series B VPSA Bonds due in annual installments of \$65,000 through July 15, 2016; interest at 5.2%	390,000
\$7,965,000 - 1998 Series A VPSA Bonds due in annual installments of \$395,000 to \$400,000 through July 15, 2018; interest at 4.6% to 5.1%	3,165,000
\$4,724,924 - 1998 Series B VPSA Bonds due in annual installments of \$235,642 to \$248,659 through July 15, 2018; interest at 4.6% to 5.1%	1,927,957
\$6,920,000 - 1999 Series B VPSA Bonds due in annual installments of \$345,000 through July 15, 2019; interest at 5.3% to 6.1%	3,105,000
\$16,500,000 - 2001 Series A VPSA Bonds due in annual installments of \$825,000 through July 15, 2021; interest at 4.9% to 5.6%	9,216,472
\$12,968,814 - 2001 Series B VPSA Bonds due in annual installments of \$634,242 to \$683,564 through July 15, 2021; interest at 3.1% to 5.1%	7,282,495
\$20,630,000 - 2003 Series C VPSA Bonds due in annual installments of \$1,030,000 through July 15, 2023; interest at 4.6% to 5.4%	14,280,981
\$14,900,000 - 2007 Non-subsidized VPSA bonds due in annual installments of \$745,000 through July 15, 2027; interest at 4.4% to 5.1%	13,346,895
\$6,364,713 - 2007 subsidized VPSA bonds due in annual installments of \$288,609 to \$371,160 through July 15, 2027; interest at 4.4% to 5.1%	5,819,847
\$43,830,000 - 2009B VPSA bonds due in annual installments of \$2,190,000 to \$2,195,000 through July 15, 2029; interest at 4.0% to 5.0%.	45,276,272
\$1,835,459 - State Literary Loan: Fort Lewis Elementary due in annual installments of \$87,459 to \$92,000 through January 1, 2019; interest at 3.0%	731,459
\$3,297,989 - State Literary Loan: William Byrd H. S. due in annual installments of \$163,198 to \$164,989 through April 30, 2019; interest at 3.0%	1,318,121

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2011

	Governmental Activities
\$1,500,000 - State Literary Loan: Northside High due in annual installments of \$75,000 through September 15, 2017; interest at 3.0%	525,000
\$2,316,571 - State Literary Loan: Cave Spring J.H. due in annual installments of \$115,828 to \$115,839 through April 15, 2020; interest at 3.0%	1,042,462
\$22,170,000 - 2004A Virginia Resources Authority (VRA) lease revenue bond due in annual installments of \$475,000 to \$1,410,000 through October 1, 2033; interest at 3.8% to 5.1%.	19,641,208
\$2,650,000 - EDA lease revenue bond due in monthly installments of \$16,001 to \$19,842 through June 15, 2016; interest at 5.4%	1,072,287
\$2,705,000 - EDA lease revenue refunding bond due in annual installments of \$285,000 to \$290,000 through April 15, 2013; interest at 3.5%	560,218
\$58,595,000 - Lease Revenue bond Series 2008 due in annual installments of \$1,450,000 to \$3,190,000 through October 15, 2037; interest at 3.0% to 5.1%	55,103,253
\$1,148,037 - Capital lease obligation due in annual installments of \$141,472.11 through September 17, 2020; interest at 3.99%	1,148,037
	<u>\$ 198,947,986</u>
Accrued compensated absences	4,612,709
Claims payable	<u>3,093,120</u>
	<u><u>\$ 206,653,815</u></u>

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2011

Changes in long-term liabilities for the year ended June 30, 2011 were as follows:

	Outstanding June 30, 2010	Additions	Deletions	Outstanding June 30, 2011	Amounts Due Within One Year
Primary Government					
Governmental Activities:					
General Obligation Bonds	\$ 12,645,130	\$ -	\$ 1,990,108	\$ 10,655,022	\$ 2,070,108
Lease Revenue Bonds	78,700,454	-	2,323,488	76,376,966	2,413,516
VPSA School Bonds	115,035,423	-	7,884,504	107,150,919	7,871,239
State Literary Loans	4,064,860	-	447,818	3,617,042	447,817
Capital Lease	-	1,148,037	-	1,148,037	95,665
	<u>210,445,867</u>	<u>1,148,037</u>	<u>12,645,918</u>	<u>198,947,986</u>	<u>12,898,345</u>
Accrued compensated absences	4,533,983	3,093,295	3,014,569	4,612,709	2,326,127
Claims payable	3,261,815	7,571,161	7,739,856	3,093,120	1,372,334
	<u>\$ 218,241,665</u>	<u>\$ 11,812,493</u>	<u>\$ 23,400,343</u>	<u>\$ 206,653,815</u>	<u>\$ 16,596,806</u>
 Component Unit	 Outstanding June 30, 2010	 Additions	 Deletions	 Outstanding June 30, 2011	 Within One Year
School Board					
Capital Leases	\$ 2,835,505	\$ -	\$ 347,180	\$ 2,488,325	\$ 373,940
Pollution remediation	-	95,357	-	95,357	95,357
Accrued compensated absences	2,894,930	1,412,898	1,478,081	2,829,747	733,980
Claims payable	1,896,074	16,501,641	16,021,647	2,376,068	1,773,740
	<u>\$ 7,626,509</u>	<u>\$ 18,009,896</u>	<u>\$ 17,846,908</u>	<u>\$ 7,789,497</u>	<u>\$ 2,977,017</u>

The Debt Service Fund is used to liquidate most long-term liabilities of governmental activities as shown above. However, a portion of compensated absences is liquidated by the General fund.

In July 2010, the County received a one time credit against debt service from the Virginia Public School Authority (VPSA) in the amount of \$891,013 due to refunded bond issues. The VPSA credited seven counties and cities who participated in the refunded bond issues with their shares of debt service savings realized by the VPSA who had previously borrowed for capital school projects through the VPSA non-subsidized pool transactions. The VPSA pooled bond series that were refunded with Series 2009 C were 2001 A, B, and C, 2002 A and B, and 2003 A and C.

COUNTY OF ROANOKE, VIRGINIA
Governmental Activities

The annual requirements to amortize governmental activity debt outstanding as of June 30, 2011 are as follows:

Fiscal Year	General Obligation Serial Bonds		Virginia Public School Authority Bonds		Literary Loans		Lease Revenue Bonds		Capital Lease Obligation		Total Governmental Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 2,070,108	\$ 453,784	\$ 7,871,239	\$ 4,841,873	\$ 447,817	\$ 108,511	\$ 2,413,516	\$ 3,603,300	\$ 95,665	\$ 45,807	\$ 12,898,345	\$ 9,053,275
2013	2,145,108	372,034	7,843,322	4,476,356	447,817	95,077	2,494,125	3,514,287	99,482	41,990	13,029,854	8,499,744
2014	720,108	265,784	7,803,224	4,101,936	447,817	81,642	2,295,320	3,416,246	103,452	38,020	11,369,921	7,903,628
2015	722,100	239,534	7,799,250	3,728,073	447,817	68,208	2,402,062	3,319,647	107,580	33,892	11,478,809	7,389,353
2016-2020	4,070,499	729,970	35,511,321	13,298,892	1,825,774	141,961	11,590,237	15,072,991	741,858	106,975	53,739,689	29,350,788
2021-2025	927,099	40,688	25,124,329	5,976,010	-	-	12,642,136	12,381,970	-	-	38,693,564	18,398,667
2026-2030	-	-	15,198,234	1,524,045	-	-	15,677,136	8,817,575	-	-	30,875,370	10,341,619
2031-2035	-	-	-	-	-	-	17,717,518	4,526,165	-	-	17,717,518	4,526,165
2036-2040	-	-	-	-	-	-	9,144,916	715,450	-	-	9,144,916	715,450
Total	\$ 10,655,022	\$ 2,101,793	\$ 107,150,919	\$ 37,947,185	\$ 3,617,042	\$ 495,399	\$ 76,376,966	\$ 55,367,630	\$ 1,148,037	\$ 266,684	\$ 198,947,986	\$ 96,178,690

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2011

(10) Capital Assets

In accordance with the implementation of GASB Statement No. 34, 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 which have tenancy in common have been reported in the County CAFR.

Bondholders of the lease revenue bonds have a security leasehold interest in the underlying assets purchased with the proceeds of those bonds until the bonds are paid off or refinanced.

As of June 30, 2011, the Primary Government capital assets include \$139,363,575, net of accumulated depreciation, of Roanoke County Public School Component Unit capital assets used for educational purposes which have tenancy in common. The County transferred capital assets of \$1,077,603, net of accumulated depreciation, to the Schools related to debt repayment during the fiscal year.

Primary government capital asset activity for the year ended June 30, 2011 was as follows:

Governmental Activities

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011
Capital assets not being depreciated:				
Land	\$ 17,924,904	\$ 155,391	\$ -	\$ 18,080,295
Construction in progress	36,311,532	27,835,255	(666,400)	63,480,387
Total capital assets at historical cost not being depreciated	54,236,436	27,990,646	(666,400)	81,560,682
Capital assets being depreciated:				
Building and improvements	225,007,159	699,062	(1,983,968)	223,722,253
Furniture, fixtures, and equipment	42,573,024	3,042,857	(1,273,609)	44,342,272
Total capital assets at historical cost being depreciated	267,580,183	3,741,919	(3,257,577)	268,064,525
Less accumulated depreciation:				
Buildings and improvements	(48,994,070)	(7,993,738)	906,365	(56,081,443)
Furniture, fixtures, and equipment	(23,905,956)	(4,382,453)	1,273,609	(27,014,800)
Total accumulated depreciation	(72,900,026)	(12,376,191)	2,179,974	(83,096,243)
Total capital assets, being depreciated, net	194,680,157	(8,634,272)	(1,077,603)	184,968,282
Governmental activities capital assets, net	<u>\$ 248,916,593</u>	<u>\$ 19,356,374</u>	<u>\$ (1,744,003)</u>	<u>\$ 266,528,964</u>

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2011

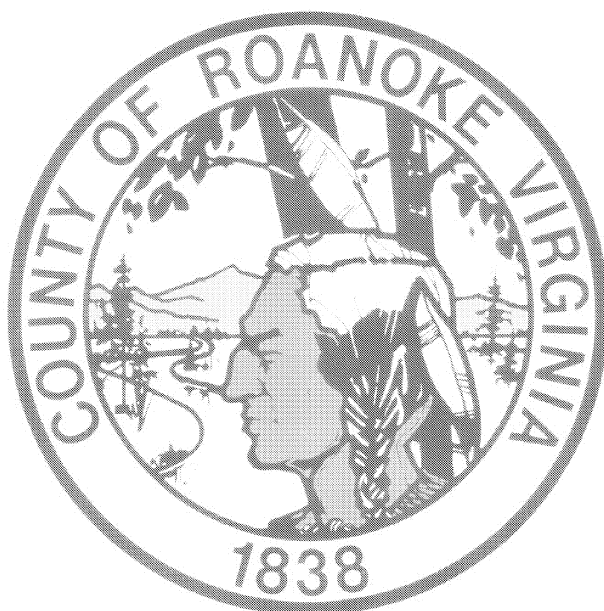
Depreciation expense for the year ended June 30, 2011 was charged to functions/programs of the Primary Government as follows:

Governmental Activities:

General government	\$ 430,207
Judicial administration	108,500
Public Safety	3,887,764
Public Works	1,194,590
Health and welfare	612,540
Parks, recreation and cultural	1,375,879
Library	171,701
Community development	99,122
Education	4,495,888
Total depreciation expense - governmental activities	<u>\$ 12,376,191</u>

The County has two active construction projects as of June 30, 2011. The projects are the South County Library and the Glenvar Library. The South County Library project is being financed with County capital funds and lease revenue bond funds. The Glenvar Library project is being financed with County capital funds. At year end, the County's commitments with contractors are as follows:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
South County Library	\$ 10,237,832	\$ 3,712,807
Glenvar Library	190,290	335,215



COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2011

The component unit Roanoke County Public Schools' capital asset activity for the year ended June 30, 2011 was as follows:

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011
Capital assets not being depreciated:				
Land	\$ 5,222,784	\$ 503,445	\$ -	\$ 5,726,229
Construction in progress	242,627	208,503	(400,979)	50,151
Total capital assets at historical cost not being depreciated	<u>5,465,411</u>	<u>711,948</u>	<u>(400,979)</u>	<u>5,776,380</u>
Capital assets being depreciated:				
Building and improvements	66,223,291	1,249,546	-	67,472,837
Furniture, fixtures and equipment	26,161,387	2,992,019	(588,113)	28,565,293
Total capital assets at historical cost being depreciated	<u>92,384,678</u>	<u>4,241,565</u>	<u>(588,113)</u>	<u>96,038,130</u>
Less accumulated depreciation:				
Buildings and improvements	(37,293,235)	(2,472,774)	-	(39,766,009)
Furniture, fixtures and equipment	(15,891,146)	(2,605,560)	588,113	(17,908,593)
Total accumulated depreciation	<u>(53,184,381)</u>	<u>(5,078,334)</u>	<u>588,113</u>	<u>(57,674,602)</u>
Total capital assets, being depreciated, net	<u>39,200,297</u>	<u>(836,769)</u>	<u>-</u>	<u>38,363,528</u>
Component unit capital assets, net	<u>\$ 44,665,708</u>	<u>\$ (124,821)</u>	<u>\$ (400,979)</u>	<u>\$ 44,139,908</u>

(11) Operating Leases

The County leases several sites around the Roanoke Valley for the purpose of maintaining towers and antennae for its public safety radio communications system. The County is also leasing commercial property on Route 116 for the temporary Mt. Pleasant Branch Library, a 0.680 acre lot in Salem for Courthouse parking, and 304 Pollard Street, Vinton for the temporary Vinton Library. The noncancelable leases range in terms from two years to open-ended. Rental expense in the amount of \$62,133 was paid for the fiscal year ended June 30, 2011.

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2011:

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2011

<u>Year Ending June 30</u>	<u>Amount</u>
2012	\$ 114,707
2013	67,035
2014	30,289
2015	23,571
2016	18,955
2017-2022	<u>126,688</u>
Total	<u>\$ 381,245</u>

(12) Capital Leases

Primary Government

During fiscal year 2011, the County entered into a lease agreement as lessee for financing the acquisition and installation of energy management equipment. Under the lease agreement, the County pays annual principal and interest payments in the amount of \$141,472 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.

The asset recorded in connection with the capital lease obligations incurred is as follows:

	<u>Governmental Activities</u>
Construction in progress	\$ 1,391,492

The future minimum lease payments under the capital lease as of June 30, 2011 are as follows:

	<u>Governmental Activities</u>
Year Ending June 30	
2012	\$ 141,472
2013	141,472
2014	141,472
2015	141,472
2016	141,472
2017-2020	<u>707,361</u>
Total minimum lease payments	1,414,721
Less: Amount representing interest	(266,684)
Present value of minimum lease payments	<u>\$ 1,148,037</u>

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School System Component Unit

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 annual principal and interest payments in the amount 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 will be 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>
Furniture and Equipment	\$ 3,686,574

The future minimum lease payments under the capital leases as of June 30, 2011 are as follows:

Year Ending June 30	<u>Governmental Activities</u>
2012	\$ 473,103
2013	447,978
2014	461,418
2015	475,260
2016	489,517
2017	504,203
Total minimum lease payments	<u>2,851,479</u>
Less: Amount representing interest	(363,154)
Present value of minimum lease payments	<u>\$ 2,488,325</u>

COUNTY OF ROANOKE, VIRGINIA
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(13) Risk Management

The County of Roanoke is self-insured for workers' compensation, health insurance, general liability and automobile liability as follows:

Workers' Compensation – The County established a self-insured Workers' Compensation program July 1, 1986. On July 1, 1990, the School System also implemented a self-insured Workers' Compensation program. Premiums are paid into the Internal Service Fund and the Component Unit Internal Service Fund by all other funds 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 County departments with the exception of the Fire and Rescue and Police Departments which are covered at \$450,000 and \$400,000 for the School System, with statutory limits. At June 30, 2011, the County and the School System have accrued liabilities of \$2,396,000 and \$887,000, respectively, based primarily upon an estimate by a qualified actuary. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as interfund services provided and used.

Health Insurance – The County established a self-insured health insurance program July 1, 1988. On July 1, 1990, the School System also implemented a self-insured health insurance program. Monthly contributions are paid into the Internal Service fund and the Component Unit Internal Service fund from the County and School System funds and the County and School System employees 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, 2011, incurred but not yet reported (IBNR) claims for the County and School System are estimated to be \$681,366 and \$1,489,068 respectively. Interfund premiums are based upon the employees within that fund that are enrolled in the plan.

General Liability and Automobile Liability – The County established a self-insured program for general liability and automobile insurance July 1, 1994. The County purchased excess insurance with \$250,000 retention, with limits of \$10,000,000 per occurrence, and no aggregate limit. At June 30, 2011, the County has an accrued general liability of \$15,254 and an accrued liability of \$500 for automobile liability, based primarily upon an estimate by a qualified claims adjuster with a third party administrator.

Settled claims have not exceeded insurance coverage for the past three years. Unpaid claims are included as accrued liabilities on the balance sheet. Changes in the balances of claims liabilities during the past two years for the primary government and the component unit are as follows:

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Primary Government:

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Insurance</u>	<u>General</u> <u>Liability</u>	<u>Automobile</u> <u>Liability</u>	<u>Total</u>
Unpaid Claims June 30, 2009	\$ 2,664,000	\$ 486,562	\$ 253	\$ 72,312	\$ 3,223,127
Incurred claims (including IBNR and changes in estimates)	749,235	6,218,519	-	-	6,967,754
Claim payments	<u>(749,235)</u>	<u>(6,149,423)</u>	<u>(253)</u>	<u>(30,155)</u>	<u>(6,929,066)</u>
Unpaid Claims June 30, 2010	\$ 2,664,000	\$ 555,658	\$ -	\$ 42,157	\$ 3,261,815
Incurred claims (including IBNR and changes in estimates)	465,614	7,090,293	15,254	-	7,571,161
Claim payments	<u>(733,614)</u>	<u>(6,964,585)</u>	<u>-</u>	<u>(41,657)</u>	<u>(7,739,856)</u>
Unpaid Claims June 30, 2011	<u>\$ 2,396,000</u>	<u>\$ 681,366</u>	<u>\$ 15,254</u>	<u>\$ 500</u>	<u>\$ 3,093,120</u>

School System Component Unit:

	<u>Workers'</u> <u>Compensation</u>	<u>Technology</u> <u>Reserve</u>	<u>Health</u> <u>Insurance</u>	<u>Total</u>
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	<u>(364,371)</u>	<u>(404,717)</u>	<u>(13,492,436)</u>	<u>(14,261,524)</u>
Unpaid Claims June 30, 2010	\$ 697,000	\$ -	\$ 1,199,074	\$ 1,896,074
Incurred claims (including IBNR and changes in estimates)	738,765	275,928	15,486,948	16,501,641
Claim payments	<u>(548,765)</u>	<u>(275,928)</u>	<u>(15,196,954)</u>	<u>(16,021,647)</u>
Unpaid Claims June 30, 2011	<u>\$ 887,000</u>	<u>\$ -</u>	<u>\$ 1,489,068</u>	<u>\$ 2,376,068</u>

COUNTY OF ROANOKE, VIRGINIA
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(14) Defined Benefit Pension Plan

A. Plan Description

The County contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System (VRS). In addition, professional and non-professional employees of the Roanoke County Public Schools 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. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

VRS administers two defined benefit plans for local government employees-Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least 10 years of service credit or age 50 with at least five years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs, and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70% and 1.85% for sheriffs and regional jail superintendents. The retirement multiplier for eligible political subdivision

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hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2 the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. 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.

VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report is available on the VRS website <http://www.varetire.org/Pdf/Publications/2010-annual-report.pdf> or may be obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

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 5% member contribution has been assumed by the employer. In addition, the County and the Roanoke County Public Schools are 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 County and Roanoke County Public Schools non-professional employees contribution rates for the fiscal year ended June 30, 2011 were 15.05% and 8.29% of annual covered payroll, respectively (including the employee share of 5% paid by the employer). The Roanoke County professional employees contribution rate was 8.93% (including the 5% employee contribution rate) of covered payroll. For the three years ended June 30, 2011, 2010, and 2009, total employer and employee contributions made to the VRS statewide teacher pool for professional employees by the Roanoke County Public Schools were \$6,452,272, \$8,593,714, and \$11,951,073, respectively, and represented, 9.5%, 14.85%, and 14.89%, respectively, of annual covered payroll.

C. Annual Pension Cost and Net Pension Obligation

For fiscal year June 30, 2011, the annual pension cost for the County's employees and School's non-professional employees under the VRS agent multi-employer plan of \$3,545,157 and \$197,060, respectively, was equal to the required and actual contributions as follows:

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Trend Information for the County of Roanoke

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2011	\$ 3,545,157	100.0%	\$ -
June 30, 2010	3,562,516	100.0%	-
June 30, 2009	3,603,859	100.0%	-

**Trend Information for the Roanoke County Public Schools
Non-Professional employees**

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2011	\$ 197,060	100.0%	\$ -
June 30, 2010	266,811	100.0%	-
June 30, 2009	302,343	100.0%	-

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, (net of administrative expenses) (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% per year for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, (c) 2.5% per year cost-of-living adjustments for both the investment rate of return and the projected salary increases, and (d) 2.5% inflation rate. Liabilities were determined under the entry age normal actuarial cost method.

The actuarial value of the County and 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 projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

D. Funded Status and Funding Progress

As of June 30, 2010, the County's most recent actuarial valuation date, the plan was 78.53% funded. The actuarial accrued liability for benefits was \$183,533,577, and the actuarial value of assets was \$144,126,613, resulting in an unfunded actuarial liability (UAAL) of \$39,406,964. The covered payroll (annual payroll of active employees covered by the plan) was \$39,313,552, and ratio of the UAAL to the covered payroll was 100.24%.

As of June 30, 2010, the School's most recent actuarial valuation date, the plan was 97.49% funded. The actuarial accrued liability for benefits was \$29,133,145 and the actuarial value of assets was \$28,402,620, resulting in an unfunded actuarial liability (UAAL) of \$730,525.

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The covered payroll (annual payroll of active employees covered by the plan) was \$6,323,621, and ratio of the UAAL to the covered payroll was 11.55%.

The schedules of funding progress, presented as Required Supplementary Information following the notes to the basic financial statements, presents multi-year 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

For the June 30, 2010 actuarial valuation, the most significant assumptions were (a) 7.0% investment rate of return, (b) salary increases assumptions that range between 3.75% and 5.60% depending on the member's service and classification, (c) the assumption regarding future increases in the automatic cost-of-living benefit adjustment, currently set at 2.50%, and (d) 2.5% inflation rate. Liabilities were determined under the entry age normal actuarial cost method.

(15) Other Postemployment Benefits (OPEB)

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 during the year ended June 30, 2008, the County 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 County's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2008 liability.

Retiree Medical Program

A. Plan Description

The County of Roanoke administers a single-employer healthcare plan ("the Retiree Medical Plan"). The plan provides for participation by eligible retirees of the County of Roanoke and their eligible dependents in the health insurance program available to County employees. The Retiree Medical Plan will provide retiring employees the option to continue health insurance coverage offered by the County. A County retiree is eligible for this benefit until the month the retiree turns 65 or upon the retiree's death with 10 years of County service, 5 years of consecutive years on the health insurance plan, and retirement under the Virginia Retirement System requirements. The benefits, employee contributions, and the employer contributions are governed by the Board of Supervisors policy and can be amended by the Board through board action. For the year ended June 30, 2011, the plan had 128 members.

The County participates in the Virginia Pooled OPEB Trust Fund (Trust Fund), an irrevocable trust established for the purpose of accumulating assets to fund postemployment benefits other than pensions. The Trust Fund issues a separate report, which can be

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obtained by requesting a copy from the plan administrator, Virginia Municipal League (VML) at P.O. Box 12164, Richmond, VA 23241.

B. Funding Policy

The Retiree Medical Plan is funded with contributions from plan members and the County. Plan members receiving benefits contribute specified amounts monthly, ranging from 10.63% to 49.37%, towards the cost of the health insurance premiums. For fiscal year ended June 30, 2011, the retirees contributed \$159,022, or 22.76% of total premiums, through their required contributions of \$49.36 to \$572.80 per month depending on the coverage (single, single plus dependent, single plus spouse, or family). The County contributed \$552,200 to the Virginia Pooled OPEB Trust. It is the County's intent to fully fund the annual required contribution (ARC) each year.

C. Annual OPEB Cost and Net OPEB Obligation

During 2011, the County contributed \$1,547,300 to fund the annual required contribution (ARC), an actuarially determined rate in accordance with parameters of GASB Statement No. 45, and the net OPEB obligation at June 30, 2011 was \$0. The County's annual OPEB cost (expense) of \$1,547,300 was equal to the ARC for the fiscal year.

The annual 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 7.0% 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 County participates in the Virginia Pooled OPEB Trust Fund and fully funds the annual required contribution a 7.0% investment rate of return per annum was utilized.

The County's annual other postemployment benefit cost is calculated using the projected unit credit actuarial cost method to determine the plan liabilities. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB Plan for the fiscal year ended June 30, 2011:

Annual Required Contribution	\$	1,547,300
Interest on Net OPEB Obligation		-
Adjustment to Annual Required Contribution		-
Annual OPEB Cost		<u>1,547,300</u>
Contributions Made		<u>1,547,300</u>
Decrease in Net OPEB Obligation		-
Net OPEB Obligation, Beginning of Year		<u>-</u>
Net OPEB Obligation, End of Year	\$	<u><u>-</u></u>

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The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2011, 2010 and 2009 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 1,547,300	\$ 1,547,300	100.00%	\$ -
June 30, 2010	1,486,189	1,486,189	100.00%	-
June 30, 2009	1,214,500	1,841,731	151.64%	-

D. Funded Status and Funding Progress

As of July 1, 2011, the County's most recent actuarial valuation date, the actuarial accrued liability (AAL) for benefits was \$15,923,798, and the actuarial value of assets was \$1,662,586, resulting in an unfunded actuarial accrued liability (UAAL) of \$13,252,854 and a funded ratio of 16.77%. The covered payroll (annual payroll of active employees covered by the plan) was \$39,313,552, and the ratio of the UAAL to the covered payroll was 33.71%

E. Actuarial Valuations

Actuarial valuations of an ongoing plan involve estimates of the value reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revisions 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 the basic financial statements, is designed to present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

F. Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan 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 projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the July 1, 2011 actuarial valuation, the most significant assumptions included 8.0% investment rate of return and an initial annual healthcare cost trend rate of 10.0% reduced by 0.50% to 1.00% each year to arrive at an ultimate health care cost trend rate of 5.0%. Because the County participates in the Virginia Pooled OPEB Trust Fund and fully funds the

COUNTY OF ROANOKE, VIRGINIA
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annual required contribution a 8.0% investment rate of return per annum was utilized. 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.

Health Insurance Credit Program

A. Plan Description

The County of Roanoke participates in the Virginia Retirement System (VRS) program which provides a credit toward the cost of health insurance coverage for any County employee who retired under VRS with at least 15 years of total creditable service. The amount of each monthly health insurance credit shall be a \$1.50 per year of creditable service, which amount shall be credited monthly to any retired County employee participating in the County retiree health benefits program. However, such credit shall not exceed the health insurance premium for retiree.

B. Funding Policy

The County of Roanoke employer contribution rate for the fiscal year ended June 30, 2011 was 0.24% of annual covered payroll.

C. Annual Health Credit Cost and Net Health Credit Obligation

The County's annual retiree health insurance credit cost for the fiscal years ended June 30, 2011 and 2010 are as follows:

Fiscal Year Ended	Annual Health Credit Cost	Employer Contribution	Percentage of Annual Health Credit Cost Contributed	Net Health Credit Obligation
June 30, 2011	\$ 94,353	\$ 94,298	99.94%	\$ (55)
June 30, 2010	94,937	94,937	100.00%	-

D. Funded Status and Funding Progress

As of June 30, 2010, the County's most recent actuarial valuation date, the plan was 9.10% funded. The actuarial accrued liability for benefits was \$1,239,484 and the actuarial value of assets was \$112,815, resulting in an unfunded actuarial liability (UAAL) of \$1,126,669. The covered payroll (annual payroll of active employees covered by the plan) was \$39,313,552, and ratio of the UAAL to the covered payroll was 2.87%.

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

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E. Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan 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 projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2010, actuarial valuation, an entry age normal cost method was used. The actuarial assumptions included a 7.0 percent investment rate of return per annum, which includes inflation at 2.5%. The unfunded actuarial accrued liability is being amortized as a level dollar amount over an open basis. The remaining amortization period at June 30, 2010 was twenty-six years.

Other Postemployment Healthcare Benefits-Schools

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 will be phased in over 30 years, commencing with the 2008 liability.

A. Plan Description

The School System administers and sponsors a single-employer defined benefit healthcare plan. Employees are eligible for this benefit if they retire after the age of 55 with at least 10 years of service and 12 months enrollment in the School System's self-insured health insurance program. The benefits, employee contributions, and employer contributions are governed by School Board policy and can be amended through School Board action. Required supplementary information and trend information are included in the School System's financial report 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 Employee Extended Work Plan. The total retiree medical premium is calculated as a blended rate based on the medical claims of all active and retired participants resulting in an implicit subsidy that benefits the retiree with a lower cost medical premium. All health care benefits are provided through the School System's self-insured health insurance program. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and

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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.

B. Funding Policy

The School System currently pays for other post-employment benefits on a pay-as-you-go basis. For the year ended June 30, 2011, the School System paid approximately \$1,938,700 in health care benefits, including \$522,371 in monthly health insurance premium payments for 210 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)

During 2011, the School System contributed \$1,760,600 to fund the annual required contribution (ARC), an actuarially determined rate in accordance with the parameters of GASB Statement No. 45, and the net OPEB asset at June 30, 2011 was \$205,810. The School System's annual OPEB cost (expense) of \$1,760,600 was equal to the ARC for the fiscal year. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liability (or funding excess) over a period not to exceed 30 years. 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 healthcare cost trend of 9.0% reduced by 0.5% to 1.0% each year to arrive at an ultimate healthcare cost trend rate of 5.0%. The School System's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for 2011, 2010 and 2009 are as follows:

<u>Fiscal Year Ended</u>	<u>Beginning OPEB Obligation (Asset)</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Ending Net OPEB Obligation (Asset)</u>
June 30, 2011	\$ (27,710)	\$1,760,600	\$1,938,700	110.12%	\$ (205,810)
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

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The net OPEB asset as of June 30, 2011 was calculated as follows:

Annual Required Contribution	\$ 1,760,600
Interest on Net OPEB Obligation	1,100
Adjustment to Annual Required Contribution	<u>(1,100)</u>
Annual OPEB Cost	1,760,600
Contributions Made	<u>1,938,700</u>
Increase in Net OPEB Asset	(178,100)
Net OPEB Asset, Beginning of Year	<u>(27,710)</u>
Net OPEB Asset, End of Year	\$ <u><u>(205,810)</u></u>

D. Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the School System's plan was 0.0% funded. The actuarial accrued liability for benefits was \$13,980,418 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$13,980,418. The covered payroll was \$74,104,276 and the ratio of the UAAL to the covered payroll was 18.87%. The plan does not have separately issued financial statements.

E. Actuarial Valuations

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.

F. 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.

For the July 1, 2011 actuarial valuation, the methods and assumptions included a projected unit credit actuarial cost method, an 8.0% investment rate of return since the School System

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2011

joined the Virginia Pooled OPEB Trust Fund subsequent to year-end and expects to fully fund the annual required contribution, and an initial annual healthcare cost trend rate of 10.0% reduced by 0.50% to 1.00% each year to arrive at an ultimate health care cost trend rate of 5.0%, and a payroll growth for the amortization of the unfunded liability of 3.0%. 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.

(16) Fire and Rescue Pension Trust Length of Service Awards Program

A. Plan description and provisions

The County of Roanoke established a Length of Service Awards Program (LOSAP), January 1, 1989, to recognize the service the volunteers for the County Fire and Rescue provide to the County. LOSAP is a single employer, noncontributory defined benefit plan. It is owned by the County of Roanoke and governed by the Volunteer Fireman's Insurance Services, Inc. (VFIS). The plan's fiscal year follows the calendar year January 1 through December 31st. It was active until December 31, 2005, at which time the Roanoke County Board of Supervisors froze all member benefits in the program. The program is closed to new entrants. LOSAP was open to any volunteer member over 18 years of age who met specific eligibility and service requirements. Participants became vested based on the following schedule and earned a fixed dollar benefit based on years of service. The plan is invested in an unallocated group annuity with a guaranteed rate of return of 4%. No separate financial report is issued. All required statements and disclosures are contained in these financial statements.

Vesting Schedule

<u>Years of Service</u>	<u>Vested percentage</u>
Less than 5 years	0%
5 years	50%
6 years	60%
7 years	70%
8 years	80%
9 years	90%
10 years	100%

As of the most recent actuarial report, the program membership consisted of the following:

Eligible members	194
Retired and beneficiaries	330

B. Funding Policy

This plan was available to vested volunteer members with no covered payroll. Benefits amortize on a level dollar basis, and are recognized when due and payable in accordance with the terms of the plan. Members vest over a ten year period. Benefits accrued at a rate of \$12 for each year of credited fire or rescue service completed after January 1, 1989, plus \$12 for each year of credited fire or rescue service completed between January 1, 1979 and

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January 1, 1989. No participant received credit for more than a total of 20 years of fire or rescue service. The maximum per month benefit under this plan was \$240. Since the County funds the plan, refunds are not paid. The plan does not provide for post retirement increases. The contribution rate is determined using an entry age normal frozen initial liability actuarial funding method. The actuarial value of the plan assets is equal to the market value of the assets. Present and future assets in the plan are assumed to earn an investment rate of return of 4% compounded annually. There is no inflation factor or salary increase factor used since there is no covered payroll.

The contributions to the plan for the year ended June 30, 2011, totaled \$336,287. The program's funding policy provides for periodic County contributions at actuarially determined rates that are sufficient to accumulate adequate assets to pay benefits when due.

As of July 31, 2011, the LOSAP's most recent actuarial valuation date, the plan was 35.70% funded. The actuarial accrued liability for benefits was \$7,623,030 and the actuarial value of assets was \$2,721,397 resulting in an unfunded actuarial liability (UAAL) of \$4,901,633 which will be fully amortized on a closed basis over 25 years. The plan additions fund the cost of administering the plan. During 2010-11 the timing of the actuarial report was changed by VFIS to reflect contributions from a calendar year end to a fiscal period end of July 31 and full amortization within 25 years.

The schedules of funding progress, presented as Required Supplementary Information following the notes to the 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.

The County's annual pension cost, the percentage of annual pension cost contributed to the LOSAP, and the net pension obligation for the fiscal years ended June 30, 2011, 2010 and 2009 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Employer Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2011	\$ 336,287	\$ 336,287	100%	\$ -
June 30, 2010	299,130	299,130	100%	-
June 30, 2009	275,316	275,316	100%	-

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
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(17) Deferred Revenue

Deferred revenue represents amounts for which asset recognition criteria have been met but for which revenue recognition criteria have not been met. Deferred revenue in the fund financial statements as of June 30, 2011 is comprised of the following:

	General Fund	Internal Service Funds Health	Dental
Property tax	\$ 9,939,609	\$ -	\$ -
Other local tax	282,078	-	-
Sales tax	708,531	-	-
Insurance withholdings	-	624,733	46,306
Grant revenue	218,622	-	-
Registration Fees	366,637	-	-
Rental income	13,885	-	-
Total	\$ <u>11,529,362</u>	\$ <u>624,733</u>	\$ <u>46,306</u>

Unearned revenue in the government-wide statements as of June 30, 2011 is comprised of the following:

	Governmental Activities	Component Unit
Property tax	\$ 9,939,609	\$ -
Insurance withholdings	671,039	1,603,203
Grant revenue	218,622	5,494
Registration Fees	366,637	-
Rental income	13,885	-
Total	\$ <u>11,209,792</u>	\$ <u>1,608,697</u>

(18) Commitments, Contingencies, and Other Information

Encumbrances – The County had \$1,006,486 of encumbrances reported as restricted and committed under the general governmental funds and \$25,092,905 for capital projects.

Litigation – Various claims are pending against the County. In the opinion of County management, after consulting with legal counsel, the potential loss on all claims will not materially affect the County's financial position or activities.

Grant Programs – Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement of the grantor agencies. County management believes disallowances, if any, would not be material to the financial position of the County at June 30, 2011.

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June 30, 2011

In August 1999, the Board adopted a resolution to enter into a Local Participation Agreement with Virginia's First Regional Industrial Facility Authority, and to purchase 10,000 shares of a 150,000 share pool for the financing of the initial phase of the New River Valley Commerce Park Project. The County's annual required payment for the shares and the administrative costs are currently \$34,255 per year.

In November 2007, the Board approved a three party agreement between the Western Virginia Water Authority (WVWA), Franklin County, and Roanoke County. The agreement is to provide for the construction of a water line in the Route 220 corridor from Clearbrook in Roanoke County to the Wirtz Plateau in Franklin County. The WVWA will design, construct, and issue revenue bonds for this \$5.5 million project. Roanoke County's contribution to this project is approximately \$2.3 million payable over 20 years, beginning in FY 2009. The County's contribution to the WVWA for the year ended June 30, 2011 totaled \$182,854.

The Economic Development Authority of Roanoke County, Virginia (Authority) entered into an agreement with R.R. Donnelley and Sons Company, Inc. in February 2006 to assume any maintenance obligations for the Valley TechPark stormwater facilities, under existing uniform local policies and ordinances. In the unlikely event that the County of Roanoke adopts an ordinance or policy imposing a stormwater fee on property owned by R.R. Donnelley, the County of Roanoke will appropriate to the Authority a sum sufficient to pay R.R. Donnelley's pro rata share of this fee, for a period of ten years from the imposition of the fee. After ten years, any such fees shall be paid by R.R. Donnelley.

Although obligation under the revenue bonds issued to date through the Economic Development Authority of Roanoke County, Virginia (Authority) is secured by lease proceeds and the underlying properties and the Authority retains no liability on passthrough leases, the Authority and the County of Roanoke, Virginia may choose at their option to assume responsibility for the bonds in the event of default by lessees to preserve the credit rating of the Authority for future issues.

(19) Jointly Governed Organizations

The following entities are considered to be jointly governed. The County has no ongoing financial responsibility or interest in jointly governed organizations.

Roanoke Valley Resource Authority

The Roanoke Valley Resource Authority (RVRA) was established on October 23, 1991 under a user agreement between the County of Roanoke, City of Roanoke, and the Town of Vinton to develop a regional solid waste disposal facility. The old regional sanitary landfill operated by the Roanoke Valley Regional Solid Waste Management Board was closed on September 30, 1993. RVRA is presently governed by a seven member board appointed by the governing bodies of the Charter Members. The County has control over the budget and financing of RVRA only to the extent of representation by board members appointed. For the fiscal year ended June 30, 2011, the County remitted \$1,789,659 to RVRA for services. Participating localities are responsible for their pro-rata share, based on population, of any year-end deficit. RVRA is currently self-supporting and is expected to remain as such in the

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2011

future. The County is the fiscal agent for RVRA and reports its assets and liabilities in an agency fund.

Roanoke Regional Airport Commission

The Roanoke Regional Airport Commission (the Commission) was established on July 1, 1987 by legislative act of the Commonwealth of Virginia to own and operate the Roanoke Regional Airport. The Commission is composed of five members. Two members are appointed by the Roanoke County Board of Supervisors and three by Roanoke City Council. The County and the City are each responsible for their pro rata share, based on population, of any year-end operating deficit or capital expenditures if any additional funding is required. The Commission is responsible for paying all outstanding debt. No subsidy has been required since inception.

Roanoke Valley Detention Commission

The Counties of Botetourt, Craig, and Roanoke, and the Cities of Roanoke and Salem formed the Roanoke Valley Detention Commission (RVDC) to renovate, expand, and operate a detention facility for juveniles. RVDC is governed by a six member board. Each locality's financial obligation is based on the number of juveniles housed at the facility. The County's contribution for the year ended June 30, 2011 was \$472,680. RVDC has the authority to issue debt and such debt is the responsibility of RVDC.

Blue Ridge Behavioral Healthcare

The Counties of Botetourt, Craig, and Roanoke, and the Cities of Roanoke and Salem formed Blue Ridge Community Services (Blue Ridge) to provide a system of comprehensive community mental health, mental retardation, and substance abuse services. Blue Ridge is governed by a sixteen member board. Each locality's financial obligation is based on the type and amount of services performed for individuals in the locality. The annual contribution for the year ended June 30, 2011 was \$162,000.

Fifth Planning District Disability Services Board

The Counties of Allegheny, Botetourt, Craig, and Roanoke, the Town of Vinton, and the Cities of Roanoke, Salem, Covington, and Clifton Forge jointly participate in the Fifth Planning District Disability Services Board (the Board). The Board provides input to state and local agencies on service needs and priorities of persons with physical and sensory disabilities.

Roanoke Valley Society for the Prevention of Cruelty to Animals

The Counties of Roanoke and Botetourt, Town of Vinton and City of Roanoke jointly participate on the Advisory Board which is responsible for the general fiscal and management policy for the Roanoke Valley Society for the Prevention of Cruelty to Animals (RVSPCA). The center is owned and operated by the RVSPCA. Participating localities are responsible for their pro-rata share, which is billed on a monthly basis. For the year ended June 30, 2011, the County's share was \$203,881.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2011

Western Virginia Water Authority

The Western Virginia Water Authority (WVWA) was created by the County and the City of Roanoke on July 1, 2004. The WVWA is a full service authority that provides water and wastewater treatment to both County and City citizens. The WVWA is governed by a 7 member board of which 2 will be appointed by the Roanoke County Board of Supervisors. The County of Roanoke has no financial responsibility for the debt issued by the WVWA.

Western Virginia Regional Jail Authority

The Counties of Roanoke, Franklin, Montgomery, and the City of Salem formed the Western Virginia Regional Jail Authority (WVRJA) in June 2005 for the purpose of developing and operating a regional jail authority for the benefit of the Member Jurisdictions. The Board consists of three representatives from each of the Member Jurisdictions. The Member Jurisdictions will each be responsible for a per diem cost based on their prisoner days used. For the year ended June 30, 2011, the County's share was approximately \$3.5 million.

(20) Incentive Agreements Outstanding – Component Unit

In May 2003, the Economic Development Authority of Roanoke County, Virginia (Authority), in conjunction with the County of Roanoke, approved an agreement with Integrity Windows, Inc. to allow for Integrity's development of a new manufacturing facility in Roanoke County. The agreement provides for the County and the Authority to allocate and grant a sum sufficient amount equivalent to six years of new local tax revenues. This amount is estimated to be approximately \$626,000. The state awarded a \$390,000 grant to be used for industrial roadway construction and public utility relocation and connection fees. The County of Roanoke has also applied and been approved for \$500,000 in Governor's Opportunity Fund revenues from the Commonwealth of Virginia. The requirements for Phase I of the agreement have been met, and \$300,000 of this revenue has been received from the state. Integrity received infrastructure improvements, utilities and other site work from the County and the Authority as payment of the \$300,000. The remaining \$200,000 was paid during the year ended June 30, 2007 for Phase II requirements. The deadline to meet Phase II for GOF requirements was extended to December 31, 2011. Reimbursements of tax revenues in the amount of \$64,859 were paid during the year ended June 30, 2011, completing this agreement.

On April 29, 2005, the Authority, in conjunction with the County of Roanoke, approved an agreement with Tecton Products, LLC to develop a research and development and production facility in Roanoke County. The agreement provides for the County and the Authority to appropriate a \$58,500 permit and water and sewer grant and an estimated new tax revenue incentive grant of approximately \$397,003. In addition, the County and the Authority assisted the Company in securing a \$100,000 Governor's Opportunity Fund Grant which was awarded and paid to Tecton Products, LLC during the year ended June 30, 2007. Tecton Products, LLC fell short of the November 2009 employment requirement, and as a result, repaid \$25,000 of the Governor's Opportunity Fund Grant to the State. The reimbursement of tax revenues from the County was also reduced by \$29,000. Reimbursement of tax revenues in the amount of \$56,855 was paid for the year ended June 30, 2011.

COUNTY OF ROANOKE, VIRGINIA
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June 30, 2011

On February 3, 2006, the Authority, in conjunction with the County of Roanoke, approved an agreement with Mennel Milling Company of Virginia. Mennel Milling will construct a new 73,480 square foot facility for which the Authority agrees to appropriate, allocate and grant Mennel Milling the equivalent to three years of new local tax revenues generated by the project. The amount of this grant shall not exceed \$900,000. Reimbursement of tax revenues in the amount of \$267,593 was paid for the year ended June 30, 2011, completing this agreement.

On February 3, 2006, the Authority, in conjunction with the County of Roanoke, approved an agreement with ITT Industries, Inc. whereby ITT Industries will construct an expansion of its existing facility. The County of Roanoke has applied and been awarded a grant of up to \$700,000 from the Governor's Opportunity Fund (GOF) which was paid to the Company during the year ended June 30, 2007. Since the capital investment was not met for the GOF funds, \$59,725 was returned to the State in December 2008. In addition, the Authority agrees to appropriate, allocate and grant ITT Industries the equivalent to four years of new local tax revenues generated by the project. The amount of this grant shall not exceed \$700,000. Reimbursement of tax revenues in the amount of \$119,119 was paid for the year ended June 30, 2011. This completes the agreement with ITT Industries Inc.

On January 17, 2007, the Authority, in conjunction with the County of Roanoke, approved an agreement with Plastics One, Inc. whereby Plastics One, Inc. will construct a 15,150 square foot expansion of its existing facility and install new equipment. The Authority agrees to appropriate, allocate and grant Plastics One, Inc. the equivalent to three years of new local tax revenues generated by the project. The amount of this grant shall not exceed \$50,000. No reimbursement has been made under this agreement at the Company's request. This completes the agreement with Plastics One, Inc.

On April 24, 2007, the Authority, in conjunction with the County of Roanoke, approved an agreement with New Millennium Building Systems whereby the Company will construct a 108,000 square foot expansion of its existing facility and install new equipment. The Authority agrees to appropriate, allocate and grant New Millennium Building Systems the equivalent to three years of new local tax revenues generated by the project. The amount of this grant shall not exceed \$500,000. Reimbursement of tax revenues in the amount of \$60,600 was paid for the year ended June 30, 2011, completing this agreement.

On September 26, 2007, the Authority, in conjunction with the County of Roanoke, approved an agreement with English Construction Company, Inc., whereby the Company will construct and develop a business park on approximately 190 acres, except that portion being used for an asphalt plant, laboratory shop, motor pool, equipment storage, stockpiling of recycled asphalt and related activities. Upon completion of the new road and infrastructure improvements, the Authority with funds provided by the County, will grant up to \$150,000 of documented costs. Upon completion and approval of a master plan and other site improvements, the Authority will grant the Company an additional \$1,000,000. However, if new local tax revenues are not generated by 2017, the company shall return a proportionate part of the \$1,000,000 Economic Development Incentive Grant. This agreement is currently on hold pending resolution on infrastructure requirements, and no reimbursement has been made on this agreement.

On December 18, 2007, the Authority, in conjunction with the County of Roanoke, approved an agreement with Virginia Blue Ridge, LLC, whereby the Company will

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2011

construct a new 86-unit hotel with an additional retail outlet owned by an unaffiliated party from a tract of real estate consisting of approximately 2.852 acres. The agreement provides for the Authority, with funds provided by the County, to grant an amount estimated to be \$175,000 a year for two years based solely on new local tax revenues generated by the hotel. This project is on hold by the developer as a result of the slowing economy and lack of available financing. No reimbursement has been made on this agreement.

On September 29, 2008, the Authority, in conjunction with the County of Roanoke, approved an agreement with PD Lodging Associates, whereby the company will construct an expansion of approximately 40 new hotel rooms, and renovate the existing facility. The agreement provides for the Authority, with funds provided by the County, to grant funds not to exceed \$80,000 for the Economic Development Incentive Grant, based on new local tax revenues in 2010. Reimbursement of tax revenues in the amount of \$78,906 was paid for the year ended June 30, 2011, completing this agreement.

On May 5, 2011, the Authority, in conjunction with the County of Roanoke approved an agreement with Edward Rose Properties, Inc. whereby the Company shall construct a new mixed use commercial development by December 31, 2017. In addition, the company must also construct certain public infrastructure improvements. The agreement provides for the Authority, with funds provided by the County, to grant funds not to exceed \$300,000 for the Economic Development Incentive Grant, based on new local tax revenues in any two calendar years at the Company's choice from tax years 2013-2017. No reimbursement has been made on this agreement.



COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2011
(Unaudited)

	Original Budget	Final Budget, as Amended	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
General property taxes	\$ 119,260,000	\$ 107,030,143	\$ 105,757,875	\$ (1,272,268)
Other local taxes	30,214,250	30,274,250	31,965,165	1,690,915
Permits, fees, and licenses	508,600	635,935	642,732	6,797
Fines and forfeitures	858,000	858,000	888,995	30,995
Use of money and property	368,700	843,243	803,018	(40,225)
Charges for services	7,045,640	7,193,742	7,540,997	347,255
Intergovernmental revenues	15,424,957	34,486,522	30,646,696	(3,839,826)
Miscellaneous	15,938,038	2,700,714	3,091,648	390,934
Total revenues	\$ 189,618,185	\$ 184,022,549	\$ 181,337,126	\$ (2,685,423)
Expenditures:				
General government:				
Board of supervisors	\$ 277,709	\$ 359,957	\$ 312,667	\$ 47,290
County administrator	281,926	308,292	294,382	13,910
Community relations	329,693	375,358	367,764	7,594
Human resources	719,736	807,732	773,789	33,943
County attorney	546,619	626,350	614,791	11,559
Commissioner of revenue	767,471	906,997	893,698	13,299
Assessor	905,939	1,017,222	899,314	117,908
Treasurer	811,538	927,866	821,994	105,872
Risk management	6,484,662	185,554	185,554	-
Assistant county administrator -				
Management services	175,853	190,870	185,596	5,274
Finance	1,209,751	1,407,624	1,305,949	101,675
Management and budget	276,893	315,470	307,753	7,717
Procurement	390,540	440,958	427,359	13,599
Electoral board and officials	287,395	343,875	329,073	14,802
Judicial administration:				
Circuit court	237,972	321,569	299,039	22,530
General district court	69,940	68,740	68,279	461
Special magistrates	1,590	1,590	1,550	40
Juvenile and domestic relations court	16,586	24,422	23,594	828
Clerk of the circuit court	1,031,864	1,084,893	1,050,133	34,760
Law library	46,648	46,977	21,916	25,061
Commonwealth attorney	1,014,350	1,113,842	1,070,711	43,131
Public safety:				
Sheriff and police	12,206,197	15,560,002	15,247,856	312,146
E911 maintenance	2,747,667	2,975,560	2,679,095	296,465
Fire and rescue services	12,688,030	15,496,874	14,949,522	547,352
Confinement and care of prisoners	7,709,090	8,092,324	8,020,197	72,127
Court service unit	535,144	561,870	521,671	40,199
VJCCCA grant	-	236,428	236,428	-
Animal control	494,535	517,953	515,272	2,681

continued

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

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2011
(Unaudited)

	Original Budget	Final Budget, as Amended	Actual	Variance with Final Budget Positive (Negative)
Public works:				
General services administration	\$ 892,853	\$ 1,183,233	\$ 1,011,905	\$ 171,328
Refuse disposal	4,565,034	4,803,985	4,786,884	17,101
Maintenance of general buildings and grounds	4,162,055	4,105,055	4,148,615	(43,560)
Engineering	1,898,658	2,587,719	1,999,168	588,551
Inspections	1,113,973	1,222,275	1,132,208	90,067
Health and welfare:				
Mental health	-	20,307	20,307	-
Psychiatrically disabled	-	10,260	10,260	-
Public health	500,358	500,358	369,098	131,260
Social services administration	5,171,384	5,884,377	5,800,665	83,712
Comprehensive services act	6,928,000	6,755,254	5,575,950	1,179,304
Public assistance	4,019,500	5,009,500	4,635,838	373,662
Social services organizations	202,700	202,700	202,700	-
Parks, recreation and cultural:				
Assistant county administrator - Human services	174,377	191,447	186,086	5,361
Parks and recreation	6,576,319	10,711,847	6,815,585	3,896,262
Library	2,979,341	3,243,952	3,171,140	72,812
Cultural enrichment	345,415	364,971	349,744	15,227
Community development:				
Planning and zoning	1,318,722	1,525,812	1,383,127	142,685
Cooperative extension program	84,382	91,182	83,905	7,277
Economic development	537,437	587,490	584,344	3,146
Public transportation	525,000	558,762	397,854	160,908
Contribution to human service organizations	105,925	105,925	105,200	725
Miscellaneous	11,636,474	5,248,696	3,489,166	1,759,530
Total Expenditures	\$ 106,003,245	\$ 109,232,276	\$ 98,684,695	\$ 10,547,581
Excess of revenues over expenditures	83,614,940	74,790,273	82,652,431	7,862,158
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,217,308	1,217,308	-
Transfers out	(83,614,940)	(81,657,304)	(81,622,280)	35,024
Total other financing sources (uses), net	\$ (83,614,940)	\$ (80,439,996)	\$ (80,404,972)	\$ 35,024
Net change in fund balances	\$ -	\$ (5,649,723)	\$ 2,247,459	\$ 7,897,182
Fund balances at beginning of the year	33,093,543	36,437,746	36,702,016	264,270
Fund balances at end of year	\$ 33,093,543	\$ 30,788,023	\$ 38,949,475	\$ 8,161,452

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

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Schedules of Funding Progress
For the Year Ended June 30, 2011
(Unaudited)

Virginia Retirement System

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Over (Under) Funded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
A. County of Roanoke Employees:						
June 30, 2008	\$ 140,859,152	\$ 153,355,051	\$ (12,495,899)	91.85 %	\$ 38,676,345	(32.31) %
June 30, 2009	143,259,725	164,655,207	(21,395,482)	87.01	39,812,949	(53.74)
June 30, 2010	144,126,613	183,533,577	(39,406,964)	78.53	39,313,552	(100.24)
B. Roanoke County School Board Non-Professional Employees:						
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
June 30, 2010	28,402,620	29,133,145	(730,525)	97.49	6,323,621	(11.55)

Fire and Rescue Pension Trust Length of Service Awards Program

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio
January 1, 2005	\$ 1,538,033	\$ 3,561,864	\$ 2,023,831	43.18 %
January 1, 2006	1,697,177	6,020,646	4,323,469	28.19
January 1, 2007	1,922,032	6,215,247	4,293,215	30.92
January 1, 2008	2,219,396	6,356,164	4,136,768	34.92
January 1, 2009	2,438,867	6,448,935	4,010,068	37.82
January 1, 2010	2,629,844	6,577,889	3,948,045	39.98
July 31, 2011	2,721,397	7,623,030	4,901,633	35.70

Retiree Medical Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Over (Under) Funded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
July 1, 2007	\$ -	\$ 14,722,509	\$ (14,722,509)	- %	\$ 36,072,789	(40.81) %
July 1, 2009	985,331	14,202,755	(13,217,424)	6.94	38,676,345	(34.17)
July 1, 2011	2,670,944	15,923,798	(13,252,854)	16.77	39,313,552	(33.71)

Health Insurance Credit Program

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
June 30, 2009	\$ 47,369	\$ 1,102,693	\$ (1,055,324)	4.30 %	\$ 39,812,949	(2.65) %
June 30, 2010	112,815	1,239,484	(1,126,669)	9.10	39,313,552	(2.87)

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

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Schedules of Employer Contributions
For the Year Ended June 30, 2011
(Unaudited)

Fire and Rescue Pension Trust Length of Service Awards Program

<u>Fiscal Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2005	\$ 255,180	77.03%
2006	257,471	76.88%
2007	267,853	104.70%
2008	274,287	137.40%
2009	275,316	109.47%
2010	299,195	99.98%
2011	301,695	111.47%

Retiree Medical Plan

<u>Fiscal Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2008	\$ 1,446,190	56.63%
2009	1,214,500	100.00%
2010	1,486,189	100.00%
2011	1,547,300	100.00%

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Required Supplementary Information
For the Year Ended June 30, 2011
(Unaudited)

1. Budgetary Accounting and Control

Annual Budget Adoption - Annual budgets are legally adopted for the General, Debt Service, and School Board Component Unit Operating Funds. The Debt Service Fund is budgeted for principal and interest payments to be paid. Capital Project Funds are budgeted on a project basis. The County follows these procedures in establishing the budgetary data reflected in the financial statements. The Code of Virginia requires adoption of a balanced budget by June 30 of each year. The County Board of Supervisors formally adopted the fiscal year 2010-2011 budget appropriation on May 25, 2010.

Budgetary Basis of Accounting - The General Fund budget is adopted on the modified accrual basis of accounting, a basis of accounting consistent with U. S. generally accepted accounting principles.

Budgetary Process - At least sixty days prior to June 30, the County Administrator submits to the Board of Supervisors a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain citizen comments. Prior to June 30, the budget is legally enacted through an ordinance passed by the County Board of Supervisors.

Budgetary Controls - Legal budgetary control is maintained at the fund level. However, for management purposes, the budget is segregated into three categories: personnel, operating, and capital expenditures by department. The Department Head may use discretion to transfer from one category to another as long as the departmental total does not change. County debt is segregated into a separate fund for budgetary purposes. The County Administrator may authorize or delegate the authorization of a transfer of any unencumbered balance or portion thereof from one department to another within a fund. All other transfers require approval of the Board of Supervisors. Formal budgetary integration into the financial accounting system is employed as a management control device during the year for the governmental type funds. Management control is maintained at the category level (i.e. personnel, operating, capital) and supplemental appropriations during the year-end cannot exceed the undesignated fund balance. Actual expenditures and operating transfers out may not legally exceed budget appropriations at the fund level. Unspent appropriations lapse at year-end for legally adopted budgets. The Board of Supervisors must approve any budget amendments increasing or decreasing appropriations. Major amendments are budget amendments that exceed one percent of the original budget which is \$1.8 million for fiscal year 2010-2011. These major amendments must go through the same public hearing requirements as the original budget.

GOVERNMENTAL FUNDS

The **Debt Service Fund** is the fund used to account for the financial resources for, and the payment of, general long-term debt principal, interest, and related costs.

The **Capital Projects Fund** is the fund used to account for the financial resources to be used for the acquisition or construction of capital activities.

The **General Fund** is the general operating fund of the County which is used to account for all of the financial resources, except those required to be accounted for in another fund.



COUNTY OF ROANOKE, VIRGINIA
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Year Ended June 30, 2011

	Original Budget	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
Principal Payments				
General Obligation Bonds				
General Government	\$ 1,370,000	\$ 1,370,000	\$ 1,370,000	\$ -
Schools General Obligation Bonds	600,000	600,000	600,000	-
Schools Virginia Public Schools Authority Bonds	7,539,289	7,539,289	7,539,289	-
Total General Obligation Bonds	<u>9,509,289</u>	<u>9,509,289</u>	<u>9,509,289</u>	<u>-</u>
General Obligation Notes				
Schools-Literary Loans	447,817	447,818	447,818	-
Total General Obligation Notes	<u>447,817</u>	<u>447,818</u>	<u>447,818</u>	<u>-</u>
Lease Revenue Bonds				
General Government	2,311,989	2,311,989	2,311,989	-
Total Capitalized Lease Obligations	<u>2,311,989</u>	<u>2,311,989</u>	<u>2,311,989</u>	<u>-</u>
Total Principal Payments	<u>12,269,095</u>	<u>12,269,096</u>	<u>12,269,096</u>	<u>-</u>
Interest Payments				
General Obligation Bonds				
General Government	444,284	444,284	444,284	-
Schools General Obligation Bonds	79,625	79,625	79,625	-
Schools Virginia Public Schools Authority Bonds	5,221,539	5,221,539	5,221,539	-
Total General Obligation Bonds	<u>5,745,448</u>	<u>5,745,448</u>	<u>5,745,448</u>	<u>-</u>
General Obligation Notes				
Schools-Literary Loans	121,946	121,946	121,946	-
Total General Obligation Notes	<u>121,946</u>	<u>121,946</u>	<u>121,946</u>	<u>-</u>
Lease Revenue Bonds				
General Government	3,686,292	3,686,292	3,686,292	-
Total Capitalized Lease Obligations	<u>3,686,292</u>	<u>3,686,292</u>	<u>3,686,292</u>	<u>-</u>
Total Interest Payments	<u>9,553,686</u>	<u>9,553,686</u>	<u>9,553,686</u>	<u>-</u>
Issuance and Miscellaneous Costs	237,688	252,762	9,675	243,087
Total	<u>\$ 22,060,469</u>	<u>\$ 22,075,544</u>	<u>\$ 21,832,457</u>	<u>\$ 243,087</u>

See accompanying independent auditors' report

COUNTY OF ROANOKE, VIRGINIA
Budgetary Comparison Schedule
Capital Projects Fund
For the Year Ended June 30, 2011

	Original Budget	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Use of Money and Property	\$ -	\$ 56,984	\$ 80,671	\$ (23,687)
Charges for services	829,624	834,564	364,940	469,624
Intergovernmental revenue	4,180,134	22,620,117	21,573,492	1,046,625
Miscellaneous	7,405	270,734	70,734	200,000
Total revenues	5,017,163	23,782,399	22,089,837	1,692,562
EXPENDITURES				
Capital outlay	45,466,447	98,887,414	34,135,287	64,752,127
Total expenditures	45,466,447	98,887,414	34,135,287	64,752,127
Excess (deficiency) of revenues over (under) expenditures	(40,449,284)	(75,105,015)	(12,045,450)	(63,059,565)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of bonds	-	10,000,000	-	10,000,000
Capital lease obligation incurred	-	1,148,037	1,148,037	-
Proceeds from sale of land and equipment	-	95,553	95,553	-
Transfers in	624,340	1,424,144	1,424,144	-
Transfers out	-	(554,320)	(554,320)	-
Total other financing sources (uses), net	624,340	12,113,414	2,113,414	10,000,000
Net change in fund balance	(39,824,944)	(62,991,601)	(9,932,036)	(53,059,565)
Fund balance at beginning of year	39,824,944	62,991,601	62,991,601	-
Fund balance at end of year	\$ -	\$ -	\$ 53,059,565	\$ (53,059,565)

See accompanying independent auditors' report

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2011

	<u>Final Budget as Amended</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
From local sources:			
General property taxes:			
Real property taxes	\$ 87,905,000	\$ 87,565,271	\$ (339,729)
Real and personal public service corporation property taxes	2,660,000	2,667,697	7,697
Payments in lieu of taxes	180,000	166,783	(13,217)
Personal property taxes	15,620,143	14,669,084	(951,059)
Penalties and interest	665,000	689,040	24,040
Total general property taxes	<u>107,030,143</u>	<u>105,757,875</u>	<u>(1,272,268)</u>
Other local taxes:			
Local sales and use taxes	8,560,000	8,806,548	246,548
Business license taxes	5,440,000	6,388,966	948,966
Motor vehicle licenses	1,910,000	2,125,698	215,698
Bank franchise taxes	375,000	524,556	149,556
Taxes on recordation and wills	1,247,000	1,024,652	(222,348)
Utility license tax	525,000	561,084	36,084
Communications sales and use tax	3,900,000	4,167,743	267,743
Consumer utility tax	3,661,250	3,681,806	20,556
E911 tax	190,000	274,973	84,973
Hotel and motel tax	935,000	756,308	(178,692)
Tax on prepared food	3,430,000	3,563,201	133,201
Admissions tax	101,000	89,630	(11,370)
Total other local taxes	<u>30,274,250</u>	<u>31,965,165</u>	<u>1,690,915</u>
Permits, fees, and licenses:			
Animal licenses	48,000	30,342	(17,658)
Permits and other licenses	587,935	612,390	24,455
Total permits, fees, and licenses	<u>635,935</u>	<u>642,732</u>	<u>6,797</u>
Fines and forfeitures	<u>858,000</u>	<u>888,995</u>	<u>30,995</u>
Use of money and property	<u>843,243</u>	<u>803,018</u>	<u>(40,225)</u>
Charges for services:			
Refuse costs	17,200	17,459	259
Court costs	127,400	104,462	(22,938)
Charges for correction and detention	223,250	223,250	-
Charges for parks and recreation	4,248,056	4,492,874	244,818
Charges for library	-	-	-
Rescue fees	2,540,000	2,658,680	118,680
Other charges	37,836	44,272	6,436
Total charges for services	<u>7,193,742</u>	<u>7,540,997</u>	<u>347,255</u>

continued

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2011

	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
Miscellaneous:			
Reimbursements - shared programs	\$ 1,295,234	\$ 1,434,811	\$ 139,577
Miscellaneous	305,700	516,743	211,043
Legal services	19,120	10,920	(8,200)
Jail	474,684	568,075	93,391
Welfare department	135,976	101,591	(34,385)
Resource Authority	60,000	49,500	(10,500)
WWVA	10,000	10,008	8
WVRJA	100,000	100,000	-
Host locality fee	300,000	300,000	-
Total miscellaneous	<u>2,700,714</u>	<u>3,091,648</u>	<u>390,934</u>
Total revenue from local sources	<u>149,536,027</u>	<u>150,690,430</u>	<u>1,154,403</u>
From the Commonwealth:			
Non-categorical aid:			
Reduction in State Aid to Local Governments	(630,000)	(569,796)	60,204
Motor vehicles carriers tax	34,000	15,544	(18,456)
Trailer tax	92,000	96,707	4,707
Personal property tax relief	12,229,857	12,229,857	-
Total non-categorical aid	<u>11,725,857</u>	<u>11,772,312</u>	<u>46,455</u>
Categorical aid:			
Shared expenditures:			
Commonwealth's Attorney	580,397	594,172	13,775
Sheriff	2,678,629	3,023,089	344,460
Commissioner of the Revenue	195,782	227,554	31,772
Treasurer	183,339	190,752	7,413
Medical Examiner	-	-	-
Registrar/Electoral Board	47,700	47,719	19
Clerk of Court	527,739	540,737	12,998
Total shared expenditures	<u>4,213,586</u>	<u>4,624,023</u>	<u>410,437</u>
Other categorical aid:			
Recovered costs - housing of state prisoners	-	-	-
EMS	308,583	136,666	(171,917)
Recovered costs - welfare	3,825,000	3,494,491	(330,509)

continued

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2011

	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
Mental health and mental retardation services board	\$ 30,567	\$ 30,567	\$ -
Confiscated goods	12,911	12,911	-
VJCCCA Grant	205,644	205,644	-
Library	155,352	155,470	118
Comprehensive services act	3,510,838	3,052,588	(458,250)
Police department grant	1,858,670	1,859,144	474
Other state grants	29,373	8,835	(20,538)
Total other categorical aid	9,936,938	8,956,316	(980,622)
Total categorical aid	14,150,524	13,580,339	(570,185)
Total from the Commonwealth	25,876,381	25,352,651	(523,730)
From the Federal Government:			
Categorical aid:			
Emergency services	180,900	115,466	(65,434)
Seized goods	48,329	48,329	-
Greenways	3,709,166	273	(3,708,893)
Criminal history records grant	145,854	145,854	-
Welfare reimbursement	3,497,919	4,074,620	576,701
Federal stimulus - ARRA	416,396	484,062	67,666
Other federal grants	611,577	425,441	(186,136)
Total categorical aid	8,610,141	5,294,045	(3,316,096)
Total from the Federal Government	8,610,141	5,294,045	(3,316,096)
Total Intergovernmental revenues	34,486,522	30,646,696	(3,839,826)
Total revenues	184,022,549	181,337,126	(2,685,423)
Expenditures:			
General government administration:			
Legislative:			
Board of supervisors	359,957	312,667	47,290
General and financial administration:			
County administrator	308,292	294,382	13,910
Community relations	375,358	367,764	7,594
Human resources	807,732	773,789	33,943
County attorney	626,350	614,791	11,559
Commissioner of revenue	906,997	893,698	13,299
Assessor	1,017,222	899,314	117,908
Treasurer	927,866	821,994	105,872

continued

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2011

	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
Risk management	\$ 185,554	\$ 185,554	\$ -
Assistant county administrator - management services	190,870	185,596	5,274
Finance	1,407,624	1,305,949	101,675
Management and Budget	315,470	307,753	7,717
Procurement	440,958	427,359	13,599
Total general and financial administration	<u>7,510,293</u>	<u>7,077,943</u>	<u>432,350</u>
Electoral board and officials	<u>343,875</u>	<u>329,073</u>	<u>14,802</u>
Total general government administration	<u>8,214,125</u>	<u>7,719,683</u>	<u>494,442</u>
Judicial administration			
Courts:			
Circuit court	321,569	299,039	22,530
General district court	68,740	68,279	461
Special magistrates	1,590	1,550	40
Juvenile and domestic relations court	24,422	23,594	828
Clerk of the circuit court	1,084,893	1,050,133	34,760
Total courts	<u>1,501,214</u>	<u>1,442,595</u>	<u>58,619</u>
Law library	46,977	21,916	25,061
Commonwealth attorney	1,113,842	1,070,711	43,131
Total judicial administration	<u>2,662,033</u>	<u>2,535,222</u>	<u>126,811</u>
Public safety:			
Law enforcement and traffic control:			
Sheriff and Police	15,560,002	15,247,856	312,146
E911 maintenance	2,975,560	2,679,095	296,465
Total law enforcement and traffic control	<u>18,535,562</u>	<u>17,926,951</u>	<u>608,611</u>
Fire and rescue services:			
Fire and rescue services	<u>15,496,874</u>	<u>14,949,522</u>	<u>547,352</u>
Total fire and rescue services	<u>15,496,874</u>	<u>14,949,522</u>	<u>547,352</u>

continued

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2011

	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
Correction and detention:			
Confinement and care of prisoners	\$ 8,092,324	\$ 8,020,197	\$ 72,127
Court service unit	561,870	521,671	40,199
VJCCCA Grant	236,428	236,428	-
Total correction and detention	8,890,622	8,778,296	112,326
Animal control	517,953	515,272	2,681
Total public safety	43,441,011	42,170,041	1,270,970
Public Works:			
General services administration	1,183,233	1,011,905	171,328
Refuse disposal	4,803,985	4,786,884	17,101
Maintenance of general buildings and grounds	4,105,055	4,148,615	(43,560)
Engineering	2,587,719	1,999,168	588,551
Inspections	1,222,275	1,132,208	90,067
Total public works	13,902,267	13,078,780	823,487
Health and welfare:			
Mental health	20,307	20,307	-
Psychiatrically disabled	10,260	10,260	-
Public health	500,358	369,098	131,260
Social services administration	5,884,377	5,800,665	83,712
Comprehensive services act	6,755,254	5,575,950	1,179,304
Public assistance	5,009,500	4,635,838	373,662
Social services organizations	202,700	202,700	-
Total health and welfare	18,382,756	16,614,818	1,767,938
Parks, recreation and cultural:			
Assistant county administrator - human services	191,447	186,086	5,361
Parks and recreation	10,711,847	6,815,585	3,896,262
Library	3,243,952	3,171,140	72,812
Cultural enrichment	364,971	349,744	15,227
Total parks, recreation and cultural	14,512,217	10,522,555	3,989,662
Community development:			
Planning and zoning	1,525,812	1,383,127	142,685
Cooperative extension program	91,182	83,905	7,277

continued

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2011

	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
Economic development	\$ 587,490	\$ 584,344	\$ 3,146
Public transportation	558,762	397,854	160,908
Contribution to human service organizations	105,925	105,200	725
Total community development	2,869,171	2,554,430	314,741
Nondepartmental:			
Employee benefits	1,212,842	1,021,200	191,642
Dixie Caverns landfill cleanup	27,000	34,281	(7,281)
Miscellaneous	2,900,592	1,586,332	1,314,260
Tax relief for the elderly and handicapped	950,000	737,353	212,647
Refuse credit - Town of Vinton	110,000	110,000	-
Board contingency	48,262	-	48,262
Total nondepartmental	5,248,696	3,489,166	1,759,530
Total expenditures	109,232,276	98,684,695	10,547,581
Excess of revenues over expenditures	74,790,273	82,652,431	7,862,158
Other financing sources (uses):			
Transfer to Internal Service fund	(34,334)	(34,334)	-
Transfer to debt service fund	(7,687,445)	(7,687,445)	-
Payment to school board	(71,848,393)	(71,813,369)	35,024
Transfer to capital projects fund	(869,824)	(869,824)	-
Net change in fund balance	(5,649,723)	2,247,459	7,897,182
Fund balance at beginning of year	36,437,746	36,702,016	264,270
Fund balance at end of year	\$ 30,788,023	\$ 38,949,475	\$ 8,161,452

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Capital Assets Used in the Operation of Governmental Activities
Schedule By Function and Activity
June 30, 2011

<u>Function and Activity:</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Total</u>
General government				
Legislative	\$ -	\$ -	\$ 73,331	\$ 73,331
Executive	-	-	29,588	29,588
Judicial	-	25,292	298,119	323,411
Elections	-	-	28,209	28,209
Finance	-	-	702,244	702,244
Management and budget	-	-	2,641	2,641
County attorney	-	-	5,397	5,397
Administrative officers and boards	-	-	200,309	200,309
Human resources	-	-	34,021	34,021
Management information systems	-	-	11,838,360	11,838,360
Procurement	-	-	88,149	88,149
Radio maintenance	-	55,530	262,367	317,897
Gas distribution center	-	-	61,823	61,823
General governmental buildings	12,917,598	162,784,287	1,478,759	177,180,644
Solid waste	-	-	3,134,826	3,134,826
General services	954,687	6,305,119	548,979	7,808,785
Other	-	-	123,082	123,082
Total general government	<u>13,872,285</u>	<u>169,170,228</u>	<u>18,910,204</u>	<u>201,952,717</u>
Public safety				
Police protection	-	458,288	4,851,802	5,310,090
Fire and rescue	146,763	11,434,459	14,359,892	25,941,114
Correction and detention	203,504	5,338,277	1,099,254	6,641,035
Inspections	-	-	197,232	197,232
Total public safety	<u>350,267</u>	<u>17,231,024</u>	<u>20,508,180</u>	<u>38,089,471</u>
Engineering	-	452,331	1,284,967	1,737,298
Buildings and grounds	-	6,880	314,948	321,828
Health and welfare	-	-	269,346	269,346
Libraries	779,447	3,628,429	124,457	4,532,333
Recreation	3,078,296	33,233,361	2,930,170	39,241,827
Total governmental funds capital assets allocated to functions	<u>\$ 18,080,295</u>	<u>\$ 223,722,253</u>	<u>\$ 44,342,272</u>	<u>286,144,820</u>
Construction in progress				<u>63,480,387</u>
Total governmental funds capital assets				<u>\$ 349,625,207</u>

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Capital Assets Used in the Operation of Governmental Activities
Schedule of Changes By Function and Activity
For the Year Ended June 30, 2011

<u>Function and Activity:</u>	<u>Governmental Funds Capital Assets June 30, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Governmental Funds Capital Assets June 30, 2011</u>
General government				
Legislative	\$ 73,331	\$ -	\$ -	\$ 73,331
Executive	29,588	-	-	29,588
Judicial	299,769	23,642	-	323,411
Elections	28,209	-	-	28,209
Finance	658,342	56,147	(12,245)	702,244
Management and budget	2,641	-	-	2,641
County attorney	5,397	-	-	5,397
Administrative officers and boards	269,204	-	(68,895)	200,309
Planning and zoning	34,650	-	(34,650)	-
Human resources	34,021	-	-	34,021
Management information systems	11,335,762	680,499	(177,901)	11,838,360
Procurement	88,149	-	-	88,149
Radio maintenance	401,755	-	(83,858)	317,897
Gas distribution center	61,823	-	-	61,823
General governmental buildings	179,164,612	-	(1,983,968)	177,180,644
Solid waste	3,047,746	106,880	(19,800)	3,134,826
General services	7,647,289	161,496	-	7,808,785
Other	83,332	39,750	-	123,082
Total general government	<u>203,265,620</u>	<u>1,068,414</u>	<u>(2,381,317)</u>	<u>201,952,717</u>
Public safety				
Police protection	5,117,323	679,741	(486,974)	5,310,090
Fire and rescue	25,517,693	732,713	(309,292)	25,941,114
Correction and detention	6,498,199	223,892	(81,056)	6,641,035
Inspections	197,232	-	-	197,232
Total public safety	<u>37,330,447</u>	<u>1,636,346</u>	<u>(877,322)</u>	<u>38,089,471</u>
Engineering	1,762,564	53,136	(78,402)	1,737,298
Buildings and grounds	321,828	-	-	321,828
Health and welfare	222,270	86,176	(39,100)	269,346
Libraries	4,233,693	304,860	(6,220)	4,532,333
Recreation	38,368,665	940,166	(67,004)	39,241,827
Construction in progress	36,311,532	27,835,255	(666,400)	63,480,387
Total governmental funds capital assets	<u>\$ 321,816,619</u>	<u>\$ 31,924,353</u>	<u>\$ (4,115,765)</u>	<u>\$ 349,625,207</u>

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Schedule of the Treasurer's Accountability
June 30, 2011

Schedule 6

ASSETS HELD BY THE TREASURER:

Cash and cash items:

Cash and cash items on hand	\$ 800	
Petty cash funds with other county officials	7,812	
Petty cash funds with Agency and Enterprise Funds	<u>1,100</u>	\$ 9,712

Cash on deposit:

SunTrust bank	15,676,525	
Bank of Botetourt	188,668	
Hometown bank	98,112	
Valley bank	<u>733,179</u>	16,696,484

Money market deposit:

Smith Barney	42,569,407	
Stellar One	1,035,272	
BB&T	1,075,811	
Wells Fargo	<u>6,103,425</u>	50,783,915

Certificates of deposit:

BB&T	<u>2,000,000</u>	2,000,000
------	------------------	-----------

Government securities:

Smith Barney	58,029,704	
Wells Fargo	<u>13,011,870</u>	71,041,574

Local government investment pool

<u>13,104,294</u>	13,104,294
-------------------	------------

Escrow accounts:

BB&T	185,394	
Valley bank	<u>401,382</u>	586,776

Unearned revenues and reserves:

Returned checks	4,846	
Contractor escrows	(516,128)	
Deferred revenues	(14,832)	
Personal property tax relief	(1,399)	
A. D. Alford trust	(28,799)	
Sidney Louis Hyatt	(41,848)	
Reserves	<u>(2,605)</u>	<u>(600,765)</u>

Total assets held by the treasurer

\$ 153,621,990

LIABILITIES OF THE TREASURER:

Balance of County funds

\$ 153,621,990

INTERNAL SERVICE FUNDS

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

The **Health Insurance Fund** is a self-insured fund used to account for health care costs and other postemployment benefits.

The **Dental Insurance Fund** is a fully insured fund used to account for dental care costs.

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



COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Net Assets
Internal Service Funds
June 30, 2011

	Internal Service Funds			
	Health Insurance	Dental Insurance	Risk Management	Total Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,415,018	\$ 60,587	\$ 2,022,611	\$ 4,498,216
Investments	3,380,115	84,799	2,830,891	6,295,805
Accounts receivable	-	113	7,588	7,701
Interfund receivable	436,065	-	60,000	496,065
Total current assets	<u>\$ 6,231,198</u>	<u>\$ 145,499</u>	<u>\$ 4,921,090</u>	<u>\$ 11,297,787</u>
Noncurrent assets:				
Interfund receivable	-	-	127,559	127,559
Total noncurrent assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,559</u>	<u>\$ 127,559</u>
Total assets	<u>\$ 6,231,198</u>	<u>\$ 145,499</u>	<u>\$ 5,048,649</u>	<u>\$ 11,425,346</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 55,620	\$ -	\$ 36,589	\$ 92,209
Accrued wages and benefits	-	-	1,850	1,850
Claims payable	681,366	-	690,968	1,372,334
Deferred revenue	624,733	46,306	-	671,039
Total current liabilities	<u>\$ 1,361,719</u>	<u>\$ 46,306</u>	<u>\$ 729,407</u>	<u>\$ 2,137,432</u>
Noncurrent liabilities:				
Claims payable	-	-	1,720,786	1,720,786
Total noncurrent liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,720,786</u>	<u>\$ 1,720,786</u>
Total liabilities	<u>\$ 1,361,719</u>	<u>\$ 46,306</u>	<u>\$ 2,450,193</u>	<u>\$ 3,858,218</u>
NET ASSETS				
Unrestricted	4,869,479	99,193	2,598,456	7,567,128
Total net assets	<u>\$ 4,869,479</u>	<u>\$ 99,193</u>	<u>\$ 2,598,456</u>	<u>\$ 7,567,128</u>

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2011

	Internal Service Funds			Total Internal Service Funds
	Health Insurance	Dental Insurance	Risk Management	
OPERATING REVENUES				
Charges for services	\$ 7,419,576	\$ 532,017	\$ 934,422	\$ 8,886,015
Total operating revenues	\$ 7,419,576	\$ 532,017	\$ 934,422	\$ 8,886,015
OPERATING EXPENSES				
Purchased services	\$ 280,797	\$ -	\$ 358,866	\$ 639,663
Personal services	-	-	157,381	157,381
Claims	7,090,293	534,499	480,868	8,105,660
Administrative charges	20,177	-	26,756	46,933
Total operating expenses	\$ 7,391,267	\$ 534,499	\$ 1,023,871	\$ 8,949,637
Operating income (loss)	\$ 28,309	\$ (2,482)	\$ (89,449)	\$ (63,622)
NONOPERATING REVENUES				
Investment income	\$ -	\$ 639	\$ 31,976	\$ 32,615
Total nonoperating revenues	\$ -	\$ 639	\$ 31,976	\$ 32,615
Net income (loss) before transfers	28,309	(1,843)	(57,473)	(31,007)
Transfers in	535,671	-	5,354	541,025
Transfers out	(497,138)	(9,553)	-	(506,691)
Change in net assets	\$ 66,842	\$ (11,396)	\$ (52,119)	\$ 3,327
Total net assets at beginning of year	4,802,637	110,589	2,650,575	7,563,801
Total net assets at end of year	\$ 4,869,479	\$ 99,193	\$ 2,598,456	\$ 7,567,128

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2011

	Internal Service Funds			
	Health Insurance	Dental Insurance	Risk Management	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from interfund services provided	\$ 7,419,576	\$ 532,017	\$ 934,422	\$ 8,886,015
Payments to suppliers	(725,815)	-	(408,447)	(1,134,262)
Payments to employees	-	-	(157,032)	(157,032)
Claims paid	(6,964,585)	(534,499)	(775,271)	(8,274,355)
Other receipts (payments)	277,129	3,204	1,057	281,390
Net cash provided by (used in) operating activities	\$ 6,305	\$ 722	\$ (405,271)	\$ (398,244)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from (to) other funds	\$ 38,533	\$ (9,553)	\$ 5,354	\$ 34,334
Interfund loan-proceeds and collections	300,000	-	60,000	360,000
Net cash provided by (used in) noncapital financing activities	\$ 338,533	\$ (9,553)	\$ 65,354	\$ 394,334
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	\$ (683,103)	\$ (8,803)	\$ (276,814)	\$ (968,720)
Interest and dividends received	-	639	31,976	32,615
Net cash used in investing activities	\$ (683,103)	\$ (8,164)	\$ (244,838)	\$ (936,105)
Net decrease in cash and cash equivalents	\$ (338,265)	\$ (16,995)	\$ (584,755)	\$ (940,015)
Cash and cash equivalents at beginning of the year	2,753,283	77,582	2,607,366	5,438,231
Cash and cash equivalents at end of the year	\$ 2,415,018	\$ 60,587	\$ 2,022,611	\$ 4,498,216
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 28,309	\$ (2,482)	\$ (89,449)	\$ (63,622)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Change in assets and liabilities:				
Accounts receivable	244,559	12	1,057	245,628
Accounts payable	(424,841)	-	(22,825)	(447,666)
Claims payable	125,708	-	(294,403)	(168,695)
Accrued wages payable	-	-	349	349
Deferred revenue	32,570	3,192	-	35,762
Net cash provided by (used in) operating activities	\$ 6,305	\$ 722	\$ (405,271)	\$ (398,244)

See accompanying independent auditors' report.



AGENCY FUNDS

The **Roanoke Valley Resource Authority Fund** reflects cash held by the County as fiscal agent for the Roanoke Valley Resource Authority.

The **Commonwealth Fund** reflects activity related to monies collected in the County for the Commonwealth of Virginia.

The **Special Welfare Fund** reflects the receipt and disbursement of monies maintained in individual agency accounts for certain County welfare recipients.

The **Cable TV Fund** reflects cash held by the County as fiscal agent for the Cable TV Committee.

The **Roanoke Valley Greenway Commission Fund** reflects cash held by the County as fiscal agent for Roanoke Valley Greenway Commission.

The **Regional Fire Training Center Fund** reflects the receipts and disbursements to fund the operating costs of the Regional Fire Training Center.

The **Virginia Recreation Facilities Authority Fund** reflects cash held by the County as fiscal agent for the Virginia Recreation Facilities Authority.

The **Western Virginia Regional Jail Authority Fund** reflects cash held by the County as fiscal agent for the Western Virginia Regional Jail Authority.

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2011

	Roanoke Valley Resource Authority	Common- wealth Fund	Special Welfare Fund	Cable TV
ASSETS				
Equity in cash and cash equivalents	\$ 8,036,994	\$ 203,581	\$ 162,331	\$ 1,378,901
Equity in investments	6,634,215	-	-	-
Total assets	<u>\$ 14,671,209</u>	<u>\$ 203,581</u>	<u>\$ 162,331</u>	<u>\$ 1,378,901</u>
LIABILITIES				
Accounts payable	\$ 14,671,209	\$ 203,581	\$ 162,331	\$ 1,378,901
Total liabilities	<u>\$ 14,671,209</u>	<u>\$ 203,581</u>	<u>\$ 162,331</u>	<u>\$ 1,378,901</u>

See accompanying independent auditors' report.

Schedule 10

Roanoke Valley Greenway Commission	Regional Fire Training Center	Virginia Recreational Facilities Authority	Western Virginia Regional Jail Authority	Total
\$ 84,914	\$ 10,551	\$ 303,353	\$ 8,996,639	\$ 19,177,264
-	-	-	-	6,634,215
<u>\$ 84,914</u>	<u>\$ 10,551</u>	<u>\$ 303,353</u>	<u>\$ 8,996,639</u>	<u>\$ 25,811,479</u>
\$ 84,914	\$ 10,551	\$ 303,353	\$ 8,996,639	\$ 25,811,479
<u>\$ 84,914</u>	<u>\$ 10,551</u>	<u>\$ 303,353</u>	<u>\$ 8,996,639</u>	<u>\$ 25,811,479</u>

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2011

Schedule 11

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
Roanoke Valley Resource Authority :				
Assets:				
Equity in Cash And Investments	\$ 19,253,854	\$ 54,080,641	\$ 58,663,286	\$ 14,671,209
Total Assets	\$ 19,253,854	\$ 54,080,641	\$ 58,663,286	\$ 14,671,209
Liabilities:				
Accounts Payable	\$ 19,253,854	\$ 54,080,641	\$ 58,663,286	\$ 14,671,209
Total Liabilities	\$ 19,253,854	\$ 54,080,641	\$ 58,663,286	\$ 14,671,209
Commonwealth Fund :				
Assets:				
Equity in Cash And Investments	\$ 203,060	\$ 5,688,443	\$ 5,687,922	\$ 203,581
Total Assets	\$ 203,060	\$ 5,688,443	\$ 5,687,922	\$ 203,581
Liabilities:				
Accounts Payable	\$ 203,060	\$ 5,688,443	\$ 5,687,922	\$ 203,581
Total Liabilities	\$ 203,060	\$ 5,688,443	\$ 5,687,922	\$ 203,581
Special Welfare Fund :				
Assets:				
Equity in Cash And Investments	\$ 108,320	\$ 183,330	\$ 129,319	\$ 162,331
Total Assets	\$ 108,320	\$ 183,330	\$ 129,319	\$ 162,331
Liabilities:				
Accounts Payable	\$ 108,320	\$ 183,330	\$ 129,319	\$ 162,331
Total Liabilities	\$ 108,320	\$ 183,330	\$ 129,319	\$ 162,331
Cable TV :				
Assets:				
Equity in Cash And Investments	\$ 1,426,512	\$ 517,176	\$ 564,787	\$ 1,378,901
Total Assets	\$ 1,426,512	\$ 517,176	\$ 564,787	\$ 1,378,901
Liabilities:				
Accounts Payable	\$ 1,426,512	\$ 517,176	\$ 564,787	\$ 1,378,901
Total Liabilities	\$ 1,426,512	\$ 517,176	\$ 564,787	\$ 1,378,901
Roanoke Valley Greenway Commission :				
Assets:				
Equity in Cash And Investments	\$ 52,007	\$ 176,023	\$ 143,116	\$ 84,914
Total Assets	\$ 52,007	\$ 176,023	\$ 143,116	\$ 84,914
Liabilities:				
Accounts Payable	\$ 52,007	\$ 176,023	\$ 143,116	\$ 84,914
Total Liabilities	\$ 52,007	\$ 176,023	\$ 143,116	\$ 84,914

continued

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2011

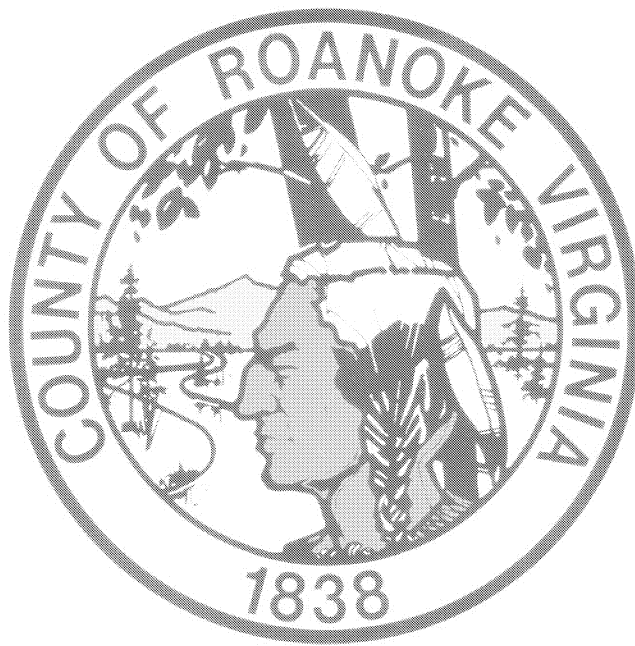
Schedule 11 (continued)

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
<u>Regional Fire Training Center :</u>				
Assets:				
Equity in Cash And Investments	\$ (4,820)	\$ 156,829	\$ 141,458	\$ 10,551
Total Assets	\$ (4,820)	\$ 156,829	\$ 141,458	\$ 10,551
Liabilities:				
Accounts Payable	\$ (4,820)	\$ 156,829	\$ 141,458	\$ 10,551
Total Liabilities	\$ (4,820)	\$ 156,829	\$ 141,458	\$ 10,551
 <u>Virginia Recreations Facilities Authority :</u>				
Assets:				
Equity in Cash And Investments	\$ 349,732	\$ 3,485,808	\$ 3,532,187	\$ 303,353
Total Assets	\$ 349,732	\$ 3,485,808	\$ 3,532,187	\$ 303,353
Liabilities:				
Accounts Payable	\$ 349,732	\$ 3,485,808	\$ 3,532,187	\$ 303,353
Total Liabilities	\$ 349,732	\$ 3,485,808	\$ 3,532,187	\$ 303,353
 <u>Western Virginia Regional Jail Authority :</u>				
Assets:				
Equity in Cash And Investments	\$ 6,921,406	\$ 31,915,405	\$ 29,840,172	\$ 8,996,639
Total Assets	\$ 6,921,406	\$ 31,915,405	\$ 29,840,172	\$ 8,996,639
Liabilities:				
Accounts Payable	\$ 6,921,406	\$ 31,915,405	\$ 29,840,172	\$ 8,996,639
Total Liabilities	\$ 6,921,406	\$ 31,915,405	\$ 29,840,172	\$ 8,996,639

See accompanying independent auditors' report.

Component Units

Component units are organizations for which the primary government is financially accountable and for which the exclusion from the County's financial statements would be misleading. The component units represent the financial data for the Roanoke County Public School System and the Economic Development Authority of Roanoke County, Virginia.



Schedule 12

County of Roanoke, Virginia
Component Unit
Roanoke County Public Schools
Statement of Net Assets
June 30, 2011

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 24,505,988
Investments	11,362,082
Accounts receivable	264,706
Due from other governments	5,766,328
Inventory	248,774
Other postemployment obligation asset	205,810
Capital assets:	
Land and construction in progress	5,776,380
Other capital assets, net	38,363,528
Capital assets, net	<u>44,139,908</u>
Total assets	<u>86,493,596</u>
Liabilities	
Accounts payable	2,391,805
Accrued liabilities	1,303,644
Unearned revenue	1,608,697
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	733,980
Claims payable	1,773,740
Obligation under capital leases	373,940
Pollution remediation obligation	95,357
Portion due or payable after one year:	
Compensated absences	2,095,767
Claims payable	602,328
Obligation under capital leases	<u>2,114,385</u>
Total liabilities	<u>13,093,643</u>
Net Assets	
Invested in capital assets, net of related debt	41,651,583
Restricted for:	
Instructional grants	157,951
Emergency contingency	2,000,000
Unrestricted	<u>29,590,419</u>
Total net assets	<u><u>\$ 73,399,953</u></u>

See accompanying independent auditors' report.

County of Roanoke, Virginia
Component Unit
Roanoke County Public Schools
Statement of Activities
For the Year Ended June 30, 2011

					Net Expense and Changes in Net Assets
Functions/Programs	Expenses	Program Revenues			Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Instruction	\$ 104,091,890	\$ 877,818	\$ 30,256,411	\$ 752,030	\$ (72,205,631)
Support Services:					
Administration	2,362,580	297	-	-	(2,362,283)
Attendance and health	2,598,603	-	-	-	(2,598,603)
Transportation	6,964,180	-	-	-	(6,964,180)
Operations and maintenance	11,436,014	53,225	-	836,647	(10,546,142)
Technology	6,121,084	-	-	-	(6,121,084)
School nutrition	5,572,527	3,535,548	2,199,638	-	162,659
Capital lease interest	187,855	-	-	-	(187,855)
Payment of interest and other charges for County capital projects	24,413,643	-	-	-	(24,413,643)
Total governmental activities	<u>\$ 163,748,376</u>	<u>\$ 4,466,888</u>	<u>\$ 32,456,049</u>	<u>\$ 1,588,677</u>	<u>\$ (125,236,762)</u>
General revenues:					
Payments from Roanoke County					64,559,361
Non-categorical state aid					50,182,318
Gain on sale of capital assets					27,134
Miscellaneous					397,886
Total general revenues					<u>115,166,699</u>
Special item - capital contribution					<u>1,077,603</u>
Change in net assets					<u>(8,992,460)</u>
Net assets at beginning of year					<u>82,392,413</u>
Net assets at end of year					<u>\$ 73,399,953</u>

See accompanying independent auditors' report.

County of Roanoke, Virginia
Component Unit
Roanoke County Public Schools
Balance Sheet
Governmental Funds
June 30, 2011

	General	Grant	Capital Projects	Nonmajor	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 5,603,418	\$ -	\$ 2,016,293	\$ 498,251	\$ 8,117,962
Investments	7,842,668	-	2,822,050	697,364	11,362,082
Accounts receivable	107,964	120	-	2,635	110,719
Due from other governments	3,049,802	2,551,893	124,354	40,279	5,766,328
Due from other funds	1,266,524	-	-	-	1,266,524
Inventory	146,447	-	-	102,327	248,774
Total assets	\$ 18,016,823	\$ 2,552,013	\$ 4,962,697	\$ 1,340,856	\$ 26,872,389
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 957,986	\$ 1,120,678	\$ 264,434	\$ 3,526	\$ 2,346,624
Accrued liabilities	1,217,553	6,860	-	4,631	1,229,044
Deferred revenue	1,377,905	-	-	-	1,377,905
Due to other funds	-	1,266,524	-	-	1,266,524
Total liabilities	3,553,444	2,394,062	264,434	8,157	6,220,097
Fund balances:					
Nonspendable	146,447	-	-	102,327	248,774
Restricted	2,000,000	157,951	-	-	2,157,951
Committed	11,842,982	-	4,698,263	1,034,820	17,576,065
Assigned	473,950	-	-	195,552	669,502
Total fund balances	14,463,379	157,951	4,698,263	1,332,699	20,652,292
Total liabilities and fund balances	\$ 18,016,823	\$ 2,552,013	\$ 4,962,697	\$ 1,340,856	

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. 44,139,908

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. 12,517,562

Revenues earned but not considered available are not current financial resources and therefore are not reported in the governmental funds. 1,372,410

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. Balances at June 30, 2011 are:

Obligation under capital leases	(2,488,325)
Accrued interest on capital leases	(74,600)
Compensated absences	(2,829,747)
Pollution remediation obligation	(95,357)
Other postemployment obligation asset	205,810

Net assets of governmental activities \$ 73,399,953

See accompanying independent auditors' report.

County of Roanoke, Virginia
Component Unit
Roanoke County Public Schools
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	General	Grant	Capital Projects	Nonmajor	Total Governmental Funds
Revenues					
Intergovernmental:					
Roanoke County	\$ 64,559,361	\$ -	\$ 391,907	\$ -	\$ 64,951,268
Commonwealth of Virginia	64,103,729	938,215	752,030	91,741	65,885,715
Federal government	8,209,271	7,517,589	444,740	2,107,897	18,279,497
Investment income	107,392	-	-	4,032	111,424
Charges for services	476,275	106,600	48,000	3,535,548	4,166,423
Miscellaneous	88,754	8,167	80,298	51,600	228,819
Total revenues	<u>137,544,782</u>	<u>8,570,571</u>	<u>1,716,975</u>	<u>5,790,818</u>	<u>153,623,146</u>
Expenditures					
Current:					
Instruction	92,094,364	8,238,429	1,042,360	-	101,375,153
Administration	2,269,955	-	-	-	2,269,955
Attendance and health	2,207,280	385,357	-	-	2,592,637
Transportation	7,054,463	-	-	-	7,054,463
Operations and maintenance	10,868,321	-	502,131	-	11,370,452
School nutrition	-	-	-	5,563,659	5,563,659
Technology	3,059,017	9,704	3,039,874	-	6,108,595
Capital lease debt service:					
Principal	347,180	-	-	-	347,180
Interest	113,255	-	-	-	113,255
Capital outlay:					
Facilities	-	-	1,112,358	-	1,112,358
Intergovernmental:					
Roanoke County	6,125,345	-	18,288,298	-	24,413,643
Total expenditures	<u>124,139,180</u>	<u>8,633,490</u>	<u>23,985,021</u>	<u>5,563,659</u>	<u>162,321,350</u>
Excess (deficiency) of revenues over (under) expenditures	13,405,602	(62,919)	(22,268,046)	227,159	(8,698,204)
Other financing sources (uses)					
Proceeds from sale of property	27,134	-	-	-	27,134
Transfers in	-	36,000	10,523,870	93,091	10,652,961
Transfers out	(10,652,961)	-	-	-	(10,652,961)
Total other financing sources (uses), net	<u>(10,625,827)</u>	<u>36,000</u>	<u>10,523,870</u>	<u>93,091</u>	<u>27,134</u>
Net change in fund balances	2,779,775	(26,919)	(11,744,176)	320,250	(8,671,070)
Fund balances at beginning of year	11,683,604	184,870	16,442,439	1,012,449	29,323,362
Fund balances at end of year	<u>\$ 14,463,379</u>	<u>\$ 157,951</u>	<u>\$ 4,698,263</u>	<u>\$ 1,332,699</u>	<u>\$ 20,652,292</u>

See accompanying independent auditors' report.

County of Roanoke, Virginia
Component Unit
Roanoke County Public Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2011

Net change in fund balances - total governmental funds	\$ (8,671,070)
--	----------------

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate the cost of those assets over the life of the assets.

Capital outlay	3,470,246
Capital contribution from Roanoke County	1,077,603
Capital donated	4,685
Depreciation expense	(5,078,334)

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.

(42,442)

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

Other postemployment obligation asset	178,100
Compensated absences	65,183
Obligation under capital leases	347,180
Accrued interest on capital leases	(74,600)
Pollution remediation obligation	(95,357)

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.

(173,654)

Change in net assets of governmental activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; padding: 2px 0;">\$ (8,992,460)</div>
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County of Roanoke, Virginia
Component Unit
Roanoke County Public Schools
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2011

	Student Activity Fund	Regional Alternative School	Total Agency Funds
Assets			
Cash and cash equivalents	\$ 2,332,612	\$ 115,082	\$ 2,447,694
Total assets	<u>\$ 2,332,612</u>	<u>\$ 115,082</u>	<u>\$ 2,447,694</u>
Liabilities			
Accounts payable	-	115,082	115,082
Due to student groups	<u>2,332,612</u>	<u>-</u>	<u>2,332,612</u>
Total liabilities	<u>\$ 2,332,612</u>	<u>\$ 115,082</u>	<u>\$ 2,447,694</u>

See accompanying independent auditors' report.

County of Roanoke, Virginia
Component Unit
Roanoke County Public Schools
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2011

	Student Activity Fund	Regional Alternative School	Total Agency Funds
Assets			
Balance, July 1, 2010	\$ 2,153,241	\$ 115,082	\$ 2,268,323
Additions	7,206,799	-	7,206,799
Deductions	<u>(7,027,428)</u>	<u>-</u>	<u>(7,027,428)</u>
Balance, June 30, 2011	<u><u>\$ 2,332,612</u></u>	<u><u>\$ 115,082</u></u>	<u><u>\$ 2,447,694</u></u>
Liabilities			
Balance, July 1, 2010	\$ 2,153,241	\$ 115,082	\$ 2,268,323
Additions	7,206,799	-	7,206,799
Deductions	<u>(7,027,428)</u>	<u>-</u>	<u>(7,027,428)</u>
Balance, June 30, 2011	<u><u>\$ 2,332,612</u></u>	<u><u>\$ 115,082</u></u>	<u><u>\$ 2,447,694</u></u>

See accompanying independent auditors' report.

County of Roanoke, Virginia
Component Unit
Economic Development Authority of Roanoke County, Virginia
Balance Sheet
Governmental Funds
June 30, 2011

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 639,294
Interest receivable	500
Notes receivable	343,788
Land held for resale	<u>133,824</u>
Total assets	\$ <u><u>1,117,406</u></u>
Liabilities and Fund Balances	
Liabilities:	
Accounts payable	\$ <u>22</u>
Total liabilities	<u>22</u>
Fund balances:	
Unassigned	<u>1,117,384</u>
Total fund balances	<u>1,117,384</u>
Total liabilities and fund balances	\$ <u><u>1,117,406</u></u>

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Economic Development Authority of Roanoke County, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2011

	Governmental Activities
OPERATING REVENUES	
Bondholder's assessments	\$ 1,236
Roanoke County contributions:	
ITT Industries	119,119
Integrity Windows	64,859
Mennel	267,593
Tecton	56,855
New Millennium	60,600
PD Lodging Associates	78,906
Total operating revenues	<u>649,168</u>
OPERATING EXPENDITURES	
Professional fees	3,090
Regional Cooperative programs	8,000
Contributions	61,566
Miscellaneous	2,213
Project disbursements:	
ITT Industries	119,119
Integrity Windows	64,859
Mennel	267,593
Tecton	56,855
New Millennium	60,600
PD Lodging Associates	78,906
Vinton façade program	13,534
Total operating expenditures	<u>736,335</u>
Operating loss	<u>(87,167)</u>
NONOPERATING REVENUES	
Investment income	11,613
Total nonoperating revenues	<u>11,613</u>
Net change in fund balances	(75,554)
Fund balances at beginning of year	1,192,938
Fund balances at end of year	<u><u>\$ 1,117,384</u></u>

See accompanying independent auditors' report

County of Roanoke, Virginia
Component Unit
Economic Development Authority of Roanoke County, Virginia
Schedule of Revenue Bonds and Notes Outstanding
For the Year Ended June 30, 2011

	<u>Date Issued</u>	<u>Original Issue</u>	<u>Balance June 30, 2011</u>	<u>Type of Project</u>
Bondholders/Noteholders				
Roanoke County	5/1/2001	\$ 2,650,000	\$ 1,072,312	Office Building
The Glebe/Virginia Baptist Homes	12/3/2003	55,540,000	55,540,000	Retirement Community
Richfield Retirement Community	10/20/2008	4,415,000	4,150,886	Alzheimer's Center
Roanoke County	12/20/2002	2,705,000	575,000	Office Building
Roanoke County	3/27/2008	58,595,000	54,655,000	Public Facility Projects
		<u>\$ 123,905,000</u>	<u>\$ 115,993,198</u>	

Statistical Section

This part of the County of Roanoke'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 County's overall financial health.

Contents

Financial Trends

Page

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time. 137

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes. 144

Debt Capacity

These schedules contain 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. 148

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments. 151

Operating Information

These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs. 153

Table 1

COUNTY OF ROANOKE, VIRGINIA
Net Assets by Component,
Last Ten Fiscal Years
(Unaudited)
(accrual basis of accounting)

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Governmental activities										
Invested in capital assets, net of related debt	\$ 120,640,542	\$ 101,462,327	\$ 93,288,117	\$ 91,882,685	\$ 80,097,381	\$ 69,076,600	\$ 59,965,492	\$ 49,662,346	\$ 33,609,128	\$ 29,917,310
Restricted	8,807,540	-	-	-	-	-	-	-	-	-
Unrestricted	32,380,363	39,007,905	38,023,432	34,494,810	32,063,123	28,237,598	25,274,621	23,902,850	22,848,852	16,147,502
Total governmental activities net assets	\$ 161,828,445	\$ 140,470,232	\$ 131,311,549	\$ 126,377,495	\$ 112,160,504	\$ 97,314,198	\$ 85,240,113	\$ 73,565,196	\$ 56,457,980	\$ 46,064,812
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,669,905	\$ 59,476,705	\$ 58,102,192
Restricted	-	-	-	-	-	-	-	6,360,957	11,375,766	11,908,241
Unrestricted	-	-	-	-	-	-	-	4,935,361	10,318,652	8,663,564
Total business-type activities net assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,966,223	\$ 81,171,123	\$ 78,673,997
Primary Government										
Invested in capital assets, net of related debt	\$ 120,640,542	\$ 101,462,327	\$ 93,288,117	\$ 91,882,685	\$ 80,097,381	\$ 69,076,600	\$ 59,965,492	\$ 108,332,251	\$ 93,085,833	\$ 88,019,502
Restricted	8,807,540	-	-	-	-	-	-	6,360,957	11,375,766	11,908,241
Unrestricted	32,380,363	39,007,905	38,023,432	34,494,810	32,063,123	28,237,598	25,274,621	28,838,211	33,167,504	24,811,066
Total primary government net assets	\$ 161,828,445	\$ 140,470,232	\$ 131,311,549	\$ 126,377,495	\$ 112,160,504	\$ 97,314,198	\$ 85,240,113	\$ 143,531,419	\$ 137,629,103	\$ 124,738,809

Notes: The County began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2002.

On July 1, 2004, the County and the City of Roanoke (City) formed the Western Virginia Water Authority (WVWA), a regional water and wastewater authority. As outlined in the terms of the Operating Agreement dated June 30, 2004, the assets and liabilities of the County and the City water and wastewater utilities were merged into one full service authority created pursuant to the Virginia Water and Waste Authorities Act, Title 15.2, Chapter 51 to be responsible for the supply, treatment, distribution, and transmission of water and the collection and treatment of wastewater.

Table 2

COUNTY OF ROANOKE, VIRGINIA
Changes in Net Assets, Last Ten Fiscal Years
(unaudited)
(accrual basis of accounting)

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Expenses										
Governmental activities:										
General government	\$ 12,767,696	\$ 13,759,638	\$ 11,764,472	\$ 11,451,154	\$ 10,588,935	\$ 9,580,727	\$ 6,896,800	\$ 7,529,142	\$ 7,214,980	\$ 6,571,567
Judicial administration	2,677,709	2,694,185	2,750,265	2,584,300	2,474,790	2,215,910	2,029,037	2,411,805	1,665,839	1,796,482
Public safety	44,716,348	43,937,823	42,210,181	39,133,760	36,385,344	33,792,046	30,689,745	29,247,487	26,307,110	24,005,383
Public works	14,433,587	13,749,180	15,487,202	15,706,237	14,792,413	14,305,603	13,073,960	11,924,364	11,131,347	10,206,081
Library	4,207,795	3,328,486	3,192,012	3,562,515	3,166,011	2,926,666	2,790,112	2,459,616	2,159,475	2,226,979
Health and welfare	17,157,554	17,245,746	16,386,768	16,873,746	16,828,013	13,831,907	12,649,528	11,355,547	8,940,906	8,027,057
Parks, recreation, and culture	8,843,246	6,611,041	4,763,745	5,270,489	5,247,319	4,619,059	3,968,259	5,348,664	4,503,852	3,230,340
Community development	2,694,899	3,741,964	3,289,302	3,035,834	3,003,701	2,489,797	3,588,395	4,268,386	3,665,869	4,302,889
Education	69,593,033	65,673,860	65,254,173	65,013,274	62,052,518	60,134,458	57,195,060	58,470,615	54,795,014	56,136,808
Interest and other charges	8,956,954	9,316,330	8,542,365	6,039,352	5,175,622	5,520,032	5,982,564	4,794,091	4,544,220	4,679,981
Total governmental activities expenses	186,048,821	180,058,253	173,640,485	168,670,661	159,714,666	149,416,205	138,863,460	137,809,727	124,928,612	121,183,567
Business-type activities:										
Water	-	-	-	-	-	-	-	10,679,819	10,361,679	10,091,077
Sewer	-	-	-	-	-	-	-	5,928,046	5,589,031	3,817,613
Total business-type activities expenses	-	-	-	-	-	-	-	16,607,865	15,950,710	13,908,690
Program Revenues										
Governmental activities:	\$ 186,048,821	\$ 180,058,253	\$ 173,640,485	\$ 168,670,661	\$ 159,714,666	\$ 149,416,205	\$ 138,863,460	\$ 154,417,592	\$ 140,879,322	\$ 135,092,257
Charges for services:										
General government	\$ 297,785	\$ 364,757	\$ 521,821	\$ 810,746	\$ 955,331	\$ 251,789	\$ 738,150	\$ 87,603	\$ 140,582	\$ 144,014
Judicial administration	1,492,024	1,414,831	1,727,976	949,084	1,258,889	1,089,454	1,034,408	1,126,777	916,750	1,003,202
Public safety	3,677,631	3,734,382	3,700,948	4,263,833	3,269,382	3,207,661	3,019,980	2,638,819	3,091,305	1,944,662
Public works	317,459	349,825	317,203	317,496	315,500	315,500	318,334	610,927	414,662	903,777
Library	-	-	212,252	232,105	300,287	26,425	24,440	21,244	36,468	11,414
Health and welfare	1,536,402	1,264,060	957,118	739,576	910,123	653,929	624,294	652,422	429,397	478,320
Parks, recreation, and culture	4,920,779	2,699,633	1,833,379	1,713,060	1,428,750	1,041,105	948,868	959,371	869,400	782,307
Community development	347,766	504,289	487,159	909,390	743,577	794,824	954,686	725,892	762,289	628,739
Operating grants and contributions	45,488,815	30,487,857	25,365,244	26,223,865	23,472,493	20,512,492	19,093,596	20,137,004	16,389,153	16,153,768
Capital grants and contributions	-	-	-	-	-	-	-	-	60,618	825,243
Total governmental activities revenues	59,078,661	40,819,634	35,123,100	36,159,155	32,654,332	27,893,179	26,756,756	26,960,059	23,110,624	22,875,446
Business-type activities:										
Charges for services:										
Water	-	-	-	-	-	-	-	9,581,278	11,293,731	10,212,732
Sewer	-	-	-	-	-	-	-	6,220,982	5,552,039	5,345,420
Capital grants and contributions	-	-	-	-	-	-	-	304,302	754,965	214,545
Total business-type activities revenues	-	-	-	-	-	-	-	16,106,562	17,600,735	15,772,697
Total primary government revenues	\$ 58,078,661	\$ 40,819,634	\$ 35,123,100	\$ 36,159,155	\$ 32,654,332	\$ 27,893,179	\$ 26,756,756	\$ 43,066,621	\$ 40,711,359	\$ 38,648,143

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COUNTY OF ROANOKE, VIRGINIA																				
Changes in Net Assets, Last Ten Fiscal Years																				
(unaudited)																				
(accrual basis of accounting)																				
Net (Expense)/Revenue	\$	(127,970,160)	\$	(139,238,619)	\$	(138,517,385)	\$	(132,511,506)	\$	(127,060,334)	\$	(121,523,026)	\$	(112,106,704)	\$	(110,849,668)	\$	(101,817,988)	\$	(98,308,121)
	\$	(127,970,160)	\$	(139,238,619)	\$	(138,517,385)	\$	(132,511,506)	\$	(127,060,334)	\$	(121,523,026)	\$	(112,106,704)	\$	(111,350,971)	\$	(100,167,963)	\$	(96,444,114)
General Revenues and Other Changes in Net Assets																				
Governmental activities:																				
Taxes																				
Real estate and personal property	\$	105,068,835	\$	104,367,304	\$	102,820,602	\$	98,914,367	\$	92,809,985	\$	88,510,230	\$	80,871,866	\$	76,391,960	\$	72,918,404	\$	79,737,809
Local share of sales tax		8,782,444		8,345,658		8,489,571		8,486,271		9,802,503		8,006,459		7,535,512		7,191,994		6,547,632		6,185,519
Other local taxes		22,638,322		21,562,986		21,604,036		23,136,838		21,386,400		21,953,331		20,928,761		20,598,641		19,543,727		19,234,941
Non-categorical state aid		12,229,857		12,229,857		12,229,857		12,229,857		12,202,842		12,083,190		12,096,599		11,189,906		11,521,020		-
Gain on sale of capital assets		95,553		102,850		166,245		209,368		-		-		-		-		-		2,146,363
Capital contribution		(1,077,603)		-		(5,171,236)		-		-		-		-		-		-		-
Investment earnings		1,548,862		1,762,425		3,285,667		3,725,643		4,407,323		2,614,590		2,041,932		1,421,493		1,427,427		1,215,447
Miscellaneous		42,103		29,222		23,697		26,153		920,279		429,311		146,951		162,890		252,946		-
Transfers		-		-		-		-		-		-		-		11,000,000		-		(207,233)
Total governmental activities		149,328,373		148,400,302		143,448,439		146,728,497		141,529,332		133,597,111		123,621,621		127,956,884		112,211,156		108,312,846
Business-type activities:																				
Investment earnings		-		-		-		-		-		-		-		234,572		778,028		999,427
Miscellaneous		-		-		-		-		-		-		-		61,831		24,426		24,426
Transfers		-		-		-		-		-		-		-		(11,000,000)		-		207,233
Total business-type activities revenues		-		-		-		-		-		-		-		(10,703,597)		847,101		1,231,086
Special Items:																				
Land donated to Roanoke County		-		-		-		-		377,308		-		-		-		-		-
Total primary government	\$	149,328,373	\$	148,400,302	\$	143,448,439	\$	146,728,497	\$	141,906,640	\$	133,597,111	\$	123,621,621	\$	117,253,287	\$	113,058,257	\$	109,543,932
Change in Net Assets																				
Governmental activities	\$	21,358,213	\$	9,161,683	\$	4,931,054	\$	14,216,991	\$	14,846,306	\$	12,074,085	\$	11,514,917	\$	17,107,216	\$	10,393,168	\$	10,004,725
Business-type activities		-		-		-		-		-		-		-		(11,204,900)		2,497,126		3,095,093
Total primary government	\$	21,358,213	\$	9,161,683	\$	4,931,054	\$	14,216,991	\$	14,846,306	\$	12,074,085	\$	11,514,917	\$	5,902,316	\$	12,890,294	\$	13,099,818

Table 3

COUNTY OF ROANOKE, VIRGINIA
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(unaudited)
(modified accrual basis of accounting)

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Fund										
Reserved	\$ -	\$ 944,832	\$ 513,502	\$ 608,517	\$ 907,080	\$ 408,232	\$ 382,993	\$ 345,404	\$ 1,498,189	\$ 580,730
Unreserved	-	35,757,184	32,580,041	27,677,600	25,383,566	21,499,248	18,344,764	19,116,283	17,045,453	13,689,144
Nonspendable	380,491	-	-	-	-	-	-	-	-	-
Restricted	8,807,540	-	-	-	-	-	-	-	-	-
Committed	3,929,813	-	-	-	-	-	-	-	-	-
Assigned	725,925	-	-	-	-	-	-	-	-	-
Unassigned	25,105,706	-	-	-	-	-	-	-	-	-
Total general fund	\$ 38,949,475	\$ 36,702,016	\$ 33,093,543	\$ 28,286,117	\$ 26,290,646	\$ 21,907,480	\$ 18,727,757	\$ 19,461,687	\$ 18,543,642	\$ 14,269,874
All Other Governmental Funds										
Reserved	\$ -	\$ 29,128,848	\$ 19,018,884	\$ 49,950,824	\$ 6,223,444	\$ 8,284,787	\$ 25,183,472	\$ 5,816,858	\$ -	\$ -
Unreserved, reported in:										
Capital projects fund	-	33,862,753	83,584,672	40,929,195	24,209,201	26,447,715	23,865,465	51,968,034	16,809,776	21,134,014
Debt service fund	-	252,762	237,688	625,406	209,238	212,757	220,151	226,242	221,537	589,060
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	1,590,715	-	-	-	-	-	-	-	-	-
Committed	51,711,936	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 53,302,651	\$ 63,244,363	\$ 102,841,244	\$ 91,505,425	\$ 30,641,883	\$ 34,945,259	\$ 49,269,088	\$ 58,011,134	\$ 17,031,313	\$ 21,722,074

The County implemented GASB Statement No. 54 in fiscal year 2011, which expanded fund balances. Previous years information is not available.



Table 4

COUNTY OF ROANOKE, VIRGINIA
Changes in Fund Balances, Governmental Funds,
(unaudited)
Last Ten Fiscal Years

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
REVENUES										
General property taxes	\$ 105,757,875	\$ 105,039,725	\$ 103,464,014	\$ 99,559,431	\$ 93,202,311	\$ 87,516,565	\$ 81,447,134	\$ 76,962,326	\$ 73,501,276	\$ 69,036,458
Other local taxes	31,965,165	30,067,742	30,526,768	31,432,882	31,085,815	29,786,917	28,102,659	27,400,564	25,712,914	24,946,767
Permits, fees, and licenses	642,732	829,674	770,289	969,168	827,706	824,223	694,048	743,694	628,310	697,478
Fines and forfeitures	888,995	810,241	824,001	706,354	754,895	755,033	700,301	680,283	584,979	709,667
Use of money and property	883,689	1,062,082	2,390,998	2,533,878	2,961,472	2,343,217	1,364,482	789,188	762,354	1,125,924
Charges for services	7,905,937	5,794,055	4,947,080	5,264,920	5,271,237	3,870,915	3,376,174	3,572,353	2,931,449	2,702,314
Intergovernmental revenue	56,345,534	42,248,109	37,285,281	38,517,594	36,933,807	34,392,207	32,179,487	31,551,337	28,897,897	29,342,703
Locality compensation payments	125,119	124,676	520,749	395,925	402,488	404,788	414,187	-	-	-
Miscellaneous	4,053,395	2,943,226	3,133,116	3,122,332	2,717,947	1,754,177	2,245,010	2,108,608	2,081,198	2,259,978
Total revenues	208,568,441	188,919,530	183,862,296	182,502,484	174,157,678	161,648,042	150,523,482	143,808,353	135,100,377	130,821,289
EXPENDITURES										
General government	11,208,849	11,319,789	11,155,637	10,505,771	9,515,622	8,678,310	8,118,324	7,391,344	6,703,944	7,039,090
Judicial administration	2,535,222	2,563,138	2,606,389	2,400,523	2,279,958	2,143,527	1,992,798	1,812,896	1,812,595	1,931,085
Public safety	42,170,041	40,436,054	38,606,968	37,322,169	34,316,225	32,305,718	29,111,784	27,662,517	24,924,617	25,445,995
Public works	13,078,780	12,716,367	14,161,590	15,232,241	13,784,117	13,370,551	12,683,511	12,784,825	11,087,746	10,324,501
Library	3,171,140	2,967,222	3,367,133	3,074,951	2,880,683	2,659,325	2,374,123	2,291,910	2,142,685	2,232,930
Health and welfare	16,614,818	16,779,169	15,884,722	16,116,566	16,420,012	13,555,847	12,515,760	11,137,394	8,979,128	8,690,234
Parks, recreation, and culture	7,351,415	5,757,057	4,789,372	4,769,013	4,473,419	4,122,383	3,768,113	3,618,391	3,515,412	3,579,773
Community development	2,554,430	2,644,744	2,827,306	2,549,646	2,191,555	1,845,093	1,581,557	1,433,458	1,582,418	1,479,648
Education	62,819,511	61,180,665	61,025,007	62,595,245	59,045,806	57,478,836	55,218,562	55,582,671	54,825,683	54,621,646
Debt service:										
Principal	12,269,095	9,964,540	10,323,075	8,306,035	8,255,178	8,291,393	8,339,379	7,041,504	7,184,379	5,343,416
Interest and other charges	9,563,362	9,437,308	8,799,841	5,067,780	5,416,678	5,743,801	6,139,789	4,270,654	4,686,789	4,505,815
Capital outlay	34,135,287	52,178,280	42,835,534	31,838,539	14,814,957	22,829,911	17,697,921	21,683,658	7,866,015	23,259,548
Total expenditures	217,471,950	227,944,333	216,382,574	199,778,479	173,394,210	173,014,695	159,541,621	156,711,222	135,331,411	148,453,681
Excess of revenues over (under) expenditures	(8,903,509)	(39,024,803)	(32,520,278)	(17,275,995)	763,468	(11,366,653)	(9,018,139)	(12,902,869)	(231,034)	(17,632,392)

Table 4 (continued)

COUNTY OF ROANOKE, VIRGINIA
Changes in Fund Balances, Governmental Funds,
(unaudited)
Last Ten Fiscal Years

OTHER FINANCING SOURCES (USES)																		
Proceeds from lease purchase	\$	1,148,037	\$	-	\$	47,695,156	\$	80,533,976	\$	-	\$	-	\$	42,788,533	\$	29,164,164	\$	13,226,035
Payments to refunded escrow agent		-		-		-		-		-		-		-		(28,750,356)		-
Debt issue costs		-		-		-		-		-		-		-		(217,185)		-
Bond premium		-		-		-		-		-		-		1,370,740		-		-
Proceeds from sale of land, machinery and equipment		95,553		102,850		166,245		209,368		47,812		776,317		25,945		40,000		984,000
Transfers in		19,166,458		22,453,787		30,683,567		20,368,032		18,019,165		16,842,772		19,028,355		11,790,151		12,732,451
Transfers out		(19,200,792)		(19,520,242)		(29,881,446)		(20,976,367)		(18,750,655)		(17,396,542)		(19,512,137)		(12,212,103)		(13,094,512)
Total other financing sources(uses)		1,209,256		3,036,395		48,663,522		80,135,009		(683,678)		222,547		(457,837)		(185,329)		13,847,974
Net change in fund balances	\$	(7,694,253)	\$	(35,988,408)	\$	16,143,244	\$	62,859,014	\$	79,790	\$	(11,144,106)	\$	(9,475,976)	\$	(416,363)	\$	(3,784,418)
Debt service as a percentage of noncapital expenditures		11.7%		10.8%		10.9%		8.0%		8.5%		9.2%		10.2%		9.2%		8.1%

Table 5

COUNTY OF ROANOKE, VIRGINIA
Assessed Value and Estimated Actual Value of Taxable Property
(Unaudited)
Last Ten Fiscal Years

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
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	7,929,156,898	766,339,671	224,653,310	8,920,149,879	\$1.09	\$3.50/3.00	10,494,293,975
2010	8,020,716,300	780,689,905	233,127,850	9,034,534,055	\$1.09	\$3.50/3.00	10,151,161,860
2011	8,053,281,600	782,346,945	223,646,000	9,059,274,545	\$1.09	\$3.50/3.00	9,847,037,549

Source: Roanoke County Real Estate Land Books

Notes: Property in Roanoke County is assessed annually and is assessed at approximately 92% of actual value for 2010-2011 and at approximately 84% for years 2002-2010. Estimated actual taxable value is calculated by dividing taxable assessed value by those percentages. Tax rates are per \$100 of assessed value. Personal Property Tax Rates = \$3.50 for Personal Property; \$3.00 for Machinery and Tools.

Table 6

COUNTY OF ROANOKE, VIRGINIA
Direct and Overlapping Property Tax Rates
(Unaudited)
Last Ten Fiscal Years

Fiscal Year	Direct Rates			Overlapping Rates	
	County of Roanoke			Town of Vinton	
	Real Property ⁽¹⁾			Real Property ⁽¹⁾	Personal Property ^{(1) (2)}
	First Half	Second Half	Total		
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
2011	\$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 Land Books

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.

Table 7

COUNTY OF ROANOKE, VIRGINIA
Principal Property Tax Payers
(unaudited)
Fiscal Years 2011 and 2002

Taxpayer	2011			2002		
	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%	92	1	1.80%
Roanoke Tanglewood LLC	41	2	0.45%	37	2	0.70%
Kroger Mid-Atlantic (formerly The Kroger Company)	40	3	0.44%	16	3	0.32%
Verizon Virginia, Inc.	40	4	0.44%	-	-	-
Wal-Mart Real Estate Business	29	5	0.32%	-	-	-
Integrity Windows, Inc.	19	6	0.21%	-	-	-
First States Investors 3300 LLC	18	7	0.20%	-	-	-
Roanoke Gas Company	17	8	0.19%	-	-	-
Lowes Home Centers Inc.	17	9	0.19%	-	-	-
Pebble Creek, LLC	15	10	0.17%	-	-	-
Hanover Realty	-	-	-	13	5	0.26%
RR Donnelley & Sons Company	-	-	-	13	4	0.30%
Roanoke Valleypointe LLC	-	-	-	13	6	0.26%
Occidental Development Limited	-	-	-	12	7	0.24%
First Union National Bank	-	-	-	11	8	0.23%
Allstate Insurance Company	-	-	-	11	9	0.20%
	-	-	-	11	10	0.22%
Total	348		3.85%	229		4.53%

Source: County Real Estate Assessment Department

Table 8

COUNTY OF ROANOKE, VIRGINIA
Property Tax Levies and Collections
(Unaudited)
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 80,957,285	\$ 77,434,626	95.65%	\$ 2,178,400	\$ 79,613,026	98.34%
2003	86,171,722	81,994,546	95.15%	2,519,925	84,514,471	98.08%
2004	88,901,356	84,798,976	95.39%	2,201,796	87,000,772	97.86%
2005	94,381,504	90,113,624	95.48%	2,684,859	92,798,483	98.32%
2006	100,713,477	95,857,523	95.18%	3,078,483	98,936,006	98.24%
2007	106,526,759	101,614,506	95.39%	3,066,985	104,681,491	98.27%
2008	113,379,407	107,449,039	94.77%	3,542,854	110,991,893	97.89%
2009	116,316,521	111,054,250	95.48%	2,246,770	113,301,020	97.41%
2010	116,489,107	111,980,936	96.13%	2,389,305	114,370,241	98.18%
2011	118,335,928	113,612,208	96.01%	-	113,612,208	96.01%

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

Table 9

COUNTY OF ROANOKE, VIRGINIA
Ratios of Outstanding Debt by Type
(Unaudited)
Last Ten Fiscal Years

Fiscal Year	Governmental Activities										Business-Type				Component Unit		Percentage of Actual Value of Taxable Property	Percentage Of Personal Income	Per Capita		
	General					VP&A					State		General		Total Primary Government	Capital Lease					
	Obligation		Lease Revenue		Bonds	School		Literary		Bonds	Capital Leases	Obligation	Debt	Revenue							
	\$		\$			\$		\$												\$	
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%	\$ 2,014
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%	1,899
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%	5.29%	2,299
2005		23,287,203		26,281,871		69,708,272		7,738,562		-		-	-	-	127,015,908		1,84%	3.19%	1,420		
2006		21,185,562		25,517,803		65,053,722		6,888,530		-		-	-	-	118,645,617		1.60%	2.98%	1,316		
2007		19,040,454		24,724,570		60,490,721		6,038,498		-		-	-	-	110,294,243		1.42%	2.86%	1,263		
2008		16,825,346		82,989,144		78,376,947		5,211,866		-		-	-	-	183,403,303		2.15%	4.52%	2,071		
2009		14,560,238		80,954,308		120,748,501		4,524,181		-		-	-	-	220,787,228		2.51%	5.20%	2,465		
2010		12,645,130		78,700,454		115,035,423		4,064,860		-		-	-	-	210,445,867		2.36%	4.49%	2,343		
2011		10,655,022		76,376,966		107,150,919		3,617,042		1,148,037		-	-	-	198,947,986		2.22%	4.42%	2,181		

(1) Population from VaStat, a service of the Weldon Cooper Center for Public Service.

(2) Effective July 1, 2004, the debt payable from the enterprise revenues was transferred to the Western Virginia Water Authority

(3) Per capital personal income and personal income from the Bureau of Economic Analysis.

Table 10

COUNTY OF ROANOKE, VIRGINIA
Ratios of General Bonded Debt Outstanding
(Unaudited)
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding						Percentage of Actual Value of Taxable Property	Per Capita
	General Obligation Debt	Lease Revenue Bonds	VPSA School Bonds	State Literary Bonds	Total			
2002	\$ 25,860,000	\$ 5,425,149	\$ 59,864,797	\$ 10,390,658	\$ 101,540,604	1.76%	\$	1,173
2003	25,538,398	4,899,194	56,144,053	9,506,626	96,088,271	1.57%		1,098
2004	25,716,449	26,703,265	74,499,309	8,622,594	135,541,617	2.10%		1,530
2005	23,287,203	26,281,871	69,708,272	7,738,562	127,015,908	1.84%		1,420
2006	21,185,562	25,517,803	65,053,722	6,888,530	118,645,617	1.60%		1,311
2007	19,040,454	24,724,570	60,490,721	6,038,498	110,294,243	1.37%		1,213
2008	16,825,346	82,989,144	78,376,947	5,211,866	183,403,303	2.11%		2,028
2009	14,560,238	80,954,308	120,748,501	4,524,181	220,787,228	2.48%		2,430
2010	12,645,130	78,700,454	115,035,423	4,064,860	210,445,867	2.33%		2,312
2011	10,655,022	76,376,966	107,150,919	3,617,042	197,799,949	2.18%		2,141

- (1) Population from VaStat, a service of the Weldon Cooper Center for Public Service. Fiscal Year 2007 was unavailable
 (2) Effective July 1, 2004, the debt payable from the enterprise revenues was transferred to the Western Virginia Water Authority
 (3) Per capital personal income from the Bureau of Economic Analysis.

Table 11

COUNTY OF ROANOKE, VIRGINIA
Debt Policy Information
(Unaudited)
Last Ten Fiscal Years

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General bonded debt outstanding										
General Obligation Bonds	\$ 10,655,022	\$ 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
Lease Revenue Bonds	76,376,966	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
VPSA School Bonds	107,150,919	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
State Literary Bonds	3,617,042	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
Total net debt applicable to debt limits	\$ 197,799,949	\$ 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
Ratio of net debt to assessed taxable property value	2.18%	2.33%	2.48%	2.11%	1.37%	1.60%	1.84%	2.10%	1.57%	1.76%
Debt limit per policy for property value	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Per capita	\$ 2,141	\$ 2,312	\$ 2,430	\$ 2,028	\$ 1,213	\$ 1,311	\$ 1,420	\$ 1,530	\$ 1,098	\$ 1,173
Debt limit per policy for per capita	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 1,500	\$ 1,500	\$ 1,500
Debt service to general governmental expenditures	8.51%	7.79%	7.30%	5.05%	5.48%	6.13%	6.63%	5.63%	5.24%	5.36%
Debt limit per policy for general governmental expenditures	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

Property value data can be found on Table 5. Per capita data can be found on Table 12.

General governmental expenditures include the Governmental fund expenditures, the School Board component unit expenditures, and County and School transfer to Capital Projects and Proprietary funds. The County does not have any Constitutional or Statutory Debt Limits.

Table 12

COUNTY OF ROANOKE, VIRGINIA
Demographic Statistics
Last Ten Fiscal Years
(Unaudited)
June 30, 2011

Fiscal Year	Population ⁽¹⁾	Personal Income (thousands of dollars) ⁽²⁾	Per Capita Personal Income ⁽²⁾	School Enrollment ⁽³⁾	Unemployment Rate % ⁽⁴⁾
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	4,561,791	39,315	14,650	4.6
2010	91,011	4,561,791	39,315	14,474	6.3
2011	92,376	4,561,791	39,315	14,259	5.7

Sources:

⁽¹⁾ From VaStat, a service of the Weldon Cooper Center for Public Service.

⁽²⁾ Personal Income & Per Capita Personal Income from the Bureau of Economic Analysis. Latest information available is for 2009. The figures for 2010 and 2011 have not been updated.

⁽³⁾ Roanoke County Public Schools Budget and Salary Scales 2011-2012 March 2011 ADM totals

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

Table 13

COUNTY OF ROANOKE, VIRGINIA
Principal Employers
(unaudited)
Fiscal Years 2011 and 2002

Employer	2011			2002		
	Rank	Ownership	Number of Employees	Rank	Ownership	Number of Employees
Roanoke County Schools	1	Local Govt.	1,000+	3	Local Govt.	1,000+
Wells Fargo Bank, N.A.	2	Private	1,000+	-	-	-
County of Roanoke	3	Local Govt.	1,000+	8	Local Govt.	1,000+
Allstate Insurance Company	4	Private	1,000+	5	Private	1,000+
ITT Industries	5	Private	1,000+	9	Private	500-999
Friendship Retirement Community	6	Private	500-999	-	-	-
Richfield Retirement Community	7	Private	500-999	-	-	-
Friendship Manor, Inc.	8	Private	500-999	-	-	-
Berkshire Health Care Center	9	Private	250-499	-	-	-
Medeco High Security Locks	10	Private	250-499	-	-	-
Carilion Health System	-	-	-	1	Private	1,000+
First Union National bank	-	-	-	2	Private	1,000+
Kroger	-	-	-	4	Private	1,000+
Manpower International	-	-	-	6	Private	1,000+
Home Shopping Network	-	-	-	7	Private	1,000+
Food Lion Stores, Inc.	-	-	-	10	Private	500-999

Source: Roanoke County Economic Development Department

Table 14

COUNTY OF ROANOKE, VIRGINIA
Full-time Equivalent County Government Employees by Function/Program
(unaudited)
Last Ten Fiscal Years

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
	Full-time Equivalent Employees as of June 30									
<u>Function/Program</u>										
General government										
Legislative	7	8	8	3	3	3	3	3	2	2
General and financial administration	72	74	74	73	73	73	70	74	73	75
Other	54	58	57	56	54	50	50	49	53	51
Judicial administration										
Courts	16	16	16	16	16	15	15	15	15	15
Commonwealth attorney	14	13	13	12	11	10	10	10	10	10
Public safety										
Sheriff	84	84	103	103	103	103	103	98	92	90
Police	153	188	194	186	179	165	159	159	155	153
Emergency Communication Center *	43	-	-	-	-	-	-	-	-	-
Fire & rescue	153	149	143	129	124	124	112	112	105	105
Public works										
General services administration	3	3	3	3	3	3	3	5	6	5
Refuse disposal	34	35	35	35	35	35	35	33	33	31
Maintenance of general buildings and grounds	21	21	20	19	18	18	18	16	14	14
Garage	12	11	11	11	7	7	7	6	6	5
Engineering and inspections	36	36	39	38	38	33	33	33	26	24
Library	38	35	35	33	33	33	30	30	30	28
Health and welfare	95	95	95	95	95	92	86	75	75	74
Parks, recreation, and culture	66	63	61	60	59	55	57	57	65	64
Community development	24	28	31	31	31	31	26	23	23	23
Water and wastewater	0	0	0	0	0	0	0	66	63	60
Total	925	917	938	903	882	850	817	864	846	829

Source: Roanoke County Payroll Office

* Effective July 1, 2010 the Emergency Communication Center department was moved out of the Police department. Previous years FTE's are not available

Table 15

COUNTY OF ROANOKE, VIRGINIA
Operating Indicators by Function/Program
(Unaudited)
Last Ten Fiscal Years

Function/Program	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General government										
Number of sales	800	932	1,332	1,725	2,005	2,233	1,954	1,723	1,785	1,783
Median assessment/sales ratio	95.00%	92.10%	92.10%	92.33%	91.54%	92.00%	85.00%	88.17%	88.77%	90.62%
Coefficient of dispersion	6.76%	7.09%	7.23%	7.28%	7.48%	7.53%	10.33%	8.15%	7.71%	7.44%
Judicial administration										
Circuit Court civil cases concluded	939	940	1,058	993	1,082	2,688	2,688	2,821	2,426	2,674
General District Court concluded	33,138	33,316	31,268	32,094	31,805	29,737	29,737	27,345	28,025	31,596
Juvenile and Domestic cases concluded	5,389	6,563	6,594	6,222	6,363	6,967	6,967	6,912	6,670	6,641
Public safety										
Physical arrests	4,224	4,109	3,855	3,598	4,551	4,155	3,275	3,481	2,891	2,905
Calls for service police	91,195	84,627	84,499	84,476	91,136	81,918	87,283	87,650	83,092	76,612
Calls for service fire	13,293	11,373	10,964	11,306	10,622	12,268	13,688	18,414	17,772	17,798
Fire inspections	984	473	836	960	1,129	988	1,576	2,117	1,332	1,101
Public works										
New business licenses	762	591	596	608	790	777	877	946	928	919
New prospect inquires Econ Dev	28	30	30	29	35	41	43	27	34	41
Waste tonnage to RVRA	40,570	40,536	41,469	43,361	44,556	42,889	40,698	40,227	40,110	37,986
Library										
Patrons registered	76,581	73,339	68,247	64,084	58,154	56,810	60,640	64,644	59,781	65,655
Total circulation	1,235,094	1,227,716	1,194,267	1,141,375	1,119,166	1,071,835	1,015,864	975,770	987,497	930,011
Health and welfare										
Average monthly request for assistance	925	925	676	576	2,168	1,910	1,195	750	750	765
Individuals enrolled in Medicaid	8,676	8,568	11,187	8,727	6,485	6,415	5,930	5,141	4,467	3,905
Households receiving food stamps	3,404	3,157	2,771	2,184	1,835	2,032	1,856	1,509	1,260	1,918
Number of children in foster care	109	119	119	147	118	150	141	129	142	107
Community development										
Building permits issued	1,089	1,283	1,145	1,600	1,497	1,153	1,147	1,451	1,358	1,376

Source: Various County departments

Table 16

County of Roanoke
Capital Asset Statistics by Function/Program
(unaudited)
Last Ten Fiscal Years

Function/Program	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Government										
Administration Buildings	7	7	6	7	7	5	5	5	5	5
Judicial Administration										
Courthouses	1	1	1	1	1	1	1	1	1	1
Public Safety										
Fire Stations	12	12	11	11	11	11	11	11	11	11
Rescue Stations	11	11	11	11	11	11	11	9	9	9
Fire Units	27	27	28	28	28	28	29	29	29	29
Ambulances	24	24	23	23	23	24	25	25	25	25
Jails	1	1	1	1	1	1	1	1	1	1
Law Enforcement Vehicles	141	146	145	152	134	127	127	116	115	116
Public Works										
Refuse Collection Trucks	20	19	19	19	20	18	18	16	19	19
Libraries	6	6	6	6	6	6	6	6	6	6
Parks, Recreation, and Tourism*										
Parks	28	28	28	28	28	28	52	52	52	52
Park Acreage	1,075	1,061	1,061	1,061	960	960	1,146	1,146	1,146	1,146
Recreation Centers	3	3	2	2	2	2	5	5	5	5
Park District Maintenance Centers	3	3	3	3	3	3	3	3	3	3
Education										
Elementary Schools	16	16	17	17	17	17	17	17	17	17
Middle/Junior High Schools	5	5	5	5	5	5	5	5	5	5
High Schools	5	5	5	5	5	5	5	5	5	5
Vocational-Technical Schools	1	1	1	1	1	1	1	1	1	1
Career Centers	0	0	1	1	1	1	1	1	1	1

Source: Various County departments

* Parks, Recreation, & Tourism utilized new reporting methodologies for the 2006 year statistics. The change in acreage for 2011 is due to the inclusion of the Recreation Centers.





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**Independent Auditors' 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 Board of Supervisors
County of Roanoke, Virginia:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Roanoke, Virginia (the County) as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 14, 2011, which included a paragraph describing the adoption by the County of the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 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

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County'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 County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County'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 County'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*.

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This report is intended solely for the information and use of management, the audit committee of the Board of Supervisors, 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 14, 2011



KPMG LLP
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**Independent Auditors' Report on Compliance with
Requirements That Could Have a Direct and Material
Effect on Each Major Program and on Internal Control
Over Compliance in Accordance with OMB Circular A-133**

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

Compliance

We have audited the County of Roanoke, Virginia's (the County) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2011. The County's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the audit committee of the Board of Supervisors, others within the entity, 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 14, 2011

COUNTY OF ROANOKE, VIRGINIA
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2011

Federal Granting Agency/ Recipient State Agency/ Grant Program	Grant Number	Federal Catalogue Number	Federal Expenditures
DEPARTMENT OF AGRICULTURE:			
Pass Through Payments:			
Department of Agriculture:			
Forest Service: Schools and Roads- Grants to States	-	10.665	\$ 2,466
Food and Nutrition Service: State Administrative Matching Grants for the Nutrition Assistance Program	-	10.561	649,624
ARRA-State Administrative Matching Grants for the Nutrition Assistance Program	-	10.561	17,471
National School Lunch Program	-	10.555	1,495,917
National School Lunch Program- USDA Commodities	-	10.555	344,515
School Breakfast Program	-	10.553	1,840,432
			267,466
DEPARTMENT OF DEFENSE:			
Direct Payments:			
Selected Reserve Educational Assistance Program (ROTC)	-	12.609	50,071
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Pass Through Payments:			
Administration for Children and Families:			
Promoting Safe and Stable Families	-	93.556	37,133
Temporary Assistance for Needy Families	-	93.558	683,104
Refugee and Entrant Assistance-State Administered Programs	-	93.566	9,563
Low-Income Home Energy Assistance	-	93.568	27,849
Child Care and Development Block Grant	-	93.575	599,751
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	-	93.596	751,184
Chafee Education and Training Vouchers Program	-	93.599	11,006
Child Welfare Services- State Grants	-	93.645	3,029
Foster Care - Title IV-E	-	93.658	542,835
ARRA, Foster Care - Title IV-E	-	93.658	15,608
Adoption Assistance	-	93.659	277,760
ARRA, Adoption Assistance	-	93.659	15,881
Social Services Block Grant	-	93.667	435,682
Chafee Foster Care Independence Program	-	93.674	15,143
ARRA, Child Care and Development Block Grant	-	93.713	52,251
Centers for Medicare and Medicaid Services:			
State Children's Insurance Program	-	93.767	17,804
Medical Assistance Program	-	93.778	656,044
DEPARTMENT OF ENERGY:			
Direct Payments:			
ARRA, Energy Efficiency and Conservation Block Grant Program	DE-SC0003490	81.128	338,552
DEPARTMENT OF JUSTICE:			
Direct Payments:			
Bureau of Justice Assistance:			
State Criminal Alien Assistance Program	2009-AP-BX-0651	16.606	6,859
Bulletproof Vest Partnership Program	2009BUBX09047547	16.607	16,238
Bulletproof Vest Partnership Program	-	16.607	3,516
Pass Through Payments:			
Bureau of Justice Assistance:			
Edward Byrne Memorial Justice Assistance Grant Program	2009-DJ-BX-1391	16.738	21,273
Edward Byrne Memorial Justice Assistance Grant Program	2010-DJ-BX-1351	16.738	22,117
Edward Byrne Memorial Justice Assistance Grant Program	10-D5325CR08	16.738	109,294
Edward Byrne Memorial Justice Assistance Grant Program	11-C5846CR09	16.738	36,560
ARRA, Recovery Act-Edward Byrne Memorial Justice Assistance Grant (JAG) Program -			189,244
Grants to Units of Local Government	2009-SB-B9-1550	16.804	44,299
Pass Through Payments:			
Office of Victims Crime:			
Crime Victim Assistance	11-Q8561VG10	16.575	42,213
Office of Community Oriented Policing Services:			
Public Safety Partnership and Community Policing Grants	-	16.710	61,979

continued

COUNTY OF ROANOKE, VIRGINIA
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2011

Federal Granting Agency/ Recipient State Agency/ Grant Program	Grant Number	Federal Catalogue Number	Federal Expenditures
DEPARTMENT OF TRANSPORTATION:			
Pass Through Payments:			
National Highway Traffic Safety Administration:			
State and Community Highway Safety	RS-2009-59290-3593	20.600	583
State and Community Highway Safety	AL-2010-50281-3901	20.600	11,470
State and Community Highway Safety	RS-2010-50274-3894	20.600	10,587
State and Community Highway Safety	RS-2010-50288-3908	20.600	26,410
State and Community Highway Safety	RS-2011-51194-4136	20.600	11,069
State and Community Highway Safety	RS-2011-51199-4141	20.600	30,195
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	K8-2011-51196-4138	20.601	28,403
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	K8-2011-51302-4244	20.601	6,704
Alcohol Open Container Requirements	154AL-2010-50279-3899	20.607	5,054
Alcohol Open Container Requirements	154AL-2011-5195-4137	20.607	23,871
			90,314
			35,107
			28,925
Federal Highway Administration:			
Recreational Trails Program	NRT-07-FY(001)-VRT-217	20.219	18,478
Roanoke River Greenway-Mill Lane	EN08-080-105	20.205	273
DEPARTMENT OF HOMELAND SECURITY:			
Pass Through Payments:			
State Homeland Security Program	10-A2171HS09	97.073	57,000
State Homeland Security Program	-	97.073	16,215
State Homeland Security Program	-	97.073	100,637
State Homeland Security Program-DEM Grant	-	97.073	14,828
			188,680
NATIONAL ENDOWMENT FOR THE ARTS			
Pass Through Payments:			
Local Government Challenge Grant		45.025	5,000
DEPARTMENT OF EDUCATION:			
Pass Through Payments:			
Department of Education:			
ARRA, State Fiscal Stabilization Fund (SFSF)-Education State Grants	S394A090047	84.394	5,090,016
ARRA, Education Technology State Grants	S386A090046	84.386	9,703
Office of Elementary and Secondary Education:			
Education Jobs Fund	S410A100047	84.410	3,079,344
Title I-Grants to Local Educational Agencies 08-09	S010A070046	84.010	37,981
Title I-Grants to Local Educational Agencies 09-10	S010A080046	84.010	257,447
Title I-Grants to Local Educational Agencies 10-11	S010A090046	84.010	939,782
ARRA, Title I-Grants to Local Educational Agencies	S389A090046	84.389	347,406
Title II- Improving Teacher Quality State Grants Part A 08-09	S367A070044	84.367	44,379
Title II- Improving Teacher Quality State Grants Part A 09-10	S367A080044	84.367	50,969
Title II- Improving Teacher Quality State Grants Part A 10-11	S367A090044	84.367	272,306
Title II Part D- Education Technology Formula Grant 08-09	S318X070046	84.318	5,928
Title II Part D- Education Technology Formula Grant 09-10	S318X080046	84.318	5,186
Title II Part D- Education Technology Formula Grant 10-11	S318X090046	84.318	9,832
			20,946
Office of English Language Acquisition:			
Title III-English Language Acquisition Grants 08-09	T365A070046	84.365	3,006
Title III-English Language Acquisition Grants 09-10	T365A080046	84.365	15,050
Title III-English Language Acquisition Grants 10-11	S365A090046	84.365	39,303
			57,359
Office of Special Education and Rehabilitative Services:			
Title VIB: Special Education - Grants to States Flow Through 09-10	H027A080107	84.027	345,018
Title VIB : Special Education - Grants to States Flow Through 10-11	H027A090107	84.027	2,831,459
ARRA, Title VIB : Special Education - Grants to States	H391A090107	84.391	2,096,050
Special Education - Preschool Mini A Grants	H173A090112	84.173	88,860
ARRA, Special Education - Preschool Grants	H392A090112	84.392	32,934
Office of Vocational and Adult Education:			
Vocational Education Basic Grants to States- Carl D. Perkins Vocational and Technical Ed	V048A090046	84.048	146,455
Vocational Education Basic Grants to States- Adult Education State Grant Program 09-10	V002A080046	84.002	4,484
Vocational Education Basic Grants to States- Adult Education State Grant Program 10-11	V002A090046	84.002	80,506
			84,990
Total Federal Expenditures			\$ 23,882,238

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

County of Roanoke, Virginia
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

- (1) Basis of Accounting - Federal Programs are accounted for on the accrual basis of accounting.
- (2) Reporting Entity - The Schedule of Expenditures of Federal Awards includes all grants awarded to the County of Roanoke, Virginia (the County). The reporting entity is defined in Note 1 of the County's basic financial statements.
- (3) In-Kind Contributions - The County received \$344,515 in food and food stamps from the U.S. Department of Agriculture during fiscal year 2011. These in-kind contributions are included in the basic financial statements.



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**Independent Auditors' Report on Compliance with
Commonwealth of Virginia Laws, Regulations,
Contracts and Grant Agreements**

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Roanoke, Virginia (the County) as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 14, 2011, which included a paragraph describing the adoption by the County of the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010.

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

Compliance with Commonwealth of Virginia laws, regulations, contracts and grant agreements applicable to the County is the responsibility of the management of the County. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the County's compliance with certain provisions of the Commonwealth of Virginia's laws, regulations, contracts, and grant agreements. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion. The following is a summary of the Commonwealth of Virginia laws, regulations, contracts, and grant agreements, as contained in the Specifications, for which we performed tests of compliance:

Code of Virginia

Budget and Appropriation Laws
Cash and Investment Laws
Conflicts of Interest Act
Debt Provisions
Retirement Systems
Procurement Laws
Uniform Disposition of Unclaimed Property Act

State Agency Requirements

Comprehensive Youth Services Act
Education
Social Services

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("KPMG International"), a Swiss entity.



The results of our tests of compliance disclosed no instances of noncompliance that are required to be reported under the *Specifications for Audits of Counties, Cities, and Towns*.

This report is intended solely for the information and use of management, the audit committee of the Board of Supervisors, others within the entity, the Auditor of Public Accounts of the Commonwealth of Virginia, and the applicable state agencies and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 14, 2011

COUNTY OF ROANOKE, VIRGINIA
Schedule of Findings and Questioned Costs
Year ended June 30, 2011

(1) Summary of Auditors' Results:

- (a) The type of report issued on the basic financial statements: unqualified opinion.
- (b) Significant deficiencies in internal control over financial reporting disclosed by the audit of the basic financial statements: none reported. Material weaknesses: none.
- (c) Noncompliance which is material to the basic financial statements: none.
- (d) Significant deficiencies in internal control over major programs: none reported. Material weaknesses: none.
- (e) The type of report issued on compliance for major programs: unqualified opinion.
- (f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: none.
- (g) Major programs: Title I – (CFDA #84.010), Title I – ARRA (CFDA #84.389), Title VI-B Special Education – Flow Through (CFDA #84.027), Special Education Preschool Mini A Grants (CFDA #84.173), Title VI-B Special Education – ARRA (CFDA #84.391), Special Education Preschool Grants – ARRA (CFDA #84.392), State Fiscal Stabilization Fund (SFSF) Education State Grants – ARRA (CFDA #84.394), Education Jobs Fund (CFDA #84.410), Recovery Act Edward Byrne Memorial Justice Assistance Grant (JAG) Grants to Units of Local Government – ARRA (CFDA #16.804), Edward Byrne Memorial Justice Assistance Grant (JAG) (CFDA #16.738), and Child Nutrition Cluster (CFDA #10.555).
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$716,467.
- (i) Auditee qualified as a low risk auditee under Section 530 of OMB Circular A-133: yes.

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*:

None.

(3) Findings and Questioned Costs Relating to Federal Awards:

None.

(4) Findings and Questioned Costs Relating to Commonwealth of Virginia Awards:

None.



