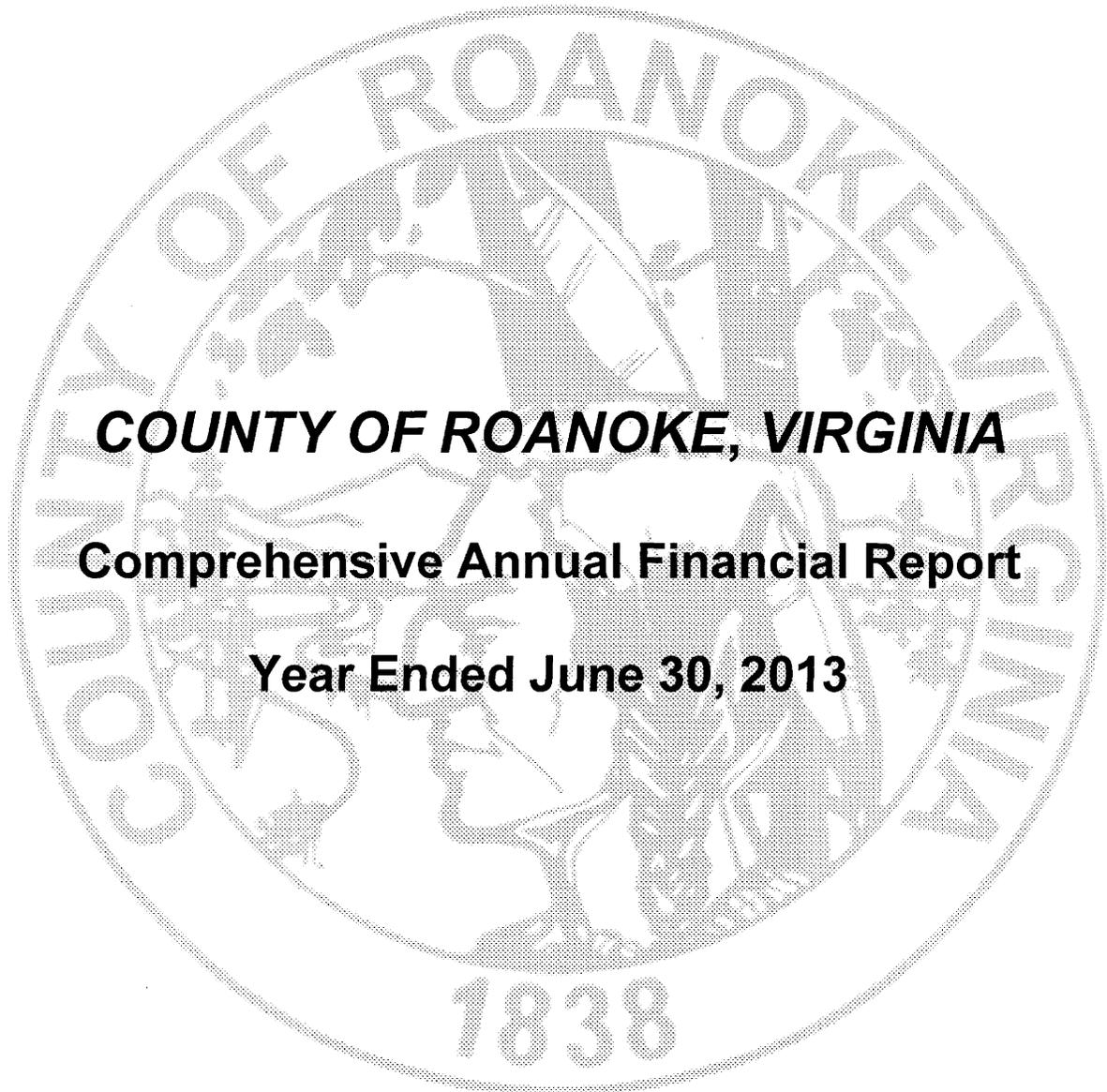


County of Roanoke, Virginia



Comprehensive Annual Financial Report
Year Ended June 30, 2013





COUNTY OF ROANOKE, VIRGINIA

Comprehensive Annual Financial Report

Year Ended June 30, 2013

Prepared by the

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County of Roanoke Board of Supervisors



Michael W. Altizer
Chairman
Vinton District



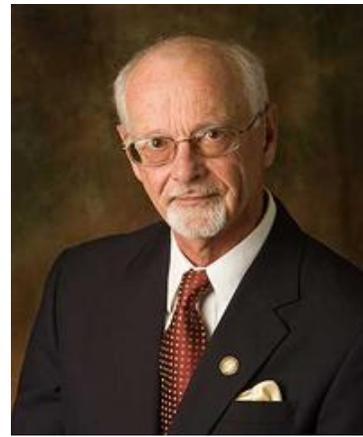
Charlotte A. Moore
Vice Chairman
Cave Spring District



Joseph B. "Butch" Church
Catawba District



Richard C. Flora
Hollins District



Eddie "Ed" Elswick
Windsor Hills District



B. Clayton Goodman, III
County Administrator



**COUNTY OF ROANOKE, VIRGINIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2013**

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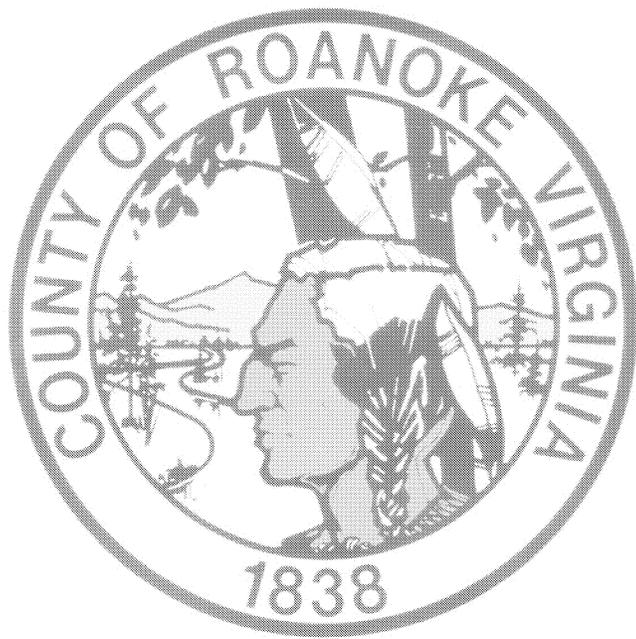
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INTRODUCTORY SECTION



County of Roanoke

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

November 19, 2013

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

It is with pleasure that we submit to you the Comprehensive Annual Financial Report (CAFR) of the County of Roanoke, Virginia (the County) for the fiscal year ended June 30, 2013. State law requires that all local governments have their accounts and records, including those of the constitutional officers, audited annually as of June 30 by an independent certified public accountant and that the audited financial report be submitted on or before November 30 to the Auditor of Public Accounts of the Commonwealth of Virginia (APA). This report has been prepared by the County's Department of Finance in accordance with the standards of financial reporting as prescribed by the Governmental Accounting Standards Board (GASB).

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

The auditing firm of KPMG LLP has issued unmodified opinions on the County's basic financial statements as of and for the fiscal year ended June 30, 2013 contained in this CAFR. The audit was conducted in accordance with professional standards which require that the independent auditors plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The independent auditors' report is located at the front of the financial section of this CAFR.

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

Profile of the Government

The County of Roanoke is primarily the suburban hub of the Roanoke Valley. Within the County's geographical boundaries lie the independent cities of Roanoke and Salem, as well as the Town of Vinton. The County's provisional population is 93,256¹ up by 1.0% from the 2010 census amount of 92,376. The County is part of the Roanoke Metropolitan Statistical Area

¹ Population source: Weldon Cooper Center for Public Service, University of Virginia, July 1, 2012 Estimate

(MSA) that has a total population of approximately 312,000, reflecting an increase of 1.2% over the 2010 census. The County is within easy reach of major markets for local manufacturers and distributors via Interstate 81 and railway access.

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

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

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

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

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

Economic Condition and Outlook

Local Economy

Fiscal year 2013 continued to provide economic challenges. Unemployment as of June 30, 2013 was 5.5%² down from the 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.

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.

Economic Development

The Roanoke County Department of Economic Development is an Accredited Economic Development Organization (AEDO), through the International Economic Development Council (IEDC). The IEDC is the world's largest economic development organization, which through the AEDO program, acknowledges professional excellence in economic development organizations throughout North America.

The County recognizes the importance of expanding the business tax base to provide revenues for needed services and has made a commitment to attracting and retaining quality jobs and investment, which will diversify the economy, broaden the tax base, and provide long-term employment opportunities for residents. The Economic Development Department successfully utilizes the Public Private Partnership Policy, which allows businesses to receive financial assistance from the County for qualifying expansions and relocations. The expected return on investment in new taxes and employment as well as the private construction of public infrastructure are critical factors governing the use of public funds to assist businesses.

The County of Roanoke and surrounding communities continue to sustain a healthy economic base that includes industrial manufacturing, medical facilities, wholesale/retail trade, higher education, hotel and recreation services, technology-based businesses, and agriculture. The Economic Department also works with new and existing businesses to assist with their facility and site needs as well as resolving County regulatory-related issues.

² Virginia Employment Commission statistics

The Department of Economic Development is committed to business recruitment and expansion, resulting in significant economic growth during the last year. The department announced the Ardagh Metal Packaging USA project, representing the single largest manufacturing investment in the County's history. Also, the department announced the recruitment of Canline Systems, an international manufacturer of conveyor systems for the packaging industry, and the Hypergen, Inc. high tech office project in the Hollins area. Commercial activity included the sale of Keagy Village and the announcement of a new Hilton Garden Inn hotel at South Peak. Richfield Retirement expanded with the development of a new rehabilitation center, and Friendship Retirement announced the creation of a new Retirement Center on Starkey Road.

The County continued to work with the Virginia Tech College of Outreach and International Affairs on the Catawba Sustainability Center (Center) project. The Center, owned by Virginia Tech, is located on 377 acres in rural Roanoke County and is designed to offer opportunities for education, training, business development and research in sustainable land management and low impact living. In FY 2013, staff continued active involvement in long range planning and a variety of collaborative initiatives.

Significant economic development initiatives during the year included the creation of a new Regional Broadband Authority, which was formed to enhance broadband service and speed at reduced prices to residents and businesses. Also, the first Economic Summit was hosted by the County, which called for the creation of a new Regional Economic Development Authority. The goal of the Authority is to identify and develop new industrial properties in excess of 100 acres for multi-jurisdiction participation. The participating governments will share in the expenses of the property acquisition and improvements as well as the revenues generated from the development. Combined, these initiatives represent significant new economic development opportunities for the County and region well into the 21st century.

Long-Term Financial Planning

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

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

At June 30, 2013, progress was made towards this goal with an unassigned fund balance for the general fund at 11.00% of the fiscal year 2013 general fund budgeted revenues. This is a tenet of the Board's commitment to prudent financial planning because it eliminates the need for short-term borrowing, ensures that current obligations, including debt payments, can be met and provides a cushion against the potential shock of any unexpected change in revenues. This practice, along with our prudent debt management policies, allows the County to maintain bond ratings of AA+ from Fitch, and Aa1 from Moody's Investor Service and AA+ by Standard and Poor's.

Relevant Financial Policies

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

Major Initiatives

Initiatives of the County of Roanoke promote economic progress, improve the community's quality of life, and position the County to respond to future development needs. The County is committed to providing quality housing and continues to receive positive publicity for the quality of life enjoyed by citizens and potential business prospects. Roanoke County saw the continuation of major capital and educational initiatives in the 2013 fiscal year. Major initiatives for 2013 include:

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

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 had a strong year on state standardized tests in the 2012-13 school year. The division exceeded the State 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 for 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.

Glenvar Library: After a formal ceremony on July 1, 2013, the new Glenvar Branch Library opened to the public. Built on the same site as the former facility, the 15,000-square-foot branch library is in total contrast to the old building. It features expansive open spaces, abundant natural daylight and beautiful mountain views; collaborative work spaces; plenty of comfortable seating; an engaging children's area; a teen space with all the latest gadgets that attract and keep teens at the library; two meeting rooms; a 12-seat computer lab; 27 public computers; two study rooms; and a new, expanded collection of books, DVDs, and more. The Glenvar Library is currently undergoing LEED certification.

Vinton Library: Opened in 1969, the current Vinton Branch Library is the oldest in the system, as well as one of the most popular. Space issues, lack of parking, excessive wear and tear on the building, grafted-on technology infrastructure, and limited handicapped accessibility that no longer meets the needs of the visiting public put Vinton next in line for a new library. HBM Architects of Cleveland, OH, was selected through a competitive bid process and community meetings began in the spring of 2013, with the final design unveiled in August.

The new Vinton Branch Library will encompass 20,000 square feet and will include 31 public computers, plus a 15-seat computer lab; separate children and teen spaces; two study rooms, a conference room and 100-seat meeting room; a rooftop patio; and a coffee shop. The library will be relocated, moving off busy Washington Avenue and into downtown Vinton at 300 South Pollard Street. The existing building on the new site will be razed to make way for a contemporary library to be built in its place. This new location, with its improved visibility and constant flow of passing traffic, will give the Vinton Branch Library a place of prominence in the downtown corridor, especially for those entering the area from W. Virginia Avenue.

Ground for the new Vinton Branch Library will be broken in the spring of 2014 with an expected opening in fall 2015.

Boardwalk Trail: The South County Library Trail System was completed in FY 12-13 and included 900 linear feet of wetland boardwalk trail and approximately 1,000 linear feet of associated upland trails. One section of upland trail connects the eastern end of the wetland trail to the recently-completed sidewalk along Merriman Road that provides a safe pedestrian connection from Penn Forest Elementary School to the upland trail and then to its connection with the wetland trail. This connection provides elementary school students safe and direct access to the wetland. Another section of upland trail connects the western end of the wetland trail to the South County Library and eventually to Starkey Park. A 10-foot by 30-foot observation area was constructed along the wetland trail where interpretive information will be provided that highlights the ecological values associated with wetlands.

Roanoke River East Greenway: The Eastern Section of the Roanoke River Greenway is projected to be approximately three miles in length and will connect to the Roanoke City's portion of the Roanoke River Greenway near the WWA Water Treatment Facility to the Blue Ridge Parkway near the entrance to Explore Park. The project is partially funded through VDOT Enhancement Grant funds and recently received an additional allocation of Regional Surface Transportation Program (RSTP) funds in the amount of \$5,857,850. The project is nearing the end of the preliminary design stage by Anderson and Associates and final design process is expected to begin in FY 13-14.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Roanoke for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. This was the twenty-ninth consecutive year that Roanoke County has received this prestigious honor. In order to be awarded a Certificate of Achievement, governments have to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements. In addition, the County received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2012. This was the twenty-sixth consecutive year that the government received this esteemed recognition. In order to qualify for the Distinguished Budget

Presentation Award, the government's budget document must be judged proficient as a policy document, a financial plan, an operations guide and a communications device.

The National Purchasing Institute established the Achievement of Excellence in Procurement award designed to recognize organizational excellence in procurement. This program is sponsored by the National Purchasing Institute (NPI), the National Institute of Governmental Purchasing (NIGP), the National Association of State Procurement Officials (NASPO), and the National Association of Educational Procurement (NAEP). The program is designed to measure innovation, professionalism, e-procurement, productivity, and leadership attributes of the procurement function. The Roanoke County Procurement Division of the Finance Department received this prestigious award in 2013 for the eighth consecutive year recognizing the staff for Achievement of Excellence in Procurement.

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

Roanoke County also took home a first place Governor's Technology Award in the "Innovative Use of Technology in Local Government" category related to the Enhance Mobility with Virtual Desktop Infrastructure.

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

Sincerely,



B. Clayton Goodman III
County Administrator



Rebecca E. Owens
Director of Finance

History of Roanoke County, Virginia

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

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

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

The County today has a population of approximately 93,256 and is a mostly suburban area that surrounds the City of Roanoke. Its 251 square miles include the Town of Vinton; Hollins, home of the prestigious Hollins University for women; and historic Bonsack. A diversified economic base helps to provide security from market fluctuations related to particular products.

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

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

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

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

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

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

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

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

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

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

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

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

County of Roanoke

County Officials

June 30, 2013

Board of Supervisors

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

County Administration

B. Clayton Goodman III, County Administrator

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

Constitutional Officers

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

Roanoke County Public Schools

Principal Officials

June 30, 2013

School Board Members

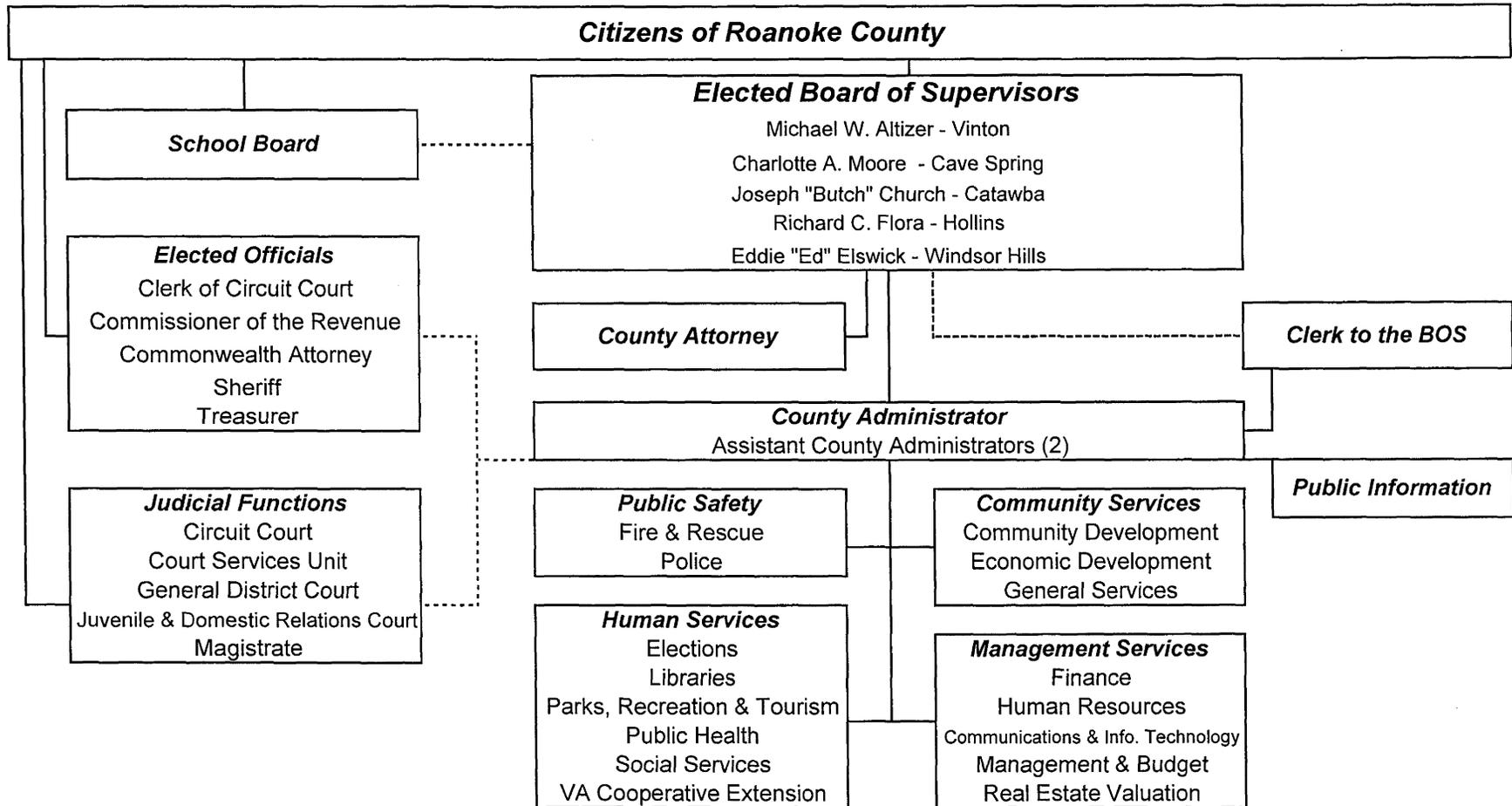
Jerry L. Canada, Chairman, Hollins District
C. Drew Barrineau, Vice-Chairman, Windsor Hills District
H. Odell "Fuzzy" Minnix, Cave Spring District
Michael W. Stovall, Vinton District
David M. Wymer, Catawba District

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 & Technology & CTE.....Jason D. Suhr
Director of Facilities and Operations.....Martin W. Misicko
Clerk to the Board.....Brenda F. Chastain

County of Roanoke Organizational Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Roanoke
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO



FINANCIAL SECTION



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

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Roanoke, Virginia (the County) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County'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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Counties, Cities and Towns* (Specifications), issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and Specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Roanoke, Virginia, as of June 30, 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 19 through 29, the Budgetary Comparison Schedule – General Fund, the Schedules of Funding Progress, and the Schedules of Employer Contributions on pages 90 through 93 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 County's basic financial statements. The accompanying supplementary information listed as Supplementary Information in the Financial Section in the table of contents and the Schedule of Expenditures of Federal Awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, listed in the Single Audit 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 and the Schedule of Expenditures of Federal Awards are the responsibility of management and were 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 and the Schedule of Expenditures of Federal Awards are 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 19, 2013 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 County's internal control over financial reporting and compliance.

KPMG LLP

November 19, 2013

County of Roanoke, Virginia
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2013

The management of the County of Roanoke, Virginia (the "County") presents the following discussion and analysis as an overview of the financial activities of the County for the year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-7 of this report.

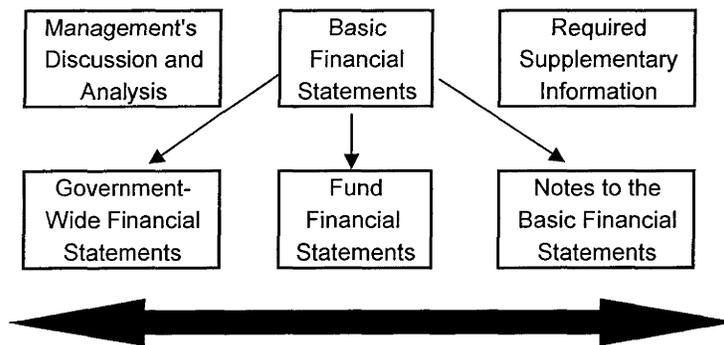
FINANCIAL HIGHLIGHTS

- The total assets of the County of Roanoke Governmental Activities exceeded its liabilities as of June 30, 2013 by \$170.0 million (*net position*). Of this amount, \$35.1 million (*unrestricted net position*) may be used to meet the County's future obligations to citizens and creditors (Exhibit I).
- On a government-wide basis for governmental activities, the County had expenses, net of program revenues, of \$151.6 million, which were \$1.2 million less than general revenues of \$152.8 million (Exhibit II).
- The County's outstanding debt decreased by \$13.6 million during fiscal year 2013 as a result of scheduled debt payments made during the year that reduced the principal balance.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

Components of the Financial Section



Management's discussion and analysis is intended to serve as an introduction to the County of Roanoke'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.

County of Roanoke, Virginia
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2013

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

Government-Wide Financial Statements

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

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

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate Roanoke County Public Schools and a legally separate Economic Development Authority for which the County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 32-33 of this report.

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

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

County of Roanoke, Virginia
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2013

Fund Financial Statements

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

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

The governmental fund financial statements can be found beginning on page 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 45 of this report.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's budgetary comparisons and progress in funding its obligation to provide pension and postemployment health care benefits to its employees. Required supplementary information can be found beginning on page 90 of this report.

County of Roanoke, Virginia
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2013

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Summary of Net Position

As noted earlier, the amount of 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		
As of June 30, 2013 and 2012		
	Governmental Activities	
	FY2013	FY2012
Current and other assets	\$ 95,505,791	\$ 103,918,094
Capital assets, net	<u>284,883,191</u>	<u>290,802,750</u>
Total assets	<u>380,388,982</u>	<u>394,720,844</u>
Other Liabilities	19,682,020	21,737,621
Long-Term Liabilities	<u>190,722,812</u>	<u>204,254,835</u>
Total liabilities	<u>210,404,832</u>	<u>225,992,456</u>
Net investment in capital assets	125,321,272	124,727,913
Restricted	9,514,571	9,651,709
Unrestricted	<u>35,148,307</u>	<u>34,348,766</u>
Total net position	<u>\$ 169,984,150</u>	<u>\$ 168,728,388</u>

In the case of the County, assets exceed liabilities by \$170.0 million at the close of fiscal year 2013. This increase of \$1.2 million reflects an overall increase in the County's financial position and is the result of a combination of factors including 1) the decrease in outstanding debt as a result of scheduled principal debt payments made during the year that reduced the principal balance of outstanding debt service and 2) the ongoing hiring and spending freeze.

The largest portion of the County's net position (73.7%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net position (5.6%) is restricted for state and federal grant programs. The remaining balance is unrestricted net position (20.7%) that may be used to meet the County's ongoing obligations to citizens and creditors.

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

County of Roanoke, Virginia
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2013

Changes in Net Position

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

Changes in Net Position For the Fiscal Years Ended June 30, 2013 and 2012		
	Governmental Activities	
	FY2013	FY2012
Revenues		
Program Revenue		
Charges for services	\$ 12,707,476	\$ 13,345,476
Operating grants & contributions	24,218,404	23,185,995
General Revenue		
Property taxes	105,819,996	105,800,481
Sales taxes	9,410,322	9,351,254
Business License taxes	6,153,741	5,848,440
Communications taxes	4,032,239	4,021,571
Consumer utility taxes	3,664,460	3,572,415
Tax on prepared food	3,825,958	3,759,151
Motor vehicle licenses	2,126,212	2,130,424
Other local taxes	3,641,828	3,008,304
Non-categorical state aid	12,229,857	12,229,857
Other revenues	1,915,833	3,300,766
Total revenues	189,746,326	189,554,134
Expenses		
General government	12,834,641	12,593,044
Judicial administration	2,679,794	2,684,829
Public safety	44,950,933	44,176,676
Public works	14,996,985	13,691,054
Library	3,779,294	3,976,041
Health & welfare	15,369,139	15,215,796
Parks, recreation & culture	9,320,763	9,219,851
Community development	2,368,102	2,878,957
Education	74,001,766	69,625,724
Interest and other charges	8,189,147	8,592,219
Total expenses	188,490,564	182,654,191
Change in net position	1,255,762	6,899,943
Total net position, beginning of year	168,728,388	161,828,445
Total net position, end of year	<u>\$ 169,984,150</u>	<u>\$ 168,728,388</u>

Governmental Activities

Governmental activities increased the County's net position by \$1.2 million. The County's total revenues increased from the prior year by 0.1% to \$189.7 million and expenses for all programs and services increased 3.2% to \$188.5 million.

Approximately 55.8% of the County's revenues come from property taxes, 3.3% from business license tax, 2.1% from communications tax, 1.9% from consumer utility tax, 2.0% from tax on prepared food, 1.1% from motor vehicle license, 1.9% from other local tax, 6.7% from charges for services, 12.8% operating grants and contributions, 6.4% from non-categorical state aid, 5.0% from sales tax, and 1.0% from other and miscellaneous revenues.

County of Roanoke, Virginia
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2013

The County's expenses cover a range of services, with about 39.3% related to Education, 23.8% to Public Safety, 8.0% to Public Works, 8.2% to Health and Welfare, 1.4% to judicial administration, 2.0% to Library, 4.9% to parks, recreation and culture, 1.3% to community development, 6.8% to general government, and 4.3% for interest and other charges.

Revenues for governmental activities increased \$0.2 million (0.1%) and total expenses increased \$5.8 million (3.2%) when compared to the prior year. Key elements of these changes were as follows:

- Property tax revenues increased by \$20 thousand (0.02%) during the year. This increase was primarily due to used car values continuing to hold strong for personal property taxes while being offset by a slight decrease in real estate assessments.
- Operating grants and contributions revenues increased by \$1.0 million (4.5%) as a result of additional state and federal grants received for public safety and health and welfare.
- Charges for services decreased by \$0.6 million (4.8%) which is attributed to decreased participation in parks and recreation events, collections from the City of Salem for the boarding of prisoners, and decreased rescue fees.
- Sales tax revenue increased by \$59 thousand (0.6%) as a result of minimal improvement in the economy.
- Business license tax revenues increased by \$0.3 million (5.2%) as a result of a one-time payment from a business that had previously paid the wrong locality and the various construction projects going on throughout the County.
- Other revenues decreased by \$1.4 million (42.0%) as a result of a one-time payment from the City of Roanoke for access to our digital radio system in fiscal year 2012.
- Public Safety expenses increased \$0.8 million (1.8%) which is attributed to the implementation of a new fire alerting system in the stations and filling vacant positions from the previous year.
- Public Works expenses increased \$1.3 million (9.5%) primarily as a result of additional stormwater and retention pond projects.
- Health and Welfare expenses increased by \$0.2 million (1.0%) as a result of increased demand for services attributed to the continued struggles in the economy.
- Education expenses increased by \$4.4 million (6.3%) during the year, primarily the result of expenses associated with implementing security measures throughout all Schools.

County of Roanoke, Virginia
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2013

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental Funds

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

As of the end of the fiscal year, the County's governmental funds reported combined fund balance of \$66.9 million, a decrease of \$5.5 million in comparison with fiscal year 2012. Of this amount 0.4% (\$253,648) constitutes nonspendable fund balance which reflects inventories that are non-liquid in form and prepaid assets which cannot be spent, 15.1% (\$10.1 million) constitutes restricted fund balance which is externally restricted for State and Federal grant programs, 49.7% (\$33.2 million) constitutes committed fund balance which is designated for future capital projects, E911, and other general government programs, 3.1% (\$2.1 million) constitutes assigned fund balance which is designated for the D.A.R.E. program and other general government programs, and 31.7% (\$21.3 million) constitutes unassigned fund balance which reflects the County's unappropriated fund balances for all general governmental accounts.

The fund balance of the General Fund increased \$1.6 million during the current fiscal year. This increase is attributed to departments delaying capital purchases, strict budget monitoring, and good fiscal management.

The Capital Projects Fund is used to account for the acquisition or construction of major capital facilities. At the end of the current fiscal year, the Capital Projects Fund balance consisted of \$36 thousand in nonspendable, \$22.3 million committed and \$0.6 million restricted for future capital projects. The fund balance decreased by \$7.1 million due to the completion of projects that were part of the Capital Improvement Plan and other minor projects identified by the County Board.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- To reappropriate monies to pay for commitments in the form of encumbrances established prior to June 30, 2013 but not paid by that date.
- To reappropriate grants, donations and other revenues authorized in fiscal year 2013 or earlier, but not expended or encumbered as of June 30, 2013.
- 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.

County of Roanoke, Virginia
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2013

Below is a condensed version of the budgetary comparison of the General Fund original budget, amended budget, and actual amounts for fiscal year 2013.

General Fund			
Budgetary Highlights for 2013			
	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>
Revenues	\$ 178,381,825	\$ 186,505,657	\$ 182,179,341
Expenditures	98,892,907	110,327,796	99,107,011
Transfers out, net	<u>79,488,918</u>	<u>81,347,281</u>	<u>81,488,745</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (5,169,420)</u>	<u>\$ 1,583,585</u>

Actual General Fund total revenues fell short of the amended budget by \$4.3 million for fiscal year 2013. The deficit is primarily the result of several reimbursable federal grants for the Roanoke River Greenway and a criminal history records grant that were approved and appropriated during the fiscal year. During the year, planning for the projects continued but minimal expenditures were incurred and, therefore, few revenues were received. Expenditures and transfers were less than budgetary estimates by \$11.2 million, resulting in additional savings at year end primarily due to the general operating savings of \$3.7 million and \$7.5 million in the Comprehensive Services Act funds. The County operated during the year under spending advisories in anticipation of the possibility of additional cuts from the State and further decline in the revenues. Additionally, restrictions were placed on travel and training requests, and departments delayed capital purchases. Also, a job bank committee reviewed all requests to fill vacant positions and part-time hires with all but the most critical positions remaining vacant through the end of the fiscal year. In addition various reimbursable grants were appropriated; however, minimal expenditures had been incurred as of June 30, 2013.

The County Board of Supervisors appropriated \$4.6 million in transfers in fiscal year 2013 to allocate the prior year ending fund balance for future expenditures and capital projects. Due to the increased revenue collections and expenditure savings, the County increased the ending fund balance at June 30, 2013 by \$1.6 million compared to the prior fiscal year end. The School Board and County Board of Supervisors have a jointly adopted financial policy designating year end balances for major and minor capital projects.

County of Roanoke, Virginia
 Management's Discussion and Analysis (Unaudited)
 For the Year Ended June 30, 2013

Proprietary Funds

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

Unrestricted net position of the Health Insurance, Dental Insurance, and Risk Management funds at the end of the year amounted to \$6.5 million. Risk Management and health insurance net positions decreased \$660,038 and \$355,924 respectively, while dental insurance increased \$27,009.

CAPITAL ASSETS

As June 30, 2013, the County had invested \$284.9 million, net of accumulated depreciation, in a variety of capital assets including land, buildings, construction in progress, land improvements, and equipment. The total net decrease in the County's investment in capital assets for the current year was \$5.9 million.

Additional information on the County's capital assets can be found in note 9 of the notes to the basic financial statements. Capital assets are illustrated in the following table:

Capital Assets As of June 30, 2013 and 2012			
	Governmental Activities		
	FY2013	FY2012	
Land	\$ 19,430,163	\$ 19,430,163	
Buildings, improvements and systems	292,346,060	238,402,407	
Furniture, fixtures, and equipment	52,896,191	52,159,958	
Construction in progress	26,902,880	75,808,384	
Subtotal	391,575,294	385,800,912	
Accumulated depreciation	(106,692,103)	(94,998,162)	
Totals	\$ 284,883,191	\$ 290,802,750	

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

- Building, improvements and systems increased by \$53.9 million due to the completion of the Glenvar Library and completed renovations at one high school and four elementary schools.
- Furniture, fixtures, and equipment increased by \$0.7 million due to the purchase of several police and fire vehicles and other equipment.
- Construction in progress decreased by \$48.9 million due to the completion of several School projects, net of additions for school projects not yet complete.

County of Roanoke, Virginia
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2013

LONG-TERM DEBT

At June 30, 2013, the County had a number of bonded debt issues outstanding. These include \$6.4 million of general obligation debt and \$100.9 million of Virginia Public School Authority (VPSA) bonds for School purposes. In addition, \$2.7 million outstanding for literary loan debt issued for School capital projects and \$71.5 million outstanding of lease revenue bonds. Although the issuance of bonds by Virginia counties is not subject to any limitations on amount, counties are prohibited from issuing general obligation bonds unless the issuance has been approved by public referendum. Outstanding debt at June 30, 2013 decreased \$13.6 million as a result of scheduled debt payments made during the year that reduced the principal balance of outstanding debt.

The County has adopted a debt policy that establishes guidelines and limitations for the issuance of debt. The debt policy addresses the level of total indebtedness the County can reasonably expect to incur without jeopardizing its financial position and to ensure the efficient and effective operation of the County. The County measures its total level of debt through three ratios: 1) net debt per capita (excluding business type funds) should not exceed \$2,500, 2) net debt per assessments should not exceed 3%, and 3) debt service to general fund expenditures should not exceed 10%. As of June 30, 2013, the County's net debt per capita ratio was \$1,976, the net debt to assessments ratio was 2.07%, and the percent of debt service to general fund expenditures was 8.51% based on total debt outstanding.

The County has bond ratings on outstanding debt from Standard and Poor's at AA+, AA+ from Fitch Ratings, and Aa1 from Moody's Investor Service.

Additional information on the County's long-term debt can be found in note 8 of the notes to the basic financial statements. The following table illustrates the County's outstanding debt:

Outstanding Debt			
As of June 30, 2013 and 2012			
Governmental Activities			
	FY2013		FY2012
General Obligation Bonds	\$ 6,416,798	\$	8,584,914
Lease Revenue Bonds	71,455,422		73,969,030
Virginia Public School Authority Bonds	100,944,620		109,290,686
State Literary Fund Loans	2,721,409		3,169,225
Capital Lease	952,889		1,052,372
Totals	<u>\$ 182,491,138</u>	<u>\$</u>	<u>196,066,227</u>

FACTORS INFLUENCING FUTURE BUDGETS AND RATES

Key factors that are expected to impact future budget include:

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

ECONOMIC FACTORS

During fiscal year 2013, the State economy mirrored the slow to recover national economy. The County continues to experience flat revenue growth in the local tax base, further challenging the ability to maintain existing service levels.

Fiscal year 2013-14 revenue estimates appear to be performing slightly below budget. While we have always kept a watchful eye on the year-to-date revenue collections and regularly update revenue forecasts, our current fiscal climate dictates that continuous revenue budgeting be a top priority. However, even with this emphasis it is important to be aware of the pitfalls of estimating future revenues in this unstable economic environment.

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

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the Director of Finance, County of Roanoke, 5204 Bernard Drive, Suite 300E, Roanoke, Virginia 24018, telephone (540) 772-2020, or visit the County's web site at www.roanokecountyva.gov.



BASIC FINANCIAL STATEMENTS

COUNTY OF ROANOKE, VIRGINIA
Statement of Net Position
June 30, 2013

ASSETS	Governmental Activities	Component Units
Cash and cash equivalents	\$ 27,960,393	\$ 26,492,713
Cash and investments with fiscal agents	6,528	-
Investments	38,929,580	12,681,313
Accounts receivable	12,503,898	512,237
Due from other governments	14,694,367	3,681,575
Inventories	214,590	284,663
Land held for resale	-	479,824
Prepaid and other assets	1,196,435	-
Capital assets:		
Land and construction in progress	46,333,043	14,786,732
Other capital assets, net	238,550,148	33,838,148
Capital assets, net	<u>284,883,191</u>	<u>48,624,880</u>
Total assets	<u>\$ 380,388,982</u>	<u>\$ 92,757,205</u>
 LIABILITIES		
Accounts payable	\$ 4,247,984	\$ 1,256,195
Accrued wages and benefits	1,395,921	2,540,247
Unearned revenue	11,060,091	1,623,354
Accrued interest payable	2,978,024	19,648
Long-term liabilities:		
Portion due or payable within one year:		
Bonds payable	11,767,861	-
Compensated absences	2,579,341	813,484
Claims payable	1,432,221	1,747,223
Obligation under capital leases	103,452	391,883
Portion due or payable after one-year:		
Bonds payable	169,770,388	3,792,239
Compensated absences	2,386,676	2,211,888
Claims payable	1,833,436	555,271
Obligation under capital leases	849,437	1,358,518
Total liabilities	<u>\$ 210,404,832</u>	<u>\$ 16,309,950</u>
 NET POSITION		
Net investment in capital assets	\$ 125,321,272	\$ 43,082,240
Restricted for:		
Grants and other governmental programs	9,514,571	-
Instructional grants	-	92,364
Emergency contingency	-	2,000,000
Unrestricted	35,148,307	31,272,651
Total net position	<u>\$ 169,984,150</u>	<u>\$ 76,447,255</u>

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Units
Primary government						
General government	\$ 12,834,641	\$ 491,777	\$ 465,953	\$ -	\$ (11,876,911)	\$ -
Judicial administration	2,679,794	1,374,270	1,131,507	-	(174,017)	-
Public safety	44,950,933	4,517,466	6,459,919	-	(33,973,548)	-
Public works	14,996,985	315,511	-	-	(14,681,474)	-
Library	3,779,294	61,909	158,300	-	(3,559,085)	-
Health and welfare	15,369,139	746,537	8,916,325	-	(5,706,277)	-
Parks, recreation, and culture	9,320,763	4,731,114	106,970	-	(4,482,679)	-
Community development	2,368,102	468,892	-	-	(1,899,210)	-
Education	74,001,766	-	6,979,430	-	(67,022,336)	-
Interest and other charges	8,189,147	-	-	-	(8,189,147)	-
Total governmental activities	<u>\$ 188,490,564</u>	<u>\$ 12,707,476</u>	<u>\$ 24,218,404</u>	<u>\$ -</u>	<u>\$ (151,564,684)</u>	<u>\$ -</u>
Total component units	<u>\$ 148,669,859</u>	<u>\$ 4,172,138</u>	<u>\$ 25,244,635</u>	<u>\$ 2,493,681</u>	<u>\$ -</u>	<u>\$ (116,759,405)</u>
General revenues:						
					\$ 105,819,996	\$ -
					9,410,322	-
					6,153,741	-
					4,032,239	-
					3,664,460	-
					3,825,958	-
					2,126,212	-
					3,641,828	-
					-	65,670,439
					12,229,857	50,771,561
					-	33,260
					160,337	28,114
					1,547,328	1,743
					208,168	285,897
					<u>\$ 152,820,446</u>	<u>\$ 116,791,014</u>
					\$ 1,255,762	\$ 31,609
					168,728,388	76,415,646
					<u>\$ 169,984,150</u>	<u>\$ 76,447,255</u>

COUNTY OF ROANOKE, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2013

ASSETS	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Cash and cash equivalents	\$ 14,114,517	\$ 6,781	\$ 245,621	\$ 9,495,286	\$ 23,862,205
Cash and investments with fiscal agents	-	-	5	6,523	6,528
Investments	19,830,820	-	-	13,340,827	33,171,647
Receivables	12,436,490	8,942	-	34,266	12,479,698
Interfund receivable	-	-	-	1,304,857	1,304,857
Due from other governments	14,656,764	-	-	37,603	14,694,367
Prepaid items and other assets	3,058	-	-	36,000	39,058
Inventories	214,590	-	-	-	214,590
Total assets	<u>\$ 61,256,239</u>	<u>\$ 15,723</u>	<u>\$ 245,626</u>	<u>\$ 24,255,362</u>	<u>\$ 85,772,950</u>
 LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 2,782,780	\$ -	\$ -	\$ 1,311,196	\$ 4,093,976
Accrued wages and benefits	1,391,962	-	-	1,447	1,393,409
Deferred revenue	11,997,589	-	-	13,500	12,011,089
Interfund payable	1,372,416	-	-	-	1,372,416
Total liabilities	<u>\$ 17,544,747</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,326,143</u>	<u>\$ 18,870,890</u>
Fund balances:					
Nonspendable	217,648	-	-	36,000	253,648
Restricted	9,514,571	15,723	-	567,787	10,098,081
Committed	10,646,747	-	245,626	22,325,432	33,217,805
Assigned	2,065,969	-	-	-	2,065,969
Unassigned	21,266,557	-	-	-	21,266,557
Total fund balances	<u>\$ 43,711,492</u>	<u>\$ 15,723</u>	<u>\$ 245,626</u>	<u>\$ 22,929,219</u>	<u>\$ 66,902,060</u>
Total liabilities and fund balances	<u>\$ 61,256,239</u>	<u>\$ 15,723</u>	<u>\$ 245,626</u>	<u>\$ 24,255,362</u>	<u>\$ 85,772,950</u>

(continued)

COUNTY OF ROANOKE, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2013

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

Total fund balances for governmental funds (Exhibit III)		\$ 66,902,060
Total net capital assets reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds. Those assets consist of:		
Land and construction in progress	46,333,043	
Other capital assets, net of \$106,692,103 of accumulated depreciation	238,550,148	
Total capital assets, net		284,883,191
Internal service funds (Exhibit V) are used by the County to charge the cost of health, dental, and risk management to individual funds. These assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position. Internal service fund net position are:		
		6,525,703
County revenues that are earned but not considered available are not current financial resources and therefore are not reported in the governmental funds.		
		950,998
Long-term assets and liabilities, related to bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported as assets or liabilities in the governmental funds. Balances at June 30, 2013 are:		
Prepaid and other assets	1,157,377	
Accrued interest payable	(2,978,024)	
Bonds payable	(181,538,249)	
Obligation under capital lease	(952,889)	
Compensated absences	(4,966,017)	
Total long-term assets and liabilities		(189,277,802)
Total net position of governmental activities (Exhibit I)		\$ 169,984,150

COUNTY OF ROANOKE, VIRGINIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
REVENUES					
General property taxes	\$ 106,597,067	\$ 15,723	\$ -	\$ -	\$ 106,612,790
Other local taxes	32,867,664	-	-	-	32,867,664
Permits, fees, and licenses	706,560	-	-	-	706,560
Fines and forfeitures	803,636	-	-	-	803,636
Use of money and property	728,479	-	5	73,447	801,931
Charges for services	7,908,091	-	-	352,040	8,260,131
Intergovernmental revenue	29,651,536	-	4,125,345	2,854,085	36,630,966
Locality compensation payments	-	-	124,251	-	124,251
Miscellaneous	2,916,308	8,942	-	174,731	3,099,981
Total revenues	<u>\$ 182,179,341</u>	<u>\$ 24,665</u>	<u>\$ 4,249,601</u>	<u>\$ 3,454,303</u>	<u>\$ 189,907,910</u>
EXPENDITURES					
Current operating:					
General government	\$ 11,951,092	\$ -	\$ -	\$ -	\$ 11,951,092
Judicial administration	2,559,664	-	-	-	2,559,664
Public safety	43,147,408	-	-	-	43,147,408
Public works	13,420,416	-	-	-	13,420,416
Library	3,402,388	-	-	-	3,402,388
Health and welfare	14,979,463	-	-	-	14,979,463
Parks, recreation, and culture	7,564,437	-	-	-	7,564,437
Community development	2,082,143	8,942	-	-	2,091,085
Education	64,332,561	-	-	-	64,332,561
Debt service:					
Principal	-	-	13,129,978	-	13,129,978
Interest and other charges	-	-	8,952,723	-	8,952,723
Capital outlay	-	-	-	11,867,812	11,867,812
Total expenditures	<u>\$ 163,439,572</u>	<u>\$ 8,942</u>	<u>\$ 22,082,701</u>	<u>\$ 11,867,812</u>	<u>\$ 197,399,027</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 18,739,769</u>	<u>\$ 15,723</u>	<u>\$ (17,833,100)</u>	<u>\$ (8,413,509)</u>	<u>\$ (7,491,117)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of land and equipment	-	-	-	160,337	160,337
Transfers in	2,341,658	-	17,820,988	2,330,579	22,493,225
Transfers out	(19,497,842)	-	-	(1,139,578)	(20,637,420)
Total other financing sources (uses), net	<u>\$ (17,156,184)</u>	<u>\$ -</u>	<u>\$ 17,820,988</u>	<u>\$ 1,351,338</u>	<u>\$ 2,016,142</u>
Net change in fund balances	<u>\$ 1,583,585</u>	<u>\$ 15,723</u>	<u>\$ (12,112)</u>	<u>\$ (7,062,171)</u>	<u>\$ (5,474,975)</u>
Total fund balances at beginning of year	42,127,907	-	257,738	29,991,390	72,377,035
Total fund balances at end of year	<u>\$ 43,711,492</u>	<u>\$ 15,723</u>	<u>\$ 245,626</u>	<u>\$ 22,929,219</u>	<u>\$ 66,902,060</u>

(continued)

COUNTY OF ROANOKE, VIRGINIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

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

Net change in fund balances-total governmental funds (Exhibit IV) \$ (5,474,975)

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

Internal service funds (See Exhibit VI) are used by the County to charge the cost of health, dental, and risk management to individual funds. The change in net position of internal service funds is reported with governmental activities. (988,953)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. (223,709)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$9,143,118) exceeded depreciation expense (\$15,062,678) in the current period. (5,919,560)

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

Repayments of principal	13,129,978	
Locality compensation payment	<u>(124,251)</u>	
Net adjustment		13,005,727

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

Compensated absences	93,656	
Accrued interest payable	<u>763,576</u>	
Net adjustment		857,232

Change in net position of governmental activities (Exhibit II)	<u><u>\$ 1,255,762</u></u>
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COUNTY OF ROANOKE, VIRGINIA
Statement of Net Position
Proprietary Funds
June 30, 2013

	Internal Service Funds
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,098,188
Investments	5,757,933
Accounts receivable	24,200
Interfund receivable	60,000
Total current assets	9,940,321
Noncurrent assets:	
Interfund receivable	7,559
Total noncurrent assets	7,559
Total assets	9,947,880
LIABILITIES	
Current liabilities:	
Accounts payable	154,008
Accrued wages and benefits	2,512
Claims payable	1,432,221
Total current liabilities	1,588,741
Noncurrent liabilities:	
Claims payable	1,833,436
Total noncurrent liabilities	1,833,436
Total liabilities	3,422,177
Net Position	
Unrestricted	6,525,703
Total net position	\$ 6,525,703

See accompanying notes to basic financial statements

COUNTY OF ROANOKE, VIRGINIA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2013

	<u>Internal Service Funds</u>
OPERATING REVENUES	
Charges for services	\$ 10,739,129
Total operating revenues	<u>10,739,129</u>
OPERATING EXPENSES	
Purchased services	839,564
Personal services	161,184
Claims	8,890,917
Administrative charges	6,651
Total operating expenses	<u>9,898,316</u>
Operating income	<u>840,813</u>
NONOPERATING REVENUES	
Investment income	26,039
Total nonoperating revenues	<u>26,039</u>
Income before transfers	866,852
Transfers in	346,275
Transfers out	(2,202,080)
Change in net position	<u>(988,953)</u>
Total net position at beginning of year	<u>7,514,656</u>
Total net position at end of year	<u><u>\$ 6,525,703</u></u>

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from interfund services provided	\$ 10,739,129
Payments to suppliers	(742,763)
Payments to employees	(161,129)
Claims paid	(8,754,195)
Other payments, net	(678,913)
Cash provided by operating activities	<u>402,129</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	(1,855,805)
Interfund loans-proceeds and collections	60,000
Cash used in noncapital financing activities	<u>(1,795,805)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale of investments	37,219
Interest and dividends received	26,039
Cash provided by investing activities	<u>63,258</u>
Decrease in cash and cash equivalents	(1,330,418)
Cash and cash equivalents at beginning of the year	<u>5,428,606</u>
Cash and cash equivalents at end of the year	<u>\$ 4,098,188</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 840,813
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Accounts receivable	1,432
Accounts payable	103,452
Claims payable	136,722
Accrued wages and benefits	55
Deferred revenue	(680,345)
Cash provided by operating activities	<u>\$ 402,129</u>

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	<u>*Pension Trust</u> <u>Fire and Rescue</u> <u>Pension Trust</u> <u>Length of Service</u> <u>Awards Program</u>	<u>OPEB</u> <u>Trust</u>	<u>Agency Funds</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ 22,268,276
Investments	-	-	7,661,407
Investments held by trustee, at fair value			
Unallocated group annuity contract	2,969,905	-	-
Other pooled funds	-	4,125,767	-
Total assets	<u>2,969,905</u>	<u>4,125,767</u>	<u>29,929,683</u>
LIABILITIES			
Accounts payable	-	-	29,929,683
Total liabilities	<u>-</u>	<u>-</u>	<u>29,929,683</u>
NET POSITION			
Held in trust for pension and other postemployment benefits	<u>\$ 2,969,905</u>	<u>\$ 4,125,767</u>	<u>\$ -</u>

*For period ending July 31, 2013

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Statement of Changes in Fiduciary Net Position
Pension Trust and OPEB Trust
For the Year Ended June 30, 2013

	*Pension Trust	OPEB Trust
ADDITIONS		
Contributions for beneficiaries	\$ 346,345	\$ -
Contributions from employer	-	580,500
Investment income		
Interest and dividends	-	826
Realized/Unrealized gains	111,496	362,629
Net investment gain	111,496	363,455
Total additions	457,841	943,955
DEDUCTIONS		
Members' benefits	342,969	-
Administrative fees	4,896	4,026
Total deductions	347,865	4,026
Change in net position	109,976	939,929
Total net position at beginning of year	2,859,929	3,185,838
Total net position at ending of year	\$ 2,969,905	\$ 4,125,767

*For period ending July 31, 2013.

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Net Position
Component Units
June 30, 2013

	Roanoke County Public Schools	Economic Development Authority	South Peak Community Development Authority	Total Component Units
ASSETS				
Cash and cash equivalents	\$ 25,872,213	\$ 620,500	\$ -	\$ 26,492,713
Investments	12,681,313	-	-	12,681,313
Accounts and other receivables	512,031	206	-	512,237
Due from other governments	3,648,315	-	33,260	3,681,575
Inventory	284,663	-	-	284,663
Land held for resale	-	479,824	-	479,824
Capital assets:				
Land and construction in progress	11,054,562	-	3,732,170	14,786,732
Other capital assets, net	33,838,148	-	-	33,838,148
Capital assets, net	44,892,710	-	3,732,170	48,624,880
Total assets	<u>\$ 87,891,245</u>	<u>\$ 1,100,530</u>	<u>\$ 3,765,430</u>	<u>\$ 92,757,205</u>
LIABILITIES				
Accounts payable	\$ 1,245,621	\$ -	\$ 10,574	\$ 1,256,195
Accrued liabilities	2,104,543	377	435,327	2,540,247
Unearned revenue	1,623,354	-	-	1,623,354
Accrued interest payable	-	-	19,648	19,648
Long-term liabilities:				
Portion due or payable within one year:				
Compensated absences	813,484	-	-	813,484
Claims payable	1,747,223	-	-	1,747,223
Capital lease obligation	391,883	-	-	391,883
Portion due or payable after one year:				
Bonds payable	-	-	3,792,239	3,792,239
Compensated absences	2,211,888	-	-	2,211,888
Claims payable	555,271	-	-	555,271
Capital lease obligation	1,358,518	-	-	1,358,518
Total liabilities	<u>\$ 12,051,785</u>	<u>\$ 377</u>	<u>\$ 4,257,788</u>	<u>\$ 16,309,950</u>
NET POSITION				
Net investment in capital assets	\$ 43,142,309	\$ -	\$ (60,069)	\$ 43,082,240
Restricted for:				
Instructional grants	92,364	-	-	92,364
Emergency contingency	2,000,000	-	-	2,000,000
Unrestricted (deficit)	30,604,787	1,100,153	(432,289)	31,272,651
Total net (deficit) position	<u>\$ 75,839,460</u>	<u>\$ 1,100,153</u>	<u>\$ (492,358)</u>	<u>\$ 76,447,255</u>

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets			Total Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Public Schools	Economic Development Authority	South Peak Community Development Authority	
Roanoke County Public Schools	\$ 148,037,788	\$ 4,170,703	\$ 25,239,635	\$ 2,491,469	\$ (116,135,981)	\$ -	\$ -	\$ (116,135,981)
Economic Development Authority	106,453	1,435	5,000	2,212	-	(97,806)	-	(97,806)
South Peak Community Development Authority	525,618	-	-	-	-	-	(525,618)	(525,618)
Total component units	\$ 148,669,859	\$ 4,172,138	\$ 25,244,635	\$ 2,493,681	\$ (116,135,981)	\$ (97,806)	\$ (525,618)	\$ (116,759,405)
General revenues:								
					\$ 65,597,324	\$ 73,115	\$ -	\$ 65,670,439
					50,771,561	-	-	50,771,561
					-	-	33,260	33,260
					28,114	-	-	28,114
					-	1,743	-	1,743
					285,897	-	-	285,897
					<u>\$ 116,682,896</u>	<u>\$ 74,858</u>	<u>\$ 33,260</u>	<u>\$ 116,791,014</u>
					\$ 546,915	\$ (22,948)	\$ (492,358)	\$ 31,609
					75,292,545	1,123,101	-	76,415,646
					<u>\$ 75,839,460</u>	<u>\$ 1,100,153</u>	<u>\$ (492,358)</u>	<u>\$ 76,447,255</u>

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2013

(1) Summary of Significant Accounting Policies

Financial Reporting Entity

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

Discretely Presented Component Units

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

Roanoke County Public Schools

The Roanoke County Public School Board (School Board) is responsible for overseeing elementary and secondary public education within the government's jurisdiction. The members of the School Board are elected by the citizens of Roanoke County. However, the Roanoke County Public Schools (School System) is fiscally dependent upon the government because the primary government's Board approves the School System budget, levies the necessary taxes to finance operations, and approves the borrowing of money and issuance of debt. The School System component unit is aggregated in a separate Component Units column to emphasize that it is legally separate from the primary government. The School System has separately issued financial statements which may be obtained by writing the Roanoke County Public Schools Department of Budget and Finance, 5937 Cove Road, Roanoke, VA 24018 or visit their website at www.rcs.k12va.us.

Economic Development Authority of Roanoke County, Virginia

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

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develop trade by encouraging enterprises to locate and remain in the Roanoke Valley. In addition, the Authority is authorized to issue revenue bonds for the purpose of obtaining and constructing facilities. Liability under the bonds may be retained by the Authority, or it may be assumed by the enterprises for which facilities are constructed. Collection of revenues pledged to liquidate the bonds may be assigned to a trustee. The revenue bonds are not deemed to constitute a debt of pledge of faith and credit of the Commonwealth of Virginia or any municipality thereof. The bonds are payable solely from revenues generated from the lease of facilities constructed and may be secured by a deed of trust on those facilities. The EDA component unit is aggregated in a separate Component Units column to emphasize that it is legally separate from the primary government. The Economic Development Authority of Roanoke County, Virginia does not issue separate financial statements.

South Peak Community Development Authority

The South Peak Community Development Authority (CDA) was created as a political subdivision of the Commonwealth of Virginia by ordinance of the Roanoke County Board of Supervisors on August 24, 2010 pursuant to the provisions of the Virginia water and waste Authorities Act (Chapter 51, Section 15.2 et. Seq., of the Code of Virginia (1950), as amended). The CDA is governed by a board of directors appointed by the Board of Supervisors of Roanoke County, Virginia. As a result, the CDA's revenues and expenses may be influenced by the decisions made by the County of Roanoke. The creation of the CDA was the result of a petition filed with the Board of Supervisors by the land owners within the South Peak Community Development District (District). The District consists of approximately 62.5 acres of land within the County. The District will be a mixed use development consisting of commercial and residential. The CDA was created to assist in financing the infrastructure, improvements and services in connection with the development of the land. The funding for these improvements will be through bonds issued by the CDA, special assessments to be levied pursuant to Section 15.2-5158(A)(5) of the Code of Virginia (1950), as amended, and contributions made by the County of certain incremental tax revenues generated within the District. Any bonds issued by the CDA or any other financing arrangements entered into by the CDA are the debt of the CDA, and will not be a debt or other obligation of the County and will not constitute a pledge of the faith and credit of the County. The CDA component unit is aggregated in a separate Component Units column to emphasize that it is legally separate from the primary government. The CDA has separately issued financial statements which may be obtained by writing the County of Roanoke Finance Department, 5204 Bernard Drive, Roanoke, VA 24018

Related Organizations

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

Roanoke Valley Resource Authority
Commonwealth Fund
Special Welfare Fund
Cable TV

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Roanoke Valley Greenway Commission
Virginia Recreational Facilities Authority
Regional Fire Training Center
Western Virginia Regional Jail Authority

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

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

Management's Discussion and Analysis

GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A).

Government-wide Financial Statements

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

Statement of Net Position

The Statement of Net Position is designed to display the financial position of the primary government and its discretely presented component units. Governments report all capital assets, net of accumulated depreciation, in the government-wide Statement of Net Position and report depreciation expense in the Statement of Activities. The net position of a government are broken down into three categories; 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities

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

Reconciliation of Government-wide and Fund Financial Statements

A summary reconciliation of the difference between the total governmental fund balances and total net position for governmental activities as shown in the government-wide Statement of Net Position is presented in an accompanying reconciliation to the governmental funds balance sheet. The asset and liability elements which comprise the reconciliation differences stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the

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governmental-wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

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

Budgetary Comparison Schedules

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. The County and many other governments revise their original budgets over the course of the year for a variety of reasons. The County will continue to provide budgetary comparison information in their annual reports which includes a comparison of the original budget to both the final budget and actual results.

Basis of Presentation

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

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges for services, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County. The County does not allocate indirect expenses.

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

Fund Financial Statements: Financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts

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recording cash and/or other financial resources together with all related liabilities and residual equities or balances and changes therein. Fund financial statements are designed to present financial information of the County at this more detailed level. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. The following is a brief description of the specific funds used by the County:

- **Governmental Funds** – These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year-end. Accordingly, real and personal property taxed are recorded as deferred revenue and receivables when billed. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. The individual governmental funds are:
 - General Fund – This fund accounts for all revenues and expenditures applicable to the general operations of the County that are not required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Roanoke County Public Schools. The General Fund is considered a major fund for reporting purposes.
 - Special Revenue Fund – This fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Special Revenue Fund consists of activity related to the South Peak Community Development Authority.
 - Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and other related costs. The Debt Service fund is considered a major fund for reporting purposes.
 - Capital Projects Fund – This fund accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by the proprietary fund. The Capital Projects Fund is considered a major fund for reporting purposes.
- **Internal Service Funds** – These funds account for employee health/other postemployment benefits, dental, and workers' compensation coverage provided to other departments on a cost-reimbursement basis and they derive their funding from charges assessed to the user departments and employees. These funds are included in the governmental activities for government-wide reporting purposes. As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. The excess revenue or expenses for the fund are allocated to the appropriate functional activity.

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Additionally, the government reports the following Fiduciary funds:

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

Basis of Accounting

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

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

The government-wide, proprietary, pension and other post employee benefits trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Agency funds report assets and liabilities and have no measurement focus and only use the accrual basis of accounting.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year-end. Expenditures are recorded when the related fund liability is incurred, except compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

Deferred Revenue – Deferred revenue arises when assets are recognized before revenue recognition criteria can be satisfied and also when assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period. Property taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue. In governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

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

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

Inventories – Inventories consist of various consumable supplies and are maintained on a perpetual basis with periodic verification based on physical count. All inventories are valued at cost using the first-in first-out method for the government-wide statements. The cost of the consumable supplies is recoded as expenditures when consumed in the general fund.

Capital Assets – Capital outlays are recorded as expenditures in the governmental funds and as assets in the government-wide financial statements, to the extent the County’s capitalization threshold is met. The County defines capital assets as assets with an initial individual cost of more than \$10,000 and an estimated useful life of at least two years. Major additions, including those that significantly prolong a capital asset’s economic life or expand usefulness, are capitalized. Normal repairs that merely maintain the asset in its present condition are recorded as expenditures and are not capitalized. Depreciation expense for capital assets is identified with a function, whenever possible, and is included as a direct expense.

All capital assets are capitalized at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the time received. Upon the sale or retirement of a capital asset, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

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

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

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.

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

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

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

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

Compensated Absences – The liability for compensated absences reported in the government-wide statement consists of unpaid accumulated vacation and sick leave balances. The liability is based on the sick leave and vacation leave accumulated at June 30. Limited vacation and sick leave may be accumulated until retirement or termination. Accumulated sick leave is paid at a fixed daily rate and accumulated vacation is paid at the employee’s current wage upon retirement or termination.

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

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

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

Net Position – Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is divided into three components:

- Net investment in capital assets - consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding which was used to finance those assets.

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- Restricted - consists of assets where there are limitations imposed on their use through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.
- Unrestricted – all other net position is reported in this category

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

Net Investment in Direct Financing Leases – The Economic Development Authority of Roanoke County, Virginia (Authority) may acquire and improve properties and retain title to them. Where transfer of title at the completion of a lease to a tenant is not reasonably assured by bargain purchase options or other lease provision, the Authority accounts for activities in its role as lessor as either capital leases or operating leases in accordance with GAAP.

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

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

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

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

Pollution and Remediation – During fiscal year 2009, the County implemented GASB Statement No. 49 – *Accounting and Financial Reporting for Pollution Remediation Obligations*, which addresses the requirements for reporting liabilities related to cleaning up pollution and/or contamination. The County evaluated the impact of GASB Statement No. 49 on all projects and facilities and determined there is no liability as of June 30, 2013.

Use of Estimates – Management of the County has made a number of estimates and assumptions relating to the reporting of assets and deferred outflows, liabilities and deferred inflows, revenues, expenditures, and the disclosure of contingent assets and liabilities to

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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 County. Unless otherwise noted, the adoption of these statements had no material affect on the County's financial statements.

- GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, establishes the proper accounting and financial reporting when the County 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.
- 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*, establishes the proper accounting and financial reporting for the consumption or acquisition of net assets crossing year end and modifies the identification of net position as the residual of all other elements in the statement of financial position. The County retroactively implemented the provisions of GASB statement No. 63 in fiscal year 2013 by replacing the previous term "net assets" with the new term "net position" in the accompanying financial statements.

(2) Property Taxes

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

The annual assessment for real estate is based on 98% of the assessed fair market value. A penalty of 10% of the unpaid tax is due for late payment. Interest is accrued at 10% for the initial year of delinquency, and thereafter at the maximum annual rate authorized by the Internal Revenue Code Section 6621 (b). The effective tax rates per \$100 of assessed value for the year ended June 30, 2013 were as follows:

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

(3) Fund Balances

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

- **Nonspendable** – This fund balance represents County assets that will never convert to cash which consisted of inventory and prepaid items at year-end.
- **Restricted** – This fund balance represents County resources with externally enforceable limitations on their use imposed by grantors, or laws and regulations of other governments.
- **Committed** – This fund balance represents County resources that can be used only for specific purposes as imposed by formal appropriation by the Roanoke County Board of Supervisors, which is the highest level of the decision making authority for the County. The County has adopted board policies on the use of year-end balances to set aside reserves for future capital projects.
- **Assigned** – This fund balance represents County resources that are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. The Roanoke County Board of Supervisors has approved limited authority to the parks and recreation management to have the flexibility in decisions on the use of certain funds as deemed necessary by an approved ordinance dated September 27, 1994.
- **Unassigned** – This fund balance represents County resources that have no spending restrictions under any of the preceding four classifications. The County has adopted a board policy for establishing an unappropriated fund balance.

Fund Balances by classification as of June 30, 2013 pursuant to GASB Statement No. 54 are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total General Funds</u>
Nonspendable					
Prepays	\$ 3,058	\$ -	\$ -	\$ 36,000	\$ 39,058
Inventory	214,590	-	-	-	214,590
	<u>217,648</u>	<u>-</u>	<u>-</u>	<u>36,000</u>	<u>253,648</u>
Restricted for:					
Comprehensive Services Act	6,023,268	-	-	-	6,023,268
Law Enforcement	3,215,389	-	-	-	3,215,389
Clerk of Circuit Court	-	-	-	24,171	24,171
Education	-	-	-	6,523	6,523
Parks and Recreation	-	-	-	312,791	312,791
Community Development	-	15,723	-	224,302	240,025
Other purposes	275,914	-	-	-	275,914
	<u>9,514,571</u>	<u>15,723</u>	<u>-</u>	<u>567,787</u>	<u>10,098,081</u>

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	General	Special Revenue	Debt Service	Capital Projects	Total General Funds
Committed to:					
Law Enforcement	\$ 2,618,168	\$ -	\$ -	\$ 1,466	\$ 2,619,634
Fire and Rescue	48,132	-	-	389,830	437,962
Garage and Motor Pool	279,943	-	-	-	279,943
Information Technology and Communications shop	778,028	-	-	701,764	1,479,792
Radio Maintenance	1,908,821	-	-	-	1,908,821
Public Works	224,397	-	-	-	224,397
Parks and Recreation	40,091	-	-	137,723	177,814
Libraries	269,548	-	-	4,616,185	4,885,733
General Services	177,475	-	-	598,939	776,414
Social Services Building	1,185,976	-	-	-	1,185,976
Debt Service Reserves	-	-	245,626	-	245,626
Education	-	-	-	1,903,045	1,903,045
Future Capital Projects	1,442,858	-	-	5,564,628	7,007,486
Community Development	639,731	-	-	7,956,438	8,596,169
Transportation	262,746	-	-	-	262,746
Employee benefits	231,718	-	-	-	231,718
Assessment	-	-	-	244,730	244,730
Other purposes	539,115	-	-	210,684	749,799
	<u>10,646,747</u>	<u>-</u>	<u>245,626</u>	<u>22,325,432</u>	<u>33,217,805</u>
Assigned to:					
Law enforcement	1,967	-	-	-	1,967
Parks and Recreation	2,064,002	-	-	-	2,064,002
	<u>2,065,969</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,065,969</u>
Unassigned:					
Unassigned	21,266,557	-	-	-	21,266,557
Total Fund Balances	<u><u>\$ 43,711,492</u></u>	<u><u>\$ 15,723</u></u>	<u><u>\$ 245,626</u></u>	<u><u>\$ 22,929,219</u></u>	<u><u>\$ 66,902,060</u></u>

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

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2013

(4) Deposits and Investments

As of June 30, 2013, the fair value and maturity of the County's and Component Units' total deposits and investments were as follows:

Investment Type	Fair Value	Original Investment Maturity		Credit Rating
		Less Than 1 Year	1-2 Year	
Demand and time deposits	\$ 28,322,519	\$ 28,322,519	\$ -	n/a
Interest-earning investment contract	2,969,905	2,969,905	-	A-
Money market mutual funds	30,591,266	30,591,266	-	AAAm
Virginia LGIP	20,155,435	20,155,435	-	AAAm
Virginia SNAP fund	6,523	6,523	-	AAAm
Federal agency bonds and notes	59,272,300	3,000,090	56,272,210	AAA
Investment in other pooled funds	4,576,995	4,576,995	-	AAA-CAA
	\$ 145,894,943	\$ 89,622,733	\$ 56,272,210	

Below is the carrying value of cash and investments for each entity as of June 30, 2013:

Entity	Cash and Cash Equivalents	Cash and Investments with Fiscal Agents	Investments	Total
County of Roanoke	\$ 27,960,393	\$ 6,528	\$ 38,929,580	\$ 66,896,501
Component Unit:				
Roanoke County Public Schools	25,872,213	-	12,681,313	38,553,526
Economic Development Authority of Roanoke County	620,500	-	-	620,500
	26,492,713	-	12,681,313	39,174,026
Fiduciary Funds				
Fiduciary Funds - County	22,268,276	7,095,672	7,661,407	37,025,355
Fiduciary Funds - Schools	2,347,833	451,228	-	2,799,061
	24,616,109	7,546,900	7,661,407	39,824,416
	\$ 79,069,215	\$ 7,553,428	\$ 59,272,300	\$ 145,894,943

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2013

Credit and Concentration of Credit Risk

In accordance with the Code of Virginia and other applicable laws, including regulations, the County's investment policy (the Policy) limits credit risk by restricting authorized investments to the following: bonds, notes and other direct obligations of the United States; bonds, notes and other direct obligations of the State of Virginia or political subdivisions thereof; bonds and other obligations issued, guaranteed or assumed by the International Bank for Reconstruction and Development and the Asian Development Bank; prime quality commercial paper; certificates of deposits; bankers acceptances; repurchase agreements; and money market funds. The policy requires that commercial paper have a minimum Standard & Poor's (S&P) rating (or Moody's equivalent) of A-1. Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "ACT") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized. The Virginia Local Government Investment Pool (LGIP) is administered by the Treasury Board pursuant to Sections 2.2-4600 through 2.2-4606 of the Code of Virginia. The Treasury Board has delegated the management of the LGIP to the State Treasurer. The fair value of the County's position in the LGIP is the same as the value of the pool shares.

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

U.S. Treasury Obligations	70%
U.S. Treasury Agency Securities and Instrumentalities of Government Sponsored Corporations	80%
Bankers Acceptance with no more than 25% with any one Institution and maximum of 10% in any one issuance	40%
Repurchase Agreement Overnight with no more than 20% with any one institution	70%
Repurchase Agreement Two or more nights with no more than 20% with any one institution	25%
Certificate of Deposit with Commercial Banks with no more than 45% with any one institution	100%
Certificate of Deposit with Savings and Loan Associations with no more than \$100,000 with any one institution	10%
Commercial Paper with no more than 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, 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:

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2013

<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 24 months.

(5) Receivables

Receivables at June 30, 2013 are as follows:

	Accounts	Taxes	Due from Other Governments	Total
Governmental activities				
General	\$ 1,156,619	\$ 11,279,871	\$ 14,656,764	\$ 27,093,254
Special Revenue	8,942	-	-	8,942
Capital Projects	34,266	-	37,603	71,869
Internal service	24,200	-	-	24,200
Total governmental activities	\$ 1,224,027	\$ 11,279,871	\$ 14,694,367	\$ 27,198,265

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2013

(6) Interfund Balances and Transfers

Interfund balances at June 30, 2013 consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Projects	General Fund	\$ 1,304,857
Internal Service	General Fund	67,559
		<u>\$ 1,372,416</u>

The balance of \$1,372,416 due to the Internal Service Fund and the Capital Project Fund from the General Fund is the result of loans made for fire trucks and the construction of a regional fire and rescue training center. The balance not scheduled to be collected within the next year is \$1,035,773.

Interfund transfers for the year ended June 30, 2013 consisted of the following amounts:

<u>Transfer To</u>	<u>Transfer Out</u>			<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Internal Service</u>	
General fund	\$ -	\$ 1,139,578	\$ 1,202,080	\$ 2,341,658
Debt service fund	17,820,988	-	-	17,820,988
Capital projects fund	1,330,579	-	1,000,000	2,330,579
Internal service fund	346,275	-	-	346,275
Totals	<u>\$ 19,497,842</u>	<u>\$ 1,139,578</u>	<u>\$ 2,202,080</u>	<u>\$ 22,839,500</u>

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2013

(7) Payables

Payables at the government-wide level at June 30, 2013 are as follows:

	<u>Vendors</u>	<u>Accrued Wages and Benefits</u>	<u>Total</u>
Governmental funds:			
General	\$ 2,782,780	\$ 1,391,962	\$ 4,174,742
Internal service	154,008	2,512	156,520
Capital projects	<u>1,311,196</u>	<u>1,447</u>	<u>1,312,643</u>
Total governmental funds	<u>\$ 4,247,984</u>	<u>\$ 1,395,921</u>	5,643,905
Accrued interest payable			<u>2,978,024</u>
Total governmental activities			<u>\$ 8,621,929</u>

(8) Long-Term Liabilities

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

Outstanding long-term liabilities at June 30, 2013 are as follows:

	<u>Governmental Activities</u>
\$27,410,000 - 2003 General Obligation Refunding Bonds due in annual installments of \$700,000 to \$930,000 through June 1, 2021; interest at 3.8% to 4.5%	\$ 6,416,798
\$2,310,000 - 1993 VPSA Bonds due in annual installment of \$15,000 through December 15, 2013; interest at 5.0%	15,000
\$3,200,000 - 1994 Series B VPSA Bonds due in annual installments of \$160,000 through July 15, 2014; interest at 6.6%	320,000
\$10,100,000 - 1995 Series A VPSA Bonds due in annual installments of \$505,000 through July 15, 2015; interest at 5.9% to 6.0%	1,515,000
\$1,300,000 - 1996 Series B VPSA Bonds due in annual installments of \$65,000 through July 15, 2016; interest at 5.2%	260,000
\$7,965,000 - 1998 Series A VPSA Bonds due in annual installments of \$395,000 through July 15, 2018; interest at 4.6% to 5.1%	2,370,000
\$4,724,924 - 1998 Series B VPSA Bonds due in annual installments of \$237,401 to \$248,659 through July 15, 2018; interest at 4.6% to 5.1%	1,455,815

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2013

	Governmental Activities
\$6,920,000 - 1999 Series B VPSA Bonds due in annual installments of \$345,000 through July 15, 2019; interest at 6.0% to 6.1%	2,415,000
\$16,500,000 - 2001 Series A VPSA Bonds due in annual installments of \$825,000 through July 15, 2021; interest at 5.1%	7,540,749
\$12,968,814 - 2001 Series B VPSA Bonds due in annual installments of \$644,695 to \$683,564 through July 15, 2021; interest at 3.1% to 5.1%	6,006,282
\$20,630,000 - 2003 Series C VPSA Bonds due in annual installments of \$1,030,000 through July 15, 2023; interest at 4.6% to 5.4%	12,083,907
\$14,900,000 - 2007 Non-subsidized VPSA bonds due in annual installments of \$745,000 through July 15, 2027; interest at 4.4% to 5.1%	11,773,398
\$6,364,713 - 2007 subsidized VPSA bonds due in annual installments of \$295,914 to \$371,160 through July 15, 2027; interest at 4.4% to 5.1%	5,203,302
\$43,830,000 - 2009 B VPSA Bonds due in annual installments of \$2,190,000 to \$2,195,000 through July 15, 2029; interest at 4.0% to 5.0%	40,477,905
\$9,080,000 - 2011 VPSA Bonds due in annual installments of \$450,000 to \$455,000 through July 15, 2031; interest at 3.1% to 5.1%	9,508,262
\$1,835,459 - State Literary Loan: Fort Lewis Elementary due in annual installments of \$87,459 to \$92,000 through January 1, 2019; interest at 3.0%	547,459
\$3,297,989 - State Literary Loan: William Byrd H. S. due in annual installments of \$163,198 to \$164,989 through April 30, 2019; interest at 3.0%	988,143
\$1,500,000 - State Literary Loan: Northside High due in annual installments of \$75,000 through September 15, 2017; interest at 3.0%	375,000
\$2,316,571 - State Literary Loan: Cave Spring J. H. due in annual installments of \$115,828 to \$115,839 through April 15, 2020; interest at 3.0%	810,807
\$22,170,000 - 2004 A Virginia Resources Authority (VRA) lease revenue bond due in annual installments of \$525,000 to \$1,410,000 through October 1, 2033; interest at 4.1% to 5.1%	18,666,973
\$993,480 - 2011 EDA lease revenue refunding bond due monthly installments of \$9,942 to \$20,359 through April 15, 2016; interest at 2.63%	658,816

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2013

	Governmental Activities
\$58,595,000 - Lease Revenue bond Series 2008 due in annual installments of \$1,545,000 to \$3,190,000 through October 15, 2037; interest at 3.5% to 5.1%	52,129,633
\$1,148,037 - Capital lease obligation due in annual installments of \$103,452 to \$136,044 through September 17, 2020; interest at 3.99%	952,889
	\$ 182,491,138
Accrued compensated absences	4,966,017
Claims payable	3,265,657
	\$ 190,722,812

Changes in long-term liabilities for the year ended June 30, 2013 were as follows:

	Outstanding June 30, 2012	Additions	Deletions	Outstanding June 30, 2013	Amounts Due Within One Year
Primary Government					
Governmental Activities:					
General Obligation Bonds	\$ 8,584,914	\$ -	\$ 2,168,116	\$ 6,416,798	\$ 697,100
VPSA School Bonds	109,290,686	-	8,346,066	100,944,620	8,305,968
State Literary Loans	3,169,225	-	447,816	2,721,409	447,817
Lease Revenue Bonds	73,969,030	-	2,513,608	71,455,422	2,316,976
Capital Lease obligation	1,052,372	-	99,483	952,889	103,452
	196,066,227	-	13,575,089	182,491,138	11,871,313
Accrued compensated absences	5,059,673	3,679,153	3,772,809	4,966,017	2,579,341
Claims Payable	3,128,935	8,296,496	8,159,774	3,265,657	1,432,221
	\$ 204,254,835	\$ 11,975,649	\$ 25,507,672	\$ 190,722,812	\$ 15,882,875
Component Unit					
School System					
Capital Lease obligations	\$ 2,114,385	\$ -	\$ 363,984	\$ 1,750,401	\$ 391,883
Accrued compensated absences	2,865,901	1,541,089	1,381,618	3,025,372	813,484
Claims payable	2,402,646	16,172,651	16,272,803	2,302,494	1,747,223
	\$ 7,382,932	\$ 17,713,740	\$ 18,018,405	\$ 7,078,267	\$ 2,952,590

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2013

The annual requirements to amortize governmental activity debt outstanding as of June 30, 2013 are as follows:

Fiscal Year	General Obligation Serial Bonds		Virginia Public School Authority Bonds		Literary Loans		Lease Revenue Bonds		Capital Lease Obligation		Total Government Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 697,100	\$ 265,784	\$ 8,305,968	\$ 4,480,722	\$ 447,817	\$ 81,642	\$ 2,316,976	\$ 3,399,517	\$ 103,452	\$ 38,020	\$ 11,871,313	\$ 8,265,685
2015	722,100	239,534	8,301,994	4,090,707	447,817	68,208	2,413,113	3,308,595	107,580	33,893	11,992,604	7,740,937
2016	747,100	211,440	8,154,206	3,699,218	447,817	54,773	2,443,009	3,218,040	111,872	29,600	11,904,004	7,213,071
2017	782,100	178,815	7,657,058	3,316,667	447,817	41,339	2,351,427	3,116,668	116,336	25,136	11,354,738	6,678,625
2018-2022	3,468,398	380,403	35,518,407	11,309,033	930,141	45,849	11,437,139	14,057,915	513,649	52,239	51,867,734	25,845,439
2023-2027	-	-	22,456,766	4,591,200	-	-	13,962,135	11,057,907	-	-	36,418,901	15,649,107
2028-2032	-	-	10,550,221	709,935	-	-	16,777,135	7,188,480	-	-	27,327,356	7,898,415
2033-2037	-	-	-	-	-	-	16,553,281	2,788,604	-	-	16,553,281	2,788,604
2038-2042	-	-	-	-	-	-	3,201,207	81,744	-	-	3,201,207	81,744
Total	\$ 6,416,798	\$ 1,275,976	\$ 100,944,620	\$ 32,197,482	\$ 2,721,409	\$ 291,811	\$ 71,455,422	\$ 48,217,470	\$ 952,889	\$ 178,888	\$ 182,491,138	\$ 82,161,627

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2013

(9) Capital Assets

In accordance with the implementation of GASB Statement No. 34, all school related debt is reported in the Comprehensive Annual Financial Report (CAFR) of the Primary Government as the County is legally responsible for debt repayment. All capital assets related to this debt which have tenancy in common have been reported in the County CAFR.

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

As of June 30, 2013, the Primary Government capital assets include \$153,167,968, net of accumulated depreciation, of Roanoke County Public School Component Unit capital assets used for educational purposes which have tenancy in common.

Primary government capital asset activity for the year ended June 30, 2013 was as follows:

Governmental Activities

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2013</u>
Capital assets not being depreciated				
Land	\$ 19,430,163	\$ -	\$ -	\$ 19,430,163
Construction in progress	75,808,384	8,639,468	(57,544,972)	26,902,880
Total capital assets at historical cost not being depreciated	<u>95,238,547</u>	<u>8,639,468</u>	<u>(57,544,972)</u>	<u>46,333,043</u>
Capital assets being depreciated				
Building and improvements	238,402,407	57,469,698	(3,526,045)	292,346,060
Furniture, fixtures, and equipment	52,159,958	2,256,275	(1,520,042)	52,896,191
Total capital assets at historical cost being depreciated	<u>290,562,365</u>	<u>59,725,973</u>	<u>(5,046,087)</u>	<u>345,242,251</u>
Less accumulated depreciation				
Buildings and improvements	(64,049,745)	(10,591,775)	1,848,695	(72,792,825)
Furniture, fixtures, and equipment	(30,948,417)	(4,470,903)	1,520,042	(33,899,278)
Total accumulated depreciation	<u>(94,998,162)</u>	<u>(15,062,678)</u>	<u>3,368,737</u>	<u>(106,692,103)</u>
Total capital assets, being depreciated, net	<u>195,564,203</u>	<u>44,663,295</u>	<u>(1,677,350)</u>	<u>238,550,148</u>
Governmental activities capital assets, net	<u>\$ 290,802,750</u>	<u>\$ 53,302,763</u>	<u>\$ (59,222,322)</u>	<u>\$ 284,883,191</u>

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2013

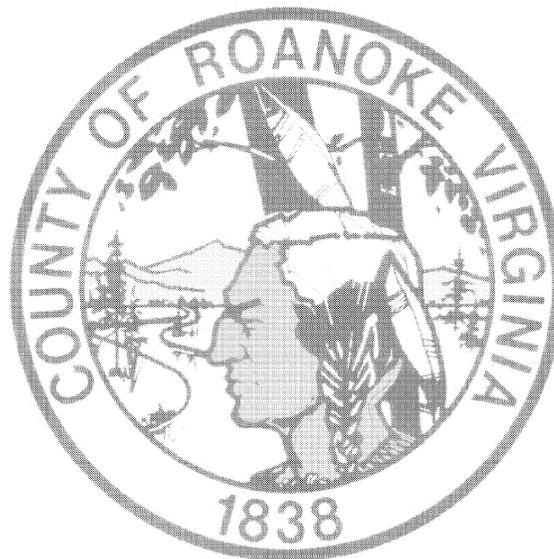
Depreciation expense for the year ended June 30, 2013 was charged to functions/programs of the Primary Government as follows:

Governmental Activities:

General government	\$	420,106
Judicial administration		101,851
Public Safety		3,722,873
Public Works		1,288,863
Health and welfare		523,054
Parks, recreation and culture		1,377,127
Library		803,705
Community development		73,275
Education		6,751,824
Total depreciation expense - governmental activities		\$ 15,062,678

The County has an active construction project as of June 30, 2013. The Vinton Library project is being financed with County capital funds and bond proceeds. At year end, the County's commitments with contractors are as follows:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Vinton Library	\$134,243	\$407,607



COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2013

The component unit Roanoke County Public Schools' capital asset activity for the year ended June 30, 2013 was as follows:

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013
Capital assets not being depreciated				
Land	\$ 5,714,752	\$ -	\$ -	5,714,752
Construction in progress	1,882,469	3,960,884	(503,543)	5,339,810
Total capital assets at historical cost not being depreciated	<u>7,597,221</u>	<u>3,960,884</u>	<u>(503,543)</u>	<u>11,054,562</u>
Capital assets being depreciated				
Building and improvements	66,562,968	1,875,123	(1,602,635)	66,835,456
Furniture, fixtures, and equipment	30,203,665	2,061,785	(889,638)	31,375,812
Total capital assets at historical cost being depreciated	<u>96,766,633</u>	<u>3,936,908</u>	<u>(2,492,273)</u>	<u>98,211,268</u>
Less accumulated depreciation				
Buildings and improvements	(41,774,654)	(2,532,220)	867,731	(43,439,143)
Furniture, fixtures, and equipment	(19,103,163)	(2,993,593)	1,162,779	(20,933,977)
Total accumulated depreciation	<u>(60,877,817)</u>	<u>(5,525,813)</u>	<u>2,030,510</u>	<u>(64,373,120)</u>
Total capital assets, being depreciated, net	<u>35,888,816</u>	<u>(1,588,905)</u>	<u>(461,763)</u>	<u>33,838,148</u>
Governmental activities capital assets, net	<u>\$ 43,486,037</u>	<u>\$ 2,371,979</u>	<u>\$ (965,306)</u>	<u>\$ 44,892,710</u>

(10) Operating Leases

The County leases several sites around the Roanoke Valley for the purpose of maintaining towers and antennae for its public safety radio communications system and a 0.680 acre lot in Salem for Courthouse parking. The non-cancelable leases range in terms from three years remaining to open-ended. Rental expense in the amount of \$86,091 was paid for the fiscal year ended June 30, 2013.

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2013:

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2013

Year Ending June 30	Amount
2014	\$ 91,927
2015	95,683
2016	93,861
2017	90,651
2018	87,217
2019-2023	484,743
Total	\$ 944,082

(11) Capital Leases

Primary Government

During the fiscal year 2011, the County entered into a lease agreement as lessee for financing the acquisition and installation of energy management equipment. Under the lease agreement, the County pays annual principal and interest payments in the amount of \$141,472 over a lease term of ten years. This lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. Amortization of the leased equipment is included as part of depreciation expense over ten years.

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

	<u>Governmental Activities</u>
Furniture and equipment	\$ 1,470,475

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

Year Ending June 30	Governmental Activities
2014	\$ 141,472
2015	141,472
2016	141,472
2017	141,472
2018	141,472
2019-2021	424,417
Total minimum lease payments	1,131,777
Less: Amount representing interest	(178,888)
Present values of minimum lease payments	\$ 952,889

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School System Component Unit

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

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

	<u>Governmental Activities</u>
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 values of minimum lease payments	\$ 1,750,401

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(12) Risk Management

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

Workers' Compensation – The County established a self-insured Workers' Compensation program July 1, 1986. On July 1, 1990, the School System also implemented a self-insured Workers' Compensation program. Premiums are paid into the Internal Service Fund and the Component Unit Internal Service Fund by all other funds and are available to pay claims, claims reserves and administrative costs of the programs. An excess coverage insurance policy covers each accident in excess of \$500,000 for both the County and the School System, with statutory limits. At June 30, 2013, the County and the School System have accrued liabilities of \$2,559,000 and \$819,000, respectively, based primarily upon an estimate by a qualified actuary. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as interfund services provided and used.

Health Insurance – The County established a self-insured health insurance program July 1, 1988. On July 1, 1990, the School System also implemented a self-insured health insurance program. Monthly contributions are paid into the Internal Service Fund and the Component Unit Internal Service Fund from the County and School System funds and the County and School System employees based upon estimates from the claims processor that should cover administrative expenses, stop loss insurance premiums, and claims. An excess coverage insurance policy covers each individual's pooled claims in excess of \$200,000. At June 30, 2013, incurred but not yet reported (IBNR) claims for the County and School System are estimated to be \$696,470 and \$1,483,494 respectively. Interfund premiums are based upon the employees within that fund that are enrolled in the plan.

General Liability and Automobile Liability – The County established a self-insured program for general liability and automobile insurance July 1, 1994. The County purchased excess insurance with \$250,000 retention, with limits of \$10,000,000 per occurrence, and no aggregate limit. At June 30, 2013, the County has an accrued general liability of \$4,000 and an accrued liability of \$6,187 for automobile liability, based primarily upon an estimate by a qualified claims adjuster with a third party administrator.

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

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Primary Government:

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Insurance</u>	<u>General</u> <u>Liability</u>	<u>Automobile</u> <u>Liability</u>	<u>Total</u>
Unpaid Claims June 30, 2011	\$ 2,396,000	\$ 681,366	\$ 15,254	\$ 500	\$ 3,093,120
Incurring claims (including IBNR and changes in estimates)	382,568	7,400,871	-	2,450	7,785,889
Claim Payments	<u>(382,568)</u>	<u>(7,364,076)</u>	<u>(3,430)</u>	<u>-</u>	<u>(7,750,074)</u>
Unpaid Claims June 30, 2012	2,396,000	718,161	11,824	2,950	3,128,935
Incurring claims (including IBNR and changes in estimates)	1,247,893	7,045,366	-	3,237	8,296,496
Claim Payments	<u>(1,084,893)</u>	<u>(7,067,057)</u>	<u>(7,824)</u>	<u>-</u>	<u>(8,159,774)</u>
Unpaid Claims June 30, 2013	<u>\$ 2,559,000</u>	<u>\$ 696,470</u>	<u>\$ 4,000</u>	<u>\$ 6,187</u>	<u>\$ 3,265,657</u>

School System Component Unit:

	<u>Workers'</u> <u>Compensation</u>	<u>Technology</u> <u>Reserve</u>	<u>Health</u> <u>Insurance</u>	<u>Total</u>
Unpaid Claims June 30, 2011	\$ 887,000	\$ -	\$ 1,489,068	\$ 2,376,068
Incurring claims (including IBNR and changes in estimates)	461,679	141,388	15,910,917	16,513,984
Claim Payments	<u>(461,679)</u>	<u>(141,388)</u>	<u>(15,884,339)</u>	<u>(16,487,406)</u>
Unpaid Claims June 30, 2012	887,000	-	1,515,646	2,402,646
Incurring claims (including IBNR and changes in estimates)	361,739	288,264	15,522,648	16,172,651
Claim Payments	<u>(429,739)</u>	<u>(288,264)</u>	<u>(15,554,800)</u>	<u>(16,272,803)</u>
Unpaid Claims June 30, 2013	<u>\$ 819,000</u>	<u>\$ -</u>	<u>\$ 1,483,494</u>	<u>\$ 2,302,494</u>

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(13) Defined Benefit Pension Plan

Plan Description - The County contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System (VRS). In addition, professional and non-professional employees of the Roanoke County Public Schools are covered by the VRS.

Professional employees participate in a VRS statewide teacher cost sharing pool, and non-professional employees participate as a separate group in the agent multiple-employer retirement system. All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as a credit in their plan.

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

- Members hired before July 1, 2010 and who 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 5 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 5 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 5 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 5 years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit, or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs, and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least 5 years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70% and 1.85% for sheriffs and regional jail superintendents. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous

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duty employees and their employer has elected the enhanced retirement multiplier. 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.

VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report is available on the VRS website <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, Virginia 23218-2500.

Funding Policy - Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their compensation toward their retirement. All or part of the 5% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County and Roanoke County Public Schools are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and Roanoke County Public Schools (non-professional employees) contribution rate for the fiscal year ended June 30, 2013 was 10.05% and 5.22% of annual covered payroll, respectively. These rates do not include the 5.00% member contribution that was paid by the employees.

For the three years ended June 30, 2013, 2012, and 2011, total employer and employee contributions made to the VRS statewide teacher cost-sharing pool for professional employees by the Roanoke County Public Schools were \$8,421,792, \$7,796,375, and \$6,046,360, representing 11.66%, 11.33% and 8.93% of annual covered payroll, respectively (including the 5.00% member contribution, which was paid by new teachers hired after July 1, 2011, and all teachers effective July 1, 2012).

Annual Pension Cost and Net Pension Obligation - For fiscal year June 30, 2013, the annual pension cost for the County's employees and School's nonprofessional employees under the VRS agent multi-employer plan of \$4,183,231 and \$330,432, respectively, was equal to the required and actual contributions as follows:

Trend Information for the County of Roanoke

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2013	\$ 4,183,231	100.00%	\$ -
June 30, 2012	3,897,340	100.00%	-
June 30, 2011	3,545,157	100.00%	-

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Trend Information for the Roanoke County Public Schools
Non-Professional Employees

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2013	\$ 330,432	100.00%	\$ -
June 30, 2012	183,818	100.00%	-
June 30, 2011	197,060	100.00%	-

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 7.0% (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% per year for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.5% 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 County and the Roanoke County Public Schools' assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County and the Roanoke County Public Schools' unfunded actuarial liabilities are 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 County's most recent actuarial valuation date, the plan was 74.05% funded. The actuarial accrued liability for benefits was \$199,363,060, and the actuarial value of assets was \$147,632,836, resulting in an unfunded actuarial liability (UAAL) of \$51,730,224. The covered payroll (annual payroll of active employees covered by the plan) was \$38,646,382, and the ratio of the UAAL to the covered payroll was 133.86%.

As of June 30, 2012, the School's (non-professional) 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 ratio of the UAAL to the covered payroll was 46.62%.

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

(14) Other Postemployment Benefits (OPEB)

From an accrual accounting perspective, the cost of post-employment health care benefits (OPEB), like the cost of pension benefits, general should be associated with the periods in which the cost occurs, rather than in future years when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30,

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2008, the County recognizes the cost of post-employment health care in the year when the employee services are rendered, reports the accumulating liability, and provides information useful in assessing potential demands on the County's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2008 liability.

Retiree Medical Program

Plan Description - The County of Roanoke administers a single-employer healthcare plan ("the Retiree Medical Plan"). The plan provides for participation by eligible retirees of the County of Roanoke and their eligible dependents in the health insurance program available to County employees. The Retiree Medical Plan will provide retiring employees the option to continue health insurance coverage offered by the County. A County retiree is eligible for this benefit until the month the retiree turns 65 or upon the retiree's death with 10 years of County service, 5 years of consecutive years on the health insurance plan, and retirement under the Virginia Retirement System requirements. The benefits, employee contributions, and the employer contributions are governed by the Board of Supervisors policy and can be amended by the Board through board action. For the year ended June 30, 2013, the plan had approximately 145 members.

The County participates in the Virginia Pooled OPEB Trust Fund (Trust Fund), an irrevocable trust established for the purpose of accumulating assets to fund postemployment benefits other than pensions. The Trust Fund issues a separate report, which can be obtained by requesting a copy from the plan administrator, Virginia Municipal League (VML) at P.O. Box 12164, Richmond, Virginia 23241.

Funding Policy - The Retiree Medical Plan is funded with contributions from plan members and the County. Plan members receiving benefits contribute specified amounts monthly, ranging from 9.74% to 48.03%, towards the cost of the health insurance premiums. For fiscal year ended June 30, 2013, the retirees contributed approximately \$202,015, or 24.47% of total premiums, through their required contributions of \$49.36 to \$583.94 per month depending on the coverage (single, single plus dependent, single plus spouse, or family). The County contributed \$580,500 to the Virginia Pooled OPEB Trust. It is the County's intent to fully fund the annual required contribution (ARC) each year.

Annual OPEB Cost and Net OPEB Obligation - During fiscal year 2013, the County had employer contributions of \$1,848,153 which included an adjustment for actual claims of \$95,253 to fund the annual required contribution (ARC) of \$1,752,900, an actuarially determined rate in accordance with parameters of GASB Statement No. 45, and the net OPEB obligation at June 30, 2013 was \$0. The County's annual adjusted OPEB cost (expense) of \$1,752,900 was equal to the ARC for the fiscal year.

The County's annual other postemployment benefit cost is calculated using the projected unit credit actuarial cost method to determine the plan liabilities. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liability (or funding excess) over a period not to exceed 30 years.

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The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB Plan for the fiscal year ended June 30, 2013:

Annual Required Contribution	\$	1,752,900
Interest on net OPEB obligation		-
Annual OPEB cost		1,752,900
Adjustment for actual claims		(95,253)
Contributions made		1,848,153
Change in Net OPEB Obligation		-
Net OPEB Obligation, Beginning of Year		-
Net OPEB Obligation, End of Year	\$	-

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2013, 2012, and 2011 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 1,752,900	\$ 1,752,900	100.00%	\$ -
June 30, 2012	1,656,320	1,656,320	100.00%	-
June 30, 2011	1,547,300	1,547,300	100.00%	-

Funded Status and Funding Progress - As of July 1, 2013, the County's most recent actuarial valuation date, the actuarial accrued liability (AAL) for benefits was \$12,485,652, and the actuarial value of assets was \$4,075,642, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,410,010 and a funded ratio of 32.64%. The covered payroll (annual payroll of active employees covered by the plan) was \$38,646,382, and the ratio of the UAAL to the covered payroll was 21.76%.

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 Valuations - Actuarial valuations of an ongoing plan involve estimates of the value reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost 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.

Methods and Assumption – 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 the plan members to that point.

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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 perspective of the calculations.

For July 1, 2013 actuarial valuation, the methods and assumptions included:

- A projected unit credit actuarial cost method.
- An 8.0% investment rate of return. Because the County participates in the Virginia Pooled OPEB Trust Fund and fully funds the annual required contribution, a higher investment rate of return was used in this actuarial valuation.
- An initial annual healthcare cost trend rate of 10.0% reduced by 0.50% to 1.00% each year to arrive at an ultimate health care cost trend rate of 5.0%.
- A payroll growth for the amortization of the unfunded liability of 3.0%
- The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis over a period of 30 years.

Health Insurance Credit Program

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

Funding Policy - The County of Roanoke employer contribution rate for the fiscal year ended June 30, 2013 was 0.25% of annual covered payroll.

Annual Health Credit Cost and Net Health Credit Obligation - The County's annual retiree health insurance credit cost for the fiscal years ended June 30, 2013, 2012 and 2011 are as follows:

Fiscal Year Ended	Annual Health Credit Cost	Employer Contribution	Percentage of Annual Health Credit Cost Contributed	Net Health Credit (Obligation) Asset
June 30, 2013	\$ 103,915	\$ 103,915	100.00%	\$ -
June 30, 2012	93,071	93,071	100.00%	-
June 30, 2011	94,353	94,353	100.00%	-

Funded Status and Funding Progress - As of June 30, 2012, the County's most recent actuarial valuation date, the plan was 14.80% funded. The actuarial accrued liability for benefits was \$1,366,100 and the actuarial value of assets was \$202,125, resulting in an unfunded actuarial liability (UAAL) of \$1,163,975. The covered payroll (annual payroll of active employees covered by the plan) was \$29,273,336, and ratio of the UAAL to the covered payroll was 3.98%.

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

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

In the June 30, 2012, actuarial valuation, an entry age normal cost method was used. The actuarial assumptions included a 7.0% investment rate of return per annum, which includes inflation at 2.5%. The unfunded actuarial accrued liability is being amortized as a level dollar amount over an open basis. The remaining amortization period at June 30, 2012 was 29 years.

Other Postemployment Healthcare Benefits – Schools

From an accrual accounting perspective, the cost of post-employment health care benefits (OPEB), like the cost of pension benefits, general should be associated with the periods in which the cost occurs, rather than in future years when it will be paid. In adopting the requirements of GASB Statement No. 45, *Accounting for Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, during the year ended June 30, 2008, the School System recognizes the cost of post-employment 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 will be 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 ("the Retiree Medical Plan"). Employees are eligible for this benefit if they retire after the age of 55 with at least 10 years of service and 12 months enrollment in the School System's self-insured health insurance program.

The 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

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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.

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 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 No. 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 represents 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 Asset	-
Net OPEB Asset, Beginning of Year	<u>-</u>
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 2 years are as follows:

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Fiscal Year Ended	Beginning 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)

Funded Status and Funding Progress - As of July 1, 2013, the most recent actuarial valuation date, 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 and a funded ratio of 4.68%. 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 the 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.

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

- a projected unit credit actuarial cost method.
- 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.
- An initial annual healthcare cost trend rate of 10.0% reduced by 0.50% to 1.00% each year to arrive at an ultimate health care cost trend rate of 5.0%.
- A payroll growth for the amortization of the unfunded liability of 3.0%.
- The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis over a period of 30 years.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2013

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

A. Plan description and provisions

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

Vesting Schedule

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

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

Eligible Members	153
Retired and Beneficiaries	305

B. Funding Policy

This plan was available to vested volunteer members with no covered payroll. Benefits amortize on a level dollar basis, and are recognized when due and payable in accordance with the terms of the plan. Members vest over a ten year period. Benefits accrued at a rate of \$12 for each year of credited fire or rescue service completed after January 1, 1989, plus \$12 for each year of credited fire or rescue service completed between January 1, 1979 and January 1, 1989. No participant received credit for more than a total of 20 years of fire or rescue service. The maximum per month benefit under this plan was \$240. Since the County funds the plan, refunds are not paid. The plan does not provide for post-retirement increases. The contribution rate is determined using an entry age normal frozen initial liability actuarial funding method. The actuarial value of the plan assets is equal to the market value of the assets. Present and future assets in the plan are assumed to earn an investment rate of return of 3.75% compounded annually. There is no inflation factor or salary increase factor used since there is no covered payroll.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2013

The contributions to the plan for the year ended June 30, 2013, totaled \$346,369. The program's funding policy provides for periodic County contributions at actuarially determined rates that are sufficient to accumulate adequate assets to pay benefits when due.

As of July 31, 2013, the LOSAP's most recent actuarial valuation date, the plan was 37.75% funded. The actuarial accrued liability for benefits was \$7,867,633 and the actuarial value of assets was \$2,969,906 resulting in an unfunded actuarial liability (UAAL) of \$4,897,727 which will be fully amortized on a closed basis over 25 years. The plan additions fund the cost of administering the plan.

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

The County's annual pension cost, the percentage of annual pension cost contributed to the LOSAP, and the net pension obligation for the fiscal years ended June 30, 2013, 2012 and 2011 are as follows:

Fiscal Year Ended	Annual Pension Cost (APC)	Employers Contribution	Percentage of APC Contributed	Net Pension Obligation
June 30, 2013	\$ 346,369	\$ 346,369	100%	\$ -
June 30, 2012	334,631	334,631	100%	-
June 30, 2011	336,287	336,287	100%	-

(16) Deferred Revenue

Deferred revenue represents amounts for which asset recognition criteria have been met but for which revenue recognition criteria have not been met. Deferred revenue in the fund financial statements as of June 30, 2013 is comprised of the following:

	<u>General Fund</u>
Property Tax	\$ 10,409,684
Other Local Tax	328,536
Sales Tax	622,462
Grant Revenue	184,910
Registration Fees	438,111
Rental Income	13,886
Total	<u>\$ 11,997,589</u>

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2013

Unearned revenue in the government-wide statements as of June 30, 2013 is comprised of the following:

	Governmental Activities	Component Unit
Property Tax	\$ 10,409,684	\$ -
Insurance Withholdings	-	1,577,178
Capital Projects	13,500	-
Grant Revenue	184,910	46,176
Registration Fees	438,111	-
Rental Income	13,886	-
Total	\$ 11,060,091	\$ 1,623,354

(17) Commitments, Contingencies, and Other Information

Encumbrances – The County had \$1,707,006 of encumbrances reported as restricted and committed under the general governmental funds and \$2,360,515 for capital projects.

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

Grant Programs – Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement of the grantor agencies. County management believes disallowances, if any, would not be material to the financial position of the County at June 30, 2013.

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

In November 2007, the Board approved a three party agreement between the Western Virginia Water Authority (WVWA), Franklin County, and Roanoke County. The agreement is to provide for the construction of a water line in the Route 220 corridor from Clearbrook in Roanoke County to the Wirtz Plateau in Franklin County. The WVWA will design, construct, and issue revenue bonds for this \$5.5 million project. Roanoke County’s contribution to this project is approximately \$2.3 million payable over 20 years, beginning in FY 2009. The County’s contribution to the WVWA for the year ended June 30, 2013 totaled \$183,214.

The Economic Development Authority of Roanoke County, Virginia (Authority) entered into an agreement with R.R. Donnelley and Sons Company, Inc. in February 2006 to assume any maintenance obligations for the Valley TechPark stormwater facilities, under existing uniform local policies and ordinances. In the unlikely event that the County of Roanoke adopts an ordinance or policy imposing a stormwater fee on property

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2013

owned by R.R. Donnelley, the County of Roanoke will appropriate to the Authority a sum sufficient to pay R.R. Donnelley's pro rata share of this fee, for a period of ten years from the imposition of the fee. After ten years, any such fees shall be paid by R.R. Donnelley.

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

On August 13, 2013, the County of Roanoke entered into an economic development incentive agreement with Ardagh Metal Packaging USA, Inc. (Ardagh), a Luxembourg-based global leader in metal and glass packaging. Ardagh will locate a state-of-the-art metal can manufacturing facility in Roanoke County, creating 96 new jobs and investing \$93.5 million in real estate and equipment. It is the largest single manufacturing investment in Roanoke County's history.

On October 1, 2013, the County of Roanoke began operating the Explore Park property, a 1,100 acre park on the Blue Ridge Parkway, under a 99 year lease with the Virginia Recreational Facilities Authority. Over the next few months the County of Roanoke will be creating a master plan for the property, with the long term goal of creating a regional outdoor attraction.

(18) Jointly Governed Organizations

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

Roanoke Valley Resource Authority

The Roanoke Valley Resource Authority (RVRA) was established on October 23, 1991 under a user agreement between the County of Roanoke, City of Roanoke, and the Town of Vinton to develop a regional solid waste disposal facility. The old regional sanitary landfill operated by the Roanoke Valley Regional Solid Waste Management Board was closed on September 30, 1993. RVRA is presently governed by a seven member board appointed by the governing bodies of the Charter Members. The County has control over the budget and financing of the RVRA only to the extent of representation by the board members appointed. For the fiscal year ended June 30, 2013, the County remitted \$1,873,054 to RVRA for services. Participating localities are responsible for their pro-rata share, based on population, of any year-end deficit. RVRA is currently self-supporting and is expected to remain as such in the future. The County is the fiscal agent for RVRA and reports its assets and liabilities in an agency fund.

Roanoke Regional Airport Commission

The Roanoke Regional Airport Commission (the Commission) was established on July 1, 1987 by legislative act of the Commonwealth of Virginia to own and operate the Roanoke Regional Airport. The Commission is composed of five members. Two members are appointed by the Roanoke County Board of Supervisors and three by

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2013

Roanoke City Council. The County and the City are each responsible for their pro-rata share, based on population, of any year-end operating deficit or capital expenditures if any additional funding is required. The Commission is responsible for paying all outstanding debt. No subsidy has been required since inception.

Roanoke Valley Detention Commission

The Counties of Botetourt, Craig, and Roanoke, and the Cities of Roanoke and Salem formed the Roanoke Valley Detention Commission (RVDC) to renovate, expand, and operate a detention facility for juveniles. RVDC is governed by a six member board. Each locality's financial obligation is based on the number of juveniles housed at the facility. The County's contribution for the year ended June 30, 2013 was \$351,310. RVDC has the authority to issue debt and such debt is the responsibility of RVDC.

Blue Ridge Behavioral Healthcare

The Counties of Botetourt, Craig, and Roanoke, and the Cities of Roanoke and Salem formed Blue Ridge Community Services (Blue Ridge) to provide a system of comprehensive community mental health, mental retardation, and substance abuse services. Blue Ridge is governed by a sixteen member board. Each locality's financial obligation is based on the type and amount of services performed for individuals in the locality. The annual contribution for the year ended June 30, 2013 was \$173,000.

Fifth Planning District Disability Services Board

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

Roanoke Valley Society for the Prevention of Cruelty to Animals

The Counties of Roanoke and Botetourt, Town of Vinton and the City of Roanoke jointly participate on the Advisory Board which is responsible for the general fiscal and management policy for the Roanoke Valley Society for the Prevention of Cruelty to Animals (RVSPCA). The center is owned and operated by the RVSPCA. Participating localities are responsible for their pro-rata share, which is billed on a monthly basis. For the year ended June 30, 2013, the County's share was \$213,255.

However, the Regional Center for Animal Control and Protection (Regional Pound) was created by an intergovernmental agreement dated December 11, 2012 between the charter members of the City of Roanoke, County of Roanoke, Town of Vinton, and Botetourt County pursuant to code section 3.26546 of the Code of Virginia which requires the governing body of each county, town, or city to maintain or cause a "pound" to be maintained and allows one or more local governing bodies to operate a single "pound" in conjunction with one another. This agreement established a format to transition the management of the "pound" from the RVSPCA to the governing localities and also established the County of Roanoke as the fiscal agent effective July 1, 2013.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2013

Western Virginia Water Authority

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

Western Virginia Regional Jail Authority

The Counties of Roanoke, Franklin, Montgomery, and the City of Salem formed the Western Virginia Regional Jail Authority (WVRJA) in June 2005 for the purpose of developing and operating a regional jail authority for the benefit of the Member Jurisdictions. The Board consists of three representatives from each of the Member Jurisdictions. The Member Jurisdictions will each be responsible for a per diem cost based on their prisoner days used. For the year ended June 30, 2013, the County's share was approximately \$3.2 million.

(19) Incentive Agreements Outstanding – Component Unit

On September 26, 2007, the Economic Development Authority, in conjunction with the County of Roanoke, approved an agreement with English Construction Company, Inc., whereby the Company will construct and develop a business park on approximately 190 acres, except that portion being used for an asphalt plant, laboratory shop, motor pool, equipment storage, stockpiling of recycled asphalt and related activities. Upon completion of the new road and infrastructure improvements, the Authority with funds provided by the County, will grant up to \$1,500,000 of documented costs. Upon completion and approval of a master plan and other site improvements, the Authority will grant the Company an additional \$1,000,000. However, if new local tax revenues are not generated by 2017, the company shall return a proportionate part of the \$1,000,000 Economic Development Incentive Grant. This agreement is currently on hold pending resolution on infrastructure requirements, and no reimbursement has been made on this agreement.

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

On November 15, 2011, the Authority in conjunction with the County of Roanoke approved an agreement with Varsity Landscaping & Grounds, LLC/Anderson Properties of Virginia, LLC whereby the company shall construct an 8,000 square foot expansion of its warehouse and office building on real estate consisting of approximately 2.18 acres located off Starkey Road. The agreement provides for the Authority, with funds provided by the County, to grant an amount estimated to be \$15,000 a year for two years based solely on new local tax revenues generated by the Project. The amount of this grant

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2013

shall not exceed \$30,000 and reimbursement will begin in 2012-2013. Reimbursement of tax revenues in the amount of \$15,000 was paid for the year ended June 30, 2013.

On January 25, 2013, the Authority in conjunction with the County of Roanoke approved an agreement with Hypergen, Inc. whereby the company shall construct an approximately 10,000 square foot office building by March 31, 2014. The agreement provides for the Authority, with funds from the County, to grant an amount estimated to be \$37,500 a year for two years based solely on new local tax revenues generated by the project. The amount of this grant shall not exceed \$75,000 and reimbursement will begin in 2014-2015. No reimbursement has been made on this agreement.

(20) Special Assessment – Component Unit

On February 8, 2012, the South Peak Community Development Authority (CDA) approved the issuance of the Series 2012 bonds by resolution to finance the infrastructure improvements and facilities for approximately 62.5 acres of land within the County as mixed-use commercial and residential development. The Series 2012 bonds were issued in December 2012 in the amount of \$7,000,000 with maturation in 20 years. Neither the faith nor credit of the Commonwealth of Virginia nor the County of Roanoke is pledged to the payment of the principal or interest of the Series 2012 bonds. By memorandum of understanding dated February 1, 2011, the County will collect and pay to the Authority or Trustee the incremental tax revenues generated by the District. In addition, the County will levy a special assessment on property owners in the district as approved annually by the Authority. No special assessment has been levied as of June 30, 2013.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2013
(Unaudited)

	Original Budget	Final Budget, as Amended	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
General property taxes	\$ 118,500,000	\$ 106,270,143	\$ 106,597,067	\$ 326,924
Other local taxes	32,809,000	32,949,102	32,867,664	(81,438)
Permits, fees, and licenses	503,735	708,065	706,560	(1,505)
Fines and forfeitures	760,400	760,400	803,636	43,236
Use of money and property	633,280	792,866	728,479	(64,387)
Charges for services	7,642,849	7,959,567	7,908,091	(51,476)
Intergovernmental revenues	15,052,109	34,089,440	29,651,536	(4,437,904)
Miscellaneous	2,480,452	2,976,074	2,916,308	(59,766)
Total revenues	\$ 178,381,825	\$ 186,505,657	\$ 182,179,341	\$ (4,326,316)
Expenditures:				
General government:				
Board of supervisors	\$ 296,517	\$ 361,082	\$ 279,163	\$ 81,919
County administrator	294,289	338,477	316,279	22,198
Community relations	181,386	201,077	177,898	23,179
Human resources	732,117	804,599	769,320	35,279
County attorney	551,349	633,967	563,321	70,646
Commissioner of revenue	798,390	886,093	871,218	14,875
Assessor	843,277	952,832	926,138	26,694
Treasurer	770,503	900,797	834,647	66,150
Assistant county administrator - Management services	186,025	197,557	193,048	4,509
Finance	1,214,616	1,372,964	1,344,036	28,928
Management and budget	286,556	323,836	315,592	8,244
Procurement	388,987	427,754	420,773	6,981
Electoral board and officials	313,703	402,166	361,208	40,958
Judicial administration:				
Circuit court	237,972	309,223	309,223	-
General district court	69,940	69,940	59,560	10,380
Special magistrates	1,590	1,590	817	773
Juvenile and domestic relations court	21,086	25,175	20,573	4,602
Clerk of the circuit court	1,065,731	1,081,419	1,050,413	31,006
Law library	27,175	27,175	20,921	6,254
Commonwealth attorney	1,067,454	1,225,034	1,098,157	126,877
Public safety:				
Sheriff and police	12,640,068	15,323,439	14,855,326	468,113
E911 maintenance	2,899,556	3,114,300	2,994,405	119,895
Fire and rescue services	13,478,316	16,718,430	16,377,426	341,004
Confinement and care of prisoners	7,817,740	8,018,296	7,733,928	284,368
Court service unit	530,144	551,430	401,307	150,123
VJCCA grant	-	257,477	243,845	13,632
Animal control	515,883	555,594	541,171	14,423

(continued)

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2013
(Unaudited)

	Original Budget	Final Budget, as Amended	Actual	Variance with Final Budget Positive (Negative)
Public works:				
General services administration	\$ 899,417	\$ 793,648	\$ 765,762	\$ 27,886
Refuse disposal	4,630,005	5,156,090	4,868,059	288,031
Maintenance of general buildings and grounds	4,106,149	4,353,080	4,375,120	(22,040)
Engineering	1,913,335	2,668,487	2,176,122	492,365
Inspections	1,143,998	1,244,580	1,235,353	9,227
Health and welfare:				
Mental health	-	20,591	15,919	4,672
Psychiatrically disabled	-	10,260	-	10,260
Public health	413,010	413,010	453,685	(40,675)
Social services administration	5,639,122	6,219,464	6,030,665	188,799
Comprehensive services act	6,127,799	5,657,799	5,176,661	481,138
Public assistance	2,815,574	3,160,574	3,106,633	53,941
Social services organizations	210,600	210,600	195,900	14,700
Parks, recreation and cultural:				
Assistant county administrator - Human services	183,258	227,139	137,061	90,078
Parks and recreation	7,360,393	11,897,858	7,147,976	4,749,882
Library	3,297,355	3,630,302	3,402,388	227,914
Cultural enrichment	274,900	298,635	279,400	19,235
Community development:				
Planning and zoning	1,178,850	1,573,738	1,041,243	532,495
Cooperative extension program	81,382	87,982	70,101	17,881
Economic development	525,185	548,994	435,169	113,825
Public transportation	500,000	688,076	425,330	262,746
Contribution to human service organizations	114,600	114,600	110,300	4,300
Miscellaneous	10,247,605	6,270,566	4,578,452	1,692,114
Total Expenditures	\$ 98,892,907	\$ 110,327,796	\$ 99,107,012	\$ 11,220,784
Excess of revenues over expenditures	79,488,918	76,177,861	83,072,329	6,894,468
OTHER FINANCING SOURCES (USES):				
Transfers in	4,422,931	855,806	855,806	-
Transfers out	(83,911,849)	(82,203,087)	(82,344,550)	(141,463)
Total other financing sources (uses), net	\$ (79,488,918)	\$ (81,347,281)	\$ (81,488,744)	\$ (141,463)
Net change in fund balances	\$ -	\$ (5,169,420)	\$ 1,583,585	\$ 6,753,005
Fund balances at beginning of the year	38,949,475	41,898,990	42,127,907	228,917
Fund balances at end of year	<u>\$ 38,949,475</u>	<u>\$ 36,729,570</u>	<u>\$ 43,711,492</u>	<u>\$ 6,981,922</u>

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

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Schedules of Funding Progress
For the Year Ended June 30, 2013
(Unaudited)

Virginia Retirement System

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Under Funded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
A. County of Roanoke Employees:						
June 30, 2010	\$ 144,126,613	\$ 183,533,577	\$ 39,406,964	78.53 %	\$ 39,313,552	100.24 %
June 30, 2011	147,601,240	192,861,101	45,259,861	76.53	39,118,350	115.70
June 30, 2012	147,632,836	199,363,060	51,730,224	74.05	38,646,382	133.86
B. Roanoke County School Board Non-Professional Employees:						
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

Fire and Rescue Pension Trust Length of Service Awards Program

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio
January 1, 2005	\$ 1,538,033	\$ 3,561,864	\$ 2,023,831	43.18 %
January 1, 2006	1,697,177	6,020,646	4,323,469	28.19
January 1, 2007	1,922,032	6,215,247	4,293,215	30.92
January 1, 2008	2,219,396	6,356,164	4,136,768	34.92
January 1, 2009	2,438,867	6,448,935	4,010,068	37.82
January 1, 2010	2,629,844	6,577,889	3,948,045	39.98
July 31, 2011	2,721,397	7,623,030	4,901,633	35.70
July 31, 2012	2,859,929	7,633,883	4,773,954	37.46
July 31, 2013	2,969,906	7,867,633	4,897,727	37.75

Retiree Medical Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Under Funded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
A. County of Roanoke Employees:						
July 1, 2007	\$ -	\$ 14,722,509	\$ 14,722,509	- %	\$ 36,072,789	40.81 %
July 1, 2009	985,331	14,202,755	13,217,424	6.94	38,676,345	34.17
July 1, 2011	2,670,944	15,923,798	13,252,854	16.77	39,313,552	33.71
July 1, 2013	4,075,642	12,485,652	8,410,010	32.64	38,646,382	21.76
B. Roanoke County School Board Employees:						
July 1, 2007	\$ -	\$ 19,460,000	\$ 19,460,000	- %	\$ 85,547,858	22.75 %
July 1, 2009	-	20,262,618	20,262,618	-	89,186,099	22.72
July 1, 2011	-	13,980,418	13,980,418	-	73,695,601	18.97
July 1, 2013	445,854	9,533,047	9,087,193	4.68	78,569,574	11.57

Health Insurance Credit Program

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
June 30, 2009	\$ 112,815	\$ 1,239,484	\$ 1,126,669	9.10 %	\$ 39,313,552	2.87 %
June 30, 2011	172,295	1,320,670	1,148,375	13.05	29,781,682	3.86
June 30, 2013	202,125	1,366,100	1,163,975	14.80	29,273,336	3.98

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Schedules of Employer Contributions
For the Year Ended June 30, 2013
(Unaudited)

Fire and Rescue Pension Trust Length of Service Awards Program

<u>Fiscal Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2005	\$ 255,180	77.03%
2006	257,471	76.88%
2007	267,853	104.70%
2008	274,287	137.40%
2009	275,316	109.47%
2010	299,195	99.98%
2011	301,695	111.47%
2012	335,297	99.80%
2013	309,930	111.76%

Retiree Medical Plan

<u>Fiscal Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
A. County of Roanoke		
2009	\$ 1,214,500	100.00%
2010	1,486,189	100.00%
2011	1,547,300	100.00%
2012	1,656,320	100.00%
2013	1,752,900	105.43%
B. Roanoke County School Board		
2009	\$ 1,717,000	100.00%
2010	1,814,200	105.08%
2011	1,938,700	110.12%
2012	1,707,997	116.91%
2013	1,521,300	69.20%

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Required Supplementary Information
For the Year Ended June 30, 2013
(Unaudited)

1. Budgetary Accounting and Control

Annual Budget Adoption - Annual budgets are legally adopted for the General, Debt Service, and School Board Component Unit Operating Funds. The Debt Service Fund is budgeted for principal and interest payments to be paid. Capital Project Funds are budgeted on a project basis. The County follows these procedures in establishing the budgetary data reflected in the financial statements. The Code of Virginia requires adoption of a balanced budget by June 30 of each year. The County Board of Supervisors formally adopted the fiscal year 2012-2013 budget appropriation on June 12, 2012.

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

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

Budgetary Controls - Legal budgetary control is maintained at the fund level. However, for management purposes, the budget is segregated into three categories: personnel, operating, and capital expenditures by department. The Department Head may use discretion to transfer from one category to another as long as the departmental total does not change. County debt is segregated into a separate fund for budgetary purposes. The County Administrator may authorize or delegate the authorization of a transfer of any unencumbered balance or portion thereof from one department to another within a fund. All other transfers require approval of the Board of Supervisors. Formal budgetary integration into the financial accounting system is employed as a management control device during the year for the governmental type funds. Management control is maintained at the category level (i.e. personnel, operating, capital) and supplemental appropriations during the year-end cannot exceed the undesignated fund balance. Actual expenditures and operating transfers out may not legally exceed budget appropriations at the fund level. Unspent appropriations lapse at year-end for legally adopted budgets. The Board of Supervisors must approve any budget amendments increasing or decreasing appropriations. Major amendments are budget amendments that exceed one percent of the original budget which is \$1.9 million for fiscal year 2012-2013. These major amendments must go through the same public hearing requirements as the original budget.

SUPPLEMENTARY INFORMATION

GOVERNMENTAL FUNDS

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

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

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



COUNTY OF ROANOKE, VIRGINIA
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Year Ended June 30, 2013

	Original Budget	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Locality Compensation Payment	\$ 124,251	\$ 124,251	\$ 124,251	\$ -
Interest Income	-	-	5	5
Total Revenues	<u>124,251</u>	<u>124,251</u>	<u>124,256</u>	<u>5</u>
Expenditures				
Principal Payments				
General Obligation Bonds				
General Government	1,480,000	1,480,000	1,480,000	-
Schools General Obligation Bonds	645,000	645,000	645,000	-
Schools Virginia Public Schools Authority Bonds	7,953,108	7,953,108	7,953,108	-
Total General Obligation Bonds	<u>10,078,108</u>	<u>10,078,108</u>	<u>10,078,108</u>	<u>-</u>
General Obligation Notes				
Schools-Literary Loans	447,817	447,817	447,817	-
Total General Obligation Notes	<u>447,817</u>	<u>447,817</u>	<u>447,817</u>	<u>-</u>
Lease Revenue Bonds				
General Government	2,504,571	2,504,571	2,504,571	-
Total Lease Revenue Bonds	<u>2,504,571</u>	<u>2,504,571</u>	<u>2,504,571</u>	<u>-</u>
Capitalized Lease Obligations				
General Government	-	99,482	99,482	-
Total Capitalized Lease Obligations	<u>-</u>	<u>99,482</u>	<u>99,482</u>	<u>-</u>
Total Principal Payments	<u>13,030,496</u>	<u>13,129,978</u>	<u>13,129,978</u>	<u>-</u>
Interest Payments				
General Obligation Bonds				
General Government	339,784	339,784	339,784	-
Schools General Obligation Bonds	32,250	32,250	32,250	-
Schools Virginia Public Schools Authority Bonds	4,939,171	4,939,171	4,939,171	-
Total General Obligation Bonds	<u>5,311,205</u>	<u>5,311,205</u>	<u>5,311,205</u>	<u>-</u>
General Obligation Notes				
Schools-Literary Loans	95,077	95,077	95,077	-
Total General Obligation Notes	<u>95,077</u>	<u>95,077</u>	<u>95,077</u>	<u>-</u>
Lease Revenue Bonds				
General Government	3,492,342	3,492,342	3,492,342	-
Total Lease Revenue Bonds	<u>3,492,342</u>	<u>3,492,342</u>	<u>3,492,342</u>	<u>-</u>
Capitalized Lease Obligations				
General Government	-	41,990	41,990	-
Total Capitalized Lease Obligations	<u>-</u>	<u>41,990</u>	<u>41,990</u>	<u>-</u>
Total Interest Payments	<u>8,898,624</u>	<u>8,940,614</u>	<u>8,940,614</u>	<u>-</u>
Issuance and Miscellaneous Costs	243,086	92,719	12,109	80,610
Total Expenditures	<u>22,172,206</u>	<u>22,163,311</u>	<u>22,082,701</u>	<u>80,610</u>
Excess (deficit) of revenues over expenditures	(22,047,955)	(22,039,060)	(21,958,445)	80,615
Other financing sources (uses):				
Transfer from County General Fund	17,679,524	17,820,996	17,820,988	(8)
Transfer from School General Fund	4,125,345	4,125,345	4,125,345	-
Net change in fund balance	(243,086)	(92,719)	(12,112)	80,607
Fund balance at beginning of year	243,086	257,732	257,738	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 165,013</u>	<u>\$ 245,626</u>	<u>\$ 80,607</u>

COUNTY OF ROANOKE, VIRGINIA
Budgetary Comparison Schedule
Capital Projects Fund
For the Year Ended June 30, 2013

	Original Budget	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property	\$ -	\$ 73,431	\$ 73,447	\$ 16
Charges for services	477,500	779,540	352,040	(427,500)
Intergovernmental revenue	4,196,618	4,433,635	2,854,085	(1,579,550)
Miscellaneous	100,000	274,731	174,731	(100,000)
Total revenues	<u>4,774,118</u>	<u>5,561,337</u>	<u>3,454,303</u>	<u>(2,107,034)</u>
EXPENDITURES				
Capital outlay	<u>28,738,967</u>	<u>36,899,065</u>	<u>11,867,812</u>	<u>25,031,253</u>
Total expenditures	<u>28,738,967</u>	<u>36,899,065</u>	<u>11,867,812</u>	<u>25,031,253</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(23,964,849)</u>	<u>(31,337,728)</u>	<u>(8,413,509)</u>	<u>22,924,219</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of land and equipment	548,093	160,337	160,337	-
Transfers in	-	2,330,579	2,330,579	-
Transfers out	-	(1,144,578)	(1,139,578)	(5,000)
Total other financing sources, net	<u>548,093</u>	<u>1,346,338</u>	<u>1,351,338</u>	<u>(5,000)</u>
Net change in fund balance	(23,416,756)	(29,991,390)	(7,062,171)	22,919,219
Fund balance at beginning of year	<u>23,416,756</u>	<u>29,991,390</u>	<u>29,991,390</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,929,219</u>	<u>\$ 22,919,219</u>

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2013

	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
From local sources:			
General property taxes:			
Real property taxes	\$ 86,460,000	\$ 86,201,288	\$ (258,712)
Real and personal public service corporation property taxes	2,785,000	2,944,281	159,281
Payments in lieu of taxes	170,000	166,781	(3,219)
Personal property taxes	16,140,143	16,491,923	351,780
Penalties and interest	715,000	792,794	77,794
Total general property taxes	<u>106,270,143</u>	<u>106,597,067</u>	<u>326,924</u>
Other local taxes:			
Local sales and use taxes	9,925,000	9,609,987	(315,013)
Business license taxes	6,075,000	6,153,741	78,741
Motor vehicle licenses	2,175,000	2,126,212	(48,788)
Bank franchise taxes	525,000	416,918	(108,082)
Taxes on recordation and wills	1,200,000	1,379,699	179,699
Utility license tax	575,000	518,669	(56,331)
Communications sales and use tax	3,713,000	4,056,283	343,283
Consumer utility tax	3,665,000	3,664,460	(540)
E911 tax	200,000	156,445	(43,555)
Hotel and motel tax	840,102	866,157	26,055
Tax on prepared food	3,965,000	3,825,958	(139,042)
Admissions tax	91,000	93,135	2,135
Total other local taxes	<u>32,949,102</u>	<u>32,867,664</u>	<u>(81,438)</u>
Permits, fees, and licenses:			
Animal licenses	35,000	45,841	10,841
Permits and other licenses	673,065	660,719	(12,346)
Total permits, fees, and licenses	<u>708,065</u>	<u>706,560</u>	<u>(1,505)</u>
Fines and forfeitures	760,400	803,636	43,236
Use of money and property	792,866	728,479	(64,387)
Charges for services:			
Refuse costs	14,200	14,261	61
Court costs	123,000	118,070	(4,930)
Charges for correction and detention	227,838	227,838	-
Charges for parks and recreation	4,732,353	4,754,214	21,861
Rescue fees	2,795,233	2,727,108	(68,125)
Other charges	66,943	66,600	(343)
Total charges for services	<u>7,959,567</u>	<u>7,908,091</u>	<u>(51,476)</u>

(continued)

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2013

	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
Miscellaneous:			
Reimbursements - shared programs	\$ 1,340,481	\$ 1,337,094	\$ (3,387)
Miscellaneous	546,765	350,797	(195,968)
Legal services	22,420	10,920	(11,500)
Jail	469,648	675,555	205,907
Welfare department	135,775	77,957	(57,818)
Resource Authority	50,985	50,985	-
WVWA	10,000	10,000	-
WVRJA	100,000	103,000	3,000
Host locality fee	300,000	300,000	-
Total miscellaneous	<u>2,976,074</u>	<u>2,916,308</u>	<u>(59,766)</u>
Total revenue from local sources	<u>152,416,217</u>	<u>152,527,805</u>	<u>111,588</u>
From the Commonwealth:			
Non-categorical aid:			
Reduction in State Aid to Local Governments	(483,000)	(456,285)	26,715
Motor vehicles carriers tax	19,000	10,225	(8,775)
Trailer tax	109,000	656,865	547,865
Personal property tax relief	<u>12,229,857</u>	<u>12,229,857</u>	<u>-</u>
Total non-categorical aid	<u>11,874,857</u>	<u>12,440,662</u>	<u>565,805</u>
Categorical aid:			
Shared expenditures:			
Commonwealth's Attorney	594,197	590,919	(3,278)
Sheriff	3,061,104	3,029,169	(31,935)
Commissioner of the Revenue	225,842	228,010	2,168
Treasurer	189,539	192,046	2,507
Registrar/Electoral Board	47,700	44,658	(3,042)
Clerk of Court	<u>549,257</u>	<u>540,588</u>	<u>(8,669)</u>
Total shared expenditures	<u>4,667,639</u>	<u>4,625,390</u>	<u>(42,249)</u>
Other categorical aid:			
EMS	538,941	362,051	(176,890)
Recovered costs - welfare	2,748,666	2,893,407	144,741

(continued)

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2013

	<u>Final Budget as Amended</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Mental health and psychiatrically disabled programs	\$ 30,851	\$ 15,918	\$ (14,933)
Confiscated goods	24,345	24,345	-
VJCCCA Grant	232,833	219,201	(13,632)
Library	150,234	153,300	3,066
Comprehensive services act	3,210,838	2,666,489	(544,349)
Police department grant	1,793,874	1,793,874	-
Other state grants	423,378	79,879	(343,499)
Total other categorical aid	<u>9,153,960</u>	<u>8,208,464</u>	<u>(945,496)</u>
Total categorical aid	<u>13,821,599</u>	<u>12,833,854</u>	<u>(987,745)</u>
Total from the Commonwealth	<u>25,696,456</u>	<u>25,274,516</u>	<u>(421,940)</u>
From the Federal Government:			
Categorical aid:			
Emergency services	497,027	461,467	(35,560)
Seized goods	21,443	21,443	-
Greenways	4,003,151	67,952	(3,935,199)
Welfare reimbursement	3,282,205	3,351,457	69,252
Federal stimulus - ARRA	1,239	1,239	-
Other federal grants	587,919	473,462	(114,457)
Total categorical aid	<u>8,392,984</u>	<u>4,377,020</u>	<u>(4,015,964)</u>
Total from the Federal Government	<u>8,392,984</u>	<u>4,377,020</u>	<u>(4,015,964)</u>
Total Intergovernmental revenues	<u>34,089,440</u>	<u>29,651,536</u>	<u>(4,437,904)</u>
Total revenues	<u>186,505,657</u>	<u>182,179,341</u>	<u>(4,326,316)</u>
Expenditures:			
General government administration:			
Legislative:			
Board of supervisors	361,082	279,163	81,919
General and financial administration:			
County administrator	338,477	316,279	22,198
Community relations	201,077	177,898	23,179
Human resources	804,599	769,320	35,279
County attorney	633,967	563,321	70,646
Commissioner of revenue	886,093	871,218	14,875
Assessor	952,832	926,138	26,694
Treasurer	900,797	834,647	66,150

(continued)

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2013

	<u>Final Budget as Amended</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Assistant county administrator - management services	\$ 197,557	\$ 193,048	\$ 4,509
Finance	1,372,964	1,344,036	28,928
Management and Budget	323,836	315,592	8,244
Procurement	427,754	420,773	6,981
Total general and financial administration	<u>7,039,953</u>	<u>6,732,270</u>	<u>307,683</u>
Electoral board and officials	<u>402,166</u>	<u>361,208</u>	<u>40,958</u>
Total general government administration	<u>7,803,201</u>	<u>7,372,641</u>	<u>430,560</u>
Judicial administration			
Courts:			
Circuit court	309,223	309,223	-
General district court	69,940	59,560	10,380
Special magistrates	1,590	817	773
Juvenile and domestic relations court	25,175	20,573	4,602
Clerk of the circuit court	1,081,419	1,050,413	31,006
Total courts	<u>1,487,347</u>	<u>1,440,586</u>	<u>46,761</u>
Law library	27,175	20,921	6,254
Commonwealth attorney	1,225,034	1,098,157	126,877
Total judicial administration	<u>2,739,556</u>	<u>2,559,664</u>	<u>179,892</u>
Public safety:			
Law enforcement and traffic control:			
Sheriff and Police	15,323,439	14,855,326	468,113
E911 maintenance	3,114,300	2,994,405	119,895
Total law enforcement and traffic control	<u>18,437,739</u>	<u>17,849,731</u>	<u>588,008</u>
Fire and rescue services:			
Fire and rescue services	<u>16,718,430</u>	<u>16,377,426</u>	<u>341,004</u>
Total fire and rescue services	<u>16,718,430</u>	<u>16,377,426</u>	<u>341,004</u>

(continued)

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2013

	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
Correction and detention:			
Confinement and care of prisoners	\$ 8,018,296	\$ 7,733,928	\$ 284,368
Court service unit	551,430	401,307	150,123
VJCCCA Grant	257,477	243,845	13,632
Total correction and detention	8,827,203	8,379,080	448,123
Animal control	555,594	541,171	14,423
Total public safety	44,538,966	43,147,408	1,391,558
Public Works:			
General services administration	793,648	765,762	27,886
Refuse disposal	5,156,090	4,868,059	288,031
Maintenance of general buildings and grounds	4,353,080	4,375,120	(22,040)
Engineering	2,668,487	2,176,122	492,365
Inspections	1,244,580	1,235,353	9,227
Total public works	14,215,885	13,420,416	795,469
Health and welfare:			
Mental health	20,591	15,919	4,672
Psychiatrically disabled	10,260	-	10,260
Public health	413,010	453,685	(40,675)
Social services administration	6,219,464	6,030,665	188,799
Comprehensive services act	5,657,799	5,176,661	481,138
Public assistance	3,160,574	3,106,633	53,941
Social services organizations	210,600	195,900	14,700
Total health and welfare	15,692,298	14,979,463	712,835
Parks, recreation and cultural:			
Assistant county administrator - human services	227,139	137,061	90,078
Parks and recreation	11,897,858	7,147,976	4,749,882
Library	3,630,302	3,402,388	227,914
Cultural enrichment	298,635	279,400	19,235
Total parks, recreation and cultural	16,053,934	10,966,825	5,087,109
Community development:			
Planning and zoning	1,573,738	1,041,243	532,495
Cooperative extension program	87,982	70,101	17,881

(continued)

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2013

	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
Economic development	\$ 548,994	\$ 435,169	\$ 113,825
Public transportation	688,076	425,330	262,746
Contribution to human service organizations	114,600	110,300	4,300
Total community development	3,013,390	2,082,143	931,247
Nondepartmental:			
Employee benefits	1,477,067	1,245,349	231,718
Dixie Caverns landfill cleanup	50,483	41,522	8,961
Miscellaneous	3,673,679	2,344,365	1,329,314
Tax relief for the elderly and handicapped	924,182	837,216	86,966
Refuse credit - Town of Vinton	110,000	110,000	-
Board contingency	35,155	-	35,155
Total nondepartmental	6,270,566	4,578,452	1,692,114
Total expenditures	110,327,796	99,107,012	11,220,784
Excess of revenues over expenditures	76,177,861	83,072,329	6,894,468
Other financing sources (uses):			
Transfer from internal service fund	855,806	855,806	-
Transfer to debt service fund	(7,692,446)	(7,833,910)	(141,464)
Payment to school board	(74,319,640)	(74,319,639)	1
Transfer to capital projects fund	(191,001)	(191,001)	-
Net change in fund balance	(5,169,420)	1,583,585	6,753,005
Fund balance at beginning of year	41,898,990	42,127,907	228,917
Fund balance at end of year	\$ 36,729,570	\$ 43,711,492	\$ 6,981,922

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Capital Assets Used in the Operation of Governmental Activities
Schedule By Function and Activity
June 30, 2013

<u>Function and Activity:</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Total</u>
General government				
Legislative	\$ -	\$ -	\$ 73,331	\$ 73,331
Executive	-	-	29,588	29,588
Judicial	-	25,292	291,436	316,728
Elections	-	-	28,209	28,209
Finance	-	-	702,244	702,244
Management and budget	-	-	2,641	2,641
County attorney	-	-	5,397	5,397
Administrative officers and boards	-	-	198,249	198,249
Human resources	-	-	34,021	34,021
Management information systems	-	-	12,515,791	12,515,791
Procurement	-	-	69,631	69,631
Radio maintenance	-	55,530	353,002	408,532
Gas distribution center	-	-	61,823	61,823
General governmental buildings	12,971,188	210,247,521	1,510,908	224,729,617
Solid waste	-	-	3,830,912	3,830,912
General services	954,687	6,305,119	2,012,648	9,272,454
Other	-	-	123,082	123,082
Total general government	<u>13,925,875</u>	<u>216,633,462</u>	<u>21,842,913</u>	<u>252,402,250</u>
Public safety				
Police protection	-	580,519	5,251,814	5,832,333
Fire and rescue	146,763	11,561,283	17,185,051	28,893,097
Correction and detention	203,504	7,414,932	1,172,594	8,791,030
Inspections	-	-	339,424	339,424
Total public safety	<u>350,267</u>	<u>19,556,734</u>	<u>23,948,883</u>	<u>43,855,884</u>
Engineering	-	452,331	1,328,685	1,781,016
Buildings and grounds	-	6,880	367,567	374,447
Health and welfare	-	-	330,870	330,870
Libraries	2,057,128	22,171,863	2,027,996	26,256,987
Recreation	3,096,893	33,524,790	3,049,277	39,670,960
Total governmental funds capital assets allocated to functions	<u>\$ 19,430,163</u>	<u>\$ 292,346,060</u>	<u>\$ 52,896,191</u>	<u>364,672,414</u>
Construction in progress				26,902,880
Total governmental funds capital assets				<u>\$ 391,575,294</u>

COUNTY OF ROANOKE, VIRGINIA
Capital Assets Used in the Operation of Governmental Activities
Schedule of Changes By Function and Activity
For the Year Ended June 30, 2013

<u>Function and Activity:</u>	Governmental Funds Capital Assets June 30, 2012	Additions	Reductions	Governmental Funds Capital Assets June 30, 2013
General government				
Legislative	\$ 73,331	\$ -	\$ -	\$ 73,331
Executive	29,588	-	-	29,588
Judicial	327,544	-	(10,816)	316,728
Elections	28,209	-	-	28,209
Finance	702,244	-	-	702,244
Management and budget	2,641	-	-	2,641
County attorney	5,397	-	-	5,397
Administrative officers and boards	200,309	17,743	(19,803)	198,249
Human resources	34,021	-	-	34,021
Management information systems	12,133,603	425,732	(43,544)	12,515,791
Procurement	69,631	-	-	69,631
Radio maintenance	408,532	-	-	408,532
Gas distribution center	61,823	-	-	61,823
General governmental buildings	178,083,571	50,283,214	(3,637,168)	224,729,617
Solid waste	3,874,788	-	(43,876)	3,830,912
General services	9,272,454	-	-	9,272,454
Other	123,082	-	-	123,082
Total general government	<u>205,430,768</u>	<u>50,726,689</u>	<u>(3,755,207)</u>	<u>252,402,250</u>
Public safety				
Police protection	5,616,028	506,073	(289,768)	5,832,333
Fire and rescue	29,133,779	595,749	(836,431)	28,893,097
Correction and detention	6,659,106	2,131,924	-	8,791,030
Inspections	213,164	126,260	-	339,424
Total public safety	<u>41,622,077</u>	<u>3,360,006</u>	<u>(1,126,199)</u>	<u>43,855,884</u>
Engineering	1,766,996	14,020	-	1,781,016
Buildings and grounds	374,196	21,026	(20,775)	374,447
Health and welfare	330,870	-	-	330,870
Libraries	20,829,022	5,449,465	(21,500)	26,256,987
Recreation	39,638,599	154,767	(122,406)	39,670,960
Construction in progress	75,808,384	8,639,468	(57,544,972)	26,902,880
Total governmental funds capital assets	<u>\$ 385,800,912</u>	<u>\$ 68,365,441</u>	<u>\$ (62,591,059)</u>	<u>\$ 391,575,294</u>

COUNTY OF ROANOKE, VIRGINIA
 Schedule of the Treasurer's Accountability
 June 30, 2013

ASSETS HELD BY THE TREASURER:

Cash and cash items:

Cash and cash items on hand	\$ 800	
Petty cash funds with other county officials	7,862	
Petty cash funds with Agency and Enterprise Funds	<u>1,100</u>	\$ 9,762

Cash on deposit:

SunTrust bank	13,551,805	
Bank of Botetourt	241,195	
Hometown bank	108,030	
Valley bank	804,810	
Citibank	<u>5,614</u>	14,711,454

Money market deposit:

Smith Barney	30,591,266	
Stellar One	3,055,503	
BB&T	1,078,504	
Wells Fargo	<u>4,883,297</u>	39,608,570

Certificates of deposit:

BB&T	<u>2,005,486</u>	2,005,486
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Government securities:

Smith Barney	44,949,122	
Wells Fargo	<u>14,323,178</u>	59,272,300

Local government investment pool

<u>20,155,435</u>	20,155,435
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Escrow accounts:

BB&T	185,828	
Valley bank	<u>556,920</u>	742,748

Unearned revenues and reserves:

Returned checks	3,844	
Contractor escrows	(671,898)	
Deferred revenues	205,648	
Personal property tax relief	(1,399)	
A. D. Alford trust	(28,864)	
Sidney Louis Hyatt	(41,987)	
Reserves	<u>1,666</u>	<u>(532,990)</u>

Total assets held by the treasurer

\$ 135,972,765

LIABILITIES OF THE TREASURER:

Balance of County funds

\$ 135,972,765

INTERNAL SERVICE FUNDS

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

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

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

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



COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Net Position
Internal Service Funds
June 30, 2013

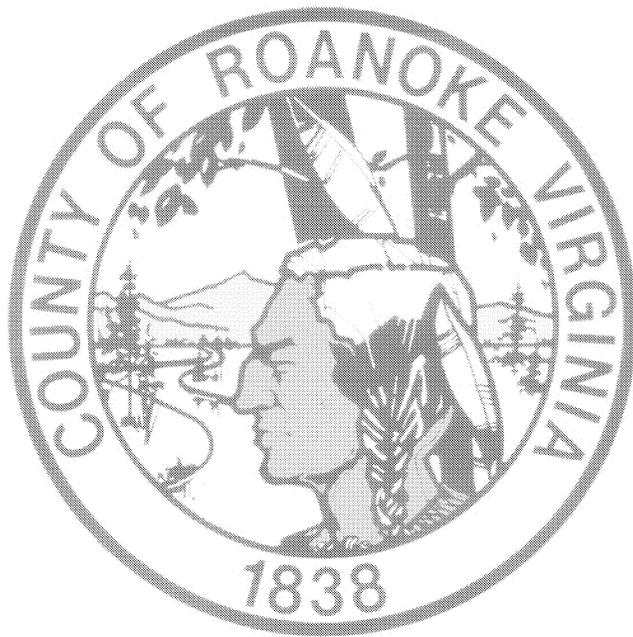
	Internal Service Funds			Total Internal Service Funds
	Health Insurance	Dental Insurance	Risk Management	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,154,186	\$ 60,109	\$ 1,883,893	\$ 4,098,188
Investments	3,026,619	84,454	2,646,860	5,757,933
Accounts receivable	20,154	1,797	2,249	24,200
Interfund receivable	-	-	60,000	60,000
Total current assets	<u>5,200,959</u>	<u>146,360</u>	<u>4,593,002</u>	<u>9,940,321</u>
Noncurrent assets:				
Interfund receivable	-	-	7,559	7,559
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>7,559</u>	<u>7,559</u>
Total assets	<u>5,200,959</u>	<u>146,360</u>	<u>4,600,561</u>	<u>9,947,880</u>
LIABILITIES				
Current liabilities:				
Accounts payable	85,409	41,975	26,624	154,008
Accrued wages and benefits	-	-	2,512	2,512
Claims payable	696,470	-	735,751	1,432,221
Total current liabilities	<u>781,879</u>	<u>41,975</u>	<u>764,887</u>	<u>1,588,741</u>
Noncurrent liabilities:				
Claims payable	-	-	1,833,436	1,833,436
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>1,833,436</u>	<u>1,833,436</u>
Total liabilities	<u>781,879</u>	<u>41,975</u>	<u>2,598,323</u>	<u>3,422,177</u>
NET POSITION				
Unrestricted	4,419,080	104,385	2,002,238	6,525,703
Total net position	<u>\$ 4,419,080</u>	<u>\$ 104,385</u>	<u>\$ 2,002,238</u>	<u>\$ 6,525,703</u>

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2013

	Internal Service Funds			Total Internal Service Funds
	Health Insurance	Dental Insurance	Risk Management	
OPERATING REVENUES				
Charges for services	\$ 8,950,195	\$ 640,804	\$ 1,148,130	\$ 10,739,129
Total operating revenues	<u>8,950,195</u>	<u>640,804</u>	<u>1,148,130</u>	<u>10,739,129</u>
OPERATING EXPENSES				
Purchased services	446,141	-	393,423	839,564
Personal services	280	-	160,904	161,184
Claims	7,045,366	594,421	1,251,130	8,890,917
Administrative charges	-	-	6,651	6,651
Total operating expenses	<u>7,491,787</u>	<u>594,421</u>	<u>1,812,108</u>	<u>9,898,316</u>
Operating income (loss)	<u>1,458,408</u>	<u>46,383</u>	<u>(663,978)</u>	<u>840,813</u>
NONOPERATING REVENUES				
Investment income	-	300	25,739	26,039
Total nonoperating revenues	<u>-</u>	<u>300</u>	<u>25,739</u>	<u>26,039</u>
Net income (loss) before transfers	1,458,408	46,683	(638,239)	866,852
Transfers in	346,275	-	-	346,275
Transfers out	<u>(2,160,607)</u>	<u>(19,674)</u>	<u>(21,799)</u>	<u>(2,202,080)</u>
Change in net position	<u>(355,924)</u>	<u>27,009</u>	<u>(660,038)</u>	<u>(988,953)</u>
Total net position at beginning of year	4,775,004	77,376	2,662,276	7,514,656
Total net position at end of year	<u>\$ 4,419,080</u>	<u>\$ 104,385</u>	<u>\$ 2,002,238</u>	<u>\$ 6,525,703</u>

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2013

	Internal Service Funds			Total Internal Service Funds
	Health Insurance	Dental Insurance	Risk Management	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from interfund services provided	\$ 8,950,195	\$ 640,804	\$ 1,148,130	\$ 10,739,129
Payments to suppliers	(388,755)	41,975	(395,983)	(742,763)
Payments to employees	(280)	-	(160,849)	(161,129)
Claims paid	(7,067,057)	(594,421)	(1,092,717)	(8,754,195)
Other receipts (payments)	(632,962)	(47,430)	1,479	(678,913)
Net cash provided by (used in) operating activities	<u>861,141</u>	<u>40,928</u>	<u>(499,940)</u>	<u>402,129</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	(1,814,332)	(19,674)	(21,799)	(1,855,805)
Interfund loan-proceeds and collections	-	-	60,000	60,000
Net cash provided by (used in) noncapital financing activities	<u>(1,814,332)</u>	<u>(19,674)</u>	<u>38,201</u>	<u>(1,795,805)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale (Purchase) of investments	140,541	(20,941)	(82,381)	37,219
Interest and dividends received	-	300	25,739	26,039
Net cash provided by (used in) investing activities	<u>140,541</u>	<u>(20,641)</u>	<u>(56,642)</u>	<u>63,258</u>
Net increase (decrease) in cash and cash equivalents	(812,650)	613	(518,381)	(1,330,418)
Cash and cash equivalents at beginning of the year	2,966,836	59,496	2,402,274	5,428,606
Cash and cash equivalents at end of the year	<u>\$ 2,154,186</u>	<u>\$ 60,109</u>	<u>\$ 1,883,893</u>	<u>\$ 4,098,188</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 1,458,408	\$ 46,383	\$ (663,978)	\$ 840,813
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Change in assets and liabilities:				
Accounts receivable	(1)	(46)	1,479	1,432
Accounts payable	57,386	41,975	4,091	103,452
Claims payable	(21,691)	-	158,413	136,722
Accrued wages and benefits	-	-	55	55
Deferred revenue	(632,961)	(47,384)	-	(680,345)
Net cash provided by (used in) operating activities	<u>\$ 861,141</u>	<u>\$ 40,928</u>	<u>\$ (499,940)</u>	<u>\$ 402,129</u>



AGENCY FUNDS

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

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

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

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

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

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

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

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

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2013

	Roanoke Valley Resource Authority	Common- wealth Fund	Special Welfare Fund	Cable TV
ASSETS				
Equity in cash and cash equivalents	\$ 7,984,189	\$ 230,142	\$ 213,980	\$ 1,121,889
Equity in investments	7,661,407	-	-	-
Total assets	<u>\$ 15,645,596</u>	<u>\$ 230,142</u>	<u>\$ 213,980</u>	<u>\$ 1,121,889</u>
LIABILITIES				
Accounts payable	\$ 15,645,596	\$ 230,142	\$ 213,980	\$ 1,121,889
Total liabilities	<u>\$ 15,645,596</u>	<u>\$ 230,142</u>	<u>\$ 213,980</u>	<u>\$ 1,121,889</u>

See accompanying independent auditors' report.

<u>Roanoke Valley Greenway Commission</u>	<u>Regional Fire Training Center</u>	<u>Virginia Recreational Facilities Authority</u>	<u>Western Virginia Regional Jail Authority</u>	<u>Total</u>
\$ 150,213	\$ 49,312	\$ 302,537	\$ 12,216,014	\$ 22,268,276
-	-	-	-	7,661,407
<u>\$ 150,213</u>	<u>\$ 49,312</u>	<u>\$ 302,537</u>	<u>\$ 12,216,014</u>	<u>\$ 29,929,683</u>
\$ 150,213	\$ 49,312	\$ 302,537	\$ 12,216,014	\$ 29,929,683
<u>\$ 150,213</u>	<u>\$ 49,312</u>	<u>\$ 302,537</u>	<u>\$ 12,216,014</u>	<u>\$ 29,929,683</u>

COUNTY OF ROANOKE, VIRGINIA
 Combining Statement of Changes in Fiduciary Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2013

Schedule 11

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Roanoke Valley Resource Authority :				
Assets:				
Equity in Cash And Investments	\$ 14,699,338	\$ 19,876,040	\$ 18,929,782	\$ 15,645,596
Total Assets	\$ 14,699,338	\$ 19,876,040	\$ 18,929,782	\$ 15,645,596
Liabilities:				
Accounts Payable	\$ 14,699,338	\$ 19,876,040	\$ 18,929,782	\$ 15,645,596
Total Liabilities	\$ 14,699,338	\$ 19,876,040	\$ 18,929,782	\$ 15,645,596
Commonwealth Fund :				
Assets:				
Equity in Cash And Investments	\$ 254,428	\$ 5,028,883	\$ 5,053,169	\$ 230,142
Total Assets	\$ 254,428	\$ 5,028,883	\$ 5,053,169	\$ 230,142
Liabilities:				
Accounts Payable	\$ 254,428	\$ 5,028,883	\$ 5,053,169	\$ 230,142
Total Liabilities	\$ 254,428	\$ 5,028,883	\$ 5,053,169	\$ 230,142
Special Welfare Fund :				
Assets:				
Equity in Cash And Investments	\$ 181,811	\$ 137,810	\$ 105,641	\$ 213,980
Total Assets	\$ 181,811	\$ 137,810	\$ 105,641	\$ 213,980
Liabilities:				
Accounts Payable	\$ 181,811	\$ 137,810	\$ 105,641	\$ 213,980
Total Liabilities	\$ 181,811	\$ 137,810	\$ 105,641	\$ 213,980
Cable TV :				
Assets:				
Equity in Cash And Investments	\$ 1,310,756	\$ 592,526	\$ 781,393	\$ 1,121,889
Total Assets	\$ 1,310,756	\$ 592,526	\$ 781,393	\$ 1,121,889
Liabilities:				
Accounts Payable	\$ 1,310,756	\$ 592,526	\$ 781,393	\$ 1,121,889
Total Liabilities	\$ 1,310,756	\$ 592,526	\$ 781,393	\$ 1,121,889
Roanoke Valley Greenway Commission :				
Assets:				
Equity in Cash And Investments	\$ 253,752	\$ 180,427	\$ 283,966	\$ 150,213
Total Assets	\$ 253,752	\$ 180,427	\$ 283,966	\$ 150,213
Liabilities:				
Accounts Payable	\$ 253,752	\$ 180,427	\$ 283,966	\$ 150,213
Total Liabilities	\$ 253,752	\$ 180,427	\$ 283,966	\$ 150,213

(continued)

COUNTY OF ROANOKE, VIRGINIA
 Combining Statement of Changes in Fiduciary Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2013

Schedule 11

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Regional Fire Training Center :				
Assets:				
Equity in Cash And Investments	\$ 147	\$ 257,868	\$ 208,703	\$ 49,312
Total Assets	\$ 147	\$ 257,868	\$ 208,703	\$ 49,312
Liabilities:				
Accounts Payable	\$ 147	\$ 257,868	\$ 208,703	\$ 49,312
Total Liabilities	\$ 147	\$ 257,868	\$ 208,703	\$ 49,312
 Virginia Recreational Facilities Authority :				
Assets:				
Equity in Cash And Investments	\$ 239,191	\$ 901,726	\$ 838,380	\$ 302,537
Total Assets	\$ 239,191	\$ 901,726	\$ 838,380	\$ 302,537
Liabilities:				
Accounts Payable	\$ 239,191	\$ 901,726	\$ 838,380	\$ 302,537
Total Liabilities	\$ 239,191	\$ 901,726	\$ 838,380	\$ 302,537
 Western Virginia Regional Jail Authority :				
Assets:				
Equity in Cash And Investments	\$ 9,661,287	\$ 35,214,353	\$ 32,659,626	\$ 12,216,014
Total Assets	\$ 9,661,287	\$ 35,214,353	\$ 32,659,626	\$ 12,216,014
Liabilities:				
Accounts Payable	\$ 9,661,287	\$ 35,214,353	\$ 32,659,626	\$ 12,216,014
Total Liabilities	\$ 9,661,287	\$ 35,214,353	\$ 32,659,626	\$ 12,216,014

Component Units

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



COUNTY OF ROANOKE, VIRGINIA
Component Unit
Roanoke County Public Schools
Statement of Net Position
June 30, 2013

	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
Capital assets:	
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
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	813,484
Claims payable	1,747,223
Obligation under capital leases	391,883
Portion due or payable after one year:	
Compensated absences	2,211,888
Claims payable	555,271
Obligation under capital leases	1,358,518
Total liabilities	<u>12,051,785</u>
Net Position	
Net investment in capital assets	43,142,309
Restricted for:	
Instructional grants	92,364
Emergency contingency	2,000,000
Unrestricted	30,604,787
Total net position	<u>\$ 75,839,460</u>

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Roanoke County Public Schools
Statement of Activities
For the Year Ended June 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital Grants and Contributions</u>	<u>Net Expense and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		
Instruction	\$ 107,041,368	\$ 841,332	\$ 22,920,847	\$ 2,008,759	\$ (81,270,430)
Support Services:					
Administration	2,595,088	-	-	31,526	(2,563,562)
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	4,609,268	-	-	40,964	(4,568,304)
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	\$ 148,037,788	\$ 4,170,703	\$ 25,239,635	\$ 2,491,469	\$ (116,135,981)

General revenues:

Payments from 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	116,682,896
Change in net position	546,915
Total net position at beginning of year	75,292,545
Total net position at end of year	\$ 75,839,460

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Roanoke County Public Schools
Balance Sheet
Governmental Funds
June 30, 2013

	General	Grant	Capital Projects	Nonmajor	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	\$ 8,645,876	\$ 1,130,872	\$ 16,258,337	\$ 1,055,431	\$ 27,090,516
Liabilities and Fund Balances					
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	4,011,738	1,038,508	468,583	23,485	5,542,314
Fund balances:					
Nonspendable	178,017	-	-	106,646	284,663
Restricted	2,000,000	92,364	-	-	2,092,364
Committed	1,639,829	-	15,789,754	925,300	18,354,883
Assigned	816,292	-	-	-	816,292
Total fund balances	4,634,138	92,364	15,789,754	1,031,946	21,548,202
Total liabilities and fund balances	\$ 8,645,876	\$ 1,130,872	\$ 16,258,337	\$ 1,055,431	

Reconciliation to the Statement of Net Position:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds. 44,892,710

Internal service funds are used by the School Board to charge the cost of health, dental, and workers' compensation insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 12,981,598

Revenues earned but not considered available are not current financial resources and therefore are not reported in the governmental funds. 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. Balances at June 30, 2013 are:

Obligation under capital leases	(1,750,401)
Accrued interest on capital leases	(52,200)
Compensated absences	(3,025,372)

Total net position of governmental activities	\$ 75,839,460
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COUNTY OF ROANOKE, VIRGINIA
Component Unit
Roanoke County Public Schools
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	<u>General</u>	<u>Grant</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total Governmental Funds</u>
Revenues					
Intergovernmental:					
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
Investment income	103,143	-	-	2,770	105,913
Charges for services	503,111	78,426	20,787	3,280,883	3,883,207
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					
Current:					
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
Capital lease debt service:					
Principal	363,984	-	-	-	363,984
Interest	83,994	-	-	-	83,994
Capital outlay:					
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), net	<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 at beginning of year	6,838,736	75,677	14,216,194	1,245,254	22,375,861
Total fund balances at end of year	<u>\$ 4,634,138</u>	<u>\$ 92,364</u>	<u>\$ 15,789,754</u>	<u>\$ 1,031,946</u>	<u>\$ 21,548,202</u>

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Roanoke County Public Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2013

Net change in fund balances - total governmental funds \$ (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 workers' compensation insurance to individual funds. The change in net position of the internal service funds are reported with governmental activities. (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.

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. 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 governmental funds.

Compensated absences	(159,471)
Obligation under capital leases	363,984
Accrued interest on capital leases	10,800

Change in net position of governmental activities	\$ 546,915
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COUNTY OF ROANOKE, VIRGINIA
Component Unit
Economic Development Authority of Roanoke County, Virginia
Balance Sheet
Governmental Funds
June 30, 2013

		Governmental Activities
Assets		
Cash and cash equivalents	\$	620,500
Interest receivable		206
Land held for resale		<u>479,824</u>
Total assets	\$	<u><u>1,100,530</u></u>
Liabilities and Fund Balances		
Liabilities:		
Accrued liabilities	\$	<u>377</u>
Total liabilities		<u>377</u>
Fund balances:		
Unassigned		<u>1,100,153</u>
Total fund balances		<u>1,100,153</u>
Total liabilities and fund balances	\$	<u><u>1,100,530</u></u>

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Economic Development Authority of Roanoke County, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	Governmental Activities
OPERATING REVENUES	
Bondholder's assessments	\$ 1,435
Town of Vinton - façade program	5,000
Roanoke County contributions:	
Tecton	53,255
Varsity Landscaping	15,000
Other projects	4,860
Total operating revenues	79,550
OPERATING EXPENDITURES	
Professional fees	3,278
Miscellaneous	1,769
Project disbursements:	
Tecton	53,255
Town of Vinton - façade program	4,271
Varsity Landscaping	15,000
Plantation Road improvement project	28,880
Total operating expenditures	106,453
Operating loss	(26,903)
NONOPERATING REVENUES	
Investment income	1,743
Contributions	2,212
Total nonoperating revenues	3,955
Net change in fund balances	(22,948)
Fund balances at beginning of year	1,123,101
Fund balances at end of year	\$ 1,100,153

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Economic Development Authority of Roanoke County, Virginia
Schedule of Revenue Bonds and Notes Outstanding
For the Year Ended June 30, 2013

	<u>Date Issued</u>	<u>Original Issue</u>	<u>Balance June 30, 2013</u>	<u>Type of Project</u>
Bondholders/Noteholders				
The Glebe/Virginia Baptist Homes	12/3/2003	55,540,000	55,540,000	Retirement Community
Roanoke County	3/27/2008	58,595,000	51,715,000	Public Facility Projects
Richfield Retirement Community	10/20/2008	4,415,000	3,716,079	Alzheimer's Center
Roanoke County	12/15/2011	993,480	658,839	Office Building
		<u>\$ 119,543,480</u>	<u>\$ 111,629,918</u>	

COUNTY OF ROANOKE, VIRGINIA
Component Unit
South Peak Community Development Authority
Statement of Net (Deficit) Position
June 30, 2013

Schedule 20

	Enterprise Activity
ASSETS	
Current assets:	
Due from primary government	\$ <u>33,260</u>
Total current assets	<u>33,260</u>
Noncurrent assets:	
Capital assets	<u>3,732,170</u>
Total noncurrent assets	<u>3,732,170</u>
Total assets	<u>3,765,430</u>
 LIABILITIES	
Current liabilities:	
Accounts payable	10,574
Accrued liabilities	435,327
Accrued interest payable	<u>19,648</u>
Total current liabilities	<u>465,549</u>
Noncurrent liabilities:	
Bonds payable	<u>3,792,239</u>
Total noncurrent liabilities	<u>3,792,239</u>
Total liabilities	<u>4,257,788</u>
 NET (DEFICIT) POSITION	
Net investment in capital assets	(60,069)
Restricted	-
Unrestricted (deficit)	<u>(432,289)</u>
Total net (deficit) position	<u>\$ <u>(492,358)</u></u>

See accompanying independent auditors' report

**COUNTY OF ROANOKE, VIRGINIA
Component Unit**

Schedule 21

**South Peak Community Development Authority
Statement of Revenues, Expenses, and Changes in Net (Deficit) Position
For the Year Ended June 30, 2013**

	Enterprise Activity
OPERATING REVENUES	
Incremental tax revenues	\$ 33,260
Total operating revenues	33,260
OPERATING EXPENSES	
Administrative fees	10,949
Total operating expenses	10,949
Operating income	22,311
NON-OPERATING EXPENSES	
Bond issuance costs	(514,669)
Total non-operating expenses	(514,669)
Change in net (deficit) position	(492,358)
Total net position at beginning of year	-
Total net (deficit) position at end of year	\$ (492,358)

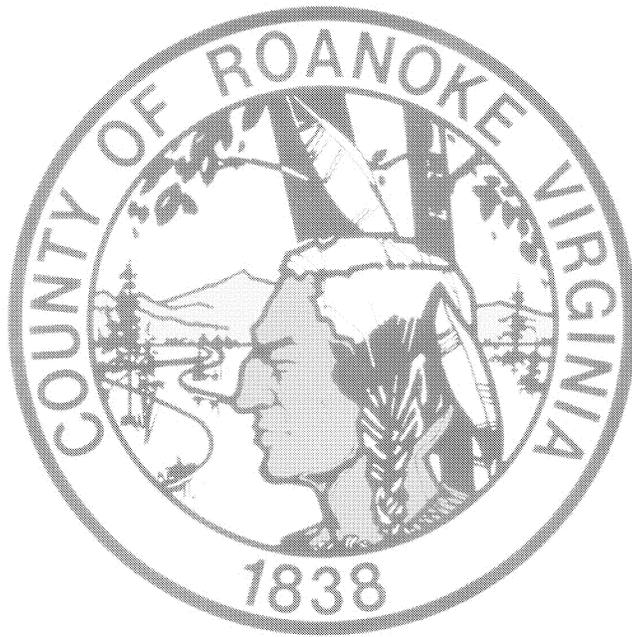
See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Component Unit
South Peak Community Development Authority
Statement of Cash Flows
For the Year Ended June 30, 2013

Schedule 22

	<u>Enterprise Activity</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash payments for administrative fees	\$ (375)
Net cash used in operating activities	<u>(375)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received on investments	-
Net cash provided by investing activities	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from bond issuance	3,792,239
Acquisition and construction of capital assets	(3,204,336)
Interest paid on bonds	(72,859)
Payment of bond issue costs	(514,669)
Net cash provided by capital and related financing activities	<u>375</u>
Net increase in cash and cash equivalents	-
Cash and cash equivalents at beginning of year	-
Cash and cash equivalents at end of year	\$ <u><u>-</u></u>
Reconciliation of operating income to net cash used in operating activities:	
Operating income	\$ 22,311
Adjustments to reconcile operating income to net cash used in operating activities	
Change in assets and liabilities:	
Accrued revenues	(33,260)
Accounts payable	10,574
	<u>-</u>
Net cash used in operating activities	\$ <u><u>(375)</u></u>

See accompanying independent auditors' report.



STATISTICAL SECTION

Statistical Section (Unaudited)

This part of the County of Roanoke’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County’s overall financial health.

Contents

<u>Financial Trends</u>	<u>Page</u>
These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.	133
<u>Revenue Capacity Information</u>	
These schedules contain information to help the reader assess the factors affecting the County’s ability to generate its property and sales taxes.	140
<u>Debt Capacity Information</u>	
These schedules contain information to help the reader assess the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.	144
<u>Demographic and Economic Information</u>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place and to help make comparisons over time and with other governments.	147
<u>Operating Information</u>	
These schedules contain information about the County’s operations and resources to help the reader understand how the County’s financial information relates to the services the County provides and the activities it performs.	149

Table 1

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities										
Net investment in capital assets	\$ 125,321,272	\$ 124,727,913	\$ 120,640,542	\$ 101,462,327	\$ 93,288,117	\$ 91,882,685	\$ 80,097,381	\$ 69,076,600	\$ 59,965,492	\$ 49,662,346
Restricted	9,514,571	9,651,709	8,807,540	-	-	-	-	-	-	-
Unrestricted	35,148,307	34,348,766	32,380,363	39,007,905	38,023,432	34,494,810	32,063,123	28,237,598	25,274,621	23,902,850
Total governmental activities net position	\$ 169,984,150	\$ 168,728,388	\$ 161,828,445	\$ 140,470,232	\$ 131,311,549	\$ 126,377,495	\$ 112,160,504	\$ 97,314,198	\$ 85,240,113	\$ 73,565,196
Business-type activities										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,669,905
Restricted	-	-	-	-	-	-	-	-	-	6,360,957
Unrestricted	-	-	-	-	-	-	-	-	-	4,935,361
Total business-type activities net position	\$ -	\$ -	\$ -	\$ 69,966,223						
Primary Government										
Net investment in capital assets	\$ 125,321,272	\$ 124,727,913	\$ 120,640,542	\$ 101,462,327	\$ 93,288,117	\$ 91,882,685	\$ 80,097,381	\$ 69,076,600	\$ 59,965,492	\$ 108,332,251
Restricted	9,514,571	9,651,709	8,807,540	-	-	-	-	-	-	6,360,957
Unrestricted	35,148,307	34,348,766	32,380,363	39,007,905	38,023,432	34,494,810	32,063,123	28,237,598	25,274,621	28,838,211
Total primary government net position	\$ 169,984,150	\$ 168,728,388	\$ 161,828,445	\$ 140,470,232	\$ 131,311,549	\$ 126,377,495	\$ 112,160,504	\$ 97,314,198	\$ 85,240,113	\$ 143,531,419

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

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses										
Governmental activities:										
General government	\$ 12,834,641	\$ 12,593,044	\$ 12,767,696	\$ 13,759,638	\$ 11,764,472	\$ 11,451,154	\$ 10,588,935	\$ 9,580,727	\$ 6,896,800	\$ 7,529,142
Judicial administration	2,679,794	2,684,829	2,677,709	2,694,185	2,750,265	2,584,300	2,474,790	2,215,910	2,029,037	2,411,805
Public safety	44,950,933	44,176,676	44,716,348	43,937,823	42,210,181	39,133,760	36,385,344	33,792,046	30,689,745	29,247,497
Public works	14,996,985	13,691,054	14,433,587	13,749,180	15,487,202	15,706,237	14,792,413	14,305,603	13,073,960	11,924,364
Library	3,779,294	3,976,041	4,207,795	3,328,486	3,192,012	3,562,515	3,166,011	2,926,666	2,790,112	2,459,616
Health and welfare	15,369,139	15,215,796	17,157,554	17,245,746	16,386,768	16,873,746	16,828,013	13,831,907	12,649,528	11,355,547
Parks, recreation, and culture	9,320,763	9,219,851	8,843,246	6,611,041	4,763,745	5,270,489	5,247,319	4,619,059	3,968,259	5,348,664
Community development	2,368,102	2,878,957	2,694,899	3,741,964	3,289,302	3,035,834	3,003,701	2,489,797	3,588,395	4,268,386
Education	74,001,766	69,625,724	69,593,033	65,673,860	65,254,173	65,013,274	62,052,518	60,134,458	57,195,060	58,470,615
Interest and other charges	8,189,147	8,592,219	8,956,954	9,316,330	8,542,365	6,039,352	5,175,622	5,520,032	5,982,564	4,794,091
Total governmental activities expenses	<u>188,490,564</u>	<u>182,654,191</u>	<u>186,048,821</u>	<u>180,058,253</u>	<u>173,640,485</u>	<u>168,670,661</u>	<u>159,714,666</u>	<u>149,416,205</u>	<u>138,863,460</u>	<u>137,809,727</u>
Business-type activities:										
Water	-	-	-	-	-	-	-	-	-	10,679,819
Sewer	-	-	-	-	-	-	-	-	-	5,928,046
Total business-type activities expenses	<u>-</u>	<u>16,607,865</u>								
Total primary government expenses	<u>\$ 188,490,564</u>	<u>\$ 182,654,191</u>	<u>\$ 186,048,821</u>	<u>\$ 180,058,253</u>	<u>\$ 173,640,485</u>	<u>\$ 168,670,661</u>	<u>\$ 159,714,666</u>	<u>\$ 149,416,205</u>	<u>\$ 138,863,460</u>	<u>\$ 154,417,592</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 491,777	\$ 551,590	\$ 297,785	\$ 364,757	\$ 521,821	\$ 810,746	\$ 955,331	\$ 251,789	\$ 738,150	\$ 87,603
Judicial administration	1,374,270	1,429,817	1,492,024	1,414,831	1,727,976	949,084	1,258,889	1,089,454	1,034,408	1,126,777
Public safety	4,517,466	4,008,320	3,677,631	3,734,382	3,700,948	4,263,833	3,269,382	3,207,661	3,019,980	2,638,819
Public works	315,511	317,366	317,459	349,825	317,203	317,496	315,500	315,500	318,334	610,927
Library	61,909	-	-	-	212,252	232,105	300,287	26,425	24,440	21,244
Health and welfare	746,537	1,379,369	1,536,402	1,264,060	957,118	739,576	910,123	653,929	624,294	652,422
Parks, recreation, and culture	4,731,114	5,311,248	4,920,779	2,699,633	1,833,379	1,713,060	1,428,750	1,041,105	948,868	959,371
Community development	468,892	347,766	347,766	504,289	487,159	909,390	743,577	794,824	954,686	725,892
Operating grants and contributions	24,218,404	23,185,995	45,488,815	30,487,857	25,365,244	26,223,865	23,472,493	20,512,492	19,093,596	20,137,004
Total governmental activities revenues	<u>36,925,880</u>	<u>36,531,471</u>	<u>58,078,661</u>	<u>40,819,634</u>	<u>35,123,100</u>	<u>36,159,155</u>	<u>32,654,332</u>	<u>27,893,179</u>	<u>26,756,756</u>	<u>26,960,059</u>
Business-type activities:										
Charges for services:										
Water	-	-	-	-	-	-	-	-	-	9,581,278
Sewer	-	-	-	-	-	-	-	-	-	6,220,982
Capital grants and contributions	-	-	-	-	-	-	-	-	-	304,302
Total business-type activities revenues	<u>-</u>	<u>16,106,562</u>								
Total primary government revenues	<u>\$ 36,925,880</u>	<u>\$ 36,531,471</u>	<u>\$ 58,078,661</u>	<u>\$ 40,819,634</u>	<u>\$ 35,123,100</u>	<u>\$ 36,159,155</u>	<u>\$ 32,654,332</u>	<u>\$ 27,893,179</u>	<u>\$ 26,756,756</u>	<u>\$ 43,066,621</u>

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

Net (Expense)/Revenue

Governmental activities	\$ (151,564,684)	\$ (146,122,720)	\$ (127,970,160)	\$ (139,238,619)	\$ (138,517,385)	\$ (132,511,506)	\$ (127,060,334)	\$ (121,523,026)	\$ (112,106,704)	\$ (110,849,668)
Business-type activities	-	-	-	-	-	-	-	-	-	(501,303)
Total primary government expense	<u>\$ (151,564,684)</u>	<u>\$ (146,122,720)</u>	<u>\$ (127,970,160)</u>	<u>\$ (139,238,619)</u>	<u>\$ (138,517,385)</u>	<u>\$ (132,511,506)</u>	<u>\$ (127,060,334)</u>	<u>\$ (121,523,026)</u>	<u>\$ (112,106,704)</u>	<u>\$ (111,350,971)</u>

General Revenues and Other Changes in Net Position

Governmental activities:

Taxes										
Real estate and personal property	\$ 105,819,996	\$ 105,800,481	\$ 105,068,835	\$ 104,367,304	\$ 102,820,602	\$ 98,914,367	\$ 92,809,985	\$ 88,510,230	\$ 80,871,866	\$ 76,391,960
Local share of sales tax	9,410,322	9,351,254	8,782,444	8,345,658	8,489,571	8,486,271	9,802,503	8,006,459	7,535,512	7,191,994
Other local taxes	23,444,438	22,340,305	22,638,322	21,562,986	21,604,036	23,136,838	21,386,400	21,953,331	20,928,761	20,598,641
Non-categorical state aid	12,229,857	12,229,857	12,229,857	12,229,857	12,229,857	12,229,857	12,202,842	12,083,190	12,096,599	11,189,906
Gain on sale of capital assets	160,337	56,408	95,553	102,850	166,245	209,368	-	-	-	-
Capital contribution	-	-	(1,077,603)	-	(5,171,236)	-	-	-	-	-
Investment earnings	1,547,328	1,553,498	1,548,862	1,762,425	3,285,667	3,725,643	4,407,323	2,614,590	2,041,932	1,421,493
Miscellaneous	208,168	1,690,860	42,103	29,222	23,697	26,153	920,279	429,311	146,951	162,890
Transfers	-	-	-	-	-	-	-	-	-	11,000,000
Total governmental activities	<u>152,820,446</u>	<u>153,022,663</u>	<u>149,328,373</u>	<u>148,400,302</u>	<u>143,448,439</u>	<u>146,728,497</u>	<u>141,529,332</u>	<u>133,597,111</u>	<u>123,621,621</u>	<u>127,956,884</u>

Business-type activities:

Investment earnings	-	-	-	-	-	-	-	-	-	234,572
Miscellaneous	-	-	-	-	-	-	-	-	-	61,831
Transfers	-	-	-	-	-	-	-	-	-	(11,000,000)
Total business-type activities revenues	<u>-</u>	<u>(10,703,597)</u>								

Special Items:

Land donated to Roanoke County	-	-	-	-	-	-	377,308	-	-	-
Total primary government	<u>\$ 152,820,446</u>	<u>\$ 153,022,663</u>	<u>\$ 149,328,373</u>	<u>\$ 148,400,302</u>	<u>\$ 143,448,439</u>	<u>\$ 146,728,497</u>	<u>\$ 141,906,640</u>	<u>\$ 133,597,111</u>	<u>\$ 123,621,621</u>	<u>\$ 117,253,287</u>

Change in Net Position

Governmental activities	\$ 1,255,762	\$ 6,899,943	\$ 21,358,213	\$ 9,161,683	\$ 4,931,054	\$ 14,216,991	\$ 14,846,306	\$ 12,074,085	\$ 11,514,917	\$ 17,107,216
Business-type activities	-	-	-	-	-	-	-	-	-	(11,204,900)
Total primary government	<u>\$ 1,255,762</u>	<u>\$ 6,899,943</u>	<u>\$ 21,358,213</u>	<u>\$ 9,161,683</u>	<u>\$ 4,931,054</u>	<u>\$ 14,216,991</u>	<u>\$ 14,846,306</u>	<u>\$ 12,074,085</u>	<u>\$ 11,514,917</u>	<u>\$ 5,902,316</u>

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ 944,832	\$ 513,502	\$ 608,517	\$ 907,080	\$ 408,232	\$ 382,993	\$ 345,404
Unreserved	-	-	-	35,757,184	32,580,041	27,677,600	25,383,566	21,499,248	18,344,764	19,116,283
Nonspendable	217,648	164,378	380,491	-	-	-	-	-	-	-
Restricted	9,514,571	9,651,709	8,807,540	-	-	-	-	-	-	-
Committed	10,646,747	10,687,402	3,929,813	-	-	-	-	-	-	-
Assigned	2,065,969	1,052,100	725,925	-	-	-	-	-	-	-
Unassigned	21,266,557	20,572,318	25,105,706	-	-	-	-	-	-	-
Total general fund	\$ 43,711,492	\$ 42,127,907	\$ 38,949,475	\$ 36,702,016	\$ 33,093,543	\$ 28,286,117	\$ 26,290,646	\$ 21,907,480	\$ 18,727,757	\$ 19,461,687
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ 29,128,848	\$ 19,018,884	\$ 49,950,824	\$ 6,223,444	\$ 8,284,787	\$ 25,183,472	\$ 5,816,858
Unreserved, reported in:										
Capital projects fund	-	-	-	33,862,753	83,584,672	40,929,195	24,209,201	26,447,715	23,865,465	51,968,034
Debt service fund	-	-	-	252,762	237,688	625,406	209,238	212,757	220,151	226,242
Nonspendable	36,000	-	-	-	-	-	-	-	-	-
Restricted	583,510	439,867	1,590,715	-	-	-	-	-	-	-
Committed	22,571,058	29,809,261	51,711,936	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 23,190,568	\$ 30,249,128	\$ 53,302,651	\$ 63,244,363	\$ 102,841,244	\$ 91,505,425	\$ 30,641,883	\$ 34,945,259	\$ 49,269,088	\$ 58,011,134

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



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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
REVENUES										
General property taxes	\$ 106,612,790	\$ 106,577,030	\$ 105,757,875	\$ 105,039,725	\$ 103,464,014	\$ 99,559,431	\$ 93,202,311	\$ 87,516,565	\$ 81,447,134	\$ 76,962,326
Other local taxes	32,867,664	31,953,379	31,965,165	30,067,742	30,526,768	31,432,882	31,085,815	29,786,917	28,102,659	27,400,564
Permits, fees, and licenses	706,560	670,373	642,732	829,674	770,289	969,168	827,706	824,223	694,048	743,694
Fines and forfeitures	803,636	793,542	888,995	810,241	824,001	706,354	754,895	755,033	700,301	680,283
Use of money and property	801,931	820,663	883,689	1,062,082	2,390,998	2,533,878	2,961,472	2,343,217	1,364,482	789,188
Charges for services	8,260,131	8,681,856	7,905,937	5,794,055	4,947,080	5,264,920	5,271,237	3,870,915	3,376,174	3,572,353
Intergovernmental revenue	36,630,966	34,969,934	56,345,534	42,248,109	37,285,281	38,517,594	36,933,807	34,392,207	32,179,487	31,551,337
Locality compensation payments	124,251	125,469	125,119	124,676	520,749	395,925	402,488	404,788	414,187	-
Miscellaneous	3,099,981	4,817,465	4,053,395	2,943,226	3,133,116	3,122,332	2,717,947	1,754,177	2,245,010	2,108,608
Total revenues	189,907,910	189,409,711	208,568,441	188,919,530	183,862,296	182,502,484	174,157,678	161,648,042	150,523,482	143,808,353
EXPENDITURES										
General government	11,951,092	11,312,307	11,208,849	11,319,789	11,155,637	10,505,771	9,515,622	8,678,310	8,118,324	7,391,344
Judicial administration	2,559,664	2,518,735	2,535,222	2,563,138	2,606,389	2,400,523	2,279,958	2,143,527	1,992,798	1,812,896
Public safety	43,147,408	40,967,084	42,170,041	40,436,054	38,606,968	37,322,169	34,316,225	32,305,718	29,111,784	27,662,517
Public works	13,420,416	12,802,861	13,078,780	12,716,367	14,161,590	15,232,241	13,784,117	13,370,551	12,683,511	12,784,825
Library	3,402,388	3,333,501	3,171,140	2,967,222	3,367,133	3,074,951	2,880,683	2,659,325	2,374,123	2,291,910
Health and welfare	14,979,463	14,615,516	16,614,818	16,779,169	15,884,722	16,116,566	16,420,012	13,555,847	12,515,760	11,137,394
Parks, recreation, and culture	7,564,437	7,704,845	7,351,415	5,757,057	4,789,372	4,769,013	4,473,419	4,122,383	3,768,113	3,618,391
Community development	2,091,085	2,288,881	2,554,430	2,644,744	2,827,306	2,549,646	2,191,555	1,845,093	1,581,557	1,433,458
Education	64,332,561	64,339,603	62,819,511	61,180,665	61,025,007	62,595,245	59,045,806	57,478,836	55,218,562	55,582,671
Debt service:										
Principal	13,129,978	12,534,407	12,269,095	9,964,540	10,323,075	8,306,035	8,255,178	8,281,393	8,339,379	7,041,504
Interest and other charges	8,952,723	9,050,745	9,563,362	9,437,308	8,799,841	5,067,780	5,416,678	5,743,801	6,139,789	4,270,654
Capital outlay	11,867,812	38,029,888	34,135,287	52,178,280	42,835,534	31,838,539	14,814,957	22,829,911	17,697,921	21,683,658
Total expenditures	197,399,027	219,498,373	217,471,950	227,944,333	216,382,574	199,778,479	173,394,210	173,014,695	159,541,621	156,711,222
Excess of revenues over (under) expenditures	(7,491,117)	(30,088,662)	(8,903,509)	(39,024,803)	(32,520,278)	(17,275,995)	763,468	(11,366,653)	(9,018,139)	(12,902,869)

Table 4 (continued)

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

**OTHER FINANCING
SOURCES (USES)**

Proceeds from lease purchase	\$ -	\$ -	\$ 1,148,037	\$ -	\$ 47,695,156	\$ 80,533,976	\$ -	\$ -	\$ -	\$ 42,788,533
Issuance of bonds	-	9,080,000	-	-	-	-	-	-	-	-
Bond premium	-	954,878	-	-	-	-	-	-	-	1,370,740
Proceeds from sale of land, machinery and equipment	160,337	56,408	95,553	102,850	166,245	209,368	47,812	776,317	25,945	21,328
Transfers in	22,493,225	19,620,902	19,166,458	22,453,787	30,683,567	20,368,032	18,019,165	16,842,772	19,028,355	25,232,607
Transfers out	(20,637,420)	(19,498,617)	(19,200,792)	(19,520,242)	(29,881,446)	(20,976,367)	(18,750,655)	(17,396,542)	(19,512,137)	(14,612,473)
Total other financing sources(uses)	<u>2,016,142</u>	<u>10,213,571</u>	<u>1,209,256</u>	<u>3,036,395</u>	<u>48,663,522</u>	<u>80,135,009</u>	<u>(683,678)</u>	<u>222,547</u>	<u>(457,837)</u>	<u>54,800,735</u>
Net change in fund balances	\$ <u>(5,474,975)</u>	\$ <u>(19,875,091)</u>	\$ <u>(7,694,253)</u>	\$ <u>(35,988,408)</u>	\$ <u>16,143,244</u>	\$ <u>62,859,014</u>	\$ <u>79,790</u>	\$ <u>(11,144,106)</u>	\$ <u>(9,475,976)</u>	\$ <u>41,897,866</u>

Table 5

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

Fiscal Year	Real Property	Personal Property	Public Service Corporation	Total Taxable Assessed Value	Real Property Total Direct Tax Rate	Personal Property Tax Rate	Estimated Actual Taxable Value
2004	5,563,983,100	663,297,004	218,702,303	6,445,982,407	\$1.12	\$3.50/3.00	7,766,243,864
2005	5,969,476,500	725,053,654	207,774,445	6,902,304,599	\$1.12	\$3.50/3.00	8,316,029,637
2006	6,441,496,100	768,161,943	207,613,114	7,417,271,157	\$1.11	\$3.50/3.00	8,936,471,273
2007	7,052,990,600	778,899,217	202,045,580	8,033,935,397	\$1.09	\$3.50/3.00	9,679,440,237
2008	7,630,455,000	830,364,367	223,884,755	8,684,704,122	\$1.09	\$3.50/3.00	10,217,298,967
2009	7,929,156,898	766,339,671	224,653,310	8,920,149,879	\$1.09	\$3.50/3.00	10,494,293,975
2010	8,020,716,300	780,689,905	233,127,850	9,034,534,055	\$1.09	\$3.50/3.00	10,151,161,860
2011	8,053,281,600	782,346,945	223,646,000	9,059,274,545	\$1.09	\$3.50/3.00	9,847,037,549
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 Land Books

Notes: Property in Roanoke County is assessed annually and is assessed at approximately 98 % of actual value for 2012-2013, approximately 96% for year 2011-2012 and at approximately 86% for years 2004 - 2011. Estimated actual taxable value is calculated by dividing taxable assessed value by those percentages. Tax rates are per \$100 of assessed value. Personal Property Tax Rates = \$3.50 for Personal Property; \$3.00 for Machinery and Tools.

Table 6

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

Fiscal Year	Direct Rates			Personal Property ^{(1) (2)}	Overlapping Rates	
	County of Roanoke				Town of Vinton	
	Real Property ⁽¹⁾				Real Property ⁽¹⁾	Personal Property ^{(1) (2)}
	First Half	Second Half	Total			
2004	\$0.560	\$0.560	\$1.12	\$3.50/3.00 ⁽³⁾	\$0.03	\$1.00
2005	\$0.560	\$0.560	\$1.12	\$3.50/3.00 ⁽³⁾	\$0.03	\$1.00
2006	\$0.555	\$0.555	\$1.11	\$3.50/3.00 ⁽³⁾	\$0.03	\$1.00
2007	\$0.545	\$0.545	\$1.09	\$3.50/3.00 ⁽³⁾	\$0.03	\$1.00
2008	\$0.545	\$0.545	\$1.09	\$3.50/3.00 ⁽³⁾	\$0.03	\$1.00
2009	\$0.545	\$0.545	\$1.09	\$3.50/3.00 ⁽³⁾	\$0.03	\$1.00
2010	\$0.545	\$0.545	\$1.09	\$3.50/3.00 ⁽³⁾	\$0.03	\$1.00
2011	\$0.545	\$0.545	\$1.09	\$3.50/3.00 ⁽³⁾	\$0.03	\$1.00
2012	\$0.545	\$0.545	\$1.09	\$3.50/3.00 ⁽³⁾	\$0.03	\$1.00
2013	\$0.545	\$0.545	\$1.09	\$3.50/3.00 ⁽³⁾	\$0.03	\$1.00

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

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

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

Source: Roanoke County Real Estate Land Books

Notes: The County's tax rates are determined each year by the Roanoke County Board of Supervisors.

Overlapping rates are those of the Town of Vinton, which is located in the County of Roanoke. Only those residents living in Vinton are subject to the Town of Vinton's tax, in addition to the County of Roanoke's tax.

Table 7

COUNTY OF ROANOKE, VIRGINIA
Principal Property Tax Payers
(unaudited)
Fiscal Years 2013 and 2004

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: County Real Estate Assessment Department

Table 8

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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 Department

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

Fiscal Year	Governmental Activities					Business-Type		Total Primary Government	Component Unit	Percentage of Assessed Value of Taxable Property	Percentage Of Personal Income	Per Capita
	General Obligation Debt	Lease Revenue Bonds	VPSA School Bonds	State Literary Bonds	Capital Leases	General Obligation Debt	Revenue Bonds		Capital Lease			
2004	\$ 25,716,449	\$ 26,703,265	\$ 74,499,309	\$ 8,622,594	\$ 372,109	\$ 1,835,031	\$ 65,928,087	\$ 203,676,844	\$ -	3.16%	5.30%	2,299
2005	23,287,203	26,281,871	69,708,272	7,738,562	-	-	-	127,015,908	-	1.84%	3.21%	1,420
2006	21,185,562	25,517,803	65,053,722	6,888,530	-	-	-	118,645,617	-	1.60%	2.87%	1,311
2007	19,040,454	24,724,570	60,490,721	6,038,498	-	-	-	110,294,243	3,564,057	1.42%	2.65%	1,253
2008	16,825,346	82,989,144	78,376,947	5,211,866	-	-	-	183,403,303	3,319,209	2.15%	3.93%	2,065
2009	14,560,238	80,954,308	120,748,501	4,524,181	-	-	-	220,787,228	3,161,076	2.51%	4.91%	2,465
2010	12,645,130	78,700,454	115,035,423	4,064,860	-	-	-	210,445,867	2,835,505	2.36%	4.56%	2,343
2011	10,655,022	76,376,966	107,150,919	3,617,042	1,148,037	-	-	198,947,986	2,488,325	2.22%	4.21%	2,181
2012	8,584,914	73,969,030	109,290,686	3,169,225	1,052,372	-	-	196,066,227	2,114,385	2.20%	4.14%	2,138
2013	6,416,798	71,455,422	100,944,620	2,721,409	952,889	-	-	182,491,138	1,750,401	2.07%	3.85%	1,976

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

Table 10

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

Fiscal Year	General Bonded Debt Outstanding - Governmental Activities					Total	Percentage of Actual Value of Taxable Property	Per Capita
	General Obligation Debt	Lease Revenue Bonds	VPSA School Bonds	State Literary Bonds				
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	3,617,042		197,799,949	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

(1) Population from VaStat, a service of the Weldon Cooper Center for Public Service. Fiscal Year 2007 was unavailable

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

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

Table 11

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General bonded debt outstanding										
General Obligation Bonds	\$ 6,416,798	\$ 8,584,914	\$ 10,655,022	\$ 12,645,130	\$ 14,560,238	\$ 16,825,346	\$ 19,040,454	\$ 21,185,562	\$ 23,287,203	\$ 25,716,449
Lease Revenue Bonds	71,455,422	73,969,030	76,376,966	78,700,454	80,954,238	82,989,144	24,724,570	25,517,803	26,281,871	26,703,265
VPSA School Bonds	100,944,620	109,290,686	107,150,919	115,035,423	120,748,501	78,376,947	60,490,721	65,053,722	69,708,272	74,499,309
State Literary Bonds	2,721,409	3,169,225	3,617,042	4,064,860	4,524,181	5,211,866	6,038,498	6,888,530	7,738,562	8,622,594
Total net debt applicable to debt limits	\$ 181,538,249	\$ 195,013,855	\$ 197,799,949	\$ 210,445,867	\$ 220,787,158	\$ 183,403,303	\$ 110,294,243	\$ 118,645,617	\$ 127,015,908	\$ 135,541,617
Ratio of net debt to assessed taxable property value	2.04%	2.16%	2.18%	2.33%	2.48%	2.11%	1.37%	1.60%	1.84%	2.10%
Debt limit per policy for property value	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Per capita	\$ 1,947	\$ 2,104	\$ 2,141	\$ 2,312	\$ 2,430	\$ 2,028	\$ 1,213	\$ 1,311	\$ 1,420	\$ 1,530
Debt limit per policy for per capita	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 1,500
Debt service to general governmental expenditures	8.51%	8.29%	8.51%	7.79%	7.30%	5.05%	5.48%	6.13%	6.63%	5.63%
Debt limit per policy for general governmental expenditures	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%

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

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

General governmental expenditures include the Governmental fund expenditures, the School Board component unit expenditures, and County and School transfer to Capital Projects and Proprietary funds.

The County does not have any Constitutional or Statutory Debt Limits.

Table 12

COUNTY OF ROANOKE, VIRGINIA
Demographic Statistics
Last Ten Fiscal Years
(Unaudited)
June 30, 2013

Fiscal Year	Population ⁽¹⁾	Personal Income (thousands of dollars) ⁽²⁾	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⁾ Personal Income & Per Capita Personal Income from the Bureau of Economic Analysis. Latest information available is for 2011. The figures for 2012 and 2013 have not been updated.

⁽³⁾ Roanoke County Public Schools Budget and Salary Scales 2013-2014 March 2013 ADM totals

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

COUNTY OF ROANOKE, VIRGINIA
 Principal Employers
 (unaudited)
 Fiscal Years 2013 and 2004

Employer	2013			2004		
	Rank	Ownership	Number of Employees	Rank	Ownership	Number of Employees
Roanoke County Schools	1	Local Govt.	1,000+	2	Local Govt.	1,000+
ITT Exelis	2	Private	1,000+	7	Private	1,000+
Wells Fargo Operations Center (Wachovia division)	3	Private	1,000+	-	-	-
County of Roanoke	4	Local Govt.	1,000+	9	Local Govt.	1,000+
Allstate Insurance Company	5	Private	500-999	5	Private	1,000+
Friendship Manor	6	Private	500-999	-	-	-
Richfield Nursing Center	7	Private	500-999	-	-	-
Kroger	8	Private	500-999	4	Private	1,000+
Walmart	9	Private	250-499	-	-	-
Berkshire Health Care Center	10	Private	250-499	-	-	-
Carilion Health System	-	-	-	1	Private	1,000+
Wachovia (now Wells Fargo)	-	-	-	3	Private	1,000+
Home Shopping Network	-	-	-	8	Private	1,000+
Manpower International	-	-	-	6	Private	500-999
Medical Facilities of America, Inc.	-	-	-	10	Private	500-999

Source: Roanoke County Economic Development Department

Table 14

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

<u>Function/Program</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General government										
Legislative	7	7	7	8	8	3	3	3	3	3
General and financial administration	71	72	72	74	74	73	73	73	70	74
Other	53	53	54	58	57	56	54	50	50	49
Judicial administration										
Courts	16	16	16	16	16	16	16	15	15	15
Commonwealth attorney	14	14	14	13	13	12	11	10	10	10
Public safety										
Sheriff	84	84	84	84	103	103	103	103	103	98
Police	154	153	153	188	194	186	179	165	159	159
Emergency Communication Center	44	43 *	43	-	-	-	-	-	-	-
Fire & rescue	153	153	153	149	143	129	124	124	112	112
Public works										
General services administration	3	3	3	3	3	3	3	3	3	5
Refuse disposal	34	35	34	35	35	35	35	35	35	33
Maintenance of general buildings and grounds	21	21	21	21	20	19	18	18	18	16
Garage	11	11	12	11	11	11	7	7	7	6
Engineering and inspections	32	34	36	36	39	38	38	33	33	33
Library	40	40	38	35	35	33	33	33	30	30
Health and welfare	98	95	95	95	95	95	95	92	86	75
Parks, recreation, and culture	67	68	66	63	61	60	59	55	57	57
Community development	23	23	24	28	31	31	31	31	26	23
Water and wastewater	-	-	-	-	-	-	-	-	-	66
Total	<u>925</u>	<u>925</u>	<u>925</u>	<u>917</u>	<u>938</u>	<u>903</u>	<u>882</u>	<u>850</u>	<u>817</u>	<u>864</u>

Source: Roanoke County Payroll Office

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

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

Function/Program	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General government										
Number of sales	748	636	800	932	1,332	1,725	2,005	2,233	1,954	1,723
Median assessment/sales ratio	98.00%	98.00%	95.00%	92.10%	92.10%	92.33%	91.54%	92.00%	85.00%	88.17%
Coefficient of dispersion	7.37%	6.23%	6.76%	7.09%	7.23%	7.28%	7.48%	7.53%	10.33%	8.15%
Judicial administration										
Circuit Court civil cases concluded	1,121	973	939	940	1,058	993	1,082	2,688	2,688	2,821
General District Court concluded	27,238	27,984	33,138	33,316	31,268	32,094	31,805	29,737	29,737	27,345
Juvenile and Domestic cases concluded	5,487	5,706	5,389	6,563	6,594	6,222	6,363	6,967	6,967	6,912
Public safety										
Physical arrests	4,676	3,948	4,224	4,109	3,855	3,598	4,551	4,155	3,275	3,481
Calls for service police	93,025	97,921	91,195	84,627	84,499	84,476	91,136	81,918	87,283	87,650
Calls for service fire	14,164	14,014	13,293	11,373	10,964	11,306	10,622	12,268	13,688	18,414
Fire inspections	1,293	1,245	984	473	836	960	1,129	988	1,576	2,117
Public works										
New business licenses	741	643	762	591	596	608	790	777	877	946
New prospect inquires Econ Dev	40	40	28	30	30	29	35	41	43	27
Waste tonnage to RVRA	42,922	40,046	40,570	40,536	41,469	43,361	44,556	42,889	40,698	40,227
Library										
Patrons registered	65,069	59,185	76,581	73,339	68,247	64,084	58,154	56,810	60,640	64,644
Total circulation	1,298,834	1,315,015	1,235,094	1,227,716	1,194,267	1,141,375	1,119,166	1,071,835	1,015,864	975,770
Health and welfare										
Individuals enrolled in Medicaid	12,453	9,881	8,676	8,568	11,187	8,727	6,485	6,415	5,930	5,141
Households receiving Supplemental Nutrition Assistance	4,001	3,800	3,404	3,157	2,771	2,184	1,835	2,032	1,856	1,509
Number of children in foster care	132	120	109	119	119	147	118	150	141	129
Community development										
Building permits issued	1,067	1,025	1,089	1,283	1,145	1,600	1,497	1,153	1,147	1,451

Source: Various County departments

Table 16

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

<u>Function/Program</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Government										
Administration Buildings	9	9	7	7	6	7	7	5	5	5
Judicial Administration										
Courthouses	1	1	1	1	1	1	1	1	1	1
Public Safety										
Fire Stations	12	12	12	12	11	11	11	11	11	11
Rescue Stations	11	11	11	11	11	11	11	11	11	9
Fire Units	27	27	27	27	28	28	28	28	29	29
Ambulances	24	23	24	24	23	23	23	24	25	25
Jails	1	1	1	1	1	1	1	1	1	1
Law Enforcement Vehicles	137	143	141	146	145	152	134	127	127	116
Public Works										
Refuse Collection Trucks	23	23	20	19	19	19	20	18	18	16
Libraries	6	6	6	6	6	6	6	6	6	6
Parks, Recreation, and Tourism*										
Parks	29	29	28	28	28	28	28	28	52	52
Park Acreage	1,092	1,092	1,075	1,061	1,061	1,061	960	960	1,146	1,146
Recreation Centers	3	3	3	3	2	2	2	2	5	5
Park District Maintenance Centers	3	3	3	3	3	3	3	3	3	3
Education										
Elementary Schools	16	16	16	16	17	17	17	17	17	17
Middle/Junior High Schools	5	5	5	5	5	5	5	5	5	5
High Schools	5	5	5	5	5	5	5	5	5	5
Vocational-Technical Schools	1	1	1	1	1	1	1	1	1	1
Career Centers	-	-	-	-	1	1	1	1	1	1

Source: Various County departments

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



SINGLE AUDIT SECTION

COUNTY OF ROANOKE, VIRGINIA
Schedule of Expenditures of Federal Awards
For The Period Ended June 30, 2013

Federal Granting Agency/ Recipient State Agency/ Grant Program	Grant Number	Federal Catalogue Number	Federal Expenditures
DEPARTMENT OF AGRICULTURE:			
Pass Through Payments:			
Department of Agriculture:			
Forest Service: Schools and Roads- Grants to States	-	10.665	\$ 2,353
Food and Nutrition Service: State Administrative Matching Grants for the Nutrition Assistance Program	-	10.561	674,532
National School Lunch Program	-	10.555	1,539,956
National School Lunch Program- USDA Commodities	-	10.555	<u>343,188</u>
School Breakfast Program	-	10.553	1,883,144
			332,680
DEPARTMENT OF DEFENSE:			
Direct Payments:			
Selected Reserve Educational Assistance Program (ROTC)	-	12.609	37,347
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Pass Through Payments:			
Administration for Children and Families:			
Promoting Safe and Stable Families	-	93.556	30,123
Temporary Assistance for Needy Families	-	93.558	683,506
Refugee and Entrant Assistance-State Administered Programs	-	93.566	6,210
Low-Income Home Energy Assistance	-	93.568	34,285
Child Care and Development Block Grant	-	93.575	(3,379)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	-	93.596	98,134
Chafee Education and Training Vouchers Program	-	93.599	7,157
Stephanie Tubbs Jones Child Welfare Services Program	-	93.645	2,923
Foster Care - Title IV-E	-	93.658	525,493
Adoption Assistance	-	93.659	390,139
Social Services Block Grant	-	93.667	600,761
Chafee Foster Care Independence Program	-	93.674	13,670
Centers for Medicare and Medicaid Services:			
Children's Health Insurance Program	-	93.767	15,160
Medical Assistance Program	-	93.778	614,155
DEPARTMENT OF ENERGY:			
Direct Payments:			
ARRA, Energy Efficiency and Conservation Block Grant Program (EECBG)	DE-SC0003490	81.128	1,239
DEPARTMENT OF JUSTICE:			
Direct Payments:			
Bureau of Justice Assistance:			
State Criminal Alien Assistance Program	2009-AP-BX-0651	16.606	460
Bulletproof Vest Partnership Program	-	16.607	8,092
Bulletproof Vest Partnership Program	-	16.607	<u>1,027</u>
			9,119
Pass Through Payments:			
Bureau of Justice Assistance:			
Edward Byrne Memorial Justice Assistance Grant Program	2009-DJ-BX-1391	16.738	90
Edward Byrne Memorial Justice Assistance Grant Program	2010-DJ-BX-1351	16.738	5,812
Edward Byrne Memorial Justice Assistance Grant Program	2011-DJ-BX-2078	16.738	8,622
Edward Byrne Memorial Justice Assistance Grant Program	2012-DJ-BX-0379	16.738	<u>14,221</u>
			28,745
Pass Through Payments:			
Office of Victims Crime:			
Crime Victim Assistance	13-S8561VG12	16.575	45,839
Office of Community Oriented Policing Services:			
Public Safety Partnership and Community Policing Grants	-	16.710	34,269

(continued)

COUNTY OF ROANOKE, VIRGINIA
Schedule of Expenditures of Federal Awards-Draft
For The Period Ended June 30, 2013

Federal Granting Agency/ Recipient State Agency/ Grant Program	Grant Number	Federal Catalogue Number	Federal Expenditures
DEPARTMENT OF TRANSPORTATION:			
Pass Through Payments:			
National Highway Traffic Safety Administration:			
State and Community Highway Safety	SC-2013-53112-4827	20.600	12,308
State and Community Highway Safety	RS-2013-53113-4828	20.600	45,699
State and Community Highway Safety	RS-2012-52067-4445	20.600	<u>20,008</u>
Alcohol Impaired Driving Countermeasures Incentive Grants	K8-2013-53226-4941	20.601	11,628
Alcohol Impaired Driving Countermeasures Incentive Grants	K8-2012-52014-4392	20.601	2,400
Alcohol Impaired Driving Countermeasures Incentive Grants	K8-2012-52012-4390	20.601	<u>6,070</u>
Occupant Protection Incentive Grant	K2-2013-53091-4807	20.602	20,157
Alcohol Open Container Requirements	154AL-2012-52013-4391	20.607	8,550
Alcohol Open Container Requirements	154AL-2013-53089-4805	20.607	<u>39,030</u>
			78,015
			20,098
			20,157
			47,580
Federal Highway Administration:			
Recreational Trails Program	EN08-080-105	20.219	31,945
Highway Planning and Construction : Roanoke River Greenway-Mill Lane	EN08-080-108	20.205	36,007
DEPARTMENT OF HOMELAND SECURITY:			
Pass Through Payments:			
State Homeland Security Program			
State Homeland Security Program-DEM Grant	-	97.073	96,786
Assistance to Firefighters	-	97.073	<u>4,737</u>
Disaster Grants-Public Assistance(Presidentially Declared Disasters)	EMW-2011-FO-02573	97.044	359,943
	FEMA-4072-DR-VA	97.036	182,393
NATIONAL ENDOWMENT FOR THE ARTS:			
Pass Through Payments:			
Promotion of the Arts Partnership Agreement -Local Government Challenge Grant	-	45.025	5,000
NATIONAL SCIENCE FOUNDATION:			
Pass Through Payments:			
Computer and Information Science and Engineering CISE	IIS-0954048	47.070	1,490
ENVIRONMENTAL PROTECTION AGENCY:			
Pass Through Payments:			
Office of Water:			
National Wetland Program Development Grant and Five Star Restoration Training Grant	-	66.462	1,785
DEPARTMENT OF EDUCATION:			
Pass Through Payments:			
Department of Education:			
ARRA, State Fiscal Stabilization Fund (SFSF)-Education State Grants	S394A090047	84.394	44,935
Office of Elementary and Secondary Education:			
Title I-Grants to Local Educational Agencies 10-11	S010A100046	84.010	49,573
Title I-Grants to Local Educational Agencies 11-12	S010A110046	84.010	183,144
Title I-Grants to Local Educational Agencies 12-13	S010A120046	84.010	<u>1,016,650</u>
Title II- Improving Teacher Quality State Grants Part A 10-11	S367A100044	84.367	22,599
Title II- Improving Teacher Quality State Grants Part A 11-12	S367A110044	84.367	42,109
Title II- Improving Teacher Quality State Grants Part A 12-13	S367A120044	84.367	<u>236,831</u>
Title II Part D- Education Technology Formula Grant 10-11	S318X100046	84.318	26
Title III-English Language Acquisition Grants 10-11	T365A100046	84.365	802
Title III-English Language Acquisition Grants 11-12	S365A110046	84.365	<u>16,068</u>
Office of Special Education and Rehabilitative Services:			
Title VIB : Special Education - Grants to States Flow Through 10-11	H027A100107	84.027	37,653
Title VIB : Special Education - Grants to States Flow Through 11-12	H027A110107	84.027	257,376
Title VIB : Special Education - Grants to States Flow Through 12-13	H027A120107	84.027	<u>3,057,578</u>
Special Education - Preschool Mini A Grants	H173A120112	84.173	88,351
Office of Vocational and Adult Education:			
Vocational Education Basic Grants to States- Carl D. Perkins Vocational and Technical Ed	V048A110046	84.048	146,239
Vocational Education Basic Grants to States- Adult Education State Grant Program 12-13	V002A120047	84.002	84,212
Total Federal Expenditures			<u>\$ 12,238,146</u>

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

County of Roanoke, Virginia
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

- (1) Basis of Accounting - Federal Programs are accounted for on the accrual basis of accounting.
- (2) Reporting Entity - The Schedule of Expenditures of Federal Awards includes all grants awarded to the County of Roanoke, Virginia (the County). The reporting entity is defined in Note 1 of the County's basic financial statements.
- (3) In-Kind Contributions - The County received \$343,188 in food and food stamps from the U.S. Department of Agriculture during fiscal year 2013. These in-kind contributions are included in the basic financial statements.



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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications of Audits of Counties, Cities and Towns* (Specifications), issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information of the County of Roanoke, Virginia (the County) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 19, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County'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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 County'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, and certain provisions of other laws and regulations specified in the Specifications, Chapters Two and Three. 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* or the Specifications.

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 County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the Specifications in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

November 19, 2013



KPMG LLP
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Independent Auditors' Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*

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

Report on Compliance for Each Major Federal Program

We have audited the County of Roanoke, Virginia's (the County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2013. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.



Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

KPMG LLP

November 19, 2013

COUNTY OF ROANOKE, VIRGINIA
Schedule of Findings and Questioned Costs
Year ended June 30, 2013

(1) Summary of Auditors' Results:

- (a) The type of report issued on the basic financial statements: **unmodified opinions.**
- (b) Significant deficiencies in internal control over financial reporting disclosed by the audit of the basic financial statements: **none reported.** Material weaknesses: **none.**
- (c) Noncompliance which is material to the basic financial statements: **none.**
- (d) Significant deficiencies in internal control over major programs: **none reported.** Material weaknesses: **none.**
- (e) The type of report issued on compliance for major programs: **unmodified opinion.**
- (f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: **none.**
- (g) Major programs: Food Stamp Cluster (CFDA #10.561); Title VI-B Special Education – Flow Through (CFDA #84.027); and Adoption Assistance (CFDA #93.659).
- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$367,144.**
- (i) Auditee qualified as a low risk auditee under Section 530 of OMB Circular A-133: **yes.**

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

None.

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

None.

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

None.

