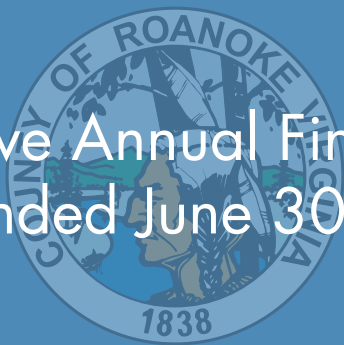
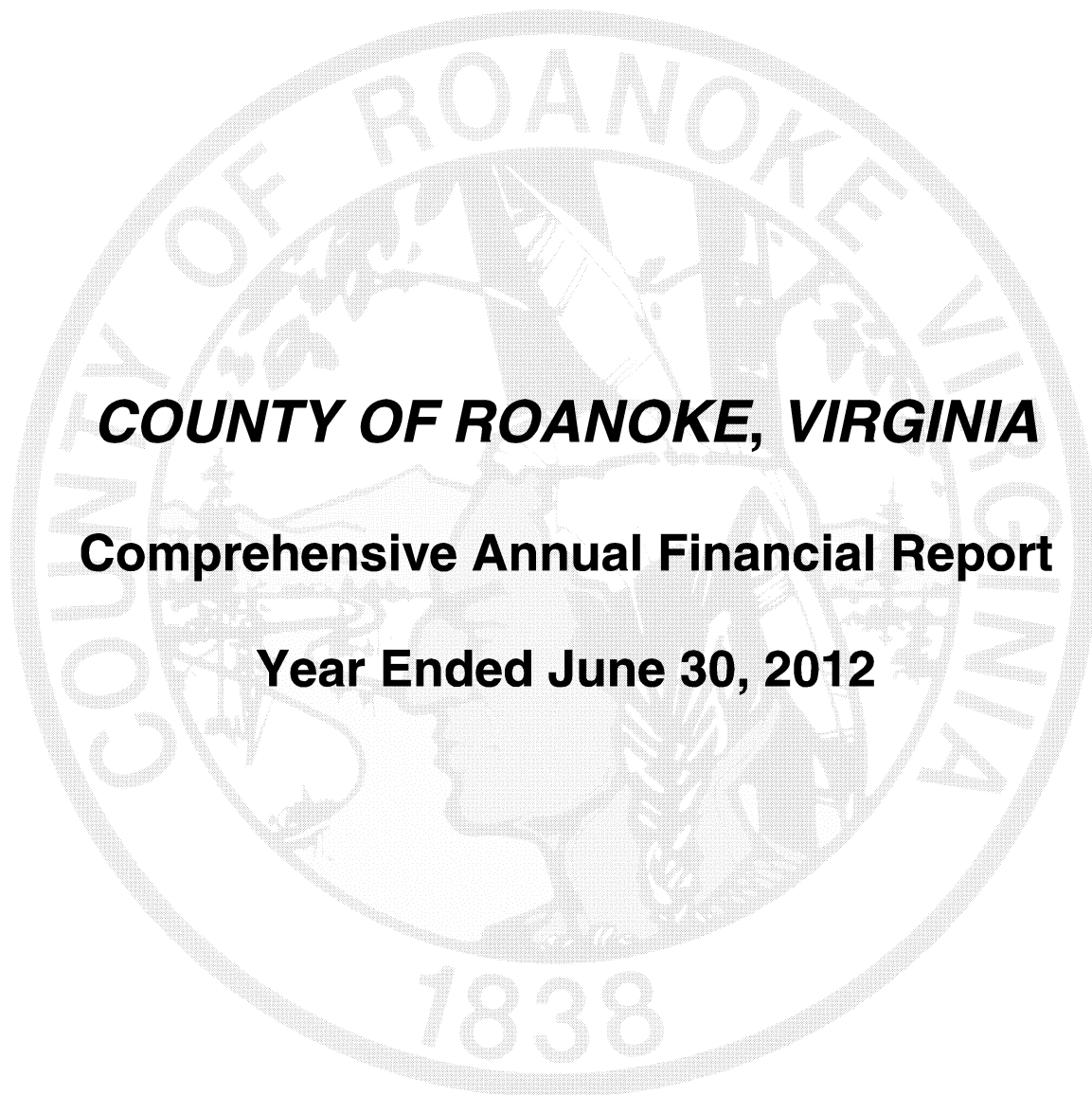


County of Roanoke, Virginia



Comprehensive Annual Financial Report
Year Ended June 30, 2012





COUNTY OF ROANOKE, VIRGINIA
Comprehensive Annual Financial Report
Year Ended June 30, 2012

Prepared by the

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County of Roanoke Board of Supervisors



Richard C. Flora
Chairman
Hollins District



Michael W. Altizer
Vice Chairman
Vinton District



Joseph B. "Butch" Church
Catawba District



Charlotte A. Moore
Cave Spring District



Eddie "Ed" Elswick
Windsor Hills District



B. Clayton Goodman, III
County Administrator



**COUNTY OF ROANOKE, VIRGINIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2012**

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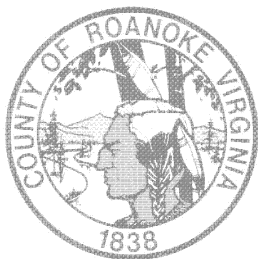
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INTRODUCTORY SECTION



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

November 12, 2012

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, 2012. State law requires that all local governments have their accounts and records, including those of the constitutional officers, audited annually as of June 30 by an independent certified public accountant and that the audited financial report be submitted on or before November 30 to the Auditor of Public Accounts of the Commonwealth of Virginia (APA). This report has been prepared by the Department of Finance in accordance with the standards of financial reporting as prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB) and the APA.

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

The auditing firm of KPMG LLP has issued unqualified opinions on the County's basic financial statements as of and for the fiscal year ended June 30, 2012 contained in this report. The audit was conducted in accordance with professional standards which require that the independent auditors plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The independent auditors' report is located at the front of the financial section of this report.

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

Profile of the Government

The County of Roanoke is primarily the suburban hub of the Roanoke Valley. Within the County's geographical boundaries lie the independent cities of Roanoke and Salem, as well as the Town of Vinton. The County's provisional population is 92,687¹, up by 8.1% from the 2000

¹ Population source: United States Census Bureau, 2010

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

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

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

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

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

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

Economic Condition and Outlook

Local Economy

Fiscal year 2012 continued to provide economic challenges. The real estate market weakened with further nominal decline in values, used car values remained strong, some local taxes such as meals tax and recordation taxes grew moderately due to the improving economy and increased consumer confidence and business license tax recognized moderate growth as business receipts improved as the economy continued to expand.

Unemployment fell slightly to 5.6%² as of June 30, 2012 from 5.7% in 2011, and compares favorably with the State average of 6.0% and the national average of 8.2%.

Economic Development

The Economic Development Department was recognized with an award from the Southern Economic Development Council for its newly redesigned Website, receiving a "Superior" ranking for excellence in design and function, the highest in its category.

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

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

The Department of Economic Development is committed to new business recruitment. Roanoke County experienced moderate economic development growth in fiscal year 2012 due in part to expansion of the Coca Cola distribution facility at Valley Gateway, expansion of Novozymes Biological's greenhouse facilities at the Center for Research and Technology, and the purchase of the Verizon Building on Airport Road by Delta Dental to expand their operations and the Corvesta, Inc. family of services in the County, with the formation of Corvesta Services and Mercury Data Exchange.

The County continued to work with the Virginia Tech College of Outreach and International Affairs on the Catawba Sustainability Center project. The Center, owned by Virginia Tech, is located on 377 acres in rural Roanoke County and is designed to offer opportunities for education, training, business development and research in sustainable land management and low impact living. In FY2012, staff played a significant role in the interview and hiring process for a new Center Manager. The Economic Development staff also routinely participated in various University sponsored activities, programs and events throughout the year.

² Virginia Employment Commission statistics

Significant economic development initiatives during the year were focused on the primary corridors throughout the County. The award and initial implementation of a \$341,000 Transportation Enhancement Grant for Plantation Road improvements in the Hollins area will serve as a catalyst for future development opportunities. The project will also benefit the numerous employers and over 4,000 employees traveling to work daily along this corridor. Also, the multi-million dollar Route 460 road construction project in the Glenvar area has resulted in infrastructure improvements as well as related enhancements to the businesses located on this busy commercial corridor. Further, the Town of Vinton also received a \$700,000 grant from the Department of Housing and Community Development for the revitalization of the Downtown Vinton business district. Combined, these initiatives represent significant new investment in economic development related infrastructure throughout the County.

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, 2012, progress was made towards this goal with an unassigned fund balance for the general fund at 10.70% of the fiscal year 2012 general fund budgeted revenues. This is a tenet of the Board's commitment to prudent financial planning because it eliminates the need for short-term borrowing, ensures that current obligations, including debt payments, can be met and provides a cushion against the potential shock of any unexpected change in revenues. This practice, along with our prudent debt management policies, allows the County to maintain bond ratings of AA+ from Fitch, and Aa1 from Moody's Investor Service and receive an upgrade to an AA+ by Standard and Poor's.

Relevant Financial Policies

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

Major Initiatives

Initiatives of the County of Roanoke promote economic progress, improve the community's quality of life, and position the County to respond to future development needs. The County is committed to providing quality housing and continues to receive positive publicity for the quality of life enjoyed by citizens and potential business prospects. Roanoke County saw the continuation of major capital and educational initiatives in the 2012 fiscal year. Major initiatives for 2012 include:

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

Roanoke County had a strong year on state standardized tests in the 2011-12 school year. The division exceeded the State average on 33 of 34 state assessments. All 26 Roanoke County schools are fully accredited again this year. In a year in which Virginia implemented new mathematics standards that are the most rigorous in the country, Roanoke County's results on the new tests were above the 90th percentile in the State. We also anticipate that all of our schools will meet the new federal performance benchmarks in mathematics and reading.

In 2012, Dr. Lorraine Lange was named one of four finalists for the National Superintendent of the Year. Dr. Lange was selected as a finalist from among 49 State Superintendent's of the Year finalists and participated in an interview process by a national blue-ribbon selection panel of educators, businesspeople, and government officials. Candidates for this honor were evaluated based on leadership, communication, professionalism, and community involvement.

The School System was selected as one of the "Best 100 Communities for Music Education in America" by the NAMM Foundation and one of only six 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.

South County Library: Roanoke County's 54,000-square-foot headquarters library, South County, opened to the public on January 3, 2012. The facility was designed by Holzheimer, Bolek + Meehan of Cleveland, OH and Lionberger Construction Company of Roanoke served as general contractor. South County Library is located at 6303 Merriman Road on almost 30 largely undeveloped acres. Built in response to increasing demand for public services and programs that far exceeded the limitations of the former headquarters library on Route 419/Electric Road, South County was quickly embraced by the community.

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

In addition to creating special indoor spaces, the building was designed to take advantage of the natural beauty of the outdoors. The new library has large windows that allow visitors to enjoy the panoramic mountain views and surrounding scenery. Patio areas outside the facility provide access to the educational walking trail, soon to be under construction, which will wind

throughout the native wetlands and connect the library property with the adjacent County parks and school.

The County began construction of the facility in October 2009 and the project was completed in late 2011 with a budget of \$17 million. The traffic roundabout companion project, which provides easy access to the library, was successfully completed in August 2010.

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

At a formal ceremony on September 29, 2011, the flag that had flown over the Glenvar Library was lowered for the final time. A temporary library was set up at 2630 West Main Street and the demolition of the old facility began. The site has been reconfigured and construction is well underway. Completion is expected in Spring 2013.

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, 2011. This was the twenty-eighth 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, 2011. This was the twenty-fifth 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 2012 for the seventh consecutive year recognizing the staff for Achievement of Excellence in Procurement.

Several other Roanoke County departments also received recognition in the 2012 fiscal year. The Department of Parks, Recreation and Tourism received two awards at the Virginia Recreation and Park Society's (VRPS) annual conference in September 2011. VRPS presented

one of its most prestigious awards to Pete Haislip, Roanoke County's longtime Director of Parks, Recreation and Tourism. Mr. Haislip, who retired in late 2011, received the organization's Distinguished Service Award. VRPS also presented the Department with the Best Promotional Effort award for a promo circular or flyer in its population category. The Department's marketing efforts were also recognized by the Blue Ridge Chapter of the Public Relations Society of America. The Department received a Gold Summit Award and a Silver Summit Award for work tied to two of its printed publications.

In June 2012, the Roanoke County Fire and Rescue Department received two awards from the Western Virginia Regional EMS Council. The Outstanding Contribution to EMS for Children award was presented to Brian Clingenpeel, the Department's Public Education Specialist. The second award was presented to EMS Training Specialist James Doran who received the Outstanding Pre-Hospital Educator award.

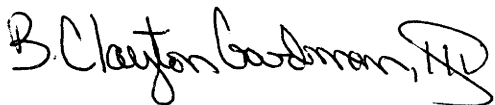
In November 2011, the Public Information Office received a Gold Summit Award from the Blue Ridge Chapter of the Public Relations Society of America and a 2011 Achievement Award from the Virginia Association of Counties for work tied to its crisis communication plans. The Public Information Office was also recognized by the Association of Marketing and Community Professionals (MarCom). The Office received a 2011 Platinum Award in the Crisis Communication Plan or Response category, a 2011 Platinum Award for the County's online Annual Progress report, and a 2011 MarCom Gold Award for the County's communications and marketing plan promoting the 2010 Census. In addition, the Public Information Office earned two honorable mentions from MarCom - one for the County's website redesign and the other for the County's efforts to increase public value/awareness of the Police Department.

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

Roanoke County also took home a first place Governor's Technology Award in the "Online, Not In Line" category related to the 2011 redesign of the County's website. Roanoke County was also a recipient of nationwide recognition in the annual Best of the Web contest, sponsored by the Center for Digital Government.

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

Sincerely,



B. Clayton Goodman III
County Administrator



Rebecca E. Owens, MBA
Director of Finance

History of Roanoke County, Virginia

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

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

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

The County today has a population of approximately 92,687 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, 2012

Board of Supervisors

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

County Administration

B. Clayton Goodman III, County Administrator

County Attorney.....	Paul M. Mahoney
Assistant County Administrator.....	Diane D. Hyatt
Assistant County Administrator.....	Daniel O'Donnell
Clerk to the Board.....	Deborah C. Jacks
Chief of Fire and Rescue.....	Richard E. Burch, Jr.
Acting Chief of Police.....	Terrell Holbrook
Director of Community Development.....	O. Arnold Covey
Acting Director of Economic Development.....	Jill Loope
Director of Finance.....	Rebecca Owens
Director of General Services.....	Anne Marie Green
Director of Human Resources.....	Joseph Sgroi
Director of Information Technology.....	Bill Greeves
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, 2012

School Board Members

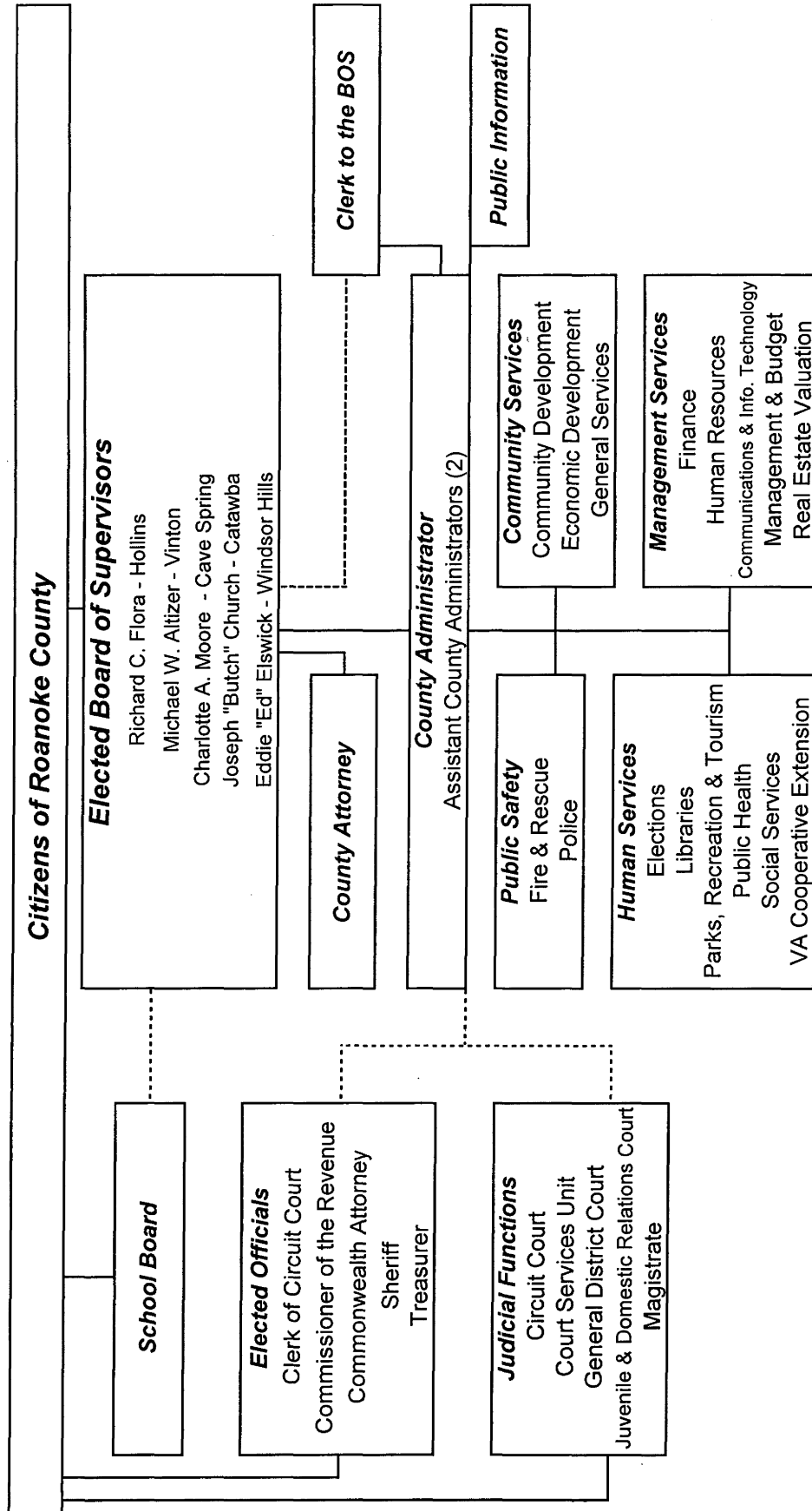
H. Odell "Fuzzy" Minnix, Chairman, Cave Spring District
Jerry L. Canada, Vice Chairman, Hollins District
C. Drew Barrineau, Windsor Hills District
Michael W. Stovall, Vinton District
David M. Wymer, Catawba District

School Administration

Lorraine S. Lange, Superintendent of Schools

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

County of Roanoke Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Roanoke
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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



Linda C. Sandson

President

Jeffrey R. Emer

Executive Director



FINANCIAL SECTION



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

Independent Auditors' Report

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

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, 2012, which collectively comprise the County's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Counties, Cities and Towns* (Specifications), issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and Specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Roanoke, Virginia as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2012 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 18 through 29, the Budgetary Comparison Schedule – General Fund, the Schedules of Funding Progress, and the Schedules of Employer Contributions on pages 88 through 91 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying combining and individual fund financial statements included in Schedules 1 through 21, and Schedule of Expenditures of Federal Awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual fund financial statements included in Schedules 1 through 21, and Schedule of Expenditures of Federal Awards have 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements included in Schedules 1 through 21, and Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole. The Introductory Section and the Statistical Section are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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.

KPMG LLP

November 12, 2012

The management of the County of Roanoke, Virginia (the "County") presents the following discussion and analysis as an overview of the financial activities of the County for the year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-7 of this report.

- The total assets of the County of Roanoke Governmental Activities exceeded its liabilities as of June 30, 2012 by \$168.7 million (*net assets*). Of this amount, \$34.3 million (*unrestricted net assets*) may be used to meet the County's future obligations to citizens and creditors (Exhibit I).
- On a government-wide basis for governmental activities, the County had expenses, net of program revenues, of \$146.1 million, which were \$6.9 million less than general revenues of \$153.0 million (Exhibit II).
- The County's outstanding debt decreased by \$2.9 million during fiscal year 2012 as a result of scheduled debt payments made during the year that reduced the principal balance exceeded new debt issuances.

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

```
graph TD; A[Management's Discussion and Analysis] --> B[Government-Wide Financial Statements]; A --> C[Fund Financial Statements]; A --> D[Notes to the Basic Financial Statements]; B --> E[Government-Wide Financial Statements]; C --> F[Fund Financial Statements]; D --> G[Notes to the Basic Financial Statements];
```

The diagram illustrates the relationship between the components of the financial statements. At the top, three boxes are arranged horizontally: "Management's Discussion and Analysis", "Basic Financial Statements", and "Required Supplementary Information". Arrows point from "Management's Discussion and Analysis" to "Government-Wide Financial Statements", "Fund Financial Statements", and "Notes to the Basic Financial Statements". Arrows also point from "Basic Financial Statements" to "Government-Wide Financial Statements", "Fund Financial Statements", and "Notes to the Basic Financial Statements". Arrows point from "Required Supplementary Information" to "Notes to the Basic Financial Statements". Below these boxes, a large double-headed arrow spans the width of the diagram.

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County of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2012

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

Government-Wide Financial Statements

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

One of the main goals of these two statements is to report the County's net assets and changes that affected net assets during the fiscal year. The amount of net assets, which is the difference between assets and liabilities, is one way to measure the County's financial position. Over time, increases or decreases in net assets are indicators of whether the County's financial condition is improving or deteriorating. Other nonfinancial factors, such as changes in the County's property tax base and the 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 Assets and the Statement of Activities, the County's fund-based activity is classified as follows:

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

County of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2012

Fund Financial Statements

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

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

The governmental fund financial statements can be found beginning on page 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 88 of this report.

County of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2012

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Summary of Net Assets

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

Summary of Net Assets		
As of June 30, 2012 and 2011		
	Governmental Activities	
	FY2012	FY2011
Current and other assets	\$ 103,918,094	\$ 124,382,024
Capital assets, net	290,802,750	266,528,964
Total Assets	<u>394,720,844</u>	<u>390,910,988</u>
Other Liabilities	21,737,621	22,428,728
Long-Term Liabilities	204,254,835	206,653,815
Total Liabilities	<u>225,992,456</u>	<u>229,082,543</u>
Invested in capital assets, net of related debt	124,727,913	120,640,542
Restricted	9,651,709	8,807,540
Unrestricted	34,348,766	32,380,363
Total Net Assets	<u>\$ 168,728,388</u>	<u>\$ 161,828,445</u>

In the case of the County, assets exceed liabilities by \$168.7 million at the close of fiscal year 2012. This increase of \$6.9 million reflects an overall increase in the County's financial position and is the result of a combination of factors including 1) the decrease in outstanding debt as a result of scheduled debt payments made during the year that reduced the principal balance of outstanding debt service as a result of principal payments and the 2) the ongoing hiring and spending freeze.

The largest portion of the County's net assets (73.9%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net assets (5.7%) are restricted for state and federal grant programs. The remaining balance is unrestricted net assets (20.4%) that may be used to meet the County's ongoing obligations to citizens and creditors.

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

County of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2012

Changes in Net Assets

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

Changes in Net Assets For the Fiscal Years Ended June 30, 2012 and 2011		
	Governmental Activities	
	FY2012	FY2011
Revenues		
Program Revenue		
Charges for services	\$ 13,345,476	\$ 12,589,846
Operating grants & contributions	23,185,995	45,488,815
General Revenue		
Property taxes	105,800,481	105,068,835
Sales taxes	9,351,254	8,782,444
Business License taxes	5,848,440	6,388,966
Communications taxes	4,021,571	4,167,743
Consumer utility taxes	3,572,415	3,681,806
Tax on prepared food	3,759,151	3,563,201
Motor vehicle licenses	2,130,424	2,125,698
Other local taxes	3,008,304	2,710,908
Non-categorical state aid	12,229,857	12,229,857
Other revenues	3,300,766	1,686,518
Total revenues	189,554,134	208,484,637
Expenses		
General government	12,593,044	12,767,696
Judicial administration	2,684,829	2,677,709
Public safety	44,176,676	44,716,348
Public works	13,691,054	14,433,587
Library	3,976,041	4,207,795
Health & welfare	15,215,796	17,157,554
Parks, recreation & culture	9,219,851	8,843,246
Community development	2,878,957	2,694,899
Education	69,625,724	69,593,033
Interest and other charges	8,592,219	8,956,954
Total expenses	182,654,191	186,048,821
Excess in net assets before capital contribution	6,899,943	22,435,816
Capital contribution	-	(1,077,603)
Change in net assets	6,899,943	21,358,213
Net assets beginning of year	161,828,445	140,470,232
Net assets end of year	\$ 168,728,388	\$ 161,828,445

Governmental Activities

Governmental activities increased the County's net assets by \$6.9 million. The County's total revenues decreased over the prior year by 9.1% to \$189.6 million and expenses for all programs and services decreased 1.8% to \$182.7 million.

Approximately 55.8% of the County's revenues come from property taxes, 3.1% from business license tax, 2.1% from communications tax, 1.9% from consumer utility tax, 2.0% from tax on prepared food, 1.1% from motor vehicle license, 1.6% from other local tax, 7.1% from charges

County of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2012

for services, 12.2% operating grants and contributions, 6.5% from non-categorical state aid, 4.9% from sales tax, and 1.7% from other and miscellaneous revenues.

The County's expenses cover a range of services, with about 38.1% related to Education, 24.2% to Public Safety, 7.5% to Public Works, 8.3% to Health and Welfare, 1.5% to judicial administration, 2.2% to Library, 5.0% to parks, recreation and culture, 1.6% to community development, 6.9% to general government, and 4.7% for interest and other charges.

Revenues for governmental activities decreased \$18.9 million (9.1%) and total expenses decreased \$3.4 million (1.8%) when compared to the prior year. Key elements of these changes were as follows:

- Property tax revenues increased by \$0.7 million (0.7%) during the year. This increase was primarily due to used car values holding strong for personal property taxes while being offset by a slight decrease in real estate assessments.
- Operating grants and contributions revenues decreased by \$22.3 million (49.0%) as a result of no transfer of School major capital reserves to the County for the school capital projects during the year.
- Charges for services increased by \$0.8 million (6.0%) which is attributed to increased membership at Green Ridge Multi-Generational Center, collections from the City of Salem for the boarding of prisoners, and increased rescue fees.
- Sales tax revenue increased by \$0.6 million (6.5%) as a result of some improvement in the economy.
- Business license tax revenues decreased by \$0.5 million (8.5%) as a result of a one-time payment in fiscal year 2011 from a business that was several years behind in payment and the various construction projects going on throughout the County.
- Other revenues increased by \$1.6 million (95.7%) as a result of a one-time payment from the City of Roanoke for access to our digital radio system.
- Public Safety expenses declined \$0.5 million (1.2%) which is attributed to unfilled vacant positions and delaying the capital purchase of vehicles.
- Public Works expenses decreased \$0.7 million (5.1%) primarily as a result of one-time expenses in fiscal year 2011 related to the energy management lease project.
- Health and Welfare expenses decreased by \$1.9 million (11.3%) as a result of a change in the reimbursement process at the State level regarding the child care program where expenses are now paid directly by the State.
- Parks, Recreation and Culture expenses increased by \$0.4 million (4.3%) during the year primarily as a result of the operations of the Green Ridge Multi-Generational Center.

County of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2012

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental Funds

Governmental funds consist of the General Fund, Capital Projects Fund and Debt Service Fund and account for the general operations of the County. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. 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 \$72.4 million, a decrease of \$19.9 million in comparison with fiscal year 2011. Of this amount 0.2% (\$164,378) constitutes nonspendable fund balance which reflects inventories that are non-liquid in form and cannot be spent, 13.9% (\$10.1 million) constitutes restricted fund balance which is externally restricted for State and Federal grant programs, 56.0% (\$40.5 million) constitutes committed fund balance which is designated for future capital projects, E911, and other general government programs, 1.5% (\$1.1 million) constitutes assigned fund balance which is designated for the D.A.R.E. program and other general government programs, and 28.4% (\$20.6 million) constitutes unassigned fund balance which reflects the County's unappropriated fund balances for all general governmental accounts.

The fund balance of the General Fund increased \$3.2 million during the current fiscal year. This increase is attributed to departments delaying capital purchases, strict budget monitoring, and good fiscal management.

The Capital Projects Fund is used to account for the acquisition or construction of major capital facilities. At the end of the current fiscal year, the Capital Projects Fund balance consisted of \$29.6 million committed and \$0.4 million restricted for future capital projects. The fund balance decreased by \$23.1 million due to the completion of projects that were part of the Capital Improvement Plan and other minor projects identified by the County Board.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

County of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2012

Below is a condensed version of the budgetary comparison of the General Fund original budget, amended budget, and actual amounts for fiscal year 2012.

General Fund Budgetary Highlights for 2012			
	Original Budget	Budget as Amended	Actual
Revenues	\$ 192,720,943	\$ 186,083,584	\$ 181,632,417
Expenditures	108,132,533	108,859,825	95,543,730
Transfers out	84,588,410	82,768,784	82,910,255
Net change in fund balance	\$ -	\$ (5,545,025)	\$ 3,178,432

Actual General Fund total revenues fell short of the amended budget by \$4.5 million for fiscal year 2012. The deficit is primarily the result of several reimbursable federal grants for the Roanoke River Greenway that was approved and appropriated during the fiscal year. During the year, planning for the project continued but minimal expenditures were incurred and, therefore, few revenues were received. Expenditures and transfers were less than budgetary estimates by \$13.3 million, resulting in additional savings at year end primarily due to the general operating savings of \$3.9 million and \$7.0 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, 2012.

The County Board of Supervisors appropriated \$4.8 million in transfers in fiscal year 2012 to allocate the prior year ending fund balance for future expenditures and capital projects. Due to the excess revenue collections and expenditure savings, the County increased the ending fund balance at June 30, 2012 by \$3.2 million compared to the prior fiscal year end. The School Board and County Board of Supervisors have a jointly adopted financial policy designating year end balances for major and minor capital projects.

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.

County of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2012

Unrestricted net assets of the Health Insurance, Dental Insurance, and Risk Management funds at the end of the year amounted to \$7.5 million. Risk Management net assets increased \$63,820, while health insurance and dental decreased \$94,475 and \$21,817 respectively.

CAPITAL ASSETS

As June 30, 2012, the County had invested \$290.8 million, net of accumulated depreciation, in a variety of capital assets including land, buildings, construction in progress, land improvements, and equipment. The total net increase in the County's investment in capital assets for the current year was \$24.3 million.

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

Capital Assets As of June 30, 2012 and 2011			
	Governmental Activities		
	FY2012	FY2011	
Land	\$ 19,430,163	\$ 18,080,295	
Buildings, improvements and systems	238,402,407	223,722,253	
Furniture, fixtures, and equipment	52,159,958	44,342,272	
Construction in progress	75,808,384	63,480,387	
Subtotal	<u>385,800,912</u>	<u>349,625,207</u>	
Accumulated depreciation	(94,998,162)	(83,096,243)	
Totals	<u>\$ 290,802,750</u>	<u>\$ 266,528,964</u>	

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

- Building, improvements and systems increased by \$14.7 million due to the completion of the South County Library.
- Furniture, fixtures, and equipment increased by \$7.8 million due to the completion of the Energy Management project, as well as the purchase of several fire trucks and other equipment.
- Land increased \$1.3 million with the purchase of land for the future Vinton Library.
- Construction in progress increased due to additional School projects in the amount of \$23.2 million, net of amounts completed including the South County Library.

County of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2012

LONG-TERM DEBT

At June 30, 2012, the County had a number of bonded debt issues outstanding. These include \$8.6 million of general obligation debt and \$109.3 million of Virginia Public School Authority (VPSA) bonds for School purposes. In addition, \$3.2 million outstanding for literary loan debt issued for School capital projects and \$74.0 million outstanding of lease revenue bonds. Although the issuance of bonds by Virginia counties is not subject to any limitations on amount, counties are prohibited from issuing general obligation bonds unless the issuance has been approved by public referendum. Outstanding debt at June 30, 2012 decreased \$2.9 million. This decrease is the result of \$12.9 million of scheduled debt payments made during the year that reduced the principal balance of outstanding debt. Also, \$9.1 million of 2011 VPSA bonds were issued at a premium of \$954,878 and the Lease revenue bond was refinanced to achieve a lower interest rate.

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, 2012, the County's net debt per capita ratio was \$2,138, the net debt to assessments ratio was 2.20%, and the percent of debt service to general fund expenditures was 8.29% based on total debt outstanding.

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

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

Outstanding Debt			
As of June 30, 2012 and 2011			
	Governmental Activities		
	FY2012	FY2011	
General Obligation Bonds	\$ 8,584,914	\$ 10,655,022	
Lease Revenue Bonds	73,969,030	76,376,966	
Virginia Public School Authority Bonds	109,290,686	107,150,919	
State Literary Fund Loans	3,169,225	3,617,042	
Capital Lease	1,052,372	1,148,037	
Totals	<u>\$ 196,066,227</u>	<u>\$ 198,947,986</u>	

County of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2012

FACTORS INFLUENCING FUTURE BUDGETS AND RATES

Key factors that are expected to impact future budget include:

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

The County implemented Statement No. 45 of the Governmental Accounting Standard Board – *Accounting for Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45) in fiscal year 2008. For the County, other postemployment benefits (OPEB) include medical coverage extended to retirees. The County participates in the Virginia Pooled OPEB Trust Fund, an irrevocable trust established for the purpose of accumulating assets to fund postemployment benefits other than pensions. For government-wide reporting purposes, GASB 45 requires the County to actuarially determine the value of these benefits and recognize the costs of OPEB as they are incurred. Also, the County is required to disclose the extent to which these benefits have been funded. The County has conducted an actuarial valuation of its OPEB liability. The actuarial study reflects an actuarially accrued liability of \$15.9 million, an annual required contribution of \$1.7 million, and no postemployment benefit obligation as of June 30, 2012. More detailed information about the OPEB costs can be found in note 15 of the notes to the basic financial statements.

ECONOMIC FACTORS

During fiscal year 2012, the State economy mirrored the slow to recover national economy. The unemployment rate for the County in June 2012 was 5.6% which is down from 5.7% in 2011 which still compares favorably to the State's average unemployment rate of 6.0% and national average of 8.2%.

The 2012-13 budget was developed during a challenging economic environment. The global recession that began in late 2007 has affected national and regional economies and has produced a number of disruptive trends including unstable real estate markets, record unemployment, low consumer confidence, rising energy and health care costs, and a volatile stock market. These trends have had real and immediate impacts on local resources which have directly affected the decisions made in regard to the types and level of services the County will provide. While there is still a great deal of uncertainty and volatility affecting current economic conditions, consumer spending, home starts/sales, corporate profits, industrial production, and non-residential fixed investment are all showing positive signs. These indicators provide optimism for an improving economic condition; however, local revenues have not yet seen a rebound.

The County continues to be impacted by the housing market with slight declines in value being projected for the foreseeable future. Initial assessment data suggests a continued decrease in

County of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2012

residential property values for tax year 2012-13 and 2013-14. Other local taxes are not rebounding as originally anticipated and conservative growth is projected for personal property taxes. The significant State budget deficits arising in 2012 are expected to impact the County budget in the near future, as well as the cumulative impact of the significant instability in the financial markets over the past year.

Fiscal year 2012-13 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 Assets
June 30, 2012

	Governmental Activities	Component Units
ASSETS		
Cash and cash equivalents	\$ 36,711,856	\$ 29,524,324
Cash and investments with fiscal agents	6,514	-
Investments	38,915,551	12,448,177
Accounts receivable	11,370,535	381,674
Note receivable	-	343,788
Due from other governments	15,521,081	3,636,982
Inventories	164,378	317,825
Land held for resale	-	133,824
Prepaid and other assets	1,228,179	-
Capital assets:		
Land and construction in progress	95,238,547	7,597,221
Other capital assets, net	195,564,203	35,888,816
Capital assets, net	<u>290,802,750</u>	<u>43,486,037</u>
Total assets	<u>\$ 394,720,844</u>	<u>\$ 90,272,631</u>
LIABILITIES		
Accounts payable	\$ 5,424,898	\$ 3,182,306
Accrued wages and benefits	1,395,018	1,646,596
Unearned revenue	11,674,666	1,645,151
Accrued interest payable	3,243,039	-
Long-term liabilities:		
Portion due or payable within one year:		
Bonds payable	13,452,598	-
Compensated absences	2,562,146	664,637
Claims payable	1,408,245	1,801,272
Obligation under capital leases	99,482	363,984
Portion due or payable after one-year:		
Bonds payable	181,561,257	-
Compensated absences	2,497,527	2,201,264
Claims payable	1,720,690	601,374
Obligation under capital leases	952,890	1,750,401
Total liabilities	<u>\$ 225,992,456</u>	<u>\$ 13,856,985</u>
NET ASSETS		
Invested in capital assets, net of related debt	\$ 124,727,913	\$ 41,371,652
Restricted for:		
Grants and other governmental programs	9,651,709	-
Instructional grants	-	75,677
Emergency contingency	-	2,000,000
Unrestricted	34,348,766	32,968,317
Total net assets	<u>\$ 168,728,388</u>	<u>\$ 76,415,646</u>

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Units
Primary government					
General government	\$ 12,593,044	\$ 551,590	\$ 470,954	\$ -	\$ -
Judicial administration	2,684,829	1,429,817	1,114,815	-	-
Public safety	44,176,676	4,008,320	5,827,979	-	-
Public works	13,691,054	317,366	-	-	-
Library	3,976,041	-	153,206	-	-
Health and welfare	15,215,796	1,379,369	8,765,690	-	-
Parks, recreation, and culture	9,219,851	5,311,248	98,657	-	-
Community development	2,878,957	347,766	-	-	-
Education	69,625,724	-	6,754,694	-	-
Interest and other charges	8,592,219	-	-	-	-
Total governmental activities	\$ 182,654,191	\$ 13,345,476	\$ 23,185,995	\$ -	\$ -
Component units					
Total component units	144,900,049	4,336,755	23,685,280	893,950	(115,984,064)
	\$ 144,900,049	\$ 4,336,755	\$ 23,685,280	\$ 893,950	\$ (115,984,064)
General revenues:					
Real estate and personal property				\$ 105,800,481	\$ -
Local share of sales tax				9,351,254	-
Business license taxes				5,848,440	-
Communications taxes				4,021,571	-
Consumer utility taxes				3,572,415	-
Tax on prepared food				3,759,151	-
Motor vehicle licenses				2,130,424	-
Other local taxes				3,008,304	-
Payments from Roanoke County				-	66,154,370
Non-categorical state aid				12,229,857	51,265,516
Gain on sale of capital assets				56,408	29,264
Interest and investment earnings				1,553,498	2,030
Miscellaneous				1,690,860	431,193
Total general revenues				\$ 153,022,663	\$ 117,882,373
Change in net assets				\$ 6,899,943	\$ 1,898,309
Net assets at beginning of year				161,828,445	74,517,337
Net assets at end of year				\$ 168,728,388	\$ 76,415,646

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2012

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 16,186,382	\$ 257,731	\$ 14,839,137	\$ 31,283,250
Cash and investments with fiscal agents	-	7	6,507	6,514
Investments	17,279,305	-	15,841,094	33,120,399
Receivables	11,338,683	-	6,220	11,344,903
Interfund receivable	-	-	1,587,023	1,587,023
Due from other governments	15,459,985	-	61,096	15,521,081
Inventories	164,378	-	-	164,378
Total assets	<u>\$ 60,428,733</u>	<u>\$ 257,738</u>	<u>\$ 32,341,077</u>	<u>\$ 93,027,548</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,025,387	\$ -	\$ 2,348,955	\$ 5,374,342
Accrued wages and benefits	1,391,829	-	732	1,392,561
Deferred revenue	12,169,028	-	-	12,169,028
Interfund payable	1,714,582	-	-	1,714,582
Total liabilities	<u>\$ 18,300,826</u>	<u>\$ -</u>	<u>\$ 2,349,687</u>	<u>\$ 20,650,513</u>
Fund balances:				
Nonspendable	164,378	-	-	164,378
Restricted	9,651,709	-	439,867	10,091,576
Committed	10,687,402	257,738	29,551,523	40,496,663
Assigned	1,052,100	-	-	1,052,100
Unassigned	20,572,318	-	-	20,572,318
Total fund balances	<u>\$ 42,127,907</u>	<u>\$ 257,738</u>	<u>\$ 29,991,390</u>	<u>\$ 72,377,035</u>
Total liabilities and fund balances	<u>\$ 60,428,733</u>	<u>\$ 257,738</u>	<u>\$ 32,341,077</u>	<u>\$ 93,027,548</u>

(continued)

COUNTY OF ROANOKE, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2012

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

Total fund balances for governmental funds (Exhibit III) \$ 72,377,035

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

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

Land and construction in progress	95,238,547	
Other capital assets, net of \$94,998,162 of accumulated depreciation	195,564,203	
Total capital assets, net		290,802,750

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

7,514,656

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

1,174,707

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, 2012 are:

Prepaid and other assets	1,228,179	
Accrued interest payable	(3,243,039)	
Bonds payable	(195,013,855)	
Obligation under capital lease	(1,052,372)	
Compensated absences	(5,059,673)	
Total long-term assets and liabilities		(203,140,760)

Total net assets of governmental activities (Exhibit I)	\$ 168,728,388
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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, 2012

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
General property taxes	\$ 106,577,030	\$ -	\$ -	\$ 106,577,030
Other local taxes	31,953,379	-	-	31,953,379
Permits, fees, and licenses	670,373	-	-	670,373
Fines and forfeitures	793,542	-	-	793,542
Use of money and property	739,978	7	80,678	820,663
Charges for services	8,062,232	-	619,624	8,681,856
Intergovernmental revenue	28,215,240	4,150,345	2,604,349	34,969,934
Locality compensation payments	-	125,469	-	125,469
Miscellaneous	4,620,643	-	196,822	4,817,465
Total revenues	<u>\$ 181,632,417</u>	<u>\$ 4,275,821</u>	<u>\$ 3,501,473</u>	<u>\$ 189,409,711</u>
EXPENDITURES				
Current operating:				
General government	\$ 11,312,307	\$ -	\$ -	\$ 11,312,307
Judicial administration	2,518,735	-	-	2,518,735
Public safety	40,967,084	-	-	40,967,084
Public works	12,802,861	-	-	12,802,861
Library	3,333,501	-	-	3,333,501
Health and welfare	14,615,516	-	-	14,615,516
Parks, recreation, and culture	7,704,845	-	-	7,704,845
Community development	2,288,881	-	-	2,288,881
Education	64,339,603	-	-	64,339,603
Debt service:				
Principal	-	12,534,407	-	12,534,407
Interest and other charges	-	9,050,745	-	9,050,745
Capital outlay	-	-	38,029,888	38,029,888
Total expenditures	<u>\$ 159,883,333</u>	<u>\$ 21,585,152</u>	<u>\$ 38,029,888</u>	<u>\$ 219,498,373</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 21,749,084</u>	<u>\$ (17,309,331)</u>	<u>\$ (34,528,415)</u>	<u>\$ (30,088,662)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of bonds	-	-	9,080,000	9,080,000
Premium on bonds	-	-	954,878	954,878
Proceeds from sale of land and equipment	-	-	56,408	56,408
Transfers in	806,763	17,323,983	1,490,156	19,620,902
Transfers out	(19,377,415)	-	(121,202)	(19,498,617)
Total other financing sources (uses), net	<u>\$ (18,570,652)</u>	<u>\$ 17,323,983</u>	<u>\$ 11,460,240</u>	<u>\$ 10,213,571</u>
Net change in fund balances	<u>\$ 3,178,432</u>	<u>\$ 14,652</u>	<u>\$ (23,068,175)</u>	<u>\$ (19,875,091)</u>
Fund balances at beginning of year	<u>38,949,475</u>	<u>243,086</u>	<u>53,059,565</u>	<u>92,252,126</u>
Fund balances at end of year	<u><u>\$ 42,127,907</u></u>	<u><u>\$ 257,738</u></u>	<u><u>\$ 29,991,390</u></u>	<u><u>\$ 72,377,035</u></u>

(continued)

COUNTY OF ROANOKE, VIRGINIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

**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)	\$ (19,875,091)
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Total change in net assets reported for governmental activities in the Statement of Activities is different due to:

Internal service funds (See Exhibit VI) are used by the County to charge the cost of health, dental, and risk management to individual funds. The change in net assets of internal service funds is reported with governmental activities.	(52,472)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	184,097
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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 (\$36,841,479) exceeded depreciation (\$12,567,693) expense in the current period.	24,273,786
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Long-term liabilities, including bond and other obligation proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the change in net assets. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Assets.

Obligation under debt issuances	(10,050,877)	
Repayments of principal	12,534,407	
Locality compensation payment	(125,469)	
Net adjustment		2,358,061

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

Compensated absences	(446,964)	
Accrued interest payable	458,526	
Net adjustment		11,562

Change in net assets of governmental activities (Exhibit II)	\$ 6,899,943
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COUNTY OF ROANOKE, VIRGINIA
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Internal Service Funds
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 5,428,606
Investments	5,795,152
Accounts receivable	25,632
Interfund receivable	60,000
Total current assets	<u>\$ 11,309,390</u>
Noncurrent assets:	
Interfund receivable	67,559
Total noncurrent assets	<u>\$ 67,559</u>
Total assets	<u>\$ 11,376,949</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 50,556
Accrued wages and benefits	2,457
Claims payable	1,408,245
Deferred revenue	680,345
Total current liabilities	<u>\$ 2,141,603</u>
Noncurrent liabilities:	
Claims payable	1,720,690
Total noncurrent liabilities	<u>\$ 1,720,690</u>
Total liabilities	<u>\$ 3,862,293</u>
NET ASSETS	
Unrestricted	\$ 7,514,656
Total net assets	<u><u>\$ 7,514,656</u></u>

See accompanying notes to basic financial statements

COUNTY OF ROANOKE, VIRGINIA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Internal Service Funds
OPERATING REVENUES	
Charges for services	\$ 9,293,736
Total operating revenues	<u>\$ 9,293,736</u>
OPERATING EXPENSES	
Purchased services	\$ 723,342
Personal services	154,117
Claims	8,350,978
Administrative charges	24,872
Total operating expenses	<u>\$ 9,253,309</u>
Operating income	<u>\$ 40,427</u>
NONOPERATING REVENUES	
Investment income	\$ 29,386
Total nonoperating revenues	<u>\$ 29,386</u>
Income before transfers	69,813
Transfers in	563,276
Transfers out	(685,561)
Change in net assets	<u>\$ (52,472)</u>
Total net assets at beginning of year	\$ 7,567,128
Total net assets at end of year	<u><u>\$ 7,514,656</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, 2012

	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from interfund services provided	\$ 9,293,736
Payments to suppliers	(789,867)
Payments to employees	(153,510)
Claims paid	(8,315,163)
Other payments, net	(8,625)
Cash provided by operating activities	<u>\$ 26,571</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	\$ (122,285)
Interfund loans-proceeds and collections	496,065
Cash provided by noncapital financing activities	<u>\$ 373,780</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale of investments	\$ 500,653
Interest and dividends received	29,386
Cash provided by investing activities	<u>\$ 530,039</u>
Increase in cash and cash equivalents	930,390
Cash and cash equivalents at beginning of the year	<u>4,498,216</u>
Cash and cash equivalents at end of the year	<u><u>\$ 5,428,606</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 40,427
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Accounts receivable	(17,931)
Accounts payable	(41,653)
Claims payable	35,815
Accrued wages and benefits	607
Deferred revenue	9,306
Cash provided by operating activities	<u><u>\$ 26,571</u></u>

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	<u>*Pension Trust</u>		
	<u>Fire and Rescue</u>		
	<u>Pension Trust</u>		
	<u>Length of Service</u>	<u>OPEB</u>	
	<u>Awards Program</u>	<u>Trust</u>	<u>Agency Funds</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ 19,930,709
Investments	-	-	6,670,001
Investments held by trustee, at fair value			
Unallocated group annuity contract	2,859,929	-	-
Other pooled funds	-	3,185,838	-
Total assets	<u>\$ 2,859,929</u>	<u>\$ 3,185,838</u>	<u>\$ 26,600,710</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 26,600,710
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,600,710</u>
NET ASSETS			
Held in trust for pension and other postemployment benefits	<u>\$ 2,859,929</u>	<u>\$ 3,185,838</u>	<u>\$ -</u>

*For period ending July 31, 2012

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Statement of Changes in Fiduciary Net Assets
Pension Trust and OPEB Trust
For the Year Ended June 30, 2012

	<u>*Pension Trust</u>	<u>OPEB Trust</u>
ADDITIONS		
Contributions for beneficiaries	\$ 334,631	\$ -
Contributions from employer	-	533,034
Investment income		
Interest and dividends	-	694
Realized/Unrealized gains	111,517	34,232
Net investment gain	111,517	34,926
Total additions	<u>\$ 446,148</u>	<u>\$ 567,960</u>
DEDUCTIONS		
Members' benefits	\$ 302,681	\$ -
Administrative fees	4,935	4,048
Total deductions	<u>\$ 307,616</u>	<u>\$ 4,048</u>
Change in net assets	\$ 138,532	\$ 563,912
Total net assets at beginning of year	2,721,397	2,621,926
Total net assets at ending of year	<u><u>\$ 2,859,929</u></u>	<u><u>\$ 3,185,838</u></u>

*For period ending July 31, 2012.

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Net Assets
Component Units
June 30, 2012

	Roanoke County Public Schools	Economic Development Authority	Total Component Units
ASSETS			
Cash and cash equivalents	\$ 28,884,083	\$ 640,241	\$ 29,524,324
Investments	12,448,177	-	12,448,177
Accounts and other receivables	381,426	248	381,674
Note receivable	-	343,788	343,788
Due from other governments	3,631,982	5,000	3,636,982
Inventory	317,825	-	317,825
Land held for resale	-	133,824	133,824
Capital assets:			
Land and construction in progress	7,597,221	-	7,597,221
Other capital assets, net	35,888,816	-	35,888,816
Capital assets, net	43,486,037	-	43,486,037
Total assets	\$ 89,149,530	\$ 1,123,101	\$ 90,272,631
LIABILITIES			
Accounts payable	\$ 3,182,306	\$ -	\$ 3,182,306
Accrued liabilities	1,646,596	-	1,646,596
Unearned revenue	1,645,151	-	1,645,151
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences	664,637	-	664,637
Claims payable	1,801,272	-	1,801,272
Obligation under capital lease	363,984	-	363,984
Portion due or payable after one year:			
Compensated absences	2,201,264	-	2,201,264
Claims payable	601,374	-	601,374
Obligation under capital lease	1,750,401	-	1,750,401
Total liabilities	\$ 13,856,985	\$ -	\$ 13,856,985
NET ASSETS			
Invested in capital assets, net of related debt	\$ 41,371,652	\$ -	\$ 41,371,652
Restricted for:			
Instructional grants	75,677	-	75,677
Emergency contingency	2,000,000	-	2,000,000
Unrestricted	31,845,216	1,123,101	32,968,317
Total net assets	\$ 75,292,545	\$ 1,123,101	\$ 76,415,646

See accompanying notes to basic financial statements

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2012

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	Total Component Units
Roanoke County Public Schools	\$ 144,826,118	\$ 4,335,483	\$ 23,680,280	\$ 893,950	\$ (115,916,405)	\$ -
Economic Development Authority	73,931	1,272	5,000	-	(67,659)	(67,659)
Total component units	<u>\$ 144,900,049</u>	<u>\$ 4,336,755</u>	<u>\$ 23,685,280</u>	<u>\$ 893,950</u>	<u>\$ (115,916,405)</u>	<u>\$ (115,984,064)</u>
General revenues:						
Payments from Roanoke County				\$ 66,083,024	\$ 71,346	\$ 66,154,370
Non-categorical state aid				51,265,516	-	51,265,516
Gain on sale of capital assets				29,264	-	29,264
Interest and Investment earnings				-	2,030	2,030
Miscellaneous				431,193	-	431,193
Total general revenues				<u>\$ 117,808,997</u>	<u>\$ 73,376</u>	<u>\$ 117,882,373</u>
Change in net assets				\$ 1,892,592	\$ 5,717	\$ 1,898,309
Net assets at beginning of year				73,399,953	1,117,384	74,517,337
Net assets at end of year				<u>\$ 75,292,545</u>	<u>\$ 1,123,101</u>	<u>\$ 76,415,646</u>

See accompanying notes to basic financial statements

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

Financial Reporting Entity

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

Discretely Presented Component Units

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

Roanoke County Public Schools

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

Economic Development Authority of Roanoke County, Virginia

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

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

Related Organizations

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

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

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

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

Management's Discussion and Analysis

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

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Government-wide Financial Statements

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

Statement of Net Assets

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

Statement of Activities

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

Budgetary Comparison Schedules

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

COUNTY OF ROANOKE, VIRGINIA
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Basis of Presentation

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. As 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 there revenues are collected within thirty days after year-end. Accordingly, real and personal property taxed are recorded as deferred revenue and receivables when billed. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. The individual governmental funds are:

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- General Fund – This fund accounts for all revenues and expenditures applicable to the general operations of the County that are not required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Roanoke County Public Schools. The General Fund is considered a major fund for reporting purposes.
- Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and other related costs. The Debt Service fund is considered a major fund for reporting purposes.
- Capital Projects Fund – This fund accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by the proprietary fund. The Capital Projects Fund is considered a major fund for reporting purposes.
- **Internal Service Funds** – These funds account for employee health/other postemployment benefits, dental, and workers' compensation coverage provided to other departments on a cost-reimbursement basis and they derive their funding from charges assessed to the user departments and employees. These funds are included in the governmental activities for government-wide reporting purposes. As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. The excess revenue or expenses for the fund are allocated to the appropriate functional activity. The County has adopted GASB Statement No. 20, *Accounting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*.

Additionally, the government reports the following Fiduciary funds:

- **Pension Trust Fund** – This fund is used to account for the assets held in trust for beneficiaries of the Fire and Rescue Length of Service Awards Program, which was frozen as of December 31, 2005.
- **OPEB Trust Fund** – This fund accounts for the assets held for, and costs of, other postemployment benefits (OPEB). This fund was created in connection with the County's funding of other postemployment benefits in fiscal year 2009.
- **Agency Funds** – These funds account for assets held by the County of Roanoke in a trustee capacity or as agent or custodian for other governmental units or other funds. They are presented in the fund financial statements by type. The County's Agency funds include assets held for entities for which the County is 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.

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Basis of Accounting

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

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

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

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

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

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

Deferred Revenue – Deferred revenue arises when assets are recognized before revenue recognition criteria can be satisfied and also when assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current

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fiscal period. Property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue. In governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

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

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

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

COUNTY OF ROANOKE, VIRGINIA
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The cost of the consumable supplies is recoded as expenditures when consumed in the general fund.

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

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

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

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

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

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

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

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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 liability in each program at the end of the year have been recorded.

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

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

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

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

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

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

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

COUNTY OF ROANOKE, VIRGINIA
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activities in its role as lessor as either capital leases or operating leases in accordance with the provisions of Financial Accounting Standards Board (FASB) Statement No. 13.

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

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

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

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

Pollution and Remediation – During fiscal year 2009, the County implemented GASB Statement No. 49 – *Accounting and Financial Reporting for Pollution Remediation Obligations* which addresses the requirements for reporting liabilities related to cleaning up pollution and/or contamination. The County evaluated the impact of GASB Statement No. 49 on all projects and facilities and determined there is no liability as of June 30, 2012.

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

New Accounting Pronouncements – The County adopted GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans* which addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The adoption of GASB Statement No. 57 had no material effect on the County's financial statements.

The County adopted GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53* which improves financial reporting by state and local governments by clarifying the circumstances in which hedge accounting continues to be applied when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The adoption of GASB Statement No. 64 had no material effect on the County's financial statements.

COUNTY OF ROANOKE, VIRGINIA
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(2) Property Taxes

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

The annual assessment for real estate is based on 96% 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, 2012 were as follows:

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

(3) Fund Balances

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

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
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Fund Balances by classification as of June 30, 2012 pursuant to GASB Statement No. 54 are as follows:

	<u>General</u>	<u>Debt</u>	<u>Capital</u>	<u>Total</u>
Nonspendable				
Inventory	\$ 164,378	\$ -	\$ -	\$ 164,378
Restricted for:				
Comprehensive Services Act	6,172,099	-	-	6,172,099
Law Enforcement	3,204,226	-	-	3,204,226
Education	-	-	6,507	6,507
Parks and Recreation	-	-	312,792	312,792
Community Development	-	-	120,568	120,568
Other purposes	275,384	-	-	275,384
	<u>9,651,709</u>	<u>-</u>	<u>439,867</u>	<u>10,091,576</u>
Committed to:				
Law Enforcement	2,813,848	-	95,154	2,909,002
Fire and Rescue	278,631	-	323,662	602,293
Garage and Motor Pool	254,027	-	-	254,027
Information Technology and Communications shop	831,400	-	385,597	1,216,997
Clerk of Circuit Court	5,094	-	21,733	26,827
Radio Maintenance	2,035,536	-	-	2,035,536
Public Works	193,146	-	-	193,146
Parks and Recreation	23,869	-	1,032,259	1,056,128
Libraries	244,442	-	8,557,089	8,801,531
General Services	57,614	-	390,157	447,771
Salem Bank & Trust Building	1,053,476	-	-	1,053,476
Debt Service Reserves	-	257,738	-	257,738
Education	-	-	6,568,127	6,568,127
Future Capital Projects	1,310,929	-	4,180,295	5,491,224
Community Development	694,547	-	7,570,924	8,265,471
Transportation	150,000	-	-	150,000
Employee benefits	204,919	-	-	204,919
Assessment	30,700	-	240,730	271,430
Other purposes	505,224	-	185,796	691,020
	<u>10,687,402</u>	<u>257,738</u>	<u>29,551,523</u>	<u>40,496,663</u>
Assigned to:				
Law enforcement	1,832	-	-	1,832
Parks and Recreation	1,050,268	-	-	1,050,268
	<u>1,052,100</u>	<u>-</u>	<u>-</u>	<u>1,052,100</u>
Unassigned:				
Unassigned	<u>20,572,318</u>	<u>-</u>	<u>-</u>	<u>20,572,318</u>
Total Fund Balances	<u>\$ 42,127,907</u>	<u>\$ 257,738</u>	<u>\$ 29,991,390</u>	<u>\$ 72,377,035</u>

The General Fund Unappropriated Balance Policy's stated purpose is to ensure the long-term economic stability of the County of Roanoke, by establishing a policy that maintains a prudent

COUNTY OF ROANOKE, VIRGINIA
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level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures. The minimum balance shall be maintained between 10% and 11%. At the end of each fiscal year, all general fund revenues in excess of budget will first go into the General Fund Unassigned Balance, until the maximum balance for the current year is met.

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

(4) Deposits and Investments

As of June 30, 2012, the fair value and maturity of the County's and Component Units' total deposits and investments were as follows:

Investment Type	Fair Value	Original Investment Maturity		Credit Rating
		Less Than 1 Year	1-2 Year	
Demand and time deposits	\$ 29,916,140	\$ 29,916,140	\$ -	n/a
Interest-earning investment contract	2,859,929	2,859,929	-	A-
Money market mutual funds	41,415,468	41,415,468	-	AAAm
Virginia LGIP	17,127,810	17,127,810	-	AAAm
Virginia SNAP fund	6,507	6,507	-	AAAm
Federal agency bonds and notes	58,033,729	9,006,880	49,026,849	AAA
Investment in other pooled funds	3,473,364	3,473,364	-	AAA-CAA
	<u>\$ 152,832,947</u>	<u>\$ 103,806,098</u>	<u>\$ 49,026,849</u>	

Below is the carrying value of cash and investments for each entity as of June 30, 2012:

Entity	Cash and Cash Equivalents	Cash and Investments with Fiscal Agents	Investments	Total
County of Roanoke	\$ 36,711,856	\$ 6,514	\$ 38,915,551	\$ 75,633,921
Component Unit:				
Roanoke County Public Schools	28,884,083	-	12,448,177	41,332,260
Economic Development Authority of Roanoke County	<u>640,241</u>	<u>-</u>	<u>-</u>	<u>640,241</u>
	29,524,324	-	12,448,177	41,972,501
Fiduciary Funds				
Fiduciary Funds - County	19,930,709	6,045,767	6,670,001	32,646,477
Fiduciary Funds - Schools	<u>2,292,522</u>	<u>287,526</u>	<u>-</u>	<u>2,580,048</u>
	22,223,231	6,333,293	6,670,001	35,226,525
	<u>\$ 88,459,411</u>	<u>\$ 6,339,807</u>	<u>\$ 58,033,729</u>	<u>\$ 152,832,947</u>

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Credit and Concentration of Credit Risk

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

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

U.S. Treasury Obligations	70%
U.S. Treasury Agency Securities and Instrumentalities of Government Sponsored Corporations	80%
Bankers Acceptance with no more than 25% with any one Institution and maximum of 10% in any one issuance	40%
Repurchase Agreement Overnight with no more than 20% with anyone institution	70%
Repurchase Agreement Two or more nights with no more than 20% with an y one institution	25%
Certificate of Deposit with Commercial Banks with no more than 45% with any one institution	100%
Certificate of Deposit with Savings and Loan Associations with no more than \$100,000 with any one institution	10%
Commercial Paper with no more than 35% with any one institution and a maximum of 10% or \$1 million dollars in any one issuance	35%
Local Government Investment Pool	75%

As of June 30, 2012, the portion of the County and School System's portfolio, excluding the Virginia LGIP, State Non-Arbitrage Program (SNAP), Interest-earning investment contract and Investment in other pooled funds held by fiduciary agents, and U.S. Government guaranteed obligations that exceed 5% of the total portfolio are as follows:

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<u>Issuer</u>	<u>% of Portfolio</u>
Federal Home Loan Bank	15.02%
Federal Farm Credit Bank	14.34%
Federal Home Loan Mortgage Corporation	5.46%

Custodial Credit Risk

The Policy requires that all investment securities purchased by the County or held as collateral on deposits or investments shall be held by the County or by a third-party custodial agent who may not otherwise be counterparty to the investment transaction. As of June 30, 2012, all of the County's investments are held by the County or in a bank's trust department in the County's name.

Interest Rate Risk

The Policy requires maturity scheduling be timed to anticipated need and scheduled to coincide with projected cash flow needs. All funds shall be considered short-term except those reserved for capital projects and prepayment funds being held for debt retirement. As of June 30, 2012, the County had no investments with a maturity greater than 30 months.

(5) Receivables

Receivables at June 30, 2012 are as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental activities				
General	\$ 447,738	\$ 10,890,945	\$ 15,459,985	\$ 26,798,668
Capital Projects	6,220	-	61,096	67,316
Internal service	25,632	-	-	25,632
Total governmental activities	<u>\$ 479,590</u>	<u>\$ 10,890,945</u>	<u>\$ 15,521,081</u>	<u>\$ 26,891,616</u>

(6) Notes Receivables – Component Unit

In November 2001, the Economic Development Authority of Roanoke County, Virginia (Authority) entered into a performance agreement with Novozymes Biologicals, Inc. (Novozymes), allowing for Novozymes' expansion to a 30 acre site located in the Center for Research and Technology (CRT). In July 2003, the County transferred the remaining 13 acres with a deed of trust note in the amount of \$325,000, discounted at 2.87%, for a balance due of \$343,788, including accrued interest, payable to the Authority. Novozymes did not implement

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Phase II by December 2011 which now requires the 13 acres of real estate to be given back to the Authority at the price of \$25,000 per acre. The 13 acres were deeded back to the County on October 4, 2012.

(7) Interfund Balances and Transfers

Interfund balances at June 30, 2012 consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Projects	General Fund	\$ 1,587,023
Internal Service	General Fund	127,559
		<u>\$ 1,714,582</u>

The balance of \$1,714,582 due to the Internal Service Fund and the Capital Project Fund from the General Fund is the result of loans made for fire trucks and the construction of a regional fire and rescue training center. The balance not scheduled to be collected within the next year is \$1,372,416.

Interfund transfers for the year ended June 30, 2012 consisted of the following amounts:

<u>Transfer To</u>	<u>Transfer Out</u>			<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Internal Service</u>	
General fund	\$ -	\$ 121,202	\$ 685,561	\$ 806,763
Debt service fund	17,323,983	-	-	17,323,983
Capital projects fund	1,490,156	-	-	1,490,156
Internal service fund	563,276	-	-	563,276
Totals	<u>\$ 19,377,415</u>	<u>\$ 121,202</u>	<u>\$ 685,561</u>	<u>\$ 20,184,178</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 expand 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.

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(8) Payables

Payables at the government-wide level at June 30, 2012 are as follows:

	<u>Vendors</u>	<u>Accrued Wages and Benefits</u>	<u>Total</u>
Governmental funds:			
General	\$ 3,025,387	\$ 1,391,829	\$ 4,417,216
Internal service	50,556	2,457	53,013
Capital projects	2,348,955	732	2,349,687
Total governmental funds	<u>\$ 5,424,898</u>	<u>\$ 1,395,018</u>	6,819,916
Accrued interest payable			<u>3,243,039</u>
Total governmental activities			<u>\$ 10,062,955</u>

(9) Long-Term Liabilities

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

Outstanding long-term liabilities at June 30, 2012 are as follows:

	<u>Governmental Activities</u>
\$27,410,000 - 2003 General Obligation Refunding Bonds due in annual installments of \$700,000 to \$2,125,000 through June 1, 2021; interest at 3.8% to 5.0%	\$ 8,584,914
\$1,760,000 - 1992 Virginia Public School Authority Bonds (VPSA) due in annual installment of \$55,000 through December 15, 2012; interest at 5.9%	55,000
\$2,310,000 - 1993 VPSA Bonds due in annual installments of \$10,000 to \$15,000 through December 15, 2013; interest at 5.0%	25,000
\$3,200,000 - 1994 Series B VPSA Bonds due in annual installments of \$160,000 through July 15, 2014; interest at 6.6%	480,000
\$10,100,000 - 1995 Series A VPSA Bonds due in annual installments of \$505,000 through July 15, 2015; interest at 5.9% to 6.0%	2,020,000
\$1,300,000 - 1996 Series B VPSA Bonds due in annual installments of \$65,000 through July 15, 2016; interest at 5.2%	325,000
\$7,965,000 - 1998 Series A VPSA Bonds due in annual installments of \$395,000 through July 15, 2018; interest at 4.6% to 5.1%	2,765,000

COUNTY OF ROANOKE, VIRGINIA
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	Governmental Activities
\$4,724,924 - 1998 Series B VPSA Bonds due in annual installments of \$236,501 to \$248,659 through July 15, 2018; interest at 4.6% to 5.1%	1,692,316
\$6,920,000 - 1999 Series B VPSA Bonds due in annual installments of \$345,000 through July 15, 2019; interest at 5.7% to 6.1%	2,760,000
\$16,500,000 - 2001 Series A VPSA Bonds due in annual installments of \$825,000 through July 15, 2021; interest at 4.9% to 5.1%	8,378,611
\$12,968,814 - 2001 Series B VPSA Bonds due in annual installments of \$639,439 to \$683,564 through July 15, 2021; interest at 3.1% to 5.1%	6,645,721
\$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%	13,182,444
\$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%	12,560,146
\$6,364,713 - 2007 subsidized VPSA bonds due in annual installments of \$292,168 through July 15, 2027; interest at 4.4% to 5.1%	5,513,354
\$43,830,000 - 2009 B VPSA Bonds due in annual installments of \$2,190,000 through July 15, 2029; interest at 4.0% to 5.0%	42,877,088
\$9,080,000 - 2011 VPSA Bonds due in annual installments of \$450,000 to \$455,000 through July 15, 2031; interest at 2.1% to 5.1%	10,011,006
\$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%	639,459
\$3,297,989 - State Literary Loan: William Byrd H. S. due in annual installments of \$163,198 to \$164,989 through April 30, 2019; interest at 3.0%	1,153,132
\$1,500,000 - State Literary Loan: Northside High due in annual installments of \$75,000 through September 15, 2017; interest at 3.0%	450,000
\$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%	926,635
\$22,170,000 - 2004 A Virginia Resources Authority (VRA) lease revenue bond due in annual installments of \$500,000 to \$1,410,000 through October 1, 2033; interest at 4.1% to 5.1%	19,166,591
\$993,480 - 2011 EDA lease revenue refunding bond due monthly installments of \$18,489 to \$20,359 through April 15, 2016; interest at 2.63%	883,387
\$2,705,000 - 2003 EDA lease revenue refunding bond due in annual installment of \$290,000 through April 15, 2013; interest at 3.5%	282,609

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	Governmental Activities
\$58,595,000 - Lease Revenue bond Series 2008 due in annual installments of \$1,490,000 to \$3,190,000 through October 15, 2037; interest at 3.3% to 5.1%	53,636,442
\$1,148,037 - Capital lease obligation due in annual installments of \$141,472 through September 17, 2020; interest at 3.99%	1,052,372
	<u>\$ 196,066,227</u>
Accrued compensated absences	5,059,673
Claims payable	3,128,935
	<u>\$ 204,254,835</u>

Changes in long-term liabilities for the year ended June 30, 2012 were as follows:

	Outstanding June 30, 2011	Additions	Deletions	Outstanding June 30, 2012	Amounts Due Within One Year
Primary Government					
Governmental Activities:					
General Obligation Bonds	\$ 10,655,022	\$ -	\$ 2,070,108	\$ 8,584,914	\$ 2,145,107
Lease Revenue Bonds	76,376,966	16,000	2,423,936	73,969,030	2,513,607
VPSA School Bonds	107,150,919	10,034,878	7,895,111	109,290,686	8,346,067
State Literary Loans	3,617,042	-	447,817	3,169,225	447,817
Capital Lease obligation	1,148,037	-	95,665	1,052,372	99,482
	<u>198,947,986</u>	<u>10,050,878</u>	<u>12,932,637</u>	<u>196,066,227</u>	<u>13,552,080</u>
Accrued compensated absences	4,612,709	3,315,910	2,868,946	5,059,673	2,562,146
Claims Payable	3,093,120	7,785,889	7,750,074	3,128,935	1,408,245
	<u>\$ 206,653,815</u>	<u>\$21,152,677</u>	<u>\$23,551,657</u>	<u>\$ 204,254,835</u>	<u>\$ 17,522,471</u>
Component Unit					
School System					
Capital Lease obligations	\$ 2,488,325	\$ -	\$ 373,940	\$ 2,114,385	\$ 363,984
Pollution remediation	95,357	-	95,357	-	-
Accrued compensated absences	2,829,747	1,471,336	1,435,182	2,865,901	664,637
Claims payable	2,376,068	16,513,984	16,487,406	2,402,646	1,801,272
	<u>\$ 7,789,497</u>	<u>\$17,985,320</u>	<u>\$18,391,885</u>	<u>\$ 7,382,932</u>	<u>\$ 2,829,893</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
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The annual requirements to amortize governmental activity debt outstanding as of June 30, 2012 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
2013	\$ 2,145,107	\$ 372,034	\$ 8,346,067	\$ 4,939,171	\$ 447,817	\$ 95,077	\$ 2,513,607	\$ 3,492,342	\$ 99,482	\$ 41,990	\$ 13,552,080	\$ 8,940,614
2014	720,107	265,784	8,305,969	4,480,722	447,817	81,642	2,316,976	3,399,517	103,452	38,020	11,894,321	8,265,685
2015	722,100	239,534	8,301,994	4,090,707	447,817	68,208	2,413,113	3,308,595	107,580	33,893	11,992,604	7,740,937
2016	747,100	211,440	8,154,206	3,699,218	447,817	54,773	2,443,010	3,218,040	111,872	29,600	11,904,005	7,213,071
2017-2021	4,250,500	559,218	36,520,067	13,008,165	1,377,957	87,188	11,392,136	14,567,989	629,986	77,375	54,170,646	28,299,935
2022-2026	-	-	25,046,930	5,667,153	-	-	13,277,136	11,739,667	-	-	38,324,066	17,406,820
2027-2031	-	-	14,141,581	1,242,404	-	-	16,217,136	8,016,973	-	-	30,358,717	9,259,377
2032-2036	-	-	473,872	9,113	-	-	17,147,899	3,643,814	-	-	17,621,771	3,652,927
2037-2041	-	-	-	-	-	-	6,248,017	322,875	-	-	6,248,017	322,875
Total	\$ 8,584,914	\$ 1,648,010	\$ 109,290,686	\$ 37,136,653	\$ 3,169,225	\$ 386,888	\$ 73,969,030	\$ 51,709,812	\$ 1,062,372	\$ 220,878	\$ 196,066,227	\$ 91,102,241

COUNTY OF ROANOKE, VIRGINIA
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(10) Capital Assets

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

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

As of June 30, 2012, the Primary Government capital assets include \$158,172,091, net of accumulated depreciation, of Roanoke County Public School Component Unit capital assets used for educational purposes which have tenancy in common.

Primary government capital asset activity for the year ended June 30, 2012 was as follows:

Governmental Activities

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012
Capital assets not being depreciated				
Land	\$ 18,080,295	\$ 1,349,868	\$ -	\$ 19,430,163
Construction in progress	63,480,387	30,324,870	(17,996,873)	75,808,384
Total capital assets at historical cost not being depreciated	81,560,682	31,674,738	(17,996,873)	95,238,547
Capital assets being depreciated				
Building and improvements	223,722,253	14,680,154	-	238,402,407
Furniture, fixtures, and equipment	44,342,272	8,506,819	(689,133)	52,159,958
Total capital assets at historical cost being depreciated	268,064,525	23,186,973	(689,133)	290,562,365
Less accumulated depreciation				
Buildings and improvements	(56,081,443)	(7,968,302)	-	(64,049,745)
Furniture, fixtures, and equipment	(27,014,800)	(4,599,391)	665,774	(30,948,417)
Total accumulated depreciation	(83,096,243)	(12,567,693)	665,774	(94,998,162)
Total capital assets, being depreciated, net	184,968,282	10,619,280	(23,359)	195,564,203
Governmental activities capital assets, net	\$ 266,528,964	\$ 42,294,018	\$ (18,020,232)	\$ 290,802,750

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Depreciation expense for the year ended June 30, 2012 was charged to functions/programs of the Primary Government as follows:

Governmental Activities:

General government	\$ 453,604
Judicial administration	112,816
Public Safety	3,948,203
Public Works	1,251,442
Health and welfare	571,365
Parks, recreation and culture	1,459,512
Library	239,662
Community development	95,505
Education	4,435,584
Total depreciation expense - governmental activities	<u>\$ 12,567,693</u>

The County has an active construction project as of June 30, 2012. The project is the Glenvar Library. The Glenvar Library project is being financed with County capital funds. At year end, the County's commitments with contractors are as follows:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Glenvar Library	\$1,325,138	\$3,570,780



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The component unit Roanoke County Public Schools' capital asset activity for the year ended June 30, 2012 was as follows:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012
Capital assets not being depreciated				
Land	\$ 5,726,229	\$ -	\$ (11,477)	5,714,752
Construction in progress	50,151	1,929,640	(97,322)	1,882,469
Total capital assets at historical cost not being depreciated	<u>5,776,380</u>	<u>1,929,640</u>	<u>(108,799)</u>	<u>7,597,221</u>
Capital assets being depreciated				
Building and improvements	67,472,837	342,640	(1,252,509)	66,562,968
Furniture, fixtures, and equipment	28,565,293	3,155,378	(1,517,006)	30,203,665
Total capital assets at historical cost being depreciated	<u>96,038,130</u>	<u>3,498,018</u>	<u>(2,769,515)</u>	<u>96,766,633</u>
Less accumulated depreciation				
Buildings and improvements	(39,766,009)	(2,555,089)	546,444	(41,774,654)
Furniture, fixtures, and equipment	(17,908,593)	(2,670,144)	1,475,574	(19,103,163)
Total accumulated depreciation	<u>(57,674,602)</u>	<u>(5,225,233)</u>	<u>2,022,018</u>	<u>(60,877,817)</u>
Total capital assets, being depreciated, net	<u>38,363,528</u>	<u>(1,727,215)</u>	<u>(747,497)</u>	<u>35,888,816</u>
Governmental activities capital assets, net	<u>\$ 44,139,908</u>	<u>\$ 202,425</u>	<u>\$ (856,296)</u>	<u>\$ 43,486,037</u>

(11) Operating Leases

The County leases several sites around the Roanoke Valley for the purpose of maintaining towers and antennae for its public safety radio communications system 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 \$73,540 was paid for the fiscal year ended June 30, 2012.

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2012:

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<u>Year Ending June 30</u>	<u>Amount</u>
2013	\$ 80,331
2014	82,387
2015	86,403
2016	84,261
2017	87,451
2018-2023	<u>571,960</u>
Total	<u>\$ 992,793</u>

(12) Capital Leases

Primary Government

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

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

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

The future minimum lease payments under the capital lease as of June 30, 2012 are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2013	\$ 141,472
2014	141,472
2015	141,472
2016	141,472
2017	141,472
2018-2020	<u>565,889</u>
Total minimum lease payments	1,273,249
Less: Amount representing interest	<u>(220,877)</u>
Present values of minimum lease payments	<u>\$ 1,052,372</u>

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School System Component Unit

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

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

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

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

The future minimum lease payments under the capital leases as of June 30, 2012 are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2013	\$ 447,978
2014	461,418
2015	475,260
2016	489,517
2017	504,203
Total minimum lease payments	<u>2,378,376</u>
Less: Amount representing interest	<u>(263,991)</u>
Present values of minimum lease payments	<u>\$ 2,114,385</u>

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(13) Risk Management

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

Workers' Compensation – The County established a self-insured Workers' Compensation program July 1, 1986. On July 1, 1990, the School System also implemented a self-insured Workers' Compensation program. Premiums are paid into the Internal Service Fund and the Component Unit Internal Service Fund by all other funds and are available to pay claims, claims reserves and administrative costs of the programs. An excess coverage insurance policy covers each accident in excess of \$450,000 for both the County and the School System, with statutory limits. At June 30, 2012, the County and the School System have accrued liabilities of \$2,396,000 and \$887,000, respectively, based primarily upon an estimate by a qualified actuary. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as interfund services provided and used.

Health Insurance – The County established a self-insured health insurance program July 1, 1988. On July 1, 1990, the School System also implemented a self-insured health insurance program. Monthly contributions are paid into the Internal Service Fund and the Component Unit Internal Service Fund from the County and School System funds and the County and School System employees based upon estimates from the claims processor that should cover administrative expenses, stop loss insurance premiums, and claims. An excess coverage insurance policy covers each individual's pooled claims in excess of \$200,000. At June 30, 2012, incurred but not yet reported (IBNR) claims for the County and School System are estimated to be \$718,161 and \$1,515,646 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, 2012, the County has an accrued general liability of \$11,824 and an accrued liability of \$2,950 for automobile liability, based primarily upon an estimate by a qualified claims adjuster with a third party administrator.

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

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Primary Government:

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Insurance</u>	<u>General</u> <u>Liability</u>	<u>Automobile</u> <u>Liability</u>	<u>Total</u>
Unpaid Claims June 30, 2010	\$ 2,664,000	\$ 555,658	\$ -	\$ 42,157	\$ 3,261,815
Incurred claims (including IBNR and changes in estimates)	465,614	7,090,293	15,254	-	7,571,161
Claim Payments	<u>(733,614)</u>	<u>(6,964,585)</u>	<u>-</u>	<u>(41,657)</u>	<u>(7,739,856)</u>
Unpaid Claims June 30, 2011	2,396,000	681,366	15,254	500	3,093,120
Incurred claims (including IBNR and changes in estimates)	382,568	7,400,871	-	2,450	7,785,889
Claim Payments	<u>(382,568)</u>	<u>(7,364,076)</u>	<u>(3,430)</u>	<u>-</u>	<u>(7,750,074)</u>
Unpaid Claims June 30, 2012	<u>\$ 2,396,000</u>	<u>\$ 718,161</u>	<u>\$ 11,824</u>	<u>\$ 2,950</u>	<u>\$ 3,128,935</u>

School System Component Unit:

	<u>Workers'</u> <u>Compensation</u>	<u>Technology</u> <u>Reserve</u>	<u>Health</u> <u>Insurance</u>	<u>Total</u>
Unpaid Claims June 30, 2010	\$ 697,000	\$ -	\$ 1,199,074	\$ 1,896,074
Incurred claims (including IBNR and changes in estimates)	738,765	275,928	15,486,948	16,501,641
Claim Payments	<u>(548,765)</u>	<u>(275,928)</u>	<u>(15,196,954)</u>	<u>(16,021,647)</u>
Unpaid Claims June 30, 2011	887,000	-	1,489,068	2,376,068
Incurred claims (including IBNR and changes in estimates)	461,679	141,388	15,910,917	16,513,984
Claim Payments	<u>(461,679)</u>	<u>(141,388)</u>	<u>(15,884,339)</u>	<u>(16,487,406)</u>
Unpaid Claims June 30, 2012	<u>\$ 887,000</u>	<u>\$ -</u>	<u>\$ 1,515,646</u>	<u>\$ 2,402,646</u>

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(14) Defined Benefit Pension Plan

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

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

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

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

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70% and 1.85% for sheriffs and regional jail superintendents. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment

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(PLOP), or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report is available on the VRS website <http://www.varetire.org/Pdf/Publications/2011-annual-report.pdf> or may be obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

Funding Policy - Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. The 5% member contribution has been assumed by the employer for Plan 1 members and plan 2 members are responsible for paying the employee 5% contribution. In addition, the County and Roanoke County Public Schools are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The County Plan 1 and Roanoke County Public Schools non-professional employees' contribution rates for the fiscal year ended June 30, 2012 were 15.05% and 8.29% of annual covered payroll, respectively (including the employee share of 5% paid by the employer) and 10.05% for County Plan 2 members. The Roanoke County Public Schools professional employees' contribution rate was 8.93% (including the 5% employee contribution rate) of covered payroll.

For the three years ended June 30, 2012, 2011, and 2010, total employer and employee contributions made to the VRS statewide teacher cost-sharing pool for professional employees by the Roanoke County Public Schools were \$7,796,375, \$6,046,360, and \$8,065,421, respectively, and the contribution rates for June 30, 2012 and 2011 were 11.33% and 8.93%, respectively. For the fiscal year ended June 30, 2010 the contributions were only 5.00% for March – June 2010 due to a VRS holiday and 13.81% for July 2009 – April 2010.

Annual Pension Cost and Net Pension Obligation - For fiscal year June 30, 2012, the annual pension cost for the County's employees and School's nonprofessional employees under the VRS agent multi-employer plan of \$3,897,340 and \$183,818, respectively, was equal to the required and actual contributions as follows:

Trend Information for the County of Roanoke

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2012	\$ 3,897,340	100.00%	\$ -
June 30, 2011	3,545,157	100.00%	-
June 30, 2010	3,562,516	100.00%	-

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

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	\$ 183,818	100.00%	\$ -
June 30, 2011	197,060	100.00%	-
June 30, 2010	266,811	100.00%	-

The fiscal year 2012 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.5% (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% per year for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.5%. Both the investment rate of return and the projected salary increases also include an inflation component of 2.50%. The actuarial value of the County and the Roanoke County Public Schools' assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County and the Roanoke County Public Schools' unfunded actuarial liabilities are being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

Funded Status and Funding Progress - As of June 30, 2011, the County's most recent actuarial valuation date, the plan was 76.53% funded. The actuarial accrued liability for benefits was \$192,861,101, and the actuarial value of assets was \$147,601,240, resulting in an unfunded actuarial liability (UAAL) of \$45,259,861. The covered payroll (annual payroll of active employees covered by the plan) was \$39,118,350, and the ratio of the UAAL to the covered payroll was 115.70%.

As of June 30, 2011, the School's most recent actuarial valuation date, the plan was 94.49% funded. The actuarial accrued liability for benefits was \$30,073,433 and the actuarial value of assets was \$28,416,669, resulting in an unfunded actuarial liability (UAAL) of \$1,656,764. The covered payroll (annual payroll of active employees covered by the plan) was \$6,158,584, and ratio of the UAAL to the covered payroll was 26.90%.

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

(15) Other Postemployment Benefits (OPEB)

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

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

Retiree Medical Program

Plan Description - The County of Roanoke administers a single-employer healthcare plan ("the Retiree Medical Plan"). The plan provides for participation by eligible retirees of the County of Roanoke and their eligible dependents in the health insurance program available to County employees. The Retiree Medical Plan will provide retiring employees the option to continue health insurance coverage offered by the County. A County retiree is eligible for this benefit until the month the retiree turns 65 or upon the retiree's death with 10 years of County service, 5 years of consecutive years on the health insurance plan, and retirement under the Virginia Retirement System requirements. The benefits, employee contributions, and the employer contributions are governed by the Board of Supervisors policy and can be amended by the Board through board action. For the year ended June 30, 2012, the plan had approximately 130 members.

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

Funding Policy - The Retiree Medical Plan is funded with contributions from plan members and the County. Plan members receiving benefits contribute specified amounts monthly, ranging from 9.74% to 48.03%, towards the cost of the health insurance premiums. For fiscal year ended June 30, 2012, the retirees contributed approximately \$150,642, or 20.11% of total premiums, through their required contributions of \$49.36 to \$583.94 per month depending on the coverage (single, single plus dependent, single plus spouse, or family). The County contributed \$533,034 to the Virginia Pooled OPEB Trust. It is the County's intent to fully fund the annual required contribution (ARC) each year.

Annual OPEB Cost and Net OPEB Obligation - During fiscal year 2012, the County contributed \$1,656,320 to fund the annual required contribution (ARC), an actuarially determined rate in accordance with parameters of GASB Statement No. 45, and the net OPEB obligation at June 30, 2012 was \$0. The County's annual OPEB cost (expense) of \$1,656,320 was equal to the ARC for the fiscal year.

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

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The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB Plan for the fiscal year ended June 30, 2012:

Annual Required Contribution	\$ 1,656,320
Interest on Net OPEB Obligation	-
Adjustment to Annual Required Contribution	-
Annual OPEB Cost	1,656,320
Contributions Made	1,656,320
Decrease in Net OPEB Obligation	-
Net OPEB Obligation, Beginning of Year	-
Net OPEB Obligation, End of Year	\$ -

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2012, 2011, and 2010 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	\$ 1,656,320	\$ 1,656,320	100.00%	\$ -
June 30, 2011	1,547,300	1,547,300	100.00%	-
June 30, 2010	1,486,189	1,486,189	100.00%	-

Funded Status and Funding Progress - As of July 1, 2011, the County's most recent actuarial valuation date, the actuarial accrued liability (AAL) for benefits was \$15,923,798, and the actuarial value of assets was \$2,670,944, resulting in an unfunded actuarial accrued liability (UAAL) of \$13,252,854 and a funded ratio of 16.77%. The covered payroll (annual payroll of active employees covered by the plan) was \$39,313,552, and the ratio of the UAAL to the covered payroll was 33.71%.

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

Actuarial Valuations - Actuarial valuations of an ongoing plan involve estimates of the value reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Methods and Assumption - Calculations for financial reporting purposes are based on the benefits provided under terms of the substantive plan (the plan as understood by the employer and plan members) in effect at the time of each valuation and on the historical pattern of sharing of costs between the employer and the plan members to that point.

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

For July 1, 2011 actuarial valuation, the methods and assumptions included:

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

Health Insurance Credit Program

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

Funding Policy - The County of Roanoke employer contribution rate for the fiscal year ended June 30, 2012 was 0.24% 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, 2012, 2011 and 2010 are as follows:

Fiscal Year Ended	Annual Health Credit Cost	Employer Contribution	Percentage of Annual Health Credit Cost Contributed	Net Health Credit (Obligation) Asset
June 30, 2012	\$ 93,071	\$ 93,137	100.07%	\$ 66
June 30, 2011	94,353	94,298	99.94%	(55)
June 30, 2010	94,937	94,937	100.00%	-

Funded Status and Funding Progress - As of June 30, 2011, the County's most recent actuarial valuation date, the plan was 13.05% funded. The actuarial accrued liability for benefits was \$1,320,670 and the actuarial value of assets was \$172,295, resulting in an unfunded actuarial liability (UAAL) of \$1,148,375. The covered payroll (annual payroll of active employees covered by the plan) was \$29,781,682, and ratio of the UAAL to the covered payroll was 3.86%.

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

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

In the June 30, 2011, actuarial valuation, an entry age normal cost method was used. The actuarial assumptions included a 7.0% investment rate of return per annum, which includes inflation at 2.5%. The unfunded actuarial accrued liability is being amortized as a level dollar amount over an open basis. The remaining amortization period at June 30, 2011 was 30 years.

Other Postemployment Healthcare Benefits – Schools

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

Plan Description - The School System administers and sponsors a single-employer defined benefit healthcare plan ("the Retiree Medical Plan"). Employees are eligible for this benefit if they retire after the age of 55 with at least 10 years of service and 12 months enrollment in the School System's self-insured health insurance program. The benefits, employee contributions, and employer contributions are governed by School Board policy and can be amended through School Board action. Required supplementary information and trend information are included in the School System's financial report and consequently, there is no separately issued report.

The School System contributes up to \$2,500 per year towards the total medical premium for each eligible retiree for up to five years after retiring under the Employee Extended Work Plan. The total retiree medical premium is calculated as a blended rate based on the medical claims of all active and retired participants resulting in an implicit subsidy that benefits the retiree with a lower cost medical premium.

All health care benefits are provided through the School System's self-insured health insurance program. The benefit levels are the same as those afforded to active

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

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

Funding Policy - The Retiree Medical Plan is funded with contributions from plan members and the School System. Plan members receiving benefits contribute specified amounts monthly 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, 2012, the School System contributed \$1,431,747 in healthcare benefits, including \$446,713 in monthly health insurance premium payments for 299 school retirees. The School System contributed \$276,250 to the Virginia Pooled OPEB Trust as of June 30, 2012. It is the School System's intent to fully fund the annual required contribution (ARC) each year.

Annual OPEB Costs and Net OPEB Obligation (Asset) - During fiscal year 2012, the School System contributed \$1,464,955 to fund the annual required contribution (ARC), an actuarially determined rate in accordance with the parameters of GASB Statement No. 45, and the net OPEB obligation at June 30, 2012 was \$0. The School System's annual OPEB cost (expense) of \$1,464,955 was equal to the ARC for the fiscal year. The required contribution was determined as part of the July 1, 2011 actuarial valuation using the projected unit credit actuarial cost method.

The School System'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. The following table represents the OPEB cost for the year, the amount contributed, and changes in the OPEB Plan for the fiscal year ended June 30, 2012:

Annual Required Contribution	\$ 1,460,922
Interest on Net OPEB Obligation	19,443
Adjustment to Annual Required Contribution	(15,410)
Change in plan assumptions	448,852
Annual OPEB Cost	<u>1,913,807</u>
Contributions Made	<u>1,707,997</u>
Increase in Net OPEB Asset	205,810
Net OPEB Asset, Beginning of Year	<u>(205,810)</u>
Net OPEB Asset, End of Year	<u>\$ -</u>

The School System's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2012 and the preceding 2 years are as follows:

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Fiscal Year Ended	Beginning OPEB Obligation (Asset)	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Ending Net OPEB Obligation (Asset)
June 30, 2012	\$ (205,810)	\$ 1,913,807	\$ 1,707,997	89.25%	\$ -
June 30, 2011	(27,710)	1,760,600	1,938,700	110.12%	(205,810)
June 30, 2010	60,000	1,726,490	1,814,200	105.08%	(27,710)

Funded Status and Funding Progress - As of July 1, 2011, the most recent actuarial valuation date, the School System's plan was 0.0% funded. The actuarial accrued liability for benefits was \$13,980,418 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$13,980,418. The covered payroll was \$73,695,601 and the ratio of the UAAL to the covered payroll was 18.97%. The plan does not have separately issued financial statements.

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 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.

Actuarial Methods and Assumptions – 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, 2011 actuarial valuation, the methods and assumptions included:

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2012

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

A. Plan description and provisions

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

Vesting Schedule

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

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

Eligible Members	143
Retired and Beneficiaries	319

B. Funding Policy

This plan was available to vested volunteer members with no covered payroll. Benefits amortize on a level dollar basis, and are recognized when due and payable in accordance with the terms of the plan. Members vest over a ten year period. Benefits accrued at a rate of \$12 for each year of credited fire or rescue service completed after January 1, 1989, plus \$12 for each year of credited fire or rescue service completed between January 1, 1979 and January 1, 1989. No participant received credit for more than a total of 20 years of fire or rescue service. The maximum per month benefit under this plan was \$240. Since the County funds the plan, refunds are not paid. The plan does not provide for post-retirement increases. The contribution rate is determined using an entry age normal frozen initial liability actuarial funding method. The actuarial value of the plan assets is equal to the market value of the assets. Present and future assets in the plan are assumed to earn an investment rate of return of 4% compounded annually. There is no inflation factor or salary increase factor used since there is no covered payroll.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2012

The contributions to the plan for the year ended June 30, 2012, totaled \$334,631. 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, 2012, the LOSAP's most recent actuarial valuation date, the plan was 37.46% funded. The actuarial accrued liability for benefits was \$7,633,883 and the actuarial value of assets was \$2,859,929 resulting in an unfunded actuarial liability (UAAL) of \$4,733,954 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, 2012, 2011 and 2010 are as follows:

Fiscal Year Ended	Annual Pension Cost (APC)	Employers Contribution	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	\$ 334,631	\$ 334,631	100%	\$ -
June 30, 2011	336,287	336,287	100%	-
June 30, 2010	229,130	299,130	100%	-

(17) Deferred Revenue

Deferred revenue represents amounts for which asset recognition criteria have been met but for which revenue recognition criteria have not been met. Deferred revenue in the fund financial statements as of June 30, 2012 is comprised of the following:

	General Fund	Internal Service Funds	
		Health	Dental
Property Tax	\$ 10,239,468	\$ -	\$ -
Other Local Tax	352,580	-	-
Sales Tax	822,127	-	-
Insurance Withholdings	-	632,961	47,384
Grant Revenue	314,007	-	-
Registration Fees	426,960	-	-
Rental Income	13,886	-	-
Total	\$ 12,169,028	\$ 632,961	\$ 47,384

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2012

Unearned revenue in the government-wide statements as of June 30, 2012 is comprised of the following:

	Governmental Activities	Component Unit
Property Tax	\$ 10,239,468	\$ -
Insurance Withholdings	680,345	1,622,808
Grant Revenue	314,007	22,343
Registration Fees	426,960	-
Rental Income	13,886	-
Total	<u>\$ 11,674,666</u>	<u>\$ 1,645,151</u>

(18) Commitments, Contingencies, and Other Information

Encumbrances – The County had \$1,520,045 of encumbrances reported as restricted and committed under the general governmental funds and \$6,233,444 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, 2012.

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

In November 2007, the Board approved a three party agreement between the Western Virginia Water Authority (WVWA), Franklin County, and Roanoke County. The agreement is to provide for the construction of a water line in the Route 220 corridor from Clearbrook in Roanoke County to the Wirtz Plateau in Franklin County. The WVWA will design, construct, and issue revenue bonds for this \$5.5 million project. Roanoke County's contribution to this project is approximately \$2.3 million payable over 20 years, beginning in FY 2009. The County's contribution to the WVWA for the year ended June 30, 2012 totaled \$184,391.

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2012

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

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

(19) Jointly Governed Organizations

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

Roanoke Valley Resource Authority

The Roanoke Valley Resource Authority (RVRA) was established on October 23, 1991 under a user agreement between the County of Roanoke, City of Roanoke, and the Town of Vinton to develop a regional solid waste disposal facility. The old regional sanitary landfill operated by the Roanoke Valley Regional Solid Waste Management Board was closed on September 30, 1993. RVRA is presently governed by a seven member board appointed by the governing bodies of the Charter Members. The County has control over the budget and financing of the RVRA only to the extent of representation by the board members appointed. For the fiscal year ended June 30, 2012, the County remitted \$1,783,926 to RVRA for services. Participating localities are responsible for their pro-rata share, based on population, of any year-end deficit. RVRA is currently self-supporting and is expected to remain as such in the future. The County is the fiscal agent for RVRA and reports its assets and liabilities in an agency fund.

Roanoke Regional Airport Commission

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

Roanoke Valley Detention Commission

The Counties of Botetourt, Craig, and Roanoke, and the Cities of Roanoke and Salem formed the Roanoke Valley Detention Commission (RVDC) to renovate, expand, and operate a detention facility for juveniles. RVDC is governed by a six member board. Each locality's financial obligation is based on the number of juveniles housed at the facility. The County's contribution for the year ended June 30, 2012 was \$384,420. RVDC has the authority to issue debt and such debt is the responsibility of RVDC.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2012

Blue Ridge Behavioral Healthcare

The Counties of Botetourt, Craig, and Roanoke, and the Cities of Roanoke and Salem formed Blue Ridge Community Services (Blue Ridge) to provide a system of comprehensive community mental health, mental retardation, and substance abuse services. Blue Ridge is governed by a sixteen member board. Each locality's financial obligation is based on the type and amount of services performed for individuals in the locality. The annual contribution for the year ended June 30, 2012 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.

Roanoke Valley Society for the Prevention of Cruelty to Animals

The Counties of Roanoke and Botetourt, Town of Vinton and the City of Roanoke jointly participate on the Advisory Board which is responsible for the general fiscal and management policy for the Roanoke Valley Society for the Prevention of Cruelty to Animals (RVSPCA). The center is owned and operated by the RVSPCA. Participating localities are responsible for their pro-rata share, which is billed on a monthly basis. For the year ended June 30, 2012, the County's share was \$215,064.

Western Virginia Water Authority

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

Western Virginia Regional Jail Authority

The Counties of Roanoke, Franklin, Montgomery, and the City of Salem formed the Western Virginia Regional Jail Authority (WVRJA) in June 2005 for the purpose of developing and operating a regional jail authority for the benefit of the Member Jurisdictions. The Board consists of three representatives from each of the Member Jurisdictions. The Member Jurisdictions will each be responsible for a per diem cost based on their prisoner days used. For the year ended June 30, 2012, the County's share was approximately \$3.4 million.

(20) Incentive Agreements Outstanding – Component Unit

On April 29, 2005, the Authority, in conjunction with the County of Roanoke, approved an agreement with Tecton Products, LLC to develop a research and development and production facility in Roanoke County. The agreement provides for the County and the Authority to appropriate a \$58,500 permit and water and sewer grant and an estimated

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2012

new tax revenue incentive grant of approximately \$397,003. In addition, the County and the Authority assisted the Company in securing a \$100,000 Governor's Opportunity Fund Grant which was awarded and paid to Tecton Products, LLC during the year ended June 30, 2007. Tecton Products, LLC fell short of the November 2009 employment requirement, and as a result, repaid \$25,000 of the Governor's Opportunity Fund Grant to the State. The reimbursement of tax revenues from the County was also reduced by \$29,000. Reimbursement of tax revenues in the amount of \$56,486 was paid for the year ended June 30, 2012.

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

On December 18, 2007, the Authority, in conjunction with the County of Roanoke, approved an agreement with Virginia Blue Ridge, LLC, whereby the company will construct a new 86-unit hotel with an additional retail outlet owned by an unaffiliated party from a tract of real estate consisting of approximately 2.852 acres. The agreement provides for the Authority, with funds provided by the County, to grant an amount estimated to be \$175,000 a year for two years based solely on new local tax revenues generated by the hotel. This project is on hold by the developer as a result of the slowing economy and lack of available financing. No reimbursement has been made on this agreement, and the company is out of compliance. Negotiations are ongoing for a new project.

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

On November 15, 2011, the Authority in conjunction with the County of Roanoke approved an agreement with Varsity Landscaping & Grounds, LLC/Anderson Properties of Virginia, LLC whereby the company shall construct an 8,000 square foot expansion of its warehouse and office building on real estate consisting of approximately 2.18 acres located off Starkey Road. The agreement provides for the Authority, with funds provided by the County, to grant an amount estimated to be \$15,000 a year for two years based solely on new local tax revenues generated by the Project. The amount of this grant shall not exceed \$30,000 and reimbursement will begin in 2012-2013. At June 30, 2012, no reimbursement was made on this agreement.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2012
(Unaudited)

	Original Budget	Final Budget, as Amended	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
General property taxes	\$ 118,985,000	\$ 106,755,143	\$ 106,577,030	\$ (178,113)
Other local taxes	31,825,340	31,825,340	31,953,379	128,039
Permits, fees, and licenses	602,785	642,947	670,373	27,426
Fines and forfeitures	835,400	835,400	793,542	(41,858)
Use of money and property	713,280	741,140	739,978	(1,162)
Charges for services	7,123,819	7,401,472	8,062,232	660,760
Intergovernmental revenues	16,808,419	33,382,499	28,215,240	(5,167,259)
Miscellaneous	15,826,900	4,499,643	4,620,643	121,000
Total revenues	\$ 192,720,943	\$ 186,083,584	\$ 181,632,417	\$ (4,451,167)
Expenditures:				
General government:				
Board of supervisors	\$ 291,611	\$ 362,202	\$ 285,817	\$ 76,385
County administrator	282,180	314,992	288,417	26,575
Community relations	182,190	194,190	189,375	4,815
Human resources	710,140	790,260	779,300	10,960
County attorney	546,940	634,064	587,143	46,921
Commissioner of revenue	775,854	878,696	867,035	11,661
Assessor	813,315	944,101	883,140	60,961
Treasurer	761,116	897,722	851,480	46,242
Risk management	6,594,968	548,612	548,612	-
Assistant county administrator -				
Management services	176,317	191,899	188,709	3,190
Finance	1,192,503	1,363,097	1,289,427	73,670
Management and budget	275,912	311,242	304,855	6,387
Procurement	393,649	438,270	413,074	25,196
Electoral board and officials	318,883	385,586	351,163	34,423
Judicial administration:				
Circuit court	237,972	311,096	308,551	2,545
General district court	69,940	69,940	62,068	7,872
Special magistrates	1,590	1,590	1,532	58
Juvenile and domestic relations court	21,086	21,086	15,568	5,518
Clerk of the circuit court	1,028,559	1,064,691	1,056,425	8,266
Law library	27,175	27,175	21,823	5,352
Commonwealth attorney	1,001,313	1,123,318	1,052,768	70,550
Public safety:				
Sheriff and police	12,386,084	14,912,970	14,369,110	543,860
E911 maintenance	2,688,302	3,193,353	2,906,484	286,869
Fire and rescue services	13,028,999	15,274,178	14,726,047	548,131
Confinement and care of prisoners	7,723,186	7,904,443	7,816,397	88,046
Court service unit	535,144	559,282	412,745	146,537
VJCCCA grant	-	257,477	232,021	25,456
Animal control	508,282	506,477	504,280	2,197

continued

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2012
(Unaudited)

	Original Budget	Final Budget, as Amended	Actual	Variance with Final Budget Positive (Negative)
Public works:				
General services administration	\$ 891,887	\$ 783,622	\$ 739,577	\$ 44,045
Refuse disposal	4,553,457	4,691,895	4,666,295	25,600
Maintenance of general buildings and grounds	4,077,282	4,223,013	4,061,060	161,953
Engineering	1,890,849	2,684,185	2,220,144	464,041
Inspections	1,042,411	1,177,288	1,115,785	61,503
Health and welfare:				
Mental health	-	20,591	19,655	936
Psychiatrically disabled	-	10,260	10,260	-
Public health	369,098	500,358	413,010	87,348
Social services administration	5,232,939	5,924,189	5,860,875	63,314
Comprehensive services act	6,627,799	6,627,799	4,831,995	1,795,804
Public assistance	5,069,500	3,731,302	3,264,521	466,781
Social services organizations	215,200	215,200	215,200	-
Parks, recreation and cultural:				
Assistant county administrator -				
Human services	175,046	186,017	184,591	1,426
Parks and recreation	6,572,944	10,770,931	7,148,721	3,622,210
Library	3,294,779	3,605,346	3,333,501	271,845
Cultural enrichment	353,333	387,168	371,533	15,635
Community development:				
Planning and zoning	1,254,712	1,458,677	1,245,161	213,516
Cooperative extension program	84,382	88,748	77,393	11,355
Economic development	535,835	593,555	475,513	118,042
Public transportation	525,000	725,420	378,914	346,506
Contribution to human service organizations	114,000	114,000	111,900	2,100
Miscellaneous	12,678,870	6,858,252	3,484,760	3,373,492
Total Expenditures	\$ 108,132,533	\$ 108,859,825	\$ 95,543,730	\$ 13,316,095
Excess of revenues over expenditures	84,588,410	77,223,759	86,088,687	8,864,928
OTHER FINANCING SOURCES (USES):				
Transfers in	-	122,284	122,284	-
Transfers out	(84,588,410)	(82,891,068)	(83,032,539)	(141,471)
Total other financing sources (uses), net	\$ (84,588,410)	\$ (82,768,784)	\$ (82,910,255)	\$ (141,471)
Net change in fund balances	\$ -	\$ (5,545,025)	\$ 3,178,432	\$ 8,723,457
Fund balances at beginning of the year	36,702,016	38,720,725	38,949,475	228,750
Fund balances at end of year	\$ 36,702,016	\$ 33,175,700	\$ 42,127,907	\$ 8,952,207

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, 2012
(Unaudited)

Virginia Retirement System

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Over (Under) Funded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
A. County of Roanoke Employees:						
June 30, 2009	\$ 143,259,725	\$ 164,655,207	\$ (21,395,482)	87.01 %	\$ 39,812,949	(53.74) %
June 30, 2010	144,126,613	183,533,577	(39,406,964)	78.53	39,313,552	(100.24)
June 30, 2011	147,601,240	192,861,101	(45,259,861)	76.53	39,118,350	(115.70)

B. Roanoke County School Board Non-Professional Employees:

June 30, 2009	\$ 28,670,508	\$ 27,075,002	\$ 1,595,506	105.89 %	6,735,037	23.69 %
June 30, 2010	28,402,620	29,133,145	(730,525)	97.49	6,323,621	(11.55)
June 30, 2011	28,416,669	30,073,433	(1,656,764)	94.49	6,158,584	(26.90)

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

Retiree Medical Plan

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

B. Roanoke County School Board Employees:

July 1, 2007	\$ -	\$ 19,460,000	\$ (19,460,000)	0.00%	\$ 85,547,858	(22.75) %
July 1, 2009	-	20,262,618	(20,262,618)	0.00%	89,186,099	(22.72)
July 1, 2011	-	13,980,418	(13,980,418)	0.00%	73,695,601	(18.97)

Health Insurance Credit Program

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability Projected Unit Credit	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
June 30, 2009	\$ 47,369	\$ 1,102,693	\$ (1,055,324)	4.30 %	\$ 39,812,949	(2.65) %
June 30, 2010	112,815	1,239,484	(1,126,669)	9.10	39,313,552	(2.87)
June 30, 2011	172,295	1,320,670	(1,148,375)	13.05	29,781,682	(3.86)

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Schedules of Employer Contributions
For the Year Ended June 30, 2012
(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%

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		
2008	\$ 1,446,190	56.63%
2009	1,214,500	100.00%
2010	1,486,189	100.00%
2011	1,547,300	100.00%
2012	1,656,320	100.00%
B. Roanoke County School Board		
2008	\$ 1,678,000	96.42%
2009	1,717,000	100.00%
2010	1,814,200	105.08%
2011	1,938,700	110.12%
2012	1,707,997	116.91%

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, 2012
(Unaudited)

1. Budgetary Accounting and Control

Annual Budget Adoption - Annual budgets are legally adopted for the General, Debt Service, and School Board Component Unit Operating Funds. The Debt Service Fund is budgeted for principal and interest payments to be paid. Capital Project Funds are budgeted on a project basis. The County follows these procedures in establishing the budgetary data reflected in the financial statements. The Code of Virginia requires adoption of a balanced budget by June 30 of each year. The County Board of Supervisors formally adopted the fiscal year 2011-2012 budget appropriation on May 24, 2011.

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

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

Budgetary Controls - Legal budgetary control is maintained at the fund level. However, for management purposes, the budget is segregated into three categories: personnel, operating, and capital expenditures by department. The Department Head may use discretion to transfer from one category to another as long as the departmental total does not change. County debt is segregated into a separate fund for budgetary purposes. The County Administrator may authorize or delegate the authorization of a transfer of any unencumbered balance or portion thereof from one department to another within a fund. All other transfers require approval of the Board of Supervisors. Formal budgetary integration into the financial accounting system is employed as a management control device during the year for the governmental type funds. Management control is maintained at the category level (i.e. personnel, operating, capital) and supplemental appropriations during the year-end cannot exceed the undesignated fund balance. Actual expenditures and operating transfers out may not legally exceed budget appropriations at the fund level. Unspent appropriations lapse at year-end for legally adopted budgets. The Board of Supervisors must approve any budget amendments increasing or decreasing appropriations. Major amendments are budget amendments that exceed one percent of the original budget which is \$1.9 million for fiscal year 2011-2012. These major amendments must go through the same public hearing requirements as the original budget.

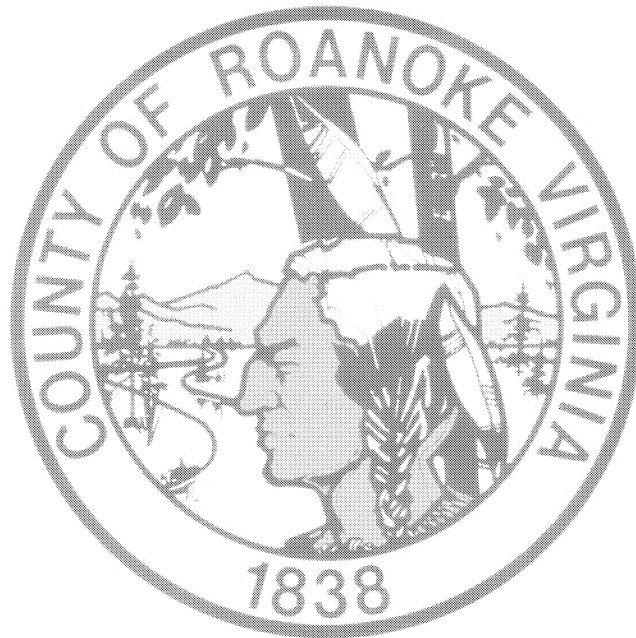
SUPPLEMENTARY INFORMATION

GOVERNMENTAL FUNDS

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

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

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



COUNTY OF ROANOKE, VIRGINIA
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Year Ended June 30, 2012

	Original Budget	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Locality Compensation Payment	\$ 125,469	\$ 125,469	\$ 125,469	\$ -
Interest Income	-	-	7	7
Total Revenues	125,469	125,469	125,476	7
Expenditures				
Principal Payments				
General Obligation Bonds				
General Government	1,430,000	1,430,000	1,430,000	-
Schools General Obligation Bonds	620,000	620,000	620,000	-
Schools Virginia Public Schools Authority Bonds	7,526,025	7,526,025	7,526,025	-
Total General Obligation Bonds	9,576,025	9,576,025	9,576,025	-
General Obligation Notes				
Schools-Literary Loans	447,817	447,817	447,817	-
Total General Obligation Notes	447,817	447,817	447,817	-
Lease Revenue Bonds				
General Government	2,402,016	2,402,016	2,414,900	(12,884)
Total Lease Revenue Bonds	2,402,016	2,402,016	2,414,900	(12,884)
Capitalized Lease Obligations				
General Government	-	95,665	95,665	-
Total Capitalized Lease Obligations	-	95,665	95,665	-
Total Principal Payments	12,425,858	12,521,523	12,534,407	(12,884)
Interest Payments				
General Obligation Bonds				
General Government	396,684	396,684	396,684	-
Schools General Obligation Bonds	57,100	57,100	57,100	-
Schools Virginia Public Schools Authority Bonds	4,841,873	4,841,873	4,841,873	-
Total General Obligation Bonds	5,295,657	5,295,657	5,295,657	-
General Obligation Notes				
Schools-Literary Loans	108,511	108,511	108,511	-
Total General Obligation Notes	108,511	108,511	108,511	-
Lease Revenue Bonds				
General Government	3,603,300	3,603,300	3,590,416	12,884
Total Lease Revenue Bonds	3,603,300	3,603,300	3,590,416	12,884
Capitalized Lease Obligations				
General Government	-	45,807	45,807	-
Total Capitalized Lease Obligations	-	45,807	45,807	-
Total Interest Payments	9,007,468	9,053,275	9,040,391	12,884
Issuance and Miscellaneous Costs	252,762	100,718	10,354	90,364
Total Expenditures	21,686,088	21,675,516	21,585,152	90,364
Excess (deficit) of revenues over expenditures	(21,560,619)	(21,550,047)	(21,459,676)	90,371
Other financing sources (uses):				
Transfer from County General Fund	17,182,512	17,323,984	17,323,983	(1)
Transfer from School General Fund	4,125,345	4,150,345	4,150,345	-
Net change in fund balance	(252,762)	(75,718)	14,652	90,370
Fund balance at beginning of year	252,762	243,086	243,086	-
Fund balance at end of year	\$ -	\$ 167,368	\$ 257,738	\$ 90,370

See accompanying independent auditors' report

COUNTY OF ROANOKE, VIRGINIA
Budgetary Comparison Schedule
Capital Projects Fund
For the Year Ended June 30, 2012

	Original Budget	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property	\$ -	\$ 76,965	\$ 80,678	\$ 3,713
Charges for services	469,624	1,097,124	619,624	(477,500)
Intergovernmental revenue	2,652,313	4,200,967	2,604,349	(1,596,618)
Miscellaneous	200,000	296,822	196,822	(100,000)
Total revenues	<u>3,321,937</u>	<u>5,671,878</u>	<u>3,501,473</u>	<u>(2,170,405)</u>
EXPENDITURES				
Capital outlay	<u>36,697,260</u>	<u>70,191,683</u>	<u>38,029,888</u>	<u>32,161,795</u>
Total expenditures	<u>36,697,260</u>	<u>70,191,683</u>	<u>38,029,888</u>	<u>32,161,795</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(33,375,323)</u>	<u>(64,519,805)</u>	<u>(34,528,415)</u>	<u>29,991,390</u>
OTHER FINANCING SOURCES (USES)				
Issuance of bonds	-	9,080,000	9,080,000	-
Premium on bonds	-	954,878	954,878	-
Proceeds from sale of land and equipment	-	56,408	56,408	-
Transfers in	946,438	1,490,156	1,490,156	-
Transfers out	<u>-</u>	<u>(121,202)</u>	<u>(121,202)</u>	<u>-</u>
Total other financing sources, net	<u>946,438</u>	<u>11,460,240</u>	<u>11,460,240</u>	<u>-</u>
Net change in fund balance	(32,428,885)	(53,059,565)	(23,068,175)	29,991,390
Fund balance at beginning of year	<u>32,428,885</u>	<u>53,059,565</u>	<u>53,059,565</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,991,390</u>	<u>\$ 29,991,390</u>

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2012

Schedule 3

	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
From local sources:			
General property taxes:			
Real property taxes	\$ 88,030,000	\$ 87,435,119	\$ (594,881)
Real and personal public service corporation property taxes	2,760,000	2,782,496	22,496
Payments in lieu of taxes	170,000	188,324	18,324
Personal property taxes	15,110,143	15,394,542	284,399
Penalties and interest	685,000	776,549	91,549
Total general property taxes	106,755,143	106,577,030	(178,113)
Other local taxes:			
Local sales and use taxes	9,474,340	9,237,658	(236,682)
Business license taxes	5,575,000	5,848,440	273,440
Motor vehicle licenses	2,020,000	2,130,424	110,424
Bank franchise taxes	525,000	492,877	(32,123)
Taxes on recordation and wills	1,075,000	1,274,043	199,043
Utility license tax	610,000	538,728	(71,272)
Communications sales and use tax	4,200,000	3,951,069	(248,931)
Consumer utility tax	3,650,000	3,572,415	(77,585)
E911 tax	190,000	299,806	109,806
Hotel and motel tax	775,000	758,679	(16,321)
Tax on prepared food	3,630,000	3,759,151	129,151
Admissions tax	101,000	90,089	(10,911)
Total other local taxes	31,825,340	31,953,379	128,039
Permits, fees, and licenses:			
Animal licenses	56,000	54,571	(1,429)
Permits and other licenses	586,947	615,802	28,855
Total permits, fees, and licenses	642,947	670,373	27,426
Fines and forfeitures	835,400	793,542	(41,858)
Use of money and property	741,140	739,978	(1,162)
Charges for services:			
Refuse costs	14,200	17,366	3,166
Court costs	123,000	113,884	(9,116)
Charges for correction and detention	243,435	243,435	-
Charges for parks and recreation	4,457,000	4,919,218	462,218
Rescue fees	2,522,233	2,727,546	205,313
Other charges	41,604	40,783	(821)
Total charges for services	7,401,472	8,062,232	660,760

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, 2012

	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
Miscellaneous:			
Reimbursements - shared programs	\$ 3,085,500	\$ 2,910,262	\$ (175,238)
Miscellaneous	334,582	392,030	57,448
Legal services	22,420	10,920	(11,500)
Jail	460,180	756,579	296,399
Welfare department	135,976	86,867	(49,109)
Resource Authority	50,985	50,985	-
WVWA	10,000	10,000	-
WVRJA	100,000	103,000	3,000
Host locality fee	300,000	300,000	-
Total miscellaneous	4,499,643	4,620,643	121,000
Total revenue from local sources	152,701,085	153,417,177	716,092
From the Commonwealth:			
Non-categorical aid:			
Reduction in State Aid to Local Governments	(580,000)	(556,580)	23,420
Motor vehicles carriers tax	34,000	15,928	(18,072)
Trailer tax	100,000	94,734	(5,266)
Personal property tax relief	12,229,857	12,229,857	-
Total non-categorical aid	11,783,857	11,783,939	82
Categorical aid:			
Shared expenditures:			
Commonwealth's Attorney	594,197	572,908	(21,289)
Sheriff	2,960,429	3,047,808	87,379
Commissioner of the Revenue	225,842	218,610	(7,232)
Treasurer	189,539	206,438	16,899
Registrar/Electoral Board	47,700	45,906	(1,794)
Clerk of Court	544,605	541,907	(2,698)
Total shared expenditures	4,562,312	4,633,577	71,265
Other categorical aid:			
EMS	502,724	194,554	(308,170)
Recovered costs - welfare	2,617,843	2,803,868	186,025

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, 2012

	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
Mental health and mental retardation services board	\$ 30,851	\$ 29,915	\$ (936)
Confiscated goods	33,017	22,416	(10,601)
VJCCCA Grant	232,833	207,377	(25,456)
Library	155,352	153,206	(2,146)
Comprehensive services act	3,210,637	2,405,300	(805,337)
Police department grant	1,789,858	1,793,872	4,014
Other state grants	25,714	23,214	(2,500)
Total other categorical aid	8,598,829	7,633,722	(965,107)
Total categorical aid	13,161,141	12,267,299	(893,842)
Total from the Commonwealth	24,944,998	24,051,238	(893,760)
From the Federal Government:			
Categorical aid:			
Emergency services	165,434	44,407	(121,027)
Seized goods	20,565	20,788	223
Greenways	3,919,893	68,742	(3,851,151)
Criminal history records grant	36,560	36,560	-
Welfare reimbursement	3,747,466	3,556,522	(190,944)
Federal stimulus - ARRA	33,545	32,306	(1,239)
Other federal grants	514,038	404,677	(109,361)
Total categorical aid	8,437,501	4,164,002	(4,273,499)
Total from the Federal Government	8,437,501	4,164,002	(4,273,499)
Total Intergovernmental revenues	33,382,499	28,215,240	(5,167,259)
Total revenues	186,083,584	181,632,417	(4,451,167)
Expenditures:			
General government administration:			
Legislative:			
Board of supervisors	362,202	285,817	76,385
General and financial administration:			
County administrator	314,992	288,417	26,575
Community relations	194,190	189,375	4,815
Human resources	790,260	779,300	10,960
County attorney	634,064	587,143	46,921
Commissioner of revenue	878,696	867,035	11,661
Assessor	944,101	883,140	60,961
Treasurer	897,722	851,480	46,242

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, 2012

	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
Risk management	\$ 548,612	\$ 548,612	\$ -
Assistant county administrator - management services	191,899	188,709	3,190
Finance	1,363,097	1,289,427	73,670
Management and Budget	311,242	304,855	6,387
Procurement	438,270	413,074	25,196
Total general and financial administration	<u>7,507,145</u>	<u>7,190,567</u>	<u>316,578</u>
Electoral board and officials	<u>385,586</u>	<u>351,163</u>	<u>34,423</u>
Total general government administration	<u>8,254,933</u>	<u>7,827,547</u>	<u>427,386</u>
Judicial administration			
Courts:			
Circuit court	311,096	308,551	2,545
General district court	69,940	62,068	7,872
Special magistrates	1,590	1,532	58
Juvenile and domestic relations court	21,086	15,568	5,518
Clerk of the circuit court	1,064,691	1,056,425	8,266
Total courts	<u>1,468,403</u>	<u>1,444,144</u>	<u>24,259</u>
Law library	27,175	21,823	5,352
Commonwealth attorney	1,123,318	1,052,768	70,550
Total judicial administration	<u>2,618,896</u>	<u>2,518,735</u>	<u>100,161</u>
Public safety:			
Law enforcement and traffic control:			
Sheriff and Police	14,912,970	14,369,110	543,860
E911 maintenance	3,193,353	2,906,484	286,869
Total law enforcement and traffic control	<u>18,106,323</u>	<u>17,275,594</u>	<u>830,729</u>
Fire and rescue services:			
Fire and rescue services	15,274,178	14,726,047	548,131
Total fire and rescue services	<u>15,274,178</u>	<u>14,726,047</u>	<u>548,131</u>

continued

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2012

	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
Correction and detention:			
Confinement and care of prisoners	\$ 7,904,443	\$ 7,816,397	\$ 88,046
Court service unit	559,282	412,745	146,537
VJCCCA Grant	257,477	232,021	25,456
Total correction and detention	8,721,202	8,461,163	260,039
Animal control	506,477	504,280	2,197
Total public safety	42,608,180	40,967,084	1,641,096
Public Works:			
General services administration	783,622	739,577	44,045
Refuse disposal	4,691,895	4,666,295	25,600
Maintenance of general buildings and grounds	4,223,013	4,061,060	161,953
Engineering	2,684,185	2,220,144	464,041
Inspections	1,177,288	1,115,785	61,503
Total public works	13,560,003	12,802,861	757,142
Health and welfare:			
Mental health	20,591	19,655	936
Psychiatrically disabled	10,260	10,260	-
Public health	500,358	413,010	87,348
Social services administration	5,924,189	5,860,875	63,314
Comprehensive services act	6,627,799	4,831,995	1,795,804
Public assistance	3,731,302	3,264,521	466,781
Social services organizations	215,200	215,200	-
Total health and welfare	17,029,699	14,615,516	2,414,183
Parks, recreation and cultural:			
Assistant county administrator - human services	186,017	184,591	1,426
Parks and recreation	10,770,931	7,148,721	3,622,210
Library	3,605,346	3,333,501	271,845
Cultural enrichment	387,168	371,533	15,635
Total parks, recreation and cultural	14,949,462	11,038,346	3,911,116
Community development:			
Planning and zoning	1,458,677	1,245,161	213,516
Cooperative extension program	88,748	77,393	11,355

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, 2012

	Final Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
Economic development	\$ 593,555	\$ 475,513	\$ 118,042
Public transportation	725,420	378,914	346,506
organizations	114,000	111,900	2,100
Total community development	2,980,400	2,288,881	691,519
Nondepartmental:			
Employee benefits	1,387,084	1,182,164	204,920
Dixie Caverns landfill cleanup	47,000	23,516	23,484
Miscellaneous	4,225,112	1,357,095	2,868,017
Tax relief for the elderly and handicapped	1,085,515	811,985	273,530
Refuse credit - Town of Vinton	110,000	110,000	-
Board contingency	3,541	-	3,541
Total nondepartmental	6,858,252	3,484,760	3,373,492
Total expenditures	108,859,825	95,543,730	13,316,095
Excess of revenues over expenditures	77,223,759	86,088,687	8,864,928
Other financing sources (uses):			
Transfer from Internal Service fund	122,284	122,284	-
Transfer to debt service fund	(7,706,531)	(7,848,003)	(141,472)
Payment to school board	(73,815,585)	(73,815,584)	1
Transfer to capital projects fund	(1,368,952)	(1,368,952)	-
Net change in fund balance	(5,545,025)	3,178,432	8,723,457
Fund balance at beginning of year	38,720,725	38,949,475	228,750
Fund balance at end of year	\$ 33,175,700	\$ 42,127,907	\$ 8,952,207

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, 2012

<u>Function and Activity:</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Total</u>
General government				
Legislative	\$ -	\$ -	\$ 73,331	\$ 73,331
Executive	-	-	29,588	29,588
Judicial	-	25,292	302,252	327,544
Elections	-	-	28,209	28,209
Finance	-	-	702,244	702,244
Management and budget	-	-	2,641	2,641
County attorney	-	-	5,397	5,397
Administrative officers and boards	-	-	200,309	200,309
Human resources	-	-	34,021	34,021
Management information systems	-	-	12,133,603	12,133,603
Procurement	-	-	69,631	69,631
Radio maintenance	-	55,530	353,002	408,532
Gas distribution center	-	-	61,823	61,823
General governmental buildings	12,971,188	163,490,352	1,622,031	178,083,571
Solid waste	-	-	3,874,788	3,874,788
General services	954,687	6,305,119	2,012,648	9,272,454
Other	-	-	123,082	123,082
Total general government	<u>13,925,875</u>	<u>169,876,293</u>	<u>21,628,600</u>	<u>205,430,768</u>
Public safety				
Police protection	-	499,373	5,116,655	5,616,028
Fire and rescue	146,763	11,561,283	17,425,733	29,133,779
Correction and detention	203,504	5,338,277	1,117,325	6,659,106
Inspections	-	-	213,164	213,164
Total public safety	<u>350,267</u>	<u>17,398,933</u>	<u>23,872,877</u>	<u>41,622,077</u>
Engineering	-	452,331	1,314,665	1,766,996
Buildings and grounds	-	6,880	367,316	374,196
Health and welfare	-	-	330,870	330,870
Libraries	2,057,128	17,143,180	1,628,714	20,829,022
Recreation	3,096,893	33,524,790	3,016,916	39,638,599
Total governmental funds capital assets allocated to functions	<u>\$ 19,430,163</u>	<u>\$ 238,402,407</u>	<u>\$ 52,159,958</u>	<u>309,992,528</u>
Construction in progress				<u>75,808,384</u>
Total governmental funds capital assets				<u><u>\$ 385,800,912</u></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, 2012

	Governmental Funds Capital Assets June 30, 2011	Additions	Reductions	Governmental Funds Capital Assets June 30, 2012
<u>Function and Activity:</u>				
General government				
Legislative	\$ 73,331	\$ -	\$ -	\$ 73,331
Executive	29,588	-	-	29,588
Judicial	323,411	14,948	(10,815)	327,544
Elections	28,209	-	-	28,209
Finance	702,244	-	-	702,244
Management and budget	2,641	-	-	2,641
County attorney	5,397	-	-	5,397
Administrative officers and boards	200,309	-	-	200,309
Human resources	34,021	-	-	34,021
Management information systems	11,838,360	355,658	(60,415)	12,133,603
Procurement	88,149	-	(18,518)	69,631
Radio maintenance	317,897	90,635	-	408,532
Gas distribution center	61,823	-	-	61,823
General governmental buildings	177,180,644	902,927	-	178,083,571
Solid waste	3,134,826	883,292	(143,330)	3,874,788
General services	7,808,785	1,470,475	(6,806)	9,272,454
Other	123,082	-	-	123,082
Total general government	<u>201,952,717</u>	<u>3,717,935</u>	<u>(239,884)</u>	<u>205,430,768</u>
Public safety				
Police protection	5,310,090	516,154	(210,216)	5,616,028
Fire and rescue	25,941,114	3,494,541	(301,876)	29,133,779
Correction and detention	6,641,035	65,626	(47,555)	6,659,106
Inspections	197,232	35,968	(20,036)	213,164
Total public safety	<u>38,089,471</u>	<u>4,112,289</u>	<u>(579,683)</u>	<u>41,622,077</u>
Engineering	1,737,298	92,350	(62,652)	1,766,996
Buildings and grounds	321,828	52,368	-	374,196
Health and welfare	269,346	61,524	-	330,870
Libraries	4,532,333	16,296,689	-	20,829,022
Recreation	39,241,827	471,523	(74,751)	39,638,599
Construction in progress	63,480,387	30,324,870	(17,996,873)	75,808,384
Total governmental funds capital assets	<u>\$ 349,625,207</u>	<u>\$ 55,129,548</u>	<u>\$ (18,953,843)</u>	<u>\$ 385,800,912</u>

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Schedule of the Treasurer's Accountability
June 30, 2012

ASSETS HELD BY THE TREASURER:

Cash and cash items:

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

Cash on deposit:

SunTrust bank	15,276,930	
Bank of Botetourt	191,923	
Hometown bank	49,692	
Valley bank	759,212	
Citibank	<u>4,845</u>	16,282,602

Money market deposit:

Smith Barney	41,415,467	
Stellar One	3,041,295	
BB&T	1,077,159	
Wells Fargo	<u>3,199,205</u>	48,733,126

Certificates of deposit:

BB&T	<u>4,000,000</u>	4,000,000
------	------------------	-----------

Government securities:

Smith Barney	39,024,689	
Wells Fargo	<u>19,009,040</u>	58,033,729

Local government investment pool

<u>17,127,810</u>	17,127,810
-------------------	------------

Escrow accounts:

BB&T	185,668	
Valley bank	<u>459,806</u>	645,474

Unearned revenues and reserves:

Returned checks	574	
Contractor escrows	(574,703)	
Deferred revenues	11,901	
Personal property tax relief	(1,399)	
A. D. Alford trust	(28,842)	
Sidney Louis Hyatt	(41,929)	
Reserves	<u>2,512</u>	(631,886)

Total assets held by the treasurer

\$ 144,200,617

LIABILITIES OF THE TREASURER:

Balance of County funds	<u><u>\$ 144,200,617</u></u>
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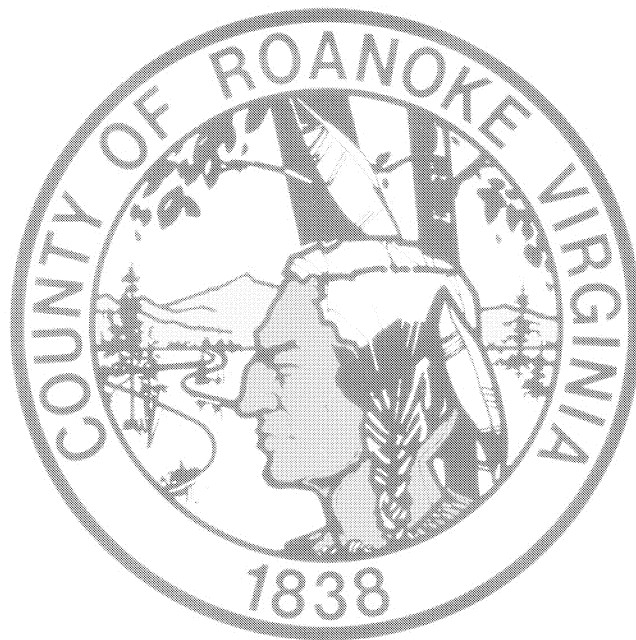
INTERNAL SERVICE FUNDS

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 Assets
Internal Service Funds
June 30, 2012

	Internal Service Funds			
	Health Insurance	Dental Insurance	Risk Management	Total Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,966,836	\$ 59,496	\$ 2,402,274	\$ 5,428,606
Investments	3,167,160	63,513	2,564,479	5,795,152
Accounts receivable	20,153	1,751	3,728	25,632
Interfund receivable	-	-	60,000	60,000
Total current assets	<u>\$ 6,154,149</u>	<u>\$ 124,760</u>	<u>\$ 5,030,481</u>	<u>\$ 11,309,390</u>
Noncurrent assets:				
Interfund receivable	-	-	67,559	67,559
Total noncurrent assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,559</u>	<u>\$ 67,559</u>
Total assets	<u>\$ 6,154,149</u>	<u>\$ 124,760</u>	<u>\$ 5,098,040</u>	<u>\$ 11,376,949</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 28,023	\$ -	\$ 22,533	\$ 50,556
Accrued wages and benefits	-	-	2,457	2,457
Claims payable	718,161	-	690,084	1,408,245
Deferred revenue	632,961	47,384	-	680,345
Total current liabilities	<u>\$ 1,379,145</u>	<u>\$ 47,384</u>	<u>\$ 715,074</u>	<u>\$ 2,141,603</u>
Noncurrent liabilities:				
Claims payable	-	-	1,720,690	1,720,690
Total noncurrent liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,720,690</u>	<u>\$ 1,720,690</u>
Total liabilities	<u>\$ 1,379,145</u>	<u>\$ 47,384</u>	<u>\$ 2,435,764</u>	<u>\$ 3,862,293</u>
NET ASSETS				
Unrestricted	4,775,004	77,376	2,662,276	7,514,656
Total net assets	<u>\$ 4,775,004</u>	<u>\$ 77,376</u>	<u>\$ 2,662,276</u>	<u>\$ 7,514,656</u>

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2012

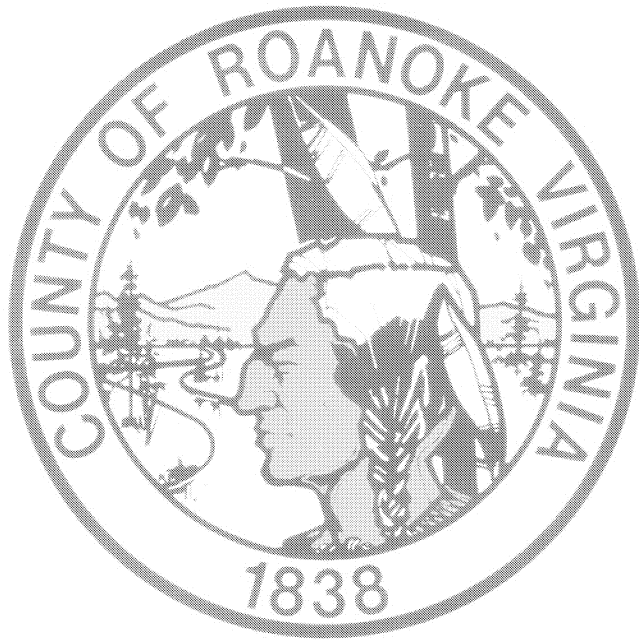
	Internal Service Funds			
	Health Insurance	Dental Insurance	Risk Management	Total Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 7,765,759	\$ 567,906	\$ 960,071	\$ 9,293,736
Total operating revenues	\$ 7,765,759	\$ 567,906	\$ 960,071	\$ 9,293,736
OPERATING EXPENSES				
Purchased services	\$ 351,138	\$ -	\$ 372,204	\$ 723,342
Personal services	-	-	154,117	154,117
Claims	7,400,871	565,089	385,018	8,350,978
Administrative charges	10,894	166	13,812	24,872
Total operating expenses	\$ 7,762,903	\$ 565,255	\$ 925,151	\$ 9,253,309
Operating income	\$ 2,856	\$ 2,651	\$ 34,920	\$ 40,427
NONOPERATING REVENUES				
Investment income	\$ -	\$ 486	\$ 28,900	\$ 29,386
Total nonoperating revenues	\$ -	\$ 486	\$ 28,900	\$ 29,386
Net income before transfers	2,856	3,137	63,820	69,813
Transfers in	563,276	-	-	563,276
Transfers out	(660,607)	(24,954)	-	(685,561)
Change in net assets	\$ (94,475)	\$ (21,817)	\$ 63,820	\$ (52,472)
Total net assets at beginning of year	4,869,479	99,193	2,598,456	7,567,128
Total net assets at end of year	\$ 4,775,004	\$ 77,376	\$ 2,662,276	\$ 7,514,656

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2012

	Internal Service Funds			
	Health Insurance	Dental Insurance	Risk Management	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from interfund services provided	\$ 7,765,759	\$ 567,906	\$ 960,071	\$ 9,293,736
Payments to suppliers	(389,629)	(166)	(400,072)	(789,867)
Payments to employees	-	-	(153,510)	(153,510)
Claims paid	(7,364,076)	(565,089)	(385,998)	(8,315,163)
Other receipts (payments)	(11,925)	(560)	3,860	(8,625)
Net cash provided by operating activities	\$ 129	\$ 2,091	\$ 24,351	\$ 26,571
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	\$ (97,331)	\$ (24,954)	\$ -	\$ (122,285)
Interfund loan-proceeds and collections	436,065	-	60,000	496,065
Net cash provided by (used in) noncapital financing activities	\$ 338,734	\$ (24,954)	\$ 60,000	\$ 373,780
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of investments	\$ 212,955	\$ 21,286	\$ 266,412	\$ 500,653
Interest and dividends received	-	486	28,900	29,386
Net cash provided by investing activities	\$ 212,955	\$ 21,772	\$ 295,312	\$ 530,039
Net increase (decrease) in cash and cash equivalents	\$ 551,818	\$ (1,091)	\$ 379,663	\$ 930,390
Cash and cash equivalents at beginning of the year	2,415,018	60,587	2,022,611	4,498,216
Cash and cash equivalents at end of the year	\$ 2,966,836	\$ 59,496	\$ 2,402,274	\$ 5,428,606
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 2,856	\$ 2,651	\$ 34,920	\$ 40,427
Adjustments to reconcile operating income to net cash provided by operating activities				
Change in assets and liabilities:				
Accounts receivable	(20,153)	(1,638)	3,860	(17,931)
Accounts payable	(27,597)	-	(14,056)	(41,653)
Claims payable	36,795	-	(980)	35,815
Accrued wages and benefits	-	-	607	607
Deferred revenue	8,228	1,078	-	9,306
Net cash provided by operating activities	\$ 129	\$ 2,091	\$ 24,351	\$ 26,571

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.

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2012

	Roanoke Valley Resource Authority	Common- wealth Fund	Special Welfare Fund	Cable TV
ASSETS				
Equity in cash and cash equivalents	\$ 8,029,337	\$ 254,428	\$ 181,811	\$ 1,310,756
Equity in investments	6,670,001	-	-	-
Total assets	<u>\$ 14,699,338</u>	<u>\$ 254,428</u>	<u>\$ 181,811</u>	<u>\$ 1,310,756</u>
LIABILITIES				
Accounts payable	\$ 14,699,338	\$ 254,428	\$ 181,811	\$ 1,310,756
Total liabilities	<u>\$ 14,699,338</u>	<u>\$ 254,428</u>	<u>\$ 181,811</u>	<u>\$ 1,310,756</u>

See accompanying independent auditors' report.

Schedule 10

Roanoke Valley Greenway Commission	Regional Fire Training Center	Virginia Recreational Facilities Authority	Western Virginia Regional Jail Authority	Total
\$ 253,752	\$ 147	\$ 239,191	\$ 9,661,287	\$ 19,930,709
-	-	-	-	6,670,001
<u>\$ 253,752</u>	<u>\$ 147</u>	<u>\$ 239,191</u>	<u>\$ 9,661,287</u>	<u>\$ 26,600,710</u>
\$ 253,752	\$ 147	\$ 239,191	\$ 9,661,287	\$ 26,600,710
<u>\$ 253,752</u>	<u>\$ 147</u>	<u>\$ 239,191</u>	<u>\$ 9,661,287</u>	<u>\$ 26,600,710</u>

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2012

Schedule 11

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<u>Roanoke Valley Resource Authority :</u>				
Assets:				
Equity in Cash And Investments	\$ 14,671,209	\$ 18,069,106	\$ 18,040,977	\$ 14,699,338
Total Assets	<u>\$ 14,671,209</u>	<u>\$ 18,069,106</u>	<u>\$ 18,040,977</u>	<u>\$ 14,699,338</u>
Liabilities:				
Accounts Payable	\$ 14,671,209	\$ 18,069,106	\$ 18,040,977	\$ 14,699,338
Total Liabilities	<u>\$ 14,671,209</u>	<u>\$ 18,069,106</u>	<u>\$ 18,040,977</u>	<u>\$ 14,699,338</u>
<u>Commonwealth Fund :</u>				
Assets:				
Equity in Cash And Investments	\$ 203,581	\$ 5,300,869	\$ 5,250,022	\$ 254,428
Total Assets	<u>\$ 203,581</u>	<u>\$ 5,300,869</u>	<u>\$ 5,250,022</u>	<u>\$ 254,428</u>
Liabilities:				
Accounts Payable	\$ 203,581	\$ 5,300,869	\$ 5,250,022	\$ 254,428
Total Liabilities	<u>\$ 203,581</u>	<u>\$ 5,300,869</u>	<u>\$ 5,250,022</u>	<u>\$ 254,428</u>
<u>Special Welfare Fund :</u>				
Assets:				
Equity in Cash And Investments	\$ 162,331	\$ 174,702	\$ 155,222	\$ 181,811
Total Assets	<u>\$ 162,331</u>	<u>\$ 174,702</u>	<u>\$ 155,222</u>	<u>\$ 181,811</u>
Liabilities:				
Accounts Payable	\$ 162,331	\$ 174,702	\$ 155,222	\$ 181,811
Total Liabilities	<u>\$ 162,331</u>	<u>\$ 174,702</u>	<u>\$ 155,222</u>	<u>\$ 181,811</u>
<u>Cable TV :</u>				
Assets:				
Equity in Cash And Investments	\$ 1,378,901	\$ 512,863	\$ 581,008	\$ 1,310,756
Total Assets	<u>\$ 1,378,901</u>	<u>\$ 512,863</u>	<u>\$ 581,008</u>	<u>\$ 1,310,756</u>
Liabilities:				
Accounts Payable	\$ 1,378,901	\$ 512,863	\$ 581,008	\$ 1,310,756
Total Liabilities	<u>\$ 1,378,901</u>	<u>\$ 512,863</u>	<u>\$ 581,008</u>	<u>\$ 1,310,756</u>
<u>Roanoke Valley Greenway Commission :</u>				
Assets:				
Equity in Cash And Investments	\$ 84,914	\$ 473,399	\$ 304,561	\$ 253,752
Total Assets	<u>\$ 84,914</u>	<u>\$ 473,399</u>	<u>\$ 304,561</u>	<u>\$ 253,752</u>
Liabilities:				
Accounts Payable	\$ 84,914	\$ 473,399	\$ 304,561	\$ 253,752
Total Liabilities	<u>\$ 84,914</u>	<u>\$ 473,399</u>	<u>\$ 304,561</u>	<u>\$ 253,752</u>

continued

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2012

Schedule 11 (continued)

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
Regional Fire Training Center :				
Assets:				
Equity in Cash And Investments	\$ 10,551	\$ 168,116	\$ 178,520	\$ 147
Total Assets	\$ 10,551	\$ 168,116	\$ 178,520	\$ 147
Liabilities:				
Accounts Payable	\$ 10,551	\$ 168,116	\$ 178,520	\$ 147
Total Liabilities	\$ 10,551	\$ 168,116	\$ 178,520	\$ 147
Virginia Recreational Facilities Authority :				
Assets:				
Equity in Cash And Investments	\$ 303,353	\$ 383,968	\$ 448,130	\$ 239,191
Total Assets	\$ 303,353	\$ 383,968	\$ 448,130	\$ 239,191
Liabilities:				
Accounts Payable	\$ 303,353	\$ 383,968	\$ 448,130	\$ 239,191
Total Liabilities	\$ 303,353	\$ 383,968	\$ 448,130	\$ 239,191
Western Virginia Regional Jail Authority :				
Assets:				
Equity in Cash And Investments	\$ 8,996,639	\$ 33,916,523	\$ 33,251,875	\$ 9,661,287
Total Assets	\$ 8,996,639	\$ 33,916,523	\$ 33,251,875	\$ 9,661,287
Liabilities:				
Accounts Payable	\$ 8,996,639	\$ 33,916,523	\$ 33,251,875	\$ 9,661,287
Total Liabilities	\$ 8,996,639	\$ 33,916,523	\$ 33,251,875	\$ 9,661,287

Component Units

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



Schedule 12

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Roanoke County Public Schools
Statement of Net Assets
June 30, 2012

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 28,884,083
Investments	12,448,177
Accounts receivable	381,426
Due from other governments	3,631,982
Inventory	317,825
Capital assets:	
Land and construction in progress	7,597,221
Other capital assets, net	35,888,816
Capital assets, net	<u>43,486,037</u>
Total assets	<u>89,149,530</u>
Liabilities	
Accounts payable	3,182,306
Accrued liabilities	1,646,596
Unearned revenue	1,645,151
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	664,637
Claims payable	1,801,272
Obligation under capital leases	363,984
Portion due or payable after one year:	
Compensated absences	2,201,264
Claims payable	601,374
Obligation under capital leases	<u>1,750,401</u>
Total liabilities	<u>13,856,985</u>
Net Assets	
Invested in capital assets, net of related debt	41,371,652
Restricted for:	
Instructional grants	75,677
Emergency contingency	2,000,000
Unrestricted	<u>31,845,216</u>
Total net assets	<u><u>\$ 75,292,545</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, 2012

Functions/Programs	Expenses	Program Revenues			Net Expense and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Instruction	\$ 104,117,764	\$ 832,118	\$ 21,420,104	\$ 778,000	\$ (81,087,542)
Support Services:					
Administration	2,593,752	124	-	-	(2,593,628)
Attendance and health	2,729,219	-	-	-	(2,729,219)
Transportation	6,675,986	-	-	-	(6,675,986)
Operations and maintenance	11,542,861	22,775	-	115,950	(11,404,136)
Technology	4,946,469	-	-	-	(4,946,469)
School nutrition	5,682,159	3,480,466	2,260,176	-	58,483
Capital lease interest	87,563	-	-	-	(87,563)
Debt Service	6,450,345	-	-	-	(6,450,345)
Total governmental activities	<u>\$ 144,826,118</u>	<u>\$ 4,335,483</u>	<u>\$ 23,680,280</u>	<u>\$ 893,950</u>	<u>\$ (115,916,405)</u>
General revenues:					
Payments from Roanoke County					66,083,024
Non-categorical state aid					51,265,516
Gain on sale of assets					29,264
Miscellaneous					431,193
Total general revenues					<u>117,808,997</u>
Change in net assets					<u>1,892,592</u>
Net assets at beginning of year					<u>73,399,953</u>
Net assets at end of year					<u>\$ 75,292,545</u>

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Roanoke County Public Schools
Balance Sheet
Governmental Funds
June 30, 2012

	General	Grant	Capital Projects	Nonmajor	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 3,431,349	\$ -	\$ 7,669,922	\$ 559,553	\$ 11,660,824
Investments	3,663,039	-	8,187,804	597,334	12,448,177
Accounts receivable	325,382	-	-	10,657	336,039
Due from other governments	2,372,866	1,240,338	-	18,778	3,631,982
Due from other funds	913,530	-	-	-	913,530
Inventory	243,570	-	-	74,255	317,825
Total assets	\$ 10,949,736	\$ 1,240,338	\$ 15,857,726	\$ 1,260,577	\$ 29,308,377
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 1,315,426	\$ 216,088	\$ 1,639,352	\$ 3,369	\$ 3,174,235
Accrued liabilities	1,553,512	15,950	2,180	11,954	1,583,596
Deferred revenue	1,242,062	19,093	-	-	1,261,155
Due to other funds	-	913,530	-	-	913,530
Total liabilities	4,111,000	1,164,661	1,641,532	15,323	6,932,516
Fund balances:					
Nonspendable	243,570	-	-	74,255	317,825
Restricted	2,000,000	75,677	-	-	2,075,677
Committed	3,994,560	-	14,216,194	1,170,999	19,381,753
Assigned	600,606	-	-	-	600,606
Total fund balances	6,838,736	75,677	14,216,194	1,245,254	22,375,861
Total liabilities and fund balances	\$ 10,949,736	\$ 1,240,338	\$ 15,857,726	\$ 1,260,577	

Reconciliation to the Statement of Net Assets:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds. 43,486,037

Internal service funds are used by the School Board to charge the cost of health, dental, and workers' compensation insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 13,235,121

Revenues earned but not considered available are not current financial resources and therefore are not reported in the governmental funds. 1,238,812

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, 2012 are:

Obligation under capital leases	(2,114,385)
Accrued interest on capital leases	(63,000)
Compensated absences	(2,865,901)

Net assets of governmental activities	<u>\$ 75,292,545</u>
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COUNTY OF ROANOKE, VIRGINIA
Component Unit
Roanoke County Public Schools
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	General	Grant	Capital Projects	Nonmajor	Total Governmental Funds
Revenues					
Intergovernmental:					
Roanoke County	\$ 66,083,024	\$ -	\$ 25,000	\$ -	\$ 66,108,024
Commonwealth of Virginia	66,119,254	885,039	778,000	97,205	67,879,498
Federal government	579,536	5,582,221	57,950	2,162,971	8,382,678
Investment income	89,874	-	-	3,544	93,418
Charges for services	399,374	81,916	-	3,480,466	3,961,756
Miscellaneous	191,206	-	85,124	32,862	309,192
Total revenues	<u>133,462,268</u>	<u>6,549,176</u>	<u>946,074</u>	<u>5,777,048</u>	<u>146,734,566</u>
Expenditures					
Current:					
Instruction	93,314,768	6,116,399	214,229	-	99,645,396
Administration	2,472,105	-	484	-	2,472,589
Attendance and health	2,181,587	535,749	-	-	2,717,336
Transportation	6,668,232	-	-	-	6,668,232
Operations and maintenance	11,335,888	-	307,966	-	11,643,854
Technology	2,944,589	302	3,731,022	-	6,675,913
School nutrition	-	-	-	5,864,493	5,864,493
Capital lease debt service:					
Principal	373,940	-	-	-	373,940
Interest	99,163	-	-	-	99,163
Capital outlay:					
Facilities	-	-	2,507,844	-	2,507,844
Debt Service	6,450,345	-	-	-	6,450,345
Total expenditures	<u>125,840,617</u>	<u>6,652,450</u>	<u>6,761,545</u>	<u>5,864,493</u>	<u>145,119,105</u>
Excess (deficiency) of revenues over (under) expenditures	7,621,651	(103,274)	(5,815,471)	(87,445)	1,615,461
Other financing sources (uses)					
Proceeds from sale of property	29,089	-	175	-	29,264
Transfers in	336,219	21,000	15,590,602	-	15,947,821
Transfers out	(15,611,602)	-	(257,375)	-	(15,868,977)
Total other financing sources (uses), net	<u>(15,246,294)</u>	<u>21,000</u>	<u>15,333,402</u>	<u>-</u>	<u>108,108</u>
Net change in fund balances	(7,624,643)	(82,274)	9,517,931	(87,445)	1,723,569
Fund balances at beginning of year	<u>14,463,379</u>	<u>157,951</u>	<u>4,698,263</u>	<u>1,332,699</u>	<u>20,652,292</u>
Fund balances at end of year	<u>\$ 6,838,736</u>	<u>\$ 75,677</u>	<u>\$ 14,216,194</u>	<u>\$ 1,245,254</u>	<u>\$ 22,375,861</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, 2012

Net change in fund balances - total governmental funds \$ 1,723,569

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

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

Capital outlay	5,297,336
Capital donated	33,000
Depreciation expense	(5,225,233)
Loss on sale of assets	(758,974)

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. (133,598)

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

Other postemployment benefit asset	(205,810)
Compensated absences	(36,154)
Obligation under capital leases	373,940
Accrued interest on capital leases	11,600
Pollution remediation obligation	95,357

Internal service funds are used by the School System to charge the costs of health, dental, and workers' compensation insurance to individual funds. The change in net assets of the internal service funds are reported with governmental activities. 717,559

Change in net assets of governmental activities	\$ 1,892,592
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COUNTY OF ROANOKE, VIRGINIA
Component Unit
Roanoke County Public Schools
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2012

	Student Activity Fund	Regional Alternative School	Total Agency Funds
Assets			
Cash and cash equivalents	\$ 2,292,522	\$ -	\$ 2,292,522
Total assets	<u>\$ 2,292,522</u>	<u>\$ -</u>	<u>\$ 2,292,522</u>
Liabilities			
Due to student groups	2,292,522	-	2,292,522
Total liabilities	<u>\$ 2,292,522</u>	<u>\$ -</u>	<u>\$ 2,292,522</u>

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Roanoke County Public Schools
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2012

	Student Activity Fund	Regional Alternative School	Total Agency Funds
	<hr/>	<hr/>	<hr/>
Assets			
Balance, July 1, 2011	\$ 2,332,612	\$ 115,082	\$ 2,447,694
Additions	7,428,783	-	7,428,783
Deductions	<u>(7,468,873)</u>	<u>(115,082)</u>	<u>(7,583,955)</u>
Balance, June 30, 2012	<u><u>\$ 2,292,522</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,292,522</u></u>
Liabilities			
Balance, July 1, 2011	\$ 2,332,612	\$ 115,082	\$ 2,447,694
Additions	7,428,783	-	7,428,783
Deductions	<u>(7,468,873)</u>	<u>(115,082)</u>	<u>(7,583,955)</u>
Balance, June 30, 2012	<u><u>\$ 2,292,522</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,292,522</u></u>

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Economic Development Authority of Roanoke County, Virginia
Balance Sheet
Governmental Funds
June 30, 2012

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 640,241
Interest receivable	248
Notes receivable	343,788
Due from other governments	5,000
Land held for resale	<u>133,824</u>
Total assets	\$ <u><u>1,123,101</u></u>
Fund Balances	
Fund balances:	
Unassigned	<u>1,123,101</u>
Total fund balances	\$ <u><u>1,123,101</u></u>

See accompanying independent auditors' report.

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Economic Development Authority of Roanoke County, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	Governmental Activities
OPERATING REVENUES	
Bondholder's assessments	\$ 1,272
Town of Vinton - façade program	5,000
Roanoke County contributions:	
Tecton	56,486
Town of Vinton - façade program	10,000
Other projects	4,860
Total operating revenues	<u>77,618</u>
OPERATING EXPENDITURES	
Professional fees	3,183
Regional Cooperative programs	10,000
Miscellaneous	1,891
Project disbursements:	
Tecton	56,486
Vinton façade program	2,371
Total operating expenditures	<u>73,931</u>
Operating income	<u>3,687</u>
NONOPERATING REVENUES	
Investment income	2,030
Total nonoperating revenues	<u>2,030</u>
Net change in fund balances	5,717
Fund balances at beginning of year	1,117,384
Fund balances at end of year	<u><u>\$ 1,123,101</u></u>

See accompanying independent auditors' report

COUNTY OF ROANOKE, VIRGINIA
Component Unit
Economic Development Authority of Roanoke County, Virginia
Schedule of Revenue Bonds and Notes Outstanding
For the Year Ended June 30, 2012

	<u>Date Issued</u>	<u>Original Issue</u>	<u>Balance June 30, 2012</u>	<u>Type of Project</u>
Bondholders/Noteholders				
Roanoke County	12/20/2002	2,705,000	290,000	Office Building
The Glebe/Virginia Baptist Homes	12/3/2003	55,540,000	55,540,000	Retirement Community
Roanoke County	3/27/2008	58,595,000	53,205,000	Public Facility Projects
Richfield Retirement Community	10/20/2008	4,415,000	3,867,756	Alzheimer's Center
Roanoke County	12/15/2011	993,480	883,409	Office Building
		<u>\$ 122,248,480</u>	<u>\$ 113,786,165</u>	

See accompanying independent auditors' report.

STATISTICAL SECTION

Statistical Section

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

Contents

Financial Trends

Page

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time. 129

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. 136

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. 140

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. 143

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. 145

Table 1

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities										
Invested in capital assets, net of related debt	\$ 124,727,913	\$ 120,640,542	\$ 101,462,327	\$ 93,288,117	\$ 91,882,685	\$ 80,097,381	\$ 69,076,600	\$ 59,965,492	\$ 49,662,346	\$ 33,609,128
Restricted	9,651,709	8,807,540	-	-	-	-	-	-	-	-
Unrestricted	34,348,766	32,380,363	39,007,905	38,023,432	34,494,810	32,063,123	28,237,598	25,274,621	23,902,850	22,848,852
Total governmental activities net assets	\$ 168,728,388	\$ 161,828,445	\$ 140,470,232	\$ 131,311,549	\$ 126,377,495	\$ 112,160,504	\$ 97,314,198	\$ 85,240,113	\$ 73,565,196	\$ 56,457,980
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-	-	-
Total business-type activities net assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Primary Government										
Invested in capital assets, net of related debt	\$ 124,727,913	\$ 120,640,542	\$ 101,462,327	\$ 93,288,117	\$ 91,882,685	\$ 80,097,381	\$ 69,076,600	\$ 59,965,492	\$ 49,662,346	\$ 33,609,128
Restricted	9,651,709	8,807,540	-	-	-	-	-	-	-	-
Unrestricted	34,348,766	32,380,363	39,007,905	38,023,432	34,494,810	32,063,123	28,237,598	25,274,621	23,902,850	22,848,852
Total primary government net assets	\$ 168,728,388	\$ 161,828,445	\$ 140,470,232	\$ 131,311,549	\$ 126,377,495	\$ 112,160,504	\$ 97,314,198	\$ 85,240,113	\$ 73,565,196	\$ 56,457,980

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

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses										
Governmental activities:										
General government	\$ 12,593,044	\$ 12,767,696	\$ 13,759,638	\$ 11,764,472	\$ 11,451,154	\$ 10,588,935	\$ 9,580,727	\$ 6,896,800	\$ 7,529,142	\$ 7,214,980
Judicial administration	2,684,829	2,677,709	2,694,185	2,750,265	2,584,300	2,474,790	2,215,910	2,029,037	2,411,805	1,665,839
Public safety	44,176,676	44,716,348	43,937,823	42,210,181	39,133,760	36,385,344	33,792,046	30,689,745	29,247,497	26,307,110
Public works	13,691,054	14,433,587	13,749,180	15,487,202	15,706,237	14,792,413	14,305,603	13,073,960	11,924,364	11,131,347
Library	3,976,041	4,207,795	3,328,486	3,192,012	3,562,515	3,166,011	2,926,666	2,790,112	2,459,616	2,159,475
Health and welfare	15,215,796	17,157,554	17,245,746	16,386,768	16,873,746	16,828,013	13,831,907	12,649,528	11,355,547	8,940,906
Parks, recreation, and culture	9,219,851	8,843,246	6,611,041	4,763,745	5,270,489	5,247,319	4,619,059	3,988,259	5,348,664	4,503,852
Community development	2,878,957	2,694,899	3,741,964	3,289,302	3,035,834	3,003,701	2,489,797	3,588,395	4,268,386	3,665,869
Education	69,625,724	69,593,033	65,673,860	65,254,173	65,013,274	62,052,518	60,134,458	57,195,060	58,470,615	54,795,014
Interest and other charges	8,592,219	8,956,954	9,316,330	8,542,365	6,039,352	5,175,622	5,520,032	5,982,564	4,794,091	4,544,220
Total governmental activities expenses	182,654,191	186,048,821	180,058,253	173,640,485	168,670,661	159,714,666	149,416,205	138,863,460	137,809,727	124,928,612
Business-type activities:										
Water	-	-	-	-	-	-	-	-	-	10,679,819
Sewer	-	-	-	-	-	-	-	-	5,928,046	5,589,031
Total business-type activities expenses	-	-	-	-	-	-	-	-	16,607,865	15,950,710
Program Revenues										
Governmental activities:	\$ 182,654,191	\$ 186,048,821	\$ 180,058,253	\$ 173,640,485	\$ 168,670,661	\$ 159,714,666	\$ 149,416,205	\$ 138,863,460	\$ 154,417,592	\$ 140,879,322
Charges for services:										
General government	\$ 551,590	\$ 297,785	\$ 364,757	\$ 521,821	\$ 810,746	\$ 955,331	\$ 251,789	\$ 738,150	\$ 87,503	\$ 140,582
Judicial administration	1,429,817	1,492,024	1,414,831	1,727,976	949,084	1,258,889	1,089,454	1,034,408	1,126,777	916,750
Public safety	4,008,320	3,677,631	3,734,382	3,700,948	4,263,833	3,269,382	3,207,661	3,019,980	2,638,819	3,091,305
Public works	317,366	317,459	349,825	317,203	317,496	315,500	315,500	318,334	610,927	414,662
Library	-	-	-	212,252	232,105	300,287	26,425	24,440	21,244	36,468
Health and welfare	1,379,369	1,536,402	1,264,060	957,118	739,576	910,123	653,929	624,294	652,422	429,397
Parks, recreation, and culture	5,311,248	4,920,779	2,699,633	1,833,379	1,713,060	1,428,750	1,041,105	948,868	959,371	869,400
Community development	347,766	347,766	504,289	487,159	909,390	743,577	794,824	954,686	725,892	762,289
Operating grants and contributions	23,185,995	45,488,815	30,487,857	25,365,244	26,223,865	23,472,493	20,512,492	19,093,596	20,137,004	16,389,153
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities revenues	36,531,471	58,078,661	40,819,634	35,123,100	36,159,155	32,654,332	27,893,179	26,756,756	26,960,059	60,618
Business-type activities:										
Charges for services:										
Water	-	-	-	-	-	-	-	-	-	11,293,731
Sewer	-	-	-	-	-	-	-	-	9,581,278	5,552,039
Capital grants and contributions	-	-	-	-	-	-	-	-	6,220,982	754,985
Total business-type activities revenues	-	-	-	-	-	-	-	-	304,302	17,600,735
Total primary government revenues	\$ 36,531,471	\$ 58,078,661	\$ 40,819,634	\$ 35,123,100	\$ 36,159,155	\$ 32,654,332	\$ 27,893,179	\$ 26,756,756	\$ 43,066,621	\$ 40,711,359

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

131

Table 3

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund										
Reserved	\$ -	\$ -	\$ 944,832	\$ 513,502	\$ 608,517	\$ 907,080	\$ 408,232	\$ 382,993	\$ 345,404	\$ 1,498,189
Unreserved	-	-	35,757,184	32,580,041	27,677,600	25,383,566	21,499,248	18,344,764	19,116,283	17,045,453
Nonspendable	164,378	380,491	-	-	-	-	-	-	-	-
Restricted	9,651,709	8,807,540	-	-	-	-	-	-	-	-
Committed	10,687,402	3,929,813	-	-	-	-	-	-	-	-
Assigned	1,052,100	725,925	-	-	-	-	-	-	-	-
Unassigned	20,572,318	25,105,706	-	-	-	-	-	-	-	-
Total general fund	\$ 42,127,907	\$ 38,949,475	\$ 36,702,016	\$ 33,093,543	\$ 28,286,117	\$ 26,290,646	\$ 21,907,480	\$ 18,727,757	\$ 19,461,687	\$ 18,543,642
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ 29,128,848	\$ 19,018,884	\$ 49,950,824	\$ 6,223,444	\$ 8,284,787	\$ 25,183,472	\$ 5,816,858	\$ -
Unreserved, reported in:										
Capital projects fund	-	-	33,862,753	83,584,672	40,929,195	24,209,201	26,447,715	23,865,465	51,968,034	16,809,776
Debt service fund	-	-	252,762	237,688	625,406	209,238	212,757	220,151	226,242	221,537
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	439,867	1,590,715	-	-	-	-	-	-	-	-
Committed	29,809,261	51,711,936	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 30,249,128	\$ 53,302,651	\$ 63,244,363	\$ 102,841,244	\$ 91,505,425	\$ 30,641,883	\$ 34,945,259	\$ 49,269,088	\$ 58,011,134	\$ 17,031,313

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

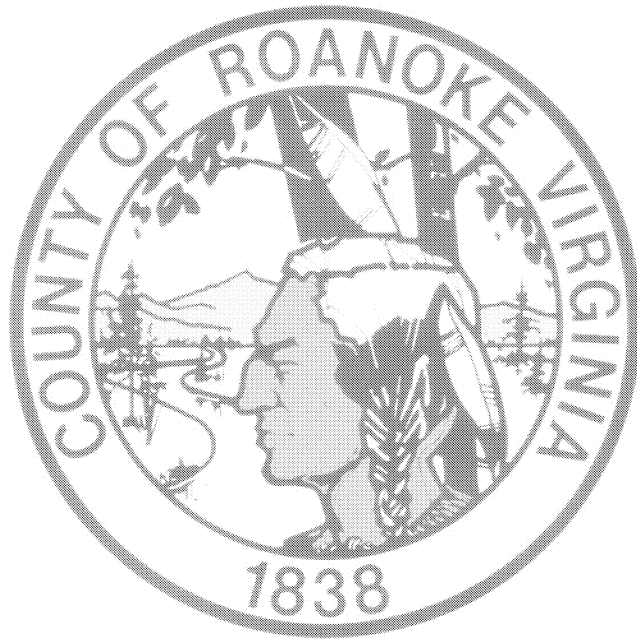


Table 4

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
REVENUES										
General property taxes	\$ 106,577,030	\$ 105,757,875	\$ 105,039,725	\$ 103,484,014	\$ 99,559,431	\$ 93,202,311	\$ 87,516,565	\$ 81,447,134	\$ 76,962,326	\$ 73,501,276
Other local taxes	31,953,379	31,965,165	30,067,742	30,526,768	31,432,882	31,085,815	29,786,917	28,102,659	27,400,564	25,712,914
Permits, fees, and licenses	670,373	642,732	829,874	770,289	969,168	827,706	824,223	694,048	743,694	628,310
Fines and forfeitures	793,542	888,995	810,241	824,001	706,354	754,895	755,033	700,301	680,283	584,979
Use of money and property	820,663	883,689	1,062,082	2,390,998	2,533,878	2,961,472	2,343,217	1,364,482	789,188	762,354
Charges for services	8,681,856	7,905,937	5,794,055	4,947,080	5,264,920	5,271,237	3,870,915	3,376,174	3,572,353	2,931,449
Intergovernmental revenue	34,969,934	56,345,534	42,248,109	37,285,281	38,517,594	36,933,807	34,392,207	32,179,487	31,551,337	28,897,897
Locality compensation payments	125,469	125,119	124,676	520,749	395,925	402,488	404,788	414,187	-	-
Miscellaneous	4,817,465	4,053,395	2,943,226	3,133,116	3,122,332	2,717,947	1,754,177	2,245,010	2,108,608	2,081,198
Total revenues	189,409,711	208,568,441	188,919,530	183,862,296	182,502,484	174,157,678	161,648,042	150,523,482	143,808,353	135,100,377
EXPENDITURES										
General government	11,312,307	11,208,849	11,319,789	11,155,637	10,505,771	9,515,622	8,678,310	8,118,324	7,391,344	6,703,944
Judicial administration	2,518,735	2,535,222	2,563,138	2,606,389	2,400,523	2,279,958	2,143,527	1,992,798	1,812,896	1,812,595
Public safety	40,967,084	42,170,041	40,436,054	38,606,968	37,322,169	34,316,225	32,305,718	29,111,784	27,662,517	24,924,617
Public works	12,802,861	13,078,780	12,716,367	14,161,590	15,232,241	13,784,117	13,370,551	12,683,511	12,784,825	11,067,746
Library	3,333,501	3,171,140	2,967,222	3,367,133	3,074,951	2,880,683	2,659,325	2,374,123	2,291,910	2,142,685
Health and welfare	14,615,516	16,614,818	16,779,169	15,884,722	16,116,566	16,420,012	13,555,847	12,515,760	11,137,394	8,979,128
Parks, recreation, and culture	7,704,845	7,351,415	5,757,057	4,789,372	4,769,013	4,473,419	4,122,383	3,768,113	3,618,391	3,515,412
Community development	2,288,881	2,554,430	2,844,744	2,827,306	2,549,846	2,191,555	1,845,093	1,581,557	1,433,458	1,582,418
Education	64,339,603	62,819,511	61,180,665	61,025,007	62,595,245	59,045,806	57,478,836	55,218,562	55,582,671	54,825,683
Debt service:										
Principal	12,534,407	12,269,095	9,964,540	10,323,075	8,306,035	8,255,178	8,281,393	8,339,379	7,041,504	7,184,379
Interest and other charges	9,050,745	9,563,362	9,437,308	8,799,841	5,067,780	5,416,678	5,743,801	6,139,789	4,270,654	4,886,789
Capital outlay	38,029,888	34,135,287	52,178,280	42,835,534	31,838,539	14,814,957	22,829,911	17,697,921	21,683,658	7,886,015
Total expenditures	219,498,373	217,471,950	227,944,333	216,382,574	199,778,479	173,394,210	173,014,695	159,541,621	156,711,222	135,331,411
Excess of revenues over (under) expenditures	(30,088,662)	(8,903,509)	(39,024,803)	(32,520,278)	(17,275,995)	763,468	(11,366,653)	(9,018,139)	(12,902,869)	(231,034)

Table 4 (continued)

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
2003	5,219,760,400	685,832,531	209,248,724	6,114,841,655	\$1.12	\$3.50/3.00	7,367,279,102
2004	5,563,983,100	663,297,004	218,702,303	6,445,982,407	\$1.12	\$3.50/3.00	7,766,243,864
2005	5,969,476,500	725,053,654	207,774,445	6,902,304,599	\$1.12	\$3.50/3.00	8,316,029,637
2006	6,441,496,100	768,161,943	207,613,114	7,417,271,157	\$1.11	\$3.50/3.00	8,936,471,273
2007	7,052,990,600	778,899,217	202,045,580	8,033,935,397	\$1.09	\$3.50/3.00	9,679,440,237
2008	7,630,455,000	830,364,367	223,884,755	8,684,704,122	\$1.09	\$3.50/3.00	10,217,298,967
2009	7,929,156,898	766,339,671	224,653,310	8,920,149,879	\$1.09	\$3.50/3.00	10,494,293,975
2010	8,020,716,300	780,689,905	233,127,850	9,034,534,055	\$1.09	\$3.50/3.00	10,151,161,860
2011	8,053,281,600	782,346,945	223,646,000	9,059,274,545	\$1.09	\$3.50/3.00	9,847,037,549
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

Source: Roanoke County Real Estate Land Books

Notes: Property in Roanoke County is assessed annually and is assessed at approximately 96% of actual value for 2011-2012, approximately 92% for year 2010-2011 and at approximately 84% for years 2003 - 2010 for 2011. Estimated actual taxable value is calculated by dividing taxable assessed value by those percentages. Tax rates are per \$100 of assessed value. Personal Property Tax Rates = \$3.50 for Personal Property; \$3.00 for Machinery and Tools.

Table 6

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

Fiscal Year	Direct Rates			Overlapping Rates	
	County of Roanoke			Town of Vinton	
	Real Property ⁽¹⁾			Real Property ⁽¹⁾	Personal Property ^{(1) (2)}
	First Half	Second Half	Total		
2003	\$0.560	\$0.560	\$1.12	\$0.03	\$1.00
2004	\$0.560	\$0.560	\$1.12	\$0.03	\$1.00
2005	\$0.560	\$0.560	\$1.12	\$0.03	\$1.00
2006	\$0.555	\$0.555	\$1.11	\$0.03	\$1.00
2007	\$0.545	\$0.545	\$1.09	\$0.03	\$1.00
2008	\$0.545	\$0.545	\$1.09	\$0.03	\$1.00
2009	\$0.545	\$0.545	\$1.09	\$0.03	\$1.00
2010	\$0.545	\$0.545	\$1.09	\$0.03	\$1.00
2011	\$0.545	\$0.545	\$1.09	\$0.03	\$1.00
2012	\$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 2012 and 2003

Taxpayer	2012			2003		
	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	125	1	1.39%	95	1	1.80%
Kroger Mid-Atlantic (formerly The Kroger Company)	39	2	0.43%	16	4	0.30%
Roanoke Tanglewood LLC	32	3	0.35%	37	3	0.70%
Verizon Virginia, Inc.	32	4	0.35%	50	2	0.90%
Wal-Mart Real Estate Business	29	5	0.32%	-	-	-
Cellco Partnership	21	6	0.23%	-	-	-
Integrity Windows, Inc.	19	7	0.21%	-	-	-
Roanoke Gas Company	19	8	0.21%	11	10	0.20%
First States Investors 3300 LLC	18	9	0.20%	-	-	-
Lowes Home Centers Inc.	17	10	0.19%	-	-	-
Pebble Creek, LLC	-	-	-	13	5	0.30%
Hanover Realty	-	-	-	13	6	0.20%
RR Donnelley & Sons Company	-	-	-	13	7	0.20%
DFC Roanoke LLC	-	-	-	12	8	0.20%
Roanoke Valleypointe LLC	-	-	-	12	9	0.20%
Total	351		3.88%	272		5.00%

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
2003	\$ 86,171,722	\$ 81,994,546	95.15%	\$ 2,519,925	\$ 84,514,471	98.08%
2004	88,901,356	84,798,976	95.39%	2,203,423	87,002,399	97.86%
2005	94,381,504	90,113,624	95.48%	2,694,257	92,807,881	98.33%
2006	100,713,477	95,857,523	95.18%	3,083,744	98,941,267	98.24%
2007	106,526,759	101,614,506	95.39%	3,101,270	104,715,776	98.30%
2008	113,379,407	107,449,039	94.77%	3,637,481	111,086,520	97.98%
2009	116,316,521	111,054,250	95.48%	2,799,899	113,854,149	97.88%
2010	116,489,107	111,980,936	96.13%	3,078,808	115,059,744	98.77%
2011	118,335,928	113,612,208	96.01%	2,363,565	115,975,773	98.01%
2012	118,634,364	113,978,854	96.08%	-	113,978,854	96.08%

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

Table 9

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

Fiscal Year	Governmental Activities										Business-Type			Component Unit		Percentage of Actual Value of Taxable Property		Percentage Of Personal Income	Per Capita	
	General					VP&A					State		General		Revenue Bonds		Total Primary Government			Capital Lease
	Obligation Debt	Lease Revenue Bonds	Capital Leases	Bonds	Literary Bonds	Revenue Bonds	School Bonds	Capital Leases	Obligation Debt	Revenue Bonds	Bonds									
2003	\$ 25,538,398	\$ 4,899,194	\$ 932,495	\$ 56,144,053	\$ 9,506,626	\$ 2,188,857	\$ 66,965,385	\$ 166,175,008	\$ -	-	-	2.72%	4.53%	\$ 1,899						
2004	25,716,449	26,703,265	372,109	74,499,309	8,622,594	1,835,031	65,928,087	203,676,844	-	-	-	3.16%	5.30%	2,299						
2005	23,287,203	26,281,871	-	69,708,272	7,738,562	-	-	127,015,908	-	-	-	1.84%	3.21%	1,420						
2006	21,185,562	25,517,803	-	65,053,722	6,888,530	-	-	118,645,617	-	-	-	1.60%	2.87%	1,316						
2007	19,040,454	24,724,570	-	60,490,721	6,038,498	-	-	110,294,243	-	-	-	1.42%	2.65%	1,263						
2008	16,825,346	82,989,144	-	70,376,947	5,211,866	-	-	183,403,303	-	-	-	2.15%	3.93%	2,071						
2009	14,560,238	80,954,308	-	120,748,501	4,524,181	-	-	220,787,228	-	-	-	2.51%	4.91%	2,465						
2010	12,645,130	78,700,454	-	115,035,423	4,064,860	-	-	210,445,867	-	-	-	2.36%	4.56%	2,343						
2011	10,655,022	76,376,966	1,148,037	107,150,919	3,617,042	-	-	198,947,986	-	-	-	2.22%	4.31%	2,181						
2012	8,584,914	73,969,030	1,052,372	109,290,686	3,169,225	-	-	196,086,227	-	-	-	2.20%	4.24%	2,138						

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

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

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

Table 10

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

General Bonded Debt Outstanding									
Fiscal Year	General Obligation Debt	Lease Revenue Bonds	VP&A School Bonds	State Literary Bonds	Total	Percentage of Actual Value of Taxable		Per Capita	
						Property	\$		
2003	\$ 25,538,398	\$ 4,899,194	\$ 56,144,053	\$ 9,506,626	\$ 96,088,271	1.57%	\$	1,098	
2004	25,716,449	26,703,265	74,499,309	8,622,594	135,541,617	2.10%		1,530	
2005	23,287,203	26,281,871	69,708,272	7,738,562	127,015,908	1.84%		1,420	
2006	21,185,562	25,517,803	65,053,722	6,888,530	118,645,617	1.60%		1,311	
2007	19,040,454	24,724,570	60,490,721	6,038,498	110,294,243	1.37%		1,213	
2008	16,825,346	82,989,144	78,376,947	5,211,866	183,403,303	2.11%		2,028	
2009	14,560,238	80,954,308	120,748,501	4,524,181	220,787,228	2.48%		2,430	
2010	12,645,130	78,700,454	115,035,423	4,064,860	210,445,867	2.33%		2,312	
2011	10,655,022	76,376,966	107,150,919	3,617,042	197,799,949	2.18%		2,141	
2012	8,584,914	73,969,030	109,290,686	3,169,225	195,013,855	2.16%		2,104	

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

Table 11

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General bonded debt outstanding										
General Obligation Bonds	\$ 8,584,914	\$ 10,655,022	\$ 12,645,130	\$ 14,560,238	\$ 16,825,346	\$ 19,040,454	\$ 21,185,562	\$ 23,287,203	\$ 25,716,449	\$ 25,538,398
Lease Revenue Bonds	73,969,030	76,376,966	78,700,454	80,954,238	82,989,144	24,724,570	25,517,803	26,281,871	26,703,265	4,899,194
VPSA School Bonds	109,290,686	107,150,919	115,035,423	120,748,501	78,376,947	60,490,721	65,053,722	69,708,272	74,499,309	56,144,053
State Literary Bonds	3,169,225	3,617,042	4,064,860	4,524,181	5,211,866	6,038,498	6,888,530	7,738,562	8,622,594	9,506,626
Total net debt applicable to debt limits	\$ 195,013,855	\$ 197,799,949	\$ 210,445,867	\$ 220,787,158	\$ 183,403,303	\$ 110,294,243	\$ 118,645,617	\$ 127,015,908	\$ 135,541,617	\$ 96,088,271
Ratio of net debt to assessed taxable property value	2.16%	2.18%	2.33%	2.48%	2.11%	1.37%	1.60%	1.84%	2.10%	1.57%
Debt limit per policy for property value	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Per capita	\$ 2,104	\$ 2,141	\$ 2,312	\$ 2,430	\$ 2,028	\$ 1,213	\$ 1,311	\$ 1,420	\$ 1,530	\$ 1,098
Debt limit per policy for per capita	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 1,500	\$ 1,500
Debt service to general governmental expenditures	8.29%	8.51%	7.79%	7.30%	5.05%	5.48%	6.13%	6.63%	5.63%	5.24%
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, 2012

Fiscal Year	Population ⁽¹⁾	Personal Income (thousands of dollars) ⁽²⁾	Per Capita Personal Income ⁽²⁾	School Enrollment ⁽³⁾	Unemployment Rate % ⁽⁴⁾
2003	87,500	\$ 3,669,268	\$ 32,860	14,127	2.5
2004	88,600	3,844,855	34,296	14,279	2.7
2005	89,469	3,955,970	34,823	14,365	3.1
2006	90,482	4,128,137	35,978	14,728	2.8
2007	90,902	4,303,761	37,324	14,777	2.6
2008	90,420	4,750,916	41,019	14,802	2.8
2009	90,867	4,561,791	39,315	14,650	4.6
2010	91,011	4,672,291	39,315	14,474	6.3
2011	92,376	4,672,291	39,315	14,259	5.7
2012	92,687	4,672,291	39,866	14,081	5.6

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 2010. The figures for 2011 and 2012 have not been updated.

⁽³⁾ Roanoke County Public Schools Budget and Salary Scales 2012-2013 March 2012 ADM totals

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

Table 13

COUNTY OF ROANOKE, VIRGINIA
Principal Employers
(unaudited)
Fiscal Years 2012 and 2003

Employer	2012			2003		
	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 Bank, N.A.	2	Private	1,000+	-	-	-
County of Roanoke	3	Local Govt.	1,000+	7	Local Govt.	1,000+
Allstate Insurance Company	4	Private	1,000+	6	Private	1,000+
ITT Exelis	5	Private	500-999	10	Private	500-999
Kroger	6	Private	500-999	4	Private	1,000+
Friendship Manor, Inc.	7	Private	500-999	-	-	-
Hollins University	8	Private	250-499	-	-	-
Berkshire Health Care Center	9	Private	250-499	-	-	-
Richfield Retirement Community	10	Private	250-499	-	-	-
Carilion Health System	-	-	-	1	Private	1,000+
Wachovia	-	-	-	3	Private	1,000+
Home Shopping Network	-	-	-	5	Private	1,000+
Manpower International	-	-	-	8	Private	500-999
Food Lion Stores, Inc.	-	-	-	9	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	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General government										
Legislative	7	7	8	8	3	3	3	3	3	2
General and financial administration	72	72	74	74	73	73	73	70	74	73
Other	53	54	58	57	56	54	50	50	49	53
Judicial administration										
Courts	16	16	16	16	16	16	15	15	15	15
Commonwealth attorney	14	14	13	13	12	11	10	10	10	10
Public safety										
Sheriff	84	84	84	103	103	103	103	103	98	92
Police	153	153	188	194	186	179	165	159	159	155
Emergency Communication Center	43 *	43	-	-	-	-	-	-	-	-
Fire & rescue	153	153	149	143	129	124	124	112	112	105
Public works										
General services administration	3	3	3	3	3	3	3	3	5	6
Refuse disposal	35	34	35	35	35	35	35	35	33	33
Maintenance of general buildings and grounds	21	21	21	20	19	18	18	18	16	14
Garage	11	12	11	11	11	7	7	7	6	6
Engineering and inspections	34	36	36	39	38	38	33	33	33	26
Library	40	38	35	35	33	33	33	30	30	30
Health and welfare										
Parks, recreation, and culture	95	95	95	95	95	95	92	86	75	75
Community development	68	66	63	61	60	59	55	57	57	65
Water and wastewater	23	24	28	31	31	31	31	26	23	23
	-	-	-	-	-	-	-	-	66	63
Total	925	925	917	938	903	882	850	817	864	846

Source: Roanoke County Payroll Office

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

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

Function/Program	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General government										
Number of sales	636	800	932	1,332	1,725	2,005	2,233	1,954	1,723	1,785
Median assessment/sales ratio	98.00%	95.00%	92.10%	92.10%	92.33%	91.54%	92.00%	85.00%	88.17%	88.77%
Coefficient of dispersion	6.23%	6.76%	7.09%	7.23%	7.28%	7.48%	7.53%	10.33%	8.15%	7.71%
Judicial administration										
Circuit Court civil cases concluded	973	939	940	1,058	993	1,082	2,688	2,688	2,821	2,426
General District Court concluded	27,984	33,138	33,316	31,268	32,094	31,805	29,737	29,737	27,345	28,025
Juvenile and Domestic cases concluded	5,706	5,389	6,563	6,594	6,222	6,363	6,967	6,967	6,912	6,670
Public safety										
Physical arrests	3,948	4,224	4,109	3,855	3,598	4,551	4,155	3,275	3,481	2,891
Calls for service police	97,921	91,195	84,627	84,499	84,476	91,136	81,918	87,283	87,650	83,092
Calls for service fire	14,014	13,293	11,373	10,964	11,306	10,622	12,268	13,688	18,414	17,772
Fire inspections	1,245	984	473	836	960	1,129	988	1,576	2,117	1,332
Public works										
New business licenses	643	762	591	596	608	790	777	877	946	928
New prospect inquires Econ Dev	40	28	30	30	29	35	41	43	27	34
Waste tonnage to RVRA	40,046	40,570	40,536	41,469	43,361	44,556	42,889	40,698	40,227	40,110
Library										
Patrons registered	59,185	76,581	73,339	68,247	64,084	58,154	56,810	60,640	64,644	59,781
Total circulation	1,315,015	1,235,094	1,227,716	1,194,267	1,141,375	1,119,166	1,071,835	1,015,864	975,770	987,497
Health and welfare										
Individuals enrolled in Medicaid	9,881	8,676	8,568	11,187	8,727	6,485	6,415	5,930	5,141	4,467
Households receiving Supplemental Nutrition Assistance	3,800	3,404	3,157	2,771	2,184	1,835	2,032	1,856	1,509	1,260
Number of children in foster care	120	109	119	119	147	118	150	141	129	142
Community development										
Building permits issued	1,025	1,089	1,283	1,145	1,600	1,497	1,153	1,147	1,451	1,358

Source: Various County departments

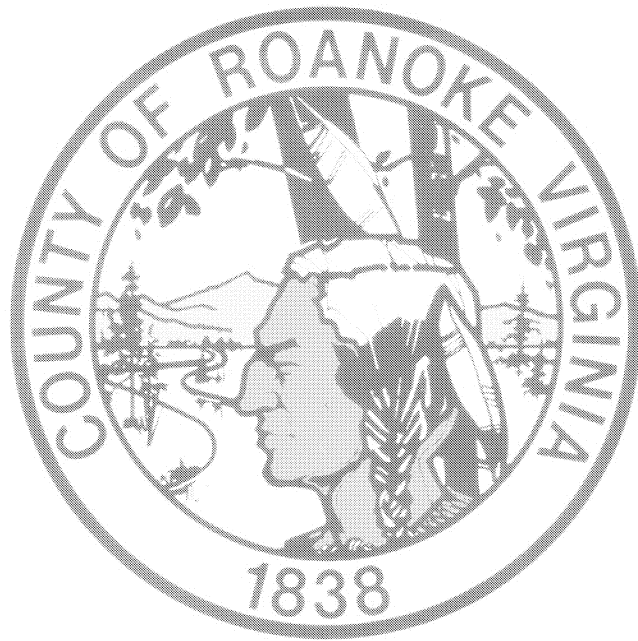
Table 16

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

Function/Program	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Government										
Administration Buildings	9	7	7	6	7	7	5	5	5	5
Judicial Administration										
Courthouses	1	1	1	1	1	1	1	1	1	1
Public Safety										
Fire Stations	12	12	12	11	11	11	11	11	11	11
Rescue Stations	11	11	11	11	11	11	11	11	9	9
Fire Units	27	27	27	28	28	28	28	29	29	29
Ambulances	23	24	24	23	23	23	24	25	25	25
Jails	1	1	1	1	1	1	1	1	1	1
Law Enforcement Vehicles	143	141	146	145	152	134	127	127	116	115
Public Works										
Refuse Collection Trucks	23	20	19	19	19	20	18	18	16	19
Libraries	6	6	6	6	6	6	6	6	6	6
Parks, Recreation, and Tourism*										
Parks	29	28	28	28	28	28	28	52	52	52
Park Acreage	1,092	1,075	1,061	1,061	1,061	960	960	1,146	1,146	1,146
Recreation Centers	3	3	3	2	2	2	2	5	5	5
Park District Maintenance Centers	3	3	3	3	3	3	3	3	3	3
Education										
Elementary Schools	16	16	16	17	17	17	17	17	17	17
Middle/Junior High Schools	5	5	5	5	5	5	5	5	5	5
High Schools	5	5	5	5	5	5	5	5	5	5
Vocational-Technical Schools	1	1	1	1	1	1	1	1	1	1
Career Centers	-	-	-	1	1	1	1	1	1	1

Source: Various County departments

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



SINGLE AUDIT SECTION

COUNTY OF ROANOKE, VIRGINIA
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2012

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	\$ 2,486
Food and Nutrition Service: State Administrative Matching Grants for the Nutrition Assistance Program	-	10.561	656,539
National School Lunch Program	-	10.555	1,541,391
National School Lunch Program- USDA Commodities	-	10.555	310,580
School Breakfast Program	-	10.553	1,851,971
			311,000
DEPARTMENT OF DEFENSE:			
Direct Payments:			
Selected Reserve Educational Assistance Program (ROTC)	-	12.609	55,571
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Pass Through Payments:			
Administration for Children and Families:			
Promoting Safe and Stable Families	-	93.556	30,886
Temporary Assistance for Needy Families	-	93.558	690,430
Refugee and Entrant Assistance-State Administered Programs	-	93.566	1,766
Low-Income Home Energy Assistance	-	93.568	38,275
Child Care and Development Block Grant	-	93.575	189,145
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	-	93.596	227,371
Chafee Education and Training Vouchers Program	-	93.599	8,603
Child Welfare Services- State Grants	-	93.645	1,743
Foster Care - Title IV-E	-	93.658	548,492
Adoption Assistance	-	93.659	303,526
Social Services Block Grant	-	93.667	452,193
Chafee Foster Care Independence Program	-	93.674	16,769
Centers for Medicare and Medicaid Services:			
State Children's Insurance Program	-	93.767	17,647
Medical Assistance Program	-	93.778	731,172
DEPARTMENT OF ENERGY:			
Direct Payments:			
ARRA, Energy Efficiency and Conservation Block Grant Program	DE-SC0003490	81.128	32,306
DEPARTMENT OF JUSTICE:			
Direct Payments:			
Bureau of Justice Assistance:			
Bulletproof Vest Partnership Program	-	16.607	6,734
Bulletproof Vest Partnership Program	-	16.607	4,013
Pass Through Payments:			
Bureau of Justice Assistance:			
Edward Byrne Memorial Justice Assistance Grant Program	2009-DJ-BX-1391	16.738	2,853
Edward Byrne Memorial Justice Assistance Grant Program	2011-DJ-BX-2078	16.738	13,116
Edward Byrne Memorial Justice Assistance Grant Program	12-D5846CR09	16.738	36,560
ARRA, Recovery Act-Edward Byrne Memorial Justice Assistance Grant (JAG) Program - Office of Victims Crime:			
Crime Victim Assistance	11-Q8561VG10	16.575	45,839

(continued)

COUNTY OF ROANOKE, VIRGINIA
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2012

Federal Granting Agency/ Recipient State Agency/ Grant Program	Grant Number	Federal Catalogue Number	Federal Expenditures
DEPARTMENT OF TRANSPORTATION:			
Pass Through Payments:			
National Highway Traffic Safety Administration:			
State and Community Highway Safety	RS-2012-52067-4445	20.600	51,468
State and Community Highway Safety	RS-2011-51194-4136	20.600	9,831
State and Community Highway Safety	RS-2011-51199-4141	20.600	21,936
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	K8-2011-51196-4138	20.601	17,196
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	K8-2011-51302-4244	20.601	10,816
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	K8-2012-52014-4392	20.601	43,200
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	K8-2012-52012-4390	20.601	16,730
Alcohol Open Container Requirements	154AL-2012-52013-4391	20.607	12,350
Alcohol Open Container Requirements	154AL-2011-5195-4137	20.607	2,749
Alcohol Open Container Requirements	154AL-20125206-4394	20.607	29,780
Federal Highway Administration:			
Recreational Trails Program	NRT-07-FY(001)-VRT-217	20.219	49,703
Recreational Trails Program	-	20.219	7,413
Roanoke River Greenway-Mill Lane	EN08-080-105	20.205	61,329
DEPARTMENT OF HOMELAND SECURITY:			
Pass Through Payments:			
State Homeland Security Program	11-A2313HS10	97.073	28,634
State Homeland Security Program	-	97.073	31,481
State Homeland Security Program-DEM Grant	-	97.073	12,927
ENVIRONMENTAL PROTECTION AGENCY			
Pass Through Payments:			
National Wetland Program Development Grant and Five Star Training Grant	-	66.462	2,855
DEPARTMENT OF EDUCATION:			
Pass Through Payments:			
Department of Education:			
ARRA, State Fiscal Stabilization Fund (SFSF)-Education State Grants	S394A090047	84.394	82,253
ARRA, Education Technology State Grants	S386A090046	84.386	302
Office of Elementary and Secondary Education:			
Title I-Grants to Local Educational Agencies 09-10	S010A090046	84.010	177,106
Title I-Grants to Local Educational Agencies 10-11	S010A100046	84.010	186,738
Title I-Grants to Local Educational Agencies 11-12	S010A110046	84.010	1,019,133
ARRA, Title I-Grants to Local Educational Agencies	S389A090046	84.389	105,652
Title II- Improving Teacher Quality State Grants Part A 09-10	S367A090044	84.367	23,607
Title II- Improving Teacher Quality State Grants Part A 10-11	S367A100044	84.367	56,213
Title II- Improving Teacher Quality State Grants Part A 11-12	S367A110044	84.367	250,497
Title II Part D- Education Technology Formula Grant 09-10	S318X090046	84.318	574
Office of English Language Acquisition:			
Title III-English Language Acquisition Grants 09-10	T365A090046	84.365	2,313
Title III-English Language Acquisition Grants 10-11	T365A100046	84.365	40,934
Title III-English Language Acquisition Grants 11-12	S365A110046	84.365	4,564
Office of Special Education and Rehabilitative Services:			
Title VIB : Special Education - Grants to States Flow Through 09-10	H027A090107	84.027	93,751
Title VIB : Special Education - Grants to States Flow Through 10-11	H027A100107	84.027	444,999
Title VIB : Special Education - Grants to States Flow Through 11-12	H027A110107	84.027	2,883,192
ARRA, Title VIB : Special Education - Grants to States	H391A090107	84.391	106,579
Special Education - Preschool Mini A Grants	H173A110112	84.173	88,665
Office of Vocational and Adult Education:			
Vocational Education Basic Grants to States- Carl D. Perkins Vocational and Technical Ed	V048A110046	84.048	149,315
Vocational Education Basic Grants to States- Adult Education State Grant Program 10-11	V002A100047	84.002	9,913
Vocational Education Basic Grants to States- Adult Education State Grant Program 11-12	V002A110047	84.002	90,489
Total Federal Expenditures			\$ 12,504,193

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

County of Roanoke, Virginia
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

- (1) Basis of Accounting - Federal Programs are accounted for using the accrual basis of accounting.
- (2) Reporting Entity - The Schedule of Expenditures of Federal Awards includes all grants awarded to the County of Roanoke, Virginia (the County). The reporting entity is defined in Note 1 of the County's basic financial statements.
- (3) In-Kind Contributions - The County received \$310,580 in food and food stamps from the U.S. Department of Agriculture during fiscal year 2012. These in-kind contributions are included in the basic financial statements.



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

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

We have audited 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, 2012, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 12, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Counties, Cities and Towns* (Specifications), issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Internal Control Over Financial Reporting

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

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



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

KPMG LLP

November 12, 2012



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

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

Compliance

We have audited the County of Roanoke, Virginia's (the County) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2012. The County's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

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



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

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

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

KPMG LLP

November 12, 2012



KPMG LLP
Suite 1010
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Roanoke, VA 24011-1331

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Roanoke, Virginia (the County) as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 12, 2012.

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

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

Code of Virginia

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

State Agency Requirements

Comprehensive Youth Services Act
Education
Social Services



The results of our tests disclosed an instance of noncompliance which is required to be reported under the Specifications, and which is described in the accompanying Schedule of Findings and Questioned Costs as item 12-1.

The County's response to the finding identified in our tests of compliance is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the County's response and, accordingly, we express no opinion on it.

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

KPMG LLP

November 12, 2012

COUNTY OF ROANOKE, VIRGINIA
Schedule of Findings and Questioned Costs
Year ended June 30, 2012

(1) Summary of Auditors' Results:

- (a) The type of report issued on the basic financial statements: unqualified opinion.
- (b) Significant deficiencies in internal control over financial reporting disclosed by the audit of the basic financial statements: none reported. Material weaknesses: none.
- (c) Noncompliance which is material to the basic financial statements: none.
- (d) Significant deficiencies in internal control over major programs: none reported. Material weaknesses: none.
- (e) The type of report issued on compliance for major programs: unqualified opinion.
- (f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: none.
- (g) Major programs: Social Services Block Grant (CFDA #93.667); Medicaid Cluster (CFDA #93.778); Food Stamp Cluster (CFDA #10.561); Foster Care Title IV-E (CFDA #93.658); Child Care Cluster (CFDA #93.575 and #93.596); and Temporary Assistance for Needy Families (TANF) (CFDA #93.558).
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$375,126.
- (i) Auditee qualified as a low risk auditee under Section 530 of OMB Circular A-133: yes.

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

None.

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

None.

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

12-1: Conflicts of Interest Forms

Condition – Four of forty-two annual conflicts of economic interest disclosures forms were not submitted within the Commonwealth of Virginia's (Commonwealth) time requirement.

Criteria – Completed forms were required to be received by January 15, 2012 as required by Section 2.2-3100 of the *Code of Virginia*.

Effect – Noncompliance with Commonwealth's requirements may result in State sanctions.

Recommendation – The County should establish procedures to ensure that disclosure forms for all officials required to comply with Commonwealth's disclosure requirements are filed accurately and timely.

Management's Response – Management concurs with the recommendation and has taken steps to correct the compliance deficiency.

