Comprehensive Annual Financial Report

ROANOKE

City of Roanoke, Virginia

Fiscal Year Ended June 30, 2010

Cover photograph by Mark Deardorff
Technical Services Administer, Department of Technology.

Pictured on cover: David R. and Susan S. Goode Rail Walk stretching approximately 1/3 of a mile along active Norfolk Southern mainline tracks in the heart of downtown Roanoke, the Railwalk connects the O. Winston Link Museum and the Virginia Museum of Transportation. The Railwalk is part museum, with numerous rail artifacts, interactive exhibits, and story boards, and part linear park with great vantage points for watching modern operating trains.

City of Roanoke, Virginia

Comprehensive Annual Financial Report

For the Fiscal Year July 1, 2009 to June 30, 2010

Prepared by the City of Roanoke Department of Finance

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INTRODUCTORY SECTION

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November 29, 2010

The Honorable Mayor, Members of the City Council and Citizens of Roanoke, Virginia:

In accordance with Section 25.1(f) of the Roanoke City Charter, we are pleased to present the City of Roanoke (the City) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. The Charter requires the City to issue an annual report on its financial position and activity and that the financial statements included in the report be audited by an independent firm of certified public accountants. This report was prepared by the Department of Finance in conformity with U.S. generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB), and the financial statements included in the report were audited by KPMG LLP.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. The data as presented is accurate in all material respects and is reported in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of the various funds and component units. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included.

The CAFR is presented in the following three sections:

(1) Introductory Section – This section is unaudited and includes this letter of transmittal, the City's Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting, a list of the City's principal officials and an organizational chart;

(2) Financial Section – This section includes the independent auditors' report on the basic financial statements, management's discussion and analysis (MD&A), basic financial statements, notes to the basic financial statements, required supplementary information and combining fund financial statements;

(3) Statistical Section – This section is unaudited and includes selected financial and demographic information, generally presented on a multi-year comparative basis.

GAAP require 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). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of the Government

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. Its position in the southeastern United States gives the City ready access, within a day's drive, to nearly one-half of the total population of the United States. In addition, the City lies at the region's crossroads of major rail and highway systems, making it the principal trade, industrial, transportation, medical and cultural center of western Virginia.

Chartered by the Commonwealth of Virginia as a city in 1882, Roanoke encompasses a land area of forty-three square miles and operates under a council-manager form of government. The City's 2009 estimated population, 93,304 accounts for just under 31 percent of the population in its metropolitan statistical area (MSA), which includes the neighboring Cities of Salem and Vinton; and the Counties of Roanoke, Botetourt, Craig, and Franklin.

The primary government provides a full range of services including general government administration, public safety, public works, recreational activities, judicial administration, health and welfare activities, and community development activities. The City also owns and operates a civic center, several parking facilities, and a historic market building which contains retail space and a food court.

The financial reporting entity reflected in the CAFR, which is more fully described in Note 1 to the basic financial statements, conforms to the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39. The accounting and reporting principles of the GASB are based on the fundamental concept that publicly elected officials are accountable to their constituents, and the financial statements should emphasize the primary government and permit financial statement users to distinguish between the primary government and its component units. There are several commissions and authorities where the City's accountability is limited to appointments to, or seats on, the respective boards. The City does not exercise financial or administrative control over these entities, so they are excluded from this report.

The City's reporting entity includes one blended and one discretely presented component unit. A component unit is a legally separate entity which meets one of three conditions: the governing board is appointed by the primary government, the entity is fiscally dependent on the primary government, or excluding the entity could potentially result in misleading financial reporting. The component unit should be blended with the primary government if the entities share a governing body and if the component unit almost exclusively provides services or benefits to the primary government; otherwise, it must be presented discretely.

The blended component unit is the City-owned Greater Roanoke Transit Company (Transit Company) which is responsible for managing Roanoke's mass transit system. It is reported as an enterprise fund of the primary government.

The discretely presented component unit is the School Board of the City of Roanoke (School Board). The School Board is comprised of seven members, appointed by City Council, to oversee operation of the City's school system. The school system receives significant financial support from the City. The School Board is presented in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government and to differentiate its financial position and results of operations from that of the primary government.

The annual budget document contains the financial policies of the City and reflects the balance between total proposed expenditures and total anticipated revenues. As required by City Code, the City Manager submits a recommended budget to City Council at least sixty days prior to the beginning of the fiscal year beginning July 1st. After an extensive study process and a public hearing to receive citizen input, the City Council adopts the budget on or before May 15th.

Economic Condition and Outlook

Fiscal year 2010 revenues reflect an established local economy, though performance has been significantly impacted by the recent economic downturn. General Fund revenues as a whole declined approximately 2% compared to FY09. The real property tax provided slight growth in revenue, as a result of growth in assessed values and new construction. Real property taxes provided approximately 31% of total General Fund revenues. The taxable real property base grew 2% for FY10. This increase was offset by the decline in many of the City's other local tax revenues. Fiscal year 2010 was challenging due to the economic environment which negatively impacted local taxes. Personal Property Tax revenues fell approximately 6% during the year. The decline in this local tax occurred as a result of lower billings on newly added vehicles in the City's base and resulted in an increase in the personal property tax relief percentage for all applicable vehicles. Sales Tax revenues declined over 11% from FY09 as a result of economic conditions and decreased consumer spending. Prepared Food and Beverage Tax revenues dropped nearly 3% during the

year. This revenue is also heavily impacted by consumer spending. Business and Professional Occupational Tax revenues fell almost 7% during the year. This tax is based on the gross receipts of businesses, and therefore negatively affected by the economy.

Current economic trends for the U.S. economy reflect rising unemployment, decreases in new home construction, increases in food and energy costs, and decreases in retail sales and food services. These economic conditions are expected to impact future revenues of the City. The City regularly assesses the influence of economic factors and makes budgetary adjustments as necessary to ensure that key services remain uninterrupted and that the City continues to remain financially stable.

During the fiscal year 2010, the City of Roanoke issued $1,625,000 of General Obligation Public Improvement Bonds, Series 2010A. The bonds were issued to finance capital improvements for the Market Garage. Also, the City issued $2,680,000 of Series 2010B Recovery Zone Economic Development Bonds which were made possible through provisions of the American Recovery and Reinvestment Act of 2009 to finance the current costs of the Roanoke River Flood Reduction Project. Additionally, the City was able to realize present value savings with a $43.3 million refunding issue which refinanced portions of outstanding Series 2002A, Series 2004B, Series 2006A, and Series 2008 bonds.

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. New businesses and expansion of existing businesses are discussed in a subsequent section.

Challenges the City addressed during the year included statewide budget reductions by the Commonwealth of Virginia, an increased need for unemployment and social services, workers' compensation, snow removal, capital maintenance and equipment replacement, new financial requirements for internally generated capitalized software, and technology enhancement projects.

During the fiscal year 2011 budget process, the City was faced with financial challenges of lower local tax revenues driven by the economic down turn and reductions by the Commonwealth. The food and beverage tax rate was raised by $0.02 with a sunset provision in 2012 in order to increase local funding to Roanoke City Public Schools. The City continued funding for debt service and core services for public safety. However, significant program reductions were made to balance the overall City budget. Specifically, reduced funding for capital replacement, capital maintenance and services such as bulk and brush pick up were made. The City continually looks for ways to meet citizen needs with efficient and effective use of resources.

Major Initiatives

Employment

Roanoke is committed to creating jobs for its citizens and generating new sources of tax revenue by strengthening and diversifying the local economy. The Roanoke Metropolitan Statistical Area unemployment rate was 7.5% as of June 2010. This was lower than the federal unemployment rate but slightly higher than the state unemployment rate for this time period. Employers in the City of Roanoke provided over 30% of all jobs in the Roanoke Valley as of June 2010. In response to rising unemployment within the City and its surrounding Metropolitan Statistical Area, the Department of Economic Development held three job fairs in September, December, and March at the Roanoke Civic Center in fiscal year 2010.

Economic Development

Roanoke is the center of a strong region, boasting a creative, diverse, sustainable economy. The City stimulates and supports economic development for the purpose of attracting new businesses and encouraging the expansion of existing businesses. As part of that initiative, the City has two established Enterprise Zones. Businesses located within the boundaries of Enterprise Zones may qualify for state or local incentives. In fiscal year 2010, $281,740 was awarded in Enterprise Zone Grants. Coca-Cola Bottling Company, Member One Federal Credit Union and the Roanoke Sheraton Hotel & Conference Center are a few of the Enterprise Zone Activities for this calendar year.

The City development and expansion of the Riverside Center for Research & Technology (RCRT) is almost complete. RCRT expanded the South Jefferson Street corridor with a medical school, outpatient clinic, and nearby hotel. Current tenants include the Carilion Biomedical Institute (CBI), Luna Innovations, and Medical Enzymatics. A 1,500 space parking garage is operational to support planned development in the project area. A 127 room Cambria Suites Hotel, a limited-service, and all-suite hotel was finished and open for business. The Carilion Clinic, a 250,000 square foot medical outpatient facility clinic that houses various medical specialists, opened to patients in September 2009. Virginia Tech Carilion School of Medicine and Research Institute, a four-year medical school and research institute, was completed and classes began in late summer of 2010. In addition to RCRT, the former Roanoke City Mills and Virginia Metal sites were acquired with plans to make the sites available for redevelopment. Demolition of the Roanoke City Mills property has been completed and the Virginia Scrap Metal is anticipated to be demolished in the late fall of 2010.

The District at Valley View continues its expansion and development, offering eye-catching storefronts, extensive landscaping and pedestrian-friendly walkways. The District at Valley View was constructed in 2007 to enhance the popular Valley View Mall. The two areas, combined, offer six anchor stores, over 100 specialty shops, and many restaurants. The Valley View Mall, a dominant regional shopping center,

provides 877,000 square feet of retail space. Valley View Mall is owned and operated by CBL & Associates Properties Inc. which continues to display confidence in the Roanoke retail market. The District of Valley View adds improved traffic control and expanded the shopping area 76,000 square feet with restaurants and specialty shops.

Environment

The City is committed to greener living, as evidenced by its Clean and Green Campaign which implemented a number of projects aimed at reducing its carbon footprint. Effective July 1, 2007, the City began offering a reduced real estate tax rate of $1.07 per $100 assessed value for energy-efficient buildings that exceed certain efficiency standards. Property owners that have demonstrated their building meets the standards receive the reduced rate for a term of five years. Other strides toward greener living include the curbside recycling program. In fiscal year 2010, the City achieved a record-high recycling rate of 48.7%. The City promotes and protects the natural environment which is important to the quality of life for the citizens of Roanoke. The practice of environmental protection protects the environment, individual, organizations, and/or government levels for the benefit of the natural environment. During fiscal 2010, City Council approved the establishment of a conservation easement on a major portion of Mill Mountain. This places additional environmental protection on Mill Mountain's slopes. A portion of the Mill Mountain property was excluded to allow for limited future development.

Downtown Area

The City also promotes development and ease of access to its downtown. The Roanoke City Market Building, a historic downtown structure that houses a variety of food vendors, is under renovation. The renovation will provide replacement of aging utility infrastructure and improved streetscape surrounding the building. The final plans and specification for the Market Building renovation were completed in late May 2010. The Roanoke City Market Building Renovation construction started in the early part of September 2010. The goal of the City is to restore the City's Market Building to its former prominence while upgrading infrastructure and amenities to create a centerpiece for the vibrant future of the downtown area and region. Renovations of the building will restore the historic character of the City Market Building. The expected completion and re-opening to the public is scheduled in July 2011.

In addition to the Market Building, private development has continued in the downtown area. The Patrick Henry Hotel is being renovated. The Patrick Henry Hotel opened nearly 90 years ago. The hotel has been completely vacant since 2007, and the 240-room hotel has not been used to its full potential for many years. Many items in the hotel building are of historical significance and will remain throughout the renovation. All ten floors of the hotel are under renovation for a new interior design. A new roof was put into place, and 133 apartments have been framed. The project completion date is May 2011. When the project is complete,

it will include a lobby bar, restaurant, and apartments units. The downtown area also has many cultural options such as The Taubman Museum of Art and the Center in the Square which is home to art, science and history museums.

The City has worked diligently to address the parking and transportation needs of citizens and visitors in the downtown area. Valley Metro transports Medicare card holders, persons age 65 or older, and disabled persons, at a discount rate of half the regular fare. During FY10, Valley Metro riders age 18 and under were eligible for free bus rides when they presented a school-issued identification card. Younger students are free, but must be accompanied by a paying adult passenger. The Star Line Trolley is public transportation that serves the corridor of retail businesses, schools, libraries, restaurants, and lodging along Jefferson Street between the downtown area and Carilion Roanoke Memorial Hospital. The Trolley service began in November 2008 and is free of charge to riders. The Market Garage, which serves the Center in the Square, market plaza, and various downtown shops, is completing a major renovation to upgrade the facility and develop retail space within the building. The parking garage renovation increased the number of parking spaces and enhances the overall City Market area.

The Kirk Family YMCA is expanding their downtown facilities. The facility opened in the fall of 2004 and replaced the old YMCA building across Fifth Street. The expansion comes at a time when the YMCA has reached a membership of more than 7,000. The YMCA has to expand their facilities in order to keep up with membership growth. Once the expansion is complete, the building size will increase by 10,000 square feet. The first phase of the expansion includes doubling the size of the wellness center, installing new automatic doors and improving lighting. The second phase includes adding a new youth center and expanding the exercise studio and Child Watch center. The groundbreaking for the expansion is scheduled for late spring 2011.

Neighborhood Improvements

The City promotes developing all of Roanoke's neighborhoods into vibrant, sustainable places for people of all ages, ethnicity, lifestyles, and income to live, work, visit, and play. The 11th annual Virginia Statewide Neighborhood Conference was held in September 2010 at the Hotel Roanoke, hosted by the City of Roanoke. There were over 240 attendees who were able to choose from a variety of workshops reflecting neighborhood issues, strategies for improving community leadership, and maintaining one's personal safety. The 2010 Virginia Statewide Neighborhood Conference presented many awards. Among the awards, the Roanoke Neighborhood Revitalization Partnership/Hurt Park received the neighborhood project of the year award and the Old Southwest neighborhood organization received the neighborhood organization of the year award.

The Roanoke River Flood Reduction project is continuing in partnership with the United States Army Corps of Engineers. The completion of construction for the Roanoke River Flood Reduction is expected in spring 2012. The City and Federal government committed to approximately $23.5 million and $42.3 million, respectively, over the duration of this project, which began in June 1990. The project consisted of a combination of channel widening and levy construction along nine miles of the Roanoke River within the City. Its purpose was to reduce annual flood damage along the river by approximately 50%, which is significant to many areas of Roanoke including much of downtown. Residents located in the hardest hit flood zone have had their homes purchased through the plan and have been successfully relocated with the aid of relocation assistance funds. In addition, greenway trails are being built parallel to the bench cuts, running along the river. These trails make undeveloped space available for rising river levels when needed, beautify the riverfront areas of the City, and provide accessible recreational space to residents. When complete, the greenway trails will stretch approximately ten miles along the Roanoke River, extending from Southeast Roanoke to the City of Salem.

The City is committed to expanding the community's housing options and diversifying housing opportunities in both the market-rate and affordable sectors. For example, The Downpayment Assistance Program allowed 52 families to become homeowners, with federal Community Development Block Grant (CDBG) and Home Investment Partnership Program funds. Currently, the City's Hurt Park neighborhood is the focus of such revitalization activities. The Hurt Park/Mountain View/West End Neighborhood Plan is a component of Vision 2001-2020, the City's 20-year comprehensive plan, and provided the groundwork for implementing the revitalization effort. In developing the neighborhood plan, staff studied current neighborhood conditions, with particular emphasis on land use patterns, housing, and infrastructure needs. Residents were involved through tours and a series of workshops. Major issues identified through the process include attracting more homeowners, improving the area's appearance, infrastructure improvements, and zoning changes that will encourage the development of vacant lots and rehabilitation of substandard structures. The Hurt Part Revitalization Initiative administered $6 million in federally and privately funded projects to improve the Hurt Part neighborhood in 2009 and 2010.

Awards

The City continues to receive positive national publicity for the quality of life enjoyed by its citizens and potential business prospects. Readers of *Kiplinger's Personal Finance* magazine awarded Roanoke second place nationwide in the 2010 Readers' Choice award for Best Places to Live. Roanoke ranked among the best places to open a restaurant per the Restaurant Growth Index, an exclusive market analysis report in 2010 compiled by Nielsen Claritas. The Roanoke Police Department received second place in the 2010 Virginia Law Enforcement Challenge, an award sponsored by the Virginia Association of Chief's of Police to recognize departments that enhance traffic safety. The Roanoke Police Department was featured in *Police*

Chief Magazine for its innovation and advancements in eyewitness identification. The City of Roanoke was awarded 2nd Place in the Center for Digital City's Digital City 2010 Survey in the 75,000-125,000 population categories. Roanoke's clean and Green Campaign was recognized as the "Most Sustainable Community Program in Virginia" by the Virginia Sustainable Building Network.

In 2009, Roanoke's Residential Pattern Book won the American Planning Association Virginia Chapter Innovation Award and the Roanoke Valley Preservation Association Education Award. Presented with their sixth Pride Award, the Hotel Roanoke and Conference Center is one of the top 10 hotels within the Doubletree brand and has received the Awards of Excellence in Hospitably, Food, Beverage and Housekeeping award in 2010. The League of American Bicyclists named Roanoke a Bicycle Friendly Community with a Bronze status in 2010. The City's Parks and Recreation Department was named a Start Smart All-Star Program by the National Alliance for Youth Sports (NAYS) in 2010, one of the only two named from Virginia.

Prospects for the Future

The City's Comprehensive Plan, Vision 2001, was adopted to guide development decisions for our city's future. Following the adoption of the Plan, the City adopted a major rewrite of the zoning ordinance, creating the zoning parameters necessary for village centers, live-work space, design overlays, and other elements of the Comprehensive Plan.

The City of Roanoke promotes life long learning for all citizens. The Library Master Plan will enhance the delivery of programs and services throughout the community. The City has completed expansion and renovation of the Jackson Park and Gainesboro libraries and the establishment of two E-Branch service points, which are an extension of the public library system through state of the art electronic kiosks, serving citizens at Valley View Mall and the Garden City Recreation Center. Currently in the capital improvement program is a full-service facility and renovations to an existing facility or the opening of a storefront branch.

The City is committed to improving its Fire-EMS and Police facilities. Construction of the Melrose Station was completed in late June 2010. The Melrose Station was part of a plan to consolidate the 12th Street and Loudon Avenue and the 24th Street stations into a new facility along with a police substation. The facility provides increased capacity to house modern firefighting equipment. The Melrose station will also house the department's new Pierce Ladder Truck. The Roanoke Police Academy was complete in January 2010. The new Academy, constructed under a Public-Private Educational Facilities Infrastructure Act arrangement, will provide facilities for training all sworn officers and civilian members of the Police Department. The newly renovated Police Academy provides adequate space to meet current and future training needs.

The City continues to make a substantial investment in Roanoke City Public Schools, both operationally and in support of school capital projects. Currently underway is the School Energy Project. The project consists of heating, ventilation and air conditioning, lighting and plumbing improvements at four elementary schools.

The City continues to plan for its future and provide the necessary funds to not only protect its current assets, but also to create new opportunities. The City of Roanoke's Comprehensive Plan, Vision 2001 – 2020, provides goals for development of the City over a 20 year period which began in 2001. The plan supports our conviction that Roanoke's sustainability is measured not only by the health of its economy but also by its quality of life. Economic prosperity can be continued and enhanced by supporting our cultural and entertainment amenities, education, and other services. Protecting our natural environment, supporting a wide range of cultural and entertainment amenities, maintaining a first-class educational system, and providing ongoing educational opportunities will be the building blocks for attracting new residents and businesses. This approach has served the City well and will continue to be the basis for additional growth.

Accounting System and Budgetary Controls

The City has established a comprehensive internal control framework designed to both safeguard the government'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 City's basic financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City'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 City has been upgrading and replacing a number of its financial systems with the goals of obtaining enterprise functionality and of utilizing technology that maximizes the user's ability to retrieve data. The systems included in the scope of this project include financial, budget, and tax/treasury. All financial and accounting records of the City are currently maintained on the Advantage Financial System, a product of CGI, designed especially for local governments. Advantage is a browser based integrated financial management system supporting the requirements for local government accounting and reporting established by the GASB. This system includes the base financial system as well as the purchasing and fixed assets subsystems. The core financial system was upgraded in July 2006 and will again be upgraded by the end of 2011.

The budget preparation system, which was implemented in December 2005, supported the development of the FY 2010-2011 budget by key business and business activity. For FY12 budget development, the budget preparation system is being supplemented by a web-based system which will support the development of the budget through the Budgeting for Outcomes process. This process aligns the purchase of goods and services

with the seven priority areas established by City Council. They are Economy, Education, Good Government, Human Services, Infrastructure, Livability and Safety.

The replacement of the tax/treasury system will be completed in three phases. The first phase was completed in FY10 and included real estate taxes and cashiering functionality. Phases two and three include personal property taxes and business taxes. Lawson Software, Inc payroll/human resources system was implemented in April 2010.

City of Roanoke Pension Plan

The City of Roanoke Pension Plan is a self-administered, multiple-employer retirement plan, which covers all City employees except the Sheriff's employees, who participate in the Virginia Retirement System. The City funds the pension plan on an actuarial basis. The City's actual contribution of $9,203,029 was in excess of the plan's required contribution of $8,576,364. Consistent with prior years, the City continues to fully fund its pension plan at the actuarially recommended rate; however, the City of Roanoke funded at a higher rate in FY10 in anticipation of market decline's that would negatively impact the plan. As of June 30, 2010, the funded ratio of the actuarial value of assets was 82.3% of the accrued liability. Additional information is available in Note 12 to the basic financial statements and in the separately issued Comprehensive Annual Financial Report of the City of Roanoke Pension Plan.

Other Post-Employment Benefits (OPEB)

The City of Roanoke continued to meet OPEB obligations. GASB Statement No. 45 established standards for the measurement, recognition, and display of OPEB expense and related liabilities, note disclosures and other required information. As required by the statement, the City actuarially determined the total estimated future OPEB costs. The City fully funded the annual required contribution for fiscal year 2010, and therefore does not have a liability to report under this statement. The City's annual OPEB cost is calculated based on the annual required contribution of the employer. Additional details of the City's OPEB costs can be found in Note 13 to the basic financial statements.

Capital Financing and Debt Service

Council has adopted a debt policy which includes the following guidelines: (a) net debt will not exceed 5% of assessed value of real estate; (b) 50% or more of aggregate outstanding principal will be redeemed within ten years; and (c) non-proprietary general obligation debt services shall not exceed 10% of General Fund expenditures. The City monitors these ratios to ensure ongoing compliance with the debt policy. Additional disclosures regarding the City's long-term obligations are provided in the MD&A, Notes 9 and 10 to the basic financial statements, and Tables 13 through 17 in the Statistical section.

On November 1, 2010 for fiscal year 2011, changes to a number of City Financial policies were adopted by City Council which included changes to debt policies. The following self-imposed debt policies changed; net tax-supported debt as a percentage of the total taxable assessed value in the City will not exceed 4%, and net tax-supported debt will be structured in a manner such that not less than 60% of the aggregate outstanding tax-supported will be retired with ten years. The debt policy is intended to demonstrate a commitment to long-term financial planning.

In conjunction with the preparation of an annual operating budget, the City prepares a five-year Capital Improvement Program Update. This specifies the capital improvement and construction projects which will be funded over the upcoming five-year period in order to maintain or enhance the City's $584 million in capital assets. Detailed project descriptions, cost estimates, and funding sources are included. The City's Capital Improvement Program for FY 2011 through FY 2015 represents $73 million of public improvements to the City's schools, public buildings, infrastructure, parks and various economic development projects. Resources accumulated to meet these priority needs are accounted for in the Capital Projects and Proprietary Funds.

Cash Management

As discussed more fully in Notes 1 and 2 to the basic financial statements, the City utilizes the pooled cash concept in order to maximize investment flexibility and achieve the best possible investment return. The City obtains the highest rate available by utilizing competitive bidding for investments among banks, professional money managers, and participation in state investment pools. Cash temporarily idle during the year is invested in instruments as allowed by the Code of Virginia, Chapter 3, Title 26, and in accordance with the City's investment policy. The objectives of this policy are to invest the maximum available funds while providing sufficient flexibility to meet cash requirements. Additionally, the policy strives to assure security of principal and to obtain the highest competitive yield on investments. The Cash and Investment Committee meets at least quarterly to evaluate investment performance and possible deposit and investment risks and associated mitigating measures.

Risk Management

The City's risk management program is designed to protect against accidental losses that would affect the City's ability to fulfill its responsibility to the taxpayers and the public. The City is self-insured for workers' compensation and certain property and liability claims. To limit its exposure to the various risks of loss the City carries several types of insurance, including stop loss insurance to limit exposure to workers' compensation losses. The City is self-insured for employee health insurance with stop loss provisions to limit catastrophic claims.

The Risk Management Division manages the self-insurance programs with the assistance of third-party administrators. Revenues are generated through charges to employees and departments to pay for claims costs. An actuarial evaluation is performed annually by a third party actuary to ensure the City's accrued liability for unpaid losses is adequate.

To compliment its risk management program, the City provides an extensive wellness program, including an on-site physician, coordinated by the City's Employee Health Services office. Additional disclosures regarding the City's risk management program are provided in Note 15 to the basic financial statements.

Auditing

City Charter § 25.2 provides for a Municipal Auditor appointed by City Council and reporting to the Audit Committee. The Municipal Auditor provides a continuing review of the internal controls and financial operations of the City, the Transit Company, and Roanoke City Public Schools and regularly provides reports to the Audit Committee.

City Code § 2-297 and 2-298 establishes the Audit Committee as a permanent committee of the City Council composed of at least three members of Council. The Audit Committee acts in an advisory capacity to the City Council, the Municipal Auditor, the Director of Finance, and the City Manager. Currently, three council members participate on the Audit Committee.

Certificates of Achievement for Excellence

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Roanoke, Virginia, for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose content conforms to program standards. The CAFR must satisfy both U. S. generally accepted accounting principles and applicable legal requirements. A copy of the GFOA Certificate of Achievement is included in the Introductory section of the CAFR.

A Certificate of Achievement is valid for a period of one year. The City of Roanoke has received a Certificate of Achievement for the last thirty-five consecutive years (fiscal years ended 1974 - 2009). We believe this report conforms to the Certificate of Achievement program requirements and standards, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA Distinguished Budget Presentation Award for its annual budget document for the fiscal year ended June 30, 2010. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including

as a policy document, a financial plan, an operations guide and a communications device. The City has been a recipient of the Distinguished Budget Award for the last twenty-five consecutive years.

Acknowledgments

We would like to express our appreciation to the staff of the Department of Finance for their dedication in assuring the financial integrity of the City and the preparation of this report. Appreciation is also expressed to City Council for your interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

City Manager

Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Roanoke
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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

President

Executive Director

CITY OF ROANOKE
DIRECTORY OF PRINCIPAL OFFICIALS
JUNE 30, 2010

Members of City Council

David A. Bowers	*Mayor*
Sherman P. Lea	*Vice-Mayor*
M. Rupert Cutler	
Gwendolyn W. Mason	
Anita J. Price	
Court G. Rosen	
David B. Trinkle	

Constitutional Officers

Brenda L. Hamilton	*Clerk of Circuit Court*
Octavia L. Johnson	*Sheriff*
Donald S. Caldwell	*Commonwealth's Attorney*
Evelyn W. Powers	*Treasurer*
Sherman A. Holland	*Commissioner of the Revenue*

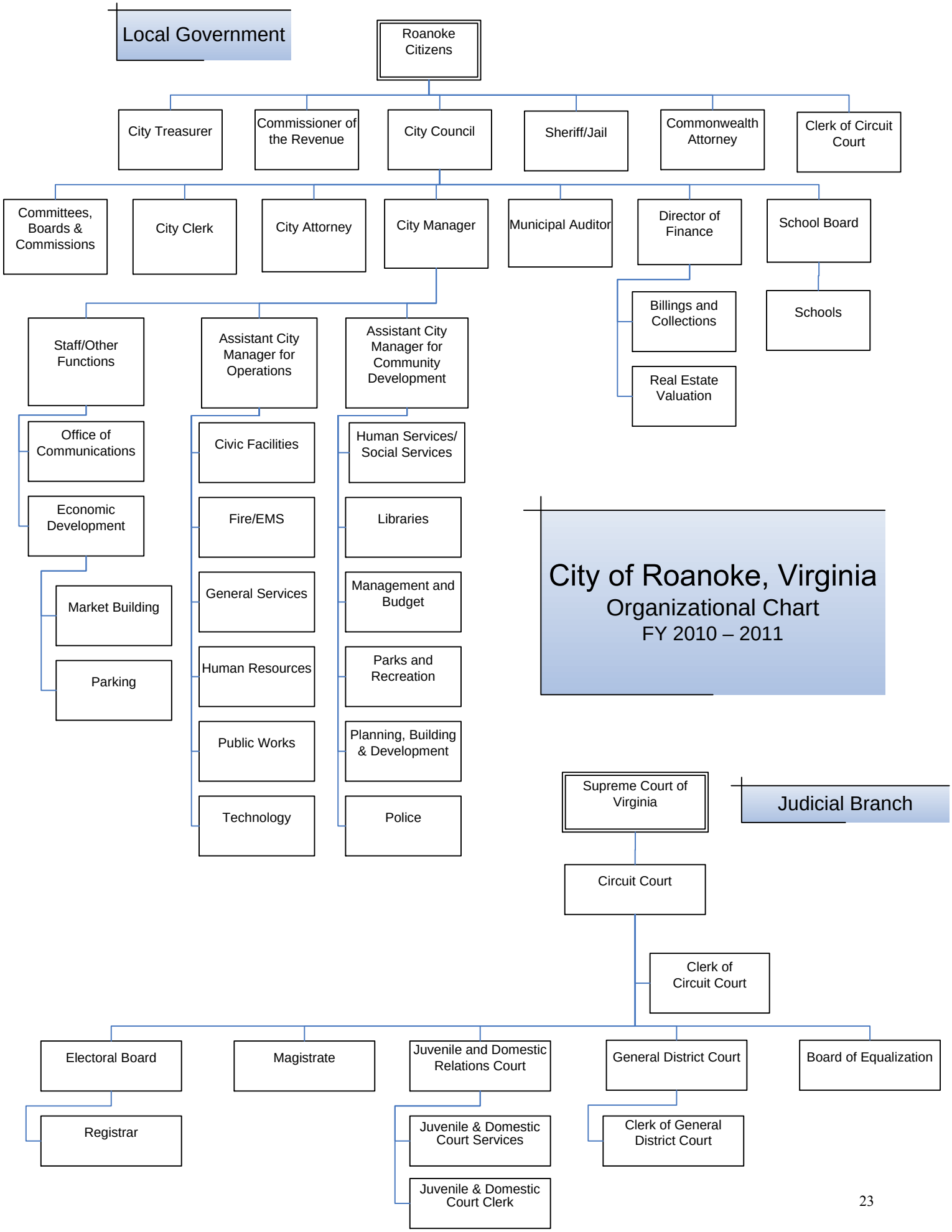
City Council Appointed Officials

Christopher P. Morrill	*City Manager*
Ann H. Shawver, CPA	*Director of Finance*
William M. Hackworth	*City Attorney*
Stephanie M. Moon	*City Clerk*
Troy A. Harmon, CPA	*Municipal Auditor*

Other City Officials

James Grigsby	*Assistant City Manager*
R. Brian Townsend	*Assistant City Manager*

City of Roanoke, Virginia
Organizational Chart
FY 2010 – 2011



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FINANCIAL SECTION

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

Independent Auditors' Report

The Honorable Members of City Council
City of Roanoke, Virginia:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Roanoke, Virginia (the City), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the School Board of the City of Roanoke, Virginia (the School Board), the discretely presented component unit of the City, constituting 100% of the total assets, net assets, revenues and expenses of the discretely presented component unit as of and for the year ended June 30, 2010. We also did not audit certain operations of the Civic Facilities fund, a major enterprise fund included in the business-type activities of the City, constituting 4.2% and 1.3% of total assets, 7.5% and 3.5% of total liabilities, 95.4% and 14.2% of total revenues, and 62.3% and 15.6% of total expenses of the Civic Facilities fund and business-type activities, respectively, as of and for the year ended June 30, 2010. The financial statements of the School Board and certain operations of the Civic Facilities fund were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the School Board and the amounts included for the Civic Facilities fund audited by other auditors are based solely on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Roanoke, Virginia as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

KPMG LLP is a Delaware limited liability partnership, the U.S.
member firm of KPMG International Cooperative, a Swiss entity.

As discussed in notes 1(L) and 6 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, effective July 1, 2009.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 29, 2010 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying Management's Discussion and Analysis on pages 29 through 40, the Budgetary Comparison Schedule – General Fund, the Schedules of Funding Progress, the Schedules of Employer Contributions, and the Notes to Budgetary Comparison Schedule – General Fund on pages 111 through 118 are not a required part of the basic financial statements, but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory section, the combining and individual fund financial statements (Exhibits L-1, L-2, L-3, M-1 and M-2) and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is also presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The combining and individual fund financial statements (Exhibits L-1, L-2, L-3, M-1 and M-2) and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion on them.

KPMG LLP

November 29, 2010

CITY OF ROANOKE, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2010

The following discussion and analysis of the City of Roanoke, Virginia's (the City's) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2010. It should be read in conjunction with the preceding transmittal letter and the City's basic financial statements.

FINANCIAL HIGHLIGHTS

- The City's total net assets, excluding those of its component unit, on the government-wide basis, totaled $342,885,104 at June 30, 2010. Of this amount, $30,218,333 may be used to meet ongoing obligations to citizens and creditors, and $312,619,994 is invested in capital assets, net of related debt. Net assets of $46,777 are restricted to pay for upgrades to the wireless E911 system.

- Governmental activities of the City had expenses net of program revenues of $177,602,112, which totaled $6,225,554 less than the general revenues, net of transfers of $183,827,666.

- At June 30, 2010, the City's governmental funds balance sheet reported total ending fund balances of $38,441,711. Of this amount, $31,696,870 remains in the various governmental funds of the City as unreserved.

OVERVIEW OF THE FINANCIAL STATEMENTS

Our discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's financial statements present two types of statements, each with a different focus on the City's finances. The focus is on both the City as a whole (government-wide) and the fund financial statements. The government-wide financial statements provide both short-term and long-term information about the City's overall financial status. The fund financials focus on the individual parts of City government, reporting the City's operations in more detail than the government-wide statements, which present a longer-term view. Presentation of both perspectives provides the user a broader overview, enhances the basis for comparisons, and better reflects the City's accountability.

Government-Wide Financial Statements

The government-wide financial statements include the Statement of Net Assets (Exhibit A) and the Statement of Activities (Exhibit B). These statements provide information about the City as a whole using the full accrual basis of accounting, which is the method used by most private-sector enterprises. All current year revenues and expenses are reported in the Statement of Activities regardless of when cash is received or paid. These statements allow readers to answer the question, "Is the City's financial position, as a whole, better or worse as a result of the year's activities?" One of the main goals of these two statements is to report the City's net assets and changes that affected net assets during the fiscal year. The change in the City's net assets, the difference between assets and liabilities, is one way to measure the City's financial health, or financial position. Increases or decreases in net assets are indicators of whether the City's financial health is improving or deteriorating. Other non-financial factors, such as changes in the City's property tax base and the condition of the City's infrastructure should also be considered in assessing the overall financial health of the City.

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

Governmental activities – Most of the City's basic services are reported here, including general government, judicial administration, public safety, public works, health and welfare, parks, recreation, and culture, and community development departments. Property taxes, other local taxes, and federal and state grants finance most of these activities.

Business-type activities – The City's Greater Roanoke Transit Company (Transit Company), Civic Facilities, Parking, and Market Building operations are reported here as the City charges fees for services to customers.

Component unit – The City includes a discretely presented component unit in this report, the School Board of the City of Roanoke (School Board). Although legally separate, the component unit is important because the City is financially accountable for it.

Fund Financial Statements

The fund financial statements begin on page 41 and provide detailed information about the most significant funds, not the City as a whole. The City has three types of funds:

Governmental funds – Most of the City's basic services are included in governmental funds. Fund based statements for these funds focus on how resources flow into and out of those funds and the balances left at year-end that are available for future spending. These funds are reported on the modified accrual basis of accounting, which measures cash and other liquid assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term overview that helps the reader determine the financial resources that can be spent in the near future to finance the City's programs. The differences between governmental activities as reported in the government-wide and fund financial statements are reconciled in Exhibits D and F on pages 45 and 47, respectively.

Proprietary funds – When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, utilize the full accrual basis of accounting, and their statements provide both short and long-term financial information.

The City's enterprise funds, one type of proprietary fund, are accounted for in the same manner as the government-wide business-type activities; however, the fund financial statements provide more detail and additional information, such as cash flows. The City's enterprise funds include the Transit Company, Civic Facilities, Parking, and Market Building funds.

The City uses internal service funds, another type of proprietary fund, to report activities that provide supplies and services by one City department to other City departments on a cost reimbursement basis. Internal service fund rates are evaluated annually and adjusted as considered necessary with the goal of providing adequate revenues to cover operating and capital expenditures on an ongoing basis. Funds included in this category are Department of Technology, Fleet Management, and Risk Management.

Internal service fund activities are reported as governmental activities on the government-wide statements.

Fiduciary funds – Resources held for other governments, individuals, or agencies not part of the City are reported as fiduciary funds. These activities are excluded from the government-wide financial statements

because the City cannot use these assets to finance its operations. The accounting used for fiduciary funds is much like that used for proprietary funds. The City of Roanoke Pension Plan is reported as a pension trust fund. Additionally, the City reports assets for other post-employment benefits (OPEB) related to its healthcare plan for retirees in an OPEB trust fund and accounts for assets held on behalf of the Hotel Roanoke Conference Center Commission as an agency fund. Agency funds are custodial in nature and do not involve measurement of results of operations.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

A comparative analysis of government-wide information is as follows:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
Current and other assets	$ 105.1	$ 146.1	$ 7.4	$ 8.6	$ 112.5	$ 154.7
Capital assets, net	494.3	467.9	82.0	79.0	576.3	546.9
Total assets	**599.4**	**614.0**	**89.4**	**87.6**	**688.8**	**701.6**
Other liabilities	57.0	58.7	4.4	4.7	61.4	63.4
Long-term liabilities	256.0	275.0	28.6	28.7	284.6	303.7
Total liabilities	**313.0**	**333.7**	**33.0**	**33.4**	**346.0**	**367.1**
Net assets:						
Invested in capital assets, net of related debt	261.0	238.4	51.7	52.1	312.7	290.5
Restricted	-	0.1	-	-	-	0.1
Unrestricted	25.5	41.7	4.7	2.2	30.2	43.9
Total net assets	**$ 286.5**	**$ 280.2**	**$ 56.4**	**$ 54.3**	**$ 342.9**	**$ 334.5**

The City's Primary Government combined net assets increased from $334.5 million to $342.9 million as a result of the increase in net assets of governmental activities of $6.3 million. Unrestricted net assets, the portion of net assets that can be used to finance the day-to-day operations of the City, totaled $30.2 million. Net assets invested in capital assets, net of related debt, totaled $312.7 million and represents the amount of capital assets owned by the City, including infrastructure, net of accumulated depreciation and any outstanding debt issued to fund the asset purchase or construction. Net assets are reported as restricted when constraints on asset use are externally imposed by creditors, grantors, contributors, regulators, or are imposed by law through constitutional provisions or enabling legislation. As of June 30, 2010, grant funds of $46,777 were received, but not yet spent, from the Virginia State Wireless E911 Services Board to complete upgrades to the wireless E911 system are reported as restricted net assets of governmental activities.

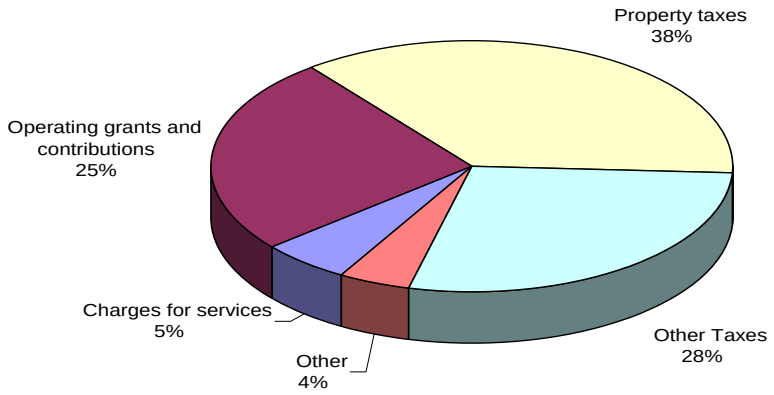
Summary of Changes in Net Assets:

The following table shows the revenues and expenses of the government:

Summary of Changes in Net Assets
For the Years Ended June 30, 2010 and 2009
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
Revenues						
Program Revenues:						
Charges for services	$ 15.1	$ 16.8	$ 6.9	$ 9.4	$ 22.0	$ 26.2
Operating grants and contributions	70.3	71.0	4.1	4.4	74.4	75.4
Capital grants and contributions	0.7	0.3	2.4	1.1	3.1	1.4
General Revenues:						
Property taxes	100.8	101.6	-	-	100.8	101.6
Local portion of state sales tax	18.1	20.5	-	-	18.1	20.5
Business and professional occupational license taxes	11.6	12.5	-	-	11.6	12.5
Utility taxes	9.6	9.7	-	-	9.6	9.7
Prepared food and beverage taxes	11.2	11.5	-	-	11.2	11.5
Commonwealth share-personal property taxes	8.1	8.1	-	-	8.1	8.1
Cigarette taxes	2.5	2.6	-	-	2.5	2.6
Transient room taxes	2.6	2.8	-	-	2.6	2.8
Telecommunications taxes	7.4	7.1	-	-	7.4	7.1
Motor vehicle license tax	2.0	1.9	-	-	2.0	1.9
Other taxes	4.4	6.1	-	-	4.4	6.1
Payment from Component Unit	10.0	8.9	-	-	10.0	8.9
Interest and investment income	1.3	1.6	0.1	0.1	1.4	1.7
Other	-	-	0.1	0.1	0.1	0.1
Total Revenues	**275.7**	**283.0**	**13.6**	**15.1**	**289.3**	**298.1**
Expenses						
General Government	$ 12.2	$ 13.9	-	-	$ 12.2	$ 13.9
Judicial Administration	7.8	9.2	-	-	7.8	9.2
Public Safety	64.0	66.4	-	-	64.0	66.4
Public Works	28.1	31.2	-	-	28.1	31.2
Health and Welfare	46.0	45.8	-	-	46.0	45.8
Parks, Recreation and Cultural	10.6	12.0	-	-	10.6	12.0
Community Development	10.0	9.8	-	-	10.0	9.8
Education	68.0	66.6	-	-	68.0	66.6
Economic Development	3.5	1.5	-	-	3.5	1.5
Interest and Fiscal Charges	13.5	13.1	-	-	13.5	13.1
Transit Company	-	-	9.5	9.5	9.5	9.5
Civic Facilities	-	-	4.3	7.1	4.3	7.1
Parking	-	-	3.0	2.8	3.0	2.8
Market Building	-	-	0.3	0.7	0.3	0.7
Total Expenses	**263.7**	**269.5**	**17.1**	**20.1**	**280.8**	**289.6**
Increase (Decrease) in Net Assets before Transfers	**12.0**	**13.5**	**(3.5)**	**(5.0)**	**8.5**	**8.5**
Transfers	(5.7)	(4.5)	5.7	4.5	-	-
Increase (Decrease) in Net Assets	**6.3**	**9.0**	**2.2**	**(0.5)**	**8.5**	**8.5**
Net Assets, Beginning	280.2	271.2	54.3	54.8	334.5	326.0
Net Assets, Ending	$ 286.5	$ 280.2	$ 56.5	$ 54.3	$ 343.0	$ 334.5

Revenues generated for governmental activities are presented below by category:



The property tax classification, which comprises approximately 38% of total revenue generated by governmental activities, includes real estate tax, the local portion of personal property tax, and public service corporation taxes. Real estate tax revenue, the largest source of revenue for the City, totaled $79.8 million. The assessed value of real property in the City increased for the 2010 calendar year as a result of a reassessment increase and new construction.

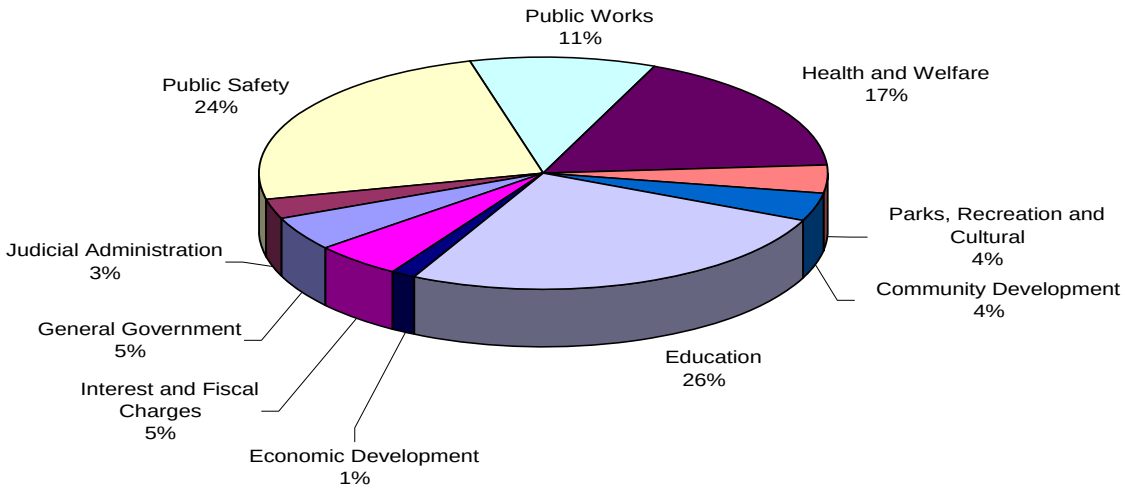
Personal property tax revenue, including the Commonwealth share, totaled $29.1 million. The revenue received locally from citizens totaled $21.0 million. Funding from the Commonwealth under its amended Personal Property Tax Relief Act (PPTRA) program provided revenue totaling $8.1 million. Revenue from the Commonwealth provided relief of 67.23% on the first $20,000 in vehicle value for the current fiscal year and is included in the other taxes category.

Sales taxes, business and professional occupational license taxes, prepared food and beverage taxes, utility taxes, funding from the Commonwealth under PPTRA, telecommunication taxes, cigarette taxes, and transient room taxes comprise the majority of other local taxes collected by the City. Other taxes comprise approximately 28% of total revenues generated for governmental activities.

Operating grants and contributions comprise approximately 25% of governmental activities revenues. Social service programs, street maintenance funds, reimbursement for shared expenses of the constitutional officers, reimbursement for funding received under House Bill 599 for law enforcement, and jail per diems are some of the major sources of revenue included in this category.

Charges for services include items such as fines, court fees, inspection fees, reimbursements for housing prisoners, garbage collection fees, and recreation and other program-based fees.

Expenses of the governmental activities are shown below by functional area:



Education expenses comprise 26% of governmental activities. Funding of $68.0 million was provided to the Roanoke City School Board to support School operations.

Public Safety expenses comprised approximately 24% of expenses of the governmental activities. Operations of the labor-intensive Jail, Police and Fire Departments are included in this category, along with expenses of Emergency Medical Services, Communications (E911 Call Center), and the cost of juvenile justice programs.

Public Works and Health and Welfare expenses comprised approximately 11% and 17%, respectively, of governmental activities expenses. Expenses for Solid Waste Management, Building Maintenance, Street Paving, and Street Maintenance are included in the Public Works category. The Comprehensive Services Act and social services programs incurred the majority of expenses reported in the Health and Welfare category.

Approximately $5.7 million in transfers were made from governmental to business-type activities, which represented operating subsidies and the transfer of prior year fund balances appropriated to business-type activities.

The net assets of governmental activities increased $6.3 million during 2010. Significant current year activities affecting net assets include:

- A $22.6 million increase in invested in capital assets, net of related debt.

- A decrease in unrestricted assets of $16.2 million, which, in part, related to investment of unrestricted assets in capital projects.

- Growth in real estate revenues led performance of local tax revenues. Due to growth in assessed values and moderate new construction, current year revenues continued to grow 2.1%. Other local taxes such as the personal property, sales tax, prepared food and beverage, business license, transient occupancy, and cigarette tax revenues decreased largely as the result of economic conditions. As a whole, the City's local taxes decreased 1.3%.

- In an effort to offset local tax revenues that fell short of their estimates, expenses of general government programs were contained well within budget. Hiring freezes, discretionary spending reductions, departmental budget reductions and a suspension of investment in certain capital assets enabled the City to curtail such expenditures.

The net assets of business-type activities increased approximately $2.2 million during 2010, representing stability in the overall business-type net assets. Significant current year activities affecting net assets include:

- The Greater Roanoke Transit Company Fund incurred an increase in net assets of $0.4 million as operating grants, capital contributions and General Fund subsidies more than offset the loss from operations.

- Interest expense in the Parking Fund resulted in a decrease in net assets of $0.3 million as the operating income was not sufficient to offset the expense.

- Market Building Fund net assets increased by $2.1 million as a result of capital project funding to support renovations of the market building.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

For the fiscal year ended June 30, 2010, the governmental funds reflect a total fund balance of $38,441,711. Approximately $31.7 million of this amount constitutes unreserved fund balance, which is available for spending for services and capital projects. Unreserved fund balance provides reserves for budgetary stabilization, insurance claims and future debt service as well as to pay for future years' capital projects expenditures. Reserved fund balance is for encumbrances, which indicates that it has already been committed to liquidate contracts and purchase orders outstanding at year-end.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the general fund unreserved fund balance was $24,361,867, while the total fund balance was $24,960,620. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents approximately 9.6% of the total General Fund expenditures and other financing uses, while total fund balance represents 9.9% of that same amount.

The General Fund begins each fiscal year with budgeted revenue and expenditure amounts that are equal. During the year, encumbrances unpaid at the end of the prior year are liquidated, increasing expenditures. Other budgetary adjustments are made to recognize additional sources and uses of funding or to accept donations. During the fiscal year ended June 30, 2010, the fund balance of the General Fund increased by $2,579,016. The reserve for encumbrances declined from 2009 to 2010 while the unreserved fund balances grew as a result of revenues in excess of expenditures. Both the undesignated components of General Fund fund balance and the Reserve for Budget Stabilization grew during FY 2010.

Local taxes generated 67% of General Fund revenue, totaling approximately $171.2 million. A significant portion of the growth is attributable to real estate taxes, the City's largest single source of

revenue, which increased as a result of growth of approximately 0.68% in assessed values and moderate new construction.

Intergovernmental revenue is the second largest source of General Fund revenues, generating approximately $69.4 million in fiscal year 2010. The Commonwealth is the primary source of Intergovernmental revenue; providing revenue for social services programs, street maintenance funds, and law enforcement funding received under House Bill 599. In fiscal year 2010, the Commonwealth imposed funding reductions in many categories. The total decline in funding from the Commonwealth in fiscal year 2010 compared to fiscal year 2009 was approximately $1.7 million.

The Capital Projects Fund fund balance decreased $36.9 million. Significant activities of the fund included capital outlay of approximately $40.3 million and proceeds from the issuance of debt of approximately $2.7 million. Transfers from the General Fund totaling $2.2 million provided cash funding to projects in the Capital Projects Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual General Fund Revenues fell below the original budgeted revenues by $1,828,777 and fell short of the final budgeted revenues by $6,303,200, or 2.4%. The General Fund revenue shortfall was caused by local taxes and intergovernmental revenues which were below budget. The intergovernmental revenues did not meet budget estimates with Social Service programs revenues 5.4% under the reimbursement-based revenue budget. Other intergovernmental revenues were impacted by reduced funding from the Commonwealth. In the local tax area, sales, prepared food and beverage, cigarette, utility consumer, transient occupancy, and telecommunications taxes all fell short of budget. The economic recession of 2008-2010 played a negative role in the performance of the City's local taxes.

General Fund expenditures and transfers were greater than the original budget by $3,809,040 or 1.5% due to supplemental appropriations, but were less than the final amended budget by $9,562,139 or 3.6%. In an effort to continue to carefully manage the City's expenditures, particularly in light of local revenues that would fail to achieve budget, spending at the departmental level was closely monitored during the fiscal year, and policies centered on maximizing salary and benefits savings during times of turnover and vacancies were continued. During fiscal year 2010, City Council amended the budget several times. These budget amendments or supplemental appropriation ordinances were primarily for the following purposes:

- To reappropriate funds to pay commitments in the form of encumbrances established prior to June 30, 2009 but not paid by that date. Encumbrances for General Fund purchase orders authorized and issued, but for which goods and services were not received or paid by June 30, 2009 totaled $1,028,676.

- To appropriate additional funds of $3,018,285 received under the Comprehensive Services Act.

CAPITAL ASSETS

As of June 30, 2010, the City's capital assets for its governmental and business-type activities amounted to $576,348,339, net of accumulated depreciation. This investment includes land, historical treasures, construction in progress, land improvements, buildings and structures, equipment and infrastructure. The total net increase (additions less retirements and depreciation) in the City's capital assets for the current fiscal year was $29.4 million or 5.4%.

The following table shows summarized balances of major categories of capital assets as of June 30, 2010. The changes in each category of Capital Assets are presented in detail in note 6 to the Basic Financial Statements.

Capital Assets
Net of Depreciation
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	Balance June 30, 2010	Balance June 30, 2009	Balance June 30, 2010	Balance June 30, 2009	Balance June 30, 2010	Balance June 30, 2009
Land and Improvements	$ 45.7	$ 44.4	$ 4.3	$ 4.3	$ 50.0	$ 48.7
Buildings and Improvements	263.4	232.3	58.4	59.5	321.8	291.8
Equipment	24.7	21.7	10.5	10.0	35.2	31.7
Infrastructure	120.3	120.4	-	-	120.3	120.4
Construction in Progress	40.2	49.1	8.8	5.3	49.0	54.4
Total	$ 494.3	$ 467.9	$ 82.0	$ 79.1	$ 576.3	$ 547.0

Major capital asset additions during the fiscal year included the following:

Renovations of the William Fleming High School continued with expenditures of $9.2 million. Other educational projects included expenditures of $1.7 million on roofing replacement and repairs for the following schools: Crystal Springs, Governor's School, Oakland, Preston Park, Round Hill, and Virginia Heights, as well as the Administration Building.

Major governmental projects on facilities other than schools included completion of the Fire/EMS Stations and the Police Academy Building resulting in current year expenditures of $3.2 million and $5.3 million, respectively. Additionally, the Roanoke River Flood Reduction project resulted in expenditures of $4.9 million. Storm drainage, traffic, streetscape, bridge maintenance and greenways projects, together, aggregated just over $1.5 million in expenditures. The South Jefferson Redevelopment project accounted for $2.8 million in capital expenditures.

Business-type capital asset activities included continued construction on the Market Parking Garage project, resulting in $3.5 million of current year capital additions.

Detailed information regarding capital assets is disclosed in Note 6 to the financial statements.

LONG-TERM DEBT

At June 30, 2010, the City's long-term liabilities, excluding compensated absences and claims payable, totaled $292,793,410, comprised of $262,422,077 related to governmental activities, and $30,371,333 related to business-type activities. Total debt decreased by $21,203,660 during the fiscal year. Changes in long-term debt during fiscal year 2010 resulted from payment of principal on existing debt, issuance of the General Obligation Public Improvement Bonds, Series 2010A and the issuance of Recovery Zone Economic Development Bonds, Series 2010B. Series 2010A bonds were used to finance capital improvements for the Market Garage. Series 2010B bonds were used to finance the Roanoke River Flood Reduction Project. In addition, the City realized present value savings from the issuance of Series 2010A Refunding Bonds to refinance portions of outstanding Series 2002A, Series 2004B, Series 2006A, and

Series 2008 bonds. The refunding transaction resulted in a net present value savings of approximately $1,450,000 and a reduction of approximately $1,750,000 in future debt service payments.

Detailed information regarding these changes in long-term debt is disclosed in Notes 9 and 10 to the Basic Financial Statements.

The City's most recent ratings obtained in July 2010 were AA+ and AA from Fitch Ratings and Standard & Poor's Ratings Services, respectively.

The Charter of the City of Roanoke and Code of Virginia limits the City's net debt to 10% of the assessed valuation of real estate within the City limits. The limit applies to tax supported debt paid by the governmental funds. Long-term liabilities of business-type funds will be met by revenues generated by those funds. The City considers long-term debt of its Parking Enterprise Fund to be self-supporting. Additionally, in accordance with its contractual agreement with the Western Virginia Water Authority, the City will receive funding from the Authority toward $21,987,683 of general obligation debt. The City's tax-supported debt of $245,982,379 less the Debt Service Fund Balance of $1,213,260 designated for the repayment of debt service is well below the legal debt limit of $669,839,111.

The School Board Component Unit relies upon the City to provide full faith and credit for any debt obligations incurred. Therefore, the City reports School Board Component Unit long-term liabilities, other than claims payable and compensated absences, as its own. In addition to bonded debt and capital lease obligations, the City's long-term obligations include compensated absences and claims payable. Additional information concerning the City's long-term liabilities is presented in notes 9 and 10 to the Basic Financial Statements.

Interest and fiscal charges for 2010 were $13,086,281, or 4.2% of total governmental funds' expenditures.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's MSA unemployment rate, not seasonally adjusted, was 7.5% as of June 30, 2010. Consistent with trends at state and national levels, this represents a slight decrease from the prior year. For the quarter ended June 2010, Roanoke's unemployment rate approximated the state average and was 1.9% lower than the national average. Employment in Roanoke is diverse with representation within our MSA of all census-defined industries. The industries providing the largest number of jobs in our region are health care and social assistance.

Roanoke's income levels trail the state and national averages, however they compare quite well when adjusted for the cost of living. Fiscal year 2010 performance was indicative of a weak local economy; however, continued growth in real estate tax revenues and the fact that the City's overall General Fund revenue declined by merely 2.0% demonstrate that the Roanoke economy is less volatile than other areas of the Commonwealth. While Roanoke experienced modest declines in many local taxes, we have also been better able to respond and adjust to such declines than many other communities.

Important economic indicators for the City during the past year included an increase in unemployment and a decrease in consumer spending that affected many areas of our local economy. The fact that unemployment remains at a heightened level is a continuing concern, and City management expects that the local economy will not rebound and resume growth until the jobless level improves. While housing has remained much more stable for Roanoke than surrounding areas, challenges result from a lack of growth in this area. The average assessed value of a single-family dwelling increased just slightly in FY10 at 0.4% growth. Commercial construction permits were again lower in fiscal year 2010 than in 2009 though residential permits increased between the two years. Construction efforts have been strained

by tight credit markets, and there were a number of stalled projects during the past year. On a positive note, many construction projects are underway in our downtown region such as the Market Building and Patrick Henry Hotel renovations. The Center in the Square renovation is expected to begin in the future. Some out parcel development continues in the Valley View Mall area.

Roanoke's strength as a retail and hospitality center is also evidenced by data related to new hires in the City as reported by the Virginia Employment Commission. New hires in the accommodation/food services, administrative and waste services, and retail trade and transportation and warehousing areas far out-paced most other categories.

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

During fiscal year 2010, the Commonwealth of Virginia (the Commonwealth) initiated certain responsive actions to the economic downturn that will potentially affect the City's funding of the School Board of the City of Roanoke, Virginia (the School Board). Through changes in certain actuarial assumptions for Virginia Retirement System (VRS) sponsored retirement plans, which were affected by legislation passed by the General Assembly, the Commonwealth was able to defer rate increases requested by the VRS Trustees, and an increase in the local employer share of these pension contributions was similarly deferred. The impact of these deferrals reduced pension related costs of the School Board in fiscal year 2010 and will also decrease pension related costs in fiscal year 2011. The legislation requires that this deferral of costs begin to be replenished starting in fiscal year 2012 and will continue until fully replenished in fiscal year 2021. Ultimately, it is likely that there will be significant increases in the local employer costs to be funded in order to meet the future payment obligations under the VRS plan.

The General Fund adopted budget for 2011 reflected a decline of 1.4% compared to the FY10 adopted budget. Local taxes comprise 69% of all budgeted fiscal year 2011 General Fund revenues, and the budget for this category declined approximately 0.1% compared to FY10. While growth is again expected from the real property tax, declines are anticipated in many other local taxes in recognition of poor performance in the economy over the past year. Personal property tax, business and occupational license tax, cigarette tax, telecommunications tax, transient occupancy tax and admission tax are among those local taxes with FY11 budgets lower than FY10. Funding from the Commonwealth is also projected to decrease. Declines are expected in the areas of jail per diems, library funding and emergency services funding.

The City increased funding in 2011 in several priority areas while reducing funding in many departments. Funding to the Schools increased $4.5 million from the adopted level of fiscal year 2010. Substantially all of the increase is provided by an increase in the food and beverage tax rate from 5% to 7%. The food and beverage tax will revert to 5% on July 1, 2012. City Council opted to provide additional funding to our Schools by increasing this tax to offset reductions in funding from the Commonwealth.

Decreased funding resulted in the reduction or elimination of a number of City services. Reductions in street paving, street cleaning, services at our libraries, hours of operation at City pools, and parks and recreation centers were impacted by these budget reductions. Budget reductions of over $9 million were made in balancing the 2011 budget.

As we look toward fiscal 2012, another difficult budget process is anticipated, and the City expects it will be several years before economic performance returns to previous growth levels. A primary concern for the next year or two is assessments of real property. Though the City has not suffered from assessment declines thus far, including in fiscal 2011, there are certainly risks that real property assessed values may decline in the future. Current expectations are that some neighborhood assessments will decline in fiscal 2012. Management is hopeful that new construction growth will offset such declines.

The Roanoke economy appears to be slowly rebounding from the recession. Management believes that the current revenue estimates are adequately prudent so as to represent an accurate portrayal of fiscal 2011 expectations. Challenges exist in predicting the timing and rate of improvement moving forward. The City will continue to be somewhat challenged by regional economic growth and development that removes shoppers from our boundaries. It is difficult to anticipate the level of funding from the Commonwealth in upcoming years. There is certainly risk that there will continue to be significant pressures on local governments to fund programs previously funded by the Commonwealth such as public education and social services.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives and their uses. Questions concerning this report or requests for additional information should be directed to the Director of Finance, PO Box 1220, Roanoke, Virginia 24006, telephone (540) 853-2821. The City's website address is www.roanokeva.gov or email finance@roanokeva.gov.

Exhibit A

CITY OF ROANOKE, VIRGINIA
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government			
	Governmental Activities	**Business-Type Activities**	**Total**	**Component Unit**
Assets				
Cash and Cash Equivalents	$ 43,024,586	$ 3,972,028	$ 46,996,614	$ 12,939,704
Investments	10,847,439	869,913	11,717,352	-
Interest and Dividends Receivable	141,308	-	141,308	-
Due from City of Roanoke	-	-	-	276,629
Due from Other Governments	32,525,518	1,259,597	33,785,115	7,559,714
Internal Balances	(290,234)	290,234	-	-
Taxes and Accounts Receivable, Net	16,197,225	194,508	16,391,733	186,548
Note Receivable	2,208,507	-	2,208,507	1,485,000
Inventory	54,846	404,078	458,924	-
Other Assets	379,574	389,466	769,040	610,748
Capital Assets:				
Land, Construction in Progress, Right-of-Way, and Historical Treasures	104,238,975	13,066,508	117,305,483	-
Other Capital Assets, Net	390,108,824	68,934,032	459,042,856	2,904,199
Capital Assets, Net	494,347,799	82,000,540	576,348,339	2,904,199
Total Assets	**$ 599,436,568**	**$ 89,380,364**	**$ 688,816,932**	**$ 25,962,542**
Liabilities				
Accounts Payable and Accrued Expenses	$ 15,279,110	$ 897,445	$ 16,176,555	$ 3,364,518
Accrued Interest Payable	4,664,667	443,469	5,108,136	-
Due to Component Unit	276,629	-	276,629	-
Due to Other Governments	1,068,680	60,737	1,129,417	-
Unearned Revenue	5,211,253	969,825	6,181,078	1,063,559
Other Liabilities	36,006	192,071	228,077	4,450
Long-term Liabilities Due Within One Year	30,431,808	1,824,925	32,256,733	5,224,058
Long-term Liabilities Due in More Than One Year, Net	256,012,546	28,562,657	284,575,203	6,509,269
Total Liabilities	**$ 312,980,699**	**$ 32,951,129**	**$ 345,931,828**	**$ 16,165,854**
Net Assets				
Invested in Capital Assets, Net of Related Debt	$ 260,869,253	$ 51,750,741	$ 312,619,994	$ 2,904,199
Restricted for:				
E911 Wireless Capital Project	46,777	-	46,777	-
Unrestricted	25,539,839	4,678,494	30,218,333	6,892,489
Total Net Assets	**$ 286,455,869**	**$ 56,429,235**	**$ 342,885,104**	**$ 9,796,688**

See Notes to Basic Financial Statements.

Exhibit B

CITY OF ROANOKE, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary Government:				
Governmental Activities				
General Government	$ 12,224,830	$ 4,152,979	$ 942,759	$ 74,414
Judicial Administration	7,786,140	3,734,589	8,332,351	-
Public Safety	63,976,863	6,203,883	9,597,986	-
Public Works	28,126,031	347,422	11,758,745	644,166
Health and Welfare	45,995,109	127,834	35,527,536	-
Parks, Recreation and Cultural	10,559,350	367,143	250,503	-
Community Development	10,010,970	166,176	3,842,824	-
Education	67,945,097	-	-	-
Economic Development	3,510,831	-	-	-
Interest and Fiscal Charges	13,538,201	-	-	-
Total Governmental Activities	**263,673,422**	**15,100,026**	**70,252,704**	**718,580**
Business-Type Activities:				
Transit Company	9,474,181	2,046,752	4,139,626	2,348,098
Civic Facilities	4,302,258	1,966,484	-	-
Parking	3,030,494	2,733,270	-	-
Market Building	384,331	198,022	-	-
Total Business-Type Activities	**17,191,264**	**6,944,528**	**4,139,626**	**2,348,098**
Total Primary Government	**$ 280,864,686**	**$ 22,044,554**	**$ 74,392,330**	**$ 3,066,678**
Component Unit:				
School Board of the City of Roanoke	$ 162,805,182	$ 5,150,415	$ 43,808,957	$ -

General Revenues:
Taxes:
General Property - Real Estate and Personal Property
Local Portion of State Sales
Business and Professional Occupational License
Utility
Prepared Food and Beverage
Commonwealth Share - Personal Property
Cigarette
Transient Room
Telecommunication
Motor Vehicle License
Recovered Costs
Other
State Aid Not Restricted to a Specific Program
Payment from City of Roanoke
Payment from Component Uni
Grants and Contributions Not Restricted to Specific Programs
Interest and Investment Income
Miscellaneous
Special Item: Gain from Sale of Assets
Transfers
Total General Revenues and Transfers
Change in Net Assets
Net Assets at Beginning of Year
Net Assets at End of Year

See Notes to Basic Financial Statements

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	**Business-Type Activities**	**Total**	**Component Unit**
$ (7,072,903)	$ -	$ (7,072,903)	$ -
4,280,800	-	4,280,800	-
(48,174,994)	-	(48,174,994)	-
(15,349,531)	-	(15,349,531)	-
(10,339,739)	-	(10,339,739)	-
(9,943,559)	-	(9,943,559)	-
(6,001,970)	-	(6,001,970)	-
(67,945,097)	-	(67,945,097)	-
(3,516,918)	-	(3,516,918)	-
(13,538,201)	-	(13,538,201)	-
(177,602,112)	**-**	**(177,602,112)**	**-**
-	(939,705)	(939,705)	-
-	(2,335,774)	(2,335,774)	-
-	(297,224)	(297,224)	-
-	(186,309)	(186,309)	-
-	**(3,759,012)**	**(3,759,012)**	**-**
$ (177,602,112)	**$ (3,759,012)**	**$ (181,361,124)**	**$ -**
$ (113,845,810)	$ -	$ -	$ (113,845,810)
$ 100,801,682	$ -	$ 100,801,682	$ -
18,095,643	-	18,095,643	-
11,588,503	-	11,588,503	-
9,557,889	-	9,557,889	-
11,159,911	-	11,159,911	-
8,075,992	-	8,075,992	-
2,515,209	-	2,515,209	-
2,636,536	-	2,636,536	-
7,383,848	-	7,383,848	-
1,951,813	-	1,951,813	-
1,052,183	-	1,052,183	-
3,292,674	-	3,292,674	-
-	-	-	49,941,848
-	-	-	63,441,557
10,020,049	-	10,020,049	-
11,226	-	11,226	8,197
1,246,826	80,077	1,326,903	23,099
130,702	134,681	265,383	121,688
-	-	-	1,022,656
(5,693,020)	5,693,020	-	-
$ 183,827,666	**$ 5,907,778**	**$ 189,735,444**	**$ 114,559,045**
6,225,554	2,148,766	8,374,320	713,235
280,230,315	**54,280,469**	**334,510,784**	**9,083,453**
$ 286,455,869	**$ 56,429,235**	**$ 342,885,104**	**$ 9,796,688**

Exhibit C

CITY OF ROANOKE, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General Fund	Debt Service Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	$ 7,101,307	$ 1,371,288	$ 1,650,229	$ 14,478,438	$ 24,601,262
Investments	3,241,443	-	-	2,063,725	5,305,168
Interest and Dividends Receivable	15,517	-	89,396	9,875	114,788
Due from Other Governments	10,363,398	-	161,878	-	10,525,276
Due from Other Funds	2,264,896	5,142	-	76,887	2,346,925
Taxes Receivable	16,619,266	-	-	-	16,619,266
Accounts Receivable	4,722,596	-	536,632	62,267	5,321,495
Allowance for Uncollectible Receivables	(5,810,657)	-	-	-	(5,810,657)
Deposits	-	-	-	46,152	46,152
Note Receivable	-	-	2,208,507	-	2,208,507
Total Assets	**$ 38,517,766**	**$ 1,376,430**	**$ 4,646,642**	**$ 16,737,344**	**$ 61,278,182**
LIABILITIES					
Accounts Payable and Accrued Expenditures	$ 9,253,971	$ 163,170	$ 992,044	$ 4,306,799	$ 14,715,984
Due to Other Governments	104,256	-	964,424	-	1,068,680
Due to Other Funds	234,259	-	49,722	162,714	446,695
Due to Component Unit	276,629	-	-	-	276,629
Deferred Revenue	3,688,031	-	2,640,452	-	6,328,483
Total Liabilities	**$ 13,557,146**	**$ 163,170**	**$ 4,646,642**	**$ 4,469,513**	**$ 22,836,471**
FUND BALANCES					
Reserved for:					
Encumbrances	$ 598,753	$ -	$ -	$ 6,146,088	$ 6,744,841
Unreserved:					
Designated for Debt Service	-	1,213,260	-	-	1,213,260
Designated for Future Years' Expenditures	-	-	-	2,424,770	2,424,770
Designated for Self-Insured Claims	250,000	-	-	-	250,000
Designated for Economic and Community Development Reserve	-	-	-	3,696,973	3,696,973
Designated for Budget Stabilization Reserve	19,278,522	-	-	-	19,278,522
Undesignated	4,833,345	-	-	-	4,833,345
Total Fund Balances	24,960,620	1,213,260	-	12,267,831	38,441,711
Total Liabilities and Fund Balances	**$ 38,517,766**	**$ 1,376,430**	**$ 4,646,642**	**$ 16,737,344**	**$ 61,278,182**

See Notes to Basic Financial Statements

Exhibit D

CITY OF ROANOKE, VIRGINIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010

Total Fund Balances - Governmental Funds		$ 38,441,711
Amounts reported for governmental activities in the Statement of Net Assets are different due to:		
Capital assets used in governmental activities are not considered current financial resources and therefore are not reported as assets in the governmental funds.		
Governmental capital assets, at cost	665,597,574	
Less: accumulated depreciation	(193,058,416)	472,539,158
Other assets used in governmental activities are not considered current financial resources and therefore are not reported in the governmental funds.		
Bond issuance costs and deferred amounts on refunding	11,493,429	
Less: accumulated amortization	(3,414,620)	
Receivable from Western Virginia Water Authority	21,987,683	30,066,492
Property taxes receivable which are expected to be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the governmental funds.		1,120,672
Long-term liabilities, including bonds payable with related accrued interest, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.		
Governmental bonds payable	(256,044,731)	
Capital lease obligation	(4,638,347)	
Bond premium	(11,538,709)	
Accumulated amortization of bond premium	2,441,095	
Compensated absences payable	(6,347,868)	
Accrued interest payable	(4,664,667)	(280,793,227)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included with governmental activities in the Statement of Net Assets.		25,081,063
Total Net Assets of Governmental Activities		$286,455,869

See Notes to Basic Financial Statements.

CITY OF ROANOKE, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Debt Service Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES					
Local Taxes	$ 171,185,553	$ -	$ -	$ -	$ 171,185,553
Permits, Fees and Licenses	880,347	-	-	-	880,347
Fines and Forfeitures	1,615,265	-	-	-	1,615,265
Rental Income	491,299	-	-	58,892	550,191
Investment Income	88,136	23,110	12,544	128,180	251,970
Intergovernmental	69,430,114	13,340,494	9,833,582	646,021	93,250,211
Charges for Services	10,834,925	-	-	-	10,834,925
Miscellaneous	586,998	-	44,065	72,563	703,626
Total Revenues	**255,112,637**	**13,363,604**	**9,890,191**	**905,656**	**279,272,088**
EXPENDITURES					
Current Operating:					
General Government	11,995,937	-	675,653	-	12,671,590
Judicial Administration	7,262,405	-	241,071	-	7,503,476
Public Safety	59,706,307	-	2,115,441	-	61,821,748
Public Works	23,860,980	-	-	-	23,860,980
Health and Welfare	42,219,985	-	3,219,371	-	45,439,356
Parks, Recreation and Cultural	9,114,363	-	77,920	-	9,192,283
Community Development	6,559,100	-	3,371,920	-	9,931,020
Education	63,443,415	-	-	-	63,443,415
Debt Service:					
Principal Retirement	-	23,566,295	-	-	23,566,295
Interest and Paying Agent Charges	-	12,768,787	-	-	12,768,787
Bond Issuance Cost	-	317,494	-	-	317,494
Capital Outlays	-	-	-	40,276,382	40,276,382
Total Expenditures	**224,162,492**	**36,652,576**	**9,701,376**	**40,276,382**	**310,792,826**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**30,950,145**	**(23,288,972)**	**188,815**	**(39,370,726)**	**(31,520,738)**
OTHER FINANCING SOURCES (USES)					
Proceeds from Long-Term Debt	-	-	-	2,661,171	2,661,171
Proceeds from Sale of Refunding Bonds	-	36,056,200	-	-	36,056,200
Payment to Refunded Bond Escrow Agent	-	(39,056,309)	-	-	(39,056,309)
Premium on Sale of Bonds	-	3,669,899	-	-	3,669,899
Transfers In	100,586	22,757,919	523,697	2,154,665	25,536,867
Transfers Out	(28,471,715)	(87,372)	(712,512)	(2,392,679)	(31,664,278)
Total Other Financing Sources (Uses)	**(28,371,129)**	**23,340,337**	**(188,815)**	**2,423,157**	**(2,796,450)**
Net Change in Fund Balances	2,579,016	51,365	-	(36,947,569)	(34,317,188)
Fund Balances--Beginning of Year	**22,381,604**	**1,161,895**	**-**	**49,215,400**	**72,758,899**
Fund Balances--End of Year	**$ 24,960,620**	**$ 1,213,260**	**$ -**	**$ 12,267,831**	**$ 38,441,711**

See Notes to Basic Financial Statements.

Exhibit F

CITY OF ROANOKE, VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Total Net Change in Fund Balances - Governmental Funds		$ (34,317,188)
Amounts reported for Governmental Activities in the Statement of Activities are different due to:		
Governmental Funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate the cost of those assets over the life of the asset.		
Expenditures for capital assets	37,764,765	
Donation of capital assets	49,035	
Less current year depreciation expense	(11,986,011)	25,827,789
Revenues in the Statement of Activites that do not provide current financial resources are not reported as revenues in the Governmental Funds.		
Net change in deferred revenue related to taxes	(2,217,989)	
Net principal reimbursed by Western Virginia Water Authority	(2,268,265)	(4,486,254)
Bond and other long term debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the Governmental Fund but the repayment reduces long-term liabilities in the Statement of Net Asset		
Bond and other long term debt proceeds	(38,717,371)	
Bond premium	(3,408,191)	
Amortization of current year bond premium	515,956	
Bond costs and deferred amounts	4,092,897	
Amortization of current year bond costs and deferred amounts	(617,263)	
Principal payments	58,766,295	20,632,323
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in long-term compensated absences	136,726	
Change in accrued interest payable	(9,219)	127,507
Internal service funds are used by management to charge the costs of certain services to individual funds. The change in net assets of the internal service funds is reported with Governmental Activities.		(1,558,623)
Total Change in Net Assets of Governmental Activities		$ 6,225,554

See Notes to Basic Financial Statements.

CITY OF ROANOKE, VIRGINIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	Enterprise Funds		
Assets	**Transit Company**	**Civic Facilities**	**Parking**
Current Assets:			
Cash and Cash Equivalents	$ 339,252	$ 1,163,441	$ 884,594
Investments	-	27,946	301,399
Interest and Dividends Receivable	-	134	1,442
Due from Other Governments	1,259,572	-	-
Due from Other Funds	-	160,000	144,267
Accounts Receivable	55,412	36,615	89,050
Inventory	404,078	-	-
Other Assets	31,583	172,528	180,429
Total Current Assets	**2,089,897**	**1,560,664**	**1,601,181**
Capital Assets:			
Land and Land Improvements	603,302	1,215,005	2,466,514
Buildings and Structures	10,553,898	37,655,568	39,670,041
Equipment and Other Capital Assets	18,112,315	2,440,445	104,704
Construction in Progress	-	-	8,258,939
Less Accumulated Depreciation	(14,037,037)	(14,647,280)	(12,942,113)
Capital Assets, Net	**15,232,478**	**26,663,738**	**37,558,085**
Total Assets	**$ 17,322,375**	**$ 28,224,402**	**$ 39,159,266**
Liabilities			
Current Liabilities:			
Accounts Payable and Accrued Expenses	$ 581,809	$ 139,529	$ 87,369
Accrued Interest Payable	-	215,073	228,396
Due to Other Governments	-	60,737	-
Due to Other Funds	-	7,918	1,746
Deferred Revenue	-	969,825	-
Other Liabilities	82,236	44,675	65,160
Long-Term Liabilities Due Within One Year	-	749,393	1,075,532
Total Current Liabilities	**664,045**	**2,187,150**	**1,458,203**
Long-Term Liabilities:			
Compensated Absences Payable	-	-	16,249
Claims Payable	-	-	-
General Obligation Bonds Payable, Net	-	13,862,860	16,156,000
Capital Lease Liability	-	352,473	-
Less Current Maturities	-	(749,393)	(1,075,532)
Total Long-Term Liabilities	**-**	**13,465,940**	**15,096,717**
Total Liabilities	**$ 664,045**	**$ 15,653,090**	**$ 16,554,920**
Net Assets			
Invested in Capital Assets, Net of Related Debt	$ 15,232,478	$ 12,454,671	$ 21,517,353
Restricted for:			
E911 Wireless Capital Project	-	-	-
Unrestricted	1,425,852	116,641	1,086,993
Total Net Assets	**$ 16,658,330**	**$ 12,571,312**	**$ 22,604,346**

See Notes to Basic Financial Statements

Exhibit G

Enterprise Funds		Internal Service Funds
Market Building	Total	
$ 1,584,741	$ 3,972,028	$ 18,423,324
540,568	869,913	5,542,271
2,587	4,163	26,520
-	1,259,572	12,559
25	304,292	18,987
13,431	194,508	67,121
-	404,078	54,846
-	384,540	333,422
2,141,352	7,393,094	24,479,050
50,000	4,334,821	-
2,315,891	90,195,398	-
66,552	20,724,016	49,779,105
541,194	8,800,133	2,130,072
(427,398)	(42,053,828)	(30,100,536)
2,546,239	82,000,540	21,808,641
$ 4,687,591	$ 89,393,634	$ 46,287,691
$ 88,738	$ 897,445	$ 563,126
-	443,469	-
-	60,737	-
3,606	13,270	2,241,943
-	969,825	-
-	192,071	3,514
-	1,824,925	3,377,812
92,344	4,401,742	6,186,395
-	16,249	306,128
-	-	17,368,281
-	30,018,860	523,442
-	352,473	200,194
-	(1,824,925)	(3,377,812)
-	28,562,657	15,020,233
$ 92,344	$ 32,964,399	$ 21,206,628
$ 2,546,239	$ 51,750,741	$ 21,084,913
-	-	46,777
2,049,008	4,678,494	3,949,373
$ 4,595,247	$ 56,429,235	$ 25,081,063

Exhibit H

CITY OF ROANOKE, VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Enterprise Funds		
	Transit Company	**Civic Facilities**	**Parking**
Operating Revenues			
Charges for Services	$ 2,046,752	$ 1,966,484	$ 2,733,270
Other Revenue	103,997	30,684	-
Total Operating Revenues	**2,150,749**	**1,997,168**	**2,733,270**
Operating Expenses			
Personal Services	4,382,637	1,153,535	65,421
Other Services and Charges	1,897,061	1,638,125	1,393,055
Materials and Supplies	1,291,816	-	363,672
Depreciation	1,902,667	914,556	827,529
Total Operating Expenses	**9,474,181**	**3,706,216**	**2,649,677**
Operating Income (Loss)	**(7,323,432)**	**(1,709,048)**	**83,593**
Nonoperating Revenues (Expenses)			
Gain (Loss) on Disposal of Assets	-	-	-
Operating Grants	4,139,626	-	-
Investment Income	7,337	29,835	32,115
Interest Expense	-	(596,042)	(380,817)
Net Nonoperating Revenues (Expenses)	**4,146,963**	**(566,207)**	**(348,702)**
Income (Loss) Before Transfers and Contributions	**(3,176,469)**	**(2,275,255)**	**(265,109)**
Transfers and Contributions			
Capital Contributions	2,348,098	-	-
Transfers In	1,186,235	2,256,417	14,300
Transfers Out	-	(63,494)	-
Net Transfers and Contributions	**3,534,333**	**2,192,923**	**14,300**
Change in Net Assets	357,864	(82,332)	(250,809)
Net Assets - Beginning of Year	**16,300,466**	**12,653,644**	**22,855,155**
Net Assets - End of Year	**$ 16,658,330**	**$ 12,571,312**	**$ 22,604,346**

See Notes to Basic Financial Statements

Exhibit H

Enterprise Funds		
Market Building	Total	Internal Service Funds
$ 198,022	$ 6,944,528	$ 26,663,449
-	134,681	617,014
198,022	7,079,209	27,280,463
-	5,601,593	2,219,437
162,530	5,090,771	18,661,751
110,610	1,766,098	3,862,446
111,191	3,755,943	4,634,829
384,331	16,214,405	29,378,463
(186,309)	(9,135,196)	(2,098,000)
-	-	(38,198)
-	4,139,626	-
10,790	80,077	205,212
-	(976,859)	(62,028)
10,790	3,242,844	104,986
(175,519)	(5,892,352)	(1,993,014)
-	2,348,098	-
2,299,562	5,756,514	549,102
-	(63,494)	(114,711)
2,299,562	8,041,118	434,391
2,124,043	2,148,766	(1,558,623)
2,471,204	54,280,469	26,639,686
$ 4,595,247	$ 56,429,235	$ 25,081,063

CITY OF ROANOKE, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Enterprise Funds		
	Transit Company	**Civic Facilities**	**Parking**
Cash Flow From Operating Activities			
Cash Received from Customers	$ 2,046,752	$ 2,535,476	$ 2,522,796
Cash Payments to Suppliers for Goods and Services	(3,168,728)	(1,713,532)	(2,458,420)
Cash Received (Payments) to Other Funds for Interfund Services	-	(33,437)	(34,622)
Cash Payments to Employees	(4,392,037)	(1,092,798)	(69,025)
Cash Payments for Claims	-	-	-
Cash Received for Other Operating Revenues	89,518	30,684	-
Net Cash Provided (Used) by Operating Activities	**(5,424,495)**	**(273,607)**	**(39,271)**
Cash Flow From Noncapital Financing Activities:			
Operating Grant Received	4,589,361	-	-
Transfers In	1,186,235	2,256,417	14,300
Transfers Out	-	(63,494)	-
Net Cash Provided by Noncapital Financing Activities	**5,775,596**	**2,192,923**	**14,300**
Cash Flow From Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(2,664,651)	(14,524)	(3,586,341)
Capital Contributions	2,058,262	-	-
Proceeds from Issuance of Bonds	-	-	1,623,829
Proceeds from Sale of Refunding Bonds	-	4,382,700	2,861,100
Principal Paid to Refunded Bond Escrow Agent	-	(4,285,000)	(2,805,000)
Principal Paid on Bonds and Capital Lease Obligation	-	(709,105)	(950,828)
Interest Paid on Bonds and Capital Leases	-	(807,822)	(487,526)
Net Cash Provided by (Used for) Capital and Related Financing Activities	**(606,389)**	**(1,433,751)**	**(3,344,766)**
Cash Flow From Investing Activities:			
Interest Received	7,337	29,327	33,446
Sale of Investments	-	-	280,416
Purchase of Investments	-	(28,080)	-
Cash Provided (Used) by Investing Activities	**7,337**	**1,247**	**313,862**
Net Increase (Decrease) in Cash and Cash Equivalents	**(247,951)**	**486,812**	**(3,055,875)**
Cash and Cash Equivalents at July 1	**587,203**	**676,629**	**3,940,469**
Cash and Cash Equivalents at June 30	**$ 339,252**	**$ 1,163,441**	**$ 884,594**
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	$ (7,323,432)	$ (1,709,048)	$ 83,593
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	1,902,667	914,556	827,529
Changes in Assets and Liabilities:			
Increase in Due From Other Governments	-	-	-
(Increase) Decrease in Due From Other Funds	-	72,296	(125,597)
(Increase) Decrease in Accounts Receivable	(14,479)	38,311	(84,877)
(Increase) Decrease in Inventory	(29,051)	-	-
Increase in Other Assets	102,045	-	-
Increase (Decrease) in Accounts Payable and Accrued Expenses	(65,031)	(115,807)	(730,547)
Increase (Decrease) in Due to Other Governments	-	60,737	(4,949)
Increase (Decrease) in Due to Other Funds	-	6,963	(5,768)
Increase in Other Liabilities	12,186	-	-
Increase (Decrease) in Compensated Absences Payable	(9,400)	-	1,345
Increase in Deferred Revenue	-	458,385	-
Increase in Claims Payable	-	-	-
Total Adjustments	**1,898,937**	**1,435,441**	**(122,864)**
Net Cash Provided (Used) by Operating Activities	**$ (5,424,495)**	**$ (273,607)**	**$ (39,271)**

Noncash Capital and Financing Activities:

Parking Fund noncash activities in fiscal 2010 consisted of capital asset acquisitions of $49,808 recorded as accounts payable at June 30, 2010.

Market Building Fund noncash activities in fiscal 2010 consisted of capital asset acquisitions of $55,756 recorded as accounts payable at June 30, 2010.

Internal Service Funds noncash activities in fiscal 2010 consisted of capital asset acquisitions of $79,064 recorded as accounts payable at June 30, 2010.

See Notes to Basic Financial Statements

Exhibit I

Enterprise Funds		Internal Service Funds
Market Building	Total	
$ 440,593	$ 7,545,617	$ 27,978,272
(188,761)	(7,529,441)	(6,561,572)
(41,259)	(109,318)	2,022,349
-	(5,553,860)	(2,231,588)
-	-	(14,595,168)
-	120,202	1,359,735
210,573	(5,526,800)	7,972,028
-	4,589,361	-
94,500	3,551,452	549,102
-	(63,494)	(114,711)
94,500	8,077,319	434,391
(444,921)	(6,710,437)	(5,325,951)
2,205,062	4,263,324	-
-	1,623,829	-
-	7,243,800	-
-	(7,090,000)	-
-	(1,659,933)	(572,124)
-	(1,295,348)	(83,951)
1,760,141	(3,624,765)	(5,982,026)
9,681	79,791	214,201
-	280,416	4,447,230
(493,399)	(521,479)	-
(483,718)	(161,272)	4,661,431
1,581,496	(1,235,518)	7,085,824
3,245	5,207,546	11,337,500
$ 1,584,741	$ 3,972,028	$ 18,423,324
$ (186,309)	$ (9,135,196)	$ (2,098,000)
111,191	3,755,943	4,634,829
-	-	(12,154)
236,775	183,474	1,371,131
5,796	(55,249)	(44,154)
-	(29,051)	1,601
-	102,045	847,721
59,514	(851,871)	(368,543)
-	55,788	-
(16,394)	(15,199)	2,204,158
-	12,186	-
-	(8,055)	(9,876)
-	458,385	-
-	-	1,445,315
396,882	3,608,396	10,070,028
$ 210,573	$ (5,526,800)	$ 7,972,028

Exhibit J

CITY OF ROANOKE, VIRGINIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	Pension Trust Fund	OPEB Trust Fund	Agency Funds
ASSETS			
Cash and Cash Equivalents	$ 565,935	$ -	$ 3,763,788
Investments	-	-	1,285,786
Receivables:			
Employer Contributions (Includes Net Due From Other Funds of $31,704)	106,506	-	-
Accrued Interest	-	-	6,153
Investment Income	338,438	-	-
Total Receivables	444,944	-	6,153
Investments Held by Trustee, at Fair Value:			
Cash Equivalents	10,511,861	1,140,627	-
Cash Collateral on Loaned Securities	45,111,350	-	-
Government Securities	11,131,087	-	-
Corporate Bonds	15,179,136	-	-
Convertible Bond Mutual Funds	14,481,647	-	-
Common Stocks	53,099,221	-	-
Domestic Mutual Funds	119,897,683	-	-
International Mutual Funds	49,412,501	-	-
Real Estate Mutual Funds	6,008,060	-	-
Total Investments	324,832,546	1,140,627	-
Total Assets	$ 325,843,425	$ 1,140,627	$ 5,055,727
LIABILITIES			
Accounts Payable and Accrued Expenses	$ 255,466	$ -	$ -
Liability for Collateral on Loaned Securities	45,111,350	-	-
Due to Other Governments	-	-	5,055,727
Total Liabilities	$ 45,366,816	$ -	$ 5,055,727
NET ASSETS			
Held in Trust for Pension and Other Postemployment Benefits	**$ 280,476,609**	**$ 1,140,627**	**$ -**

See Notes to Basic Financial Statements

Exhibit K

CITY OF ROANOKE, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Pension Trust Fund	OPEB Trust Fund
Additions/(Reductions)		
Contributions from Employer	$ 11,046,210	$ 1,724,000
Investment Income		
Net Appreciation in Fair Value of Investments	27,006,755	90,485
Interest and Dividends	4,978,962	5
Other	23,418	-
Total Investment Income	32,009,135	90,490
Less Investment Expenses	(826,962)	(1,676)
Net Investment Income	31,182,173	88,814
Securities Lending Income		
Securities Lending Income	156,381	-
Less Securities Lending Expenses	(89,098)	-
Net Securities Lending Income	67,283	-
Total Additions	**42,295,666**	**1,812,814**
Deductions		
Benefit Payments	27,909,420	1,465,000
Administrative Expenses	337,878	-
Total Deductions	**28,247,298**	**1,465,000**
Net Increase in Plan Net Assets	**14,048,368**	**347,814**
Net Assets Held in Trust for Pension and Other Postemployment Benefits - July 1	**266,428,241**	**792,813**
Net Assets Held in Trust for Pension and Other Postemployment Benefits - June 30	**$ 280,476,609**	**$ 1,140,627**

See Notes to Basic Financial Statements.

(1) Summary of Significant Accounting Policies

The accounting policies of the City of Roanoke, Virginia (the City) conform to U.S. generally accepted accounting principles (GAAP) as applicable to governments.

A. Reporting Entity

The City of Roanoke is a municipal corporation organized under the laws of the Commonwealth of Virginia (the Commonwealth) and governed by seven elected City Council members. As required by GAAP, these financial statements present the City and its blended component unit, for which the City is considered to be financially accountable. A blended component unit, although a legally separate entity, is, in substance, part of the municipality's operations, so data from this unit is combined with data of the primary government. A discretely presented component unit is reported in a separate column in the government-wide financial statements.

Blended Component Unit

The Greater Roanoke Transit Company (Transit Company) is a public service bus company organized to provide mass transportation services to the Roanoke Valley. The Transit Company is reported as a blended component unit because it is owned by the City with City Council acting as its Board of Directors. The Transit Company's operations are reported as an Enterprise Fund, a Proprietary Fund Type.

Complete financial statements for this blended component unit may be obtained by writing to the Greater Roanoke Transit Company, P.O. Box 13247, Roanoke, Virginia 24032.

Discretely Presented Component Unit

The School Board of the City of Roanoke, Virginia (School Board) is a legally separate entity which operates twenty elementary schools, six middle schools, and two high schools for students residing in the City. School Board members are appointed by City Council. City Council also provides fiscal guidance because it levies taxes to fund School Board's operations and issues debt for its capital projects. In accordance with GAAP, the City reports the School Board as a discretely presented component unit. Certain note disclosures are included in the City's Comprehensive Annual Financial Report for component unit transactions which are material. Additional disclosures are available in the separately published School Board Component Unit Comprehensive Annual Financial Report.

Complete financial statements for this discretely presented component unit may be obtained by writing to the School Board of the City of Roanoke, P.O. Box 13145, Roanoke, Virginia 24031.

B. Financial Statement Presentation

The City's financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended. 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, as amended, includes:

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

Government-Wide Financial Statements – Financial statements are prepared using the economic resources measurement focus and full accrual accounting for all of the government's activities. These statements include all assets, liabilities, revenues and expenses of the primary government and its component units, excluding fiduciary activities.

The effect of interfund activity, other than service provided and used, has been eliminated from these statements. Excess revenues or expenses of the internal service funds are allocated to the appropriate governmental functional activity. The City does not allocate indirect expenses. The government-wide statements segregate governmental activities, which are normally supported by taxes and intergovernmental revenues, and business-type activities, which rely on user fees and charges for support. The School Board, which is a legally separate, discretely presented component unit, is also segregated.

Statement of Net Assets – presents both governmental and business-type activities on the full accrual, economic resource basis of accounting, which incorporates long-term assets and receivables, as well as long-term debt and obligations.

Statement of Activities – presents the net cost of each individual function. Program revenues are presented as a reduction of the total cost of providing program services. Program revenues include charges for services, operating grants and contributions and capital grants that are directly associated with a specific function. Taxes and other revenue sources not reported as program revenue are included as general revenue.

Fund Financial Statements – These statements are organized on the basis of funds, each of which is considered to be a separate accounting entity. The emphasis is on major governmental and enterprise funds. The operation of each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances or net assets, revenues, and expenditures or expenses, as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the basic financial statements into three broad fund categories as follows:

Governmental Funds account for expendable financial resources, other than proprietary fund types. Governmental fund types use the flow of current financial resources measurement focus. The major governmental funds are:

General Fund – Accounts for all revenues and expenditures which are not accounted for in other funds. The General Fund finances the regular day-to-day operations of the City.

Debt Service Fund – Accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and fiscal charges not being financed by proprietary funds.

Special Revenue Fund – Accounts for the proceeds of specific revenue sources (other than expendable trusts or funds for major capital projects) that are legally restricted to expenditures for specified purposes. The Special Revenue Fund provides accounting for certain federal and state grants awarded to the City.

Capital Projects Fund – Accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

Proprietary Funds account for operations that are financed and operated in a manner similar to private business enterprises. The proprietary fund measurement focus is on the flow of economic resources. Operating revenues include charges for services and other revenue. Operating expenses include personal services, as well as other services and charges, materials and supplies and depreciation. All revenues and expenses, excluding capital contributions and transfers, not meeting these definitions are reported as non-operating revenues and expenses. The proprietary fund types are:

Enterprise Funds – Account for the financing of services to the general public where all or most of the operating expenses involved are recovered in the form of charges to users of such services. All funds included in this category, except the Market Building Fund, are major funds and are as follows:

Transit Company – Provides bus service to the City and surrounding areas.

Civic Facilities Fund – Accounts for the operation of the municipal civic center. Global Spectrum, Inc. manages the Civic Center operations on the City's behalf.

Parking Fund – Accounts for the operation of seven parking garages and several parking lots.

Market Building Fund – Accounts for the operation of the Downtown Market Building which houses several retail merchants and restaurants.

Internal Service Funds – Account for the financing of goods or services provided by one department primarily or solely to other departments within the City government on a cost-reimbursement basis. Funds included in this category are:

Department of Technology Fund – Provides implementation and maintenance of data processing systems and provides workstation support.

Fleet Management Fund – Owns and maintains City vehicle fleet and related supplies.

Risk Management Fund – Finances property, workers' compensation, employee medical, auto, and general liability insurance coverage.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the City has selected one of the two options available for proprietary fund reporting. The City applies all applicable GASB pronouncements and all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

Fiduciary Funds- account for assets held by the City in a trustee capacity or as an agent for individuals, other governmental units, or other funds. The fiduciary funds are:

Pension Trust Fund – Accounts for the operations of the City's Pension Fund. It is accounted for in the same manner as a proprietary fund type. Measurement focus is upon determination of the change in net assets and financial position.

OPEB Trust Fund – Accounts for the assets held for, and costs of, other post-employment benefits (OPEBs). It is accounted for in the same manner as a proprietary fund type. Measurement focus is upon determination of the change in net assets and financial position.

Agency Fund – Accounts for assets held for, and due to the Hotel Roanoke Conference Center Commission. This fund is custodial in nature and does not involve measurement of results of operations.

C. Basis of Accounting

Basis of accounting refers to the point at which revenues and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Governmental activities in the government-wide statements are presented using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability has been incurred, regardless of the timing of related cash flows.

Governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. General fund tax revenues are considered measurable when they have been levied. To be considered available and thus susceptible to accrual, taxes must be collected with the City's period of availability of 60 days. Uncollected taxes at the end of this period are reported as deferred revenues. Interest income and intergovernmental receivables (state and federal grants to the extent of allowable expenditures) are considered susceptible to accrual. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, debt service

expenditures as well as expenditures related to compensated absences are recorded only when payment is due.

The City generally uses restricted assets first for expenses incurred for which both restricted and unrestricted assets are available. The City may defer the use of restricted assets based on a review of the specific situation.

As a result of the different measurement focus and basis of accounting used in preparing the government-wide statements, a reconciliation between the government-wide and fund financial statements is necessary. Exhibit D presents a reconciliation of the net assets as reported on the Statement of Net Assets (Exhibit A) to total governmental fund balance as reported on the Balance Sheet - Governmental Funds (Exhibit C). Exhibit F presents a reconciliation of the total change in net assets as reported on the Statement of Activities (Exhibit B) and the total net change in fund balances as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit E).

D. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded in order to reserve the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Encumbrances are reported as expenditures using the budgetary basis of accounting. Unspent appropriations lapse at year-end. These encumbrances are subject to re-appropriation by City Council in the succeeding fiscal year.

E. Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash from all funds is consolidated in one City account. Short-term investments may consist of certificates of deposit, repurchase agreements, commercial paper, investments in the Local Government Investment Pool (LGIP), and the Commonwealth Cash Reserve Fund. Cash balances, other than Transit Company balances, School Board balances, Roanoke Civic Center balances, OPEB Trust Fund balances and a portion of the Pension Trust Fund balances are deposited in a pooled account, which in turn purchases short-term investments. Interest income is allocated to the participating funds based on each fund's average daily cash balance. Cash and cash equivalents are recorded at cost, which approximates market value.

Investments are recorded at fair value. Mutual fund and common stock fair values are based on quotations obtained from national security exchanges. The fair value of underlying assets held in the Pension Trust Fund’s real estate fund is based upon independent appraisal conducted periodically throughout the year, but not less than annually. Investments of the Capital Projects Fund consist of government securities and certificates of deposits with original maturities greater than three months. Investments of the Pension Trust Fund consist of overnight investments in bank common trust funds, government securities, certificates of deposits with original maturities greater than three months, corporate bonds, stocks, and mutual funds.

F. Interfund Receivables and Payables

Outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide statements as internal balances. Outstanding balances between the City and its component unit are reported as due to/from component unit or due to/from primary government.

G. Allowance for Uncollectible Taxes and Accounts Receivable

The City calculates its allowance for uncollectible receivables based on historical collection data and specific account analyses. At June 30, 2010, the allowance for General Fund uncollectible taxes and accounts receivable was $5,810,657, or 27.2% of the outstanding balance of taxes receivable and accounts receivable.

H. Property Taxes

Property taxes are assessed annually as of January 1. Real estate tax is payable in two equal installments, each due on or before October 5 and April 5. On April 6, real property taxes become an enforceable lien against the property. The annual assessment for real estate is based on 100% of the assessed fair market value. The tax rates are established annually, without limitation, by City Council. The tax rate for real estate was $1.19 per $100 of assessed value for the year.

Personal property tax is due on or before May 31 during the year of assessment. The personal property tax rate was $3.45 per $100 of assessed value for the year. The Commonwealth funds localities for a portion of the personal property taxes billed to property tax owners. The Personal Property Tax Relief Act as amended provides a flat amount of reimbursement to localities, such as the City of Roanoke, thereby altering the percent of tax relief provided. The Commonwealth's share of the tax was 67.23% for tax year 2010. A penalty of 10% of unpaid real estate and personal property tax is due for late payment. Interest on unpaid taxes is 10% in the first year. Thereafter, the rate is calculated at the Internal Revenue Service (IRS) rate. At June 30, 2010, the IRS rate was 4%.

The City bills and collects taxes and recognizes revenue upon levy for government-wide purposes. For the fund financial statements, the City recognizes revenue to the extent that it results in current receivables.

I. Inventory

Inventory for proprietary funds is valued at cost, determined using the moving weighted average method. Inventory consists of materials and supplies held for consumption and are adjusted to actual based on an annual physical count. The cost is recorded as an expense when individual items of inventory are used.

J. Pension Trust Fund

The City's policy is to fully fund actuarially determined pension costs, which include both normal costs and amortization of unfunded accrued liability. Pension Trust Fund investments are recorded at fair value. The fair value is based on quotations obtained from national security

exchanges. Security transactions are recognized on the trade date which is the date the order to buy or sell is originated. Securities lending fees are included as a component of investment expenses.

K. Other Postemployment Benefits Trust Fund

The City's policy is to fully fund actuarially determined Postemployment Benefits Other Than Pensions (OPEB) costs, which include both normal costs and amortization of unfunded accrued liability, by contributing to the Virginia Pooled OPEB Trust Fund (OPEB Trust Fund). The OPEB Trust Fund investments are recorded at fair value. The Trust Board of Trustees establishes investment objectives, risk tolerance and asset allocation policies in light of the investment policy, market and economic conditions, and generally prevailing prudent investment practices.

L. Capital Assets

Capital assets acquired or constructed by the City with a value in excess of $5,000 are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets belonging to proprietary funds are also reported in the applicable fund financial statements. Capital assets are recorded at historical cost or estimated historical cost. Gifts or contributions of capital assets are recorded at fair value when received. Depreciation is recorded on a straight-line basis over the estimated useful life of each capital asset. No depreciation expense is recorded for land, construction-in-progress, or items designated as historical treasures. The estimated useful lives for capital assets are as follows:

Land Improvements	15-40 years
Buildings and Structures	5-55 years
Equipment	2-20 years
Infrastructure	15-55 years
Software	3 years

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

During fiscal year 2010, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which addresses how to identify, account for, and report various intangible assets. The City applied the criteria of GASB Statement No. 51 and recorded assets, for internally generated software, totaling approximately $3.1 million as of June 30, 2010. The internally generated software assets will be amortized over a three year period.

M. Compensated Absences Payable

It is the City's policy to permit employees to accumulate earned but unused compensated absences. For government-wide reporting, a liability is recorded for compensated absences when services are rendered and employees have earned the right to receive compensation for such services.

Liabilities for compensated absences are not liquidated until leave is actually taken by employees or leave balances are paid upon termination. Accordingly, in the fund financial statements for governmental funds, no expenditure is reported for compensated absences until they are paid. Current and non-current portions of compensated absences totaling $6,347,868 are recorded for governmental activities in the government-wide statements and represent a reconciling item between the government-wide and fund presentations.

Compensated absences earned by employees and charged to proprietary funds are expensed and accrued as a liability of the appropriate fund when incurred. At June 30, 2010, the liabilities for compensated absences of the enterprise and internal service funds were $16,249 and $306,128, respectively.

N. Use of Estimates

Management of the City has made use of estimates and assumptions relating to the reporting of assets, liabilities, revenues, expenditures/expenses and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with GAAP. Actual results could differ from those estimates.

(2) Deposits and Investments

Governmental Funds

The City maintains a consolidated account that is available for use by all funds, including fiduciary funds. Each fund's portion of this account is presented in the basic financial statements as "Cash and Cash Equivalents". The School Board component unit maintains separate cash and investment accounts consisting of $14,035,489. The Transit Company, a blended component unit, maintains separate cash and investment accounts consisting of cash and overnight repurchase agreements collateralized by government securities. Investments for the Transit Company and the School Board are presented in conjunction with City investments. The City Civic Center Facilities are managed by Global Spectrum which holds a portion of the City's cash of $1,081,246 on behalf of the City. The City acts as one of the fiscal agents for the Hotel Roanoke Conference Center Commission (HRCCC) and holds total cash and investments of $5,055,727 on its behalf. Investments and related disclosures for the City of Roanoke Pension Plan and the OPEB Trust Fund, which are fiduciary funds, are presented separately.

Investment Policy The City, School Board, and Transit Company adhere to a City Council adopted investment policy (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 under 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), within it 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, Certificate of Deposits, 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 that 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.

Investments as of June 30, 2010 consisted of the following:

	Total Primary Government	School Board Component Unit	Fiduciary Funds
Investment in pooled funds, including Virginia LGIP	$ 21,655,021	$ 12,515,324	$ 2,376,282
Certificates of Deposit	18,926,111	-	2,076,829
Money Market Accounts	5,236,618	-	-
Repurchase Agreements	187,067	-	8,010
Mutual Funds	8,525,403	-	-
Federal Agency Bonds/Notes	4,508,416	-	494,724
	$ 59,038,636	$ 12,515,324	$ 4,955,845

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 LGIP. The State Treasurer's Office of the Commonwealth of Virginia has regulatory oversight over the LGIP. The City's fair value of investment in the LGIP is the same as the

pooled value of its shares. It is the City's policy to limit its investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs).

As of June 30, 2010, investment holdings as a percentage of total investments, excluding Pension Plan and OPEB Trust Fund investments, were as follows:

Investment Type	Primary Government	School Board Component Unit	HRCCC Fiduciary Fund	Credit Rating
Repurchase Agreements	0.5%	0.0%	0.3%	NR
Mutual Funds	24.4%	0.0%	0.0%	AAAm
Federal Agency Bond/Notes	13.0%	0.0%	17.2%	Aaa
Virginia LGIP	62.1%	100.0%	82.5%	AAAm

Custodial Credit Risk - Investments. For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments as of June 30, 2010 were held in the name of the City. The City's investment policy requires all Purchase Securities, Money Market instruments and Certificates of Deposit with maturity dates less than thirty (30) days to be held by the Bank or Securities Dealer through which they were purchased. Securities with maturity dates exceeding thirty days are electronically transferred and held by a third party.

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 City's name. As of June 30, 2010, the City did not hold any investments considered to be exposed to custodial credit risk. The School Board component unit does not hold any investments exposed to custodial credit risk.

Custodial Credit Risk – Deposits. In the case of a deposit, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The carrying value of the City's deposits was $6,867,272, including Fiduciary HRCCC Funds of $313,867. The City's bank balance of deposits was $6,507,699. The carrying value of the School Board component unit's deposits was $14,202,785. The School Board component unit's bank balance of deposits was $4,424,227. The City's investment policy requires all deposits to be federally secured or held in accordance with the Virginia Security for Public Deposits Act. In agreement with the policy, the entire balance was covered by federal depository insurance or collateralized in accordance with Virginia Security for Public Deposits Act.

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 5% of the total value of the portfolio, except U.S. Treasury and Federal Agency obligations. Not more than 35% of the total funds available for investment may be invested in commercial paper, and no single industry group, as defined by Standard & Poor's, shall constitute more than 20% of the bond portfolio.

As of June 30, 2010, the portions of the City's debt securities that exceed 5% of the total value, excluding certificates of deposit which were fully insured by Federal Deposit Insurance Corporation (FDIC) and the Virginia LGIP, were as follows:

Issuer	Percent of Portfolio Primary Government	HRCCC Fiduciary Fund
Commonwealth Cash Reserve Fund	24.4%	-
Federal Home Loan Bank	7.8%	10.2%

As of June 30, 2010, 100% of the School Board's investment portfolio was invested in the Virginia LGIP.

Interest Rate Risk. The City's investment policy limits maturities to a maximum of five years as a means of managing its exposure to fair value losses arising from increasing interest rates. However, as a means of limiting its exposure to an even higher degree, the City's investments are highly concentrated in investments of less than one year, and the City holds no investments with a maturity date of greater than three years.

As of June 30, 2010, the Primary Government had the following investments and maturities:

	Investment Maturity		
	Fair Value	Less than 1 year	1-3 years
Non-negotiable Certificates of Deposits	$ 18,926,111	$ 18,926,111	$ -
Repurchase Agreements	187,067	187,067	-
Mutual Funds	8,525,403	8,525,403	-
Federal Agency Bonds/Notes	4,508,416	901,117	3,607,299
Virginia LGIP	21,655,021	21,655,021	-
TOTAL	$ 53,802,018	$ 50,194,719	$ 3,607,299

As of June 30, 2010, the School Board Component Unit had the following investments and maturities:

	Investment Maturity	
	Fair Value	Less than 1 year
Virginia LGIP	$ 12,515,324	$ 12,515,324
TOTAL	$ 12,515,324	$ 12,515,324

As of June 30, 2010, the Hotel Roanoke Conference Center Commission, a fiduciary fund, had the following investments and maturities:

		Investment Maturity	
	Fair Value	Less than 1 year	1-3 years
Non-negotiable Certificates of Deposits	$ 2,076,829	$ 2,076,829	$ -
Repurchase Agreements	8,010	8,010	-
Federal Agency Bonds/Notes	494,724	98,883	395,841
Virginia LGIP	2,376,282	2,376,282	-
TOTAL	$ 4,955,845	$ 4,560,004	$ 395,841

Separately Presented Fiduciary Funds

Pension Trust Fund

Investment Policy. The Board of Trustees of the City of Roanoke Pension Plan (the Plan) has adopted a Statement of Investment Policy Guidelines and Objectives. The Policy articulates the Plan's investment objectives and risk tolerance and serves as a guide for asset allocation development, investment manager and fund selection, and investment performance monitoring and evaluation. The Policy addresses credit risk, concentration risk, and foreign currency risk as outlined in the following paragraphs.

Investments as of June 30, 2010 consisted of the following:

Cash Equivalents	$ 10,511,861
Cash Collateral on Loaned Securities	45,111,350
U.S Government Securities	10,079,149
Municipal and Agency Bonds	1,051,938
Corporate Bonds	15,179,136
Convertible Bond Mutual Funds	14,481,647
Common Stocks	53,099,221
Domestic Mutual Funds	119,897,683
International Mutual Funds	49,412,501
Real Estate Mutual Funds	6,008,060
Total Investments	$ 324,832,546

Credit Risk. The Plan's investment policy limits investments in fixed income securities to issues which are rated at least Baa or BBB by either Moody's or Standard and Poors. Purchases of non-U.S. government securities are restricted to issues of $50 million or greater. As of June 30, 2010 and 2009, the Plan's fixed income investments consisted of the following:

	Moody's Rating		Market Value 2010
Muncipal and Agency Bonds			
	AAA		$ 186,828
	Aa2		372,118
	A1		241,436
	A2		129,746
	A3		121,810
			$ 1,051,938
Corporate Bonds			
	AAA		$ 1,339,593
	Aa1		227,420
	Aa2		963,161
	Aa3		644,372
	A1		1,791,747
	A2		2,857,883
	A3		2,433,176
	Baa1		2,105,904
	Baa2		1,291,195
	Baa3		790,331
	NA		734,354
			$ 15,179,136
Domestic Bond Mutual Funds			
	AA-	1	$ 14,658,557
	Aa2		3,239,792
	NA	2	17,135,815
			$ 35,034,164

1 Standard and Poors credit rating
2 This domestic mutual fund is passive investment that emulates the Barclays Capital Aggregate

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Plan's deposits may not be returned to it. The Plan's investment policy does not specifically address custodial credit risk. The City maintains a cash and investment pool, in which the Plan is a participant. On June 30, 2010, the carrying amount and bank balance of the Plan's deposits was $10,731,999 and $10,732,037, respectively. Of the bank balance at June 30, 2010, $220,177 was covered by Federal depository insurance or collateralized pursuant to agreements with all participating financial institutions to pledge assets on a pooled basis to secure public deposits according to the Virginia Security for Public Deposits Act Regulations of the Code of Virginia.

Such collateralization qualifies as state depository insurance. Accordingly, the bank balance of $220,177 is considered to be insured. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loans. The remaining bank balance of $10,511,860 is uninsured and uncollateralized.

Custodial Credit Risk – Investments. The Plan has nine types of investments as of June 30, 2010: cash equivalents; U.S. government securities; agency and municipal bonds; corporate bonds; convertible bond mutual funds; common stocks; domestic, international and real estate mutual funds. Investments in external investment pools and in open-end mutual funds are not considered to be exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. 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 Plan's name. The Plan's investment policy does not specifically address custodial credit risk. As of June 30, 2010, the Plan's investments considered to be exposed to custodial credit risk consisted of the following:

Investment Type	Market Value
U.S Government Bonds	$ 10,079,149
Municipal and Agency Bonds	1,051,938
Corporate Bonds	15,179,136
Common Stocks	53,099,221
Total	79,409,444

State Street Bank & Trust Company has a blanket insurance policy to secure Trust Funds for every account they hold and also pledges to the Federal Reserve Bank to cover funds on deposit with their bank. State Street Boston Corporation, the parent company, also carries a corporate blanket insurance policy. Further insurance carried by the depositories includes coverage against losses occurring on the premises or during transit.

Concentration of Credit Risk. The Plan's investment policy prohibits the investment of more than 5% of plan assets in either fixed income or equity securities of any single issuer based on cost. Securities of the U.S. government and investment company shares (mutual funds) are exempted from this limitation. As of June 30, 2010, the Plan did not own securities of a single organization, other than positions in mutual funds, representing 5% or more of the Plan's net assets.

Interest Rate Risk. The Plan's investment policy does not address investment maturities as a means of managing it exposure to fair value losses arising from increasing interest rates. The investment policy defines the investment objectives for both the passive and actively managed segments of the fixed income portfolio. The objective of the passive segment is to replicate the return of the Barclays Aggregate Bond Index thus providing broad diversification that would be impractical to achieve in an actively managed portfolio. The objective of the actively managed fixed income portfolio is to outperform the Barclays Aggregate Bond Index over a moving 3 – 5 year range, with the exception of long duration fixed income, which has an object of outperforming the Barclays Capital Long Government/Credit Index over a moving

3 – 5 year range. The market value of the Plan's fixed income portfolio consisted of the following investment and maturities as of June 30, 2010:

		Orginal Investment Maturities (In Years)				
	Fair Value	1-5	5-10	10-15	15-20	>20
U.S. Government Securities	$10,079,149	-	-	$1,790,339	$598,389	$7,690,421
Municipal and Agency Bonds	1,051,938	-	-	-	-	1,051,938
Corporate Bonds	15,179,136	6,106,616	720,124	237,528	8,114,868	-
Bond Mutual Funds	31,794,372	-	31,794,372	-	-	-
TOTAL	$58,104,595	$6,106,616	$32,514,496	$2,027,867	$8,713,257	$8,742,359

Foreign Currency Risk. The Plan's investment policy prohibits investment in securities that are not denominated in U.S. dollars and/or that are traded solely on exchanges outside the U.S., with the exception of international commingled funds. The Plan had no investments that were not denominated in U.S. dollars or that were traded solely on exchanges outside the U.S. as of June 30, 2010.

Securities Lending Arrangements. The Plan's Board of Trustees approved a Securities Lending Authorization Agreement allowing State Street Bank & Trust Company (Custodian) to lend the Plan's available securities to broker-dealers and banks pursuant to a form of loan agreement. All of the Plan's securities held by the Custodian are available for securities lending, except those securities which the Plan specifically identifies in notices to the Custodian as not being available. During the fiscal year ended June 30, 2010, the Plan did not exclude any securities from securities lending.

The Custodian lends the securities and in exchange the borrowers are required to deliver collateral in the form of cash (United States and foreign currency), securities issued or guaranteed by the United States government, sovereign debt of foreign nations and irrevocable bank letters of credit. The Custodian does not have the ability to pledge or sell collateral securities delivered, absent a borrower default. Borrowers are required to deliver collateral for each loan in amounts equal to: (1) in the case of loaned securities denominated in United States dollars or whose primary trading market was located in the United States or sovereign debt issued by foreign governments, 102% of the market value of the loaned securities; and (2) in the case of loaned securities not denominated in United States dollars or whose primary trading market was not located in the United States, 105% of the market value of the loaned securities.

The Plan did not impose any restrictions during the fiscal year on the amount of loans the Custodian made on its behalf. The terms of the Authorization Agreement require the Custodian to indemnify the Plan in the event the borrower defaults or fails to return the securities by agreeing to purchase replacement securities, or return the cash collateral in the event the borrower failed to return the loaned security or pay distributions thereon. There were no such failures by any borrowers during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or the Custodian.

The Plan and the borrowers maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan is invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool. As of June 30, 2010, such investment pool had a weighted maturity of 33 days with an average duration of 73 days.

Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. The Plan had no credit risk exposure to borrowers as of June 30, 2010. The following represents balances related to securities lending transactions as of June 30, 2010:

Securities on Loan	Market Value of Securities	Cash Collateral Investment Value
Domestic Equities	$ 44,019,318	$ 45,111,350
Total	$ 44,019,318	$ 45,111,350

Other Risks and Uncertainties. The Plan's investments are exposed to various risks such as interest rate, market and credit risks. Such risks, and the resulting investment security values, may be influenced by changes in economic conditions, market perceptions, and expectations. Accordingly, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statement of net assets available for benefits.

In fiscal year 2009, the asset back securities underlying specific investments within the Plan decreased in market value as the banking crisis and declines in the equities market increased demand for liquidity. The Plan investment managers maintain fiduciary responsibility during market volatility. As a result, State Street Global Advisors, an investment manager of the Plan, restricted redemptions of investments with securities lending to 2% to 4% per month. As of June 30, 2010, $42.8 million in investments, representing 13.2% of the Plan's total portfolio, were under trading restrictions related to the stabilization of the collateral pool. No underlying investments within the collateral pool defaulted.

OPEB Trust Fund

The City's OPEB Trust Fund is a participant in the Virginia Pooled OPEB Trust. Funds of participating jurisdictions are pooled and are invested in the name of the Virginia Pooled OPEB Trust. The City's share in this pool is reported as an asset on the statement of fiduciary net assets of the OPEB Trust Fund statement (Exhibit J).

Investment Policy. The Board of Trustees of the Virginia Pooled OPEB Trust has adopted an investment policy to achieve a compound annualized total rate of return over a market cycle, including current income and capital appreciation, in excess of 5.0 percent after inflation, in a manner consistent with prudent risk-taking. Investment decisions for the funds' assets are made by the Board of Trustees. The Board of Trustees establishes investment objectives, risk tolerance and asset allocation policies in light of the investment policy, market and economic conditions, and generally prevailing prudent investment practices. The Board of Trustees also monitors the investments to ensure adherence to the adopted policies and guidelines. In addition, the Trustees review, monitor, and evaluate the performance of the investments and its investment advisors in light of available investment opportunities, market conditions, and publicly available indices for the generally accepted evaluation and measurement of such performance.

Specific investment information for the Virginia Pooled OPEB Trust can be obtained by writing to VML/VACo Finance Program, 1108 East Main Street, Richmond, Virginia 23219.

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 LGIP.

As of June 30, 2010, investment holdings as a percentage of total investments for the OPEB Trust Fund were as follows:

Investment Type	OPEB Trust Fiduciary Fund	Credit Rating
Virginia Pooled OPEB Trust	100.0%	NR

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

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 City's name. As of June 30, 2010, the OPEB Trust Fund did not hold any investments considered to be 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 5% of the total value of the portfolio, except U.S. 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 & Poor's, shall constitute more than 20 percent of the bond portfolio.

As of June 30, 2010, 100% of the OPEB Trust Fund investment portfolio was invested in the Virginia Pooled OPEB Trust.

Interest Rate Risk. The City's investment policy limits maturities to a maximum of five years as a means of managing its exposure to fair value losses arising from increasing interest rates. However, as a means of limiting its exposure to an even higher degree, the City's investments are highly concentrated in investments of less than one year, and the City holds no investments with a maturity date of greater than three years.

As of June 30, 2010, the OPEB Trust Fund had the following investments and maturities:

	Investment Maturity	
	Fair Value	5 - 10 years
Virginia Pooled OPEB Trust	$ 1,140,627	$ 1,140,627

(3) Receivables

Receivables as of June 30, 2010 consisted of the following:

Governmental Funds

Receivables	General	Special Revenue	Capital Projects	Internal Service	Total Governmental Activities	School Board Component Unit
Interest and Dividends	$ 15,517	$ 89,396	$ 9,875	$ 26,520	$ 141,308	$ -
Component Unit			-	-	-	-
Federal Government	275,001	69,805	-	-	344,806	4,474,815
State Government	9,672,625	92,073	-	-	9,764,698	3,084,899
City of Roanoke	-	-	-	-	-	276,629
Other Governments	415,772	-	-	12,559	428,331	-
Subtotal Governments	10,363,398	161,878	-	12,559	10,537,835	7,836,343
Taxes	16,619,266		-	-	16,619,266	-
Accounts	4,722,596	536,632	62,267	67,121	5,388,616	186,548
Less: Allowance for Uncollectible Accounts	(5,810,657)	-	-	-	(5,810,657)	-
Subtotal	15,531,205	536,632	62,267	67,121	16,197,225	186,548
Note	-	2,208,507	-	-	2,208,507	
Governmental Fund Receivables	25,910,120	2,996,413	72,142	106,200	29,084,875	8,022,891
Enterprise Fund Receivables	-	-	-	-	1,454,105	-
Due from WVWA	-	-	-	-	21,987,683	-
Total Receivables	$ 25,910,120	$ 2,996,413	$ 72,142	$ 106,200	$ 52,526,663	$ 8,022,891

Business-Type

Receivables	Transit Company	Civic Facilities	Parking	Market Building	Total Enterprise Funds
Federal Government	$ 1,001,993	$ -	$ -	$ -	$ 1,001,993
State Government	231,631	-	-	-	231,631
Other Governments	25,948	-	-	25	25,973
Subtotal	1,259,572	-	-	25	1,259,597
Accounts	55,412	36,615	89,050	13,431	194,508
Total Receivables	$ 1,314,984	$ 36,615	$ 89,050	$ 13,456	$ 1,454,105

The taxes receivable account is largely comprised of the current and past nineteen years of uncollected tax levies on real property, the current and prior four years of uncollected tax levies for personal property, and business and professional occupational license tax. The ability to collect these accounts has been considered in the allowance for uncollectible accounts.

Net taxes and accounts receivable, as reported on the government-wide Statement of Net Assets, include taxes receivable of approximately $1.1 million that are not available to pay for current period expenditures and are accordingly recorded as deferred revenue in the governmental funds balance sheet. Additionally, a $21,987,683 receivable from the Western Virginia Water Authority (WVWA) related to long-term liabilities is reported on the Statement of Net Assets. Further details are presented in notes 9 and 16.

(4) Interfund Balances and Transfers

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

DUE TO (FUND)	DUE FROM (FUND): General	Capital Projects	Special Revenue	Internal Services	Market Building	Pension Trust	Civic Facilities	Parking	**Total**
General Fund	$ -	$ 18,432	$ 1,881	$ 2,238,923	3,606	$ -	$ 454	$ 1,600	$ 2,264,896
Civic Facilities	160,000	-	-	-	-	-	-	-	160,000
Parking	-	144,267	-	-	-	-	-	-	144,267
Capital Projects	36,887	-	40,000	-	-	-	-	-	76,887
Market Building	-	-	-	-	-	-	-	25	25
Debt Service	5,142	-	-	-	-	-	-	-	5,142
Internal Service	-	15	7,841	2,757	-	789	7,464	121	18,987
Pension Trust	32,230	-	-	263	-	-	-	-	32,493
TOTAL	$ 234,259	$162,714	$ 49,722	$ 2,241,943	$ 3,606	$ 789	$ 7,918	$ 1,746	$ 2,702,697

All interfund balances represent timing differences resulting from the difference between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments are made.

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

TRANSFER TO (FUND)	TRANSFER FROM (FUND): General	Debt Service	Special Revenue	Capital Projects	Internal Service	Civic Facilities	Total
General	$ -	$ -	$ -	$ 95,000	$ 5,586	$ -	$ 100,586
Debt Service	22,064,166	-	542,887	-	87,372	63,494	22,757,919
Special Revenue	501,944	-	-	-	21,753	-	523,697
Capital Projects	1,985,040	-	169,625	-	-	-	2,154,665
Civic Facilities	2,178,100	-	-	78,317	-	-	2,256,417
Transit Company	1,186,235	-	-	-	-	-	1,186,235
Parking	-	-	-	14,300	-	-	14,300
Market Building	94,500	-	-	2,205,062	-	-	2,299,562
Internal Service	461,730	87,372	-	-	-	-	549,102
TOTAL	$ 28,471,715	$ 87,372	$ 712,512	$ 2,392,679	$ 114,711	$ 63,494	$ 31,842,483

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

(5) Note Receivable

Included in the Special Revenue Fund as of June 30, 2010, is a note receivable in the amount of $2,208,507 from the Hotel Roanoke, LLC. The note originally provided $6 million of the $27.5 million expended for the rehabilitation and restoration of the Hotel Roanoke. The Hotel Roanoke, LLC, is obligated to repay, in priority order, certain first mortgage loans held by banks and is then obligated to repay the note receivable and other debt. Funding for repaying this debt is available from resources of the Hotel Roanoke, LLC, generated by the operations of the Hotel Roanoke.

Principal is payable in nineteen annual installments with interest on the unpaid principal balance of the noted at a fixed rate of 4.0% per annum. Installments of principal and interest in the amount of $496,757 are due and payable on June 30 of each year until June 30, 2014. If, in any one year, full payment of principal and interest is not made, that unpaid amount is payable on any subsequent annual installment payment date. In this event, no additional interest would accrue. At June 30, 2010, unpaid installments totaling $496,757 are due from the Hotel Roanoke, LLC. This amount is comprised of unpaid principal of $407,361 and interest of $89,396. During the year ended June 30, 2010, the Hotel Roanoke, LLC made payments of $496,757.

The loan repayments to the City are considered to be program income and are to be applied toward repayment of the City's $6 million Section 108 loan from the United States Department of Housing and Urban Development.

(6) Changes in Capital Assets

	July 1, 2009	Increases	Decreases	June 30, 2010
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 41,923,432	$ 1,474,200	$ (5,001)	$ 43,392,631
Infrastructure - Right of Way	20,027,512	-	-	20,027,512
Construction in Process	49,121,809	35,269,524	(44,207,799)	40,183,534
Historical Treasures	635,298	-	-	635,298
Total Capital assets, not being depreciated	**111,708,051**	**36,743,724**	**(44,212,800)**	**104,238,975**
Capital assets, being depreciated:				
Land Improvements	2,982,024	16,610	-	2,998,634
Accumulated Depreciation	(479,764)	(186,603)	-	(666,367)
Net Land Improvements	**2,502,260**	**(169,993)**	**-**	**2,332,267**
			-	
Building and Structures	342,790,384	37,836,783	(8,866,920)	371,760,247
Accumulated Depreciation	(110,515,237)	(6,332,841)	8,509,702	(108,338,376)
Net Building & Structures	**232,275,147**	**31,503,942**	**(357,218)**	**263,421,871**
Infrastructure	171,759,774	4,725,543	-	176,485,317
Accumulated Depreciation	(71,418,761)	(4,814,200)	-	(76,232,961)
Net Infrastructure	**100,341,013**	**(88,657)**	**-**	**100,252,356**
Equipment	54,886,524	8,387,110	(1,250,056)	62,023,578
Accumulated Depreciation	(33,845,911)	(5,287,196)	1,211,859	(37,921,248)
Net Equipment	**21,040,613**	**3,099,914**	**(38,197)**	**24,102,330**
Total Capital Assets Being Depreciated	572,418,706	50,966,046	(10,116,976)	613,267,776
Less: Accumulated Depreciation	(216,259,673)	(16,620,840)	9,721,561	(223,158,952)
Net Total Capital Assets Being Depreciated	**356,159,033**	**34,345,206**	**(395,415)**	**390,108,824**
Governmental activities capital assets, net	**$ 467,867,084**	**$ 71,088,930**	**$ (44,608,215)**	**$ 494,347,799**
General Capital Assets, Net				$ 472,539,158
Internal Service Fund Capital Assets, Net				21,808,641
Total				**$ 494,347,799**

Changes in Capital Assets (Continued)

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 4,266,375	$ -	$ -	$ 4,266,375
Construction in Process	5,261,649	4,175,526	(637,042)	8,800,133
Total Capital assets, not being depreciated	**9,528,024**	**4,175,526**	**(637,042)**	**13,066,508**
Capital assets, being depreciated:				
Land Improvements	68,446	-	-	68,446
Accumulated Depreciation	(56,474)	(1,882)	-	(58,356)
Net Land Improvements	**11,972**	**(1,882)**	**-**	**10,090**
Building and structures	89,206,706	988,692	-	90,195,398
Accumulated Depreciation	(29,776,488)	(2,032,866)	-	(31,809,354)
Net Building & Structures	**59,430,218**	**(1,044,174)**	**-**	**58,386,044**
Equipment	18,540,758	2,183,258		20,724,016
Accumulated Depreciation	(8,464,923)	(1,721,195)		(10,186,118)
Net Equipment	**10,075,835**	**462,063**	**-**	**10,537,898**
Total Capital Assets Being Depreciated	107,815,910	3,171,950	-	110,987,860
Less: Accumulated Depreciation	(38,297,885)	(3,755,943)	-	(42,053,828)
Net Total Capital Assets Being Depreciated	**69,518,025**	**(583,993)**	**-**	**68,934,032**
Business-type activities capital assets, net	**$ 79,046,049**	**$ 3,591,533**	**$ (637,042)**	**$ 82,000,540**

During fiscal year 2010, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. The City applied the criteria of GASB Statement No. 51 and recorded assets, for internally generated software. The City captured departmental personnel costs related to development of internally generated software for major projects, as identified by the Department of Technology. The most significant projects were the Lawson Software, Inc. payroll / human resource system implemented in April 2010 and the Manatron, Inc. tax treasury software covering real estate tax billing and cashiering implemented in March 2010. The City recorded internally generated software assets totaling approximately $3.1 million as of June 30, 2010. These assets will be depreciated over a three year period.

Changes in Capital Assets (Continued)

Depreciation was charged to functions as follows:

Governmental activities:

General Government	$ 441,549
Judicial Administration	243,476
Public Safety	977,675
Public Works	5,021,921
Health and Welfare	316,969
Parks, Recreation and Cultural	465,200
Community Development	17,539
Education	4,501,682
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	4,634,829
Total	$ 16,620,840

Business-type activities:

Transit Company	$ 1,902,667
Civic Facilities	914,556
Parking	827,529
Market Building	111,191
Total	$ 3,755,943

School Board Component Unit:

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Equipment	$ 13,220,013	$ 732,781	$ (6,695,221)	$ 7,257,573
Accumulated Depreciation	(9,082,030)	(625,150)	5,353,806	(4,353,374)
Net Equipment	**4,137,983**	**107,631**	**(1,341,415)**	**2,904,199**
Component unit capital assets, net	**$ 4,137,983**	**$ 107,631**	**$ (1,341,415)**	**$ 2,904,199**

Capital assets used for educational purposes totaling $196,080,249 are included with the Governmental Activities capital assets of the primary government. Depreciation expense on these assets was recorded as Education expense in the current fiscal year.

Component Unit

On July 1, 2009, Roanoke City Public Schools (RCPS) began a five year contract with George Krapf, Jr. & Sons, Inc. to provide transportation services for the purpose of transporting school students to and from schools, sporting events, and extracurricular activities. Further, RCPS sold its existing owned bus fleet and inventory of parts to George Krapf, Jr. & Sons, Inc. for the amount of $1,980,000 in the form of a note receivable. The resulting gain on the sale of transportation vehicles and equipment has been

deferred, and is being amortized over the four year life of the note. In the entity-wide Statement of Activities, the amortized gain of $1,022,656 is reported as a special item under general revenues.

(7) Construction in Progress and Contract Commitments

A summary of construction in progress by function and contract commitments (encumbrances) at June 30, 2010 is as follows:

Primary Government: **Governmental Activities:**	**Project Authorizations**	**Expended/Expensed as of June 30, 2010**	**Contract Commitments (Encumbrances)**	**Required Future Financing**
Function				
General Government	$ 4,348,788	$ 3,620,239	$ 5,401	None
Parks, Recreation and Cultural	4,490,805	1,774,746	39,165	None
Flood Reduction	19,915,340	19,619,467	114,505	None
Economic Development	467,576	317,534	650	None
Community Development	1,443,294	1,173,749	45,456	None
Public Safety	239,670	-	128,879	None
Public Works	15,304,648	7,851,136	1,059,955	None
Education	6,069,529	3,696,587	4,592,787	$ 2,500,000
Department of Technology	9,585,330	2,130,072	290,400	$ 6,108,000
Subtotal	61,864,980	40,183,530	6,277,198	
Non-Capitalized Projects	28,760,665	32,976,866	167,790	None
Total	$ 90,625,645	$ 73,160,396	$ 6,444,988	
Business-Type Activities:				
Fund				
Parking	7,905,291	8,258,939	8,119	$ 1,640,000
Market Building	7,886,987	541,194	196,078	$ 5,561,925
Total	$ 15,792,278	$ 8,800,133	$ 204,197	

(8) Deferred Revenue

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred revenue as reported in the governmental and proprietary funds financial statements at June 30, 2010 consisted of the following:

Governmental activities:

	General Fund	**Special Revenue Fund**	**Total**
Deferred Property and Other Tax Revenue	$ 3,683,065	$ -	$ 3,683,065
Prepaid Property Taxes	4,966	-	4,966
Other receivables for which revenue recognition criteria have not been met	-	2,640,452	2,640,452
Total	$ 3,688,031	$ 2,640,452	$ 6,328,483

Business-type activities:

	Civic Facilities Fund
Deferred Ticket and Other Event Revenue	$ 969,825
Total	$ 969,825

(9) Long-Term Liabilities

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are subject to the provisions of the Internal Revenue Code of 1986 related to arbitrage and interest income tax regulations under those provisions. The fund balance of the Debt Service Fund at June 30, 2010 of $1,213,260 is designated for future retirement of long-term debt. The Charter of the City of Roanoke limits the legal debt to 10% of the assessed valuation of real estate within the City limits. The City's legal debt margin at June 30, 2010 is $425,069,992. The City has no overlapping debt. The City issues general obligation bonds to provide for the acquisition and construction of major capital facilities. Outstanding long-term liabilities, gross of governmental activities deferred refunding amounts, as of June 30, 2010 are comprised of the following:

Details of Long-Term Indebtedness

At June 30, 2010, the long-term indebtedness of the City consisted of the following:

	Interest Rates	Issue Date	Maturity Date	Issue Amount	Governmental Activities
General Obligation Bonds					
Series 2002A Public Improvement Bonds	3.00% - 5.25%	2/1/2002	10/1/2021	$ 34,130,000	$ 5,565,000
Series 2002B Public Improvement Bonds	4.00% - 5.00%	2/1/2002	10/1/2021	12,000,000	7,550,000
Series 2003 Refunding Bonds	2.00% - 5.00%	7/1/2003	8/1/2024	12,075,000	7,240,000
Series 2004 Refunding Bonds	2.00% - 5.00%	2/25/2004	10/1/2019	46,030,000	33,070,000
Series 2004A Refunding Bonds	2.00% - 3.63%	3/11/2004	8/1/2017	7,935,000	5,410,000
Series 2004B Public Improvement Bonds	3.00% - 5.25%	11/23/2004	2/1/2025	36,105,000	19,855,000
Series 2005 Public Improvement Bonds	6.25%	12/15/2005	12/1/2020	3,975,000	2,915,000
Series 2006A Public Improvement Bonds	3.50% - 5.00%	2/8/2006	2/1/2026	20,550,000	11,290,000
Series 2006B Public Improvement Bonds	4.00% - 5.00%	2/8/2006	2/1/2026	5,500,000	4,400,000
Series 2006C Refunding Bonds	3.50% - 4.23%	5/4/2006	8/1/2012	2,975,834	2,137,030
Series 2008 Public Improvement Bonds	3.25% - 5.00%	2/8/2008	2/1/2033	43,445,000	34,575,000
Series 2008A VRA Public Improvement Bonds	3.12% - 5.37%	12/10/2008	10/1/2028	6,910,000	6,600,000
Series 2010A Refunding Bonds	2.00% - 5.00%	3/4/2010	10/1/2021	32,792,400	32,792,400
Series 2010B Public Improvement Bonds	1.25% - 5.80%	3/4/2010	10/1/2029	2,680,000	2,680,000
					$ 176,079,430
Section 108 Loan					
Section 108 Loan-Hotel Roanoke Project	3.43% - 6.91%	8/1/2003	8/1/2013	6,000,000	$ 1,775,000
General Obligation Bonds - Western Virginia Water Authority					
Series 2002A Water Bonds	3.00% - 5.25%	2/1/2002	10/1/2021	5,445,000	765,000
Series 2003 Water Pollution Control Refunding Bonds	2.00% - 5.00%	7/1/2003	8/1/2024	14,310,000	12,045,000
Series 2006C Water Refunding Bonds	3.50% - 4.65%	5/4/2006	8/1/2013	7,655,992	5,913,883
Series 2010A Water Refunding Bonds	2.00% - 5.00%	3/4/2010	10/1/2021	3,263,800	3,263,800
					$ 21,987,683
Lease Obligations					
Blue Eagle Building Lease	11.80%	2/1/2004	1/1/2024	4,857,000	4,238,497
Xerox Lease	12.10%	6/30/2008	6/30/2013	920,842	600,044
					$ 4,838,541

Details of Long-Term Indebtedness (continued)

	Interest Rates	Issue Date	Maturity Date	Issue Amount	Governmental Activities
School Fund Bonds and Loans					
Virginia Public School Authority-Series 1990B Subsidized	6.40% - 7.10%	7/1/1990	7/15/2010	$ 1,000,000	$ 45,000
Virginia Public School Authority-Series 1991A Subsidized	6.10% - 6.60%	7/1/1991	7/15/2011	2,000,000	194,859
Virginia Public School Authority-Series 1992A Subsidized	4.90% - 6.35%	12/10/1992	7/15/2012	2,500,000	362,348
Virginia Public School Authority-Series 1994B Subsidized	6.25% - 6.75%	11/1/1994	7/15/2014	2,000,000	471,035
Virginia Public School Authority-Series 1995C Subsidized	5.10% - 6.10%	12/21/1995	7/15/2015	4,400,000	1,280,608
Virginia Public School Authority-Series 1996B Subsidized	5.10% - 6.10%	11/14/1996	7/15/2016	5,000,000	1,683,403
Virginia Public School Authority-Series 1997 Subsidized	4.35% - 5.35%	11/1/1997	7/15/2017	5,000,000	1,916,098
Virginia Public School Authority-Series 1998A Subsidized	3.60% - 5.10%	11/19/1998	7/15/2018	5,000,000	2,250,000
Virginia Public School Authority-Series 1998B Subsidized	3.60% - 5.10%	11/19/1998	7/15/2018	1,200,000	540,694
Virginia Public School Authority-Series 1999A Subsidized	5.10% - 6.10%	11/18/1999	7/15/2019	3,250,000	1,550,000
Virginia Public School Authority-Series 1999B Subsidized	5.10% - 6.10%	11/18/1999	7/15/2019	1,250,000	572,499
Virginia Public School Authority - Series 2000B Subsidized	4.97% - 5.85%	11/16/2000	7/15/2020	2,750,000	1,435,537
Virginia Public School Authority - Series 2000B Subsidized (1)	4.97% - 5.85%	11/16/2000	7/15/2020	1,900,000	991,825
Virginia Public School Authority - Series 2000B Subsidized (2)	4.97% - 5.85%	11/16/2000	7/15/2020	1,900,000	991,825
Virginia Public School Authority - Series 2001B Subsidized	3.10% - 5.35%	11/15/2001	7/15/2021	2,750,000	1,583,924
Virginia Public School Authority - Series 2001B Subsidized	3.10% - 5.35%	11/15/2001	7/15/2021	2,500,000	1,439,931
Virginia Public School Authority - Series 2003C Subsidized	3.10% - 5.35%	11/6/2003	7/15/2023	5,000,000	3,286,048
Virginia Public School Authority - Series 2004B Subsidized	4.10% - 5.60%	11/1/2004	1/15/2025	1,300,000	872,997
Virginia Public School Authority - Series 2005D Subsidized	4.60% - 5.10%	11/10/2005	7/15/2025	3,291,459	2,707,216
Virginia Public School Authority - Series 2005D Subsidized	4.60% - 5.10%	11/11/2005	7/15/2025	992,464	816,315
Virginia Public School Authority - Series 2006B Non-subsidized	4.22% - 5.10%	11/9/2006	7/15/2026	1,945,000	1,645,000
Virginia Public School Authority - Series 2006B Subsidized	4.22% - 5.10%	11/9/2006	7/15/2026	7,500,000	5,704,354
Virginia Public School Authority - Series 2007A Non-subsidized	4.10% - 5.10%	5/10/2007	7/15/2027	3,345,000	3,005,000
Virginia Public School Authority - Series 2008B Subsidized	3.60% - 5.35%	12/11/2008	7/15/2028	6,350,705	6,062,742
Virginia Public School Authority - Series 2008B Non-subsidized	3.60% - 5.35%	12/11/2008	7/15/2028	10,580,000	10,050,000
Literary Fund Loan-Morningside Elementary School	4.00%	8/1995	9/1/2015	2,200,000	660,000
Literary Fund Loan-Lucy Addison Middle School	4.00%	10/1999	10/01/2019	5,000,000	2,500,000
Qualified Zone Academy Bond- Roanoke Academy	0%	12/20/2000	12/20/2013	1,291,618	397,421
Qualified Zone Academy Bond - Lincoln Terrace	0%	11/01/2002	10/31/2016	800,000	452,174
Qualified Zone Academy Bond - Fallon Park	0%	12/29/2004	12/29/2020	439,100	322,555
Qualified Zone Academy Bond - Patrick Henry High School	0%	12/27/2006	12/27/2022	1,097,571	931,210
					$ 56,722,618
Subtotal Governmental Activities					$ 261,403,272

(1) Grandin Court Elementary School
(2) Preston Park Elementary School

	Interest Rates	Issue Date	Maturity Date	Issue Amount	Business-Type Activities
Lease Obligations					
Ovations Lease	3.93%	6/30/2008	6/30/2015	449,988	333,782
Xerox Lease	12.10%	6/30/2008	6/30/2013	920,842	18,691
					$ 352,473
Enterprise Fund Bonds					
Series 2002A Civic Facilities Bonds	3.00% - 5.25%	2/1/2002	10/1/2021	2,170,000	300,000
Series 2002A Parking Bonds	3.00% -5.25%	2/1/2002	10/1/2021	2,500,000	345,000
Series 2004B Civic Facilities Bonds	3.00% - 5.25%	11/23/2004	2/1/2025	7,895,000	4,830,000
Series 2004B Parking Bonds	3.00% - 5.25%	11/23/2004	2/1/2025	2,000,000	1,230,000
Series 2006A Civic Facilities Bonds	3.50% - 5.00%	2/8/2006	2/1/2026	6,405,000	4,130,000
Series 2006A Parking Bonds	3.50% - 5.00%	2/8/2006	2/1/2026	2,600,000	1,680,000
Series 2006C Parking Refunding Bonds	3.50% - 4.23%	5/4/2006	8/1/2011	1,893,174	1,264,086
Series 2008 Parking Bonds	3.25% - 5.00%	2/5/2008	2/1/2028	2,545,000	1,980,000
Series 2008A VRA Parking Bonds	3.12% - 5.37%	12/10/2008	10/1/2031	5,040,000	5,040,000
Series 2010A Civic Facilities Refunding Bonds	2.00% - 5.00%	3/4/2010	10/1/2021	4,382,700	4,382,700
Series 2010A Parking Refunding Bonds	2.00% - 5.00%	3/4/2010	10/1/2021	2,861,100	2,861,100
Series 2010A Parking Bonds	2.00% - 5.00%	3/4/2010	10/1/2029	1,625,000	1,625,000
					$ 29,667,886
Subtotal Business-Type Activities					$ 30,020,359
Total Primary Government Bonded Debt					$ 291,423,631

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

FISCAL YEAR	GENERAL OBLIGATION SERIAL BONDS		WESTERN VIRGINIA WATER AUTHORITY (WVWA) GENERAL OBLIGATION SERIAL BONDS		VPSA/LITERARY FUND LOANS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2010-11	$ 16,224,168	$ 7,333,789	$ 2,343,333	$ 856,463	$ 4,089,501	$ 2,417,900
2011-12	16,037,203	6,654,109	2,357,368	748,940	4,076,460	2,208,527
2012-13	16,270,986	6,068,284	2,373,182	646,225	4,003,713	2,008,641
2013-14	16,022,554	5,424,390	2,400,000	542,705	3,903,523	1,817,006
2014-15	12,545,038	4,845,051	1,021,400	468,076	3,929,689	1,624,798
2015-20	54,926,403	16,972,073	5,790,800	1,737,420	16,625,653	5,426,961
2020-25	32,782,438	7,477,766	5,701,600	544,475	9,626,975	2,191,119
2025-30	12,587,000	2,364,491	-	-	4,380,744	364,903
2030-35	4,770,000	400,681	-	-	-	-
TOTAL	$ 182,165,790	$ 57,540,634	$ 21,987,683	$ 5,544,304	$ 50,636,258	$ 18,059,855

The following general obligation debt is issued to support business-type activities. The annual requirements to amortize business-type activities debt outstanding as of June 30, 2010 are as follows:

FISCAL YEAR	CIVIC FACILITIES FUND SERIAL BONDS		PARKING FUND SERIAL BONDS		TOTAL BUSINESS-TYPE DEBT	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2010-11	$ 665,000	$ 555,720	$ 1,078,930	$ 673,996	$ 1,743,930	$ 1,229,716
2011-12	690,000	523,072	1,135,156	622,173	1,825,156	1,145,245
2012-13	715,000	498,757	655,000	588,843	1,370,000	1,087,600
2013-14	762,300	472,618	703,900	565,247	1,466,200	1,037,865
2014-15	785,700	445,914	722,000	542,368	1,507,700	988,282
2015-20	4,534,800	1,703,436	3,996,100	2,252,923	8,530,900	3,956,359
2020-25	5,024,900	755,048	4,259,100	1,351,178	9,284,000	2,106,226
2025-30	465,000	19,763	2,715,000	503,303	3,180,000	523,066
2030-35	-	-	760,000	40,051	760,000	40,051
TOTAL	$ 13,642,700	$ 4,974,328	$ 16,025,186	$ 7,140,082	$ 29,667,886	$ 12,114,410

FISCAL YEAR	SECTION 108 LOAN		TOTAL GOVERNMENTAL ACTIVITIES DEBT	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2010-11	$ 420,000	$ 71,627	$ 23,077,002	$ 10,679,779
2011-12	445,000	53,033	22,916,031	9,664,609
2012-13	470,000	32,203	23,117,881	8,755,353
2013-14	440,000	10,626	22,766,077	7,794,727
2014-15	-	-	17,496,127	6,937,925
2015-20	-	-	77,342,856	24,136,454
2020-25	-	-	48,111,013	10,213,360
2025-30	-	-	16,967,744	2,729,394
2030-35	-	-	4,770,000	400,681
TOTAL	$ 1,775,000	$ 167,489	$ 256,564,731	$ 81,312,282

CHANGES IN GENERAL LONG-TERM LIABILITIES

	Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010	Amounts Due Within One Year
Primary Government - Governmental Activities:					
General Obligation Serial Bonds	$ 195,712,770	$ 35,472,400	$ 49,019,380	$ 182,165,790	$ 16,224,167
General Obligation Serial Bonds - WVWA	24,255,948	3,263,800	5,532,065	21,987,683	2,343,333
Hotel Roanoke Section 108 Loan	2,170,000	-	395,000	1,775,000	420,000
State Literary Fund Loans	3,570,000	-	410,000	3,160,000	360,000
VPSA School Bonds	51,182,777	-	3,706,519	47,476,258	3,729,501
Capital Leases	5,113,998	-	275,457	4,838,541	310,357
Total Bonds, Loans and Leases Payable before Deferred Amounts and Premiums	282,005,493	38,736,200	59,338,421	261,403,272	23,387,358
Deferred Amount on Refunding and Premiums	1,621,032	3,408,191	4,010,418	1,018,805	52,684
Total Bonds, Loans and Leases Payable	283,626,525	42,144,391	63,348,839	262,422,077	23,440,042
Claims Payable	15,922,966	17,485,798	16,040,483	17,368,281	2,547,303
Compensated Absences Payable	6,800,598	5,672,295	5,818,897	6,653,996	4,444,463
Subtotal Governmental Activities:	$ 306,350,089	$ 65,302,484	$ 85,208,219	$ 286,444,354	$ 30,431,808
Primary Government - Business-Type Activities:					
General Obligation Serial Bonds	$ 29,484,914	$ 8,868,800	$ 8,685,828	$ 29,667,886	$ 1,743,930
Capital Leases	416,578	-	64,105	352,473	67,106
Deferred Amount on Refunding and Premiums	469,053	-	118,079	350,974	8,852
Total Bonds, Loans and Leases Payable	30,370,545	8,868,800	8,868,012	30,371,333	1,819,888
Compensated Absences Payable	14,904	5,606	4,261	16,249	5,037
Subtotal Business-Type Activities:	$ 30,385,449	$ 8,874,406	$ 8,872,273	$ 30,387,582	$ 1,824,925
Total Primary Government Long-Term Liabilities	$ 336,735,538	$ 74,176,890	$ 94,080,492	$ 316,831,936	$ 32,256,733
School Board Component Unit:					
Claims Payable	$ 6,524,493	$ 16,377,994	$ 15,961,259	$ 6,941,228	$ 4,280,603
Compensated Absences Payable	3,774,167	3,308,687	3,791,283	3,291,571	888,724
Other Post-Employment Benefit Liability	1,142,796	303,001	-	1,445,797	-
Total School Board Component Unit	$ 11,441,456	$ 19,989,682	$ 19,752,542	$ 11,678,596	$ 5,169,327

During fiscal year 2010, the Debt Service Fund was used to account for the repayment of most long-term liabilities of governmental activities as shown in the tables preceding this paragraph. However, a portion of capital leases, claims payable and compensated absences was liquidated by Internal Service Funds. The remaining portion of compensated absences was liquidated by the General Fund.

On March 4, 2010, the City issued $47,605,000 General Obligation Public Improvement Bonds Series 2010A (Tax-Exempt) and Series 2010B (Taxable-Recovery Zone Economic Development Bonds). Series 2010A General Obligation Public Improvement Bonds principal proceeds in the amount of $1,625,000 were used to finance capital improvements for the Market Garage, and Series 2010A Refunding Bonds principal proceeds of $43,300,000 were used to refund portions of outstanding Series 2002A, Series 2004B, Series 2006A, and Series 2008 bonds. See further discussion of the advance refundings below.

In addition, the City issued Series 2010B in of the amount of $2,680,000 of Recovery Zone Economic Development Bonds, which were added by the provisions of the American Recovery and Reinvestment Act (ARRA) of 2009, to finance the costs of the acquisition, constructions, reconstruction, improvement, extension, enlargement and equipping of the Roanoke River Flood Reduction Project. On each interest payment date, the City will receive a cash subsidy payment from the United States Treasury equal to 45% of the interest payable on the Series 2010B Bonds. The Series 2010A and 2010B bonds were issued with a true interest cost of 2.7089%.

On July 1, 2004, the Western Virginia Water Authority commenced operations. In conjunction with its formation, the Authority assumed certain indebtedness of the City, and it agreed to pay the City amounts equal to debt service on Water and Water Pollution Control debt to be retained by the City. As of June 30, 2010, the City had $21,987,683 in outstanding general obligation debt which will contractually be repaid by the Water Authority over the remaining fifteen year amortization of the bonds. Further details are presented in notes 3 and 16.

Advance Refundings

On March 4, 2010, the City issued its Series 2010A general obligation public improvement refunding bonds in the amount of $43,300,000 to refund a portion of the Series 2002A, 2004B, 2006A, and 2008 general obligation public improvement bonds.

The Series 2010A bonds were issued with a true interest cost of 2.7089%. The bond proceeds were used to refund, in advance of their stated maturities, $42,290,000 principal from the City's Series 2002A, 2004B, 2006A, and 2008 general obligation bonds (of which $3,185,000 were the ultimate responsibility of the Western Virginia Water Authority).

The Series 2002A bonds mature annually through October 1, 2021. The stated interest rates ranged from 3.0% to 5.25%. The amounts maturing on October 1 in each of the years 2013 through 2021 were subject to redemption and are to be redeemed on October 1, 2012.

The Series 2004B bonds mature annually through February 1, 2025. The stated interest rates ranged from 3.0% to 5.25%. The amounts maturing on February 1 in each of the years 2016 through 2019 were subject to redemption and are to be redeemed on February 1, 2015.

The Series 2006A bonds mature annually through February 1, 2026. The stated interest rates ranged from 3.5% to 5.0%. The amounts maturing on February 1 in each of the years 2017 through 2021 were subject to redemption and are to be redeemed on February 1, 2016.

The Series 2008 bonds mature annually through February 1, 2033. The stated interest rates ranged from 3.25% to 5.0%. The amounts maturing on February 1 in each of the years 2019 through 2021 were subject to redemption and are to be redeemed on February 1, 2018.

The net proceeds of $46,902,841 from the Series 2010A refunding bonds were deposited in a trust account with Bank of New York Mellon as escrow agent under an escrow deposit agreement between the City and Bank of New York Mellon. Net proceeds include a premium of $4,092,906 and the deduction of $4,612,841 in deferred loss, $191,813 in underwriting fees and $298,252 in bond issuance costs. The escrow agent applied the proceeds to the purchase of U.S. Government obligations. The government obligations will mature and bear interest payable at times and in amounts sufficient to pay interest when due on the refunded bonds to their redemption date and to pay the redemption price of the refunded bonds on such date. As a result, the refunded bonds are considered to be defeased in substance, and the liabilities for these bonds have been removed from the Statement of Net Assets.

The City advance refunded the Series 2002A, 2004B, 2006A, and 2008 bonds for the purpose of realizing interest savings due to the decline in municipal bond interest rates. The final maturity of the bonds was not extended as a result of this refunding. Principal payments on the refunding bonds range from $130,000 to $6,240,000 and are due annually through 2022.

The transaction also resulted in an economic gain of approximately $1,450,000 and a reduction of approximately $1,750,000 in future debt service payments.

(10) Capital Leases

Blue Eagle Partnership

During 2004, the City entered into an agreement with Blue Eagle Partnership to rent the third floor of a building to house the City's Social Services Department. Under the lease agreement, the City paid monthly rent in the range of $54,838 to $55,469 to Blue Eagle, representing principal and interest payments with interest at 11.80%. After 2006, the rent increase is a maximum of 2% or 50% of CPI, whichever is lower. The lease term is twenty years. Ownership of the building is retained by Blue Eagle Partnership.

Lease assets and obligations are accounted for as Governmental Activities. At June 30, 2010, the original cost of the building under the capital lease totaled $4,857,000 and accumulated depreciation on the building totaled $1,456,326.

Ovations, Inc.

In July 2007, the City entered into an agreement with Ovations, Inc. to provide catering services and kitchen refurbishing and equipment to the Civic Center. The equipment and refurbishing portion of the agreement is a capital lease. Under the lease agreement, the City pays $75,000 annually to Ovations, Inc.,

representing principal and interest payments with interest at 3.93%. The lease term is 7 years. Ownership of the equipment and refurbishments will transfer to the City at the completion of the lease term.

Lease assets and obligations are accounted for in the Civic Facilities Fund. At June 30, 2010, the original cost of the kitchen renovations, including equipment, under the capital lease totaled $449,988, and there was $89,936 of accumulated depreciation on the assets.

Xerox, Inc.

In June 2008, the City entered into an agreement with Xerox, Inc. to lease copy machines and related equipment. Under the current lease agreement, the City pays $20,545 monthly to Xerox, inc. representing principal and interest with interest at 12.1%. The lease term is 5 years. Ownership of the equipment does not transfer to the City at the completion of the lease term.

Lease assets and obligations are accounted for as Governmental Activities and in various proprietary funds. At June 30, 2010, the original cost of the equipment under the capital lease totaled $920,842 and there was $352,435 of accumulated depreciation on the assets.

Future Lease Obligations for all capital leases are as follows:

Future Minimum Lease Payments:	Governmental Funds	Internal Service Funds	Total Governmental Activities	Enterprise Funds	Total (Memo Only)
2011	824,862	79,907	904,769	82,464	987,233
2012	824,862	79,908	904,770	82,464	987,234
2013	824,862	79,907	904,769	82,464	987,233
2014	667,232	146	667,378	75,000	742,378
2015	665,625	-	665,625	75,000	740,625
2016-2020	3,328,126	-	3,328,126	-	3,328,126
2021-2025	2,385,159	-	2,385,159	-	2,385,159
Minimum lease payments	$ 9,520,728	$ 239,868	$ 9,760,596	$ 397,392	$ 10,157,988
Less: Amounts representing interest	(4,882,382)	(39,673)	(4,922,055)	(44,919)	(4,966,974)
Present value of minimum lease payments	4,638,346	200,195	4,838,541	352,473	5,191,014
Less: Current portion	(251,544)	(58,813)	(310,357)	(67,106)	(377,463)
Long-Term Lease Obligation at June 30, 2010	$ 4,386,802	$ 141,382	$ 4,528,184	$ 285,367	$ 4,813,551

(11) Fund Balances

Except for those required to comply with accounting standards, all reservations and designations of General Fund balance reflect City Code requirements or City Council action in the context of adoption of the City's budget.

General Fund balance of $598,753 is reserved for goods and services ordered but not received by June 30, 2010.

General Fund designations at June 30, 2010, consisted of the following:

- Code of the City of Roanoke (1979), as amended, stipulates that, at the conclusion of each fiscal year, $250,000, to the extent available from any undesignated General Fund balance, shall be

reserved for self-insured liabilities of the City. Subsequent to year end, this amount shall be transferred to the Risk Management Internal Service Fund for accumulation as a reserve for uninsured claims. The maximum balance of the reserve in the Risk Management Fund shall be 3% of total General Fund appropriations for the concluded fiscal year. As of June 30, 2010, $250,000 was reserved in the General Fund for self-insured liabilities.

- $19,278,522 is designated for the budget stabilization reserve. The reserve was established to serve as a funding source for emergencies or unforeseen declines in revenues. The reserve is supported by the Budget Stabilization Policy which was adopted by City Council in May 2005. This policy states that the reserve minimum will be 5% of the General Fund budget with a target of 8%. As of June 30, 2010, this reserve is 7.61% of the fiscal year 2011 General Fund budget.

- $4,833,345 remains undesignated.

The Debt Service Fund balance of $1,213,260 is designated for future debt service payments.

The Capital Projects Fund balance of $6,146,088 is reserved for goods and services ordered but not received or paid by June 30, 2010. In addition, fund balance of $2,424,770 is designated for Future Years' Expenditures and $3,696,973 is designated for the Economic Community Development Reserve.

The City Council approved changes to financial policies on November 1, 2010 which reorganized and strengthened prior policies. This included policies on Fund Balances. See note 18 for further details.

(12) Pensions and Deferred Compensation Plan

City employees participate in one of two different pension plans and may participate in a deferred compensation plan. The first plan is primarily for City employees, the City of Roanoke Pension Plan (Pension Plan). Sheriff's employees participate in the second plan, the Virginia Retirement System (VRS). All City employees may also participate in an Internal Revenue Code Section 457 deferred compensation plan.

Disclosure concerning these plans is as follows:

City of Roanoke Pension Plan - Plan Description

The Pension Plan is a cost-sharing multiple-employer defined benefit plan established by City Council and is included in the City's basic financial statements as a Pension Trust Fund. The Pension Plan was established by City Ordinance No. 8559 dated May 27, 1946, effective July 1, 1946. The Pension Plan covers substantially all employees of the City, all employees of the Roanoke Regional Airport Commission, and the Roanoke Valley Juvenile Detention Center, as well as certain employees of the City of Roanoke School Board, the Roanoke Valley Resource Authority, and the Western Virginia Water Authority. The City is the major contributor of employer contributions to the Pension Plan. City Council appoints members of the Pension Plan Board of Trustees to administer the Pension Plan. The Pension Plan is 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, 1998, 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, 1998 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%) 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, general employees who have attained age 50 with age plus service equal to 80, and deputized police officers and firefighters who have attained age 45 with age plus service equal to 70, are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 2.1% of their final average compensation for each year of credited service up to a maximum of 63%. 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.

Effective July 1, 2000, an additional monthly supplement equal to the greater of (a) $159 or (b) 75% of the amount the City contributes toward the cost of a single active employee's health insurance shall be paid for eligible retirees until the month in which the retiree attains age 65. Any member of the City of Roanoke Pension Plan who was an employee of one of the participating employers of the Pension Plan (not including employees of the City of Roanoke School Board) and who retired after earning 20 or more years of creditable service but prior to attaining the age of 65 is eligible for this supplement. This supplement is not available to retirees receiving the early retiree incentive plan supplement granted in 1991.

The City of Roanoke Pension Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the City of Roanoke Retirement Office, Attention: Retirement Supervisor, PO Box 1220, Roanoke, Virginia 24006.

City of Roanoke Pension Plan - Funding Policy

The Pension Plan is noncontributory for employees. Employer contributions to the Pension Plan are based on a percentage of the annual compensation of the active members. The City's contribution rate for the fiscal year ended June 30, 2010 was 15.42% of annual covered payroll.

City of Roanoke Pension Plan - Annual Pension Cost

For fiscal year 2010, the City's actual contribution of $9,203,029 was in excess of the required contributions of $8,576,364. As stipulated by City Code, the required contribution was determined as part of the June 30, 2008 actuarial valuation using the projected unit credit actuarial cost method. Any unfunded/ (overturned) actuarial liability is amortized using the level percentage of pay amortization method over a 25 year closed amortization period. The actuarial assumptions included (a) 7.75% investment rate of return, (b) projected salary increases ranging from 3.0% to 5.5% per year, and (c) 1.75% cost-of-living adjustment effective July 1, 2008. Projected salary increases include an inflation component of 2.5%. The actuarial value of the assets is determined using a method designed to smooth the impact of market fluctuations. The actuarial value recognizes annual appreciation and depreciation over a five-year period. The following information is provided related to trend information.

Trend Information
City of Roanoke, Virginia

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2010	$8,576,364	107%	-0-
June 30, 2009	9,783,450	100%	-0-
June 30, 2008	10,081,410	100%	-0-

Virginia Retirement System - Plan Description

The City contributes to the Virginia Retirement System, an agent and cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System (VRS or the System). All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with five years of service (age 60 with five years of service for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters and sheriffs) payable monthly for life in an amount equal to 1.7% of their average final salary (AFS) for each year of credited service, and 1.85% of their average final salary (AFS) for each year of credited service for elected Sheriffs. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases limited to 5% per year beginning in their second year of retirement. Average final compensation is defined as the highest consecutive 36 months of salary. Participating local law enforcement officers, firefighters and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia. The System issues a publicly available comprehensive annual financial report that includes financial statements and required

supplementary information for VRS. A copy of that report may be obtained by writing the System at PO Box 2500, Richmond, VA 23218-2500.

Virginia Retirement System - Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution may be assumed by the employer. The City has assumed the employee's 5% contribution. In addition, the City is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The City's contribution rate for the fiscal year ended June 30, 2010 was 11.27% of annual covered payroll.

Virginia Retirement System – Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the plan was 88.16% funded. The actuarial accrued liability for benefits was $43.9 million, and the actuarial value of assets was $38.7 million, resulting in an unfunded actuarial accrued liability (UAAL) of $5.2 million. The covered payroll (annual payroll of active employees covered by the plan) was $8.5 million, and the ratio of the UAAL to the covered payroll was 61.26%.

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

Virginia Retirement System - Annual Pension Cost

For fiscal year 2010, the City’s annual pension cost of $917,884 was equal to the City’s required and actual contributions. The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return, (b) projected salary increases ranging from 3.75% to 5.60% per year, and (c) 2.5% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.5%. Any unfunded actuarial liability is amortized as a level percentage of payroll on an open basis within a period of 20 years. The actuarial value of the City's assets is determined based upon a five year smoothed market value designed to smooth the impact of market fluctuations. This method utilizes techniques which recognize the excess (shortfall) between expected and actual investment income over a five-year period.

The following information related to trend information is provided.

Trend Information
City of Roanoke, Virginia

Fiscal Year Ended		Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2010	$	917,884	100%	-0-
June 30, 2009		962,792	100%	-0-
June 30, 2008		962,891	100%	-0-

Component Unit

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 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:

Virginia Retirement System – Statewide Teacher Cost-Sharing Pool

A. Plan Description

The School Board contributes to a cost-sharing and agent multiple-employer defined benefit pension plan administered by the Virginia Retirement System (System). All full-time, salaried permanent employees of participating employers, with the exception of non-professional employees, must participate in this VRS 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 their average final compensation multiplied by the total of service credit. Benefits are actuarially reduced 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% 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/2009-annural-report.pdf or by writing to the System's Chief Financial Officer at PO Box 2500, Richmond, VA 23218-2500.

B. Funding Policies

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% member contribution may be assumed by the employer. The Roanoke City School Board has assumed the employee's 5% 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 for the fiscal year ended June 30, 2010, was 13.81% for the period of July 2009 through March 2010 of covered payroll including the employee share of 5% paid by their employer. Amendments to the fiscal year 2010 caboose budget and the 2010-2012 biennial budget adopted by the 2010 General Assembly on March 14, 2010, provided for an employer contribution rate premium holiday for the last quarter of the fiscal year 2010. The employee share for the last quarter of fiscal year 2010 was 5%. 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	Percentage of Annual Covered Payroll	Annual Covered Payroll
June 30, 2010	$ 7,803,829	11.28%	$69,128,529
June 30, 2009	10,315,279	13.81%	74,529,030
June 30, 2008	11,015,768	10.30%	72,500,155

C. Annual Required Contribution

Public School Division professional employees participate in a VRS statewide teacher cost-sharing pool. For 2010, the School Board's annual required contribution was $7,803,829. The required contribution was based on an actuarial valuation. The contribution requirements for the School Board were equal to the actual contributions for 2010. Total School Board payroll for 2010 was $84,580,759. Payroll covered by VRS for School Board employees was $69,128,529. The following information related to trend information is provided.

Fiscal Year Ended	Annual Required Contributions (ARC)	Percentage of ARC Contributed
June 30, 2010	$ 7,803,829	100%
June 30, 2009	10,315,279	100%
June 30, 2008	11,015,768	100%

Virginia Retirement System – Non-Professional's Agent Plan

A. Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the plan was 111.83% funded. The actuarial accrued liability for benefits was $722,986 and the actuarial value of assets was $808,508, resulting in an over-funded actuarial accrued liability (UAAL) of $85,522. The covered payroll (annual payroll of active employees covered by the plan) was $3,583,415, and the ratio of the over funded actuarial accrued liability to the covered payroll was 2.39 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.

B. Annual Pension Cost

Public School Division non-professional employees hired after July 1, 2006 participate in an agent multiple-employee retirement plan. For fiscal year 2010, 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, 2007 actuarial valuation using the Entry Age Normal actuarial cost method. The actuarial assumptions included a) an investment return rate of 7.5%, b) an annual cost-of-living adjustment of 2.5%, and c) salary increases ranging between 3.75% and 5.6% 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, 2007 actuarial valuation was 20 years. Total School Board payroll for 2010 was $84,580,759. Payroll covered by VRS for School Board non-professional employees was $3,583,415.

City of Roanoke Pension Plan

A. 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%) 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 50 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 Supervisor, PO Box 1220, Roanoke, Virginia 24006.

B. 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 13.03% of annual covered payroll for the year ended June 30, 2010.

C. Annual Required Contribution

For fiscal year 2010, the School Board's annual required contribution was $562,315. The required contribution was based on an actuarial valuation. The School Board's actual contribution of $612,111 was in excess of the required contribution of $562,315 in 2010. Total School Board payroll for 2010 was $84,580,759. Payroll covered by City Retirement for School Board employees was $4,697,703. Information related to trend information is provided below.

Fiscal Year Ended	Annual Required Contribution (ARC)	Percentage of ARC Contributed
June 30, 2010	$ 562,315	109%
June 30, 2009	715,080	100%
June 30, 2008	799,025	100%

(13) Other Postemployment Benefit Plan

Primary Government

A. Plan Description

Employees with 15 years of active service and under the age of 65 who retire from the City of Roanoke participate in the City of Roanoke healthcare plan and benefit from a lower insurance rate as a result of inclusion in the plan with active City employees. This lower rate results in an implicit benefit that qualifies as an Other Post-employment Benefit (OPEB) as defined by GASB Statement No. 45. The City plan is a single employer OPEB plan and is administered by the City of Roanoke to provide medical insurance to eligible retirees. The OPEB for City retirees was authorized by the City Code. The City of Roanoke healthcare plan does not issue a stand alone financial report.

B. Funding Policies

The contribution requirements of the City of Roanoke healthcare plan members and the City are established and may be amended by City Council. 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 insurance, the employees retiring prior to January 1, 2010, contribute 100% of the retirees' premium payment. For the fiscal year ended June 30, 2010, the retirees contributed $1,465,000 to the City of Roanoke healthcare plan for health insurance. The City contributed $259,000 to a qualified trust as defined by GASB Statement No. 45, to fund the annual required contribution of $1,528,000 for fiscal year 2010. The City overfunded the plan in fiscal year 2010 by $196,000. It is the City's intent to fully fund the annual required contribution each year. Effective January 1, 2010, retirees began paying the blended rate plus an additional contribution based on their selected benefit tier.

C. Annual OPEB Cost and Net OPEB Obligation

The City's 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 plan contains both active employees and retirees. Although the City's annual payments were for combined participants, the share of claims related to retirees represents a higher percentage of the total claims. Accordingly, contributions reflected in the OPEB calculations have been adjusted to reflect that a portion of contributions for active employees are subsidizing the retiree claims.

The following table shows the components of the City's annual OPEB cost for the year, the amounts contributed to the plan, and changes in the City's net OPEB obligation:

	City of Roanoke Healthcare Plan
Annual Required Contribution	$ 1,528,000
Annual OPEB Cost	1,528,000
Contributions made	(1,724,000)
Decrease in net OPEB obligation	(196,000)
Net OPEB obligation July 1, 2009	-
Net OPEB obligation June 30, 2010 (Overfunded)	$ (196,000)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current year was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Overfunded Net OPEB Obligation
June 30, 2010	$ 1,528,000	113.00%	$ 196,000
June 30, 2009	1,747,000	100.00%	-
June 30, 2008	1,398,000	100.00%	-

D. Funded Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the City of Roanoke healthcare plan was 8.9% funded. The actuarial accrued liability for benefits was $12,816,000, and the actuarial value of assets was $1,141,000, resulting in an unfunded actuarial accrued liability (UAAL) of $11,675,000. The covered payroll (annual payroll of active employees covered by the City plan) was $69,600,000, and the ratio of the UAAL to the covered payroll was 16.8%.

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 City 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.

F. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and Plan members at that point. 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, 2010 valuation, the projected unit credit cost method was used. The actuarial assumptions included a 2.5% inflation rate and a 7% rate of return (net of administrative expenses). Because the City has begun funding the plan, the rate of return was based on the projected returns of the Virginia Pooled OPEB Trust. The healthcare trend rate is based on the Getzen Trend Model and projects increases from 8.3% graded to 4.4% over an eighty year period. The UAAL is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at June 30, 2010 was 28 years.

Component Unit

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. Retirees who retired prior to July 1, 2010 can stay in a Traditional PPO plan offered by the Schools through United Healthcare. This plan has $20/$40 office visit co-pays and covers prescription drugs. 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 school system 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 Consolidated Omnibus Budget Reconciliation Act (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 insurance, the retiree contributes 100% of all premium payments. 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 retire after that date will pay an unblended group rate. For the fiscal year ended June 30, 2010, the Roanoke City Public Schools retirees contributed $1,263,457 to the Roanoke City Public Schools Healthcare Plan. The retiree's claims amounted to $2,023,287 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 following table 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:

	Roanoke City Public Schools Healthcare Plan
Annual Required Contribution	$ 711,063
Interest on net OPEB Obligation	45,712
Adjustment to annual required contribution	(72,069)
Annual OPEB Cost	684,706
Contributions made	(381,705)
Increase in net OPEB obligation	303,001
Net OPEB obligation at July 1, 2009	1,142,796
Net OPEB obligation June 30, 2010	$ 1,445,797

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 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	$ 684,706	55.7%	$ 1,445,797
June 30, 2009	(1,599,068)	-16.4%	1,142,796
June 30, 2008	3,259,698	7.9%	3,003,644

D. Funded Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the Roanoke City Public Schools' Healthcare Plan was 0.0% funded. The actuarial accrued liability for benefits was $4,083,544, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $ 4,083,544. The covered payroll was $70,113,034 and the ratio of the UAAL to the covered payroll was 5.82%.

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, 2010 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, 2010 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% discount rate. Annual medical rates are expected to decrease 1% each year. For 2010 the rate is 9%. Annual dental rates are expected to increase 3% 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, 2010 was 23 years.

(14) Risk Management

The City 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. Risk management activities are accounted for in the Risk Management Internal Service Fund.

At the conclusion of each fiscal year, $250,000 is designated in the General Fund fund balance for self-insurance. This amount is transferred to the Risk Management Fund in the subsequent year. Claims expenditures/expenses 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) based on an annual actuarial study performed by a third party.

The City self insures general liability and automobile liability insurance with a self insured retention of $1,000,000 per occurrence. The City purchases excess coverage to cover settlements that exceed the amount of the self insured retention. The amount of settlements did not exceed insurance coverage for each of the past three years.

The City has property insurance coverage with a $50,000 per occurrence deductible. This coverage also includes the property (building and contents) coverage for The Roanoke Civic Center; however, the deductible that applies to these buildings is $5,000 per occurrence. Effective as of January 1, 2009, the Civic Center is managed by Global Spectrums, Incorporation. As a part of its contract with the City, Global Spectrum is responsible for securing the liability coverage to address the unique exposures of this facility and its many events. Flood insurance is purchased through the Federal Emergency Management Agency (FEMA) to protect properties that are located in designated flood zones. Boiler and machinery insurance is purchased to protect various City properties. Pollution legal liability coverage is purchased and provides coverage of up to $5 million over a three-year period with a $100,000 deductible per occurrence. The amount of insurance claims did not exceed coverage limits for each of the past three years.

The City purchases a liability policy and an accidental injury medical policy to protect up to 268 volunteers who perform tasks on behalf of the City. The City purchases medical malpractice liability insurance to protect its medical personnel. The amount of settlements did not exceed insurance coverage for each of the past three years. The City is self-insured for employee health insurance with stop loss provisions to limit catastrophic claims and worker’s compensation excess policy covering any claim exceeding $750,000.

Included in long-term liabilities at June 30, 2010 were claims payables of $17,368,281 as a provision for unasserted claims. Other risks insured through the City's self-insurance program adequately covered any claims incurred over each of the past three years.

Changes in the reported liability during the prior two years are shown in the following tabulation:

	2009-10	2008-09
Claims liability at July 1	$ 15,922,966	$ 12,854,983
Claims incurred	17,485,798	17,560,891
Claims payments	(16,040,483)	(14,492,908)
Claims liability at June 30	$ 17,368,281	$ 15,922,966

Surety Bond coverage (unaudited) is as follows:

	Amount
Fidelity and Deposit Company of Maryland:	
City Council	$1,000,000
All City Employees – Blanket Bond	1,000,000
Clerk of the Circuit Court	100,000
Treasurer – Public Official Bond	1,000,000
Treasurer – Crime Bond	200,000
Treasurer's Office – Crime Bond	100,000
Sheriff	80,000
Commissioner of the Revenue	3,000
Pension Plan Trustees/Administrators	2,000,000
Self-insurance program through Commonwealth of Virginia Division of Risk Management:	
City Treasurer's Employees – Blanket Bond	750,000
All Other Constitutional Officers' Employees – Blanket Bond	500,000

Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* addresses the requirements for reporting liabilities related to cleaning up pollution and/or contamination. The City evaluated the impact of GASB Statement No. 49 as of June 30, 2010 and determined the City had no outstanding liability.

School Board Component Unit

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 of the School Board Component Unit. 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 form 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 unused funds cannot be determined. The contract specified a payment of two months of pervious contract funding equal to $2,112,646 which has been fully paid to Anthem. At June 30, 2010 $1,095,000 was outstanding form this payment, to be applied to claims incurred before the end of the contract date but unreported as of year end.

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 and dental insurance claims. The table on the following page shows the activity in the accounts for the past two years.

	2009-10	2008-09
Claims liability at July 1	$ 6,524,493	$ 5,424,565
Claims incurred	16,377,994	17,111,211
Claims payments	(15,961,259)	(16,011,283)
Claims liability at June 30	$ 6,941,228	$ 6,524,493

(15) Joint Ventures

Hotel Roanoke Conference Center Commission

The City is a participant with Virginia Polytechnic Institute and State University (Virginia Tech) in a joint venture to establish and operate a publicly-owned Conference Center in the City of Roanoke in conjunction with the Hotel Roanoke, which is adjacent to the Conference Center. The Hotel Roanoke Conference Center Commission (HRCCC) is composed of six members, three of whom are appointed by City Council and three of whom are appointed by Virginia Tech. The HRCCC has the authority to issue debt, and such debt is the responsibility of the HRCCC. The City has issued general obligation bonds in its name for its share of the Conference Center construction costs and is obligated to repay this debt.

The intention of the HRCCC is to be self-supporting through its user fees. The City and Virginia Tech share equally in any operating deficit or additional funding needed for capital expenditures. The City has no equity interest in the HRCCC; however, as previously mentioned, additional funding or subsidies may be necessary. For the fiscal year ended June 30, 2010, the City contributed $80,000 to the HRCCC. Financial statements may be obtained from the Hotel Roanoke Conference Center Commission, 106 Shenandoah Avenue, Roanoke, Virginia 24016.

Roanoke Valley Regional Fire-EMS Training Center

The City along with the County of Roanoke, City of Salem, and Town of Vinton jointly operate a fire/EMS training center (Center). The Center is governed by a committee designated by the participating jurisdictions. New fire-EMS recruits are required to take a 17 weeks training course at the facility before being assigned to a station. After completion of the training, the new recruits are state certified. Each jurisdiction is responsible for a percentage of the annual operating costs of the facility. The City is responsible for 44% of the annual operating costs. For the fiscal year ended June 30, 2010, the City paid $39,000 of the total annual operating costs and $60,000 to the Debt Service Fund for principal and interest on an inter-fund loan related to the construction of the facility. Financial statements may be obtained from the Roanoke Valley Regional Fire-EMS Training Center, 1220 Kessler Mill Road, Salem, Virginia 24153.

(16) Jointly Governed Organizations

Roanoke Valley Regional Board

The Counties of Botetourt, Craig, and Franklin, and the Cities of Roanoke and Salem jointly participate in a regional education program for severely disabled students operated by the Roanoke Valley Regional Board (Regional Board). The Regional Board is composed of five members, one from each participating locality. The City has control over budget and financing 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, 2010, the City of Roanoke School Board, a component unit of the City, remitted $2,157,000 to the Regional Board for services.

Roanoke Valley Resource Authority

The City of Roanoke, the County of Roanoke, and the Town of Vinton jointly participate in the Roanoke Valley Resource Authority (Authority), which operates the regional sanitary landfill, waste collection and transfer station, and related treatment facilities. The Authority is governed by a board composed of seven members designated by the participating jurisdictions. City Council appoints two members. The City has control over the budget and financing for the Authority only to the extent of representation by the board members appointed. The participating localities are each responsible for their pro rata share, based on population, of any year-end operating deficit. For the fiscal year ended June 30, 2010, the City remitted approximately $2,102,000 to the Authority for services.

Roanoke Regional Airport Commission

The City and Roanoke County formed the Roanoke Regional Airport Commission (Airport Commission) in 1986 to own and operate a regional airport. The Airport Commission is composed of five members. Three commissioners are appointed by Roanoke City Council and two are appointed by the Roanoke County Board of Supervisors. Airport operations are financed by user fees. The City and Roanoke County are each responsible for their pro rata share, based on population, of any year-end operating deficit or unfunded capital projects if any additional funding is required. The Airport Commission may incur debt and is responsible for paying all outstanding debt. The City has control over budget and financing only to the extent of representation by the board members appointed. No subsidy has been required since inception.

Roanoke Valley Detention Commission

The Counties of Botetourt, Franklin and Roanoke and the Cities of Roanoke and Salem formed the Roanoke Valley Detention Commission (Commission) in 1998 to renovate, expand and operate a detention facility for juveniles. The Commission is governed by a six member board. Roanoke City Council appoints two members. Each locality's financial obligation is based on the number of juveniles housed at the facility. The Commission has the authority to issue debt, and such debt is the responsibility of the Commission. For the fiscal year ended June 30, 2010, the City remitted approximately $923,000 to the Roanoke Valley Detention Commission in per diem charges for juveniles housed by the Commission.

Blue Ridge Behavioral Healthcare

The Counties of Botetourt, Craig and Roanoke, and the Cities of Roanoke and Salem formed the Blue Ridge Behavioral Health Care (BRBH) to provide a system of comprehensive community mental health, mental retardation and substance abuse services. BRBH is governed by a sixteen member board. City Council appoints three members. Each locality's financial obligation is based on the type and amount of services performed for individuals in the locality. For the fiscal year ended June 30, 2010, the City remitted approximately $811,000 to BRBH.

Regional Center for Animal Control and Protection

The City of Roanoke along with the Counties of Roanoke and Botetourt, and the Town of Vinton jointly participate on the Advisory Board, which is responsible for the general fiscal and management policies for the Regional Center for Animal Control and Protection (RCACP). Both animal control and animal education facilities are adjacent to each other and owned and operated by the Roanoke Valley Society for the Prevention of Cruelty to Animals, Inc. (RVSPCA). The animal control facility was financed by bonds in the amount of $3.5 million which were issued by the RVSPCA. Each participating locality pays monthly amounts for its share of operating costs, debt service, and to fund reserves for operating and maintenance needs of the RCACP based on the locality's average use of the facility. During the year ended June 30, 2010 the City's share was 59%, and the City remitted approximately $610,000 for its share of RVRACF expenses. In the event the total net expenses, for a fiscal year, exceed the total amounts collected from the participating localities, each participating locality shall pay an amount equal to the excess of the net expenses multiplied by the use percentage for that locality.

Western Virginia Water Authority

The City and the County of Roanoke combined its water and water pollution control functions to form the Western Virginia Water Authority (WVWA). The WVWA is responsible for the supply, treatment, distribution, and transmission of water and the collection and treatment of wastewater. In November 2009, Franklin County joined the WVWA to provide services to the western side of the County. The WVWA is governed by a seven member board consisting of three City of Roanoke appointees, three County of Roanoke appointees, and one Franklin County appointee. The City has control over the budget and financing for the WVWA only to the extent of representation by the board members appointed. Upon formation of the WVWA, the City retained $35.6 million of general obligation bonds, which are contractually to be repaid by the WVWA in accordance with its operating agreement. During fiscal year 2010, $3.3 million in locality compensation payments were paid by the WVWA to the City to cover principal and interest payment on the bonds. As of June 30, 2010, the remaining principal balance of these

bonds was approximately $22.0 million and this amount was recorded as a receivable Due from Other Governments in the Statement of Net Assets of the basic financial statements.

Virginia's First Regional Industrial Facility Authority

The Cities of Roanoke, Radford, Salem; the Counties of Pulaski, Montgomery, Wythe, Bland, Roanoke, Giles, Craig; and the Towns of Christiansburg, Pulaski, Dublin, Pearisburg and Narrows all participate in the Virginia's First Regional Industrial Facility Authority. The Authority promotes Economic Development in Virginia's First Region and is governed by a board composed of twenty-nine members, two of which are appointed by Roanoke City Council. The City has control over the budget and financing for the Authority only to the extent of representation by the board members appointed. Each locality is obligated to annual dues of $5,000. Authority member localities, who are also participants in the Regional Commerce Park, are obligated to an annual amount based on the number of shares owned. The City owns 10,000 shares and has an annual obligation of $27,500. For the fiscal year ended June 30, 2010, the City remitted $32,500 to Virginia's First Regional Industrial Facility Authority.

(17) Related Organizations

Economic Development Authority of the City of Roanoke, Virginia

The Economic Development Authority issues low-interest, tax-free industrial revenue bonds in its name to acquire and improve property that is sold or leased to enterprises locating or remaining in the City. City Council is responsible for appointing the seven member board; however, the City, the state, and any political subdivision thereof are not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2010, there were twelve series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of approximately $500 million.

Roanoke Redevelopment and Housing Authority

The Roanoke Redevelopment and Housing Authority (Housing Authority) is a political subdivision of the State created to provide low income and subsidized housing. Commissioners of the Housing Authority are appointed by City Council. The Housing Authority is financially independent of the City and has administrative control of its operations, but its overall housing plans require the approval of City Council. The City provides a financial benefit through federal pass-through grant funds awarded to the Housing Authority on a contractual basis to implement certain grant programs. The Housing Authority also directly receives other federal and state subsidies and rents for operating its housing programs. During the year ended June 30, 2010, the City remitted approximately $3.0 million to the Housing Authority.

(18) Subsequent Events

Bond Issuance - On July 8, 2010, the City issued Qualified School Construction Bonds (QSCB) through the Virginia Public School Authority (VPSA). These bonds are School Tax Credit Bonds and were issued under the American Recovery and Reinvestment Act of 2009 (ARRA), in the amount of $1,135,000 for Roanoke City Public School capital projects to finance energy efficiency improvements. There are no interest costs to the City on these bonds. On August 11, 2010, the City issued General Obligation Public

Improvement and Refunding Bonds in the amount of $15,955,000 for City and School projects at a True Interest Cost of 2.86%.

South Jefferson Redevelopment Area - On August 16, 2010, City Council approved the terms of the Roanoke Redevelopment and Housing Authority (RRHA) Budget Amendment No. 3 and supplemented South Jefferson Cooperation Agreement 2. Council appropriated $2,466,779 from the Economic and Community Development Reserve in the Capital Projects Fund for property acquisition, demolition and relocation expenses in the South Jefferson redevelopment area.

Roanoke Redevelopment and Housing Authority (RRHA) - On March 3, 2010, the sale of the Commonwealth Building located at 220 Church Avenue, SW, Roanoke, Virginia 24011 was approved by the City Council to 220 Church, LLC, a Virginia limited liability corporation. The buyer plans to offer as commercial office space to tenants. The sales price was $3,650,000. The close on the property sale occurred on November 1, 2010. In accordance with the Economic and Community Development Reserve Policy, proceeds from the sale of real property are added to the Economic & Community Development Reserve in the Capital Projects Fund.

Roanoke City Market Building - On October 17, 2010, City Council approved a 40 year lease of the Market Building to the Market Building Foundation, Inc., a nonprofit foundation. The Market Building Foundation will provide oversight of the building renovation and the day-to-day operations once renovations are completed.

Financial Policy Changes – On November 1, 2010, City Council approved changes to strengthen the City's financial policies. Changes included modifications to fund balance reserves and debt policies. The changes included eliminating the Budget Stabilization Reserve by collapsing it into the Undesignated Fund Balance. The revised policies call for the undesignated fund balance to be a minimum 10% of budgeted expenditures. The revised policies call for the creation of an Economic Downturn Reserve at a maximum 5% of budgeted expenditures. In addition, revisions were made to the Risk Management Reserve to align the reserve with claim experience. Changes to the policies include a plan of funding for all the reserves to reach the desired reserve levels. Changes were made to the debt policy reducing the allowable ratio of net debt to assessed value to 4% from 5% and including personal property and public service corporation along with real property assessed value. The revised policy also increases the required principal payment within ten years from 50% to 60%.

(19) Commitments, Contingencies and Other Matters

Litigation

The City is named as a defendant in litigation involving claims for personal injury or property damages. City officials estimate that any ultimate liability not covered by insurance would not have a material effect on the City's financial position.

Grants

Federal grant programs in which the City participates have been audited in accordance with the provisions of the Office of Management and Budget Circular A-133. In addition, these grant programs are subject to financial and compliance audits by the federal government, which may result in disallowed expenditures. Based on prior experience, City management believes such disallowances, if any, would not have a material effect on the City's financial position.

Other Matters

Verizon South, Inc. and Verizon Virginia, Inc. requested reductions in personal property tax assessments made by the Virginia State Corporation Commission (VSCC). Reductions in assessments would result in lower personal tax collections to localities. The estimates of the reductions are considered significant and prompted local governments to join together in opposition to Verizon's requests. The impact of the request is dependent upon the outcome at the VSCC hearings and ranges from $0 to $500,000 reduction per year in public service corporation person property taxes. The City expects no impact for fiscal year 2010. Legal representation was hired and opposition to Verizon's requests were made to the VSCC. The case number PST-2009-00033 is now before the VSCC, and hearings are scheduled to begin in spring of 2011.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010
(UNAUDITED)

(1) Budgetary Comparison Schedule - General Fund

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance from Final Budget Over/(Under)
Budgetary Fund Balance, July 1	$ 22,381,604	$ 22,381,604	$ 22,381,604	$ -
Resources (Inflows):				
General Property Taxes	$ 100,966,000	$ 100,966,000	$ 103,019,671	$ 2,053,671
Other Local Taxes	72,499,000	72,499,000	68,165,882	(4,333,118)
Permits, Fees, and Licenses	1,166,000	1,166,000	880,347	(285,653)
Fines and Forfeitures	1,472,000	1,472,000	1,615,265	143,265
Revenue from Use of Money and Property	597,000	597,000	579,435	(17,565)
Charges for Services	10,492,000	11,387,412	10,834,925	(552,487)
Intergovernmental	69,345,000	72,823,425	69,430,114	(3,393,311)
Miscellaneous	505,000	505,000	586,998	81,998
Transfers from Other Funds	-	100,586	100,586	-
Amounts Available for Appropriation	$ 279,423,604	$ 283,898,027	$ 277,594,827	$ (6,303,200)
Charges to Appropriations (Outflows):				
General Government				
City Treasurer	$ 1,060,677	$ 1,003,971	$ 998,984	$ (4,987)
Commissioner of the Revenue	1,047,001	989,030	989,024	(6)
City Council	194,021	216,939	216,868	(71)
City Council - Mayor Bowers	4,253	4,118	2,394	(1,724)
City Council - Vice Mayor Lea	3,987	3,987	3,053	(934)
City Council - Council Member Trinkle	2,190	2,190	651	(1,539)
City Council - Council Member Mason	3,390	3,390	1,770	(1,620)
City Council - Council Member Nash	3,553	-	-	-
City Council - Council Member Price	3,553	3,553	1,207	(2,346)
City Council - Council Member Rosen	2,190	3,553	1,970	(1,583)
City Council - Council Member Cutler	-	2,190	2,077	(113)
City Attorney	880,489	858,972	846,829	(12,143)
City Clerk	498,269	457,592	456,977	(615)
Municipal Auditing	667,101	647,968	599,918	(48,050)
Department of Finance	1,837,444	1,859,534	1,847,469	(12,065)
Office of Billings and Collections	684,130	665,747	654,648	(11,099)
Real Estate Valuation	1,032,162	998,158	996,360	(1,798)
Board of Equalization	11,540	13,056	12,399	(657)
Electoral Board	319,504	345,370	329,882	(15,488)
Office of Communications	552,938	483,681	466,373	(17,308)
City Manager	805,488	819,798	811,751	(8,047)
Human Resources	1,106,995	964,781	932,802	(31,979)
Employee Health Services	548,092	564,558	529,144	(35,414)
Department of Management and Budget	535,839	516,618	513,620	(2,998)
Purchasing	374,571	373,900	373,857	(43)
Director of General Services	194,392	188,156	188,120	(36)
Management Services	88,633	82,384	82,354	(30)
Environmental Management	138,440	168,971	168,961	(10)

See Accompanying Note to Budgetary Comparison Schedule
See Accompanying Independent Auditors' Report

(Continued)

CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010
(UNAUDITED)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance from Final Budget Over/(Under)
Judicial Administration				
Clerk of Circuit Court	$ 1,511,949	$ 1,487,370	$ 1,485,686	$ (1,684)
Juvenile and Domestic Relations Court Services	1,722,408	1,674,100	994,142	(679,958)
Juvenile and Domestic Relations Court Clerk	30,031	20,201	15,873	(4,328)
Magistrates Office	2,470	2,109	2,099	(10)
General District Court	32,637	21,598	19,247	(2,351)
Circuit Court	523,130	564,488	564,459	(29)
Sheriff	2,157,787	2,401,079	2,399,028	(2,051)
Commonwealth's Attorney	1,704,350	1,597,288	1,596,463	(825)
Cost Collection Unit	77,185	76,867	76,719	(148)
Law Library	115,942	112,904	112,562	(342)
Public Safety				
Jail	14,212,981	13,791,507	13,567,322	(224,185)
E911	2,261,648	2,062,955	2,048,438	(14,517)
E911 - Wireless	600,000	399,300	395,413	(3,887)
Fire - Administration	916,919	868,993	866,557	(2,436)
Fire - Support	1,110,749	1,027,037	1,026,979	(58)
Fire - Operations	14,558,350	14,679,444	14,599,949	(79,495)
Fire - Airport Rescue	691,882	821,406	821,399	(7)
Emergency Management	97,774	90,540	86,115	(4,425)
Emergency Medical Services	1,685,644	1,549,396	1,507,508	(41,888)
Building Inspections	795,082	767,333	764,039	(3,294)
Outreach Detention	252,589	244,606	238,902	(5,704)
Youth Haven I	534,175	522,958	514,219	(8,739)
Crisis Intervention	643,473	613,072	605,230	(7,842)
Police - Administration	507,887	582,873	582,859	(14)
Police - Investigation	3,517,188	3,885,774	3,864,282	(21,492)
Police - Patrol	12,657,893	13,735,867	13,549,339	(186,528)
Police - Services	3,493,611	3,151,544	3,095,630	(55,914)
Police - Training	690,892	551,357	507,920	(43,437)
Police - Animal Control	1,060,846	1,107,434	1,107,422	(12)
Public Works				
Custodial Services	859,333	679,252	645,551	(33,701)
Building Maintenance	4,574,717	3,931,355	3,921,207	(10,148)
Director of Public Works	177,495	178,221	177,090	(1,131)
Transportation - Streets and Traffic	5,232,674	4,923,470	4,923,317	(153)
Transportation - Paving Program	3,082,111	3,282,263	3,282,224	(39)
Transportation - Snow Removal	110,280	816,071	815,809	(262)
Transportation - Street Lighting	955,989	1,148,289	1,148,203	(86)
Transportation - Engineering and Operations	1,682,558	1,512,533	1,512,267	(266)
Solid Waste Management	6,614,784	6,163,351	6,160,414	(2,937)
Engineering	1,676,082	1,551,630	1,546,922	(4,708)

See Accompanying Note to Budgetary Comparison Schedule
See Accompanying Independent Auditors' Report

(Continued)

CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010
(UNAUDITED)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance from Final Budget Over/(Under)
Health and Welfare				
Human Services Support	$ 329,157	$ 306,789	$ 304,917	$ (1,872)
Health Department	1,555,041	1,555,041	1,555,041	-
Blue Ridge Behavioral Health Care	448,890	448,890	448,890	-
Human Services Committee	478,424	478,424	478,424	-
Social Services - Administration	1,610,132	1,439,545	1,432,754	(6,791)
Social Services - Benefits	5,596,377	5,671,276	5,445,736	(225,540)
Social Services - Services	16,046,504	16,195,244	15,764,873	(430,371)
Social Services - ARRA	-	680,643	680,642	(1)
Employment Services	1,597,742	1,503,366	1,483,608	(19,758)
Foster Parent Training	127,896	113,161	95,865	(17,296)
VISSTA	472,554	293,273	267,013	(26,260)
Comprehensive Services Act	11,176,087	14,194,372	14,140,441	(53,931)
Comprehensive Services Act - Administration	154,075	153,460	132,812	(20,648)
Parks, Recreation and Cultural				
Roanoke Arts Commission	287,696	287,696	287,696	-
Recreation	1,139,532	1,174,818	1,173,111	(1,707)
Parks	2,820,158	2,661,429	2,661,424	(5)
Parks & Recreation - Administration	1,535,105	1,478,972	1,449,752	(29,220)
Parks & Recreation - Youth Services	459,985	377,999	377,255	(744)
School Playground Maintenance	114,649	97,034	56,861	(40,173)
Libraries	3,418,766	3,255,864	3,243,329	(12,535)
Community Development				
Memberships and Affiliations	1,516,843	1,666,820	1,664,079	(2,741)
Economic Development	2,165,797	2,082,753	1,786,472	(296,281)
Planning, Building and Development	1,462,401	1,397,958	1,397,909	(49)
Neighborhood Support	107,487	115,286	115,285	(1)
Citizens Service Center	24,929	12,972	12,796	(176)
Neighborhood Services	1,621,162	1,592,935	1,576,215	(16,720)
Virginia Cooperative Extension	79,827	90,356	79,827	(10,529)
Nondepartmental				
Residual Fringe Benefits	2,946,750	-	-	-
Transfers to Other Funds	5,686,199	6,407,935	6,407,549	(386)
Transfers to Debt Service Fund	22,175,753	22,334,991	22,064,166	(270,825)
Transfers to Component Unit	63,847,461	63,847,461	63,443,415	(404,046)
Miscellaneous	100,000	75,000	26,537	(48,463)
Personnel Lapse	(1,870,026)	-	-	-
Contingency	2,074,310	5,963,336	-	(5,963,336)
Total Charges to Appropriations	257,042,000	262,795,099	253,232,960	(9,562,139)
Budgetary Fund Balance, June 30	$ 22,381,604	$ 21,102,928	$ 24,361,867	$ 3,258,939

See Accompanying Note to Budgetary Comparison Schedule
See Accompanying Independent Auditors' Report

(Continued)

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/Inflows of Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	277,594,827
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes (Exhibit E).	(22,381,604)
Total general fund revenues as reported on the statement of revenues, expenditures, and changes in fund balances (Exhibit E).	$ 255,213,223
Uses/Outflows of Resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	$ 253,232,960
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes (Exhibit E).	(28,471,715)
Encumbrances for goods and services ordered but not received are reported in the year the orders are placed for budgetary purposes, but are reported in the year goods and services are received for GAAP purposes (Exhibit C).	(598,753)
Total general fund expenditures as reported on the statement of revenues, expenditures, and changes in fund balances (Exhibit E).	$ 224,162,492

(2) Schedule of Funding Progress

City - Virginia Retirement System Schedule of Funding Progress

	(a)	(b)	(b-a)	(a/b)	(c)	(b-a) / (c)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio Assets as a % of AAL	Annual Covered Payroll	UAAL as a % of Covered Payroll
6/30/2009	$ 38,685,812	$ 43,883,043	$ 5,197,231	88.16%	$ 8,483,464	61.26%
6/30/2008	38,079,256	42,499,150	4,419,894	89.60%	8,586,861	51.47%
6/30/2007	34,499,166	38,692,867	4,193,701	89.16%	8,377,002	50.06%
6/30/2006	30,539,557	33,495,408	2,955,851	91.18%	8,127,839	36.37%
6/30/2005	28,648,433	31,277,669	2,629,236	91.59%	7,729,832	34.01%
6/30/2004	27,642,697	32,373,471	4,730,774	85.39%	7,631,051	61.99%

School Board - Virginia Retirement System Schedule of Funding Progress
Non-Professional's Multi-Employer Retirement Plan

	(a)	(b)	(b-a)	(a/b)	(c)	(b-a) / (c)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Over funded AAL	Funded Ratio Assets as a % of AAL	Annual Covered Payroll	OAAL as a % of Covered Payroll
6/30/2009	$ 808,508	$ 722,986	85,522	111.83%	$ 3,583,415	2.39%
6/30/2008	265,363	103,514	161,849	256.40%	3,521,287	4.60%
6/30/2007	23,341	5,536	17,805	421.60%	368,136	4.80%

Six years of data is not available, as the Plan originated in 2007. Data will accumulate over time.

See Accompanying Independent Auditors' Report

(3) Schedules of Funding Progress

City - Other Postemployment Benefits (OPEB) Schedule of Funding Progress

	(a)	(b)	(b-a)	(a/b)	(c)	(b-a) / (c)
Actuarial Valuation Date	**Actuarial Value of Assets**	**Actuarial Accrued Liability (AAL)**	**Unfunded AAL (UAAL)**	**Funded Ratio**	**Covered Payroll**	**UAAL as a Percentage of Covered Payroll**
6/30/2010	$ 793,000	$ 16,958,000	$ 16,165,000	4.68%	$ - *	- *
6/30/2009	362,000	19,283,000	18,921,000	1.88%	75,000,000	25.23%
6/30/2008	-	15,840,000	15,840,000	0.00%	65,100,000	24.33%

** Interim year actuarial evaluation did not include covered payroll as the amount was not available.*

School Board - Other Postemployment Benefits (OPEB) Schedule of Funding Progress

	(a)	(b)	(b-a)	(a/b)	(c)	(b-a) / (c)
Actuarial Valuation Date	**Actuarial Value of Assets**	**Accrued Liability (AAL) - Projected Unit**	**Unfunded AAL (UAAL)**	**Funded Ratio**	**Covered Payroll**	**UAAL as a Percentage of Covered Payroll**
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%

(4) Schedules of Employer Contributions

City - Other Postemployment Benefits (OPEB) Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2010	$ 1,528,000	113.00%
2009	1,747,000	100.00%
2008	1,398,000	100.00%

The City of Roanoke implementeed GASB 45 in fiscal year 2008; therefore, six years of data is not available, but will be accumulated over time.

School Board - Other Postemployment Benefits (OPEB) Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2010	$ 684,706	55.75%
2009	(1,599,068)	16.37%
2008	3,259,698	7.86%

Roanoke City Public Schools implementeed GASB 45 in fiscal year 2008; therefore, six years of data is not available, but will be accumulated over time.

See Accompanying Independent Auditors' Report

(5) Note to Budgetary Comparison Schedule – General Fund

(A) Budgets and Budgetary Accounting

The City adheres to the following procedures in establishing the budgetary data reflected in the Budgetary Comparison Schedule located in the Required Supplementary Information:

1. **Proposal –** At least sixty days prior to June 30, the City Manager submits to City Council a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.

2. **Projects and Grants –** The capital projects budget is prepared on a project length basis under which the total outlay for each project is estimated for the length of the project. The Special Revenue Fund budget is adopted on a grant length basis as grants are received by the City. Grant budgets are not legally enacted on an annual period basis; therefore, a budgetary comparison statement is not presented for the Special Revenue Fund.

3. **Adoption –** Public hearings are conducted to obtain citizen comments on the proposed budget. Prior to May 15, the budget is legally adopted at the departmental level through passage of an appropriation ordinance by City Council.

4. **Amendment –** The City Manager is authorized to transfer amounts not exceeding $75,000 between departments beginning July through March and to transfer any amount between departments beginning April through June. The City Manager also has the authority to make transfers of any amount within a given department. All other transfers or supplemental appropriations must be approved by City Council. During the year, $5,753,099 in supplemental appropriations were approved by City Council. These amendments consisted primarily of appropriations of prior year encumbrances, the appropriation of designated fund balance, and the appropriation of additional intergovernmental grants received during the year.

5. **Integration –** Formal budgetary integration is employed as a management control device during the year for the General and Capital Projects Funds. Formal budgetary integration is not employed for the Debt Service Fund because effective budgetary control is alternatively achieved through budgeted transfers from the General Fund to the Debt Service Fund for debt payments.

6. **Legal Compliance –** Actual expenditures and operating transfers out may not legally exceed budget appropriations for each department. City Council legally adopts an annual budget for the General Fund. Its budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America except for the recognition of encumbrances, the classification of certain transfers as expenditures, and the consideration of beginning fund balance as a budgetary resource. A reconciliation of the actual General Fund uses of financial resources presented in accordance with generally accepted accounting principles is presented as part of the Budgetary Comparison Schedule located in the Required Supplementary Information.

(6) Note to Schedules of Funding Progress – Other Postemployment Benefits (OPEB)

There was a significant decrease in the liability in fiscal 2010. The liability was reduced by retirement trends that changed slightly upon implementation of policy and workforce reductions in the past several fiscal years due to budgetary constraints. Other policy changes following implementation of GASB 45 limited retirees' ability to make healthcare plan changes after initial date of retirement, also contributing to a decline in the liability.

SUPPLEMENTARY INFORMATION

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CITY OF ROANOKE, VIRGINIA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2010

	Department of Technology	Fleet Management	Risk Management	Total Internal Service Funds
Assets				
Current Assets:				
Cash and Cash Equivalents	$ 4,419,922	$ 2,081,152	$ 11,922,250	**$ 18,423,324**
Investments	1,153,653	329,767	4,058,851	**5,542,271**
Interest and Dividends Receivable	5,520	1,578	19,422	**26,520**
Due from Other Governments	-	12,559	-	**12,559**
Due from Other Funds	8,041	10,249	697	**18,987**
Accounts Receivable (net of allowance for uncollectibles)	33,399	33,722	-	**67,121**
Inventory	-	54,846	-	**54,846**
Other Assets	3,422	-	330,000	**333,422**
Total Current Assets	**5,623,957**	**2,523,873**	**16,331,220**	**24,479,050**
Capital Assets:				
Equipment and Other Capital Assets	19,071,313	30,707,792	-	**49,779,105**
Construction in Progress	2,130,072	-	-	**2,130,072**
Less Accumulated Depreciation	(8,344,589)	(21,755,947)	-	**(30,100,536)**
Capital Assets, Net	**12,856,796**	**8,951,845**	**-**	**21,808,641**
Total Assets	**$ 18,480,753**	**$ 11,475,718**	**$ 16,331,220**	**$ 46,287,691**
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Expenses	303,675	234,678	24,773	**563,126**
Accrued Interest Payable	-	-	-	**-**
Due to Other Funds	1,065,868	1,136,499	39,576	**2,241,943**
Other Liabilities	3,514	-	-	**3,514**
Long-Term Liabilities Due Within One Year	760,375	68,426	2,549,011	**3,377,812**
Total Current Liabilities	**2,133,432**	**1,439,603**	**2,613,360**	**6,186,395**
Long-Term Liabilities:				
Compensated Absences Payable	233,201	70,709	2,218	**306,128**
Claims Payable	-	-	17,368,281	**17,368,281**
General Obligation Bonds Payable, Net	523,442	-	-	**523,442**
Capital Lease Liability	191,122	9,072	-	**200,194**
Less Current Maturities	(760,375)	(68,426)	(2,549,011)	**(3,377,812)**
Total Long-Term Liabilities	**187,390**	**11,355**	**14,821,488**	**15,020,233**
Total Liabilities	**$ 2,320,822**	**$ 1,450,958**	**$ 17,434,848**	**$ 21,206,628**
Net Assets				
Invested in Capital Assets, Net of Related Debt	12,142,140	8,942,773	-	**21,084,913**
Restricted for:				
E911 Wireless Capital Project	46,777	-	-	**46,777**
Unrestricted	3,971,014	1,081,987	(1,103,628)	**3,949,373**
Total Net Assets	**$ 16,159,931**	**$ 10,024,760**	**$ (1,103,628)**	**$ 25,081,063**

See Accompanying Independent Auditors' Report.

CITY OF ROANOKE, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Department of Technology	Fleet Management	Risk Management	Total Internal Service Funds
Operating Revenues				
Charges for Services	$ 5,755,362	$ 5,319,635	$ 15,588,452	**$ 26,663,449**
Other Revenue	429,375	187,639	-	**617,014**
Total Operating Revenues	**6,184,737**	**5,507,274**	**15,588,452**	**27,280,463**
Operating Expenses				
Personal Services	769,389	1,307,109	142,939	**2,219,437**
Other Services and Charges	1,698,029	442,597	16,521,125	**18,661,751**
Materials and Supplies	754,951	2,362,940	744,555	**3,862,446**
Depreciation	2,662,480	1,972,349	-	**4,634,829**
Total Operating Expenses	**5,884,849**	**6,084,995**	**17,408,619**	**29,378,463**
Operating Income (Loss)	**299,888**	**(577,721)**	**(1,820,167)**	**(2,098,000)**
Nonoperating Revenues (Expenses)				
Loss on Disposal of Assets	-	(38,198)	-	**(38,198)**
Investment Income	67,602	6,377	131,233	**205,212**
Interest Expense	(60,769)	(1,259)	-	**(62,028)**
Net Nonoperating Revenues (Expenses)	**6,833**	**(33,080)**	**131,233**	**104,986**
Income (Loss) Before Transfers and Contributions	**306,721**	**(610,801)**	**(1,688,934)**	**(1,993,014)**
Transfers and Contributions				
Transfers In	242,513	56,589	250,000	**549,102**
Transfers Out	(83,749)	(30,962)	-	**(114,711)**
Net Transfers and Contributions	**158,764**	**25,627**	**250,000**	**434,391**
Change in Net Assets	465,485	(585,174)	(1,438,934)	(1,558,623)
Net Assets - Beginning of Year	**15,694,446**	**10,609,934**	**335,306**	**26,639,686**
Net Assets - End of Year	**$ 16,159,931**	**$ 10,024,760**	**$ (1,103,628)**	**$ 25,081,063**

See Accompanying Independent Auditors' Report.

CITY OF ROANOKE, VIRGINIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Department of Technology	Fleet Management	Risk Management	Total Internal Service Funds
Cash Flows From Operating Activities:				
Cash Received from Customers	$ 5,915,604	$ 5,602,313	$ 16,460,355	**$ 27,978,272**
Cash Payments to Suppliers for Goods and Services	(2,674,671)	(2,790,153)	(1,096,748)	**(6,561,572)**
Cash Received from Other Funds for Interfund Services	1,010,256	996,949	15,144	**2,022,349**
Cash Payments to Employees	(764,563)	(1,307,675)	(159,350)	**(2,231,588)**
Cash Payments for Claims	-	-	(14,595,168)	**(14,595,168)**
Cash Received From Other Operating Revenue	429,375	930,360	-	**1,359,735**
Net Cash Provided by Operating Activities	**3,916,001**	**3,431,794**	**624,233**	**7,972,028**
Cash Flows From Noncapital Financing Activities:				
Transfers In	242,513	56,589	250,000	**549,102**
Transfers Out	(83,749)	(30,962)	-	**(114,711)**
Net Cash Provided by Noncapital Financing Activities	**158,764**	**25,627**	**250,000**	**434,391**
Cash Flows From Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(3,438,136)	(1,887,815)	-	**(5,325,951)**
Principal Paid on Bonds and Capital Lease Obligations	(569,760)	(2,364)	-	**(572,124)**
Interest Paid on Bonds and Capital Leases	(82,692)	(1,259)	-	**(83,951)**
Net Cash Used by Capital and Related Financing Activities	**(4,090,588)**	**(1,891,438)**	**-**	**(5,982,026)**
Cash Flows From Investing Activities:				
Interest Received	70,152	6,019	138,030	**214,201**
Sale of Investments	1,285,077	185,571	2,976,582	**4,447,230**
Cash Provided by Investing Activities	**1,355,229**	**191,590**	**3,114,612**	**4,661,431**
Net Increase in Cash and Cash Equivalents	**1,339,406**	**1,757,573**	**3,988,845**	**7,085,824**
Cash and Cash Equivalents at July 1	**3,080,516**	**323,579**	**7,933,405**	**11,337,500**
Cash and Cash Equivalents at June 30	**$ 4,419,922**	**$ 2,081,152**	**$ 11,922,250**	**$ 18,423,324**
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	$ 299,888	$ (577,721)	$ (1,820,167)	**$ (2,098,000)**
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	2,662,480	1,972,349	-	**4,634,829**
Changes in Assets and Liabilities:				
Increase in Due From Other Governments	-	(12,154)	-	**(12,154)**
Decrease in Due From Other Funds	184,325	314,903	871,903	**1,371,131**
Increase in Accounts Receivable	(24,083)	(20,071)	-	**(44,154)**
Decrease in Inventory	-	1,601	-	**1,601**
Decrease in Other Assets	-	742,721	105,000	**847,721**
Decrease in Accounts Payable and Accrued Expenses	(238,379)	(116,360)	(13,804)	**(368,543)**
Decrease in Due to Other Funds	1,027,109	1,128,925	48,124	**2,204,158**
Increase (Decrease) in Compensated Absences Payable	4,661	(2,399)	(12,138)	**(9,876)**
Increase in Claims Payable	-	-	1,445,315	**1,445,315**
Total Adjustments	**3,616,113**	**4,009,515**	**2,444,400**	**10,070,028**
Net Cash Provided by Operating Activities	**$ 3,916,001**	**$ 3,431,794**	**$ 624,233**	**$ 7,972,028**

See Accompanying Independent Auditors' Report.

CITY OF ROANOKE, VIRGINIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2010

	Hotel Roanoke Conference Center Commission
Assets	
Cash and Cash Equivalents	$ 3,763,788
Investments	1,285,786
Accrued Interest Receivable	6,153
Total Assets	**$ 5,055,727**
Liabilities	
Due to Other Governments	$ 5,055,727
Total Liabilities	**$ 5,055,727**

See Accompanying Independent Auditors' Report.

CITY OF ROANOKE, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Assets				
Cash and Cash Equivalents	$ 2,978,388	$ 3,002,361	$ 2,216,961	$ 3,763,788
Investments	2,389,185	1,285,786	2,389,185	1,285,786
Accrued Interest Receivable	10,189	6,153	10,189	6,153
Due from Other Governments	4,949	181,516	186,465	-
Total Assets	**$ 5,382,711**	**$ 4,475,816**	**$ 4,802,800**	**$ 5,055,727**
Liabilities				
Due to Other Governments	$ 5,382,711	$ 4,475,816	$ 4,802,800	$ 5,055,727
Total Liabilities	**$ 5,382,711**	**$ 4,475,816**	**$ 4,802,800**	**$ 5,055,727**

See Accompanying Independent Auditors' Report.

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STATISTICAL SECTION

This part of the City of Roanoke, Virginia's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information indicates about the government's overall financial condition.

Contents ***Page***

Financial Trends *129*

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

Revenue Capacity *136*

These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.

Debt Capacity *139*

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 *142*

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information *144*

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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

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Table 1
Unaudited

CITY OF ROANOKE, VIRGINIA
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Governmental Activities								
Invested in Capital Assets, Net of Related Debt	$ 260,869,253	$ 238,461,969	$ 225,501,044	$ 200,914,327	$ 190,962,494	$ 187,115,017	$ 164,108,469	$ 149,855,237
Restricted for:								
Capital Projects	46,777	70,914	105,323	139,732	205,752	276,133	215,691	51,846
Unrestricted	25,539,839	41,697,432	45,552,401	56,691,884	52,348,145	30,519,227	45,098,238	48,331,857
Total Governmental Activities Net Assets	**286,455,869**	**280,230,315**	**271,158,768**	**257,745,943**	**243,516,391**	**217,910,377**	**209,422,398**	**198,238,940**
Business-Type Activities								
Invested in Capital Assets, Net of Related Debt	$ 51,750,741	$ 52,067,081	$ 51,594,498	$ 50,696,302	$ 38,113,702	$ 42,009,100	$ 157,247,149	$ 150,015,105
Unrestricted	4,678,494	2,213,388	3,180,872	4,454,864	11,034,165	4,909,789	21,240,298	19,409,253
Total Business-Type Activities Net Assets	**56,429,235**	**54,280,469**	**54,775,370**	**55,151,166**	**49,147,867**	**46,918,889**	**178,487,447**	**169,424,358**
Primary Government								
Invested in Capital Assets, Net of Related Debt	$ 312,619,994	$ 290,529,050	$ 277,095,542	$ 251,610,629	$ 229,076,196	$ 229,124,117	$ 321,355,618	$ 299,870,342
Restricted for:								
Capital Projects	46,777	70,914	105,323	139,732	205,752	276,133	215,691	51,846
Unrestricted	30,218,333	43,910,820	48,733,273	61,146,748	63,382,310	35,429,016	66,338,536	67,741,110
Total Primary Government Net Assets	**$ 342,885,104**	**$ 334,510,784**	**$ 325,934,138**	**$ 312,897,109**	**$ 292,664,258**	**$ 264,829,266**	**$ 387,909,845**	**$ 367,663,298**

Information is presented on a full accrual basis of accounting.
The City implemented GASB 34 in FY02. Information is presented beginning that fiscal year.

Table 2
Unaudited

CITY OF ROANOKE, VIRGINIA
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Expenses								
Governmental Activities:								
General Government	$ 12,224,830	$ 13,859,060	$ 14,951,184	$ 11,273,712	$ 13,060,424	$ 12,505,925	$ 12,129,739	$ 12,332,759
Judicial Administration	7,786,140	9,167,289	8,881,939	8,696,783	7,759,108	7,093,904	6,563,999	6,716,171
Public Safety	63,976,863	66,448,271	67,457,297	63,824,918	60,338,648	56,027,791	52,085,243	49,526,672
Public Works	28,126,031	31,174,272	29,493,501	29,322,095	25,396,344	25,413,778	27,619,650	27,024,931
Health and Welfare	45,995,109	45,756,887	45,287,639	39,755,942	36,851,200	35,063,221	31,985,929	28,920,553
Parks, Recreation and Cultural	10,559,350	12,018,560	11,718,909	12,328,684	10,671,914	9,269,834	6,063,700	5,360,979
Community Development	10,010,970	9,752,877	13,009,501	11,847,813	10,388,248	9,849,351	9,601,301	11,063,836
Education	67,945,097	66,604,559	65,494,065	61,335,067	57,899,575	54,737,434	51,458,092	49,368,594
Economic Development	3,510,831	1,535,584	657,348	613,075	3,046,343	7,175,953	1,160,036	5,248,229
Other	-	15,329	13,470	31,575	66,967	125,801	90,903	73,633
Interest and Fiscal Charges	13,538,201	13,124,928	10,710,840	11,916,375	11,588,440	11,652,145	8,598,701	9,404,874
Total Governmental Activities Expenses	263,673,422	269,457,616	267,675,693	250,946,039	237,067,211	228,915,137	207,357,293	205,041,231
Business-Type Activities:								
Transit Company	9,474,181	9,545,470	9,195,709	8,403,369	7,850,064	7,609,131	7,078,272	6,448,413
Water	-	-	-	-	-	-	11,101,776	13,683,991
Water Pollution Control	-	-	-	-	-	-	10,801,834	10,179,089
Civic Facilities	4,302,258	7,138,833	5,259,155	4,694,186	5,066,942	4,610,356	5,077,678	4,914,679
Parking	3,030,494	2,806,984	2,396,330	2,894,630	2,036,575	2,002,110	1,927,191	2,288,392
Market Building	384,331	649,874	379,828	390,098	368,090	506,894	492,795	151,438
Total Business-Type Activities Expenses	17,191,264	20,141,161	17,231,022	16,382,283	15,321,671	14,728,491	36,479,546	37,666,002
Total Primary Government Expenses	280,864,686	289,598,777	284,906,715	267,328,322	252,388,882	243,643,628	243,836,839	242,707,233
Program Revenues								
Governmental Activities:								
Charges for Services:								
General Government	$ 4,152,979	$ 4,511,088	$ 4,467,706	$ 4,228,015	$ 3,234,836	$ 3,038,133	$ 6,839,246	$ 3,899,448
Judicial Administration	3,734,589	4,823,817	4,594,962	5,445,812	5,132,780	5,334,458	2,131,060	1,824,615
Public Safety	6,203,883	6,453,285	6,632,394	5,894,930	5,086,196	4,768,397	5,191,798	7,354,677
Public Works	347,422	386,445	445,191	523,344	458,882	445,256	781,285	552,404
Health and Welfare	127,834	146,338	196,110	172,703	584,149	595,797	517,697	-
Parks, Recreation and Cultural	367,143	308,446	155,799	132,728	413,090	372,186	62,309	290,935
Community Development	166,176	161,228	165,144	199,255	170,493	131,038	151,933	136,396
Economic Development	-	4,974	83,541	-	-	-	-	-
Operating Grants and Contributions	70,252,704	70,986,646	69,257,682	63,164,087	59,245,639	56,208,537	51,329,015	47,692,239
Capital Grants and Contributions	718,580	265,005	3,975,312	289,043	102,934	239,246	736,337	2,126,873
Total Governmental Activities Program Revenues	86,071,310	88,047,272	89,973,841	80,049,917	74,428,999	71,133,048	67,740,680	63,877,587
Business-Type Activities:								
Charges for Services								
Transit Company	2,046,752	2,097,420	2,033,024	1,819,053	1,779,619	1,565,511	1,439,067	1,410,041
Water	-	-	-	-	-	-	13,383,297	11,671,313
Water Pollution Control	-	-	-	-	-	-	11,159,513	10,966,478
Civic Facilities	1,966,484	4,312,359	2,248,649	2,413,877	2,995,440	2,788,081	3,403,360	3,412,975
Parking	2,733,270	2,804,755	2,809,958	2,686,301	2,683,159	2,600,415	2,645,977	2,231,038
Market Building	198,022	224,637	255,476	268,340	277,886	308,366	256,015	134,868
Operating Grants and Contributions	4,139,626	4,393,415	4,071,749	3,896,866	3,395,701	3,252,566	2,843,449	2,611,895
Capital Grants and Contributions	2,348,098	1,115,208	769,852	5,783,634	1,357,967	1,010,893	4,698,459	644,069
Total Business-Type Activities Program Revenues	13,432,252	14,947,794	12,188,708	16,868,071	12,489,772	11,525,832	39,829,137	33,082,677
Total Primary Government Program Revenues	99,503,562	102,995,066	102,162,549	96,917,988	86,918,771	82,658,880	107,569,817	96,960,264
Net (Expense)/Revenue:								
Governmental Activities	(177,602,112)	(181,410,344)	(177,701,852)	(170,896,122)	(162,638,212)	(157,782,089)	(139,616,613)	(141,163,644)
Business-Type Activities	(3,759,012)	(5,193,367)	(5,042,314)	485,788	(2,831,899)	(3,202,659)	3,349,591	(4,583,325)
Total Primary Government Net Expense	$(181,361,124)	$(186,603,711)	$(182,744,166)	$(170,410,334)	$(165,470,111)	$(160,984,748)	$(136,267,022)	$(145,746,969)

Table 2
Unaudited
(continued)

CITY OF ROANOKE, VIRGINIA
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
General Revenues and Other Changes in Net Assets								
Governmental Activities:								
Taxes								
General Property - Real Estate and Personal Property	$ 100,801,682	$ 101,626,861	$ 98,714,420	$ 93,361,362	$ 86,651,722	$ 81,071,535	$ 75,186,290	$ 71,672,690
Local Portion of State Sales	18,095,643	20,448,423	21,571,956	21,987,443	20,637,376	19,663,577	19,225,559	17,466,450
Business and Professional Occupational License	11,588,503	12,479,698	12,536,783	12,690,668	12,893,280	11,335,221	10,828,304	10,584,716
Utility	9,557,889	9,735,948	9,825,738	11,409,106	13,234,488	13,857,552	13,823,643	13,749,522
Prepared Food and Beverage	11,159,911	11,496,914	11,560,944	11,061,948	10,635,894	7,995,551	7,690,950	7,247,472
Commonwealth Share - Personal Property	8,075,992	8,075,992	8,073,460	8,121,547	7,962,068	8,325,821	7,689,531	8,043,897
Cigarette	2,515,209	2,644,599	2,882,612	2,401,764	2,133,150	1,889,419	1,895,533	1,920,939
Transient Room	2,636,536	2,754,683	2,814,253	2,666,253	2,529,645	2,250,249	2,232,754	2,101,878
Telecommunications	7,383,848	7,145,256	7,978,786	3,421,394	-	-	-	-
Motor Vehicle License Tax	1,951,813	1,937,500	1,682,310	1,795,365	1,783,689	1,761,745	1,736,858	1,733,605
Other	4,344,857	6,071,290	7,412,254	11,727,231	7,359,754	7,111,634	8,213,700	6,345,237
State Aid Not Restricted to a Specific Program	-	-	-	-	7,776,432	-	-	76,454
Payment from Component Unit	10,020,049	8,930,898	7,752,288	1,300,000	-	-	-	-
Grants and Contributions Not Restricted to Specific Program	11,226	8,379	3,372	3,107	-	239,988	274,714	-
Interest and Investment Income	1,246,826	1,618,541	2,644,762	3,737,732	3,187,105	2,387,866	1,265,367	1,865,333
Miscellaneous	130,702	-	-	4,471,167	4,005,203	6,754,063	5,790,943	5,470,988
Special Item	-	-	-	-	(1,575,776)	-	-	-
Transfers	(5,693,020)	(4,493,091)	(4,339,261)	(5,030,413)	(3,062,423)	(2,882,183)	(4,892,800)	(3,013,537)
Transfers - Capital Assets	-	-	-	-	(1,726,651)	-	(161,275)	(289,220)
Total Governmental Activities	183,827,666	190,481,891	191,114,677	185,125,674	174,424,956	161,762,038	150,800,071	144,976,424
Business-Type Activities:								
Interest and Investment Income	80,077	87,552	140,247	228,058	163,638	92,195	224,589	276,000
Gain (Loss) on Sale of Assets	-	-	-	-	(293,213)	9,896	16,325	(10,653)
Miscellaneous	134,681	117,823	187,010	259,040	401,378	522,955	418,509	382,403
Transfers	5,693,020	4,493,091	4,339,261	5,030,413	3,062,423	2,882,183	4,892,800	3,013,537
Transfers - Capital Assets	-	-	-	-	1,726,651	-	161,275	289,220
Total Business-Type Activities	5,907,778	4,698,466	4,666,518	5,517,511	5,060,877	3,507,229	5,713,498	3,950,507
Total Primary Government	$ 189,735,444	$ 195,180,357	$ 195,781,195	$ 190,643,185	$ 179,485,833	$ 165,269,267	$ 156,513,569	$ 148,926,931
Change in Net Assets								
Governmental Activities	$ 6,225,554	$ 9,071,547	$ 13,412,825	$ 14,229,552	$ 11,786,744	$ 3,979,949	$ 11,183,458	$ 3,812,780
Business-Type Activities	2,148,766	(494,901)	(375,796)	6,003,299	2,228,978	304,570	9,063,089	(632,818)
Total Primary Government	$ 8,374,320	$ 8,576,646	$ 13,037,029	$ 20,232,851	$ 14,015,722	$ 4,284,519	$ 20,246,547	$ 3,179,962

Information is presented on a full accrual basis of accounting.
The City implemented GASB 34 in FY02. Information is presented beginning that fiscal year.

Table 3
Unaudited

CITY OF ROANOKE, VIRGINIA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST EIGHT FISCAL YEARS

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
General Property Tax-Real Estate and Personal Property	$ 100,801,682	$ 101,626,861	$ 98,714,420	$ 93,361,362	$ 86,651,722	$ 81,071,535	$ 75,186,290	$ 71,672,690
Sales Tax	18,095,643	20,448,423	21,571,956	21,987,443	20,637,376	19,663,577	19,225,559	17,466,450
Occupational License Tax	11,588,503	12,479,698	12,536,783	12,174,159	12,893,280	11,335,221	10,828,304	10,584,716
Utility Consumer Tax	9,557,889	9,735,948	9,825,738	11,925,615	13,234,488	13,857,552	13,823,643	13,749,522
Prepared Food & Beverage Tax	11,159,911	11,496,914	11,560,944	11,061,948	10,635,894	7,995,551	7,690,950	7,247,472
Commonwealth Share Personal Property Tax	8,075,992	8,075,992	8,073,460	8,121,547	7,962,068	8,325,821	7,689,531	8,043,897
Cigarette Tax	2,515,209	2,644,599	2,882,612	2,401,764	2,133,150	1,889,419	1,895,533	1,920,939
Transient Room Tax	2,636,536	2,754,683	2,814,253	2,666,253	2,529,645	2,250,249	2,232,754	2,101,878
Telecommunications	7,383,848	7,145,256	7,978,786	3,421,394	-	-	-	-
Motor Vehicle License Tax	1,951,813	1,937,500	1,682,310	1,795,365	1,783,689	1,761,745	1,736,858	1,733,605
Other Taxes	4,344,857	6,071,290	7,412,254	11,727,231	7,359,754	7,111,634	8,213,700	6,345,237
Total Governmental Activities Tax Revenues	$ 178,111,883	$ 184,417,164	$ 185,053,516	$ 180,644,081	$ 165,821,066	$ 155,262,304	$ 148,523,122	$ 140,866,406

Information is presented on a full accrual basis of accounting.
The City implemented GASB 34 in FY02. Information is presented beginning that fiscal year.
On January 1, 2007, the State began the new Telecommunications Tax which replaces the Telephone Surcharge as well as Cable TV Franchise Tax, and Telephone and Cellular Utility Taxes

Table 4
Unaudited

CITY OF ROANOKE, VIRGINIA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
General Fund										
Reserved	$ 598,753	$ 1,028,676	$ 1,318,997	$ 743,092	$ 1,219,270	$ 1,389,488	$ 1,552,656	$ 1,967,992	$ 2,433,798	$ 2,251,677
Unreserved	24,361,867	21,352,928	19,723,710	21,347,881	22,121,582	19,660,766	2,945,349	4,586,865	7,328,637	6,835,034
Total General Fund	$ 24,960,620	$ 22,381,604	$ 21,042,707	$ 22,090,973	$ 23,340,852	$ 21,050,254	$ 4,498,005	$ 6,554,857	$ 9,762,435	$ 9,086,711
All Other Governmental Funds										
Reserved	$ 6,146,088	$ 17,529,842	$ 36,500,585	$ 14,814,335	$ 22,669,544	$ 19,200,210	$ 14,068,820	$ 19,288,996	$ 8,625,220	$ 9,600,557
Unreserved, reported in:										
Debt Service Fund	1,213,260	1,161,895	1,143,782	1,021,667	1,063,737	988,465	15,061,934	14,436,613	14,289,750	13,130,315
Capital Projects Fund	6,121,743	31,685,558	27,455,399	26,591,510	37,744,826	39,994,304	37,069,596	42,487,398	63,225,262	27,621,016
Total All Other Governmental Funds	$ 13,481,091	$ 50,377,295	$ 65,099,766	$ 42,427,512	$ 61,478,107	$ 60,182,979	$ 66,200,350	$ 76,213,007	$ 86,140,232	$ 50,351,888

Information is presented on a modified accrual basis of accounting.

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Table 5
Unaudited

CITY OF ROANOKE, VIRGINIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2009-10	2008-09	2007-08	2006-07	2005-06
Revenues					
Local Taxes	$ 171,185,553	$ 173,518,576	$ 172,769,022	$ 164,871,887	$ 156,259,656
Permits, Fees and Licenses	880,347	1,053,443	1,475,370	1,142,724	1,469,016
Fines and Forfeitures	1,615,265	1,558,517	1,558,039	1,540,598	1,444,566
Rental Income	550,191	845,373	968,975	1,032,990	1,462,840
Investment Income	251,970	1,211,719	2,241,720	3,460,986	1,978,325
Intergovernmental	93,250,211	93,064,316	96,691,241	85,531,788	79,661,592
Charges for Services	10,834,925	11,616,042	10,955,336	11,611,220	11,142,081
Miscellaneous	703,626	1,536,704	1,336,850	2,897,616	2,543,147
Total Revenues	$ 279,272,088	$ 284,404,690	$ 287,996,553	$ 272,089,809	$ 255,961,223
Expenditures					
Current Operating:					
General Government	$ 12,671,590	$ 13,094,420	$ 13,614,281	$ 12,782,063	$ 12,214,535
Judicial Administration	7,503,476	8,735,663	8,441,872	8,438,366	7,347,752
Public Safety	61,821,748	63,808,641	64,859,294	61,964,362	58,192,222
Public Works	23,860,980	24,841,431	23,663,876	23,900,264	22,798,347
Health and Welfare	45,439,356	45,128,533	44,626,860	39,290,415	36,105,373
Parks, Recreation and Cultural	9,192,283	10,753,820	11,165,097	10,724,981	9,697,644
Community Development	9,931,020	9,559,518	11,473,754	9,074,244	9,701,539
Education	63,443,415	62,856,641	62,392,633	58,669,043	55,789,730
Debt Service:					
Principal Retirement	23,566,295	22,157,734	19,822,282	19,119,311	17,140,653
Interest and Paying Agent Charges	12,768,787	12,286,166	11,343,116	11,103,323	11,270,985
Bond Issuance Cost	317,494	79,082	-	-	141,334
Capital Outlays	40,276,382	44,299,810	35,471,132	44,308,692	38,370,611
Total Expenditures	$ 310,792,826	$ 317,601,459	$ 306,874,197	$ 299,375,064	$ 278,770,725
Excess (Deficiency) of Revenues Over (Under) Expenditures	(31,520,738)	(33,196,769)	(18,877,644)	(27,285,255)	(22,809,502)
Other Financing Sources (Uses)					
Proceeds of Long-Term Debt	2,661,171	23,912,613	43,967,698	12,961,171	31,708,923
Proceeds of Capital Lease	-	-	-	-	-
Proceeds from Sale of Refunding Bonds	36,056,200	-	-	-	10,631,826
Payment to Refunded Bond Escrow Agent	(39,056,309)	-	-	-	(10,705,136)
Premium on Sale of Bonds	3,669,899	706,843	1,199,155	407,950	705,605
Proceeds from Sale of Property	-	-	-	-	-
Transfers In	25,536,867	27,214,121	26,430,553	25,211,822	30,811,378
Transfers Out	(31,664,278)	(32,020,382)	(31,095,774)	(31,596,162)	(36,757,368)
Total Other Financing Sources (Uses)	(2,796,450)	19,813,195	40,501,632	6,984,781	26,395,228
Net Change in Fund Balances	(34,317,188)	(13,383,574)	21,623,988	(20,300,474)	3,585,726
Fund Balances--Beginning of Year	72,758,899	86,142,473	64,518,485	84,818,959	81,233,233
Fund Balances--End of Year	$ 38,441,711	$ 72,758,899	$ 86,142,473	$ 64,518,485	$ 84,818,959

Information is presented on an modified accrual basis of accounting.

Table 5
Unaudited
(continued)

2004-05	2003-04	2002-03	2001-02	2000-01
$ 145,738,157	$ 138,027,923	$ 131,372,049	$ 129,553,942	$ 126,439,432
1,275,026	1,026,606	909,669	1,076,603	840,520
1,354,775	1,365,502	1,244,283	1,103,113	818,982
796,688	682,798	1,114,804	1,100,101	1,058,017
1,794,290	949,912	1,557,228	1,957,370	3,055,575
74,579,619	68,418,569	66,118,526	62,477,966	57,740,932
11,237,776	11,544,955	6,657,533	6,073,913	5,709,059
820,779	1,369,767	502,712	997,855	499,178
$ 237,597,110	$ 223,386,032	$ 209,476,804	$ 204,340,863	$ 196,161,695
$ 11,677,301	$ 11,822,041	$ 11,711,800	$ 11,612,767	$ 11,683,341
6,736,070	6,355,497	6,237,314	6,032,743	5,795,665
53,777,319	50,733,282	45,540,774	45,685,277	44,872,640
22,229,895	24,688,073	23,184,404	23,350,186	22,894,595
34,754,917	31,888,121	28,761,343	27,778,336	25,892,008
8,434,669	5,318,074	4,565,865	4,901,055	4,668,202
9,066,266	8,859,741	8,733,633	7,829,899	7,524,103
52,676,279	49,520,072	47,408,556	46,617,823	-
14,785,327	11,543,107	12,283,145	9,166,242	5,978,148
10,084,588	8,541,638	9,863,967	7,677,659	4,940,122
104,034	241,850	-	190,711	-
40,808,400	28,606,142	20,115,347	25,316,264	20,979,518
$ 265,135,065	$ 238,117,638	$ 218,406,148	$ 216,158,962	$ 155,228,342
(27,537,955)	(14,731,606)	(8,929,344)	(11,818,099)	40,933,353
37,662,856	4,595,399	800,000	51,083,499	-
-	4,857,000	-	-	700,000
-	66,040,000	-	-	-
-	(68,189,271)	-	-	-
1,460,022	2,971,027	-	652,873	-
-	-	-	-	125,100
37,134,208	21,215,612	23,543,433	20,533,173	17,905,736
(42,034,253)	(28,827,670)	(28,548,892)	(26,991,816)	(69,440,932)
34,222,833	2,662,097	(4,205,459)	45,277,729	(50,710,096)
6,684,878	(12,069,509)	(13,134,803)	33,459,630	(9,776,743)
74,548,355	82,767,864	95,902,667	62,443,037	69,215,332
$ 81,233,233	$ 70,698,355	$ 82,767,864	$ 95,902,667	$ 59,438,589

Table 6
Unaudited

CITY OF ROANOKE, VIRGINIA
LOCAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
General Property Tax	$ 103,019,671	$ 102,177,312	$ 98,983,976	$ 93,084,689	$ 86,447,295	$ 81,199,730	$ 75,346,292	$ 71,849,116	$ 69,908,899	$ 67,776,339
Sales Tax	18,095,643	20,448,423	21,571,956	21,987,443	20,637,376	19,663,577	19,225,559	17,466,450	17,489,436	17,676,762
Utility Consumer Tax (1)	9,072,887	9,245,881	9,317,726	11,409,106	13,234,488	13,349,039	13,321,752	13,248,053	13,097,155	12,633,933
Cigarette Tax	2,515,209	2,644,599	2,882,612	2,401,764	2,133,150	1,889,419	1,895,533	1,920,939	2,036,988	1,403,614
Recordation and Probate Tax	781,542	777,182	1,243,373	1,416,300	1,314,804	1,116,447	835,561	734,345	621,691	558,348
Business, Professional, and Occupational License Tax	12,073,505	12,969,765	13,044,796	12,690,668	12,893,280	11,843,734	11,330,195	11,086,185	11,288,675	11,444,528
Transient Room Tax	2,636,536	2,754,683	2,814,252	2,666,253	2,529,645	2,250,249	2,232,754	2,101,878	2,045,875	1,761,393
Admissions Tax	442,030	476,491	443,664	457,454	456,048	448,312	530,712	504,298	400,211	355,570
Telecommunications/Telephone Surcharge - E911 (1)	7,383,848	7,145,256	7,979,032	4,127,361	1,431,406	1,603,863	1,340,847	1,180,840	1,137,606	1,166,368
Motor Vehicle License Tax	1,951,813	1,937,500	1,682,310	1,795,365	1,783,689	1,761,745	1,736,858	1,733,605	1,766,599	1,770,243
Franchise Tax (1)	579,288	483,724	504,370	1,000,718	1,456,085	1,500,624	1,554,297	1,491,601	1,657,992	1,560,424
Prepared Food and Beverage Tax	11,159,911	11,496,914	11,560,944	11,061,948	10,635,894	7,995,551	7,690,950	7,247,472	7,086,162	6,776,531
Bank Stock Tax	1,473,670	960,846	740,011	772,818	1,306,496	1,115,867	986,613	807,267	1,016,653	1,555,379
Total Local Taxes	**$ 171,185,553**	**$ 173,518,576**	**$ 172,769,022**	**$ 164,871,887**	**$ 156,259,656**	**$ 145,738,157**	**$ 138,027,923**	**$ 131,372,049**	**$ 129,553,942**	**$ 126,439,432**

(1) On January 1, 2007, the State began the new Telecommunications Tax which replaced the Telephone Surcharge as well as Cable TV Franchise Tax, and Telephone and Cellular Utility Taxes.

Table 7
Unaudited

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

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Total Tax Levies	**$ 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**	**$ 76,063,428**
Current Tax Collections	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	65,058,343
Current Tax Collections - State Share (1)	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	7,718,287
Delinquent Tax Collections	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	2,717,996
Delinquent Tax Collections - State Share (1)	-	-	-	32,383	172,172	178,186	138,153	123,180	140,426	44,729
Total Tax Collections	**$ 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**	**$ 75,539,355**
Current Tax Collections As Percent of Levies	**98.92%**	**97.06%**	**97.53%**	**96.59%**	**96.77%**	**97.65%**	**96.91%**	**97.34%**	**97.47%**	**95.68%**
Total Tax Collections As Percent of Levies (2)	**100.91%**	**100.20%**	**100.70%**	**99.91%**	**99.64%**	**100.91%**	**100.11%**	**101.15%**	**101.11%**	**99.31%**

(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.

Table 8
Unaudited

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

	REAL PROPERTY				PERSONAL PROPERTY				PUBLIC SERVICE CORPORATIONS				
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	Total Assessed Value
2001	$3,843,131,277	3.58%	$ 3,843,131,277	1.00	$737,575,710	3.05%	$1,229,292,850	0.60	$ 339,256,291	11.41%	$ 359,762,769	0.943	$4,919,963,278
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	804,492,018	-0.65%	1,340,820,030	0.60	355,882,155	6.21%	360,848,221	0.986	7,858,765,286

Table 9
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
2001	$ 1.21	$46,502,137	$ 3.45	$ 25,446,362 (1)	$ 1.21	$4,114,929	$76,063,428
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	101,301,039
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

(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 percentage relief to a fixed block grant in the amount of $8,075,992.

Table 10
Unaudited

CITY OF ROANOKE, VIRGINIA
PRINCIPAL PROPERTY TAXPAYERS
COMPARISON OF JUNE 30, 2010 AND JUNE 30, 2001

		2010			2001		
Taxpayer	**Description**	**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	$ 188,591,342	1	2.40%	$ -	-	-
Appalachian Power	Public Utility	116,609,439	2	1.48%	119,992,358	1	2.42%
Norfolk Southern Railway	Transportation	99,796,031	3	1.27%	73,449,128	3	1.86%
Valley View Mall LLC	Shopping Mall	74,837,241	4	0.95%	46,033,635	4	1.48%
Verizon Virginia, Inc	Communications	57,905,420	5	0.74%	92,228,087	2	0.93%
Roanoke Electric Steel	Primary Metals	36,863,450	6	0.47%	21,309,293	7	0.51%
Roanoke Gas Company	Public Utility	32,634,445	7	0.42%	24,037,409	6	0.48%
Maple Leaf Bakery	Bakery	30,718,382	8	0.39%	10,229,322	9	0.43%
Times-World Corp.	Newspaper	21,978,637	9	0.28%	-	-	-
Coca-Cola Bottling Company	Bottling Plant	19,686,394	10	0.25%	-	-	-
Faison Roanoke Office Limited	Office Building	-	-	-	25,250,099	5	0.40%
Hotel Roanoke	Hotel	-	-	-	20,027,766	8	0.21%
Elizabeth Arden	Cosmetics Manufacturer	-	-	-	10,102,310	10	0.20%
		$ 679,620,781		**8.65%**	**$ 442,659,407**		**8.92%**

Source: City of Roanoke, Commissioner of the Revenue

Table 11
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 through June	827,975,478

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

Table 12
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 Actual 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 Total Estimated Actual Value	Net Bonded Debt Per Capita
2001	95,000	$ 5,432,186,896	$ 191,284,376	$ 39,027,391	$ -	$ 13,130,315	$ 139,126,670	2.56%	$ 1,464.49
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	92,024	7,513,954,307	274,026,551	9,160,142	28,924,766	1,021,667	234,919,976	3.13%	2,552.81
2008	92,838	7,972,224,770	298,775,968	10,974,761	26,596,538	1,143,782	260,060,887	3.26%	2,801.23
2009	93,304 (est.)	8,255,418,861	304,071,803	15,160,308	24,255,948	1,161,895	263,493,652	3.19%	2,824.03
2010	93,304 (est.)	8,324,026,044	283,602,637	15,632,575	21,987,683	1,213,260	244,769,119	2.94%	2,623.35

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 13
Unaudited

CITY OF ROANOKE, VIRGINIA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

	Governmental Activities		Business-Type Activities				
Fiscal Year	General Obligation Bonds	Capital Leases	General Obligation Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2000-01	$153,025,838	$ 3,846,141	$ 40,642,715	$ 3,417,302	$200,931,996	8.98%	$ 2,115
2001-02	195,385,569	4,364,593	48,482,715	3,293,723	251,526,600	10.50%	2,659
2002-03	184,429,342	3,208,859	45,865,711	3,164,721	236,668,633	9.58%	2,542
2003-04	182,118,717	6,797,976	45,865,218	-	234,781,911	9.46%	2,527
2004-05	241,280,405 (2)	5,648,433	17,876,626 (2)	-	264,805,464	9.91%	2,714
2005-06	258,928,015	4,643,001	26,096,945	-	289,667,961	10.84%	3,095
2006-07	252,341,409	4,551,467	24,782,063	-	281,674,939	9.38%	3,051
2007-08	275,531,207	5,279,002	25,955,524	477,865	307,243,598	9.85%	3,286
2008-09	276,891,495	5,113,998	29,484,914	416,578	311,906,985	9.80%	3,378
2009-10	256,564,731	4,838,541	29,667,886	352,473	291,423,631	8.18%	3,123

(1) See Table 18 for Personal Income and Population data.
(2) The Western Virginia Water Authority was created in FY04, resulting in associated bonds moving from business-type activities to governmental activities.

Table 14
Unaudited

CITY OF ROANOKE, VIRGINIA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Debt Limit	$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	$384,313,128
Total Net Debt Applicable to Limit	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	140,928,648
Legal Debt Margin	$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	$243,384,480
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	36.54%	40.14%	41.57%	40.26%	44.76%	43.59%	37.70%	39.66%	44.24%	36.67%

Table 15
Unaudited

CITY OF ROANOKE, VIRGINIA
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2010

The Charter of the City of Roanoke limits the Legal Debt to 10% of the Assessed Valuation of Real Estate within the City limits. The City has no overlapping debt.

Assessed Value of Real Estate, 2010 (1)		$ 6,698,391,113
Legal Debt Limit, 10% of $6,698,391,113		669,839,111
Debt applicable to limitation:		
General Obligation Serial Bonds - Governmental Activities	$ 180,062,430	
General Obligation Serial Bonds - Western Virginia Water Authority (WVWA)	21,987,683	
Qualified Zone Academy Bonds (QZAB)	2,103,360	
State Literary Fund Loans	3,160,000	
Virginia Public School Authority (VPSA) School Bonds	47,476,258	
Civic Facilities Enterprise Fund - Business-Type Activities	13,642,700	
Deferred Bond Costs - Civic Facilities Enterprise Fund Debt	(462,369)	
Parking Enterprise Fund Supported Debt - Business-Type Activities	16,025,186	
Deferred Bond Costs - Parking Enterprise Fund Supported Debt	(392,611)	
Total Bonded Debt	283,602,637	
Less: Available in Debt Service Fund	(1,213,260)	
Western Virginia Water Authority Supported Debt (WVWA)	(21,987,683)	
Parking Enterprise Fund Supported Debt	(16,025,186)	
Deferred Bond Costs - Parking Enterprise Fund Supported Debt	392,611	244,769,119
Legal Debt Margin		$ 425,069,992

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

Table 16
Unaudited

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

Fiscal Year	Principal (1)	Interest (1)	Total Debt Service	Total General Expenditures (2)	Percent of Debt Service to General Expenditures
2000-01	$ 9,155,832	$ 7,457,895	$ 16,613,727	$ 231,372,360	7.2%
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	10.2%

(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 17
Unaudited

CITY OF ROANOKE
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES
LAST TEN FISCAL YEARS

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Debt Service:										
Principal Retirement	$ 23,566,295	$ 22,157,734	$ 19,822,282	$ 19,119,311	$ 17,140,653	$ 14,785,327	$ 11,543,107	$ 12,283,145	$ 9,166,242	$ 5,978,148
Interest and Paying Agent Charges	12,768,787	12,286,166	11,189,318	11,103,323	11,270,985	10,084,588	8,541,638	9,863,967	7,677,659	4,940,122
Total Debt Service Payments	36,335,082	34,443,900	31,011,600	30,222,634	28,411,638	24,869,915	20,084,745	22,147,112	16,843,901	10,918,270
Total Government Funds Expenditures	310,792,826	317,601,459	306,874,197	299,375,064	278,770,725	265,135,065	238,117,638	218,406,148	216,158,962	155,228,342
Capital Outlays	(45,264,765)	(40,930,978)	(31,895,657)	(40,817,148)	(37,032,175)	(34,734,158)	(27,916,709)	(13,569,300)	(15,866,367)	(20,062,320)
Total Noncapital Expenditures	$ 265,528,061	$ 276,670,481	$ 274,978,540	$ 258,557,916	$ 241,738,550	$ 230,400,907	$ 210,200,929	$ 204,836,848	$ 200,292,595	$ 135,166,022
Percentage of Noncapital Expenditures	13.68%	12.45%	11.28%	11.69%	11.75%	10.79%	9.56%	10.81%	8.41%	8.08%

Information is presented on the modified accrual basis of accounting.

Table 18
Unaudited

CITY OF ROANOKE, VIRGINIA
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)
2000-01	95,000	$ 26,588 (est.)	$ 2,238,580,000	13,251	3.0%	4.8%
2001-02	94,600	28,197 (est.)	2,395,177,400	13,263	4.4%	4.8%
2002-03	93,100	29,475 (est.)	2,470,408,500	13,004	4.6%	6.3%
2003-04	92,900	31,368 (est.)	2,482,659,600	12,861	4.0%	5.8%
2004-05	92,671	32,167 (est.)	2,563,142,400	12,712	3.7%	5.2%
2005-06	92,994	33,681 (est.)	2,672,280,000	12,587	3.2%	4.8%
2006-07	92,024	36,840 (est.)	3,001,767,936	12,256	3.2%	4.7%
2007-08	92,838	38,169 (est.)	3,543,533,622	12,286	3.9%	5.7%
2008-09	93,304 (est.)	38,169 (est.)	3,561,320,376	12,303	7.8%	9.7%
2009-10	93,304 (est.)	38,169 (est.)	3,561,320,376	12,266	7.5%	9.6%

(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
(6) Source: U.S. Census

Table 19
Unaudited

CITY OF ROANOKE, VIRGINIA
CONSTRUCTION STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	COMMERCIAL CONSTRUCTION (1) Number of Permits	COMMERCIAL CONSTRUCTION (1) Value	RESIDENTIAL CONSTRUCTION (1) Number of Permits	RESIDENTIAL CONSTRUCTION (1) Value
2000-01	572	$ 57,716,867	988	$ 45,045,159
2001-02	499	64,101,308	875	36,855,003
2002-03	437	60,291,138	730	21,844,483
2003-04	871	57,922,598	303	17,995,045
2004-05	497	143,755,330	610	23,936,990
2005-06	512	193,157,052	673	30,206,738
2006-07	465	109,104,902	697	24,079,265
2007-08	456	233,358,448	754	29,442,647
2008-09	419	103,604,031	663	23,814,449
2009-10	467	92,266,288	709	25,004,592

(1) Source: City of Roanoke, Planning, Building and Development Departmen

Table 20
Unaudited

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

	December 31, 2009			December 31, 2000		
Employer	Rank	Ownership	Number of Employees	Rank	Ownership	Number of Employees
Carilion Hospitals	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 to 999
United Parcel Service	5	Private	500 to 999	7	Private	500 to 999
Healthmarc	6	Private	500 to 999	-	-	-
Wal-Mart	7	Private	500 to 999	8	Private	500 to 999
Anthem Blue Cross/Blue Shield	8	Private	500 to 999	11	Private	500 to 999
Virginia Western Community College	9	State Govt.	500 to 999	15	State Govt.	250 to 499
Kroger Mid-Atlantic	10	Private	500 to 999	5	Private	1,000+
United States Postal Service	-	-	-	6	Federal Govt.	500 to 999
Advance Auto Parts	-	-	-	4	Private	1,000+
Orvis	-	-	-	10	Private	500 to 999

Source: Virginia Employment Commission (VEC)

Table 21
Unaudited

CITY OF ROANOKE, VIRGINIA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN CALENDAR YEARS

	Full-time Equivalent Employees as of December 31									
	2009	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**	**2001**	**2000**
Function:										
General Government	178	195	193	184	184	188	191	199	200	193
Judicial Administration:										
Sheriff	32	35	31	31	31	31	31	31	32	32
Other	58	57	59	58	54	53	52	50	49	52
Public Safety:										
Police	309	312	305	309	304	286	295	289	286	278
Jail	159	164	165	165	173	175	173	170	169	174
Fire	250	268	270	266	264	266	268	262	274	276
Other	81	76	83	84	79	82	84	82	89	84
Public Works:										
Engineering	20	19	19	17	20	21	21	21	22	21
Maintenance	126	132	144	150	151	152	157	155	157	159
Transportation	79	86	92	82	85	91	98	95	101	79
Other	1	2	2	2	1	2	3	3	5	4
Health and Welfare	224	226	224	224	217	209	208	220	231	228
Parks, Recreation and Cultural	97	112	112	110	102	102	105	103	107	127
Community Development	46	47	47	48	41	35	42	34	40	38
Civic Facilities	- (2)	25 (2)	31	36	35	37	31	31	31	28
Water	-	-	-	-	-	- (1)	106	107	106	109
Water Pollution Control	-	-	-	-	-	- (1)	43	51	53	51
Total	**1,660**	**1,756**	**1,777**	**1,766**	**1,741**	**1,730**	**1,908**	**1,903**	**1,952**	**1,933**

(1) In FY04, the Western Virginia Water Authority was formed by the City and County of Roanoke.
(2) On 1/1/09, Civic Facilities began operating under private management. Remaining workers became employees of Global Spectrum, the outside management firm, at that time.

Source: City of Roanoke, Department of Finance

Table 22
Unaudited

CITY OF ROANOKE, VIRGINIA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
General Government										
Levied property taxes	$28,773,772	$28,765,002	$30,005,699	$30,487,405	$28,355,143	$26,943,961	$25,524,398	$26,145,291	$26,794,956	N/A
Number of business licenses issued	7,121	7,481	7,369	7,427	7,200	6,900	7,200	6,900	7,800	7,800
Number of property & building permits*	3,158	3,575	3,685	3,433	5,000	5,352	5,760	4,836	47,000	47,000
Police										
Number of traffic summons	21,997	22,592	20,777	18,626	18,766	7,396	9,714	16,966	19,291	15,974
Number of assistance call responses	89,172	90,840	89,131	88,022	89,176	88,991	83,862	86,146	84,983	80,380
Number of hours of training conducted**	19,266	10,238	28,888	47,089	62,500	62,000	55,906	48,549	N/A	N/A
Fire										
Number of emergency call responses	23,630	23,231	23,369	23,686	22,203	22,579	21,139	19,956	20,060	17,594
Highways and Streets										
Number of lane miles resurfaced	41	43	46	51	57	57	49	49	57	57
Number of street lights added	52	73	7	52	90	60	120	48	120	120
Judicial Administration										
Number of criminal cases	12,671	14,917	14,516	12,790	13,103	12,500	12,643	11,222	11,508	11,288
Number of traffic cases	30,335	32,377	29,199	25,613	28,544	29,500	25,930	22,978	26,812	26,301
Number of civil cases	20,668	26,635	31,585	32,391	37,587	33,000	32,054	28,405	29,000	28,424
Parks & Recreation										
Number of participants served	117,484	135,000	160,000	200,000	231,000	213,900	195,000	151,076	129,750	126,250
Education										
Number of instructional personnel	1,113	1,220	1,188	1,193	1,157	1,096	1,142	1,118	1,060	1,043
Number of students	12,266	12,303	12,286	12,256	12,587	12,712	12,861	13,004	13,263	13,251
Libraries										
Number of volumes	402,827	410,216	273,897	320,249	378,734	374,453	345,856	331,828	347,848	337,450
Number of audio materials	12,128	10,923	11,255	10,958	13,481	13,516	12,844	12,434	11,631	10,149
Number of video materials	16,469	16,690	12,358	9,799	12,078	10,692	9,742	9,055	8,414	7,766
Number of annual library visits	707,467	669,511	650,881	548,436	375,000	434,170	328,228	426,704	309,500	305,000
Economic Development										
Businesses contacted for personal visits	537	645	349	332	200	100	150	250	100	723
Housing and Neighborhood Services										
Total housing units	45,720	45,710	45,442	47,087	45,978	46,388	45,051	44,846	44,566	44,126
Average assessed value of single-family housing units	$ 133,276	$ 132,798	$ 132,170	$ 132,778	$ 124,709	$ 109,819	$ 100,707	$ 93,229	$ 86,404	$ 82,719

Sources: Various City of Roanoke departments

* In fiscal year 2006 and after, combination permits replaced individual electrical, mechanical, and plumbing permits
** In February of 2008, Roanoke County Police Department stopped using the City's basic training academy and began utilizing a new County facility.

Table 23
Unaudited

CITY OF ROANOKE, VIRGINIA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Police										
Number of vehicular units	162	157	175	165	142	156	137	122	126	123
Fire										
Number of stations*	12	12	12	12	13	13	13	13	13	14
Number of fire trucks	26	24	24	23	23	25	25	24	24	23
Highways and Streets										
Miles of streets (lane miles)	997	997	997	997	997	997	995	995	995	992
Number of street lights	9,936	9,884	9,811	9,804	9,800	9,758	9,710	9,566	9,509	9,458
Parks and Recreation										
Parks, plazas and recreation sites	72	68	69	69	71	71	71	71	71	71
Playgrounds/play areas	39	37	37	37	39	39	39	39	39	38
Football/soccer fields	26	24	24	24	21	21	21	21	21	21
Baseball/softball fields	31	30	30	30	32	32	32	32	32	30
Olympic-size swimming pools	2	2	2	2	2	2	2	2	2	2
Community centers	6	6	6	6	8	8	8	8	8	8
Education										
Elementary schools	18	19	20	21	21	21	21	21	21	21
Middle schools	5	6	6	6	6	6	6	6	6	6
High schools	2	2	2	2	2	2	2	2	2	2
Libraries										
Libraries	7	7	7	7	7	7	7	7	6	7
Bookmobile	-	1	1	1	1	1	1	1	1	1
Kiosks	2	2	2	1	-	-	-	-	-	-

* Excludes non-staffed fire stations

COMPLIANCE SECTION

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CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Expenditures
Department of Agriculture			
Direct Programs:			
Summer Food Service Program for Children FY10	58745	10.559	$ 126,760
Summer Food Service Program for Children FY10-11	58745	10.559	21,715
Subtotal Summer Food Service Program for Children			148,475
Passed Through Commonwealth of Virginia			
Department of Agriculture:			
Food Distribution - Commodities (1)	-	10.555	12,291
Subtotal Food Distribution - Commodities			12,291
Passed Through Commonwealth of Virginia			
Department of Social Services:			
State Administrative Matching Grants for Food Stamp Program	-	10.561	1,695,311
Subtotal Matching Grants for Food Stamp Program			1,695,311
Passed Through Commonwealth of Virginia			
Department of Youth and Family Services:			
(School) Breakfast Program	-	10.553	7,129
Subtotal Youth and Family Services Breakfast Program			7,129
Passed Through Commonwealth of Virginia			
Department of Forestry:			
Urban and Community Forestry FY08	07UCF12	10.675	1,445
Urban and Community Forestry FY09	08UCF11	10.675	3,218
Urban and Community Forestry FY10-Greenway	09UCF16	10.675	9,902
Urban and Community Forestry FY10-Outreach	09UCF15	10.675	9,902
Subtotal Urban and Community Forestry			24,467
Subtotal Passed Through Commonwealth of Virginia			1,739,198
Total Department of Agriculture			1,887,673
Department of Housing and Urban Development			
Direct Programs:			
Community Development Block Grant FY04 (2)	B-03-MC-51-0020	14.218	6,373
Community Development Block Grant FY05 (2)	B-04-MC-51-0020	14.218	27,296
Community Development Block Grant FY06 (2)	B-05-MC-51-0020	14.218	1,995
Community Development Block Grant FY07 (2)	B-06-MC-51-0020	14.218	330,699
Community Development Block Grant FY08 (2)	B-07-MC-51-0020	14.218	171,629
Community Development Block Grant FY09 (2)	B-08-MC-51-0020	14.218	844,643
Community Development Block Grant FY10 (2)	B-09-MC-51-0020	14.218	762,939
Subtotal Community Development Block Grant			2,145,574

(Continued)

See Accompanying Independent Auditors' Report

CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Expenditures
Direct Programs:			
Department of Housing and Urban Development (continued):			
Emergency Shelter Grant FY10 (3)	S-09-MC-51-0006	14.231	$ 82,120
Subtotal Emergency Shelter Grant			82,120
Supportive Housing Program 2009	VA0031B3F020801	14.235	110,536
Supportive Housing Program 2010	VA0031B3F020802	14.235	54,201
Subtotal Supportive Housing Program			164,737
Shelter Plus Care 2008 (4)	VA36C702006	14.238	5,287
Shelter Plus Care 2010 (4)	VA0032C3F020801	14.238	95,209
Subtotal Shelter Plus Care			100,496
HOME Investment in Affordable Housing 06 (5)	M-05-MC-51-0206	14.239	41,521
HOME Investment in Affordable Housing 07 (5)	M-06-MC-51-0206	14.239	108,711
HOME Investment in Affordable Housing 08 (5)	M-07-MC-51-0206	14.239	159,539
HOME Investment in Affordable Housing 09 (5)	M-08-MC-51-0206	14.239	412,852
HOME Investment in Affordable Housing 10 (5)	M-09-MC-51-0206	14.239	35,000
Subtotal HOME Investment in Affordable Housing			757,623
ARRA CDBG Neighborhood Infrastructure FY09	B09-MY-51-0020	14.255	43,690
(ARRA = American Recovery and Reinvestment Act)			43,690
Subtotal ARRA CDBG Neighborhood Infrastructure			
ARRA Homelessness Prevention & Rehousing FY09	S09-MY-51-0005	14.257	219,719
Subtotal ARRA Homelessness Prevention & Rehousing			219,719
ARRA Lead Hazard Control	VALHB0417-08	14.900	376,229
Subtotal ARRA Lead Hazard Control			376,229
Total Department of Housing and Urban Development			3,890,188
Department of Justice			
Direct Programs:			
U. S. Marshals Service FY09	FWF4010R	16.xxx	11,902
U. S. Marshals Service FY10	FWF4010R	16.xxx	14,721
Subtotal U. S. Marshals Service			26,623
Safe Havens Visitation Program FY07	2006-CW-AX-0016	16.527	18,234
Safe Havens Visitation Program FY09	2008-CW-AX-0013	16.527	140,372
Subtotal Safe Havens Visitation Program			158,606

(Continued)

CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Expenditures
Direct Programs:			
Department of Justice (continued):			
Bulletproof Vests FY07	2006BUBX06135685	16.607	$ 4,449
Bulletproof Vests FY08	2009BUBX08044562	16.607	5,931
Bulletproof Vests FY09	2007BUBX07039526	16.607	1,730
Subtotal Bulletproof Vests			12,110
ARRA COPS Hiring Recovery Program FY10	2009-RKWX-0850	16.710	119,235
Subtotal ARRA COPS Hiring Recovery Program			119,235
Justice Assistance Grant FY10 (Sheriff Security)	2009-DJ-BX-1510	16.738	41,800
Justice Assistance Grant FY08 (Bike Patrol)	2007-DJ-BX-0716	16.738	57,363
Subtotal Justice Assistance Grant			99,163
ARRA Justice Assistance Grant (Multiple Projects) FY09	2009-SB-B9-1442	16.804	351,420
Subtotal ARRA Justice Assistance Grant			351,420
Subtotal Department of Justice Direct Programs			767,157
Passed Through Commonwealth of Virginia			
Department of Criminal Justice Services:			
Juvenile Accountability Incentive Block Grant FY08	08-J3221JB06	16.523	(1,253)
Juvenile Accountability Incentive Block Grant FY09	09-K3221JB06	16.523	31,440
Juvenile Accountability Incentive Block Grant FY10	10-L3221JB08	16.523	17,302
Subtotal Juvenile Accountability Incentive Block Grant			47,489
Across Ages FY10	10-B5418JJ09	16.540	63,202
Subtotal Across Ages			63,202
Victim Witness Assistance FY09	09-O8554VW08	16.575	(562)
Victim Witness Assistance FY10	10-P8554VW09	16.575	111,832
Subtotal Victim Witness Assistance			111,270
Data Sharing FY07	07-A5318CR05	16.579	169,929
Data Sharing FY08	08-B5318CR06	16.579	200,000
Data Sharing FY09	09-C5318CR08	16.579	6,091
Subtotal Data Sharing			376,020
Police Domestic Violence Unit CY09	09-K3153VA08	16.588	21,403
Police Domestic Violence Unit CY10	10-L3153VA09	16.588	19,155
ARRA Police Domestic Violence Unit CY10	10-A6061VS09	16.588	31,495
Subtotal Police Domestic Violence Unit			72,053
Criminal Justice Systems Improvement CY10	10-B5825CR09	16.738	20,768
Subtotal Justice Systems Improvement			20,768
Subtotal Passed Through Commonwealth of Virginia			690,802

(Continued)

See Accompanying Independent Auditors' Report

CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Expenditures
Passed Through Virginia Association of Chiefs of Police:			
Project Safe Neighborhood FY07 (Curfew Center)	WDVA-2006-PGBX-0061-02	16.609	$ (2,794)
Subtotal Project Safe Neighborhood			(2,794)
Passed Through Commonwealth of Virginia State Compensation Board:			
ARRA Compensation Board Funding to Sheriff's Department		16.803	438,987
Subtotal ARRA Compensation Board Funding to Sheriff's Department			438,987
Subtotal Passed Through Commonwealth of Virginia and Virginia Association of Chiefs of Police			1,126,995
Total Department of Justice			1,894,152
Department of Labor			
Passed Through Commonwealth of Virginia Virginia Employment Commission:			
Workforce Investment Act FY09 Local Incentive - Adult	LWA3-08-03	17.258	2,334
Workforce Investment Act FY09 Computer Literacy - Adult	LWA3-08-06	17.258	550
Workforce Investment Act FY10 Local Coordination - Adult	LWA-03-09-INC01	17.258	2,800
Workforce Investment Act FY10 Exemplary Perform - Adult	LWA-03-09-INC01	17.258	2,792
Workforce Investment Act FY09 - Adult	LWA3-08-05	17.258	46,554
Workforce Investment Act FY10 - Adult	LWA3-09-03	17.258	211,408
ARRA Workforce Investment Act FY09 - Adult	LWA ARRA-03	17.258	153,651
Subtotal Workforce Investment Act Adult			420,089
Workforce Investment Act FY09 Local Incentive - Youth	LWA3-08-03	17.259	2,584
Workforce Investment Act FY09 Computer Literacy - Youth	LWA3-08-06	17.259	609
Workforce Investment Act FY10 Local Coordination - Youth	LWA-03-09-INC01	17.259	3,100
Workforce Investment Act FY10 Exemplary Perform - Youth	LWA-03-09-INC01	17.259	3,091
Workforce Investment Act FY09 - Youth	LWA3-07-02T	17.259	100,402
Workforce Investment Act FY10 - Youth	LWA3-09-03	17.259	174,437
ARRA Workforce Investment Act FY09 - Youth	LWA ARRA-03	17.259	309,491
Subtotal Workforce Investment Act Youth			593,714
Passed Through Commonwealth of Virginia Virginia Employment Commission (continued):			
Workforce Investment Act FY09 Local Incentive - Dislocated	LWA3-08-03	17.260	3,419
Workforce Investment Act FY09 Computer Literacy - Dis Wkr	LWA3-08-06	17.260	805
Workforce Investment Act FY10 Local Coordination - Dis Wkr	LWA-03-09-INC01	17.260	4,100
Workforce Investment Act FY10 Exemplary Perform - Dis Wkr	LWA-03-09-INC01	17.260	4,089
Workforce Investment Act FY09 - Dislocated Worker	LWA3-07-01T	17.260	19,417
Workforce Investment Act FY10 - Dislocated Worker	LWA3-09-03	17.260	353,659
ARRA Workforce Investment Act FY09 - Dislocated Worker	LWA ARRA-03	17.260	404,556
Subtotal Workforce Investment Dislocated Worker			790,045
Total Department of Labor			1,803,848

(Continued)

CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Expenditures
Department of Transportation			
Direct Programs:			
FY08 FTA Capital Assistance (pass thru to CCTM)	VA-04-0004-00	20.500	$ 49,982
FY08 FTA Capital Assistance (pass thru to NRHS)	VA-04-0009-00	20.500	8,627
FY08 FTA Capital Assistance (pass thru to OWL)	VA-04-0041-00	20.500	23,486
FY09 FTA Capital Assistance	VA-04-0027-00	20.500	392,958
FY09 FTA Capital Assistance	VA-04-0046-00	20.500	640,000
Subtotal FTA Capital Assistance			1,115,053
FY05 FTA Operating & Capital Assistance	VA-90-X253-00	20.507	1,502
FY06 FTA Capital Assistance	VA-90-X272-00	20.507	392,827
FY07 FTA Capital Assistance	VA-95-X005-00	20.507	118,732
FY10 FTA Operating Assistance	VA-90-0345-00	20.507	2,376,187
ARRA FY10 FTA Assistance	VA-96-X010-00	20.507	294,996
Subtotal FTA Operating & Capital Assistance			3,184,244
FY08 FTA Operating Assistance (pass thru from DRPT)	VA-18-X030-00	20.509	76,169
FY09 FTA Operating Assistance (pass thru from DRPT)	VA-18-X029-00	20.509	29,445
ARRA FY10 FTA Operating Assistance (pass thru from DRPT)	VA-86-X001-01	20.509	44,179
Subtotal FTA Operating Assistance			149,793
Subtotal Direct Programs			4,449,090
Passed Through Commonwealth of Virginia			
Department of Motor Vehicles:			
Highway Safety Initiative FY08	SC-2008-58070-3011	20.600	173
Aggressive Driver FY08	SC-2008-58002-2939	20.600	19
Multi-Purpose FY09	SC-2009-3590	20.600	8,956
Multi-Purpose FY10	SC-2010-50342-3962	20.600	35,839
Subtotal Highway Safety, Aggressive Driver, Multi-Purpose			44,987
Passed Through Commonwealth of Virginia			
Department of Transportation:			
Roanoke River Greenway TEA21	EN03-128-129	20.205	4,218
Roanoke River Greenway TEA21, #128-129		20.205	260,716
Subtotal Roanoke River Greenway			264,934
Subtotal Passed Through Commonwealth of Virginia			309,921
Total Department of Transportation			4,759,011
Environmental Protection Agency			
Direct Programs:			
Brownfield Job Training FY07	JT-973513-01-0	66.814	5,172
Subtotal Brownfield Job Training			5,172

(Continued)

See Accompanying Independent Auditors' Report

CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Expenditures
Direct Programs:			
Environmental Protection Agency (continued):			
Brownfield Assessment Hazardous Materials FY07	BF97348101-0	66.818	$ 8,629
Brownfield Assessment Petroleum Based FY07	BF97346901-0	66.818	38,007
Brownfield Loan Fund FY08	BF97357101-0	66.818	464
Brownfield VA Scrap Property FY09	BF97372201-0	66.818	484
Brownfield Assessment Hazardous Materials FY09	BF97370501-0	66.818	11,284
Subtotal Brownfield Direct Programs			58,868
Total Department of Environmental Protection Agency			64,040
Department of Energy			
Direct Programs:			
ARRA Energy Efficiency & Conservation Block Grant FY10	DE-SC0002804	81.128	552,099
Subtotal ARRA Energy Efficiency & Conservation Block Grant			552,099
Total Department of Energy			552,099
Federal Emergency Management Agency			
Direct Programs:			
Assistance To Firefighters 2009	EMW-2008-FO-11758	97.044	30,280
Subtotal Direct Programs			30,280
Passed Through Commonwealth of Virginia			
Department of Emergency Management:			
Law Enforcement Terrorism Prevention FY09	09-A5965HS07	97.004	40,000
Subtotal Law Enforcement Terrorism Prevention			40,000
State Homeland Security Program FY09	2007-SHSP-HAZ-MAT	97.073	7,845
State Homeland Security Program FY09 #2	2008-SHSP-HAZ-MAT	97.073	32,500
State Homeland Security Program FY10	WV-CO2/06-09	97.073	54,750
State Homeland Security Pet Trailer FY10	2007-SHSP	97.073	19,770
Subtotal State Homeland Security Program			114,865
Emergency Management Assistance	-	83.552	38,769
Subtotal Passed Through Commonwealth of Virginia			193,634
Total Federal Emergency Management Agency			223,914
Department of Health and Human Services			
Direct Programs:			
Runaway and Homeless Youth FY10	90CY2428/01	93.623	38,382
Subtotal Runaway and Homeless Youth			38,382
Passed Through Commonwealth of Virginia			
Department of Social Services:			
Promoting Safe and Stable Families	-	93.556	77,855
Temporary Assistance for Needy Families	-	93.558	2,347,727

(Continued)

CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Expenditures
Passed Through Commonwealth of Virginia			
Department of Social Services (continued):			
Refugee & Entrant Assistance-State Administered Program	-	93.566	$ 55,346
Low-Income Home Energy Assistance	-	93.568	81,854
Child Care and Development Block Grant	-	93.575	921,166
Child Care Mandatory-Child Care and Development Fund	-	93.596	1,686,683
Education & Training Vouchers Program	-	93.599	12,470
Adoption Incentive Payments	-	93.603	1,040
Child Welfare Services	-	93.645	6,767
ARRA Foster Care Title IV-E	-	93.658	218,113
Foster Care Title IV-E	-	93.658	2,327,042
Subtotal Foster Care Title IV-E			2,545,155
ARRA Adoption Assistance	-	93.659	97,915
Adoption Assistance	-	93.659	862,647
Subtotal Adoption Assistance			960,562
Social Services Block Grant	-	93.667	656,381
Foster Care Independence Program	-	93.674	54,088
ARRA Child Care & Development Block Grant	-	93.713	364,614
Subtotal ARRA Child Care & Development Block Grant			364,614
Children's Insurance Program	-	93.767	76,088
Medical Assistance Program	-	93.778	982,491
Subtotal Passed Through Commonwealth of Virginia			10,830,287
Total Department of Health and Human Services			10,868,669
Grand Total Federal Financial Assistance			**$ 25,943,594**

Notes:
This schedule is presented on the cash basis, except for Social Services grants which are presented on the accrual basis.
(1) The value reported for disbursements, with respect to commodities distributed by the Federal government, fair market value as furnished by the respective department of the Federal government.
(2) The amount of federal funds passed through to subgrantees totals $2,145,574.
(3) The amount of federal funds passed through to subgrantees totals $82,120.
(4) The amount of federal funds passed through to subgrantees totals $100,496.
(5) The amount of federal funds passed through to subgrantees totals $757,623.

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See Accompanying Independent Auditors' Report

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

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

The Honorable Members of City Council
City of Roanoke, Virginia:

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Roanoke, Virginia (the City), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 29, 2010, which included a paragraph describing the adoption by the City of the provisions of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, effective July 1, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Counties, Cities and Towns* (Specifications), issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Other auditors audited the financial statements of the School Board of the City of Roanoke, Virginia (the School Board), the discretely presented component unit of the City, and certain operations of the Civic Facilities fund, a major enterprise fund included in the business-type activities of the City, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors.

Internal Control Over Financial Reporting

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

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

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

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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 City'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 the City in a separate letter dated November 29, 2010.

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

KPMG LLP

November 29, 2010

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

Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

The Honorable Members of City Council
City of Roanoke, Virginia:

Compliance

We have audited the City of Roanoke, Virginia's (the City's) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2010. The City's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit. The City's basic financial statements include the operations of the School Board of the City of Roanoke, Virginia (the School Board), the discretely presented component unit of the City, which received $23,228,673 in federal awards which is not included in the City's schedule of expenditures of federal awards for the year ended June 30, 2010. Our audit, described below, did not include the operations of the School Board because the component unit engaged other auditors to perform an audit in accordance with OMB Circular A-133.

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 City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

As described in item 10-1 in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with requirements regarding procurement that are applicable to its Federal Transit Administration (FTA) (CFDA #20.507) federal programs. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

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Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 10-1 to be a material weakness.

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City responses, and accordingly, we express no opinion on the responses.

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

KPMG LLP

November 29, 2010

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

Report on Compliance with Commonwealth of Virginia Laws, Regulations, Contracts and Grant Agreements

The Honorable Members of City Council
City of Roanoke, Virginia:

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the remaining fund information of the City of Roanoke, Virginia (the City), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 29, 2010, which included a paragraph describing the adoption by the City of the provisions of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, effective July 1, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and *Specifications for Audits of Counties, Cities and Towns* (Specifications), issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and Specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Other auditors audited the financial statements of the School Board of the City of Roanoke, Virginia (the School Board), the discretely presented component unit of the City, and certain operations of the Civic Facilities fund, a major enterprise fund included in the business-type activities of the City, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of compliance that are reported on separately by those other auditors.

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

Code of Virginia

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

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State Agency Requirements

Comprehensive Youth Services Act
Education
Highway Maintenance Funds
Personal Property Tax Relief Act
Social Services

As described in item 10-2 in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with certain requirements of the Comprehensive Youth Services Act.

With the exception of the noncompliance described in the preceding paragraph, the results of our tests of compliance disclosed no other instances of noncompliance that are required to be reported under the Specifications.

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

KPMG LLP

November 29, 2010

CITY OF ROANOKE, VIRGINIA

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

(1) Summary of Auditors' Results

(a) The type of report issued on the basic financial statements: **unqualified opinion**.

(b) Significant deficiencies in internal control over financial reporting disclosed by the audit of the financial statements: **none reported**. Material weaknesses: **none**.

(c) Noncompliance which is material to the basic financial statements: **none**.

(d) Significant deficiencies in internal control over major programs: **yes, item 10-1**. Material weaknesses: **yes, item 10-1**.

(e) The type of report issued on compliance for major programs: **qualified opinion**.

(f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: **none**.

(g) Major programs: ARRA Community Development Block Grant and Community Development Block Grant Cluster (CDBG) (CFDA #14.218 and #14.255); ARRA Energy Efficiency & Conservation Block Grant – (CFDA #81.128); ARRA Federal Transit and Federal Transit – Cluster (CFDA #20.500 and #20.507); ARRA Homelessness Prevention & Rehousing Program – (CFDA #14.257); ARRA Justice Assistance Grant – Sheriff's Compensation (CFDA # 16.803); ARRA Justice Assistance Grant – Multiple Projects (CFDA # 16.804); Supplemental Assistance Nutrition Program (SNAP) Cluster (CFDA #10.555 and #10.561); Temporary Assistance for Needy Families (TANF) (CFDA #93.558); Workforce Investment Act (WIA) and ARRA Workforce Investment Act – Cluster (CFDA #17.258, #17.259 and #17.260)

(h) Dollar threshold used to distinguish between Type A and Type B programs: **$778,308**.

(i) Auditee qualified as a low risk auditee under Section 530 of OMB Circular A-133: **no**.

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

None

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

Finding 10-1

Federal Agency and Program:

Federal Transit Administration (FTA) – CFDA No. 20.507 – awards (#VA-90-X345-00, #VA-18-X029-00, and #VA-18-X030-00)

Recipient:

Greater Roanoke Transit Company (GRTC), a blended component unit of the City of Roanoke, Virginia

Federal Award Year:

July 1, 2009 through June 30, 2010

Criteria: FTA Circular 4220.1E specifies that expenditures exceeding $100,000 should be awarded via a request for proposal (RFP) or sealed bid proposal process. The $100,000 threshold can be met through either a single invoice or multiple invoices for the same project or purpose. FTA Circular 4220.1E also specifies that an RFP must be publicly advertised, include clauses requiring verification from prospective vendors regarding suspension and debarment assurance requirements, maintain records detailing the history of each procurement which require at a minimum the rationale for method of procurement, selection of contract type, reasons for contractor selection or rejection, and basis for contract price. In addition, per FTA Circular 4220.1E, if a contract is awarded to a vendor that has an aggregate value of $500,000 or more, the entity should specify the amount of federal funds that will be used to finance the purchase in an announcement of the contract award for goods and services. Such amount should be expressed as a percentage of the total costs of the planned purchase.

An entity may follow the procurement guidelines of the State or locality in which it resides, if those requirements are more restrictive than the federal requirements. Per the City of Roanoke procurement guidelines, any purchase over $50,000 must be procured under "Federal Procurement Guidelines" whereby the purchaser must use the RFP process and this process must be documented in writing.

Condition found, including perspective: During our testwork over the procurement process, we selected a sample of large dollar expenditures exceeding $50,000, either through one invoice or multiple invoices for the same project or purpose (based on the City of Roanoke's procurement requirements referred to above). KPMG noted that a contract for employee health insurance was awarded to a health insurance provider without complying with the public advertisement, verification from prospective vendors regarding suspension and debarment assurance, and notification to the vendor awarded the contract with a value of $500,000 or more the total amount of expected expenditures including the percentage expected to be reimbursed with federal funds used to finance the purchase. GRTC uses an insurance broker to actively seek out quotes from different insurance providers and negotiate the best price for GRTC. The broker sent out an RFP on behalf of GRTC; however, the broker did not follow the requirements of FTA Circular 4220.1E which specify that an RFP must be publicly advertised, include clauses requiring verification from prospective vendors regarding suspension and debarment assurance requirements, and that the vendor awarded the contract with a value of $500,000 or more be notified of the total expenditures expected to be financed with federal funds, expressed as a percentage of the total contract award for the annual health insurance premiums.

Identification of Questioned Costs and how they were computed: None

Possible asserted cause and effect: Management asserted that although the aggregate expenditures for employee health insurance premiums exceeded $100,000 for the year ended June 30, 2010, management did not consider it necessary to publicly advertise the RFP for the health insurance contract due to the limited number of insurance providers that are available to bid and compete for the Company's health insurance contract. The broker contacted all of the insurance providers who are able to provide the necessary health insurance needs of the employees required by the Company. Management acknowledged that public notice of the RFP should be made and will implement a policy to ensure there is public notice of the RFP for the annual insurance contract either via advertisement in the local newspaper or through an announcement on the Company's website. Management asserted that the failure of the RFP to include a section regarding verification of suspension and debarment and failure to notify the vendor awarded the contract the total dollar amount of the award and the percentage expected to be reimbursed with federal

funds were oversights which will be corrected in connection with future RFPs regarding the awarding of the annual health insurance contract.

***Recommendation**:* The Company currently has procurement policies in place that are in accordance with federal, state and local procurement requirements for purchases of goods and services, including health insurance premiums, and the Company followed the appropriate procurement requirements for procurements made during the year ended June 30, 2010 with the exception of the findings noted above. We recommend the Company implement a policy whereby a public announcement is made either via publication on the Company's website or in a newspaper advertisement for potential awards of health insurance contracts with total expenditures expecting to exceed $50,000. We also recommend that the RFP include a clause regarding the verification of suspension and debarment which should be obtained and included in the procurement files prior to awarding the annual health insurance contracts. In addition, since the annual health insurance premiums are expected to be greater than $500,000, the Company should implement a policy to ensure the vendor awarded the health insurance contract is notified of the total amount of the award and the percentage expected to be reimbursed with federal funds.

Views of responsible officials: The Company utilizes the services of a broker for health insurance coverage for the employees of Southwestern Virginia Transit Management Company. The contract between Greater Roanoke Transit Company and the Broker provides for the Broker to include a clause regarding the verification of suspension and debarment, which will be obtained and included in the procurement files prior to awarding the annual health insurance contract.

The Company ensures that it will place public notice on its website for potential awards of health insurance contracts and that the vendor awarded the health insurance contract will be notified of the total amount of the award and the percentage expected to be reimbursed with federal funds.

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

10-2: Comprehensive Services Act (CSA)

Condition: During our audit procedures, we noted that two invoices from a third party vendor for youth counseling services performed by the vendor in accordance with the Comprehensive Services Act (CSA) were not approved by the CSA caseworker prior to being paid by the City of Roanoke's Department of Social Services. The caseworker noted on the two invoices that there were discrepancies with dates and hours the vendor listed as the service units delivered per the terms of the contract agreement between the City of Roanoke and third party vendor. Even though the invoices were noted as questionable by the caseworker, the invoices were still paid by the City of Roanoke's Department of Social Services. The invoices were submitted to the City in September 2009 and paid by the City in October 2009. The expenses were submitted for reimbursement under the CSA expense category by the City of Roanoke's Department of Social Services via the City's LASER transmittal to the Commonwealth of Virginia's Department of Social Services.

Criteria: CSA Pool funds must be expended for public or private non-residential or residential services for troubled youths and families (Code of Virginia 2.2-5211). Pool funds may only be used for services for specific children and their families. Vendors may be included in the Service Fee Directory (Code of Virginia 2.2-5214) to be paid with Pool funds.

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

Questioned Costs: $1,240

Recommendation: The City should establish procedures to ensure that disbursements by the City of Roanoke's Department of Social Services for expenses related to services performed in accordance with the Comprehensive Services Act and reimbursed by the Commonwealth of Virginia have the necessary supporting documentation in accordance with the CSA requirements. The supporting documentation should consist of an invoice from the third party vendor performing the youth counseling services that shows the date, time and nature of the services performed for each unit of measurement per the terms of the contract agreement between the City of Roanoke and the third party vendors performing the counseling services in accordance with the CSA requirements. In addition, invoices should be reviewed and approved by the CSA caseworker prior to being approved for payment by the City of Roanoke's Department of Social Services and that any questionable costs or service units be investigated by management of the City of Roanoke to ensure expenses being submitted by the third party vendors are valid expenses in accordance with the CSA requirements.

Management's Response: The Department of Social Services has reviewed the invoices in question and discussed the issues noted with the staff responsible for processing vendor payments. Vendor invoices that do not specify the dates of service and the number of hours of contact time with the child will not be processed. Invoices on which a case worker has disallowed units of service claimed by the vendor will be adjusted as specified by the case worker.

CITY OF ROANOKE, VIRGINIA

Summary Schedule of Prior Year Audit Findings and Questioned Costs

Year ended June 30, 2010

Item 09-5: Procurement

Status:

Although the City addressed the specific procurement issue over the course of fiscal year 2010, there were additional findings related to procurement, which are noted in item 10-1 in the Schedule of Findings and Questioned Costs for the year ended June 30, 2010.

Department of Finance
City of Roanoke, Virginia

Ann H. Shawver, CPA	Director of Finance
John W. Bingham, CPA	Assistant Director of Finance
Andrea F. Trent	Assistant Director of Finance

Accounting / Accounts Payable

Yen T. Ha	Senior Accountant
Acquenatta Jackson-Harris	Accountant
Cathy P. Jones	Account Technician
Tamara T. Landis	Senior Accountant/ Accounts Payable Supervisor
Amanda L. Mayer	Accountant
James J. Newman	Accountant
Sharon A. Shrewsbury	Account Technician
Jennifer D. Smith	Senior Accountant
Lori C. Van Curen	Accounting Supervisor

Administrative

Cindy M. Ayers	Administrative Assistant IV

Payroll / Systems

Connie K. Altice	Payroll Technician
Suzanne F. Barnett	Payroll Accountant
Tasha L. Burkett	Senior Financial Systems Accountant
Kimberly H. Corpening	Financial Systems Technician
Jody A. Lawson	Payroll and Systems Administrator
Paula S. Quinn	Senior Payroll Technician
Jennifer A. Teatino	Financial Systems Accountant

Retirement

Harold R. Harless, Jr.	Retirement Supervisor
Dorothy E. Hoskins	Senior Accountant
Belinda G. Thomas	Retirement Account Technician

CITY OF ROANOKE
DEPARTMENT OF FINANCE

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