

ROANOKE COUNTY PUBLIC SCHOOLS

(A component unit of the County of Roanoke, Virginia)

Comprehensive Annual Financial Report



Year Ended
June 30, 2013



Cave Spring Middle School opened in 1956 as the original Cave Spring High School. The school was converted to a middle school with the construction of a new high school in 1968. Cave Spring Middle underwent a major renovation/replacement at a cost of \$28 million and reopened for students in the fall of 2012.

Cover by Chuck Lionberger

Roanoke County Public Schools

Comprehensive Annual Financial Report For the Year Ended June 30, 2013

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



Prepared by the
Department of Budget and Finance

Penny A. Hodge, CPA, SFO, Assistant Superintendent of Finance
David E. Atkins, Finance Manager
Susan L. Peterson, CPA, Finance Manager
Robyn H. McKeever, Accountant

5937 Cove Road
Roanoke, Virginia 24018
www.rcs.k12.va.us



ROANOKE COUNTY PUBLIC SCHOOLS

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INTRODUCTORY SECTION





Roanoke County Public Schools

5937 Cove Road
Roanoke, VA 24019

November 11, 2013

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Roanoke County Public Schools for the fiscal year ended June 30, 2013. State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. Roanoke County Public Schools (School System) is a component unit of the County of Roanoke, Virginia (County), which is a general-purpose local government. This report has been prepared by the School System's Department of Budget and Finance in accordance with the standards of financial reporting as prescribed by the Governmental Accounting Standards Board (GASB) and the Auditor of Public Accounts of the Commonwealth of Virginia (APA).

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

The auditing firm of KPMG LLP, a firm of independent certified public accountants, has issued unmodified opinions on Roanoke County Public Schools' basic financial statements as of and for the year ended June 30, 2013, contained in this report. The independent auditors' report is located at the front of the financial section of this report.

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

PROFILE OF THE SCHOOL SYSTEM

Roanoke County Public Schools is the 17th largest of 132 school systems in the Commonwealth of Virginia. The County of Roanoke is located in the southwestern part of the State and is the suburban hub of the Roanoke Valley, with a provisional population of 93,256¹ and a Metropolitan Statistical Area (MSA) population of approximately 300,000. Located in the largest urban area west of Richmond, the School System is the largest employer in Roanoke

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

County. The School Board consists of five members elected to four-year terms who serve the citizens of Roanoke County.

The School System provides a broad spectrum of general, special, gifted, career and technical education opportunities for 14,367 students (including pre-kindergarten) between the ages of 3 and 21 at sixteen elementary schools, five middle schools, five high schools, and one specialty center.

Roanoke County Public Schools had a strong year on State standardized tests in the 2012-13 school year. The division exceeded the Virginia average on all 34 state assessments. All 26 Roanoke County schools are fully accredited again this year. In a year in which Virginia implemented new reading and science standards that are among the most rigorous in the country, Roanoke County's results on the new tests were on average in the 93rd percentile in the state. We also anticipate that all of our schools will meet the new federal performance benchmarks in mathematics and reading.

The School System was selected as one of the "Best 100 Communities for Music Education in America" by the NAMM Foundation and one of only ten school districts in Virginia. This recognition demonstrates the School System's commitment to quality music education despite the financial pressures on fine arts programs throughout the country.

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

LOCAL ECONOMY

Fiscal year 2013 continued to pose economic challenges. Unemployment was 5.5%² as of June 30, 2013 down from 5.6% in 2012, and though it compares favorably with the State average of 5.8%, economic conditions continue at historic lows throughout the nation and many of the County's major revenue sources do not show significant signs of recovery from the recession.

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

Along with the local, State, and national economic struggles, the School System is also experiencing declining student enrollment which negatively impacts the level of State funding. For the past five years, the number of graduating seniors has exceeded the number of incoming

² Virginia Employment Commission statistics

kindergarten students by 171-222 students. Indications are that this trend may continue for the next several years and seems to reflect lower birth rates in the community. The enrollment trend decline results in reductions in State funding as the State aid for education formula is driven by K-12 enrollment. The enrollment projection for 2013-14 is 13,835 (excluding pre-kindergarten) reflecting the anticipated variance in the graduating seniors and incoming kindergarten students.

From an infrastructure standpoint, the School System operates 27 school buildings with an average age of 46 years. The School Board has been diligently financing major renovations of the schools and completed the replacement of Cave Spring Middle School in South County and a classroom addition at Burlington Elementary in North County with both opening in August 2012. Despite the sluggish economic times, the School Board has made a financial commitment to address the infrastructure needs in a steady and methodical manner and, accordingly, has been able to take advantage of competitive construction bids in the past four years resulting in lower overall costs to the citizens.

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

LONG-TERM FINANCIAL PLANNING

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

In addition to school building needs, the School System has purposefully established dedicated funding streams for ongoing capital needs for vehicles and technology. The school bus replacement schedule, based on age and condition of the bus fleet, necessitates the replacement of ten school buses per year. The annual budget includes \$325,000 earmarked specifically towards this purpose which allows the School Board to pay cash for the bus purchases each year rather than borrowing funds and incurring the additional financing charges. This funding stream was reduced in FY12-13 in response to ongoing budgetary constraints and will need to be restored in subsequent budgets to address future year bus replacements.

On an annual basis, the School System updates a multi-year Technology Assessment Plan to plan for obsolescence of technology equipment and identify funding streams for replacements. The School Board continues to be a frontrunner in the integration of technology throughout the

instructional program. The laptop computer initiative implemented ten years ago to provide a laptop computer to every student in grades 9 through 12 has been sustained through difficult budget years and continues to be funded without incurring debt. With the budget pressures at the national, State, and local levels in recent years, the technology program has been funded with a combination of sources including federal stimulus funds, grant funds, and operating funds. The ongoing significant investment in technology warrants the need for a replacement funding plan to ensure the sustainability of this important tool in instruction.

RELEVANT FINANCIAL POLICIES

The School Board has an adopted year-end balance policy that allocates the balance at the end of a fiscal year from excess revenues and/or unspent expenditures to capital projects. Most of the 27 school buildings in operation were built prior to 1970 and need capital improvements based on their age and the growth in student population since the schools were originally built. In order to fund the School System commitment to upgrading the facilities, the policy allocates two-thirds of the year-end balance to Major capital projects listed on the School Capital Improvement Plan and one-third to Minor capital projects (other projects identified and prioritized with costs less than \$500,000). This policy was adopted in conjunction with the County of Roanoke and enables the School System to ensure continued funding for needed capital improvements.

In addition, the School Board and County Board of Supervisors adopted a revenue sharing agreement in 2010 that identifies the methodology for allocating revenues between the local government and the School System. New incremental revenues are combined from both entities and used to address salary and benefit increases for all employees, jointly funded programs (including the capital financing plan), and then split equally to fund remaining School System and County budgetary needs. The methodology has been used for many years but was formally adopted in 2010 in response to the significant revenue challenges facing the School Board. However, during the development of the 2012-13 school budget, the revenue sharing formula was temporarily abandoned by the local governing body in response to State and local economic pressures. The funding formula was reinstated with the adoption of the FY13-14 budget.

MAJOR INITIATIVES

Standards of Learning – The General Assembly and the Board of Education of the Commonwealth of Virginia believe that the fundamental goal of the public schools must be to enable each student to develop the skills that are necessary for success in school and preparation for life in the years beyond. The current educational objectives are known as the Standards of Learning (SOL). Based on results from the Spring 2013 testing window, Roanoke County exceeded the State average on all SOL tests administered. All of our schools also met the State requirements for full state accreditation for the 2013-14 school year based on their 2012-13 SOL performance. We anticipate that all schools and the division will meet all federal mathematics and reading benchmarks this year.

STEM Academy – In August 2012, the School System opened the new Governor’s STEM Academy at the Burton Center for the Arts and Technology. The STEM Academy integrates science, technology, engineering, and math curriculum with training opportunities in career and technical education fields such as mechatronics, robotics, motorsports, mass communications, logistics, and other math and science-related careers. Students at the STEM Academy are preparing for future careers that may not even exist yet as these fields continue to advance at such a rapid pace. The focus is on teaching students to develop skills in critical knowledge, critical thinking, and problem solving so they are prepared for 21st century skills.

Technology Initiative – The integration of technology into all facets of the instructional program is instrumental to the vision of the School System that “all Roanoke County students will be empowered to learn through technology and 21st century skills: collaboration, communication, creativity, and critical thinking.” The School System completed the tenth year of a technology initiative which provides one-to-one laptop computers to all high school students. The laptop computers allow flexible access to educational resources and online classes and are integrated into the daily classroom lessons while incorporating technology education into all subject areas. In addition, the School System has invested heavily in providing interactive white board technology throughout the School System. All classrooms are equipped with an interactive white board throughout the School System.



Capital Improvement Plan – The School Board and the County continue to place a major emphasis on the capital needs in the School System. The School Board has identified a priority list of capital projects to be funded under the School Capital Improvement Plan with \$30.5 million funded and completed on the current plan. The funding will come from both the Major Capital Reserve created with the year-end balance policy adopted by the School Board in 2005 and bond proceeds issued by the County government. The School System opened Cave Spring Middle School in August 2012 after the renovation and replacement of a majority of the physical building. Design work is underway for the renovation of Glenvar High School which is the next project on the Capital Improvement Plan.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Roanoke County Public Schools for its CAFR for the fiscal year ended June 30, 2012. This was the twelfth consecutive year that the School System has received this prestigious national award.

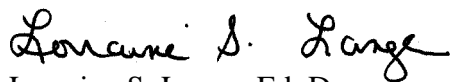
In addition, the Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the School System for its CAFR for the fiscal year ended June 30, 2012. This certificate was also awarded for the twelfth consecutive year. The Certificate of Excellence program is similar to the GFOA Certificate of Achievement program and is an international award recognizing excellence in the preparation and issuance of school system financial reports.

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

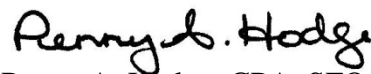
The GFOA Certificate of Achievement and the ASBO Certificate of Excellence are valid for a period of one year only. We believe our current report continues to meet the requirements of the GFOA Certificate of Achievement and ASBO Certificate of Excellence programs, and we are submitting it to both associations to determine its eligibility for another certificate.

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

Respectfully submitted,



Lorraine S. Lange, Ed. D.
Superintendent



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

ROANOKE COUNTY PUBLIC SCHOOLS
Principal Officials
June 30, 2013

SCHOOL BOARD MEMBERS



Jerry L. Canada
Chairman
Hollins District



C. Drew Barrineau
Vice-Chairman
Windsor Hills District



H. Odell Minnix
Cave Spring District



Michael W. Stovall
Vinton District



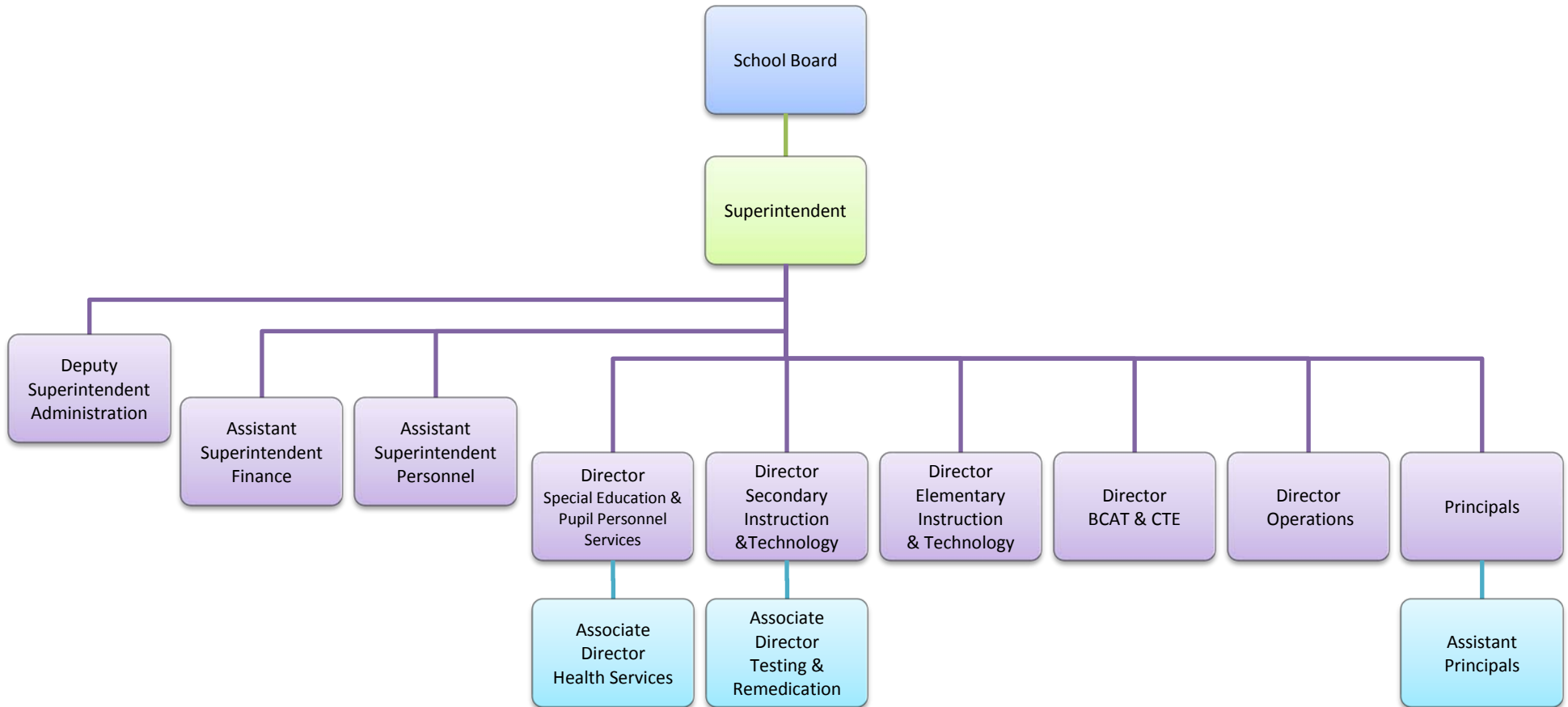
David M. Wymer
Catawba District

SCHOOL ADMINISTRATION

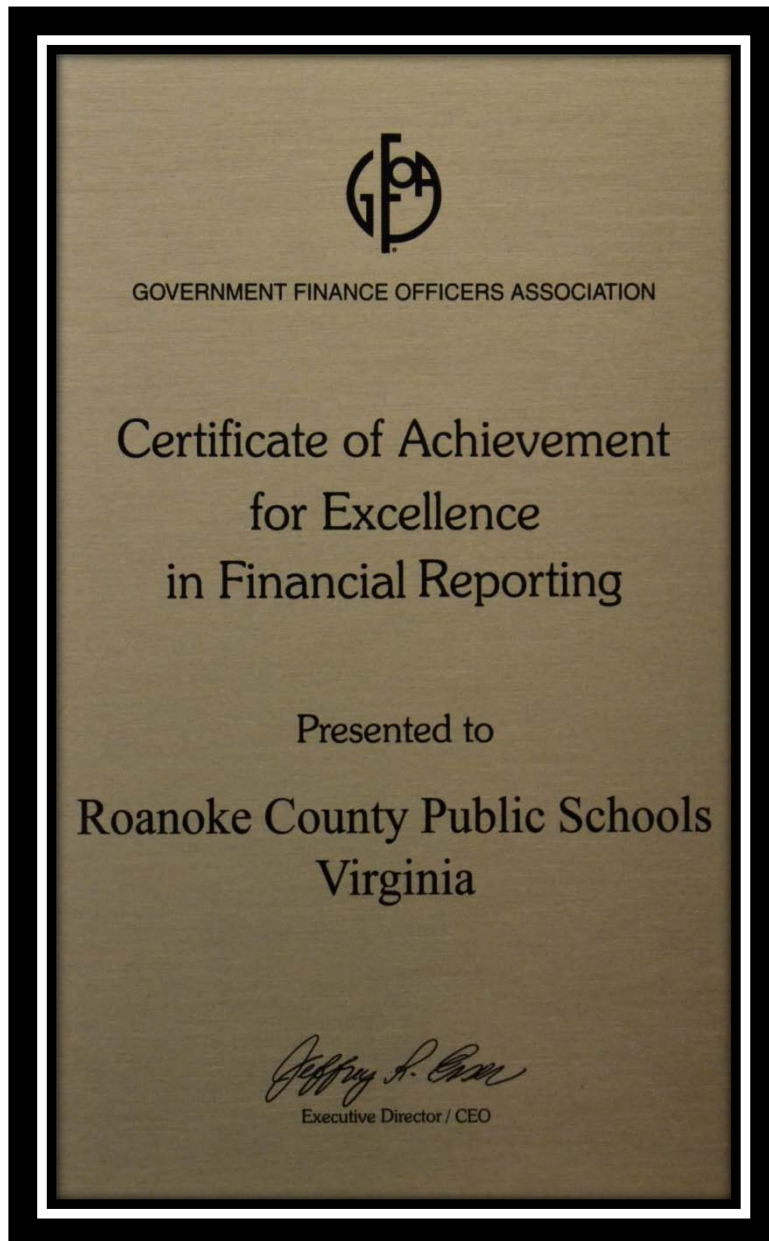
Lorraine S. Lange, Superintendent of Schools

Deputy Superintendent of Administration	W. Allen Journell
Assistant Superintendent of Finance	Penny A. Hodge
Assistant Superintendent of Personnel	Carol E. Whitaker
Director of Special Education & Pupil Personnel Services	Jessica M. McClung
Director of Secondary Instruction & Technology	Kenneth E. Nicely
Director of Elementary Instruction & Technology	Rebecca G. Eastwood
Director of Burton Center for Arts and Technology & CTE	Jason D. Suhr
Director of Operations	Martin W. Misicko
Clerk to the Board	Brenda F. Chastain

ROANOKE COUNTY PUBLIC SCHOOLS
Organizational Chart
June 30, 2013



ROANOKE COUNTY PUBLIC SCHOOLS
Government Finance Officers Association Award
June 30, 2013



The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Roanoke County Public Schools for its Comprehensive Annual Financial Report for the twelfth consecutive year ended June 30, 2012. The Certificate of Achievement for Excellence in Financial Reporting is a prestigious, national award, which recognizes conformance with the highest standards for preparation of State and local government CAFRs.

In order to receive a Certificate of Achievement for Excellence in Financial Reporting, a government unit must publish a CAFR whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. In addition, this report must satisfy both U.S. generally accepted accounting principles (GAAP) and applicable legal requirements.

ROANOKE COUNTY PUBLIC SCHOOLS
Association of School Business Officials Award
June 30, 2013

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to Roanoke County Public Schools for its CAFR for the twelfth consecutive year ended June 30, 2012. This nationally recognized program was established by ASBO to encourage school business officials to achieve a high standard of financial reporting. The award is the highest recognition for school division financial operations offered by ASBO, and it is only conferred upon school systems that have met or exceeded the standards of the program. Participation in the Certificate of Excellence in Financial Reporting program validates the School System's commitment to fiscal and financial integrity and enhances the credibility of the School System's operations with the School Board and the community. The program reviews the accounting practices and reporting procedures used by the School System in its CAFR based upon specific standards established by the Governmental Accounting Standards Board.



FINANCIAL SECTION





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

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Roanoke County Public Schools (the School System) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School System, as of June 30, 2013, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.



Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 17 through 30, the Budgetary Comparison Schedule – General Fund, the Budgetary Comparison Schedule – Special Revenue Fund – Grant Fund, the Schedule of Funding Progress – Virginia Retirement System, the Schedule of Funding Progress – Other Postemployment Benefits Plan, and the Schedule of Employer Contributions – Other Postemployment Benefit Plan on pages 65 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School System's basic financial statements. The accompanying supplementary information listed as Supplementary Information in the Financial Section in the table of contents, and the Introductory Section and the Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated in all material respects in relation to the basic financial statements 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 do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2013 on our consideration of the School System'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School System's internal control over financial reporting and compliance.

KPMG LLP

November 11, 2013

ROANOKE COUNTY PUBLIC SCHOOLS
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2013

The management of Roanoke County Public Schools (the School System) presents the following discussion and analysis as an overview of the financial activities of the School System for the year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report, and the School System's basic financial statements and notes thereto, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the School System exceeded its liabilities as of June 30, 2013 by \$75.8 million (*net position*). Of this amount, \$30.6 million (*unrestricted net position*) may be used to meet the School System's future obligations to citizens and creditors (Exhibit A).
- On a government-wide basis for governmental activities, the School System had expenses, net of program revenues, of \$116.1 million, which were \$546,915 less than general revenues of \$116.7 million (Exhibit B).
- At the end of the current fiscal year, committed fund balance for the general fund was \$1.6 million or 1.3% of total general fund expenditures for fiscal year 2013 (Exhibits C and D). Due to School Board policy, the fund balance in the general fund rolls over to the Capital Fund at year-end so there is no unassigned fund balance at year-end.
- The general fund, on a current financial resource basis, reported revenues less than expenditures and other financing sources (uses) by \$2.2 million for fiscal year 2013 (Exhibit D).

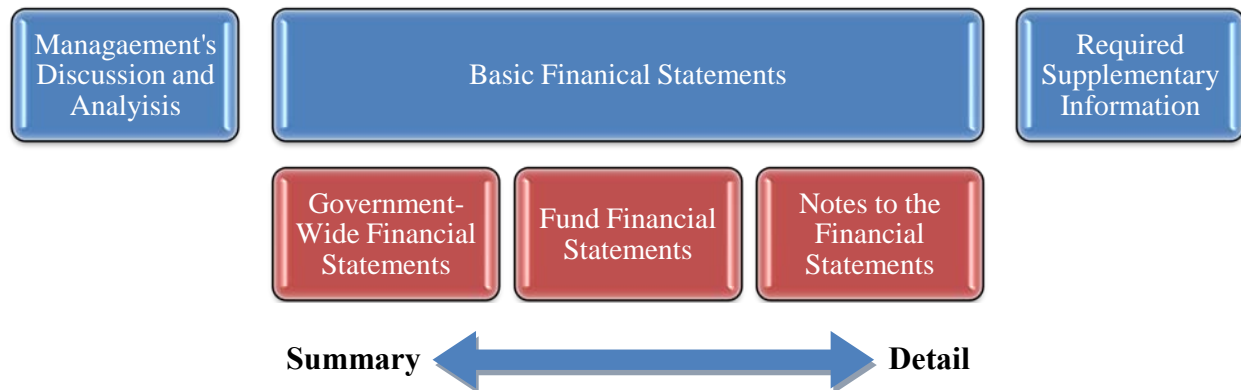
OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended to serve as an introduction to the School System's basic financial statements and is unaudited. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. In addition, required supplementary information accompanies the basic financial statements but is unaudited.

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

ROANOKE COUNTY PUBLIC SCHOOLS
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2013

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



Government-wide Financial Statements – The government-wide financial statements report information about the School System as a whole using accounting methods similar to those used by private-sector companies. The two statements – Statement of Net Position and Statement of Activities, report the School System’s net position and how it has changed during the fiscal year. The amount of net position, which is the difference between the School System’s assets and liabilities, is one way to measure the overall financial position of the School System. Over time, increases or decreases in the School System’s net position are indicators of whether its financial position is improving or deteriorating. Other non-financial factors must also be considered, however, such as changes in the property tax base of the County of Roanoke, Virginia (the County) and the condition of school buildings and other facilities, to assess the overall financial position of the School System.

The School System reports only governmental activities, which include the School System’s basic services including instruction, administration, attendance and health, transportation, operations and maintenance, technology, facilities, and school nutrition. County appropriations and State aid finance the majority of these activities.

The government-wide financial statements can be found beginning on page 32 of this report.

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

- **Governmental funds:** Most of the School System’s activities are reported in governmental funds, which focus on how resources flow into and out of these funds and the balances available at year-end to spend in future periods. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader to determine whether there are current financial resources that can be used in the near future to finance the School System’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciliation is provided immediately following the governmental funds statement that explains the relationship (or differences) between the statements.

ROANOKE COUNTY PUBLIC SCHOOLS
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2013

- **Proprietary funds:** Services for which the School System charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. The School System uses internal service funds to account for the financing of services provided by one department to other departments of the school system on a cost reimbursement basis. The School System uses internal service funds for health insurance, dental insurance, risk management, and laptop insurance reserves.
- **Fiduciary funds:** Assets held either by a trustee or in an agency capacity are reported in fiduciary funds. These funds cannot be used to support the School System's activities and are reported in a separate statement of fiduciary assets and liabilities. They are not included in the government-wide financial statements. The School System reports an OPEB Trust and student activity funds as fiduciary funds.

The governmental fund financial statements can be found beginning on page 34 of this report.

Notes to the basic financial statements – The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 41 of this report.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the School System's budgetary comparisons for the general and grant funds and progress in funding its obligations to provide pension and other postemployment benefits to its employees. Required supplementary information can be found beginning on page 63 of this report.

Certain additional *supplementary information* is presented immediately following the required supplementary information. Supplementary information includes budgetary comparisons for the capital projects and non-major governmental funds, combining statements for internal service funds, and the statement of changes in fiduciary assets and liabilities. Supplementary information can be found beginning on page 71 of this report.



ROANOKE COUNTY PUBLIC SCHOOLS
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2013

FINANCIAL ANALYSIS OF THE SCHOOL SYSTEM

Summary of Net Position

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

Summary of Net Position			Table 1
As of June 30, 2013 and 2012			
	Governmental Activities 2013	2012	Percentage Change
Current and other assets	\$ 42,998,535	\$ 45,663,493	(5.8)%
Capital assets, net	44,892,710	43,486,037	3.2%
Total assets	87,891,245	89,149,530	(1.4)%
Current and other liabilities	7,926,108	9,303,946	(14.8)%
Long-term liabilities	4,125,677	4,553,039	(9.4)%
Total liabilities	12,051,785	13,856,985	(13.0)%
Net investment in capital assets	43,142,309	41,371,652	4.3%
Restricted	2,092,364	2,075,677	0.8%
Unrestricted	30,604,787	31,845,216	(3.9)%
Total net position	\$ 75,839,460	\$ 75,292,545	0.7%

In the case of the School System, assets exceed liabilities by \$75.8 million at the close of fiscal year 2013. Net position increased \$546,915 from the prior year. A detailed description of the changes in revenues and expenses that create the differences in net position is discussed in the next section.

The largest portion of the School System's net position (56.9%) reflects its *net investment in capital assets* (i.e., land, buildings, furniture and equipment). The School System uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The Commonwealth of Virginia requires counties to issue general obligation debt for all financially dependent component units. The County reports in its basic financial statements the majority of the debt related to the School System's capital assets. However, as of June 30, 2013 the School System is responsible for a \$1.8 million energy management project capital lease entered into during fiscal year 2007.

A significant portion of the *restricted net position* includes the School System's \$2 million emergency contingency fund authorized by the County Board of Supervisors and restricted to

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use for unexpected revenue shortfalls or unanticipated expense increases. The remaining balance includes grant balances restricted by grant agencies for specified purposes.

The remaining balance of *unrestricted net position* (\$30.6 million) may be used to meet the School System's future obligations to citizens and creditors. At the end of the current fiscal year, the School System is able to report positive balances in all categories of net position. The same situation applied for the prior year.

Summary of Changes in Net Position

The following table presents a condensed summary of changes in net position for governmental activities:

Table 2			
Summary of Changes in Net Position			
For the Years Ended June 30, 2013 and 2012			
	Governmental Activities 2013	2012	Percentage Change
Program revenues:			
Charges for services	\$ 4,170,703	\$ 4,335,483	(3.8)%
Operating grants and contributions	25,239,635	23,680,280	6.6%
Capital grants and contributions	2,491,469	893,950	178.7%
General revenues:			
County appropriation	65,597,324	66,083,024	(0.7)%
State aid	50,771,561	51,265,516	(1.0)%
Miscellaneous	314,011	460,457	(31.8)%
Total revenues	148,584,703	146,718,710	1.3%
Instruction	107,041,368	104,117,764	2.8%
Administration	2,595,087	2,593,752	0.1%
Attendance and health	2,301,288	2,729,219	(15.7)%
Transportation	6,751,036	6,675,986	1.1%
Operations and maintenance	12,114,141	11,542,861	4.9%
Technology	4,609,269	4,946,469	(6.8)%
School nutrition	5,827,060	5,682,159	2.6%
Capital lease interest	73,194	87,563	(16.4)%
Debt Service	6,725,345	6,450,345	4.3%
Total expenses	148,037,788	144,826,118	2.2%
Change in net position	546,915	1,892,592	(71.1)%
Total net position, beginning of year	75,292,545	73,399,953	2.6%
Total net position, end of year	<u>\$ 75,839,460</u>	<u>\$ 75,292,545</u>	<u>0.7%</u>

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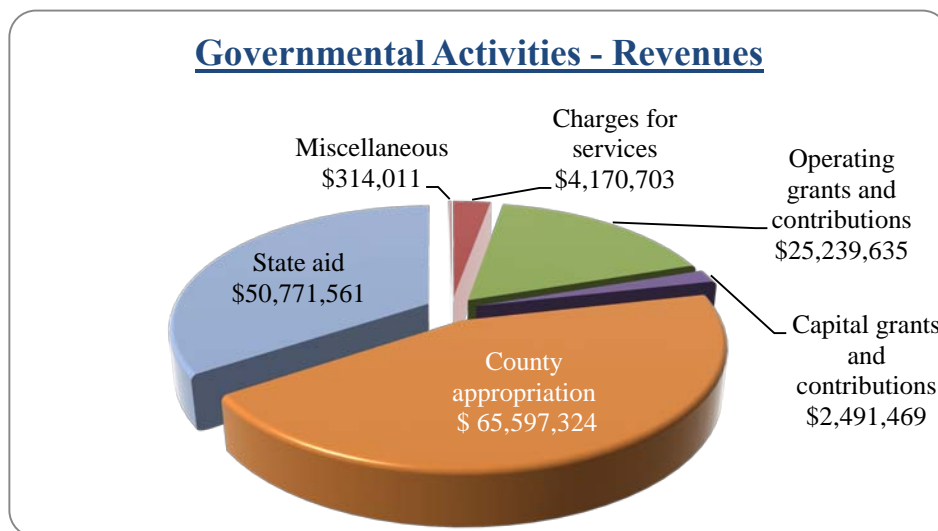
Governmental activities increased the School System's net position by \$546,915. Revenues for governmental activities increased \$1.9 million (1.3%) and total expenses increased \$3.2 million (2.2%) when compared to the prior year.

The County appropriation and general State aid accounted for most of the School System revenue, contributing 79¢ of every dollar of expenses. The remaining 21¢ of every dollar of expenses are funded with federal and State aid for specific programs, charges for services, and miscellaneous revenues.

Most of the School System's expenses, or 85¢ of every dollar spent, are directly related to the provision of services to students, including classroom instruction, attendance and health, transportation, technology, and school nutrition. The balance of every dollar spent goes for administrative costs (2¢), operations and maintenance (8¢), and interest and other charges for the school portion of County debt payments on school construction and renovations (5¢).

Governmental Activities – Revenues

Revenues of the governmental activities are shown by category below:



Charges for services, which were 2.8% of total government revenues, include school breakfast and lunch sales, tuition fees, Medicaid reimbursements, and other miscellaneous fees for services provided. These revenues decreased \$164,780 from prior year primarily due to a reduction of food sales and Medicaid reimbursements offset by a slight rise in tuition receipts.

Operating grants and contributions, which were 17% of total government revenues, include 55.8% for non-Basic Aid Standards of Quality State grants, 20.2% for Individuals with Disabilities Education Act (IDEA) and Titles I, II and III federal grants, 9.2% for State and federal nutrition funding, and 2.5% for State supplemental support for operating costs. These revenues increased \$1.6 million from prior year primarily due to additional Virginia Retirement System assistance.

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Capital grants and contributions, which were 1.7% of total government revenues, include State technology grants and capital transfers from the County. These revenues increased \$1.6 million from prior year primarily due to the transfer of buildings and improvements, net of accumulated depreciation, to the schools related to current year debt payoff for tenancy in common assets.

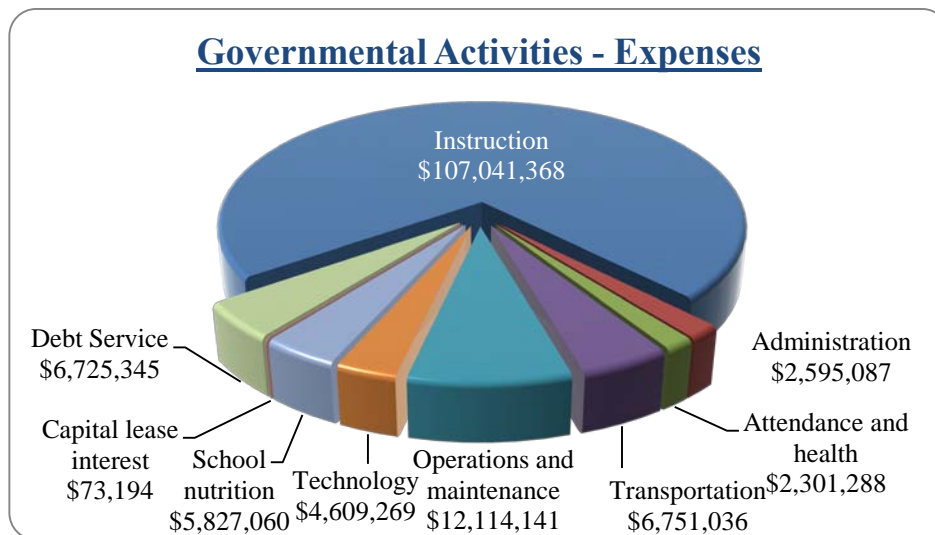
County appropriations, which is the largest funding source at 44.1% of total government revenues, includes local County support which has been based on a revenue sharing formula. These revenues decreased \$485,700 from prior year.

State aid, which was 34.2% of total government revenues, includes State sales tax and the Basic Aid Standards of Quality State grants. These revenues decreased \$493,955 from prior year primarily due a decrease in sales tax offset by a higher level of basic aid allocated to the School System by the General Assembly.

Miscellaneous, which was 0.2% of total government revenues, includes investment income, soft drink commissions, rebates and refunds, gain on sale of assets, and other miscellaneous items. These revenues decreased \$146,446 from the net of (1) a prior year receipt in cash from the final close out of the financial records for the alternative school, (2) a reduction of investment income, and (3) a reduction in soft drink commissions.

Governmental Activities – Expenses

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



Instruction, which was 72.3% of total government expenses, includes activities and programs to prepare all students to be productive citizens in a democratic and diverse society while enabling them to meet established standards of achievement and foster life-long learning. These expenses increased \$2.9 million from prior year primarily due to an 8.75% salary increase effective July 1, 2012. On this date, the Virginia Retirement System mandated all employers to pass the required

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5.0% member contribution to the employee. The School System previously covered this cost, so included in the salary increase is 5.75% to cover the member contribution and related taxes.

Administration, which was 1.8% of total government expenses, includes executive administration, personnel services, fiscal services, board services, reprographic services, planning services, and information services. These expenses increased \$1,335 from prior year.

Attendance and health, which was 1.6% of total government expenses, includes health, psychological, and attendance services. These expenses decreased \$427,931 from prior year primarily due to a reduction in the amount of small equipment purchased and a reduction in legal fees involving due process hearings in the prior year.

Transportation, which was 4.6% of total government expenses, includes vehicle operation, monitoring and maintenance services. These expenses increased \$75,050 from prior year primarily due to the salary increase discussed previously.

Operations and maintenance, which was 8.2% of total government expenses, includes custodial, maintenance, utilities, and security services for buildings and grounds at all 27 schools, central office, maintenance building, garage, and warehouse. These expenses increased \$571,280 from prior year primarily due to higher utility costs and the salary increase discussed previously.

Technology, which was 3.1% of total government expenses, includes noncapital equipment, software, operating and maintenance costs for all classrooms, administration, and attendance. These expenses decreased \$337,200 from prior year primarily due to the lower cost of the Technology Assessment-Year 3 Plan and the related reduction in spending.

School nutrition, which was 3.9% of total government expenses, includes all costs associated with operating and maintaining school cafeterias. These expenses increased \$144,901 from prior year primarily due to the salary increase discussed previously.

Capital lease interest, which was 0.0% of total government expenses, includes interest payments for energy management equipment recorded as capital assets. These expenses decreased \$14,369 from prior year primarily due to the reduction in interest paid from year to year as the lease matures.

Debt Service, which was 4.5% of total government expenses, includes a transfer for interest on County debt outstanding related to school assets, a transfer of major capital reserves to capital projects recorded on the local government books in conjunction with bonds issued to fund the full project costs, and funding of future debt related to the Capital Improvement Plan. These expenses increased \$275,000 from prior year.



ROANOKE COUNTY PUBLIC SCHOOLS
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Table 3 presents the cost of nine major School System activities and shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided by specific programs). The net cost reflects the financial burden that was placed on the taxpayers by each of these functions.

Table 3						
Total Cost and Net Cost of Governmental Activities For the Years Ended June 30, 2013 and 2012						
	Total Cost of Services		Percentage	Net Cost of Services		Percentage
	2013	2012	Change	2013	2012	Change
Instruction	\$ 107,041,368	\$ 104,117,764	2.8%	\$ 81,270,430	\$ 81,087,542	0.2%
Administration	2,595,087	2,593,752	0.1%	2,563,561	2,593,628	(1.2)%
Attendance and health	2,301,288	2,729,219	(15.7)%	2,274,420	2,729,219	(16.7)%
Transportation	6,751,036	6,675,986	1.1%	6,665,799	6,675,986	(0.2)%
Operations and maintenance	12,114,141	11,542,861	4.9%	11,767,539	11,404,136	3.2%
Technology	4,609,269	4,946,469	(6.8)%	4,568,305	4,946,469	(7.6)%
School nutrition	5,827,060	5,682,159	2.6%	227,388	(58,483)	(488.8)%
Capital lease interest	73,194	87,563	(16.4)%	73,194	87,563	(16.4)%
Debt Service	6,725,345	6,450,345	4.3%	6,725,345	6,450,345	4.3%
Total expenses	\$ 148,037,788	\$ 144,826,118	2.2%	\$ 116,135,981	\$ 115,916,405	0.2%

Key elements of total and net cost of governmental activities during fiscal year 2013 were as follows:

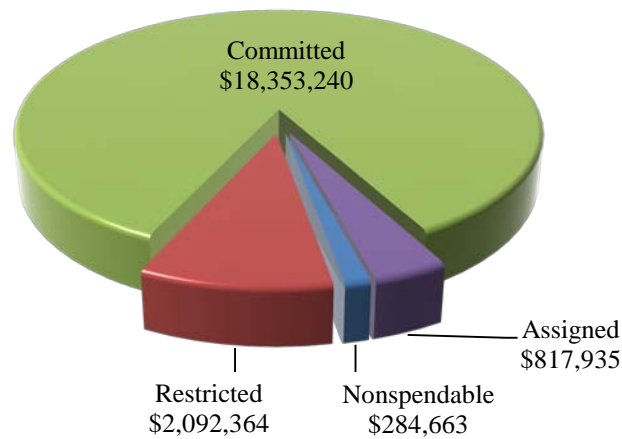
- The cost of all governmental activities this year was \$148.0 million.
- Roanoke County citizens paid for these activities through local taxes in the amount of \$65.6 million.
- Some of the costs were paid by those who directly benefited from the programs (\$4.2 million), entitlements from State and federal aid (\$25.2 million), and miscellaneous payments (\$2.5 million).

FINANCIAL ANALYSIS OF THE SCHOOL SYSTEM'S FUNDS

Governmental Funds – Governmental funds consist of the General Fund, Grant Fund (Special Revenue Fund), Capital Projects Fund, and Nonmajor Governmental Fund and account for the general operations of the School System. As noted earlier, the School System uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the School System's governmental funds is on near-term inflows, outflows, and balances of spendable resources. As such, these funds are accounted for using the modified accrual basis of accounting.

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Governmental Fund Balances



As of the end of the current fiscal year, the School System's governmental funds reported combined fund balances of \$21.5 million, a decrease of \$827,659 in comparison with fiscal year 2012. Of this amount, 1.3% constitutes *nonspendable fund balance* which reflects inventories that are in a non-liquid form and cannot be spent, 9.7% constitutes *restricted fund balance* which is externally restricted for an emergency contingency fund and grants, 85.2% constitutes *committed fund balance* which is designated for future capital projects in accordance with the adopted Use of Year-End Balance policy, and 3.8% constitutes *assigned fund balance* which is designated for outstanding encumbrances at year-end.

The General Fund is the primary operating fund used to account for all financial transactions and resources except those required to be accounted for in another fund. The fund balance in the General Fund decreased by \$2.2 million as a result of the salary increase discussed previously.

The Grant Fund is used to account for federal, State, and local grants restricted for specified school purposes by the grantor. During fiscal year 2013, federal grant funding decreased by \$489,831 related to reduction of federal revenues due to sequestration. At the end of the current fiscal year, the Grant Fund balance consisted of \$92,364 restricted for the purposes specified in the grant awards, including \$3,395 for outstanding encumbrances at year-end.

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 \$15.8 million committed for future school capital projects. The fund balance increased by \$1.6 million related to the allocation of prior year fund balance to the Capital Fund at year-end.

The Nonmajor Governmental Fund is used to account for the preparation and serving of student breakfasts and lunches. At the end of the fiscal year, the School Nutrition fund balance reflected \$106,646 in nonspendable fund balance for inventory and \$925,300 in committed fund balance for school nutrition operations. The overall fund balance of the fund decreased by \$213,308 from the prior year and reflects the salary increase given at the beginning of the year.

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Proprietary Funds – The School System's Internal Service Fund, a proprietary fund type, is presented on the same basis as the government-wide financial statements but is presented in more detail in the fund financial statements. Unrestricted net position of the Health Insurance, Dental Insurance, Risk Management, and Laptop Insurance Reserve Funds at the end of the year amounted to \$13.0 million. The increase (decrease) in net position for all four funds was \$(381,117), \$(32,584), \$128,214, and \$31,964, respectively.

GENERAL FUND BUDGETARY HIGHLIGHTS

The School System budget is prepared in accordance with the *Code of Virginia*. Table 4 presents a condensed version of the budgetary comparison of the original budget, final budget, and actual amounts for fiscal year 2013.

Budgetary Highlights - General Fund			
For the Year Ended June 30, 2013			
	Original Budget	Final Budget	Actual
Revenues:			
Intergovernmental-Roanoke County	\$ 64,484,024	\$ 65,597,324	\$ 65,597,324
Intergovernmental-State and Federal	67,317,424	67,382,772	67,994,562
Other	563,483	641,759	730,004
Total	<u>132,364,931</u>	<u>133,621,855</u>	<u>134,321,890</u>
Expenditures	(132,688,477)	(133,320,707)	(129,410,868)
Other financing sources	-	-	24,264
Transfers in (out)	323,546	(7,139,884)	(7,139,884)
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ (6,838,736)</u></u>	<u><u>\$ (2,204,598)</u></u>

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

- To reappropriate monies to pay for commitments in the form of encumbrances established prior to June 30, 2012 but not paid by that date.
- To reappropriate grants, donations and other revenues authorized in fiscal year 2012 or earlier, but not expended or encumbered as of June 30, 2012.
- To appropriate grants, donations, and other revenues accepted or adjusted in fiscal year 2013 when official notice of approval was received.
- To appropriate the designated general fund balance to capital projects.

The increase in the amended budget revenues of \$1.3 million is primarily related to transferring balances to the capital projects fund.

Actual revenues exceeded the final budget by \$700,035. The positive variances were primarily due to higher amounts received from SOQ-based revenues increased at year end due to a slightly

ROANOKE COUNTY PUBLIC SCHOOLS
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For the Year Ended June 30, 2013

higher ADM than budgeted and larger Medicaid reimbursement amounts which are budgeted conservatively to cover the Medicare position only.

Actual expenditures were less than the final budget by \$3.9 million. The positive variances were primarily related to the result of specific savings in health insurance participation, and continued reduction in personnel costs as a result of the hiring and spending freeze continued during the school year, in addition to the \$2.0 million emergency reserve.

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

CAPITAL ASSETS AND LEASES

At the end of the fiscal year, the School System had land, buildings and improvements, furniture and equipment, and construction in progress in governmental activities with a total historical cost of \$109.3 million. Total accumulated depreciation on these assets was \$64.4 million. Table 5 shows capital asset balances (net of accumulated depreciation) for fiscal years 2013 and 2012. More detailed information about capital assets can be found in Note 5 to the basic financial statements.

Capital Assets (net of accumulated depreciation) As of June 30, 2013 and 2012			Table 5
	Governmental Activities 2013	2012	Percentage Change
Land	\$ 5,714,752	\$ 5,714,752	0.0%
Construction in progress	5,339,810	1,882,469	183.7%
Buildings and improvements	23,691,361	24,788,314	(4.4)%
Furniture and equipment	10,146,787	11,100,502	(8.6)%
Totals	\$ 44,892,710	\$ 43,486,037	3.2%

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

- \$4.0 million spent for the commencement or continuation of construction in progress:
 - air conditioning units installed in 14 gymnasiums
 - two school renovations
 - division-wide keycard access system to improve security
 - waterline installation
 - four electronic marquee signs
 - front entrance renovations at several schools to improve security
 - health and wellness center at Hidden Valley High School

ROANOKE COUNTY PUBLIC SCHOOLS
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- \$1.6 million transfer of three buildings to the schools from the County related to current year debt payoff for tenancy in common assets
- \$648,504 spent on five school buses and four support vehicles
- \$566,927 spent on networking equipment
- \$275,369 spent on three security camera systems installations/upgrades
- \$154,843 spent on classroom equipment and choral risers
- \$143,753 spent on athletic and playground equipment

As of June 30, 2013, the School System is responsible for a \$1.8 million energy management project capital lease entered into during fiscal year 2007. More detailed information about the capital leases can be found in Note 9 to the basic financial statements.

CAPITAL ASSETS FINANCED THROUGH DEBT

According to the *Code of Virginia*, when a local government incurs a financial obligation payable over more than one fiscal year to fund an acquisition, construction or improvement of public school property, the local government acquires title to the school property as a tenant in common with the local school board for the term of the financial obligation. For financial reporting purposes, the local government may report the school property and related financial obligation. At the time the financial obligation is paid in full, the net value of the school property is transferred to the school board as program revenue and expense on the government-wide financial statements for the School System and County, respectively. As of June 30, 2013, the County's government-wide financial statements included school capital assets and related debt outstanding of \$186.5 million and \$103.7 million, respectively related to tenancy in common assets.

FACTORS INFLUENCING FUTURE BUDGETS

Key factors that are expected to impact future budgets include:

- Current financial market volatility and continued uncertainty of the economy
- Current and projected State budget reductions for public education
- Increasing federal requirements for student and school achievement related to the federal No Child Left Behind legislation
- Federal sequestration triggering across the board cuts in federal grant revenues
- Replacement of technology and the allocation of a sustainable revenue stream
- Declining student enrollments
- Projected increases in retirement contribution rates assessed by the Virginia Retirement System
- Volatile utility prices
- Funding for the Capital Improvement Program

In the last two years, the Commonwealth of Virginia (the Commonwealth) initiated certain responsive actions to the economic downturn that are expected to negatively affect the School

ROANOKE COUNTY PUBLIC SCHOOLS
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System in future years. Through changes in certain actuarial assumptions for Virginia Retirement System (VRS) sponsored retirement plans, which were affected by legislation passed by the General Assembly, the Commonwealth was able to defer rate increases requested by the VRS Trustees, and an increase in the local employer share of these pension contributions was similarly deferred. The legislation requires that this deferral of costs begin to be replenished starting in fiscal year 2012 and will continue until fully replenished in fiscal year 2021. Ultimately, it is expected that there will be significant increases in the local employer costs to be funded in order to meet the future payment obligations under the VRS plan. The 2013 expenditures reflect the increased pension costs necessary to begin this replenishment.

ECONOMIC FACTORS

During fiscal year 2013, the State economy mirrored the slow-to-recover national economy. Sales tax collections, representing 10.4% of the schools budget, improved slightly over the preceding year reflecting negligible improvement in personal consumption. State aid, including sales taxes, represents 50.5% of the general fund budget for fiscal year 2013 which is up from 49.8% in 2012. With the significant reliance on State funding, the ongoing State budget pressures occurring since 2009 are expected to impact the schools budget for the foreseeable future.

The County provided approximately 49.1% of the School System's operating budget needs in fiscal year 2013. State education funding reductions continue to place a burden on the local government to fund the existing educational programs and services and have a direct impact on the School System's ability to sustain the quality of education expected by our citizens. The County is experiencing flat revenue growth in the local tax base, further challenging the ability to maintain existing school and county services. The remainder of the general fund revenue was funded by federal and other revenue sources totaling 0.4% of general fund budget.

REQUESTS FOR INFORMATION

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



BASIC FINANCIAL STATEMENTS

Roanoke County Public Schools
Statement of Net Position
June 30, 2013

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 25,872,213
Investments	12,681,313
Accounts receivable	512,031
Due from other governments	3,648,315
Inventory	284,663
<i>Capital assets:</i>	
Land and construction in progress	11,054,562
Other capital assets, net	33,838,148
Capital assets, net	<u>44,892,710</u>
Total assets	<u>87,891,245</u>
Liabilities	
Accounts payable	1,245,621
Accrued liabilities	2,104,543
Unearned revenue	1,623,354
<i>Long-term liabilities due or payable within one year:</i>	
Claims payable	1,747,223
Compensated absences	813,484
Capital lease obligations	391,883
<i>Long-term liabilities due or payable after one year:</i>	
Claims payable	555,271
Compensated absences	2,211,888
Capital lease obligations	1,358,518
Total liabilities	<u>12,051,785</u>
Net Position	
Net investment in capital assets	43,142,309
<i>Restricted for:</i>	
Instructional grants	92,364
Emergency contingency	2,000,000
Unrestricted	30,604,787
Total net position	<u>\$ 75,839,460</u>

Roanoke County Public Schools
Statement of Activities
For the Year Ended June 30, 2013

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net Expense and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Instruction	\$ 107,041,368	\$ 841,332	\$ 22,920,847	\$ 2,008,759	\$ (81,270,430)
<i>Support services:</i>					
Administration	2,595,087	-	-	31,526	(2,563,561)
Attendance and health	2,301,288	-	-	26,868	(2,274,420)
Transportation	6,751,036	-	-	85,237	(6,665,799)
Operations and maintenance	12,114,141	48,487	-	298,115	(11,767,539)
Technology	4,609,269	-	-	40,964	(4,568,305)
School nutrition	5,827,060	3,280,884	2,318,788	-	(227,388)
Capital lease interest	73,194	-	-	-	(73,194)
Debt service	6,725,345	-	-	-	(6,725,345)
Total governmental activities	<u>\$ 148,037,788</u>	<u>\$ 4,170,703</u>	<u>\$ 25,239,635</u>	<u>\$ 2,491,469</u>	<u>(116,135,981)</u>
<i>General revenues:</i>					
Roanoke County					65,597,324
Non-categorical State aid					50,771,561
Gain on sale of assets					28,114
Miscellaneous					285,897
Total general revenues					<u>116,682,896</u>
Change in net position					<u>546,915</u>
Total net position, beginning					<u>75,292,545</u>
Total net position, ending					<u>\$ 75,839,460</u>

Roanoke County Public Schools

Exhibit C

Balance Sheet

Governmental Funds

June 30, 2013

	General	Grant	Capital Projects	Nonmajor Governmental Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,877,918	\$ -	\$ 6,759,743	\$ 388,221	\$ 9,025,882
Investments	2,638,463	-	9,497,402	545,448	12,681,313
Accounts receivable	487,360	-	1,192	1,082	489,634
Due from other governments	2,503,409	1,130,872	-	14,034	3,648,315
Due from other funds	960,709	-	-	-	960,709
Inventory	178,017	-	-	106,646	284,663
Total assets	<u>\$ 8,645,876</u>	<u>\$ 1,130,872</u>	<u>\$ 16,258,337</u>	<u>\$ 1,055,431</u>	<u>\$ 27,090,516</u>
Liabilities					
Accounts payable	\$ 729,092	\$ 32,176	\$ 468,583	\$ 8,312	\$ 1,238,163
Accrued liabilities	2,026,223	10,947	-	15,173	2,052,343
Unrecognized revenue	1,256,423	34,676	-	-	1,291,099
Due to other funds	-	960,709	-	-	960,709
Total liabilities	<u>4,011,738</u>	<u>1,038,508</u>	<u>468,583</u>	<u>23,485</u>	<u>5,542,314</u>
Fund balances					
Nonspendable	178,017	-	-	106,646	284,663
Restricted	2,000,000	92,364	-	-	2,092,364
Committed	1,638,186	-	15,789,754	925,300	18,353,240
Assigned	817,935	-	-	-	817,935
Total fund balances	<u>4,634,138</u>	<u>92,364</u>	<u>15,789,754</u>	<u>1,031,946</u>	<u>21,548,202</u>
Total liabilities and fund balances	<u>\$ 8,645,876</u>	<u>\$ 1,130,872</u>	<u>\$ 16,258,337</u>	<u>\$ 1,055,431</u>	

Reconciliation to the Statement of Net Position:

Internal service funds are used to charge the cost of health, dental, and worker's compensation insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position (Exhibit F).	12,981,598
Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the governmental funds (Note 5).	44,892,710
Revenues earned but not considered available are not current financial resources and, therefore, are not reported in the governmental funds (Note 6).	1,244,923
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:	
Accrued interest on capital lease obligations (Note 9)	(52,200)
Compensated absences (Note 7)	(3,025,372)
Capital lease obligations (Note 9)	(1,750,401)
Net position of governmental activities	<u>\$ 75,839,460</u>

Roanoke County Public Schools
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

Exhibit D

	General	Grant	Capital Projects	Nonmajor Governmental Fund	Total Governmental Funds
Revenues					
<i>Intergovernmental:</i>					
Roanoke County	\$ 65,597,324	\$ -	\$ 50,000	\$ -	\$ 65,647,324
Commonwealth of Virginia	67,541,127	821,767	726,000	102,964	69,191,858
Federal government	453,435	5,092,390	-	2,215,824	7,761,649
Charges for services	503,111	78,426	20,787	3,280,883	3,883,207
Investment income	103,143	-	-	2,770	105,913
Miscellaneous	123,750	-	50,000	23,520	197,270
Total revenues	<u>134,321,890</u>	<u>5,992,583</u>	<u>846,787</u>	<u>5,625,961</u>	<u>146,787,221</u>
Expenditures					
<i>Current:</i>					
Instruction	96,391,360	5,728,387	34,179	-	102,153,926
Administration	2,368,952	-	157	-	2,369,109
Attendance and health	2,018,980	268,509	-	-	2,287,489
Transportation	6,405,023	-	-	-	6,405,023
Operations and maintenance	11,975,025	-	46,306	-	12,021,331
Technology	3,078,205	-	2,089,233	-	5,167,438
School nutrition	-	-	-	5,839,269	5,839,269
<i>Capital lease debt service:</i>					
Principal	363,984	-	-	-	363,984
Interest	83,994	-	-	-	83,994
<i>Capital outlay:</i>					
Facilities	-	-	5,440,998	-	5,440,998
Debt Service	6,725,345	-	-	-	6,725,345
Total expenditures	<u>129,410,868</u>	<u>5,996,896</u>	<u>7,610,873</u>	<u>5,839,269</u>	<u>148,857,906</u>
Excess (deficiency) of revenues over (under) expenditures	4,911,022	(4,313)	(6,764,086)	(213,308)	(2,070,685)
Other financing sources (uses)					
Proceeds from sale of property	24,264	-	3,850	-	28,114
Transfers in	1,214,912	21,000	8,333,796	-	9,569,708
Transfers out	(8,354,796)	-	-	-	(8,354,796)
Total other financing sources (uses)	<u>(7,115,620)</u>	<u>21,000</u>	<u>8,337,646</u>	<u>-</u>	<u>1,243,026</u>
Net change in fund balances	(2,204,598)	16,687	1,573,560	(213,308)	(827,659)
Total fund balances, beginning	6,838,736	75,677	14,216,194	1,245,254	22,375,861
Total fund balances, ending	<u>\$ 4,634,138</u>	<u>\$ 92,364</u>	<u>\$ 15,789,754</u>	<u>\$ 1,031,946</u>	<u>\$ 21,548,202</u>

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, 2013

Exhibit E

Net change in fund balances - total governmental funds (Exhibit D)	\$ (827,659)
Amounts reported for governmental activities in the Statement of Activities are different due to:	
Internal service funds are used to charge the costs of health, dental, and worker's compensation insurance to individual funds. The change in net position of internal service funds is reported with governmental activities (Exhibit G).	(253,523)
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate the cost of those assets over the life of the assets (Note 5).	
Capital outlay	5,696,918
Capital donated	1,715,469
Depreciation expense	(5,525,813)
Loss on sale of assets	(461,763)
Loss on abandoned project	(18,138)
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 (Note 6).	6,111
Expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.	
Accrued interest on capital lease obligations (Note 9)	10,800
Compensated absences (Note 7)	(159,471)
Capital lease obligations (Note 9)	363,984
Change in net position of governmental activities (Exhibit B)	<u><u>\$ 546,915</u></u>

Roanoke County Public Schools
Statement of Net Position
Proprietary Funds
June 30, 2013

Exhibit F

	<u>Internal Service Funds</u>
Assets	
<i>Current assets:</i>	
Cash and cash equivalents	\$ 16,846,331
Accounts receivable	<u>22,397</u>
Total assets	<u>16,868,728</u>
Liabilities	
<i>Current liabilities:</i>	
Accounts payable	7,458
Unearned revenue	1,577,178
<i>Long-term liabilities due or payable within one year:</i>	
Claims payable	1,747,223
<i>Long-term liabilities due or payable after one year:</i>	
Claims payable	<u>555,271</u>
Total liabilities	<u>3,887,130</u>
Net Position	
Unrestricted	<u>12,981,598</u>
Total net position	<u><u>\$ 12,981,598</u></u>

Roanoke County Public Schools
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2013

Exhibit G

	<u>Internal Service Funds</u>
Operating revenues	
Charges for services	\$ 18,394,380
Other operating revenues	90,471
Total operating revenues	<u>18,484,851</u>
Operating expenses	
Claims	17,544,753
Administrative charges	26,497
Total operating expenses	<u>17,571,250</u>
Operating income	913,601
Nonoperating revenues	
Interest and dividend income	47,788
Total nonoperating revenues	<u>47,788</u>
Income before transfers	961,389
Transfers out	<u>(1,214,912)</u>
Change in net position	(253,523)
Total net position, beginning	13,235,121
Total net position, ending	<u><u>\$ 12,981,598</u></u>

Roanoke County Public Schools
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

Exhibit H

	Internal Service Funds
Operating activities	
Cash received from interfund services provided	\$ 18,417,370
Payments to suppliers	(29,953)
Payments from suppliers	2,843
Claims paid	(17,644,905)
Other receipts	93,849
Other payments	(49,008)
Net cash provided by operating activities	<u>790,196</u>
Noncapital financing activities	
Transfers to other funds	(1,214,912)
Net cash used in noncapital financing activities	<u>(1,214,912)</u>
Investing activities	
Interest and dividends	47,788
Net cash provided by investing activities	<u>47,788</u>
Net decrease in cash and cash equivalents	(376,928)
Cash and cash equivalents, beginning	17,223,259
Cash and cash equivalents, ending	<u>\$ 16,846,331</u>
 <u>Reconciliation of operating income to net cash provided by operating activities</u>	
Operating income	\$ 913,601
<i>Adjustments to reconcile operating income to net cash provided by operating activities:</i>	
<i>Decrease (increase) in assets:</i>	
Accounts receivable	22,990
<i>Increase (decrease) in liabilities:</i>	
Accounts payable	(613)
Unearned revenue	(45,630)
Claims payable	(100,152)
Net cash provided by operating activities	<u>\$ 790,196</u>

Roanoke County Public Schools
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

Exhibit I

	OPEB Trust	Agency Fund
Assets		
Cash and cash equivalents	\$ -	\$ 2,347,833
<i>Investments held by trustee, at fair value</i>		
Other pooled funds	451,228	-
Total assets	<u>\$ 451,228</u>	<u>\$ 2,347,833</u>
Liabilities		
Due to student groups	-	2,347,833
Total liabilities	<u>-</u>	<u>2,347,833</u>
Net Position		
Net position held in trust for other postemployment benefits	<u>\$ 451,228</u>	<u>\$ -</u>

See accompanying notes to basic financial statements.

Roanoke County Public Schools
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2013

Exhibit J

	OPEB Trust
Additions	
Employer contributions	\$ 127,617
<i>Investment income:</i>	
Increase in fair value of investments	36,878
Interest and dividends	74
Less investment expenses	(867)
Total additions	<u>163,702</u>
Deductions	<u>-</u>
Net increase in net position	163,702
Net position held in trust for other postemployment benefits, beginning	<u>287,526</u>
Net position held in trust for other postemployment benefits, ending	<u>\$ 451,228</u>

See accompanying notes to basic financial statements.

ROANOKE COUNTY PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2013

(1) Summary of Significant Accounting Policies

Financial Reporting Entity – Roanoke County Public Schools (School System) is a political subdivision of the Commonwealth of Virginia that operates sixteen elementary schools, five middle schools, five high schools, and one specialty center. The members of the School Board are elected by the citizens of the County of Roanoke, Virginia (County) to serve four-year terms. The School Board is responsible for setting the educational policies of Roanoke County Public Schools and employs a superintendent to implement the School Board's policies. The mission of the School System is to ensure quality learning experiences designed to equip all students with the skills to adapt and thrive in a changing global environment.

The School System is a component unit of the County because it is fiscally dependent on the County as operations are funded significantly by transfers from the County's general fund. Specifically, the County Board of Supervisors approves the School System's budget, levies the necessary taxes to finance operations, and issues debt on behalf of the School System. During the current year, the County provided \$65,597,324 of operating support to the School System and made debt service payments of \$14,112,423 on behalf of the School System.

Government-wide Financial Statements – These statements report on all nonfiduciary activities of the School System.

The *Statement of Net Position* is designed to display the financial position of the government on the accrual basis of accounting. This approach incorporates capital assets and long-term liabilities. The net position is presented in three categories: net investment in capital assets, restricted, and unrestricted.

The *Statement of Activities* is designed to demonstrate the degree to which the direct expenses of a given function are offset by program revenues. *Direct Expenses* are those that are clearly identifiable with a specific function. *Program Revenues* include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Revenues which are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which the governmental function is self-financing or draws from the general revenues of the School System.

Fund Financial Statements – These statements provide information about the School System's funds, including its fiduciary funds, each of which is considered a separate accounting entity. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The remaining governmental fund is reported as a nonmajor governmental fund.



ROANOKE COUNTY PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2013

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

Governmental Funds account for expendable financial resources. The individual major governmental funds are:

- The *General Fund* is the primary operating fund used to account for all financial resources except those required to be accounted for in another fund.
- The *Grant Fund* is a special revenue fund used to account for proceeds of specific grants that are restricted to expenditures for specific purposes.
- The *Capital Projects Fund* is used to account for financial resources used for the acquisition or construction of major capital facilities, other than those financed by the general fund.

The Governmental Funds also include one *Nonmajor Governmental Fund*, which is a special revenue fund used to account for activities of the School Nutrition Fund.

Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The individual proprietary funds are:

- *The Internal Service Funds* account for employee health, dental, risk management, and laptop reserves coverage provided to other departments on a cost-reimbursement basis.

Fiduciary Funds account for assets held either by a trustee or by the School System in an agency capacity. The individual fiduciary funds are:

- *The OPEB Trust Fund* was created in fiscal year 2012 to account for assets held for and costs of other postemployment benefits.
- *The Agency Fund* accounts for monies held in a custodial capacity on behalf of the student activity funds in each school.

Measurement Focus and Basis of Accounting – The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. *Measurement focus* indicates the type of resources being measured, such as economic resources or current financial resources. The *basis of accounting* determines when transactions or events are reported on the financial statements.

Government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recognized when earned, regardless of the timing of the related cash flows. Grants, entitlements, and donations are recognized as soon as all eligibility requirements imposed by the provider have been met. Expenses are recognized when liabilities are incurred, regardless of the timing of related cash flows.

ROANOKE COUNTY PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2013

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are when services are provided and used. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental Fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis of accounting*. Revenues are recognized when they become susceptible to accrual; that is when they become both measurable and available to finance expenditures of the current period. Grants, entitlements and donations are considered measurable when the legal and contractual requirements have been met and available if collected within 30 days after year-end. All other revenue items are considered measurable and available if collected within 30 days after year-end. Expenditures are recorded when liability is incurred, except for compensated absences, and capital lease obligations, which are recognized as expenditures only when payment is due.

As a result of the different measurement focus and basis of accounting used in preparing the government-wide statements versus the governmental fund financial statements, a reconciliation between the government-wide and fund financial statements is necessary. The reconciliations are presented immediately following the fund financial statements. As part of the reconciliations process, non-departmental indirect expenditures are allocated to functional expenses based on a percent of functional expenses. Some functions classified under support services include expenses that are, in essence, indirect expenses of instructional functions. However, the School System does not allocate those indirect expenses to the instructional program.

Proprietary Fund financial statements are reported using the *economic resources* measurement focus and the *accrual basis of accounting*. These statements distinguish operation from nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. Operating revenues include charges to departments, employees, and students for insurance premiums. Operating expenses include insurance claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the School System's policy to use restricted resources first, then unrestricted resources, as they are needed.

Fiduciary Fund financial statements are reported using the *change in net position* measurement focus and the *accrual basis of accounting*. However, the agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

Budgetary Comparison Schedules – Demonstrating compliance with the legally adopted budget is an important component of a government's accountability to the public. The

ROANOKE COUNTY PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2013

School System and many other governments revise their original budgets over the course of the year for a variety of reasons. The School System provides budgetary comparison information in its annual report, which includes a comparison of the original budget to both the final budget and actual results. The School System adopts annual budgets for the General Fund, Grant Fund, Capital Projects Fund, and School Nutrition Fund. Additional budgets for the Capital Projects Fund are approved by the School Board during the fiscal year as funding is identified and designated for capital projects.

Cash and Cash Equivalents – The School System’s cash and cash equivalents are comprised of cash on hand, demand deposits and short-term investments with original maturities of three months or less. Agency fund cash and cash equivalents are maintained by school principals.

Deposits and Investments – All non-fiduciary monies of the School System are deposited with the County Treasurer in a pool of bank accounts and are used to purchase investments which are specifically allocated to the appropriate funds. Short-term investments are stated at cost (which approximates fair value). Each fund with monies deposited in the pooled accounts has an equity interest therein. Interest earned is allocated based on average monthly balance. Monies that are legally required to be maintained individually, such as trust balances and contractor escrows are deposited and maintained in individual segregated bank accounts. OPEB Trust other pooled funds represent cash and investments held by the Virginia Pooled OPEB Trust Fund sponsored by the Virginia Municipal League and the Virginia Association of Counties (VML/VACO).

Accounts Receivable – Accounts receivable consist of E-Rate governmental reimbursements, advance placement testing reimbursements, tuition payments, substitute reimbursements, and utility refunds from individual schools.

Interfund Transactions – In the governmental fund financial statements, receivables and payables resulting from interfund loans are referred to as due to or due from other funds. These amounts are eliminated in the government-wide Statement of Net Position. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flow of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

Inventory – Inventories consist of fuel for transportation and food for the nutrition program. All inventories are valued at cost using the first-in first-out method. The cost of such inventories is recorded as expenditures when consumed, rather than purchased. Reported inventories in the governmental funds are equally offset by nonspendable fund balance.

Capital Assets – Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the School System as assets with an initial, individual cost of more than \$5,000 and an estimated useful

ROANOKE COUNTY PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2013

life exceeding three years. Such assets are recorded at historical cost if purchased or estimated historical cost if constructed. Donated capital assets are reported at estimated fair value at the time received. The School System includes the cost of certain intangible assets with a definite life in the appropriate asset class.

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.

Land and construction in progress are not depreciated. The other property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

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

According to the *Code of Virginia*, when a local government incurs a financial obligation payable over more than one fiscal year to fund an acquisition, construction, or improvement of public school property, the local government acquires title to the school property as a tenant in common with the local school board for the term of the financial obligation. For financial reporting purposes, the local government may report the school property and related financial obligation. At the time the financial obligation is paid in full, the net value of the school property is transferred to the school board as program revenue and expense on the government-wide financial statements for the School System and County, respectively.

Compensated Absences – The School System has a policy to allow the accumulation and vesting of limited amounts of vacation and sick leave. Amounts of such leave are accrued when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental funds when the amounts are due for payment as a result of employee resignations and retirements.

Pollution and Remediation – Upon the demolition or renovation of aged school buildings, ceiling and floor tiles containing asbestos are removed and abated in accordance with federal regulations promulgated by the Environmental Protection Agency. A pollution and remediation obligation is recognized as a payable upon commencement of such projects and the costs are recognized when incurred.

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

ROANOKE COUNTY PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2013

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

Net Position – Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net investment in capital assets consist of capital assets, net of accumulated depreciation and related capital leases. Net position is reported as restricted when there are external restrictions imposed by grantors or laws or regulations of other governments. The School System applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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

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

Debt Service – Represents payments made to the County for interest costs and direct expenditures for tenancy in common assets. This is pursuant to the School System's Year-End Balance Policy that authorizes the allocation of all year-end balances to school capital.

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

New Accounting Pronouncements – The following accounting pronouncements have been implemented by the School System in fiscal year 2013. Unless otherwise noted, the adoption of these statements had no material affect on the School System's financial statements.

- Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* establishes the proper accounting and financial reporting when the school system may convey the right to use a facility to another entity.
- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34* modifies the requirements for including and reporting component units within a primary government.

ROANOKE COUNTY PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2013

- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* directly incorporates the applicable guidance from the Financial Accounting Standards Board and the American Institute of Certified Public Accountants.
- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* which establishes the proper accounting and financial reporting for the consumption or acquisition of net assets crossing year end and modifying the identification of net position as the residual of all other elements in the statement of financial position. The School System retroactively implemented the provision of this statement by replacing the previously used term “net assets” with the new term “net position.”

(2) Deposits and Investments

The County of Roanoke maintains a cash and investment pool that is available for use by all County funds and by the School System. The School System’s portion of this pool is included on the balance sheet in “cash and cash equivalents” and “investments.”

The fair value and maturity of the School System’s share of deposits and investments as of June 30, 2013 is as follows:

	Original Investment Maturity		Fair Value	Credit Rating
	< 1 year	1-2 years		
Demand and time deposits	\$ 11,102,579	\$ -	\$ 11,102,579	N/A
Money market mutual funds	10,318,605	-	10,318,605	AAAm
Virginia LGIP	6,798,862	-	6,798,862	AAAm
Federal agency bonds and notes	641,869	12,039,444	12,681,313	AAA
Investment in other pooled funds	451,228	-	451,228	AAA-CAA
	<u>\$ 29,313,143</u>	<u>\$ 12,039,444</u>	<u>\$ 41,352,587</u>	

The carrying value of the School System’s share of deposits and investments as of June 30, 2013 is as follows:

	Cash and Cash	Investments	Investments	Total
	Equivalents	Held by Trustee		
Roanoke County Public Schools	\$ 25,872,213	\$ -	\$ 12,681,313	\$ 38,553,526
Agency Funds	2,347,833	451,228	-	2,799,061
	<u>\$ 28,220,046</u>	<u>\$ 451,228</u>	<u>\$ 12,681,313</u>	<u>\$ 41,352,587</u>

Deposits – Deposits of the County of Roanoke are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (Act) §2.2-4400 et. seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC

ROANOKE COUNTY PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2013

must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

The Virginia Local Government Investment Pool (LGIP) is administered by the Treasury Board pursuant to §2.2-4600 through §2.2-4606 of the *Code of Virginia*. The Treasury Board has delegated the management of the LGIP to the State Treasurer. The fair value of the County's position in the LGIP is the same as the value of the pool shares.

Investments – Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligation of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, Banker's acceptances, and repurchase agreements.

The Virginia Pooled OPEB Trust Fund is established as an investment vehicle for participating employers to accumulate assets to fund OPEB. Plan assets for purposes of GASB Statement No. 45 are usually in the form of stocks, bonds, and other classes of investments, that have been segregated and restricted in a trust, in which (a) contributions to the plan are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, and (c) assets are legally protected from creditors of the employer or plan administrator, for the payment of benefits in accordance with the terms of the plan.

Credit Risk and Concentration of Credit Risk – In accordance with the *Code of Virginia* and other applicable laws, including regulations, the County's investment policy (Policy) limits credit risk by restricting authorized investments to the following: bonds, notes and other direct obligations of the United States; bonds, notes, and other direct obligations of the Commonwealth of Virginia or political subdivisions thereof; bonds and other obligations issued, guaranteed or assumed by the International Bank for Reconstruction and Development and the Asian Development Bank; prime quality commercial paper; certificates of deposits; bankers acceptances; repurchase agreements; and money market funds. The Policy requires that commercial paper have a minimum Standard & Poor's (S&P) rating (or Moody's equivalent) of A-1.

The Policy establishes limitations on portfolio composition, both by investment type and by issuer, in order to control concentration of credit risk. The maximum percentage of the portfolio permitted in each eligible security with the limit to any one issuer is as follows:

U.S. Treasury Obligations.....	70%
U.S. Treasury Agency Securities and Instrumentalities of Government Sponsored Corporations	80%
Bankers Acceptance with no more than 25% with any one institution and a maximum of 10% in any one issuance.....	40%

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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 35% with any one institution	
and a maximum of 10% or \$1 million dollars in any one issuance	35%
Local Government Investment Pool	75%

As of June 30, 2013, the portion of the County and School System's portfolio, excluding the Virginia LGIP, Virginia State Non-Arbitrage Program (SNAP), Interest-earning investment contract and Investment in other pooled funds held by fiduciary agents, and U.S. Government guaranteed obligations that exceed 5% of the total portfolio are as follows:

<u>Issuer</u>	<u>% of Portfolio</u>
Federal Home Loan Bank	20.49%
Federal Farm Credit Bank	20.91%

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, 2013, 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, 2013, the County had no investments with a maturity greater than 30 months.

(3) Due from Other Governments

Amounts due from other governments as of June 30, 2013 are as follows:

	Governmental			Nonmajor	Total
	Activities	General	Grant	Governmental	Governmental
	Fund			Fund	Funds
Federal	\$ 1,240,281	\$ 108,597	\$ 1,117,650	\$ 14,034	\$ 1,240,281
State	2,408,034	2,394,812	13,222	-	2,408,034
	<u>\$ 3,648,315</u>	<u>\$ 2,503,409</u>	<u>\$ 1,130,872</u>	<u>\$ 14,034</u>	<u>\$ 3,648,315</u>

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

Amounts due to the Grant Fund are attributed primarily to the Individuals with Disabilities Education Act (IDEA) and the Titles I, II and III federal grants. IDEA is designed to ensure that all school age handicapped children are provided a free, appropriate public education. Titles I, II and III programs enhance the instruction for disadvantaged children.

Amounts due to the Nonmajor Governmental Fund are attributable primarily to federal reimbursements for the school lunch program.

(4) Interfund Balances and Transfers

Interfund balances as of June 30, 2013 are as follows:

Due to other funds:	Due from other funds:	
	General	Total
Grant Fund	\$ 960,709	\$ 960,709

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

Interfund transfers for the year ended June 30, 2013 were as follows:

Transfers to:	Transfers from:		
	General	Internal Service Funds	Total
General Fund	\$ -	\$ 1,214,912	\$ 1,214,912
Grant Fund	21,000	-	21,000
Capital Projects Fund	8,333,796	-	8,333,796
	<u>\$ 8,354,796</u>	<u>\$ 1,214,912</u>	<u>\$ 9,569,708</u>

Transfers were used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the primary government as debt service payments become due, and (3) use restricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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(5) Capital Assets

The School System's capital asset activity for the year ended June 30, 2013 was as follows:

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013
Capital assets, nondepreciable:				
Land	\$ 5,714,752	\$ -	\$ -	\$ 5,714,752
Construction in progress	1,882,469	3,960,884	(503,543)	5,339,810
Capital assets, nondepreciable	<u>7,597,221</u>	<u>3,960,884</u>	<u>(503,543)</u>	<u>11,054,562</u>
Capital assets, depreciable:				
Buildings and improvements	66,562,968	1,875,123	(1,602,635)	66,835,456
Furniture and equipment	30,203,665	2,061,785	(889,638)	31,375,812
Capital assets, depreciable	<u>96,766,633</u>	<u>3,936,908</u>	<u>(2,492,273)</u>	<u>98,211,268</u>
Accumulated depreciation:				
Buildings and improvements	(41,774,654)	(2,532,220)	1,162,779	(43,144,095)
Furniture and equipment	(19,103,163)	(2,993,593)	867,731	(21,229,025)
Accumulated depreciation	<u>(60,877,817)</u>	<u>(5,525,813)</u>	<u>2,030,510</u>	<u>(64,373,120)</u>
Capital assets, depreciable, net	<u>35,888,816</u>	<u>(1,588,905)</u>	<u>(461,763)</u>	<u>33,838,148</u>
Capital assets, net	<u>\$ 43,486,037</u>	<u>\$ 2,371,979</u>	<u>\$ (965,306)</u>	<u>\$ 44,892,710</u>

Depreciation expense charged to function/program activities for the year ended June 30, 2013 was as follows:

Instruction	\$ 4,329,690
Administration	187,880
Transportation	950,741
Operations and maintenance	38,069
School nutrition	19,433
	<u>\$ 5,525,813</u>

As of June 30, 2013, the County's government-wide financial statements included school capital assets and related debt outstanding of \$186.5 million and \$103.7 million, respectively related to tenancy in common assets. During the fiscal year, the County transferred buildings and improvements in the amount of \$1.6 million, net of accumulated depreciation to the schools related to current year debt payoff for tenancy in common assets.

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(6) Unearned and Unrecognized Revenue

Unearned and unrecognized revenue as of June 30, 2013 is as follows:

	Governmental			Total	Internal
	Activities	General	Grants	Governmental Funds	Service Funds
Charges for services	\$ 1,577,178	\$ -	\$ -	\$ -	\$ 1,577,178
Sales tax	-	1,244,923	-	1,244,923	-
Other	46,176	11,500	34,676	46,176	-
	<u>\$ 1,623,354</u>	<u>\$ 1,256,423</u>	<u>\$ 34,676</u>	<u>\$ 1,291,099</u>	<u>\$ 1,577,178</u>

Unearned revenue in governmental activities includes premiums collected in June for July insurance coverage and revenues collected in June for programs conducted in July and August. Unearned revenue in the internal service funds includes premiums collected in June for July insurance coverage.

In the governmental funds, unrecognized unavailable revenue includes June sales taxes collected by the State in July and remitted to the School System in August. Unrecognized unearned revenue includes grant revenue collected in June before legal and contractual requirements have been met.

(7) Long-Term Liabilities

The change in the School System's long-term liabilities for the year ended June 30, 2013 was as follows:

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013	Due Within One Year
Claims payable	\$ 2,402,646	\$ 16,172,651	\$ (16,272,803)	\$ 2,302,494	\$ 1,747,223
Compensated absences	2,865,901	1,541,089	(1,381,618)	3,025,372	813,484
Capital lease obligations	2,114,385	-	(363,984)	1,750,401	391,883
	<u>\$ 7,382,932</u>	<u>\$ 17,713,740</u>	<u>\$ (18,018,405)</u>	<u>\$ 7,078,267</u>	<u>\$ 2,952,590</u>

The Internal Service Fund is used to liquidate the long-term liabilities for claims payables, while the General Fund is used to liquidate the long-term liabilities for compensated absences, and capital lease obligations.

(8) Risk Management

The School System is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; the health of and injuries to employees; and natural disasters. The School System maintains self-insured Internal Service Funds for

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health insurance benefits, workers' compensation claims, and laptop computer loss claims. The School System believes it is more cost effective to manage certain risks internally rather than purchase commercial insurance.

Health Insurance – The School System established a self-insured health insurance program on July 1, 1990. Monthly contributions are paid into the Internal Service fund from all other funds and school employees. These contributions are based upon estimates from the claims processor that should cover administrative expenses, stop loss insurance premiums, and claims. Interfund premiums are based upon the employees within each fund enrolled in the plan. An excess coverage insurance policy covers each individual's pooled claims in excess of \$200,000. As of June 30, 2013, incurred but not yet reported claims for the School System are estimated to be \$1,483,494.

Risk Management – The School System established a self-insured workers' compensation program on July 1, 1990. Premiums are paid into the Internal Service Fund by the General Fund and are available to pay claims, claims reserves, and administrative costs of the programs. Interfund premiums are based upon the insured funds' claims experience and are reported as interfund services provided and used. An excess coverage insurance policy covers each accident in excess of \$400,000, with statutory limits. As of June 30, 2013, the School System has accrued liabilities for workers' compensation of \$819,000, based upon an estimate by a qualified actuary. At June 30, 2013, the School System had cash reserves of \$1,166,090 for workers' compensation to cover school employees.

Laptop Insurance Reserve – The School System established a self-insured program for loss or damage of student laptop computers on July 1, 2003. Student computer use fees and computer warranty reimbursements are paid into the Internal Service Fund and are available to pay claims, claims reserves, and administrative costs of the program. At June 30, 2013, the School System had cash reserves of \$1,040,437.

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

	Health Insurance	Risk Management	Laptop Insurance Reserve	Total
Unpaid claims, June 30, 2011	\$ 1,489,068	\$ 887,000	\$ -	\$ 2,376,068
Incurred claims*	15,910,917	461,679	141,388	16,513,984
Claim payments	(15,884,339)	(461,679)	(141,388)	(16,487,406)
Unpaid claims, June 30, 2012	1,515,646	887,000	-	2,402,646
Incurred claims*	15,522,648	361,739	288,264	16,172,651
Claim payments	(15,554,800)	(429,739)	(288,264)	(16,272,803)
Unpaid claims, June 30, 2013	\$ 1,483,494	\$ 819,000	\$ -	\$ 2,302,494

*Incurred claims includes IBNR and changes in estimates

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

(9) Capital Lease Obligations

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 the lease term of 10 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 assets recorded in connection with the capital leases are as follows:

	Governmental Activities
Furniture and equipment	\$ 3,564,057

The future minimum lease payments under the capital leases as of June 30, 2013 are as follows:

Year Ending June 30,	Governmental Activities
2014	461,418
2015	475,260
2016	489,517
2017	504,203
Total minimum lease payments	1,930,398
Less: Amount representing interest	(179,997)
Present value of minimum lease payments	\$ 1,750,401

(10) Fund Balances

In the governmental fund financial statements, fund balances of governmental funds have been classified to reflect the limitations and restrictions placed on the respective funds in accordance with the provisions of GASB Statement No. 54 as follows:

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

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- *Restricted Fund Balance* – This amount is subject to externally imposed regulations on the spending for a specific purpose including an emergency contingency authorized by the County Board of Supervisors and grant balances restricted by the grant agencies for specified purposes.
- *Committed Fund Balance* – This amount can only be used for specific purposes as imposed by formal appropriation by the County Board of Supervisors. The School Board has adopted board policies on the use of year-end balances for capital in the General Fund and the unspent balances at year-end in the Capital Projects Fund.
- *Assigned Fund Balance* – This amount is constrained by the government’s intent to be used for specific purposes but is neither restricted nor committed. The School System has assigned fund balance to liquidate outstanding encumbrances at year-end. As part of the annual budget appropriation, the School Board authorizes the assignment of year-end balance to outstanding encumbrances. The School Board has not authorized any officer to make assignments of fund balance.
- *Unassigned Fund Balance* – This amount has no spending restrictions under any of the preceding four classifications. The School System has no unassigned fund balance at year-end.



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Fund balances by classification as of June 30, 2013 are as follows:

	General	Grant	Capital Projects	Nonmajor Governmental Fund	Total Governmental Funds
<i>Nonspendable:</i>					
Inventory	\$ 178,017	\$ -	\$ -	\$ 106,646	\$ 284,663
	<u>178,017</u>	<u>-</u>	<u>-</u>	<u>106,646</u>	<u>284,663</u>
<i>Restricted for:</i>					
School grants	-	92,364	-	-	92,364
Emergency contingency	2,000,000	-	-	-	2,000,000
	<u>2,000,000</u>	<u>92,364</u>	<u>-</u>	<u>-</u>	<u>2,092,364</u>
<i>Committed to:</i>					
School capital projects	1,459,074	-	15,789,754	-	17,248,828
School vehicles	120,371	-	-	-	120,371
School textbooks	58,741	-	-	-	58,741
School nutrition	-	-	-	925,300	925,300
	<u>1,638,186</u>	<u>-</u>	<u>15,789,754</u>	<u>925,300</u>	<u>18,353,240</u>
<i>Assigned to:</i>					
Instruction	8,450	-	-	-	8,450
Administration	15,147	-	-	-	15,147
Transportation	794,225	-	-	-	794,225
Technology	113	-	-	-	113
	<u>817,935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>817,935</u>
Total fund balances	<u>\$ 4,634,138</u>	<u>\$ 92,364</u>	<u>\$ 15,789,754</u>	<u>\$ 1,031,946</u>	<u>\$ 21,548,202</u>

(11) Defined Benefit Pension Plan

Plan Description – The School System contributes to the Virginia Retirement System (VRS), a mixed agent and cost-sharing, multiple-employer defined benefit pension plan administered by the Virginia Retirement System (System). Professional employees participate in a VRS State-wide 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 (professional) employees of public school divisions are automatically covered by VRS upon employment. Benefits vest after five years of service credit. 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:

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- Members hired before July 1, 2010 and who were vested as of January 1, 2013 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 five years of service credit or age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2013 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.

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%. 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 3.00%. 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.

The system issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2012-annual-report.pdf> or by writing to the System's Chief Financial Officer at P. O. Box 2500, Richmond, VA 23218-2500.

Funding Policy – Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5.00% of their compensation toward their retirement. As of July 1, 2012, the School System no longer pays the 5.00% member contribution for school employees. In addition, the School System is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. The School System's contribution rate for non-professional employees was 8.29% of annual covered payroll (including the

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employee share of 5.00% paid by the employer). The School System contribution rate for professional employees for the fiscal year ended June 30, 2013 was 11.66% of the covered payroll.

For the three fiscal years ended June 30, 2013, 2012, and 2011, total contributions made to the VRS State-wide teacher cost-sharing pool for professional employees by the School System were \$8,421,792, \$7,796,375, and \$6,046,360, respectively, and represented 11.66%, 11.33%, and 8.93%, of covered payroll, respectively. The contributions for fiscal years June 30, 2011 and 2012 included the employee share of the 5.00% paid by the employer. Total annual covered payroll for fiscal years ended June 30, 2013, 2012, and 2011 was \$78,569,574, \$68,678,251, and \$67,652,004, respectively.

Annual Pension Cost – For fiscal year ended June 30, 2013, the School System’s non-professional employee’s annual pension cost of \$330,432 was equal to the required and actual contributions.

Three-Year Trend Information for Non-Professional Employees

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
June 30, 2013	330,432	100%
June 30, 2012	183,818	100%
June 30, 2011	197,060	100%

The fiscal year 2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 6.20% per year, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases also include an inflation component of 2.50%. The actuarial value of the School System’s 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 School System’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

Funded Status and Funding Progress – As of June 30, 2012, the most recent actuarial valuation date, the plan was 90.93% funded. The actuarial accrued liability for benefits was \$30,553,747, and the actuarial value of assets was \$27,783,544, resulting in an unfunded actuarial liability (UAAL) of \$2,770,203. The covered payroll (annual payroll of active employees covered by the plan) was \$5,942,434, and the ratio of the UAAL to the covered payroll was 46.62%.

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The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

(12) Other Postemployment Benefit Plan

From an accrual accounting perspective, the cost of other postemployment 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 accordance with GASB Statement No. 45, *Accounting for Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the School System recognizes the cost of other postemployment benefits in the year when the employee services are rendered, reports the accumulating liability, and provides information useful in assessing potential demands on the School System's future cash flows. Recognition of the liability accumulated from prior years is being phased in over 30 years, commencing with the 2008 liability.

Plan Description – The School System administers and sponsors a single-employer defined benefit healthcare plan (Retiree Medical Plan). Employees are eligible for this benefit if they retire after age 55 with at least 10 years of service and 12 months enrollment in the School System's self-insured health insurance program.

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 outpatient medical services; mental, nervous and substance abuse care; vision care; and prescriptions. Once a retiree reaches age 65, Medicare becomes the primary insurer and the School System's plan becomes secondary.

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

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Funding Policy – The Retiree Medical Plan is funded through member and employer contributions. Plan members receiving benefits contribute monthly premiums towards the cost of the health insurance depending on the coverage selected (single, single plus dependent, single plus spouse, or family). For the fiscal year ended June 30, 2013, the School System contributed \$441,489 for 228 retired plan members through monthly health insurance premium payments.

Based on the July 1, 2013 actuarial valuation, the School System contributed \$1,521,300 to the Retiree Medical Plan for the fiscal year ended June 30, 2013. Included in this amount is a current year contribution of \$127,617 to the Virginia Pooled OPEB Trust. It is the School System's intent to fully fund the annual required contribution (ARC) each year.

Annual OPEB Cost and Net OPEB Obligation – The School System's annual OPEB cost is calculated based on the ARC of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. 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 following table presents the OPEB cost, amount contributed, and changes in the OPEB Plan for the fiscal year ended June 30, 2013:

Annual required contribution	\$ 1,521,300
Interest on net OPEB obligation	-
Annual OPEB cost	<u>1,521,300</u>
Adjustment for actual claims	468,491
Contributions made	<u>1,052,809</u>
Change in net OPEB obligation	-
Net OPEB asset beginning of year	-
Net OPEB asset, end of year	<u><u>\$ -</u></u>

The School System's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2013 and the preceding two years are as follows:

Fiscal Year Ended	Beginning Net OPEB Obligation (Asset)	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Ending Net OPEB Obligation (Asset)
June 30, 2013	-	1,521,300	1,521,300	100.00%	-
June 30, 2012	(205,810)	1,913,807	1,707,997	89.25%	-
June 30, 2011	(27,710)	1,760,600	1,938,700	110.12%	(205,810)

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Notes to Basic Financial Statements
June 30, 2013

Funded Status and Funding Progress – As of July 1, 2013, the most recent actuarial valuation date, the plan was 4.68% funded. The actuarial accrued liability (AAL) for benefits was \$9,533,047 and the actuarial value of assets was \$445,854, resulting in an unfunded actuarial accrued liability (UAAL) of \$9,087,193. The covered payroll (annual payroll of active employees covered by the plan) was \$78,569,574 and the ratio of the UAAL to the covered payroll was (11.57%).

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

Actuarial Methods and Assumptions – 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 healthcare cost trends. Amounts determined regarding the funded status of the plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Calculations for financial reporting purposes are based on the benefits provided under terms of the substantive plan (the plan as understood by the employer and plan members) in effect at the time of each valuation and on the historical pattern of sharing of 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 short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term prospective of the calculations.

The July 1, 2013 actuarial valuation was based on the following actuarial methods:

Actuarial cost method:	Projected unit credit
Amortization method:	Level percentage of projected payrolls
Amortization period:	30 years
Liability valuation method:	Closed group

The July 1, 2013 actuarial valuation used the following actuarial assumptions:

Investment rate of return:	An 8.0% investment rate of return. Because the School System participates in the Virginia Pooled OPEB Trust Fund and expects to fully fund the annual required contribution, a higher investment rate of return was used in this actuarial valuation.
Projected annual payroll growth:	3.00%

ROANOKE COUNTY PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2013

Healthcare cost trend rates: 8.0% reduced by 0.5% to 1.0% each year to arrive at an ultimate health care cost trend rate of 5.0%.

Inflationary rates: This is implicitly included in the investment rate of return and healthcare cost trend rates.

(13) Commitments, Contingencies and Other Information

Construction Commitments – The School System has active construction projects as of June 30, 2013. The School System’s commitments with construction contractors are as follows:

	Spent to Date	Remaining Contract
Renovations at Burlington Elementary	1,960,201	9,166
Gym HVAC Systems	1,814,040	72,135
Keycard Access System	651,745	596,621
Renovations at Glenvar High	97,475	2,525
Front Entrance Renovations	-	108,887
	<u>\$ 4,523,461</u>	<u>\$ 789,334</u>

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

Encumbrances – The School System had outstanding encumbrances in the General Fund, Capital Projects Fund, and Nonmajor Governmental Fund of \$817,935, \$2,987,149, and \$3,395, respectively.

Litigation – The School System may be contingently liable with respect to lawsuits and other claims which arise in the ordinary course of its operations. At June 30, 2013, management believes that the amount of loss, if any, is not material to the School System’s financial position.

(14) Related Parties

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



REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

In accordance with the Governmental Accounting Standards Board (GASB) Statements No. 34, No. 45, and No. 50, the following information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

GENERAL FUND

The **General Fund** reflects all revenues and expenditures of the School Board, which are not required to be accounted for in another fund. Revenues are primarily derived from the County local appropriation, the Virginia Department of Education, and the Federal Government. Major expenditures represent the costs of operating the County's public school system.

Roanoke County Public Schools
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2013

Exhibit K
Unaudited

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues				
<i>Intergovernmental:</i>				
Roanoke County	\$ 64,484,024	\$ 65,597,324	\$ 65,597,324	\$ -
Commonwealth of Virginia	67,042,124	67,098,743	67,541,127	442,384
Federal government	275,300	284,029	453,435	169,406
Charges for services	431,683	473,383	503,111	29,728
Investment income	80,000	109,125	103,143	(5,982)
Miscellaneous	51,800	59,251	123,750	64,499
Total revenues	<u>132,364,931</u>	<u>133,621,855</u>	<u>134,321,890</u>	<u>700,035</u>
Expenditures				
<i>Current:</i>				
Instruction	100,786,974	98,894,707	96,391,360	2,503,347
Administration	3,088,207	2,476,820	2,368,952	107,868
Attendance and health	2,199,846	2,084,002	2,018,980	65,022
Transportation	5,192,276	7,318,924	6,405,023	913,901
Operations and maintenance	11,422,780	12,306,367	11,975,025	331,342
Technology	2,800,071	3,066,564	3,078,205	(11,641)
<i>Capital lease debt service:</i>				
Principal	363,984	363,984	363,984	-
Interest	83,994	83,994	83,994	-
<i>Capital outlay:</i>				
Debt Service	<u>6,750,345</u>	<u>6,725,345</u>	<u>6,725,345</u>	<u>-</u>
Total expenditures	<u>132,688,477</u>	<u>133,320,707</u>	<u>129,410,868</u>	<u>3,909,839</u>
Excess (deficiency) of revenues over (under) expenditures	(323,546)	301,148	4,911,022	4,609,874
Other financing sources (uses)				
Proceeds from sale of property	-	-	24,264	24,264
<i>Transfers:</i>				
Transfers from internal service fund	1,350,000	1,214,912	1,214,912	-
Transfers to grant fund	-	(21,000)	(21,000)	-
Transfers to capital projects fund	<u>(1,026,454)</u>	<u>(8,333,796)</u>	<u>(8,333,796)</u>	<u>-</u>
Total other financing sources (uses)	<u>323,546</u>	<u>(7,139,884)</u>	<u>(7,115,620)</u>	<u>24,264</u>
Net change in fund balances	-	(6,838,736)	(2,204,598)	4,634,138
Total fund balances, beginning	-	6,838,736	6,838,736	-
Total fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,634,138</u>	<u>\$ 4,634,138</u>

GRANT FUND

Special Revenue Fund

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

The **Grant Fund** is used to account for proceeds of specific grants that are restricted to expenditures for specific purposes. This fund includes transactions related to the federal, State, and private grants that are not specifically reported in another fund.

Roanoke County Public Schools
Budgetary Comparison Schedule
Special Revenue Fund - Grant Fund
For the Year Ended June 30, 2013

Exhibit L
Unaudited

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
<i>Intergovernmental:</i>				
Commonwealth of Virginia	\$ 868,794	\$ 917,242	\$ 821,767	\$ (95,475)
Federal government	4,729,643	5,585,684	5,092,390	(493,294)
Charges for services	-	110,108	78,426	(31,682)
Total revenues	<u>5,598,437</u>	<u>6,613,034</u>	<u>5,992,583</u>	<u>(620,451)</u>
Expenditures				
<i>Current:</i>				
Instruction	5,598,437	6,229,650	5,728,387	501,263
Attendance and health	-	428,408	268,509	159,899
Total expenditures	<u>5,598,437</u>	<u>6,658,058</u>	<u>5,996,896</u>	<u>661,162</u>
Deficiency of revenues under expenditures	-	(45,024)	(4,313)	40,711
Other financing sources				
<i>Transfers:</i>				
Transfers from general fund	-	21,000	21,000	-
Total other financing sources	<u>-</u>	<u>21,000</u>	<u>21,000</u>	<u>-</u>
Net change in fund balances	-	(24,024)	16,687	40,711
Total fund balances, beginning	-	24,024	75,677	51,653
Total fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,364</u>	<u>\$ 92,364</u>

See accompanying notes to required supplementary information.

See accompanying independent auditors' report.

Roanoke County Public Schools
Schedule of Funding Progress
Virginia Retirement System
For the Year Ended June 30, 2013

Exhibit M
Unaudited

Roanoke County Public Schools Non-Professional Employees

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2010	\$ 28,402,620	\$ 29,133,145	\$ 730,525	97.49%	\$ 6,323,621	11.55%
June 30, 2011	28,416,669	30,073,433	1,656,764	94.49%	6,158,584	26.90%
June 30, 2012	27,783,544	30,553,747	2,770,203	90.93%	5,942,434	46.62%

Roanoke County Public Schools
Schedule of Funding Progress
Other Postemployment Benefits Plan
For the Year Ended June 30, 2013

Exhibit N
Unaudited

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2009	\$ -	\$ 20,262,618	\$ 20,262,618	0.00%	\$ 89,186,099	(22.72)%
July 1, 2011	-	13,980,418	13,980,418	0.00%	73,695,601	(18.97)%
July 1, 2013	445,854	9,533,047	9,087,193	4.68%	78,569,574	(11.57)%

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

Roanoke County Public Schools
Schedule of Employer Contributions
Other Postemployment Benefits Plan
For the Year Ended June 30, 2013

Exhibit O
Unaudited

Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
June 30, 2011	\$ 1,760,600	\$ 1,938,700	110.12%
June 30, 2012	1,460,922	1,707,997	116.91%
June 30, 2013	1,521,300	1,052,809	69.20%

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

(1) Summary of Significant Accounting Policies

Annual Budget Adoption – Annual budgets are legally adopted for the General Fund, Grant Fund, Capital Projects Fund, and School Nutrition Fund. Supplemental capital budgets are approved by the School Board during the fiscal year as funding is identified and designated for capital projects. Budgetary Comparison Schedules for General and Major Special Revenue Funds, as required by GASB Statement No. 34, are presented as required supplementary information. All appropriations are legally controlled at the fund level. The *Code of Virginia* requires adoption of a balanced budget by June 30 of each year. The School Board formally adopted the fiscal year 2012-13 budget appropriation on March 27, 2012. The County Board of Supervisors adopted the original school budget on May 8, 2012. Budget revisions were approved throughout fiscal year 2013.

The budgets are integrated into the accounting system and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the final amended budget. All budgets are presented using the modified accrual basis of accounting. Accordingly, the accompanying Budgetary Comparison Schedules for the General and Major Special Revenue Funds present actual expenditures in accordance with the accounting principles generally accepted in the United States of America on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

(2) Material Violations

There were no material violations of the annual appropriated budget for the General and Grant Funds for the fiscal year ended June 30, 2013. In addition, there were no excesses of budgetary expenditures for the period.



SUPPLEMENTARY INFORMATION

CAPITAL PROJECTS FUND

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

Roanoke County Public Schools
Budgetary Comparison Schedule
Capital Projects Fund
For the Year Ended June 30, 2013

Schedule 1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues				
<i>Intergovernmental:</i>				
Roanoke County	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Commonwealth of Virginia	726,000	726,000	726,000	-
Charges for services	48,000	58,000	20,787	(37,213)
Miscellaneous	-	50,000	50,000	-
Total revenues	<u>824,000</u>	<u>884,000</u>	<u>846,787</u>	<u>(37,213)</u>
Expenditures				
<i>Current:</i>				
Instruction	-	87,961	34,179	53,782
Administration	-	12,765	157	12,608
Operations and maintenance	48,000	155,089	46,306	108,783
Technology	1,558,454	5,431,466	2,089,233	3,342,233
<i>Capital outlay:</i>				
Facilities	75,000	17,750,559	5,440,998	12,309,561
Total expenditures	<u>1,681,454</u>	<u>23,437,840</u>	<u>7,610,873</u>	<u>15,826,967</u>
Deficiency of revenues under expenditures	(857,454)	(22,553,840)	(6,764,086)	15,789,754
Other financing sources (uses)				
Proceeds from sale of property	-	3,850	3,850	-
<i>Transfers:</i>				
Transfers from general fund	857,454	8,333,796	8,333,796	-
Total other financing sources	<u>857,454</u>	<u>8,337,646</u>	<u>8,337,646</u>	<u>-</u>
Net change in fund balances	-	(14,216,194)	1,573,560	15,789,754
Total fund balances, beginning	-	14,216,194	14,216,194	-
Total fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,789,754</u>	<u>\$ 15,789,754</u>

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Fund

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

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

Roanoke County Public Schools
Budgetary Comparison Schedule
Special Revenue Fund - School Nutrition Fund
For the Year Ended June 30, 2013

Schedule 2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues				
<i>Intergovernmental:</i>				
Commonwealth of Virginia	\$ 92,000	\$ 92,000	\$ 102,964	\$ 10,964
Federal government	2,075,000	2,385,798	2,215,824	(169,974)
Charges for services	3,600,000	3,600,000	3,280,883	(319,117)
Investment income	4,000	4,000	2,770	(1,230)
Miscellaneous	20,000	20,000	23,520	3,520
Total revenues	<u>5,791,000</u>	<u>6,101,798</u>	<u>5,625,961</u>	<u>(475,837)</u>
Expenditures				
<i>Current:</i>				
School nutrition	<u>5,791,000</u>	<u>7,347,052</u>	<u>5,839,269</u>	<u>1,507,783</u>
Total expenditures	<u>5,791,000</u>	<u>7,347,052</u>	<u>5,839,269</u>	<u>1,507,783</u>
Net change in fund balances	-	(1,245,254)	(213,308)	1,031,946
Total fund balances, beginning	-	1,245,254	1,245,254	-
Total fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,031,946</u>	<u>\$ 1,031,946</u>

INTERNAL SERVICE FUNDS

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

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

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

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

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

Roanoke County Public Schools
Combining Statement of Net Position
Internal Service Funds
June 30, 2013

Schedule 3

	Health Insurance	Dental Insurance	Risk Management	Laptop Insurance Reserve	Total Internal Service Funds
Assets					
<i>Current assets:</i>					
Cash and cash equivalents	\$ 13,809,422	\$ 24,559	\$ 1,982,529	\$ 1,029,821	\$ 16,846,331
Accounts receivable	1,142	620	5,622	15,013	22,397
Total assets	<u>13,810,564</u>	<u>25,179</u>	<u>1,988,151</u>	<u>1,044,834</u>	<u>16,868,728</u>
Liabilities					
<i>Current liabilities:</i>					
Accounts payable	-	-	3,061	4,397	7,458
Unearned revenue	1,559,778	17,400	-	-	1,577,178
<i>Long-term liabilities due or payable within one year:</i>					
Claims payable	1,483,494	-	263,729	-	1,747,223
<i>Long-term liabilities due or payable after one year:</i>					
Claims payable	-	-	555,271	-	555,271
Total liabilities	<u>3,043,272</u>	<u>17,400</u>	<u>822,061</u>	<u>4,397</u>	<u>3,887,130</u>
Net Position					
Unrestricted	10,767,292	7,779	1,166,090	1,040,437	12,981,598
Total net position	<u>\$ 10,767,292</u>	<u>\$ 7,779</u>	<u>\$ 1,166,090</u>	<u>\$ 1,040,437</u>	<u>\$ 12,981,598</u>

Roanoke County Public Schools**Schedule 4****Combining Statement of Revenues, Expenses and Changes in Net Position****Internal Service Funds****For the Year Ended June 30, 2013**

	Health Insurance	Dental Insurance	Risk Management	Laptop Insurance Reserve	Total Internal Service Funds
Operating revenues					
Charges for services	\$ 16,344,271	\$ 1,378,187	\$ 445,000	\$ 226,922	\$ 18,394,380
Other operating revenues	-	-	-	90,471	90,471
Total operating revenues	<u>16,344,271</u>	<u>1,378,187</u>	<u>445,000</u>	<u>317,393</u>	<u>18,484,851</u>
Operating expenses					
Claims	15,522,648	1,372,102	361,739	288,264	17,544,753
Administrative charges	26,497	-	-	-	26,497
Total operating expenses	<u>15,549,145</u>	<u>1,372,102</u>	<u>361,739</u>	<u>288,264</u>	<u>17,571,250</u>
Operating income	795,126	6,085	83,261	29,129	913,601
Nonoperating revenues					
Interest and dividend income	-	-	44,953	2,835	47,788
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>44,953</u>	<u>2,835</u>	<u>47,788</u>
Income before transfers	795,126	6,085	128,214	31,964	961,389
Transfers out	<u>(1,176,243)</u>	<u>(38,669)</u>	<u>-</u>	<u>-</u>	<u>(1,214,912)</u>
Change in net position	(381,117)	(32,584)	128,214	31,964	(253,523)
Total net position, beginning	11,148,409	40,363	1,037,876	1,008,473	13,235,121
Total net position, ending	<u>\$ 10,767,292</u>	<u>\$ 7,779</u>	<u>\$ 1,166,090</u>	<u>\$ 1,040,437</u>	<u>\$ 12,981,598</u>

Roanoke County Public Schools
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2013

Schedule 5

	Health Insurance	Dental Insurance	Risk Management	Laptop Insurance Reserve	Total Internal Service Funds
Operating activities					
Cash received from interfund services provided	\$ 16,343,676	\$ 1,377,679	\$ 446,047	\$ 249,968	\$ 18,417,370
Payments to suppliers	(26,497)	-	(3,456)	-	(29,953)
Payments from suppliers	-	-	-	2,843	2,843
Claims paid	(15,554,800)	(1,372,102)	(429,739)	(288,264)	(17,644,905)
Other receipts	-	3,378	-	90,471	93,849
Other payments	(49,008)	-	-	-	(49,008)
Net cash provided by operating activities	<u>713,371</u>	<u>8,955</u>	<u>12,852</u>	<u>55,018</u>	<u>790,196</u>
Noncapital financing activities					
Transfers to other funds	(1,176,243)	(38,669)	-	-	(1,214,912)
Net cash used in noncapital financing activities	<u>(1,176,243)</u>	<u>(38,669)</u>	<u>-</u>	<u>-</u>	<u>(1,214,912)</u>
Investing activities					
Interest and dividends	-	-	44,953	2,835	47,788
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>44,953</u>	<u>2,835</u>	<u>47,788</u>
Net increase (decrease) in cash and cash equivalents	(462,872)	(29,714)	57,805	57,853	(376,928)
Cash and cash equivalents, beginning	14,272,294	54,273	1,924,724	971,968	17,223,259
Cash and cash equivalents, ending	<u>\$ 13,809,422</u>	<u>\$ 24,559</u>	<u>\$ 1,982,529</u>	<u>\$ 1,029,821</u>	<u>\$ 16,846,331</u>

Reconciliation of operating income to net cash provided by operating activities

Operating income	\$ 795,126	\$ 6,085	\$ 83,261	\$ 29,129	\$ 913,601
<i>Adjustments to reconcile operating income to net cash provided by operating activities:</i>					
<i>Decrease (increase) in assets:</i>					
Accounts receivable	(595)	(508)	1,047	23,046	22,990
<i>Increase (decrease) in liabilities:</i>					
Accounts payable	-	-	(3,456)	2,843	(613)
Unearned revenue	(49,008)	3,378	-	-	(45,630)
Claims payable	(32,152)	-	(68,000)	-	(100,152)
Net cash provided by operating activities	<u>\$ 713,371</u>	<u>\$ 8,955</u>	<u>\$ 12,852</u>	<u>\$ 55,018</u>	<u>\$ 790,196</u>

FIDUCIARY FUNDS

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

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

Roanoke County Public Schools
Statement of Changes in Fiduciary Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2013

Schedule 6

	Total Agency Fund
Assets	
Balance, beginning	\$ 2,292,522
Additions	6,941,704
Deductions	<u>(6,886,393)</u>
Balance, ending	<u><u>\$ 2,347,833</u></u>
Liabilities	
Balance, beginning	\$ 2,292,522
Additions	6,941,704
Deductions	<u>(6,886,393)</u>
Balance, ending	<u><u>\$ 2,347,833</u></u>





ROANOKE COUNTY PUBLIC SCHOOLS
Statistical Section
June 30, 2013

(Unaudited)

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

Financial Trends 86-89

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

Revenue Capacity..... 90-94

These schedules contain information to help the reader assess the School System's most significant local revenue source.

Debt Capacity 95-97

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future for the School System.

Demographic and Economic Information 98-99

These schedules offer demographic and economic indicators to help the reader understand the environment within which the School System's financial activities take place.

Operating Information 100-112

These schedules contain service and infrastructure data to help the reader understand how the information in the School System's financial report relates to the services the School System provided and the activities it performs.

Roanoke County Public Schools
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

Table 1
Unaudited

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental Activities										
Net investment										
in capital assets	\$ 31,267,460	\$ 32,586,897	\$ 34,511,703	\$ 36,132,848	\$ 41,002,752	\$ 44,965,789	\$ 41,830,203	\$ 41,651,583	\$ 41,371,652	\$ 43,142,309
<i>Restricted for:</i>										
Instructional grants	-	-	-	-	-	-	-	157,951	75,677	92,364
Emergency contingency	-	-	-	-	-	-	-	2,000,000	2,000,000	2,000,000
Unrestricted	<u>14,873,530</u>	<u>18,327,328</u>	<u>23,826,070</u>	<u>27,743,240</u>	<u>26,680,447</u>	<u>33,748,565</u>	<u>40,562,210</u>	<u>29,590,419</u>	<u>31,845,216</u>	<u>30,604,787</u>
Total net position	<u><u>\$ 46,140,990</u></u>	<u><u>\$ 50,914,225</u></u>	<u><u>\$ 58,337,773</u></u>	<u><u>\$ 63,876,088</u></u>	<u><u>\$ 67,683,199</u></u>	<u><u>\$ 78,714,354</u></u>	<u><u>\$ 82,392,413</u></u>	<u><u>\$ 73,399,953</u></u>	<u><u>\$ 75,292,545</u></u>	<u><u>\$ 75,839,460</u></u>

Source: Statement of Net Position (Exhibit A)

Roanoke County Public Schools
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Table 2
Unaudited

Governmental Activities	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Instruction	\$ 87,066,880	\$ 92,136,561	\$ 95,561,863	\$ 102,574,458	\$ 107,156,982	\$ 113,413,226	\$ 104,853,420	\$ 104,091,890	\$ 104,117,764	\$ 107,041,368
Administration	2,768,346	3,057,970	3,653,131	3,302,541	3,248,300	3,037,138	2,878,527	2,362,580	2,593,752	2,595,087
Attendance and health	2,618,104	3,018,482	2,255,095	2,624,041	2,960,709	2,915,739	2,910,184	2,598,603	2,729,219	2,301,288
Transportation	4,558,167	5,037,459	5,499,181	5,717,561	6,007,152	6,119,667	5,833,078	6,964,180	6,675,986	6,751,036
Operations and maintenance	10,255,449	10,177,817	10,685,364	11,958,229	10,970,831	12,138,884	12,378,003	11,436,014	11,542,861	12,114,141
Technology	2,974,664	3,475,534	3,631,136	4,693,570	5,527,484	5,754,612	4,511,121	6,121,084	4,946,469	4,609,269
School nutrition	4,027,007	4,356,509	4,708,752	5,198,160	5,376,635	5,894,703	5,622,545	5,572,527	5,682,159	5,827,060
Capital lease interest	-	-	-	-	141,582	132,312	122,565	187,855	87,563	73,194
Payment of interest and other charges for County capital	2,445,471	2,304,369	2,604,368	2,904,369	3,429,369	4,729,369	10,871,639	24,413,643	6,450,345	6,725,345
Facilities	275,548	282,315	675,571	982,443	3,559,558	-	-	-	-	-
Total expenses	<u>116,989,636</u>	<u>123,847,016</u>	<u>129,274,461</u>	<u>139,955,372</u>	<u>148,378,602</u>	<u>154,135,650</u>	<u>149,981,082</u>	<u>163,748,376</u>	<u>144,826,118</u>	<u>148,037,788</u>
Program revenues										
<i>Charges for services:</i>										
Instruction	686,934	639,639	670,240	908,028	796,490	853,738	806,398	877,818	832,118	841,332
Administration	144	-	4,149	-	210	2,728	3,775	297	124	-
Operations and maintenance	126,970	50,385	7,366	6,835	10,860	4,490	174,589	53,225	22,775	48,487
School nutrition	3,103,672	3,365,149	3,630,443	3,788,710	3,664,463	3,790,895	3,613,046	3,535,548	3,480,466	3,280,884
Operating grants and contributions	16,140,335	18,697,499	20,061,079	21,893,206	24,665,232	24,465,320	28,973,555	32,456,049	23,680,280	25,239,635
Capital grants and contributions	1,105,548	1,086,315	2,095,930	1,056,544	1,131,195	1,318,410	1,512,936	1,588,677	893,950	2,491,469
Total revenues	<u>21,163,603</u>	<u>23,838,987</u>	<u>26,469,207</u>	<u>27,653,323</u>	<u>30,268,450</u>	<u>30,435,581</u>	<u>35,084,299</u>	<u>38,511,614</u>	<u>28,909,713</u>	<u>31,901,807</u>
Net expense	<u>(95,826,033)</u>	<u>(100,008,029)</u>	<u>(102,805,254)</u>	<u>(112,302,049)</u>	<u>(118,110,152)</u>	<u>(123,700,069)</u>	<u>(114,896,783)</u>	<u>(125,236,762)</u>	<u>(115,916,405)</u>	<u>(116,135,981)</u>
General revenues and other changes in net position										
Payments from										
Roanoke County	56,539,339	56,675,543	58,925,214	60,747,935	64,717,113	64,267,132	63,597,776	64,559,361	66,083,024	65,597,324
Non-categorical state aid	40,070,792	47,659,550	49,684,913	56,191,094	55,861,280	64,632,296	53,945,620	50,182,318	51,265,516	50,771,561
Gain on sale of capital assets	-	-	-	-	57,318	5,163	674,143	27,134	29,264	28,114
Miscellaneous	270,228	446,171	1,618,675	1,278,643	1,173,552	655,397	357,303	397,886	431,193	285,897
Capital donated to (from) Schools	-	-	-	(377,308)	108,000	5,171,236	-	1,077,603	-	-
Total general revenues and other changes in net	<u>96,880,359</u>	<u>104,781,264</u>	<u>110,228,802</u>	<u>117,840,364</u>	<u>121,917,263</u>	<u>134,731,224</u>	<u>118,574,842</u>	<u>116,244,302</u>	<u>117,808,997</u>	<u>116,682,896</u>
Change in net position	<u>\$ 1,054,326</u>	<u>\$ 4,773,235</u>	<u>\$ 7,423,548</u>	<u>\$ 5,538,315</u>	<u>\$ 3,807,111</u>	<u>\$ 11,031,155</u>	<u>\$ 3,678,059</u>	<u>\$ (8,992,460)</u>	<u>\$ 1,892,592</u>	<u>\$ 546,915</u>

Source: Statement of Activities (Exhibit B)

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

Table 3
Unaudited

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
								(1)	(1)	(1)
General fund										
Reserved	\$ 100,770	\$ 156,181	\$ 289,423	\$ 339,662	\$ 471,515	\$ 179,035	\$ 273,752			
Unreserved, designated	-	5,229,506	7,293,555	6,653,171	4,816,548	4,472,007	6,675,386			
Unreserved, undesignated	3,569,754	-	-	1,300,000	2,000,000	1,000,000	2,671,290			
Nonspendable								\$ 146,447	\$ 243,570	\$ 178,017
Restricted								2,000,000	2,000,000	2,000,000
Committed								11,842,982	3,994,560	1,638,186
Assigned								473,950	600,606	817,935
Unassigned								-	-	-
Total fund balance	<u>\$ 3,670,524</u>	<u>\$ 5,385,687</u>	<u>\$ 7,582,978</u>	<u>\$ 8,292,833</u>	<u>\$ 7,288,063</u>	<u>\$ 5,651,042</u>	<u>\$ 9,620,428</u>	<u>\$ 14,463,379</u>	<u>\$ 6,838,736</u>	<u>\$ 4,634,138</u>
All other governmental funds										
Reserved	\$ 652,884	\$ 221,056	\$ 871,824	\$ 2,498,765	\$ 569,989	\$ 207,206	\$ 257,908			
<i>Unreserved, designated:</i>										
Special Revenue Fund	2,171,039	1,491,624	1,737,157	1,822,817	1,934,391	2,483,733	3,171,196			
Capital Projects Fund	6,048,474	7,111,075	8,706,786	8,062,159	7,680,942	14,731,538	16,273,830			
Nonspendable								\$ 102,327	\$ 74,255	\$ 106,646
Restricted								157,951	75,677	92,364
Committed								5,733,083	15,387,193	16,715,054
Assigned								195,552	-	-
Total fund balance	<u>\$ 8,872,397</u>	<u>\$ 8,823,755</u>	<u>\$ 11,315,767</u>	<u>\$ 12,383,741</u>	<u>\$ 10,185,322</u>	<u>\$ 17,422,477</u>	<u>\$ 19,702,934</u>	<u>\$ 6,188,913</u>	<u>\$ 15,537,125</u>	<u>\$ 16,914,064</u>
Total fund balances - all governmental funds	<u>\$ 12,542,921</u>	<u>\$ 14,209,442</u>	<u>\$ 18,898,745</u>	<u>\$ 20,676,574</u>	<u>\$ 17,473,385</u>	<u>\$ 23,073,519</u>	<u>\$ 29,323,362</u>	<u>\$ 20,652,292</u>	<u>\$ 22,375,861</u>	<u>\$ 21,548,202</u>

Source: Balance Sheet - Governmental Funds (Exhibit C)

Notes: The change in total fund balance of the general fund and all other governmental funds is explained in Management's Discussion and Analysis.

⁽¹⁾ Prior year amounts have not been restated for the implementation of GASB Statement 54. The school textbooks and school bus special revenue funds were moved to the General Fund in fiscal year 2011.

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

Table 4
Unaudited

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Roanoke County	\$ 56,539,339	\$ 56,675,543	\$ 59,582,458	\$ 60,747,935	\$ 64,717,113	\$ 64,292,132	\$ 63,622,776	\$ 64,951,268	\$ 66,108,024	\$ 65,647,324
Commonwealth of Virginia	51,942,418	61,360,969	64,902,941	72,785,446	74,870,079	83,349,243	71,309,332	65,885,715	67,879,498	69,191,858
Federal government	5,376,225	6,072,924	6,342,076	6,601,781	6,946,602	7,025,549	13,154,962	18,279,497	8,382,678	7,761,649
Charges for services	3,906,730	3,927,784	4,367,122	4,470,075	4,257,357	4,368,022	4,408,785	4,166,423	3,961,756	3,883,207
Other	112,357	318,083	496,781	667,732	600,683	490,488	257,273	340,243	402,610	303,183
Total revenue	<u>117,877,069</u>	<u>128,355,303</u>	<u>135,691,378</u>	<u>145,272,969</u>	<u>151,391,834</u>	<u>159,525,434</u>	<u>152,753,128</u>	<u>153,623,146</u>	<u>146,734,566</u>	<u>146,787,221</u>
Expenditures										
<i>Current:</i>										
Instruction	85,511,866	92,545,814	95,378,317	102,085,681	106,716,335	111,649,978	103,447,341	101,375,153	99,645,396	102,153,926
Administration	2,651,756	3,066,908	3,637,621	3,306,631	3,262,037	3,000,153	2,854,789	2,269,955	2,472,589	2,369,109
Attendance and health	2,592,377	3,058,951	2,262,051	2,647,551	2,987,391	2,918,544	2,946,828	2,592,637	2,717,336	2,287,489
Transportation	4,498,137	5,598,274	5,203,567	5,652,308	6,025,437	5,608,857	5,997,771	7,054,463	6,668,232	6,405,023
Operations and maintenance	10,141,257	10,305,382	10,705,207	12,055,177	11,071,884	12,125,394	12,507,630	11,370,452	11,643,854	12,021,331
Technology	2,952,265	3,503,144	3,639,226	4,723,754	5,567,218	5,766,371	4,556,074	6,108,595	6,675,913	5,167,438
School nutrition	4,024,520	4,352,589	4,704,297	5,191,962	5,367,882	5,885,913	5,615,301	5,563,659	5,864,493	5,839,269
<i>Capital lease debt service:</i>										
Principal	-	-	-	-	244,848	280,650	325,571	347,180	373,940	363,984
Interest	-	-	-	-	141,582	132,312	122,565	113,255	99,163	83,994
<i>Capital outlay:</i>										
Facilities	1,125,516	1,944,560	3,429,743	8,113,735	9,563,489	2,138,689	649,418	1,112,358	2,507,844	5,440,998
<i>Intergovernmental:</i>										
Roanoke County	<u>2,445,471</u>	<u>2,304,369</u>	<u>2,604,368</u>	<u>2,904,369</u>	<u>3,429,369</u>	<u>4,729,369</u>	<u>10,696,615</u>	<u>24,413,643</u>	<u>6,450,345</u>	<u>6,725,345</u>
Total expenditures	<u>115,943,165</u>	<u>126,679,991</u>	<u>131,564,397</u>	<u>146,681,168</u>	<u>154,377,472</u>	<u>154,236,230</u>	<u>149,719,903</u>	<u>162,321,350</u>	<u>145,119,105</u>	<u>148,857,906</u>
Excess (deficiency) of revenues over (under)	1,933,904	1,675,312	4,126,981	(1,408,199)	(2,985,638)	5,289,204	3,033,225	(8,698,204)	1,615,461	(2,070,685)
Other financing sources (uses)										
Transfers, net	(159,024)	(37,618)	(40,865)	(425,355)	(290,845)	183,250	1,205,142	-	78,844	1,214,912
Issuance of debt	-	-	-	3,564,057	-	122,517	-	-	-	-
Proceeds from refunding savings	-	-	581,774	-	-	-	-	-	-	-
Proceeds from sale of property	<u>3,151</u>	<u>28,827</u>	<u>21,413</u>	<u>47,326</u>	<u>73,294</u>	<u>5,163</u>	<u>2,011,476</u>	<u>27,134</u>	<u>29,264</u>	<u>28,114</u>
Total other financing sources (uses)	<u>(155,873)</u>	<u>(8,791)</u>	<u>562,322</u>	<u>3,186,028</u>	<u>(217,551)</u>	<u>310,930</u>	<u>3,216,618</u>	<u>27,134</u>	<u>108,108</u>	<u>1,243,026</u>
Change in fund balances	<u>\$ 1,778,031</u>	<u>\$ 1,666,521</u>	<u>\$ 4,689,303</u>	<u>\$ 1,777,829</u>	<u>\$ (3,203,189)</u>	<u>\$ 5,600,134</u>	<u>\$ 6,249,843</u>	<u>\$ (8,671,070)</u>	<u>\$ 1,723,569</u>	<u>\$ (827,659)</u>
Debt service as a percentage of non-capital expenditures	0.00%	0.00%	0.00%	0.00%	0.26%	0.27%	0.30%	0.29%	0.34%	0.31%

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

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

Table 5
Unaudited

Fiscal Year	County of Roanoke			State Aid		
	Annual Appropriation	Increase (Decrease)	Percent Change	Annual Appropriation	Increase (Decrease)	Percent Change
2004	\$ 56,539,339	\$ 760,805	1.36%	\$ 49,673,995	\$ 1,899,421	3.98%
2005	56,675,543	136,204	0.24%	59,182,836	9,508,841	19.14%
2006	58,925,214	2,249,671	3.97%	62,285,520	3,102,684	5.24%
2007	60,747,935	1,822,721	3.09%	70,197,695	7,912,175	12.70%
2008	64,717,113	3,969,178	6.53%	72,106,483	1,908,788	2.72%
2009	64,267,132	(449,981)	(0.70)%	80,195,499	8,089,016	11.22%
2010	63,597,776	(669,356)	(1.04)%	69,502,612	(10,692,887)	(13.33)%
2011	64,559,361	961,585	1.51%	64,103,729	(5,398,883)	(7.77)%
2012	66,083,024	1,523,663	2.36%	66,119,254	2,015,525	3.14%
2013	65,597,324	(485,700)	(0.73)%	67,541,127	1,421,873	2.15%

Source: Budgetary Comparison Schedule - General Fund (Exhibit K)

County of Roanoke, Virginia**Assessed Value and Estimated Actual Value of Taxable Property****Last Ten Fiscal Years****Table 6****Unaudited**

Fiscal Year	Real Property	Personal Property	Public Service Corporation	Total Taxable Assessed Value	Real Property Total Direct Tax Rate	Personal Property		Estimated Actual Taxable Value
						Tangible Tax Rate	Machinery & Tools Tax Rate	
2004	5,563,983,100	663,297,004	218,702,303	6,445,982,407	\$1.12	\$3.50	\$3.00	\$7,766,243,864
2005	5,969,476,500	725,053,654	207,774,445	6,902,304,599	1.12	3.50	3.00	8,316,029,637
2006	6,441,496,100	768,161,943	207,613,114	7,417,271,157	1.11	3.50	3.00	8,936,471,273
2007	7,052,990,600	778,899,217	202,045,580	8,033,935,397	1.09	3.50	3.00	9,679,440,237
2008	7,630,455,000	830,364,367	223,884,755	8,684,704,122	1.09	3.50	3.00	10,217,298,967
2009	7,929,158,898	766,339,671	224,653,310	8,920,151,879	1.09	3.50	3.00	10,494,293,975
2010	8,020,716,300	780,689,905	233,127,850	9,034,534,055	1.09	3.50	3.00	10,151,161,860
2011	8,053,281,600	782,346,945	223,646,000	9,059,274,545	1.09	3.50	3.00	9,847,037,549
2012	7,968,030,200	814,156,400	233,411,860	9,015,598,460	1.09	3.50	3.00	9,391,248,396
2013	7,798,171,500	835,361,990	247,863,410	8,881,396,900	1.09	3.50	3.00	9,062,649,898

Source: Roanoke County Real Estate Office

Note: Property in Roanoke County is assessed annually and was assessed at approximately 98% of actual value for 2012-2013, 96% of actual value for 2011-2012, and 86% of actual value for 2004-2011. Estimated actual taxable value is calculated by dividing taxable assessed value by those percentages. Tax rates are per \$100 assessed value.

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

Table 7
Unaudited

Fiscal Year	Direct Rates ⁽¹⁾ County of Roanoke			Overlapping Rates ⁽¹⁾ Town of Vinton			
	Real Property		Total	Personal Property			
	First Half	Second Half		Tangible	Machinery & Tools		
			Real Property			Personal Property ⁽²⁾	
2004	\$0.560	\$0.560	\$1.12	\$3.50	\$3.00	\$0.03	\$1.00
2005	0.560	0.560	1.12	3.50	3.00	0.03	1.00
2006	0.555	0.555	1.11	3.50	3.00	0.03	1.00
2007	0.545	0.545	1.09	3.50	3.00	0.03	1.00
2008	0.545	0.545	1.09	3.50	3.00	0.03	1.00
2009	0.545	0.545	1.09	3.50	3.00	0.03	1.00
2010	0.545	0.545	1.09	3.50	3.00	0.03	1.00
2011	0.545	0.545	1.09	3.50	3.00	0.03	1.00
2012	0.545	0.545	1.09	3.50	3.00	0.03	1.00
2013	0.545	0.545	1.09	3.50	3.00	0.03	1.00

Source: Roanoke County Real Estate Office

Notes: The County's tax rates are determined each year by the Roanoke County Board of Supervisors. Overlapping rates are those of the Town of Vinton, which is located in the County of Roanoke. Only those residents living in Vinton are subject to both the Town of Vinton's rate and the County of Roanoke's rate.

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

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

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

Table 8
Unaudited

Taxpayer	2013			2004		
	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	136	1	1.53%	102	1	1.90%
Verizon Virginia, Inc.	31	2	0.35%	49	2	0.90%
Wal-Mart Real Estate Business	29	3	0.33%	-	-	-
Roanoke Tanglewood LLC	27	4	0.30%	37	3	0.70%
Cellco Partnership	22	5	0.25%	-	-	-
Kroger Mid-Atlantic (formerly The Kroger Company)	20	6	0.23%	16	4	0.30%
Integrity Windows, Inc.	19	7	0.21%	-	-	-
Roanoke Gas Company	19	8	0.21%	12	8	0.20%
Norfolk and Western Railway Company	18	9	0.20%	-	-	-
Wells Fargo Operations Center	17	10	0.19%	-	-	-
Pebble Creek, LLC	-	-	-	13	5	0.30%
RR Donnelley & Sons Company	-	-	-	13	6	0.20%
Hanover Realty	-	-	-	13	7	0.20%
Allstate Insurance Company	-	-	-	12	9	0.20%
DFC Roanoke LLC	-	-	-	12	10	0.20%
Total	338		3.80%	279		5.10%

Source: Roanoke County Real Estate Office

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

Table 9
Unaudited

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 88,901,356	\$ 84,798,976	95.39%	\$ 2,204,823	\$ 87,003,799	97.87%
2005	94,381,504	90,113,624	95.48%	2,695,146	92,808,770	98.33%
2006	100,713,477	95,857,523	95.18%	3,086,774	98,944,297	98.24%
2007	106,526,759	101,614,506	95.39%	3,110,315	104,724,821	98.31%
2008	113,379,407	107,449,039	94.77%	3,671,320	111,120,359	98.01%
2009	116,316,521	111,054,250	95.48%	2,894,447	113,948,697	97.96%
2010	116,489,107	111,980,936	96.13%	3,625,688	115,606,624	99.24%
2011	118,335,928	113,612,208	96.01%	3,076,033	116,688,241	98.61%
2012	118,634,364	113,978,854	96.08%	2,427,679	116,406,533	98.12%
2013	118,489,124	113,917,134	96.14%	-	113,917,134	96.14%

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

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

Table 10
Unaudited

Fiscal Year	Governmental Activities					Business-Type ⁽¹⁾		Total Primary Government	Component Unit
	General Obligation Debt	Lease Revenue Bonds	VPSA School Bonds	State Literary Bonds	Capital Leases	General Obligation Debt	Revenue Bonds		School Board Capital Leases
2004	\$ 25,716,449	\$ 26,703,265	\$ 74,499,309	\$ 8,622,594	\$ 372,109	\$ 1,835,031	\$ 65,928,087	\$ 203,676,844	\$ -
2005	23,287,203	26,281,871	69,708,272	7,738,562	-	-	-	127,015,908	-
2006	21,185,562	25,517,803	65,053,722	6,888,530	-	-	-	118,645,617	-
2007	19,040,454	24,724,570	60,490,721	6,038,498	-	-	-	110,294,243	3,564,057
2008	16,825,346	82,989,144	78,376,947	5,211,866	-	-	-	183,403,303	3,319,209
2009	14,560,238	80,954,308	120,748,501	4,524,181	-	-	-	220,787,228	3,161,076
2010	12,645,130	78,700,454	115,035,423	4,064,860	-	-	-	210,445,867	2,835,505
2011	10,655,022	76,376,966	107,150,919	3,617,043	1,148,037	-	-	198,947,987	2,488,325
2012	8,584,914	73,969,030	109,290,686	3,169,225	1,052,372	-	-	196,066,227	2,114,385
2013	6,416,798	71,455,422	100,944,620	2,721,409	952,889	-	-	182,491,138	1,750,401

Fiscal Year	School Board Long-term Debt	School System	
		Percentage of Personal Income ⁽²⁾	Per Capita ⁽²⁾
2007	\$ 3,564,057	0.08%	\$39.21
2008	3,319,209	0.07%	\$36.71
2009	3,161,076	0.07%	\$34.79
2010	2,835,505	0.06%	\$31.16
2011	2,488,325	0.05%	\$26.94
2012	2,114,385	0.04%	\$22.81
2013	1,750,401	0.04%	\$18.77

Source: Roanoke County Finance Office

Notes:

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

⁽²⁾ Per capita personal income and personal income from Table 13 Demographic Statistics

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

Table 11
Unaudited

Fiscal Year	General Bonded Debt Outstanding - County Government					Percentage of Estimated Actual Taxable Value of Property ⁽¹⁾	Per Capita ⁽²⁾
	General Obligation Debt	Lease Revenue Bonds	VPSA School Bonds	State Literary Bonds	Total		
2004	\$ 25,716,449	\$ 26,703,265	\$ 74,499,309	\$ 8,622,594	\$ 135,541,617	1.75%	\$1,530
2005	23,287,203	26,281,871	69,708,272	7,738,562	127,015,908	1.53%	1,420
2006	21,185,562	25,517,803	65,053,722	6,888,530	118,645,617	1.33%	1,311
2007	19,040,454	24,724,570	60,490,721	6,038,498	110,294,243	1.14%	1,213
2008	16,825,346	82,989,144	78,376,947	5,211,866	183,403,303	1.80%	2,028
2009	14,560,238	80,954,308	120,748,501	4,524,181	220,787,228	2.10%	2,430
2010	12,645,130	78,700,454	115,035,423	4,064,860	210,445,867	2.07%	2,312
2011	10,655,022	76,376,966	107,150,919	3,617,043	197,799,950	2.01%	2,141
2012	8,584,914	73,969,030	109,290,686	3,169,225	195,013,855	2.08%	2,104
2013	6,416,798	71,455,422	100,944,620	2,721,409	181,538,249	2.00%	1,947

Source: Roanoke County Finance Office

Notes:

⁽¹⁾ Total Estimated Actual Taxable Value from Table 6 Assessed Value and Estimated Actual Value of Taxable Property

⁽²⁾ Per capita personal income and personal income from Table 13 Demographic Statistics

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

Table 12
Unaudited

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General bonded debt outstanding										
General Obligation Bonds	\$ 25,716,449	\$ 23,287,203	\$ 21,185,562	\$ 19,040,454	\$ 16,825,346	\$ 14,560,238	\$ 12,645,130	\$ 10,655,022	\$ 8,584,914	\$ 6,416,798
Lease Revenue Bonds	26,703,265	26,281,871	25,517,803	24,724,570	82,989,144	80,954,308	78,700,454	76,376,966	73,969,030	71,455,422
VPSA School Bonds	74,499,309	69,708,272	65,053,722	60,490,721	78,376,947	120,748,501	115,035,423	107,150,919	109,290,686	100,944,620
State Literary Bonds	8,622,594	7,738,562	6,888,530	6,038,498	5,211,866	4,524,181	4,064,860	3,617,043	3,169,225	2,721,409
applicable to debt limits	<u>\$ 135,541,617</u>	<u>\$ 127,015,908</u>	<u>\$ 118,645,617</u>	<u>\$ 110,294,243</u>	<u>\$ 183,403,303</u>	<u>\$ 220,787,228</u>	<u>\$ 210,445,867</u>	<u>\$ 197,799,950</u>	<u>\$ 195,013,855</u>	<u>\$ 181,538,249</u>
Ratio of net debt to assessed taxable property value										
Actual	2.10%	1.84%	1.60%	1.37%	2.11%	2.48%	2.33%	2.18%	2.16%	2.04%
Debt limit per policy	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Ratio of net debt per capita										
Actual	\$1,530	\$1,420	\$1,311	\$1,213	\$2,028	\$2,430	\$2,312	\$2,141	\$2,104	\$1,947
Debt limit per policy	\$1,500	\$1,500	\$1,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Ratio of net debt to general fund governmental expenditures										
Actual	5.63%	6.63%	6.13%	5.48%	5.05%	7.30%	7.79%	8.51%	8.29%	8.51%
Debt limit per policy	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%

Source: Roanoke County Finance Office

County of Roanoke, Virginia
Demographic Statistics
Last Ten Fiscal Years

Table 13
Unaudited

Fiscal Year	Population⁽¹⁾	Personal Income⁽²⁾ (Thousands)	Per Capita Personal Income⁽²⁾	School Enrollment⁽³⁾	Unemployment Rate⁽⁴⁾
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	4,672,291	39,315	14,474	6.3%
2011	92,376	4,789,030	40,688	14,259	5.7%
2012	92,687	4,789,030	40,688	14,081	5.6%
2013	93,256	4,789,030	40,688	13,958	5.5%

Sources:

- ⁽¹⁾ From VaStat, a service of the Weldon Cooper Center for Public Service.
- ⁽²⁾ From the Bureau of Economic Analysis. The latest information available is for 2011; subsequent years have not been updated.
- ⁽³⁾ Average daily membership as of March 31 (Roanoke County Public Schools Office of Pupil Assignment).
- ⁽⁴⁾ From Virginia Employment Commission and the U. S. Bureau of Labor Statistics.

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

Table 14
Unaudited

Employer	2013				2004			
	Rank	Ownership	Number of Employees ⁽¹⁾	Percentage of Total Employment	Rank	Ownership	Number of Employees ⁽¹⁾	Percentage of Total Employment
Roanoke County Schools	1	Local Govt.	1,000+	11.12 - 15.38%	2	Local Govt.	1,000+	10.00 - 11.11%
ITT Exelis	2	Private	1,000+	11.12 - 15.38%	7	Private	1,000+	10.00 - 11.11%
Wells Fargo Operations Center (Wachovia Division)	3	Private	1,000+	11.12 - 15.38%	-	-	-	-
County of Roanoke	4	Local Govt.	1,000+	11.12 - 15.38%	9	Local Govt.	1,000+	10.00 - 11.11%
Allstate Insurance Company	5	Private	500-999	7.69 - 11.11%	5	Private	1,000+	10.00 - 11.11%
Friendship Manor	6	Private	500-999	7.69 - 11.11%	-	-	-	-
Richfield Nursing Center	7	Private	500-999	7.69 - 11.11%	-	-	-	-
Kroger	8	Private	500-999	3.85 - 5.55%	4	Private	1,000+	10.00 - 11.11%
Wal-Mart	9	Private	250-499	3.85 - 5.55%	-	-	-	-
Berkshire Health Care Center	10	Private	250-499	3.85 - 5.55%	-	-	-	-
Carilion Health System	-	-	-	-	1	Private	1,000+	10.00 - 11.11%
Wachovia (now Wells Fargo Operations Center)	-	-	-	-	3	Private	1,000+	10.00 - 11.11%
Home Shopping Network	-	-	-	-	8	Private	1,000+	10.00 - 11.11%
Manpower International	-	-	-	-	6	Private	500-999	5.56 - 9.99%
Medical Facilities of America, Inc.	-	-	-	-	10	Private	500-999	5.56 - 9.99%

Source: Virginia Employment Commission

Note:

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

Roanoke County Public Schools
Student Enrollment
Last Ten Fiscal Years

Table 15
Unaudited

Fiscal Year	Average Daily Membership ⁽¹⁾	Special Education Enrollment ⁽²⁾	English as a Second Language Enrollment ⁽³⁾	Per Pupil Cost ⁽⁴⁾
2004	14,279	2,369	179	7,778
2005	14,365	2,329	220	8,242
2006	14,728	2,202	270	8,343
2007	14,777	2,222	323	9,034
2008	14,802	2,218	327	9,487
2009	14,650	2,223	336	9,882
2010	14,474	2,192	401	9,348
2011	14,259	2,152	407	9,521
2012	14,081	2,164	397	9,506
2013	13,958	2,181	381	10,589

Sources:

- ⁽¹⁾ Roanoke County Public Schools Office of Pupil Personnel Services
- ⁽²⁾ Roanoke County Public Schools Special Education Office
- ⁽³⁾ Roanoke County Public Schools Instruction Office
- ⁽⁴⁾ Superintendent's Annual Report Table 15; current year information estimated due to state reporting deadlines each year.

Roanoke County Public Schools
Number of Students Per Teacher
Last Seven Fiscal Years

Table 16
Unaudited

Grade	2007	2008	2009	2010	2011	2012	2013
Kindergarten	17	17	17	19	18	20	20
1	19	18	17	19	20	21	20
2	18	18	18	20	20	20	21
3	19	18	18	19	20	21	21
4	20	19	18	20	21	22	21
5	21	20	19	20	21	22	22
6	22	21	20	23	23	23	23
7	22	21	21	23	23	23	23
8	22	21	21	23	23	23	23
9	23	21	21	22	22	22	22
10	22	21	21	22	22	22	22
11	22	21	21	22	22	22	22
12	22	21	21	22	22	22	22

Source: Roanoke County Public Schools Personnel Office

Notes: Only seven years of data presented due to accessibility of comparative data.

These ratios include teaching support provided by Elementary Assistant Principals and Language Arts Coordinators who teach 50% of the day.

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

Table 17
Unaudited

Level Course	2004		2005		2006		2007		2008		2009		2010		2011		2012		2013	
	RCPS	VA	RCPS	VA	RCPS	VA	RCPS	VA	RCPS	VA	RCPS	VA	RCPS	VA	RCPS	VA	RCPS	VA	RCPS	VA
Elementary SOL's:																				
Grade 3 English RLR	75	71	78	77	88	84	89	80	90	84	90	86	87	83	94	83	95	86	78	72
Grade 3 Mathematics	92	87	89	88	91	90	95	89	94	89	94	89	96	92	96	91	73	64	73	65
Grade 3 History	88	87	90	89	92	91	94	92	95	93	95	93	97	93	91	90	90	87	90	87
Grade 3 Science	90	86	92	89	92	90	93	88	91	88	92	89	95	91	96	85	94	90	87	84
VA Studies	90	86	86	85	89	85	85	83	88	83	94	88	92	87	94	87	95	89	93	87
Grade 4 Reading	-	-	-	-	91	86	91	87	93	88	91	89	94	88	93	89	94	88	81	70
Grade 4 Mathematics	-	-	-	-	83	77	83	81	92	84	92	86	93	88	93	87	83	70	84	74
Grade 5 English RLR	90	85	90	85	91	87	91	87	92	89	91	92	93	90	94	89	93	89	86	73
Grade 5 English Writing	89	88	94	91	92	89	91	89	88	87	96	86	90	88	90	87	92	87	79	71
Grade 5 Mathematics	82	78	86	81	88	83	90	87	93	88	97	90	95	90	95	89	80	67	82	69
Grade 5 Science	89	84	90	81	91	85	92	88	92	88	95	88	95	88	93	87	95	88	85	75
Grade 6 Reading	-	-	-	-	93	83	88	84	89	85	91	86	93	88	94	87	95	89	83	73
Grade 6 Mathematics	-	-	-	-	66	51	64	60	74	68	72	73	77	77	85	73	89	74	91	77
Grade 6 U S History to 1865	-	-	-	-	-	-	-	-	77	74	81	74	83	78	91	81	89	81	91	83
Grade 7 Reading	-	-	-	-	90	81	90	82	92	86	94	88	91	90	94	89	94	88	83	74
Grade 7 Mathematics	-	-	-	-	68	44	70	55	79	65	78	71	81	75	89	77	86	58	86	61
Grade 7 U S History 1865 to present	-	-	-	-	-	-	-	-	94	92	94	92	91	91	89	85	88	84	89	82
Grade 8 English RLR	79	72	82	76	86	78	83	79	92	83	92	87	93	90	94	90	95	89	84	71
Grade 8 English Writing	82	77	81	74	93	91	90	86	91	87	92	89	92	91	90	88	92	88	78	70
Grade 8 Mathematics	86	78	90	81	92	76	86	77	92	83	93	85	93	87	89	82	74	60	76	61
Grade 8 History	n/a	83	n/a	82	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Grade 8 Civics	-	-	-	-	-	-	-	-	92	84	92	84	92	86	91	89	91	84	93	85
Grade 8 Science	95	88	95	87	95	87	94	89	95	90	94	90	96	92	95	92	97	92	92	76
Secondary SOL's:																				
End of Course English RLR	94	89	93	85	95	90	96	94	95	94	97	95	95	94	96	94	95	94	95	89
End of Course English Writing	92	87	93	88	96	88	96	92	96	92	98	92	95	92	97	93	96	93	90	87
Algebra I	82	80	90	84	97	88	95	92	92	93	97	94	98	94	97	94	86	73	88	76
Algebra II	84	86	89	87	87	85	85	88	90	90	94	91	96	91	97	91	68	69	83	76
Geometry	86	87	92	81	91	83	92	86	89	87	95	87	92	88	92	87	83	74	89	76
Earth Science	86	71	86	75	90	82	91	84	88	86	94	87	94	88	94	89	94	90	93	83
Biology	89	80	91	79	91	83	93	87	92	88	92	88	94	89	93	90	96	92	91	83
Chemistry	91	86	91	86	95	87	91	91	88	92	95	93	95	93	97	93	96	93	87	86
World History to 1500	90	83	94	82	91	85	97	89	96	91	92	93	98	93	94	81	98	84	98	84
World History from 1500	90	83	97	86	96	89	96	92	94	92	98	93	95	92	85	82	88	85	92	85
World Geography	84	71	85	70	90	77	86	83	n/a	n/a	91	86	87	86	n/a	n/a	n/a	n/a	91	86
US History	90	87	94	88	96	92	95	93	95	94	97	95	96	95	92	83	88	85	93	86

Source: Roanoke County School Office of Testing and Remediation

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

Table 18
Unaudited

Fiscal Year	Participation Rate	Roanoke County Schools				Virginia	National
		Verbal	Math	Writing	Combined		
2004	50%	530	533	-	1,063	1,024	1,024
2005	49%	527	528	-	1,055	1,030	1,028
2006	46%	524	530	519	1,573	1,561	1,520
2007	48%	524	526	507	1,557	1,516	1,511
2008	47%	514	522	507	1,543	1,517	1,523
2009	60%	515	517	504	1,536	1,521	1,509
2010	50%	515	525	507	1,547	1,521	1,509
2011	44%	518	523	516	1,557	1,521	1,509
2012	42%	522	525	505	1,552	1,510	1,477
2013	59%	526	522	511	1,559	1,517	1,474

Source: Roanoke County School Counseling Services Office

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

Table 19
Unaudited

Positions	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
School Board Member	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Assistant Superintendent	2.0	2.0	2.0	2.7	2.7	3.0	2.7	2.7	2.7	2.7
Administrator	28.0	30.5	29.7	30.9	29.7	31.3	20.5	16.8	19.2	12.8
Principal	28.8	29.0	29.0	29.0	29.0	29.0	29.0	27.0	27.0	27.3
Assistant Principal	30.0	33.0	32.0	27.1	27.5	28.5	28.0	26.9	26.0	25.3
Teacher	1,116.9	1,144.3	1,176.5	1,188.5	1,193.5	1,201.7	1,153.6	1,096.9	1,113.0	1,101.7
Guidance Counselor	55.6	54.1	54.4	57.9	57.6	59.9	43.4	42.9	47.0	47.7
Librarian	29.0	28.2	26.0	26.0	25.9	25.0	26.3	28.0	26.0	24.2
Social Worker	3.0	3.0	3.0	3.0	3.2	4.0	4.0	4.0	4.0	4.0
Instructional Assistant	232.0	262.2	307.6	291.9	309.9	310.8	288.5	299.4	293.7	288.4
Secretary	71.4	75.3	75.5	74.7	74.7	75.5	75.5	69.9	71.4	68.6
Print Shop	3.0	3.0	2.9	-	-	-	-	-	-	-
School Nurse	17.3	24.0	24.3	24.7	27.9	27.8	26.0	25.9	23.0	24.7
School Psychologist	7.0	9.0	8.6	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Other Attendance & Health	29.5	15.0	17.5	19.0	19.2	19.5	18.9	6.3	9.7	7.3
Bus Driver	157.5	157.9	161.0	162.4	168.5	176.5	170.9	170.8	175.7	174.3
Other Transportation	16.2	17.4	18.2	18.8	18.0	18.3	18.2	16.6	16.1	15.8
Custodian	124.2	118.3	118.0	118.0	121.3	118.3	127.1	114.1	113.3	113.0
Tradesman	32.7	32.8	33.1	34.0	33.0	35.5	31.8	30.2	29.7	29.7
Other Maintenance	6.0	7.0	7.0	6.0	6.5	6.9	5.3	4.0	4.0	4.0
Construction	2.0	3.5	3.9	4.0	6.0	6.4	5.2	4.0	4.4	4.0
Technology	37.0	37.5	48.5	49.0	50.5	50.0	47.0	40.9	37.6	37.3
School Nutrition	135.6	134.1	130.6	135.5	142.4	145.2	136.8	128.7	126.0	120.0
Total	2,170.7	2,227.1	2,315.3	2,318.1	2,362.0	2,388.1	2,273.7	2,171.0	2,184.5	2,147.8

Source: Annual School Report filed with Department of Education.

Roanoke County Public Schools
Teacher Salary Information
Last Ten Fiscal Years

Table 20
Unaudited

Degree	Level	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Bachelors	Min	\$31,000	\$32,100	\$33,000	\$34,000	\$34,500	\$35,000	\$35,000	\$35,000	\$35,700	\$36,000
	Max	45,500	48,600	50,301	52,565	54,404	57,125	57,125	57,125	58,268	63,366
Bachelors + 12 hrs	Min	31,310	32,421	33,321	34,321	34,821	35,321	35,321	35,321	36,021	36,321
	Max	45,955	49,055	50,756	53,020	54,859	57,580	57,580	57,580	58,723	63,821
Bachelors + 24 hrs	Min	31,465	32,582	33,482	34,482	34,982	35,482	35,482	35,482	36,182	36,482
	Max	46,183	49,283	50,984	53,248	55,087	57,808	57,808	57,808	58,951	64,049
Masters	Min	32,550	33,705	34,605	35,605	36,105	36,605	36,605	36,605	37,305	37,605
	Max	47,775	50,875	52,576	54,840	56,679	59,400	59,400	59,400	60,543	65,641
Masters + 12 hrs	Min	32,705	33,866	34,766	35,766	36,266	36,766	36,766	36,766	37,466	37,766
	Max	48,003	51,103	52,804	55,068	56,907	59,628	59,628	59,628	60,771	65,869
Masters + 24 hrs	Min	32,860	34,026	34,926	35,926	36,426	36,926	36,926	36,926	37,626	37,926
	Max	48,230	51,330	53,031	55,295	57,134	59,855	59,855	59,855	60,998	66,096
Doctorate	Min	34,100	35,310	36,210	37,210	37,710	38,210	38,210	38,210	38,910	39,210
	Max	50,050	53,150	54,851	57,115	58,954	61,675	61,675	61,675	62,818	67,916
Annual salary increase approved by School Board		Avg. 2.0%	Avg. 2.5%	Avg. 4.0%	4.5%	3.5%	5.0%	0.0%	0.0%	0.0%	8.75% ⁽¹⁾
Roanoke County Schools Average Salary		\$44,792	\$45,957	\$45,891	\$46,734	\$47,698	\$49,221	\$48,656	\$48,712	\$48,267	\$50,886
Virginia Average Salary		\$43,936	\$45,377	\$47,248	\$49,152	\$50,511	\$52,309	\$52,149	\$51,903	\$52,003	\$52,561

Source: Annual Budget and Salary Scales publication.

⁽¹⁾ Salary increase includes state mandated pass through of 5.0% VRS contribution.

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

Table 21
Unaudited

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Instruction	\$ 79,981,449 77.8%	\$ 85,510,916 77.5%	\$ 88,864,911 77.6%	\$ 94,875,331 77.1%	\$ 99,117,153 76.5%	\$ 103,689,529 76.1%	\$ 94,148,008 75.5%	\$ 92,094,364 74.2%	\$ 93,314,768 74.2%	\$ 96,391,360 74.5%
Administration	2,651,756 2.6%	3,050,670 2.8%	3,310,389 2.9%	3,304,531 2.7%	3,261,460 2.5%	3,000,153 2.2%	2,852,598 2.3%	2,269,955 1.8%	2,472,105 2.0%	2,368,952 1.8%
Attendance and health	2,367,095 2.3%	2,939,374 2.7%	2,262,051 2.0%	2,435,385 2.0%	2,751,056 2.1%	2,670,042 2.0%	2,716,220 2.2%	2,207,280 1.8%	2,181,587 1.7%	2,018,980 1.6%
Transportation	3,716,512 3.6%	4,280,768 3.9%	4,475,495 3.9%	4,830,524 3.9%	5,233,994 4.0%	5,300,869 3.9%	5,314,350 4.3%	7,054,463 5.7%	6,668,232 5.3%	6,405,023 4.9%
Operations and maintenance	9,531,658 9.3%	10,053,066 9.1%	10,224,875 8.9%	11,279,126 9.2%	11,192,791 8.6%	12,125,394 8.9%	11,591,085 9.3%	10,868,321 8.8%	11,335,888 9.0%	11,975,025 9.3%
Technology	2,060,804 2.0%	2,005,413 1.8%	2,630,820 2.3%	3,126,761 2.5%	4,020,246 3.1%	4,012,055 2.9%	3,359,628 2.7%	3,059,017 2.5%	2,944,589 2.3%	3,078,205 2.4%
Capital lease debt service	- 0.0%	- 0.0%	- 0.0%	- 0.0%	246,264 0.2%	412,506 0.3%	448,136 0.4%	460,435 0.4%	473,103 0.4%	447,978 0.3%
Facilities	111,602 0.1%	179,357 0.2%	201,675 0.2%	225,099 0.2%	322,763 0.2%	340,810 0.3%	292,422 0.2%	- 0.0%	- 0.0%	- 0.0%
Debt service	2,445,471 2.4%	2,304,369 2.2%	2,604,368 2.4%	2,904,369 2.6%	3,429,369 3.0%	4,729,369 3.7%	4,029,369 3.3%	6,125,345 4.8%	6,450,345 5.1%	6,725,345 5.2%
Total expenditures	<u>\$ 102,866,347</u>	<u>\$ 110,323,933</u>	<u>\$ 114,574,584</u>	<u>\$ 122,981,126</u>	<u>\$ 129,575,096</u>	<u>\$ 136,280,727</u>	<u>\$ 124,751,816</u>	<u>\$ 124,139,180</u>	<u>\$ 125,840,617</u>	<u>\$ 129,410,868</u>

Sources: Expenditures derive from the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (Exhibit D)

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

Table 22
Unaudited

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Instruction	\$ 5,601 77.8%	\$ 5,953 77.5%	\$ 6,034 77.6%	\$ 6,420 77.1%	\$ 6,696 76.5%	\$ 7,078 76.1%	\$ 6,505 75.5%	\$ 6,459 74.2%	\$ 6,627 74.2%	\$ 6,906 74.5%
Administration	186 2.6%	212 2.8%	225 2.9%	224 2.7%	220 2.5%	205 2.2%	197 2.3%	159 1.8%	176 2.0%	170 1.8%
Attendance & health	166 2.3%	205 2.7%	154 2.0%	165 2.0%	186 2.1%	182 2.0%	188 2.2%	155 1.8%	155 1.7%	145 1.6%
Transportation	260 3.6%	298 3.9%	304 3.9%	327 3.9%	354 4.0%	362 3.9%	367 4.3%	495 5.7%	474 5.3%	459 4.9%
Operations & maintenance	668 9.3%	700 9.1%	694 8.9%	763 9.2%	756 8.6%	828 8.9%	801 9.3%	762 8.8%	805 9.0%	858 9.3%
Technology	144 2.0%	140 1.8%	179 2.3%	212 2.5%	272 3.1%	274 2.9%	232 2.7%	215 2.5%	209 2.3%	221 2.4%
Capital lease debt service	- 0.0%	- 0.0%	- 0.0%	- 0.0%	17 0.2%	28 0.3%	31 0.4%	32 0.4%	34 0.4%	32 0.3%
Facilities	8 0.1%	12 0.2%	14 0.2%	15 0.2%	22 0.2%	23 0.3%	20 0.2%	- 0.0%	- 0.0%	- 0.0%
Debt service	171 2.4%	160 2.2%	175 2.4%	196 2.6%	231 3.0%	322 3.7%	278 3.3%	429 4.8%	457 5.1%	480 5.2%
Total expenditures	<u>\$ 7,204</u>	<u>\$ 7,680</u>	<u>\$ 7,779</u>	<u>\$ 8,322</u>	<u>\$ 8,754</u>	<u>\$ 9,302</u>	<u>\$ 8,619</u>	<u>\$ 8,706</u>	<u>\$ 8,937</u>	<u>\$ 9,271</u>
March 31 ADM	14,279	14,365	14,728	14,777	14,802	14,650	14,474	14,259	14,081	13,958

Sources: Expenditures derive from the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (Exhibit D);
March 31 ADM derives from Student Enrollment (Table 15)

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

Roanoke County Public Schools
School Nutrition Program
Last Ten Fiscal Years

Table 23
Unaudited

Fiscal Year	Lunch				Breakfast			Free and Reduced Eligibility
	Number Served Daily	Student Lunch Price			Number Served Daily	Student Breakfast Price	Number Breakfast Sites	
		Elementary School	Middle School	High School				
2004	6,924	\$1.60	\$1.75	\$1.75	524	\$0.85	13	15.1%
2005	7,162	1.60	1.75	1.75	772	0.85	13	16.3%
2006	7,351	1.75	1.75	1.75	893	0.85	13	16.0%
2007	7,520	1.75	1.75	1.75	1,023	0.85	17	17.0%
2008	7,516	1.75	1.75	1.75	1,107	0.85	17	18.5%
2009	7,449	2.00	2.00	2.00	1,106	1.00	17	20.0%
2010	7,517	2.00	2.00	2.00	1,229	1.00	19	21.0%
2011	7,477	2.00	2.00	2.00	1,367	1.00	19	23.8%
2012	7,086	2.05	2.05	2.05	1,592	1.00	22	25.2%
2013	6,345	2.15	2.15	2.15	1,582	1.00	24	25.7%

Source: Roanoke County Public Schools Nutrition Office

Roanoke County Public Schools
Capital Asset Statistics
Last Eight Fiscal Years

Table 24
Unaudited

School / Statistic	2006	2007	2008	2009	2010	2011 ⁽¹⁾	2012	2013
Back Creek Elementary (1937)								
Square feet	48,316	48,316	48,316	48,316	48,316	48,316	48,316	48,316
Capacity (student)	386	386	386	386	386	386	386	386
Enrollment	352	331	311	285	298	318	303	318
Bonsack Elementary (1998)								
Square feet	57,649	70,514	70,514	70,514	70,514	57,649	57,649	57,649
Capacity (student)	446	572	572	572	572	572	572	572
Enrollment	479	469	463	440	447	447	418	418
Burlington Elementary (1939)								
Square feet	62,225	62,225	62,225	62,225	62,225	62,225	62,225	65,649
Capacity (student)	473	473	473	473	473	473	473	473
Enrollment	460	453	437	445	459	445	422	420
Cave Spring Elementary (1961)								
Square feet	49,164	49,164	49,164	49,164	49,164	65,245	65,245	65,245
Capacity (student)	537	537	537	537	537	600	600	600
Enrollment	526	506	496	441	445	435	472	459
Clearbrook Elementary (1938)								
Square feet	42,385	42,385	42,385	42,385	42,385	47,833	47,833	47,833
Capacity (student)	294	294	294	294	294	294	294	294
Enrollment	197	208	237	246	230	232	272	297
Fort Lewis Elementary (1928)								
Square feet	33,754	33,754	33,754	33,754	33,754	33,754	33,754	33,754
Capacity (student)	235	235	235	235	235	235	235	235
Enrollment	207	215	205	233	234	233	223	229
Glen Cove Elementary (1971)								
Square feet	65,630	65,630	65,630	65,630	65,630	65,630	65,630	65,630
Capacity (student)	516	516	516	516	516	516	516	516
Enrollment	465	446	433	443	443	434	423	430
Glenvar Elementary (1959)								
Square feet	65,521	65,521	65,521	65,521	65,521	61,418	61,418	61,418
Capacity (student)	446	446	446	446	446	446	446	446
Enrollment	367	352	366	358	354	355	365	351

(Continued)

Roanoke County Public Schools
Capital Asset Statistics
Last Eight Fiscal Years

Table 24
Unaudited
(Continued)

School / Statistic	2006	2007	2008	2009	2010	2011 ⁽¹⁾	2012	2013
Green Valley Elementary (1964)								
Square feet	51,469	51,469	51,469	51,469	51,469	69,629	69,629	69,629
Capacity (student)	387	387	387	387	387	600	600	600
Enrollment	391	365	350	370	359	347	383	409
Herman L. Horn Elementary (1961)								
Square feet	53,299	53,299	53,299	53,299	53,299	65,847	65,847	65,847
Capacity (student)	552	552	552	552	552	552	552	552
Enrollment	444	431	406	413	413	400	396	398
Mason's Cove Elementary (2012)								
Square feet	40,258	40,258	40,258	40,258	40,258	40,258	51,678	51,678
Capacity (student)	279	279	279	279	279	279	350	350
Enrollment	190	198	190	186	192	190	197	205
Mount Pleasant Elementary (1934)								
Square feet	52,361	52,361	52,361	52,361	52,361	64,836	64,836	64,836
Capacity (student)	403	403	403	403	403	403	403	403
Enrollment	279	288	306	317	317	317	330	307
Mountain View Elementary (1959)								
Square feet	50,968	50,968	50,968	50,968	50,968	71,255	71,255	71,255
Capacity (student)	584	584	584	584	584	584	584	584
Enrollment	450	467	446	451	449	462	444	430
Oak Grove Elementary (1959)								
Square feet	48,658	48,658	48,658	48,658	48,658	55,355	55,355	55,355
Capacity (student)	564	564	564	564	564	564	564	564
Enrollment	484	491	539	538	536	540	479	446
Penn Forest Elementary (1972)								
Square feet	70,387	70,387	70,387	70,387	70,387	64,206	64,206	64,206
Capacity (student)	516	516	516	516	516	516	516	516
Enrollment	543	557	580	564	567	544	472	463
W.E. Cundiff Elementary (1972)								
Square feet	62,133	62,133	62,133	62,133	62,133	62,133	62,133	62,133
Capacity (student)	512	512	512	512	512	512	512	512
Enrollment	507	535	524	472	479	484	456	455

(Continued)

Roanoke County Public Schools
Capital Asset Statistics
Last Eight Fiscal Years

Table 24
Unaudited
(Continued)

School / Statistic	2006	2007	2008	2009	2010	2011 ⁽¹⁾	2012	2013
Cave Spring Middle (1956)								
Square feet	74,511	74,511	74,511	74,511	74,511	77,527	77,527	135,365
Capacity (student)	675	675	675	675	675	675	675	900
Enrollment	626	638	614	607	603	631	671	716
Glenvar Middle (1996)								
Square feet	101,595	101,595	101,595	101,595	101,595	101,595	101,595	101,595
Capacity (student)	606	606	606	606	606	606	606	606
Enrollment	465	492	474	405	414	428	409	402
Hidden Valley Middle (1972)								
Square feet	123,537	123,537	123,537	123,537	123,537	122,462	122,462	122,462
Capacity (student)	938	938	938	938	938	938	938	938
Enrollment	830	823	801	758	762	769	768	653
Northside Middle (1970)								
Square feet	161,824	161,824	161,824	161,824	161,824	161,824	161,824	161,824
Capacity (student)	806	806	806	806	806	806	806	806
Enrollment	750	757	797	688	696	694	719	750
William Byrd Middle (1988)								
Square feet	167,026	167,026	167,026	167,026	167,026	153,412	153,412	153,412
Capacity (student)	887	887	887	887	887	887	887	887
Enrollment	924	894	905	910	908	883	922	856
Cave Spring High (1968)								
Square feet	150,618	150,618	150,618	150,618	150,618	150,240	150,240	150,240
Capacity (student)	1,015	1,015	1,015	1,015	1,015	1,015	1,015	1,015
Enrollment	875	875	863	863	837	823	856	887
Glenvar High (1964)								
Square feet	120,914	120,914	120,914	120,914	120,914	120,914	120,914	120,914
Capacity (student)	675	675	675	675	675	675	675	675
Enrollment	601	598	613	659	661	610	592	568
Hidden Valley High (2002)								
Square feet	201,808	201,808	201,808	201,808	201,808	171,435	171,435	171,435
Capacity (student)	975	975	975	972	972	972	972	972
Enrollment	1,090	1,161	1,202	1,164	1,154	1,095	1,060	999

(Continued)

Roanoke County Public Schools
Capital Asset Statistics
Last Eight Fiscal Years

Table 24
Unaudited
(Continued)

School / Statistic	2006	2007	2008	2009	2010	2011 ⁽¹⁾	2012	2013
Northside High (1961)								
Square feet	132,263	132,263	147,263	147,263	147,263	153,217	153,217	153,217
Capacity (student)	968	968	1,100	1,100	1,100	1,100	1,100	1,100
Enrollment	992	1,008	970	1,016	1,019	991	989	993
William Byrd High (1969)								
Square feet	169,720	169,720	169,720	169,720	169,720	183,169	183,169	183,169
Capacity (student)	950	950	950	950	950	1,400	1,400	1,400
Enrollment	1,145	1,235	1,207	1,177	1,158	1,157	1,100	1,158
Burton Center for Arts and Technology (1962)								
Square feet	84,232	84,232	84,232	84,232	84,232	96,148	96,148	96,148
Roanoke County Central Middle School (1932)								
Square feet	63,569	63,569	63,569	63,569	63,569	63,569	63,569	63,569
Roland E. Cook Alternative School (1915)								
Square feet	20,729	20,729	20,729	20,729	20,729	21,757	21,757	21,757
Administration Building (1972)								
Square feet	52,773	52,773	52,773	52,773	52,773	58,917	58,917	58,917
Warehouse (2006)								
Square feet	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Maintenance (1967)								
Square feet	15,808	15,808	15,808	15,808	15,808	18,308	18,308	18,308
Bus Garage (1946)								
Square feet	16,134	16,134	16,134	16,134	16,134	17,074	17,074	17,074

Source: School System insurance records, Operations Office, and Office of Pupil Assignment.

Notes: Only eight years of data presented due to accessibility of comparative data.

The year of original construction is shown in parentheses. Increases in square footage and capacity are the result of renovations and additions.

The enrollment counts for May are used for comparison purposes in this table.

⁽¹⁾ Square footage updated with independent facility study conducted by Chas. Lunsford.





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

**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 School Board
County of Roanoke, Virginia:

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information of the Roanoke County Public Schools (the School System) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Schools System's basic financial statements, and have issued our report thereon dated November 11, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School System's internal control. Accordingly, we do not express an opinion on the effectiveness of the School System's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School System's financial statements are free from 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*.



Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School System's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

November 11, 2013

Roanoke County Public Schools does not discriminate with regard to race, color, age, national origin, sex, or handicapping condition in an educational and/or employment policy or practice. Questions and/or complaints should be addressed to the Deputy Superintendent/Title IX Coordinator at (540) 562-3900 ext. 10121 or the Director of Pupil Personnel Services/504 Coordinator at (540) 562-3900 ext. 10181



Roanoke County Public Schools
Budget and Finance Office
5937 Cove Road
Roanoke, Virginia 24018

www.rcs.k12.va.us