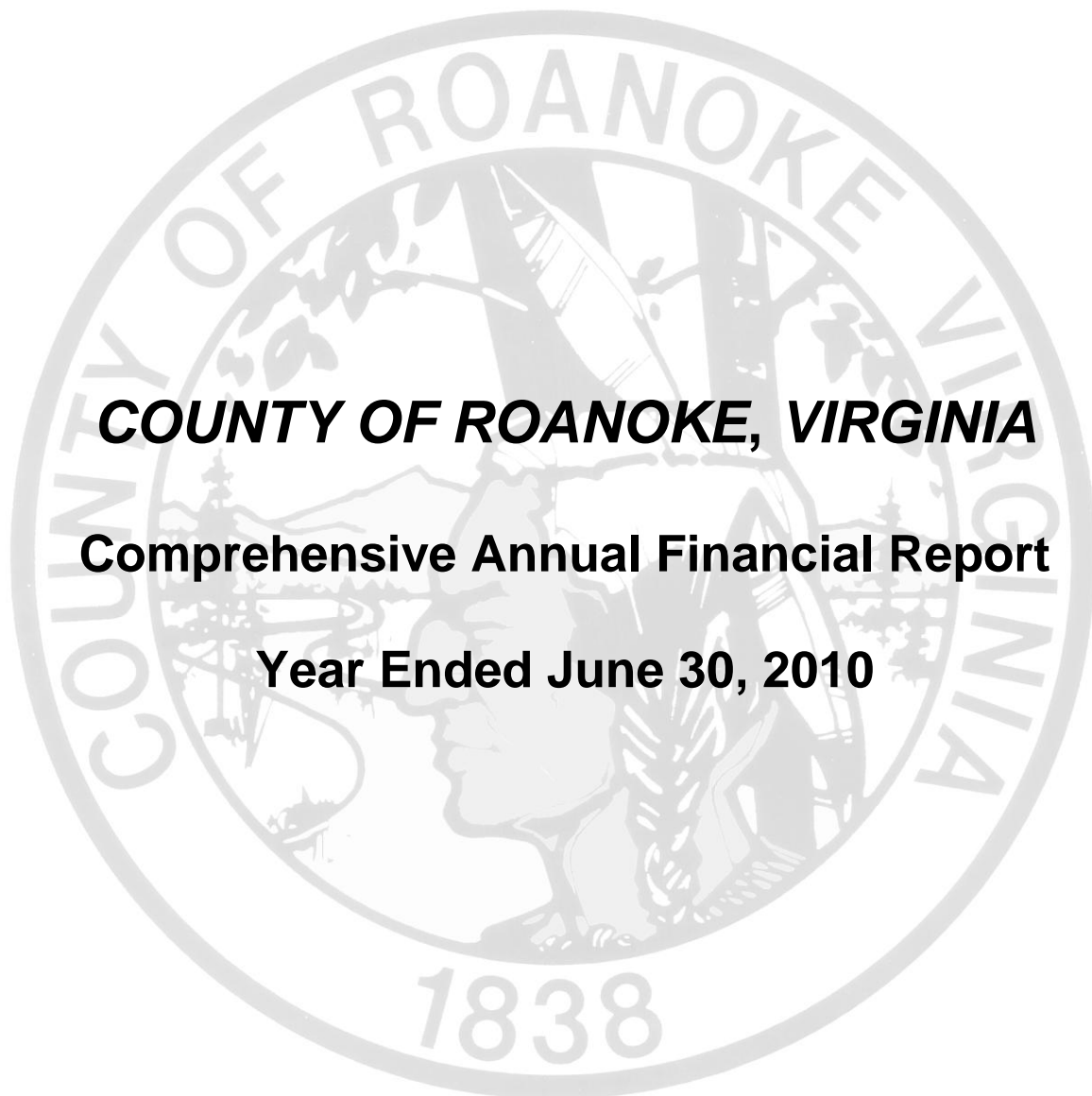


County of Roanoke, Virginia



Comprehensive Annual Financial Report
Year Ended June 30, 2010





COUNTY OF ROANOKE, VIRGINIA
Comprehensive Annual Financial Report
Year Ended June 30, 2010

Prepared by the

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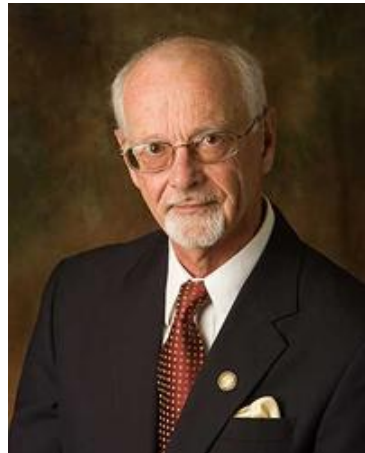
Krissy Tonkinson
Source4

Featured on the cover is a montage of pictures that reflect capital projects completed in fiscal year 2010. The top left photo is Splash Valley which is connected to our new Multi-Generational Recreation Center shown at the top right. The middle photo is the North County Fire Station with the Fleet Services Center shown at the bottom

County of Roanoke Board of Supervisors



Joseph B. "Butch" Church
Chairman
Catawba District



Eddie "Ed" Elswick
Vice Chairman
Windsor Hills District



Michael W. Altizer
Vinton District



Richard C. Flora
Hollins District



Charlotte A. Moore
Cave Spring District



B. Clayton Goodman, III
County Administrator



**COUNTY OF ROANOKE, VIRGINIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2010**

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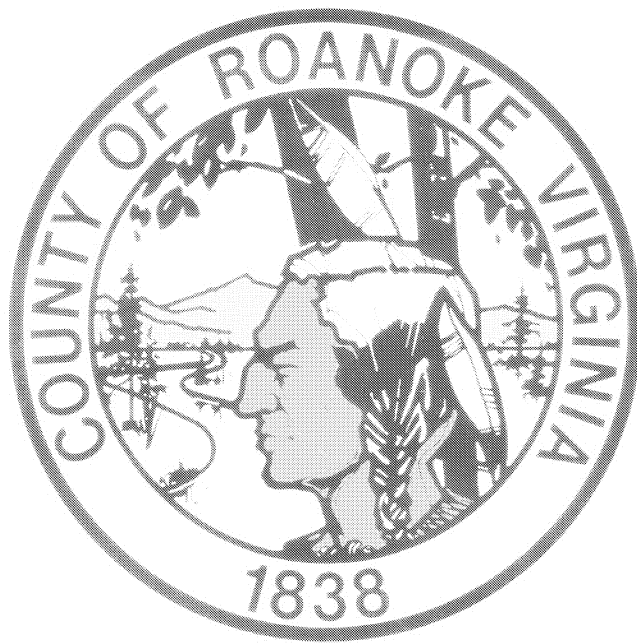
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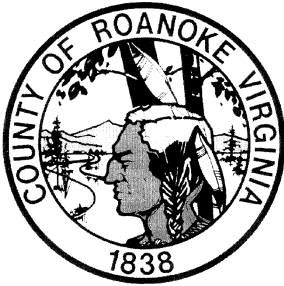
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County of Roanoke
Department of Finance
5204 Bernard Drive, PO Box 29800
Roanoke, VA 24018

November 15, 2010

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, 2010. State law requires that all local governments have their accounts and records, including those of the constitutional officers, audited annually as of June 30 by an independent certified public accountant and that the audited financial report be submitted on or before November 30 to the Auditor of Public Accounts of the Commonwealth of Virginia (APA). This report has been prepared by the Department of Finance in accordance with the standards of financial reporting as prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB) and the APA.

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

The auditing firm of KPMG LLP has issued an unqualified opinion on the County's basic financial statements as of and for the fiscal year ended June 30, 2010 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 91,011¹, up by 6.1% from the 2000

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

census. The County is part of the Roanoke Metropolitan Statistical Area (MSA) that has a total population of 300,399, reflecting an increase of 4.2% 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 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. Residents enjoy certain other services provided by joint cooperation with neighboring localities, such as airport facilities, solid waste facilities, and water and sewer services.

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

The annual budget serves as the foundation of the County's financial planning and control. All departments of the County generally submit requests for appropriation to the County Administrator and these requests are used as the starting point for developing a proposed budget. The County Administrator then presents the proposed budget to the Board. The Board of Supervisors is required to adopt a final budget no later than the close of the fiscal year. The annual budget serves as the foundation for the County of Roanoke's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police).

Economic Condition and Outlook

Local Economy

Fiscal year 2010 represented the most challenging economic times the County has ever faced. Unemployment rose to 6.3%² as of June 30, 2010 from 4.6% in 2009, and, though it compares favorably with the State average of 7.0%, economic conditions continue to worsen throughout the nation and many of the County's major revenue sources continue to decline.

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

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

Economic Development

The 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, as well as the surrounding communities, continues to sustain a healthy economic base which includes industrial manufacturing, medical facilities, wholesale/retail trade, higher education, hotel and motel service, 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 remained committed to new business recruitment. Achievements for the fiscal year included the opening of a CVS at the Kroger Shopping Center at Bonsack; First Team Auto Mall's renovation of a formerly vacant building on Peters Creek Road which allowed for the opening of two new dealership sales ventures including sites for Nissan Commercial Trucks and the Prestige Collection, which markets high-end luxury vehicles. Several commercial office building projects are under construction along the Route 419 corridor and the occupancy rate of the County's existing office inventory continues to be strong. The County is beginning work with a new business and research venture – the Virginia Tech

² Virginia Employment Commission statistics

Catawba Sustainability Center. The Center, owned by Virginia Tech is located on 377 acres in rural Roanoke County and is designed to link university research and agribusiness development with the goals of the community. In 2010, County staff across a variety of departments worked with the Center to help promote one of its first initiatives, the Catawba Farmer's Market. The Market proved very successful throughout the growing season as a place for local farmers to sell their produce and other products.

While new business prospects slowed during the year, many existing businesses remained strong and several announced significant expansions. The West Village Retail Center (purchased by a new investor group) began construction on its third 10,500 square foot retail building with an investment of approximately \$4 million for an upscale development offering designer clothes, furs, jewels, fine dining and handmade chocolates. Another business, Plastics One on Merriman Road is in the midst of an industrial expansion. Also, Kroger continues to make significant investments throughout the County as the company remodels existing facilities and builds new fuel centers. The County's other major grocery chain, Food Lion, has also been renovating its stores to create a market environment for shoppers.

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

Long-Term Financial Planning

The County annually prepares a Capital Improvement Plan (CIP). This 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 unreserved general fund balance to provide for the long-term economic stability of the County of Roanoke. This policy increases the unreserved fund balance incrementally over a seven year period. According to the policy, the County is expected to reach 11% of general fund revenues by the 2010-2011 fiscal year. Rating agencies carefully monitor levels of unreserved fund balance in a government's general fund to evaluate a government's continued creditworthiness. The rating agencies recommend that the unreserved balance be maintained at a level between 10% and 15% of the general fund revenues.

At June 30, 2010, progress was made towards this goal with undesignated fund balance for the general fund at approximately \$20.2 million or 10.6% of fiscal year 2011 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 Standards & Poor's Corporation, AA+ from Fitch and Aa1 from Moody's Investor Service.

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 Unappropriated 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 poise 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 completion of several major capital projects in the 2009-10 fiscal year. The dedication for the Roanoke Valley Regional Fire Training Tower was held in September 2009. The North County Fire and Rescue Station and Roanoke County Fleet Service Center were dedicated in October 2009. Dedication for the Green Ridge Recreation Center occurred in December 2009. In late 2009, the County also completed the \$9 million conversion of the County's public safety radio system from analog to digital.

Major initiatives for 2010 include several areas: Education, Public Safety, Economic Development, Capital Improvement, and Quality of Life.

North County Business Park: Roanoke County, in partnership with English Construction, announced plans in August 2007 to develop a 190-acre business park at the intersection of Interstates 581 and 81. The site, long identified by the County's Economic Development Department as a prime location for future development, contains a high concentration of technology infrastructure which will make it a premier location for technology based enterprises. Progress in terms of developing the park has been hampered over the last two years by the economic downturn. However, with its close proximity to the Green Ridge Recreation Center, there is great potential for the business park to become a reality once the local economy returns to prerecession levels.

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

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

The School System was one of only 15 divisions in Virginia that qualified for the Virginia Board of Education's Excellence Award this year under the Virginia Index of Performance (VIP) Program. The VIP program was established to recognize schools and school divisions which exceed minimum state and federal accountability standards and includes rigorous criteria

designed to challenge students to ever-higher levels of learning and achievement. In addition, three schools earned the coveted Governor's Award for Education Excellence.

In 2009, the Virginia School Boards Association (VSBA) certified Roanoke County Public Schools as a "Green School Division" for the implementation of specific environmental policies and practical actions that reduce the carbon emissions generated by both the local schools division and the broader community.

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

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

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

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

Glenvar Library: In June 2010, the Board of Supervisors approved full funding in the amount of \$6 million for the construction of a new Glenvar Branch Library. No money will have to be borrowed to fund the project. It will replace the existing 5,000 sq ft library with a 15,000 sq.ft. facility on the same site and feature increased public space and readers' seating, twice the number of book shelves, an improved children's area with appealing furnishings, a more functional meeting room, a conference room, and small group study rooms. High speed access to electronic resources, Internet work stations and a computer instructional lab, which are essential in a modern library, will be included. There will be a separate, secure server and technology support room. Patrons who wish may utilize self-checkout stations.

Space will be allotted to system support functions, including archival storage and the Roanoke County Local History collection, which will be relocated to Glenvar from the Hollins Branch Library, where it is currently housed. The design will be flexible to allow for future growth of the collection or the evolution of services. The new building will feature multiple sustainable elements and qualify for LEED™ certification. The necessary expansion and redesign of the parking lot will completed as part of the construction process.

Law Enforcement Firearms Training Facility: In mid 2009, the Roanoke County Police Department began the voluntary process of revitalizing the County's Firearms Range. The firearms range was originally constructed in 1999 and 2000, formally opening on May 17, 2001. After nine years of use the facility was temporarily closed for upgrades and repairs and so began the rebuild and reclamation process. In the fall of 2009 a company was hired to reclaim the lead and return all soil to an environmentally safe condition.

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

Initial cost estimates for renovation work ranged up to \$1.3 million and did not include all the enhancements currently being accomplished. Community Development and the Police Department partnered together to complete the work recognizing project savings of well over \$800,000. The range construction is expected to be completed before the end of 2010.

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Roanoke for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. This was the twenty-sixth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR which satisfied both generally accepted accounting principles and applicable legal requirements.

In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2009. This was the twenty-third consecutive year that the government received this prestigious award. 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 2010 for the fifth consecutive year recognizing the staff for Achievement of Excellence in Procurement.

In 2010, Roanoke County once again ranked among the top digital counties in the nation for use of information and communication technology to support and provide public service, placing fifth in its population category in the 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. The Virginia Association of Counties (VACo) also recognized the County with an Achievement Award in the Information Technology category for its use and promotion of social media to communicate with citizens. It was also an award-winning year for two other Roanoke County Departments. Roanoke County's Fire and Rescue Department received three 2009 Governor's Awards for Excellence in Virginia Fire Services and Roanoke County's Economic Development Department received the 2010 Community Economic Development Award from the Virginia Economic Developers Association for the staff's submission describing the public-private partnership involved in construction of the Green Ridge Recreation Center.

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

Sincerely,



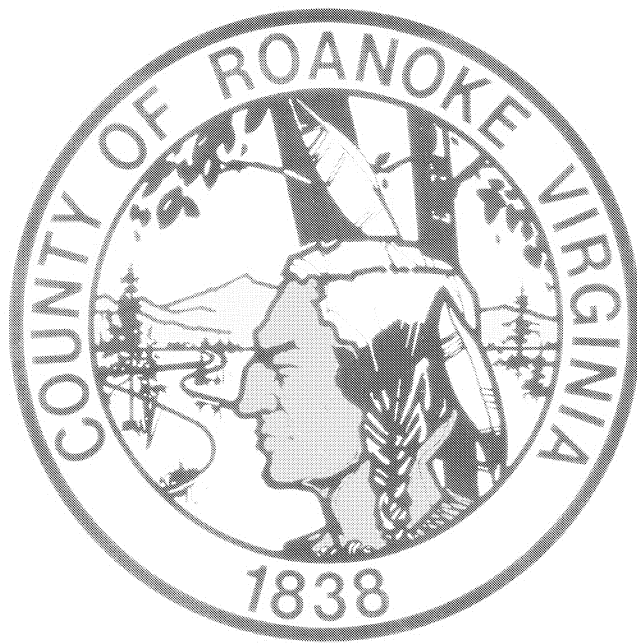
B. Clayton Goodman III
County Administrator



Diane D. Hyatt, CPA
Asst. County Administrator



Rebecca E. Owens, MBA
Director of Finance



History of Roanoke County, Virginia

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

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

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

The County today has a population of approximately 91,011 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 addition, the County has been nationally recognized for governmental cooperation with Botetourt County. Past cooperative efforts between the two counties include the building of a joint industrial park and a library.

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, 2010

Board of Supervisors

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

County Administration

B. Clayton Goodman III, County Administrator

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

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, 2010

School Board Members

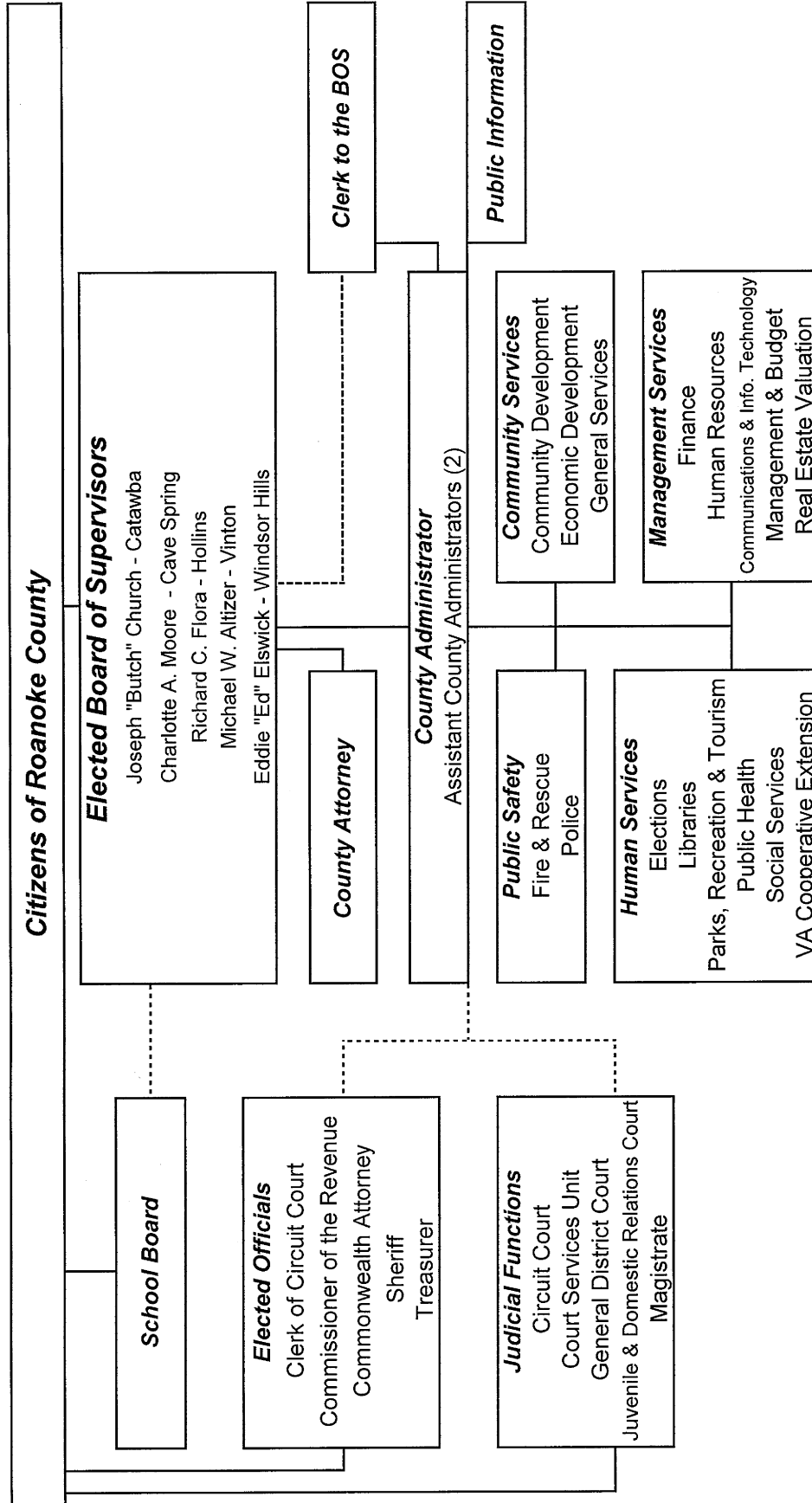
Michael W. Stovall, Chairman, Vinton District
David M. Wymer, Vice Chairman, Catawba District
H. Odell "Fuzzy" Minnix, Cave Spring District
Jerry L. Canada, Hollins District
C. Drew Barrineau, Windsor Hills District

School Administration

Lorraine S. Lange, Superintendent of Schools

Deputy Superintendent of Administration.....W. Allen Journell
Assistant Superintendent of Finance.....Penny A. Hodge
Assistant Superintendent of Personnel.....Carol E. Whitaker
Director of Elementary Instruction and Gifted.....Rebecca Eastwood
Director of Secondary Instruction, CTE & Technology..... Cecil C. Snead
Director of Facilities 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, 2009

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.

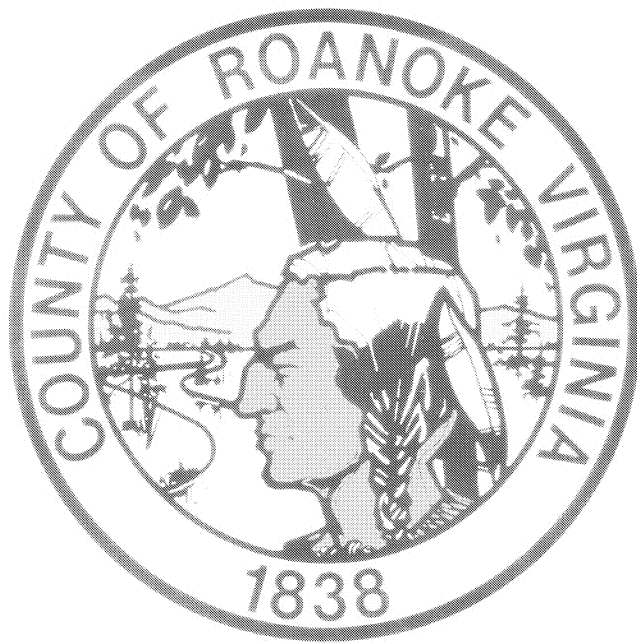


A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director





KPMG LLP
Suite 1710
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, 2010, 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, 2010, 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 15, 2010 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.



The accompanying Management's Discussion and Analysis, Budgetary Comparison Schedule – General Fund, Schedules of Funding Progress, and Schedule of Employer Contributions on pages 20 through 31, 92 and 93, 94, and 95, respectively, are not a required part of the basic financial statements, but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Introductory Section, the Supplementary Information included in Schedules 1 through 23, and the Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is also presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is not a required part of the basic financial statements. The Supplementary Information included in Schedules 1 through 23 and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section and the Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

KPMG LLP

November 15, 2010

County of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2010

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

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

Government-Wide Financial Statements

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

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

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

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

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

County of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2010

Fund Financial Statements

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

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

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

Notes to the basic financial statements. The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 48 of this report.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's budgetary comparisons and progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 92 of this report.

County of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2010

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Summary of Net Assets

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, 2010 and 2009 | | |
| | Governmental Activities | |
| | FY2010 | FY2009 |
| Current and other assets | \$ 131,800,298 | \$ 169,781,307 |
| Capital assets, net | <u>248,916,593</u> | <u>211,471,788</u> |
| Total Assets | <u>380,716,891</u> | <u>381,253,095</u> |
| Other Liabilities | 22,004,994 | 21,277,112 |
| Long-Term Liabilities | <u>218,241,665</u> | <u>228,667,434</u> |
| Total Liabilities | <u>240,246,659</u> | <u>249,944,546</u> |
| Invested in capital assets, net of related debt | 101,462,327 | 93,288,117 |
| Unrestricted | <u>39,007,905</u> | <u>38,020,432</u> |
| Total Net Assets | <u>\$ 140,470,232</u> | <u>\$ 131,308,549</u> |

As noted earlier, the amount of net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceed liabilities by \$140.5 million at the close of fiscal year 2010. This represents a 7.0% increase over last year.

The largest portion of the County's net assets (72.2%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance is unrestricted net assets (27.8%) that may be used to meet the County's ongoing obligations to citizens and creditors.

For the County of Roanoke, assets exceed liabilities by \$140.5 million at the close of fiscal year 2010. This increase of \$9.2 million over the prior year reflects an overall improvement in the County's financial position and is the result of excess revenue collections and spending less than budgeted for departmental costs in fiscal year 2010. The funds budgeted for expenses that did not materialize will be used for future capital purchases in accordance with the adopted year end balance policy.

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, 2010

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, 2010 and 2009 | | |
|--|-------------------------|-----------------------|
| | Governmental Activities | |
| | FY2010 | FY2009 |
| Revenues | | |
| Program Revenue | | |
| Charges for services | \$ 10,331,777 | \$ 9,757,856 |
| Operating grants & contributions | 30,487,857 | 25,365,244 |
| General Revenue | | |
| Property taxes | 104,367,304 | 102,820,602 |
| Sales taxes | 8,345,658 | 8,489,571 |
| Business License taxes | 5,264,972 | 5,593,361 |
| Communications taxes | 4,316,244 | 4,200,051 |
| Consumer utility taxes | 3,620,581 | 3,611,860 |
| Tax on prepared food | 3,384,352 | 3,468,362 |
| Motor vehicle licenses | 2,004,301 | 1,763,872 |
| Other local taxes | 2,972,536 | 2,966,530 |
| Non-categorical state aid | 12,229,857 | 12,229,857 |
| Other revenues | 1,894,497 | 3,475,609 |
| Total revenues | 189,219,936 | 183,742,775 |
| Expenses | | |
| General government | 13,759,638 | 11,764,472 |
| Judicial administration | 2,694,185 | 2,750,265 |
| Public safety | 43,937,823 | 42,210,181 |
| Public works | 13,749,180 | 15,487,202 |
| Library | 3,328,486 | 3,192,012 |
| Health & welfare | 17,245,746 | 16,386,768 |
| Parks, recreation & culture | 6,611,041 | 4,763,745 |
| Community development | 3,741,964 | 3,289,302 |
| Education | 65,673,860 | 65,254,173 |
| Interest and other charges | 9,316,330 | 8,542,365 |
| Total expenses | 180,058,253 | 173,640,485 |
| Excess in net assets before capital contribution | 9,161,683 | 10,102,290 |
| Capital contribution | - | (5,171,236) |
| Change in net assets | 9,161,683 | 4,931,054 |
| Net assets beginning of year | 131,308,549 | 126,377,495 |
| Net assets end of year | \$ 140,470,232 | \$ 131,308,549 |

Governmental Activities

Governmental activities increased the County's net assets by \$9.2 million. The County's total revenues increased over the prior year by 3.0% to \$189.2 million and expenses for all programs and services increased 3.7% to \$180.1 million.

Approximately 55.2% of the County's revenues come from property taxes, 2.8% from business license tax, 2.3% from communications tax, 1.9% from consumer utility tax, 1.8% from tax on prepared food, 1.1% from motor vehicle license, 1.6% from other local tax, 5.4% from charges for services, 16.1% operating grants and contributions, 6.4% from non-categorical state aid, 4.4% from sales tax, and 1.0% from other and miscellaneous.

County of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2010

The County's expenses cover a range of services, with about 36.5% related to Education, 24.4% to Public Safety, 7.6% to Public Works and 9.6% to Health and Welfare.

Revenues for governmental activities increased \$5.5 million (3.0%) and total expenses increased \$6.4 million (3.7%) when compared to the prior year. Key elements of these changes were as follows:

- Property tax revenues increased by \$1.5 million (1.5%) during the year. This increase was primarily due to minimal growth in the tax base from residential and commercial construction and reassessment of existing real property of 1.2%.
- Operating grants and contributions increased by \$5.1 million (20.2%) as a result of increases in state categorical aid earmarked for specific programs.
- Charges for services increased by \$0.6 million (5.9%) as a result of the opening of the Green Ridge Multi-Generational Center in January 2010.
- Other revenues decreased by \$1.6 million (45.5%) during the year. This decrease is attributed to lower interest earnings on investments this year.
- Parks, Recreation and Culture increased by \$1.8 million (38.8%) during the year primarily as a result of the opening of the Green Ridge Multi-Generational Center in January 2010.
- Health and Welfare increased by \$0.9 million (5.2%) during the year as a result of increased services provided in the areas of child care, foster care, temporary assistance for needy families, and the comprehensive services act.
- Public Safety expenses increased \$1.7 million (4.1%) primarily as a result of the County's required payment to the Western Virginia Regional Jail Authority for the County's portion of the debt service.
- Interest and other charges increased \$0.7 million (9.1%) as a result of the 2009 VPSA School bonds.

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. Such information is useful in assessing the County's financing requirements. In particular, unreserved, undesignated fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the County completed the year, its governmental funds reported a combined governmental fund balance of \$99.9 million, an decrease compared to the previous year. Approximately \$69.9 million constitutes unreserved fund balance, of which \$20.4 million is available for

County of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2010

governmental spending and \$49.5 million is designated by management for tentative spending plans. The remainder of fund balance is reserved to indicate that it is not available for new spending.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved designated fund balance of the general fund was \$15.6 million, while total fund balance reached \$36.7 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 22.9% of total general fund expenditures. Of unreserved fund balance, undesignated amount of \$20.2 million represents 12.9% of total general fund expenditures.

The fund balance of the General Fund increased \$3.6 million during the current fiscal year. This increase is attributed to departments delaying capital purchases, strict budget monitoring, and good fiscal management.

The Capital Projects Fund is used to account for the acquisition or construction of major capital facilities. At the end of the current fiscal year, the Capital Projects Fund balance consisted of \$29.1 million encumbered or designated for future capital projects. The fund balance decreased by \$39.6 million related due to the completion on projects that were part of the Capital Improvement Plan and other minor projects identified by the County Board.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- To reappropriate monies to pay for commitments in the form of encumbrances established prior to June 30, 2010 but not paid by that date.
- To reappropriate grants, donations and other revenues authorized in fiscal year 2010 or earlier, but not expended or encumbered as of June 30, 2010.
- To appropriate grants, donations, and other revenues accepted or adjusted in fiscal year 2010 when official notice of approval was received.
- To appropriate the designated general fund balance to capital projects.
- To evaluate and reduce general revenues as a result of the current economic conditions

County of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2010

Below is a condensed version of the budgetary comparison of the General Fund original budget, amended budget, and actual amounts for fiscal year 2010.

| General Fund Budgetary Highlights for 2010 | | | |
|---|----------------------------|------------------------------|----------------|
| | Original Budget | Budget as Amended | Actual |
| Revenues | \$ 186,756,550 | \$ 180,182,387 | \$ 176,817,302 |
| Expenditures | 102,309,303 | 105,899,021 | 95,183,540 |
| Transfers out | 84,447,247 | 78,725,525 | 78,025,289 |
| Net change in fund balance | \$ - | \$ (4,442,159) | \$ 3,608,473 |

The budget development for the 2009-2010 was very challenging. Declining economic conditions caused reductions in many of the County's major revenue sources due to the continuing decline in personal property taxes, sales taxes, meals taxes, interest income and downward mid-year reductions of state revenues as Virginia struggles with its own budget shortfall.

In preparing the 2009-2010 budget, several other significant reductions were made to departments in the human services area including County Libraries as well as Parks, Recreation, and Tourism.

Tactics used to balance the 2009-10 budget included:

- Reduced departmental operating budgets by \$1.5 million
- Eliminated 12 full-time positions through attrition for a savings of \$500,000
- Deferred capital expenditures totaling \$800,000
- Reduced capital funding for capital projects by \$1.3 million
- Utilized reserves of \$800,000

Actual General Fund total revenues fell short of the amended budget by \$3.4 million for fiscal year 2010. The deficit is a result of a \$3.5 million dollar reimbursable federal grant for the Roanoke River Greenway that was approved and appropriated during the fiscal year. During the year, planning for the project continued but no expenditures were incurred and, therefore, no revenues were received. Expenditures and transfers were less than budgetary estimates by \$11.4 million, resulting in additional savings at year end. The County operated during the year under spending advisories in anticipations of the possibility of additional cuts from the state and further decline in the revenues. Additionally, restrictions were placed on travel and training requests, and departments delayed capital purchases. Also, a job bank committee reviewed all requests to fill vacant positions and part-time hires with all but the most critical positions remaining vacant through the end of the fiscal year. In addition several reimbursable grants were appropriated; however, no expenditures had been incurred as of June 30, 2010.

County of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2010

The County Board of Supervisors appropriated \$4.4 million in transfers in fiscal year 2010 to allocate the prior year ending fund balance for future expenditures and capital projects. Also, the County had budgeted grant and departmental expenditures that had not been expended at year end in the amount of \$3.4 million but will be spent next year. Due to the excess revenue collections and expenditure savings, the County increased the ending fund balance at June 30, 2010 by \$3.6 million compared to the prior fiscal year end. The School Board and County Board of Supervisors have a jointly adopted financial policy designating year end balances for major and minor capital projects.

Proprietary Funds.

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

Unrestricted net assets of the Health Insurance, Dental Insurance, and Risk Management funds at the end of the year amounted to \$7.6 million. The decrease in net assets for all three funds was \$2,306,382, \$2,156, and \$335,197, respectively.

CAPITAL ASSETS

As June 30, 2010, the County had invested \$248.9 million, net of accumulated depreciation, in a variety of capital assets including land, buildings, construction in progress, land improvements, and equipment. The total net increase in the County's investment in capital assets for the current year was \$37.4 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, 2010 and 2009 | | |
|--|-------------------------|----------------|
| | Governmental Activities | |
| | FY2010 | FY 2009 |
| Land | \$ 17,924,904 | \$ 17,919,404 |
| Buildings, improvements and systems | 225,007,159 | 186,618,203 |
| Furniture, fixtures, and equipment | 42,573,024 | 31,968,825 |
| Construction in progress | 36,311,532 | 38,348,818 |
| Subtotal | 321,816,619 | 274,855,250 |
| Accumulated depreciation | (72,900,026) | (63,383,462) |
| Totals | \$ 248,916,593 | \$ 211,471,788 |

County of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2010

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

- Buildings, improvements, and systems increased by \$38.4 million due to the completion of the Multi-Generational Recreation Center, Fleet Service Center, and the North County Fire Station.
- Furniture, fixtures, and equipment increased by \$10.6 million due to the completion of the 800 Mhz radio upgrade and HP Migration project.
- Construction in progress had a net decrease of \$2 million which resulted from the net activity of several completed projects listed above and an increase of \$1.6 million for the South County Library.

LONG-TERM DEBT

At June 30, 2010, the County had a number of bonded debt issues outstanding. These include \$12.6 million of general obligation debt and \$115.0 million of Virginia Public School Authority (VPSA) bonds for School purposes. In addition, \$4.1 million outstanding for literary loan debt issued for School capital projects and \$78.7 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, 2010 decreased \$10.3 million or 4.9% as a result of scheduled debt payments made during the year that reduced the principal balance of outstanding debt.

The County has adopted a debt policy that establishes guidelines and limitations for the issuance of debt. The debt policy addresses the level of indebtedness the County can reasonably expect to incur without jeopardizing its financial position and to ensure the efficient and effective operation of the County. The County measures its level of debt through three ratios: 1) net debt per capita (excluding business type funds) should not exceed \$2,500, 2) net debt per assessments should not exceed 3%, and 3) debt service to general fund expenditures should not exceed 10%. As of June 30, 2010, the County's net debt per capita ratio was \$2,312 the net debt to assessments ratio was 2.33%, and the percent of debt service to general fund expenditures was 7.79%.

The County has maintained bond ratings on outstanding debt of AA from Standard & Poor's Corporation, 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:

County of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2010

| Outstanding Debt As of June 30, 2010 and 2009 | | | |
|--|-------------------------|----------------|--|
| | Governmental Activities | | |
| | FY2010 | FY2009 | |
| General Obligation Bonds | \$ 12,645,130 | \$ 14,560,238 | |
| Lease Revenue Bonds | 78,700,454 | 80,954,308 | |
| Virginia Public School Authority Bonds | 115,035,423 | 120,748,501 | |
| State Literary Fund Loans | 4,064,860 | 4,524,181 | |
| Totals | \$ 210,445,867 | \$ 220,787,228 | |

FACTORS INFLUENCING FUTURE BUDGETS AND RATES

Key factors that are expected to impact future budget include:

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

The County implemented Statement No. 45 of the Governmental Accounting Standard Board – *Accounting for Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45) in fiscal year 2008. For the County, other postemployment benefits (OPEB) include medical coverage extended to retirees. The County participates in the Virginia Pooled OPEB Trust Fund, an irrevocable trust established for the purpose of accumulating assets to fund postemployment benefits other than pensions. For government-wide reporting purposes, GASB 45 requires the County to actuarially determine the value of these benefits and recognize the costs of OPEB as they are incurred. Also, the County is required to disclose the extent to which these benefits have been funded. The County has conducted an actuarial valuation of its OPEB liability. The actuarial study reflects an actuarially accrued liability of \$14.2 million, an annual required contribution of \$1.5 million, and no postemployment benefit obligation as of June 30, 2010. More detailed information about the OPEB costs can be found in Note 15 to the basic financial statements.

ECONOMIC FACTORS

During fiscal year 2010, the state economy mirrored the slumping national economy. The unemployment rate for the County in June 2010 was 6.3% up from 4.6% in 2009 which still compares favorably to the State's average unemployment rate of 7.0%.

The 2010-11 budget was developed during one of the most challenging economic environments the County has ever faced. The global recession that began in late 2007 has

County of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2010

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

While the County has not been impacted by the housing market greatly, its primary impact has been in decreased year-over-year growth amounts with no actual declines in value being projected for the foreseeable future. The County is not experiencing an overall devaluation of property values, although there are some pockets of lower values. Initial assessment data suggests an overall slight increase in property values for tax year 2010-11. Lower personal property values are anticipated in fiscal year 2011, due to increased depreciation of vehicles and lower new vehicle purchases in 2010. The significant state budget deficits arising in 2010 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.

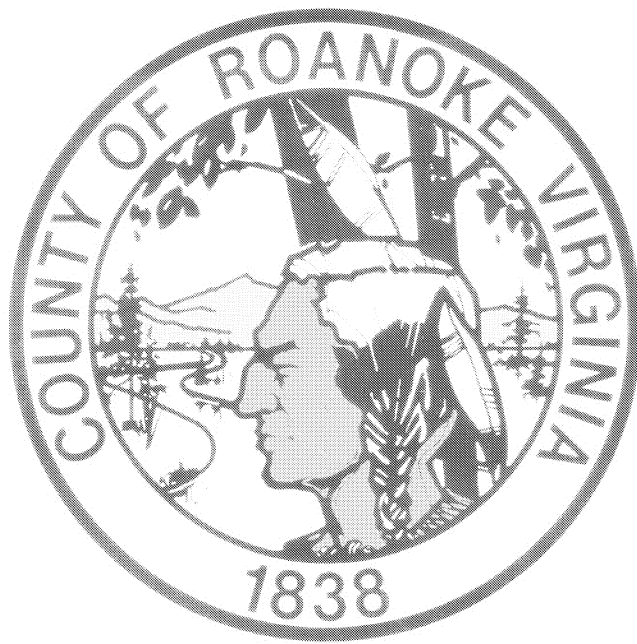
Fiscal year 2010-11 revenue estimates appear to be performing slightly below budget. While we have always kept a watchful eye on the year-to-date revenue collections and regularly update revenue forecasts, our current fiscal climate dictates that continuous revenue budgeting be a top priority; however, even with this emphasis it is important to be aware of the pitfalls of estimating future revenues in this unstable economic environment.

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

In February 2009, the federal government authorized the American Recovery and Reinvestment Act (ARRA) resulting in the significant infusion of new federal money targeted primarily at state fiscal stabilization funds (SFSF). The primary focus of the package was to foster economic growth, promote job creation, and stimulate investment in the nation's technological infrastructure. The Virginia General Assembly used the ARRA allocated to Virginia in the fiscal 2010 state budget to offset significant declines in state revenues. Access to this new funding source provides a temporary means of addressing budget shortfalls due to declining revenue sources but also creates a challenge in addressing the "stimulus cliff" when the ARRA funds end in 2011.

REQUESTS FOR INFORMATION

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



COUNTY OF ROANOKE, VIRGINIA
Statement of Net Assets
June 30, 2010

| ASSETS | Governmental Activities | Component Units |
|---|------------------------------------|----------------------------|
| Cash and cash equivalents | \$ 35,979,203 | \$ 31,460,794 |
| Cash and investments with fiscal agents | 33,871,471 | - |
| Investments | 34,189,072 | 14,006,348 |
| Accounts receivable | 9,950,035 | 232,913 |
| Note receivable | - | 334,734 |
| Due from other governments | 16,361,397 | 4,245,466 |
| Inventories | 136,627 | 166,772 |
| Land held for resale | - | 195,390 |
| Other postemployment obligation assets | - | 27,710 |
| Prepaid and other assets | 1,312,493 | - |
| Capital assets: | | |
| Land and construction in progress | 54,236,436 | 5,465,411 |
| Other capital assets, net | 194,680,157 | 39,200,297 |
| Capital assets, net | <u>248,916,593</u> | <u>44,665,708</u> |
| Total assets | <u>\$ 380,716,891</u> | <u>\$ 95,335,835</u> |
| LIABILITIES | | |
| Accounts payable | \$ 7,130,701 | \$ 1,201,722 |
| Accrued wages and benefits | 1,422,952 | 1,284,487 |
| Unearned revenue | 10,084,695 | 1,637,766 |
| Accrued interest payable | 3,366,646 | - |
| Long-term liabilities: | | |
| Portion due or payable within one year: | | |
| Bonds payable | 12,645,890 | - |
| Compensated absences | 2,399,921 | 845,236 |
| Claims payable | 1,329,619 | 1,423,151 |
| Obligation under capital leases | - | 347,180 |
| Portion due or payable after one-year: | | |
| Bonds payable | 197,799,977 | - |
| Compensated absences | 2,134,062 | 2,049,694 |
| Claims payable | 1,932,196 | 472,923 |
| Obligation under capital leases | - | 2,488,325 |
| Total liabilities | <u>\$ 240,246,659</u> | <u>\$ 11,750,484</u> |
| NET ASSETS | | |
| Invested in capital assets, net of related debt | \$ 101,462,327 | \$ 41,830,203 |
| Unrestricted | 39,007,905 | 41,755,148 |
| Total net assets | <u>\$ 140,470,232</u> | <u>\$ 83,585,351</u> |

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Statement of Activities
For the Year Ended June 30, 2010

| Functions/Programs | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Assets | |
|---|----------------------|------------------------------------|----------------------------------|---|------------------|
| | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Component Units |
| Primary government | Expenses | | | | |
| General government | \$ 13,759,638 | \$ 518,506 | \$ - | \$ (12,876,375) | \$ - |
| Judicial administration | 2,694,185 | 1,086,592 | - | (192,762) | - |
| Public safety | 43,937,823 | 6,141,185 | - | (34,062,256) | - |
| Public works | 13,749,180 | - | - | (13,399,355) | - |
| Library | 3,328,486 | 176,477 | - | (3,152,009) | - |
| Health and welfare | 17,245,746 | 11,445,752 | - | (4,535,934) | - |
| Parks, recreation, and culture | 6,611,041 | 65,023 | - | (3,846,385) | - |
| Community development | 3,741,964 | 241,142 | - | (2,996,533) | - |
| Education | 65,673,860 | 10,813,180 | - | (54,860,680) | - |
| Interest and other charges | 9,316,330 | - | - | (9,316,330) | - |
| Total governmental activities | \$ 180,058,253 | \$ 30,487,857 | \$ - | \$ (139,238,619) | \$ - |
| Component units | | | | | |
| Total component units | 151,587,510 | 28,973,555 | 1,512,936 | - | (116,476,211) |
| | \$ 151,587,510 | \$ 28,973,555 | \$ 1,512,936 | \$ - | \$ (116,476,211) |
| General revenues: | | | | | |
| Real estate and personal property | | | | \$ 104,367,304 | \$ - |
| Local share of sales tax | | | | 8,345,658 | - |
| Business license taxes | | | | 5,264,972 | - |
| Communications taxes | | | | 4,316,244 | - |
| Consumer utility taxes | | | | 3,620,581 | - |
| Tax on prepared food | | | | 3,384,352 | - |
| Motor vehicle licenses | | | | 2,004,301 | - |
| Other local taxes | | | | 2,972,536 | - |
| Payments from Roanoke County | | | | - | 65,183,029 |
| Non-categorical state aid | | | | 12,229,857 | 53,945,620 |
| Gain on sale of capital assets | | | | 102,850 | - |
| Interest and investment earnings | | | | 1,762,425 | 18,053 |
| Miscellaneous | | | | 29,222 | 357,303 |
| Total general revenues | | | | \$ 148,400,302 | \$ 119,504,005 |
| Special item - gain on sale of building | | | | \$ - | \$ 674,143 |
| Change in net assets | | | | \$ 9,161,683 | \$ 3,701,937 |
| Net assets at beginning of year | | | | 131,308,549 | 79,883,414 |
| Net assets at end of year | | | | \$ 140,470,232 | \$ 83,585,351 |

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2010

| | General | Debt Service | Capital Projects | Total Governmental Funds |
|---|----------------------|-------------------|----------------------|--------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 12,753,069 | \$ 253,412 | \$ 17,534,491 | \$ 30,540,972 |
| Cash and investments with fiscal agents | - | - | 33,871,471 | 33,871,471 |
| Investments | 12,081,730 | - | 16,780,257 | 28,861,987 |
| Receivables | 9,696,706 | - | - | 9,696,706 |
| Due from other governments | 16,346,397 | - | 15,000 | 16,361,397 |
| Inventories | 136,627 | - | - | 136,627 |
| Total assets | <u>\$ 51,014,529</u> | <u>\$ 253,412</u> | <u>\$ 68,201,219</u> | <u>\$ 119,469,160</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 2,210,182 | \$ 650 | \$ 4,379,994 | \$ 6,590,826 |
| Accrued wages and benefits | 1,421,451 | - | - | 1,421,451 |
| Deferred revenue | 10,526,880 | - | - | 10,526,880 |
| Interfund payable | 154,000 | - | 829,624 | 983,624 |
| Total liabilities | <u>\$ 14,312,513</u> | <u>\$ 650</u> | <u>\$ 5,209,618</u> | <u>\$ 19,522,781</u> |
| Fund balances: | | | | |
| Reserved for: | | | | |
| Inventories | 136,627 | - | - | 136,627 |
| Encumbrances | 808,205 | - | 29,128,848 | 29,937,053 |
| Unreserved: | | | | |
| Designated for: | | | | |
| Subsequent year's budget | 15,584,862 | - | - | 15,584,862 |
| Capital projects | - | - | 33,862,753 | 33,862,753 |
| Undesignated | 20,172,322 | 252,762 | - | 20,425,084 |
| Total fund balances | <u>\$ 36,702,016</u> | <u>\$ 252,762</u> | <u>\$ 62,991,601</u> | <u>\$ 99,946,379</u> |
| Total liabilities and fund balances | <u>\$ 51,014,529</u> | <u>\$ 253,412</u> | <u>\$ 68,201,219</u> | <u>\$ 119,469,160</u> |

COUNTY OF ROANOKE, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2010

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

| | |
|--|---------------|
| Total fund balances for governmental funds (Exhibit III) | \$ 99,946,379 |
|--|---------------|

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 | 54,236,436 | |
| Other capital assets, net of \$72,900,026 of accumulated depreciation | 194,680,157 | |
| | | |
| Total capital assets, net | | 248,916,593 |

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:

7,563,801

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

1,077,462

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, 2010 are:

| | | |
|--|---------------|---------------|
| Prepaid and other assets | 1,312,493 | |
| Accrued interest payable | (3,366,646) | |
| Bonds payable | (210,445,867) | |
| Compensated absences | (4,533,983) | |
| | | |
| Total long-term assets and liabilities | | (217,034,003) |

| | |
|---|---|
| Total net assets of governmental activities (Exhibit I) | <div style="border-top: 1px solid black; border-bottom: 3px double black; padding: 2px 0;">\$ 140,470,232</div> |
|---|---|

COUNTY OF ROANOKE, VIRGINIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

| | General | Debt Service | Capital Projects | Total Governmental Funds |
|--|------------------------|------------------------|------------------------|--------------------------------|
| REVENUES | | | | |
| General property taxes | \$ 105,039,725 | \$ - | \$ - | \$ 105,039,725 |
| Other local taxes | 30,067,742 | - | - | 30,067,742 |
| Permits, fees, and licenses | 829,674 | - | - | 829,674 |
| Fines and forfeitures | 810,241 | - | - | 810,241 |
| Use of money and property | 843,518 | - | 218,564 | 1,062,082 |
| Charges for services | 5,401,655 | - | 392,400 | 5,794,055 |
| Intergovernmental revenue | 31,336,312 | 2,329,368 | 8,582,429 | 42,248,109 |
| Locality compensation payments | - | 124,676 | - | 124,676 |
| Miscellaneous | 2,488,435 | - | 454,791 | 2,943,226 |
| Total revenues | <u>\$ 176,817,302</u> | <u>\$ 2,454,044</u> | <u>\$ 9,648,184</u> | <u>\$ 188,919,530</u> |
| EXPENDITURES | | | | |
| Current operating: | | | | |
| General government | \$ 11,319,789 | \$ - | \$ - | \$ 11,319,789 |
| Judicial administration | 2,563,138 | - | - | 2,563,138 |
| Public safety | 40,436,054 | - | - | 40,436,054 |
| Public works | 12,716,367 | - | - | 12,716,367 |
| Library | 2,967,222 | - | - | 2,967,222 |
| Health and welfare | 16,779,169 | - | - | 16,779,169 |
| Parks, recreation, and culture | 5,757,057 | - | - | 5,757,057 |
| Community development | 2,644,744 | - | - | 2,644,744 |
| Education | 61,180,665 | - | - | 61,180,665 |
| Debt service: | | | | |
| Principal | - | 9,964,540 | - | 9,964,540 |
| Interest and other charges | - | 9,437,308 | - | 9,437,308 |
| Capital outlay | - | - | 52,178,280 | 52,178,280 |
| Total expenditures | <u>\$ 156,364,205</u> | <u>\$ 19,401,848</u> | <u>\$ 52,178,280</u> | <u>\$ 227,944,333</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 20,453,097</u> | <u>\$ (16,947,804)</u> | <u>\$ (42,530,096)</u> | <u>\$ (39,024,803)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of land and equipment | - | - | 102,850 | 102,850 |
| Transfers in | 2,368,339 | 16,962,878 | 3,122,570 | 22,453,787 |
| Transfers out | (19,212,963) | - | (307,279) | (19,520,242) |
| Total other financing sources(uses), net | <u>\$ (16,844,624)</u> | <u>\$ 16,962,878</u> | <u>\$ 2,918,141</u> | <u>\$ 3,036,395</u> |
| Net change in fund balances | <u>\$ 3,608,473</u> | <u>\$ 15,074</u> | <u>\$ (39,611,955)</u> | <u>\$ (35,988,408)</u> |
| Fund balances at beginning of year | <u>33,093,543</u> | <u>237,688</u> | <u>102,603,556</u> | <u>135,934,787</u> |
| Fund balances at end of year | <u>\$ 36,702,016</u> | <u>\$ 252,762</u> | <u>\$ 62,991,601</u> | <u>\$ 99,946,379</u> |

COUNTY OF ROANOKE, VIRGINIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

**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) | \$ (35,988,408) |
|---|-----------------|

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. | (2,643,735) |
|--|-------------|

| | |
|--|---------|
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds | 265,088 |
|--|---------|

| | |
|---|------------|
| 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 (\$48,410,932) exceeded depreciation (\$10,966,129) expense in the current period. | 37,444,803 |
|---|------------|

Bond 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.

| | | |
|-------------------------------|------------------|-----------|
| Repayments of principal | 9,964,540 | |
| Locality compensation payment | <u>(124,676)</u> | |
| Net Adjustment | | 9,839,864 |

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 | 123,096 | |
| Accrued interest payable | <u>120,975</u> | |
| Net adjustment | | 244,071 |

| | |
|--|----------------------------|
| Change in net assets of governmental activities (Exhibit II) | <u><u>\$ 9,161,683</u></u> |
|--|----------------------------|

COUNTY OF ROANOKE, VIRGINIA
Statement of Net Assets
Proprietary Funds
June 30, 2010

| | Internal Service Funds |
|------------------------------|---------------------------------------|
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents | \$ 5,438,231 |
| Investments | 5,327,085 |
| Accounts receivable | 253,329 |
| Interfund receivable | 360,000 |
| Total current assets | <u>\$ 11,378,645</u> |
| Noncurrent assets: | |
| Interfund receivable | 623,624 |
| Total noncurrent assets | <u>\$ 623,624</u> |
| Total assets | <u>\$ 12,002,269</u> |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable | \$ 539,875 |
| Accrued wages and benefits | 1,501 |
| Claims payable | 1,329,619 |
| Deferred revenue | 635,277 |
| Total current liabilities | <u>\$ 2,506,272</u> |
| Noncurrent liabilities: | |
| Claims payable | 1,932,196 |
| Total noncurrent liabilities | <u>\$ 1,932,196</u> |
| Total liabilities | <u>\$ 4,438,468</u> |
| NET ASSETS | |
| Unrestricted | \$ 7,563,801 |
| Total net assets | <u>\$ 7,563,801</u> |

See accompanying notes to basic financial statements.

Exhibit VI

COUNTY OF ROANOKE, VIRGINIA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

| | Internal Service Funds |
|---------------------------------------|---------------------------------------|
| OPERATING REVENUES | |
| Charges for services | \$ 8,356,289 |
| Total operating revenues | <u>\$ 8,356,289</u> |
| OPERATING EXPENSES | |
| Purchased services | \$ 430,684 |
| Personal services | 179,961 |
| Claims | 7,473,184 |
| Administrative charges | 39,794 |
| Total operating expenses | <u>\$ 8,123,623</u> |
| Operating income | <u>\$ 232,666</u> |
| NONOPERATING REVENUES | |
| Investment income | \$ 57,144 |
| Total nonoperating revenues | <u>\$ 57,144</u> |
| Income before transfers | 289,810 |
| Transfers in | 27,515 |
| Transfers out | (2,961,060) |
| Change in net assets | <u>\$ (2,643,735)</u> |
| Total net assets at beginning of year | <u>\$ 10,207,536</u> |
| Total net assets at end of year | <u><u>\$ 7,563,801</u></u> |

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

| | Internal Service Funds |
|---|---------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash received from interfund services provided | \$ 8,356,289 |
| Payments to suppliers | (678,812) |
| Payments to employees | (179,412) |
| Claims paid | (7,434,496) |
| Other receipts | 123,007 |
| Net cash provided by operating activities | <u>\$ 186,576</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Transfers from other funds | \$ (2,961,060) |
| Transfers to other funds | 27,515 |
| Interfund loans-proceeds and collections | 60,000 |
| Net cash used in noncapital financing activities | <u>\$ (2,873,545)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchase of investments | \$ (1,454,067) |
| Interest and dividends received | 57,144 |
| Net cash used in investing activities | <u>\$ (1,396,923)</u> |
| Net decrease in cash and cash equivalents | (4,083,892) |
| Cash and cash equivalents at beginning of the year | <u>9,522,123</u> |
| Cash and cash equivalents at end of the year | <u><u>\$ 5,438,231</u></u> |
| Reconciliation of operating income to net cash provided by operating activities: | |
| Operating income | \$ 232,666 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Change in assets and liabilities: | |
| Accounts receivable | 98,039 |
| Accounts payable | (208,334) |
| Claims payable | 38,688 |
| Accrued wages payable | 549 |
| Deferred revenue | 24,968 |
| Net cash provided by operating activities | <u><u>\$ 186,576</u></u> |

See accompanying notes to basic financial statements.

COUNTY OF ROANOKE, VIRGINIA
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

| | <u>*Pension Trust</u> <u>Fire and Rescue</u> <u>Pension Trust</u> <u>Length of Service</u> <u>Awards Program</u> | <u>OPEB</u> <u>Trust</u> | <u>Agency Funds</u> |
|---|--|-----------------------------|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ 19,394,835 |
| Investments | - | - | 8,915,236 |
| Investments held by trustee, at fair value | | | |
| Unallocated group annuity contract | 2,629,844 | - | - |
| Other pooled funds | - | 1,662,585 | - |
| Total assets | <u>\$ 2,629,844</u> | <u>\$ 1,662,585</u> | <u>\$ 28,310,071</u> |
| LIABILITIES | | | |
| Accounts payable | \$ - | \$ - | \$ 28,310,071 |
| Total liabilities | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 28,310,071</u> |
| NET ASSETS | | | |
| Held in trust for pension and other postemployment benefits | <u>\$ 2,629,844</u> | <u>\$ 1,662,585</u> | <u>\$ -</u> |

*The Pension Trust's plan year is January 1, 2009 through December 31, 2009.

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, 2010

| | <u>*Pension Trust</u> | <u>OPEB Trust</u> |
|---|-----------------------|---------------------|
| ADDITIONS | | |
| Contributions for beneficiaries | \$ 299,130 | \$ - |
| Contributions from employer | - | 573,209 |
| Investment income | | |
| Interest and dividends | 109,048 | 35 |
| Realized/Unrealized gains | - | 110,917 |
| Less investment expenses | - | (2,066) |
| Net investment loss | <u>109,048</u> | <u>108,886</u> |
| Total additions | <u>\$ 408,178</u> | <u>\$ 682,095</u> |
| DEDUCTIONS | | |
| Members' benefits | \$ 213,932 | \$ - |
| Administrative fees | <u>3,269</u> | <u>-</u> |
| Total deductions | <u>\$ 217,201</u> | <u>\$ -</u> |
| Change in net assets | \$ 190,977 | \$ 682,095 |
| Total net assets at beginning of year | <u>2,438,867</u> | <u>980,490</u> |
| Total net assets at ending of year | <u>\$ 2,629,844</u> | <u>\$ 1,662,585</u> |

*The Pension Trust's plan year is January 1, 2009 through December 31, 2009.

See accompanying notes to basic financial statements.

County of Roanoke, Virginia
Combining Statement of Net Assets
Component Units
June 30, 2010

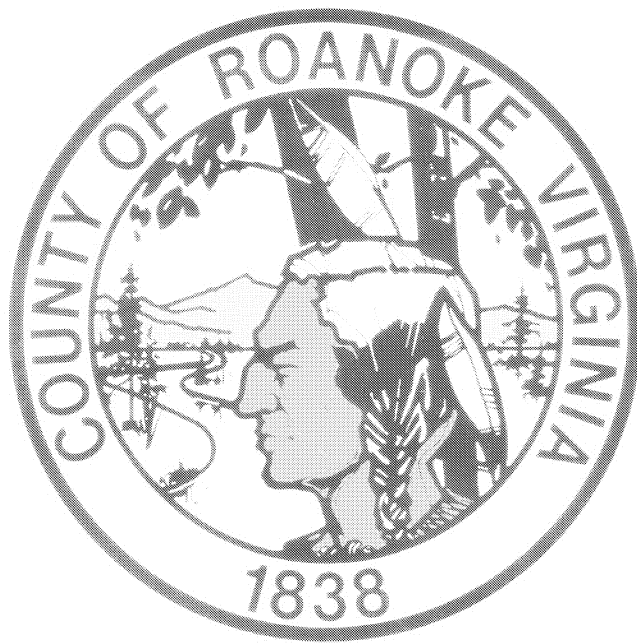
| | Roanoke County Public Schools | Economic Development Authority | Total Component Units |
|---|--|---|--------------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 30,798,493 | \$ 662,301 | \$ 31,460,794 |
| Investments | 14,006,348 | - | 14,006,348 |
| Accounts and other receivables | 232,373 | 540 | 232,913 |
| Note receivable | - | 334,734 | 334,734 |
| Due from other governments | 4,245,466 | - | 4,245,466 |
| Inventory | 166,772 | - | 166,772 |
| Land held for resale | - | 195,390 | 195,390 |
| Other postemployment obligation asset | 27,710 | - | 27,710 |
| Capital assets: | | | |
| Land and construction in progress | 5,465,411 | - | 5,465,411 |
| Other capital assets, net | 39,200,297 | - | 39,200,297 |
| Capital assets, net | 44,665,708 | - | 44,665,708 |
| Total assets | <u>\$ 94,142,870</u> | <u>\$ 1,192,965</u> | <u>\$ 95,335,835</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 1,201,695 | \$ 27 | \$ 1,201,722 |
| Accrued liabilities | 1,284,487 | - | 1,284,487 |
| Unearned revenue | 1,637,766 | - | 1,637,766 |
| Long-term liabilities: | | | |
| Portion due or payable within one year: | | | |
| Compensated absences | 845,236 | - | 845,236 |
| Claims payable | 1,423,151 | - | 1,423,151 |
| Obligation under capital lease | 347,180 | - | 347,180 |
| Portion due or payable after one year: | | | |
| Compensated absences | 2,049,694 | - | 2,049,694 |
| Claims payable | 472,923 | - | 472,923 |
| Obligation under capital lease | 2,488,325 | - | 2,488,325 |
| Total liabilities | <u>\$ 11,750,457</u> | <u>\$ 27</u> | <u>\$ 11,750,484</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | \$ 41,830,203 | \$ - | \$ 41,830,203 |
| Unrestricted | 40,562,210 | 1,192,938 | 41,755,148 |
| Total net assets | <u>\$ 82,392,413</u> | <u>\$ 1,192,938</u> | <u>\$ 83,585,351</u> |

See accompanying notes to basic financial statements

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2010

| 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 | \$ 149,981,082 | \$ 28,973,555 | \$ 1,512,936 | \$ (114,896,783) | \$ - | \$ (114,896,783) |
| Economic Development Authority | 1,606,428 | - | - | - | (1,579,428) | (1,579,428) |
| Total component units | <u>\$ 151,587,510</u> | <u>\$ 28,973,555</u> | <u>\$ 1,512,936</u> | <u>\$ (114,896,783)</u> | <u>\$ (1,579,428)</u> | <u>\$ (116,476,211)</u> |
| General revenues: | | | | | | |
| Payments from Roanoke County | | | | \$ 63,597,776 | \$ 1,585,253 | \$ 65,183,029 |
| Non-categorical state aid | | | | 53,945,620 | - | 53,945,620 |
| Interest and Investment earnings | | | | - | 18,053 | 18,053 |
| Miscellaneous | | | | 357,303 | - | 357,303 |
| Total general revenues | | | | <u>\$ 117,900,699</u> | <u>\$ 1,603,306</u> | <u>\$ 119,504,005</u> |
| Special item - gain on sale of building | | | | \$ 674,143 | \$ - | \$ 674,143 |
| Change in net assets | | | | \$ 3,678,059 | \$ 23,878 | \$ 3,701,937 |
| Net assets at beginning of year | | | | 78,714,354 | 1,169,060 | 79,883,414 |
| Net assets at end of year | | | | <u>\$ 82,392,413</u> | <u>\$ 1,192,938</u> | <u>\$ 83,585,351</u> |

See accompanying notes to basic financial statements



COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2010

(1) Summary of Significant Accounting Policies

Financial Reporting Entity

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

Discretely Presented Component Units

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

Roanoke County School Board

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

Economic Development Authority of Roanoke County, Virginia

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2010

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

Related Organizations

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

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

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

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

Management's Discussion and Analysis

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2010

Government-wide Financial Statements

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

Statement of Net Assets

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

Statement of Activities

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

Budgetary comparison schedules

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2010

Basis of Presentation

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

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

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

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

- **Governmental Funds** – These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year-end. Accordingly, real and personal property taxes are recorded as deferred revenue and receivables when billed. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. The individual governmental funds are:

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2010

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

Additionally, the government reports the following Fiduciary funds:

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2010

Basis of Accounting

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

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

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

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

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

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

Deferred Revenue – Deferred revenue arises when assets are recognized before revenue recognition criteria can be satisfied and also when assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period. Property taxes for which there is an enforceable legal claim as of June 30, 2010 but which were levied to finance fiscal year 2011 operations, have been recorded as

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2010

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

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

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

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

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

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2010

the consumable supplies is recorded as expenditures when consumed in the general fund. Reported inventories in the governmental funds are equally offset by a reservation of fund balance.

Capital Assets – Capital outlays are recorded as expenditures in the governmental funds and as assets in the government-wide financial statements, to the extent the County's capitalization threshold is met. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of at least three years. Major additions, including those that significantly prolong a capital asset's economic life or expand usefulness, are capitalized. Normal repairs that merely maintain the asset in its present condition are recorded as expenditures and are not capitalized. Depreciation expense for capital assets is identified with a function, whenever possible, and is included as a direct expense.

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

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

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

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

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

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2010

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

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

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

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

Encumbrances – The County uses encumbrance accounting, wherein purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation. Funding for all encumbrances lapses at year-end and reappropriation is required by the County Board of Supervisors with the exception of Capital Project Fund encumbrances.

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

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

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2010

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

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

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

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

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

Reclassifications – Certain reclassifications have been made to the prior period's balances appearing in the notes to the basic financial statements to place them on a basis comparable with the current period's presentation in the notes to the basic financial statements.

New Recent Accounting Pronouncements – The County adopted GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, in fiscal year 2010. This Statement provides guidance on how to identify, account for, and report intangible assets. The adoption of GASB Statement No. 51 had no material effect on the County's financial statements.

The County adopted GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, in fiscal year 2010. This Statement provides guidance to improve how state and local governments report information about derivative instruments - financial arrangements used by governments to manage specific risks or make investments- in their financial statements. The adoption of GASB Statement No. 53 had no material effect on the County's financial statements.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2010

(2) Property Taxes

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

The annual assessment for real estate is based on 85% of the assessed fair market value. A penalty of 10% of the unpaid tax is due for late payment. Interest is accrued at 10% for the initial year of delinquency, and thereafter at the maximum annual rate authorized by the Internal Revenue Code Section 6621 (b). The effective tax rates per \$100 of assessed value for the year ended June 30, 2010 were as follows:

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

(3) Fund Balances

In the fund financial statements, fund balances of governmental funds have been classified to reflect the limitations and restrictions placed on the respective funds as follows:

Reserved Fund Balance

- *Inventories* – This amount represents inventories reported in the General Fund.
- *Encumbrances* – This amount reflects a reserve for goods and services encumbered, or ordered, prior to the end of the fiscal year, for which delivery of goods and services had not been made prior to the close of the fiscal year.

Unreserved Fund Balance

- *Fund Balances – Designated* – This amount represents tentative plans for financial resources in a future period or for capital projects.
- *Fund Balances – Undesignated* – This amount represents the remainder of the County's fund balances in governmental funds.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2010

(4) Deposits and Investments

As of June 30, 2010, 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 | \$ 11,938,506 | \$ 11,938,506 | \$ - | N/A |
| Unallocated group annuity contract | 2,629,844 | 2,629,844 | - | AAA-BB |
| Money market mutual funds | 55,097,296 | 55,097,296 | - | AAAm |
| Investment in other pooled funds | 1,662,585 | 1,662,585 | - | AAAm |
| Virginia LGIP | 22,067,353 | 22,067,353 | - | AAAm |
| Virginia SNAP fund | 33,871,471 | 33,871,471 | - | AAAm |
| Federal agency bonds and notes | 57,110,656 | 2,000,620 | 55,110,036 | AAA |
| | <u>\$ 184,377,711</u> | <u>\$ 129,267,675</u> | <u>\$ 55,110,036</u> | |

Below is the carrying value of cash and investments for each entity as of June 30, 2010:

| Entity | Cash and Cash Equivalents | Investments with Fiscal Agents | Investments | Total |
|---|------------------------------|-----------------------------------|----------------------|-----------------------|
| County of Roanoke | \$ 35,979,203 | \$ 33,871,471 | \$ 34,189,072 | \$ 104,039,746 |
| Component Units: | | | | |
| Roanoke County Public Schools | 30,798,493 | - | 14,006,348 | 44,804,841 |
| Economic Development Authority of Roanoke County | 662,301 | - | - | 662,301 |
| | <u>31,460,794</u> | <u>-</u> | <u>14,006,348</u> | <u>45,467,142</u> |
| Fiduciary Funds: | | | | |
| Fiduciary Funds - County | 19,394,835 | 4,292,429 | 8,915,236 | 32,602,500 |
| Fiduciary Funds - Schools | 2,268,323 | - | - | 2,268,323 |
| | <u>21,663,158</u> | <u>4,292,429</u> | <u>8,915,236</u> | <u>34,870,823</u> |
| | <u>\$ 89,103,155</u> | <u>\$ 38,163,900</u> | <u>\$ 57,110,656</u> | <u>\$ 184,377,711</u> |

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2010

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 and requires certificates of deposits with savings and loan associations to pledge collateral equal to 100% of their public deposits, compared to 50% required by banks. All cash and investments of the County of Roanoke are covered by Federal deposit insurance or collateralized in accordance with the Virginia Security for Public Deposits Act. The Virginia Local Government Investment Pool (LGIP) is administered by the Treasury Board pursuant to Sections 2.2-4600 through 2.2-4606 of the Code of Virginia. The Treasury Board has delegated the management of the LGIP to the State Treasurer. The fair value of the County's position in the LGIP is the same as the value of the pool shares.

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

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

As of June 30, 2010, the portion of the County and School System's portfolio, excluding the Virginia LGIP, the State Non-Arbitrage Program (SNAP), and U.S. Government guaranteed obligations, that exceed 5% of the total portfolio are as follows:

| <u>Issuer</u> | <u>% of Portfolio</u> |
|--------------------------|-----------------------|
| Smith Barney | 29.48% |
| Federal Home Loan Bank | 22.81% |
| Federal Farm Credit Bank | 5.56% |

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, 2010, all of the

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2010

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, 2010, the County had no investments with a maturity greater than 30 months.

(5) Receivables

Receivables at June 30, 2010 are as follows:

| | <u>Accounts</u> | <u>Taxes</u> | <u>Due from Other Governments</u> | <u>Total</u> |
|-------------------------------|-------------------|---------------------|---------------------------------------|----------------------|
| Governmental activities: | | | | |
| General | \$ 156,209 | \$ 9,540,497 | \$ 16,346,397 | \$ 26,043,103 |
| Capital projects | - | - | 15,000 | 15,000 |
| Internal service | 253,329 | - | - | 253,329 |
| Total governmental activities | <u>\$ 409,538</u> | <u>\$ 9,540,497</u> | <u>\$ 16,361,397</u> | <u>\$ 26,311,432</u> |

6) Notes Receivable – Component Unit

In November 2001, the Economic Development Authority of Roanoke County, Virginia (Authority) entered into a performance agreement with Novozymes Biologicals, Inc. (Novozymes), allowing for Novozymes' expansion to a 30 acre site located in the Center for Research and Technology (CRT). In July 2003, the County transferred the remaining 13 acres with a deed of trust note in the amount of \$325,000, discounted at 2.87%, for a balance due of \$334,734, including accrued interest, payable to the Authority. The Company must implement Phase II no later than December 2011, or it shall sell the 13 acres of real estate back to the Authority at the price of \$25,000 per acre.

7) Interfund Balances and Transfers

Interfund balances at June 30, 2010 consisted of the following:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|---------------------|-------------------|
| Internal Service | Capital Projects | \$ 829,624 |
| Internal Service | General Fund | 154,000 |
| | | <u>\$ 983,624</u> |

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2010

The balance of \$983,624 due to the Internal Service Fund from the Capital Projects Fund and the General Fund is the result of loans made for the purchase of 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 \$623,624.

Interfund transfers for the year ended June 30, 2010 consisted of the following amounts:

| Transfer To | Transfer Out | | | Total |
|-----------------------|----------------------|-------------------|---------------------|----------------------|
| | General | Capital Projects | Internal Service | |
| General fund | \$ - | \$ 307,279 | \$ 2,061,060 | \$ 2,368,339 |
| Debt service fund | 16,962,878 | - | - | \$ 16,962,878 |
| Capital projects fund | 2,222,570 | - | 900,000 | \$ 3,122,570 |
| Internal service fund | 27,515 | - | - | \$ 27,515 |
| Totals | <u>\$ 19,212,963</u> | <u>\$ 307,279</u> | <u>\$ 2,961,060</u> | <u>\$ 22,481,302</u> |

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

(8) Payables

Payables at the government-wide level at June 30, 2010 are as follows:

| | Vendors | Accrued Wages and Benefits | Total |
|-------------------------------|---------------------|----------------------------------|----------------------|
| Governmental funds: | | | |
| General | \$ 2,210,182 | \$ 1,421,451 | \$ 3,631,633 |
| Internal service | 539,875 | 1,501 | 541,376 |
| Capital projects | 4,379,994 | - | 4,379,994 |
| Debt Service | 650 | - | 650 |
| Total governmental funds | <u>\$ 7,130,701</u> | <u>\$ 1,422,952</u> | 8,553,653 |
| Accrued interest payable | | | <u>3,366,646</u> |
| Total governmental activities | | | <u>\$ 11,920,299</u> |

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2010

(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, 2010 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 3.0% to 5.0% | \$ 12,645,130 |
| \$1,760,000 - 1992 Virginia Public School Authority Bonds (VPSA) due in annual installments of \$55,000 to \$70,000 through December 15, 2012; interest at 5.9% | 190,000 |
| \$2,310,000 - 1993 VPSA Bonds due in annual installments of \$10,000 to \$45,000 through December 15, 2013; interest at 5.0% | 100,000 |
| \$3,200,000 - 1994 Series B VPSA Bonds due in annual installments of \$160,000 through July 15, 2014; interest at 6.5% to 6.6% | 800,000 |
| \$10,100,000 - 1995 Series A VPSA Bonds due in annual installments of \$505,000 through July 15, 2015; interest at 5.7% to 6.0% | 3,030,000 |
| \$1,300,000 - 1996 Series B VPSA Bonds due in annual installments of \$65,000 through July 15, 2016; interest at 5.2% | 455,000 |
| \$7,965,000 - 1998 Series A VPSA Bonds due in annual installments of \$395,000 to \$400,000 through July 15, 2018; interest at 4.6% to 5.1% | 3,565,000 |
| \$4,724,924 - 1998 Series B VPSA Bonds due in annual installments of \$234,821 to \$248,659 through July 15, 2018; interest at 4.6% to 5.1% | 2,162,779 |
| \$6,920,000 - 1999 Series B VPSA Bonds due in annual installments of \$345,000 through July 15, 2019; interest at 5.3% to 6.1% | 3,450,000 |
| \$16,500,000 - 2001 Series A VPSA Bonds due in annual installments of \$825,000 through July 15, 2021; interest at 4.9% to 5.6% | 10,054,333 |
| \$12,968,814 - 2001 Series B VPSA Bonds due in annual installments of \$634,242 to \$683,564 through July 15, 2021; interest at 3.1% to 5.1% | 7,916,737 |
| \$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% | 15,379,518 |
| \$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% | 14,133,644 |
| \$6,364,713 - 2007 subsidized VPSA bonds due in annual installments of \$285,226 to \$371,160 through July 15, 2027; interest at 4.4% to 5.1% | 6,122,957 |
| \$43,830,000 - 2009B VPSA bonds due in annual installments of \$2,190,000 to \$2,195,000 through July 15, 2029; interest at 4.0% to 5.0%. | 47,675,455 |

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2010

| | Governmental Activities |
|--|------------------------------------|
| \$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% | 823,459 |
| \$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% | 1,483,110 |
| \$1,500,000 - State Literary Loan: Northside High due in annual installments of \$75,000 through September 15, 2017; interest at 3.0% | 600,000 |
| \$2,316,571 - State Literary Loan: Cave Spring J.H. due in annual installments of \$115,828 to \$115,839 through April 15, 2020; interest at 3.0% | 1,158,291 |
| \$22,170,000 - 2004A Virginia Resources Authority (VRA) lease revenue bond due in annual installments of \$460,000 to \$1,410,000 through October 1, 2033; interest at 3.8% to 5.1%. | 20,100,826 |
| \$2,650,000 - EDA lease revenue bond due in monthly installments of \$14,793 to \$20,334 through June 15, 2016; interest at 5.4% | 1,254,276 |
| \$2,705,000 - EDA lease revenue refunding bond due in annual installments of \$270,000 to \$290,000 through April 15, 2013; interest at 3.5% | 825,291 |
| \$58,595,000 Lease Revenue bond Series 2008 due in annual installments of \$1,400,000 to \$3,190,000 through October 15, 2037; interest at 3.0% to 5.1% | 56,520,061 |
| | <u>\$ 210,445,867</u> |
| Accrued compensated absences | 4,533,983 |
| Claims payable | 3,261,815 |
| | <u>\$ 218,241,665</u> |

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2010

Changes in long-term liabilities for the year ended June 30, 2010 were as follows:

| | Outstanding June 30, 2009 | Additions | Deletions | Outstanding June 30, 2010 | Amounts Due Within One Year |
|------------------------------|--------------------------------------|----------------------|----------------------|--------------------------------------|--|
| Primary Government | | | | | |
| Governmental Activities: | | | | | |
| General Obligation Bonds | \$ 14,560,238 | \$ - | \$ 1,915,108 | \$ 12,645,130 | \$ 1,990,108 |
| Lease Revenue Bonds | 80,954,308 | - | 2,253,854 | 78,700,454 | 2,323,462 |
| VPSA School Bonds | 120,748,501 | - | 5,713,078 | 115,035,423 | 7,884,503 |
| State Literary Loans | 4,524,181 | - | 459,321 | 4,064,860 | 447,817 |
| | <u>220,787,228</u> | <u>-</u> | <u>10,341,361</u> | <u>210,445,867</u> | <u>12,645,890</u> |
| Accrued compensated absences | 4,657,079 | 3,435,725 | 3,558,821 | 4,533,983 | 2,399,921 |
| Claims payable | 3,223,127 | 6,967,754 | 6,929,066 | 3,261,815 | 1,329,619 |
| | <u>\$228,667,434</u> | <u>\$ 10,403,479</u> | <u>\$ 20,829,248</u> | <u>\$ 218,241,665</u> | <u>\$ 16,375,430</u> |
| Component Unit | | | | | |
| School Board | | | | | |
| Capital Leases | \$ 3,161,076 | \$ - | \$ 325,571 | \$ 2,835,505 | \$ 347,180 |
| Accrued compensated absences | 2,953,167 | 1,837,276 | 1,895,513 | 2,894,930 | 845,236 |
| Claims payable | 1,955,822 | 14,201,776 | 14,261,524 | 1,896,074 | 1,423,151 |
| | <u>\$ 8,070,065</u> | <u>\$ 16,039,052</u> | <u>\$ 16,482,608</u> | <u>\$ 7,626,509</u> | <u>\$ 2,615,567</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
Governmental Activities

The annual requirements to amortize governmental activity debt outstanding as of June 30, 2010 are as follows:

| Fiscal Year | General Obligation Serial Bonds | | Virginia Public School Authority Bonds | | Literary Loans | | Lease Revenue Bonds | | Total Governmental Debt | |
|----------------|------------------------------------|--------------|---|---------------|-------------------|------------|------------------------|---------------|----------------------------|----------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2011 | \$ 1,990,108 | \$ 523,909 | \$ 7,884,503 | \$ 5,221,539 | \$ 447,817 | \$ 121,946 | \$ 2,323,462 | \$ 3,686,318 | \$ 12,645,890 | \$ 9,553,712 |
| 2012 | 2,070,108 | 453,784 | 7,871,239 | 4,841,873 | 447,817 | 108,511 | 2,413,516 | 3,603,300 | 12,802,680 | 9,007,468 |
| 2013 | 2,145,108 | 372,034 | 7,843,322 | 4,476,356 | 447,817 | 95,077 | 2,494,125 | 3,514,287 | 12,930,372 | 8,457,754 |
| 2014 | 720,108 | 265,784 | 7,803,224 | 4,101,936 | 447,817 | 81,642 | 2,295,320 | 3,416,246 | 11,266,469 | 7,865,608 |
| 2015 | 722,100 | 239,534 | 7,799,250 | 3,728,073 | 447,817 | 68,208 | 2,402,062 | 3,319,647 | 11,371,229 | 7,355,461 |
| 2016-2020 | 4,070,499 | 729,970 | 35,511,321 | 13,298,892 | 1,825,775 | 141,961 | 11,590,237 | 15,072,991 | 52,997,831 | 29,243,813 |
| 2021-2025 | 927,100 | 40,688 | 25,124,329 | 5,976,010 | - | - | 12,642,136 | 12,381,970 | 38,693,565 | 18,398,667 |
| 2026-2030 | - | - | 15,198,234 | 1,524,045 | - | - | 15,677,136 | 8,817,575 | 30,875,369 | 10,341,619 |
| 2031-2035 | - | - | - | - | - | - | 17,717,518 | 4,526,165 | 17,717,518 | 4,526,165 |
| 2036-2040 | - | - | - | - | - | - | 9,144,943 | 715,450 | 9,144,943 | 715,450 |
| Total | \$ 12,645,130 | \$ 2,625,701 | \$ 115,035,423 | \$ 43,168,724 | \$ 4,064,860 | \$ 617,345 | \$ 78,700,454 | \$ 59,053,948 | \$ 210,445,867 | \$ 105,465,718 |

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2010

(10) Capital Assets

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, 2010, the Primary Government capital assets include \$126,732,754, 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, 2010 was as follows:

Governmental Activities

| | Balance June 30, 2009 | Additions | Reductions | Balance June 30, 2010 |
|---|--------------------------|----------------------|-----------------------|--------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 17,919,404 | \$ 5,500 | \$ - | \$ 17,924,904 |
| Construction in progress | 38,348,818 | 46,201,207 | (48,238,493) | 36,311,532 |
| Total capital assets at historical cost not being depreciated | 56,268,222 | 46,206,707 | (48,238,493) | 54,236,436 |
| Capital assets being depreciated: | | | | |
| Building and improvements | 186,618,203 | 38,677,440 | (288,484) | 225,007,159 |
| Furniture, fixtures, and equipment | 31,968,825 | 11,765,416 | (1,161,217) | 42,573,024 |
| Total capital assets at historical cost being depreciated | 218,587,028 | 50,442,856 | (1,449,701) | 267,580,183 |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | (42,425,870) | (6,856,684) | 288,484 | (48,994,070) |
| Furniture, fixtures, and equipment | (20,957,592) | (4,109,445) | 1,161,081 | (23,905,956) |
| Total accumulated depreciation | (63,383,462) | (10,966,129) | 1,449,565 | (72,900,026) |
| Total capital assets, being depreciated, | 155,203,566 | 39,476,727 | (136) | 194,680,157 |
| Governmental activities capital assets, | <u>\$ 211,471,788</u> | <u>\$ 85,683,434</u> | <u>\$(48,238,629)</u> | <u>\$ 248,916,593</u> |

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2010

Depreciation expense for the year ended June 30, 2010 was charged to functions/programs of the Primary Government as follows:

Governmental Activities:

| | |
|--|----------------------|
| General government | \$ 402,705 |
| Judicial administration | 94,489 |
| Public Safety | 3,636,591 |
| Public Works | 1,018,849 |
| Health and welfare | 537,174 |
| Parks, recreation and cultural | 532,500 |
| Library | 159,341 |
| Community development | 88,592 |
| Education | 4,495,888 |
| Total depreciation expense - governmental activities | <u>\$ 10,966,129</u> |

The County has an active construction project as of June 30, 2010. The project is the South County Library. The aforementioned project is being financed with County capital funds and lease revenue bond funds. At June 30, 2010, the County's commitments with contractors are as follows:

| | <u>Spent-to-Date</u> | <u>Remaining Commitment</u> |
|----------------------|----------------------|-----------------------------|
| South County Library | \$ 3,146,420 | \$ 8,428,503 |



COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2010

The component unit Roanoke County Public Schools' capital asset activity for the year ended June 30, 2010 was as follows:

| | Balance <u>June 30, 2009</u> | <u>Additions</u> | <u>Reductions</u> | Balance <u>June 30, 2010</u> |
|--|---------------------------------|-----------------------|-----------------------|---------------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 5,238,978 | \$ - | \$ (16,194) | \$ 5,222,784 |
| Construction in progress | 1,000,113 | 339,573 | (1,097,059) | 242,627 |
| Total capital assets at historical cost not being depreciated | <u>6,239,091</u> | <u>339,573</u> | <u>(1,113,253)</u> | <u>5,465,411</u> |
| Capital assets being depreciated: | | | | |
| Building and improvements | 66,426,846 | 1,226,683 | (1,430,238) | 66,223,291 |
| Furniture, fixtures and equipment | 24,458,127 | 2,077,540 | (374,280) | 26,161,387 |
| Total capital assets at historical cost being depreciated | <u>90,884,973</u> | <u>3,304,223</u> | <u>(1,804,518)</u> | <u>92,384,678</u> |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | (34,969,162) | (2,433,173) | 109,100 | (37,293,235) |
| Furniture, fixtures and equipment | (14,028,037) | (2,237,389) | 374,280 | (15,891,146) |
| Total accumulated depreciation | <u>(48,997,199)</u> | <u>(4,670,562)</u> | <u>483,380</u> | <u>(53,184,381)</u> |
| Total capital assets, being depreciated, net | <u>41,887,774</u> | <u>(1,366,339)</u> | <u>(1,321,138)</u> | <u>39,200,297</u> |
| Component unit capital assets, net | <u>\$ 48,126,865</u> | <u>\$ (1,026,766)</u> | <u>\$ (2,434,391)</u> | <u>\$ 44,665,708</u> |

(11) Operating Leases

The County leases several sites around the Roanoke Valley for the purpose of maintaining towers and antennae for its public safety radio communications system. The County is also leasing commercial property on Route 116 for the temporary Mt. Pleasant Branch Library, and a 0.680 acre lot in Salem for Courthouse parking. The noncancelable leases range in terms from two years to open-ended. Rental expense in the amount of \$53,126 was paid for the fiscal year ended June 30, 2010.

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The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2010:

| <u>Year Ending June 30</u> | <u>Amount</u> |
|----------------------------|-------------------|
| 2011 | \$ 57,441 |
| 2012 | 59,413 |
| 2013 | 22,246 |
| 2014 | 23,007 |
| 2015 | 23,796 |
| 2016-2021 | <u>124,071</u> |
| Total | <u>\$ 309,974</u> |

(12) Capital Leases – Component Unit

During fiscal year 2007, the School System entered into a lease agreement as lessee for financing the acquisition and installation of energy management equipment. Under the lease agreement, the School System pays annual rent representing principal and interest payments at 3.9725% over a lease term of ten years. This lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. Amortization of the leased equipment is included as part of depreciation expense over 10 years.

During fiscal year 2009, the School System entered into a lease agreement as lessee for financing the acquisition and installation of internet filtering equipment and software. Under the lease agreement, the School System pays principal and interest 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 is 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> |
| Asset: | |
| Furniture and Equipment | \$ 3,686,574 |

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2010

The future minimum lease payments under the capital leases as of June 30, 2010 are as follows:

| Year Ending June 30 | Governmental Activities |
|---|----------------------------|
| 2011 | \$ 460,435 |
| 2012 | 473,103 |
| 2013 | 447,978 |
| 2014 | 461,418 |
| 2015 | 475,260 |
| 2016 | 489,517 |
| 2017 | 504,203 |
| Total minimum lease payments | 3,311,914 |
| Less: Amount representing interest | (476,409) |
| Present value of minimum lease payments | \$ 2,835,505 |

(13) Risk Management

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

Workers' Compensation – The County established a self-insured Workers' Compensation program July 1, 1986. On July 1, 1990, the School System also implemented a self-insured Workers' Compensation program. Premiums are paid into the Internal Service Fund and the Component Unit Internal Service Fund by all other funds and are available to pay claims, claims reserves and administrative costs of the programs. An excess coverage insurance policy covers each accident in excess of \$400,000 for the County and \$400,000 for the School System, with statutory limits. At June 30, 2010, the County and the School System have accrued liabilities of \$2,664,000 and \$697,000, 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, 2010, incurred but not yet reported claims for the County and School System are estimated to be \$555,658 and \$1,199,074, respectively. Interfund premiums are based upon the employees within that fund that are enrolled in the plan.

COUNTY OF ROANOKE, VIRGINIA
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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 \$5,000,000 per occurrence, and no aggregate limit. At June 30, 2010, the County has no general liability and an accrued liability of \$42,157 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:

Primary Government:

| | Workers' Compensation | Health Insurance | General Liability | Automobile Liability | Total |
|--|----------------------------------|-----------------------------|------------------------------|---------------------------------|---------------------|
| Unpaid Claims June 30, 2008 | \$ 2,649,000 | \$ 490,174 | \$ 17,500 | \$ 70,259 | \$ 3,226,933 |
| Incurred claims (including IBNR and changes in estimates) | 795,754 | 6,374,285 | 253 | 2,053 | 7,172,345 |
| Claim payments | <u>(780,754)</u> | <u>(6,377,897)</u> | <u>(17,500)</u> | <u>-</u> | <u>(7,176,151)</u> |
| Unpaid Claims June 30, 2009 | \$ 2,664,000 | \$ 486,562 | \$ 253 | \$ 72,312 | \$ 3,223,127 |
| Incurred claims (including IBNR and changes in estimates) | 749,235 | 6,218,519 | - | - | 6,967,754 |
| Claim payments | <u>(749,235)</u> | <u>(6,149,423)</u> | <u>(253)</u> | <u>(30,155)</u> | <u>(6,929,066)</u> |
| Unpaid Claims June 30, 2010 | <u>\$ 2,664,000</u> | <u>\$ 555,658</u> | <u>\$ -</u> | <u>\$ 42,157</u> | <u>\$ 3,261,815</u> |

COUNTY OF ROANOKE, VIRGINIA
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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, 2008 | \$ 717,000 | \$ - | \$ 1,214,525 | \$ 1,931,525 |
| Incurred claims (including IBNR and changes in estimates) | 338,354 | 151,551 | 14,137,790 | 14,627,695 |
| Claim payments | <u>(358,354)</u> | <u>(151,551)</u> | <u>(14,093,493)</u> | <u>(14,603,398)</u> |
| Unpaid Claims June 30, 2009 | \$ 697,000 | \$ - | \$ 1,258,822 | \$ 1,955,822 |
| Incurred claims (including IBNR and changes in estimates) | 364,371 | 404,717 | 13,432,688 | 14,201,776 |
| Claim payments | <u>(364,371)</u> | <u>(404,717)</u> | <u>(13,492,436)</u> | <u>(14,261,524)</u> |
| Unpaid Claims June 30, 2010 | <u>\$ 697,000</u> | <u>\$ -</u> | <u>\$ 1,199,074</u> | <u>\$ 1,896,074</u> |

(14) Defined Benefit Pension Plan

A. Plan Description

The County contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System (System). 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. Employees are eligible for an unreduced retirement benefit at age 65 with five years of service (age 60 with 5 years of service for participating law enforcement officers and firefighters) and at age 50 with 30 years of service for participating employees (age 50 with 25 years for participating law enforcement officers and firefighters) payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and, if the employer elects, other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases limited to 5% per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months of reported compensation. Sheriffs and participating eligible law enforcement officers and firefighters may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report 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/2008annurept.pdf>

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or may be obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. The 5% member contribution has been assumed by the employer. In addition, the County and the Roanoke County Public Schools are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The County and Roanoke County Public Schools non-professional employees contribution rates for the fiscal year ended June 30, 2010 were 14.03% and 9.21% of annual covered payroll, respectively (including the employee share of 5% paid by the employer). The Roanoke County professional employees contribution rate was 13.81% (including the 5% employee contribution rate) of covered payroll for the first nine months of the fiscal year and zero for the last three months. For the three years ended June 30, 2010, 2009, and 2008, total employer and employee contributions made to the VRS statewide teacher pool for professional employees by the Roanoke County Public Schools were \$8,593,714 \$11,951,073, and \$12,123,013, respectively, and represented, 14.85%, 14.89%, and 16.46%, respectively, of annual covered payroll.

C. Annual Pension Cost and Net Pension Obligation

For fiscal year June 30, 2010, the annual pension cost for the County's employees and School's non-professional employees under the VRS agent multi-employer plan of \$3,562,516 and \$266,811, 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, 2010 | \$ 3,562,516 | 100.0% | \$ - |
| June 30, 2009 | 3,603,859 | 100.0% | - |
| June 30, 2008 | 3,366,415 | 100.0% | - |

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

| <u>Fiscal Year Ended</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|--------------------------|--------------------------------------|--|-----------------------------------|
| June 30, 2010 | \$ 266,811 | 100.0% | \$ - |
| June 30, 2009 | 302,343 | 100.0% | - |
| June 30, 2008 | 409,593 | 100.0% | - |

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The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return, (net of administrative expenses) (b) projected salary increases ranging from 3.75% to 5.60% depending on the member's service and classification (i.e. members with general employee benefits or with LEOS/Fire coverage) and (c) 2.5% per year cost-of-living adjustments for both the investment rate of return and the projected salary increases. Liabilities were determined under the entry age normal actuarial cost method.

The actuarial value of the County and the Roanoke County Public Schools' assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The unfunded actuarial liabilities are being amortized as a level percentage of projected payroll on an open basis. The remaining amortization at June 30, 2007 was 20 years.

D. Funded Status and Funding Progress

As of June 30, 2009, the County's most recent actuarial valuation date, the plan was 87.01% funded. The actuarial accrued liability for benefits was \$164,655,207, and the actuarial value of assets was \$143,259,725, resulting in an unfunded actuarial liability (UAAL) of \$21,395,482. The covered payroll (annual payroll of active employees covered by the plan) was \$39,812,949, and ratio of the UAAL to the covered payroll was 53.74%.

As of June 30, 2009, the School's most recent actuarial valuation date, the plan was 105.89% funded. The actuarial accrued liability for benefits was \$27,075,002, and the actuarial value of assets was \$28,670,508, resulting in an overfunded actuarial liability (OAAL) of \$1,595,506. The covered payroll (annual payroll of active employees covered by the plan) was \$6,735,037, and ratio of the OAAL to the covered payroll was 23.69%.

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.

E. Actuarial Methods and Assumptions

For the June 30, 2009 actuarial valuation, the most significant assumptions were (a) 7.5% investment rate of return, (b) salary increases assumptions that range between 3.75% and 5.60% depending on the member's service and classification and (c) the assumption regarding future increases in the automatic cost-of-living benefit adjustment, currently set at 2.50%. Liabilities were determined under the Entry Age Normal actuarial cost method.

COUNTY OF ROANOKE, VIRGINIA
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(15) Other Postemployment Benefits (OPEB)

From an accrual accounting perspective, the cost of post-employment health care benefits (OPEB), like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in future years when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2008, the County recognizes the cost of post-employment health care in the year when the employee services are rendered, reports the accumulating liability, and provides information useful in assessing potential demands on the County's future cash flows. Recognition of the liability accumulated from prior years is being phased in over 30 years, commencing with the 2008 liability.

Medical Program

A. Plan Description

The County of Roanoke administers a single-employer healthcare plan ("the Retiree Health 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 Health 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. At July 1, 2009, the date of the last actuarial valuation, the plan had 107 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, VA 23241.

B. Funding Policy

The Retiree Health Plan is funded with contributions from plan members and the County. Plan members receiving benefits contribute specified amounts monthly, ranging from 10.63% to 38.22%, towards the cost of the health insurance premiums. For fiscal year ended June 30, 2010, the retirees contributed \$179,036, or 25.70% of total premiums, through their required contributions of \$49.34 to \$425.98 per month depending on the coverage (single, single plus dependent, single plus spouse, or family). The County contributed \$573,209 to the Virginia Pooled OPEB Trust. It is the County's intent to fully fund the annual required contribution (ARC) each year.

C. Annual OPEB Cost and Net OPEB Obligation

The County had an actuarial valuation performed for the plan as of July 1, 2009 to determine the funded status of the plan, as well as the employer's annual required contribution (ARC) for the fiscal year ended June 30, 2010. The County's annual other

COUNTY OF ROANOKE, VIRGINIA
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postemployment benefit cost is calculated using the projected unit credit actuarial cost method to determine the plan liabilities. The County's annual OPEB cost (expense) of \$1,486,189 was equal to the ARC for the fiscal year ended June 30, 2010. During 2010, the County contributed \$1,486,189 to fund the annual required contribution (ARC), an actuarially determined rate in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB Plan for the fiscal year ended June 30, 2010:

| | |
|--|--------------------|
| Annual Required Contribution | \$ 1,486,189 |
| Interest on Net OPEB Obligation | - |
| Adjustment to Annual Required Contribution | - |
| Annual OPEB Cost | <u>1,486,189</u> |
| Contributions Made | <u>1,486,189</u> |
| Decrease in Net OPEB Obligation | - |
| Net OPEB Obligation, Beginning of Year | - |
| Net OPEB Obligation, End of Year | <u><u>\$ -</u></u> |

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2010, 2009 and 2008 are as follows:

| Fiscal Year Ended | Annual OPEB Cost | Employer Contribution | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------|------------------|-----------------------|--|---------------------|
| June 30, 2010 | \$ 1,486,189 | \$ 1,486,189 | 100.00% | \$ - |
| June 30, 2009 | \$ 1,214,500 | \$ 1,841,731 | 151.64% | \$ - |
| June 30, 2008 | \$ 1,446,190 | \$ 818,959 | 56.63% | \$ 627,231 |

D. Funded Status and Funding Progress

As of July 1, 2009, the County's most recent actuarial valuation date, the actuarial accrued liability (AAL) for benefits was \$14,202,755, and the actuarial value of assets was \$985,331, resulting in an unfunded actuarial accrued liability (UAAL) of \$13,217,424 and a funded ratio of 6.94%. The covered payroll (annual payroll of active employees covered by the plan) was \$38,676,345, and the ratio of the UAAL to the covered payroll was 34.17%

Actuarial valuations of an ongoing plan involve estimates of the value reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the basic

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financial statements, is designed to present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Methods and Assumptions

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

In the July 1, 2009, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 7 percent investment rate of return per annum. The unfunded actuarial accrued liability is being amortized as a level dollar amount over an open basis. The remaining amortization period at June 30, 2009 was twenty-nine years.

Health Insurance Credit Program

A. Plan Description

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

B. Funding Policy

The County of Roanoke employer contribution rate for the fiscal year ended June 30, 2010 was 0.24% of annual covered payroll.

C. Annual Health Credit Cost and Net Health Credit Obligation

The County's annual retiree health insurance credit cost for the fiscal year ended June 30, 2010 is as follows:

| Fiscal Year Ended | Annual Health Credit Cost | Employer Contribution | Percentage of Annual Health Credit Cost Contributed | Net Health Credit Obligation |
|-------------------------|---------------------------------|--------------------------|---|------------------------------------|
| June 30, 2010 | \$ 94,937 | \$ 94,937 | 100.00% | \$ - |

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D. Funded Status and Funding Progress

As of June 30, 2009, the County's most recent actuarial valuation date, the plan was 4.30% funded. The actuarial accrued liability for benefits was \$1,102,693 and the actuarial value of assets was \$47,369, resulting in an unfunded actuarial liability (UAAL) of \$1,055,324. The covered payroll (annual payroll of active employees covered by the plan) was \$39,812,949, and ratio of the UAAL to the covered payroll was 2.65%.

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.

E. Methods and Assumptions

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

In the June 30, 2009, actuarial valuation, an entry age normal cost method was used. The actuarial assumptions included a 7.50 percent investment rate of return per annum. The unfunded actuarial accrued liability is being amortized as a level dollar amount over an open basis. The remaining amortization period at June 30, 2009 was twenty-seven years.

Other Postemployment Healthcare Benefits-Schools

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

A. Plan Description

The School System provides post-employment health care benefits through a single-employer defined benefit 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 group health plan. The benefits, employee contributions, and employer contributions are

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governed by School Board policy and can be amended by the School Board through 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 early retirement work program. All health care benefits are provided through the School System's self-insured health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous and substance abuse care; vision care; and prescriptions. Once a retiree reaches age 65, Medicare becomes the primary insurer and the School System's plan becomes secondary. The 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.

B. Funding Policy

The School System currently pays for post-employment health care benefits on a pay-as-you-go basis. For the year ended June 30, 2010, the School System paid approximately \$1,814,200 in health care benefits, including \$516,119 in monthly health insurance premium payments for 215 school retirees. Expenditures for post-retirement health care benefits are recognized on a monthly basis as the employee premium becomes due.

C. Annual OPEB Costs and Net OPEB Obligation (Asset)

The School System had an actuarial valuation performed for the plan as of July 1, 2009 to determine the funded status of the plan as well as the employer's annual required contribution (ARC) for the fiscal year ended June 30, 2010. The School System's annual OPEB cost (expense) of \$1,726,490 was equal to the ARC for the fiscal year. The School System's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for 2010, 2009 and 2008 are as follows:

| <u>Fiscal Year Ended</u> | <u>Beginning OPEB Obligation</u> | <u>Annual OPEB Cost</u> | <u>Employer Contribution</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Ending Net OPEB Obligation (Asset)</u> |
|----------------------------------|--|---------------------------------|----------------------------------|---|---|
| June 30, 2010 | \$ 60,000 | \$ 1,726,490 | \$ 1,814,200 | 105.08% | \$ (27,710) |
| June 30, 2009 | \$ 60,000 | \$ 1,717,062 | \$ 1,717,062 | 100.00% | \$ 60,000 |
| June 30, 2008 | \$ - | \$ 1,678,000 | \$ 1,618,000 | 96.42% | \$ 60,000 |

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The net OPEB asset as of June 30, 2010 was calculated as follows:

| | |
|--|---------------------------|
| Annual Required Contribution | \$ 1,726,428 |
| Interest on Net OPEB Obligation | 2,400 |
| Adjustment to Annual Required Contribution | <u>(2,338)</u> |
| Annual OPEB Cost | 1,726,490 |
| Contributions Made | <u>1,814,200</u> |
| Decrease in Net OPEB Asset | (87,710) |
| Net OPEB Obligation, Beginning of Year | <u>60,000</u> |
| Net OPEB Asset, End of Year | <u><u>\$ (27,710)</u></u> |

D. Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to basic financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term prospective of the calculations.

The required contribution was determined as part of the July 1, 2009 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included 4.0% investment rate of return and an initial annual healthcare cost trend rate of 9.0% reduced by 0.50% to 1.00% each year to arrive at an ultimate health care cost trend rate of 5.0%. Because the plan is unfunded, reference to general assets, which are short-term in nature (such as money market funds), was considered in the selection of the 4.0% rate. The School System funds the plan on a pay-as-you-go basis so the actuarial value of plan assets as of June 30, 2010 was \$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
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As of July 1, 2009, the School System's most recent actuarial valuation date, the actuarial accrued liability for benefits was \$20,262,618, all of which was unfunded.

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

A. Plan description and provisions

The County of Roanoke established a Length of Service Awards Program (LOSAP), January 1, 1989, to recognize the service the volunteers for the County Fire and Rescue provide to the County. LOSAP is a single employer, noncontributory defined benefit plan. It is owned by the County of Roanoke and governed by the Volunteer Fireman's Insurance Services, Inc. (VFIS). The plan's fiscal year follows the calendar year January 1 through December 31st. It was active until December 31, 2005, at which time the Roanoke County Board of Supervisors froze all member benefits in the program. The program is closed to new entrants. The 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 4.85%. 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 December 31, 2009, the program membership consisted of the following:

| | |
|---------------------------|-----|
| Eligible members | 357 |
| Retired and beneficiaries | 170 |

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

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2010

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 5% compounded annually. There is no inflation factor or salary increase factor used since there is no covered payroll.

The contributions to the plan for the calendar year ended December 31, 2009, totaled \$299,130. 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 December 31, 2009, the LOSAP's most recent actuarial valuation date, the plan was 39.98% funded. The actuarial accrued liability for benefits was \$6,577,889 and the actuarial value of assets was \$2,629,844 resulting in an unfunded actuarial liability (UAAL) of \$3,948,045 which will be fully amortized in 30 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.

| <u>Calendar Year Ended</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|--------------------------------|--------------------------------------|--|-----------------------------------|
| December 31, 2009 | \$299,130 | 100% | \$ - |
| December 31, 2008 | 275,316 | 100% | - |
| December 31, 2007 | 274,287 | 100% | - |



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

Deferred revenue represents amounts for which asset recognition criteria have been met but for which revenue recognition criteria have not been met. Deferred revenue in the fund financial statements as of June 30, 2010 is comprised of the following:

| | General | Internal Service Funds | |
|------------------------|----------------------|------------------------|------------------|
| | Fund | Health | Dental |
| Property tax | \$ 8,970,431 | \$ - | \$ - |
| Other local tax | 344,827 | - | - |
| Sales tax | 732,635 | - | - |
| Insurance withholdings | - | 592,163 | 43,114 |
| Grant revenue | 297,645 | - | - |
| Registration Fees | 169,267 | - | - |
| Rental income | 12,075 | - | - |
| Total | \$ <u>10,526,880</u> | \$ <u>592,163</u> | \$ <u>43,114</u> |

Unearned revenue in the government-wide statements as of June 30, 2010 is comprised of the following:

| | Governmental | Component |
|------------------------|----------------------|---------------------|
| | Activities | Unit |
| Property tax | \$ 8,970,431 | \$ - |
| Insurance withholdings | 635,277 | 1,523,888 |
| Grant revenue | 297,645 | 113,878 |
| Registration Fees | 169,267 | - |
| Rental income | 12,075 | - |
| Total | \$ <u>10,084,695</u> | \$ <u>1,637,766</u> |

(18) Commitments, Contingencies, and Other Information

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, 2010.

COUNTY OF ROANOKE, VIRGINIA
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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 Clearbook in Roanoke County to the Wirtz Plateau in Franklin County. The WVWA designed, constructed, and issued 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, 2010 totaled \$183,164.

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

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

(19) Jointly Governed Organizations

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

Roanoke Valley Resource Authority

The Roanoke Valley Resource Authority (RVRA) was established on October 23, 1991 under a user agreement between the County of Roanoke, City of Roanoke, and the Town of Vinton to develop a regional solid waste disposal facility. The old regional sanitary landfill operated by the Roanoke Valley Regional Solid Waste Management Board was closed on September 30, 1993. RVRA is presently governed by a seven member board appointed by the governing bodies of the Charter Members. The County has control over the budget and financing of RVRA only to the extent of representation by board members appointed. For the fiscal year ended June 30, 2010, the County remitted \$1,814,387 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.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2010

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, 2010 was \$421,766. RVDC has the authority to issue debt and such debt is the responsibility of RVDC.

Blue Ridge Behavioral Healthcare

The Counties of Botetourt, Craig, and Roanoke, and the Cities of Roanoke and Salem formed Blue Ridge Community Services (Blue Ridge) to provide a system of comprehensive community mental health, mental retardation, and substance abuse services. Blue Ridge is governed by a sixteen member board. Each locality's financial obligation is based on the type and amount of services performed for individuals in the locality. The annual contribution for the year ended June 30, 2010 was \$180,000.

Fifth Planning District Disability Services Board

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

Roanoke Valley Society for the Prevention of Cruelty to Animals

The Counties of Roanoke and Botetourt, Town of Vinton and City of Roanoke jointly participate on the Advisory Board which is responsible for the general fiscal and management policy for the Roanoke Valley Society for the Prevention of Cruelty to Animals (RVSPCA). The center is owned and operated by the RVSPCA. Participating localities are responsible for their pro-rata share, which is billed on a monthly basis. For the year ended June 30, 2010, the County's share was \$215,852.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2010

Western Virginia Water Authority

The Western Virginia Water Authority (WVWA) was created by the County and the City of Roanoke on July 1, 2004. The WVWA is a full service authority that provides water and wastewater treatment to both County and City citizens. The WVWA is governed by a 7 member board of which 2 will be appointed by the Roanoke County Board of Supervisors. The County of Roanoke has no financial responsibility for the debt issued by the WVWA. The County retained \$1,835,031 of General Obligation Bonds when the assets and liabilities of the County water and wastewater utilities were transferred to the WVWA and paid off this balance during the year ended June 30, 2009.

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 portion of the debt service and per diem cost based on their prisoner days used. For the year ended June 30, 2010, the County's share was \$2.6 million.

(20) Incentive Agreements Outstanding – Component Unit

In May 2003, the Economic Development Authority of Roanoke County, Virginia (Authority), in conjunction with the County of Roanoke, approved an agreement with Integrity Windows, Inc. to allow for Integrity's development of a new manufacturing facility in Roanoke County. The agreement provides for the County and the Authority to allocate and grant a sum sufficient amount equivalent to six years of new local tax revenues. This amount is estimated to be approximately \$626,000. The state awarded a \$390,000 grant to be used for industrial roadway construction and public utility relocation and connection fees. The County of Roanoke has also applied and been approved for \$500,000 in Governor's Opportunity Fund revenues from the Commonwealth of Virginia. The requirements for Phase I of the agreement have been met, and \$300,000 of this revenue has been received from the state. Integrity received infrastructure improvements, utilities and other site work from the County and the Authority as payment of the \$300,000. The remaining \$200,000 was paid during the year ended June 30, 2007 for Phase II requirements. The deadline to meet Phase II for GOF requirements was extended to December 31, 2011. Reimbursements of tax revenues in the amount of \$219,776 were paid during the year ended June 30, 2010. This completes the agreement with Integrity Windows, Inc.

In November 2003, the Authority entered into an agreement, in conjunction with the County of Roanoke and the Town of Vinton, to appropriate funds to Cardinal Glass for the construction of a new 220,000 square foot production facility. The Authority will make a \$604,230 Economic Development Incentive Grant upon the receipt of the funds from the Town and the County. In addition, the County applied for and then received \$300,000 in

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2010

Governor's Opportunity Fund revenues from the Commonwealth of Virginia, which was then appropriated to Cardinal Glass. Reimbursement of tax revenues in the amount of \$248,640 was paid for the year ended June 30, 2010. This completes the agreement with Cardinal Glass.

On April 29, 2005, the Authority, in conjunction with the County of Roanoke, approved an agreement with Tecton Products, LLC to develop a research and development and production facility in Roanoke County. The agreement provides for the County and the Authority to appropriate a \$58,500 permit and water and sewer grant and an estimated new tax revenue incentive grant of approximately \$397,003. In addition, the County and the Authority assisted the Company in securing a \$100,000 Governor's Opportunity Fund Grant which was awarded and paid to Tecton Products, LLC during the year ended June 30, 2007. Tecton Products, LLC fell short of the November 2009 employment requirement, and as a result, repaid \$25,000 of the Governor's Opportunity Fund Grant to the State. The reimbursement of tax revenues from the County was also reduced by \$29,000. Reimbursement of tax revenues in the amount of \$54,124 was paid for the year ended June 30, 2010.

On February 3, 2006, the Authority, in conjunction with the County of Roanoke, approved an agreement with Mennel Milling Company of Virginia. Mennel Milling will construct a new 73,480 square foot facility for which the Authority agrees to appropriate, allocate and grant Mennel Milling the equivalent to three years of new local tax revenues generated by the project. The amount of this grant shall not exceed \$900,000. Reimbursement of tax revenues in the amount of \$264,894 was paid for the year ended June 30, 2010.

On February 3, 2006, the Authority, in conjunction with the County of Roanoke, approved an agreement with ITT Industries, Inc. whereby ITT Industries will construct an expansion of its existing facility. The County of Roanoke has applied and been awarded a grant of up to \$700,000 from the Governor's Opportunity Fund (GOF) which was paid to the Company during the year ended June 30, 2007. Since the capital investment was not met for the GOF funds, \$59,725 was returned to the State in December 2008. In addition, the Authority agrees to appropriate, allocate and grant ITT Industries the equivalent to four years of new local tax revenues generated by the project. The amount of this grant shall not exceed \$700,000. Reimbursement of tax revenues in the amount of \$101,981 was paid for the year ended June 30, 2010.

On March 24, 2006, the Authority, in conjunction with the County of Roanoke, approved an agreement with Cox Communications (Cox). Cox will construct a new 27,000 square foot expansion of its existing facility for which the Authority agrees to appropriate, allocate and grant Cox the equivalent to three years of new local tax revenues generated by the project. The total amount of this grant shall not exceed \$100,000. Reimbursement of tax revenues in the amount of \$29,198 was paid for the year ended June 30, 2010. This completes the agreement with Cox.

On January 17, 2007, the Authority, in conjunction with the County of Roanoke, approved an agreement with Plastics One, Inc. whereby Plastics One, Inc. will construct a 15,150 square foot expansion of its existing facility and install new equipment. The Authority

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2010

agrees to appropriate, allocate and grant Plastics One, Inc. the equivalent to three years of new local tax revenues generated by the project. The amount of this grant shall not exceed \$50,000. No reimbursement has been made under this agreement at the Company's request.

On April 24, 2007, the Authority, in conjunction with the County of Roanoke, approved an agreement with New Millennium Building Systems whereby the Company will construct a 108,000 square foot expansion of its existing facility and install new equipment. The Authority agrees to appropriate, allocate and grant New Millennium Building Systems the equivalent to three years of new local tax revenues generated by the project. The amount of this grant shall not exceed \$500,000. Reimbursement of tax revenues in the amount of \$61,133 was paid for the year ended June 30, 2010.

On June 12, 2007, the Authority, in conjunction with the County of Roanoke, approved an agreement with Kroger Limited Partnership whereby the Partnership will construct a new 84,000 square foot grocery store, fuel center, a 21,900 square foot retail facility, and four additional retail out lots subdivided from a tract of real estate consisting of approximately 22.86 acres. The agreement provides for the Authority, with funds provided by the County, to grant an amount estimated to be \$500,000 for one year based solely on new local tax revenues generated by the new Kroger grocery store and fuel center, and not for any ancillary retail commercial developments. Reimbursement of tax revenues in the amount of \$502,561 was paid for the year ended June 30, 2010, completing this agreement.

On July 24, 2007, the Authority, in conjunction with the County of Roanoke, approved an agreement with Virginia Air Distributors, Inc. whereby the company will construct a 23,000 square foot office and distribution facility on a tract of real estate consisting of approximately 1.7 acres. The agreement provides for the Authority, with funds provided by the County, to grant funds not to exceed \$100,000. The Authority will also appropriate approximately \$100,000 for the Economic Development Incentive Grant, based on new local tax revenues in 2010. Reimbursement of tax revenues in the amount of \$77,946 was paid for the year ended June 30, 2010. This reimbursement completes the agreement with Virginia Air Distributors, Inc.

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.

COUNTY OF ROANOKE, VIRGINIA
Notes to Basic Financial Statements
June 30, 2010

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.

On September 29, 2008, the Authority, in conjunction with the County of Roanoke, approved an agreement with PD Lodging Associates, whereby the company will construct an expansion of approximately 40 new hotel rooms, and renovate the existing facility. The agreement provides for the Authority, with funds provided by the County, to grant funds not to exceed \$80,000 for the Economic Development Incentive Grant, based on new local tax revenues in 2010. No reimbursement has been made on this agreement.

COUNTY OF ROANOKE, VIRGINIA
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2010
 (Unaudited)

| | Original Budget | Final Budget, as Amended | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-----------------------|-----------------------------|-----------------------|---|
| Revenues: | | | | |
| General property taxes | \$ 115,643,000 | \$ 103,413,143 | \$ 105,039,725 | \$ 1,626,582 |
| Other local taxes | 31,536,000 | 31,671,000 | 30,067,742 | (1,603,258) |
| Permits, fees, and licenses | 588,300 | 709,389 | 829,674 | 120,285 |
| Fines and forfeitures | 782,000 | 782,000 | 810,241 | 28,241 |
| Use of money and property | 607,500 | 1,078,383 | 843,518 | (234,865) |
| Charges for services | 3,064,416 | 5,271,003 | 5,401,655 | 130,652 |
| Intergovernmental revenues | 12,713,125 | 35,033,897 | 31,336,312 | (3,697,585) |
| Miscellaneous | 21,822,209 | 2,223,572 | 2,488,435 | 264,863 |
| Total revenues | <u>\$ 186,756,550</u> | <u>\$ 180,182,387</u> | <u>\$ 176,817,302</u> | <u>\$ (3,365,085)</u> |
| Expenditures: | | | | |
| General government: | | | | |
| Board of supervisors | \$ 353,780 | \$ 443,500 | \$ 371,046 | \$ 72,454 |
| County administrator | 284,636 | 303,303 | 293,326 | 9,977 |
| Community relations | 473,082 | 417,088 | 406,312 | 10,776 |
| Human resources | 723,409 | 813,101 | 754,876 | 58,225 |
| County attorney | 547,279 | 608,579 | 600,070 | 8,509 |
| Commissioner of revenue | 783,299 | 901,166 | 864,379 | 36,787 |
| Assessor | 1,012,033 | 1,082,581 | 990,521 | 92,060 |
| Treasurer | 821,830 | 916,061 | 833,619 | 82,442 |
| Risk management | 4,343,346 | 200,721 | 200,721 | - |
| Assistant county administrator - | | | | |
| Management services | 175,342 | 185,538 | 183,116 | 2,422 |
| Finance | 1,345,901 | 1,357,043 | 1,292,979 | 64,064 |
| Management and budget | 276,296 | 306,820 | 292,325 | 14,495 |
| Procurement | 437,188 | 429,951 | 425,774 | 4,177 |
| Electoral board and officials | 298,422 | 322,097 | 310,678 | 11,419 |
| Judicial administration: | | | | |
| Circuit court | 242,191 | 340,110 | 299,020 | 41,090 |
| General district court | 44,378 | 44,378 | 61,604 | (17,226) |
| Special magistrates | 1,655 | 1,655 | 1,759 | (104) |
| Juvenile and domestic relations court | 18,429 | 20,429 | 14,204 | 6,225 |
| Clerk of the circuit court | 1,029,351 | 1,069,602 | 1,050,452 | 19,150 |
| Law library | 46,648 | 47,186 | 35,328 | 11,858 |
| Commonwealth attorney | 1,008,533 | 1,185,151 | 1,100,771 | 84,380 |
| Public safety: | | | | |
| Sheriff and police | 13,703,226 | 17,009,726 | 16,075,073 | 934,653 |
| E911 maintenance | 2,287,400 | 2,377,835 | 2,329,610 | 48,225 |
| Fire and rescue services | 12,506,729 | 15,409,436 | 14,810,991 | 598,445 |
| Confinement and care of prisoners | 5,831,135 | 6,046,991 | 5,918,603 | 128,388 |
| Court service unit | 657,405 | 686,835 | 507,188 | 179,647 |
| VJCCCA grant | - | 347,332 | 331,468 | 15,864 |
| Animal control | 473,746 | 476,962 | 463,121 | 13,841 |

COUNTY OF ROANOKE, VIRGINIA
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2010
 (Unaudited)

| | Original Budget | Final Budget, as Amended | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|-----------------------------|-----------------|---|
| Public works: | | | | |
| General services administration | \$ 895,604 | \$ 1,656,213 | \$ 653,421 | \$ 1,002,792 |
| Refuse disposal | 4,646,556 | 4,865,447 | 4,591,213 | 274,234 |
| Maintenance of general buildings and grounds | 4,292,617 | 4,391,696 | 4,306,309 | 85,387 |
| Engineering | 1,947,821 | 2,596,369 | 2,048,297 | 548,072 |
| Inspections | 1,125,827 | 1,171,653 | 1,117,127 | 54,526 |
| Health and welfare: | | | | |
| Mental health | - | 21,768 | 20,428 | 1,340 |
| Psychiatrically disabled | - | 10,800 | 10,800 | - |
| Public health | 523,935 | 523,935 | 523,935 | - |
| Social services administration | 5,028,603 | 5,576,589 | 5,438,211 | 138,378 |
| Comprehensive services act | 7,079,647 | 7,005,223 | 5,893,243 | 1,111,980 |
| Public assistance | 4,019,500 | 4,660,840 | 4,667,152 | (6,312) |
| Social services organizations | 225,400 | 225,400 | 225,400 | - |
| Parks, recreation and cultural: | | | | |
| Assistant county administrator - Human services | 172,345 | 257,429 | 242,912 | 14,517 |
| Parks and recreation | 2,299,063 | 8,718,145 | 5,095,457 | 3,622,688 |
| Library | 2,829,875 | 3,138,925 | 2,967,222 | 171,703 |
| Cultural enrichment | 415,188 | 426,196 | 418,688 | 7,508 |
| Community development: | | | | |
| Planning and zoning | 1,473,462 | 1,652,661 | 1,479,803 | 172,858 |
| Cooperative extension program | 93,758 | 100,658 | 81,754 | 18,904 |
| Economic development | 539,869 | 555,244 | 549,714 | 5,530 |
| Public transportation | 550,000 | 577,815 | 419,773 | 158,042 |
| Contribution to human service organizations | 118,600 | 118,600 | 113,700 | 4,900 |
| Miscellaneous | 14,304,964 | 4,296,238 | 3,500,047 | 796,191 |
| Total Expenditures | \$ 102,309,303 | \$ 105,899,021 | \$ 95,183,540 | \$ 10,715,481 |
| Excess of revenues over expenditures | 84,447,247 | 74,283,366 | 81,633,762 | 7,350,396 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 785,993 | 1,549,686 | 2,030,854 | 481,168 |
| Transfers out | (85,233,240) | (80,275,211) | (80,056,143) | 219,068 |
| Total other financing sources (uses), net | \$ (84,447,247) | \$ (78,725,525) | \$ (78,025,289) | \$ 700,236 |
| Net change in fund balances | \$ - | \$ (4,442,159) | \$ 3,608,473 | \$ 8,050,632 |
| Fund balances at beginning of the year | 28,286,118 | 32,658,320 | 33,093,543 | 435,223 |
| Fund balances at end of year | \$ 28,286,118 | \$ 28,216,161 | \$ 36,702,016 | \$ 8,485,855 |

COUNTY OF ROANOKE, VIRGINIA
Required Supplementary Information
Schedules of Funding Progress
For the Year Ended June 30, 2010
(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, 2007 | \$ 127,430,350 | \$ 138,427,078 | \$ (10,996,728) | 92.06 % | \$ 36,072,789 | (30.48) % |
| June 30, 2008 | 140,859,152 | 153,355,051 | (12,495,899) | 91.85 | 38,676,345 | (32.31) |
| June 30, 2009 | 143,259,725 | 164,655,207 | (21,395,482) | 87.01 | 39,812,949 | (53.74) |

B. Roanoke County School Board Non-Professional Employees:

| | | | | | | |
|---------------|---------------|---------------|--------------|----------|--------------|---------|
| June 30, 2007 | \$ 26,540,024 | \$ 25,309,633 | \$ 1,230,391 | 104.86 % | \$ 6,758,772 | 18.20 % |
| June 30, 2008 | 29,040,574 | 26,489,508 | 2,551,066 | 109.63 | 6,948,926 | 36.71 |
| June 30, 2009 | 28,670,508 | 27,075,002 | 1,595,506 | 105.89 | 6,735,037 | 23.69 |

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 |

Retiree Medical Plan

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Over (Under) Funded Actuarial Accrued Liability (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percent of Covered Payroll |
|--------------------------------|------------------------------|--|---|-----------------|--------------------|---|
| July 1, 2007 | \$ - | \$ 14,722,509 | \$ (14,722,509) | - % | \$ 36,072,789 | (40.81) % |
| July 1, 2009 | 985,331 | 14,202,755 | (13,217,424) | 6.94 | 38,676,345 | (34.17) |

Health Insurance Credit Program

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) Projected Unit Credit | Unfunded Actuarial Accrued Liability (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percent of Covered Payroll |
|--------------------------------|------------------------------|---|---|-----------------|--------------------|---|
| June 30, 2009 | \$ 47,369 | \$ 1,102,693 | \$ (1,055,324) | 4.30 % | \$ 39,812,949 | (2.65) % |

COUNTY OF ROANOKE, VIRGINIA
 Required Supplementary Information
 Schedule of Employer Contributions
 For the Year Ended June 30, 2010
 (Unaudited)

Fire and Rescue Pension Trust Length of Service Awards Program

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

Retiree Medical Plan

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

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, 2010
(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 2009-2010 budget appropriation on May 26, 2009.

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 the lesser of one percent of the original budget or the sum of \$500,000. These major amendments must go through the same public hearing requirements as the original budget.

GOVERNMENTAL FUNDS

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

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

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



COUNTY OF ROANOKE, VIRGINIA
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Year Ended June 30, 2010

| | Original Budget | Final Budget as Amended | Actual | Variance with Final Budget Positive (Negative) |
|---|----------------------|----------------------------|----------------------|---|
| Principal Payments | | | | |
| General Obligation Bonds | | | | |
| General Government | \$ 1,320,000 | \$ 1,320,000 | \$ 1,320,000 | \$ - |
| Schools General Obligation Bonds | 575,000 | 575,000 | 575,000 | - |
| Schools Virginia Public Schools Authority Bonds | 5,367,864 | 5,367,864 | 5,367,864 | - |
| Total General Obligation Bonds | <u>7,262,864</u> | <u>7,262,864</u> | <u>7,262,864</u> | <u>-</u> |
| General Obligation Notes | | | | |
| Schools-Literary Loans | 459,321 | 459,321 | 459,321 | - |
| Total General Obligation Notes | <u>459,321</u> | <u>459,321</u> | <u>459,321</u> | <u>-</u> |
| Lease Revenue Bonds | | | | |
| General Government | 2,242,435 | 2,242,355 | 2,242,355 | - |
| Total Capitalized Lease Obligations | <u>2,242,435</u> | <u>2,242,355</u> | <u>2,242,355</u> | <u>-</u> |
| Total Principal Payments | <u>9,964,620</u> | <u>9,964,540</u> | <u>9,964,540</u> | <u>-</u> |
| Interest Payments | | | | |
| General Obligation Bonds | | | | |
| General Government | 507,284 | 507,284 | 507,284 | - |
| Schools General Obligation Bonds | 103,032 | 103,032 | 103,032 | - |
| Schools Virginia Public Schools Authority Bonds | 4,700,411 | 4,916,855 | 4,916,855 | - |
| Total General Obligation Bonds | <u>5,310,727</u> | <u>5,527,171</u> | <u>5,527,171</u> | <u>-</u> |
| General Obligation Notes | | | | |
| Schools-Literary Loans | 135,834 | 135,834 | 135,834 | - |
| Total General Obligation Notes | <u>135,834</u> | <u>135,834</u> | <u>135,834</u> | <u>-</u> |
| Lease Revenue Bonds | | | | |
| General Government | 3,764,298 | 3,764,378 | 3,764,378 | - |
| Total Capitalized Lease Obligations | <u>3,764,298</u> | <u>3,764,378</u> | <u>3,764,378</u> | <u>-</u> |
| Total Interest Payments | <u>9,210,859</u> | <u>9,427,383</u> | <u>9,427,383</u> | <u>-</u> |
| Issuance and Miscellaneous Costs | 200,000 | 262,688 | 9,925 | 252,763 |
| Total | <u>\$ 19,375,479</u> | <u>\$ 19,654,611</u> | <u>\$ 19,401,848</u> | <u>\$ 252,763</u> |

COUNTY OF ROANOKE, VIRGINIA
 Budgetary Comparison Schedule
 Capital Projects Fund
 For the Year Ended June 30, 2010

| | Original Budget | Final Budget as Amended | Actual | Variance with Final Budget Positive (Negative) |
|--|---------------------|----------------------------|----------------------|---|
| REVENUES | | | | |
| Use of Money and Property | \$ - | \$ 218,564 | \$ 218,564 | \$ - |
| Charges for services | 153,559 | 1,218,249 | 392,400 | (825,849) |
| Intergovernmental revenue | 1,885,648 | 4,095,317 | 8,582,429 | 4,487,112 |
| Miscellaneous | - | 349,405 | 454,791 | 105,386 |
| Total revenues | <u>2,039,207</u> | <u>5,881,535</u> | <u>9,648,184</u> | <u>3,766,649</u> |
| EXPENDITURES | | | | |
| Capital outlay | <u>60,416,000</u> | <u>118,070,478</u> | <u>52,178,280</u> | <u>65,892,198</u> |
| Total expenditures | <u>60,416,000</u> | <u>118,070,478</u> | <u>52,178,280</u> | <u>65,892,198</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(58,376,793)</u> | <u>(112,188,943)</u> | <u>(42,530,096)</u> | <u>69,658,847</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of land and equipment | - | 102,850 | 102,850 | - |
| Transfers in | 4,841,570 | 18,447,942 | 3,122,570 | (15,325,372) |
| Transfers out | <u>(4,313,126)</u> | <u>(8,965,405)</u> | <u>(307,279)</u> | <u>8,658,126</u> |
| Total other financing sources (uses), net | <u>528,444</u> | <u>9,585,387</u> | <u>2,918,141</u> | <u>(6,667,246)</u> |
| Net change in fund balance | (57,848,349) | (102,603,556) | (39,611,955) | 62,991,601 |
| Fund balance at beginning of year | <u>57,848,349</u> | <u>102,603,556</u> | <u>102,603,556</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 62,991,601</u> | <u>\$ 62,991,601</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, 2010

| | <u>Final Budget as Amended</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|------------------------------------|--------------------|---|
| Revenues: | | | |
| From local sources: | | | |
| General property taxes: | | | |
| Real property taxes | \$ 87,700,000 | \$ 87,009,773 | \$ (690,227) |
| Real and personal public service corporation property taxes | 2,500,000 | 2,657,491 | 157,491 |
| Payments in lieu of taxes | 183,000 | 201,807 | 18,807 |
| Personal property taxes | 12,360,143 | 14,498,233 | 2,138,090 |
| Penalties and interest | 670,000 | 672,421 | 2,421 |
| Total general property taxes | <u>103,413,143</u> | <u>105,039,725</u> | <u>1,626,582</u> |
| Other local taxes: | | | |
| Local sales and use taxes | 8,775,000 | 8,331,887 | (443,113) |
| Business license taxes | 5,800,000 | 5,264,972 | (535,028) |
| Motor vehicle licenses | 1,900,000 | 2,004,301 | 104,301 |
| Bank franchise taxes | 400,000 | 530,031 | 130,031 |
| Taxes on recordation and wills | 1,500,000 | 1,188,148 | (311,852) |
| Utility license tax | 585,000 | 593,725 | 8,725 |
| Communications sales and use tax | 4,450,000 | 4,065,083 | (384,917) |
| Consumer utility tax | 3,625,000 | 3,620,581 | (4,419) |
| E911 tax | 135,000 | 237,854 | 102,854 |
| Hotel and motel tax | 900,000 | 749,047 | (150,953) |
| Tax on prepared food | 3,500,000 | 3,384,352 | (115,648) |
| Admissions tax | 101,000 | 97,761 | (3,239) |
| Total other local taxes | <u>31,671,000</u> | <u>30,067,742</u> | <u>(1,603,258)</u> |
| Permits, fees, and licenses: | | | |
| Animal licenses | 33,000 | 55,787 | 22,787 |
| Permits and other licenses | 676,389 | 773,887 | 97,498 |
| Total permits, fees, and licenses | <u>709,389</u> | <u>829,674</u> | <u>120,285</u> |
| Fines and forfeitures | <u>782,000</u> | <u>810,241</u> | <u>28,241</u> |
| Use of money and property | <u>1,078,383</u> | <u>843,518</u> | <u>(234,865)</u> |
| Charges for services: | | | |
| Refuse costs | 15,500 | 13,885 | (1,615) |
| Court costs | 308,250 | 120,186 | (188,064) |
| Charges for correction and detention | 219,981 | 219,981 | - |
| Charges for parks and recreation | 2,300,495 | 2,681,250 | 380,755 |
| Charges for library | 26,500 | - | (26,500) |
| Rescue fees | 2,363,016 | 2,310,032 | (52,984) |
| Other charges | 37,261 | 56,321 | 19,060 |
| Total charges for services | <u>5,271,003</u> | <u>5,401,655</u> | <u>130,652</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, 2010

| | Final Budget as Amended | Actual | Variance with Final Budget Positive (Negative) |
|---|----------------------------|--------------------|---|
| Miscellaneous: | | | |
| Reimbursements - shared programs from | | | |
| City of Salem | \$ 1,080,854 | \$ 1,199,439 | \$ 118,585 |
| Miscellaneous | 182,889 | 296,002 | 113,113 |
| Legal services | 19,120 | 11,427 | (7,693) |
| Jail | 406,209 | 457,446 | 51,237 |
| Welfare department | 75,000 | 64,621 | (10,379) |
| Resource Authority | 49,500 | 49,500 | - |
| WVWA | 10,000 | 10,000 | - |
| WVRJA | 100,000 | 100,000 | - |
| Host locality fee | 300,000 | 300,000 | - |
| Total miscellaneous | <u>2,223,572</u> | <u>2,488,435</u> | <u>264,863</u> |
| Total revenue from local sources | <u>145,148,490</u> | <u>145,480,990</u> | <u>332,500</u> |
| From the Commonwealth: | | | |
| Non-categorical aid: | | | |
| Reduction in State Aid to Local Governments | (530,000) | (529,280) | 720 |
| Motor vehicles carriers tax | 15,500 | 5,791 | (9,709) |
| Trailer tax | 105,000 | 99,304 | (5,696) |
| Personal property tax relief | 12,229,857 | 12,229,857 | - |
| Total non-categorical aid | <u>11,820,357</u> | <u>11,805,672</u> | <u>(14,685)</u> |
| Categorical aid: | | | |
| Shared expenditures: | | | |
| Commonwealth's Attorney | 536,700 | 580,644 | 43,944 |
| Sheriff | 2,898,928 | 1,096,927 | (1,802,001) |
| Commissioner of the Revenue | 262,900 | 241,906 | (20,994) |
| Treasurer | 242,700 | 220,286 | (22,414) |
| Medical Examiner | 100 | - | (100) |
| Registrar/Electoral Board | 60,000 | 52,278 | (7,722) |
| Clerk of Court | 563,016 | 505,948 | (57,068) |
| Total shared expenditures | <u>4,564,344</u> | <u>2,697,989</u> | <u>(1,866,355)</u> |
| Other categorical aid: | | | |
| Recovered costs - housing of state prisoners | 43,000 | 5,964 | (37,036) |
| EMS | 623,864 | 485,164 | (138,700) |
| Recovered costs - welfare | 3,612,343 | 3,582,569 | (29,774) |

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2010

| | Final Budget as Amended | Actual | Variance with Final Budget Positive (Negative) |
|--|----------------------------|-------------|---|
| Mental health and mental retardation services board | \$ 32,568 | \$ 31,228 | \$ (1,340) |
| Confiscated goods | 14,215 | 14,215 | - |
| Library | 189,196 | 176,477 | (12,719) |
| Comprehensive services act | 2,652,885 | 3,491,299 | 838,414 |
| Police department grant | 2,052,613 | 1,881,245 | (171,368) |
| Other state grants | 642,753 | 474,882 | (167,871) |
| Total other categorical aid | 9,863,437 | 10,143,043 | 279,606 |
| Total categorical aid | 14,427,781 | 12,841,032 | (1,586,749) |
| Total from the Commonwealth | 26,248,138 | 24,646,704 | (1,601,434) |
| From the Federal Government: | | | |
| Categorical aid: | | | |
| Emergency services | 160,292 | 94,055 | (66,237) |
| Seized goods | 20,766 | 20,766 | - |
| Criminal history records grant | 184,796 | 75,502 | (109,294) |
| Welfare reimbursement | 3,491,500 | 3,743,937 | 252,437 |
| Federal stimulus - ARRA | 143,832 | 2,439,120 | 2,295,288 |
| Other federal grants | 4,784,573 | 316,228 | (4,468,345) |
| Total categorical aid | 8,785,759 | 6,689,608 | (2,096,151) |
| Total from the Federal Government | 8,785,759 | 6,689,608 | (2,096,151) |
| Total Intergovernmental revenues | 35,033,897 | 31,336,312 | (3,697,585) |
| Total revenues | 180,182,387 | 176,817,302 | (3,365,085) |
| Expenditures: | | | |
| General government administration: | | | |
| Legislative: | | | |
| Board of supervisors | 443,500 | 371,046 | 72,454 |
| General and financial administration: | | | |
| County administrator | 303,303 | 293,326 | 9,977 |
| Community relations | 417,088 | 406,312 | 10,776 |
| Human resources | 813,101 | 754,876 | 58,225 |
| County attorney | 608,579 | 600,070 | 8,509 |
| Commissioner of revenue | 901,166 | 864,379 | 36,787 |
| Assessor | 1,082,581 | 990,521 | 92,060 |
| Treasurer | 916,061 | 833,619 | 82,442 |

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2010

| | Final Budget as Amended | Actual | Variance with Final Budget Positive (Negative) |
|---|----------------------------|-------------------|---|
| Risk management | \$ 200,721 | \$ 200,721 | \$ - |
| Assistant county administrator - management services | 185,538 | 183,116 | 2,422 |
| Finance | 1,357,043 | 1,292,979 | 64,064 |
| Management and Budget | 306,820 | 292,325 | 14,495 |
| Procurement | 429,951 | 425,774 | 4,177 |
| Total general and financial administration | <u>7,521,952</u> | <u>7,138,018</u> | <u>383,934</u> |
| Electoral board and officials | <u>322,097</u> | <u>310,678</u> | <u>11,419</u> |
| Total general government administration | <u>8,287,549</u> | <u>7,819,742</u> | <u>467,807</u> |
| Judicial administration | | | |
| Courts: | | | |
| Circuit court | 340,110 | 299,020 | 41,090 |
| General district court | 44,378 | 61,604 | (17,226) |
| Special magistrates | 1,655 | 1,759 | (104) |
| Juvenile and domestic relations court | 20,429 | 14,204 | 6,225 |
| Clerk of the circuit court | 1,069,602 | 1,050,452 | 19,150 |
| Total courts | <u>1,476,174</u> | <u>1,427,039</u> | <u>49,135</u> |
| Law library | 47,186 | 35,328 | 11,858 |
| Commonwealth attorney | 1,185,151 | 1,100,771 | 84,380 |
| Total judicial administration | <u>2,708,511</u> | <u>2,563,138</u> | <u>145,373</u> |
| Public safety: | | | |
| Law enforcement and traffic control: | | | |
| Sheriff and Police | 17,009,726 | 16,075,073 | 934,653 |
| E911 maintenance | 2,377,835 | 2,329,610 | 48,225 |
| Total law enforcement and traffic control | <u>19,387,561</u> | <u>18,404,683</u> | <u>982,878</u> |
| Fire and rescue services: | | | |
| Fire and rescue services | 15,409,436 | 14,810,991 | 598,445 |
| Total fire and rescue services | <u>15,409,436</u> | <u>14,810,991</u> | <u>598,445</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, 2010

| | Final Budget as Amended | Actual | Variance with Final Budget Positive (Negative) |
|--|----------------------------|--------------|---|
| Correction and detention: | | | |
| Confinement and care of prisoners | \$ 6,046,991 | \$ 5,918,603 | \$ 128,388 |
| Court service unit | 686,835 | 507,188 | 179,647 |
| VJCCCA Grant | 347,332 | 331,468 | 15,864 |
| Total correction and detention | 7,081,158 | 6,757,259 | 323,899 |
| Animal control | 476,962 | 463,121 | 13,841 |
| Total public safety | 42,355,117 | 40,436,054 | 1,919,063 |
| Public Works: | | | |
| General services administration | 1,656,213 | 653,421 | 1,002,792 |
| Refuse disposal | 4,865,447 | 4,591,213 | 274,234 |
| Maintenance of general buildings and grounds | 4,391,696 | 4,306,309 | 85,387 |
| Engineering | 2,596,369 | 2,048,297 | 548,072 |
| Inspections | 1,171,653 | 1,117,127 | 54,526 |
| Total public works | 14,681,378 | 12,716,367 | 1,965,011 |
| Health and welfare: | | | |
| Mental health | 21,768 | 20,428 | 1,340 |
| Psychiatrically disabled | 10,800 | 10,800 | - |
| Public health | 523,935 | 523,935 | - |
| Social services administration | 5,576,589 | 5,438,211 | 138,378 |
| Comprehensive services act | 7,005,223 | 5,893,243 | 1,111,980 |
| Public assistance | 4,660,840 | 4,667,152 | (6,312) |
| Social services organizations | 225,400 | 225,400 | - |
| Total health and welfare | 18,024,555 | 16,779,169 | 1,245,386 |
| Parks, recreation and cultural: | | | |
| Assistant county administrator - human services | 257,429 | 242,912 | 14,517 |
| Parks and recreation | 8,718,145 | 5,095,457 | 3,622,688 |
| Library | 3,138,925 | 2,967,222 | 171,703 |
| Cultural enrichment | 426,196 | 418,688 | 7,508 |
| Total parks, recreation and cultural | 12,540,695 | 8,724,279 | 3,816,416 |
| Community development: | | | |
| Planning and zoning | 1,652,661 | 1,479,803 | 172,858 |
| Cooperative extension program | 100,658 | 81,754 | 18,904 |

COUNTY OF ROANOKE, VIRGINIA
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2010

| | Final Budget as Amended | Actual | Variance with Final Budget Positive (Negative) |
|--|----------------------------|---------------|---|
| Economic development | \$ 555,244 | \$ 549,714 | \$ 5,530 |
| Public transportation | 577,815 | 419,773 | 158,042 |
| Contribution to human service organizations | 118,600 | 113,700 | 4,900 |
| Total community development | 3,004,978 | 2,644,744 | 360,234 |
| Nondepartmental: | | | |
| Employee benefits | 1,100,604 | 981,709 | 118,895 |
| Dixie Caverns landfill cleanup | 30,000 | 55,831 | (25,831) |
| Miscellaneous | 2,214,403 | 1,645,334 | 569,069 |
| Tax relief for the elderly and handicapped | 800,000 | 707,173 | 92,827 |
| Refuse credit - Town of Vinton | 110,000 | 110,000 | - |
| Board contingency | 41,231 | - | 41,231 |
| Total nondepartmental | 4,296,238 | 3,500,047 | 796,191 |
| Total expenditures | 105,899,021 | 95,183,540 | 10,715,481 |
| Excess of revenues over expenditures | 74,283,366 | 81,633,762 | 7,350,396 |
| Other financing sources (uses): | | | |
| Transfer from Internal Service fund | 1,549,686 | 2,030,854 | 481,168 |
| Transfer to debt service fund | (7,709,341) | (7,709,341) | - |
| Payment to school board | (70,650,579) | (70,431,511) | 219,068 |
| Transfer to capital projects fund | (1,915,291) | (1,915,291) | - |
| Net change in fund balance | (4,442,159) | 3,608,473 | 8,050,632 |
| Fund balance at beginning of year | 32,658,320 | 33,093,543 | 435,223 |
| Fund balance at end of year | \$ 28,216,161 | \$ 36,702,016 | \$ 8,485,855 |

COUNTY OF ROANOKE, VIRGINIA
Capital Assets Used in the Operation of Governmental Activities
Schedule By Function and Activity
June 30, 2010

| <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 | 274,477 | 299,769 |
| Elections | - | - | 28,209 | 28,209 |
| Finance | - | - | 658,342 | 658,342 |
| Management and budget | - | - | 2,641 | 2,641 |
| County attorney | - | - | 5,397 | 5,397 |
| Administrative officers and boards | - | - | 269,204 | 269,204 |
| Planning and zoning | - | - | 34,650 | 34,650 |
| Human resources | - | - | 34,021 | 34,021 |
| Management information systems | - | - | 11,335,762 | 11,335,762 |
| Procurement | - | - | 88,149 | 88,149 |
| Radio maintenance | - | 55,530 | 346,225 | 401,755 |
| Gas distribution center | - | - | 61,823 | 61,823 |
| General governmental buildings | 12,917,598 | 164,768,255 | 1,478,759 | 179,164,612 |
| Solid waste | - | - | 3,047,746 | 3,047,746 |
| General services | 954,687 | 6,261,462 | 431,140 | 7,647,289 |
| Other | - | - | 83,332 | 83,332 |
| Total general government | <u>13,872,285</u> | <u>171,110,539</u> | <u>18,282,796</u> | <u>203,265,620</u> |
| Public safety | | | | |
| Police protection | - | 414,359 | 4,702,964 | 5,117,323 |
| Fire and rescue | 146,763 | 11,434,459 | 13,936,471 | 25,517,693 |
| Correction and detention | 203,504 | 5,338,277 | 956,418 | 6,498,199 |
| Inspections | - | - | 197,232 | 197,232 |
| Total public safety | <u>350,267</u> | <u>17,187,095</u> | <u>19,793,085</u> | <u>37,330,447</u> |
| Engineering | - | 452,331 | 1,310,233 | 1,762,564 |
| Buildings and grounds | - | 6,880 | 314,948 | 321,828 |
| Health and welfare | - | - | 222,270 | 222,270 |
| Libraries | 675,795 | 3,427,221 | 130,677 | 4,233,693 |
| Recreation | 3,026,557 | 32,823,093 | 2,519,015 | 38,368,665 |
| Total governmental funds capital assets allocated to functions | <u>\$ 17,924,904</u> | <u>\$ 225,007,159</u> | <u>\$ 42,573,024</u> | <u>285,505,087</u> |
| Construction in progress | | | | 36,311,532 |
| Total governmental funds capital assets | | | | <u>\$ 321,816,619</u> |

COUNTY OF ROANOKE, VIRGINIA
Capital Assets Used in the Operation of Governmental Activities
Schedule of Changes By Function and Activity
For the Year Ended June 30, 2010

| | Governmental Funds Capital Assets June 30, 2009 | Additions | Reductions | Governmental Funds Capital Assets June 30, 2010 |
|---|--|----------------------|------------------------|--|
| <u>Function and Activity:</u> | | | | |
| General government | | | | |
| Legislative | \$ 60,756 | \$ 12,575 | \$ - | \$ 73,331 |
| Executive | 29,588 | - | - | 29,588 |
| Judicial | 299,769 | - | - | 299,769 |
| Elections | 28,209 | - | - | 28,209 |
| Finance | 658,342 | - | - | 658,342 |
| Management and budget | 2,641 | - | - | 2,641 |
| County attorney | 5,397 | - | - | 5,397 |
| Administrative officers and boards | 280,950 | - | (11,746) | 269,204 |
| Planning and zoning | 34,650 | - | - | 34,650 |
| Human resources | 34,021 | - | - | 34,021 |
| Management information systems | 1,501,277 | 9,978,856 | (144,371) | 11,335,762 |
| Procurement | 88,149 | - | - | 88,149 |
| Radio maintenance | 611,210 | - | (209,455) | 401,755 |
| Gas distribution center | 167,624 | - | (105,801) | 61,823 |
| General governmental buildings | 178,990,031 | 508,306 | (333,725) | 179,164,612 |
| Solid waste | 3,047,746 | - | - | 3,047,746 |
| General services | 1,322,382 | 6,344,989 | (20,082) | 7,647,289 |
| Other | 108,200 | - | (24,868) | 83,332 |
| Total general government | <u>187,270,942</u> | <u>16,844,726</u> | <u>(850,048)</u> | <u>203,265,620</u> |
| Public safety | | | | |
| Police protection | 4,818,122 | 510,273 | (211,072) | 5,117,323 |
| Fire and rescue | 20,711,305 | 5,074,883 | (268,495) | 25,517,693 |
| Correction and detention | 6,481,727 | 64,466 | (47,994) | 6,498,199 |
| Inspections | 197,232 | - | - | 197,232 |
| Total public safety | <u>32,208,386</u> | <u>5,649,622</u> | <u>(527,561)</u> | <u>37,330,447</u> |
| Engineering | 1,811,465 | - | (48,901) | 1,762,564 |
| Buildings and grounds | 296,960 | 24,868 | - | 321,828 |
| Health and welfare | 202,509 | 19,761 | - | 222,270 |
| Libraries | 4,248,381 | - | (14,688) | 4,233,693 |
| Recreation | 10,467,789 | 27,948,934 | (48,058) | 38,368,665 |
| Construction in progress | 38,348,818 | 46,201,207 | (48,238,493) | 36,311,532 |
| Total governmental funds capital assets | <u>\$ 274,855,250</u> | <u>\$ 96,689,118</u> | <u>\$ (49,727,749)</u> | <u>\$ 321,816,619</u> |

COUNTY OF ROANOKE, VIRGINIA
Schedule of the Treasurer's Accountability
June 30, 2010

Schedule 6

ASSETS HELD BY THE TREASURER:

Cash and cash items:

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

Cash on deposit:

| | | |
|-------------------|----------------|-----------|
| SunTrust bank | 5,804,254 | |
| Bank of Botetourt | 184,277 | |
| Valley bank | <u>711,887</u> | 6,700,418 |

Money market deposit:

| | | |
|---------------|------------------|------------|
| SunTrust bank | 6 | |
| Smith Barney | 53,097,118 | |
| Stellar One | 1,034,049 | |
| BB&T | 1,074,467 | |
| Wells Fargo | <u>3,010,581</u> | 58,216,221 |

Government securities:

| | | |
|--------------|-------------------|------------|
| Smith Barney | 44,107,274 | |
| Wells Fargo | <u>13,003,382</u> | 57,110,656 |

| | | |
|----------------------------------|-------------------|------------|
| Local government investment pool | <u>22,067,353</u> | 22,067,353 |
|----------------------------------|-------------------|------------|

Escrow accounts:

| | | |
|-------------|----------|---------|
| BB&T | 185,051 | |
| Valley bank | 676,189 | |
| Stellar One | <u>-</u> | 861,240 |

Unearned revenues and reserves:

| | | |
|---|-----------------|------------------|
| Returned checks | 1,213 | |
| Contractor escrows | (790,786) | |
| Deferred revenues | (14,831) | |
| Personal property tax relief | (1,399) | |
| Unrefunded matured certificates of deposits | (8,744) | |
| A. D. Alford trust | (28,756) | |
| Sidney Louis Hyatt | (41,698) | |
| Reserves | <u>(20,030)</u> | <u>(905,031)</u> |

| | | |
|------------------------------------|--|------------------------------|
| Total assets held by the treasurer | | <u><u>\$ 144,060,569</u></u> |
|------------------------------------|--|------------------------------|

LIABILITIES OF THE TREASURER:

| | | |
|-------------------------|--|------------------------------|
| Balance of County funds | | <u><u>\$ 144,060,569</u></u> |
|-------------------------|--|------------------------------|

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of services, provided by one department to other departments of the 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, 2010

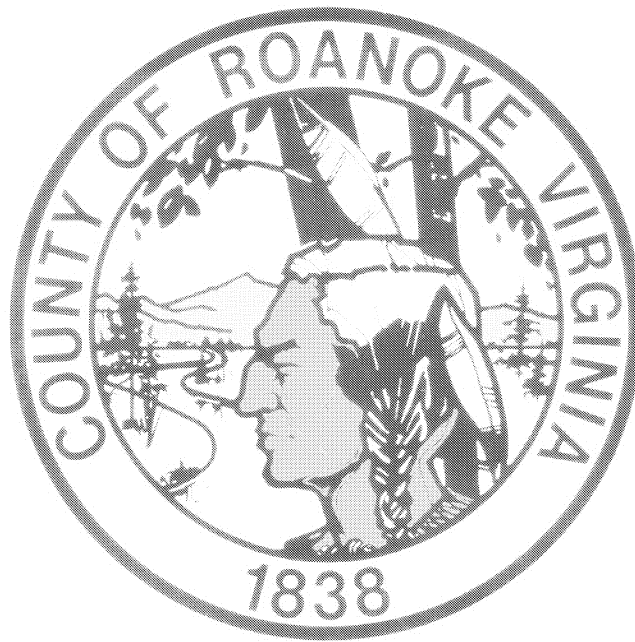
| | Internal Service Funds | | | |
|------------------------------|------------------------|---------------------|---------------------|---------------------------------|
| | Health Insurance | Dental Insurance | Risk Management | Total Internal Service Funds |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 2,753,283 | \$ 77,582 | \$ 2,607,366 | \$ 5,438,231 |
| Investments | 2,697,012 | 75,996 | 2,554,077 | 5,327,085 |
| Accounts receivable | 244,559 | 125 | 8,645 | 253,329 |
| Interfund receivable | 300,000 | - | 60,000 | 360,000 |
| Total current assets | <u>\$ 5,994,854</u> | <u>\$ 153,703</u> | <u>\$ 5,230,088</u> | <u>\$ 11,378,645</u> |
| Noncurrent assets: | | | | |
| Interfund receivable | 436,065 | - | 187,559 | 623,624 |
| Total noncurrent assets | <u>\$ 436,065</u> | <u>\$ -</u> | <u>\$ 187,559</u> | <u>\$ 623,624</u> |
| Total assets | <u>\$ 6,430,919</u> | <u>\$ 153,703</u> | <u>\$ 5,417,647</u> | <u>\$ 12,002,269</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 480,461 | \$ - | \$ 59,414 | \$ 539,875 |
| Accrued wages and benefits | - | - | 1,501 | 1,501 |
| Claims payable | 555,658 | - | 773,961 | 1,329,619 |
| Deferred revenue | 592,163 | 43,114 | - | 635,277 |
| Total current liabilities | <u>\$ 1,628,282</u> | <u>\$ 43,114</u> | <u>\$ 834,876</u> | <u>\$ 2,506,272</u> |
| Noncurrent liabilities: | | | | |
| Claims payable | - | - | 1,932,196 | 1,932,196 |
| Total noncurrent liabilities | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,932,196</u> | <u>\$ 1,932,196</u> |
| Total liabilities | <u>\$ 1,628,282</u> | <u>\$ 43,114</u> | <u>\$ 2,767,072</u> | <u>\$ 4,438,468</u> |
| NET ASSETS | | | | |
| Unrestricted | 4,802,637 | 110,589 | 2,650,575 | 7,563,801 |
| Total net assets | <u>\$ 4,802,637</u> | <u>\$ 110,589</u> | <u>\$ 2,650,575</u> | <u>\$ 7,563,801</u> |

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2010

| | Internal Service Funds | | | Total Internal Service Funds |
|---------------------------------------|------------------------|------------------|-----------------|------------------------------|
| | Health Insurance | Dental Insurance | Risk Management | |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 6,903,883 | \$ 502,450 | \$ 949,956 | \$ 8,356,289 |
| Total operating revenues | \$ 6,903,883 | \$ 502,450 | \$ 949,956 | \$ 8,356,289 |
| OPERATING EXPENSES | | | | |
| Purchased services | \$ 29,569 | \$ - | \$ 401,115 | \$ 430,684 |
| Personal services | - | - | 179,961 | 179,961 |
| Claims | 6,218,519 | 505,430 | 749,235 | 7,473,184 |
| Administrative charges | 1,117 | - | 38,677 | 39,794 |
| Total operating expenses | \$ 6,249,205 | \$ 505,430 | \$ 1,368,988 | \$ 8,123,623 |
| Operating income (loss) | \$ 654,678 | \$ (2,980) | \$ (419,032) | \$ 232,666 |
| NONOPERATING REVENUES | | | | |
| Investment income | \$ - | \$ 824 | \$ 56,320 | \$ 57,144 |
| Total nonoperating revenues | \$ - | \$ 824 | \$ 56,320 | \$ 57,144 |
| Net income (loss) before transfers | 654,678 | (2,156) | (362,712) | 289,810 |
| Transfers in | - | - | 27,515 | 27,515 |
| Transfers out | (2,961,060) | - | - | (2,961,060) |
| Change in net assets | \$ (2,306,382) | \$ (2,156) | \$ (335,197) | \$ (2,643,735) |
| Total net assets at beginning of year | 7,109,019 | 112,745 | 2,985,772 | 10,207,536 |
| Total net assets at end of year | \$ 4,802,637 | \$ 110,589 | \$ 2,650,575 | \$ 7,563,801 |

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2010

| | Internal Service Funds | | | |
|--|------------------------|------------------|-----------------|------------------------------|
| | Health Insurance | Dental Insurance | Risk Management | Total Internal Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received from interfund services provided | \$ 6,903,883 | \$ 502,450 | \$ 949,956 | \$ 8,356,289 |
| Payments to suppliers | (264,378) | - | (414,434) | (678,812) |
| Payments to employees | - | - | (179,412) | (179,412) |
| Claims paid | (6,149,423) | (505,430) | (779,643) | (7,434,496) |
| Other receipts (payments) | 125,927 | 1,854 | (4,774) | 123,007 |
| Net cash provided by (used in) operating activities | \$ 616,009 | \$ (1,126) | \$ (428,307) | \$ 186,576 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Transfers from (to) other funds | \$ (2,961,060) | \$ - | \$ 27,515 | \$ (2,933,545) |
| Interfund loan-proceeds and collections | - | - | 60,000 | 60,000 |
| Net cash provided by (used in) noncapital financing activities | \$ (2,961,060) | \$ - | \$ 87,515 | \$ (2,873,545) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of investments | \$ (650,442) | \$ (25,806) | \$ (777,819) | \$ (1,454,067) |
| Interest and dividends received | - | 824 | 56,320 | 57,144 |
| Net cash used in investing activities | \$ (650,442) | \$ (24,982) | \$ (721,499) | \$ (1,396,923) |
| Net decrease in cash and cash equivalents | \$ (2,995,493) | \$ (26,108) | \$ (1,062,291) | \$ (4,083,892) |
| Cash and cash equivalents at beginning of the year | 5,748,776 | 103,690 | 3,669,657 | 9,522,123 |
| Cash and cash equivalents at end of the year | \$ 2,753,283 | \$ 77,582 | \$ 2,607,366 | \$ 5,438,231 |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Operating income (loss) | \$ 654,678 | \$ (2,980) | \$ (419,032) | \$ 232,666 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Change in assets and liabilities: | | | | |
| Accounts receivable | 102,804 | 9 | (4,774) | 98,039 |
| Accounts payable | (233,692) | - | 25,358 | (208,334) |
| Claims payable | 69,096 | - | (30,408) | 38,688 |
| Accrued wages payable | - | - | 549 | 549 |
| Deferred revenue | 23,123 | 1,845 | - | 24,968 |
| Net cash provided by (used in) operating activities | \$ 616,009 | \$ (1,126) | \$ (428,307) | \$ 186,576 |



AGENCY FUNDS

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

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

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

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

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

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

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

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

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2010

| | Roanoke Valley Resource Authority | Common- wealth Fund | Special Welfare Fund | Cable TV |
|-------------------------------------|--|------------------------------------|-------------------------------------|---------------------|
| ASSETS | | | | |
| Equity in cash and cash equivalents | \$ 10,338,618 | \$ 203,060 | \$ 108,320 | \$ 1,426,512 |
| Equity in investments | 8,915,236 | - | - | - |
| Total assets | <u>\$ 19,253,854</u> | <u>\$ 203,060</u> | <u>\$ 108,320</u> | <u>\$ 1,426,512</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 19,253,854 | \$ 203,060 | \$ 108,320 | \$ 1,426,512 |
| Total liabilities | <u>\$ 19,253,854</u> | <u>\$ 203,060</u> | <u>\$ 108,320</u> | <u>\$ 1,426,512</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 |
|---|--|---|---|----------------------|
| \$ 52,007 | \$ (4,820) | \$ 349,732 | \$ 6,921,406 | \$ 19,394,835 |
| - | - | - | - | 8,915,236 |
| <u>\$ 52,007</u> | <u>\$ (4,820)</u> | <u>\$ 349,732</u> | <u>\$ 6,921,406</u> | <u>\$ 28,310,071</u> |
| \$ 52,007 | \$ (4,820) | \$ 349,732 | \$ 6,921,406 | \$ 28,310,071 |
| <u>\$ 52,007</u> | <u>\$ (4,820)</u> | <u>\$ 349,732</u> | <u>\$ 6,921,406</u> | <u>\$ 28,310,071</u> |

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2010

Schedule 11

| | Balance July 1, 2009 | Additions | Deductions | Balance June 30, 2010 |
|---|-------------------------|----------------------|----------------------|--------------------------|
| Roanoke Valley Resource Authority : | | | | |
| Assets: | | | | |
| Equity in Cash And Investments | \$ 20,009,842 | \$ 28,344,064 | \$ 29,100,052 | \$ 19,253,854 |
| Total Assets | <u>\$ 20,009,842</u> | <u>\$ 28,344,064</u> | <u>\$ 29,100,052</u> | <u>\$ 19,253,854</u> |
| Liabilities: | | | | |
| Accounts Payable | \$ 20,009,842 | \$ 28,344,064 | \$ 29,100,052 | \$ 19,253,854 |
| Total Liabilities | <u>\$ 20,009,842</u> | <u>\$ 28,344,064</u> | <u>\$ 29,100,052</u> | <u>\$ 19,253,854</u> |
| Commonwealth Fund : | | | | |
| Assets: | | | | |
| Equity in Cash And Investments | \$ 203,332 | \$ 4,875,890 | \$ 4,876,162 | \$ 203,060 |
| Total Assets | <u>\$ 203,332</u> | <u>\$ 4,875,890</u> | <u>\$ 4,876,162</u> | <u>\$ 203,060</u> |
| Liabilities: | | | | |
| Accounts Payable | \$ 203,332 | \$ 4,875,890 | \$ 4,876,162 | \$ 203,060 |
| Total Liabilities | <u>\$ 203,332</u> | <u>\$ 4,875,890</u> | <u>\$ 4,876,162</u> | <u>\$ 203,060</u> |
| Special Welfare Fund : | | | | |
| Assets: | | | | |
| Equity in Cash And Investments | \$ 88,463 | \$ 187,125 | \$ 167,268 | \$ 108,320 |
| Total Assets | <u>\$ 88,463</u> | <u>\$ 187,125</u> | <u>\$ 167,268</u> | <u>\$ 108,320</u> |
| Liabilities: | | | | |
| Accounts Payable | \$ 88,463 | \$ 187,125 | \$ 167,268 | \$ 108,320 |
| Total Liabilities | <u>\$ 88,463</u> | <u>\$ 187,125</u> | <u>\$ 167,268</u> | <u>\$ 108,320</u> |
| Cable TV : | | | | |
| Assets: | | | | |
| Equity in Cash And Investments | \$ 1,472,821 | \$ 560,951 | \$ 607,260 | \$ 1,426,512 |
| Total Assets | <u>\$ 1,472,821</u> | <u>\$ 560,951</u> | <u>\$ 607,260</u> | <u>\$ 1,426,512</u> |
| Liabilities: | | | | |
| Accounts Payable | \$ 1,472,821 | \$ 560,951 | \$ 607,260 | \$ 1,426,512 |
| Total Liabilities | <u>\$ 1,472,821</u> | <u>\$ 560,951</u> | <u>\$ 607,260</u> | <u>\$ 1,426,512</u> |
| Roanoke Valley Greenway Commission : | | | | |
| Assets: | | | | |
| Equity in Cash And Investments | \$ 59,855 | \$ 128,596 | \$ 136,444 | \$ 52,007 |
| Total Assets | <u>\$ 59,855</u> | <u>\$ 128,596</u> | <u>\$ 136,444</u> | <u>\$ 52,007</u> |
| Liabilities: | | | | |
| Accounts Payable | \$ 59,855 | \$ 128,596 | \$ 136,444 | \$ 52,007 |
| Total Liabilities | <u>\$ 59,855</u> | <u>\$ 128,596</u> | <u>\$ 136,444</u> | <u>\$ 52,007</u> |

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2010

Schedule 11 (continued)

| | Balance July 1, 2009 | Additions | Deductions | Balance June 30, 2010 |
|--|-------------------------|-----------------------|-----------------------|--------------------------|
| Regional Fire Training Center : | | | | |
| Assets: | | | | |
| Equity in Cash And Investments | \$ (3,391) | \$ 169,978 | \$ 171,407 | \$ (4,820) |
| Total Assets | \$ (3,391) | \$ 169,978 | \$ 171,407 | \$ (4,820) |
| Liabilities: | | | | |
| Accounts Payable | \$ (3,391) | \$ 169,978 | \$ 171,407 | \$ (4,820) |
| Total Liabilities | \$ (3,391) | \$ 169,978 | \$ 171,407 | \$ (4,820) |
| Virginia Recreations Facilities Authority : | | | | |
| Assets: | | | | |
| Equity in Cash And Investments | \$ 340,726 | \$ 322,742 | \$ 313,736 | \$ 349,732 |
| Total Assets | \$ 340,726 | \$ 322,742 | \$ 313,736 | \$ 349,732 |
| Liabilities: | | | | |
| Accounts Payable | \$ 340,726 | \$ 322,742 | \$ 313,736 | \$ 349,732 |
| Total Liabilities | \$ 340,726 | \$ 322,742 | \$ 313,736 | \$ 349,732 |
| Western Virginia Regional Jail Authority : | | | | |
| Assets: | | | | |
| Equity in Cash And Investments | \$ 2,002,881 | \$ 139,074,218 | \$ 134,155,693 | \$ 6,921,406 |
| Total Assets | \$ 2,002,881 | \$ 139,074,218 | \$ 134,155,693 | \$ 6,921,406 |
| Liabilities: | | | | |
| Accounts Payable | \$ 2,002,881 | \$ 139,074,218 | \$ 134,155,693 | \$ 6,921,406 |
| Total Liabilities | \$ 2,002,881 | \$ 139,074,218 | \$ 134,155,693 | \$ 6,921,406 |

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, 2010

| | Governmental Activities |
|---|------------------------------------|
| Assets | |
| Cash and cash equivalents | \$ 30,798,493 |
| Investments | 14,006,348 |
| Accounts receivable | 232,373 |
| Due from other governments | 4,245,466 |
| Inventory | 166,772 |
| Other postemployment obligation asset | 27,710 |
| Capital assets: | |
| Land and construction in progress | 5,465,411 |
| Other capital assets, net | 39,200,297 |
| Capital assets, net | <u>44,665,708</u> |
| Total assets | <u>94,142,870</u> |
| Liabilities | |
| Accounts payable | 1,201,695 |
| Accrued liabilities | 1,284,487 |
| Unearned revenue | 1,637,766 |
| Long-term liabilities: | |
| Portion due or payable within one year: | |
| Compensated absences | 845,236 |
| Claims payable | 1,423,151 |
| Obligation under capital leases | 347,180 |
| Portion due or payable after one year: | |
| Compensated absences | 2,049,694 |
| Claims payable | 472,923 |
| Obligation under capital leases | <u>2,488,325</u> |
| Total liabilities | <u>11,750,457</u> |
| Net Assets | |
| Invested in capital assets, net of related debt | 41,830,203 |
| Unrestricted | <u>40,562,210</u> |
| Total net assets | <u><u>\$ 82,392,413</u></u> |

County of Roanoke, Virginia
Component Unit
Roanoke County Public Schools
Statement of Activities
For the Year Ended June 30, 2010

| Functions/Programs | Expenses | Program Revenues | | Capital Grants and Contributions | Net Expense and Changes in Net Assets |
|---|-----------------------|-------------------------|--|--|---|
| | | Charges for Services | Operating Grants and Contributions | | Governmental Activities |
| Instruction | \$ 104,853,420 | \$ 806,398 | \$ 27,002,979 | \$ 882,729 | \$ (76,161,314) |
| Support Services: | | | | | |
| Administration | 2,878,527 | 3,775 | - | - | (2,874,752) |
| Attendance and health | 2,910,184 | - | - | - | (2,910,184) |
| Transportation | 5,833,078 | - | - | - | (5,833,078) |
| Operations and maintenance | 12,378,003 | 174,589 | - | 630,207 | (11,573,207) |
| Technology | 4,511,121 | - | - | - | (4,511,121) |
| Noninstructional services: | | | | | |
| School nutrition | 5,622,545 | 3,613,046 | 1,970,576 | - | (38,923) |
| Capital lease debt service: | | | | | |
| Interest | 122,565 | - | - | - | (122,565) |
| Interest and other charges | 10,871,639 | - | - | - | (10,871,639) |
| Total governmental activities | <u>\$ 149,981,082</u> | <u>\$ 4,597,808</u> | <u>\$ 28,973,555</u> | <u>\$ 1,512,936</u> | <u>\$ (114,896,783)</u> |
| | | | | | |
| General revenues: | | | | | |
| Payments from Roanoke County | | | | | 63,597,776 |
| Non-categorical state aid | | | | | 53,945,620 |
| Miscellaneous | | | | | <u>357,303</u> |
| Total general revenues | | | | | <u>117,900,699</u> |
| Special item - gain on sale of building | | | | | <u>674,143</u> |
| Change in net assets | | | | | 3,678,059 |
| Net assets at beginning of year | | | | | <u>78,714,354</u> |
| Net assets at end of year | | | | | <u>\$ 82,392,413</u> |

See accompanying independent auditors' report.

County of Roanoke, Virginia
Component Unit
Roanoke County Public Schools
Balance Sheet
Governmental Funds
June 30, 2010

| | General | Grant | Capital Projects | Nonmajor | Total Governmental Funds |
|--------------------------------------|----------------------|---------------------|----------------------|---------------------|--------------------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 4,740,270 | \$ - | \$ 8,346,741 | \$ 1,548,890 | \$ 14,635,901 |
| Investments | 4,536,371 | - | 7,987,711 | 1,482,266 | 14,006,348 |
| Accounts receivable | 205,379 | - | 691 | 8,155 | 214,225 |
| Due from other governments | 2,743,468 | 1,276,439 | 169,579 | 55,980 | 4,245,466 |
| Due from other funds | 979,722 | - | - | - | 979,722 |
| Inventory | 77,923 | - | - | 88,849 | 166,772 |
| Total assets | <u>\$ 13,283,133</u> | <u>\$ 1,276,439</u> | <u>\$ 16,504,722</u> | <u>\$ 3,184,140</u> | <u>\$ 34,248,434</u> |
| Liabilities and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 881,833 | \$ 79,502 | \$ 62,283 | \$ 108,515 | \$ 1,132,133 |
| Accrued liabilities | 1,274,910 | 9,577 | - | - | 1,284,487 |
| Deferred revenue | 1,505,962 | 22,768 | - | - | 1,528,730 |
| Due to other funds | - | 979,722 | - | - | 979,722 |
| Total liabilities | <u>3,662,705</u> | <u>1,091,569</u> | <u>62,283</u> | <u>108,515</u> | <u>4,925,072</u> |
| Fund balances: | | | | | |
| Reserved for: | | | | | |
| Encumbrances | 195,829 | 450 | 168,609 | - | 364,888 |
| Inventories | 77,923 | - | - | 88,849 | 166,772 |
| Unreserved: | | | | | |
| Designated for: | | | | | |
| Special revenue funds | - | 184,420 | - | 2,986,776 | 3,171,196 |
| Future capital projects | 6,675,386 | - | 16,273,830 | - | 22,949,216 |
| Undesignated | 2,671,290 | - | - | - | 2,671,290 |
| Total fund balances | <u>9,620,428</u> | <u>184,870</u> | <u>16,442,439</u> | <u>3,075,625</u> | <u>29,323,362</u> |
| Total liabilities and fund balances | <u>\$ 13,283,133</u> | <u>\$ 1,276,439</u> | <u>\$ 16,504,722</u> | <u>\$ 3,184,140</u> | |

Reconciliation to the Statement of Net Assets:

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

44,665,708

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

12,691,216

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, 2010 are:

| | | |
|---------------------------------|---------------|-------------|
| Obligation under capital leases | (2,835,505) | |
| Compensated absences | (2,894,930) | |
| Other postemployment benefits | <u>27,710</u> | (5,702,725) |

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

1,414,852

Net assets of governmental activities

\$ 82,392,413

See accompanying independent auditors' report.

County of Roanoke, Virginia
Component Unit
Roanoke County Public Schools
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

| | General | Grant | Capital Projects | Nonmajor | Total Governmental Funds |
|--|---------------------|-------------------|----------------------|---------------------|--------------------------------|
| Revenues | | | | | |
| Intergovernmental: | | | | | |
| Roanoke County | \$ 63,597,776 | \$ - | \$ 25,000 | \$ - | \$ 63,622,776 |
| Commonwealth of Virginia | 69,502,612 | 840,006 | 882,729 | 83,985 | 71,309,332 |
| Federal government | 4,193,311 | 6,469,853 | 605,207 | 1,886,591 | 13,154,962 |
| Charges for services | 477,215 | 144,668 | 168,516 | 3,618,386 | 4,408,785 |
| Other | 127,008 | - | 95,515 | 34,750 | 257,273 |
| Total revenues | <u>137,897,922</u> | <u>7,454,527</u> | <u>1,776,967</u> | <u>5,623,712</u> | <u>152,753,128</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| Instruction | 94,148,008 | 7,141,064 | 882,729 | 1,275,540 | 103,447,341 |
| Administration | 2,852,598 | - | 2,191 | - | 2,854,789 |
| Attendance and health | 2,716,220 | 230,608 | - | - | 2,946,828 |
| Transportation | 5,314,350 | - | - | 683,421 | 5,997,771 |
| Operations and maintenance | 11,591,085 | - | 916,545 | - | 12,507,630 |
| School nutrition | - | - | - | 5,615,301 | 5,615,301 |
| Technology | 3,359,628 | 23,885 | 1,172,561 | - | 4,556,074 |
| Capital lease debt service: | | | | | |
| Principal | 325,571 | - | - | - | 325,571 |
| Interest | 122,565 | - | - | - | 122,565 |
| Capital outlay: | | | | | |
| Facilities | 292,422 | - | 356,996 | - | 649,418 |
| Intergovernmental: | | | | | |
| Roanoke County | <u>4,029,369</u> | <u>-</u> | <u>6,667,246</u> | <u>-</u> | <u>10,696,615</u> |
| Total expenditures | <u>124,751,816</u> | <u>7,395,557</u> | <u>9,998,268</u> | <u>7,574,262</u> | <u>149,719,903</u> |
| Excess (deficiency) of revenues over (under) expenditures | 13,146,106 | 58,970 | (8,221,301) | (1,950,550) | 3,033,225 |
| Other financing sources (uses) | | | | | |
| Proceeds from sale of property | - | - | 361 | 11,115 | 11,476 |
| Special item - sale of building | - | - | 2,000,000 | - | 2,000,000 |
| Transfers in | 1,130,863 | 18,387 | 7,854,360 | 2,512,115 | 11,515,725 |
| Transfers out | <u>(10,307,583)</u> | <u>(3,000)</u> | <u>-</u> | <u>-</u> | <u>(10,310,583)</u> |
| Total other financing sources (uses), net | <u>(9,176,720)</u> | <u>15,387</u> | <u>9,854,721</u> | <u>2,523,230</u> | <u>3,216,618</u> |
| Net change in fund balances | 3,969,386 | 74,357 | 1,633,420 | 572,680 | 6,249,843 |
| Fund balances at beginning of year | <u>5,651,042</u> | <u>110,513</u> | <u>14,809,019</u> | <u>2,502,945</u> | <u>23,073,519</u> |
| Fund balances at end of year | <u>\$ 9,620,428</u> | <u>\$ 184,870</u> | <u>\$ 16,442,439</u> | <u>\$ 3,075,625</u> | <u>\$ 29,323,362</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, 2010

| | |
|--|---------------------|
| Net change in fund balances - total governmental funds | \$ 6,249,843 |
| Amounts reported for governmental activities in the Statement of Activities are different due to: | |
| Governmental funds report capital outlays as expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which new depreciation expense (\$4,670,562) exceeds new capital outlay (\$2,546,738) in the current year (Note 6). | (2,123,824) |
| The obligation under capital leases is a current financial resource to governmental funds while the repayment of the lease consumes current financial resources of governmental funds. This amount is the difference in the treatment of the capital lease payment. | 325,571 |
| The net effect of various transactions involving capital assets (i.e. sales and donations) is a decrease in net assets. | (1,337,333) |
| 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. | 118,671 |
| Expenses reported in the Statement of Activities, such as compensated absences and other post-employment benefits, that do not require the use of current financial resources are not reported as expenditures in governmental funds. | 211,133 |
| 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. | 233,998 |
| Change in net assets of governmental activities | <u>\$ 3,678,059</u> |

County of Roanoke, Virginia
 Component Unit
 Roanoke County Public Schools
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2010

| | School Nutrition | School Textbooks | School Bus | Total |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 447,353 | \$ 362,399 | \$ 739,138 | \$ 1,548,890 |
| Investments | 428,111 | 346,811 | 707,344 | 1,482,266 |
| Accounts receivable | 793 | 6,184 | 1,178 | 8,155 |
| Due from other governments | 55,980 | - | - | 55,980 |
| Inventory | 88,849 | - | - | 88,849 |
| Total assets | <u>\$ 1,021,086</u> | <u>\$ 715,394</u> | <u>\$ 1,447,660</u> | <u>\$ 3,184,140</u> |
| Liabilities and Fund Balances | | | | |
| Accounts payable | \$ 8,637 | \$ 99,878 | \$ - | \$ 108,515 |
| Total liabilities | <u>8,637</u> | <u>99,878</u> | <u>-</u> | <u>108,515</u> |
| Fund Balances | | | | |
| Reserved for: | | | | |
| Inventories | 88,849 | - | - | 88,849 |
| Unreserved : | | | | |
| Designated for: | | | | |
| subsequent year's budget | 923,600 | 615,516 | 1,447,660 | 2,986,776 |
| Total fund balances | <u>1,012,449</u> | <u>615,516</u> | <u>1,447,660</u> | <u>3,075,625</u> |
| Total liabilities and fund balances | <u>\$ 1,021,086</u> | <u>\$ 715,394</u> | <u>\$ 1,447,660</u> | <u>\$ 3,184,140</u> |

See accompanying independent auditors' report.

County of Roanoke, Virginia
Component Unit
Roanoke County Public Schools
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2010

| | <u>School Nutrition</u> | <u>School Textbooks</u> | <u>School Bus</u> | <u>Total</u> |
|--------------------------------------|-----------------------------|-----------------------------|-----------------------|---------------------|
| Revenues: | | | | |
| Intergovernmental: | | | | |
| Commonwealth of Virginia | \$ 83,985 | \$ - | \$ - | \$ 83,985 |
| Federal government | 1,886,591 | - | - | 1,886,591 |
| Charges for services: | | | | |
| Food sales | 3,613,045 | - | - | 3,613,045 |
| Textbook rentals and sales | - | 5,341 | - | 5,341 |
| Other: | | | | |
| Investment income | 4,444 | - | 4,995 | 9,439 |
| Miscellaneous | 19,128 | 6,183 | - | 25,311 |
| Total revenues | <u>5,607,193</u> | <u>11,524</u> | <u>4,995</u> | <u>5,623,712</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | - | 1,275,540 | - | 1,275,540 |
| Transportation | - | - | 683,421 | 683,421 |
| School nutrition | 5,615,301 | - | - | 5,615,301 |
| Total expenditures | <u>5,615,301</u> | <u>1,275,540</u> | <u>683,421</u> | <u>7,574,262</u> |
| Excess of expenditures over revenues | (8,108) | (1,264,016) | (678,426) | (1,950,550) |
| Other financing sources: | | | | |
| Proceeds from sale of equipment | - | - | 11,115 | 11,115 |
| Transfers: | | | | |
| Transfers from internal service fund | 74,279 | - | - | 74,279 |
| Transfers from general fund | 66,806 | 1,561,030 | 810,000 | 2,437,836 |
| Total other financing sources | <u>141,085</u> | <u>1,561,030</u> | <u>821,115</u> | <u>2,523,230</u> |
| Net change in fund balance | 132,977 | 297,014 | 142,689 | 572,680 |
| Fund balances at beginning of year | <u>879,472</u> | <u>318,502</u> | <u>1,304,971</u> | <u>2,502,945</u> |
| Fund balances at end of year | <u>\$ 1,012,449</u> | <u>\$ 615,516</u> | <u>\$ 1,447,660</u> | <u>\$ 3,075,625</u> |

See accompanying independent auditors' report.

County of Roanoke, Virginia
Component Unit
Roanoke County Public Schools
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2010

| | Student Activity Fund | Regional Alternative School | Total Agency Funds |
|---------------------------|-----------------------------|-----------------------------------|--------------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 2,153,241 | \$ 115,082 | \$ 2,268,323 |
| Total assets | <u>\$ 2,153,241</u> | <u>\$ 115,082</u> | <u>\$ 2,268,323</u> |
| Liabilities | | | |
| Accounts payable | - | 115,082 | 115,082 |
| Due to student groups | <u>2,153,241</u> | <u>-</u> | <u>2,153,241</u> |
| Total liabilities | <u>\$ 2,153,241</u> | <u>\$ 115,082</u> | <u>\$ 2,268,323</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, 2010

| | Student Activity Fund | Regional Alternative School | Total Agency Funds |
|------------------------|-----------------------------|-----------------------------------|----------------------------|
| Assets | | | |
| Balance, July 1, 2009 | \$ 1,986,017 | \$ 115,822 | \$ 2,101,839 |
| Additions | 6,974,094 | 42,346 | 7,016,440 |
| Deductions | <u>(6,806,870)</u> | <u>(43,086)</u> | <u>(6,849,956)</u> |
| Balance, June 30, 2010 | <u><u>\$ 2,153,241</u></u> | <u><u>\$ 115,082</u></u> | <u><u>\$ 2,268,323</u></u> |
| Liabilities | | | |
| Balance, July 1, 2009 | \$ 1,986,017 | \$ 115,822 | \$ 2,101,839 |
| Additions | 6,974,094 | 42,346 | 7,016,440 |
| Deductions | <u>(6,806,870)</u> | <u>(43,086)</u> | <u>(6,849,956)</u> |
| Balance, June 30, 2010 | <u><u>\$ 2,153,241</u></u> | <u><u>\$ 115,082</u></u> | <u><u>\$ 2,268,323</u></u> |

County of Roanoke, Virginia
Component Unit
Economic Development Authority of Roanoke County, Virginia
Balance Sheet
Governmental Funds
June 30, 2010

| | <u>Governmental Activities</u> |
|--------------------------------------|---|
| Assets | |
| Cash and cash equivalents | \$ 662,301 |
| Interest receivable | 540 |
| Notes receivable | 334,734 |
| Land held for resale | <u>195,390</u> |
| Total assets | \$ <u><u>1,192,965</u></u> |
| Liabilities and Fund Balances | |
| Liabilities: | |
| Accounts payable | \$ <u>27</u> |
| Total liabilities | <u>27</u> |
| Fund balances: | |
| Unreserved: | |
| Undesignated | <u>1,192,938</u> |
| Total fund balances | <u>1,192,938</u> |
| Total liabilities and fund balances | \$ <u><u>1,192,965</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, 2010

| | Governmental Activities |
|------------------------------------|------------------------------------|
| OPERATING REVENUES | |
| Bondholder's assessments | \$ 2,000 |
| Recovered costs | 25,000 |
| Roanoke County contributions: | |
| ITT Industries | 101,981 |
| Integrity Windows | 219,776 |
| Cardinal Glass | 248,640 |
| Cox Communications | 29,198 |
| Mennel | 264,894 |
| Tecton | 54,124 |
| New Millennium | 61,133 |
| Virginia Air Distributors | 77,946 |
| Kroger | 502,561 |
| Change in Use Incentive Grant | 25,000 |
| Total operating revenues | <u>1,612,253</u> |
| OPERATING EXPENDITURES | |
| Professional fees | 3,638 |
| Refunds and rebates | 25,000 |
| Miscellaneous | 1,988 |
| Project disbursements: | |
| ITT Industries | 101,981 |
| Integrity Windows | 219,776 |
| Cardinal Glass | 248,640 |
| Cox Communications | 29,198 |
| Mennel | 264,894 |
| Tecton | 54,124 |
| New Millennium | 61,133 |
| Virginia Air Distributors | 77,946 |
| Kroger | 502,561 |
| Vinton façade program | 15,549 |
| Total operating expenditures | <u>1,606,428</u> |
| Operating income | <u>5,825</u> |
| NONOPERATING REVENUES | |
| Investment income | <u>18,053</u> |
| Total nonoperating revenues | <u>18,053</u> |
| Net change in fund balances | 23,878 |
| Fund balances at beginning of year | 1,169,060 |
| Fund balances at end of year | <u><u>\$ 1,192,938</u></u> |

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, 2010

| | <u>Date Issued</u> | <u>Original Issue</u> | <u>Balance</u> <u>June 30, 2010</u> | <u>Type of Project</u> |
|----------------------------------|--------------------|-----------------------|--|--------------------------|
| Bondholders/Noteholders | | | | |
| Roanoke County | 5/1/2001 | \$ 2,650,000 | \$ 1,254,301 | Office Building |
| The Glebe/Virginia Baptist Homes | 12/3/2003 | 55,540,000 | 55,540,000 | Retirement Community |
| Roanoke County | 12/20/2002 | 2,705,000 | 845,000 | Office Building |
| Roanoke County | 3/27/2008 | 58,595,000 | 56,055,000 | Public Facility Projects |
| | | <u>\$ 119,490,000</u> | <u>\$ 113,694,301</u> | |

Statistical Section

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

Contents

Financial Trends

Page

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time. 135

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes. 142

Debt Capacity

These schedules contain information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future. 146

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. 149

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. 151

Table 1

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

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

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

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

Table 2

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

| | Fiscal Year | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
| Expenses | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| General government | \$ 13,759,638 | \$ 11,764,472 | \$ 11,451,154 | \$ 10,588,935 | \$ 9,580,727 | \$ 6,896,800 | \$ 7,529,142 | \$ 7,214,980 | \$ 6,571,567 |
| Judicial administration | 2,694,185 | 2,750,265 | 2,584,300 | 2,474,790 | 2,215,910 | 2,029,037 | 2,411,805 | 1,665,839 | 1,796,482 |
| Public safety | 43,937,823 | 42,210,181 | 39,133,760 | 36,385,344 | 33,792,046 | 30,689,745 | 29,247,497 | 26,307,110 | 24,005,383 |
| Public works | 13,749,180 | 15,487,202 | 15,706,237 | 14,792,413 | 14,305,603 | 13,073,960 | 11,924,364 | 11,131,347 | 10,206,081 |
| Library | 3,328,486 | 3,192,012 | 3,562,515 | 3,166,011 | 2,926,666 | 2,790,112 | 2,459,616 | 2,159,475 | 2,226,979 |
| Health and welfare | 17,245,746 | 16,386,768 | 16,873,746 | 16,828,013 | 13,831,907 | 12,649,528 | 11,355,547 | 8,940,906 | 8,027,057 |
| Parks, recreation, and culture | 6,611,041 | 4,763,745 | 5,270,489 | 5,247,319 | 4,619,059 | 3,968,259 | 5,348,664 | 4,503,852 | 3,230,340 |
| Community development | 3,741,964 | 3,289,302 | 3,035,834 | 3,003,701 | 2,489,797 | 3,588,395 | 4,288,386 | 3,665,869 | 4,302,889 |
| Education | 65,673,860 | 65,254,173 | 65,013,274 | 62,052,518 | 60,134,458 | 57,195,060 | 58,470,615 | 54,795,014 | 56,136,808 |
| Interest and other charges | 9,316,330 | 8,542,365 | 6,039,352 | 5,175,622 | 5,520,032 | 5,982,564 | 4,794,091 | 4,544,220 | 4,679,981 |
| Total governmental activities expenses | 180,058,253 | 173,640,485 | 168,670,661 | 159,714,666 | 149,416,205 | 138,863,460 | 137,809,727 | 124,928,612 | 121,183,567 |
| Business-type activities: | | | | | | | | | |
| Water | - | - | - | - | - | - | - | 10,361,679 | 10,091,077 |
| Sewer | - | - | - | - | - | - | 5,928,046 | 5,589,031 | 3,817,613 |
| Total business-type activities expenses | - | - | - | - | - | - | 16,607,865 | 15,950,710 | 13,908,690 |
| Total primary government expenses | \$ 180,058,253 | \$ 173,640,485 | \$ 168,670,661 | \$ 159,714,666 | \$ 149,416,205 | \$ 138,863,460 | \$ 154,417,592 | \$ 140,879,322 | \$ 135,092,257 |
| Program Revenues | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| Charges for services: | | | | | | | | | |
| General government | \$ 364,757 | \$ 521,821 | \$ 810,746 | \$ 955,331 | \$ 251,789 | \$ 738,150 | \$ 87,603 | \$ 140,582 | \$ 144,014 |
| Judicial administration | 1,414,831 | 1,727,976 | 949,084 | 1,258,889 | 1,089,454 | 1,034,408 | 1,126,777 | 916,750 | 1,003,202 |
| Public safety | 3,734,382 | 3,700,948 | 4,263,833 | 3,269,382 | 3,207,661 | 3,019,980 | 2,638,819 | 3,091,305 | 1,944,662 |
| Public works | 349,825 | 317,203 | 317,496 | 315,500 | 315,500 | 318,334 | 610,927 | 414,662 | 903,777 |
| Library | - | 212,252 | 232,105 | 300,287 | 26,425 | 24,440 | 21,244 | 36,468 | 11,414 |
| Health and welfare | 1,264,060 | 957,118 | 739,576 | 910,123 | 653,929 | 624,294 | 652,422 | 429,397 | 478,320 |
| Parks, recreation, and culture | 2,699,633 | 1,833,379 | 1,713,060 | 1,428,750 | 1,041,105 | 948,868 | 959,371 | 869,400 | 782,307 |
| Community development | 504,289 | 487,159 | 909,390 | 743,577 | 794,824 | 954,886 | 725,892 | 762,289 | 628,739 |
| Operating grants and contributions | 30,487,857 | 25,365,244 | 26,223,865 | 23,472,493 | 20,512,492 | 19,093,596 | 20,137,004 | 16,389,153 | 16,153,768 |
| Capital grants and contributions | - | - | - | - | - | - | - | 60,618 | 825,243 |
| Total governmental activities revenues | 40,819,634 | 35,123,100 | 36,159,155 | 32,654,332 | 27,893,179 | 26,756,756 | 26,960,059 | 23,110,624 | 22,875,446 |
| Business-type activities: | | | | | | | | | |
| Charges for services: | | | | | | | | | |
| Water | - | - | - | - | - | - | - | 11,293,731 | 10,212,732 |
| Sewer | - | - | - | - | - | - | 6,220,982 | 5,552,039 | 5,345,420 |
| Capital grants and contributions | - | - | - | - | - | - | 304,302 | 754,965 | 214,545 |
| Total business-type activities revenues | - | - | - | - | - | - | 16,106,562 | 17,600,735 | 15,772,697 |
| Total primary government revenues | \$ 40,819,634 | \$ 35,123,100 | \$ 36,159,155 | \$ 32,654,332 | \$ 27,893,179 | \$ 26,756,756 | \$ 43,066,621 | \$ 40,711,359 | \$ 38,648,143 |

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

| Net (Expense)/Revenue | | | | | | | | | | | | | | | | |
|--|----|----------------------|----|----------------------|----|----------------------|----|----------------------|----|----------------------|----|----------------------|----|----------------------|----|---------------------|
| Governmental activities | \$ | (139,238,619) | \$ | (138,517,385) | \$ | (132,511,506) | \$ | (127,060,334) | \$ | (121,523,026) | \$ | (110,849,668) | \$ | (101,817,988) | \$ | (98,308,121) |
| Business-type activities | | - | | - | | - | | - | | - | | (501,303) | | 1,650,025 | | 1,864,007 |
| Total primary government expense | \$ | <u>(139,238,619)</u> | \$ | <u>(138,517,385)</u> | \$ | <u>(132,511,506)</u> | \$ | <u>(127,060,334)</u> | \$ | <u>(121,523,026)</u> | \$ | <u>(111,350,971)</u> | \$ | <u>(100,167,963)</u> | \$ | <u>(96,444,114)</u> |
| General Revenues and Other Changes in Net Assets | | | | | | | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | | | | | | | |
| Taxes | | | | | | | | | | | | | | | | |
| Real estate and personal property | \$ | 104,367,304 | \$ | 102,820,602 | \$ | 98,914,367 | \$ | 92,809,985 | \$ | 88,510,230 | \$ | 80,871,866 | \$ | 72,918,404 | \$ | 79,737,809 |
| Local share of sales tax | | 8,345,658 | | 8,489,571 | | 8,486,271 | | 9,802,503 | | 8,006,459 | | 7,535,512 | | 6,547,632 | | 6,185,519 |
| Other local taxes | | 21,562,986 | | 21,604,036 | | 23,136,838 | | 21,386,400 | | 21,953,331 | | 20,928,761 | | 19,543,727 | | 19,234,941 |
| Non-categorical state aid | | 12,229,857 | | 12,229,857 | | 12,229,857 | | 12,202,842 | | 12,083,190 | | 12,096,599 | | 11,521,020 | | - |
| Gain on sale of capital assets | | 102,850 | | 166,245 | | 209,368 | | - | | - | | - | | - | | 2,146,363 |
| Capital contribution | | - | | (5,171,236) | | - | | - | | - | | - | | - | | - |
| Investment earnings | | 1,762,425 | | 3,285,667 | | 3,725,643 | | 4,407,323 | | 2,614,590 | | 2,041,932 | | 1,427,427 | | 1,215,447 |
| Miscellaneous | | 29,222 | | 23,697 | | 26,153 | | 920,279 | | 429,311 | | 146,951 | | 252,946 | | - |
| Transfers | | - | | - | | - | | - | | - | | - | | - | | (207,233) |
| Total governmental activities | | <u>148,400,302</u> | | <u>143,448,439</u> | | <u>146,728,497</u> | | <u>141,529,332</u> | | <u>133,597,111</u> | | <u>123,621,621</u> | | <u>112,211,156</u> | | <u>108,312,846</u> |
| Business-type activities: | | | | | | | | | | | | | | | | |
| Investment earnings | | - | | - | | - | | - | | - | | 234,572 | | 778,028 | | 999,427 |
| Miscellaneous | | - | | - | | - | | - | | - | | 61,831 | | 69,073 | | 24,426 |
| Transfers | | - | | - | | - | | - | | - | | (11,000,000) | | - | | 207,233 |
| Total business-type activities revenues | | <u>-</u> | | <u>-</u> | | <u>-</u> | | <u>-</u> | | <u>-</u> | | <u>(10,703,597)</u> | | <u>847,101</u> | | <u>1,231,086</u> |
| Special items: | | | | | | | | | | | | | | | | |
| Land donated to Roanoke County | | - | | - | | - | | 377,308 | | - | | - | | - | | - |
| Total primary government | \$ | <u>148,400,302</u> | \$ | <u>143,448,439</u> | \$ | <u>146,728,497</u> | \$ | <u>141,906,640</u> | \$ | <u>133,597,111</u> | \$ | <u>123,621,621</u> | \$ | <u>113,058,257</u> | \$ | <u>109,543,932</u> |
| Change in Net Assets | | | | | | | | | | | | | | | | |
| Governmental activities | \$ | 9,161,683 | \$ | 4,931,054 | \$ | 14,216,991 | \$ | 14,846,306 | \$ | 12,074,085 | \$ | 11,514,917 | \$ | 10,393,168 | \$ | 10,004,725 |
| Business-type activities | | - | | - | | - | | - | | - | | - | | 2,497,126 | | 3,095,093 |
| Total primary government | \$ | <u>9,161,683</u> | \$ | <u>4,931,054</u> | \$ | <u>14,216,991</u> | \$ | <u>14,846,306</u> | \$ | <u>12,074,085</u> | \$ | <u>11,514,917</u> | \$ | <u>12,890,294</u> | \$ | <u>13,099,818</u> |

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

Table 3

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

| | Fiscal Year | | | | | | | | | |
|------------------------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
| General Fund | | | | | | | | | | |
| Reserved | \$ 944,832 | \$ 513,502 | \$ 608,517 | \$ 907,080 | \$ 408,232 | \$ 382,993 | \$ 345,404 | \$ 1,498,189 | \$ 580,730 | \$ - |
| Unreserved | 35,757,184 | 32,580,041 | 27,677,600 | 25,383,566 | 21,499,248 | 18,344,764 | 19,116,283 | 17,045,453 | 13,689,144 | 15,028,653 |
| Total general fund | <u>\$ 36,702,016</u> | <u>\$ 33,093,543</u> | <u>\$ 28,286,117</u> | <u>\$ 26,290,646</u> | <u>\$ 21,907,480</u> | <u>\$ 18,727,757</u> | <u>\$ 19,461,687</u> | <u>\$ 18,543,642</u> | <u>\$ 14,269,874</u> | <u>\$ 15,028,653</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | \$ 29,128,848 | \$ 19,018,884 | \$ 49,950,824 | \$ 6,223,444 | \$ 8,284,787 | \$ 25,183,472 | \$ 5,816,858 | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | | | | | | | |
| Capital projects fund | 33,862,753 | 83,584,672 | 40,929,195 | 24,209,201 | 26,447,715 | 23,865,465 | 51,968,034 | 16,809,776 | 21,134,014 | 17,232,048 |
| Debt service fund | 252,762 | 237,688 | 625,406 | 209,238 | 212,757 | 220,151 | 226,242 | 221,537 | 588,060 | 593,730 |
| Total all other governmental funds | <u>\$ 63,244,363</u> | <u>\$ 102,841,244</u> | <u>\$ 91,505,425</u> | <u>\$ 30,641,883</u> | <u>\$ 34,945,259</u> | <u>\$ 49,269,088</u> | <u>\$ 58,011,134</u> | <u>\$ 17,031,313</u> | <u>\$ 21,722,074</u> | <u>\$ 17,825,778</u> |



Table 4

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

| | Fiscal Year | | | | | | | | | |
|--|----------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
| REVENUES | | | | | | | | | | |
| General property taxes | \$ 105,039,725 | \$ 103,464,014 | \$ 99,559,431 | \$ 93,202,311 | \$ 87,516,565 | \$ 81,447,134 | \$ 76,962,326 | \$ 73,501,276 | \$ 69,036,458 | \$ 65,970,661 |
| Other local taxes | 30,067,742 | 30,526,768 | 31,432,882 | 31,085,815 | 29,786,917 | 28,102,659 | 27,400,564 | 25,712,914 | 24,946,767 | 23,828,506 |
| Permits, fees, and licenses | 829,674 | 770,289 | 969,168 | 827,706 | 824,223 | 694,048 | 743,694 | 628,310 | 697,478 | 641,241 |
| Fines and forfeitures | 810,241 | 824,001 | 706,354 | 754,895 | 755,033 | 700,301 | 680,283 | 584,979 | 709,667 | 551,743 |
| Use of money and property | 1,062,082 | 2,390,998 | 2,533,878 | 2,961,472 | 2,343,217 | 1,364,482 | 789,188 | 762,354 | 1,125,924 | 1,462,957 |
| Charges for services | 5,794,055 | 4,947,080 | 5,264,920 | 5,271,237 | 3,870,915 | 3,376,174 | 3,572,353 | 2,931,449 | 2,702,314 | 1,831,536 |
| Intergovernmental revenue | 42,248,109 | 37,285,281 | 38,517,594 | 36,933,807 | 34,392,207 | 32,179,487 | 31,551,337 | 28,897,997 | 29,342,703 | 25,799,833 |
| Locality compensation payments | 124,676 | 520,749 | 395,925 | 402,488 | 404,788 | 414,187 | - | - | - | - |
| Miscellaneous | 2,943,226 | 3,133,116 | 3,122,332 | 2,717,947 | 1,754,177 | 2,245,010 | 2,108,608 | 2,081,198 | 2,259,978 | 2,261,052 |
| Total revenues | 188,919,530 | 183,862,296 | 182,502,484 | 174,157,678 | 161,648,042 | 150,523,482 | 143,808,353 | 135,100,377 | 130,821,289 | 122,347,529 |
| EXPENDITURES | | | | | | | | | | |
| General government | 11,319,789 | 11,155,637 | 10,505,771 | 9,515,622 | 8,678,310 | 8,118,324 | 7,391,344 | 6,703,944 | 7,039,090 | 7,047,856 |
| Judicial administration | 2,563,138 | 2,606,389 | 2,400,523 | 2,279,958 | 2,143,527 | 1,992,798 | 1,812,896 | 1,812,595 | 1,931,085 | 1,778,637 |
| Public safety | 40,436,054 | 38,606,968 | 37,322,169 | 34,316,225 | 32,305,718 | 29,111,784 | 27,662,517 | 24,924,617 | 25,445,995 | 22,581,560 |
| Public works | 12,716,367 | 14,161,590 | 15,232,241 | 13,784,117 | 13,370,551 | 12,683,511 | 12,784,825 | 11,087,746 | 10,324,501 | 10,435,697 |
| Library | 2,967,222 | 3,367,133 | 3,074,951 | 2,880,683 | 2,659,325 | 2,374,123 | 2,291,910 | 2,142,685 | 2,232,930 | 2,146,698 |
| Health and welfare | 16,779,169 | 15,894,722 | 16,116,566 | 16,420,012 | 13,555,947 | 12,515,760 | 11,137,394 | 8,979,128 | 8,690,234 | 7,711,943 |
| Parks, recreation, and culture | 5,757,057 | 4,789,372 | 4,769,013 | 4,473,419 | 4,122,383 | 3,768,113 | 3,618,391 | 3,515,412 | 3,579,773 | 2,855,997 |
| Community development | 2,644,744 | 2,827,306 | 2,549,646 | 2,191,555 | 1,845,093 | 1,581,557 | 1,433,458 | 1,582,418 | 1,479,648 | 1,842,597 |
| Education | 61,180,665 | 61,025,007 | 62,595,245 | 59,045,806 | 57,478,836 | 55,218,562 | 55,582,671 | 54,825,683 | 54,621,646 | 54,092,743 |
| Debt service: | | | | | | | | | | |
| Principal | 9,964,540 | 10,323,075 | 8,306,035 | 8,255,178 | 8,281,393 | 8,339,379 | 7,041,504 | 7,184,379 | 5,343,416 | 2,571,289 |
| Interest and other charges | 9,437,308 | 8,799,841 | 5,067,780 | 5,416,678 | 5,743,801 | 6,139,789 | 4,270,654 | 4,686,789 | 4,505,815 | 1,516,639 |
| Capital outlay | 52,178,280 | 42,835,534 | 31,838,539 | 14,814,957 | 22,829,911 | 17,697,921 | 21,683,658 | 7,886,015 | 23,259,548 | 7,206,691 |
| Total expenditures | 227,944,333 | 216,382,574 | 199,778,479 | 173,394,210 | 173,014,695 | 159,541,621 | 156,711,222 | 135,331,411 | 148,453,681 | 121,788,337 |
| Excess of revenues over (under) expenditures | (39,024,803) | (32,520,278) | (17,275,995) | 763,468 | (11,366,653) | (9,018,139) | (12,902,869) | (231,034) | (17,632,392) | 559,192 |

Table 4 (continued)

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

| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | | | | | | | | |
|---|----|--------------|----|--------------|----|--------------|----|--------------|----|--------------|----|--------------|----|--------------|----|--------------|----|-------------|
| Issuance of debt, net | \$ | - | \$ | 47,695,156 | \$ | 80,533,976 | \$ | - | \$ | - | \$ | 42,788,533 | \$ | 29,164,164 | \$ | 13,226,035 | \$ | 2,650,000 |
| Payments to refunded escrow agent | | - | | - | | - | | - | | - | | - | | (28,750,356) | | - | | - |
| Debt issue costs | | - | | - | | - | | - | | - | | - | | (217,185) | | - | | - |
| Bond premium | | - | | - | | - | | - | | - | | 1,370,740 | | - | | - | | - |
| Proceeds from sale of land, machinery and equipment | | 102,850 | | 166,245 | | 209,368 | | 47,812 | | 776,317 | | 25,945 | | 40,000 | | 984,000 | | 37,327 |
| Transfers in | | 22,453,787 | | 30,683,567 | | 20,368,032 | | 18,019,165 | | 16,842,772 | | 19,028,355 | | 11,790,151 | | 12,732,451 | | 10,064,310 |
| Transfers out | | (19,520,242) | | (29,881,446) | | (20,976,367) | | (18,750,655) | | (17,396,542) | | (19,512,137) | | (12,212,103) | | (13,094,512) | | (9,570,276) |
| Total other financing sources(uses) | | 3,036,395 | | 48,663,522 | | 80,135,009 | | (683,678) | | 222,547 | | (457,837) | | (185,329) | | 13,847,974 | | 3,181,361 |
| Net change in fund balances | \$ | (35,998,408) | \$ | 16,143,244 | \$ | 62,859,014 | \$ | 79,790 | \$ | (11,144,106) | \$ | (9,475,976) | \$ | (416,363) | \$ | (3,784,418) | \$ | 3,740,553 |

| | (1) | (2) | (3) | (4) | (5) | (6) |
|---|-------|-------|------|------|------|-------|
| Debt service as a percentage of noncapital expenditures | 11.0% | 11.0% | 8.0% | 8.5% | 9.2% | 10.2% |
| | | | | | 9.2% | 8.2% |
| | | | | | | 8.1% |

*** Information not available

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 |
|-------------|------------------|-------------------|----------------------------|------------------------------|-------------------------------------|----------------------------|--------------------------------|
| 2001 | \$ 4,643,168,800 | \$ 656,165,873 | \$ 195,341,354 | \$ 5,494,676,027 | \$1.12 | \$3.50/3.00 | \$ 6,620,091,599 |
| 2002 | 4,934,402,800 | 656,879,439 | 193,280,816 | 5,784,563,055 | \$1.12 | \$3.50/3.00 | 6,969,353,078 |
| 2003 | 5,219,760,400 | 685,832,531 | 209,248,724 | 6,114,841,655 | \$1.12 | \$3.50/3.00 | 7,367,279,102 |
| 2004 | 5,563,983,100 | 663,297,004 | 218,702,303 | 6,445,982,407 | \$1.12 | \$3.50/3.00 | 7,766,243,864 |
| 2005 | 5,969,476,500 | 725,053,654 | 207,774,445 | 6,902,304,599 | \$1.12 | \$3.50/3.00 | 8,316,029,637 |
| 2006 | 6,441,496,100 | 768,161,943 | 207,613,114 | 7,417,271,157 | \$1.11 | \$3.50/3.00 | 8,936,471,273 |
| 2007 | 7,052,990,600 | 778,899,217 | 202,045,580 | 8,033,935,397 | \$1.09 | \$3.50/3.00 | 9,679,440,237 |
| 2008 | 7,630,455,000 | 830,364,367 | 223,884,755 | 8,684,704,122 | \$1.09 | \$3.50/3.00 | 10,217,298,967 |
| 2009 | 7,929,156,898 | 766,339,671 | 224,653,310 | 8,920,149,879 | \$1.09 | \$3.50/3.00 | 10,494,293,975 |
| 2010 | 8,020,716,300 | 780,689,905 | 233,127,850 | 9,034,534,055 | \$1.09 | \$3.50/3.00 | 10,151,161,860 |

Source: Roanoke County Real Estate Land Books

Notes: Property in Roanoke County is assessed annually and is assessed at approximately 89% of actual value for 2009-2010 and at approximately 84% for years 2000-2009. 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 | |
| | First Half | Second Half | Total | Real Property ⁽¹⁾ | Personal Property ^{(1) (2)} |
| 2001 | \$0.560 | \$0.560 | \$1.12 | \$0.05 | \$1.00 |
| 2002 | \$0.560 | \$0.560 | \$1.12 | \$0.05 | \$1.00 |
| 2003 | \$0.560 | \$0.560 | \$1.12 | \$0.03 | \$1.00 |
| 2004 | \$0.560 | \$0.560 | \$1.12 | \$0.03 | \$1.00 |
| 2005 | \$0.560 | \$0.560 | \$1.12 | \$0.03 | \$1.00 |
| 2006 | \$0.555 | \$0.555 | \$1.11 | \$0.03 | \$1.00 |
| 2007 | \$0.545 | \$0.545 | \$1.09 | \$0.03 | \$1.00 |
| 2008 | \$0.545 | \$0.545 | \$1.09 | \$0.03 | \$1.00 |
| 2009 | \$0.545 | \$0.545 | \$1.09 | \$0.03 | \$1.00 |
| 2010 | \$0.545 | \$0.545 | \$1.09 | \$0.03 | \$1.00 |

⁽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 2010 and 2001

| | 2010 | | | | 2001 | | | |
|---|-----------------------------------|------|---|--|-----------------------------------|------|---|--|
| | Taxable Assessed Value (Millions) | Rank | Percentage of Total County Taxable Assessed Value | | Taxable Assessed Value (Millions) | Rank | Percentage of Total County Taxable Assessed Value | |
| Taxpayer | | | | | | | | |
| Appalachian Power Company | 112 | 1 | 1.24% | | 95 | 1 | 1.99% | |
| Kroger Mid-Atlantic (formerly The Kroger Company) | 41 | 2 | 0.45% | | 15 | 3 | 0.32% | |
| Roanoke Tanglewood LLC | 41 | 3 | 0.45% | | 37 | 2 | 0.77% | |
| Verizon Virginia, Inc. | 41 | 4 | 0.45% | | - | - | - | |
| Friendship Manor Apartment Complex | 29 | 5 | 0.32% | | - | - | - | |
| Richfield Retirement Community | 29 | 6 | 0.32% | | - | - | - | |
| Integrity Windows, Inc. | 19 | 7 | 0.21% | | | | | |
| Wal-Mart Real Estate Business | 19 | 8 | 0.21% | | | | | |
| First States Investors 3300 LLC | 18 | 9 | 0.20% | | | | | |
| Carilion Hospital Inc. | 17 | 10 | 0.19% | | - | - | - | |
| Roanoke Gas Company | | | | | 11 | 8 | 0.23% | |
| Hanover Realty | - | | - | | 14 | 4 | 0.30% | |
| Pebble Creek, LLC | - | | - | | 13 | 5 | 0.26% | |
| RR Donnelley & Sons Company | - | | - | | 12 | 6 | 0.26% | |
| Stellar One(Formerly First Union National Bank) | - | | - | | 12 | 7 | 0.24% | |
| Occidental Development Limited | - | | - | | 11 | 9 | 0.23% | |
| Blue Ridge Associates | - | | - | | 11 | 10 | 0.22% | |
| Total | 366 | | 4.04% | | 231 | | 4.82% | |

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 |
| 2001 | \$ 77,157,085 | \$ 74,082,128 | 96.01% | \$ 2,448,285 | \$ 76,530,413 | 99.19% |
| 2002 | 80,957,285 | 77,434,626 | 95.65% | 2,178,400 | 79,613,026 | 98.34% |
| 2003 | 86,171,722 | 81,994,546 | 95.15% | 2,519,925 | 84,514,471 | 98.08% |
| 2004 | 88,901,356 | 84,798,976 | 95.39% | 2,201,796 | 87,000,772 | 97.86% |
| 2005 | 94,381,504 | 90,113,624 | 95.48% | 2,684,040 | 92,797,664 | 98.32% |
| 2006 | 100,713,477 | 95,857,523 | 95.18% | 3,062,439 | 98,919,962 | 98.22% |
| 2007 | 106,526,759 | 101,614,506 | 95.39% | 3,008,038 | 104,622,544 | 98.21% |
| 2008 | 113,379,407 | 107,449,039 | 94.77% | 3,141,918 | 110,590,957 | 97.54% |
| 2009 | 116,316,521 | 111,054,250 | 95.48% | 1,585,781 | 112,640,031 | 96.84% |
| 2010 | 116,489,107 | 111,980,936 | 96.13% | - | 111,980,936 | 96.13% |

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 | | | Lease Revenue Bonds | | | VP&A School Bonds | | | State Literary Bonds | | Capital Leases | | General Obligation Debt | | Revenue Bonds | | | | Total Primary Government | |
| | Obligation | Debt | \$ | Lease Revenue Bonds | \$ | VP&A School Bonds | \$ | State Literary Bonds | \$ | Capital Leases | \$ | General Obligation Debt | \$ | Revenue Bonds | \$ | \$ | | | | | |
| | | | | | | | | | | | | | | | | | | | | | |
| 2001 | \$ | 27,055,000 | \$ | 5,743,100 | \$ | 48,906,368 | \$ | 11,274,690 | \$ | 2,327,831 | \$ | 70,524,111 | \$ | 168,595,730 | \$ | - | 3.07% | 4.71% | \$ | 1,916 | |
| 2002 | | 25,860,000 | | 5,425,149 | | 59,864,797 | | 10,390,658 | | 1,649,004 | | 68,749,021 | | 174,401,963 | | - | 3.01% | 4.77% | | 1,995 | |
| 2003 | | 25,538,398 | | 4,899,194 | | 56,144,053 | | 9,506,626 | | 932,495 | | 66,965,385 | | 166,175,008 | | - | 2.72% | 4.53% | | 1,888 | |
| 2004 | | 25,716,449 | | 26,703,265 | | 74,499,309 | | 8,622,594 | | 372,109 | | 65,928,087 | | 203,676,844 | | - | 3.16% | 5.29% | | 2,295 | |
| 2005 | | 23,287,203 | | 26,281,871 | | 69,708,272 | | 7,738,562 | | - | | - | | 127,015,908 | | - | 1.84% | 3.19% | | 1,420 | |
| 2006 | | 21,185,562 | | 25,517,803 | | 65,053,722 | | 6,888,530 | | - | | - | | 118,645,617 | | - | 1.60% | 2.98% | | 1,316 | |
| 2007 | | 19,040,454 | | 24,724,570 | | 60,490,721 | | 6,038,498 | | - | | - | | 110,294,243 | | - | 1.37% | 2.77% | | 1,224 | |
| 2008 | | 16,825,346 | | 82,989,144 | | 78,376,947 | | 5,211,866 | | - | | - | | 183,403,303 | | 3,564,057 | 2.11% | 4.44% | | 2,035 | |
| 2009 | | 14,560,238 | | 80,954,308 | | 120,748,501 | | 4,524,181 | | - | | - | | 220,787,228 | | 3,319,209 | 2.48% | 5.13% | | 2,430 | |
| 2010 | | 12,645,130 | | 78,700,454 | | 115,035,423 | | 4,064,860 | | - | | - | | 210,445,867 | | 3,161,076 | 2.33% | 4.43% | | 2,312 | |

(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. Latest actual information available was for 2008

Table 10

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

| Fiscal Year | General Bonded Debt Outstanding | | | | | | Percentage of Actual Value of Taxable Property | Per Capita |
|-------------|---------------------------------|---------------------|-------------------|----------------------|---------------|-------|--|------------|
| | General Obligation Debt | Lease Revenue Bonds | VPSA School Bonds | State Literary Bonds | Total | | | |
| 2001 | \$ 27,055,000 | \$ 5,743,100 | \$ 48,906,368 | \$ 11,274,690 | \$ 92,979,158 | 1.69% | \$ | 1,071 |
| 2002 | 25,860,000 | 5,425,149 | 59,864,797 | 10,390,658 | 101,540,604 | 1.76% | | 1,173 |
| 2003 | 25,538,398 | 4,899,194 | 56,144,053 | 9,506,626 | 96,088,271 | 1.57% | | 1,098 |
| 2004 | 25,716,449 | 26,703,265 | 74,499,309 | 8,622,594 | 135,541,617 | 2.10% | | 1,530 |
| 2005 | 23,287,203 | 26,281,871 | 69,708,272 | 7,738,562 | 127,015,908 | 1.84% | | 1,420 |
| 2006 | 21,185,562 | 25,517,803 | 65,053,722 | 6,888,530 | 118,645,617 | 1.60% | | 1,316 |
| 2007 | 19,040,454 | 24,724,570 | 60,490,721 | 6,038,498 | 110,294,243 | 1.37% | | 1,224 |
| 2008 | 16,825,346 | 82,989,144 | 78,376,947 | 5,211,866 | 183,403,303 | 2.11% | | 2,035 |
| 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 |

- (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. Latest information available was for 2008

Table 11

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

| | Fiscal Year | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|----------------|---------------|
| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
| General bonded debt outstanding | | | | | | | | | | |
| General Obligation Bonds | \$ 12,645,130 | \$ 14,560,238 | \$ 16,825,346 | \$ 19,040,454 | \$ 21,185,562 | \$ 23,287,203 | \$ 25,716,449 | \$ 25,538,398 | \$ 25,860,000 | \$ 27,055,000 |
| Lease Revenue Bonds | 78,700,454 | 80,954,238 | 82,989,144 | 24,724,570 | 25,517,803 | 26,281,871 | 26,703,265 | 4,899,194 | 5,425,149 | 5,743,100 |
| VP&A School Bonds | 115,035,423 | 120,748,501 | 78,376,947 | 60,490,721 | 65,053,722 | 69,708,272 | 74,499,309 | 56,144,053 | 59,864,797 | 48,906,368 |
| State Literary Bonds | 4,064,860 | 4,524,181 | 5,211,866 | 6,038,498 | 6,888,530 | 7,738,562 | 8,622,594 | 9,506,626 | 10,390,658 | 11,274,890 |
| Total net debt applicable to debt limits | \$ 210,445,867 | \$ 220,787,158 | \$ 183,403,303 | \$ 110,294,243 | \$ 118,645,617 | \$ 127,015,908 | \$ 135,541,617 | \$ 96,088,271 | \$ 101,540,604 | \$ 92,979,158 |
| Ratio of net debt to assessed taxable property value | 2.33% | 2.48% | 2.11% | 1.42% | 1.60% | 1.84% | 2.00% | 1.49% | 1.66% | 1.59% |
| Debt limit per policy for property value | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% |
| Per capita | \$ 2,312 | \$ 2,430 | \$ 2,035 | \$ 1,224 | \$ 1,318 | \$ 1,440 | \$ 1,537 | \$ 1,098 | \$ 1,173 | \$ 1,071 |
| Debt limit per policy for per capita | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 1,500 | \$ 1,500 | \$ 1,500 | \$ 1,500 |
| Debt service to general governmental expenditures | 7.79% | 7.30% | 5.05% | 5.48% | 6.13% | 6.63% | 5.63% | 5.24% | 5.36% | 6.40% |
| 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, 2010

| Fiscal Year | Population ⁽¹⁾ | Personal Income (thousands of dollars) ⁽²⁾ | Per Capita Personal Income ⁽²⁾ | School Enrollment ⁽³⁾ | Unemployment Rate % ⁽⁴⁾ |
|-------------|---------------------------|---|---|----------------------------------|------------------------------------|
| 2001 | 86,800 | \$ 3,577,363 | \$ 32,386 | 13,865 | 2.2 |
| 2002 | 86,600 | 3,654,128 | 32,887 | 13,930 | 3.4 |
| 2003 | 87,500 | 3,669,268 | 32,860 | 14,127 | 2.5 |
| 2004 | 88,600 | 3,844,855 | 34,296 | 14,279 | 2.7 |
| 2005 | 89,469 | 3,955,970 | 34,823 | 14,365 | 3.1 |
| 2006 | 90,482 | 4,128,137 | 35,978 | 14,728 | 2.8 |
| 2007 | 90,902 | 4,303,761 | 37,324 | 14,777 | 2.6 |
| 2008 | 90,420 | 4,750,916 | 41,019 | 14,802 | 2.8 |
| 2009 | 90,867 | 4,750,916 | 41,019 | 14,650 | 4.6 |
| 2010 | 91,011 | 4,750,916 | 41,019 | 14,474 | 6.3 |

Sources:

⁽¹⁾ From VaStat, a service of the Weldon Cooper Center for Public Service. The latest information available is for 2006. The figures for 2007 through 2010 have been estimated.

⁽²⁾ Personal Income & Per Capita Personal Income from the Bureau of Economic Analysis. Latest information available is for 2008. The figures for 2009 and 2010 have not been updated.

⁽³⁾ Roanoke County Public Schools Budget and Salary Scales 2010-2011 March 2010 ADM totals

⁽⁴⁾ Virginia Employment Commission

Table 13

COUNTY OF ROANOKE, VIRGINIA
Principal Employers
(unaudited)
Fiscal Years 2010 and 2001

| | 2010 | | | 2001 | | |
|---|------|-------------|---------------------|------|-------------|---------------------|
| | Rank | Ownership | Number of Employees | Rank | Ownership | Number of Employees |
| Roanoke County Schools | 1 | Local Govt. | 1,000+ | 1 | Local Govt. | 1,000+ |
| Wells Fargo Bank, N.A. (formerly Wachovia Bank, N.A.) | 2 | Private | 1,000+ | 2 | Private | 1,000+ |
| Allstate Insurance Company | 3 | Private | 1,000+ | 4 | Private | 1,000+ |
| County of Roanoke | 4 | Local Govt. | 1,000+ | 5 | Local Govt. | 1,000+ |
| Kroger | 5 | Private | 500-999 | - | - | - |
| Friendship Manor | 6 | Private | 500-999 | - | - | - |
| Bright Personnel and Business | 7 | Private | 250-499 | - | - | - |
| Courtland Health Care Center | 8 | Private | 250-499 | 10 | Private | 500-999 |
| HSN LP | 9 | Private | 250-499 | - | - | - |
| Wal Mart | 10 | Private | 250-499 | - | - | - |
| ITT Industries | - | - | - | 3 | Private | 1,000+ |
| Hanover Home Fashions Group | - | - | - | 6 | Private | 500-999 |
| Atlantic Mutual Insurance | - | - | - | 7 | Private | 500-999 |
| RPS Teleservice Inc | - | - | - | 8 | Private | 500-999 |
| Manpower International | - | - | - | 9 | Private | 500-999 |

Source: Virginia Employment Commission

Table 14

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

| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
|--|--|------|------|------|------|------|------|------|------|------|
| | Full-time Equivalent Employees as of June 30 | | | | | | | | | |
| <u>Function/Program</u> | | | | | | | | | | |
| General government | | | | | | | | | | |
| Legislative | 8 | 8 | 3 | 3 | 3 | 3 | 3 | 2 | 2 | 2 |
| General and financial administration | 74 | 74 | 73 | 73 | 73 | 70 | 74 | 73 | 75 | 74 |
| Other | 58 | 57 | 56 | 54 | 50 | 50 | 49 | 53 | 51 | 51 |
| Judicial administration | | | | | | | | | | |
| Courts | 16 | 16 | 16 | 16 | 15 | 15 | 15 | 15 | 15 | 14 |
| Commonwealth attorney | 13 | 13 | 12 | 11 | 10 | 10 | 10 | 10 | 10 | 10 |
| Public safety | | | | | | | | | | |
| Sheriff | 84 | 103 | 103 | 103 | 103 | 103 | 98 | 92 | 90 | 92 |
| Police | 188 | 194 | 186 | 179 | 165 | 159 | 159 | 155 | 153 | 140 |
| Fire & rescue | 149 | 143 | 129 | 124 | 124 | 112 | 112 | 105 | 105 | 87 |
| Public works | | | | | | | | | | |
| General services administration | 3 | 3 | 3 | 3 | 3 | 3 | 5 | 6 | 5 | 7 |
| Refuse disposal | 35 | 35 | 35 | 35 | 35 | 35 | 33 | 33 | 31 | 33 |
| Maintenance of general buildings and grounds | 21 | 20 | 19 | 18 | 18 | 18 | 16 | 14 | 14 | 15 |
| Garage | 11 | 11 | 11 | 7 | 7 | 7 | 6 | 6 | 5 | 6 |
| Engineering and inspections | 36 | 39 | 38 | 38 | 33 | 33 | 33 | 26 | 24 | 26 |
| Library | 35 | 35 | 33 | 33 | 33 | 30 | 30 | 30 | 28 | 29 |
| Health and welfare | 95 | 95 | 95 | 95 | 92 | 86 | 75 | 75 | 74 | 74 |
| Parks, recreation, and culture | 63 | 61 | 60 | 59 | 55 | 57 | 57 | 65 | 64 | 65 |
| Community development | 28 | 31 | 31 | 31 | 31 | 26 | 23 | 23 | 23 | 22 |
| Water and wastewater | 0 | 0 | 0 | 0 | 0 | 0 | 66 | 63 | 60 | 60 |
| Total | 917 | 938 | 903 | 882 | 850 | 817 | 864 | 846 | 829 | 807 |

Source: Roanoke County Payroll Office

Table 15

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

| Function/Program | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|---------|---------|---------|---------|
| General government | | | | | | | | | | |
| Number of sales | 932 | 1,332 | 1,725 | 2,005 | 2,233 | 1,954 | 1,723 | 1,785 | 1,783 | 1,415 |
| Median assessment/sales ratio | 92.10% | 92.10% | 92.33% | 91.54% | 92.00% | 85.00% | 88.17% | 88.77% | 90.62% | 89.63% |
| Coefficient of dispersion | 7.09% | 7.23% | 7.28% | 7.48% | 7.53% | 10.33% | 8.15% | 7.71% | 7.44% | 7.62% |
| Judicial administration | | | | | | | | | | |
| Circuit Court civil cases concluded | 940 | 1,058 | 993 | 1,082 | 2,688 | 2,688 | 2,821 | 2,426 | 2,674 | 2,765 |
| General District Court concluded | 33,316 | 31,268 | 32,094 | 31,805 | 29,737 | 29,737 | 27,345 | 28,025 | 31,596 | 33,490 |
| Juvenile and Domestic cases concluded | 6,563 | 6,594 | 6,222 | 6,363 | 6,967 | 6,967 | 6,912 | 6,670 | 6,641 | 6,108 |
| Public safety | | | | | | | | | | |
| Physical arrests | 4,109 | 3,855 | 3,598 | 4,551 | 4,155 | 3,275 | 3,481 | 2,891 | 2,905 | 3,471 |
| Calls for service police | 84,627 | 84,499 | 84,476 | 91,136 | 81,918 | 87,283 | 87,650 | 83,092 | 76,612 | 72,000 |
| Calls for service fire | 11,373 | 10,964 | 11,306 | 10,622 | 12,268 | 13,688 | 18,414 | 17,772 | 17,798 | 16,731 |
| Fire inspections | 473 | 836 | 960 | 1,129 | 988 | 1,576 | 2,117 | 1,332 | 1,101 | 1,141 |
| Public works | | | | | | | | | | |
| New business licenses | 591 | 596 | 608 | 790 | 777 | 877 | 946 | 928 | 919 | 1,019 |
| New prospect inquires Econ Dev | 30 | 30 | 29 | 35 | 41 | 43 | 27 | 34 | 41 | 42 |
| Waste tonnage to RVRA | 40,536 | 41,469 | 43,361 | 44,556 | 42,889 | 40,698 | 40,227 | 40,110 | 37,986 | 37,956 |
| Library | | | | | | | | | | |
| Patrons registered | 73,339 | 68,247 | 64,084 | 58,154 | 56,810 | 60,640 | 64,644 | 59,781 | 65,655 | 65,568 |
| Total circulation | 1,227,716 | 1,194,267 | 1,141,375 | 1,119,166 | 1,071,835 | 1,015,864 | 975,770 | 987,497 | 930,011 | 888,139 |
| Health and welfare | | | | | | | | | | |
| Average monthly request for assistance | 925 | 676 | 576 | 2,168 | 1,910 | 1,195 | 750 | 750 | 765 | 700 |
| Individuals enrolled in Medicaid | 8,568 | 11,187 | 8,727 | 6,485 | 6,415 | 5,930 | 5,141 | 4,467 | 3,905 | 3,116 |
| Households receiving food stamps | 3,157 | 2,771 | 2,184 | 1,835 | 2,032 | 1,856 | 1,509 | 1,260 | 1,918 | 10,910 |
| Number of children in foster care | 119 | 119 | 147 | 118 | 150 | 141 | 129 | 142 | 107 | 66 |
| Community development | | | | | | | | | | |
| Building permits issued | 1,283 | 1,145 | 1,600 | 1,497 | 1,153 | 1,147 | 1,451 | 1,358 | 1,376 | 1,650 |

Source: Various County departments

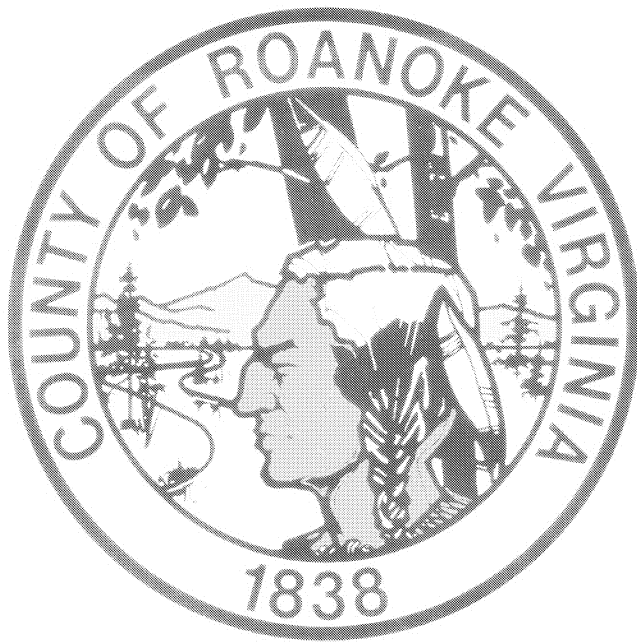
Table 16

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

| Function/Program | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
|-----------------------------------|-------|-------|-------|------|------|-------|-------|-------|-------|-------|
| General Government | | | | | | | | | | |
| Administration Buildings | 7 | 6 | 7 | 7 | 5 | 5 | 5 | 5 | 5 | 5 |
| Judicial Administration | | | | | | | | | | |
| Courthouses | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Safety | | | | | | | | | | |
| Fire Stations | 12 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Rescue Stations | 11 | 11 | 11 | 11 | 11 | 11 | 9 | 9 | 9 | 10 |
| Fire Units | 27 | 28 | 28 | 28 | 28 | 29 | 29 | 29 | 29 | 29 |
| Ambulances | 24 | 23 | 23 | 23 | 24 | 25 | 25 | 25 | 25 | 25 |
| Jails | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Law Enforcement Vehicles | 146 | 145 | 152 | 134 | 127 | 127 | 116 | 115 | 116 | 106 |
| Public Works | | | | | | | | | | |
| Refuse Collection Trucks | 19 | 19 | 19 | 20 | 18 | 18 | 16 | 19 | 19 | 15 |
| Libraries | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Parks, Recreation, and Tourism* | | | | | | | | | | |
| Parks | 28 | 28 | 28 | 28 | 28 | 52 | 52 | 52 | 52 | 52 |
| Park Acreage | 1,061 | 1,061 | 1,061 | 960 | 960 | 1,146 | 1,146 | 1,146 | 1,146 | 1,146 |
| Recreation Centers | 3 | 2 | 2 | 2 | 2 | 5 | 5 | 5 | 5 | 5 |
| Park District Maintenance Centers | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Education | | | | | | | | | | |
| Elementary Schools | 16 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 |
| Middle/Junior High Schools | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| High Schools | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 4 |
| Vocational-Technical Schools | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Career Centers | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

Source: Various County departments

* Parks, Recreation, & Tourism utilized new reporting methodologies for the 2006 year statistics





KPMG LLP
Suite 1710
10 S. Jefferson Street
Roanoke, VA 24011-1331

**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, 2010, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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 15, 2010



KPMG LLP
Suite 1710
10 S. Jefferson Street
Roanoke, VA 24011-1331

**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, 2010. 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, 2010.

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 15, 2010

COUNTY OF ROANOKE, VIRGINIA
Schedule of Expenditures of Federal Awards
For The Period Ended June 30, 2010

| 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 | \$ 2,861 |
| Food and Nutrition Service: State Administrative Matching Grants for the Nutrition Assistance Program | - | 10.561 | 632,443 |
| National School Lunch Program | - | 10.555 | 1,384,236 |
| National School Lunch Program- USDA Commodities | - | 10.555 | 275,383 |
| School Breakfast Program | - | 10.553 | 226,972 |
| DEPARTMENT OF DEFENSE: | | | |
| Direct Payments: | | | |
| Selected Reserve Educational Assistance Program (ROTC) | - | 12.609 | 47,311 |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES: | | | |
| Pass Through Payments: | | | |
| Administration for Children and Families: | | | |
| Promoting Safe and Stable Families | - | 93.556 | 42,085 |
| Temporary Assistance for Needy Families | - | 93.558 | 705,325 |
| Refugee and Entrant Assistance-State Administered Programs | - | 93.566 | 8,499 |
| Low-Income Home Energy Assistance | - | 93.568 | 26,333 |
| Child Care and Development Block Grant | - | 93.575 | 564,370 |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | - | 93.596 | 672,272 |
| Chafee Education and Training Vouchers Program | - | 93.599 | 22,800 |
| Adoption Incentive | - | 93.603 | 1,558 |
| Child Welfare Services- State Grants | - | 93.645 | 2,381 |
| Foster Care - Title IV-E | - | 93.658 | 522,129 |
| ARRA, Foster Care - Title IV-E | - | 93.658 | 32,303 |
| Adoption Assistance | - | 93.659 | 228,725 |
| ARRA, Adoption Assistance | - | 93.659 | 24,391 |
| Social Services Block Grant | - | 93.667 | 256,342 |
| Chafee Foster Care Independence Program | - | 93.674 | 15,108 |
| ARRA, Child Care and Development Block Grant | - | 93.713 | 225,343 |
| Centers for Medicare and Medicaid Services: | | | |
| State Children's Insurance Program | - | 93.767 | 26,057 |
| Medical Assistance Program | - | 93.778 | 528,161 |
| DEPARTMENT OF ENERGY: | | | |
| Direct Payments: | | | |
| ARRA, Energy Efficiency and Conservation Block Grant Program | DE-SC0003490 | 81.128 | 703 |
| DEPARTMENT OF JUSTICE: | | | |
| Direct Payments: | | | |
| Bureau of Justice Assistance: | | | |
| Local Law Enforcement Block Grants Program | 2007-DJ-BX-1005 | 16.592 | 13,359 |
| Bulletproof Vest Partnership Program | - | 16.607 | 23,704 |
| Pass Through Payments: | | | |
| Bureau of Justice Assistance: | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 09-08561VG08 | 16.738 | 38,077 |
| Edward Byrne Memorial Justice Assistance Grant Program | 10B5846CR09 | 16.738 | 37,425 |
| Edward Byrne Memorial Justice Assistance Grant Program | 2009-DJ-BX-1391 | 16.738 | 10,817 |
| ARRA, Recovery Act-Edward Byrne Memorial Justice Assistance Grant (JAG) Program - Grants to States and Territories | - | 16.803 | 141,666 |
| ARRA, Recovery Act-Edward Byrne Memorial Justice Assistance Grant (JAG) Program - Grants to Units of Local Government | 2009-SB-B9-1550 | 16.804 | 99,533 |
| Office of Community Oriented Policing Services: | | | |
| Public Safety Partnership and Community Policing Grants | - | 16.710 | 29,451 |
| CORPORATION FOR NATIONAL AND COMMUNITY SERVICE: | | | |
| Pass Through Payments: | | | |
| Learn and Service America-National Community Service Act | KSSVA06003 | 94.004 | 11,215 |
| Learn and Service America-National Community Service Act L&S | KSSVA06003 | 94.004 | 21,343 |

COUNTY OF ROANOKE, VIRGINIA
Schedule of Expenditures of Federal Awards
For The Period Ended June 30, 2010

| Federal Granting Agency/ Recipient State Agency/ Grant Program | Grant Number | Federal Catalogue Number | Federal Expenditures |
|--|-------------------------|---|---------------------------------|
| DEPARTMENT OF TRANSPORTATION: | | | |
| Pass Through Payments: | | | |
| National Highway Traffic Safety Administration: | | | |
| State and Community Highway Safety | RS-2009-59290-3593 | 20.600 | 12,002 |
| State and Community Highway Safety | RS-2009-59291-3594 | 20.600 | 15,711 |
| State and Community Highway Safety | RS-2009-59289-3592 | 20.600 | 6,670 |
| State and Community Highway Safety | AL-2010-50281-3901 | 20.600 | 31,326 |
| State and Community Highway Safety | RS-2010-50274-3894 | 20.600 | 6,063 |
| State and Community Highway Safety | RS2010-50288-3908 | 20.600 | 46,668 |
| Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants | K8-2009-59288-3591 | 20.601 | 3,706 |
| Alcohol Open Container Requirements | 154AL-2010-50279-3899 | 20.607 | 18,742 |
| DEPARTMENT OF HOMELAND SECURITY: | | | |
| Pass Through Payments: | | | |
| State Homeland Security Program | - | 97.073 | 191,448 |
| DEPARTMENT OF EDUCATION: | | | |
| Pass Through Payments: | | | |
| Department of Education: | | | |
| ARRA, State Fiscal Stabilization Fund (SFSF)-Government Services | - | 84.397 | 1,915,884 |
| ARRA, State Fiscal Stabilization Fund (SFSF)-Education State Grants | S394A090047 | 84.394 | 4,432,162 |
| ARRA, Education Technology State Grants | S386A090046 | 84.386 | 23,885 |
| Office of Elementary and Secondary Education: | | | |
| Title I-Grants to Local Educational Agencies 07-08 | S010A070046 | 84.010 | 31,941 |
| Title I-Grants to Local Educational Agencies 08-09 | S010A080046 | 84.010 | 172,233 |
| Title I-Grants to Local Educational Agencies 09-10 | S010A090046 | 84.010 | 798,095 |
| ARRA, Title I-Grants to Local Educational Agencies | S389A090046 | 84.389 | 362,096 |
| Title II- Improving Teacher Quality State Grants Part A 08-09 | S367A080044 | 84.367 | 44,550 |
| Title II- Improving Teacher Quality State Grants Part A 09-10 | S367A090044 | 84.367 | 276,204 |
| Title II Part D- Education Technology Formula Grant 07-08 | S318X070046 | 84.318 | 2,401 |
| Title II Part D- Education Technology Formula Grant 08-09 | S318X080046 | 84.318 | 5,864 |
| Title II Part D- Education Technology Formula Grant 09-10 | S318X090046 | 84.318 | 7,626 |
| Safe and Drug Free Schools & Communities 09-10 | Q186A090048 | 84.186 | 31,629 |
| Office of English Language Acquisition: | | | |
| Title III-English Language Acquisition Grants 07-08 | T365A070046 | 84.365 | 2,181 |
| Title III-English Language Acquisition Grants 08-09 | T365A080046 | 84.365 | 37,165 |
| Title III-English Language Acquisition Grants 09-10 | S365A090046 | 84.365 | 38,427 |
| Office of Special Education and Rehabilitative Services: | | | |
| Title VIB: Special Education - Grants to States Flow Through 08-09 | H027A080107 | 84.027 | 178,016 |
| Title VIB : Special Education - Grants to States Flow Through 09-10 | H027A090107 | 84.027 | 2,871,556 |
| ARRA, Title VIB : Special Education - Grants to States | H391A090107 | 84.391 | 1,280,675 |
| Special Education - Preschool Mini A Grants | H173A090112 | 84.173 | 88,856 |
| ARRA, Special Education - Preschool Grants | H392A090112 | 84.392 | 84,347 |
| Office of Vocational and Adult Education: | | | |
| Vocational Education Basic Grants to States- Carl D. Perkins Vocational and Technical Ed | V048A090046 | 84.048 | 140,191 |
| Vocational Education Basic Grants to States- High Schools That Work 08-09 | V048A090046 | 84.048 | 4,319 |
| Vocational Education Basic Grants to States- Adult Education State Grant Program 08-09 | V002A080046 | 84.002 | 16,517 |
| Vocational Education Basic Grants to States- Adult Education State Grant Program 09-10 | V002A090046 | 84.002 | 81,712 |
| Total Federal Expenditures | | | \$ 20,161,549 |

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

County of Roanoke, Virginia
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

- (1) Basis of Accounting - Federal Programs are accounted for on the accrual basis of accounting.
- (2) Reporting Entity - The Schedule of Expenditures of Federal Awards includes all grants awarded to the County of Roanoke, Virginia (the County). The reporting entity is defined in Note 1 of the County's basic financial statements.
- (3) In-Kind Contributions - The County received \$275,383 in food and food stamps from the U.S. Department of Agriculture during fiscal year 2010. These in-kind contributions are included in the basic financial statements.



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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, 2010, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 15, 2010.

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

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

Code of Virginia

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

State Agency Requirements

Comprehensive Youth Services Act
Education
Social Services



The results of our tests disclosed an instance of noncompliance that is required to be reported under the *Specifications for Audits of Counties, Cities, and Towns*, which is described in the accompanying Schedule of Findings and Questioned Costs as item 10-1.

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 15, 2010

COUNTY OF ROANOKE, VIRGINIA

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

(1) Summary of Auditors' Results:

- (a) The type of report issued on the basic financial statements: unqualified opinion.
- (b) Significant deficiencies in internal control over financial reporting disclosed by the audit of the basic financial statements: none reported. Material weaknesses: none.
- (c) Noncompliance which is material to the basic financial statements: none.
- (d) Significant deficiencies in internal control over major programs: none reported. Material weaknesses: none.
- (e) The type of report issued on compliance for major programs: unqualified opinion.
- (f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: none.
- (g) Major programs: Title I - (CFDA #84.010), Title I - ARRA (CFDA#84.389), Title VI-B Special Education - Flow Through (CFDA #84.027), Special Education Preschool Mini A Grants (CFDA # 84.173), Title VI-B Special Education - ARRA (CFDA #84.391), Special Education Preschool Grants - ARRA (CFDA #84.392), State Fiscal Stabilization Fund (SFSF) Education State Grants - ARRA (CFDA #84.394), State Fiscal Stabilization Fund (SFSF) GSA Services - ARRA (CFDA #84.397), Title II Part D - Education Technology Formula Grants (CFDA #84.318), Education Technology State Grant - ARRA (CFDA #84.386), Recovery Act Edward Byrne Memorial Justice Assistance Grant (JAG) Grants to States and Territories - ARRA (CFDA #16.803), Recovery Act Edward Byrne Memorial Justice Assistance Grant (JAG) Grants to Units of Local Government - ARRA (CFDA# 16.804); and Temporary Assistance for Needy Families (TANF) (CFDA #93.558).
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$604,090.
- (i) Auditee qualified as a low risk auditee under Section 530 of OMB Circular A-133: yes.

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

None.

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

None.

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

10-1: Disclosure Forms

Condition - Two of forty-seven annual conflicts of economic interest disclosure forms were not submitted within the Commonwealth of Virginia's (Commonwealth) time requirement.

COUNTY OF ROANOKE, VIRGINIA

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Criteria – Completed forms were required to be received by January 15, 2010 as required by Section 2.2-3100 of the *Code of Virginia*.

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

Questioned Cost – None.

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.

