

School Board of the City of Roanoke, Virginia Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2011



**A Component Unit of the City of Roanoke, Virginia
Prepared by the Department of Fiscal Services**

PHOTO CREDITS

Cover and Section Dividers: scenes from Technology in use in the classroom
Photographs by the Roanoke City Schools Department of Administrative Technology

School Board of the City of Roanoke, Virginia,
A Component Unit of the City of Roanoke, Virginia

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

Roanoke City School Board

David B. Carson, Chairman
Jason E. Bingham Vice Chairman
Mae G. Huff
Annette Lewis
Suzanne P. Moore
Todd A. Putney
Lori E. Vaught

Dr. Rita D. Bishop, Superintendent

**Prepared by the Department of Fiscal Services and
The Deputy Superintendent for Operations**

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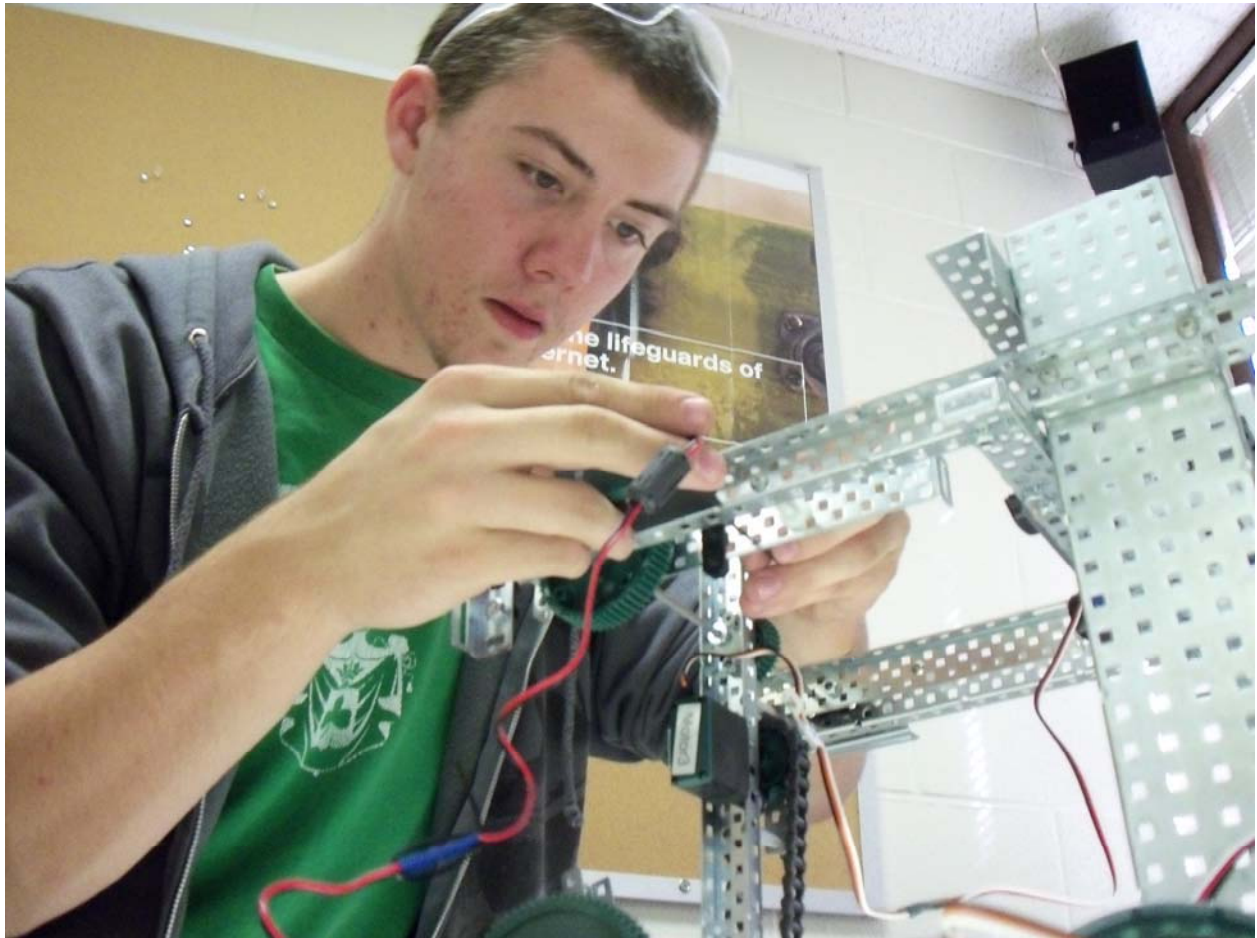
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INTRODUCTORY SECTION



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October 31, 2011

The School Board of the City of Roanoke, Virginia

The Comprehensive Annual Financial Report (CAFR) for the School Board of the City of Roanoke, Virginia (School Board), a Component Unit of the City of Roanoke, Virginia, for the fiscal year ended June 30, 2011, is herein submitted. Please note that the School Board is more commonly known as "Roanoke City Public Schools" or "RCPS."

The report contains a complete set of basic financial statements presented in conformity with U. S. generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB), and audited 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 by a firm of licensed certified public accountants. The GASB requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A), which can be found following the report of the independent auditors. The letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The report was prepared by the School Board's Accounting Department in conjunction with the Deputy Superintendent for Operations.

The School Board is considered a discretely presented component unit of the City of Roanoke (City) and, accordingly, the financial position and results of operations of the School Board are reflected in the Comprehensive Annual Financial Report of the City. The City is an independent full-service municipality with sole government taxing power within its boundaries. The School Board is a legally separate entity, which is fiscally dependent upon the City. The City Council of the City of Roanoke (City Council) appoints the seven members of the School Board, as well as makes the annual appropriation for the School Board's operating budget. The City levies taxes for School Board operations, issues debt for capital projects, and retains ownership of school property and buildings. The City Council is prohibited, however, from exercising control over School Board expenditures at the functional and budgetary line item levels of School Board funds.

Budgetary comparison schedules for the General and Food Services funds can be found in the Required Supplementary Information Section of the CAFR.

This report consists of management's representations concerning the finances of the School Board of the City of Roanoke, Virginia. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the School Board has established a comprehensive internal control framework that is designed both to protect the School Board's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the School Board's basic financial statements in conformity with GAAP. Since the cost of internal controls should not outweigh the benefits, the School Board's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

The independent audit of the basic financial statements of the School Board was performed in conjunction with a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The School Board is required to undergo an annual single audit in conformity

with the provisions of the *Single Audit Act Amendments of 1996* and the U. S. Office of Management and Budget's *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. The schedule of expenditures of federal awards and the independent auditor's report on compliance with requirements applicable to each major program and on internal controls over compliance are included in this report.

Profile of the School District

Roanoke City Public Schools is a progressive urban school district nestled in the heart of the Blue Ridge Mountains in the City of Roanoke, Virginia. Roanoke, the largest city in the Commonwealth of Virginia (Commonwealth) west of Richmond, is located at the southern end of the Shenandoah Valley, approximately 170 miles west of Richmond and 235 miles southwest of Washington, DC. Roanoke's 2010 population as per the US Census Bureau of 97,032 accounts for 31% of the population in its metropolitan statistical area (MSA), which includes the neighboring city of Salem, town of Vinton and the counties of Roanoke, Botetourt, Craig and Franklin.

During the 20010-11 school year, RCPS provided a comprehensive program of study for 12,262 students in grades Kindergarten through 12 annually. In 2010-11, there were seventeen elementary schools, five middle schools, two high schools, the Roanoke Valley Governor's School for Science and Technology, two alternative education facilities, adult education programs, and preschool programs for low income families.

Roanoke's student population represents a diversity of cultures and ethnic groups. Approximately 44% of students are black, 41% are white, 8% are Hispanic and 3% are Asian.

In 2010-11, 67.40% of RCPS students qualified for free or reduced price school lunch, where eligibility is determined based on poverty level. At ten of Roanoke's twenty-five schools, over 75% of the student populations qualified for free or reduced price school lunch; at twenty-one schools, over 50% of students were eligible for the program.

Eighty percent (80%) of students passed their English SOL test in 2011, up from 62% just six years ago. Seventy-nine percent (79%) of RCPS students passed the Math SOL test in 2011 as compared to 77% the previous year. A slightly decreased number of students passed the writing SOL test in 2011 at 82% versus 84% in FY 2010.

The Roanoke City Public Schools strategic plan for 2009-14 has affirmed that the school division's mission is to "graduate students prepared for life in a rapidly changing world." The plan also establishes RCPS' vision, which is "to be a model for urban public education." This vision means that our students will have the skills to be successful and the opportunities to reach their full potential regardless of poverty, ethnicity, disabilities, or other challenges. Only a few urban places in the country have been able to achieve this and they are usually individual schools as opposed to entire school districts. RCPS believes that we owe it to our children to set a very high bar.

The decisions, direction, and actions of RCPS are guided by eight core beliefs, as follows:

- Our diversity is a source of strength
- Our schools must be safe
- All students are capable of meeting high expectations
- We are accountable for our students' success
- Every individual in RCPS contributes to our students' success
- We have a responsibility to work collaboratively with our families
- Respect, trust, and honest communication are the foundation of successful and productive relationships
- The vitality of our community depends on a strong school system

“Strong Students. Strong Schools. Strong City.” The School Board established the following priorities for the 2010-11 school year:

- Achieve full state accreditation and meet federal AYP targets.
- Ensure the safest schools for our students and staff.
- Attract, train, and retain the best staff for our urban Division.
- Ensure efficient use, maintenance, and improvement of the Division’s facilities and infrastructure.
- Enhance arts, athletics and extracurricular activities.

Narrowing the Achievement Gap. Roanoke City Public Schools is working to help all students achieve and improve with a special focus on closing achievement gaps between subgroups of students. In total, 11 of 25 schools made AYP and all 25 schools are academically fully accredited. To achieve AYP under No Child Left Behind, a school must meet 29 objectives for student achievement. State accreditation is determined by the overall percentage of students who pass SOL tests in four core subject areas: English, Math, History, and Science. Schools making AYP and/or achieving state accreditation based on 2010-11 student achievement data are listed on the following chart.

Roanoke City Public Schools
Accreditation & AYP Status 2011-2012
Based on 2010-11 Student Achievement

School	Accreditation Status	AYP Status
Crystal Spring Elementary	Fully Accredited	Yes
Fairview Elementary	Fully Accredited	Yes
Fallon Park Elementary	Fully Accredited	Yes
Fishburn Park Elementary	Fully Accredited	Yes
Garden City Elementary	Fully Accredited	No
Grandin Court Elementary	Fully Accredited	Yes
Highland Park Elementary	Fully Accredited	No
Hurt Park Elementary	Fully Accredited	No
Lincoln Terrace Elementary	Fully Accredited	Yes
Monterey Elementary	Fully Accredited	No
Morningside Elementary	Fully Accredited	No
Preston Park Elementary	Fully Accredited	No
Roanoke Academy	Fully Accredited	Yes
Round Hill Primary	Fully Accredited	No
Virginia Heights Elementary	Fully Accredited	No
Wasena Elementary	Fully Accredited	Yes
Westside Elementary	Fully Accredited	Yes
Lucy Addison Middle	Fully Accredited	Yes
James Breckinridge Middle	Fully Accredited	No
Stonewall Jackson Middle	Fully Accredited	No
James Madison Middle	Fully Accredited	No
Woodrow Wilson Middle	Fully Accredited	No
Patrick Henry High	Fully Accredited	No
William Fleming High	Provisionally Accredited Graduation	No

SAT Results 2011
Roanoke City Public Schools

Three hundred twenty-five (325) Roanoke City students took the SAT Reasoning Test. The mean (average) verbal score, now called Critical Reading, was four hundred sixty-nine (469) and the mean mathematics score was four hundred sixty-four (464). Compared to 2010 results, the 2011 Critical Reading mean score is down (-11) and down (-8) in the mathematics mean score. For Virginia's students, the critical Reading mean score of five hundred twelve (512) was fifteen (+15) points higher than the mean score of four hundred ninety-seven (497) for the nation's students. Virginia's students also outscored the nation's students in writing.

Comparison of Roanoke City with Virginia and United States on SAT—2011

The proportion of students by ethnic group who took the SAT in 2011:

	<u>Roanoke</u>	<u>Virginia</u>	<u>U.S.</u>
White	43%	58%	53%
African American	45%	21%	13%
Other Ethnicities	12%	21%	34%

Mean (average) scores of all students tested (and change from 2010):

	Roanoke		Virginia		U.S.	
	Mean 2010/2011	Change from 2010	Mean 2010/2011	Change from 2010	Mean 2010/2011	Change from 2009
Critical Reading	480/469	-11	512/512	0	501/497	-4
Mathematics	472/464	-8	512/509	-3	516/514	-2
Writing	461/450	-11	497/495	-2	492/489	-3
Total Score	1413/1383	-30	1521/1516	-5	1509/1500	-9

Mean (average) scores of tested students by ethnicity (and change from 2010):

	Roanoke				Virginia				U.S.			
	Black	White	Black	White	Black	White	Black	White	Black	White	Black	White
	Mean	Change	Mean	Change	Mean	Change	Mean	Change	Mean	Change	Mean	Change
Critical Reading	409	-14	541	-4	434	-2	539	+3	428	-1	528	0
Mathematics	398	-9	537	+1	427	-2	531	-3	427	-1	535	-1
Writing	391	-10	515	-8	419	-5	520	+1	417	-3	516	0
Total Score	1198	-33	1593	-11	1280	-9	1590	+1	1272	-5	1579	-1

Mean (average) scores of students tested by high school (and change from 2010):

	Patrick Henry		William Fleming	
	Mean	Change	Mean	Change
Critical Reading	489	-13	430	-19
Mathematics	488	-12	415	-19
Writing	466	-21	417	-7
Total Score	1443	-46	1262	-45

**SAT I: Reasoning Test Scores for Graduating Seniors
Roanoke City Public Schools 1994-2011**

Table I. Mean Scores on SAT

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Mean (average) Verbal SAT Score	396	400	477	483	484	507	493	500	502	487	507	512	481*	485*	474*	484*	480*	469*~
Mean (average) Mathematics SAT Score	440	437	472	477	477	487	482	487	482	482	496	500	473	475	464	472	472	464~
Writing													475	469	464	460	461	450~
Total	836	837	949	960	961	994	975	987	984	969	1003	1012	1429	1429	1402	1416	1413	1383
<i>*Verbal is now Critical Reading</i>																		

Average performance of Roanoke City students as a group on SAT has increased over time from 1994 to 2010. There was a statistical “recentering of scores” in 1996 that had a partial impact on the sizeable gain that year. A third component (writing) was added to the SAT in 2006. ~SAT data historically has included students who took the SAT at any point in high school through March of their senior year. Starting with 2011 the SAT data includes all students who tested through June of their senior year.

Table II. Mean Scores on SAT by Ethnic Group

	<i>Black</i>											<i>White</i>										
	01	02	03	04	05	06	07	08	09	10	11	01	02	03	04	05	06	07	08	09	10	11
Mean (average) Verbal SAT Score	448	406	406	420	434	416*	414*	411*	416	423	409~	537	557	528	536	540	532*	548*	541*	548*	545*	541*~
Mean (average) Mathematics SAT Score	430	395	402	408	424	404	404	405	403	407	398~	523	530	519	528	532	520	534	527	534	536	537~
Writing						405	395	405	396	401	391~						531	536	529	521	523	515~
Total	878	801	808	828	858	1225	1213	1221	1212	1231	1198	1060	1087	1047	1064	1072	1583	1618	1597	1603	1604	1593
<i>*Verbal is now Critical Reading</i>												<i>*Verbal is now Critical Reading</i>										

**2011 ACT Results
Roanoke City Public Schools**

Participation in ACT testing among Roanoke City Public School graduates increased by 62%. During 2011 one hundred twenty five (125) seniors took the ACT compared with seventy seven (77) in 2010. The percentage of students at Patrick Henry meeting college readiness benchmarks was greater than the national percentage in all categories.

Total participants: 125
Patrick Henry High School: 81
William Fleming High School: 42

Percentage of Students Meeting College Readiness Benchmarks 2011 (2010)

	Patrick Henry 2011 (2010)	William Fleming 2011 (2010)	District 2011 (2010)	State 2011 (2010)	National 2011 (2010)
English Composition	72(73)	40(36)	60(57)	76(76)	66(66)
College Algebra	48(59)	14(24)	36(44)	55(53)	45(43)
Reading	67(68)	19(21)	50(48)	61(61)	52(52)
Science	42(45)	5(21)	29(35)	36(37)	30(29)
Composite	38(36)	2(18)	26(29)	32(31)	25(24)

Benchmarks: English=18; Math=22; Reading=21; Science=24

Comparison of Average ACT Scores

	English		Mathematics		Reading		Science		Composite	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
PH	21.3	22.4	21.8	22.2	22.2	23.7	22.0	22.4	21.9	22.8
Fleming	16.2	16.2	17.2	18.1	17.6	17.7	17.5	19.2	17.3	17.8
RCPS	19.4	19.8	20.2	20.4	20.5	21.1	20.4	21.0	20.2	20.7
Virginia	22.1	22.0	22.2	22.1	22.7	22.5	21.8	21.9	22.3	22.3
National	20.6	20.5	21.1	21.0	21.3	21.3	20.9	20.9	21.1	21.0

Patrick Henry score averages were higher than the national averages in all categories.

Factors Affecting Financial Condition

The information presented in the basic financial statements is best understood when it is considered from the broader perspective of the specific environment within which the School Board operates.

Economic Condition and Outlook

The District's ability to adequately fund its major educational initiatives is significantly affected by the City's economic outlook. For fiscal year 2011, the City funded RCPS in accordance with a twenty-year funding formula agreement between the City and Schools, the first such agreement initiated in the Commonwealth of Virginia, whereby the schools receive 36.42% of property and other identified local taxes levied by the City of Roanoke.

Long-term Financial Planning

Fiscal year 2011 performance reflected economic recovery for the City of Roanoke. Local taxes grew for the first time in three years, the unemployment rate began to improve and construction activity increased. General Fund revenues increased 1.3% in FY11. A significant factor was an increase in the Prepared Food and Beverage tax which changed from 5% to 7%, generating approximately \$4.6 million in revenue. This tax rate was increased for the two-year period FY11 and FY12 in order to provide additional funding for Roanoke City Public Schools. Adjusting for this, General Fund revenues in total declined .5%, heavily impacted by a decline in social services reimbursements. Property taxes increased 1.4% while Other Local Taxes increased 8.3% or 1.6% when adjusted for the rate increase in the Prepared Food and Beverage Tax. City of Roanoke General Fund revenues from the Commonwealth and Federal governments declined 5.5%, mainly in the Social Services area where fewer expenditures were incurred therefore generating lower reimbursement-based revenues.

On the expenditure side, most all categories of General Fund expenditures declined in FY11. One major exception was Education due to the additional \$4.6 million in revenue generated from the prepared food tax and dedicated to Roanoke Schools.

Unemployment remained high during fiscal year 2011, but levels improved compared to the prior year. Unemployment in the Roanoke MSA in June was 6.7%, according to the Virginia Employment Commission, compared with 6.3% at the state level and 9.3% at the national level. Roanoke's MSA unemployment stood at 7.5% a year before. Roanoke's economy is strengthened by the diversity of our employment opportunities, with representation from every major type of business as defined by the US Census Bureau.

In FY 2011, one additional elementary school was combined with another to allow for either alternative building use by RCPS or other options, thereby reducing operation costs. See further discussion of these actions in Management's Discussion and Analysis

The City of Roanoke and the Roanoke City School Board continue to plan for the future and provide the necessary funds not only to protect current assets, but also to provide the best education for city students. This approach has served the City and the School Board well and will be the basis for continued growth.

Accounting System and Budgetary Controls

The School Board has established a comprehensive internal control framework designed to both safeguard the district's assets against loss from unauthorized use or theft and to properly record and adequately document transactions in order to compile information for the presentation of the School Board's financial statements in conformity with GAAP. The School Board's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

The School Board maintains budgetary controls to ensure compliance with the annual appropriated categorical budget adopted by the School Board. In accordance with state law, the advertised and adopted budget is submitted to City Council for adoption and appropriation. City Council includes the School Board adopted budget with the City budget, which is in turn advertised and adopted by May 15. The School Board exercises management control over the budget at the cost center level within each fund. The School Board also maintains an encumbrance accounting system as an additional method of accomplishing budgetary control. Activities of the General Fund and Food Service Fund are included in the annual appropriated budget. Multi-year programs are adopted separately for the School Grants Fund.

General Operations

Management's Discussion and Analysis, which is contained in the financial section of this report, provides a discussion of financial results for fiscal years 2010 and 2011 as well as summaries of the government-wide financial statements.

Auditing

The School Board appoints an Audit Committee comprised of at least one School Board member. The Audit Committee acts in an advisory capacity to the School Board in all matters relating to the School Board's financial records. The Municipal Auditor assists the Audit Committee in a continuing review of the internal control and financial operations of the School Board and schools, and regularly reports his findings to the Audit Committee.

Federal and state agencies also perform audits and reviews of School Board programs and financial records. The School Board's basic financial statements are audited annually by an independent public accounting firm, including a single audit of expenditures of federal awards. The current year independent auditor's reports are included in the Financial and the Compliance Sections of this report.

Awards and Acknowledgments

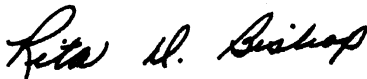
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the School Board of the City of Roanoke, Virginia, for its comprehensive annual financial report for the fiscal year ended June 30, 2010. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In addition, the Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the School Board of the City of Roanoke, Virginia, for its comprehensive annual financial report for the fiscal year ended June 30, 2010. The Certificate of Excellence program is similar to the GFOA Certificate of Achievement program and is an international award recognizing excellence in the preparation and issuance of school system financial reports.

In order to be awarded a Certificate of Achievement, a school board must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. Such a CAFR must satisfy both U. S. generally accepted accounting principles and applicable legal requirements.

The GFOA Certificate of Achievement and the ASBO Certificate of Excellence are valid for a period of one year only. The School Board issued its first comprehensive annual financial report for fiscal year 1994, and the receipt of both certificates for fifteen consecutive years is a positive statement about the quality of accounting services provided by the Office of Fiscal Services. We believe our current report continues to conform to the Certificate of Achievement and Certificate of Excellence program requirements, and we are submitting it to both agencies for certification.

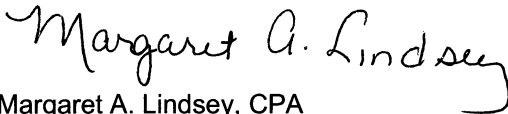
Sincerely,



Rita D. Bishop, Ed.D.
Superintendent of Schools



Curtis D. Baker
Deputy Superintendent of Operations

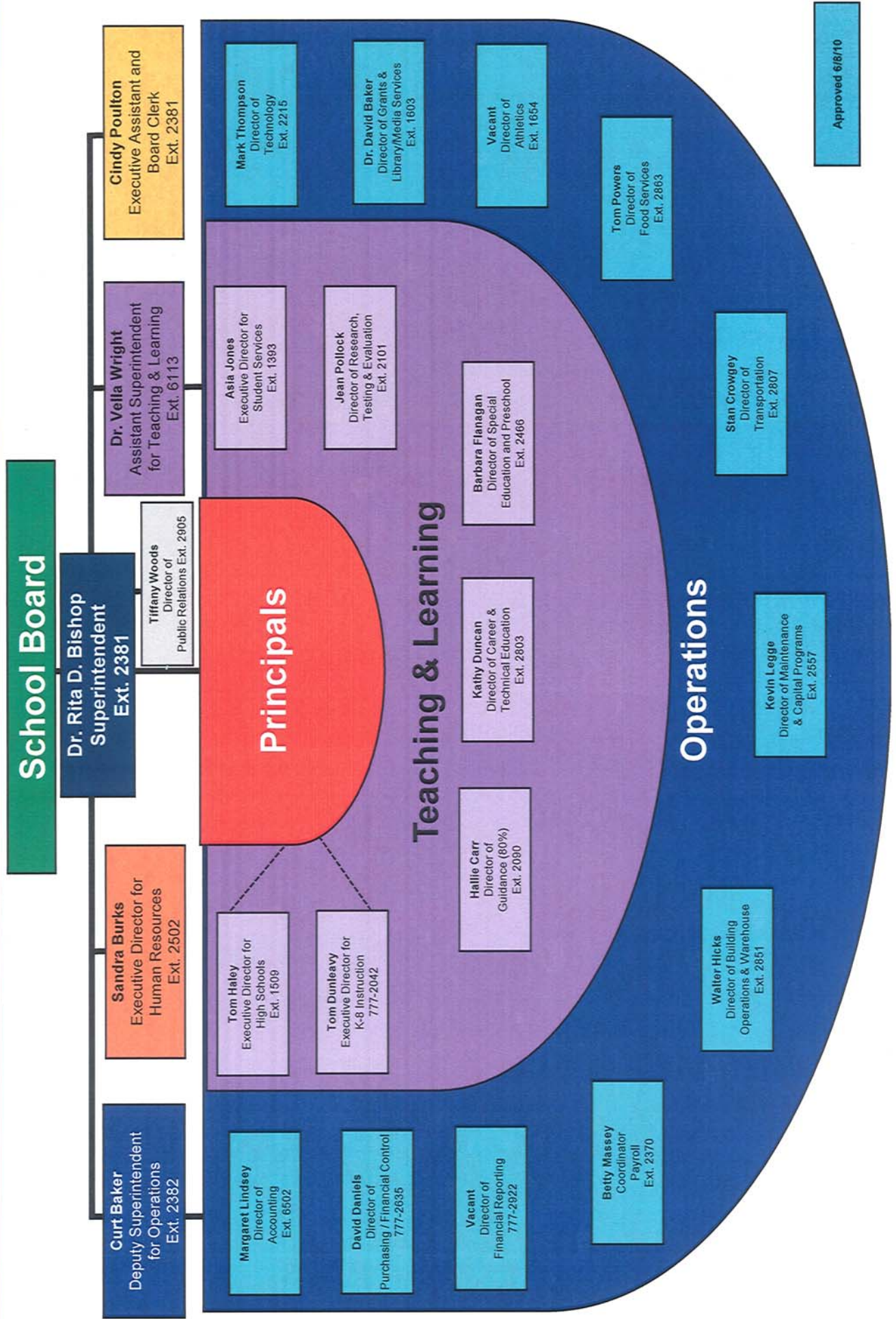


Margaret A. Lindsey, CPA
Director of Accounting



Roanoke City Public Schools

2010-11 Chart of Organization



Certificate of Achievement for Excellence in Financial Reporting

Presented to

School Board of the City
of Roanoke, Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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.



President

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

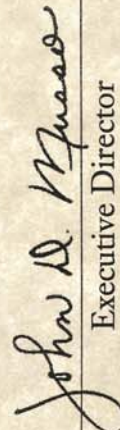


This Certificate of Excellence in Financial Reporting
is presented to
School Board of the City of Roanoke, Virginia

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2010
upon recommendation of the Association's Panel of Review
which has judged that the Report substantially conforms
to principles and standards of ASBO's Certificate of Excellence



President



Executive Director

**Roanoke City Public Schools
Officers and Principal Administrators
(As of June 30, 2011)**

Roanoke City School Board

David B. Carson	Chairman
Jason E. Bingham	Vice Chairman
Mae G. Huff	Member
Annette Lewis	Member
Suzanne P. Moore	Member
Todd A. Putney	Member
Lori E. Vaught	Member
Cynthia H. Poulton	Clerk of the Board

Superintendent of Schools

Rita D. Bishop, Ed.D.	Superintendent
-----------------------	----------------

Executive Staff

Curtis D. Baker	Deputy Superintendent for Operations
Vella S. Wright, Ed.D.	Assistant Superintendent for Teaching and Learning
Asia R. Jones, Ed.D.	Executive Director, Student Services
Tom Dunleavy	Executive Director, K-8 Instruction
Sandra Burks	Executive Director, Human Resources
Jean Pollock	Director of Research, Testing, and Evaluation

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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the School Board
City of Roanoke, Virginia

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board of the City of Roanoke, Virginia (the "School Board"), a component unit of the City of Roanoke, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the School Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School Board'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*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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, each major fund, and the aggregate remaining fund information of the School Board, as of June 30, 2011, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2011, on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board's financial statements as a whole. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The schedule of expenditures of federal awards and the other supplementary information section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion or provide any assurance on them.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
October 31, 2011

The School Board of the City of Roanoke, Virginia
A Component Unit of the City of Roanoke, Virginia
Management's Discussion and Analysis
For the Year Ended June 30, 2011

As management of the School Board of the City of Roanoke, Virginia (School Board), we offer readers of the financial statements this narrative overview and analysis for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- Assets exceeded liabilities at the close of the most recent fiscal year by \$22,418,366 (net assets). Of this amount, \$2,799,326 was invested in capital assets, leaving unrestricted net assets totaling \$19,619,040. Unrestricted net assets are normally used to meet the School Board's ongoing obligations to citizens and creditors.
- Net assets increased by \$12,621,678, a 128.8 percent increase from the prior fiscal year-end balance. Total assets increased by \$11,528,401. Total liabilities decreased by \$1,093,277. The change in total assets was due to an increase in cash and cash equivalents of \$5,069,830, an increase in accounts receivable of \$38,438, an increase in due from other governments of \$6,723,904, a decrease in notes receivable in the amount of \$495,000, an increase in other assets of \$296,102 and a decrease in net book value of capital assets of \$104,873. The change in total liabilities was due to a decrease in accounts payable and accrued expenses of \$1,347,787; an increase in unearned revenue of \$246,396, a decrease in the current portion of long-term liabilities of \$2,201,827 which is somewhat offset by an increase in long-term liabilities specifically for workman's compensation, and a decrease in compensated absences payable of \$88,992. Also contributing to the decrease in total liabilities is a decrease of \$316,692 in Other Postemployment Benefits (OPEB) liability. The general fund experienced a net operating increase of \$12,559,373 due in part to a substantial increase in funding from the City of Roanoke and targeted cost containment measures. The food service fund experienced a net operating increase of \$368,907 primarily through food and food supply cost savings.
- Overall revenues were approximately \$170.7 million, \$12.6 million more than expenditures. The excess of revenues greater than expenditures was primarily the result of constrained spending with a look towards much leaner years that are expected beginning in FY 12-13. An anticipation of greatly reduced funding and specific increases in certain costs compared to FY 11 is projected at this time.
- The total cost of basic programs was approximately \$158.1 million. Since a portion of those costs were paid with charges, fees and intergovernmental aid, the net cost to the School Board to operate basic programs was \$104.6 million.
- At the end of the current fiscal year, unassigned fund balance for the general fund was approximately \$12.7 million, or 10.0 percent of total general fund expenditures. Restrictions of fund balance are placed by sources external to RCPS while the School Board may make commitments of fund balance.
- As required by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which the Schools adopted as of July 1, 2007, the Schools actuarially determined the liability associated with other postemployment benefits (OPEB) for retirees. The Schools have committed a portion of its fund balance for the annual required contribution of \$4,039,491 for fiscal year 2011.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The School Board's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the School Board's finances, in a manner similar to a private-sector enterprise.

The Statement of Net Assets presents information on all of the School Board's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether financial position is improving or deteriorating.

The Statement of Activities presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The government-wide financial statements distinguish functions of the School Board that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the School Board include all activities of the School Board. The School Board does not operate any business-type (proprietary fund) activities.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School Board, like other state and local governments and other school districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School Board can be divided into two categories: governmental funds and fiduciary fund.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a district's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School Board's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School Board maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the three funds, all of which are considered to be major funds. The funds are the School Board's general fund, food service fund, and school grants fund.

The School Board adopts an annual appropriated budget for its general and food service funds. A budgetary comparison schedule has been provided as required supplementary information for each of these funds to demonstrate compliance with budgetary requirements.

Fiduciary Fund. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School Board's programs. The School Board's fiduciary fund consists of the school activity fund.

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.

Government-wide Financial Analysis

The School Board of the City of Roanoke, Virginia's Summary of Net Assets Governmental Activities

	June 30,	
	2011	2010
Current and other assets	\$ 34,691,617	\$ 23,058,343
Capital Assets, net	2,799,326	2,904,199
Total assets	37,490,943	25,962,542
Current and other liabilities	9,013,992	12,317,210
Long-term liabilities	6,058,585	3,848,644
Total liabilities	15,072,577	16,165,854
Invested in capital assets	2,799,326	2,904,199
Unrestricted	19,619,040	6,892,489
Total net assets	\$ 22,418,366	\$ 9,796,688

Net assets may serve, over time, as a useful indicator of a district's financial position. In the case of the School Board, assets exceeded liabilities by \$22,418,366 at the close of the most recent fiscal year.

Current and other assets increased during the fiscal year by \$11,633,274. The increase was primarily comprised of increases of \$5,069,830 in cash and cash equivalents, and increases of \$6,723,904 in due from other governments and an offsetting decrease in notes receivable of \$495,000. The note receivable results from the sale of school buses to the transportation contractor in FY 10.

The School Board's investment in capital assets, machinery and equipment net of accumulated depreciation, in the amount of \$2,799,326 represents 12.5 percent of net assets. The School Board uses these capital assets to provide services to students; consequently, these assets are not available for future spending. It should be noted that these assets reflect outlays made during the current fiscal year and previous years. No debt service exists for the reported capital assets.

Current and other liabilities decreased by \$3,303,218. The net decrease for this category was primarily comprised of decreases of \$1,347,787 in year-end accounts payable and accrued expenses resulting from more timely payment of vendors and having no retirement incentive payments as FY 10 had. There was a decrease in short term long-term liabilities due within one year of \$2,201,827 resulting primarily from a movement of the long-term portion of workman's compensation out of Long-Term Liabilities Due Within One Year and properly to a separate line under Long-Term Liabilities. There was also an increase in unearned revenue of \$246,396.

Long-term liabilities increased by \$2,209,941. The net increase for this category was comprised of establishing a separate line for the long-term portion of workman's compensation as noted above, a decrease of \$88,992 in the liability for compensated absences payable, and a decrease of \$316,692 in the liability for other postemployment benefits.

The School Board's unrestricted net assets, in the amount of \$19,619,040 (87.5 percent of net assets) represent resources that are available to be used to meet the School Board's ongoing obligations to

students, staff, and creditors. The increase of unreserved net assets from the prior year in the amount of \$12,621,678 consisted primarily of an excess of revenues over expenses.

Governmental Activities. Governmental activities resulted in an increase in the School Board's net assets of \$12,621,678 during the current fiscal year. Key elements of the change in net assets are as follows:

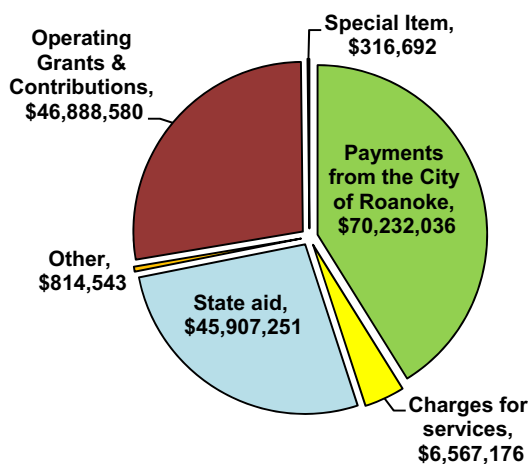
- Expenses for total governmental activities exceeded program revenues by \$104.6 million. The division's expenses by program have been netted against revenues that directly fund that program, resulting in the net cost of the program activity. The net cost of instructional activities, \$61.8 million, comprises 59.1 percent of total governmental activities. The net cost of operations, maintenance, and facilities was \$14.7 million, or 14.1 percent of total governmental activities. The net costs of other functional activities were: athletics \$1.2 million or 1.1 percent; transportation, \$9.0 million or 8.6 percent, payments to the primary government for debt service, \$9.7 million or 9.3 percent, support services, \$5.4 million or 5.2 percent, and technology, \$3.1 million 3.0 percent. Food services finished the year with a slight operating gain in net assets of \$362,719 or -.3 percent of the government-wide net cost. Expenses for FY 2011 decreased \$4.7 million in total compared to the prior year, with a \$901,874 decrease in the cost of instructional programs and a \$2.4 million decrease in the cost of non-instructional programs; primarily in transportation, technology and debt service. These differences reflect the division's progress in upgrading instructional programs, technology, and facilities to meet the requirements for the modern instructional process.
- General revenues not identifiable to specific functions or programs totaled \$117.3 million or \$12.6 million more than the net cost of the division's programs. Revenues for FY 2011 increased \$7.2 million from the prior. Program revenues increased by \$4.5 million or 9.2 percent and general revenue collections increased by \$2.7 million or 2.4 percent. The change in general revenue collection consisted of a decrease in state aid not restricted to specific programs of \$4.0 million or 8.1 percent, and an increase in payments from the City of Roanoke of \$6.8 million or 10.7 percent from the prior year.

The acquisitions of capital assets are reported in the governmental funds as expenditures. However, for governmental activities, those costs are shown as capital assets in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. Net assets, accordingly, decreased by \$104,873, the amount by which depreciation expense exceeded capital asset purchases in the current period and the net book value of capital assets disposed. Net capital asset increases of \$334,958 (equipment additions of \$482,572 less retirements of \$147,614) were offset by a net increase in accumulated depreciation for the year of \$439,831.

- Decrease in compensated absences liability which affects expenditures amounted to \$126,243.

Revenues and Expenses Summaries – Governmental Activities:

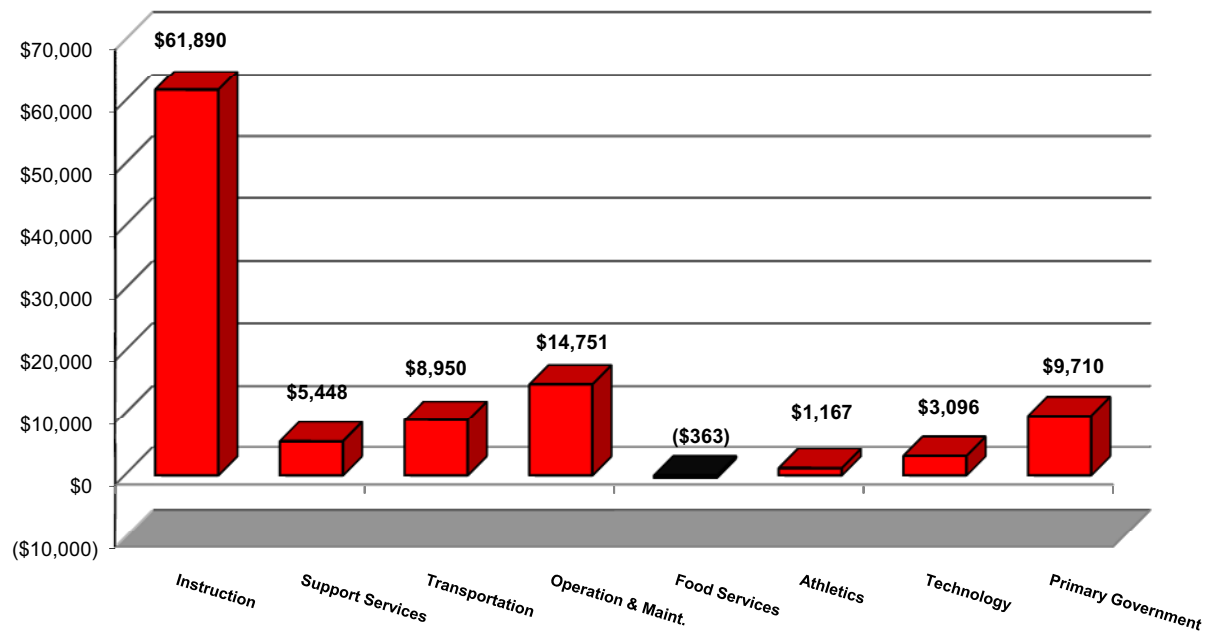
Revenues by Source – Governmental Activities:



The School Board of the City of Roanoke, Virginia's Summary of Changes in Net Assets Governmental Activities

	Year Ended June 30,	
	2011	2010
Revenues:		
Program Revenues:		
Charges for services	\$ 6,567,176	\$ 5,150,415
Operating grants and contributions	46,888,580	43,808,957
General Revenues:		
Payments from the City of Roanoke	70,232,036	63,441,557
State aid not restricted to specific programs	45,907,251	49,941,848
Grants not restricted to specific programs	23,074	8,197
Interest Income on Investments	26,566	23,099
Other(Miscellaneous on Exhibit 2)	764,903	121,688
Special Item	316,692	1,022,656
Total Revenues	170,726,278	163,518,417
Expenses:		
Instruction	107,067,285	109,380,977
Support Services	7,216,060	7,828,924
Transportation	9,159,765	8,848,642
Operation & Maintenance of Plant	14,861,138	15,180,920
Food Services	5,613,676	5,232,656
Athletics	1,380,626	1,181,887
Technology	3,095,990	5,119,695
Payments to Primary Government	9,710,060	10,031,481
Total Expenses	158,104,600	162,805,182
Increase in net assets	12,621,678	713,235
Net assets - Beginning of year	9,796,688	9,083,453
Net assets - End of year	\$ 22,418,366	\$ 9,796,688

Net Cost of Programs - Governmental Activities (In Thousands):



Financial Analysis of the Governmental Funds

As noted earlier, the School Board uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund – The focus of the School Board's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School Board's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. During 2011, the School Board implemented GASB 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*. The new standard replaces the previous reserved, unreserved, and designated fund balance categories with five classifications: non-spendable, restricted, committed, assigned, and unassigned. Fund balances are the differences between assets and liabilities in governmental funds.

- Non-spendable fund balance includes amounts that are not in spendable form, or amounts that are required to be maintained intact.
- Restricted fund balance include amounts that can be spent only for the specific purposes stipulated by external providers, such as grantors or bondholders, as well as amounts that are restricted through enabling legislation.
- Committed fund balance includes amounts that can be used only for the specific purposes that are determined by a formal action of the government's highest level of decision making authority.
- Assigned fund balance applies to amounts that are intended for specific purposes as expressed by the governing body or authorized official and applies to remaining resources in any governmental funds other than the general fund.
- Unassigned fund balances include all amounts not contained in other classifications for the general fund, and deficit fund balances in any other governmental funds.

As of the end of the current fiscal year, the School Board's total governmental funds reported an ending fund balance of \$25,539,098, an increase of \$12,733,616 in comparison with the prior year. Of that amount, \$738,964 was non-spendable, zero was restricted, \$8,945,575 was committed, \$3,149,862 was assigned, and \$12,704,697 was unassigned.

The general fund is the chief operating fund of the School Board. At the end of the current fiscal year, total and assigned fund balance of the general fund was \$22,353,154. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. The fiscal year 2011 total and unassigned fund balance represents 10.0 percent of total general fund expenditures, compared to the prior year total fund balance which represented 7.4 percent of annual general fund expenditures.

The fund balance of the School Board's general fund increased \$12,364,709 during the current fiscal year. Key factors in this change are as follows:

- Revenues exceeded expenditures (excluding transfers) by \$12,559,373 or approximately 7.4 percent of total revenues, reflecting an increase in local funding from the City of Roanoke of \$6,790,479. This increase in local revenues was partially offset by a reduction in state funding for the standards of quality of \$3,903,025 over the prior year. Cost containment was in progress throughout the year; however, with expenditures in the general fund reduced by \$5,539,808 for instruction alone. Additionally, expenditures were significantly reduced in the operations and maintenance of plan general fund in the amount of \$ 1,899,797.
- Transfers to the school grants fund for program local match funds, in the amount of \$736,657, reflect the commitment of the School Board to pursue grants and other special revenue sources that enhance the educational programs of the division.

The food service fund balance reflects an excess of revenues over expenditures (excluding transfers) of \$368,907 which was the result of savings in food and food service supply costs.

The school grants fund does not reflect a fund balance, as the majority of the grants are reimbursed after the expenditure of funds has occurred. Revenue is recognized at the time that the outlays are identified; therefore, no fund balances are generated in the school grants fund.

General Fund Budgetary Highlights

There were no amendments to the adopted general fund revenues or expenditures budgets.

Actual total revenues received were over the budgeted total revenues by \$2,867,612, or 2.1 percent of the final budget. The variance of \$1,866,575 in City of Roanoke revenue is a result of higher than estimated tax revenues budgeted by the City. The intergovernmental revenues from the Commonwealth of Virginia were significantly less than budgeted by \$2,667,443 due to changes in the state revenue allocations for sales tax, basic aid, and special education funding. Other Revenues exceeded the final budget by \$3,643,410 due to tuition charges for the regional special education program and proceeds several insurance payments related to the School Board's health insurance.

Expenditures were held under budget in an amount of \$9,691,761 due to (1) reduced positions, and (2) general cost reduction activities across the school division. The net result of revenues and expenditures under budget was a positive budget variance for the year of \$12,559,373.

Capital Asset Administration

Land, buildings, structures, and construction in progress are owned by the City of Roanoke on behalf of the Roanoke City Public Schools and, as such, are not included in the basic financial statements of the School Board of the City of Roanoke.

The School Board's investment in capital assets for its governmental activities as of June 30, 2011, totaled \$2,799,326 (net of accumulated depreciation). The investment in capital assets includes equipment only. The total increase in the School Board's gross balance of capital assets for the current fiscal year was \$482,572, netted against the retirement of assets with a net book value of \$11,308 and depreciation expense for the year of \$576,137, resulting in a net decrease in capital assets of \$104,873. More detailed information about capital assets can be found in Notes I-D-3, II, and III-D of the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

Total General Fund and Food Services operating revenue in 2011-12 is forecast to increase versus 2010-11 by \$8.61 million (budget-to-budget). This net increase in revenue is derived as follows:

- State Revenues: + \$ 0.05 million
- Sales Tax Revenues: + \$ 0.68 million
- City Revenues: + \$ 8.41 million
- State Fiscal Stabilization Funds: (\$ 2.50 million)
- Other General Fund Revenue: + \$ 1.37 million
- Food Service Revenues: + \$ 0.30 million
- Inter-fund Transfers: + \$ 0.30 million

The substantial increase in revenues from the City of Roanoke is the result of a revision in the funding formula, as more extensively described in the Summary of Significant Accounting Policies section. As discussed below, the increased City revenue is largely offset by an increase in debt service obligations.

The decline in State Fiscal Stabilization Funds is the result of the full expenditure of such funds which were to expire September 30, 2011.

Since RCPS issues a balanced budget each year, total General Fund and Food Services expenditures in 2011-12 are forecast to increase versus 2010-11 by \$8.61 million (budget-to-budget). The most significant changes are as follows:

- Debt service will increase by \$6.70 million in 2011-12, primarily the result of significant transfers of debt service obligation from the City of Roanoke to RCPS associated with the funding formula revision. The new funding formula is based in part on the presumption that RCPS will pay all debt associated with the schools on a "go forward" basis. Previously, RCPS and the City of Roanoke shared certain debt service obligations.
- Employer contributions to the Virginia Retirement System (VRS) will be adjusted from 8.93% for professional employees in 2010-11 to 11.33% in 2011-12, an increase of 2.4 percentage points. This is expected to increase expenses in 2011-12 by approximately \$1.66 million.
- Medical expenses are expected to rise by 8% in 2011-12, resulting in increased medical expenses of approximately \$1.12 million.
- Transportation expenses are expected to increase by approximately \$1 million in 2011-12. This is due primarily to four factors: (a) Transportation expenditures in FY 2010-11 exceeded budget, due primarily to additional routes having been added to accommodate higher-than-anticipated School Choice transportation requirements. The FY 2011-12 budget anticipates no further increase in routes versus 2010-11. This results in a budget-to-budget increase, even though

actual-to-budget expenditures are likely to be flat. (b) The Mountain Valley Transportation contract provides for a 3% annual rate increase. (c) The Transportation expenditure budget anticipates a \$1 per gallon budget-to-budget increase in fuel prices, increasing expenditures by approximately \$250,000. (d) Commencing in 2011-12, all "netting" of offsetting revenues and expenditures will be eliminated, resulting in an increase in revenues of approximately \$0.56 million and a corresponding increase in expenditures on a budget-to-budget basis.

These expenditure increases are offset by the expenditure reductions in a number of areas including, but not limited to, the following:

- A division-wide wage and step freeze will be continued for the third consecutive year for all employees.
- The Maintenance and Building Operations groups will be merged into a single organization resulting in savings of approximately \$0.50 million.
- Expenditures for substitute teachers, part time employees, supplemental work, and an Early Retirement Opportunity Program will be reduced, in the aggregate, approximately \$0.30 million
- During 2010-11, certain student health services were transitioned from the Roanoke Adolescent Health Partnership (RAHP) to Carilion. Under the RAHP agreement, RCPS contributed totaled approximately \$165,000 to RAHP for these services. Carilion is now providing the same services at no cost to RCPS.
- In 2011-12, student and occupational health services will be outsourced, resulting in expenditure savings of approximately \$100,000.

Requests for Information

This financial report is designed to provide a general overview of the School Board's finances for all those with an interest in the School Board's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Deputy Superintendent for the School Board of the City of Roanoke, Virginia, P. O. Box 13145, Roanoke, Virginia, 24031, and telephone number (540) 853-2382

Additional Information may be obtained using the internet at: <http://www.rcps.info>

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THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
Statement of Net Assets
June 30, 2011

<u>Assets</u>	<u>Governmental Activities</u>
Cash and Cash Equivalents	\$ 18,009,534
Accounts Receivable	224,986
Due From City of Roanoke	534,470
Due From Other Governments	14,025,777
Due From Other Sources	167,886
Prepays	738,964
Note Receivable	990,000
Capital Assets:	
Equipment, Net of Accumulated Depreciation	2,799,326
Total Assets	<u>37,490,943</u>
<u>Liabilities</u>	
Accounts Payable and Accrued Expenses	2,016,731
Unearned Revenue	1,309,955
Pollution Remediation Liability	4,450
Long-Term Liabilities Due Within One Year	5,682,856
Long-Term Liabilities:	
Workman's Compensation	2,615,625
Compensated Absences Payable	2,313,855
Other Postemployment Benefits	1,129,105
Total Liabilities	<u>15,072,577</u>
<u>Net Assets</u>	
Invested in Capital Assets	2,799,326
Unrestricted	19,619,040
Total Net Assets	<u><u>\$ 22,418,366</u></u>

See accompanying notes to the basic financial statements.

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
Statement of Activities
For the Year Ended June 30, 2011

<u>Functions</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Net Assets</u>
				<u>Governmental</u>
				<u>Activities</u>
Instruction:				
Regular Instruction	\$ (67,382,703)	\$ 136,117	\$ 27,126,828	\$ (40,119,758)
Special Education	(19,535,902)	2,502,164	11,145,251	(5,888,487)
Vocational Instruction	(2,157,187)	53,217	1,027,836	(1,076,134)
Gifted	(1,484,619)	-	1,224,948	(259,671)
Guidance	(3,203,994)	384,096	66,608	(2,753,290)
Media Services	(1,237,975)	-	777,969	(460,006)
School Administration	(7,973,070)	-	117,361	(7,855,709)
District-Wide Instructional Programs	(4,091,835)	50,833	564,345	(3,476,657)
Support Services:				
Administration	(4,936,832)	1,768,215	-	(3,168,617)
Attendance and Health Services	(2,279,228)	-	-	(2,279,228)
Transportation	(9,159,765)	209,661	-	(8,950,104)
Operation & Maintenance of Plant	(14,861,138)	110,030	-	(14,751,108)
Food Services	(5,613,676)	1,138,961	4,837,434	362,719
Athletics	(1,380,626)	213,882	-	(1,166,744)
Technology	(3,095,990)	-	-	(3,095,990)
Debt Service	(9,710,060)	-	-	(9,710,060)
Total Governmental Activities	<u>\$ (158,104,600)</u>	<u>\$ 6,567,176</u>	<u>\$ 46,888,580</u>	<u>(104,648,844)</u>
General Revenues:				
Revenues from the City of Roanoke				70,232,036
State Aid not Restricted to a Specific Program				45,907,251
Grant not Restricted to a Specific Program				23,074
Interest Income on Investments				26,566
Miscellaneous				764,903
Special item - OPEB reduction in payable				316,692
Total General Revenues and Special Item				<u>117,270,522</u>
Change in Net Assets				12,621,678
Net Assets - Beginning of Year				<u>9,796,688</u>
Net Assets - End of Year				<u>\$ 22,418,366</u>

See accompanying notes to the basic financial statements.

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA

Balance Sheet
Governmental Funds
June 30, 2011

<u>Assets</u>	<u>General Fund</u>	<u>Food Service Fund</u>	<u>School Grants Fund</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and Cash Equivalents	\$ 14,718,620	\$ 3,290,914	\$ -	\$ 18,009,534
Accounts Receivable	224,765	221	-	224,986
Due From City of Roanoke	534,470	-	-	534,470
Due From Other Governments	2,000,182	-	12,025,595	14,025,777
Due From Other Sources	4,135	-	163,751	167,886
Due From Other Funds	10,737,702	-	24,500	10,762,202
Prepays	738,964	-	-	738,964
Total Assets	<u>\$ 28,958,838</u>	<u>\$ 3,291,135</u>	<u>\$ 12,213,846</u>	<u>\$ 44,463,819</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts Payable and Accrued Expenditures	\$ 1,862,453	\$ 38,340	\$ 115,938	\$ 2,016,731
Pollution Remediation Liability	4,450	-	-	4,450
Claims Payable	4,699,253	66,851	65,279	4,831,383
Due to Other Funds	24,500	-	10,737,702	10,762,202
Deferred Revenue	15,028	-	1,294,927	1,309,955
Total Liabilities	<u>6,605,684</u>	<u>105,191</u>	<u>12,213,846</u>	<u>18,924,721</u>
Fund Balances:				
Non-spendable:	738,964	-	-	738,964
Committed:				
Committed for Workers' Compensation	2,620,002	36,082	-	2,656,084
Committed for Other Postemployment Benefits	4,039,491	-	-	4,039,491
Committed for Transportation Sinking Fund	250,000	-	-	250,000
Committed for Textbook Adoption	2,000,000	-	-	2,000,000
Assigned:	-	3,149,862	-	3,149,862
Unassigned:	12,704,697	-	-	12,704,697
Total Fund Balances	<u>22,353,154</u>	<u>3,185,944</u>	<u>-</u>	<u>25,539,098</u>
Total Liabilities and Fund Balances	<u>\$ 28,958,838</u>	<u>\$ 3,291,135</u>	<u>\$ 12,213,846</u>	

Amounts reported for governmental activities in the statement
of net assets are different due to:

Note Receivable is not a current financial resource and, therefore, is not
reported in the governmental funds balance sheet. 990,000

Capital assets used in governmental activities are not current financial resources 2,799,326

The following three reconciling items are not due and payable in the current period and therefore are not reported in the funds.

Compensated absences payable (3,165,328)

Workers' compensation claims payable - long term portion is not due and payable in the current period,
and therefore, is not reported as a liability in the governmental funds. (2,615,625)

Other postemployment benefits payable (1,129,105)

Net assets of governmental activities \$ 22,418,366

See accompanying notes to the basic financial statements.

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>School Grants Fund</u>	<u>Total Governmental Funds</u>
Revenues:				
Investment Income	\$ 20,379	\$ 6,187	\$ -	\$ 26,566
Intergovernmental:				
City of Roanoke	70,232,036	-	-	70,232,036
Commonwealth of Virginia	63,189,242	107,195	2,753,637	66,050,074
Federal Government	104,691	4,709,484	21,558,907	26,373,082
Other Agencies	49,118	-	396,138	445,256
Charges for Services	5,124,790	1,138,961	-	6,263,751
Insurance Recoveries	691,529	-	-	691,529
Athletics	213,882	-	-	213,882
Miscellaneous	533,091	-	9,590	542,681
Total Revenues	<u>140,158,758</u>	<u>5,961,827</u>	<u>24,718,272</u>	<u>170,838,857</u>
Expenditures:				
Current - Education:				
Instruction	85,672,701	-	23,002,024	108,674,725
Administration, Attendance & Health	6,395,664	-	1,047,012	7,442,676
Transportation	8,796,018	-	363,747	9,159,765
Operation & Maintenance of Plant	13,231,219	-	236,899	13,468,118
Technology	2,655,595	-	-	2,655,595
Food Services	-	5,592,920	20,756	5,613,676
Athletics	1,380,626	-	-	1,380,626
Payments to City of Roanoke for Debt Service	9,467,562	-	242,498	9,710,060
Total Expenditures	<u>127,599,385</u>	<u>5,592,920</u>	<u>24,912,936</u>	<u>158,105,241</u>
Revenues Over (Under) Expenditures	<u>12,559,373</u>	<u>368,907</u>	<u>(194,664)</u>	<u>12,733,616</u>
Other Financing Sources (Uses):				
Transfers From Other Funds	541,993	-	736,657	1,278,650
Transfers To Other Funds	(736,657)	-	(541,993)	(1,278,650)
Other Financing Sources (Uses), Net	<u>(194,664)</u>	<u>-</u>	<u>194,664</u>	<u>-</u>
Net Change in Fund Balances	12,364,709	368,907	-	12,733,616
Fund Balances, Beginning of Year	<u>9,988,445</u>	<u>2,817,037</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 22,353,154</u>	<u>\$ 3,185,944</u>	<u>\$ -</u>	<u>-</u>

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

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown as capital assets in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation expense and losses on disposals exceeded capital asset purchases in the current period. (104,873)

Notes receivable are reported in the statement of net assets and therefore repayment is not reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances (495,000)

Decreases in compensated absences payable and workers' compensation claims payable, reported in the statement of activities, do not represent a use of current financial resources and therefore are not reported as expenditures in governmental funds. 171,243

Decrease in other postemployment benefits payable, reported in the statement of activities, does not represent a use of current financial resources and therefore is not reported as an expenditure in the governmental funds. 316,692

Change in net assets of governmental activities \$ 12,621,678

See accompanying notes to the basic financial statements.

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
Statement of Fiduciary Assets and Liabilities
June 30, 2011

	<u>Agency Fund</u>
<u>Assets</u>	
Cash and Cash Equivalents	<u>\$ 1,168,589</u>
<u>Liabilities</u>	
Accounts Payable	13,498
Due to Students	<u>1,155,091</u>
Total Liabilities	<u>\$ 1,168,589</u>
See accompanying notes to the basic financial statements.	

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
Notes to the Basic Financial Statements
June 30, 2011

I. Summary of Significant Accounting Policies

A. Reporting Entity

The School Board of the City of Roanoke, Virginia (School Board) is a corporate body operating under the constitution of Virginia and the *Code of Virginia*. The City Council appoints the seven members of the School Board to serve three-year terms. The School Board is responsible for setting the educational policies of the Roanoke City Public Schools and employs a superintendent to implement the School Board's policies.

The School Board receives funding from local taxes collected and allocated by the City of Roanoke, Virginia (City) using a funding formula whereby certain local taxes were apportioned in the amount of 36.42% to the schools, from tuition and fees, and from state and federal aid. Beginning in fiscal year 2012, the apportionment rate will change to 40% with the School Board assuming responsibility for additional debt service previously serviced by the City of Roanoke. The School Board is considered to be a component unit of the City because the City Council approves the School Board's budget, levies the necessary taxes to finance operations, and issues debt on behalf of the School Board. The School Board is fiscally dependent on the City and its operations are funded in part by payments from the City's general fund. The City Council is prohibited, however, from exercising control over School Board expenditures at the functional and budgetary line item levels.

The financial statements of the School Board have been prepared in conformity with U. S. generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

All activities over which the School Board exercises financial accountability have been combined to form the School Board reporting entity. Financial accountability is determined by financial interdependency, selection of governing board, designation of management, responsibility for financial matters and the ability to significantly influence operations. Such activities include the general operations and support services of the School Board and school food services. The School Board has no component units.

B. Government-wide and Fund Financial Statements.

The Governmental Accounting Standards Board issued Statement No. 34 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. GASB Statement No. 34, as amended, 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 people who use governmental financial information to make decisions. GASB Statement No. 34 includes requirements for:

Management's Discussion and Analysis (MD&A) - MD&A introduces the basic financial statements and provides an analytical overview of the School Board's financial activities in a narrative format. An analysis of the School Board's overall financial position and results of operations is included to assist users in assessing whether the financial position has improved or deteriorated as a result of the year's activities.

Government-wide Financial Statements - The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary

activities of the School Board. The effect of interfund activity has been removed from these statements. The interfund services provided and used, however, are not eliminated in the process of consolidation. Governmental activities are normally supported by taxes and intergovernmental revenues. The School Board does not operate any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Individually major governmental funds are reported as separate columns in the fund financial statements.

Budgetary Comparison Schedules - These schedules are presented to demonstrate whether resources were obtained and used in accordance with the district's legally adopted budgets. The School Board revises the original budget over the course of the year for various reasons as necessary. Under the current reporting model, budgetary information continues to be provided, and includes comparisons of the district's original adopted budget to the final budget and actual results.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide 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 when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The fiduciary fund financial statements of the student activity funds are reported on an accrual basis.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School Board considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

Interest income and grant revenue associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the district.

Agency fiduciary funds are unlike all other types of funds, reporting only assets and liabilities, and are reported on the accrual basis.

The School Board reports the following major governmental funds:

The *General Fund* is the School Board's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Food Service Fund* is a special revenue fund that accounts for the proceeds of specific revenue sources, legally restricted to the operation of the school food service program.

The *School Grants Fund* is a special revenue fund that accounts for the proceeds of specific revenue sources (other than the school food service program) that are restricted to expenditures for specified purposes.

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

The special revenue funds provide accounting for certain federal, state and other grants awarded to the School Board.

Additionally, the School Board reports the following funds:

The *School Activity Fiduciary Funds* account for assets held by the twenty-four Roanoke City Public Schools, the vocational school, the Roanoke Valley Regional Governor's School, the Noel C. Taylor Learning Academy, Forest Park Academy, and the Adult Education Program. These agency funds are custodial in nature, and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting.

The effect of interfund activity has been eliminated from the government-wide financial statements. The interfund services provided and used, however, are not eliminated in the process of consolidation.

D. Assets, Liabilities, and Net Assets or Fund Balances

1. *Deposits and Investments.*

The School Board's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Short-term investments consist of the Local Government Investment Pool (LGIP). Interest income is allocated to the participating funds based on each fund's cash balance. School activity funds are managed by the individual school principals. Cash and cash equivalents are recorded at cost, which approximates market value.

2. *Due to/from Other Governments and Other Funds.*

Transactions between funds and other entities that are representative of the recognition of revenues or expenditures are referred to as "due to/from" the other funds or entities. "Other Funds" are funds managed by the School Board. "Other Governments" can include the Federal Government, the Commonwealth of Virginia (Commonwealth), or political subdivisions other than the City of Roanoke.

3. *Capital Assets.*

Capital assets acquired or constructed for educational purposes of the School Board, which include equipment acquired with a value in excess of \$5,000, are reported in governmental activities in the entity-wide financial statements. Such assets are recorded at historical cost if purchased or constructed. Gifts, contributions or donated capital assets are recorded at their estimated fair value when received. Depreciation is recorded on a straight-line basis over the estimated useful life of each asset. The estimated useful life for equipment ranges from 3-20 years.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Pursuant to the Roanoke City Charter, all real estate, including buildings and improvements thereon, financed by debt issued by the City for the purpose of public education is the property of the City of Roanoke.

Effective July 1, 2010 the School Board closed one additional elementary school. During fiscal year 2010 the former middle school was repurposed to include properly outfitted space for some of the division's technology servers and staff, the employee health clinic, and food service administrative staff. Work was completed in fiscal year 2011 to allow the division's maintenance and building operations staff to consolidate in this facility. Additionally, the building is used by the School Board for training. Beginning in fiscal year 2011 one former elementary school was leased for use by a non-profit organization for early childhood education. The lease term commenced August 1, 2010 for a period of five years for annual rent of \$ 0.

4. *Compensated Absences Payable.*

It is the School Board's policy to permit employees to accumulate earned but unused compensated absences including vacation and sick leave. For government-wide financial reporting, a liability is recorded for compensated absences and salary-related benefits (the School Board's share of Social Security) when services are rendered and employees have earned the right to receive compensation for such services. Sick leave is payable for employees who retire with ten years of service for the School Board. An estimate of the sick leave liability has been included with compensated absences based on current accumulated sick leave and management's estimate of those employees who will ultimately receive this payout. The liability for compensated absences will be liquidated through the appropriate fund as a function of payroll.

Liabilities for compensated absences are not liquidated until leave is actually taken by employees or leave balances are paid upon termination. Accordingly, no expenditure is reported in the governmental fund statements for compensated absences until they are paid. Current (amounts expected to be paid within one year) and non-current portions of compensated absences totaling \$3,165,328 are recorded for governmental activities in the entity-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

5. *Worker's Compensation Claims Payable*

In the fund financial statements, an actuarial estimate of the School Board's liability for worker's compensation claims of \$3,460,625 of which \$845,000 is included as a component of claims payable. The remaining \$2,615,625 is deemed non-current and included as part of fund balance committed for workman's compensation claims.

6 *Pollution Remediation Obligation Liability*

As required by GASB Statement NO. 49, Accounting and Financial Reporting for Pollution Remediation Obligations, the School Board accrues a liability for pollution remediation activities when it is contractually obligated by purchase order or contract or when legal liability is assumed in accordance with federal regulations regarding hazardous materials abatement. Remediation obligations for asbestos and lead paint clean up within the School Board have all originated with maintenance activities related to school properties. Remediation activities related to construction are liabilities of the City of Roanoke. Accrued costs are estimated using open purchase orders for existing maintenance projects and contractor estimates of costs for known abatement items that are not yet contracted. The liability as of June 30, 2011 is \$4,450 and is under contract or purchase order and not expected to change.

7. *Deferred Revenue*

Deferred revenue represents revenue that will initially be recorded as a liability but is expected to become an asset over time and/or through normal operations, such as a payment that has been received for work that has not yet been performed. Total deferred revenue at June 30, 2011 was \$1,309,955 of which \$15,028 was for General Fund and \$1,294,927 was for the School Grants Fund.

8. *Other Postemployment Benefits.*

In the government-wide statement of net assets, an actuarial estimate of the School Board's unfunded annual required contribution for other postemployment benefits of \$1,129,105 is included. However, at June 30, 2011 the committed fund balance for the unfunded annual contribution was \$4,039,491, as the Board did not take action to reduce its designation from the prior year to reflect the change in the actuarially determined estimate.

As required by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the Schools actuarially determined the annual cost and liability associated with other postemployment benefits (OPEB) for retirees and has reflected the annual cost and liability in the entity-wide statements.

9. *Fund Balances and Net Assets.*

Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the School Board is bound to observe constraints imposed upon the use of the resources in the governmental funds.

The classifications are as follows:

Non-spendable - Amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed – Amounts constrained to specific purposes by the School Board, using its highest level of decision making authority; to be reported as committed, amounts cannot be used for any other purposes unless the same highest level of action is taken to remove or change the constraint.

Assigned - Amounts the School Board intends to use for a specified purpose; intent can be expressed by the governing body.

Unassigned –Amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board establishes fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. Assigned fund balance is established by the Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

Restricted Amounts

The Board applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Minimum Fund Balance Policy

The School Board does not have specified fund balance targets. Recommended levels of committed and/or assigned fund balance will be determined on a case by case basis, based on the needs of each fund and as recommended by officials and approved by the Board.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Management's policy is to cancel all open purchase orders at June 30th each year. Orders will then be reissued if necessary during the new fiscal year. Therefore, no encumbrances of fund balance exist as of June 30, 2011.

F. Pension Plan

The School Board participates in two separate defined benefit pension plans administered by the Virginia Retirement System, and one administered by the City of Roanoke. Defined benefit pension plan contributions are actuarially determined and consist of current service costs and amortization of the unfunded accrued liability.

G. Intergovernmental Revenue

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

H. Interfund Transactions

In the governmental fund financial statements, the flow of cash from one fund to another is classified as "transfers to/from other funds" and is reported as other financing sources/uses. These amounts are eliminated in the government-wide Statement of Activities.

I. Use of Estimates

The presentation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

J. Tax Status

The School Board, as a governmental entity, is not subject to federal, state, or local income taxes and, accordingly, no provision for income taxes is recorded.

II. Details of the Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities.

One element of that reconciliation explains that "the acquisitions of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown as capital assets in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation expense and the net book value of capital assets disposed exceeded capital asset purchases in the current period". The details of this \$104,873 difference are as follows:

	Capital Outlay	Depreciation Expense	Net Book Value of Assets Disposed	Net Change in Capital Assets
Regular Instruction	\$ 180,885	\$ (310,113)	\$ -	\$ (129,228)
Administration	195,067	(93,005)	(11,308)	90,754
Transportation	91,706	(87,561)	-	4,145
Operation/Maintenance	14,914	(85,458)	-	(70,544)
	<u>\$ 482,572</u>	<u>\$ (576,137)</u>	<u>\$ (11,308)</u>	<u>\$ (104,873)</u>

Another element of that reconciliation states that "decreases in compensated absences payable and workers' compensation claims payable, reported in the statement of activities, do not represent a use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this \$171,243 difference are as follows:

	Compensated Absences	Workers' Compensation	Total
Liability as of June 30, 2011	\$ 3,165,328	\$ 2,615,625	\$ 5,780,953
Less: Liability as of June 30, 2010	(3,291,571)	(2,660,625)	(5,952,196)
Current Year (Decrease)	<u>\$ (126,243)</u>	<u>\$ (45,000)</u>	<u>\$ (171,243)</u>

Another element of that reconciliation is "decrease in other postemployment benefits payable". The details of this \$316,692 difference are as follows:

	OPEB Obligation
Net OPEB Obligation as of June 30, 2010	\$ 1,445,797
Net OPEB Obligation as of June 30, 2011	1,129,105
Current Year Decrease in OPEB Obligation	<u>\$ 316,692</u>

III. Detailed Notes on Government-wide and Fund Financial Statements

A. Deposits and Investments

The School Board manages its own cash balances and invests excess cash with the Local Government Investment Pool, (LGIP). Cash balances of the School Activity Fiduciary funds are deposited into a single bank account but with accountability by each school and club or activity assured through the accounting system used by Roanoke City Public Schools. Interest income is allocated to the participating schools based on each school's average quarterly cash balance.

Investment Policy. RCPS follows the investment policy of the City of Roanoke as adopted by City Council (Policy). The Policy, in accordance with the Code of Virginia and other applicable laws and regulations, articulates the City's investment objectives and authorized investments and serves as a guide for asset allocation development, cash equivalent development, fixed income development and investment performance measurement. Preservation of principal is the City's primary responsibility in making investment decisions and these decisions are made with the assumption that all investments will be held to maturity unless a specific case warrants otherwise.

The City's policy regarding certain types of investments is as follows:

Commercial Paper: Shall be rated by the Moody's Investors Service, Inc. (Moody's) of prime 1 and by Standard & Poor's Inc. (S & P), with a rating of A-1.

Corporate and Municipal Bonds: High quality corporate notes with a rating of at least Aa by Moody's and a rating of at least AA by S & P.

Banker's Acceptances: Must have a rating of B/C or better in the Keefe, Bruyette & Woods, Inc. ratings.

Savings Accounts, Certificates of Deposit, Demand and Time Deposits: Shall not exceed the maximum Security for Public Deposits Act.

Obligations of the Commonwealth: Those unconditionally guaranteed as to payment by the Commonwealth of Virginia.

Obligations of the United States, etc.: Those unconditionally guaranteed as to payment by the United States.

Repurchase Agreements: Collateralized by United States Treasury agency securities, shall at all times be no less than 110% of the value of term and open repurchase agreements and 102% of the value of overnight repurchase agreements.

Money Market Funds: One or more open-end investment funds, provided that the funds are registered under the Securities Act of the Commonwealth of Virginia or the federal investment of such funds is restricted in investments otherwise permitted by law as set forth in Chapter 18 of Title 2.1, Code of Virginia (1950), as amended.

As of June 30, 2011, the School Board had the following cash and investments:

Cash	\$ 8,785
Deposits	4,260,557
Virginia LGIP	14,908,781
Total Cash and Investments	<u>\$ 19,178,123</u>

Credit risk, custodial credit risk, concentration of credit risk, and interest rate risk are addressed in the following paragraphs.

Credit Risk. State law (Code of Virginia, Chapter 3, Title 26) limits local governments and other public bodies to investing in obligations of the United States or agencies thereof, obligations of the

Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, bankers' acceptances, repurchase agreements, and the State and Local Government Investment Pool (LGIP). The State Treasurer's Office of the Commonwealth of Virginia has regulatory oversight over the LGIP. RCPS' fair value of investment in the LGIP is the same as the pooled value of its shares.

As of June 30, 2011, the School Board's investments, with their respective credit ratings, were as follows:

Investment Type	Credit Rating
Virginia LGIP	AAAm

Custodial Credit Risk - Investments. For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the School Board will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

Custodial Credit Risk - Deposits. Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et.seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments are considered to be exposed to custodial credit risk if they are uninsured and unregistered with the securities held by the counterparty or by its trust department or agent, but not in the School Board's name. The School Board does not hold any investments which are exposed to custodial credit risk.

Concentration of Credit Risk. The Policy establishes limitations on portfolio composition by issuer in order to control concentration of credit risk. No single issue shall constitute more than five percent of the total value of the portfolio, except United States Treasury and Federal Agency obligations. Not more than thirty-five percent of the total funds available for investment may be invested in commercial paper, and no single industry group, as defined by Standard and Poor's, shall constitute more than twenty percent of the bond portfolio.

As of June 30, 2011, 100 percent of the School Board's investment portfolio was invested in the Virginia LGIP.

Interest Rate Risk. The City's investment policy which RCPS follows limits maturities to a maximum of five years as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of June 30, 2011, the School Board had the following investments and maturities:

	Investment Maturity	
	Fair Value	Less than 1 year
Virginia LGIP	\$ 14,908,781	\$ 14,908,781
TOTAL	\$ 14,908,781	\$ 14,908,781

B. Due from Other Governments

Due from other governments as of June 30, 2011, for the School Board's individual major funds is as follows:

	<u>General</u>	<u>School Grants</u>	<u>Total</u>
Commonwealth of Virginia	\$1,996,590	\$ 782,429	\$ 2,779,019
Federal Government	3,592	11,243,166	11,246,758
City of Roanoke	534,470	-	534,470
Totals	<u>\$2,534,652</u>	<u>\$ 12,025,595</u>	<u>\$ 14,560,247</u>

C. Capital Assets

Capital asset activity for the year ended June 30, 2011 is as follows:

Capital Assets	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Equipment:				
Instruction	\$ 5,308,141	\$ 180,885	\$ 147,614	\$ 5,341,412
Administration	529,938	195,067	-	725,005
Transportation	189,903	91,706	-	281,609
Maintenance	1,229,591	14,914	-	1,244,505
Total Equipment	7,257,573	482,572	147,614	7,592,531
Less:				
Accumulated Depreciation	(4,353,374)	(576,137)	(136,306)	(4,793,205)
Governmental activities	<u>\$ 2,904,199</u>	<u>\$ (93,565)</u>	<u>\$ 11,308</u>	<u>\$ 2,799,326</u>

Depreciation expense and accumulated depreciation was allocated as follows:

	<u>Balance June 30, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2011</u>
Depreciation per class:				
Instruction	\$ (2,983,404)	\$ (380,098)	\$ 136,306	\$ (3,227,196)
Administration	(339,604)	(113,705)		(453,308)
Transportation	(165,007)	(3,529)		(168,538)
Maintenance	(865,359)	(78,805)		(944,163)
Accumulated Depreciation	<u>\$ (4,353,374)</u>	<u>\$ (576,137)</u>	<u>\$136,306</u>	<u>\$ (4,793,205)</u>

Land, buildings, structures and construction in progress are owned by the City of Roanoke on behalf of the Roanoke City Public Schools and, as such, are not included in the basic financial statements of the School Board of the City of Roanoke. Capital assets shown in this report reflect expenses of the School Board's operating funds.

On July 1, 2009 the School Board contracted with George Krapf, Jr. & Sons, Inc. to provide student transportation services to and from schools, sporting events, and extracurricular activities. As part of

the original contract, the School Board sold the existing bus fleet for a non interest bearing, unsecured, long term note receivable. Certain buses used by the transportation provider are leased by the School Board; however, as part of the contract, these lease payments are reimbursed by the provider on a monthly basis.

D. Transfers

Transfers were made to provide local match requirements to School Grants and to reimburse the General Fund for expenditures related to Federal revenues received in the School Grants fund.

Inter-fund Transfers consisted of the following for the year ended June 30, 2011:

From:	To General Fund	To School Grants	Total
General Fund	\$ -	\$ 736,657	\$ 736,657
School Grants	541,993	-	541,993

E. Accounts Payable and Accrued Expenditures

The composition of accounts payable and accrued expenditures as of June 30, 2011, is as follows:

	<u>General</u>	<u>Food Service</u>	<u>School Grants</u>	<u>Total</u>
Accrued Payroll	\$ 277,072	\$ 8,662	\$ -	\$ 284,687
Payroll Withholdings	122,436	4,779	6,261	134,523
Flexible Spending	78,394	-	-	78,394
Accounts Payable	1,384,551	24,899	109,677	1,519,127
Totals	<u>\$ 1,862,453</u>	<u>\$ 38,340</u>	<u>\$ 115,938</u>	<u>\$ 2,016,731</u>

F. Claims Payable

As of June 30, 2011, the composition of claims payable includes amounts held to pay current health insurance, workers' compensation claims and unemployment claims is as follows:

	<u>General</u>	<u>Food Service</u>	<u>School Grants</u>	<u>Total</u>
Health Insurance	\$ 3,893,908	\$ 1,841	\$ 47,951	\$ 3,943,700
Worker's Compensation	774,394	53,278	17,328	845,000
Unemployment Claims	30,951	11,732	-	42,683
Totals	<u>\$ 4,699,253</u>	<u>\$ 66,851</u>	<u>\$ 65,279</u>	<u>\$ 4,831,383</u>

The total amount listed above is due within one year.

G. Compensated Absences Payable

The change in compensated absences payable is summarized below:

Balance June 30, 2010	\$ 3,291,571
Increases	2,671,754
Decreases	<u>(2,797,997)</u>
Balance June 30, 2011	\$ 3,165,328
Amount Due Within One Year	<u>(851,473)</u>
Long-Term Payable	<u>\$2,313,855</u>

H. Fund Balances

Except for those required to comply with accounting standards, all commitments of governmental fund balances reflect City Code requirements or School Board and City Council action in the context of adoption of the School Board's budget.

Commitments at June 30, 2011, consist of the following:

General Fund:

- 1) \$40,459 for self-insurance for workers' compensation claims held in trust by Sedgwick and \$2,579,543 in long-term workman's compensation claims.
- 2) \$4,039,491 for other postemployment benefits.
- 3) \$2,000,000 for new Math curriculum,
- 4) \$250,000 for transportation sinking fund

Food Service Fund:

\$36,082 in long-term workman's compensation claims

IV. Other Information

A. Defined Benefit Pension Plans

The School Board participates in and contributes to three pension systems. Professional and non-professional employees of the School Board participate in the Virginia Retirement System (VRS). Professional employees participate in a VRS statewide teacher cost-sharing pool, and non-professional employees hired on or after July 1, 2006 participate as a separate group in the agent multiple-employer retirement system. Operational, maintenance and food service (non-professional) employees hired prior to July 1, 2006 participate in the City of Roanoke Pension Plan (Plan). Disclosure concerning these three plans is as follows:

1. Virginia Retirement System

Statewide Professional Cost-Sharing and Non-Professional Agent Pools - Plan Descriptions.

The School Board contributes to a cost-sharing and agent multiple-employer defined benefit pension plans administered by the Virginia Retirement System (System). All full-time, salaried permanent employees of participating employers must participate in one VRS cost sharing plan. Benefits vest after 5 years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service and at age 50 with 30 years of service for participating employers payable monthly using a percentage of the average final compensation multiplied by the total years of service credit. A reduction factor is applied by VRS for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for an annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5 percent per year. Average final compensation is defined as the highest consecutive 36 months of reported salary. 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 VRS issues a publicly available comprehensive annual financial report that includes basic financial statements and required supplementary information for VRS. A copy of that report may be obtained from their website at <http://www.varetire.org/Pdf/Publications/2010-annual-report.pdf> or by writing to the System's Chief Financial Officer at P. O. Box 2500, Richmond, VA 23218-2500.

a. Funding Policy – Professional Cost Sharing Plan

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5 percent of their annual reported compensation to the VRS. This 5 percent member contribution may be assumed by the employer. The Roanoke City School Board has assumed the employee's 5 percent contribution. In addition, the School Board is 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 School Board's contribution rate was 8.93 percent for the period of July 2010 through June 2011 of covered payroll (including employee share of 5 percent paid by their employer). The following table shows total employer and employee contributions made to the VRS statewide teacher pool for professional employees by the School System for the prior three years:

	Total Contributions	% of Annual Covered Payroll	Annual Covered Payroll
June 30, 2011	\$6,052,585	9.00	\$67,221,089
June 30, 2010	\$7,803,829	11.28	\$69,128,529
June 30, 2009	\$10,315,279	13.81	\$74,529,030

b. Annual Required Contribution – Professional Cost Sharing Plan

Public School Division professional employees participate in a VRS statewide teacher cost-sharing pool. For 2011, the School Board's annual required contribution was \$6,052,585. The required contribution was based on an actuarial valuation. The contribution requirements for the School Board were equal to the actual contributions for 2011. Total School Board payroll for 2011 was \$84,832,525. Payroll covered by VRS for School Board employees was \$67,221,089. The following information related to trend information is provided.

**Three Year Trend Information - Virginia Retirement System
Roanoke City School Board
Roanoke, Virginia**

Fiscal Year Ended	Annual Required Contributions (ARC)	Percentage of ARC Contributed
June 30, 2011	\$6,052,585	100%
June 30, 2010	\$7,803,829	100%
June 30, 2009	\$10,315,279	100%

2. *Virginia Retirement System. – Non-Professional Agent Plan*

a. *Funded Status and Funding Progress*

As of June 30, 2010, the most recent actuarial valuation date, the plan was 152.54 percent funded. The actuarial accrued liability for benefits was \$514,460, and the actuarial value of assets was \$784,752, resulting in an unfunded (over-funded) actuarial accrued liability (UAAL) of \$(270,292). The covered payroll (annual payroll of active employees covered by the plan) was \$1,071,610, and the ratio of the UAAL to the covered payroll was (25.22) percent.

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

b. *Annual Pension Cost.*

Public School Division non-professional employees hired after July 1, 2006, participate in an agent multiple-employee retirement plan. For 2011, the School Board's contributions to the plan were equal to the annual required contribution and annual pension cost for each year. The annual and required contribution was determined through a June 30, 2010 actuarial valuation using the Entry Age Normal actuarial cost method. The actuarial assumptions included a) an investment return rate of 7.0 percent, b) an annual cost-of-living adjustment of 2.5 percent, and c) salary increases ranging between 3.75 percent and 5.6 percent depending on the member's service and classification. Both the investment rate of return and the projected salary increases also include an inflation component of 2.5%. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period for the June 30, 2010 actuarial valuation was 20 years. Total School Board payroll for 2011 was \$84,832,525. Payroll covered by VRS for School Board non-professional employees was \$1,071,610.

3. *City of Roanoke Pension Plan*

Plan Description

Effective July 1, 2006 this plan was closed to new employees. As of that date, new non-professional employees of RCPS are members of a VRS agent multiple-employer retirement plan which is described in detail in the following section.

The Pension Plan is a cost-sharing multiple-employer defined benefit plan established by City Council and is included in the City's financial statements as a Pension Trust Fund. The Pension Plan was established by City Ordinance No. 8559, dated May 27, 1946, and effective July 1, 1946. The Pension Plan covers certain non-professional employees of the School Board who were hired

prior to July 1, 2006. City Council appoints the Pension Plan Board of Trustees who are responsible for administering the Pension Plan. The Pension Plan is currently not subject to the provisions of the Employee Retirement Income Security Act (ERISA) of 1974.

Effective July 1, 1984, the Pension Plan changed its name from the Employees' Retirement System of the City of Roanoke, Virginia (ERS) to City of Roanoke Pension Plan. This change provided for an Employees' Supplemental Retirement System (ESRS) which modified certain benefits as defined by the ERS. All employees covered under the provisions of the ERS at June 30, 1984, could elect to remain with the ERS or be covered under the provisions of the ESRS. Coverage under the ESRS was mandatory for all employees hired or rehired on or after July 1, 1984. On November 28, 1994, June 1, 1993, November 2, 1998, and June 5, 2000, City Council authorized the Pension Plan to offer members of the ERS an opportunity to transfer to the ESRS. The option was available from February 1, 1995 to May 16, 1995, July 1, 1994 through August 31, 1998, December 1, 1998 through December 31, 1998, and July 1, 2000 through July 31, 2000. Both the ERS and the ESRS share a common trust fund from which all benefits are paid without distinction as to the source of funds and are administered by the Board of Trustees. The Pension Plan provides retirement benefits as well as death and disability benefits.

Employees who are members of the ERS with 30 years of service or age 60 (normal retirement age) are entitled to an annual retirement benefit equal to $1/70$ (1.429 percent) of their average final compensation (highest consecutive 12 months), excluding overtime, for each year of service. Employees may retire with 20 years of service and receive a reduced retirement benefit. For employees who are married at their retirement date, a joint and survivor annuity is payable monthly. If employees under age 60 terminate before rendering ten years of service, they forfeit the right to receive any Pension Plan benefits. There is no mandatory retirement age.

Employees who are members of the ESRS with 5 years or more of credited service and age 65 or over, and general employees who have attained age 50 with age plus service equal to 80, are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 2.1 percent of their final average compensation for each year of credited service up to a maximum of 63 percent. Final average compensation is the employee's average salary, excluding overtime, over the highest 36 consecutive months of credited service. Employees with 5 years of credited service may retire at age 55 and receive a reduced retirement benefit. Employees may elect to receive their retirement benefits in the form of a single life annuity or a joint and survivor annuity payable monthly from retirement. If employees terminate before rendering five years of service, they forfeit the right to receive any Pension Plan benefits. There is no mandatory retirement age.

The City of Roanoke Pension Plan issues a publicly available comprehensive annual financial report that includes basic financial statements and required supplementary information. That report may be obtained by writing to the City of Roanoke Retirement Office, ATTN: Retirement Administrator, P. O. Box 1220, Roanoke, Virginia 24006.

a. Funding Policy

School Board employees do not contribute to the Pension Plan. The School Board's contribution is based on a percentage of the annual compensation of the active members. The contribution rate was 13.17 percent of annual covered payroll for the year ended June 30, 2011.

b. Annual Required Contribution

For fiscal year 2011, the School Board's annual required contribution was \$572,600. The required contribution was based on an actuarial valuation. The School Board's actual contribution of \$572,600 was equal to the required contribution. Total School Board payroll for 2011 was \$84,832,525. Payroll covered by City Retirement for School Board employees was \$4,347,760. Information related to trend information is presented below.

**Three Year Trend Information - City of Roanoke Pension Plan
Roanoke City School Board
Roanoke, Virginia**

Fiscal Year Ended	Annual Required Contribution (ARC)	Percentage of ARC Contributed
June 30, 2011	\$572,600	100%
June 30, 2010	\$562,315	109%
June 30, 2009	\$715,080	100%

B. Other Post Employment Benefits

a. Plan Descriptions

Roanoke City Public Schools currently provides medical and dental insurance benefits to its retirees and their eligible dependents that elect to stay in the plans. The plan is a single employer defined benefit plan. Retirees who retired prior to July 1, 2010 as of July 1, 2011 may choose from three plan options, Traditional PPO, Health Reimbursement Account and Health Savings Account which offers both provider and prescription drug coverage. Eligible dependents may remain on the plan as long as the retiree still subscribes and is eligible. Retirees and their spouses may be covered by the plan until age 65 or until they become eligible for Medicare. The dental plan is a comprehensive plan offered by the Schools through Delta Dental. Retirees and their spouses may stay in this for a period of up to 18 months after separation from the district or for a period of 60 months if they retire under the Early Retirement Opportunity Program (EROP). If the retiree dies before age 65, their covered dependents may stay in the plan for a period up to 36 months through COBRA.

b. Funding Policies

The contribution requirements of the Roanoke City Public Schools Healthcare Plan members and the Roanoke City Public Schools are established and may be amended by the Roanoke City School Board. The required contribution is based on projected pay-as-you-go financing requirements under which contributions are made in amounts sufficient to cover benefits paid, administrative costs, and anticipated inflationary increases. For health and dental insurance, the School Board contributes 0 percent of all premium payments, and the retirees contribute 100 percent. Employees who retired on or before July 1, 2010, participate in the plan at a group rate which is blended with that of active employees. Employees who retired after that date pay an unblended group rate. For the fiscal year ended June 30, 2011, the Roanoke City Public Schools retirees contributed \$1,316,036 to the Roanoke City Public Schools Healthcare Plan. The retiree's claims amounted to \$1,919,524 for the same time period.

c. Annual OPEB Cost and Net OPEB Obligation

Roanoke City Public Schools' annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability over a period not to exceed thirty years.

The table below shows the components of the Roanoke City Public School's annual OPEB cost for the year, the amounts contributed to the Plan, and changes in the City's net OPEB obligation:

Annual Required Contribution	\$	324,784
Interest on net OPEB Obligation		57,832
Adjustment to net OPEB liability:		<u>(93,573)</u>
Annual OPEB Cost		289,043
Contributions made		<u>(605,735)</u>
Decrease in net OPEB obligation		(316,692)
Net OPEB obligation at July 1, 2010		<u>1,445,797</u>
Net OPEB obligation at June 30, 2011	\$	<u><u>1,129,105</u></u>

During the current year, the School Board revised the provisions of the School Board's OPEB plan to specifically incorporate retiree premiums that would, in essence, reduce the implicit effect caused by retirees on the School Board's Liability. As a result, when incorporating current year contributions, the net OPEB obligation decreased.

The Roanoke City Public Schools' annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the current year are shown below:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 289,043	209.6%	\$ 1,129,105
June 30, 2010	684,706	55.8%	1,445,797
June 30, 2009	(1,599,071)	-16.4%	1,142,793

d. Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the Roanoke City Public Schools' Healthcare Plan was 0.0 percent funded. The actuarial accrued liability for benefits was \$ 2,437,419, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$ 2,437,419. The covered payroll was \$70,193,034 and the ratio of the UAAL to the covered payroll was 3.47 percent. The plan does not have separately issued financial statements.

e. Actuarial Valuations

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the Roanoke City Public Schools and Plan members 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 these 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 liabilities.

The actuarial valuation of the liabilities as of June 30, 2011 is based on a closed group. Current employees and retirees only are considered; no provision is made for future hires. For the five-year projection, the actuarial valuation has assumed one new entrant will enter the plan for every active employee who either retires or terminates from Roanoke City Public Schools. Therefore, the active population will remain at a constant level based on the June 30, 2008 count.

f. Actuarial Methods and Assumptions

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2011 valuation, the projected unit credit actuarial cost method was used. Under this method, future benefits are projected and their present value is determined. The present value is then allocated over the period from date of hire to the full eligibility date.

The actuarial assumptions included a 4 percent discount rate. Annual medical rates are expected to decrease 1 percent each year. For 2011 the rate is 9 percent. Annual dental rates are expected to increase 3 percent each year. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 was 22 years.

C. Jointly Governed Organizations.

The counties of Craig, Botetourt, and Franklin, and the cities of Roanoke and Salem jointly participate in a regional education program for severely handicapped students, operated by the Roanoke Valley Regional Board (Regional Board). The Regional Board is composed of six members, one from each participating locality. The School Board has control over budget and financing of the venture only to the extent of representation by the one board member appointed. Each locality's financial obligation is based on its proportionate share of students attending the regional program. For the fiscal year ended June 30, 2011, the School Board remitted \$ 2,912,180 to the Regional Board for services. The Regional Board has separately issued financial statements which can be obtained from the Regional Board, 143 Poor Farm Road, Fincastle, Virginia 24090.

D. Pollution Remediation Obligation

In accordance with GASB No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, The School Board is obligated to address pollution remediation activities associated with normal repair and maintenance activities. As of June 30, 2011 we had outstanding contracts for asbestos monitoring at various sites. The total obligation for the remaining portion of these contracts is \$4,450. During fiscal year 2011, RCPS expended \$29,950 for pollution remediation of certain environmental products including paints, solvents and cleaners and asbestos monitoring which is included in amounts shown for Operation and Maintenance of Plant on both the district-wide Statement of Activities (exhibit 2) and the governmental Statement of Revenues, Expenditures, and Changes in Fund Balances (exhibit 4). Management is not aware of any obligation related to removal or disposal of any other paints, chemicals, cleaning fluids, etc., other than those items already properly removed and disposed.

E. Risk Management.

The School Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The school division, through a competitive procurement process is using the professional services of a firm to assist in determining appropriate levels of insurance coverage. Further, the firm assists with the placement of coverage with third party providers, including the Virginia Municipal League as noted below. Risk management activities are accounted for in the General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate for claims that have been incurred but not reported (IBNR) primarily based upon past claims and an estimate by a qualified claims adjuster with a third party administrator. Workers' compensation claims have been estimated by an actuary.

With the change in health care plan providers at January 1, 2010 from Anthem to United Healthcare, the School Board paid to Anthem an amount stated in their contract with the division to cover any claims incurred but not reported at the end of the contract date. The period of time that this covers is up to two years from the December 31, 2009 end of contract date. As of this report date, an estimate of any remaining unused funds cannot be determined. The contract specified a payment of two months of previous contract funding equal to \$ 2,112,646 which has been fully paid to Anthem. In April, 2011 \$984,169 was refunded to the School Board retaining through approximately the end of the 2011 calendar year the remaining funds. At June 30, 2011, \$ 99,699 remains with Anthem, to be applied to claims incurred before the end of the contract date but unreported as of year-end. The School Board does have stop loss insurance that provides coverage for claims that exceed certain proscribed levels on an annual basis.

The School Board has general liability, vehicular liability, and property insurance coverage's through commercial insurers through the Virginia Municipal Liability Pool. There have been no significant changes in insurance coverage, or settlements exceeding insurance coverage, during the past three years. At Morningside Elementary school, a vendor hired to replace the roof on this building and the School Board are in dispute regarding both reimbursement for damages and payments for services.

The School Board is self-insured for workers' compensation claims, as well as for health insurance claims. The table on the following page shows the activity in the accounts for the past two years.

	Healthcare Claims	Workers' Compensation	Total
Fiscal Year 2010-11:			
Claims liability at July 1	\$ 3,480,603	\$ 3,460,625	\$ 6,941,228
Claims incurred (including	14,011,367	844,479	14,855,846
Claim payments	(13,548,270)	(844,479)	(14,392,749)
Claims liability at June 30	<u>3,943,700</u>	<u>3,460,625</u>	<u>7,404,325</u>
Due within one year	<u>3,943,700</u>	<u>845,000</u>	<u>4,788,700</u>
Long-term payable	<u>\$ -</u>	<u>\$ 2,615,625</u>	<u>\$ 2,615,625</u>
Fiscal Year 2009-10:			
Claims liability at July 1	\$ 3,687,502	\$ 2,836,991	\$ 6,524,493
Claims incurred (including	14,982,160	1,395,834	16,377,994
Claim payments	(15,189,059)	(772,200)	(15,961,259)
Claims liability at June 30	<u>3,480,603</u>	<u>3,460,625</u>	<u>6,941,228</u>
Due within one year	<u>3,480,603</u>	<u>800,000</u>	<u>4,280,603</u>
Long-term payable	<u>\$ -</u>	<u>\$ 2,660,625</u>	<u>\$ 2,660,625</u>

F. Contingent Liabilities

Grants are subject to audit to determine compliance with their requirements. School Board officials believe that if any refunds are required, they would not have a significant effect on the financial condition or liquidity of the School Board.

Litigation

Various claims and lawsuits are pending against the School Board. In the opinion of management, after consulting with legal counsel, the potential loss, if any, on all claims and lawsuits will not materially affect the School Board's financial position due to adequate insurance coverage.

G. Retirement/Early Retirement Opportunity Program

Roanoke City Public Schools employees, including administrators, teachers, clerical staff and paraprofessionals who are eligible, will be members of the Virginia Retirement System. Eligible food service and building operations will be staff members of the City of Roanoke Pension Plan. The School Board pays the full employee share for each employee enrolled.

Any employee who is a member of the Virginia Retirement System or City of Roanoke Pension Plan is eligible to retire under the retirement incentive program any time after achieving eligibility to retire under either retirement system, provided the employee has completed seventeen (17) years of service in the appropriate retirement system, ten (10) of which must have been in the Roanoke City Public Schools, and provided he or she is not eligible for disability retirement benefits under either retirement system. This incentive retirement program closed to new entrants at July 1, 2009.

Each employee electing early retirement under this program shall be paid an annual supplement equal to 20 percent of his or her annual salary at the time of retirement. The payments of the supplement will commence at the date of retirement and will continue until the earlier of (1) the death of the retired employee or (2) receipt by the retired employee of payment of five years of service after retirement. In return for the supplement, the retiree will enter into a contractual obligation to perform services for 20 days per year. If the retired employees do not elect to enter in the contractual obligation of 20 days service, the benefit is not paid. The expenditures for the School Board's Early Retirement Opportunity Program (EROP) during fiscal year 2011 were \$2,002,313.

H. New Accounting Pronouncements

During the fiscal ended June 30, 2011, the School Board adopted GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement establishes new categories for reporting fund balance and revises the definitions for governmental fund types. The School Board has changed its reporting in accordance with this statement.

The Governmental Accounting Standards Board (GASB) has issued the following statements which are not yet effective.

GASB Statement No. 57 OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans was issued address issues related to the use of the alternative measurement method, and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The statement amends GASB No. 45, to permit an agent employer that has an individual-employer OPEB plan with fewer than 100 total plan members to use the alternative measurement method, at its option,

regardless of the number of total plan members in the agent multiple-employer OPEB plan in which it participates. This statement will be effective for the year ending June 30, 2012.

GASB Statement No. 60 *Accounting and Financial Reporting for Service Concession Arrangements* was issued to address service concession arrangements, which are a type of public-private or public-public partnership. The statement defines a service concession arrangement in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The requirements of this statement establish recognition, measurement, and disclosure requirements for these types of arrangements. This statement will be effective for the year ending June 30, 2013.

GASB Statement No. 61 *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34* modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present to be included as a component unit. The statement also amends the criteria for reporting of blended component units. For component units that are blended based on the “substantively the same governing body” criterion, it additionally requires that a financial benefit or financial burden relationship exist or management of the primary government have operational responsibility for the activities of the component unit. The statement also clarifies the reporting of equity interests in legally separate organizations. It requires a primary government to report its equity interest in a component unit as an asset. This statement will be effective for the year ending June 30, 2013.

GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* was issued to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in FASB pronouncements issued on or before November 30, 1989 which do not conflict with or contradict GASB pronouncements. This statement will be effective for the year ending June 30, 2013.

GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position* is intended to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. This statement will be effective for the year ending June 30, 2013.

GASB Statement No. 64 *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53* was issued to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit provider. The statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The statement will be effective for the year ending June 30, 2012.

Management has not yet evaluated the effects, if any, of adopting these standards.

REQUIRED SUPPLEMENTARY INFORMATION



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THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2011
(Unaudited)

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original and Final</u>	<u>Actual Amounts</u>	
Revenues:			
Investment Income	\$ -	\$ 20,379	\$ 20,379
Intergovernmental:			
City of Roanoke	68,365,461	70,232,036	1,866,575
Commonwealth of Virginia	65,856,685	63,189,242	(2,667,443)
Federal Government	100,000	104,691	4,691
Other Revenue	2,969,000	6,612,410	3,643,410
Total Revenues	<u>137,291,146</u>	<u>140,158,758</u>	<u>2,867,612</u>
Expenditures:			
Current - Education:			
Instruction	93,805,676	85,672,701	8,132,975
Administration, Attendance & Health	10,804,000	6,395,664	4,408,336
Transportation	8,186,188	8,796,018	(609,830)
Operation & Maintenance of Facilities	14,066,672	13,231,219	835,453
Athletics	1,000,000	1,380,626	(380,626)
Payments to Other Governments	9,428,610	9,467,562	(38,952)
Total Expenditures	<u>137,291,146</u>	<u>124,943,790</u>	<u>12,347,356</u>
Revenues Over Expenditures	<u>-</u>	<u>15,214,968</u>	<u>15,214,968</u>
Other Financing Sources (Uses):			
Transfers From Other Funds	-	541,993	541,993
Transfers To Other Funds	-	(736,657)	(736,657)
Net Other Financing Sources (Uses)	<u>-</u>	<u>(194,664)</u>	<u>(194,664)</u>
Revenues Over Expenditures and Other Financing Uses	<u>-</u>	<u>15,020,304</u>	<u>15,020,304</u>
Fund Balances, Beginning of Year	<u>9,988,445</u>	<u>9,988,445</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 9,988,445</u>	<u>\$ 25,008,749</u>	<u>\$ 15,020,304</u>

Note: The original budget was not revised during the 2010-11 fiscal year.

See accompanying notes to the budgetary comparison schedules.

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
Budgetary Comparison Schedule
Food Service Fund
For the Year Ended June 30, 2011
(Unaudited)

	<u>Budgeted Amounts</u>		<u>Variance with</u>
	<u>Original and Final</u>	<u>Actual</u>	<u>Final Budget</u>
		<u>Amounts</u>	<u>Positive</u>
			<u>(Negative)</u>
Revenues:			
Investment Income	\$ -	\$ 6,187	\$ 6,187
Intergovernmental:			
City of Roanoke	-	-	-
Commonwealth of Virginia	120,788	107,195	(13,593)
Federal Government	4,379,212	4,709,484	330,272
Charges for Services	1,250,000	1,138,961	(111,039)
Total Revenues	<u>5,750,000</u>	<u>5,961,827</u>	<u>211,827</u>
Expenditures:			
Current - Education:			
Food Services	5,750,000	5,592,920	157,080
Total Expenditures	<u>5,750,000</u>	<u>5,592,920</u>	<u>157,080</u>
Revenues Over Expenditures	<u>-</u>	<u>368,907</u>	<u>368,907</u>
Other Financing Sources (Uses):			
Transfers From Other Funds	-	-	-
Transfers To Other Funds	-	-	-
Other Financing Sources (Uses), Net	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Over			
Expenditures and Other Financing Uses	-	368,907	368,907
Fund Balances, Beginning of Year	<u>2,817,037</u>	<u>2,817,037</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 2,817,037</u>	<u>\$ 3,185,944</u>	<u>\$ 368,907</u>

Note: The original budget was not revised during the 2010-11 fiscal year.

See accompanying notes to the budgetary comparison schedules.

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
A COMPONENT UNIT OF THE CITY OF ROANOKE, VIRGINIA
Notes to the Budgetary Comparison Schedules
For the Year Ended June 30, 2011
(Unaudited)

Stewardship, Compliance, and Accountability.

I. Budgetary Information.

Annual budgets, as required by state statute, are adopted on a basis consistent with U. S. generally accepted accounting principles for the General and Food Service Funds. The School Grants Fund adopts project-length budgets. All annual appropriations are adopted by City Council on a fund basis, which is the legal level of control by City Council over the School Board budget as established by state statute and city ordinance. The Food Service Fund is considered a state category in its entirety, although for management purposes differentiation is made between operating and capital outlays. All annual appropriations lapse at fiscal year end.

On or before March 15 of each year, the School Board submits to the City Manager a proposed operating budget for the General Fund and the Food Service Fund for the fiscal year commencing July 1. The operating budgets include proposed expenditures detailed at the categorical level and the means of financing them.

The multi-year school grant budgets are originally appropriated on a project-length basis under which the total outlay for each grant is estimated for the length of the grant period. The budget for each school grant is legally enacted for the length of the grant. No budgetary comparison schedule is presented for the school grants fund.

Public hearings are conducted to obtain citizen comments on the proposed budgets. Prior to May 15, the budgets are legally adopted through the passage of an appropriation ordinance by City Council.

Formal budgetary integration is employed as a management control device during the year for the General and Food Service Funds.

II. Material Violations.

There were no material violations of the annual appropriated budget for the General Fund or Food Service Fund for the fiscal year ended June 30, 2011. In addition, there were no excesses of budgetary expenditures for the fiscal year ended June 30, 2011.

Schedule C

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
Schedules of Funding Progress and Employer Contributions - Other Postemployment Benefits
For the Year Ended June 30, 2011
(Unaudited)

Other Post Employment Benefits Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets [a]	Actuarial Accrued Liability (AAL) - PUC [b]	Unfunded AAL (UAAL) [b] - [a]	Funded Ratio [a]/[b]	Covered Payroll [c]	UAAL as a Percentage of Covered Payroll ([b] - [a])/[c]
6/30/2011	\$ -	\$ 2,437,419	\$ 2,437,419	0.00%	\$ 70,193,034	3.47%
6/30/2010	-	4,083,544	4,083,544	0.00%	70,113,034	5.82%
6/30/2009	-	7,964,432	7,964,432	0.00%	85,979,029	9.26%
6/30/2008	-	20,074,254	20,074,254	0.00%	83,474,785	24.05%

Schedule of Employer Contributions			
Year Ended June 30	Annual Required Contribution	Actual Contribution	Percentage Contributed
2011	\$ 289,043	\$ 605,735	209.57%
2010	684,706	381,705	55.75%
2009	(1,599,071)	261,777	-16.37%
2008	3,259,698	256,054	7.86%

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
Required Supplementary Information
Virginia Retirement System Schedule of Funding Progress
Year ended June 30, 2011
(Unaudited)

Virginia Retirement System Schedule of Funding Progress - Non-Professional's Agent Multi-Employer Retirement Plan:

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Overfunded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Payroll (b-a) / (c)
June 30, 2010	\$ 784,752	\$ 514,460	\$ (270,292)	152.5%	\$ 1,071,610	-25.2%
June 30, 2009	\$ 808,508	\$ 722,986	\$ (85,522)	111.8%	\$ 3,583,415	-2.4%
June 30, 2008	\$ 265,363	\$ 103,514	\$ (161,849)	256.4%	\$ 3,114,481	-5.2%
June 30, 2007	\$ 23,341	\$ 5,536	\$ (17,805)	421.6%	\$ 368,136	-4.8%

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OTHER SUPPLEMENTARY INFORMATION



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THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
Statement of Receipts and Expenditures by School
School Activity Funds
For the Year Ended June 30, 2011

<u>School</u>	<u>Balance at Beginning of Year</u>	<u>Inter-School Transfers</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Balance at End of Year</u>
Due to Students					
High Schools:					
William Fleming High School	\$ 128,588	\$ -	\$ 183,012	\$ 167,803	\$ 143,797
Patrick Henry High School	299,465	-	252,260	230,334	321,391
Gibboney Technical Center	92,626	-	151,234	147,911	95,949
Roanoke Valley Governor's School	30,183	-	67,450	48,262	49,371
Noel C. Taylor Learning Academy	211	-	1,028	1,095	144
Forest Park Academy	26,032	-	20,433	15,553	30,910
Adult Education	6,358	-	30,701	20,522	16,537
Middle Schools:					
Lucy Addison Aerospace Middle School	16,609	-	46,074	46,439	16,244
James Breckinridge Middle School	31,389	-	47,231	48,800	29,820
Stonewall Jackson Middle School	12,644	-	23,044	25,412	10,276
James Madison Middle School	45,853	-	45,646	48,149	43,350
William Ruffner Middle School	-	-	-	-	-
Woodrow Wilson Middle School	60,482	-	29,789	38,093	52,178
Elementary Schools:					
Crystal Spring Elementary School	31,413	-	52,890	53,197	31,106
Fairview Elementary School	11,087	38,782	48,875	89,990	8,754
Fallon Park Elementary School	9,264	-	4,637	1,704	12,198
Fishburn Park Elementary School	18,257	-	20,724	15,883	23,098
Garden City Elementary School	4,586	-	17,615	16,453	5,748
Grandin Court Elementary School	40,403	-	28,968	20,189	49,182
Highland Park Elementary School	26,237	(38,782)	64,625	26,309	25,771
Huff Lane Intermediate School	5,574	(5,574)	-	-	-
Hurt Park Elementary School	10,757	-	10,508	7,207	14,058
Lincoln Terrace Elementary School	4,069	-	8,462	5,675	6,856
Monterey Elementary School	19,380	-	26,464	22,975	22,869
Morningside Elementary School	13,242	-	10,614	10,837	13,020
Oakland Intermediate School	-	-	-	-	-
Preston Park Primary School	15,407	-	11,469	9,850	17,026
Raleigh Court Elementary School	-	-	-	-	-
Roanoke Academy for Math and Science	23,687	-	10,094	8,814	24,967
Round Hill Primary School	7,421	5,574	7,414	9,029	11,380
Virginia Heights Elementary School	12,209	-	15,264	12,945	14,528
Wasena Elementary School	51,611	-	11,013	10,908	51,716
Westside Elementary School	10,490	-	15,172	12,815	12,847
Total Due to Students	\$ 1,065,534	\$ -	\$ 1,262,710	\$ 1,173,153	\$ 1,155,091

Note: Balance at beginning of year will not necessarily match ending balances as per the June 30, 2010 report due to a change in accounting method.

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
Statement of Changes in Fiduciary Assets and Liabilities
For the Year Ended June 30, 2011

	<u>Assets</u>	<u>Agency Fund</u>
<u>Cash</u>		
Balance June 30, 2010		\$ 1,065,534
Additions		1,262,710
Deductions		<u>(1,159,655)</u>
Balance June 30, 2011		<u><u>\$ 1,168,589</u></u>
	<u>Liabilities</u>	
<u>Accounts Payable</u>		
Balance June 30, 2010		\$ 30,251
Additions		13,498
Deductions		<u>(30,251)</u>
Balance June 30, 2011		<u><u>\$ 13,498</u></u>
<u>Due to Students</u>		
Balance June 30, 2010		\$ 1,035,283
Additions		1,262,710
Deductions		<u>(1,142,902)</u>
Balance June 30, 2011		<u><u>\$ 1,155,091</u></u>

Schedule G**THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA****Schedule of Insurance Coverage
For the Year Ended June 30, 2011**

	<u>Amount</u>
The Virginia Municipal Liability Pool	
Property and Scheduled Equipment Coverage	\$ 391,085,358
The Virginia Municipal Liability Pool	
Local Government Liability Coverage	1,000,000
The Virginia Municipal Liability Pool	
Automobile Coverage	1,000,000
The Virginia Municipal Liability Pool	
No Fault Property Coverage	10,000
The Virginia Municipal Liability Pool	
Excess Liability Coverage	10,000,000
The Virginia Municipal Liability Pool	
Boiler and Machinery Coverage	1,000,000
The Virginia Municipal Liability Pool	
Fidelity/Crime Coverage	250,000
Hartford Insurance Company	
Flood Insurance - Warehouse	500,000
Ace American Insurance Company	
Student Accident Insurance	1,000,000
Safety National	
Workers' Compensation Employer's Liability Maximum	1,000,000
SunLife	
Stop loss carrier for health insurance	5,000,000

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STATISTICAL SECTION

(Unaudited)



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INTRODUCTION TO THE STATISTICAL SECTION

The Statistical Section of the Comprehensive Annual Financial Report for the School Board of the City of Roanoke, Virginia, presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information indicates about the School Board's overall financial condition.

Contents	Page
Financial Trends	72-75
These schedules contain trend information to help the reader understand how the School Board's financial performance and well-being have changed over time.	
Revenue Capacity	76-79
These schedules contain information to help the reader assess the School Board's most significant local revenue source.	
Debt Capacity	80-84
The City of Roanoke levies taxes for the School Board operation and issues debt for School Board capital projects. These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Indicators	85
These schedules offer demographic and economic indicators to help the reader understand the environment within which the School Board's financial activities take place.	
Operating Information	86-89
These schedules contain service and infrastructure data to help the reader understand how the information in the School Board's financial report relates to the services provided and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

Table 1

Roanoke City Public Schools
Net Assets by Component
Last Ten Fiscal Years
(Unaudited)

	Invested in Capital Assets	Unrestricted	Total Net Assets
Fiscal Year 2002	\$ 3,813,741	\$ 849,218	\$ 4,662,959
Fiscal Year 2003	3,844,924	1,256,217	5,101,141
Fiscal Year 2004	4,346,911	(975,855)	3,371,056
Fiscal Year 2005	3,942,348	(1,798,711)	2,143,637
Fiscal Year 2006	4,226,716	(2,840,751)	1,385,965
Fiscal Year 2007	4,594,989	2,929,159	7,524,148
Fiscal Year 2008	4,682,939	1,864,686	6,547,625
Fiscal Year 2009	4,137,983	4,945,470	9,083,453
Fiscal Year 2010	2,904,199	6,892,489	9,796,688
Fiscal Year 2011	2,799,326	19,619,040	22,418,366

Source: Statement of Net Assets (Exhibit 1).

Table 2

Roanoke City Public Schools
Changes in Net Assets
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Expenses:										
Instruction	\$ 107,067,285	\$ 109,338,130	\$111,483,779	\$110,294,480	\$ 103,824,545	\$ 103,021,806	\$ 102,115,635	\$ 91,770,166	\$ 86,242,125	\$ 83,466,844
Administration	4,936,832	7,141,807	5,506,254	5,252,290	3,891,310	3,188,705	3,198,989	2,475,336	2,110,521	2,351,887
Attendance & Health Services	2,279,228	1,709,483	3,414,687	2,319,315	2,145,467	1,993,858	1,807,576	1,604,137	1,565,314	1,513,049
Transportation	9,159,765	8,848,642	8,046,245	7,150,856	6,645,788	6,467,602	6,120,680	5,026,432	4,611,357	4,382,601
Operation & Maintenance of Plant	14,861,138	15,256,459	16,058,753	17,480,443	15,008,538	13,546,369	12,621,110	11,424,738	11,020,695	10,549,789
Food Services	5,613,676	5,232,656	5,324,523	5,172,831	4,952,841	5,337,543	5,246,329	5,016,683	4,459,041	4,432,045
Athletics (1)	1,380,626	1,181,887	1,512,359	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Facilities	-	-	-	3,874	44,730	526,357	381,666	370,552	556,345	727,001
Technology	3,095,990	4,064,637	4,510,989	3,944,744	3,161,844	3,210,718	2,907,199	2,621,907	2,612,598	2,012,086
Payments to Primary Government	9,710,060	10,031,481	8,932,913	9,029,155	8,225,021	6,531,023	5,228,689	5,835,409	5,696,456	4,230,319
Total Expenses	158,104,600	162,805,182	164,790,502	160,647,988	147,900,084	143,823,981	139,627,873	126,145,360	118,874,452	113,665,621
Program revenues:										
Charges for services:										
Instruction	3,126,427	2,867,222	2,883,589	3,031,069	2,581,920	2,662,269	2,499,837	2,743,943	2,834,679	2,352,598
Administration	1,768,215	493,428	-	-	-	-	-	-	-	-
Technology	-	3,600	-	-	-	-	-	-	-	-
Transportation	209,661	154,061	974,079	569,552	763,741	570,918	603,130	899,515	541,305	372,624
Operations & maintenance	110,030	204,473	54,713	101,219	122,329	82,819	164,087	136,431	104,782	130,316
Food Services	1,138,961	1,248,571	1,368,128	1,316,086	1,449,759	1,503,183	1,511,244	1,445,317	1,460,066	1,537,151
Athletics (1)	213,882	179,060	110,995	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Operating grants and contributions	46,888,580	43,808,957	40,880,659	35,050,367	34,501,837	32,931,331	33,014,220	28,463,380	26,890,959	25,049,533
Total revenues	53,455,756	48,959,372	46,272,163	40,068,293	39,419,586	37,750,520	37,792,518	33,688,586	31,831,791	29,442,222
Net expense	(104,648,844)	(113,845,810)	(118,518,339)	(120,579,695)	(108,480,498)	(106,073,461)	(101,835,355)	(92,456,774)	(87,042,661)	(84,223,399)
General revenues:										
Payments from the City of Roanoke	70,232,036	63,441,557	62,506,419	62,392,633	58,669,043	55,843,100	52,676,279	49,520,072	47,408,556	46,617,823
State aid	45,907,251	49,941,848	58,370,478	56,730,226	55,710,091	49,286,548	47,821,217	41,044,412	39,859,092	38,409,311
Grants not restricted to a specific program	23,074	8,197	25,473	151,158	113,331	144,281	79,630	62,897	115,863	83,868
Miscellaneous	791,469	144,787	151,797	329,155	126,216	41,860	30,810	99,308	97,332	117,781
Special Item - Gain from sale of transportation vehicles and equipment	-	1,022,656	-	-	-	-	-	-	-	-
Special Item - OPEB reduction in payable	316,692	-	-	-	-	-	-	-	-	-
Total general revenues	117,270,522	114,559,045	121,054,167	119,603,172	114,618,681	105,315,789	100,607,936	90,726,689	87,480,843	85,228,783
Change in net assets	\$ 12,621,678	\$ 713,235	\$ 2,535,828	\$ (976,523)	\$ 6,138,183	\$ (757,672)	\$ (1,227,419)	\$ (1,730,085)	\$ 438,182	\$ 1,005,384

Source: Statement of Activities (Exhibit 2).

(1) In prior years Athletics expenses were not accounted for separately.

Table 3

Roanoke City Public Schools
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Unaudited)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Pre-GASB 54 implementation:									
General Fund									
Reserved	\$ 1,213,649	\$ 1,623,261	\$ 1,308,277	\$ 998,897	\$ 800,201	\$ 1,638,071	\$ 929,971	\$ -	\$ -
Unreserved	2,959,359	2,720,509	1,130,020	713,693	333,783	4,975,948	7,389,857	10,787,998	9,988,445
Total General Fund	\$ 4,173,008	\$ 4,343,770	\$ 2,438,297	\$ 1,712,590	\$ 1,133,984	\$ 6,614,019	\$ 8,319,828	\$ 10,787,998	\$ 9,988,445
All Other Governmental Funds									
Reserved	\$ 6,330	\$ 25,824	\$ 36,234	\$ 3,448	\$ 3,831	\$ 179,985	\$ 9,708	\$ -	\$ -
Unreserved	289,448	410,937	144,782	103,370	147,922	260,560	764,436	1,111,426	2,817,037
Total all other governmental funds	\$ 295,778	\$ 436,761	\$ 181,016	\$ 106,818	\$ 151,753	\$ 440,545	\$ 774,144	\$ 1,111,426	\$ 2,817,037
Post-GASB 54 implementation:									
General Fund									
Nonspendable	\$ 738,964								
Restricted	-								
Committed	8,909,493								
Assigned	-								
Unassigned	12,704,697								
Total General Fund	\$ 22,353,154								
All Other Governmental Funds									
Nonspendable	\$ -								
Restricted	-								
Committed	36,082								
Assigned	3,149,862								
Unassigned	-								
Total all other governmental funds	\$ 3,185,944								

Note: 2011 was the first year of implementing GASB 54 which revised fund balance classifications.

* As restated

Table 4

Roanoke City Public Schools
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year Ended June 30,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues:										
City of Roanoke	\$ 70,232,036	\$ 63,441,557	\$ 62,506,419	\$ 62,392,633	\$ 58,669,043	\$ 55,843,100	\$ 52,676,279	\$ 49,520,072	\$ 47,408,556	\$ 46,617,823
Commonwealth of Virginia	66,050,074	70,342,651	81,114,482	76,428,772	74,587,049	65,915,136	64,862,765	54,679,988	54,933,778	51,894,673
Federal Government	26,373,082	23,035,591	17,578,897	15,502,981	15,738,210	16,447,023	16,052,301	14,890,701	11,932,136	11,648,040
Charges for services	6,263,751	2,537,590	5,280,509	5,017,926	4,880,917	4,811,690	4,763,299	5,184,640	4,782,837	4,327,688
Other	1,919,914	3,686,084	846,023	329,153	163,048	49,360	45,810	139,874	255,327	182,781
Total revenue	170,838,857	163,043,473	167,326,330	159,671,465	154,038,267	143,066,309	138,400,454	124,415,275	119,312,634	114,671,005
Expenditures:										
Current:										
Instruction	\$ 108,674,725	\$ 110,508,021	\$ 115,776,687	\$ 111,709,321	\$ 107,462,621	\$ 104,612,255	\$ 104,002,373	\$ 92,366,363	\$ 88,613,442	\$ 84,760,931
Administration, Administration & Health	7,442,676	11,168,822	11,325,604	9,181,383	6,313,487	5,756,182	5,129,549	4,178,997	3,851,871	4,030,359
Transportation	9,159,765	8,848,642	8,147,387	6,530,019	6,318,760	6,237,424	5,602,079	4,616,314	4,134,463	4,008,765
Operation & Maintenance of Plant	13,468,118	15,161,689	15,021,466	16,107,669	14,170,006	12,424,146	12,176,055	10,875,942	10,494,655	9,796,913
Technology (2)	2,655,595	-	-	-	-	-	-	-	-	-
Food Services	5,613,676	5,236,873	5,321,241	4,957,128	4,896,238	5,163,903	5,140,583	4,747,977	4,301,686	4,410,695
Athletics (1)	1,380,626	1,181,887	1,512,359	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Facilities Capital Outlay	-	-	70,212	117,382	883,307	2,875,047	1,921,031	3,955,491	1,908,316	1,858,279
Payments to Other Governments	9,710,060	10,031,481	8,932,913	9,029,155	8,225,021	6,531,023	5,228,689	5,835,409	5,696,456	4,230,319
Total expenditures	158,105,241	162,137,415	166,107,869	157,632,057	148,269,440	143,599,980	139,200,359	126,576,493	119,000,889	113,098,261
Excess (deficiency) of revenues over (under) expenditures	12,733,616	906,058	1,218,461	2,039,408	5,768,827	(533,671)	(799,905)	(2,161,218)	311,745	1,572,744
Other financing sources (uses):										
Transfers from Other Funds	\$ 1,278,650	\$ 2,929,796	\$ 1,276,260	\$ 931,444	\$ 836,606	\$ 1,245,652	\$ 2,404,928	\$ 2,053,094	\$ 2,124,000	\$ 2,244,118
Transfers to Other Funds	(1,278,650)	(2,929,796)	(1,276,260)	(931,444)	(836,606)	(1,245,652)	(2,404,928)	(2,053,094)	(2,124,000)	(2,244,118)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Change in fund balances	\$ 12,733,616	\$ 906,058	\$ 1,218,461	\$ 2,039,408	\$ 5,768,827	\$ (533,671)	\$ (799,905)	\$ (2,161,218)	\$ 311,745	\$ 1,572,744

Source: Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (Exhibit 4).

Information is presented on a modified accrual basis of accounting.

(1) In prior years Athletics expenditures were accounted for as part of Instruction.

Table 5

Roanoke City Public Schools
Major Local Revenue Sources
Last Ten Fiscal Years
(Unaudited)

Regional Tuition - General Fund		Charges for Services - Food Services	
Annual Payment Received		Local Breakfast/Lunch Fees	
2002	1,382,707	2002	1,537,151
2003	1,700,301	2003	1,460,066
2004	1,799,644	2004	1,445,317
2005	1,614,549	2005	1,511,244
2006	1,456,753	2006	1,503,183
2007	1,662,137	2007	1,449,759
2008	2,183,557	2008	1,316,086
2009	1,990,872	2009	1,368,128
2010	2,169,750	2010	1,248,572
2011	2,500,940	2011	1,121,591

Source: Detail Billings from the Roanoke Valley Regional Board and
Fiscal Year Comprehensive Annual Financial Reports.

CITY OF ROANOKE, VIRGINIA
GENERAL PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Total Tax Levies	\$ 111,848,884	\$ 110,098,047	\$ 110,034,071	\$ 106,316,893	\$ 101,301,039	\$ 94,754,245	\$ 88,719,548	\$ 82,947,318	\$ 78,984,813	\$ 76,830,266
Current Tax Collections	102,130,123	100,833,008	98,726,769	95,621,945	89,761,174	83,902,929	78,489,950	72,835,920	68,960,191	67,253,815
Current Tax Collections - State Share (1)	8,075,992	8,075,992	8,075,992	8,073,460	8,089,164	7,789,896	8,147,634	7,551,379	7,920,717	7,634,673
Delinquent Tax Collections	2,333,454	2,186,663	3,450,543	3,362,031	3,323,515	2,544,365	2,709,780	2,510,372	2,888,925	2,655,084
Delinquent Tax Collections - State Share (1)	-	-	-	-	32,383	172,172	178,186	138,153	123,180	140,426
Total Tax Collections	\$ 112,539,569	\$ 111,095,663	\$ 110,253,304	\$ 107,057,436	\$ 101,206,236	\$ 94,409,362	\$ 89,525,550	\$ 83,035,824	\$ 79,893,013	\$ 77,683,998
Current Tax Collections As										
Percent of Levies	98.53%	98.92%	97.06%	97.53%	96.59%	96.77%	97.65%	96.91%	97.34%	97.47%
Total Tax Collections As										
Percent of Levies (2)	100.62%	100.91%	100.20%	100.70%	99.91%	99.64%	100.91%	100.11%	101.15%	101.11%

(1) In fiscal year 1999, the State began the Personal Property Tax Relief Act. As a result, a portion of the City's total Personal Property tax levy is received from the Commonwealth. The State share is shown here but is not classified as a local tax.

(2) Total tax collections as percent of levies may be greater than 100% due to delinquent tax collections in a given fiscal year for prior fiscal year levies.

Source: City of Roanoke, Department of Finance

Table 7
Unaudited

CITY OF ROANOKE, VIRGINIA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS

REAL PROPERTY					PERSONAL PROPERTY					PUBLIC SERVICE CORPORATIONS					Total Assessed Value
Year	Assessed Value	Percentage Growth	Estimated Actual Value	Assessment Ratio	Assessed Value	Percentage Growth	Estimated Actual Value	Assessment Ratio	Assessed Value	Percentage Growth	Estimated Actual Value	Assessment Ratio	Assessed Value	Percentage Growth	
2002	4,053,218,187	5.47%	4,053,218,187	1.00	688,540,754	(6.65%)	1,147,567,923	0.60	331,442,235	(2.30%)	345,950,183	0.958	5,073,201,176		
2003	4,251,342,652	4.89%	4,251,342,652	1.00	685,231,130	(0.48%)	1,142,051,883	0.60	320,712,924	3.24%	328,933,905	0.975	5,257,286,706		
2004	4,558,900,600	7.23%	4,558,900,600	1.00	675,390,754	(1.44%)	1,125,651,256	0.60	372,880,650	16.27%	378,299,578	0.986	5,607,172,004		
2005	4,912,403,589	7.75%	4,912,403,589	1.00	731,086,348	8.25%	1,218,477,246	0.60	333,486,044	(10.56%)	338,499,005	0.985	5,976,975,981		
2006	5,351,633,570	8.94%	5,351,633,570	1.00	762,403,478	4.28%	1,270,672,463	0.60	303,859,616	(8.88%)	308,722,893	0.984	6,417,896,664		
2007	5,834,424,939	9.02%	5,834,424,939	1.00	818,058,932	7.30%	1,363,431,553	0.60	310,606,990	2.22%	316,097,815	0.983	6,963,090,861		
2008	6,256,495,314	7.23%	6,256,495,314	1.00	836,674,524	2.28%	1,394,457,540	0.60	314,604,888	1.29%	321,271,916	0.979	7,407,774,726		
2009	6,564,294,962	4.92%	6,564,294,962	1.00	809,722,606	(3.22%)	1,349,537,677	0.60	335,086,164	6.51%	341,586,222	0.981	7,709,103,732		
2010	6,698,391,113	2.04%	6,698,391,113	1.00	758,872,026	(6.28%)	1,264,786,710	0.60	359,212,368	7.20%	360,848,221	0.995	7,816,475,507		
2011	6,681,043,434	(0.26%)	6,681,043,434	1.00	846,350,598	11.53%	1,410,584,330	0.60	353,515,462	(1.59%)	357,281,499	0.989	7,880,909,494		

Source: City of Roanoke, Department of Finance

Table 8
Unaudited

CITY OF ROANOKE, VIRGINIA
PROPERTY TAX RATES AND TAX LEVIES
LAST TEN YEARS

REAL PROPERTY				PERSONAL PROPERTY				PUBLIC SERVICE CORPORATIONS			
Year	Tax Rate Per \$100	Levy		Tax Rate Per \$100	Levy			Tax Rate Per \$100	Levy		Total Tax Levies
2002	1.21	49,043,478		3.45	23,754,656	(1)		1.21	4,032,132		76,830,266
2003	1.21	51,440,874		3.45	23,640,474	(1)		1.21	3,903,465		78,984,813
2004	1.21	55,162,380		3.45	23,300,981	(1)		1.21	4,483,957		82,947,318
2005	1.21	59,439,602		3.45	25,222,479	(1)		1.21	4,057,467		88,719,548
2006	1.21	64,754,545		3.45	26,302,920	(1)		1.21	3,696,780		94,754,245
2007	1.19 (2)	69,429,439		3.45	28,163,083	(1),(3)		1.19 (2)	3,708,517		101,301,038
2008	1.19	74,451,741		3.45	28,100,133	(1)		1.19	3,765,019		106,316,893
2009	1.19	78,114,892		3.45	27,925,972	(1)		1.19	3,993,207		110,034,071
2010	1.19	79,710,636		3.45	26,141,385	(1)		1.19	4,246,026		110,098,047
2011	1.19	80,943,458		3.45	27,385,166	(1)		1.19	4,231,507		112,560,131

(1) In fiscal year 1999, the State initiated the Personal Property Tax Relief Act. The levy includes the state portion.

(2) Effective July 1, 2006, the rate became \$1.19.

(3) The Personal Property Tax Relief changed from a flat % to fixed block grant in the amount of \$8,075,992.

Source: City of Roanoke, Department of Finance

Table 9
Unaudited

CITY OF ROANOKE, VIRGINIA
PRINCIPAL PROPERTY TAXPAYERS
COMPARISON OF JUNE 30, 2011 AND JUNE 30, 2002

Taxpayer	Description	2011			2002		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Carilion Healthcare	Healthcare Provider	\$ 213,545,122	1	2.72%	\$ -	-	-
Appalachian Power	Public Utility	122,649,830	2	1.56%	77,420,983	2	1.62%
Norfolk Southern Railway	Transportation	100,573,358	3	1.28%	70,097,667	3	1.47%
Valley View Mall LLC	Shopping Mall	74,630,800	4	0.95%	42,213,800	4	0.89%
Verizon Virginia, Inc	Communications	57,292,169	5	0.73%	88,749,620	1	1.86%
Steel Dynamics Roanoke Division	Primary Metals	35,265,625	6	0.45%	25,068,058	7	0.53%
Roanoke Gas Company	Public Utility	33,037,661	7	0.42%	23,200,929	8	0.49%
Maple Leaf Bakery	Bakery	30,693,150	8	0.39%	-	-	0.00%
Advance Auto Parts	Auto Parts	27,656,967	9	0.35%	-	-	-
Mozart Investments Inc.	Aircraft	24,104,340	10	0.31%	-	-	-
Spectacle Lens	Eyecare Professionals	-	-	-	25,907,395	5	0.54%
Faison Roanoke Office Limited	Office Building	-	-	-	25,284,800	6	0.53%
Hotel Roanoke	Hotel	-	-	-	20,738,568	9	0.43%
Uni-Lever Company		-	-	-	18,192,105	10	0.38%
		<u>\$719,449,022</u>		<u>9.16%</u>	<u>\$ 416,873,925</u>		<u>8.74%</u>

Source: City of Roanoke, Commissioner of the Revenue

Table 10
Unaudited

CITY OF ROANOKE, VIRGINIA
TAXABLE RETAIL SALES
LAST TEN CALENDAR YEARS

Calendar Year	Total Retail Sales (1)
2001	1,578,043,491
2002	1,588,424,788
2003	1,621,479,275
2004	1,712,570,484
2005	1,599,236,967
2006	1,876,508,609
2007	1,900,930,872
2008	1,925,487,309
2009	1,692,267,903
2010	1,676,331,018
2011 through June	809,075,207

(1) Source: State Department of Taxation. Data excludes prescription drug sales.

Table 11
Unaudited

CITY OF ROANOKE, VIRGINIA
RATIO OF GENERAL BONDED DEBT TO
TOTAL ESTIMATED ACTUAL VALUE AND BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year	Population (A)	Total Estimated Value	Gross Bonded Debt (D)	Bonds Supported by Enterprise Funds (C)(D)	Bonds Supported By Western Virginia Water Authority	Amount Available in Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2002	94,600	5,546,736,293	242,386,235	47,001,072	-	14,289,750	181,095,413	3.26%	1,914.33
2003	93,100	5,722,328,440	228,050,952	44,517,751	-	14,436,613	169,096,588	2.96%	1,816.29
2004	92,900	6,062,851,434	223,671,734	41,504,678	-	15,061,934	167,105,122	2.76%	1,798.76
2005	92,671	6,469,379,840	256,369,208	7,818,130	33,435,000	988,465 (B)	214,127,613	3.31%	2,310.62
2006	92,994	6,931,028,926	281,808,817	9,863,867	31,315,992	1,063,737	239,565,221	3.46%	2,576.14
2007	93,048	7,513,954,307	274,026,551	9,160,142	28,924,766	1,021,667	234,919,976	3.13%	2,524.72
2008	93,734	7,972,224,770	298,775,968	10,974,761	26,596,538	1,143,782	260,060,887	3.26%	2,774.46
2009	94,482	8,255,418,861	304,071,803	15,160,308	24,255,948	1,161,895	263,493,652	3.19%	2,788.82
2010	97,032 (est.)	8,324,026,044	283,602,637	15,632,575	21,987,683	1,213,260	244,769,119	2.94%	2,522.56
2011	97,032 (est)	8,448,909,263	277,658,304	14,627,811	19,875,450	1,133,011	240,667,032	2.85%	2,480.29

Source - (A) Weldon - Cooper Center for Public Service

(B) In FY05, there was a \$15.5 million transfer of fund balance from the Debt Service Fund to the General Fund to establish the Budget Stabilization Reserve.

(C) FY04 through FY10 amounts exclude Civic Facilities Fund outstanding balances.

(D) Includes Deferred Bond Costs and excludes Unamortized Bond Premium of the Enterprise Funds.

Table 12
Unaudited

CITY OF ROANOKE, VIRGINIA
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2011

The Charter of the City of Roanoke limits the Legal Debt to 10% of the Assessed Valuation of Real Estate, Personal Property and Public Service Corporations within the City limits. The City has no overlapping debt.

Total Assessed Value of Real Estate, Personal Property and Public Service Corporations, 2011 (1)		<u>\$7,880,909,494</u>
Legal Debt Limit: 10% of \$7,880,909,494		788,090,949
Debt applicable to limitation:		
General Obligation Serial Bonds - Governmental Activities	\$ 179,605,193	
General Obligation Serial Bonds - Western Virginia Water Authority (WVWA)	19,875,450	
Section 108 Loan Hotel Roanoke Conference Center Commission (HRCCC)	1,355,000	
Qualified Zone Academy Bonds (QZAB)	1,862,925	
State Literary Fund Loans	2,800,000	
Virginia Public School Authority (VPSA) School Bonds	44,816,757	
Civic Facilities Enterprise Fund - Business-Type Activities	13,069,200	
Deferred Bond Costs - Civic Facilities Enterprise Fund Debt	(354,032)	
Parking Enterprise Fund Supported Debt - Business-Type Activities	15,052,156	
Deferred Bond Costs - Parking Enterprise Fund Supported Debt	(424,345)	
Total Debt	<u>277,658,304</u>	
Less: Available in Debt Service Fund	(1,133,011)	
WVWA Supported Debt	(19,875,450)	
HRCCC Supported Debt	(1,355,000)	
Parking Enterprise Fund Supported Debt	(15,052,156)	
Deferred Bond Costs - Parking Enterprise Fund Supported Debt	424,345	
Legal Debt Margin		<u><u>\$ 240,667,032</u></u>
		<u><u>\$ 547,423,917</u></u>

(1) Source: City of Roanoke, Commissioner of the Revenue.

Table 13
Unaudited

CITY OF ROANOKE
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL LONG-TERM DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures (1)	Percent of Debt Service to General Expenditures
2001-02	8,916,243	7,361,801	16,278,044	246,048,365	6.6%
2002-03	12,083,145	9,681,287	21,764,432	252,841,855	8.6%
2003-04	11,255,346	7,882,228	19,137,574	268,406,972	7.1%
2004-05	12,283,849	7,860,775	20,144,624	284,024,496	7.1%
2005-06 (3)	14,765,894	9,357,973	24,123,867	298,166,075	8.1%
2006-07	17,493,085	10,549,172	28,042,257	318,422,477	8.8%
2007-08	18,181,973	9,880,643	28,062,616	334,448,507	8.4%
2008-09	20,480,823	11,121,043	31,601,866	340,360,591	9.3%
2009-10	21,869,664	11,436,671	33,306,335	324,345,350	10.3%
2010-11	19,093,669	10,346,300	29,439,969	314,114,285	9.3%

(1) Principal and interest payments include all general long term debt payments supported by tax revenues of the City. They include the Roanoke Civic Center debt payments. Debt payments made by the Roanoke City Parking Fund, Western Virginia Water Authority and the Hotel Roanoke Conference Center Commission are excluded.

(2) Includes expenditures of the General Funds of the City and School Board less the transfer from the General Fund to the School Board.

(3) Excludes Bond Anticipation Note of \$5,000,000 which was both issued and repaid during fiscal year 2006.

Table 14

THE SCHOOL BOARD OF THE CITY OF ROANOKE VIRGINIA
Table of Outstanding Debt Incurred by the City of Roanoke
for Roanoke City Public School Projects
June 30, 2011
(Unaudited)

				Issue Amount Designated for	Balance as of
	Interest Rates	Issue Date	Maturity Date	School Improvements	June 30, 2011
General Obligation Bonds, RCPS Portion					
Series 2002A Public Improvement Bonds	3.00% - 5.25%	2/21/2002	10/1/2012	\$ 12,800,000	\$ 1,390,000
Series 2004 Refunding Bonds	2.00% - 5.00%	2/25/2004	10/1/2019	12,457,340	8,166,095
Series 2004A Refunding Bonds	2.00% - 3.63%	3/11/2004	8/1/2017	2,769,626	1,638,739
Series 2004B Public Improvement Bonds	3.00% - 5.25%	11/23/2004	2/1/2025	25,000,000	12,500,000
Series 2006A Public Improvement Bonds	3.50% - 5.00%	2/8/2006	2/1/2026	14,250,000	7,835,000
Series 2006C Public Improvement Bonds	3.50% - 4.23%	5/4/2006	8/1/2012	572,636	271,189
Series 2008 Public Improvement Bonds	3.25% - 5.00%	2/5/2008	2/1/2033	39,740,000	30,210,000
Series 2010A Refunding Bonds	2.00% - 5.00%	3/11/2010	10/1/2021	18,955,400	18,955,400
Series 2010 C Refunding Bonds	2.00% - 4.00%	8/11/2010	7/15/2015	669,300	669,300
Series 2010C Public Improvement Bonds	2.00% - 4.00%	8/11/2010	7/15/2030	2,459,100	2,459,099
Total General Obligation Bonds:				129,673,402	84,094,822
School Fund Bonds and Loans					
Virginia Public School Authority-Series 1990B	6.40% - 7.10%	7/1/1990	7/15/2010	800,000 (1)	-
Virginia Public School Authority-Series 1991A	6.10% - 6.60%	7/1/1991	7/15/2011	1,654,827 (2)	98,645
Virginia Public School Authority-Series 1992A	4.90% - 6.35%	12/10/1992	7/15/2012	2,171,447 (3)	244,206
Virginia Public School Authority-Series 1994B	6.25% - 6.75%	11/1/1994	7/15/2014	1,679,413 (4)	381,004
Virginia Public School Authority-Series 1995C	5.10% - 6.10%	12/21/1995	7/15/2015	4,006,579 (5)	1,072,205
Virginia Public School Authority-Series 1996B	5.10% - 6.10%	11/14/1996	7/15/2016	4,512,217 (6)	1,450,270
Virginia Public School Authority-Series 1997	4.35% - 5.35%	11/1/1997	7/15/2017	4,578,704 (7)	1,684,543
Virginia Public School Authority-Series 1998A	3.60% - 5.10%	11/19/1998	7/15/2018	5,000,000	2,000,000
Virginia Public School Authority-Series 1998B	3.60% - 5.10%	11/19/1998	7/15/2018	1,182,212 (8)	481,989
Virginia Public School Authority-Series 1999A	5.10% - 6.10%	11/18/1999	7/15/2019	3,100,000 (9)	1,395,000
Virginia Public School Authority-Series 1999B	5.10% - 6.10%	11/18/1999	7/15/2019	1,091,854 (10)	518,712
Virginia Public School Authority - Series 2000B	4.97% - 5.85%	11/16/2000	7/15/2020	2,504,568 (11)	1,310,786
Virginia Public School Authority - Series 2000B.1	4.97% - 5.85%	11/16/2000	7/15/2020	1,730,421 (12)	905,633
Virginia Public School Authority - Series 2000B.2	4.97% - 5.85%	11/16/2000	7/15/2020	1,730,421 (13)	905,633
Virginia Public School Authority - Series 2001B	3.10% - 5.35%	11/15/2001	7/15/2021	2,594,691 (14)	1,457,030
Virginia Public School Authority - Series 2001B	3.10% - 5.35%	11/15/2001	7/15/2021	2,358,808 (15)	1,324,572
Virginia Public School Authority - Series 2003C	3.10% - 5.35%	11/6/2003	7/15/2023	4,595,399 (16)	3,063,496
Virginia Public School Authority - Series 2004B	4.10% - 5.60%	11/1/2004	1/15/2025	1,118,756 (17)	820,943
Virginia Public School Authority - Series 2005D	4.60% - 5.10%	11/10/2005	7/15/2025	992,464 (18)	770,565
Virginia Public School Authority - Series 2005D	4.60% - 5.10%	11/11/2005	7/15/2025	3,291,459 (19)	2,555,492
Virginia Public School Authority - Series 2006B	4.22% - 5.10%	11/9/2006	7/15/2026	1,945,000	1,545,000
Virginia Public School Authority - Series 2006B	4.22% - 5.10%	11/9/2006	7/15/2026	6,573,600 (20)	5,404,064
Virginia Public School Authority - Series 2007A	4.10% - 5.10%	5/10/2007	7/15/2027	3,345,000 (21)	2,835,000
Virginia Public School Authority - Series 2008B	3.60% - 5.35%	12/11/2008	7/15/2028	6,350,705 (22)	5,773,969
Virginia Public School Authority - Series 2008B	3.60% - 5.35%	12/11/2008	7/15/2028	10,580,000	9,520,000
Total Virginia Public School Authority Bonds:				79,488,545	47,518,757
Literary Fund Loan-Highland Park Elementary School	4.00%	3/1991	5/15/2010	1,000,000	-
Literary Fund Loan-Morningside Elementary School	4.00%	8/1995	9/1/2015	2,090,000	550,000
Literary Fund Loan-Lucy Addison Middle School	4.00%	10/1999	10/01/2019	5,000,000	2,250,000
Total Literary Fund Loan Bonds:				8,090,000	2,800,000
Qualified Zone Academy Bond- Roanoke Academy	0%	12/20/2000	12/20/2013	1,291,618 (23)	298,066
Qualified Zone Academy Bond - Lincoln Terrace	0%	11/01/2002	10/31/2016	800,000	394,009
Qualified Zone Academy Bond - Fallon Park	0%	12/29/2004	12/29/2020	439,100	297,814
Qualified Zone Academy Bond - Patrick Henry High School	0%	12/27/2006	12/27/2022	1,097,571	873,036
Total Qualified Zone Academy Bonds:				3,628,289	1,862,925
Qualified School Construction Bonds-Elementary Schools	0%	7/8/2010	6/1/2027	1,135,000 (24)	1,070,000
Total Qualified School Construction Bonds				1,135,000	1,070,000
Total Outstanding Bonded Debt				\$222,015,236	\$ 137,346,504

Debt incurred by the City of Roanoke to fund capital projects designated for school improvements, the capital assets which are owned by the City of Roanoke, are not included in the basic financial statements of the School Board of the City of Roanoke.

The Virginia Public School Authority (VPSA) bonds are issued as replacements for requests for loans from the State Literary Fund. The State Department of Education provides an additional amount of state funding to each VPSA issue to increase the amount of funds received by the locality to the original requested amount and to establish an effective interest rate for the life of each bond at 4 percent, as indicated:

- (1) \$1,000,000 proceeds received but repayment of only \$ 800,000 required.
- (2) \$2,005,500 proceeds received but repayment of only \$1,654,827 required.
- (3) \$2,494,500 proceeds received but repayment of only \$2,171,447 required.
- (4) \$2,000,000 proceeds received but repayment of only \$1,679,413 required.
- (5) \$4,400,000 proceeds received but repayment of only \$4,006,579 required.
- (6) \$5,000,000 proceeds received but repayment of only \$4,512,217 required.
- (7) \$5,000,000 proceeds received but repayment of only \$4,578,704 required.
- (8) \$1,200,000 proceeds received but repayment of only \$1,182,212 required.
- (9) \$3,250,000 proceeds received but repayment of only \$3,100,000 required.
- (10) \$1,250,000 proceeds received but repayment of only \$1,091,854 required.
- (11) \$2,750,000 proceeds received but repayment of only \$2,504,568 required.
- (12) \$1,900,000 proceeds received but repayment of only \$1,730,421 required.
- (13) \$1,900,000 proceeds received but repayment of only \$1,730,421 required.
- (14) \$2,750,000 proceeds received but repayment of only \$2,594,691 required.
- (15) \$2,500,000 proceeds received but repayment of only \$2,358,808 required.
- (16) \$5,000,000 proceeds received but repayment of only \$4,595,399 required.
- (17) \$1,300,000 proceeds received but repayment of only \$1,118,756 required.
- (18) \$1,160,900 proceeds received but repayment of only \$ 992,464 required.
- (19) \$3,850,000 proceeds received but repayment of only \$3,291,459 required.
- (20) \$7,500,000 proceeds received but repayment of only \$6,573,600 required.
- (21) \$3,506,706 proceeds received but repayment of only \$3,345,000 required.
- (22) \$7,500,000 proceeds received but repayment of only \$6,350,705 required.
- (23) Annual payments on Qualified Zone Academy Bonds are made to a sinking fund. No interest is accrued on this debt.
- (24) Qualified School Construction Bonds have an effective interest rate of 0% as the interest remitted at payment dates is refunded to the School District.

Table 15
Unaudited

CITY OF ROANOKE
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	2010-11 (1)	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Debt Limit	\$ 788,090,949	\$ 669,839,111	\$ 656,429,496	\$ 625,649,531	\$ 583,442,494	\$ 535,163,357	\$ 491,240,359	\$ 455,890,060	\$ 426,377,702	\$ 409,353,757
Total Net Debt Applicable to Limit	240,667,032	244,769,119	263,493,652	260,060,887	234,919,976	239,565,221	214,127,613	171,889,360	169,096,588	181,095,412
Legal Debt Margin	\$ 547,423,917	\$ 425,069,992	\$ 392,935,844	\$ 365,588,644	\$ 348,522,518	\$ 295,598,136	\$ 277,112,746	\$ 284,000,700	\$ 257,281,114	\$ 228,258,345
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	30.54%	36.54%	40.14%	41.57%	40.26%	44.76%	43.59%	37.70%	39.66%	44.24%

(1) The City's financial policies were revised November 1, 2010 to include real estate, personal and public service assessed property to compute the debt margin. Prior years included only assessed real estate property.

Source: City of Roanoke, Department of Finance

Table 16
Unaudited

CITY OF ROANOKE
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Per Capita Income (2)	Personal Income	School Enrollment (3)	Local Unemployment Rate (4)	National Unemployment Rate (5)
2001-02	94,600	28,197 (est.)	2,395,177,400	13,263	4.4%	6.0%
2002-03	93,100	29,475 (est.)	2,470,408,500	13,004	4.6%	6.5%
2003-04	92,900	31,370 (est.)	2,900,194,000	12,861	4.0%	5.8%
2004-05	92,671	32,169 (est.)	2,975,832,000	12,712	3.7%	5.2%
2005-06	92,994	33,684 (est.)	3,118,622,000	12,587	3.3%	4.8%
2006-07	93,048	37,005 (est.)	3,443,232,000	12,256	3.2%	4.7%
2007-08	93,734	39,190 (est.)	3,673,418,000	12,286	3.9%	5.7%
2008-09	94,482	39,315 (est.)	3,714,521,000	12,303	7.7%	9.7%
2009-10	97,032 (est.)	39,315 (est.)	3,714,521,000	12,266	7.4%	9.6%
2010-11	97,032 (est.)	39,315 (est.)	3,714,521,000	12,262	6.7%	9.3%

(1) Source: Weldon - Cooper Center for Public Service, except as noted

(2) Source: Bureau of Economic Analysis

(3) Source: Roanoke City Public Schools

(4) Source: Virginia Employment Commission (Roanoke Metropolitan Statistical Area)

(5) Source: Bureau of Labor Statistics

Table 17
Unaudited

CITY OF ROANOKE, VIRGINIA
PRINCIPAL EMPLOYERS
COMPARISON AS OF DECEMBER 31, FISCAL YEARS 2010 AND 2001

Employer	December 31, 2010			December 31, 2001		
	Rank	Ownership	Number of Employees	Rank	Ownership	Number of Employees
Roanoke Memorial Community Hospital	1	Private	1,000+	1	Private	1,000+
Roanoke City Public Schools	2	Local Govt.	1,000+	2	Local Govt.	1,000+
City of Roanoke	3	Local Govt.	1,000+	3	Local Govt.	1,000+
Carilion Services	4	Private	1,000+	9	Private	500-999
United Parcel Service	5	Private	500-999	8	Private	500-999
Healthmarc	6	Private	500-999	-	-	-
Wal-Mart	7	Private	500-999	5	Private	500-999
VA Western Community College	8	State Govt.	500-999	14	State Govt.	500-999
Anthem (Blue Cross & Blue Shield)	9	Private	500-999	10	Private	250 to 499
United States Postal Service	10	Federal Govt.	500-999	6	Federal Govt.	500-999
Advance Auto Parts	-	-	-	4	Private	1,000+
Kroger	-	-	-	7	Private	500-999

Source: Virginia Employment Commission (VEC)

Table 18

**ROANOKE CITY PUBLIC SCHOOLS
EDUCATIONAL STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Average Daily Membership	12,262	12,266	12,303	12,286	12,256	12,587	12,712	12,861	13,004	13,069
Total Graduates	776	698	686	675	686	666	668	633	656	542
Dropout Rate Percentage	4.03%	6.06%	5.40%	5.72%	4.06%	3.83%	4.04%	3.40%	3.99%	4.67%
Student Attendance Rate	94%	94%	94%	94%	94%	94%	94%	95%	95%	95%
Total Per Pupil Cost	\$11,083	\$11,227	\$11,615	\$12,830	\$12,098	\$11,409	\$10,950	\$9,945	\$8,556	\$8,250
Local Composite Index of Ability to Pay	39%	35.82%	34.20%	37.63%	37.63%	37.65%	37.65%	39.49%	39.49%	40.78%
Average Teacher Salary	\$44,425	\$43,276	\$46,727	\$47,416	\$47,447	\$45,904	\$44,305	\$42,474	\$41,519	\$40,725
Instructional Positions per 1,000 Students	87.4	87.1	87.2	89.2	89.4	84.4	86.2	81.9	80.0	80.1

Source: Department of Testing, Roanoke City Public Schools and the Annual School Report

Table 19

**ROANOKE CITY PUBLIC SCHOOLS
PERSONNEL STAFFING - FULL TIME EQUIVALENTS (FTE)
LAST TEN FISCAL YEARS
(Unaudited)**

	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Superintendent	1	1	1	1	1	1	1	1	1	1
Asst. Supt./Executive Director/Supervisor	7	7	5	5	6	5	6	5	5	5
Principal/Asst. Principal	36.0	36.8	29.0	32.0	30.9	30.5	23.9	24.2	24.9	26
Classroom Teacher	52.8	52.0	58.0	43.0	46.7	49.5	51.4	49.1	48.8	50
Guidance Counselor	1,008.4	1,064.6	1,135.9	1,095.8	1,095.9	1,062.0	1,096.1	1,053.2	1,040.2	1,046.6
Librarian	38.5	44.0	54.4	60.9	63.2	63.1	59.7	57.4	47.4	44.5
Other Professional	26.0	27.0	30.0	31.0	33.2	32.1	31.3	31.1	30.9	30.7
Clerical	18.0	19.0	1.5	3.18	3.18	2	1	1	2.3	2.3
Teacher Aides	97.8	91.0	108.0	103.1	120.7	124.2	118.3	117.4	112.9	113.4
Attendance & Health	340.6	321.1	283.5	288.5	292.2	307.2	292.2	273.5	280.6	269.8
Pupil Transportation	41.9	42.2	32.7	33.8	30.6	29.7	32.5	30.4	29.4	24.4
Maintenance of Plant	2	2	217.0	244.7	245.8	245.0	241.9	210.7	210.9	185.1
Operation of Plant	53.0	39.0	53.5	56.8	59.0	59.0	59.0	57.0	58.0	58.0
Food Services	118.0	117.0	136.7	139.1	144.0	143.5	155.1	135.8	137.6	139.1
Total Personnel	102.0	99.0	161.0	135.2	99.8	118.3	146.5	117.4	104.2	97.9
	1,942.9	1,962.7	2,307.2	2,273.0	2,272.1	2,272.0	2,316.0	2,164.0	2,134.1	2,093.8

Source: Roanoke City Public Schools, Department of Human Resources

**ROANOKE CITY PUBLIC SCHOOLS
FREE LUNCH APPROVALS BY SCHOOL
LAST TEN FISCAL YEARS
(Unaudited)**

	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Elementary Schools:										
Crystal Spring	65	58	59	51	44	43	40	30	33	43
Fairview	367	387	346	307	314	290	322	324	301	337
Fallon Park	522	480	494	472	448	397	436	466	374	459
Fishburn Park	143	112	198	172	166	145	131	111	143	114
Forest Park**	0	0	0	247	266	255	260	283	263	261
Garden City	218	239	202	176	177	178	165	196	182	213
Grandin Court	106	122	106	98	103	122	119	84	84	99
Highland Park	239	237	179	128	112	187	167	192	172	171
Huff Lane***	0	166	157	142	130	126	146	131	140	139
Hurt Park	258	269	221	169	163	226	215	232	215	263
Lincoln Terrace	169	250	206	174	190	164	173	154	145	173
Monterey	343	316	219	201	159	180	179	164	144	151
Morningside	223	216	266	247	226	231	198	191	214	216
Oakland***	0	0	137	119	107	105	99	137	122	117
Preston Park	217	222	185	187	184	173	188	163	164	138
Raleigh Court*	0	0	99	92	88	89	74	65	53	54
Roanoke Academy	448	302	356	291	309	239	281	270	252	286
Round Hill	429	201	186	177	180	201	182	176	164	160
Virginia Heights	265	214	203	169	167	173	161	178	183	100
Wasena	120	149	68	73	86	86	87	88	85	88
Westside	468	462	430	443	465	382	432	400	383	368
Middle Schools:										
Addison	398	392	338	331	337	365	336	345	344	305
Breckinridge	366	416	222	232	247	225	255	296	208	198
Jackson	394	434	283	279	275	327	332	342	319	330
Madison	279	294	163	163	185	230	226	242	227	180
Ruffner*	0	0	244	274	286	301	355	348	355	301
Wilson	237	244	233	265	259	261	257	266	211	206
High Schools:										
William Fleming	856	913	806	843	785	809	614	569	489	434
Forest Park Academy**	206	196	153	0	0	0	0	0	0	0
Patrick Henry	837	915	724	722	651	677	441	577	506	482
Noel Taylor Learning Center	92	105	0	0	0	129	149	76	79	93
Total Free Lunch Approvals	8,265	8,311	7,483	7,244	7,109	7,316	7,020	7,096	6,554	6,479
Total ADM	12,262	12,266	12,303	12,286	12,256	12,587	12,712	12,861	13,004	13,069
Percentage Free Lunch	67.40%	67.76%	60.82%	58.96%	58.00%	58.12%	55.22%	55.17%	50.40%	49.58%

* Raleigh Court Elementary and William Ruffner Middle School closed at the end of the 2008-09 school year

** Forest Park Elementary School closed at the end of the 2007-08 school year. Forest Park Academy opened in the same location for the 2008-09 school year

*** Oakland Intermediate School was consolidated with Preston Park Primary School as a single K-5 elementary school beginning with the 2009-10 school year

****Huff Lane Elementary School was consolidated with Round Hill Elementary School beginning with the 2010-2011 school year

Source: Roanoke City Public Schools Department of Food and Nutrition

Table 21
Unaudited

ROANOKE CITY PUBLIC SCHOOLS
CAPITAL ASSET STATISTICS
LAST FISCAL YEAR
(Unaudited)

School Description	Total Current Classrooms	Constructed Student Capacity	Current Useable Student Capacity	Enrollment FY2009-10	Enrollment FY2010-11	% Of Constructed Capacity	% Of Useable Capacity	Modular Buildings
Elementary Schools:								
Crystal Spring	17.0	425	408	371	377	89%	92%	0
Fairview	31.0	775	744	484	466	60%	63%	0
Fallon Park	41.0	850	984	535	560	66%	57%	3
Fishburn Park	30.0	750	720	235	250	33%	35%	0
Forest Park	23.5	588	564			0%	0%	0
Garden City	31.0	575	744	318	314	55%	42%	1
Grandin Court	20.0	525	480	345	361	69%	75%	0
Highland Park	21.0	525	504	400	400	76%	79%	0
Huff Lane	20.0	500	480	190		0%	0%	0
Hurt Park	27.0	600	648	278	249	42%	38%	0
Lincoln Terrace	27.0	600	648	259	194	32%	30%	1
Monterey	31.0	775	744	476	531	69%	71%	1
Morningside	22.0	500	528	254	235	47%	45%	2
Oakland	12.0	340	288			0%	0%	0
Preston Park	21.0	525	504	348	323	62%	64%	1
Raleigh Court	22.0	550	528			0%	0%	0
Roanoke Academy	30.0	750	720	332	356	47%	49%	0
Round Hill	21.0	475	504	240	430	91%	85%	3
Virginia Heights	20.0	425	480	293	322	76%	67%	1
Wasena	16.0	400	384	263	226	57%	59%	0
Westside	40.0	850	960	518	553	65%	58%	0
Middle Schools:								
Addison	43.0	1,075	1,032	474	507	44%	49%	0
Breckinridge	36.0	550	864	612	597	111%	69%	0
Jackson	34.0	775	816	492	516	63%	63%	0
Madison	39.0	900	936	593	570	66%	61%	1
Ruffner	42.0	1,050	1,008			0%	0%	0
Wilson	39.0	975	936	459	494	47%	53%	0
High Schools:								
William Fleming	85	2,100	2,040	1,570	1,569	75%	77%	0
Patrick Henry	92	2,059	2,208	1,845	2,013	98%	91%	0
Regional Program:								
Roanoke Valley Governor's School	10	160	240	274	273	171%	114%	0

Source: Roanoke City Public Schools Department of Fiscal Services

Note: The Roanoke Valley Governor's School has a morning session and an afternoon session, with approximately 60% of the student body attending the morning session. Students are enrolled at their home schools; approximately half of the students are enrolled in other school districts within the region.

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA

Table of Capital Assets by Location

June 30, 2011

(Unaudited)

Location	Land	Buildings and Structures	Equipment	Construction in Progress	Total
William Fleming High School	\$ 237,993	\$ 61,083,495	\$ 553,402	\$ 4,747,403	\$ 66,622,293
Patrick Henry High School	31,127	61,052,225	412,094	72,412	61,567,858
Lucy Addison Aerospace Middle School	12,015	14,717,370	111,689	-	14,841,074
James Breckinridge Middle School	37,500	7,413,928	135,105	-	7,586,533
Stonewall Jackson Middle School	36,005	8,281,513	91,047	-	8,408,565
James Madison Middle School	9,883	4,327,441	205,796	-	4,543,120
William Ruffner Middle School	35,329	3,943,258	788,666	-	4,767,253
Woodrow Wilson Middle School	12,500	11,526,144	144,766	-	11,683,410
Crystal Spring School	153,444	3,436,163	72,809	6,919	3,669,335
Fairview School	21,566	5,206,687	137,635	-	5,365,888
Fallon Park School	13,700	4,045,346	142,715	2,785	4,204,546
Fishburn Park School	4,236	3,465,087	108,540	-	3,577,863
Forest Park School	27,992	3,920,916	86,880	-	4,035,788
Garden City School	26,850	3,607,188	118,277	-	3,752,315
Grandin Court School	33,700	2,706,239	56,143	341,365	3,137,447
Highland Park School	600	4,245,408	61,060	19,367	4,326,435
Huff Lane School	22,000	2,055,093	63,297	-	2,140,390
Hurt Park School	2,085	3,086,901	49,997	-	3,138,983
Lincoln Terrace School	18,000	3,046,138	146,996	-	3,211,134
Monterey School	15,000	8,116,773	59,071	198,342	8,389,186
Morningside School	22,700	2,781,134	137,648	308,293	3,249,775
Oakland School	78,727	2,085,705	83,447	3,645	2,251,524
Preston Park School	33,956	2,706,309	52,646	104,561	2,897,472
Raleigh Court School	18,750	1,173,029	73,198	-	1,264,977
Roanoke Academy for Math and Science	15,000	14,429,750	174,944	-	14,619,694
Round Hill School	47,790	1,822,699	55,937	27,847	1,954,273
Virginia Heights School	32,750	3,101,952	92,432	6,696	3,233,830
Wasena School	20,000	4,224,095	68,177	14,775	4,327,047
Westside School	45,000	6,507,663	156,892	118,125	6,827,680
Governor's School for Math and Science	-	4,225,602	121,713	-	4,347,315
Gibboney	-	-	313,953	-	313,953
Coyner Spring	-	-	15,400	-	15,400
School Administration	8,050	1,171,827	1,500,545	16,056	2,696,478
Warehouse	-	-	85,289	-	85,289
School Operations	-	-	1,063,396	-	1,063,396
School Transportation	360,000	2,042,170	50,928	-	2,453,098
Jefferson Center	184,309	1,248,251	-	-	1,432,560
Total Capital Assets	\$ 1,618,557	\$ 266,803,499	\$ 7,592,532	\$ 5,988,591	\$ 282,003,179

Note: Land, buildings, structures, and construction in progress are owned by the City of Roanoke on behalf of the Roanoke City Public Schools and, as such, are not included in the basic financial statements of the School Board of the City of Roanoke. Equipment of the School Board is shown by location without any adjustment for accumulated depreciation. This schedule is presented only for informational purposes.

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COMPLIANCE SECTION



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THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
Schedule of Expenditures of Federal Awards
For the Year Ending June 30, 2011
(Unaudited)

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Expenditures
<u>Department of Agriculture</u>			
Passed Through Commonwealth of Virginia Department of Agriculture:			
National School Lunch Program - Commodities (1)	--	10.555	\$ 405,720 \$ 405,720
Passed Through Commonwealth of Virginia Department of Education:			
School Breakfast Program	--	10.553	\$ 1,132,258 \$ 1,132,258
National School Lunch Program	--	10.555	\$ 3,577,226 \$ 3,577,226
<u>Department of Defense</u>			
Direct Program:			
Selected Reserve Educational Assistance Program (ROTC)	--	12.609	\$ 104,691 \$ 104,691
<u>Department of Education</u>			
Direct Programs:			
Title VIII - Impact Aid 2011	--	84.041	\$ 23,074 \$ 23,074
Readiness and Emergency Management 2009	Q184E080451	84.184	\$ 199,959 \$ 199,959
Passed Through Commonwealth of Virginia Department of Education:			
Fresh Fruit and Vegetable Program - Hurt Park 2011	--	10.582	\$ 20,756 \$ 20,756
Adult Basic Ed 2010	V002A080046	84.002	\$ 39,980
Adult Basic Ed 2011	V002A090046	84.002	143,417 \$ 183,397
Title I-A Improving Basic Programs 2010	S010A090046	84.010	\$ 2,627,721
Title I-A Improving Basic Programs 2011	S010A100046	84.010	2,800,846
Title I-A School Improvement 2010	124-42892-S010A080046	84.010	136,741
Title I-A School Improvement 1003(a) 2011	124-S010A090046-42892	84.010	346,027
Title I-A Distinguished School - Highland Park 2011	42999-124-S010A090046	84.010	6,964 \$ 5,918,299
Title I-D SOP Detention Center Reading Prog 2010	S013A090046	84.013	\$ 5,376
Title I-D SOP Detention Center Reading Prog 2011	S013A100046	84.013	59,205 \$ 64,581

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
Schedule of Expenditures of Federal Awards
For the Year Ending June 30, 2011
(Unaudited)

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Expenditures
IDEA Part B, Section 611 Flow Through 2010	H027A090107	84.027	\$ 1,681,624
IDEA Part B, Section 611 Flow Through 2011	H027A100107	84.027	\$ 26,996
Juvenile Detention Home Staff Development 2010	124-61263-H027A090107	84.027	25,000
Virginia Incentive Program for Speech-Language Pathologists 2011	124-87138-H027A100107	84.027	12,000
			<u>\$ 1,745,620</u>
Perkins Act Fund 2011	V048A100046	84.048	\$ 353,737
			<u>\$ 353,737</u>
Idea Part B, Section 619 Preschool 2009	H173A080112	84.173	185
IDEA Part B, Section 619 Preschool 2010	H173A090112	84.173	\$ 99,462
IDEA Part B, Section 619 Preschool 2011	H173A100112	84.173	4,552
			<u>\$ 104,199</u>
Title IV-A Drug Free Schools 2010	Q186A090048	84.186	\$ 50,055
			<u>\$ 50,055</u>
Title X-C McKinney-Vento Homeless 2011	G12411	84.196	\$ 50,000
			<u>\$ 50,000</u>
Passed Through Commonwealth of Virginia Department of Education (continued):			
Title IV-B CLC - Addison Yr 1 2011	S287C100047	84.287	\$ 152,132
Title IV-B CLC - Addison Yr 3 2009	S287C080047	84.287	22,050
Title IV-B CLC - Hurt Park Yr 1 2010	S287C090047	84.287	47,699
Title IV-B CLC - Hurt Park Yr 2 2011	S287C100047	84.287	112,592
Title IV-B CLC - Jackson Yr 1 2010	S287C090047	84.287	55,406
Title IV-B CLC - Jackson Yr 2 2011	S287C100047	84.287	89,986
Title IV-B CLC - Lincoln Terrace Yr 1 2011	S287C100047	84.287	74,715
Title IV-B CLC - Morningside Yr 1 2011	S287C100047	84.287	135,784
Title IV-B CLC - Breckinridge Yr 2 2010	S287C090047	84.287	14,109
Title IV-B CLC - Breckinridge Yr 3 2011	S287C100047	84.287	159,064
Title IV-B CLC - Westside Yr 1 2010	S287C090047	84.287	24,058
Title IV-B CLC - Westside Yr 2 2011	S287C100047	84.287	169,149
			<u>\$ 1,056,744</u>
Title II-D Enhancing Education Thru Tech 2010	S318X090046	84.318	\$ 300
Title II-D Enhancing Education Thru Tech 2011	S318X100046	84.318	14,764
NCLB Title II-D Educ Tech Competitive 2010	S318X090046	84.318	44,973
			<u>\$ 60,037</u>
Title I-G Advanced Placement Program 2010	--	84.330	\$ -
			<u>\$ -</u>
Title III-A Limited English Proficient 2009	T365A080046	84.365	\$ 23,978
Title III-A Limited English Proficient 2010	S365A090046	84.365	32,841
			<u>\$ 56,819</u>
Title II-A Improving Teacher Quality 2010	S367A090044	84.367	\$ 541,484
Title II-A Improving Teacher Quality 2011	S367A100044	84.367	644,712
			<u>\$ 1,186,196</u>
Striving Readers Intervention Initiative 2010	S371A090001	84.371	\$ 584,308
			<u>\$ 584,308</u>
Title I-A School Improvement 1003(g) 2009	S377A080047	84.377	\$ 32,185
Title I-A School Improvement 1003(g) 2011	S377A090047	84.377	167,455
			<u>\$ 199,640</u>

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA
Schedule of Expenditures of Federal Awards
For the Year Ending June 30, 2011
(Unaudited)

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Expenditures
ARRA Title II-D Enhancing Educ Thru Tech 2010	S386A090046	84.386	\$ 26,764
ARRA Title II-D Educ Tech Competitive 2010	S386A090046	84.386	0
			<u>\$ 26,764</u>
ARRA Title X-C McKinney-Vento Education for Homeless Children & Youth 2010	G124ARRA	84.387	\$ 3,265
			<u>\$ 3,265</u>
ARRA Title I-A School Improvement 1003(g) - Westside 2011	S388A090047	84.388	\$ 376,011
			<u>\$ 376,011</u>
ARRA Title I-A Improving Basic Programs 2010	S389A090046	84.389	\$ 2,104,519
			<u>\$ 2,104,519</u>
ARRA IDEA Part B, Section 611 Flow Through 2010	H391A090107	84.391	\$ 2,573,795
			<u>\$ 2,573,795</u>
ARRA IDEA Part B, Section 619 Preschool 2010	H392A090112	84.392	\$ 90,952
			<u>\$ 90,952</u>
ARRA State Fiscal Stabilization Funds 2010 (Phase I)	S394A090047	84.394	\$ 451,596
ARRA State Fiscal Stabilization Funds 2010 (Phase II)	S394A090047	84.394	2,524,602
ARRA State Fiscal Stabilization Funds 2010 (Phase III)	S394A090047	84.394	1,347
			<u>\$ 2,977,545</u>
ARRA Education Jobs Fund 2011	S410A100047	84.410	\$ 1,212,638
			<u>\$ 1,212,638</u>

Department of Medical Assistance Services

Passed Through Commonwealth of Virginia
Department of Medical Assistance Services:

FAMIS Reimbursement 2010	--	93.767	\$ 2,899
			<u>\$ 2,899</u>
Medicaid Reimbursement 2010	--	93.778	\$ 269,659
			<u>\$ 269,659</u>

United States Environmental Protection Agency

Direct Program:

EPA Environmental Education 2011	NE-97394401-0	66.951	\$ 19,008
			<u>\$ 19,008</u>

Grand Total Federal Financial Assistance

\$ 26,734,371

Notes:

- (1) The value reported for disbursements, with respect to commodities distributed by the Federal government, is fair market value as furnished by the respective department of the Federal government.
- (2) Expenditures represent only the federally-funded portions of the program.
- (3) RCPS used the federal indirect cost rates as furnished by the Virginia Department of Education. The restricted and unrestricted rates are 4.0% and 21.6%, respectively.

**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**

To the Honorable Members of the School Board
City of Roanoke, Virginia

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board of the City of Roanoke, Virginia (the "School Board"), a component unit of the City of Roanoke, Virginia, as of and for the year ended June 30, 2011 which collectively comprise the School Board's basic financial statements and have issued our report thereon dated October 31, 2011. 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*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the School Board'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 School Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control over financial reporting.

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

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 School Board'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*.**

We noted certain matters that we reported to management of the School Board in a separate letter dated October 31, 2011.

This report is intended solely for the information and use of the audit committee, management, the School Board, 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.

Brown, Edwards & Company, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
October 31, 2011

**INDEPENDENT AUDITOR'S 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**

To the Honorable Members of the School Board
City of Roanoke, Virginia

Compliance

We have audited the compliance of the School Board of the City of Roanoke, Virginia (the "School Board"), a component unit of the City of Roanoke, Virginia, 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 its major federal programs for the year ended June 30, 2011. The School Board's major federal programs are identified in the summary of auditor's 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 School Board's management. Our responsibility is to express an opinion on the School Board'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 School Board'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 of the School Board's compliance with those requirements.

In our opinion, the School Board complied, in all material respects, with the 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, 2011.

Internal Control over Compliance

Management of the School Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School Board'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 School Board's internal control over compliance.**

A deficiency in internal control over compliance 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, 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 a 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 the audit committee, management, the School Board, 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.

Brown, Edwards & Company, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
October 31, 2011

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA

SUMMARY OF COMPLIANCE MATTERS

June 30, 2011

As more fully described in the 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*, we performed tests of the School Board's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia

Budget and Appropriation Laws

Cash and Investment Laws

Conflicts of Interest Act

Local Retirement Systems

Procurement Laws

State Agency Requirements

Education

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal programs selected for testing.

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unqualified opinion** on the financial statements.
2. **No significant deficiencies** relating to the audit of the financial statements were reported in the 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*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies** relating to the audit of the major federal award programs were reported in the Independent Auditor's 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.
5. The auditor's report on compliance for the major federal award programs expresses an **unqualified opinion**.
6. The audit disclosed **no audit findings relating to major programs**.
7. The major programs of the School Board are:

Name of Program	CFDA #
Special Education – IDEA Part B Section 619 Preschool – ARRA	84.392
Title I	84.010
Title I – ARRA	84.389
Special Education – IDEA Part B 611 Flow Through	84.027
Special Education – IDEA Part B Section 619 Preschool	84.173
Special Education – IDEA Part B Section 611 Flow Through – ARRA	84.391
National School Lunch Program	10.555
School Breakfast Program	10.553
State Fiscal Stabilization Funds 2010 – ARRA	84.394
Education Jobs Fund 2011 – ARRA	84.410

8. The threshold for distinguishing Type A and B programs was \$802,031.
9. The School Board of the City of Roanoke was **not** determined to be a **low-risk auditee**.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

D. FINDINGS AND QUESTIONED COSTS – COMMONWEALTH OF VIRGINIA

None

(Continued)

THE SCHOOL BOARD OF THE CITY OF ROANOKE, VIRGINIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2011

A. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

10-1: Submission of Single Audit Reporting Package

Condition:

As a result of delays with completion of the 2009 financial audit and the ineligibility of the Schools to request an extension due to not low risk status of the City, the required Single Audit reporting package, including audited financial statements and the Data Collection Form, was not filed with the Federal Audit Clearinghouse until after the nine month deadline.

Current status:

The 2010 reporting package was filed timely.