

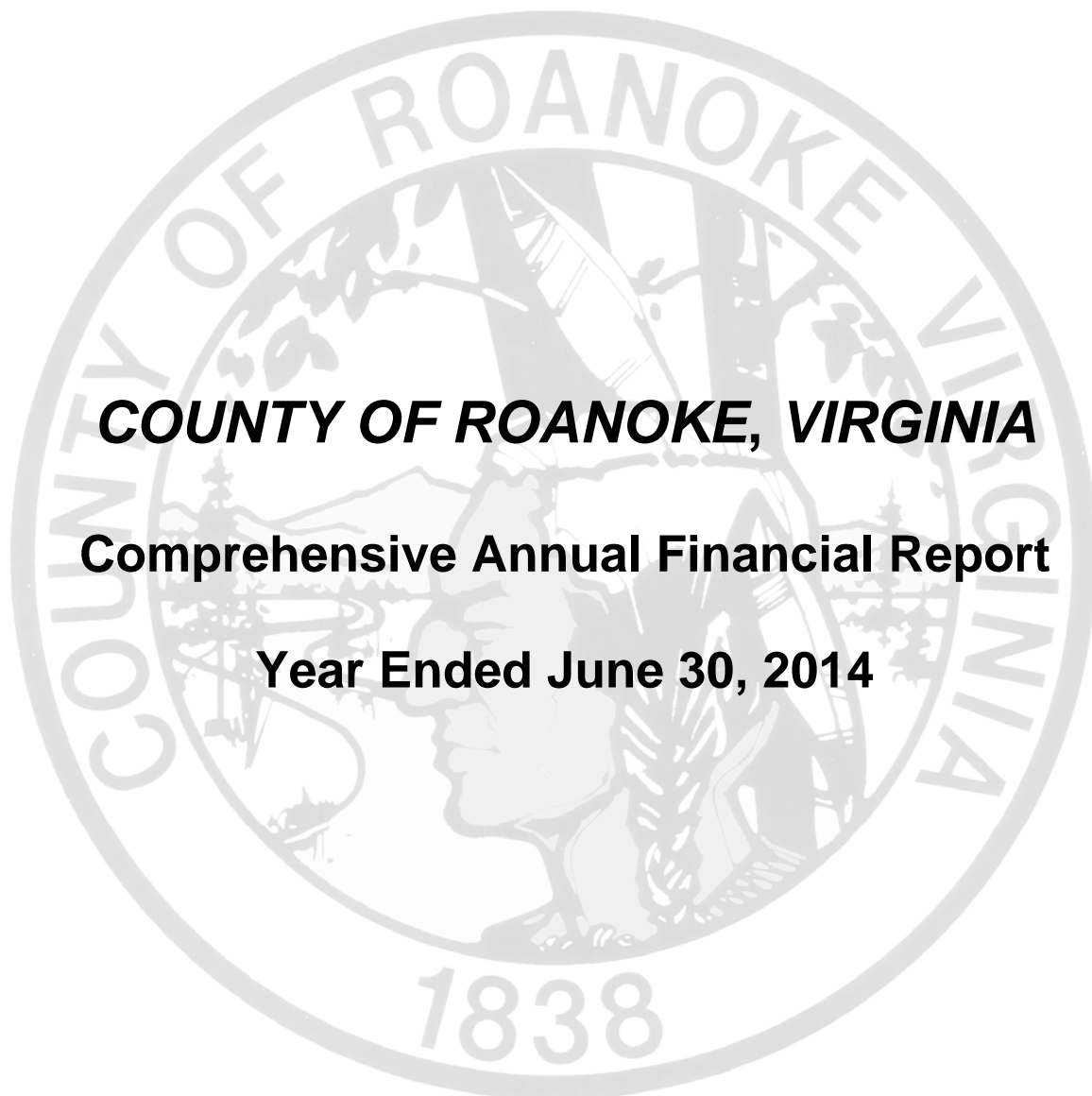


COUNTY OF ROANOKE, VIRGINIA

*Comprehensive Annual
Financial Report*



YEAR ENDED JUNE 30, 2014



COUNTY OF ROANOKE, VIRGINIA
Comprehensive Annual Financial Report
Year Ended June 30, 2014

Prepared by the

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County of Roanoke Board of Supervisors



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Vice Chairman
Vinton District



Joseph B. "Butch" Church
Catawba District



Charlotte A. Moore
Cave Spring District



Al Bedrosian
Hollins District



B. Clayton Goodman, III
County Administrator



COUNTY OF ROANOKE, VIRGINIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

Table of Contents

	Page
<u>INTRODUCTORY SECTION (Unaudited)</u>	
Transmittal Letter	1
County of Roanoke History	9
Directory – County Officials	11
Directory – School System Principal Officials	12
Organizational Chart	13
Certificate of Achievement for Excellence in Financial Reporting	14
<u>FINANCIAL SECTION</u>	
Report of Independent Auditors	16
Management’s Discussion and Analysis (required supplementary information) (Unaudited)	19
<u>Exhibits</u>	
Basic Financial Statements:	
Government-wide Financial Statements:	
Exhibit I Statement of Net Position	32
Exhibit II Statement of Activities	33
Fund Financial Statements:	
Governmental Funds’ Financial Statements	
Exhibit III Balance Sheet	34
Exhibit IV Statement of Revenues, Expenditures, and Changes in Fund Balances	36
Proprietary Funds’ Financial Statements	
Exhibit V Statement of Net Position	38
Exhibit VI Statement of Revenues, Expenses, and Changes in Fund Net Position	39
Exhibit VII Statement of Cash Flows	40
Fiduciary Funds’ Financial Statements	
Exhibit VIII Statement of Fiduciary Net Position	41
Exhibit IX Statement of Changes in Fiduciary Net Position Pension Trust and OPEB Trust	42
Combining Component Units’ Financial Statements	
Exhibit X Combining Statement of Net Position	43
Exhibit XI Combining Statement of Activities	44
Notes to the Basic Financial Statements	45
Required Supplementary Information other than Management’s Discussion and Analysis:	
Exhibit XII Budgetary Comparison Schedule-General Fund (Unaudited)	98
Exhibit XIII Schedules of Funding Progress (Unaudited)	100
Exhibit XIV Schedules of Employer Contributions (Unaudited)	101
Notes to Required Supplementary Information (Unaudited)	102

COUNTY OF ROANOKE, VIRGINIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

Table of Contents

(continued)

	Supplementary Information:	
<u>Schedules</u>	Combining Schedules of Governmental Funds	
Schedule 1	Budgetary Comparison Schedule – Debt Service Fund	105
Schedule 2	Budgetary Comparison Schedule – Capital Projects Fund	106
Schedule 3	Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	107
Schedule 4	Capital Assets Used in the Operation of Governmental Activities – Schedule By Function and Activity	112
Schedule 5	Schedule of Changes By Function and Activity	113
Schedule 6	Schedule of the Treasurer's Accountability	114
	Combining Statement of Internal Service Funds	
Schedule 7	Combining Statement of Net Position	116
Schedule 8	Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	117
Schedule 9	Combining Statement of Cash Flows	118
	Combining Statement of Fiduciary Funds	
Schedule 10	Combining Statement of Fiduciary Assets and Liabilities - Agency Funds	120
Schedule 11	Combining Statement of Changes in Fiduciary Assets and Liabilities - Agency Funds	122
	Statements of Component Units	
	Roanoke County Public Schools	
Schedule 12	Statement of Net Position	125
Schedule 13	Statement of Activities	126
Schedule 14	Balance Sheet – Governmental Funds	127
Schedule 15	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	128
Schedule 16	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	129
	Economic Development Authority of Roanoke County, Virginia	
Schedule 17	Balance Sheet – Governmental Fund	130
Schedule 18	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Fund	131
Schedule 19	Schedule of Revenue Bonds and Notes Outstanding	132
	South Peak Community Development Authority	
Schedule 20	Statement of Net (Deficit) Position	133
Schedule 21	Statement of Revenues, Expenditures and Changes in Net (Deficit) Position	134
Schedule 22	Statement of Cash Flows	135

STATISTICAL SECTION (Unaudited)

<u>Tables</u>	Financial Trends	
Table 1	Net Position by Component	139
Table 2	Changes in Net Position	140
Table 3	Fund Balances, Governmental Funds	142
Table 4	Changes in Fund Balances, Governmental Funds	144

COUNTY OF ROANOKE, VIRGINIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

Table of Contents

(continued)

	Revenue Capacity Information	
Table 5	Assessed Value and Estimated Actual Value of Taxable Property	146
Table 6	Direct and Overlapping Property Tax Rates	147
Table 7	Principal Property Tax Payers	148
Table 8	Property Tax Levies and Collections	149
	Debt Capacity Information	
Table 9	Ratios of Outstanding Debt by Type	150
Table 10	Ratios of General Bonded Debt Outstanding	151
Table 11	Debt Policy Information	152
	Demographic and Economic Information	
Table 12	Demographic Statistics	153
Table 13	Principal Employers	154
	Operating Information	
Table 14	Full-time Equivalent County Government Employees by Function/Program	155
Table 15	Operating Indicators by Function/Program	156
Table 16	Capital Asset Statistics by Function/Program	157

SINGLE AUDIT SECTION

Schedule of Expenditures of Federal Awards	160
Notes to Schedule of Expenditures of Federal Awards	162
Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	163
Report of Independent Auditors on Compliance for Each Major Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133, <i>Audits of States, Local Governments and Non-Profit Organizations</i>	165
Schedule of Findings and Questioned Costs	167



INTRODUCTORY SECTION



County of Roanoke

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

November 13, 2014

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, 2014. 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 Cherry Bekaert LLP has issued unmodified opinions on the County's basic financial statements as of and for the fiscal year ended June 30, 2014 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 92,703¹, down by 0.5% from the 2013 population of 93,256. The County is part of the Roanoke Metropolitan Statistical Area (MSA) that has a total population of approximately 312,000, reflecting an increase of 1.2% over the 2010 census. The

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

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 2014 showed slight signs of economic improvement. Unemployment as of June 30, 2014 was down 5.2%² from the 5.5% in 2013, and below the State average of 5.4%. Signs of an improving economy are visible throughout the County.

New data released by the Bureau of Economic Analysis shows that Roanoke Metropolitan Area is the second leading growth economy in the Commonwealth and that Roanoke's economy is growing at its fastest rate in more than five years. Furthermore, Roanoke's economy is growing faster than more than half of U.S. metropolitan cities. Roanoke's gross metropolitan revenue is over 13 billion and is the fourth largest metro economy in the state.

Growth of the economy in the Valley is further supported in numbers released by the Council for Community and Economic Research for the second quarter of 2014 which rank the Roanoke metro area as having the lowest cost of living index in the state. With an index of 90.9, costs in Roanoke are 9.1% lower than the national average of 100%. Roanoke is the 60th lowest cost metro in the country, and is in the top 25% of metros nationally. The composite index is based on six component categories – housing, utilities, grocery items, transportation, health care, and miscellaneous goods and services.

Economic Development

The Roanoke County Department of Economic Development continued its mission this year of enhancing the visibility and progressiveness of the County's programs and services as well as its marketable industrial and commercial property. This year marked the tenth consecutive year the Economic Development Department achieved the designation of being an Accredited Economic Development Organization (AEDO), through the International Economic Development Council (IEDC). This accreditation makes them one of only three organizations in Virginia to attain the designation. The IEDC is the world's largest economic development organization. The AEDO is a comprehensive peer review program designed to reward the professionalism, commitment and technical expertise of economic development organizations throughout the United States.

In an ever changing economy staying competitive is vital. Businesses are attracted to communities that have a proven track-record of steady economic growth. The County remains committed to drawing and retaining quality industries and jobs through a broadened business tax base that provides revenues for needed services and provides long-term, stable employment opportunities for residents. The Economic Development Department assists in this endeavor by providing a customized incentive program for qualifying new and expanding businesses in Roanoke County. This incentive program can only be achieved through continued partnerships with other public and private sector organizations.

The slow but steady economic recovery continues to show signs of rebound throughout the County. In June, Wal-Mart, the world's largest retailer, announced it would open a new Wal-Mart Neighborhood Market at the intersection of Plantation Road and John Richardson Road. Wal-Mart Neighborhood Markets focus on almost exclusively grocery items as opposed to the larger Wal-Mart Supercenters. The new store will employ around 95 full and part-time workers and is set to open in the beginning of 2015.

² Virginia Employment Commission statistics

A global manufacturer of containers for the food and beverage industry, The Ardagh Group, announced its plans to locate a state-of-the-art metal can manufacturing facility in Roanoke County during the third quarter of the past year. Having purchased the 525,000 square foot former Hanover Direct distribution center at 5022 Hollins Road and creating 96 new jobs, the Ardagh Group's investment totals approximately \$93.5 million in real estate and equipment; making them the largest single manufacturing investment in Roanoke County history.

The addition of The Ardagh Group also brought the relocation of another company, Canline Systems. The company, an international supplier of conveyor systems for the packaging industry, chose Roanoke County to be the home of its first U.S. facility. This move will create 25 new jobs over the next three years. The Netherlands based company will design manufacture and assemble automated product conveyor systems at its new 10,500 sq. ft. facility at 6525 Commonwealth Drive in Southwest Roanoke County. Canline began hiring and assembly the first of October.

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, 2014 the unassigned fund balance for the general fund was 11.00% of the fiscal year 2014 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 strong bond ratings. The County was rated AA+, AA+, and Aa1 by Fitch, Standard & Poor's, and Moody's Investor Service respectively on the 2003 General Obligation Bonds which were paid off during the year. The County has bond ratings on outstanding lease revenue bonds as follows: Standard & Poor's AA, Moody's Investor Service Aa3, and Fitch AA.

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 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, thirty-five 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 2014 fiscal year. Major initiatives for 2014 include:

Education: Roanoke County Public Schools (RCPS) is the 17th largest of 132 school systems in the Commonwealth of Virginia and the largest employer in the Roanoke Valley. The School Board consists of five members elected to four-year terms.

Over 14,367 students (including pre-kindergarten) are enrolled in the Roanoke County School System. RCPS prides itself in providing wide-ranging educational opportunities to students through offering special, gifted, career and technical instruction at sixteen elementary schools, five middle schools, five high schools, and one specialty center. The School System is one of only 22 districts in the State with all 26 schools achieving full accreditation again this year. This is an impressive feat given that over 200 schools in the state lost full accreditation. Roanoke County was the largest district in the state to earn this distinction.

The School Board and the County continue to place a major emphasis on the capital needs in the School System. As part of the School's Capital Improvement Plan, construction is currently underway for the renovation of Glenvar High School. The \$28.3 million is set to be completed at the end of August 2015.

The School System has been recognized for the past 11 years 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.

Vinton Library: The construction of the new Vinton Library is an on-going project initiated in 2013 with a ground breaking ceremony held this past spring. The new library will replace the old Vinton Library built in 1969. The facility will encompass 22,000 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 is located in downtown Vinton at 300 South Pollard Street. With almost all of the steel and framing construction complete, as well as the roof decking, the building is set to be completely enclosed prior to winter and is on track to be completed in late 2015.

Criminal Justice Academy: Providing the citizens of Roanoke County with paramount law enforcement service has and will always be a top priority. The County is proud to be the home of two nationally accredited law enforcement agencies. Since 1992, the Roanoke County Police Department has achieved national accreditation through the Commission on Accreditation for Law Enforcement Agencies and the Roanoke County Sheriff's Office has been nationally accredited by The American Correctional Association since 2012.

In order to maintain public trust, while providing courteous and professional police service, training is vital. By training officers in a variety of areas and techniques, each agency creates police professionals with knowledge in specific fields who, in turn, share their expertise with other officers. The County is dedicated to giving its law enforcement officers the training necessary to effectively and efficiently do their job.

In the fall of 2013 the County began exploring a joint venture with The City of Roanoke to expand the City's Police Academy. The addition to the existing facility, by the County, would allow for the sharing of training resources between all law enforcement agencies in the Roanoke Valley to include the Roanoke County Police Department, the Roanoke County Sheriff's Office and the Western Virginia Regional Jail. In March of this year, construction began on an 8,300sq/ft wing to the existing city police academy. The approximately \$3 million project is partially funded by a Department of Justice Settlement received by the County. The connecting addition includes three classrooms, administrative offices, and locker rooms as well as access to the use of the existing full size gym, training simulators, and water training tank. The construction is scheduled to be completed late this year or early 2015.

Eastern Section of the Roanoke River Greenway: This project entails the planning, design and construction of approximately 2.7 miles of the Roanoke River Greenway in the eastern portion of the County, from the water treatment plant in the City of Roanoke to the Blue Ridge Parkway. The project is currently in the preliminary design phase and is expected to move to the final design and engineering phase within the next six months. The project is funded through approximately \$6.8 million in VDOT Transportation Enhancement and Regional Surface Transportation Program (RSTP) funds with a local match of approximately \$193,000. The project is estimated to be completed in the winter of 2017-2018.

Western Section of the Roanoke River Greenway: This project entails the planning, design and construction of approximately 1.6 miles of the Roanoke River Greenway in the western portion of the County, from Green Hill Park in Roanoke County to Riverside Park in the City of Salem. The project is currently in the preliminary design phase and is expected to move to the final design and engineering phase within the next six months. The project is funded through approximately \$3.5 million in VDOT Open Container (OC) and Regional Surface Transportation Program (RSTP) funds with no local match required. Additional project funding from VDOT is expected during the final design and engineering phase. The project is estimated to be completed in the spring-summer of 2017.

Integrated Financial System: The current financial data software has been used by the County since 1990. During that period, the software, Performance, has been purchased three times by different companies. The decision to explore other financial data tracking programs came when the current owner, Harris International, informed all program users that they would no longer continue to make improvements to the Performance program. A committee has been created and is currently participating in short product demonstrations by potential vendors. The implementation of a new Integrated Financial System (IFS) is set to be complete in the winter of 2018-2019.

Social Services Building Renovations: Roanoke County's Department of Social Services is located at 220 E. Main Street in Salem. The building is home to over 100 staff occupying all 5 floors in addition to housing numerous cell tower providers on the roof. In September the Board of Supervisors voted to renew the leases with the cell phone providers and we are now able to begin the renovation project.

MB Contractors was awarded the contract to complete the renovation that includes a total roof replacement, installation of a fire protection system, replacement of all heating and cooling units, as well as extensive parking lot repairs and total renovation of 5th floor which has been impacted by the leaking roof. This project is estimated to cost just over \$3 million. It is projected that \$500,000 will come from the City of Salem and \$1 million from the building's fund which is made up in part from payments from the cellular companies. The County will pay the remaining approximate \$1.5 million balance.

Plantation Road Project: The Plantation Road Bicycle, Pedestrian and Streetscape Improvement Project was conceived in 2009 as a means to begin implementing several strategies included in the Hollins Area Plan which was adopted by the Roanoke County Board of Supervisors in November, 2008, as a component of the Roanoke County Comprehensive Plan.

The Plantation Road Project encompasses the length of Plantation Road (Route 115) from Interstate 81 to Williamson Road (Route 11), a distance of nine-tenths of one mile. The proposed improvements include sidewalks, pedestrian crosswalks, pedestrian signals, bicycle facilities, street trees, pedestrian-scaled lighting, a Hollins community identification sign, landscaping and drainage improvements. Shared-use trails will connect Walrond Park to the Hollins University segment of the Tinker Creek Greenway and ultimately to the 40 miles of trails at Carvins Cove Natural Reserve.

Phase 1 of the project is nearing. Phase 1 includes a shared path from Williamson Road to Walrond Drive and sidewalk from Walrond Drive to Gander Way; sidewalks from Williamson Road to Friendship Lane; curb, gutter, street trees and pedestrian-scaled lighting along the shared path and sidewalk; pedestrian signals and crosswalks for two legs of the Gander Way/Friendship Lane traffic signal. Phase 1 has a budget of approximately \$3.8 million and has a Construction Advertisement date of October, 2015. Phase 1 is set to begin construction in early 2016 with completion estimated in the spring of 2017.

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, 2013. This was the fourteenth 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, 2014. This was the twenty-eighth 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

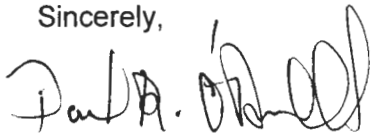
sponsored by the National Purchasing Institute (NPI), the National Institute of Governmental Purchasing (NIGP), the National Association of State Procurement Officials (NASPO), and the National Association of Educational Procurement (NAEP). The program is designed to measure innovation, professionalism, e-procurement, productivity, and leadership attributes of the procurement function. The Roanoke County Procurement Division of the Finance Department received this prestigious award in 2014 for the ninth consecutive year recognizing the staff for Achievement of Excellence in Procurement.

Roanoke County ranked first among the top ten digital counties in the nation for use of information and communication technology to support and provide public service in our 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 named Roanoke County among the most technologically-advanced, cutting-edge county governments in the United States since 2004.

Roanoke County also received a Special Achievement in Geographic Information Systems (SAG) Award at the Esri International User Conference in San Diego, California held in July. This award acknowledges vision, leadership, hard work and innovative use of Esri's geographic information system technology. Esri is the market leader in GIS technology is used in more than 300,000 organizations worldwide

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,



Daniel R. O'Donnell
Interim 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 92,703 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, 2014

Board of Supervisors

Joseph P. McNamara, Chairman, Windsor Hills District
P. Jason Peters, Vice-Chairman, Vinton District
Joseph B. "Butch" Church, Catawba District
Charlotte A. Moore, Cave Spring District
Al Bedrosian, Hollins 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
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, 2014

School Board Members

C. Drew Barrineau, Chairman, Windsor Hills District

Michael W. Stovall, Vice-Chairman, Vinton District

H. Odell “Fuzzy” Minnix, Cave Spring District

David M. Wymer, Catawba District

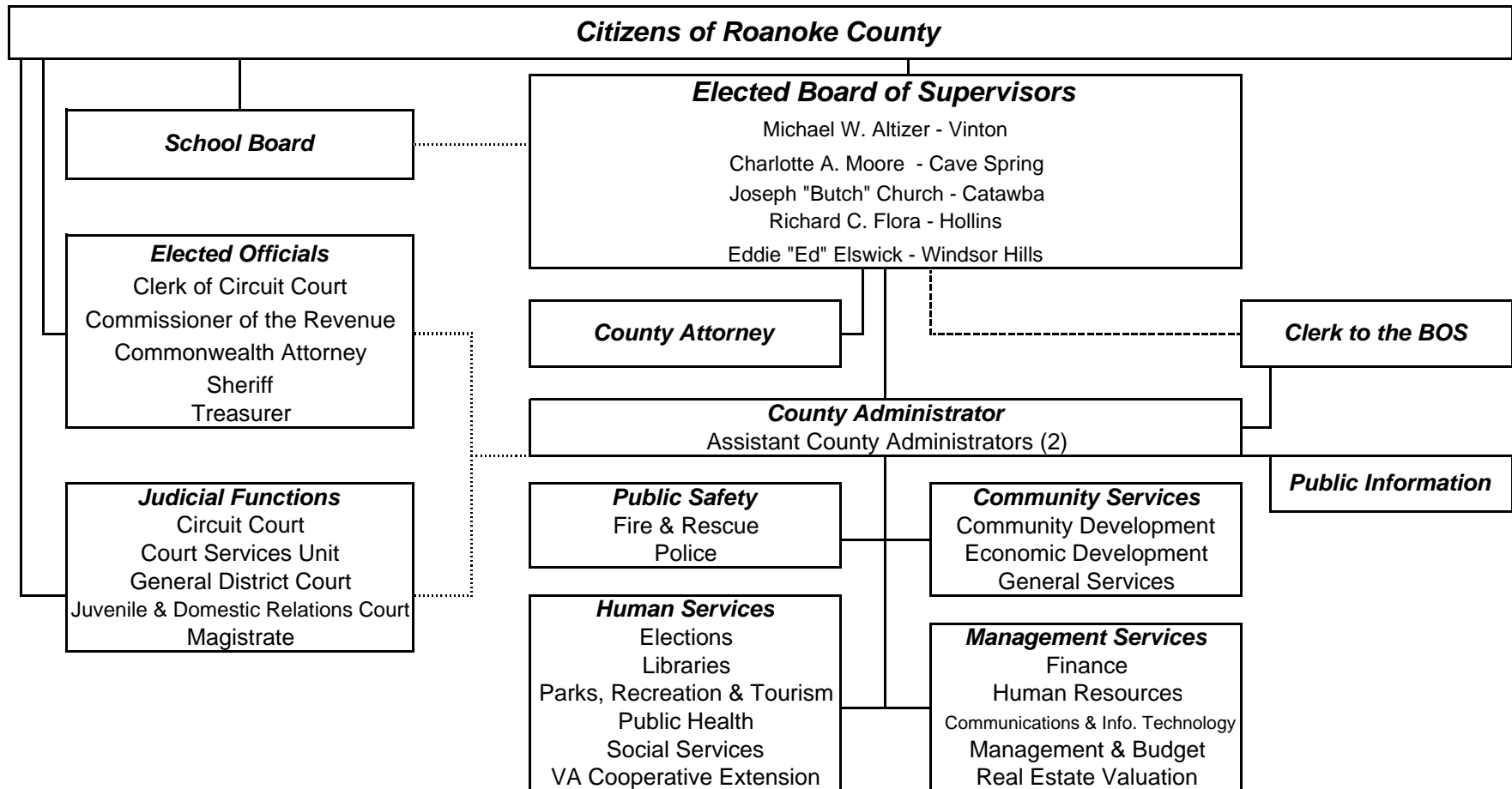
Jerry L. Canada, Hollins District

School Administration

Lorraine S. Lange, Superintendent of Schools

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

County of Roanoke Organizational Chart





Government Finance Officers Association

**Certificate of
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in Financial
Reporting**

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**County of Roanoke
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013



Executive Director/CEO

FINANCIAL SECTION

Report of Independent Auditor

To 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, 2014, 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 accounting principles generally accepted in the United States of America; 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.

Auditor's 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 the *Specifications for Audits of Counties, Cities and Towns*, 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 auditor's 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1 and 21 to the basic financial statements, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective July 1, 2013. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule – General Fund, Schedules of Funding Progress, and Schedules of Employer Contributions on pages 19-29, 98-99 and 102, 100 and 101, respectively, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Roanoke, Virginia's basic financial statements. The Introductory Section, Supplementary Information, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also 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 and Statistical Sections 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 13, 2014, on our consideration of the County of Roanoke, Virginia'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 of Roanoke, Virginia's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Cheryl Behrman CP". The signature is written in a cursive, flowing style.

Roanoke, Virginia
November 13, 2014

County of Roanoke, Virginia
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2014

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, 2014

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, the Regional Center for Animal Control and Protection 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 98 of this report.

County of Roanoke, Virginia
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2014

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, 2014 and 2013		
	Governmental Activities	
	FY2014	FY2013 (restated)*
Current and other assets	\$ 106,237,791	\$ 95,941,426
Capital assets, net	<u>273,931,263</u>	<u>284,883,191</u>
Total assets	<u>380,169,054</u>	<u>380,824,617</u>
Deferred Outflows	<u>1,280,921</u>	<u>179,327</u>
Other Liabilities	10,768,831	9,272,336
Long-Term Liabilities	<u>189,478,615</u>	<u>192,059,516</u>
Total liabilities	<u>200,247,446</u>	<u>201,331,852</u>
Deferred Inflows	<u>10,092,384</u>	<u>10,409,684</u>
Net investment in capital assets	127,038,171	124,163,895
Restricted	7,106,651	9,514,571
Unrestricted	36,965,323	35,583,942
Total net position	<u>\$ 171,110,145</u>	<u>\$ 169,262,408</u>

*Restated in accordance with GASB Statement No. 65

In the case of the County, assets and deferred outflows exceed liabilities and deferred inflows by \$171.1 million at the close of fiscal year 2014. This increase of \$1.8 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 evaluation of the need to fill vacancies and delay of capital spending.

The largest portion of the County's net position (74.2%) 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 (4.2%) is restricted for state and federal grant programs. The remaining balance is unrestricted net position (21.6%) that may be used to meet the County's ongoing obligations to citizens and creditors.

County of Roanoke, Virginia
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2014

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.

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, 2014 and 2013		
	Governmental Activities	
	FY2014	FY2013 (restated)*
Revenues		
Program Revenue		
Charges for services	\$ 12,684,515	\$ 12,707,476
Operating grants & contributions	30,515,001	24,218,404
General Revenue		
Property taxes	106,338,649	105,819,996
Sales taxes	9,869,029	9,410,322
Business License taxes	6,732,148	6,153,741
Communications taxes	3,963,630	4,032,239
Consumer utility taxes	3,761,168	3,664,460
Tax on prepared food	3,889,983	3,825,958
Motor vehicle licenses	2,190,956	2,126,212
Other local taxes	3,912,364	3,641,828
Non-categorical state aid	12,229,857	12,229,857
Other revenues	1,562,021	1,915,833
Total revenues	197,649,321	189,746,326
Expenses		
General government	16,914,828	12,834,641
Judicial administration	2,700,700	2,679,794
Public safety	47,455,056	44,950,933
Public works	15,520,933	14,996,985
Library	5,211,675	3,779,294
Health & welfare	15,716,422	15,369,139
Parks, recreation & culture	6,640,738	9,320,763
Community development	3,011,776	2,368,102
Education	75,386,420	74,001,766
Interest and other charges	7,243,036	8,118,347
Total expenses	195,801,584	188,419,764
Change in net position	1,847,737	1,326,562
Total net position, beginning of year	169,262,408	167,935,846
Total net position, end of year	<u>\$ 171,110,145</u>	<u>\$ 169,262,408</u>
* Restated in accordance with GASB Statement No. 65		

Governmental Activities

Governmental activities increased the County's net position by \$1.8 million. The County's total revenues increased from the prior year by 4.2% to \$197.6 million and expenses for all programs and services increased 3.7% to \$195.8 million.

Approximately 53.8% of the County's revenues come from property taxes, 3.4% from business license tax, 2.0% 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, 6.4% from charges

County of Roanoke, Virginia
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2014

for services, 15.4% operating grants and contributions, 6.2% from non-categorical state aid, 5.0% from sales tax, and 0.9% from other and miscellaneous revenues.

The County's expenses cover a range of services, with about 38.5% related to Education, 24.2% to Public Safety, 7.9% to Public Works, 8.0% to Health and Welfare, 1.4% to judicial administration, 2.7% to library, 3.4% to parks, recreation and culture, 1.6% to community development, 8.6% to general government, and 3.7% for interest and other charges.

Revenues for governmental activities increased \$7.9 million (4.2%) and total expenses increased \$7.4 million (3.9%) when compared to the prior year. Key elements of these changes were as follows:

- Property tax revenues increased by \$0.5 million (0.5%) during the year. This increase was primarily due to car values continuing to hold strong for personal property taxes and a slight increase in real estate assessments
- Operating grants and contributions revenues increased by \$6.3 million (26.0%) as a result of a Governor's Opportunity grant received and contributions towards education projects
- Sales tax revenue increased by \$0.5 million (4.9%) as a result of improvement in the economy.
- Business license tax revenues increased by \$0.6 million (9.4%) as a result of prior years back taxes received from a business
- General government expenses increased by \$4.1 million (31.8%) as a result of transferring land to the Economic Development Authority
- Public Safety expenses increased \$2.5 million (5.6%) which is attributed to filling vacant positions and an increase in the cost associated with food and medical supplies related to the of housing prisoners
- Public Works expenses increased \$0.5 million (3.5%) primarily as a result of projects related to storm water management
- Health and Welfare expenses increased by \$0.3 million (2.3%) as a result of demand for services attributed to the continued struggles in the economy.
- Education expenses increased by \$1.4 million (1.9%) during the year, due to a change in the funding formula used to calculate the amount of monies to be transferred to the schools and additional funding for school capital projects
- Interest and other expenses decreased by \$0.9 million (11.0%) as a result of debt refinancings done during the year, and paying down outstanding debt.

County of Roanoke, Virginia
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2014

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 \$77.8 million, an increase of \$10.9 million in comparison with fiscal year 2013. Of this amount 0.3% (\$239 thousand) constitutes nonspendable fund balance which reflects inventories that are non-liquid in form which cannot be spent, 17.9% (\$13.9 million) constitutes restricted fund balance which is externally restricted for State and Federal grant programs, 51.2% (\$39.8 million) constitutes committed fund balance which is designated for future capital projects, E911, and other general government programs, 2.5% (\$2.0 million) constitutes assigned fund balance which is designated for parks and recreation and other various general government programs, and 28.1% (\$21.8 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 decreased \$0.5 million during the current fiscal year. This decrease is attributed to an increase in transfers out for capital projects.

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 \$27.4 million committed and \$6.8 million restricted for future capital projects. The fund balance increased by \$11.3 million due to the start 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, 2014 but not paid by that date.
- To reappropriate grants, donations and other revenues authorized in fiscal year 2014 or earlier, but not expended or encumbered as of June 30, 2014.
- To appropriate grants, donations, and other revenues accepted or adjusted in fiscal year 2014 when official notice of approval was received.
- To appropriate the designated general fund balance to capital projects.

Below is a condensed version of the budgetary comparison of the General Fund original budget, amended budget, and actual amounts for fiscal year 2014.

County of Roanoke, Virginia
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2014

General Fund Budgetary Highlights for 2014			
	Original Budget	Budget as Amended	Actual
Revenues	\$ 180,107,406	\$ 190,433,427	\$ 184,461,932
Expenditures	98,932,173	118,063,759	101,419,242
Transfers out, net	81,175,233	83,443,061	83,558,266
Net change in fund balance	<u>\$ -</u>	<u>\$ (11,073,393)</u>	<u>\$ (515,576)</u>

Actual General Fund total revenues fell short of the amended budget by \$6.0 million for fiscal year 2014. The deficit is primarily the result of several reimbursable federal and state grants budgeted for the Roanoke River Greenway and other various projects. 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 \$16.6 million, resulting in additional savings at year end primarily due to the general operating savings of \$3.9 million, \$2.9 million budgeted for social services building repair projects which are incomplete, \$2.8 million for radio and ECC maintenance and capital projects not yet spent, \$0.8 budgeted for stormwater management projects not yet started, and \$ 6.1 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, 2014.

The County Board of Supervisors appropriated \$4.5 million in transfers in fiscal year 2014 to allocate the prior year ending fund balance for future expenditures and capital projects. The County ending fund balance decreased at June 30, 2014 by \$0.5 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.

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 \$5.6 million. The net position of Risk Management decreased by \$517,886, of health insurance decreased by \$447,703, and of dental insurance decreased by \$3,526.

County of Roanoke, Virginia
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2014

CAPITAL ASSETS

As June 30, 2014, the County had invested \$273.9 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 \$10.9 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, 2014 and 2013			
Governmental Activities			
	FY2014		FY2013
Land	\$ 14,363,873	\$	19,430,163
Buildings, improvements and systems	321,842,321		292,346,060
Furniture, fixtures, and equipment	54,524,171		52,896,191
Construction in progress	6,350,900		26,902,880
Subtotal	<u>397,081,265</u>		<u>391,575,294</u>
Accumulated depreciation	(123,150,002)		(106,692,103)
Totals	<u>\$ 273,931,263</u>	<u>\$</u>	<u>284,883,191</u>

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

- Building, improvements and systems increased by \$29.5 million due to the completion of renovations on Cave Spring Middle School and other minor renovations to other County buildings
- Furniture, fixtures, and equipment increased by \$1.6 million due to the purchase of police vehicles, radio equipment, generators, ambulances, furniture for the Glenvar library and lighting for parks and recreation ball fields
- Construction in progress decreased by \$20.6 million due to the completion of the renovations on Cave Spring Middle School netted against the increases for Vinton Library, fuel storage tanks, generators, 911 phone system, and other minor projects
- Land decreased due to the transfer of land to the Economic Development Authority for future development

LONG-TERM DEBT

At June 30, 2014, the County had a number of bonded debt issues outstanding. These include \$6.2 million of general obligation debt (which is privately held) and \$92.6 million of Virginia Public School Authority (VPSA) bonds for School purposes. In addition, \$2.3 million outstanding for literary loan debt issued for School capital projects and \$79.2 million

County of Roanoke, Virginia
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2014

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, 2014 decreased by a net amount of \$1.4 million as a result of scheduled debt payments made during the year that reduced the principal balance of outstanding debt, as well as new debt issued for capital construction.

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, 2014, the County's net debt per capita ratio was \$1,944, the net debt to assessments ratio was 1.97%, and the percent of debt service to general fund expenditures was 7.20% based on total debt outstanding.

The County was rated AA+, AA+, and Aa1 by Fitch, Standard & Poor's, and Moody's Investor Service respectively on the 2003 General Obligation Bonds which were paid off during the year. The County has bond ratings on outstanding lease revenue bonds as follows: Standard & Poor's AA, Moody's Investor Service Aa3, and Fitch AA.

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, 2014 and 2013			
Governmental Activities			
	FY2014		FY2013
General Obligation Bonds	\$ 6,150,390	\$	6,416,798
Lease Revenue Bonds	79,182,582		71,455,422
Virginia Public School Authority Bonds	92,638,652		100,944,620
State Literary Fund Loans	2,273,592		2,721,409
Capital Lease	849,437		952,889
Totals	<u>\$ 181,094,653</u>	<u>\$</u>	<u>182,491,138</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.

County of Roanoke, Virginia
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2014

- Projected increases in health insurance premiums
- Volatile fuel and utility prices.
- Funding for the Capital Improvements Program.

ECONOMIC FACTORS

During fiscal year 2014, the State economy mirrored the slow to recover national economy. The County continues to experience relatively flat revenue growth in the local tax base, further challenging the ability to maintain existing service levels.

Fiscal year 2014-15 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, 2014

Exhibit I

	Governmental	Component
	Activities	Units
ASSETS		
Cash and cash equivalents	\$ 26,693,088	\$ 22,401,205
Cash and investments with fiscal agents	7,181,838	-
Investments	43,987,716	12,217,819
Accounts receivable	11,560,099	605,177
Due from other governments	16,158,057	3,744,783
Inventories	239,384	433,325
Other postemployment benefit asset	-	129,613
Land held for resale	-	4,680,024
Prepaid and other assets	417,609	-
Capital assets:		
Land and construction in progress	20,714,773	15,561,304
Other capital assets, net	253,216,490	33,392,180
Capital assets, net	273,931,263	48,953,484
Total assets	380,169,054	93,165,430
DEFERRED OUTFLOWS		
Debt refunds resulting in loss transactions	1,280,921	-
LIABILITIES		
Accounts payable	5,569,373	1,175,914
Accrued liabilities	1,628,574	2,460,751
Unearned revenues	759,954	1,685,976
Accrued interest payable	2,810,930	32,545
Long-term liabilities:		
Portion due or payable within one year:		
Bonds payable	11,801,139	-
Compensated absences	2,717,374	728,359
Claims payable	1,477,035	2,004,983
Obligation under capital leases	107,580	421,293
Portion due or payable after one-year:		
Bonds payable	168,444,077	6,008,277
Compensated absences	2,359,101	2,109,448
Claims payable	1,830,452	555,271
Obligation under capital leases	741,857	937,225
Total liabilities	200,247,446	18,120,042
DEFERRED OUTFLOWS		
Deferred tax revenues	10,092,384	-
NET POSITION		
Net investment in capital assets	127,038,171	41,586,689
Restricted for:		
Grants and other governmental programs	7,106,651	-
Instructional grants	-	75,494
Emergency contingency	-	2,000,000
Unrestricted	36,965,323	31,383,205
Total net position	\$ 171,110,145	\$ 75,045,388

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Units
Primary Government					
General government	\$ 16,914,828	\$ 439,139	\$ 1,369,341	\$ -	\$ -
Judicial administration	2,700,700	1,131,167	1,174,680	-	(394,853)
Public safety	47,455,056	4,729,349	6,343,209	-	(36,382,498)
Public works	15,520,933	325,220	10,000	-	(15,185,713)
Library	5,211,675	74,108	159,347	-	(4,978,220)
Health and welfare	15,716,422	801,325	9,541,430	-	(5,373,667)
Parks, recreation, and culture	6,640,738	4,730,172	494,380	-	(1,416,186)
Community development	3,011,776	454,035	256,271	-	(2,301,470)
Education	75,386,420	-	11,166,343	-	(64,220,077)
Interest and other charges	7,243,036	-	-	-	(7,243,036)
Total governmental activities	<u>\$ 195,801,584</u>	<u>\$ 12,684,515</u>	<u>\$ 30,515,001</u>	<u>\$ -</u>	<u>(152,602,068)</u>
Total component units	<u>\$ 152,769,983</u>	<u>\$ 3,962,983</u>	<u>\$ 24,199,967</u>	<u>\$ 860,106</u>	<u>(123,746,927)</u>
General revenues:					
Real estate and personal property					1,178
Local share of sales tax					9,869,029
Business license taxes					6,732,148
Communications taxes					3,963,630
Consumer utility taxes					3,761,168
Tax on prepared food					3,889,983
Motor vehicle licenses					2,190,956
Other local taxes					3,912,364
Payments from Roanoke County					-
Non-categorical state aid					12,229,857
Incremental tax revenues					-
Gain on sale of capital assets					90,862
Interest and investment earnings					1,355,822
Miscellaneous					115,337
Total general revenues					<u>154,449,805</u>
Capital contribution					-
Change in net position					<u>1,847,737</u>
Total net position at beginning of year (as restated Note 21)					<u>169,262,408</u>
Total net position at end of year					<u>\$ 171,110,145</u>
					<u>\$ 75,045,388</u>

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2014

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 12,756,024	\$ 109,259	\$ 226,082	\$ 10,279,119	\$ 23,370,484
Cash and investments with fiscal agents	-	-	2,182	7,179,656	7,181,838
Investments	21,288,175	-	-	17,154,537	38,442,712
Receivables	11,459,705	38,065	250	6,548	11,504,568
Interfund receivable	-	-	-	1,028,214	1,028,214
Due from other governments	15,994,178	-	-	163,879	16,158,057
Inventories	239,384	-	-	-	239,384
Total assets	<u>\$ 61,737,466</u>	<u>\$ 147,324</u>	<u>\$ 228,514</u>	<u>\$ 35,811,953</u>	<u>\$ 97,925,257</u>
LIABILITIES AND					
Accounts payable	\$ 3,878,121	\$ 2,313	\$ 12,500	\$ 1,610,392	\$ 5,503,326
Accrued wages and benefits	1,627,998	-	-	-	1,627,998
Unearned revenue	759,954	-	-	-	759,954
Interfund payable	1,035,773	-	-	-	1,035,773
Total liabilities	<u>7,301,846</u>	<u>2,313</u>	<u>12,500</u>	<u>1,610,392</u>	<u>8,927,051</u>
DEFERRED INFLOWS					
Deferred tax revenues	10,092,384	-	-	-	10,092,384
Unavailable revenues	1,147,320	-	-	-	1,147,320
	<u>11,239,704</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,239,704</u>
FUND BALANCES					
Nonspendable	239,384	-	-	-	239,384
Restricted	6,961,640	145,011	-	6,827,710	13,934,361
Committed	12,243,948	-	216,014	27,373,851	39,833,813
Assigned	1,951,749	-	-	-	1,951,749
Unassigned	21,799,195	-	-	-	21,799,195
Total fund balances	<u>43,195,916</u>	<u>145,011</u>	<u>216,014</u>	<u>34,201,561</u>	<u>77,758,502</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 61,737,466</u>	<u>\$ 147,324</u>	<u>\$ 228,514</u>	<u>\$ 35,811,953</u>	<u>\$ 97,925,257</u>

(continued)

COUNTY OF ROANOKE, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2014

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

Total fund balances for governmental funds (Exhibit III)	\$ 77,758,502
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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	20,714,773	
Other capital assets, net of \$123,150,002 of accumulated depreciation	253,216,490	
Total capital assets, net		273,931,263

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 is:	5,556,588
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County revenues that are earned but not considered available are not current financial resources and, therefore, are not reported in the governmental funds.	1,147,320
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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, 2014 are:

Prepaid and other assets	417,609	
Deferred outflow	1,280,921	
Accrued interest payable	(2,810,930)	
Bonds payable (includes new debt issuance and debt refundings)	(180,245,216)	
Obligation under capital lease	(849,437)	
Compensated absences	(5,076,475)	
Total long-term assets and liabilities		(187,283,528)

Total net position of governmental activities (Exhibit I)	\$ 171,110,145
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COUNTY OF ROANOKE, VIRGINIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
REVENUES					
General property taxes	\$ 107,106,775	\$ 129,288	\$ -	\$ -	\$ 107,236,063
Other local taxes	33,777,424	-	-	-	33,777,424
Permits, fees, and licenses	713,047	-	-	-	713,047
Fines and forfeitures	567,686	-	-	-	567,686
Use of money and property	653,826	-	16	60,774	714,616
Charges for services	8,463,831	-	-	372,400	8,836,231
Intergovernmental revenue	29,689,021	-	4,125,343	8,353,256	42,167,620
Locality compensation payments	-	-	124,459	-	124,459
Miscellaneous	3,490,322	38,065	-	26,995	3,555,382
Total revenues	<u>\$ 184,461,932</u>	<u>\$ 167,353</u>	<u>\$ 4,249,818</u>	<u>\$ 8,813,425</u>	<u>\$ 197,692,528</u>
EXPENDITURES					
Current operating:					
General government	\$ 11,377,635	\$ -	\$ -	\$ -	\$ 11,377,635
Judicial administration	2,714,526	-	-	-	2,714,526
Public safety	44,006,263	-	-	-	44,006,263
Public works	14,058,502	-	-	-	14,058,502
Library	3,752,433	-	-	-	3,752,433
Health and welfare	15,352,905	-	-	-	15,352,905
Parks, recreation, and culture	8,161,222	-	-	-	8,161,222
Community development	1,995,756	38,065	-	-	2,033,821
Education	64,877,105	-	-	2,255,000	67,132,105
Debt service:					
Principal	-	-	10,593,023	-	10,593,023
Interest and other charges	-	-	8,168,073	-	8,168,073
Capital outlay	-	-	-	8,568,487	8,568,487
Total expenditures	<u>\$ 166,296,347</u>	<u>\$ 38,065</u>	<u>\$ 18,761,096</u>	<u>\$ 10,823,487</u>	<u>\$ 195,918,995</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 18,165,585</u>	<u>\$ 129,288</u>	<u>\$ (14,511,278)</u>	<u>\$ (2,010,062)</u>	<u>\$ 1,773,533</u>
OTHER FINANCING SOURCES (USES)					
Issuance of bonds	-	-	25,053,586	7,845,000	32,898,586
Premium on bonds	-	-	1,376,700	511,704	1,888,404
Payments to refunded escrow agent	-	-	(26,219,862)	-	(26,219,862)
Debt issuance costs	-	-	(227,809)	-	(227,809)
Proceeds from sale of land and equipment	-	-	-	90,862	90,862
Transfers in	3,021,869	-	14,501,695	7,161,320	24,684,884
Transfers out	(21,703,030)	-	(2,644)	(2,326,482)	(24,032,156)
Total other financing sources (uses), net	<u>\$ (18,681,161)</u>	<u>\$ -</u>	<u>\$ 14,481,666</u>	<u>\$ 13,282,404</u>	<u>\$ 9,082,909</u>
Net change in fund balances	<u>\$ (515,576)</u>	<u>\$ 129,288</u>	<u>\$ (29,612)</u>	<u>\$ 11,272,342</u>	<u>\$ 10,856,442</u>
Total fund balances at beginning 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>
Total fund balances at end of year	<u>\$ 43,195,916</u>	<u>\$ 145,011</u>	<u>\$ 216,014</u>	<u>\$ 34,201,561</u>	<u>\$ 77,758,502</u>

(continued)

COUNTY OF ROANOKE, VIRGINIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

**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) \$ 10,856,442

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. (969,115)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. 196,322

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 (\$7,332,277) were under depreciation expense (\$18,284,199) in the current period. (10,951,922)

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.

Obligation under debt issuances	(8,567,134)	
Repayments of principal	10,593,023	
Locality compensation payment	<u>(124,459)</u>	
Net adjustment		1,901,430

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, 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	(110,458)	
Accrued interest payable	<u>925,038</u>	
Net adjustment		814,580

Change in net position of governmental activities (Exhibit II)	<u><u>\$ 1,847,737</u></u>
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COUNTY OF ROANOKE, VIRGINIA
Statement of Net Position
Proprietary Funds
June 30, 2014

	Internal Service Funds
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,322,605
Investments	5,545,004
Accounts receivable	55,531
Interfund receivable	7,559
Total current assets	<u>8,930,699</u>
LIABILITIES	
Current liabilities:	
Accounts payable	66,047
Accrued wages and benefits	577
Claims payable	1,477,035
Total current liabilities	<u>1,543,659</u>
Noncurrent liabilities:	
Claims payable	1,830,452
Total noncurrent liabilities	<u>1,830,452</u>
Total liabilities	<u>3,374,111</u>
Net Position:	
Unrestricted	5,556,588
Total net position	<u><u>\$ 5,556,588</u></u>

See accompanying notes to basic financial statements

Exhibit VI

COUNTY OF ROANOKE, VIRGINIA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	Internal Service Funds
OPERATING REVENUES	
Charges for services	\$ 10,645,686
Total operating revenues	<u>10,645,686</u>
OPERATING EXPENSES	
Purchased services	1,146,202
Personal services	148,764
Claims	9,683,986
Administrative charges	5,004
Total operating expenses	<u>10,983,956</u>
Operating loss	<u>(338,270)</u>
NONOPERATING REVENUES	
Investment income	<u>21,883</u>
Total nonoperating revenues	<u>21,883</u>
Loss before transfers	(316,387)
Transfers in	292,882
Transfers out	<u>(945,610)</u>
Change in net position	(969,115)
Total net position at beginning of year	6,525,703
Total net position at end of year	<u><u>\$ 5,556,588</u></u>

See accompanying notes to basic financial statements.

Exhibit VII

**COUNTY OF ROANOKE, VIRGINIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014**

	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from interfund services provided	\$ 10,645,686
Payments to suppliers	(1,239,167)
Payments to employees	(150,699)
Claims paid	(9,642,156)
Other payments, net	(31,331)
Cash used in operating activities	<u>(417,667)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds, net	(652,728)
Interfund loans-proceeds and collections	60,000
Cash used in noncapital financing activities	<u>(592,728)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale of investments	212,929
Interest and dividends received	21,883
Cash provided by investing activities	<u>234,812</u>
Decrease in cash and cash equivalents	(775,583)
Cash and cash equivalents at beginning of the year	<u>4,098,188</u>
Cash and cash equivalents at end of the year	<u><u>\$ 3,322,605</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (338,270)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Change in assets and liabilities:	
Accounts receivable	(31,331)
Accounts payable	(87,961)
Claims payable	41,830
Accrued wages and benefits	(1,935)
Cash used in operating activities	<u><u>\$ (417,667)</u></u>

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	<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	\$ -	\$ -	\$ 24,264,972
Investments	-	-	9,212,740
Investments held by trustee, at fair value			
Unallocated group annuity contract	3,091,276	-	-
Other pooled funds	-	4,705,478	-
Total assets	<u>3,091,276</u>	<u>4,705,478</u>	<u>33,477,712</u>
LIABILITIES			
Accounts payable	-	-	33,477,712
Total liabilities	<u>-</u>	<u>-</u>	<u>33,477,712</u>
NET POSITION			
Held in trust for pension and other postemployment benefits	<u>\$ 3,091,276</u>	<u>\$ 4,705,478</u>	<u>\$ -</u>

*For period ending July 31, 2014

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, 2014

	<u>*Pension Trust</u> <u>Fire and Rescue</u> <u>Pension Trust</u> <u>Length of Service</u> <u>Awards Program</u>	<u>OPEB Trust</u>
ADDITIONS		
Contributions for beneficiaries	\$ 327,026	\$ -
Contributions from employer	-	50,283
Investment income:		
Interest and dividends	-	1,518
Realized gains	104,292	533,555
Total investment income	<u>104,292</u>	<u>535,073</u>
Total additions	<u>431,318</u>	<u>585,356</u>
DEDUCTIONS		
Members' benefits	305,051	-
Administrative fees	4,896	5,645
Total deductions	<u>309,947</u>	<u>5,645</u>
Change in net position	121,371	579,711
Total net position at beginning of year	<u>2,969,905</u>	<u>4,125,767</u>
Total net position at ending of year	<u>\$ 3,091,276</u>	<u>\$ 4,705,478</u>

*For period ending July 31, 2014.

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Net Position
Component Units
June 30, 2014

	Roanoke County Public Schools	Economic Development Authority	South Peak Community Development Authority	Total Component Units
ASSETS				
Cash and cash equivalents	\$ 21,754,601	\$ 646,604	\$ -	\$ 22,401,205
Investments	12,217,819	-	-	12,217,819
Accounts and other receivables	604,884	293	-	605,177
Due from other governments	3,597,658	2,114	145,011	3,744,783
Inventory	433,325	-	-	433,325
Other postemployment benefit asset	129,613	-	-	129,613
Land held for resale	-	4,680,024	-	4,680,024
Capital assets:				
Land and construction in progress	9,819,129	-	5,742,175	15,561,304
Other capital assets, net	33,392,180	-	-	33,392,180
Capital assets, net	43,211,309	-	5,742,175	48,953,484
Total assets	81,949,209	5,329,035	5,887,186	93,165,430
LIABILITIES				
Accounts payable	1,134,371	-	41,543	1,175,914
Accrued liabilities	2,199,717	20,000	241,034	2,460,751
Unearned revenue	1,685,976	-	-	1,685,976
Accrued interest payable	-	-	32,545	32,545
Long-term liabilities:				
Portion due or payable within one year:				
Compensated absences	728,359	-	-	728,359
Claims payable	2,004,983	-	-	2,004,983
Capital lease obligation	421,293	-	-	421,293
Portion due or payable after one year:				
Bonds payable	-	-	6,008,277	6,008,277
Compensated absences	2,109,448	-	-	2,109,448
Claims payable	555,271	-	-	555,271
Capital lease obligation	937,225	-	-	937,225
Total liabilities	11,776,643	20,000	6,323,399	18,120,042
NET POSITION				
Net investment in capital assets	41,852,791	-	(266,102)	41,586,689
Restricted for:				
Instructional grants	75,494	-	-	75,494
Emergency contingency	2,000,000	-	-	2,000,000
Unrestricted (deficit)	26,244,281	5,309,035	(170,111)	31,383,205
Total net (deficit) position	\$ 70,172,566	\$ 5,309,035	\$ (436,213)	\$ 75,045,388

See accompanying notes to basic financial statements

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2014

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Public Schools	Economic Development Authority	South Peak Community Development Authority	Total Component Units
Roanoke County Public Schools	\$ 151,906,736	\$ 24,199,967	\$ 860,106	\$ (122,885,366)	\$ -	-	\$ (122,885,366)
Economic Development Authority	807,641	-	-	-	(805,955)	-	(805,955)
South Peak Community Development Authority	55,606	-	-	-	-	(55,606)	(55,606)
Total component units	<u>\$ 152,769,983</u>	<u>\$ 24,199,967</u>	<u>\$ 860,106</u>	<u>(122,885,366)</u>	<u>(805,955)</u>	<u>(55,606)</u>	<u>(123,746,927)</u>
General revenues:							
Payments from Roanoke County				65,944,318	789,860	-	66,734,178
Non-categorical state aid				50,799,563	-	-	50,799,563
Incremental tax revenues				-	-	110,573	110,573
Personal property tax revenues				-	-	1,178	1,178
Gain on sale of capital assets				38,838	-	-	38,838
Interest and investment earnings				-	1,847	-	1,847
Miscellaneous				435,753	22,930	-	458,683
Total general revenues				<u>117,218,472</u>	<u>814,637</u>	<u>111,751</u>	<u>118,144,860</u>
Capital contribution				-	4,200,200	-	4,200,200
Change in net position				(5,666,894)	4,208,882	56,145	(1,401,867)
Total net (deficit) position at beginning of year				75,839,460	1,100,153	(492,358)	76,447,255
Total net (deficit) position at end of year				<u>\$ 70,172,566</u>	<u>\$ 5,309,035</u>	<u>\$ (436,213)</u>	<u>\$ 75,045,388</u>

See accompanying notes to basic financial statements

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

(1) Summary of Significant Accounting Policies

Financial Reporting Entity

Formed in 1838, the County of Roanoke, Virginia (the County) is a county government within the Commonwealth of Virginia (the Commonwealth or the 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.

The County's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to government units. The Governmental Accounting Standards Board (the GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County's financial reporting entity is defined and its financial statements are presented in accordance with GAAP, which defines the distinction between the County as a Primary Government and its related entities. Accordingly, these financial statements present the County and its component units, entities for which the County is considered to be financially accountable, hereafter referred to as the Reporting Entity.

Discretely Presented Component Units

Discretely presented component units are entities that are legally separate organizations for which the elected officials of the Primary Government are financially accountable or for which the nature and significance of their relationship with a Primary Government are such that exclusion would cause the reporting entity's financial statements to be misleading. 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 (the 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 (the School System) is fiscally dependent upon the County because its Board approves the School System's budget, levies the necessary taxes to finance operations, and approves the borrowing of money and issuance of debt to support School System operations and infrastructure. The School System's financial information is presented within the Discretely Presented 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 (the EDA or the 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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

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 County's Board of Supervisors. As a result, the Authority's revenues and expenses may be influenced by the decisions made by the County. The Authority is authorized to acquire, own, lease, and dispose of properties aimed at promoting industry and developing 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, for which related liabilities may be retained by the Authority or 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 the faith and credit of the Commonwealth of Virginia or any municipality thereof and are payable solely from revenues generated from the lease of facilities constructed, which may be secured by a deed of trust on those facilities. The EDA financial information is presented within the Discretely Presented Component Units' column to emphasize that it is legally separate from the primary government. The Authority does not issue separate financial statements.

South Peak Community Development Authority

The South Peak Community Development Authority (the 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 County's Board of Supervisors. As a result, the CDA's revenues and expenses may be influenced by the decisions made by the County. 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 (the District). The District consists of approximately 62.5 acres of land within the County intended to 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 obligations of the CDA, and will not be a debt or other obligation of the County nor does it constitute a pledge of the faith and credit of the County. The CDA's financial information is presented within the Discretely Presented 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 to the County of Roanoke Finance Department, 5204 Bernard Drive, Roanoke, VA 24018

Related Organizations

As the custodian of public funds, the County's 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 accounted for as Agency funds within the County's financial records:

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

Roanoke Valley Resource Authority
Commonwealth Fund
Special Welfare Fund
Cable TV
Roanoke Valley Greenway Commission
Virginia Recreational Facilities Authority
Regional Fire Training Center
Western Virginia Regional Jail Authority
Regional Center for Animal Control and Protection

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements with all non-fiduciary activities categorized as governmental or proprietary. Fiduciary activities, whose resources are not available to finance the County's programs, are not included in the government-wide statements. In accordance with GAAP, the County's financial statements are comprised of the following components:

Government-wide Financial Statements

The reporting model includes financial statements prepared using full accrual accounting for all the County'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. The County reports all capital assets, net of accumulated depreciation, in the government-wide Statement of Net Position and report depreciation expense – the cost of “using up” capital assets - 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 (for instance, through user charges or intergovernmental grants)

Fund financial Statements

The Fund financial statements organize and report the financial transactions and balances of the County on the basis of fund categories. Separate statements for each of the County's three fund categories – Governmental (e.g., General), Proprietary (e.g., Internal Service) and Fiduciary are presented. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. For the governmental funds, the financial statements consist of a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances, which are presented on current financial resources and modified accrual basis of accounting. This is the manner in which these

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

funds are normally budgeted. For the Internal Service funds, the financial statements consist of a Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues and expenditures or expenses, as appropriate. Fiduciary fund statements are used to report assets that are held in a trustee or agency capacity and consist of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position

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

A summary reconciliation of the difference between net changes in governmental fund balances and change in net 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.

Measurement Focus and 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, and 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.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

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

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

- ***Governmental Funds*** – These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year-end. Accordingly, real and personal property taxes are recorded as deferred revenue and receivables when billed. Sales taxes, which are collected by the State by year-end and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the State, which is generally in the month preceding receipt by the County. 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. Revenues are derived primarily from property taxes, other local taxes, and special assessments collected within the South Peak district. The Special Revenue Fund is considered a major fund for reporting purposes.
 - Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and other related costs. The Debt Service fund is considered a major fund for reporting purposes.
 - Capital Projects Fund – This fund accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by the proprietary fund. The Capital Projects Fund is considered a major fund for reporting purposes.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

- **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.

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 (the 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 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 postemployment 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 wherein 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.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

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

Non-exchange transactions are transactions in which the County receives value without directly giving value in return. Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). All other revenue items are considered to be measurable and available only when cash is received by the government. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

Deferred Outflows and Inflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County's deferred outflows of resources consist of the amount by which the principal and premium of a refunding bond exceed the net carrying amount of the refunded debt. The deferred outflow is being amortized over the remaining life of the refunded debt.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. Deferred inflows of resources can consist of the amount by which the net carrying amount of refunded debt exceeds the principal and premium of a refunding bond. Another deferred inflow, under the modified accrual basis of accounting, are revenues which are applicable to a future period, and will not be recognized until the period they become available. Property taxes for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations, have been recorded as deferred inflows. In governmental fund financial statements, receivables that will not be collected within the available period have also been reported as unavailable revenues.

Unearned Revenue – Unearned 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. Grants and entitlements received before the eligibility requirements are met have been recorded as unearned revenue.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

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, are 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 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 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. 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.

The County requires all banking institutions holding its public funds to protect such funds in accordance with the Virginia Security for Public Deposits Act (the 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 unearned revenue when billed. Property taxes paid in advance are recorded as unearned revenue until such time as the taxes become due. The reporting entity determines allowances for uncollectibles using historical collection data, specific account analysis and management's judgment.

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

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.

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 year 2009, the County joined the Virginia Pooled OPEB Trust (the OPEB Trust Fund). The County plans to contribute amounts to the OPEB Trust Fund sufficient to fund the annual required contribution (the ARC), an actuarially determined rate in accordance with GAAP parameters. 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.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

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 are deferred and amortized over the life of the bonds using straight line amortization. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period but no related long-term liabilities. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Payments to an escrow agent to defease debt is reported as other financing uses while issuance costs and repayments of principal and interest are reported as debt service expenditures. Matured principal and interest payments are reported when due.

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.
- 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

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

Fund Balance – Except when required to comply with GAAP, all reservations and designations of Governmental Fund balances reflect County Board of Supervisors' action in the context of adoption of the County's budget.

Net Investment in Direct Financing Leases – The 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 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.

Pollution and Remediation – In accordance with GAAP, the County yearly analyzes the requirements for reporting liabilities related to cleaning up pollution and/or contamination. As of June 30, 2104, the County has determined that there is no related liability.

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 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 effect on the County's financial statements.

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, provides guidance and establishes the accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. See footnote 21 for the impact of this Statement on the County.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

- GASB Statement No. 67, *Financial Reporting for Pension Plans* – an amendment of *GASB Statement No. 25* provides guidance aimed at improving the usefulness of pension information included in the general purpose external financial reports of state and local governmental pension plans. Management has determined that the impacts of this Statement did not have a material effect on the County.
- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* provides guidance for when an entity receives a nonexchange financial guarantee from another entity which has committed to indemnify the holder of the obligation if the entity or individual that issued the obligation does not fulfill its payment requirements. Management has determined that the impacts of this Statement did not have a material effect on the County.

(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. A lien is created when the real estate taxes are levied, and after three years it becomes enforceable by judicial sale of 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 (the 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, 2014 were as follows:

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

(3) Fund Balances

The County Board has adopted policies that provide a framework for the County's overall fiscal planning and management. The County's unassigned General Fund balance has been built over the years to provide the County with sufficient working capital to finance unforeseen emergencies without borrowing. The County is dedicated to maintaining a diversified and stable revenue system to shelter the government from fluctuations in any single revenue source and to ensure its ability to provide ongoing services. The County's policy is to fund current expenditures with current revenues. If it becomes necessary to fund current expenditures with fund balance, amounts already set aside for that specific purpose will be utilized unless otherwise directed by the County Board

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

The County, in accordance with GAAP, categorizes its governmental-type fund balances using the following guidance:

- **Nonspendable** – This fund balance represents County assets that will never convert to cash (e.g., inventory and prepaid items).
- **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 determined by the County's highest level of decision-making authority, the Board of Supervisors, and is imposed by formal appropriation. The County policy is that formal board action is required to establish or rescind a committed fund balance.
- **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 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 unappropriated fund balance.

Fund Balances by classification as of June 30, 2014 pursuant to GASB Statement No. 54 are as follows:

	General	Special Revenue	Debt Service	Capital Projects	Total General Funds
Nonspendable					
Inventory	\$ 239,384	\$ -	\$ -	\$ -	\$ 239,384
	<u>239,384</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>239,384</u>
Restricted for:					
Comprehensive Services	5,275,028	-	-	-	5,275,028
Law Enforcement	876,804	-	-	-	876,804
Clerk of Circuit Court	-	-	-	29,589	29,589
Education	-	-	-	6,533	6,533
Parks and Recreation	-	-	-	324,755	324,755
Stormwater Management	524,221	-	-	80,250	604,471
Community Development	-	145,011	-	-	145,011
Library	-	-	-	6,386,583	6,386,583
Other Purposes	285,587	-	-	-	285,587
	<u>6,961,640</u>	<u>145,011</u>	<u>-</u>	<u>6,827,710</u>	<u>13,934,361</u>

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>General Funds</u>
Committed to:					
Law Enforcement	\$ 2,367,323	\$ -	\$ -	\$ 1,883,589	\$ 4,250,912
Fire and Rescue	178,977	-	-	1,143,800	1,322,777
Garage and Motor Pool	277,136	-	-	-	277,136
Information Technology and Communications shop	930,031	-	-	929,833	1,859,864
Integrated Financial System	48,331	-	-	363,316	411,647
Radio Maintenance	1,741,948	-	-	-	1,741,948
Public Works	194,397	-	-	-	194,397
Parks and Recreation	37,304	-	-	-	37,304
Libraries	116,200	-	-	2,234,844	2,351,044
General Services	496,468	-	-	464,260	960,728
Social Services	3,476,356	-	-	-	3,476,356
Debt Service Reserves	-	-	216,014	-	216,014
Education	-	-	-	6,908,761	6,908,761
Future Capital Projects	1,939,075	-	-	4,478,886	6,417,961
Community Development	116,304	-	-	7,149,240	7,265,544
Stormwater Management	-	-	-	1,408,894	1,408,894
Transportation	150,000	-	-	-	150,000
Assessment	13,000	-	-	244,730	257,730
Other purposes	161,098	-	-	163,698	324,796
	12,243,948	-	216,014	27,373,851	39,833,813
Assigned to:					
Law enforcement	2,242	-	-	-	2,242
Parks and Recreation	1,949,507	-	-	-	1,949,507
	1,951,749	-	-	-	1,951,749
Unassigned:					
Unassigned	21,799,195	-	-	-	21,799,195
Total Fund Balances	\$ 43,195,916	\$ 145,011	\$ 216,014	\$ 34,201,561	\$ 77,758,502

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.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

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

(4) Deposits and Investments

As of June 30, 2014, 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	\$ 31,718,707	\$ 31,718,707	\$ -	n/a
Interest-earning investment contract	3,091,276	3,091,276	-	AA+
Money market mutual funds	35,766,425	35,766,425	-	AAAm
Virginia LGIP	8,169,258	8,169,258	-	AAAm
Virginia SNAP fund	7,179,656	7,179,656	-	AAAm
Federal agency bonds and notes	65,418,275	6,002,436	59,415,839	AAA
Investment in other pooled funds	5,213,662	5,213,662	-	n/a
	<u>\$ 156,557,259</u>	<u>\$ 97,141,420</u>	<u>\$ 59,415,839</u>	

Below is the carrying value of cash and investments for the Reporting Entity as of June 30, 2014:

Entity	Cash and Cash Equivalents	Cash and Investments with Fiscal Agents	Investments	Total
County of Roanoke	\$ 26,693,088	\$ 7,181,838	\$ 43,987,716	\$ 77,862,642
Component Unit:				
Roanoke County Public Schools	21,754,601	-	12,217,819	33,972,420
Economic Development Authority of Roanoke County	646,604	-	-	646,604
	<u>22,401,205</u>	<u>-</u>	<u>12,217,819</u>	<u>34,619,024</u>
Fiduciary Funds				
Fiduciary Funds - County	24,264,972	7,796,754	9,212,740	41,274,466
Fiduciary Funds - Schools	2,292,943	508,184	-	2,801,127
	<u>26,557,915</u>	<u>8,304,938</u>	<u>9,212,740</u>	<u>44,075,593</u>
	<u>\$ 75,652,208</u>	<u>\$ 15,486,776</u>	<u>\$ 65,418,275</u>	<u>\$ 156,557,259</u>

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

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 (the FDIC) and collateralized in accordance with 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 (the 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.

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issue. 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%

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

As of June 30, 2014, the portion of the County and School System's portfolio, excluding the 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:

<u>Issuer</u>	<u>% of Portfolio</u>
Federal Home Loan Bank	19.44%
Federal Farm Credit Bank	19.13%
Federal Home Loan Mortgage Corp	7.80%

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the depositor will not be able to recover the value of its investments or collateral securities that are in the possession of outside party. 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, 2014, 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

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. 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, 2014, the County had no investments with a maturity greater than 24 months.

(5) Receivables

Receivables at June 30, 2014 are as follows:

	Accounts	Taxes	Due from Other Governments	Total
Governmental activities				
General	\$ 967,946	\$ 10,491,759	\$ 15,994,178	\$ 27,453,883
Special Revenue	38,065	-	-	38,065
Debt Service	250	-	-	250
Capital Projects	6,548	-	163,879	170,427
Internal Service	55,531	-	-	55,531
Total governmental activities	<u>\$ 1,068,340</u>	<u>\$ 10,491,759</u>	<u>\$ 16,158,057</u>	<u>\$ 27,718,156</u>

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

(6) Interfund Balances and Transfers

Interfund balances at June 30, 2014 consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Projects	General Fund	\$ 1,028,214
Internal Service	General Fund	7,559
		<u>\$ 1,035,773</u>

The balance of \$1,035,773 due to the Internal Service Fund and the Capital Projects Fund from the General Fund is the result of loans made for fire trucks and the renovation of the burn building at the regional fire and rescue training center. The balance not scheduled to be collected within the next year is \$746,619.

Interfund transfers for the year ended June 30, 2014 consisted of the following amounts:

Transfer To	Transfer Out				Total
	General	Debt Service	Capital Projects	Internal Service	
General Fund	\$ -	\$ -	\$ 2,076,259	\$ 945,610	\$ 3,021,869
Debt Service Fund	14,251,472	-	250,223	-	14,501,695
Capital Projects Fund	7,158,676	2,644	-	-	7,161,320
Internal Service Fund	292,882	-	-	-	292,882
Totals	<u>\$ 21,703,030</u>	<u>\$ 2,644</u>	<u>\$ 2,326,482</u>	<u>\$ 945,610</u>	<u>\$ 24,977,766</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, 2014

(7) Payables

Payables at the government-wide level at June 30, 2014 are as follows:

	Vendors	Accrued Wages and Benefits	Total
Governmental funds:			
General	\$ 3,878,121	\$ 1,627,997	\$ 5,506,118
Special Revenue	2,313	-	2,313
Debt Service	12,500	-	12,500
Capital Projects	1,610,392	-	1,610,392
Total governmental funds	<u>\$ 5,503,326</u>	<u>\$ 1,627,997</u>	<u>7,131,323</u>
Proprietary funds:			
Internal Service	\$ 66,047	\$ 577	\$ 66,624
Total proprietary funds	<u>\$ 66,047</u>	<u>\$ 577</u>	<u>\$ 66,624</u>
Accrued interest payable			2,810,930
Total governmental activities			<u>\$ 10,008,877</u>

(8) Long-Term Liabilities

The County's outstanding debt consists of General Obligation Bonds, Lease Revenue Bonds, Virginia Public School Authority Bonds, Literary Loans, and capital leases. 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, 2014 are as follows:

	Governmental Activities
\$6,503,586 - 2013 General Obligation Refunding Bonds due in annual installments of \$818,154 to \$948,122 through June 1, 2021; interest at 2.38%	\$ 6,150,390
\$3,200,000 - 1994 Series B VPSA Bonds due in annual installments of \$160,000 through July 15, 2014; interest at 6.6%	160,000
\$10,100,000 - 1995 Series A VPSA Bonds due in annual installments of \$505,000 through July 15, 2015; interest at 6.0%	1,010,000
\$1,300,000 - 1996 Series B VPSA Bonds due in annual installments of \$65,000 through July 15, 2016; interest at 5.2%	195,000
\$7,965,000 - 1998 Series A VPSA Bonds due in annual installments of \$395,000 through July 15, 2018; interest at 5.1%	1,975,000

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

	<u>Governmental Activities</u>
\$4,724,924 - 1998 Series B VPSA Bonds due in annual installments of \$238,954 to \$248,659 through July 15, 2018; interest at 5.1%	1,218,414
\$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%	2,070,000
\$16,500,000 - 2001 Series A VPSA Bonds due in annual installments of \$825,000 through July 15, 2021; interest at 5.1%	6,702,889
\$12,968,814 - 2001 Series B VPSA Bonds due in annual installments of \$650,225 to \$683,564 through July 15, 2021; interest at 3.1% to 5.1%	5,361,587
\$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%	10,985,370
\$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%	10,986,649
\$6,364,713 - 2007 subsidized VPSA bonds due in annual installments of \$299,857 to \$371,160 through July 15, 2027; interest at 4.4% to 5.1%	4,889,504
\$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%	38,078,721
\$9,080,000 - 2011 VPSA Bonds due in annual installments of \$450,000 to \$455,000 through July 15, 2031; interest at 3.3% to 5.1%	9,005,518
\$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%	455,459
\$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%	823,154
\$1,500,000 - State Literary Loan: Northside High due in annual installments of \$75,000 through September 15, 2017; interest at 3.0%	300,000
\$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%	694,979
\$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%	428,268
\$58,595,000 - Lease Revenue bond Series 2008 due in annual installments of \$1,615,000 to \$3,190,000 through October 15, 2037; interest at 3.5% to 5.1%	50,567,823
\$20,625,000 - 2013B Virginia Resources Authority Refunding and Lease Revenue Bonds due in annual installments of \$255,000 to \$1,645,000 through October 1, 2033; interest at 3.4% to 4.8%	22,332,741

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

	Governmental Activities
\$5,770,000 - 2014A Virginia Resources Authority Refunding Bonds due in annual installments of \$15,000 to \$1,415,000 through October 1, 2033; interest at 3.1% to 4.9%	5,853,750
\$1,148,037 - Capital lease obligation due in annual installments of \$107,580 to \$136,044 through September 17, 2020; interest at 3.99%	849,437
	<u>\$ 181,094,653</u>
Accrued compensated absences	5,076,475
Claims payable	3,307,487
	<u>\$ 189,478,615</u>

The refunding of bond issues during the year reduced the County's debt service payments over the remaining year of the refunded bonds by \$2,442,778 and obtained an economic gain (difference between the present value of the old and new debt service) of \$2,306,846.

Changes in long-term liabilities for the year ended June 30, 2014 were as follows:

	Outstanding June 30, 2013	Additions	Deletions	Outstanding June 30, 2014	Amounts Due Within One Year
Primary Government					
Governmental Activities:					
General Obligation Bonds	\$ 6,416,798	\$ 6,503,586	\$ 6,769,994	\$ 6,150,390	\$ 818,154
VPSA School Bonds	100,944,620	-	8,305,968	92,638,652	8,301,994
State Literary Loans	2,721,409	-	447,817	2,273,592	447,817
Lease Revenue Bonds	71,455,422	28,283,404	20,556,244	79,182,582	2,233,174
Capital Lease obligation	952,889	-	103,452	849,437	107,580
	<u>182,491,138</u>	<u>34,786,990</u>	<u>36,183,475</u>	<u>181,094,653</u>	<u>11,908,719</u>
Accrued compensated absences	4,966,017	3,461,516	3,351,058	5,076,475	2,717,374
Claims Payable	3,265,657	9,033,125	8,991,295	3,307,487	1,477,035
	<u>\$ 190,722,812</u>	<u>\$ 47,281,631</u>	<u>\$ 48,525,828</u>	<u>\$ 189,478,615</u>	<u>\$ 16,103,128</u>
Component Unit					
School System					
Capital Lease obligations	\$ 1,750,401	\$ -	\$ 391,883	\$ 1,358,518	\$ 421,293
Accrued compensated absences	3,025,372	1,576,491	1,764,056	2,837,807	728,359
Claims payable	2,302,494	18,017,091	17,759,331	2,560,254	2,004,983
	<u>\$ 7,078,267</u>	<u>\$ 19,593,582</u>	<u>\$ 19,915,270</u>	<u>\$ 6,756,579</u>	<u>\$ 3,154,635</u>

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

The annual requirements to amortize governmental activity debt outstanding as of June 30, 2014 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
2015	\$ 818,154	\$ 146,379	\$ 8,301,994	\$ 4,090,707	\$ 447,817	\$ 68,208	\$ 2,233,174	\$ 3,535,857	\$ 107,580	\$ 33,893	\$ 11,908,719	\$ 7,875,044
2016	834,532	126,907	8,154,206	3,699,218	447,817	54,773	2,843,070	3,458,161	111,872	29,600	12,391,497	7,368,659
2017	856,769	107,045	7,657,058	3,316,667	447,817	41,339	2,761,488	3,347,128	116,336	25,136	11,839,468	6,837,315
2018	875,760	86,654	7,605,582	2,949,067	447,817	27,904	2,891,488	3,225,981	120,977	20,495	11,941,624	6,310,101
2019	898,188	65,811	7,619,813	2,577,446	366,485	14,470	2,536,488	3,114,528	125,804	15,668	11,546,778	5,787,923
2020-2024	1,866,987	66,999	30,575,076	8,228,872	115,839	3,475	14,472,438	13,779,482	266,868	16,076	47,297,208	22,094,904
2025-2029	-	-	19,065,563	2,724,316	-	-	18,257,440	10,004,428	-	-	37,323,003	12,728,744
2030-2034	-	-	3,659,360	130,467	-	-	21,285,362	5,504,541	-	-	24,944,722	5,635,008
2035-2039	-	-	-	-	-	-	11,901,634	1,252,038	-	-	11,901,634	1,252,038
Total	\$ 6,150,390	\$ 599,795	\$ 92,638,652	\$ 27,716,760	\$ 2,273,592	\$ 210,169	\$ 79,182,582	\$ 47,222,144	\$ 849,437	\$ 140,868	\$ 181,094,653	\$ 75,889,736

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

(9) Capital Assets

In accordance with GAAP, all school related bond obligations are reported herein as County debt since it is legally responsible for debt repayment. All related capital assets for which the County and Schools maintain a tenancy in common relationship have been reported as County assets. As of June 30, 2014, the related capital assets totaled \$146,067,755, net of accumulated depreciation.

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.

Primary Government capital asset activity for the year ended June 30, 2014 was as follows:

Governmental Activities

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014
Capital assets not being depreciated:				
Land	\$ 19,430,163	\$ 31,280	\$ (5,097,570)	\$ 14,363,873
Construction in progress	26,902,880	6,465,883	(27,017,863)	6,350,900
Total capital assets at historical cost not being depreciated	46,333,043	6,497,163	(32,115,433)	20,714,773
Capital assets being depreciated:				
Building and improvements	292,346,060	30,094,893	(598,632)	321,842,321
Furniture, fixtures, and equipment	52,896,191	2,953,679	(1,325,699)	54,524,171
Total capital assets at historical cost being depreciated	345,242,251	33,048,572	(1,924,331)	376,366,492
Less accumulated depreciation:				
Buildings and improvements	(72,792,825)	(13,900,963)	500,602	(86,193,186)
Furniture, fixtures, and equipment	(33,899,278)	(4,383,236)	1,325,698	(36,956,816)
Total accumulated depreciation	(106,692,103)	(18,284,199)	1,826,300	(123,150,002)
Total capital assets, being depreciated, net	238,550,148	14,764,373	(98,031)	253,216,490
Governmental activities capital assets, net	<u>\$ 284,883,191</u>	<u>\$21,261,536</u>	<u>\$(32,213,464)</u>	<u>\$ 273,931,263</u>

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

Depreciation expense for the year ended June 30, 2014 was charged to functions/programs of the Primary Government as follows:

Governmental Activities:

General government	\$ 392,929
Judicial administration	103,763
Public Safety	3,797,228
Public Works	1,115,013
Health and welfare	520,219
Parks, recreation and culture	1,465,287
Library	1,028,709
Community development	68,523
Education	9,792,528
Total depreciation expense - governmental activities	<u>\$ 18,284,199</u>

The County has active construction projects as of June 30, 2014. The Social Services Building is being financed with County capital funds. 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>
Social Services Building	\$ 176,000	\$ 160,900
Vinton Library	\$ 1,454,453	\$ 6,212,036



COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

The Roanoke County Public Schools' capital asset activity for the year ended June 30, 2014 was as follows:

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014
Capital assets not being depreciated:				
Land	\$ 5,714,752	\$ -	\$ (31,280)	5,683,472
Construction in progress	5,339,810	3,309,078	(4,513,231)	4,135,657
Total capital assets at historical cost not being depreciated	11,054,562	3,309,078	(4,544,511)	9,819,129
Capital assets being depreciated:				
Building and improvements	66,835,456	2,121,558	(1,948,677)	67,008,337
Furniture, fixtures, and equipment	31,375,812	3,687,609	(1,494,971)	33,568,450
Total capital assets at historical cost being depreciated	98,211,268	5,809,167	(3,443,648)	100,576,787
Less accumulated depreciation:				
Buildings and improvements	(43,144,095)	(2,691,118)	1,385,177	(44,450,036)
Furniture, fixtures, and equipment	(21,229,025)	(2,947,076)	1,441,530	(22,734,571)
Total accumulated depreciation	(64,373,120)	(5,638,194)	2,826,707	(67,184,607)
Total capital assets, being depreciated, net	33,838,148	170,973	(616,940)	33,392,180
Governmental activities capital assets, net	\$ 44,892,710	\$ 3,480,051	\$ (5,161,451)	\$ 43,211,309

(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 \$77,110 was paid for the fiscal year ended June 30, 2014.

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, 2014 were as follows:

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

<u>Year Ending June 30</u>	<u>Amount</u>
2015	\$ 65,153
2016	66,000
2017	62,022
2018	59,052
2019	58,698
2020-2024	<u>208,882</u>
Total	<u>\$ 519,807</u>

(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. Related capital assets totaled \$1,470,475. Amortization of the leased equipment is included as part of depreciation expense over ten years.

The future minimum lease payments under the capital lease as of June 30, 2014 are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2015	\$ 141,472
2016	141,472
2017	141,472
2018	141,472
2019	141,472
2020-2021	<u>282,944</u>
Total minimum lease payments	990,304
Less: Amount representing interest	<u>(140,867)</u>
Present values of minimum lease payments	<u>\$ 849,437</u>

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

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. Related capital assets totaled \$3,533,371. Amortization of the leased equipment is included as part of depreciation expense over ten years.

The future minimum lease payments under the capital leases as of June 30, 2014 are as follows:

Year Ending June 30	Governmental Activities
2015	\$ 475,260
2016	489,517
2017	504,203
	<u>1,468,980</u>
Less: Amount representing interest	(110,462)
Present values of minimum lease payments	<u>\$ 1,358,518</u>



COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

(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, 2014, 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, 2014, incurred but not yet reported (IBNR) claims for the County and School System are estimated to be \$742,930 and \$1,741,254 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, 2014, the County has an accrued general liability of \$1,252 and an accrued liability of \$4,305 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 are as follows:

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

Primary Government:

	Workers' Compensation	Health Insurance	General Liability	Automobile Liability	Total
Unpaid Claims June 30, 2012	\$ 2,396,000	\$ 718,161	\$ 11,824	\$ 2,950	\$ 3,128,935
Incurred 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	2,559,000	696,470	4,000	6,187	3,265,657
Incurred claims (including IBNR and changes in estimates)	1,176,787	7,856,338	-	-	9,033,125
Claim Payments	<u>(1,176,787)</u>	<u>(7,809,878)</u>	<u>(2,748)</u>	<u>(1,882)</u>	<u>(8,991,295)</u>
Unpaid Claims June 30, 2014	<u>\$ 2,559,000</u>	<u>\$ 742,930</u>	<u>\$ 1,252</u>	<u>\$ 4,305</u>	<u>\$ 3,307,487</u>

School System Component Unit:

	Workers' Compensation	Technology Reserve	Health Insurance	Total
Unpaid Claims June 30, 2012	\$ 887,000	\$ -	\$ 1,515,646	\$ 2,402,646
Incurred 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	819,000	-	1,483,494	2,302,494
Incurred claims (including IBNR and changes in estimates)	447,659	105,832	17,463,600	18,017,091
Claim Payments	<u>(447,659)</u>	<u>(105,832)</u>	<u>(17,205,840)</u>	<u>(17,759,331)</u>
Unpaid Claims June 30, 2014	<u>\$ 819,000</u>	<u>\$ -</u>	<u>\$ 1,741,254</u>	<u>\$ 2,560,254</u>

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

(13) Defined Benefit Pension Plan

Plan Description – The County of Roanoke contributes to the Virginia Retirement System (VRS), a mixed agent and cost-sharing, multiple-employer pension plan administered by the Virginia Retirement System (System).

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

Within the VRS Plan, the System administers three different benefit plans for local government employees – Plan 1, Plan 2, and, Hybrid. Each plan has a different eligibility and benefit structure as set out in the table below:

VRS PLAN 1	VRS PLAN 2	HYBRID PLAN
<p>About VRS Plan 1 VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About VRS Plan 2 VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members")</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

		<ul style="list-style-type: none"> • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.</p>	<p>Eligible Members Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • State employees* • School division employees • Political subdivision employees* • Judges appointed or elected to an original term on or after January 1, 2014 • Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Members of the State Police Officers' Retirement System (SPORS) • Members of the Virginia Law Officers' Retirement System (VaLORS) • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement</p>

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

		Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.
Retirement Contributions Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	Retirement Contributions Same as VRS Plan 1.	Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement,	Creditable Service Same as VRS Plan 1.	Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

<p>if the employer offers the health insurance credit.</p>		<p>benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as VRS Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer</p>

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

		<p>contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit See definition under VRS Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under VRS Plan 1.</p> <p><u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as VRS Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

<p>Normal Retirement Age Age 65.</p>	<p>Normal Retirement Age Normal Social Security retirement age.</p>	<p>Normal Retirement Age <u>Defined Benefit Component:</u> Same as VRS Plan 2.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage Eligible political subdivision and school division (including VRS Plan 1 and VRS Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members.</p> <p>State employees (including VRS Plan 1 and VRS Plan2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as VRS Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as VRS Plan 1.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p>

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

The system issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Funding Policy - Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee 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 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 School System (non-professional employees) contribution rate for the fiscal year ended June 30, 2014 was 10.05% and 5.22% of the annual covered payroll, respectively. These rates do not include the 5.00% member contribution that was paid by the employees.

For the three fiscal years ended June 30, 2014, 2013, and 2012, total contributions made to the VRS State-wide teacher cost-sharing pool for professional employees by the School System were \$8,318,176, \$8,421,792, and \$7,796,375, respectively, and represented 11.66%, 11.66%, and 11.33%, of covered payroll, respectively. The contributions for fiscal year June 30, 2012 included the employee share of the 5.00% paid by the employer. Total annual covered payroll for fiscal years ended June 30, 2014, 2013, and 2012 was \$71,286,776, \$72,248,134, and \$68,678,251, respectively.

Annual Pension Cost - For the fiscal year ended June 30, 2014, the County of Roanoke annual pension cost of \$4,242,069 for VRS was equal to the required and actual contributions.

**Three-Year Trend Information
for the County of Roanoke**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2014	\$4,242,069	100.00%	\$ -
6/30/2013	4,183,231	100.00%	-
6/30/2012	3,897,340	100.00%	-

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

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

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2014	\$306,658	100.00%	\$ -
6/30/2013	330,432	100.00%	-
6/30/2012	183,818	100.00%	-

The FY 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for local 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 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases also include an inflation component of 2.50%.

The actuarial value of the 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 accrued liability is being amortized as level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2013 for the Unfunded Actuarial Accrued liability (the UAAL) was 30 years.

Funded Status and Funding Progress - As of June 30, 2013, the County's most recent actuarial valuation date, the plan was 74.19% funded. The actuarial accrued liability for benefits was \$205,646,784, and the actuarial value of assets was \$152,567,560, resulting in an UAAL of \$53,079,224. The covered payroll (annual payroll of active employees covered by the plan) was \$42,427,533, and the ratio of the UAAL to the covered payroll was 125.11%.

As of June 30, 2013, the Roanoke County Public School's most recent actuarial valuation date, the plan was 90.47% funded. The actuarial accrued liability for benefits was \$31,185,978, and the actuarial value of assets was \$28,214,211, resulting in an UAAL of \$2,971,767. The covered payroll (annual payroll of active employees covered by the plan) was \$6,171,673, and the ratio of the UAAL to the covered payroll was 48.15%.

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

(14) Other Postemployment Benefits (OPEB)

From an accrual accounting perspective, the cost of post-employment health care benefits (the 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 accordance with GAAP, in 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 administers a single-employer healthcare plan (the Retiree Medical Plan). The plan provides for participation by eligible retirees of the County 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, 2014, the plan had approximately 157 members.

The County participates in the OPEB 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 (the 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 12.19% to 52.91%, towards the cost of the health insurance premiums. For fiscal year ended June 30, 2014, the retirees contributed approximately \$311,357, or 31.56% of total premiums, through their required contributions of \$66.48 to \$692.32 per month depending on the coverage (single, single plus dependent, single plus spouse, or family). The County contributed \$50,283 to the Virginia Pooled OPEB Trust. It is the County's intent to fully fund the annual required contribution (the ARC) each year.

Annual OPEB Cost and Net OPEB Obligation - During fiscal year 2014, the County had employer contributions of \$1,086,165 and the net OPEB obligation at June 30, 2014 was \$0. The County's annual adjusted OPEB cost (expense) of \$1,086,165 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.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

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, 2014:

Annual Required Contribution	\$ 1,086,165
Interest on net OPEB obligation	-
Annual OPEB cost	<u>1,086,165</u>
Adjustment for actual claims	-
Contributions made	<u>1,086,165</u>
Change in Net OPEB Obligation	-
Net OPEB Obligation, Beginning of Year	-
Net OPEB Obligation, End of Year	<u><u>\$ -</u></u>

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, 2014, 2013, and 2012 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$ 1,086,165	\$ 1,086,165	100.00%	\$ -
June 30, 2013	1,752,900	1,752,900	100.00%	-
June 30, 2012	1,656,320	1,656,320	100.00%	-

Funded Status and Funding Progress - As of July 1, 2013, the County's most recent actuarial valuation date, the actuarial accrued liability for benefits was \$12,485,652, and the actuarial value of assets was \$4,075,642, resulting in an 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.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

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 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 8% reduced by 0.50% 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.
- Inflationary rates are implicitly included in the investment rate of return and healthcare cost trend rates.

Health Insurance Credit Program

Plan Description - The County participates in the 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's employer contribution rate for the fiscal year ended June 30, 2014 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, 2014, 2013 and 2012 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, 2014	\$ 105,524	\$ 105,524	100.00%	\$ -
June 30, 2013	103,915	103,915	100.00%	-
June 30, 2012	93,071	93,071	100.00%	-

Funded Status and Funding Progress - As of June 30, 2013, the County's most recent actuarial valuation date, the plan was 17.15% funded. The actuarial accrued liability for benefits was \$1,419,702 and the actuarial value of assets was \$243,482, resulting in an UAAL of \$1,176,220. The covered payroll (annual payroll of active employees covered by the plan) was \$32,824,107, and ratio of the UAAL to the covered payroll was 3.58%.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

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, 2013, actuarial valuation, an entry age normal cost method was used. The actuarial assumptions included a 7.0% investment rate of return per annum, an inflation assumption of 2.5%, and payroll growth rate of 3%. The health care trend rate is implicitly included in the investment rate of return and in general inflation assumptions. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at June 30, 2013 was 30 years.

Other Postemployment Healthcare Benefits – Schools

From an accrual accounting perspective, the cost of other postemployment benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in future years when it will be paid. In accordance with GAAP, 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 reaches age 65, Medicare becomes the primary insurer and the School System's plan becomes secondary.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

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 OPEB 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, 2014, the School System contributed \$409,891 for 216 retired plan members through monthly health insurance premium payments.

Based on the July 1, 2013 actuarial valuation, the School System contributed \$922,511 to the Retiree Medical Plan for the fiscal year ended June 30, 2014. The School System was not required to make a contribution to the OPEB Trust Fund this year. It is the School System's intent to fully fund the 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 GAAP. 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, 2014:

Annual Required Contribution	\$ 922,511
Interest on Net OPEB Obligation	-
Annual OPEB Cost	922,511
Adjustment for actual claims	-
Contributions Made	1,052,124
Change in Net OPEB Asset	(129,613)
Net OPEB Asset, Beginning of Year	-
Net OPEB Asset, End of Year	\$ <u>(129,613)</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, 2014 and the preceding 2 years are as follows:

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

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, 2014	\$ -	\$ 922,511	\$ 1,052,124	114.05%	\$ (129,613)
June 30, 2013	-	1,521,300	1,521,300	100.00%	-
June 30, 2012	(205,810)	1,913,807	1,707,987	89.25%	-

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

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

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and 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 and assumptions:

- a projected unit credit actuarial cost method.
- An 8.0% investment rate of return. Because the School System participates in the 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 8.0% 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, 2014

- Inflationary rates are implicitly included in the investment rate of return and healthcare cost trend rates.

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

A. Plan description and provisions

The County established a Length of Service Awards Program (the 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 and governed by the Volunteer Fireman's Insurance Services, Inc. (the 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 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	295
Retired and Beneficiaries	162

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

an investment rate of return of 3.5% compounded annually. There is no inflation factor or salary increase factor used since there is no covered payroll.

The contributions to the plan for the year ended June 30, 2014, totaled \$327,026. 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, 2014, the LOSAP's most recent actuarial valuation date, the plan was 37.89% funded. The actuarial accrued liability for benefits was \$8,159,126 and the actuarial value of assets was \$3,091,276 resulting in an UAAL of \$5,067,850 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, 2014, 2013 and 2012 are as follows:

Fiscal Year Ended	Annual Pension Cost (APC)	Employers Contribution	Percentage of APC Contributed	Net Pension Obligation
June 30, 2014	\$ 327,026	\$ 327,026	100%	\$ -
June 30, 2013	346,369	346,369	100%	-
June 30, 2012	334,631	334,631	100%	-

(16) Unearned and Unavailable Revenues

Unearned revenues, representing amounts for which asset recognition criteria have been met but for which revenue recognition criteria have not been met, was comprised of the following as of June 30, 2014:

	County of Roanoke	Component Unit
Grant Revenue	\$ 300,656	\$ 65,608
Insurance Withholdings	-	1,620,368
Registration and Other Fees	445,187	-
Rental Income	14,111	-
Total	<u>\$ 759,954</u>	<u>\$ 1,685,976</u>

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

Unavailable revenues in the fund financial statements as of June 30, 2014 is comprised of the following:

	General Fund
	<hr/>
Sales Tax	\$ 811,794
Other local tax	335,526
	<hr/>
Total	\$ 1,147,320
	<hr/>

(17) Commitments, Contingencies, and Other Information

Encumbrances – The County had \$1,992,152 of encumbrances reported as restricted and committed under the general governmental funds and \$33,748,014 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, 2014.

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 the 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, 2014 totaled \$184,481.

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

Although obligation under the revenue bonds issued to date through the Authority is secured by lease proceeds and the underlying properties and the Authority retains no liability on pass through leases, the Authority and the County 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 May 27, 2014, the Board of Supervisors authorized the issuance of not to exceed \$20,000,000 of General Obligation School Bonds to be sold to the Virginia Public School Authority (VPSA) and appropriation of funds in the amount of \$22,255,000 for the renovation of Glenvar High School.

On November 4, 2013, the County entered into a 39 year agreement and 40 year ground lease with the City of Roanoke to operate and maintain a shared police academy facility. The County is constructing an approximately \$3,000,000 addition to the City's academy and will pay for its share of the operating and maintenance costs of the academy as specified in the agreement.

(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 (the RVRA) was established on October 23, 1991 under a user agreement between the County, 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, 2014, the County remitted \$1,833,977 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 County Board of Supervisors and three by Roanoke City Council. The County and the City are each responsible for their pro-rata share, based on population, of any year-end operating deficit or capital expenditures if any additional funding is required. The Commission is responsible for paying all outstanding debt. No subsidy has been required since inception.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

Roanoke Valley Detention Commission

The Counties of Botetourt, Craig, and Roanoke, and the Cities of Roanoke and Salem formed the Roanoke Valley Detention Commission (the 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, 2014 was \$425,145. 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 (the 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, 2014 was \$175,000.

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.

Regional Center for Animal Control and Protection

The Regional Center for Animal Control and Protection (the Regional Pound) was created by an intergovernmental agreement dated December 11, 2012 between the charter members of the County, City 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 Roanoke Valley Society for the Prevention of Cruelty to Animals to the governing localities and also established the County of Roanoke as the fiscal agent effective July 1, 2013. Participating localities are responsible for their pro-rata share of the operating budget, which is billed on a monthly basis. For the year ended June 30, 2014, the County's share was \$298,406.

In addition, the City of Roanoke issued \$1,829,500 on November 1, 2013 to purchase the property and equipment from the Roanoke Valley Society for the Prevention of Cruelty to Animals on behalf of the Regional Pound. Participating localities are responsible for their pro-rata share of the outstanding debt, which is billed on a quarterly basis. For the year ended June 30, 2014, the County's share of principal and interest was \$411,666.

Western Virginia Water Authority

The Western Virginia Water Authority (the 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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

seven member board of which two are appointed by the County Board of Supervisors. The County 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 the 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, 2014, the County's share was approximately \$2,884,071.

(19) Incentive Agreements Outstanding – Component Unit

On September 26, 2007, the Authority, in conjunction with the County, 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, approved an agreement with Edward Rose Development Company, L.L.C., 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. A modification agreement was approved on April 22, 2014, extending the completion date for the mixed use commercial development to December 31, 2019 and extending the Company's choice of tax years for the Economic Development Incentive Grant to include the 2018 and 2019 calendar years. No reimbursement has been made on this agreement.

On November 15, 2011, the Authority, in conjunction with the County, 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 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, 2014.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

On January 25, 2013, the Authority, in conjunction with the County, 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. A modification agreement was approved on December 18, 2013, extending the completion date for the office building construction to March 31, 2017 and changing the years for reimbursement to 2016-2017. No reimbursement has been made on this agreement.

On August 13, 2013, the Authority, in conjunction with the County, approved an agreement with Ardagh Metal Packaging USA Inc. (the Company), whereby the company shall acquire 56 acres of land and acquire, renovate, and equip an existing 524,600 approximate square foot industrial facility by December 31, 2014. It is also anticipated that the Company will create and maintain 96 new jobs. The agreement provides for funding of \$750,000 from a Governor's Opportunity Fund Grant. The agreement also provides for the Authority, with funds from the County, by way of a grant estimated at \$2,300,000, for the Economic Development Incentive Grant based on new local tax revenues in calendar years 2015 – 2017. In addition, the agreement provides for a local match of \$150,000 should the Company receive a Rail Industrial Access Program grant. The \$750,000 Governor's Opportunity Fund Grant was received by the County and paid to the Company for the year ended June 30, 2014.

(20) Special Assessment – Component Unit

On February 8, 2012, the South Peak Community Development Authority (the Authority) 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 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, 2014.

(21) Accounting Changes and Restatements

The County adopted GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities* (GASB #65) for the fiscal year ended June 30, 2013. Implementation of GASB #65 recognized cost of issuance of bonds as an expense; therefore, the adoption of this statement resulted in an increase to the cost of issuance expense and a decrease to the unamortized bond issuance costs and unamortized underwriters discount fee for fiscal year ended June 30, 2014. The restatement of prior period net position for fiscal year

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

ended June 30, 2013 decreased both the net position and unamortized issuance costs (bond issuance costs) by \$721,742 for the County. As a result, net position as of July 1, 2013 has been adjusted accordingly:

Balance, as previously reported, June 30, 2013	\$ 169,984,150
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Adjustment for implementation of GASB 65, changes related to debt issuance costs	<u>(721,742)</u>
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Balance, as restated, June 30, 2013	<u><u>\$ 169,262,408</u></u>
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REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2014
(Unaudited)

	Original Budget	Final Budget, as Amended	Actual	Variance with Final Budget Positive
Revenues:				
General property taxes	\$ 117,820,000	\$ 105,590,143	\$ 107,106,775	\$ 1,516,632
Other local taxes	33,629,000	33,629,000	33,777,424	148,424
Permits, fees, and licenses	503,735	542,008	713,047	171,039
Fines and forfeitures	810,400	810,400	567,686	(242,714)
Use of money and property	608,280	680,716	653,826	(26,890)
Charges for services	8,357,481	8,827,121	8,463,831	(363,290)
Intergovernmental revenues	15,750,770	36,840,239	29,689,021	(7,151,218)
Miscellaneous	2,627,740	3,513,800	3,490,322	(23,478)
Total revenues	180,107,406	190,433,427	184,461,932	(5,971,495)
Expenditures:				
General government:				
Board of Supervisors	293,582	380,935	327,475	53,460
County Administrator	291,306	386,241	352,684	33,557
Community Relations	181,566	216,316	131,466	84,850
Human resources	758,820	851,894	838,047	13,847
County Attorney	550,776	645,451	614,144	31,307
Commissioner of Revenue	793,362	909,646	886,260	23,386
Assessor	847,625	937,686	908,322	29,364
Treasurer	769,261	937,043	870,956	66,087
Assistant County Administrator -				
Management services	182,397	196,858	194,959	1,899
Finance	1,223,110	1,454,974	1,406,159	48,815
Management and budget	291,666	346,717	283,902	62,815
Procurement	396,101	434,864	391,551	43,313
Electoral board and officials	314,064	374,271	359,610	14,661
Judicial administration:				
Circuit court	237,972	296,983	300,824	(3,841)
General district court	69,940	69,940	50,899	19,041
Special magistrates	1,590	1,590	597	993
Juvenile and domestic relations court	21,086	23,847	15,664	8,183
Clerk of the circuit court	1,066,296	1,108,583	1,089,837	18,746
Law library	27,175	27,175	21,908	5,267
Commonwealth attorney	1,071,134	1,273,315	1,234,797	38,518
Public safety:				
Sheriff and police	12,685,410	15,809,886	15,361,122	448,764
E911 maintenance	2,943,490	4,865,917	3,632,274	1,233,643
Fire and rescue services	13,537,568	16,442,907	16,126,792	316,115
Confinement and care of prisoners	7,832,319	8,008,478	7,547,604	460,874
Court service unit	480,144	501,339	466,012	35,327
VJCCCA grant	-	266,895	240,382	26,513
Animal control	626,137	644,226	632,077	12,149

(continued)

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2014
(Unaudited)

	Original Budget	Final Budget, as Amended	Actual	Variance with Final Budget Positive (Negative)
Public works:				
General services administration	\$ 899,788	\$ 3,873,635	\$ 942,504	\$ 2,931,131
Refuse disposal	4,694,035	5,591,551	5,098,395	493,156
Maintenance of general buildings and grounds	4,102,602	4,403,283	4,406,014	(2,731)
Engineering	1,865,262	3,324,060	2,391,146	932,914
Inspections	1,151,586	1,211,808	1,201,707	10,101
Garage complex	-	281,890	18,736	263,154
Health and welfare:				
Public health	500,358	500,358	419,706	80,652
Social services administration	5,605,211	6,322,524	6,204,775	117,749
Comprehensive services act	5,227,799	5,230,601	5,130,610	99,991
Public assistance	2,815,574	3,565,574	3,385,914	179,660
Social services organizations	211,900	211,900	211,900	-
Parks, recreation and cultural:				
Assistant County Administrator - Human services	179,357	233,058	205,450	27,608
Parks and recreation	7,531,547	13,138,169	7,698,572	5,439,597
Library	3,385,129	3,887,077	3,752,433	134,644
Cultural enrichment	275,200	293,859	257,200	36,659
Community development:				
Planning and zoning	934,434	3,153,608	882,817	2,270,791
Cooperative extension program	87,097	97,797	83,636	14,161
Economic development	524,119	562,993	456,549	106,444
Public transportation	420,000	726,814	452,854	273,960
Contribution to human service organizations	118,500	118,500	119,900	(1,400)
Miscellaneous	10,908,778	3,920,723	3,812,100	108,623
Total Expenditures	98,932,173	118,063,759	101,419,242	16,644,517
Excess of revenues over expenditures	81,175,233	72,369,668	83,042,690	10,673,022
OTHER FINANCING SOURCES (USES):				
Transfers in	3,188,681	652,728	652,728	-
Transfers out	(84,363,914)	(84,095,789)	(84,210,994)	(115,205)
Total other financing sources (uses), net	(81,175,233)	(83,443,061)	(83,558,266)	(115,205)
Net change in fund balances	-	(11,073,393)	(515,576)	10,557,817
Fund balances at beginning of the year	42,127,907	43,563,399	43,711,492	148,093
Fund balances at end of year	\$ 42,127,907	\$ 32,490,006	\$ 43,195,916	\$ 10,705,910

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, 2014
(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, 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
June 30, 2013	152,567,560	205,646,784	53,079,224	74.19	42,427,533	125.11

B. Roanoke County School Board Non-Professional Employees:

June 30, 2011	\$ 28,416,669	\$ 30,073,433	\$ 1,656,764	94.49 %	6,158,584	26.90 %
June 30, 2012	27,782,544	30,553,747	2,771,203	90.93	5,942,434	46.63
June 30, 2013	28,214,211	31,185,978	2,971,767	90.47	6,171,673	48.15

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
July 31, 2014	3,091,276	8,159,126	5,067,850	37.89

Retiree Medical Plan

A. County of Roanoke Employees:

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
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	243,482	1,419,702	1,176,220	17.15	32,824,107	3.58

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Schedules of Employer Contributions
For the Year Ended June 30, 2014
(Unaudited)

Fire and Rescue Pension Trust Length of Service Awards Program

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Percentage</u> <u>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%
2014	322,835	101.30%

Retiree Medical Plan

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Percentage</u> <u>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%
2014	1,086,165	100.00%
B. Roanoke County School Board		
2009	\$ 1,717,000	100.00%
2010	1,814,200	105.08%
2011	1,938,700	110.12%
2012	1,460,922	116.91%
2013	1,521,300	69.20%
2014	922,511	114.05%

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, 2014
(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 Projects Fund is 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 2013-2014 budget appropriation on May 28, 2013.

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

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 2013-2014. 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, 2014

Schedule 1

	Original Budget	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Locality Compensation Payment	\$ 124,459	\$ 124,459	\$ 124,459	\$ -
Interest Income	-	-	16	16
Total Revenues	<u>124,459</u>	<u>124,459</u>	<u>124,475</u>	<u>16</u>
Expenditures				
Principal Payments				
General Obligation Bonds				
General Government	700,000	353,196	353,196	-
Schools Virginia Public Schools Authority Bonds	7,913,010	7,913,010	7,913,010	-
Total General Obligation Bonds	<u>8,613,010</u>	<u>8,266,206</u>	<u>8,266,206</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	2,300,549	1,775,549	1,775,548	1
Total Lease Revenue Bonds	<u>2,300,549</u>	<u>1,775,549</u>	<u>1,775,548</u>	<u>1</u>
Capitalized Lease Obligations				
General Government	103,452	103,452	103,452	-
Total Capitalized Lease Obligations	<u>103,452</u>	<u>103,452</u>	<u>103,452</u>	<u>-</u>
Total Principal Payments	<u>11,464,828</u>	<u>10,593,024</u>	<u>10,593,023</u>	<u>1</u>
Interest Payments				
General Obligation Bonds				
General Government	265,784	131,997	131,997	-
Schools Virginia Public Schools Authority Bonds	5,680,726	4,480,726	4,480,721	5
Total General Obligation Bonds	<u>5,946,510</u>	<u>4,612,723</u>	<u>4,612,718</u>	<u>5</u>
General Obligation Notes				
Schools-Literary Loans	81,644	81,644	81,642	2
Total General Obligation Notes	<u>81,644</u>	<u>81,644</u>	<u>81,642</u>	<u>2</u>
Lease Revenue Bonds				
General Government	3,399,518	3,428,253	3,426,092	2,161
Total Lease Revenue Bonds	<u>3,399,518</u>	<u>3,428,253</u>	<u>3,426,092</u>	<u>2,161</u>
Capitalized Lease Obligations				
General Government	38,021	38,021	38,021	-
Total Capitalized Lease Obligations	<u>38,021</u>	<u>38,021</u>	<u>38,021</u>	<u>-</u>
Total Interest Payments	<u>9,465,693</u>	<u>8,160,641</u>	<u>8,158,473</u>	<u>2,168</u>
Miscellaneous Costs	<u>84,700</u>	<u>64,718</u>	<u>9,600</u>	<u>55,118</u>
Total Expenditures	<u>21,015,221</u>	<u>18,818,383</u>	<u>18,761,096</u>	<u>57,287</u>
Excess (deficit) of revenues over (under) expenditures	<u>(20,890,762)</u>	<u>(18,693,924)</u>	<u>(18,636,621)</u>	<u>57,303</u>
Other financing sources (uses):				
Issuance of Bonds				
General Obligation Bonds - General Government		6,503,586	6,503,586	-
Lease Revenue bonds - General Government		18,550,000	18,550,000	-
Premium on Bonds				
Lease Revenue bonds - General Government		1,376,701	1,376,700	(1)
Payments to refunded escrow agent				
General Obligation Bonds - General Government		(6,485,036)	(6,485,036)	-
Lease Revenue bonds - General Government		(19,734,826)	(19,734,826)	-
Debt issuance costs				
General Obligation Bonds - General Government		(18,550)	(18,550)	-
Lease Revenue bonds - General Government		(207,069)	(209,259)	(2,190)
Transfers				
Transfer from County General Fund	16,680,717	14,251,478	14,251,472	(6)
Transfer from School General Fund	4,125,345	4,125,343	4,125,343	-
Transfer from Capital Projects		250,223	250,223	-
Transfer to Capital Projects		(2,644)	(2,644)	-
Net change in fund balance	<u>(84,700)</u>	<u>(84,718)</u>	<u>(29,612)</u>	<u>55,106</u>
Fund balance at beginning of year	<u>247,300</u>	<u>245,633</u>	<u>245,626</u>	<u>(7)</u>
Fund balance at end of year	<u>\$ 162,600</u>	<u>\$ 160,915</u>	<u>\$ 216,014</u>	<u>\$ 55,099</u>

See accompanying independent auditors' report

COUNTY OF ROANOKE, VIRGINIA
Budgetary Comparison Schedule
Capital Projects Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property	\$ -	\$ 53,264	\$ 60,774	\$ 7,510
Charges for services	427,500	979,900	372,400	(607,500)
Intergovernmental revenue	4,479,550	9,758,858	8,353,256	(1,405,602)
Miscellaneous	100,000	126,995	26,995	(100,000)
Total revenues	5,007,050	10,919,017	8,813,425	(2,105,592)
EXPENDITURES				
Current operating:				
Education		2,255,000	2,255,000	-
Capital outlay	28,220,905	64,875,640	8,568,487	56,307,153
Total expenditures	28,220,905	67,130,640	10,823,487	56,307,153
Excess (deficiency) of revenues over (under) expenditures	(23,213,855)	(56,211,623)	(2,010,062)	54,201,561
OTHER FINANCING SOURCES (USES)				
Issuance of bonds	-	27,845,000	7,845,000	20,000,000
Premium on bonds	-	511,704	511,704	-
Proceeds from sale of land and equipment	-	90,862	90,862	-
Transfers in	2,194,205	7,161,320	7,161,320	-
Transfers out	-	(2,326,482)	(2,326,482)	-
Total other financing sources, net	2,194,205	33,282,404	13,282,404	20,000,000
Net change in fund balance	(21,019,650)	(22,929,219)	11,272,342	34,201,561
Fund balance at beginning of year	21,019,650	22,929,219	22,929,219	-
Fund balance at end of year	\$ -	\$ -	\$ 34,201,561	\$ 34,201,561

See accompanying independent auditors' report

Schedule 3

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2014

	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
From local sources:			
General property taxes:			
Real property taxes	\$ 85,000,000	\$ 85,816,044	\$ 816,044
Real and personal public service corporation property taxes	3,005,000	2,857,914	(147,086)
Payments in lieu of taxes	190,000	164,693	(25,307)
Personal property taxes	16,615,143	17,370,710	755,567
Penalties and interest	780,000	897,414	117,414
Total general property taxes	105,590,143	107,106,775	1,516,632
Other local taxes:			
Local sales and use taxes	9,950,000	9,679,697	(270,303)
Business license taxes	6,250,000	6,732,148	482,148
Motor vehicle licenses	2,215,000	2,190,956	(24,044)
Bank franchise taxes	525,000	432,088	(92,912)
Taxes on recordation and wills	1,300,000	1,222,716	(77,284)
Utility license tax	575,000	534,304	(40,696)
Communications sales and use tax	3,763,000	3,956,640	193,640
Consumer utility tax	3,665,000	3,761,168	96,168
E911 tax	190,000	237,947	47,947
Hotel and motel tax	1,055,000	1,049,283	(5,717)
Tax on prepared food	4,050,000	3,889,983	(160,017)
Admissions tax	91,000	90,494	(506)
Total other local taxes	33,629,000	33,777,424	148,424
Permits, fees, and licenses:			
Animal licenses	35,000	39,108	4,108
Permits and other licenses	507,008	673,939	166,931
Total permits, fees, and licenses	542,008	713,047	171,039
Fines and forfeitures	810,400	567,686	(242,714)
Use of money and property	680,716	653,826	(26,890)
Charges for services:			
Refuse costs	14,200	16,820	2,620
Court costs	123,000	96,617	(26,383)
Charges for correction and detention	249,714	249,714	-
Charges for parks and recreation	5,589,804	5,065,889	(523,915)
Rescue fees	2,792,233	2,971,210	178,977
Other charges	58,170	63,581	5,411
Total charges for services	8,827,121	8,463,831	(363,290)
Miscellaneous:			
Reimbursements - shared programs	1,706,919	1,905,540	198,621
Miscellaneous	440,192	311,871	(128,321)
Legal services	22,420	10,920	(11,500)
Jail	757,509	702,674	(54,835)
Welfare department	135,775	90,238	(45,537)
Resource Authority	50,985	50,985	-
WVWA	-	15,094	15,094
WVRJA	100,000	103,000	3,000
Host locality fee	300,000	300,000	-
Total miscellaneous	3,513,800	3,490,322	(23,478)
Total revenue from local sources	153,593,188	154,772,911	1,179,723
			(continued)

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2014

	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
From the Commonwealth:			
Non-categorical aid:			
Motor vehicles carriers tax	\$ 19,000	\$ 9,436	\$ (9,564)
Trailer tax	109,000	336,096	227,096
Personal property tax relief	12,229,857	12,229,857	-
Total non-categorical aid	12,357,857	12,575,389	217,532
Categorical aid:			
Shared expenditures:			
Commonwealth's Attorney	633,676	624,070	(9,606)
Sheriff	3,128,219	3,103,604	(24,615)
Commissioner of the Revenue	239,342	237,521	(1,821)
Treasurer	261,771	258,455	(3,316)
Registrar/Electoral Board	47,700	46,080	(1,620)
Clerk of Court	560,382	550,610	(9,772)
Total shared expenditures	4,871,090	4,820,340	(50,750)
Other categorical aid:			
EMS	432,092	231,710	(200,382)
Recovered costs - welfare	3,240,662	2,918,668	(321,994)
Confiscated goods	3,834	17,854	14,020
VJCCCA Grant	242,251	215,738	(26,513)
Library	157,095	157,095	-
Comprehensive Services Act	3,210,838	2,401,786	(809,052)
Police department grant	2,142,124	2,042,872	(99,252)
Other state grants	1,550,920	32,643	(1,518,277)
Total other categorical aid	10,979,816	8,018,366	(2,961,450)
Total categorical aid	15,850,906	12,838,706	(3,012,200)
Total from the Commonwealth	28,208,763	25,414,095	(2,794,668)
From the Federal Government:			
Categorical aid:			
Emergency services	43,672	4,654	(39,018)
Seized goods	18,945	227,439	208,494
Greenways	3,932,567	91,651	(3,840,916)
Welfare reimbursement	3,275,000	3,720,976	445,976
Other federal grants	1,361,292	230,206	(1,131,086)
Total categorical aid	8,631,476	4,274,926	(4,356,550)
Total from the Federal Government	8,631,476	4,274,926	(4,356,550)
Total Intergovernmental revenues	36,840,239	29,689,021	(7,151,218)
Total revenues	190,433,427	184,461,932	(5,971,495)

(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, 2014

	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
Expenditures:			
General government administration:			
Legislative:			
Board of Supervisors	\$ 380,935	\$ 327,475	\$ 53,460
General and financial administration:			
County Administrator	386,241	352,684	33,557
Community relations	216,316	131,466	84,850
Human resources	851,894	838,047	13,847
County Attorney	645,451	614,144	31,307
Commissioner of Revenue	909,646	886,260	23,386
Assessor	937,686	908,322	29,364
Treasurer	937,043	870,956	66,087
Assistant County Administrator - management services	196,858	194,959	1,899
Finance	1,454,974	1,406,159	48,815
Management and Budget	346,717	283,902	62,815
Procurement	434,864	391,551	43,313
Total general and financial administration	7,317,690	6,878,450	439,240
Electoral board and officials	374,271	359,610	14,661
Total general government administration	8,072,896	7,565,535	507,361
Judicial administration			
Courts:			
Circuit court	296,983	300,824	(3,841)
General district court	69,940	50,899	19,041
Special magistrates	1,590	597	993
Juvenile and domestic relations court	23,847	15,664	8,183
Clerk of the circuit court	1,108,583	1,089,837	18,746
Total courts	1,500,943	1,457,821	43,122
Law library	27,175	21,908	5,267
Commonwealth Attorney	1,273,315	1,234,797	38,518
Victim Witness	-	-	-
Total judicial administration	2,801,433	2,714,526	86,907
Public safety:			
Law enforcement and traffic control:			
Sheriff and Police	15,809,886	15,361,122	448,764
Highway safety commission			-
E911 maintenance	4,865,917	3,632,274	1,233,643
Total law enforcement and traffic control	20,675,803	18,993,396	1,682,407
Fire and rescue services:			
Fire and rescue services	16,442,907	16,126,792	316,115
Total fire and rescue services	16,442,907	16,126,792	316,115

(continued)

See accompanying independent auditors' report.

Schedule 3 (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, 2014

	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
Correction and detention:			
Confinement and care of prisoners	\$ 8,008,478	\$ 7,547,604	\$ 460,874
Court service unit	501,339	466,012	35,327
VJCCCA Grant	266,895	240,382	26,513
Total correction and detention	<u>8,776,712</u>	<u>8,253,998</u>	<u>522,714</u>
Animal control	644,226	632,077	12,149
Total public safety	<u>46,539,648</u>	<u>44,006,263</u>	<u>2,533,385</u>
Public Works:			
General services administration	3,873,635	942,504	2,931,131
Refuse disposal	5,591,551	5,098,395	493,156
Maintenance of general buildings and grounds	4,403,283	4,406,014	(2,731)
Engineering	3,324,060	2,391,146	932,914
Inspections	1,211,808	1,201,707	10,101
Garage complex	281,890	18,736	263,154
Total public works	<u>18,686,227</u>	<u>14,058,502</u>	<u>4,627,725</u>
Health and welfare:			
Public health	500,358	419,706	80,652
Social services administration	6,322,524	6,204,775	117,749
Comprehensive Services Act	5,230,601	5,130,610	99,991
Public assistance	3,565,574	3,385,914	179,660
Institutional care			-
Social services organizations	211,900	211,900	-
Total health and welfare	<u>15,830,957</u>	<u>15,352,905</u>	<u>478,052</u>
Parks, recreation and cultural:			
Assistant County Administrator - human services	233,058	205,450	27,608
Parks and recreation	13,138,169	7,698,572	5,439,597
Library	3,887,077	3,752,433	134,644
Cultural enrichment	293,859	257,200	36,659
Total parks, recreation and cultural	<u>17,552,163</u>	<u>11,913,655</u>	<u>5,638,508</u>

(continued)

Schedule 3 (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, 2014

	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
Community development:			
Planning and zoning	\$ 3,153,608	\$ 882,817	\$ 2,270,791
Cooperative extension program	97,797	83,636	14,161
Economic development	562,993	456,549	106,444
Public transportation	726,814	452,854	273,960
Contribution to human service organizations	118,500	119,900	(1,400)
Total community development	4,659,712	1,995,756	2,663,956
Nondepartmental:			
Employee benefits	809,437	720,835	88,602
Dixie Caverns landfill cleanup	35,961	29,401	6,560
Miscellaneous	2,149,391	2,164,161	(14,770)
Tax relief for the elderly and handicapped	787,703	787,703	-
Refuse credit - Town of Vinton	110,000	110,000	-
Board contingency	28,231	-	28,231
Total nondepartmental	3,920,723	3,812,100	108,623
Total expenditures	118,063,759	101,419,242	16,644,517
Excess of revenues over expenditures	72,369,668	83,042,690	10,673,022
Other financing sources (uses):			
Transfer from internal service fund	652,728	652,728	-
Transfer to debt service fund	(5,338,414)	(5,453,624)	(115,210)
Payment to school board	(73,674,958)	(73,674,953)	5
Transfer to capital projects fund	(5,082,417)	(5,082,417)	-
Net change in fund balance	(11,073,393)	(515,576)	10,557,817
Fund balance at beginning of year	43,563,399	43,711,492	148,093
Fund balance at end of year	\$ 32,490,006	\$ 43,195,916	\$ 10,705,910

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, 2014

<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	\$ -	\$ -	\$ 58,867	\$ 58,867
Executive	-	-	23,182	23,182
Judicial	-	148,271	266,826	415,097
Elections	-	-	28,209	28,209
Finance	-	-	703,960	703,960
Administrative officers and boards	-	-	198,249	198,249
Human resources	-	-	60,915	60,915
Management information systems	-	-	12,569,121	12,569,121
Procurement	-	-	69,631	69,631
Radio maintenance	-	55,530	353,002	408,532
Gas distribution center	-	-	61,823	61,823
General governmental buildings	7,904,897	237,272,013	1,586,133	246,763,043
Solid waste	-	-	3,956,250	3,956,250
General services	954,687	6,305,119	2,012,312	9,272,118
Other	-	-	118,785	118,785
Total general government	<u>8,859,584</u>	<u>243,780,933</u>	<u>22,067,265</u>	<u>274,707,782</u>
Public safety				
Police protection	-	580,519	5,646,523	6,227,042
Fire and rescue	146,763	11,561,283	17,405,369	29,113,415
Correction and detention	203,505	7,414,932	1,175,745	8,794,182
Inspections	-	-	337,950	337,950
Total public safety	<u>350,268</u>	<u>19,556,734</u>	<u>24,565,587</u>	<u>44,472,589</u>
Engineering	-	452,331	1,169,400	1,621,731
Buildings and grounds	-	6,880	367,567	374,447
Health and welfare	-	-	231,667	231,667
Libraries	2,057,128	21,656,124	2,135,708	25,848,960
Recreation	3,096,893	36,389,319	3,986,977	43,473,189
Total governmental funds capital assets allocated to functions	<u>\$ 14,363,873</u>	<u>\$ 321,842,321</u>	<u>\$ 54,524,171</u>	390,730,365
Construction in progress				<u>6,350,900</u>
Total governmental funds capital assets				<u>\$ 397,081,265</u>

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Capital Assets Used in the Operation of Governmental Activities
Schedule of Changes By Function and Activity
For the Year Ended June 30, 2014

	Governmental Funds Capital Assets June 30, 2013	Additions	Reductions	Governmental Funds Capital Assets June 30, 2014
<u>Function and Activity:</u>				
General government				
Legislative	\$ 73,331	\$ -	\$ (14,464)	\$ 58,867
Executive	29,588	-	(6,406)	23,182
Judicial	316,728	122,979	(24,610)	415,097
Elections	28,209	-	-	28,209
Finance	702,244	35,210	(33,494)	703,960
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	26,894	-	60,915
Management information systems	12,515,791	575,553	(522,223)	12,569,121
Procurement	69,631	-	-	69,631
Radio maintenance	408,532	-	-	408,532
Gas distribution center	61,823	-	-	61,823
General governmental buildings	224,729,617	27,130,996	(5,097,570)	246,763,043
Solid waste	3,830,912	125,338	-	3,956,250
General services	9,272,454	24,075	(24,411)	9,272,118
Other	123,082	-	(4,297)	118,785
Total general government	<u>252,402,250</u>	<u>28,041,045</u>	<u>(5,735,513)</u>	<u>274,707,782</u>
Public safety				
Police protection	5,832,333	841,869	(447,160)	6,227,042
Fire and rescue	28,893,097	413,633	(193,315)	29,113,415
Correction and detention	8,791,030	24,075	(20,923)	8,794,182
Inspections	339,424	15,300	(16,774)	337,950
Total public safety	<u>43,855,884</u>	<u>1,294,877</u>	<u>(678,172)</u>	<u>44,472,589</u>
Engineering	1,781,016	72,875	(232,160)	1,621,731
Buildings and grounds	374,447	-	-	374,447
Health and welfare	330,870	-	(99,203)	231,667
Libraries	26,256,987	190,605	(598,632)	25,848,960
Recreation	39,670,960	3,817,045	(14,816)	43,473,189
Construction in progress	26,902,880	6,465,882	(27,017,862)	6,350,900
Total other	<u>95,317,160</u>	<u>10,546,407</u>	<u>(27,962,673)</u>	<u>77,900,894</u>
Total governmental funds capital assets	<u>\$ 391,575,294</u>	<u>\$ 39,882,329</u>	<u>\$ (34,376,358)</u>	<u>\$ 397,081,265</u>

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Schedule of the Treasurer's Accountability
6/30/2014

ASSETS HELD BY THE TREASURER:

Cash and cash items:

Cash and cash items on hand	\$ 800	
Cash held with RVRA	4,180	
Petty cash funds with other county officials	8,362	
Petty cash funds with Agency and Enterprise Funds	<u>850</u>	\$ 14,192

Cash on deposit:

SunTrust bank	19,659,101	
Bank of Botetourt	226,702	
Hometown bank	125,209	
Valley bank	672,989	
Citibank	<u>5,676</u>	20,689,677

Money market deposit:

Scott & Stringfellow	35,766,425	
Stellar One	3,064,472	
BB&T	1,079,853	
Valley Bank	2,502,789	
Wells Fargo	<u>1,985,589</u>	44,399,128

Government securities:

Scott & Stringfellow	48,029,434	
Wells Fargo	<u>17,388,841</u>	65,418,275

Local government investment pool

<u>8,169,258</u>	8,169,258
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Escrow accounts:

BB&T	185,926	
Valley bank	<u>567,466</u>	753,392

Unearned revenues and reserves:

Returned checks	635	
Contractor escrows	(682,479)	
Deferred revenues	88,136	
Personal property tax relief	(1,399)	
A. D. Alford trust	(28,872)	
Sidney Louis Hyatt	(42,041)	
Reserves	<u>(363)</u>	<u>(666,383)</u>

Total assets held by the treasurer

\$ 138,777,539

LIABILITIES OF THE TREASURER:

Balance of County funds	<u><u>\$ 138,777,539</u></u>
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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, 2014

	Internal Service Funds			
	Health Insurance	Dental Insurance	Risk Management	Total Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,758,067	\$ 36,245	\$ 1,528,293	\$ 3,322,605
Investments	2,933,989	60,488	2,550,527	5,545,004
Accounts receivable	47,545	4,126	3,860	55,531
Interfund receivable	-	-	7,559	7,559
Total current assets	4,739,601	100,859	4,090,239	8,930,699
LIABILITIES				
Current liabilities:				
Accounts payable	25,294	-	40,753	66,047
Accrued wages and benefits	-	-	577	577
Claims payable	742,930	-	734,105	1,477,035
Total current liabilities	768,224	-	775,435	1,543,659
Noncurrent liabilities:				
Claims payable	-	-	1,830,452	1,830,452
Total noncurrent liabilities	-	-	1,830,452	1,830,452
Total liabilities	768,224	-	2,605,887	3,374,111
NET POSITION				
Unrestricted	3,971,377	100,859	1,484,352	5,556,588
Total net position	\$ 3,971,377	\$ 100,859	\$ 1,484,352	\$ 5,556,588

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2014

	Internal Service Funds			
	Health Insurance	Dental Insurance	Risk Management	Total Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 8,764,892	\$ 644,007	\$ 1,236,787	\$ 10,645,686
Total operating revenues	8,764,892	644,007	1,236,787	10,645,686
OPERATING EXPENSES				
Purchased services	810,121	-	336,081	1,146,202
Personal services	-	-	148,764	148,764
Claims	7,856,338	650,861	1,176,787	9,683,986
Administrative charges	-	-	5,004	5,004
Total operating expenses	8,666,459	650,861	1,666,636	10,983,956
Operating income (loss)	98,433	(6,854)	(429,849)	(338,270)
NONOPERATING REVENUES				
Investment income	-	252	21,631	21,883
Total nonoperating revenues	-	252	21,631	21,883
Net income (loss) before transfers	98,433	(6,602)	(408,218)	(316,387)
Transfers in	289,806	3,076	-	292,882
Transfers out	(835,942)	-	(109,668)	(945,610)
Change in net position	(447,703)	(3,526)	(517,886)	(969,115)
Total net position at beginning of year	4,419,080	104,385	2,002,238	6,525,703
Total net position at end of year	\$ 3,971,377	\$ 100,859	\$ 1,484,352	\$ 5,556,588

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2014

	Internal Service Funds			
	Health Insurance	Dental Insurance	Risk Management	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from interfund services provided	\$ 8,764,892	\$ 644,007	\$ 1,236,787	\$ 10,645,686
Payments to suppliers	(870,236)	(41,975)	(326,956)	(1,239,167)
Payments to employees	-	-	(150,699)	(150,699)
Claims paid	(7,809,878)	(650,861)	(1,181,417)	(9,642,156)
Other payments	(27,391)	(2,329)	(1,611)	(31,331)
Net cash provided by (used in) operating activities	57,387	(51,158)	(423,896)	(417,667)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from (to) other funds	(546,136)	3,076	(109,668)	(652,728)
Interfund loan-proceeds and collections	-	-	60,000	60,000
Net cash provided by (used in) noncapital financing activities	(546,136)	3,076	(49,668)	(592,728)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of investments	92,630	23,966	96,333	212,929
Interest and dividends received	-	252	21,631	21,883
Net cash provided by investing activities	92,630	24,218	117,964	234,812
Net decrease in cash and cash equivalents	(396,119)	(23,864)	(355,600)	(775,583)
Cash and cash equivalents at beginning of the year	2,154,186	60,109	1,883,893	4,098,188
Cash and cash equivalents at end of the year	\$ 1,758,067	\$ 36,245	\$ 1,528,293	\$ 3,322,605
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 98,433	\$ (6,854)	\$ (429,849)	\$ (338,270)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Change in assets and liabilities:				
Accounts receivable	(27,391)	(2,329)	(1,611)	(31,331)
Accounts payable	(60,115)	(41,975)	14,129	(87,961)
Claims payable	46,460	-	(4,630)	41,830
Accrued wages and benefits	-	-	(1,935)	(1,935)
Net cash provided by (used in) operating activities	\$ 57,387	\$ (51,158)	\$ (423,896)	\$ (417,667)

See accompanying independent auditors' report.

AGENCY FUNDS

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

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

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

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

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

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

The **Virginia 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.

The **Regional Center for Animal Control and Protection Fund** reflects cash held by the County as fiscal agent for the Regional Center for Animal Control and Protection.

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2014

	Roanoke Valley Resource Authority	Common- wealth Fund	Special Welfare Fund	Cable TV
ASSETS				
Equity in cash and cash equivalents	\$ 7,403,108	\$ 202,357	\$ 253,490	\$ 1,093,054
Equity in investments	9,212,740	-	-	-
Total assets	<u>\$ 16,615,848</u>	<u>\$ 202,357</u>	<u>\$ 253,490</u>	<u>\$ 1,093,054</u>
LIABILITIES				
Accounts payable	\$ 16,615,848	\$ 202,357	\$ 253,490	\$ 1,093,054
Total liabilities	<u>\$ 16,615,848</u>	<u>\$ 202,357</u>	<u>\$ 253,490</u>	<u>\$ 1,093,054</u>

See accompanying independent auditors' report.

Roanoke Valley Greenway Commission	Regional Fire Training Center	Virginia Recreational Facilities Authority	Western Virginia Regional Jail Authority	Regional Center For Animal Control and Protection	Total
\$ 49,803	\$ 40,584	\$ 1,445	\$ 14,661,971	\$ 559,160	\$ 24,264,972
-	-	-	-	-	9,212,740
<u>\$ 49,803</u>	<u>\$ 40,584</u>	<u>\$ 1,445</u>	<u>\$ 14,661,971</u>	<u>\$ 559,160</u>	<u>\$ 33,477,712</u>
\$ 49,803	\$ 40,584	\$ 1,445	\$ 14,661,971	\$ 559,160	\$ 33,477,712
<u>\$ 49,803</u>	<u>\$ 40,584</u>	<u>\$ 1,445</u>	<u>\$ 14,661,971</u>	<u>\$ 559,160</u>	<u>\$ 33,477,712</u>

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2014

Schedule 11

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Roanoke Valley Resource Authority :				
Assets:				
Equity in Cash And Investments	\$ 15,645,596	\$ 20,329,103	\$ 19,358,851	\$ 16,615,848
Total Assets	<u>\$ 15,645,596</u>	<u>\$ 20,329,103</u>	<u>\$ 19,358,851</u>	<u>\$ 16,615,848</u>
Liabilities:				
Accounts Payable	\$ 15,645,596	\$ 20,329,103	\$ 19,358,851	\$ 16,615,848
Total Liabilities	<u>\$ 15,645,596</u>	<u>\$ 20,329,103</u>	<u>\$ 19,358,851</u>	<u>\$ 16,615,848</u>
Commonwealth Fund :				
Assets:				
Equity in Cash And Investments	\$ 230,142	\$ 5,201,326	\$ 5,229,111	\$ 202,357
Total Assets	<u>\$ 230,142</u>	<u>\$ 5,201,326</u>	<u>\$ 5,229,111</u>	<u>\$ 202,357</u>
Liabilities:				
Accounts Payable	\$ 230,142	\$ 5,201,326	\$ 5,229,111	\$ 202,357
Total Liabilities	<u>\$ 230,142</u>	<u>\$ 5,201,326</u>	<u>\$ 5,229,111</u>	<u>\$ 202,357</u>
Special Welfare Fund :				
Assets:				
Equity in Cash And Investments	\$ 213,980	\$ 149,957	\$ 110,447	\$ 253,490
Total Assets	<u>\$ 213,980</u>	<u>\$ 149,957</u>	<u>\$ 110,447</u>	<u>\$ 253,490</u>
Liabilities:				
Accounts Payable	\$ 213,980	\$ 149,957	\$ 110,447	\$ 253,490
Total Liabilities	<u>\$ 213,980</u>	<u>\$ 149,957</u>	<u>\$ 110,447</u>	<u>\$ 253,490</u>
Cable TV :				
Assets:				
Equity in Cash And Investments	\$ 1,121,889	\$ 612,207	\$ 641,042	\$ 1,093,054
Total Assets	<u>\$ 1,121,889</u>	<u>\$ 612,207</u>	<u>\$ 641,042</u>	<u>\$ 1,093,054</u>
Liabilities:				
Accounts Payable	\$ 1,121,889	\$ 612,207	\$ 641,042	\$ 1,093,054
Total Liabilities	<u>\$ 1,121,889</u>	<u>\$ 612,207</u>	<u>\$ 641,042</u>	<u>\$ 1,093,054</u>
Roanoke Valley Greenway Commission :				
Assets:				
Equity in Cash And Investments	\$ 150,213	\$ 41,965	\$ 142,375	\$ 49,803
Total Assets	<u>\$ 150,213</u>	<u>\$ 41,965</u>	<u>\$ 142,375</u>	<u>\$ 49,803</u>
Liabilities:				
Accounts Payable	\$ 150,213	\$ 41,965	\$ 142,375	\$ 49,803
Total Liabilities	<u>\$ 150,213</u>	<u>\$ 41,965</u>	<u>\$ 142,375</u>	<u>\$ 49,803</u>

(continued)

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2014

Schedule 11

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Regional Fire Training Center :				
Assets:				
Equity in Cash And Investments	\$ 49,312	\$ 296,087	\$ 304,815	\$ 40,584
Total Assets	\$ 49,312	\$ 296,087	\$ 304,815	\$ 40,584
Liabilities:				
Accounts Payable	\$ 49,312	\$ 296,087	\$ 304,815	\$ 40,584
Total Liabilities	\$ 49,312	\$ 296,087	\$ 304,815	\$ 40,584
Virginia Recreational Facilities Authority :				
Assets:				
Equity in Cash And Investments	\$ 302,537	\$ 4,740,737	\$ 5,041,829	\$ 1,445
Total Assets	\$ 302,537	\$ 4,740,737	\$ 5,041,829	\$ 1,445
Liabilities:				
Accounts Payable	\$ 302,537	\$ 4,740,737	\$ 5,041,829	\$ 1,445
Total Liabilities	\$ 302,537	\$ 4,740,737	\$ 5,041,829	\$ 1,445
Western Virginia Regional Jail Authority :				
Assets:				
Equity in Cash And Investments	\$ 12,216,014	\$ 42,605,733	\$ 40,159,776	\$ 14,661,971
Total Assets	\$ 12,216,014	\$ 42,605,733	\$ 40,159,776	\$ 14,661,971
Liabilities:				
Accounts Payable	\$ 12,216,014	\$ 42,605,733	\$ 40,159,776	\$ 14,661,971
Total Liabilities	\$ 12,216,014	\$ 42,605,733	\$ 40,159,776	\$ 14,661,971
Regional Center for Animal Control and Protection:				
Assets:				
Equity in Cash And Investments	\$ -	\$ 9,294,151	\$ 8,734,991	\$ 559,160
Total Assets	\$ -	\$ 9,294,151	\$ 8,734,991	\$ 559,160
Liabilities:				
Accounts Payable	\$ -	\$ 9,294,151	\$ 8,734,991	\$ 559,160
Total Liabilities	\$ -	\$ 9,294,151	\$ 8,734,991	\$ 559,160

See accompanying independent auditors' report.

Component Units

Component units are organizations for which the primary government is financially accountable. 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.



Schedule 12

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Roanoke County Public Schools
Statement of Net Position
June 30, 2014

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 21,754,601
Investments	12,217,819
Accounts receivable	604,884
Due from other governments	3,597,658
Inventory	433,325
Other postemployment benefit asset	129,613
Capital assets:	
Land and construction in progress	9,819,129
Other capital assets, net	33,392,180
Capital assets, net	<u>43,211,309</u>
Total assets	<u>81,949,209</u>
Liabilities	
Accounts payable	1,134,371
Accrued liabilities	2,199,717
Unearned revenue	1,685,976
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	728,359
Claims payable	2,004,983
Obligation under capital leases	421,293
Portion due or payable after one year:	
Compensated absences	2,109,448
Claims payable	555,271
Obligation under capital leases	<u>937,225</u>
Total liabilities	<u>11,776,643</u>
Net Position	
Net investment in capital assets	41,852,791
Restricted for:	
Instructional grants	75,494
Emergency contingency	2,000,000
Unrestricted	<u>26,244,281</u>
Total net position	<u><u>\$ 70,172,566</u></u>

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Roanoke County Public Schools
Statement of Activities
For the Year Ended June 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net Expense and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Instruction	\$ 108,041,904	\$ 888,546	\$ 21,754,768	\$ 821,906	\$ (84,576,684)
Support Services:					
Administration	2,505,845	-	-	-	(2,505,845)
Attendance and health	2,132,406	-	-	-	(2,132,406)
Transportation	6,620,044	-	-	-	(6,620,044)
Operations and maintenance	12,033,120	58,800	-	38,200	(11,936,120)
Technology	5,991,294	-	-	-	(5,991,294)
School nutrition	5,612,945	3,013,951	2,445,199	-	(153,795)
Capital lease interest	57,835	-	-	-	(57,835)
Debt Service	8,911,343	-	-	-	(8,911,343)
Total governmental activities	<u>\$ 151,906,736</u>	<u>\$ 3,961,297</u>	<u>\$ 24,199,967</u>	<u>\$ 860,106</u>	<u>(122,885,366)</u>
General revenues:					
Payments from Roanoke County					65,944,318
Non-categorical state aid					50,799,563
Gain on sale of assets					38,838
Miscellaneous					<u>435,753</u>
Total general revenues					<u>117,218,472</u>
Change in net position					(5,666,894)
Total net position at beginning of year					<u>75,839,460</u>
Total net position at end of year					<u>\$ 70,172,566</u>

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Roanoke County Public Schools
Balance Sheet
Governmental Funds
June 30, 2014

	General	Grant	Capital Projects	Nonmajor	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 2,370,478	\$ -	\$ 4,732,072	\$ 218,451	\$ 7,321,001
Investments	3,956,029	-	7,897,224	364,566	12,217,819
Accounts receivable	581,531	-	2,000	12,748	596,279
Due from other governments	2,543,482	790,596	-	263,580	3,597,658
Due from other fund	609,340	-	-	-	609,340
Inventory	249,890	-	-	183,435	433,325
Total assets	<u>\$ 10,310,750</u>	<u>\$ 790,596</u>	<u>\$ 12,631,296</u>	<u>\$ 1,042,780</u>	<u>\$ 24,775,422</u>
Liabilities					
Accounts payable	\$ 533,129	\$ 62,396	\$ 518,332	\$ 5,537	\$ 1,119,394
Accrued liabilities	2,146,167	10,911	-	2,139	2,159,217
Unearned revenue	9,336	32,455	23,817	95,217	160,825
Due to other fund	-	609,340	-	-	609,340
Total liabilities	<u>2,688,632</u>	<u>715,102</u>	<u>542,149</u>	<u>102,893</u>	<u>4,048,776</u>
Deferred inflows of resources					
Unavailable sales tax	1,292,233	-	-	-	1,292,233
Total deferred inflows of resources	<u>1,292,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,292,233</u>
Fund balances					
Nonspendable	249,890	-	-	183,435	433,325
Restricted	2,000,000	75,494	-	-	2,075,494
Committed	4,045,276	-	12,089,147	756,452	16,890,875
Assigned	34,719	-	-	-	34,719
Total fund balances	<u>6,329,885</u>	<u>75,494</u>	<u>12,089,147</u>	<u>939,887</u>	<u>19,434,413</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 10,310,750</u>	<u>\$ 790,596</u>	<u>\$ 12,631,296</u>	<u>\$ 1,042,780</u>	

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. 43,211,309

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. 10,341,823

Revenues earned but not considered available are not current financial resources and, therefore, are not reported in the governmental funds. 1,292,233

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, 2014 are:

Obligation under capital leases	(1,358,518)
Other postemployment benefit asset	129,613
Accrued interest on capital leases	(40,500)
Compensated absences	(2,837,807)
Total net position of governmental activities	<u>\$ 70,172,566</u>

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, 2014

	General	Grant	Capital Projects	Nonmajor	Total Governmental Funds
Revenues					
Intergovernmental:					
Roanoke County	\$ 65,944,318	\$ -	\$ 25,000	\$ -	\$ 65,969,318
Commonwealth of Virginia	67,573,186	834,316	821,906	98,426	69,327,834
Federal government	507,871	3,902,383	-	2,346,774	6,757,028
Investment income	47,016	-	-	1,922	48,938
Charges for services	613,219	-	19,523	3,013,951	3,646,693
Miscellaneous	230,361	-	77,186	36,599	344,146
Total revenues	<u>134,915,971</u>	<u>4,736,699</u>	<u>943,615</u>	<u>5,497,672</u>	<u>146,093,957</u>
Expenditures					
Current:					
Instruction	97,531,990	4,614,063	53,939	-	102,199,992
Administration	2,459,588	-	543	-	2,460,131
Attendance and health	1,948,458	160,506	-	-	2,108,964
Transportation	6,522,524	-	-	-	6,522,524
Operations and maintenance	11,641,249	-	225,305	-	11,866,554
Technology	3,896,061	-	2,731,865	-	6,627,926
School nutrition	-	-	-	5,594,187	5,594,187
Capital lease debt service:					
Principal	391,883	-	-	-	391,883
Interest	69,535	-	-	-	69,535
Capital outlay:					
Facilities	-	-	3,358,661	-	3,358,661
Debt Service	7,025,343	-	1,886,000	-	8,911,343
Total expenditures	<u>131,486,631</u>	<u>4,774,569</u>	<u>8,256,313</u>	<u>5,594,187</u>	<u>150,111,700</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,429,340</u>	<u>(37,870)</u>	<u>(7,312,698)</u>	<u>(96,515)</u>	<u>(4,017,743)</u>
Other financing sources (uses)					
Proceeds from sale of property	34,382	-	-	4,456	38,838
Transfers in	1,865,116	21,000	3,612,091	-	5,498,207
Transfers out	(3,633,091)	-	-	-	(3,633,091)
Total other financing sources (uses), net	<u>(1,733,593)</u>	<u>21,000</u>	<u>3,612,091</u>	<u>4,456</u>	<u>1,903,954</u>
Net change in fund balances	1,695,747	(16,870)	(3,700,607)	(92,059)	(2,113,789)
Total fund balances at beginning of year	4,634,138	92,364	15,789,754	1,031,946	21,548,202
Total fund balances at end of year	<u>\$ 6,329,885</u>	<u>\$ 75,494</u>	<u>\$ 12,089,147</u>	<u>\$ 939,887</u>	<u>\$ 19,434,413</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, 2014

Net change in fund balances - total governmental funds	\$ (2,113,789)
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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.	(2,639,775)
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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	4,941,592
Capital donated	13,200
Depreciation expense	(5,638,194)
Loss on sale of assets	(648,221)
Loss on abandoned project	(349,778)

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.	47,310
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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	187,565
Other postemployment benefit asset	129,613
Obligation under capital leases	391,883
Accrued interest on capital leases	11,700

Change in net position of governmental activities	\$ (5,666,894)
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See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Economic Development Authority of Roanoke County, Virginia
Balance Sheet
Governmental Fund
June 30, 2014

Assets

Cash and cash equivalents	\$ 646,604
Interest receivable	293
Due from other governments	2,114
Land held for resale	<u>4,680,024</u>
Total assets	<u><u>\$ 5,329,035</u></u>

Liabilities and Fund Balances

Liabilities:

Accrued liabilities	\$ <u>20,000</u>
Total liabilities	<u>20,000</u>

Fund balances:

Unassigned	<u>5,309,035</u>
Total fund balances	<u>5,309,035</u>

Total liabilities and fund balances	<u><u>\$ 5,329,035</u></u>
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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 Fund
For the Year Ended June 30, 2014

REVENUES

Bondholders' assessments	\$ 1,686
Roanoke County contributions:	
Ardagh	750,000
Varsity Landscaping	15,000
Commercial matching grant program	20,000
Other projects	4,860
Investment income	1,847
Miscellaneous	22,930
	<hr/>
Total revenues	816,323
	<hr/>

EXPENDITURES

Professional fees	3,766
Miscellaneous	3,013
Project disbursements:	
Ardagh	750,000
Varsity Landscaping	15,000
Commercial matching grant program	20,000
Plantation Road improvement project	15,862
	<hr/>
Total operating expenditures	807,641
	<hr/>
Excess of revenues over expenditures	8,682

OTHER FINANCING SOURCES

Donated capital	4,200,200
	<hr/>
Total other financing sources	4,200,200
	<hr/>
Net change in fund balance	4,208,882
	<hr/>
Fund balance at beginning of year	1,100,153
	<hr/>
Fund balance at end of year	\$ 5,309,035
	<hr/> <hr/>

See accompanying independent auditors' report

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Economic Development Authority of Roanoke County, Virginia
Schedule of Revenue Bonds and Notes Outstanding
For the Year Ended June 30, 2014

	<u>Date Issued</u>	<u>Original Issue</u>	<u>Balance June 30, 2014</u>	<u>Type of Project</u>
Bondholders/Noteholders				
Roanoke County	3/27/2008	58,595,000	50,170,000	Public Facility Projects
Richfield Retirement Community	10/20/2008	4,415,000	3,515,000	Alzheimer's Center
Roanoke County	12/15/2011	993,480	428,290	Office Building
		<u>\$ 64,003,480</u>	<u>\$ 54,113,290</u>	

COUNTY OF ROANOKE, VIRGINIA
Component Unit
South Peak Community Development Authority
Statement of Net (Deficit) Position
June 30, 2014

Schedule 20

ASSETS

Current assets:

Due from primary government	\$ 145,011
Total current assets	<u>145,011</u>

Noncurrent assets:

Capital assets	<u>5,742,175</u>
Total noncurrent assets	<u>5,742,175</u>

Total assets	<u>5,887,186</u>
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LIABILITIES

Current liabilities:

Accounts payable	41,543
Accrued liabilities	241,034
Accrued interest payable	<u>32,545</u>
Total current liabilities	<u>315,122</u>

Noncurrent liabilities:

Bonds payable	<u>6,008,277</u>
Total noncurrent liabilities	<u>6,008,277</u>

Total liabilities	<u>6,323,399</u>
-------------------	------------------

NET (DEFICIT) POSITION

Net investment in capital assets	(266,102)
Unrestricted (deficit)	<u>(170,111)</u>
Total net (deficit) position	<u>\$ (436,213)</u>

See accompanying independent auditors' report

COUNTY OF ROANOKE, VIRGINIA**Schedule 21****Component Unit****South Peak Community Development Authority****Statement of Revenues, Expenses, and Changes in Net (Deficit) Position****For the Year Ended June 30, 2014****OPERATING REVENUES**

Incremental tax revenues	\$	110,573
Personal property tax revenues		<u>1,178</u>
Total operating revenues		<u>111,751</u>

OPERATING EXPENSES

Administrative fees		41,689
Legal fees		12,562
Insurance expenses		<u>1,355</u>
Total operating expenses		<u>55,606</u>

Change in net position		56,145
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Total net (deficit) position at beginning of year		<u>(492,358)</u>
Total net (deficit) position at end of year	\$	<u><u>(436,213)</u></u>

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, 2014

Schedule 22

CASH FLOWS FROM OPERATING ACTIVITIES

Cash payments for administrative fees	\$ (12,075)
Cash payments for legal ads	<u>(12,562)</u>
Net cash used in operating activities	<u>(24,637)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from bond issuance	2,216,038
Acquisition and construction of capital assets	(1,865,405)
Interest paid on bonds	<u>(325,996)</u>
Net cash provided by capital and related financing activities	<u>24,637</u>

Net increase in cash and cash equivalents	-
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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	\$ 56,145
Adjustments to reconcile operating income to net cash used in operating activities	
Change in assets and liabilities:	
Accrued revenues	(111,751)
Accounts payable	30,969
Net cash used in operating activities	<u><u>\$ (24,637)</u></u>

See accompanying independent auditors' report



Statistical Section Tab

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

Financial Trends

	<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.	139

Revenue Capacity Information

These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.	146
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Debt Capacity Information

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.	150
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Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	153
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Operating Information

These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.	155
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Table 1

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities										
Net investment in capital assets										
Restricted	\$ 127,038,171	\$ 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
Unrestricted	7,106,651	9,514,571	9,651,709	8,807,540	-	-	-	-	-	-
	36,965,323	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
Total governmental activities net position	\$ 171,110,145	\$ 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
Primary Government										
Net investment in capital assets										
Restricted	\$ 127,038,171	\$ 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
Unrestricted	7,106,651	9,514,571	9,651,709	8,807,540	-	-	-	-	-	-
	36,965,323	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
Total primary government net position	\$ 171,110,145	\$ 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

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. Accordingly, the County has no business-type activities to present

Table 2

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Governmental activities:										
General government	\$ 16,914,828	\$ 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
Judicial administration	2,700,700	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
Public safety	47,455,066	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
Public works	15,520,933	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
Library	5,211,675	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
Health and welfare	15,716,422	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
Parks, recreation, and culture	6,640,738	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
Community development	3,011,776	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
Education	75,386,420	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
Interest and other charges	7,243,036	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
Total governmental activities expenses	<u>195,801,584</u>	<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>
Total Primary Government expenses	\$ 195,801,584	\$ 188,490,564	\$ 182,654,191	\$ 186,048,821	\$ 180,058,253	\$ 173,640,485	\$ 168,670,661	\$ 159,714,666	\$ 149,416,205	\$ 138,863,460
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 439,139	\$ 491,777	\$ 551,590	\$ 297,785	\$ 364,757	\$ 521,821	\$ 810,746	\$ 955,331	\$ 251,789	\$ 738,150
Judicial administration	1,131,167	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
Public safety	4,729,349	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
Public works	325,220	315,511	317,366	317,459	349,825	317,203	317,496	315,500	315,500	318,334
Library	74,108	61,909	-	-	-	212,252	232,105	300,287	26,425	24,440
Health and welfare	801,325	746,537	1,379,369	1,536,402	1,264,060	957,118	739,576	910,123	653,929	624,294
Parks, recreation, and culture	4,730,172	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
Community development	454,035	468,892	347,766	347,766	504,289	487,159	909,390	743,577	794,824	954,686
Operating grants and contributions	30,515,001	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
Total governmental activities revenues	<u>43,199,516</u>	<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>
Total Primary Government revenues	\$ 43,199,516	\$ 36,925,880	\$ 36,531,471	\$ 58,078,661	\$ 40,819,634	\$ 35,123,100	\$ 36,159,155	\$ 32,654,332	\$ 27,893,179	\$ 26,756,756
Net (Expense)/Revenue										
Governmental activities	\$ (152,602,068)	\$ (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)
Total Primary Government expense	<u>\$ (152,602,068)</u>	<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>

Table 2 (continued)

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Real estate and personal property	\$ 106,338,649	\$ 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
Local share of sales tax	9,869,029	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
Other local taxes	24,450,249	23,444,438	22,340,305	22,638,322	21,562,986	21,604,036	23,136,838	21,386,400	21,963,331	20,928,761
Non-categorical state aid	12,229,857	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
Gain on sale of capital assets	90,862	160,337	56,408	95,553	102,850	166,245	209,368	-	-	-
Capital contribution	-	-	-	(1,077,603)	-	(5,171,236)	-	-	-	-
Investment earnings	1,355,822	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
Miscellaneous	115,337	208,168	1,690,860	42,103	29,222	23,697	26,153	920,279	429,311	146,951
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>154,449,805</u>	<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>
Special Items:										
Land donated to Roanoke County	-	-	-	-	-	-	-	377,308	-	-
Total Primary Government	<u>154,449,805</u>	<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>
Change in Net Position										
Governmental activities	<u>1,847,737</u>	<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>
Total Primary Government	<u>1,847,737</u>	<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>

Table 3

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 944,832	\$ 513,502	\$ 608,517	\$ 907,080	\$ 408,232	\$ 382,993
Unreserved	-	-	-	-	35,757,184	32,580,041	27,677,600	25,383,566	21,499,248	18,344,764
Nonspendable	239,384	217,648	164,378	380,491	-	-	-	-	-	-
Restricted	6,961,640	9,514,571	9,651,709	8,807,540	-	-	-	-	-	-
Committed	12,243,948	10,646,747	10,687,402	3,929,813	-	-	-	-	-	-
Assigned	1,951,749	2,065,969	1,052,100	725,925	-	-	-	-	-	-
Unassigned	21,799,195	21,266,557	20,572,318	25,105,706	-	-	-	-	-	-
Total general fund	\$ 43,195,916	\$ 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
All Other Governmental Funds:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 29,128,848	\$ 19,018,884	\$ 49,950,824	\$ 6,223,444	\$ 8,284,787	\$ 25,183,472
Unreserved, reported in:										
Capital projects fund	-	-	-	-	33,862,753	83,584,672	40,929,195	24,209,201	26,447,715	23,865,465
Debt service fund	-	-	-	-	252,762	237,688	625,406	209,238	212,757	220,151
Nonspendable	-	36,000	-	-	-	-	-	-	-	-
Restricted	6,972,721	583,510	439,867	1,590,715	-	-	-	-	-	-
Committed	27,589,865	22,571,058	29,809,261	51,711,936	-	-	-	-	-	-
Total all other governmental funds	\$ 34,562,586	\$ 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

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



Table 4

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
REVENUES										
General property taxes	\$ 107,236,063	\$ 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
Other local taxes	33,777,424	32,867,664	31,963,379	31,965,165	30,067,742	30,526,768	31,432,882	31,085,815	29,786,917	28,102,659
Permits, fees, and licenses	713,047	706,560	670,373	642,732	829,674	770,289	969,168	827,706	824,223	694,048
Fines and forfeitures	567,686	803,636	793,542	888,995	810,241	824,001	706,354	754,895	755,033	700,301
Use of money and property	714,616	801,931	820,663	883,689	1,062,082	2,390,998	2,533,878	2,961,472	2,343,217	1,364,482
Charges for services	8,836,231	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
Intergovernmental revenue	42,167,620	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
Locality compensation payments	124,459	124,251	125,469	125,119	124,676	520,749	395,925	402,488	404,788	414,187
Miscellaneous	3,555,382	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
Total revenues	197,692,528	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
EXPENDITURES										
General government	11,377,635	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
Judicial administration	2,714,526	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
Public safety	44,006,263	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
Public works	14,058,502	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
Library	3,752,433	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
Health and welfare	15,352,905	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
Parks, recreation, and culture	8,161,222	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
Community development	2,033,821	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
Education	67,132,105	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
Debt service:										
Principal	10,593,023	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
Interest and other charges	8,168,073	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
Capital outlay	8,568,487	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
Total expenditures	195,918,995	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
Excess of revenues over (under) expenditures	1,773,533	(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)

Table 4 (continued)

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
OTHER FINANCING SOURCES (USES)										
Proceeds from lease purchase	\$ -	\$ -	\$ -	\$ 1,148,037	\$ -	\$ 47,695,156	\$ 80,533,976	\$ -	\$ -	\$ -
Issuance of bonds	32,898,586	-	9,080,000	-	-	-	-	-	-	-
Bond premium	1,888,404	-	954,878	-	-	-	-	-	-	-
Refunded escrow agent payment	(26,219,862)	-	-	-	-	-	-	-	-	-
Debt issuance costs	(227,809)	-	-	-	-	-	-	-	-	-
Proceeds from sale of land, machinery and equipment	90,862	160,337	56,408	95,553	102,850	166,245	209,368	47,812	776,317	25,945
Transfers in	24,684,884	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
Transfers out	(24,032,156)	(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)
Total other financing sources(uses)	9,082,909	2,016,142	10,213,571	1,209,256	3,036,395	48,663,522	80,135,009	(683,678)	222,547	(457,837)
Net change in fund balances	\$ 10,856,442	\$ (5,474,975)	\$ (19,875,091)	\$ (7,694,253)	\$ (35,988,408)	\$ 16,143,244	\$ 62,859,014	\$ 79,790	\$ (11,144,106)	\$ (9,475,976)
Debt service as a percentage of noncapital expenditures	9.9%	11.7%	11.8%	11.7%	10.8%	10.9%	8.0%	8.5%	9.2%	10.2%

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
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
2014	7,850,267,000	855,450,240	257,490,630	8,963,207,870	1.09	3.50/3.00	9,146,130,480

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 2012-2014 and at approximately 87% for years 2005 - 2012. Estimated actual taxable value is calculated by dividing taxable assessed value by those percentages. Tax rates are per \$100 of assessed value. Personal Property Tax Rates = \$3.50 for Personal Property; \$3.00 for Machinery and Tools.

Table 6

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

Fiscal Year	Direct Rates			Overlapping Rates	
	County of Roanoke			Town of Vinton	
	Real Property ⁽¹⁾	Personal Property ^{(1) (2)}		Real Property ⁽¹⁾	Personal Property ^{(1) (2)}
	<u>First Half</u>	<u>Second Half</u>	<u>Total</u>		
2005	\$0.560	\$0.560	\$1.12	\$0.03	\$1.00
2006	0.555	0.555	1.11	0.03	1.00
2007	0.545	0.545	1.09	0.03	1.00
2008	0.545	0.545	1.09	0.03	1.00
2009	0.545	0.545	1.09	0.03	1.00
2010	0.545	0.545	1.09	0.03	1.00
2011	0.545	0.545	1.09	0.03	1.00
2012	0.545	0.545	1.09	0.03	1.00
2013	0.545	0.545	1.09	0.03	1.00
2014	0.545	0.545	1.09	0.03	1.00

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

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

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

Source: Roanoke County Real Estate Land Books

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

Table 7

COUNTY OF ROANOKE, VIRGINIA
Principal Property Tax Payers
(unaudited)
Fiscal Years 2014 and 2005

Taxpayer	2014			2005		
	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	143	1	1.60 %	93	1	1.50 %
Kroger Limited Partnership	39	2	0.44	17	4	0.30
Wal-Mart Real Estate Business	29	3	0.32	-	-	-
Roanoke Tanglewood LLC	27	4	0.30	37	3	0.60
Verizon Virginia, Inc.	25	5	0.28	48	2	0.80
Cellco Partnership	22	6	0.25	-	-	-
Roanoke Gas Company	21	7	0.23	13	6	0.20
Norfolk and Western Railway Company	20	8	0.23	-	-	-
Integrity Windows, Inc.	19	9	0.21	-	-	-
Wells Fargo Operations Center	18	10	0.20	-	-	-
Lowes	-	-	-	15	5	0.20
Pebble Creek, LLC	-	-	-	13	7	0.20
RR Donnelley & Sons Company	-	-	-	13	8	0.20
Allstate Insurance Company	-	-	-	13	9	0.20
Roanoke Valleypointe LLC	-	-	-	13	10	0.20
Total	363		4.06 %	275		4.40 %

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
2005	\$ 94,381,504	\$ 90,113,624	95.48%	\$ 2,696,498	\$ 92,810,122	98.34%
2006	100,713,477	95,857,523	95.18	3,086,745	98,944,268	98.24
2007	106,526,759	101,614,506	95.39	3,111,065	104,725,571	98.31
2008	113,379,407	107,449,039	94.77	3,687,908	111,136,947	98.02
2009	116,316,521	111,054,250	95.48	2,952,230	114,006,480	98.01
2010	116,489,107	111,980,936	96.13	3,775,482	115,756,418	99.37
2011	118,335,928	113,612,208	96.01	3,783,598	117,395,806	99.21
2012	118,634,364	113,978,854	96.08	3,434,832	117,413,686	98.97
2013	118,489,124	113,917,134	96.14	2,325,437	116,242,571	98.10
2014	118,192,461	113,964,831	96.42		113,964,831	96.42

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

Table 9

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

Fiscal Year	Governmental Activities										Component Unit		Percentage of Assessed Value		Per Capita
	General Obligation Debt	Lease Revenue Bonds	VPSA		State Literary Bonds	Capital Leases	Total Primary Government	Capital Lease	Property	Income	Of Personal				
			School Bonds	Bonds											
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	1,148,037	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	1,052,372	2,114,385	2.20		3.98		2,138		
2013	6,416,798	71,455,422	100,944,620	2,721,409	952,889	182,491,138	952,889	1,750,401	2.07		3.70		1,976		
2014	6,150,390	79,182,582	92,638,652	2,273,592	849,437	181,094,653	849,437	1,358,518	2.04		3.66		1,968		

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

(2) 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						Percentage of Actual Value of Taxable Property	Per Capita
	General Obligation Debt	Lease Revenue Bonds	VP&A School Bonds	State Literary Bonds	Total			
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
2014	6,150,390	79,182,582	92,638,652	2,273,592	180,245,216	1.97		1,944

(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 from the Bureau of Economic Analysis.

(4) Details regarding the County's outstanding debt can be found in the notes to the financial statements

Table 11

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General bonded debt outstanding										
General Obligation Bonds	\$ 6,150,390	\$ 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
Lease Revenue Bonds	79,182,582	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
VPSA School Bonds	92,638,652	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
State Literary Bonds	2,273,592	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
Total net debt applicable to debt limits	\$ 180,245,216	\$ 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
Ratio of net debt to assessed taxable property value	1.97%	2.04%	2.16%	2.18%	2.33%	2.48%	2.11%	1.37%	1.60%	1.84%
Debt limit per policy for property value	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Per capita	\$ 1,944	\$ 1,947	\$ 2,104	\$ 2,141	\$ 2,312	\$ 2,430	\$ 2,028	\$ 1,213	\$ 1,311	\$ 1,420
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	\$ 2,500
Debt service to general governmental expenditures	7.20%	8.51%	8.29%	8.51%	7.79%	7.30%	5.05%	5.48%	6.13%	6.63%
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, 2014

Fiscal Year	Population ⁽¹⁾	Personal Income (thousands of dollars) ⁽²⁾	Per Capita Personal Income ⁽²⁾	School Enrollment ⁽³⁾	Unemployment Rate % ⁽⁴⁾
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	4,984,547	42,288	14,081	5.6
2013	93,256	4,984,547	42,288	13,958	5.5
2014	92,703	4,984,547	42,288	13,929	5.2

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 2012. The figures for 2013 and 2014 have not been updated.

⁽³⁾ Roanoke County Public Schools Annual Budget

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

COUNTY OF ROANOKE, VIRGINIA
Principal Employers
(unaudited)
Fiscal Years 2014 and 2005

Employer	2014			2005		
	Rank	Ownership	Number of Employees	Rank	Ownership	Number of Employees
Roanoke County Schools	1	Local Govt.	1,000+	2	Local Govt.	1,000+
Wells Fargo Operations Center (Wachovia division)	2	Private	1,000+	3	Private	1,000+
County of Roanoke	3	Local Govt.	1,000+	7	Local Govt.	1,000+
Kroger	4	Private	500-999	4	Private	1,000+
Richfield Recovery & Care Center	5	Private	500-999	-	-	-
Friendship Manor	6	Private	500-999	-	-	-
Allstate Insurance Company	7	Private	500-999	5	Private	1,000+
Walmart	8	Private	250-499	-	-	-
Medeco	9	Private	250-499	-	-	-
ITT Exelis	10	Private	250-499	6	Private	1,000+
Carilion Health System	-	-	-	1	Private	1,000+
MW Manufacturers	-	-	-	8	Private	500-999
Medical Facilities of America, Inc.	-	-	-	9	Private	500-999
Home Shopping Network	-	-	-	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

Function/Program	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General government										
Legislative	7	7	7	7	8	8	3	3	3	3
General and financial administration	69	71	72	72	74	74	73	73	73	70
Other	57	53	53	54	58	57	56	54	50	50
Judicial administration										
Courts	16	16	16	16	16	16	16	16	15	15
Commonwealth attorney	14	14	14	14	13	13	12	11	10	10
Public safety										
Sheriff	84	84	84	84	84	103	103	103	103	103
Police	154	154	153	153	188	194	186	179	165	159
Emergency Communication Center	44	44	43 *	43	-	-	-	-	-	-
Fire & rescue	153	153	153	153	149	143	129	124	124	112
Public works										
General services administration	3	3	3	3	3	3	3	3	3	3
Refuse disposal	34	34	35	34	35	35	35	35	35	35
Maintenance of general buildings and grounds	21	21	21	21	21	20	19	18	18	18
Garage	11	11	11	12	11	11	11	7	7	7
Engineering and inspections	32	32	34	36	36	39	38	38	33	33
Library	41	40	40	38	35	35	33	33	33	30
Health and welfare	98	98	95	95	95	95	95	95	92	86
Parks, recreation, and culture	69	67	68	66	63	61	60	59	55	57
Community development	19	23	23	24	28	31	31	31	31	26
Total	926	925	925	925	917	938	903	882	850	817

Source: Roanoke County Payroll Office

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

Table 15

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

Function/Program	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General government										
Number of sales	953	748	636	800	932	1,332	1,725	2,005	2,233	1,954
Median assessment/sales ratio	94.00%	98.00%	98.00%	95.00%	92.10%	92.10%	92.33%	91.54%	92.00%	85.00%
Coefficient of dispersion	7.18%	7.37%	6.23%	6.76%	7.09%	7.23%	7.28%	7.48%	7.53%	10.33%
Judicial administration										
Circuit Court civil cases concluded	998	1,121	973	939	940	1,058	993	1,082	2,688	2,688
General District Court concluded	26,029	27,238	27,984	33,138	33,316	31,268	32,094	31,805	29,737	29,737
Juvenile and Domestic cases concluded	4,940	5,487	5,706	5,389	6,563	6,594	6,222	6,363	6,967	6,967
Public safety										
Physical arrests	3,611	4,676	3,948	4,224	4,109	3,855	3,598	4,551	4,155	3,275
Calls for service police	75,500	71,600	69,500	75,300	77,000	84,499	84,476	91,136	81,918	87,283
Calls for service fire	13,857	14,164	14,014	13,293	11,373	10,964	11,306	10,622	12,268	13,688
Fire inspections	1,158	1,293	1,245	984	473	836	960	1,129	988	1,576
Public works										
New business licenses	785	741	643	762	591	596	608	790	777	877
New prospect inquires Econ Dev	40	40	40	28	30	30	29	35	41	43
Waste tonnage to R/VRA	40,003	42,922	40,046	40,570	40,536	41,469	43,361	44,556	42,889	40,698
Library										
Patrons registered	70,670	65,069	59,185	76,581	73,339	68,247	64,084	58,154	56,810	60,640
Total circulation	1,330,625	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
Health and welfare										
Individuals enrolled in Medicaid	11,158	12,453	9,881	8,676	8,568	11,187	8,727	6,485	6,415	-
Households receiving Supplemental Nutrition Assistance	4,087	4,001	3,800	3,404	3,157	2,771	2,184	1,835	2,032	-
Number of children in foster care	144	132	120	109	119	119	147	118	150	141
Community development										
Building permits issued	1,097	1,067	1,025	1,089	1,283	1,145	1,600	1,497	1,153	1,147

Source: Various County departments

Table 16

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

Function/Program	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government										
Administration Buildings	9	9	9	7	7	6	7	7	5	5
Judicial Administration										
Courthouses	1	1	1	1	1	1	1	1	1	1
Public Safety										
Fire Stations	12	12	12	12	12	11	11	11	11	11
Rescue Stations	11	11	11	11	11	11	11	11	11	11
Fire Units	28	27	27	27	27	28	28	28	28	29
Ambulances	24	24	23	24	24	23	23	23	24	25
Jails	1	1	1	1	1	1	1	1	1	1
Law Enforcement Vehicles	143	137	143	141	146	145	152	134	127	127
Public Works										
Refuse Collection Trucks	23	23	23	20	19	19	19	20	18	18
Libraries	6	6	6	6	6	6	6	6	6	6
Parks, Recreation, and Tourism*										
Parks	30	29	29	28	28	28	28	28	28	52
Park Acreage	2,160	1,092	1,092	1,075	1,061	1,061	1,061	960	960	1,146
Recreation Centers	3	3	3	3	3	2	2	2	2	5
Park District Maintenance Centers	3	3	3	3	3	3	3	3	3	3
Education										
Elementary Schools	16	16	16	16	16	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

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, 2014

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	\$ 2,398
Food and Nutrition Service: State Administrative Matching Grants for the Nutrition Assistance Program	-	10.561	757,105
National School Lunch Program	-	10.555	1,620,190
National School Lunch Program- USDA Commodities	-	10.555	380,548
School Breakfast Program	-	10.553	346,036
DEPARTMENT OF DEFENSE:			
Direct Payments:			
Selected Reserve Educational Assistance Program (ROTC)	-	12.609	51,557
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Pass Through Payments:			
Administration for Children and Families:			
Promoting Safe and Stable Families	-	93.556	30,639
Temporary Assistance for Needy Families	-	93.558	608,306
Refugee and Entrant Assistance-State Administered Programs	-	93.566	8,623
Low-Income Home Energy Assistance	-	93.568	51,572
Child Care and Development Block Grant	-	93.575	(1,274)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	-	93.596	84,504
Chafee Education and Training Vouchers Program	-	93.599	5,423
Stephanie Tubbs Jones Child Welfare Services Program	-	93.645	3,969
Foster Care - Title IV-E	-	93.658	603,032
Adoption Assistance	-	93.659	457,636
Social Services Block Grant	-	93.667	445,752
Chafee Foster Care Independence Program	-	93.674	15,113
Centers for Medicare and Medicaid Services:			
Children's Health Insurance Program	-	93.767	21,775
Medical Assistance Program	-	93.778	951,973
EXECUTIVE OFFICE OF THE PRESIDENT			
Pass Through Payments:			
High Intensity Drug Trafficking Areas Program (HIDTA)	-	95.001	16,062
DEPARTMENT OF JUSTICE:			
Direct Payments:			
Bureau of Justice Assistance:			
State Criminal Alien Assistance Program	2011-H2437-VA-AP	16.606	7,565
State Criminal Alien Assistance Program	2012-H4777-VA-AP	16.606	2,017
Bulletproof Vest Partnership Program	-	16.607	13,051
Bulletproof Vest Partnership Program	-	16.607	3,764
Pass Through Payments:			
Bureau of Justice Assistance:			
Edward Byrne Memorial Justice Assistance Grant Program	2012-DJ-BX-0379	16.738	230
Edward Byrne Memorial Justice Assistance Grant Program	2013-DJ-BX-0187	16.738	13,671
Pass Through Payments:			
Office of Victims Crime:			
Crime Victim Assistance	14-T8561VG13	16.575	45,839
Office of Community Oriented Policing Services:			
Public Safety Partnership and Community Policing Grants	-	16.710	40,381

COUNTY OF ROANOKE, VIRGINIA
Schedule of Expenditures of Federal Awards
For The Period Ended June 30, 2014

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-2013-5312-4827	20.600	\$ 8,972 \$
State and Community Highway Safety	RS-2013-5313-4828	20.600	6,657
State and Community Highway Safety	SC-2014-54151-5399	20.600	10,520
State and Community Highway Safety	SC-2014-54174-5422	20.600	11,378
			37,527
Alcohol Impaired Driving Countermeasures Incentive Grants	K8-2013-53226-4941	20.601	9,116
Alcohol Impaired Driving Countermeasures Incentive Grants	K8-2014-54327-5575	20.601	20,759
Occupant Protection Incentive Grant	K2-2013-53091-4807	20.602	1,223
Alcohol Open Container Requirements	154AL-2013-53089-4805	20.607	6,370
National Priority Safety Programs	M2HVE-2014-54169-5417	20.616	5,768
Federal Highway Administration:			
Recreational Trails Program	EN08-080-105	20.219	16,662
Highway Planning and Construction : Roanoke River Greenway-Mill Lane	EN08-080-108	20.205	74,989
DEPARTMENT OF HOMELAND SECURITY:			
Pass Through Payments:			
2014 Emergency Management Performance Grant	-	97.042	642
Assistance to Firefighters	EMW-2011-FO-02573	97.044	4,012
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	FEMA-4072-DR-VA	97.036	1,865
NATIONAL ENDOWMENT FOR THE ARTS:			
Pass Through Payments:			
Promotion of the Arts Partnership Agreement -Local Government Challenge Grant	-	45.025	5,000
DEPARTMENT OF EDUCATION:			
Pass Through Payments:			
Department of Education:			
Office of Elementary and Secondary Education:			
Title I-Grants to Local Educational Agencies 11-12	S010A110046	84.010	32,140
Title I-Grants to Local Educational Agencies 12-13	S010A120046	84.010	118,340
Title I-Grants to Local Educational Agencies 13-14	S010A130046	84.010	803,537
			954,017
Title II- Improving Teacher Quality State Grants Part A 12-13	S367A120044	84.367	44,546
Title II- Improving Teacher Quality State Grants Part A 13-14	S367A130044	84.367	51,896
			96,442
Title III-English Language Acquisition Grants 11-12	S365A110046	84.365	20,330
Title III-English Language Acquisition Grants 12-13	T365A120046	84.365	15,483
Advanced Placement Program(Advanced Placement Test Fee)	-	84.330	2,565
Office of Special Education and Rehabilitative Services:			
Title VIB : Special Education - Grants to States Flow Through 11-12	H027A110107	84.027	159,900
Title VIB : Special Education - Grants to States Flow Through 12-13	H027A120107	84.027	958
Title VIB : Special Education - Grants to States Flow Through 13-14	H027A130107	84.027	2,569,517
Special Education - Preschool Mini A Grants	H173A130112	84.173	83,813
Office of Vocational and Adult Education:			
Vocational Education Basic Grants to States- Carl D. Perkins Vocational and Technical Ed	V048A130046	84.048	142,249
Total Federal Expenditures			\$ 10,816,664

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, 2014

- 1) Basis of Accounting - Federal Programs are accounted for on the modified 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 \$380,548 in food and food stamps from the U.S. Department of Agriculture during fiscal year 2014. These in-kind contributions are included in the basic financial statements.

**Report of Independent Auditor 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***

To 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 the *Specifications for Audits of Counties, Cities and Towns*, 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, and the aggregate remaining fund information of the County of Roanoke, Virginia (the County), as of and for the year ended June 30, 2014, 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 13, 2014. That report recognizes that the County implemented a new accounting standard effective July 1, 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 opinions 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 a 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. 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* and disclosed one instance of noncompliance with the *Specifications for Audits of Counties, Cities and Towns*, which is described in the accompanying schedule of findings and questioned costs as item 2014-01.

Management's Response to Finding

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

A handwritten signature in blue ink that reads "Cheryl Behrman CPA". The signature is written in a cursive, flowing style.

Roanoke, Virginia
November 13, 2014

**Report of Independent Auditor on Compliance for Each Major Program
and on Internal Control Over Compliance Required by OMB Circular A-133**

To 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 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 of Roanoke, Virginia's (the "County") major federal programs for the year ended June 30, 2014. The County's major federal programs are identified in the summary of auditor's 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.

Auditor's 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, 2014.

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.

A handwritten signature in blue ink that reads "Cheryl Behrman CP". The signature is written in a cursive style.

Roanoke, Virginia
November 13, 2014

County of Roanoke, Virginia

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

A. Summary of Auditor's Results

1. The type of report issued on the financial statements: **Unmodified opinion**
2. Significant deficiencies in internal control disclosed by the audit of the financial statements: **No**
3. Material weaknesses: **None reported**
4. Noncompliance, which is material to the financial statements: **No**
5. Significant Deficiencies in internal control over major programs: **No**
6. Material weaknesses: **None reported**
7. The type of report issued on compliance for major programs: **Unmodified opinion**
8. Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: **No**
9. The programs tested as major programs were:

<u>Name of Program</u>	<u>CFDA #</u>
Child Nutrition Cluster	10.553/10.555CL
Title I, Part A Cluster	84.010-CL
Improving Teacher Quality	84.367

10. Dollar threshold to distinguish between Type A and Type B Programs: **\$324,499**
11. Roanoke County was determined to be a low risk auditee.

B. Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*:

None

C. Findings and Questioned Costs Relating to Federal Awards:

None

D. Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants

2014-01 Conflicts of Interest

Criteria:

As described in Section 2.2-3115 of the *Code of Virginia*, local officials must file an annual disclosure form disclosing personal financial interests that may cause conflicts.

Condition:

Two officials who did not file an annual disclosure form on a timely basis.

Cause:

Annual disclosure form was not filed by January 15, 2014

Effect:

Non-compliance may result in action by the Commonwealth.

Recommendation:

Elected officials should complete all questions on the disclosure form.

Views of Management:

Management agrees with the comment and the Clerk to the Board has taken steps to ensure that the forms are fully completed.

E. Resolution of Prior Year Audit Findings

There were no findings resulting from the prior year audit.

