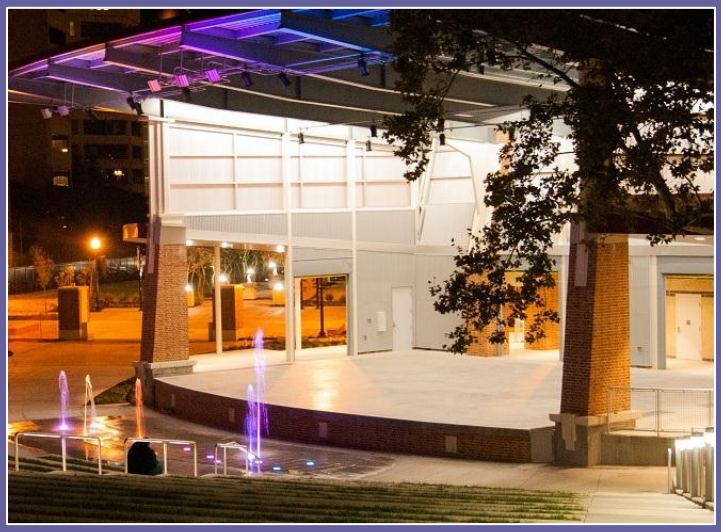

Comprehensive Annual Financial Report

City of Roanoke, Virginia

Fiscal Year Ended June 30, 2014

ROANOKE

Cover images are of the City's newly renovated Elmwood Park, a six-plus acre recreational facility located in downtown Roanoke. The $7.0 million project was completed in October 2013 and included a much needed facelift, art walk, a pedestrian fountain walkway (image two) and a state-of-the-art outdoor amphitheater (images one and three) with an overall seating capacity of approximately 4,500.

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

For the Fiscal Year July 1, 2013 to June 30, 2014

DEPARTMENT OF FINANCE
215 Church Avenue, SW, Room 461
Roanoke, Virginia 24011
(540) 853-2821
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INTRODUCTORY SECTION

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BARBARA A. DAMERON, CPA
Director of Finance

ANDREA F. TRENT
Assistant Director of Finance

November 26, 2014

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

We are pleased to present the City of Roanoke (the City) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014 in accordance with Section 25.1(f) of the Roanoke City Charter. 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's management. 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. Management of the City believes that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included.

The City engaged KPMG, LLP, licensed certified public accountants, to independently audit the City's financial statements. The goal of the audit is to provide reasonable assurance that the financial statements found herein are free from material misstatement. Tests of the City's internal control structure and of its compliance with applicable laws and regulations were conducted. The auditor's review regarding the City's internal control structure and concomitant compliance is included in this report.

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), which is unaudited supplementary information required by GASB, basic financial statements, notes to the basic financial statements, other unaudited 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 requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). 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 1884, Roanoke encompasses a land area of forty-three square miles and operates under a council-manager form of government. The City's 2014 estimated population, 98,900 accounts for 30% of the population in its Metropolitan Statistical Area (MSA), which includes the neighboring City of Salem, Town of Vinton, and the Counties of Roanoke, Botetourt, Craig, and Franklin.

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 and several parking facilities including both garages and surface lots.

Annually, the City adopts a budget which provides the basis for financial planning and control, the purpose of which is to ensure compliance with the legal provisions established by the City Council approved, appropriated budget. The budget process begins with a strategic planning session with City Council in October of each year. Based on the planning session strategy, the City develops its annual budget using Budgeting For Outcomes, a process that supports established priorities whereby departments submit requests for appropriations in support of these priorities to priority teams. The priority teams review, rate and recommend funding of departmental requests for inclusion in the annual budget to the Budget Committee. The Budget Committee, which includes the City Manager, considers funding recommendations and ultimately balances the budget. The City Manager then presents the balanced budget as a recommendation to City Council in April for review and deliberation. It is the recommended budget that is presented at the public hearing. Pursuant to the public hearing, the Budget Committee incorporates Council and Public comments and requests as appropriate for further deliberation in May. Changes and amendments are incorporated into the final budget ordinance for adoption no later than May 15th of each year.

The financial reporting entity reflected in the CAFR is based on the fundamental concept that publicly elected officials are accountable to their constituents.

The City's reporting entity includes two discretely presented component units. A component unit is a legally separate entity for which the City is accountable. The City's discretely presented component units are presented in separate columns in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from that of the primary government.

- The Greater Roanoke Transit Company (Transit Company) is responsible for managing Roanoke's mass transit system. It is overseen by a seven-member board appointed by City Council. The Board is comprised of two City Council members, two City employees, one regional customer, one representative of the physically challenged community, and one citizen of the community at large. The Transit Company is wholly owned by the City of Roanoke, and it receives significant financial support from the City.

- The School Board of the City of Roanoke (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.

Economic Condition and Outlook

Local Economy

Unemployment remained elevated during fiscal year 2014, but levels improved compared to the prior year. The average unemployment in the Roanoke MSA for fiscal year 2014 was 5.5%, according to the Bureau of Labor Statistics, down from an average of 5.9% in the prior fiscal year. Comparatively, average unemployment in fiscal year 2014 was 5.2% for the Commonwealth and 6.8% at the national level. Roanoke's economy is strengthened by the diversity of employment opportunities, with representation from every major type of business as defined by the U.S. Census Bureau.

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. The City's Economic Development Department's strategy continues to focus efforts on several core initiatives: business retention/expansion/attraction efforts, marketing and intelligence. Roanoke's Facebook page continues to attract "friends" and staff remain dedicated to the business community. As a result of this focused approach fiscal year 2013-2014 yielded announcements from businesses in the industrial, healthcare, automotive sales and service, residential housing, hospitality and craft brewing sectors totaling over $78.5 million in new investment and creating more than 240 new jobs.

An important part of the City's economic development initiative is its two Enterprise Zones. Businesses located within the boundaries of Enterprise Zones may qualify for State or local incentives. This year, Façade Grant funding of approximately $91,000 leveraged approximately $734,000 in private investment for building façade improvements.

A major strength of the City's economy rests in its diversity. Major components include the downtown area, now stretching southward to the Riverside Centre for Research and Technology (including the newly designated Roanoke River and Railroad Historic District), the Valley View Mall area, the greater Grandin Village, and the many opportunities afforded visitors through Roanoke's recreational and cultural offerings. Background and significant recent achievements pertaining to several of these areas follows.

Downtown

Downtown Roanoke is lively and offers many dining, residential and recreational opportunities. Over 1,700 residents now reside in the core of the City as a result of the conversion of grand historic buildings and smaller scale properties into apartments and condominiums. Downtown Roanoke, offering the oldest

continuous farmer's market in the Commonwealth, continues to be a landmark for visitors to the City and a regular shopping venue for residents. Roanoke restaurants, shops, and art galleries continue to open and operate in the downtown district and reap the advantages of attractions such as the renovated Historic City Market Building and Center in the Square, various museums, the newly redeveloped Elmwood Park and newly completed Market Square. The new Elmwood Park, reopened in October 2013, is a jewel in the center of downtown.

Windsor-Aughtry, a Greenville, South Carolina-based development company, began building a new 127-room Hampton Inn and Suites on top of the City's Market Garage. This $17 million hotel in downtown Roanoke will support the Conference Center, build Roanoke's brand as a tourist destination, and bring new customers to downtown restaurants and retailers.

In addition to the Center in the Square, the downtown area continues to enjoy a healthy variety of cultural amenities such as The Taubman Museum of Art, the O. Winston Link Museum, the Virginia Museum of Transportation and the Jefferson Center for Performing Arts. Throughout the year the City hosts a range of festivals and events to keep visitors and local citizens actively participating in our downtown district.

The Riverside Centre for Research & Technology

The Riverside Centre for Research and Technology (RCRT), headquarters of several medical science entities, is a 110-acre technology park located along Jefferson Street and Reserve Avenue. Within RCRT, the Carilion Clinic offers an office and laboratory complex headquarters, an outpatient medical clinic, a parking deck, a research institute, and a medical school. For visitors with friends or family seeking treatment at these facilities, there is a 127-room Cambria Suites hotel.

The Roanoke Centre for Industry & Technology

The Roanoke Centre for Industry and Technology (RCIT) is a 496-acre City developed business park located just minutes from Interstates 581 and 81. This industrial park was acquired, developed and marketed by the City. The City continues its excellent record of attracting top corporations, enhancing the tax base, and creating jobs for its citizens. One hundred forty acres, including four ready-to-go sites, ranging in size from seven to thirty-one acres, are now available. Fifty-six acres remain to be developed for future prospects. Revenue generated from the corporations located in the RCIT exceeds the cost incurred by the City for the original site acquisition and improvements to the park for infrastructure and the extension of Blue Hills Drive. Present and future tax revenue will be used to continue this type of economic development.

The corporations located in the RCIT employ in excess of 2,200 persons, have a combined investment in the Centre in excess of $163 million, and occupy over 2.1 million square feet of space. Corporations currently in the Centre include EATON Corporation, Advance Auto Parts, AT&T Communications Systems, SEMCO, Elizabeth Arden, Orvis, InfoSeal, Virginia Utility Protection Services, Maple Leaf Bakery, and FedEx Ground.

Heritage Point (a historic area located within RCIT) acquired by Roanoke Natural Foods Co-Op, continues to put down roots and grow into their new space. RCIT is perhaps the only industrial and technology park in the country, if not the world, which is home to an organic urban farm and is one of the largest contiguous organic urban farms in the nation.

Valley View Mall Area

The Valley View Mall, built during the 1980s, is a dominant regional shopping center of nearly 900,000 square feet of retail space. The District at Valley View was built in 2007 to enhance the mall area. It offers eye-catching storefronts, extensive landscaping and pedestrian friendly walkways. The two areas, combined, offer six anchor stores, over 100 specialty shops, and many restaurants. Valley View Mall is owned and operated by CBL & Associates Properties Inc. which continues to display confidence in the Roanoke retail market. One of Roanoke's strong economic indicators is its strength in retail sales per capita, as the City has historically performed very well at both the State and national level due to its regional draw for shoppers.

Tourism

Multiple travel articles have publicized Roanoke, enticing readers to Virginia's Blue Ridge. As a result of hosting over 90 travel journalists, the Roanoke Valley Convention & Visitors Bureau's public relations initiative has generated over $2 million in national publicity in just three years. This has created a positive economic impact for the City of Roanoke with lodging tax revenues reaching an all-time high. Roanoke's exposure skyrocketed this year due to a collaborative marketing effort resulting in a Roanoke region article in the April 2014 edition of Delta Sky Magazine. Delta Sky Magazine has the potential to reach nearly 5 million people. Events and groups such as the Subway Commonwealth Games, Order of the Eastern Star, Harley Owners Group, Miss Virginia Pageant and many others have put Roanoke in Virginia's Blue Ridge on the map. In October 2013, The Small Cities Movement launched the third annual CityWorks (X)po in downtown Roanoke. Over 500 individuals attended the conference from Roanoke, the U.S. and beyond. This event, along with other festivals throughout the year, continue to bring visitors to the City of Roanoke to experience exceptional cultural venues, numerous and diverse festivals and events and a multitude of outdoor recreational amenities.

Long-Term Financial Planning

Comprehensive Plan

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 leadership's 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 continue and be enhanced by supporting the City's cultural and entertainment amenities, education, and other services. Protecting the natural environment, supporting a wide range of amenities, maintaining a first-class educational system, and providing ongoing educational opportunities will be the building blocks for attracting new residents and businesses. This planned and visionary approach has served the City well and will continue to be the basis for additional growth. The City anticipates it will initiate its next update to the Comprehensive Plan in 2015.

Budgeting for Outcomes

Roanoke was the first city in Virginia to implement the Budgeting for Outcomes (BFO) process. Budgeting for Outcomes was designed to facilitate the alignment of resources with prioritized programs and services. City Council identified and has subsequently reaffirmed seven priority areas which guide the allocation of resources – economy, education, good government, human services, infrastructure, livability, and safety. The BFO process emphasizes the allocation of resources to obtain specified outcomes. Innovation and collaboration with department and agency partners help the organization realize efficiencies and improve services while

limiting additional resources required. The City has a customized Budgeting for Outcomes software system which was developed internally by the City's Department of Technology staff. The City has received state and national recognition for its BFO system and process.

Long Term Financial Planning

The City designed the implementation of long-term financial planning during the development of the fiscal year 2014 operating budget. The planning process will facilitate City Council and City management efforts towards a long-term strategy ensuring economic growth and stability and meeting the needs of the City's citizen and business partners.

Capital Improvement Program (CIP)

In conjunction with the preparation of an annual operating budget, the City prepares a five-year Capital Improvement Program Update. This serves as a planning tool for efficient, effective and equitable distribution of public improvement resources throughout the City. The CIP represents a balance between finite funding and competing community priorities. The CIP specifies the capital improvement and construction projects over the upcoming five-year period in order to maintain or enhance the City's $604 million in capital assets. Detailed project descriptions, cost estimates, and funding sources are included in the CIP. The City's Capital Improvement Program for FY 2015 through FY 2019 represents $136 million of public improvements to the City's schools, infrastructure, parks, public buildings, passenger rail, technology, and the Roanoke Civic Center.

Relevant Financial Policies

Financial policies serve as the framework for the financial operation of city government as well as the basis for budget development. The City's financial policy statements in their entirety can be located in the City's Resource Allocation Plan. Policies are in place to provide guidance in the areas of budget, expenditures, reserves, revenues, and debt management. In November 2013, City Council adopted revisions to its Reserve and Debt Management Policies to reflect the progress of funding reserves, reference the newly established Post Issuance Compliance Procedures and incorporate other changes. The key components of the policies were unchanged as a result of the most recent amendments.

Reserves may only be used upon appropriation of City Council, and the reserve policies contain stipulations regarding reserve usage and replenishment.

Major Initiatives and Accomplishments

Education

Roanoke City Council places education as the top priority of the government and its citizens, providing more funding toward education than any other area of the government. Roanoke Schools have demonstrated significant performance improvements in recent years. The 2014 on-time graduation rate was 83%, up three percent from the prior year. The majority of schools within the system are now academically accredited. School maintenance and capital improvement projects are underway as part of an updated Capital Improvement Program. More information regarding the important achievements of Roanoke City Public Schools is available in the separately published School CAFR.

Roanoke is home for several institutions of higher learning such as Hollins University, the Jefferson College of Health Sciences and Virginia Western Community College and is in close proximity to leading universities

such as Virginia Tech and Radford. Roanoke works closely with these institutions in developing partnerships which benefit the City's citizenry, businesses and environs.

Public Safety

Public safety is one of the top priorities of the City of Roanoke. Roanoke is in an elite group of cities with accreditation of all three of its primary public safety departments – Police, Fire-EMS and Sheriff. Each agency is committed to public safety and continuously evaluates services, community interaction, technology and initiatives in an effort to provide the most effective utilization of resources.

The Roanoke Police Department has been accredited by the Commission on Accreditation for Law Enforcement Agencies (CALEA) since July 30, 1994, and is the only law enforcement agency in the Commonwealth of Virginia to attain accreditation in two CALEA programs – Law Enforcement and Training Academies.

Roanoke Fire-EMS has been an accredited agency with the Commission on Fire Accreditation International Inc. (CFAI) since 2002, meeting the criteria established through the CFAI's voluntary self-assessment and accreditation program. Roanoke retained its Class 2 ISO Rating, a distinction held by only seven Virginia communities and less than six hundred localities nationwide. The Fire-EMS Department is also partnered with Roanoke County, the Town of Vinton, and the City of Salem in a Regional Fire-EMS Training Center, a regional hiring process, and has automatic and enhanced mutual aid response agreements in place to ensure the closest and most efficient response of Fire-EMS resources.

The Roanoke City Sheriff's Office remains nationally accredited through the American Correctional Association, since 1991, and the National Commission on Correctional Healthcare, since 1987.

Human Services

Roanoke's status as the largest city west of the state capitol means that there is a high demand for human services from the community. Human Services unites public and private institutions to encourage and support caring communities by assisting individuals and families to achieve self-sufficiency and healthy lives with a variety of financial and employment programs.

Neighborhoods

The City understands attractive, healthy and safe neighborhoods contribute to the overall welfare of the community. Promoting the development of neighborhoods into vibrant and sustainable places for people of all ages, ethnicity, lifestyles, and income translates into a quality of life with broader economic effects such as increasing property values. Community organizations in conjunction with law and code enforcement initiatives play an important role in preventing neighborhoods from becoming environments for crime, blight and other types of deterioration. Residents participating in these organizations are often more engaged in their communities, and, as such, provide a great link of communication between local government and residents. The City continues to support the development of neighborhoods and those who inhabit them.

The City provides opportunities for civic groups to enhance their neighborhoods by providing them with financial resources to undertake self-help projects through the Office of Neighborhood Services Neighborhood Development Grant Program.

The City leverages federal, local and in-kind contributions from public and private sources with the utilization of Community Development Block Grant (CDBG) funding. Neighborhood projects include wide

ranging elements such as infrastructure, housing, community gardening and recording of oral histories. The City's current focus is on the revitalization of the West End neighborhood encompassing parts of West End, Mountain View, and Old Southwest neighborhoods. Significant progress has been made in West End including rehabilitations, homeownership and down payment assistance projects.

Recreational and Outdoor Opportunities

The City is branded by its unique combination of urban amenities surrounded by significant natural beauty and outdoor and recreational activities. The Appalachian Trail and Blue Ridge Parkway surround the city. The Carvins Cove Natural Reserve provides nearly 13,000 acres of park land available for a wide variety of recreational uses. The City's greenway system continues to grow and develop, gaining favor with visitors as well as residents of the Roanoke Valley. More than 14 miles of paved trails currently exist with an additional 10 miles under development. The Lick Run, Tinker Creek, Murray Run, Mill Mountain, and Roanoke River greenways serve thousands of patrons annually. The City continues to enhance accessibility to roadways and trailways for cycling enthusiasts and is a "Bicycle Friendly Community" as selected by the League of American Bicyclists.

In May 2014, Roanoke completed its newest playground. Countryside Park contains the first inclusive children's play area. The park was designed to ensure every child, regardless of his or her ability, could play. The park is also wheelchair accessible and has a picnic shelter. In addition to the park, an extension of the Lick Run Greenway Trail was completed which measures three quarters of a mile looping the park and a fitness trail system.

Elmwood Park's ribbon cutting was held in October 2013. Revitalization of the park included improvements to the performance area and infrastructure such as restrooms, food vending areas and seating. Key features in mind during the re-development process were a music venue for festivals and concerts, a pedestrian fountain walkway, plazas with computerized and interactive fountain systems and an Art Walk to showcase local and surrounding area artists. The goal of the project was to create a more welcoming environment by improving visibility, connecting the park to the surrounding streets and library and adding active play areas, beautifully landscaped paths, colorful gardens, community gathering areas, and performance venues. A 4,500-seat amphitheater is a main feature of the park.

Arts and Cultural Activities

Arts and cultural opportunities abound in Roanoke through various private sector opportunities such as the Taubman Museum of Art and the Jefferson Center for Performing Arts. The City places an emphasis on arts and culture and the Roanoke Civic Center and the City's public art program are two important components of this emphasis.

Roanoke's public art program enhances the quality of life for Roanoke's citizens by creating a heightened sense of place and community identity and visually enhanced public space. In 2014, the City launched its award winning Parks and Arts series which returned to six different neighborhood parks during the summer. The program was funded by a grant from the Foundation for Roanoke Valley.

Libraries

The City of Roanoke supports and promotes lifelong learning for all citizens. The Library Master Plan includes projects to enhance the delivery of programs and services throughout the community. The City's libraries provide many resources to citizens including free computer training, free internet and free wireless

access at all locations. Renovations are now underway at the Main Library. The renovations include dedicated and expanded teen, children and preschool areas. New furniture, family restrooms, books, technology, and four meeting rooms are highlights of the Main Library's renovation. The mezzanine will be expanded to include additional space for adult services, computers, and books. A children's mezzanine will provide a unique space for children's programs and activities. To connect the Main Library to the newly renovated Elmwood Park, windows will be added to the back of the library as well as a Reading Porch. A screened-in porch will also be added to the front of the Library. Renovation of the Raleigh Court Branch Library is underway and is expected to be completed in early 2016.

Libraries support the public education programs of Roanoke City Public Schools through the All-America City Star City Reads initiative, Blue Ridge Literacy, and the joint Summer Reading Camp. About thirty percent of children in pre-kindergarten to third grade participated in programs that included a literacy and pre-literacy component. The Libraries continue to promote education for all of the Roanoke Valley with relevant programs for children, teens and adults.

Transportation and Parking

Economic activity is directly associated with the City's position as the major trade and transportation center in Western Virginia. The City is located at the intersection of major rail and highway routes. Current developments relate to proposals by the Virginia Department of Transportation for construction of improvements at two interchanges along Interstate 581. Improvements at Elm Avenue will add capacity to both interstate exit ramps and is expected to relieve congestion during several hours of each day in the heart of the City's downtown. The project started during 2013, and work is expected to be completed by 2015.

Improvements at the existing Valley View Boulevard interchange will complete the existing partial interchange improving access to and from the north to the retail area housing Best Buy, Target, PetSmart and other stores. This project will also provide access to approximately 150 acres to the south of Interstate 581 for new development.

Street paving is an important component of transportation infrastructure. 2014 saw the completion of the largest annual paving contract in the City's history. Approximately 61 lane-miles were resurfaced at a cost of approximately $5 million. The City also completed a project to obtain an automated rating of pavement conditions on all city streets which will enable a more proactive and effective approach to preventive maintenance, rehabilitation and resurfacing.

The City has worked diligently to address the transportation and parking needs of citizens and visitors in the downtown area. Valley Metro transports Medicare card holders, persons age 65 or older, disabled persons, and youth ages 11 to 18 with a school-issued identification card at a discount rate of one-half the regular fare. Youth ages 10 and younger ride free when accompanied by a paying adult passenger.

The City-owned transit company, Valley Metro, implemented transportation initiatives which included regional connections that will pave the way for passenger rail at a time in the future. The Smart Way Bus is a regional transportation service operated by Valley Metro which links the Roanoke Valley and the New River Valley. The Smart Way Connector is a regional transportation service which links the Roanoke Valley and New River Valley to the Amtrak Passenger Rail Station in Lynchburg. Reservations for the Smart Way Connector can now be made using the Amtrak reservation system.

The City's public parking system in downtown includes seven garages and five surface lots. The parking systems offer competitive daily, weekly and monthly rates, and, at many locations, free after hours and weekend parking.

Environmental Leadership

Roanoke government is committed to the protection of the environment while providing first class municipal services to citizens and visitors. Education and training, pollution control, reduction of the City's carbon footprint, reduction of solid and hazardous waste and improving the environmental management system are components of this program.

In 2013, the City created a Stormwater Utility. Stormwater management activities are necessary to protect the general health, safety, and welfare of the residents of the City. The Stormwater fee will provide a dedicated source of revenue needed to address water quality, a backlog of drainage improvement projects and increased maintenance of drainage infrastructure.

Regional Cooperation

City leadership appreciates the importance of regional cooperation in promoting economic development and in operating governments as efficiently as possible. Roanoke area governments have achieved several important accomplishments along the lines of regional cooperation. These include formation of a Broadband Authority, the recent creation of Western Virginia Regional Industrial Facility Authority, and a partnership for use of the Police Academy by the City and Roanoke County. The Roanoke Valley has a number of successful regional ventures in place as detailed in the footnotes to these financial statements. These initiatives provide services to citizens in the areas of utilities, animal care and protection, public safety, transportation and others. The Roanoke Valley Consortium, of which the City is a member, obtains dental insurance for a large pool of valley employees and works collaboratively to explore purchasing opportunities of new benefit programs and/or services.

Future Challenges

The U.S. economy continues to recover at a moderate pace and stock market performance has been strong in recent periods. Unemployment remains at a somewhat high level, though it has improved in the past year. On the national scene, housing activity has improved although the City realized a slight decline in assessed values. This is expected to continue into 2015 at a diminishing rate. Given the importance of real estate tax revenues to the City's budget, this will pose challenges for the City and School Board as a significant portion of school funding is derived from general property taxes.

Local taxes as adjusted again posted modest growth in fiscal 2014, stabilizing declines in the Real Property tax area. Federal and State governments continue to mandate service provisions to localities with less financial support. The challenge for local governments is how to maintain and in some cases increase service levels with reduced available funding. The City regularly assesses the influence of economic factors to minimize the impact to key services and ensure that the City continues to remain financially sound.

Awards and Acknowledgements

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, 2013. In order to be awarded a Certificate of Achievement, a government unit must publish an informational 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 41 years. This report was prepared in conformity with the Certificate of Achievement program requirements and standards, and it will be submitted to the GFOA to determine 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, 2014. 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 Presentation Award for the last 29 consecutive years.

Other Awards and Recognitions

- Roanoke was recognized with the Outstanding Achievement Award in the 2014 City Livability Awards Program by the U.S. Conference of Mayors. The Parks and Arts initiative was the city program highlighted for the award.
- The 100 Best Fleets in North America Contest selected the city's Fleet Management Division as one of the *Top 100 Fleets in North America,* out of 38,000 fleets in the United States and Canada.
- Roanoke was named one of America's Best Small Cities on the Rise by *Smarter Travel* in July.
- Roanoke was named a Top 10 Digital City (Center for Digital Government).
- Roanoke was voted Best Trail Town by readers of *Blue Ridge Outdoors* magazine.
- *Convention South* magazine editors named Roanoke Virginia's "Southern Hospitality City." Roanoke was also named to the Editors Hot Pick List of 15 "Southern Hospitality Cities."

The preparation of this report would not have been possible without the efficient and dedicated services of the Department of Finance. 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 for preparing this report. We would like to thank the members of City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Christopher P. Morrill
City Manager

Barbara A. Dameron, CPA
Director of Finance

Government Finance Officers Association

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, 2013

Executive Director/CEO

CITY OF ROANOKE
DIRECTORY OF PRINCIPAL OFFICIALS
JUNE 30, 2014

Members of City Council

David A. Bowers	*Mayor*
Court G. Rosen	*Vice-Mayor*
William D. Bestpitch	
Raphael "Ray" E. Ferris	
Sherman P. Lea	
Anita J. Price	
David B. Trinkle	

Constitutional Officers

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

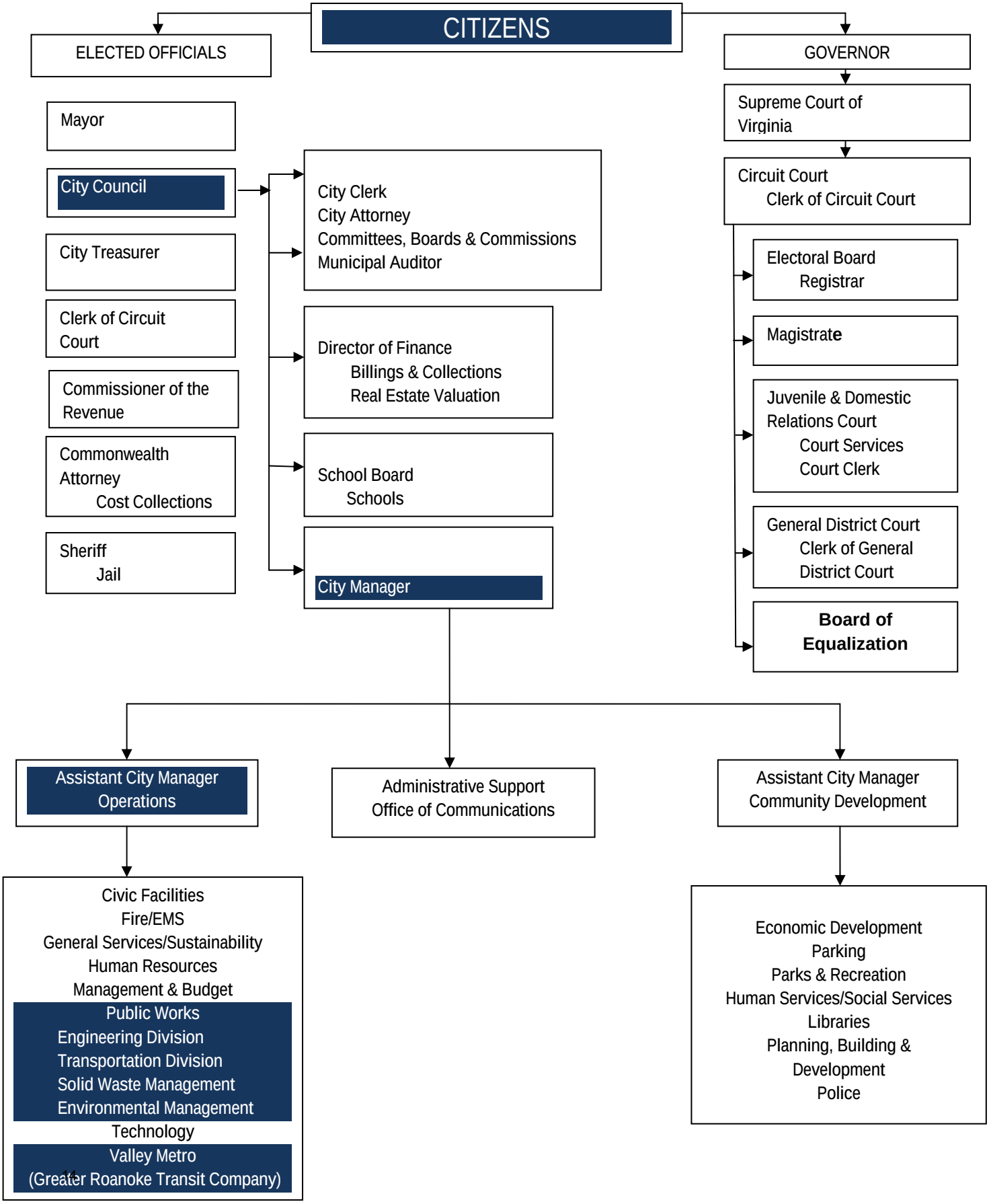
City Council Appointed Officials

Christopher P. Morrill	*City Manager*
Amelia C. Merchant	*Acting Director of Finance*
Daniel J. Callaghan	*City Attorney*
Stephanie M. Moon-Reynolds	*City Clerk*
Troy A. Harmon, CPA	*Municipal Auditor*

Other City Officials

Sherman M. Stovall	*Assistant City Manager*
R. Brian Townsend	*Assistant City Manager*

CITY OF ROANOKE, VIRGINIA
Organizational Chart
FY2013 – 2014



FINANCIAL SECTION

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

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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), a discretely presented component unit of the City, which statements reflect total assets, total liabilities, and total net position constituting 100% of the total assets, total liabilities, and total net position of this discretely presented component unit as of June 30, 2014, and total revenues and total expenses constituting 100% of the total revenues and total expenses of this discretely presented component unit for the year then ended. 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, which statements reflect total assets constituting 1.3% and 3.1% of total assets, total liabilities constituting 2.6% and 5.0% of total liabilities, and total net position/fund balance constituting 0.2% and 0.7% of total net position/fund balance of the City's business-type activities and Civic Facilities fund, respectively, as of June 30, 2014, and total revenues constituting 28.1% and 50.9% of total revenues and total expenses constituting 35.2% and 65.1% of total expenses of the City's business-type activities and Civic Facilities fund, respectively, for the year then ended. 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

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standards and Specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, 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 units, each major fund, and the aggregate remaining fund information of the City of Roanoke, Virginia, as of June 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 21 through 32, the Budgetary Comparison Schedule – General Fund, the Infrastructure Assets Under Modified Approach, the Schedules of Funding Progress, the Schedules of Employer Contributions, and the Notes to Budgetary Comparison Schedule – General Fund on pages 107 through 116 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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 supplementary information listed as Supplementary Information in the Financial Section on pages 119 through 123 and the Schedule of Expenditures of Federal Awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, listed in the Single Audit Section on pages 147 through 153, and the Introductory Section on pages 1 through 14 and the Statistical Section

on pages 127 through 144 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory 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 or provide any assurance on them.

Accounting Change

As discussed in Note 1(q) to the basic financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement number 65, *Items Previously Reported As Assets and Liabilities*. The City has reclassified the deferred amounts on refunding previously reported as assets as deferred outflows of resources.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2014 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KPMG LLP

Roanoke, VA
November 26, 2014

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CITY OF ROANOKE, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014
(UNAUDITED)

This section of the City of Roanoke's (City's) Comprehensive Annual Financial Report (CAFR) presents Management's Discussion and Analysis (MD&A) of the City's financial performance during the fiscal year ended June 30, 2014. The MD&A should be read in conjunction with the preceding transmittal letter and the City's financial statements.

FINANCIAL HIGHLIGHTS

• At the end of the fiscal year, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $417.0 million. This amount represents an increase of $15.7 million, or 3.9%, over the prior year's ending balance of $401.3 million. Net position was comprised of $378.2 million, attributable to the City's net investment in capital assets; $31.7 million unrestricted to be used to meet ongoing obligations to citizens and creditors; and $7.1 million restricted for debt service and other specific capital projects usage.

• Net position for governmental activities increased $15.1 million. For the fiscal year, $208.8 million, which was generated in taxes and other revenues for governmental programs exceeded expenses by $17.2 million (before transfers), an improvement over the prior year of $7.7 million.

• In the City's business-type activities, net position increased by $0.6 million compared to the prior year which was flat.

• The City's governmental funds reported a combined ending fund balance of $50.6 million, a 1.6% decrease compared to prior year. Of the total fund balance, 14.0% was restricted, 33.1% was committed (mainly for projects in the capital improvement program), and 52.9% remained available for spending at the government's discretion (either committed for specific purposes or unassigned).

• The City's bond rating was upgraded from AA to AA+ from Standard & Poor's and maintained its AA+ rating from Fitch Ratings.

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 Position (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.

The two government-wide statements report the City's net position and how it has changed. Net Position, the difference between the City's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, is one way to measure the financial health, or position, of the City. Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the City, one needs to consider other nonfinancial factors such as changes in the City's property tax base and condition of the City's infrastructure.

In the Statement of Net Position 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 Stormwater Utility, Civic Facilities and Parking operations are reported here as the City charges fees for services to customers.

Component units – The City includes two discretely presented component units in this report, the School Board of the City of Roanoke (School Board) and the Greater Roanoke Transit Company (GRTC). Although legally separate, the component units are included as the City is financially accountable for them and as such, exclusion could cause the City's financial statements to be misleading.

Fund Financial Statements

The fund financial statements provide detailed information about the City's most significant funds - not the City as a whole. Funds are accounting units that the City uses to keep track of specific sources of funding and spending for particular purposes. The City has three types of funds:

Governmental funds – Most of the City's basic services are reported in governmental funds. 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 financial 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. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided that explains the relationship (or differences) between them. Governmental funds include the general fund, debt service fund, capital projects fund, and special revenue fund (grant fund).

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 financial 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 Stormwater Utility, Civic Facilities and Parking.

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 financial 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 and line of duty benefits for its public safety employees in an OPEB trust fund. The City reports 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:

Summary of Net Position
as of June 30, 2014 and 2013
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Current and other assets	$ 110.9	$ 112.9	$ 5.0	$ 4.1	$ 115.9	$ 117.0
Capital assets, net	545.0	537.1	59.1	59.2	604.1	596.3
Total assets	**655.9**	**650.0**	**64.1**	**63.3**	**720.0**	**713.3**
Deferred outflows of resources	7.0	-	1.5	-	8.5	-
Total assets and deferred outflows of resources	**662.9**	**650.0**	**65.6**	**63.3**	**728.5**	**713.3**
Other liabilities	21.9	23.1	1.4	1.1	23.3	24.2
Long-term liabilities	259.7	260.7	28.5	27.1	288.2	287.8
Total liabilities	**281.6**	**283.8**	**29.9**	**28.2**	**311.5**	**312.0**
Net Position:						
Net investment in capital assets	344.4	335.6	33.8	33.7	378.2	369.3
Restricted	7.1	8.3	-	-	7.1	8.3
Unrestricted	29.8	22.3	1.9	1.4	31.7	23.7
Total net position	**$ 381.3**	**$ 366.2**	**$ 35.7**	**$ 35.1**	**$ 417.0**	**$ 401.3**

Net Position:

The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $417.0 million at the close of the fiscal year. The City's combined net position (the City's bottom line) increased by $15.7 million over prior year's ending balance of $401.3 million. Net position from governmental activities increased by $15.1 million. Business-type activities resulted in an increase in net position of $0.6 million.

The largest component of the City's net position ($378.2 million or 90.7%) was the investment in capital assets (e.g., land, buildings, infrastructure improvements, machinery, and equipment, net of accumulated depreciation) less any related outstanding debt used to acquire those assets. The increase in City's net position was a result of increases in capital asset investment and restricted debt funding, partially offset by a reduction of unrestricted net position. Net position is reported as restricted when constraints on its use are externally imposed by creditors, grantors, contributors, regulators, or are imposed by law through constitutional provisions or enabling legislation. Restricted net position related to governmental activities totaled $7.1 million and was restricted for debt service and bond funding for future capital projects. The City's unrestricted net position, which is used to finance the day-to-day operations of the City, totaled $31.7 million.

Summary of Changes in Net Position:

The following table summarizes the changes in net position:

Summary of Changes in Net Position
For the Years Ended June 30, 2014 and 2013
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Revenues						
Program Revenues:						
Charges for services	$ 14.4	$ 14.1	$ 5.5	$ 6.0	$ 19.9	$ 20.1
Operating grants and contributions	62.8	64.2	-	-	62.8	64.2
Capital grants and contributions	6.1	2.2	0.5	-	6.6	2.2
General Revenues:						
Property taxes	107.2	103.4	-	-	107.2	103.4
Local portion of state sales tax	19.2	19.4	-	-	19.2	19.4
Business and professional occupational license taxes	12.3	12.1	-	-	12.3	12.1
Utility taxes	10.0	9.8	-	-	10.0	9.8
Prepared food and beverage taxes	13.2	13.7	-	-	13.2	13.7
Commonwealth share-personal property taxes	8.1	8.1	-	-	8.1	8.1
Cigarette taxes	2.3	2.4	-	-	2.3	2.4
Transient room taxes	3.9	3.4	-	-	3.9	3.4
Telecommunications taxes	7.0	7.1	-	-	7.0	7.1
Motor vehicle license tax	2.0	2.1	-	-	2.0	2.1
Local Aid to Commonwealth	-	(1.1)	-	-	-	(1.1)
Other	6.5	4.4	1.0	-	7.5	4.4
Payment from Component Unit	15.5	15.9	-	-	15.5	15.9
Interest and investment income	1.5	1.4	-	-	1.5	1.4
Special Item: Donated Asset	-	-	-	-	-	-
Total Revenues	**$ 292.0**	**$ 282.6**	**$ 7.0**	**$ 6.0**	**$ 299.0**	**$ 288.6**

(Continued)

Summary of Changes in Net Position
For the Years Ended June 30, 2014 and 2013
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Expenses						
General Government	$ 14.0	$ 14.0	$ -	$ -	$ 14.0	$ 14.0
Judicial Administration	8.7	8.7	-	-	8.7	8.7
Public Safety	66.9	66.9	-	-	66.9	66.9
Public Works	29.7	27.8	-	-	29.7	27.8
Health and Welfare	39.1	37.5	-	-	39.1	37.5
Parks, Recreation and Cultural	11.1	10.9	-	-	11.1	10.9
Community Development	11.3	11.4	-	-	11.3	11.4
Greater Roanoke Transit Company	1.5	1.7	-	-	1.5	1.7
Education	79.4	79.0	-	-	79.4	79.0
Economic Development	0.4	3.1	-	-	0.4	3.1
Interest and Fiscal Charges	12.7	12.0	-	-	12.7	12.0
Stormwater Utility	-	-	0.1	-	0.1	-
Civic Facilities	-	-	4.6	4.6	4.6	4.6
Parking	-	-	3.8	3.4	3.8	3.4
Other	-	0.1	-	-	-	0.1
Total Expenses	**274.8**	**273.1**	**8.5**	**8.0**	**283.3**	**281.1**
Increase (Decrease) in Net Position before Transfers	**17.2**	**9.5**	**(1.5)**	**(2.0)**	**15.7**	**7.5**
Transfers	(2.1)	(2.0)	2.1	2.0	-	-
Increase in Net Position	**15.1**	**7.5**	**0.6**	**-**	**15.7**	**7.5**
Total Net Position, Beginning	366.2	358.7	35.1	35.1	401.3	393.8
Total Net Position, Ending	**$ 381.3**	**$ 366.2**	**$ 35.7**	**$ 35.1**	**$ 417.0**	**$ 401.3**

Governmental Activities

The net position of governmental activities increased $15.7 million as compared to the $7.5 million increase in prior year. Significant current year activities affecting net position include:

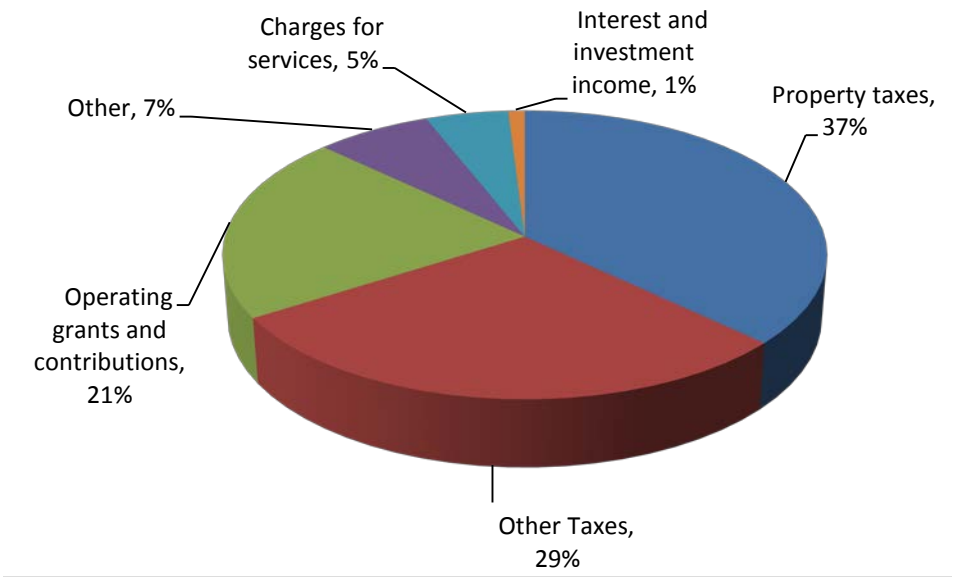
- General revenues increased 3.2% and were mainly due to a 6.2% increase in personal property tax. Other local taxes, in its entirety, increased 1.1% compared to the prior year. Several local taxes performed well such as Business License and Transient Occupancy but the positive impact was offset by a 1.0% reduction in Sales tax. Other revenue increased $2.1 million or 48% due to a gain on the sale of capital and other assets.

- The City continued to maintain and implement financial controls to ensure that the expenses of general government programs were contained within budget. Staffing levels were right-sized based on program changes and planned departmental budget reductions were maintained.

- The City funded the OPEB Trust at an amount above the minimum required contribution and thus recognized an asset in the governmental Statement of Net Position of $0.5 million.

Revenues generated for governmental activities are presented below by category:

Revenue by Source – Primary Government as of June 30, 2014



The property tax classification was approximately 37% of the total revenue generated by governmental activities and included 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 $79.7 million. The assessed value of real property in the City decreased 0.67% for the 2014 calendar year as a result of reassessments.

Personal property tax revenue, including the Commonwealth share, totaled $36.2 million. The revenue received locally from citizens totaled $28.1 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 58.37% on the first $20,000 in vehicle value for the current fiscal year and is included in the other taxes category.

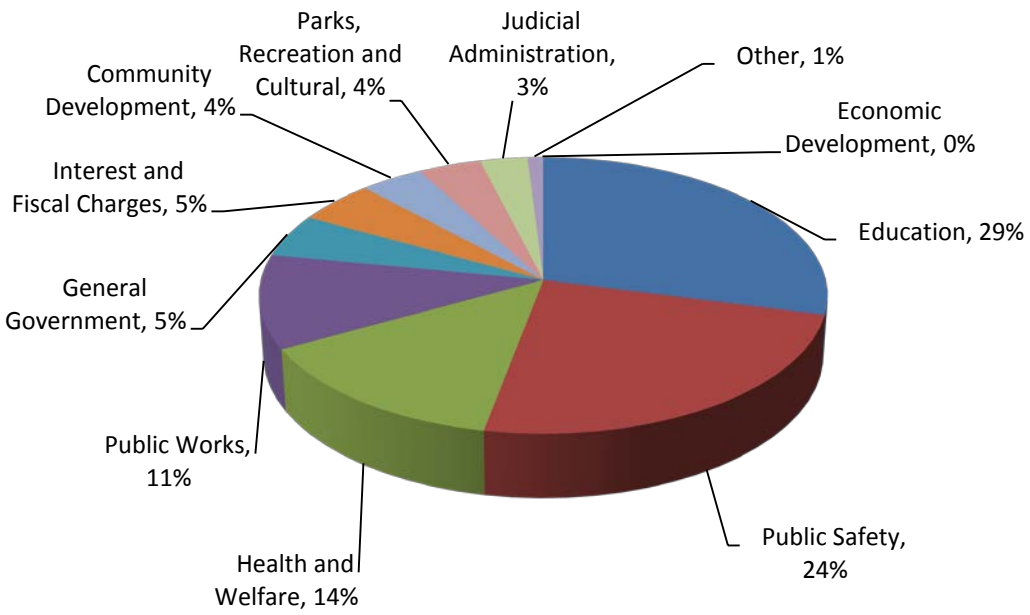
Sales, prepared food and beverage, business and professional occupational license, utility, telecommunication, transient room and cigarette taxes as well as funding from the Commonwealth under PPTRA comprised the majority of other local taxes collected by the City. Other taxes equated to approximately 29% of total revenues generated for governmental activities.

Operating grants and contributions was approximately 21% of governmental activities revenues. Social service programs, street maintenance funds, reimbursement for shared expenses of 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 included items such as fines, court fees, inspection fees, reimbursements for housing prisoners, solid waste collection fees, and recreation and other program-based fees.

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

Expenses – Primary Government as of June 30, 2014



Education expenses comprised 29% of governmental activities. Funding of $74.4 million was provided to the Roanoke City School Board to support School operations and debt service.

Public Safety expenses comprised approximately 24% of expenses of the governmental activities. Operations of the City Jail, Police and Fire Departments were 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 14%, respectively, of governmental activities expenses. Expenses for Solid Waste Management, Building Maintenance, Street Paving, and Street Maintenance were included in the Public Works category. The Comprehensive Services Act and social services programs were the majority of expenses reported in the Health and Welfare category.

Business-Type Activities

The net position of business-type activities increased the City's net position by $0.6 million, primarily from capital contributions in the Parking Fund.

Expenses for the City's business-type activities totaled $8.5 million, and include expenses related to the City's stormwater utility operation, which was established in fiscal year 2014.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds - For the fiscal year ended June 30, 2014, the governmental funds reported a combined ending fund balance of $50.6 million, a decrease of $0.8 million over the prior year. Approximately 52.9% of this total ($26.8 million) constitutes unassigned fund balance and consists of the Unassigned General Fund Reserve. The Reserve provides the City with sufficient working capital and a margin of financial safety to address unforeseen, one-time expenditure emergencies or declines in revenues for which there is no other budgetary resource or other designations of fund balance available to satisfy the funding need. Committed fund balance of approximately $16.7 million consisted of funding for outstanding purchase commitments and future years' capital project expenditures. The remaining fund balance of approximately $7.1 million is restricted and consists of funds, provided by bonded debt, for future capital project expenditures and funds restricted to debt service.

The City reports fund balance in accordance with GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. The application of this standard categorizes fund balance into five classifications based upon constraints placed on the use of resources. See Note 1 of the Notes to the financial statements for additional information on the fund balance categories.

The General Fund is the primary operating fund of the City. The total fund balance increased by $1.0 million (revenue of $259.3 million less expenditures of $240.1 million and other financing uses of $18.2 million), and the unassigned fund balance increased by $0.7 million to $26.8 million.

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.

Local taxes increased by 0.8% compared to last year. Real estate taxes, the City's largest single source of revenue, decreased by 0.6% due to reassessments related to housing market declines.

Intergovernmental revenue is the second largest source of General Fund revenues, and generated approximately $65.5 million in fiscal year 2014. 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 2014, increases in Commonwealth supported social service revenues were a result of increased reimbursable care expenditures. The total increase in funding from the Commonwealth in fiscal year 2014 compared to fiscal year 2013 was approximately $0.8 million or 3.1%. This increase in revenue is a result of a corresponding increase in expenditures as the City funded these care services.

The Capital Projects Fund balance decreased $1.8 million. The City received additional revenue from the sale of multiple large properties offset by increased expenditures for building renovations and infrastructure capital projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual General Fund revenues were $0.5 million or 0.2% lower than the original budgeted revenues, and fell short of the final budgeted revenues by $1.1 million or 0.4%. The General Fund revenue decrease was driven by lower local tax revenues, primarily sales and communications taxes.

In the local tax area, real estate, public service, utility and transient occupancy taxes exceeded budget, while sales, communications, prepared food and beverage and motor vehicle license taxes were under budget. The mixed results indicated a slower recovery of the local economy than anticipated and as a result, led to zero projected growth in real estate and other local tax revenue estimates in fiscal year 2015.

The intergovernmental revenue performance as compared to budget was driven by a reduction in foster care costs at the local level. Accordingly, as reimbursable foster care expenditures were reduced, associated foster care revenues were also reduced.

General Fund expenditures and transfers were less than the original budget by $1.5 million or 0.6% due to departmental budget reductions implemented during the year, and were less than the final amended budget by $3.7 million or 1.4%. Efforts were focused on managing the City's expenditures particularly through the implementation of LEAN methodology whereby the City is focusing on reengineering processes to improve efficiencies for the benefit of Roanoke citizens. Spending at the departmental level was closely monitored during the fiscal year, and policies centered on maximizing savings were continued.

During fiscal year 2014, 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, 2013 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, 2013 totaled $1.6 million.

- To appropriate excess local revenues over expenditures to capital funding.

CAPITAL ASSETS

As of June 30, 2014, the City's capital assets for its governmental and business-type activities amounted to $604.0 million net of accumulated depreciation. This investment includes land, historical treasures, construction in progress, land improvements, buildings and structures, equipment and infrastructure. The City's capital assets increased year over year by $7.7 million or 1.3% related to the increase of assets in the construction in process and land improvements category.

The following table shows summarized balances of major categories of capital assets as of June 30, 2014 and 2013.

Capital Assets
Net of Depreciation
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	Balance June 30, 2014	Balance June 30, 2013	Balance June 30, 2014	Balance June 30, 2013	Balance June 30, 2014	Balance June 30, 2013
Land and Improvements	$ 49.4	$ 46.4	$ 4.6	$ 3.6	$ 54.0	$ 50.0
Buildings and Improvements	257.4	260.2	53.5	54.9	310.9	315.1
Equipment	26.6	26.6	0.5	0.6	27.1	27.2
Infrastructure	190.7	190.7	-	-	190.7	190.7
Construction in Progress	20.3	12.6	0.4	0.1	20.7	12.7
Historical Treasures	0.6	0.6	-	-	0.6	0.6
Total	$ 545.0	$ 537.1	$ 59.0	$ 59.2	$ 604.0	$ 596.3

Detailed information regarding capital assets is disclosed in Note 5 of the Notes to the financial statements.

LONG-TERM DEBT

At June 30, 2014, the City's long-term liabilities, excluding compensated absences and claims payable, totaled $257.0 million, comprised of $228.6 million related to governmental activities and $28.4 million related to business-type activities. Total debt decreased by $9.1 million during the fiscal year. Interest and fiscal charges for 2014 were $9.1 million, or 3.0% of total governmental funds' expenditures. Changes in long-term debt during fiscal year 2014 resulted from payment of principal on existing debt, and issuance of General Obligation Public Improvement Bonds, Series 2013C (Tax Exempt), General Obligation Public Improvement New Money, Series 2014A (Tax-Exempt), and General Obligation Public Improvement Refunding Bonds, Series 2014B (Taxable).

Series 2013C bonds were used to finance the cost of acquisition, construction, reconstruction, improvement, extension, enlargement, equipping, rehabilitation, and repair of the Regional Center for Animal Control and Protection Project (the RCACP Project) on behalf of the City of Roanoke, the County of Botetourt, the County of Roanoke, and the Town of Vinton (including refinancing existing indebtedness incurred with respect to the RCACP Project). Subsequent to the issuance of debt, the center was renamed the Regional Center for Animal Care and Protection.

Series 2014A bonds were used to finance a portion of the costs of school improvement projects, public libraries projects, parks and recreation improvement projects, public bridge renovation projects, stormwater management projects, civic center improvement projects, curbs, gutter and sidewalk improvement projects, streetscape improvement projects, rail passenger infrastructure improvements, and a police academy expansion project. Series 2014B bonds were used to refund a portion of outstanding Series 2008A bonds and Series 2010A bonds related to the Parking Fund. The refunding bond series was necessary to refinance tax-exempt debt issued in 2008 and 2010 for the Market Garage due to the construction of a privately owned roof-top hotel. This private activity requires taxable debt rather than tax-exempt debt. The change in the status of this debt results in a cost to the City of approximately $0.7 million.

The City's most recent ratings obtained in February 2014 were AA+ from both Fitch Ratings and Standard & Poor's (S&P) Ratings Services. The AA+ rating from S&P represents an from the previous rating of AA to the second highest rating that a municipality can receive from this bond rating agency. S&P attributed the upgrade to the City's continued economic growth, strong management, and balanced budget. The City's strong bond ratings will translate into reduced borrowing costs related to its capital improvement projects.

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 $11.0 million of general obligation debt. The City's tax-supported debt of $219.9 million less the Debt Service Fund Balance of $1.4 million designated for the repayment of debt service is well below the legal debt limit of $668.0 million.

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.

Detailed information concerning the City's long-term liabilities is presented in Notes 8 and 9 of the Notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's unemployment rate, not seasonally adjusted, was 6.5% as of June 30, 2014. Consistent with trends at the state level, this represents a decrease of 0.8% from the prior year. The City's unemployment rate was above the state unemployment rate of 5.3% and national unemployment rate of 6.1%. Employment in Roanoke is diverse with representation within the area of all census-defined industries. The industries providing the largest number of jobs in the 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 2014 financial performance has been negatively impacted in certain local tax categories, particularly in sales and communications. Some national indices reflected a slowdown in economic growth during the winter season. The City anticipates lingering effects of the economic downturn as the local real estate market remains depressed and the volume of property sales remains at lower than normal levels.

The City's General Fund revenue increased in 2014 by 1.8% primarily due to certain local tax revenues, permits, fees and licenses and State aid income. With tight expenditure controls, the City was able to fund additional capital projects in the public safety and public works areas as well as add to the risk management reserve. In addition, the General Fund unassigned fund balance was increased by $0.7 million maintaining the unassigned balance above the requisite funding level according to the City's reserve policy.

Important economic indicators for the City during the past year included a decrease in unemployment and an increase in consumer spending that affected many areas of the local economy. City management expects that the local economy will improve in the next fiscal year as the unemployment level improves.

Housing values have declined for the third year but at a slower pace. The average assessed value of single-family housing unit fell 1.3% in fiscal year 2014 to $125,545. The volume of commercial construction permits increased slightly although the value of permits issued in 2014 decreased by 13.0% compared to 2013. The value of residential construction permits increased 1.9% in 2014 compared to 2013.

Fiscally responsible budgeting for 2014 provided for expanded programming levels for services compared to prior years despite the reduction in real estate tax revenues. Programming levels were increased in the priorities of Livability and Infrastructure offset by the decrease in Social Services for the reimbursement of foster care expenditures.

The General Fund adopted budget for 2015 increased slightly compared to the fiscal year 2014 adopted budget, with a minimal increase in local taxes. Local taxes comprise 69.1% of all budgeted fiscal year 2015 General Fund revenues. For fiscal year 2015, total local tax revenues are estimated to be stable. Funding from the Commonwealth is projected to increase slightly, mainly in Street maintenance, as well as Health and Welfare categories. Funding to Schools is projected to be relatively flat.

The Commonwealth of Virginia implemented additional budget strategies for the upcoming fiscal year 2015. Among these budget strategies approved by the General Assembly is the reinstatement of the Local Aid to the Commonwealth. It is anticipated that the City will incur an additional $682,000 in expense in fiscal 2015 related to this reinstatement.

The City's Pension Plan experienced positive investment performance for the fiscal year ended June 30, 2014. Overall results were remarkable given sluggish economic growth, domestic and international deficits, geopolitical concerns and slowly improving job growth. The outlook remains cautiously optimistic given the increased employment and improving housing starts but is reflective of more modest returns in the next fiscal year.

As the City looks ahead toward fiscal 2016, another challenging budget process is anticipated. Strategic focus areas include providing capital investment to maintain City assets and operations, increased local funding of state mandated programs as state funding is reduced and funding of employee health care and compensation costs. The priorities are challenging given the potential of lower local revenues due, in part, to reduced assessments of real estate property.

The real estate market in the City has continued to lag during the past year but at a slower pace. The City is monitoring the situation carefully and expects information prior to the beginning of the budgeting process for fiscal year 2016. The real estate assessment process aligns well with the budgeting process in that real estate assessments are established in January of each year with an effective date of July 1st of the same year. This allows the City to plan and revise programs as needed to maintain a balanced budget as real estate tax revenues are known and defined.

The Roanoke economy appears to be slowly rebounding from the recession. Local taxes indicate increased economic activity. Management believes that the current fiscal 2015 revenue estimates will be met. Challenges exist in predicting the timing and rate of improvement moving forward. It continues to be difficult to anticipate the level of funding from the Commonwealth and federal governments in upcoming years. There will continue to be significant pressure on local governments to fund programs previously funded by these government entities in areas 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 or email finance@roanokeva.gov. The City's website address is www.roanokeva.gov.

Exhibit A

CITY OF ROANOKE, VIRGINIA
STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government			Component Units	
	Governmental Activities	**Business-Type Activities**	**Total**	**School Board**	**GRTC**
Assets					
Cash and Cash Equivalents	$ 71,888,503	$ 4,898,012	$ 76,786,515	$ 31,156,570	$ 769,209
Interest and Dividends Receivable	17,337	-	17,337	-	-
Due from City of Roanoke	-	-	-	2,141,359	-
Due from Other Governments	20,382,399	-	20,382,399	8,727,294	4,294,075
Internal Balances	(26,269)	26,269	-	-	-
Taxes and Accounts Receivable, Net	17,130,161	60,665	17,190,826	438,874	69,860
Note Receivable	496,757	-	496,757	-	-
Inventory	70,269	-	70,269	-	492,850
Other Assets	410,340	43,026	453,366	511,183	24,346
OPEB/LODA Prepayment	496,800	-	496,800	-	-
Capital Assets:					
Land, Construction in Progress, Right-of-Way, and Historical Treasures	133,432,364	5,052,261	138,484,625	-	720,724
Other Capital Assets, Net	411,585,622	53,989,384	465,575,006	2,740,357	12,037,483
Capital Assets, Net	545,017,986	59,041,645	604,059,631	2,740,357	12,758,207
Total Assets	**655,884,283**	**64,069,617**	**719,953,900**	**45,715,637**	**18,408,547**
Deferred Outflows of Resources					
Deferred Charges on Refunding of Debt	7,032,017	1,537,984	8,570,001	-	-
Total Assets and Deferred Outflows of Resources	**$ 662,916,300**	**$ 65,607,601**	**$ 728,523,901**	**$ 45,715,637**	**$ 18,408,547**
Liabilities					
Accounts Payable and Accrued Expenses	12,156,820	390,895	12,547,715	3,676,398	4,683,583
Accrued Interest Payable	3,045,514	352,298	3,397,812	-	-
Due to Component Unit	2,141,359	-	2,141,359	-	-
Due to Other Governments	1,320,281	57,090	1,377,371	-	-
Unearned Revenue	2,525,439	532,147	3,057,586	676,396	198,950
Other Liabilities	728,712	1,352	730,064	-	-
Long-term Liabilities Due Within One Year	30,395,799	1,985,021	32,380,820	6,233,518	-
Long-term Liabilities Due in More Than One Year, Net	229,317,968	26,547,145	255,865,113	3,967,380	-
Total Liabilities	**$ 281,631,892**	**$ 29,865,948**	**$ 311,497,840**	**$ 14,553,692**	**$ 4,882,533**
Net Position					
Net Investment in Capital Assets	344,420,223	33,828,819	378,249,042	2,740,357	12,758,207
Restricted for:					
Debt Service	1,406,148	-	1,406,148	-	-
Capital Projects	5,669,959	-	5,669,959	-	-
Unrestricted	29,788,078	1,912,834	31,700,912	28,421,588	767,807
Total Net Position	**$ 381,284,408**	**$ 35,741,653**	**$ 417,026,061**	**$ 31,161,945**	**$ 13,526,014**

See Notes to Basic Financial Statements.

Exhibit B

CITY OF ROANOKE, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary Government:				
Governmental Activities:				
General Government	$ 13,994,522	$ 4,188,317	$ 1,176,124	$ 2,091,188
Judicial Administration	8,718,527	3,928,176	8,421,029	-
Public Safety	66,886,151	5,255,890	8,522,921	-
Public Works	29,671,503	266,683	12,735,780	1,109,796
Health and Welfare	39,093,358	32,356	28,149,145	-
Parks, Recreation and Cultural	11,090,084	543,186	289,118	411,203
Community Development	11,305,174	190,372	3,468,309	-
Transportation	1,527,146	-	-	-
Education	79,397,641	-	-	2,444,151
Economic Development	414,274	-	-	-
Other	58,700	-	-	-
Interest and Fiscal Charges	12,654,695	-	-	-
Total Governmental Activities	**274,811,775**	**14,404,980**	**62,762,426**	**6,056,338**
Business-Type Activities:				
Civic Facilities	4,587,589	2,460,384	-	-
Parking	3,809,369	3,074,017	-	480,815
Stormwater Utility	69,525	-	-	-
Total Business-Type Activities	**8,466,483**	**5,534,401**	**-**	**480,815**
Total Primary Government	**$ 283,278,258**	**$ 19,939,381**	**$ 62,762,426**	**$ 6,537,153**
Component Units:				
School Board of the City of Roanoke	$ 180,325,909	$ 5,765,012	$ 42,615,404	$ -
Greater Roanoke Transit Company	$ 10,956,967	$ 2,195,833	$ -	$ -

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 Unit
Grants and Contributions Not Restricted to Specific Programs
Interest and Investment Income
Miscellaneous
Capital Contribution
Transfers
Total General Revenues and Transfers
Change in Net Position

Total Net Position at Beginning of Year
Total Net Position at End of Year

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units	
Governmental Activities	**Business-Type Activities**	**Total**	**School Board**	**GRTC**
$ (6,538,893)	$ -	$ (6,538,893)	$ -	$ -
3,630,678	-	3,630,678	-	-
(53,107,340)	-	(53,107,340)	-	-
(15,559,244)	-	(15,559,244)	-	-
(10,911,857)	-	(10,911,857)	-	-
(9,846,577)	-	(9,846,577)	-	-
(7,646,493)	-	(7,646,493)	-	-
(1,527,146)	-	(1,527,146)	-	-
(76,953,490)	-	(76,953,490)	-	-
(414,274)	-	(414,274)	-	-
(58,700)	-	(58,700)	-	-
(12,654,695)	-	(12,654,695)	-	-
(191,588,031)	**-**	**(191,588,031)**	**-**	**-**
-	(2,127,205)	(2,127,205)	-	-
-	(254,537)	(254,537)	-	-
-	(69,525)	(69,525)	-	-
-	**(2,451,267)**	**(2,451,267)**	**-**	**-**
$ (191,588,031)	**$ (2,451,267)**	**$ (194,039,298)**	**$ -**	**$ -**
$ -	$ -	$ -	$ (131,945,493)	$ -
$ -	$ -	$ -	$ -	$ (8,761,134)
$ 107,151,665	$ -	$ 107,151,665	$ -	$ -
19,236,561	-	19,236,561	-	-
12,317,760	-	12,317,760	-	-
9,981,896	-	9,981,896	-	-
13,231,279	-	13,231,279	-	-
8,076,000	-	8,076,000	-	-
2,332,536	-	2,332,536	-	-
3,874,018	-	3,874,018	-	-
6,994,183	-	6,994,183	-	-
2,046,686	-	2,046,686	-	-
365,032	-	365,032	-	-
4,881,946	-	4,881,946	-	296,919
-	-	-	52,263,074	-
-	-	-	74,366,181	-
15,502,968	-	15,502,968	-	-
-	-	-	-	6,813,761
1,450,625	-	1,450,625	73,939	-
1,394,408	-	1,394,408	1,454,980	-
-	953,065	953,065	-	3,372,756
(2,117,439)	2,117,439	-	-	-
$ 206,720,124	**$ 3,070,504**	**$ 209,790,628**	**$ 128,158,174**	**$ 10,483,436**
15,132,093	619,237	15,751,330	(3,787,319)	1,722,302
366,152,315	**35,122,416**	**401,274,731**	**34,949,264**	**11,803,712**
$ 381,284,408	**$ 35,741,653**	**$ 417,026,061**	**$ 31,161,945**	**$ 13,526,014**

Exhibit C

CITY OF ROANOKE, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General Fund	Debt Service Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	$ 19,893,415	$ 1,494,555	$ 2,100,882	$ 23,475,111	$ 46,963,963
Interest and Dividends Receivable	17,337	-	-	-	17,337
Due from Component Unit	520,483	-	-	-	520,483
Due from Other Governments	8,685,573	-	696,385	-	9,381,958
Due from Other Funds	188,377	-	93,442	1,032,790	1,314,609
Taxes Receivable	17,171,056	-	-	-	17,171,056
Accounts Receivable	6,018,869	56,668	55,674	72,648	6,203,859
Allowance for Uncollectible Receivables	(6,268,641)	-	-	-	(6,268,641)
Prepaid Expenses	79,431	909	-	-	80,340
Total Assets	**$ 46,305,900**	**$ 1,552,132**	**$ 2,946,383**	**$ 24,580,549**	**$ 75,384,964**
LIABILITIES					
Accounts Payable and Accrued Expenditures	$ 9,679,715	$ 113,353	$ 418,236	$ 1,327,490	$ 11,538,794
Due to Other Governments	105,787	-	1,214,494	-	1,320,281
Due to Other Funds	3,331,719	539	30,683	69,525	3,432,466
Due to Component Unit	-	-	-	2,661,842	2,661,842
Unearned Revenue	4,525,815	32,092	1,282,970	-	5,840,877
Total Liabilities	**17,643,036**	**145,984**	**2,946,383**	**4,058,857**	**24,794,260**
FUND BALANCES					
Restricted	-	1,406,148	-	5,669,959	7,076,107
Committed	1,905,812	-	-	14,851,733	16,757,545
Unassigned	26,757,052	-	-	-	26,757,052
Total Fund Balance	28,662,864	1,406,148	-	20,521,692	50,590,704
Total Liabilities and Fund Balance	**$ 46,305,900**	**$ 1,552,132**	**$ 2,946,383**	**$ 24,580,549**	**$ 75,384,964**

See Notes to Basic Financial Statements

Exhibit D

CITY OF ROANOKE, VIRGINIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Total Fund Balance - Governmental Funds		$ 50,590,704
Amounts reported for governmental activities in the Statement of Net Position 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	759,849,311	
Less: accumulated depreciation	(237,549,998)	522,299,313
Other assets used in governmental activities are not considered current financial resources and therefore are not reported in the governmental funds.		
Deferred loss on refunding of debt	14,829,565	
Less: accumulated amortization	(7,797,548)	
Note Receivable - Hotel Roanoke, LLC	496,757	
Receivable from Western Virginia Water Authority	10,989,900	18,518,674
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.		3,338,762
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	(205,691,808)	
Capital lease obligation	(4,259,229)	
Bond premium	(17,927,318)	
Accumulated amortization of bond premium	5,754,734	
Compensated absences payable	(6,211,592)	
Accrued interest payable	(3,045,514)	(231,380,727)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets, liabilities and net position of the internal service funds are included with governmental activities in the Statement of Net Position.		17,917,682
Total Net Position of Governmental Activities		$381,284,408

See Notes to Basic Financial Statements.

Exhibit E

CITY OF ROANOKE, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Debt Service Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES					
Local Taxes	$ 179,576,940	$ -	$ -	$ -	$ 179,576,940
Permits, Fees and Licenses	1,092,534	-	-	-	1,092,534
Fines and Forfeitures	1,209,575	-	-	-	1,209,575
Rental Income	146,502	-	-	100	146,602
Investment Income	63,081	-	1,041	34,154	98,276
Intergovernmental	65,498,375	18,437,919	8,193,560	2,222,150	94,352,004
Charges for Services	11,066,281	-	-	-	11,066,281
Miscellaneous	614,744	239,763	36,080	4,424,687	5,315,274
Total Revenues	**259,268,032**	**18,677,682**	**8,230,681**	**6,681,091**	**292,857,486**
EXPENDITURES					
Current Operating:					
General Government	14,167,002	-	166,908	-	14,333,910
Judicial Administration	8,250,037	-	257,348	-	8,507,385
Public Safety	63,919,991	-	1,468,187	-	65,388,178
Public Works	24,857,169	-	-	-	24,857,169
Health and Welfare	36,044,982	-	2,738,664	-	38,783,646
Parks, Recreation and Cultural	9,640,580	-	146,925	-	9,787,505
Community Development	7,297,301	-	3,818,501	-	11,115,802
Greater Roanoke Transit Company	1,527,146	-	-	-	1,527,146
Education	74,366,181	-	-	-	74,366,181
Debt Service:					
Principal Retirement	-	23,529,050	-	-	23,529,050
Interest and Other Charges	-	8,611,669	-	-	8,611,669
Bond Issuance Cost	-	492,516	-	-	492,516
Capital Outlays	-	-	-	21,663,696	21,663,696
Total Expenditures	**240,070,389**	**32,633,235**	**8,596,533**	**21,663,696**	**302,963,853**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**19,197,643**	**(13,955,553)**	**(365,852)**	**(14,982,605)**	**(10,106,367)**
OTHER FINANCING SOURCES (USES)					
Issuance of Bonds	-	-	-	11,820,000	11,820,000
Issuance of Refunding Bonds	-	1,829,500	-	-	1,829,500
Payment to Refunded Bond Escrow Agent	-	(1,829,500)	-	-	(1,829,500)
Premium on Sale of Bonds	-	351,572	-	-	351,572
Transfers In	266,126	13,517,073	456,323	1,758,347	15,997,869
Transfers Out	(18,423,555)	-	(90,471)	(364,967)	(18,878,993)
Total Other Financing Sources (Uses)	**(18,157,429)**	**13,868,645**	**365,852**	**13,213,380**	**9,290,448**
Change in Fund Balance	1,040,214	(86,908)	-	(1,769,225)	(815,919)
Fund Balance at Beginning of Year	**27,622,650**	**1,493,056**	**-**	**22,290,917**	**51,406,623**
Fund Balance at End of Year	**$ 28,662,864**	**$ 1,406,148**	**$ -**	**$ 20,521,692**	**$ 50,590,704**

See Notes to Basic Financial Statements.

Exhibit F

CITY OF ROANOKE, VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Net Change in Fund Balance - Governmental Funds		$ (815,919)
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	22,588,742	
Donation of capital assets	1,062,900	
Less current year depreciation expense	(15,248,815)	8,402,827
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	1,592,965	
Net change in Note Receivable - Hotel Roanoke, LLC	(477,431)	
Net principal reimbursed by Western Virginia Water Authority	(2,400,000)	(1,284,466)
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 Position. Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Bond and other long term debt proceeds	(13,645,757)	
Bond premium	(1,098,372)	
Amortization of current year bond premium	1,120,265	
Amortization of current year bond costs and deferred amounts	(1,967,661)	
Principal payments	23,529,050	7,937,525
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	(333,415)	
Change in accrued interest payable	608,609	275,194
Internal service funds are used by management to charge the costs of certain services to individual funds. The change in net position of the internal service funds is reported with Governmental Activities.		616,932
Change in Net Position - Governmental Activities		$ 15,132,093

See Notes to Basic Financial Statements.

CITY OF ROANOKE, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Enterprise Funds				
Assets	**Civic Facilities**	**Parking**	**Stormwater**	**Total**	**Internal Service Funds**
Current Assets:					
Cash and Cash Equivalents	$ 2,974,970	$ 1,923,042	$ -	**$ 4,898,012**	**$ 24,924,540**
Due from Other Governments	-	-	-	**-**	**10,541**
Due from Other Funds	147	-	92,799	**92,946**	**2,027,309**
Accounts Receivable	50,452	10,213	-	**60,665**	**23,887**
Inventory	-	-	-	**-**	**70,269**
Other Assets	43,026	-	-	**43,026**	**330,000**
Total Current Assets	**3,068,595**	**1,933,255**	**92,799**	**5,094,649**	**27,386,546**
Capital Assets:					
Land and Land Improvements	1,215,005	3,431,514	-	**4,646,519**	**-**
Buildings and Structures	38,479,270	47,947,494	-	**86,426,764**	**-**
Equipment and Other Capital Assets	2,181,528	168,882	-	**2,350,410**	**68,994,259**
Construction in Progress	472,423	1,765	-	**474,188**	**62,425**
Less Accumulated Depreciation	(18,008,152)	(16,848,084)	-	**(34,856,236)**	**(46,338,011)**
Capital Assets, Net	**24,340,074**	**34,701,571**	**-**	**59,041,645**	**22,718,673**
Total Assets	**27,408,669**	**36,634,826**	**92,799**	**64,136,294**	**50,105,219**
Deferred Charges on Refunding of Debt	444,969	1,093,015	-	**1,537,984**	**-**
Total Assets and Deferred Outflows of Resources	**$ 27,853,638**	**$ 37,727,841**	**$ 92,799**	**$ 65,674,278**	**$ 50,105,219**
Liabilities					
Current Liabilities:					
Accounts Payable and Accrued Expenses	$ 300,841	$ 69,853	$ 20,201	**$ 390,895**	**$ 618,027**
Accrued Interest Payable	195,511	156,787	-	**352,298**	**-**
Due to Other Governments	57,090	-	-	**57,090**	**-**
Due to Other Funds	4,266	62,812	951	**68,029**	**167,633**
Unearned Revenue	532,147	-	-	**532,147**	**23,324**
Long-Term Liabilities Due Within One Year	1,072,668	889,963	22,390	**1,985,021**	**3,742,144**
Total Current Liabilities	**2,162,523**	**1,179,415**	**43,542**	**3,385,480**	**4,551,128**
Long-Term Liabilities:					
Compensated Absences Payable	-	36,823	46,647	**83,470**	**350,821**
Claims Payable	-	-	-	**-**	**24,569,464**
General Obligation Bonds Payable, Net	14,068,620	14,286,431	-	**28,355,051**	**6,429,551**
Capital Lease Obligations	93,645	-	-	**93,645**	**28,717**
Less Current Maturities	(1,072,668)	(889,963)	(22,390)	**(1,985,021)**	**(3,742,144)**
Total Long-Term Liabilities	**13,089,597**	**13,433,291**	**24,257**	**26,547,145**	**27,636,409**
Total Liabilities	**$ 15,252,120**	**$ 14,612,706**	**$ 67,799**	**$ 29,932,625**	**$ 32,187,537**
Net Position					
Net Investment in Capital Assets	12,309,313	21,519,506	-	**33,828,819**	**16,691,860**
Unrestricted	292,205	1,595,629	25,000	**1,912,834**	**1,225,822**
Total Net Position	**$ 12,601,518**	**$ 23,115,135**	**$ 25,000**	**$ 35,741,653**	**$ 17,917,682**

See Notes to Basic Financial Statements

CITY OF ROANOKE, VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Enterprise Funds				
	Civic Facilities	**Parking**	**Stormwater**	**Total**	**Internal Service Funds**
Operating Revenues					
Charges for Services	$ 2,364,614	$ 3,000,712	$ -	**$5,365,326**	**$ 28,163,737**
Other Revenue	-	480,815	-	**480,815**	**341,110**
Total Operating Revenues	**2,364,614**	**3,481,527**	**-**	**5,846,141**	**28,504,847**
Operating Expenses					
Personal Services	1,106,825	176,312	69,430	**1,352,567**	**3,768,861**
Other Services and Charges	1,912,528	979,255	-	**2,891,783**	**16,103,980**
Materials and Supplies	-	762,524	95	**762,619**	**3,593,437**
Depreciation	914,009	978,116	-	**1,892,125**	**4,786,624**
Total Operating Expenses	**3,933,362**	**2,896,207**	**69,525**	**6,899,094**	**28,252,902**
Operating Income (Loss)	**(1,568,748)**	**585,320**	**(69,525)**	**(1,052,953)**	**251,945**
Nonoperating Revenues (Expenses)					
Loss on Disposal of Assets	-	-	-	**-**	**(99,534)**
Investment Income	95,770	73,305	-	**169,075**	**62,792**
Interest Expense	(654,227)	(913,162)	-	**(1,567,389)**	**(361,956)**
Net Nonoperating Expenses	**(558,457)**	**(839,857)**	**-**	**(1,398,314)**	**(398,698)**
Loss Before Transfers and Contributions	**(2,127,205)**	**(254,537)**	**(69,525)**	**(2,451,267)**	**(146,753)**
Transfers and Contributions					
Capital Contributions	-	953,065	-	**953,065**	**-**
Transfers In	2,034,194	-	94,525	**2,128,719**	**809,686**
Transfers Out	-	(11,280)	-	**(11,280)**	**(46,001)**
Net Transfers and Contributions	**2,034,194**	**941,785**	**94,525**	**3,070,504**	**763,685**
Change in Net Position	(93,011)	687,248	25,000	**619,237**	**616,932**
Total Net Position at Beginning of Year	**12,694,529**	**22,427,887**	**-**	**35,122,416**	**17,300,750**
Total Net Position at End of Year	**$ 12,601,518**	**$ 23,115,135**	**$ 25,000**	**$ 35,741,653**	**$ 17,917,682**

See Notes to Basic Financial Statements

CITY OF ROANOKE, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Enterprise Funds				
	Civic Facilities	Parking	Stormwater	Total	Internal Service Funds
Cash Flow From Operating Activities					
Cash Received from Customers	$ 2,481,565	$ 3,086,949	$ -	$ 5,568,514	$ 29,112,982
Cash Payments to Suppliers for Goods and Services	(1,840,485)	(1,673,720)	(88,883)	(3,603,088)	(6,787,006)
Cash Received from Other Funds for Interfund Services	-	-	-	-	-
Cash Payments to Other Funds for Interfund Services	(39,520)	(27,859)	951	(66,428)	8,625
Cash Payments to Employees	(1,113,363)	(168,537)	(6,593)	(1,288,493)	(3,721,314)
Cash Payments for Claims	-	-	-	-	(14,189,230)
Cash Received from Other Operating Revenues	-	480,815	-	480,815	341,110
Net Cash Provided (Used) by Operating Activities	**(511,803)**	**1,697,648**	**(94,525)**	**1,091,320**	**4,765,167**
Cash Flow From Noncapital Financing Activities:					
Operating Grant Received	-	-	-	-	-
Transfers In	2,034,194	-	94,525	2,128,719	809,686
Transfers Out	-	(11,280)	-	(11,280)	(46,001)
Net Cash Provided (Used) by Noncapital Financing Activities	**2,034,194**	**(11,280)**	**94,525**	**2,117,439**	**763,685**
Cash Flow From Capital and Related Financing Activities:					
Acquisition and Construction of Capital Assets	(772,548)	(966,765)	-	(1,739,313)	(4,381,486)
Capital Contributions	-	953,065	-	953,065	-
Loss on Sale of Capital Assets	-	-	-	-	-
Proceeds from Issuance of Bonds	936,800	-	-	936,800	-
Proceeds from Sale of Refunding Bonds	-	7,110,000	-	7,110,000	-
Principal Paid to Refunded Bond Escrow Agent	-	(6,005,000)	-	(6,005,000)	-
Principal Paid on Bonds and Capital Lease Obligations	(859,059)	(703,900)	-	(1,562,959)	(92,432)
Interest Paid on Bonds and Capital Lease Obligations	(515,511)	(1,442,642)	-	(1,958,153)	(335,410)
Capital Contributions	-	-	-	-	-
Net Cash Used by Capital and Related Financing Activities	**(1,210,318)**	**(1,055,242)**	**-**	**(2,265,560)**	**(4,809,328)**
Cash Flow From Investing Activities:					
Interest Received	95,809	73,157	-	168,966	62,165
Sale of Investments	-	-	-	-	-
Net Purchase of Investments	115,139	327,898	-	443,037	6,612,858
Sale of Investments	-	-	-	-	-
Cash Provided by Investing Activities	**210,948**	**401,055**	**-**	**612,003**	**6,675,023**
Net Increase in Cash and Cash Equivalents	**523,021**	**1,032,181**	**-**	**1,555,202**	**7,394,547**
Cash and Cash Equivalents at July 1	**2,451,949**	**890,861**	**-**	**3,342,810**	**17,529,993**
Cash and Cash Equivalents at June 30	**$ 2,974,970**	**$ 1,923,042**	**$ -**	**$ 4,898,012**	**$ 24,924,540**
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	$ (1,568,748)	$ 585,320	$ (69,525)	$ (1,052,953)	$ 251,945
Adjustments to Reconcile Operating Income (Loss) to	-	-	-		
Net Cash Provided (Used) by Operating Activities:	-	-	-		
Depreciation	914,009	978,116	-	1,892,125	4,786,624
Changes in Assets and Liabilities:					
Increase in Due From Other Governments	-	-	-	-	(10,541)
(Increase) Decrease in Due From Other Funds	(186)	40,326	(92,799)	(52,659)	924,646
(Increase) Decrease in Due From Component Unit				-	
(Increase) Decrease in Accounts Receivable	(34,481)	45,911	-	11,430	35,140
Decrease in Allowance for Uncollectible Accounts Receivable				-	
Decrease in Inventory	-	-	-	-	7,664
Increase in Other Assets	-	-	-	-	-
Increase (Decrease) in Accounts Payable and Accrued Expenses	38,779	33,376	20,201	92,356	(628,975)
Decrease in Due to Other Governments	(6,538)	-	-	(6,538)	-
Increase (Decrease) in Due to Other Funds	(6,256)	12,211	951	6,906	156,739
Increase in Other Liabilities	-	-	-	-	-
Increase in Compensated Absences Payable	-	2,388	46,647	49,035	30,759
Increase in Unearned Revenue	151,618	-	-	151,618	-
Decrease in Claims Payable	-	-	-	-	(788,834)
Total Adjustments	**1,056,945**	**1,112,328**	**(25,000)**	**2,144,273**	**4,513,222**
Net Cash Provided (Used) by Operating Activities	**$ (511,803)**	**$ 1,697,648**	**$ (94,525)**	**$ 1,091,320**	**$ 4,765,167**

Noncash Capital and Financing Activities:

Civic Facilities Fund noncash activities in fiscal year 2014 consisted of capital asset acquisitions of $24,810 recorded as accounts payable at June 30, 2014.
Parking Fund noncash activities in fiscal 2014 consisted of capital asset acquisitions of $23,927 recorded as accounts payable at June 30, 2014.

See Notes to Basic Financial Statements

Exhibit J

CITY OF ROANOKE, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	Pension Trust Fund	OPEB Trust Fund	Agency Funds
ASSETS			
Cash and Cash Equivalents	$ 1,113,774	$ -	$ 1,774,287
Investments	-	-	3,013,998
Receivables:			
Employer Contributions	331,775	-	-
Accrued Interest	360,417	-	24,368
Receivable for Security Transactions	632,039	-	-
Total Receivables	1,324,231	-	24,368
Investments Held by Trustee, at Fair Value:			
Cash Equivalents	3,526,497	-	-
Cash Collateral on Loaned Securities	498,325	-	-
Government Securities	5,260,769	-	-
Corporate Bonds	17,486,596	-	-
Convertible Bond Mutual Funds	17,300,759	-	-
Common Stocks	71,805,545	-	-
Domestic Mutual Funds	168,547,324	-	-
International Mutual Funds	90,942,367	-	-
Real Estate Mutual Funds	10,000,100	-	-
Infrastructure Funds	11,725,076	-	-
Investment in Pooled Funds	-	3,448,725	-
Total Investments	397,093,358	3,448,725	-
Total Assets	$ 399,531,363	$ 3,448,725	$ 4,812,653
LIABILITIES			
Accounts Payable and Accrued Expenses	$ 304,939	$ -	$ -
Payable for Security Transactions	655,194	-	-
Liability for Collateral on Loaned Securities	498,325	-	-
Due to Other Governments	-	-	4,812,653
Total Liabilities	$ 1,458,458	$ -	$ 4,812,653
FIDUCIARY NET POSITION	**$ 398,072,905**	**$ 3,448,725**	**$ -**

See Notes to Basic Financial Statements

Exhibit K

CITY OF ROANOKE, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Pension Trust Fund	OPEB Trust Fund
Additions/(Reductions)		
Contributions from Employer	$ 12,893,068	$ 1,306,100
Investment Income		
Net Appreciation in Fair Value of Investments	61,021,239	335,532
Interest and Dividends	10,471,310	-
Other	19,628	-
Total Investment Income	71,512,177	335,532
Less Investment Expenses	(1,343,569)	(4,232)
Net Investment Income	70,168,608	331,300
Securities Lending Income		
Securities Lending Income	70,200	-
Less Securities Lending Expenses	(21,065)	-
Net Securities Lending Income	49,135	-
Total Additions	**83,110,811**	**1,637,400**
Deductions		
Benefit Payments	31,664,771	797,400
Administrative Expenses	499,240	-
Total Deductions	**32,164,011**	**797,400**
Change in Net Position	**50,946,800**	**840,000**
Fiduciary Net Position at Beginning of Year	**347,126,105**	**2,608,725**
Fiduciary Net Position at End of Year	**$ 398,072,905**	**$ 3,448,725**

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. The City's reporting entity consists of the Primary Government, as well as its component units, which are legally separate organizations for which the elected officials of the Primary Government are financially accountable. Financially accountable is defined as appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the Primary Government, or (b) the possibility that the component unit will provide a financial benefit or impose a financial burden on the Primary Government.

The accompanying financial statements present information of the City and its component units. The financial data of the component units are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Discretely Presented Component Units

The School Board of the City of Roanoke, Virginia (School Board) is a legally separate entity which operates seventeen elementary schools, five 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.

The Greater Roanoke Transit Company (GRTC) is a public service bus company organized to provide mass transportation services to the Roanoke Valley. GRTC, known locally as Valley Metro, is a private, non-profit, public service organization wholly owned by the City of Roanoke. Operations began in 1975 when the privately owned transit system, the Roanoke City Lines, went public. GRTC is dependent on various operating grants to subsidize operations. The City provides financial support to GRTC through annual appropriations for the GRTC operating budget.

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

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 individuals who may 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 Roanoke City Public Schools and Greater Roanoke Transit Company, which are legally separate discretely presented component units, are segregated accordingly.

Statement of Net Position – 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 position, 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 are major funds and are as follows:
>
> > **Civic Facilities Fund** – Accounts for the operation of the Roanoke Civic Center. Global Spectrum, LP manages the civic center operations on the City's behalf.
> >
> > **Parking Fund** – Accounts for the operation of seven parking garages and several parking lots.
> >
> > **Stormwater Utility Fund –** Accounts for stormwater activities related to the City's stormwater infrastructure.

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 the City vehicle fleet and related supplies.

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

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 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 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 unearned 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 position as reported on the Statement of Net Position (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 position 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 Committed Fund Balance since they do not constitute current year expenditures or liabilities and as such, are approved by Council for inclusion in the next fiscal year budget. 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. For fiscal year ended June 30, 2014, significant encumbrances in the General Fund totaled $1.0 million related to employee health services and street maintenance contracts. In the Capital Projects fund, $10.0 million was related to various capital improvement construction contracts and $0.1 was encumbered in Proprietary funds.

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), the Virginia Investment Pool (VIP), and the State Non-Arbitrage Program (SNAP). Cash balances, other than Greater Roanoke Transit Company balances, Roanoke City Public Schools 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 units 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, 2014, the allowance for General Fund uncollectible taxes and accounts receivable was $6,268,641 or 26% 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 58.37% for tax year 2014. 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 interest is calculated using the Internal Revenue Service (IRS) rate. At June 30, 2014, the IRS rate was 3%.

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 Other Postemployment Benefits (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. OPEB includes retirement benefits and line of duty benefits other than pension costs.

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, inexhaustible infrastructure (e.g. flood reduction), 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	5-50 years
Equipment	2-20 years
Infrastructure	15-50 years
Software	3 years

The City has adopted the modified approach under GASB statement No. 34 for certain assets determined 'inexhaustible'. Assets in this category are characterized as those whose economic benefit or service potential is used up so slowly that the estimated useful life is extraordinarily long. Assets of this nature are not depreciated, but are required to be maintained at a certain condition level. See note 5 for additional information regarding the City's application of the modified approach.

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 on behalf of the School Board component unit are the property of the City.

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 $6,211,592 are recorded for governmental activities in the government-wide statements and represent a reconciling item between the government-wide and governmental fund presentations.

N. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is comprised of three components:

Net Investment in Capital Assets Net investment in capital assets consists of the historical cost of capital assets net of any accumulated depreciation and outstanding debt which was used to finance those assets.

Restricted Restricted net position consists of assets where limitations are imposed on their use through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or the laws and regulations of other governments.

Unrestricted Unrestricted net position is net position not reported as net invested in capital assets or restricted.

Fund Balances – Governmental Funds

Previously, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Under this statement, fund balance is divided into five classifications based upon the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources is either externally imposed by creditors, grantors, constitutional provisions or enabling legislation (City ordinances). Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandates payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for specific purposes imposed by formal action such as ordinance of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter Section 34 and the City's adoption of the annual budget at the second meeting in May of each year. Further, in accordance with the laws of the Commonwealth, the chief financial officer of the City is required to file a detailed annual statement of the fund balance with the Auditor of Public Accounts. See Virginia Code Section 15.2.2510.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. See note 10 for further information regarding the City's fund balance.

The City maintains fund balance reserve policies to ensure sound financial management, protection of the City's credit ratings, prudent use of the City's debt issuance authority and guidance for the City and its managers in policy and debt issuance decisions. Key components of the reserve policies are as follows:
The Unassigned General Fund Reserve target will be 10% of the budget to provide the City with sufficient working capital and margin of financial safety to address unforeseen, one-time expenditure emergencies or significant unforeseen declines in revenues in a specific fiscal year.

A Risk Management Reserve serves to cover the risk exposure the City has relating to its self-insurance program. The minimum funding level for the Risk Management Reserve is 25% of the three-year average of self-insured claims costs, plus 10% of the three-year average of fully insured premiums, plus a $1 million catastrophic reserve.

Once the Unassigned and Risk Management Reserves are fully funded, an Economic Downturn Reserve will be created to smooth the City's financial operations in the event of an economic downturn. The Economic Downturn Reserve will be maintained in an amount up to 5% of the General Fund Expenditure budget. As of June 30, 2014, this reserve had not been created as the Risk Management Reserve has not yet been fully funded which triggers the establishment of this reserve.

The Economic and Community Development Reserve is in the Capital Projects Fund and is intended to demonstrate a commitment to financial planning for economic and community development projects which may provide future growth opportunities and expansion of the tax base in Roanoke. The reserve is funded from interest earnings and the proceeds from the sale of general government property, and the reserve floor is $1 million.

The fund balance reserves may only be used upon appropriation by City Council, and the reserve policies contain stipulations regarding reserve usage and replenishment.

O. 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.

P. Deferred Inflows/Outflows of Resources

Deferred Inflows and Outflows of Resources represent the acquisition and consumption, respectively, of net position that applies to a future period. At June 30, 2014, the City had recorded $7,032,017 in deferred outflows of resources for governmental activities in the government-wide statements representing deferred charges on refunding of debt.

Q. New GASB Pronouncements

GASB pronouncements are reviewed upon issuance to determine applicability and adoption. The following pronouncements have been analyzed by the City and were adopted in the fiscal year ending June 30, 2014. GASB Statement No. 65, *Items Previously Reported as Assets and*

Liabilities was issued to establish accounting and financial reporting standards that reclassify certain items that were previously reported as assets and liabilities, as outflows and deferred outflows of resources or inflows and deferred inflows of resources. GASB Statement No. 66, *Technical Corrections – 2012* – an amendment of GASB Statements No. 10 and No. 62 was issued to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of GASB Statements No. 54 and No. 62. GASB Statement No. 67, *Financial Reporting for Pension Plans* was issued to improve the financial reporting by local government pension plans. GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, was issued to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

R. Future GASB Pronouncements

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* was issued to improve the accounting and financial reporting by state and local government pensions.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, was issued to establish accounting and financial reporting standards related to government combinations and disposals of government operations.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68* was issued to address an issue regarding the application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability

The City will adopt these pronouncements in the fiscal year ending June 30, 2015.

(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 with a combined balance as of June 30, 2014 of $32,207,208. The GRTC component unit maintains separate cash and investment accounts consisting of cash and overnight repurchase agreements collateralized by government securities. Investments for GRTC and the School Board are presented in conjunction with City investments. The City Civic Center facilities are managed by Global Spectrum, LP which holds a portion of cash in the amount of $762,783 on the City's behalf. The City acts as one of the fiscal agents for the Hotel Roanoke Conference Center Commission (HRCCC) and holds total cash and investments of $4,812,653 on HRCCC's 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 GRTC 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: The issuing corporation, or its guarantor, has a short-term debt rating of no less than A-1 or its equivalent by a least two of the Nationally Recognized Statistical Rating Organizations.
Corporate and Municipal Bonds: High quality corporate notes with a rating of at least AA by Moody's and Standard & Poor's Inc.
Banker's Acceptances: Must have a short-term debt rating of no less than A-1 or its equivalent by a least two of the Nationally Recognized Statistical Rating Organizations.
Savings Accounts, Certificates 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, with a maximum maturity of five years, having a market value at all times of a least 102% of the value of the overnight repurchase agreements.
Money Market Funds: One or more open-end investment funds, provided that the funds are registered under the Federal Investment Company Act of 1940 provided that the fund is rated at least AAAm or the equivalent by a Nationally Recognized Statistical Rating Organization.
Local Government Investment Pool (LGIP): Administered by the Treasury Board of the Commonwealth of Virginia and is rated AAAm by Standard & Poor's, Inc.
Virginia Investment Pool (VIP): Administered by the Virginia Municipal League/Virginia Association of Counties and is an alternative investment pool for local governments for assets held six months or longer.
CDARS for Public Funds: Certificates of Deposit with a maximum maturity of five years and no minimum credit rating is required as long as the securities are 100% FDIC insured.

Investments as of June 30, 2014 consisted of the following:

	Total Primary Government	School Board Component Unit	GRTC Component Unit	Fiduciary Funds
Investment in pooled funds, including Virginia LGIP & VIP	$ 36,007,379	$ 12,499,050	$ -	$ 1,308,894
Certificates of Deposit	-	-	-	3,013,998
Money Market Accounts	26,108,033	15,075,411	-	-
Repurchase Agreements	-	-	413,992	-
Mutual Funds	11,832,312	-	-	-
Total	$ 73,947,724	$ 27,574,461	$ 413,992	$ 4,322,892

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 Virginia Local Government Investment Pool (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, 2014, investment holdings as a percentage of total investments, excluding OPEB Trust Fund investments, were as follows:

Investment Type	Primary Government	School Board Component Unit	GRTC Component Unit	Fiduciary Fund	Credit Rating
Repurchase Agreements	0.0%	0.0%	100.0%	0.0%	NR
Mutual Funds	24.8%	0.0%	0.0%	0.0%	AAAm
Virginia LGIP & VIP	75.2%	100.0%	0.0%	100.0%	AAAm
Total Investment Percentage	100.0%	100.0%	100.0%	100.0%	

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, 2014 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, 2014, the City did not hold any investments considered to be exposed to custodial credit risk. The School Board and GRTC component units do 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 $32,219,527, including Fiduciary HRCCC Funds of $1,451,102. The City's bank balance of deposits was $32,105,871. 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 City's investment 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 5% of the bond portfolio.

As of June 30, 2014, the portions of the City's investments 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
State Non-Arbitrage Program	24.8%

As of June 30, 2014, of the School Board's investment portfolio was invested in the Virginia LGIP $12,499,050, and a Valley Bank Public Funds money market account, $15,075,411.

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, 2014, the Primary Government had the following investments and maturities:

	Investment Maturity	
	Fair Value	Less than 1 year
Mutual Funds	$ 11,832,312	$ 11,832,312
Virginia LGIP & VIP	36,007,379	36,007,379
TOTAL	$ 47,839,691	$ 47,839,691

As of June 30, 2014, the School Board Component Unit had the following investments and maturities:

	Investment Maturity	
	Fair Value	Less than 1 year
Virginia LGIP	$ 12,499,050	$ 12,499,050
TOTAL	$ 12,499,050	$ 12,499,050

As of June 30, 2014, 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 Deposit	$ 3,013,998	$ 1,008,513	$ 2,005,485
Virginia LGIP	323,185	323,185	-
TOTAL	$ 3,337,183	$ 1,331,698	$ 2,005,485

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, 2014 consisted of the following:

Cash Equivalents	$ 257,840
Investment in pooled funds, including Virginia LGIP	4,254,366
Cash Collateral on Loaned Securities	498,325
U.S Government Securities	5,260,769
Municipal and Agency Bonds	4,618,906
Corporate Bonds	12,867,690
Convertible Bond Mutual Funds	17,300,759
Common Stocks	71,805,545
Domestic Mutual Funds	168,547,324
International Mutual Funds	90,942,367
Real Estate Mutual Funds	10,000,100
Infrastructure Funds	11,725,076
Total Investments	$ 398,079,067

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 Poor's. Below investment grade fixed income securities may be purchased and held in accounts specifically selected to hold such issues. Purchases of non-U.S. government securities are restricted to issues of $50 million or greater. 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.

As of June 30, 2014, the Plan's pooled and fixed income investments consisted of the following:

	S&P Rating		Fair Value 2014
Muncipal and Agency Bonds			
	AAA		$ 783,309
	AA		2,162,722
	A		1,182,064
	NR	1	490,811
			$ 4,618,906
Corporate Bonds			
	AAA		$ 574,431
	AA		2,213,435
	A		7,307,422
	BBB		2,477,178
	NR	2	295,224
			$ 12,867,690
Domestic Bond Mutual Funds			
	Aa2	3	$ 574,117
	B1		16,782,983
	NR	4	21,722,528
			$ 39,079,628
Investment in Pooled Funds	AAAm		$ 985,709
	A-1		3,268,657
			$ 4,254,366

1 The bonds within this category are implicitly backed by the U.S. Government.
2 The bonds within this category are backed by the Export-Import Bank of the United States.
3 Moody's credit rating.
4 This domestic mutual fund is an actively managed high-quality core bond fund that is not rated on a fund level.

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, 2014, the carrying amount and bank balance of the Plan's deposits were of equal value at $3,654,562. Of the bank balance at June 30, 2014, $128,065 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 (ACT).

Such collateralization qualifies as state depository insurance. Accordingly, the bank balance of $128,065 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 $3,526,497 is uninsured and uncollateralized. The uninsured and uncollateralized deposits are held by Comerica Bank.

Custodial Credit Risk – Investments. The Plan held the following investments as of June 30, 2014: cash equivalents; investment in pooled funds; U.S. government securities; agency and municipal bonds; corporate bonds; convertible bond mutual funds; common stocks; domestic, international, and real estate mutual funds; and infrastructure commingled 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, 2014, the Plan's investments considered to be exposed to custodial credit risk consisted of the following:

Investment Type	Fair Value
U.S Government Bonds	$ 5,260,769
Municipal and Agency Bonds	4,618,906
Corporate Bonds	12,867,690
Common Stocks	71,805,545
Total	$ 94,552,910

Comerica Bank carries Banker's Professional Liability insurance that insures the Bank against errors made in providing professional services that result in a financial loss to a client and an Employee Fidelity Bond, which insures against employee wrong-doing that results in a financial loss to a client. 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, 2014, 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's 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 fair value of the Plan's fixed income portfolio consisted of the following investment and maturities as of June 30, 2014:

		Orginal Investment Maturities (In Years)		
Investment Type	Fair Value	<5	5-10	>10
U.S. Government Securities	$ 5,260,769	$ 320,944	$ 109,848	$ 4,829,977
Municipal and Agency Bonds	4,618,906	214,292	-	4,404,614
Corporate Bonds	12,867,690	-	295,224	12,572,466
Bond Mutual Funds	39,079,628	-	39,079,628	-
Pooled Investment	3,268,657	3,268,657	-	-
TOTAL	$ 65,095,650	$ 3,803,893	$ 39,484,700	$ 21,807,057

The City maintains a cash and investment pool, in which the Plan is a participant. The fair value of the Plan's investment that were a result of participating in that cash and investment pool as of June 30, 2014:

Investment Type	Fair Value	<1
Virginia LGIP	$ 985,709	$ 985,709
TOTAL	$ 985,709	$ 985,709

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. As of June 30, 2014 the Plan had no investments that were not denominated in U.S. dollars or that were traded solely on exchanges outside the U.S.

Securities Lending Arrangements. The Plan's Board of Trustees approved a Securities Lending Authorization Agreement allowing Comerica (Custodian) to lend the Plan's available securities to broker-dealers and banks pursuant to a form of loan agreement. During fiscal year 2014, the Plan's securities were available for securities lending, except those securities which the Plan specifically identified in notices to the Custodian as not being available. During the fiscal year ended June 30, 2014, 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 fails 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. 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, 2014. The cash collateral on deposit with the Custodian as of June 30, 2014 is considered to be subject to custodial credit risk. The following represents balances relates to securities lending transactions as of June 30, 2014:

Securities on Loan	Market Value of Securities	Cash Collateral Investment Value
Domestic Equities	$ 482,645	$ 498,325
TOTAL	$ 482,645	$ 498,325

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.

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% 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 the Board's 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, 919 East Main Street, Suite 1100, 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 Virginia LGIP. As of June 30, 2014, the OPEB Trust Fund was exclusively invested in the Virginia Pooled OPEB Trust.

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, 2014, the OPEB Trust Fund did not hold any investments considered to be exposed to custodial credit risk.

Concentration of Credit Risk. The OPEB investment 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 5% of the bond portfolio.

As of June 30, 2014, the OPEB Trust Fund did not own securities other than the Virginia Pooled OPEB Trust and investment holdings as a percentage of total investments for the OPEB Trust were as follows:

Investment Type	OPEB Trust Fiduciary Fund	Credit Rating
Virginia Pooled OPEB Trust	100%	NR

The market value of the OPEB Trust Fund's fixed income holdings within the Virginia Pooled OPEB Trust consisted of the following investments and maturities as of June 30, 2014:

		Investment Maturity	
	Fair Value	< 5 years	5 - 10 years
Virginia Pooled OPEB Trust			
Bond Mutual Funds	$ 992,268	$ -	$ 992,268
Short Term Investment Funds	514,828	514,828	-
	$ 1,507,096	$ 514,828	$ 992,268

Interest Rate Risk. The investment policy of the Virginia Pooled OPEB Trust does not address investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

(3) Receivables

Receivables as of June 30, 2014 consisted of the following:

Governmental Funds

Receivables	General	Debt Service	Special Revenue	Capital Projects	Internal Service	Total Governmental Activities	School Board Component Unit	GRTC Component Unit
Interest and Dividends	$ 17,337	$ -	$ -	$ -	$ -	$ 17,337	$ -	$ -
Federal Government	9,873	-	548,478	-	-	558,351	5,313,858	3,044,474
State Government	8,645,051	-	147,907	-	-	8,792,958	3,413,436	1,202,094
City of Roanoke	-	-	-	-	-	-	2,141,359	-
Other Governments	30,649	-	-	-	-	30,649	-	47,507
Subtotal Governments	8,685,573	-	696,385	-	-	9,381,958	10,868,653	4,294,075
Taxes	17,171,056	-	-	-	-	17,171,056	-	-
Accounts	6,018,869	56,668	55,674	72,648	23,887	6,227,746	438,874	69,860
Less: Allowance for Uncollectible Accounts	(6,268,641)	-	-	-	-	(6,268,641)	-	-
Subtotal	16,921,284	56,668	55,674	72,648	23,887	17,130,161	438,874	69,860
Governmental Fund Receivables	25,624,194	56,668	752,059	72,648	23,887	26,529,456	11,307,527	4,363,935
Enterprise Fund Receivables	-	-	-	-	-	60,665	-	-
Due from WVWA	-	-	-	-	-	10,989,900	-	-
Note Receivable	-	-	-	-	-	496,757	-	-
Total Receivables	$ 25,624,194	$ 56,668	$ 752,059	$ 72,648	$ 23,887	$ 38,076,778	$ 11,307,527	$ 4,363,935

Business-Type

Receivables	Civic Facilities	Parking	Total Enterprise Funds
Accounts	$ 50,452	$ 10,213	$ 60,665
Total Receivables	$ 50,452	$ 10,213	$ 60,665

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 Position, include taxes receivable of approximately $3.3 million that are not available to pay for current period expenditures and are accordingly recorded as unearned revenue in the governmental funds balance sheet. A $10,989,900 receivable from the Western Virginia Water Authority (WVWA) related to long-term liabilities is reported on the Statement of Net Position.

Similarly, the City carries a Note Receivable from the Hotel Roanoke, LLC with a balance as of June 30, 2014 of $496,757. The Note Receivable is related to a long term Section 108 loan which was incurred by the City on behalf of the Hotel Roanoke, LLC and was defeased on April 19, 2013. Principal is payable in nineteen annual installments with interest on the unpaid principal balance of the note at a fixed rate of 4.0% per annum. The final installment of $496,757, comprised of principal of $477,431 and interest of $19,326, was due June 30, 2014. As of that date, the final installment had not been received resulting in a receivable.

(4) Interfund Balances and Transfers

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

DUE TO (FUND)	DUE FROM (FUND)								
	General	Stormwater Utility	Civic Facilities	Capital Projects	Debt Service	Internal Services	Special Revenue	Parking	**Total**
General Fund	$ -	$ -	$ -	$ -	$ 539	$ 125,448	$ -	$ 62,390	$ 188,377
Stormwater Utility	23,274	-	-	69,525	-	-	-	-	92,799
Civic Facilities	147	-	-	-	-	-	-	-	147
Capital Projects	972,790	-	-	-	-	29,529	30,471	-	1,032,790
Internal Service	2,021,055	-	4,266	-	-	1,755	212	21	2,027,309
Special Revenue	93,442	-	-	-	-	-	-	-	93,442
Pension Trust	221,011	951	-	-	-	10,901	-	401	233,264
TOTAL	$ 3,331,719	$ 951	$ 4,266	$ 69,525	$ 539	$ 167,633	$ 30,683	$ 62,812	$ 3,668,128

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, 2014:

TRANSFER TO (FUND)	TRANSFER FROM (FUND): General	Parking	Capital Projects	Internal Service	Special Revenue	**Total**
General	$ -	$ -	$ 249,654	$ 16,472	$ -	$ 266,126
Stormwater Utility	25,000	-	69,525	$ -	-	94,525
Civic Facilities	2,034,194	-	-	-	-	2,034,194
Capital Projects	1,687,067	11,280	-	29,529	30,471	1,758,347
Debt Service	13,457,073	-	-	-	60,000	13,517,073
Internal Service	763,898	-	45,788	-	-	809,686
Special Revenue	456,323	-	-	-	-	456,323
TOTAL	$ 18,423,555	$ 11,280	$ 364,967	$ 46,001	$ 90,471	$ 18,936,274

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. In fiscal year 2014, in addition to debt service, the City transferred funding for an annual operating subsidy for the Civic Center, capital projects, internal services provided as well as required/matching funding for grants in the Special Revenue fund.

(5) Changes in Capital Assets

Primary Government:

Changes in capital assets for the year ended June 30, 2014 consisted of the following:

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 43,450,131	$ 1,024,900	$ (22,000)	$ 44,453,031
Infrastructure - Right of Way	20,035,826	-	-	20,035,826
Infrastructure - Inexhaustible	47,995,346	-	-	47,995,346
Construction in Process	12,636,302	20,373,091	(12,696,530)	20,312,863
Historical Treasures	635,298	-	-	635,298
Total Capital assets, not being depreciated	**124,752,903**	**21,397,991**	**(12,718,530)**	**133,432,364**
Capital assets, being depreciated:				
Land Improvements	5,249,431	2,240,268	(49,742)	7,439,957
Accumulated Depreciation	(2,307,743)	(351,819)	32,606	(2,626,956)
Net Land Improvements	**2,941,688**	**1,888,449**	**(17,136)**	**4,813,001**
Building and Structures	375,911,852	6,143,822	(2,562,854)	379,492,820
Accumulated Depreciation	(115,719,137)	(7,345,917)	1,020,895	(122,044,159)
Net Building & Structures	**260,192,715**	**(1,202,095)**	**(1,541,959)**	**257,448,661**
Infrastructure	218,068,522	6,674,513	-	224,743,035
Accumulated Depreciation	(95,464,871)	(6,596,517)	-	(102,061,388)
Net Infrastructure	**122,603,651**	**77,996**	**-**	**122,681,647**
Equipment	82,589,220	5,854,913	(4,646,314)	83,797,819
Accumulated Depreciation	(55,960,347)	(5,741,186)	4,546,027	(57,155,506)
Net Equipment	**26,628,873**	**113,727**	**(100,287)**	**26,642,313**
Total Capital Assets Being Depreciated	681,819,025	20,913,516	(7,258,910)	695,473,631
Less: Accumulated Depreciation	(269,452,098)	(20,035,439)	5,599,528	(283,888,009)
Net Total Capital Assets Being Depreciated	**412,366,927**	**878,077**	**(1,659,382)**	**411,585,622**
Governmental activities capital assets, net	**$ 537,119,830**	**$ 22,276,068**	**$ (14,377,912)**	**$ 545,017,986**
General Capital Assets, Net				$ 522,299,313
Internal Service Fund Capital Assets, Net				22,718,673
Total				**$ 545,017,986**

Capital assets used for educational purposes totaled $191,290,743 and are included with the Governmental Activities capital assets of the primary government. The depreciation on these assets was recorded as an Education expense in the current fiscal year.

The City uses the Modified Approach for certain infrastructure assets deemed 'inexhaustible' as defined by GASB Statement No. 34, and therefore, these assets do not depreciate. A requirement of using this classification is the conducting of periodic evaluations in order to ensure that the assets are being maintained at or above their current condition level. Appropriate disclosure of the condition assessment for these infrastructure assets may be found in the Required Supplementary Information, table two.

Changes in capital assets for Business-type activities for the year ended June 30, 2014 consisted of the following:

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 3,613,073	$ 965,000	$ -	$ 4,578,073
Construction in Process	97,974	773,650	(397,436)	474,188
Total Capital assets, not being depreciated	**3,711,047**	**1,738,650**	**(397,436)**	**5,052,261**
Capital assets, being depreciated:				
Land Improvements	68,446	-	-	68,446
Accumulated Depreciation	(62,850)	(1,288)	-	(64,138)
Net Land Improvements	**5,596**	**(1,288)**	**-**	**4,308**
Building and structures	86,058,822	367,942	-	86,426,764
Accumulated Depreciation	(31,150,562)	(1,783,581)	-	(32,934,143)
Net Building & Structures	**54,908,260**	**(1,415,639)**	**-**	**53,492,621**
Equipment	2,324,160	54,127	(27,877)	2,350,410
Accumulated Depreciation	(1,778,576)	(107,256)	27,877	(1,857,955)
Net Equipment	**545,584**	**(53,129)**	**-**	**492,455**
Total Capital Assets Being Depreciated	88,451,428	422,069	(27,877)	88,845,620
Less: Accumulated Depreciation	(32,991,988)	(1,892,125)	27,877	(34,856,236)
Net Total Capital Assets Being Depreciated	**55,459,440**	**(1,470,056)**	**-**	**53,989,384**
Business-type activities capital assets, net	**$ 59,170,487**	**$ 268,594**	**$ (397,436)**	**$ 59,041,645**

Changes in Capital Assets (Continued)

Depreciation was charged to functions as follows:

Governmental activities:

General Government	$ 575,705
Judicial Administration	245,331
Public Safety	1,357,328
Public Works	6,455,689
Health and Welfare	284,927
Parks, Recreation and Cultural	1,151,893
Community Development	138,142
Economic Development	8,340
Education	5,031,460
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	4,786,624
Total	$ 20,035,439

Business-type activities:

Civic Facilities	$ 914,009
Parking	978,116
Total	$ 1,892,125

School Board Component Unit:

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Equipment	$ 6,432,858	$ 516,694	$ (66,753)	$ 6,882,799
Accumulated Depreciation	(3,671,986)	(530,410)	59,954	(4,142,442)
Net Equipment	**2,760,872**	**(13,716)**	**(6,799)**	**2,740,357**
Component unit capital assets, net	**$ 2,760,872**	**$ (13,716)**	**$ (6,799)**	**$ 2,740,357**

GRTC Component Unit:

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Capital assets, not being depreciated:				
Land	$ 720,724	$ -	$ -	$ 720,724
Capital assets, being depreciated:				
Building and Structures	10,694,279	104,372	-	10,798,651
Equipment	18,467,782	3,569,826	(253,103)	21,784,505
Less: Accumulated Depreciation	(19,051,414)	(1,747,362)	253,103	(20,545,673)
Subtotal	**10,110,647**	**1,926,836**	**-**	**12,037,483**
Component unit capital assets, net	**$ 10,831,371**	**$ 1,926,836**	**$ -**	**$ 12,758,207**

(6) Construction in Progress and Contract Commitments

A summary of construction in progress by function and contract commitments (encumbrances) at June 30, 2014 is as follows:

Primary Government:				
Governmental Activities:	**Project Authorizations**	**Expended/Expensed as of June 30, 2014**	**Contract Commitments (Encumbrances)**	**Required Future Financing**
Function				
General Government	$ 668,461	$ 964,784	$ 4,270	None
Parks, Recreation and Cultural	12,943,114	7,323,915	330,529	None
Flood Reduction	-	-	-	None
Economic Development	2,016,980	177,268	-	None
Community Development	7,160,000	2,443,809	923,062	None
Public Safety	310,000	60,000	-	None
Public Works	24,778,538	8,208,960	7,179,202	None
Education	1,157,139	1,071,704	-	None
Department of Technology	411,471	-	-	None
Subtotal	49,445,703	20,250,440	8,437,063	
Non-Capitalized Projects	24,163,335	20,138,271	1,336,591	None
Total	$ 73,609,038	$ 40,388,711	$ 9,773,654	
Business-Type Activities:				
Fund				
Civic Facilities	$ 1,576,409	$ 472,423	$ 20,260	None
Parking	310,914	1,765	-	None
Total	$ 1,887,323	$ 474,188	$ 20,260	

(7) Unearned Revenue

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenue for the Civic Center proprietary fund (shown as Business-Type activities in the table below) is reported as such on the face of the statements (see Exhibit G). Unearned revenue as reported in the governmental and proprietary funds financial statements at June 30, 2014 consisted of the following:

Governmental activities:

	General Fund	Debt Service Fund	Special Revenue Fund	Total
Unearned Property and Other Tax Revenue	$ 4,525,815	$ -	$ -	$ 4,525,815
Other receivables for which revenue recognition criteria have not been met	-	32,092	1,282,970	1,315,062
Total	$ 4,525,815	$ 32,092	$ 1,282,970	$ 5,840,877

Business-Type activities:

	Civic Facilities Fund	Internal Service Funds	Total
Unearned Ticket and Other Event Revenue	$ 532,147	$ -	$ 532,147
Other receivables for which revenue recognition criteria have not been met	-	23,324	23,324
Total	$ 532,147	$ 23,324	$ 555,471

(8) 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, 2014 of $1,406,148 was committed 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, 2014 was $667,996,987. 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, 2014 were comprised of the following:

Details of Long - Term Indebtedness

At June 30, 2014, the long-term indebtedness of the City consisted of the following:

	Interest Rates	Issue Date	Maturity	Issue Amount	Governmental Activities
General Obligation Bonds					
2003 Refunding Bonds	2.00% - 5.00%	7/1/2003	8/1/2014	12,075,000	$ 1,395,000
2004 Refunding Bonds	2.00% - 5.00%	2/25/2004	10/1/2015	46,030,000	3,945,000
2004A Refunding Bonds	2.00% - 3.63%	3/11/2004	8/1/2016	7,935,000	1,980,000
2004B Public Improvement Bonds	3.00% - 5.00%	11/23/2004	2/1/2015	36,105,000	1,805,000
2006A Public Improvement Bonds	3.50% - 4.50%	2/8/2006	2/1/2016	20,550,000	1,800,000
2006B Public Improvement Bonds (Subject to AMT)	4.00% - 5.00%	2/8/2006	2/1/2026	5,500,000	1,375,000
2008 Public Improvement Bonds	3.25% - 5.00%	2/5/2008	2/1/2033	43,445,000	22,150,000
2008A VRA Public Improvement Bonds	3.13% - 5.38%	12/10/2008	10/1/2028	6,910,000	5,200,000
2010A Refunding Bonds	2.00% - 5.00%	3/11/2010	10/1/2021	32,792,400	30,738,600
2010B Public Improvement Bonds	1.25% - 5.80%	3/11/2010	10/1/2029	2,680,000	2,245,000
2010C Refunding Bonds	3.00%	8/11/2010	7/15/2015	1,786,500	1,786,500
2010C Public Improvement Bonds	2.00% - 4.00%	8/11/2010	7/15/2030	2,605,000	2,300,000
2010D Public Improvement Bonds (Market Bldg.)	2.00% - 4.00%	8/11/2010	7/15/2030	5,470,000	4,845,000
2010E Public Improvement Bonds	2.00% - 4.00%	8/11/2010	7/15/2030	5,665,000	5,665,000
2012A Public Improvement Bonds	2.00% - 5.00%	3/14/2012	2/1/2032	6,925,000	6,230,000
2012B Refunding Bonds	0.43% - 2.96%	3/14/2012	10/1/2023	6,880,000	6,000,000
2012C Refunding Bonds	4.00% - 5.00%	3/14/2012	2/1/2025	11,140,000	11,140,000
2013A Public Improvement Bonds	1.00% - 5.00%	2/27/2013	7/15/2033	10,906,800	10,906,800
2013A Refunding Bonds	0.37% - 2.73%	2/27/2013	7/15/2025	9,520,000	9,520,000
2013B Refunding Bonds	0.37% - 2.73%	2/27/2013	7/15/2024	15,350,000	15,350,000
2013C RCACP	2.46%	11/1/2013	9/30/2022	1,829,500	1,688,700
2014A Public Improvement Bonds	3.00% - 5.00%	3/5/2014	4/1/2034	11,073,200	11,073,200
					$ 159,138,800
General Obligation Bonds-Western Virginia Water Authority					
2003 Refunding Bonds - Sewer (WVWA)	2.00% - 5.00%	7/1/2003	8/1/2014	14,310,000	$ 700,000
2010A Refunding Bonds - Water (WVWA)	2.00% - 5.00%	3/4/2010	10/1/2021	3,263,800	2,953,800
2010C Refunding Bonds - Water (WVWA)	3.00%	8/11/2010	7/15/2015	231,100	231,100
2012B Refunding Bonds - Water (WVWA)	0.43% - 2.96%	3/14/2012	10/1/2023	7,105,000	7,105,000
					$ 10,989,900
Lease Obligations					
Social Services Building Lease	11.80%	2/1/2004	1/1/2024	4,857,000	$ 3,591,558
Xerox Lease - General, Department of Technology and Fleet	12.00%	11/1/2013	10/31/2018	775,016	696,388
					$ 4,287,946

Details of Long-Term Indebtedness (continued)

	Interest Rates	Issue Date	Maturity	Issue Amount	Governmental Activities
School Fund Bonds and Loans (1)					
1994B VPSA Subsidized Virginia Heights	6.25% - 6.75%	11/1/1994	7/15/2014	2,000,000	$ 98,742
1995C VPSA Subsidized Wasena & Jackson	5.10% - 6.10%	12/21/1995	7/15/2015	4,400,000	435,339
1996B VPSA Subsidized Breckinridge	5.10% - 6.10%	11/14/1996	7/15/2016	5,000,000	736,946
1997 VPSA Subsidized Woodrow Wilson	4.35% - 5.35%	11/1/1997	7/15/2017	5,000,000	977,282
1998A VPSA Subsidized Addison	3.60% - 5.10%	11/19/1998	7/15/2018	5,000,000	1,250,000
1998B VPSA Subsidized Huff Lane	3.60% - 5.10%	11/19/1998	7/15/2018	1,200,000	304,604
1999A VPSA Subsidized Governor's School	5.10% - 6.10%	11/18/1999	7/15/2019	3,250,000	930,000
1999B VPSA Subsidized Hurt Park	5.10% - 6.10%	11/18/1999	7/15/2019	1,250,000	354,073
2000B VPSA Subsidized Garden City	4.98% - 5.85%	11/16/2000	7/15/2020	2,750,000	929,519
2000B VPSA Subsidized Grandin Court	4.98% - 5.85%	11/16/2000	7/15/2020	1,900,000	642,212
2000B VPSA Subsidized Preston Park	4.98% - 5.85%	11/16/2000	7/15/2020	1,900,000	642,212
2001B VPSA Subsidized Fairview	3.10% - 5.35%	11/15/2001	7/15/2021	2,750,000	1,072,709
2001B VPSA Subsidized Fishburn Park	3.10% - 5.35%	11/15/2001	7/15/2021	2,500,000	975,189
2003C VPSA Subsidized Roanoke Academy	3.10% - 5.35%	11/6/2003	7/15/2023	5,000,000	2,385,734
2004B VPSA Subsidized Lincoln Terrace	4.10% - 5.60%	11/1/2004	7/15/2024	1,300,000	659,866
2005D VPSA Subsidized Fallon Park	4.60% - 5.10%	11/10/2005	7/15/2025	1,160,900	630,031
2005D VPSA Subsidized Westside	4.60% - 5.10%	11/10/2005	7/15/2025	3,850,000	2,089,428
2006B VPSA Subsidized Patrick Henry	4.23% - 5.10%	11/9/2006	7/15/2026	7,500,000	4,477,284
2007A VPSA Non-Subsidized Patrick Henry	4.10% - 5.10%	5/10/2007	7/15/2027	3,345,000	2,325,000
2008B VPSA Subsidized William Fleming	3.60% - 5.35%	12/11/2008	7/15/2028	7,500,000	4,893,891
2008B VPSA Non-Subsidized William Fleming/Roofs	3.60% - 5.35%	12/11/2008	7/15/2028	10,580,000	7,930,000
2010 VPSA Qualified School Construction Bonds (QSCB)	0.00%	7/8/2010	6/1/2027	1,135,000	875,000
2014B VPSA Non-Subsidized Monterey	3.00% - 5.00%	5/15/2014	7/15/2026	1,245,000	1,245,000
Literary Fund Loan-Morningside Elementary School	4.00%	8/1/1995	9/1/2015	2,200,000	220,000
Literary Fund Loan-Lucy Addison Middle School	4.00%	10/1/1999	10/1/2019	5,000,000	1,500,000
Qualified Zone Academy Bond-Lincoln Terrace	0.00%	11/1/2002	10/31/2016	800,000	204,812
Qualified Zone Academy Bond-Fallon Park	0.00%	12/29/2004	12/29/2020	439,100	220,554
Qualified Zone Academy Bond-Patrick Henry High School	0.00%	12/27/2006	12/27/2022	1,097,571	689,910
Qualified Zone Academy Bond-Schools Capital Projects	0.00%	10/31/2012	12/1/2034	2,014,104	1,922,553
					$ 41,617,890
Subtotal Governmental Activities					$ 216,034,536

	Interest Rates	Issue Date	Maturity	Issue Amount	Business-Type Activities
Enterprise Fund Bonds:					
2004B Civic Facilities Bonds	3.00% - 5.00%	11/23/2004	2/1/2015	7,895,000	$ 365,000
2006A Civic Facilities Bonds	3.50% - 4.50%	2/8/2006	2/1/2016	6,405,000	590,000
2010A Civic Facilities Refunding Bonds	2.00% - 5.00%	3/4/2010	10/1/2021	4,382,700	4,255,400
2010C Civic Facilities Refunding Bonds	3.00%	8/11/2010	7/15/2015	91,500	91,500
2012A Civic Facilities Bonds	2.00% - 5.00%	3/14/2012	2/1/2032	685,000	630,000
2012C Civic Facilities Refunding Bonds	4.00% - 5.00%	3/14/2012	2/1/2025	3,345,000	3,345,000
2013A Civic Facilities Bonds	1.00% - 5.00%	2/27/2013	7/15/2033	883,200	883,200
2013A Civic Facilities Refunding Bonds	1.00% - 5.00%	2/27/2013	7/15/2025	2,015,000	2,015,000
2014A Civic Facilities Bonds	3.00% - 5.00%	3/5/2014	4/1/2034	936,800	936,800
2004B Parking Bonds-Campbell Avenue	3.00% - 5.00%	11/23/2004	2/1/2015	2,000,000	95,000
2006A Parking Bonds-Campbell Avenue	3.50% - 4.50%	2/8/2006	2/1/2016	2,600,000	240,000
2008 Parking Bonds-Campbell Avenue	3.25% - 5.00%	2/5/2008	2/1/2028	2,545,000	1,145,000
2010A Parking Refunding Bonds-Gainsboro & Campbell Ave.	2.00% - 5.00%	3/4/2010	10/1/2021	2,861,100	2,717,200
2010C Parking Refunding Bonds-Gainsboro	3.00%	8/11/2010	7/15/2015	105,900	105,900
2012C Parking Refunding Bonds-Campbell Avenue	4.00% - 5.00%	3/14/2012	2/1/2025	900,000	900,000
2013A Parking Refunding Bonds	1.00% - 5.00%	2/27/2013	7/15/2025	1,255,000	1,255,000
2014B Parking Refunding Bonds	1.00% - 4.25%	3/5/2014	4/1/2032	7,110,000	7,110,000
					$ 26,680,000
Lease Obligations					
Ovations Lease	3.93%	7/1/2008	6/30/2015	449,988	$ 72,107
Xerox Lease - Civic Facilities	12.00%	11/1/2013	10/31/2018	23,970	21,538
					$ 93,645
Subtotal Business-Type Activities					$ 26,773,645
Total Primary Governmental Bonded Debt					$ 242,808,181

(1) VPSA = Virginia Public School Authority

The annual requirements to amortize governmental activities debt outstanding as of June 30, 2014 are as follows:

FISCAL YEAR	GENERAL OBLIGATION SERIAL BONDS		WESTERN VIRGINIA WATER AUTHORITY (WVWA) GENERAL OBLIGATION SERIAL BONDS		VPSA/LITERARY FUND LOANS		TOTAL GOVERNMENTAL ACTIVITIES DEBT	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2014-15	$ 14,976,889	$ 5,848,518	$ 1,021,400	$ 290,403	$ 4,204,689	$ 1,840,473	$ 20,202,978	$ 7,979,394
2015-16	16,130,986	5,211,412	562,700	258,364	4,131,639	1,640,149	20,825,325	7,109,925
2016-17	13,861,723	4,739,611	1,191,900	237,875	3,824,330	1,442,866	18,877,953	6,420,352
2017-18	13,682,418	4,401,541	1,210,700	216,643	3,596,024	1,258,395	18,489,142	5,876,579
2018-19	12,933,865	3,943,662	1,233,400	189,759	3,369,402	1,087,731	17,536,667	5,221,152
2019-24	47,783,698	13,930,358	5,769,800	406,231	12,229,085	3,411,557	65,782,583	17,748,146
2024-29	27,637,750	6,363,124	-	-	7,224,892	936,651	34,862,642	7,299,775
2029-34	15,077,750	1,895,239	-	-	-	-	15,077,750	1,895,239
2034-35	91,550	38,671	-	-	-	-	91,550	38,671
TOTAL	$ 162,176,629	$ 46,372,136	$ 10,989,900	$ 1,599,275	$ 38,580,061	$ 11,617,822	$211,746,590	$ 59,589,233

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, 2014 are as follows:

FISCAL YEAR	CIVIC FACILITIES FUND SERIAL BONDS		PARKING FUND SERIAL BONDS		TOTAL BUSINESS-TYPE DEBT	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2014-15	$ 902,100	$ 529,959	$ 807,000	$ 493,965	$ 1,709,100	$ 1,023,924
2015-16	1,044,800	479,902	938,500	452,147	1,983,300	932,049
2016-17	1,001,300	437,525	853,300	427,283	1,854,600	864,808
2017-18	1,025,200	407,467	876,500	404,717	1,901,700	812,184
2018-19	1,064,700	369,770	905,100	373,628	1,969,800	743,398
2019-24	5,418,800	1,251,342	4,552,700	1,384,208	9,971,500	2,635,550
2024-29	2,060,000	269,475	3,260,000	615,356	5,320,000	884,831
2029-34	595,000	68,680	1,375,000	109,226	1,970,000	177,906
TOTAL	$ 13,111,900	$ 3,814,120	$ 13,568,100	$ 4,260,530	$ 26,680,000	$ 8,074,650

CHANGES IN GENERAL LONG-TERM LIABILITIES

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014	Amounts Due Within One Year
Primary Government - Governmental Activities:					
General Obligation Serial Bonds:					
General Obligation Serial Bonds	$ 169,830,834	$ 12,902,700	$ 20,556,905	$ 162,176,629	$ 14,976,889
General Obligation Serial Bonds - WVWA	13,389,900	-	2,400,000	10,989,900	1,021,400
Deferred Amounts:					
Add Bond Premiums	12,194,477	1,530,454	1,177,577	12,547,354	1,191,146
Subtotal General Obligation Serial Bonds	195,415,211	14,433,154	24,134,482	185,713,883	17,189,435
State Literary Fund Loans	2,080,000	-	360,000	1,720,000	360,000
VPSA School Bonds	36,906,584	5,017,000	5,063,523	36,860,061	3,844,689
Capital Lease Obligation	3,782,784	775,016	269,854	4,287,946	345,372
Claims Payable	25,358,298	1,638,256	2,427,090	24,569,464	3,332,464
Compensated Absences Payable	6,198,239	6,739,092	6,374,918	6,562,413	5,323,839
Subtotal Governmental Activities:	$ 269,741,116	$ 28,602,518	$ 38,629,867	$ 259,713,767	$ 30,395,799
Primary Government - Business-Type Activities:					
General Obligation Serial Bonds:					
General Obligation Serial Bonds	$ 26,129,400	$ 8,046,800	$ 7,496,200	$ 26,680,000	$ 1,709,100
Deferred Amounts:					
Add Bond Premiums	1,682,709	224,705	232,363	1,675,051	166,714
Subtotal General Obligation Serial Bonds	$ 27,812,109	$ 8,271,505	$ 7,728,563	$ 28,355,051	$ 1,875,814
Capital Lease Obligation	141,434	23,970	71,759	93,645	76,138
Compensated Absences Payable	34,435	63,818	14,783	83,470	33,069
Subtotal Business-Type Activities:	$ 27,987,978	$ 8,359,293	$ 7,815,105	$ 28,532,166	$ 1,985,021
Total Primary Government Long-Term Liabilities	$ 297,729,094	$ 36,961,811	$ 46,444,972	$ 288,245,933	$ 32,380,820
School Board Component Unit:					
Claims Payable	$ 7,761,765	$ 14,977,940	$ 16,061,741	$ 6,677,964	$ 5,277,069
Compensated Absences Payable	3,060,128	3,605,039	3,172,540	3,492,627	956,449
Other Post-Employment Benefit Obligation	555,693	191,319	716,705	30,307	-
Total School Board Component Unit	$ 11,377,586	$ 18,774,298	$ 19,950,986	$ 10,200,898	$ 6,233,518

During fiscal year 2014, 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 lease obligations, claims payable and compensated absences were liquidated by Internal Service Funds. The remaining portion of compensated absences was liquidated by the General Fund.

On November 1, 2013, the City issued $1,829,500 principal amount of General Obligation Public Improvement Bonds, Series 2013C (Tax Exempt). The Series 2013C bonds were used to finance the cost of acquisition, construction, reconstruction, improvement, extension, enlargement, equipping, rehabilitation, and repair of the Regional Center for Animal Control and Protection Project (the RCACP Project) on behalf of the City of Roanoke, the County of Botetourt, the County of Roanoke, and the Town of Vinton (including refinancing existing indebtedness incurred with respect to the RCACP Project). The Series 2013C bonds refunded on a current basis the outstanding principal of the Series 2002 Regional Pound Revenue Bond issued by the Industrial Development Authority of the County of Botetourt, Virginia (Roanoke Valley Society for the Prevention of Cruelty to Animals (RVSPCA) Project), dated September 30, 2002. Subsequent to the issuance of debt, the center was renamed the Regional Center for Animal Care and Protection.

The refunding resulted from the City of Roanoke, along with the Counties of Roanoke and Botetourt, and the Town of Vinton entering into the Roanoke Valley Regional Pound Agreement on January 7, 2013 to jointly operate the RCACP which was previously owned and operated by the RVSPCA. As a result, the four localities purchased the property from the RVSPCA and took on the outstanding debt of the facility. The City of Roanoke, as the largest participant in the service agreement, served as the issuer of the refunding debt. The partner localities will share in the annual debt service based on the locality's average use of the facility. The percentages are as follows: City of Roanoke 58%, Roanoke County 22%, Botetourt 16%, and Vinton 4%. Refinancing the debt enabled the participating localities to benefit from savings through a reduction in the interest rate. The original debt, issued in 2002, carried an interest rate of 4.64% and the Series 2013C bonds have an interest rate of 2.46%, producing cash flow savings of $485,952 over the remaining life of the bonds. The maturity of the debt will not be extended as a result of the transaction. The principal payments range from $49,100 to $58,300 and are due quarterly through September 30, 2022.

On March 5, 2014, the City issued $19,120,000 principal amount of General Obligation Public Improvement Bonds consisting of $12,010,000 principal amount of General Obligation Public Improvement New Money Bonds, Series 2014A (Tax-Exempt), and $7,110,000 principal amount of General Obligation Public Improvement Refunding Bonds, Series 2014B (Taxable Bonds).

The Series 2014A Bonds were issued for the purpose of providing funds to finance a portion of the costs of school improvement projects, public libraries projects, parks and recreation improvement projects, public bridge renovation projects, stormwater management projects, civic center improvement projects, curbs, gutter and sidewalk improvement projects, streetscape improvement projects, rail passenger infrastructure improvements, and a police academy expansion project. The true interest cost of the 2014A Bonds was 2.9362%.

The Series 2014B Bonds were issued with a true interest cost of 3.5534%. The 2014B refunding transactions resulted in an economic loss of approximately $397,600 and an increase of approximately $677,500 in future debt service payments or $36,000 annually. The bond proceeds were used to advance refund $4,720,000 from the General Obligation Public Improvement Bond, Series 2008A dated November 10, 2008, and to advance refund $1,285,000 from General Obligation Public Improvement and Refunding Bonds Series, 2010A, dated March 11, 2010.

The City advance refunded the Series 2008A and 2010A for the purpose of defeasing the outstanding portion allocable to the public parking facilities. The refunding bond series was necessary to refinance tax-exempt debt issued in 2008 and 2010 for the Market Garage due to the construction of a privately owned roof-top hotel. This private activity requires taxable debt rather than tax-exempt debt. The final maturity of the bonds was extended as a result of this refunding. Principal payments on the refunding bonds range from $340,000 to $475,000 and are due annually through 2032.

A portion of the net proceeds of the sale of the Series 2014B Bonds were applied to refunding in advance of its stated maturity $4,720,000 outstanding principal amount of the Virginia Resources Authority Infrastructure Revenue Bonds (Virginia Pooled Financing Program) Senior Series 2008B and Subordinated Series 2008B (the VRA Bonds) allocable to the Refunded Series 2008A Bonds, which is to be paid or prepaid in installments of principal through and including November 1, 2018.

This portion of the refunding proceeds for Series 2014B was deposited with U.S. Bank National Association, as Trustee for the VRA and as Escrow Agent for the VRA (the VRA's Trustee and Escrow Agent) under an Escrow Deposit Agreement, dated March 5, 2014. Such proceeds were invested in Government Securities (as defined in the VRA's Escrow Deposit Agreement). The Government Securities will mature and bear interest payable at such times and in such amounts as shall be sufficient (i) to pay the interest, when due, on the VRA Bonds allocable to the Refunded Series 2008A Bonds to November 1, 2018, (ii) to pay, when due, the installments of principal of the VRA Bonds allocable to the Refunded Series 2008A Bonds payable on November 1 in each of the years 2014 through 2018, and (iii) to prepay on November 1, 2018 the installments of principal of the VRA Bonds allocable to the Refunded Series 2008A Bonds due after November 1, 2018.

The Series 2008A bonds mature annually through November 1, 2033. The stated interest rates ranged from 3.00% to 5.25%. The amounts maturing on November 1 in each of the years 2014 through 2031 were subject to redemption and were to be redeemed on November 1, 2018.

A portion of the net proceeds of sale of the Series 2014B Bonds were applied to refunding in advance of its stated maturity $1,285,000 outstanding principal amount of the Refunded Series 2010A Bonds, which mature on October 1 in each of the years 2014 through 2029, with the Refunded Series 2010A Bonds maturing on October 1 in each of the years 2014 through 2019 to be paid at their stated maturities and with the Refunded Series 2010A Bonds maturing after October 1, 2020 to be called for redemption on October 1, 2019 at a redemption price equal to 100% of the principal of the Refunded Series 2010A Bonds to be redeemed, together with the interest accrued thereon to the date fixed for the redemption thereof.

This portion of the refunding proceeds for Series 2014B was deposited with the Regions Bank, as Escrow Agent for the City (the City's Escrow Agent) under an Escrow Deposit Agreement, dated March 5, 2014. Such proceeds will be invested in Government Securities (as defined in the City's Escrow Deposit Agreement). The Government Securities will mature and bear interest payable at such times and in such amounts as shall be sufficient to pay (i) to pay the interest, when due, on the Refunded Series 2010A Bonds to October 1, 2019, (ii) to pay, when due, the principal of the Refunded Series 2010A Bonds maturing on October 1 in each of the years 2014 through 2019, and (iii) to pay the redemption prices of the Refunded Series 2010A Bonds maturing after October 1, 2020 upon the redemption thereof on October 1, 2019.

The Series 2010A bonds mature through October 1, 2029. The stated interest rates ranged from 2.0% to 5.00%. The amounts maturing on October 1 in each of the years 2014 through 2029 were subject to redemption and were to be redeemed on October 1, 2019.

The City typically refunds and defeases debt for several reasons including generating interest rate cost savings with a present value of 3% or greater, if the nature of use or circumstances change, or if the City is involved in a pooled financing situation whereby it is subject to the refunding initiatives of the issuer of the pooled funds, which may have a positive or negative impact. As of June 30, 2014, the amount of defeased debt outstanding was $6,005,000 and consisted of maturities from the City's 2008 VRA and 2010A series.

On May 15, 2014, the Virginia Public School Authority (VPSA) issued its $215,405,000 School Financing Refunding Bonds (1997 Resolution), Series 2014B for the purpose of refunding a portion of the outstanding amount of its School Financing Bonds (1997 Resolution), Series 2005D, School Financing Bonds (1997 Resolution), Series 2006A, and School Financing Bonds (1997 Resolution), Series 2006B (the prior VPSA bonds). The City's local school bond 2006B Monterey VPSA was refunded by the prior VPSA bonds resulting in an interest savings of $74,738 which will be allocated over the remaining amortization period for the City's local school bond.

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, 2014, the City had $10,989,900 in outstanding general obligation debt which will contractually be repaid by the Water Authority over the remaining 10 year amortization of the bonds. Further details are presented in notes 3 and 15.

(9) 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 $52,300 to $57,200 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 20 years. Ownership of the building is retained by Blue Eagle Partnership.

The building lease asset and obligation are accounted for as Governmental Activities. At June 30, 2014, the original cost of the building under the capital lease totaled $4,857,000 and accumulated depreciation on the building totaled $2,427,662.

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.

The Ovation lease asset and obligation are accounted for in the Civic Facilities Fund. At June 30, 2014, the original cost of the kitchen renovations, including equipment, under the capital lease totaled $449,988, and there was $269,931 of accumulated depreciation on the assets.

Xerox, Inc.

In November 2013, the City entered into an agreement with Xerox, Inc. to lease copy machines and related equipment. Under the lease agreement, the City pays $17,773 monthly to Xerox, Inc., representing principal and interest with interest at 12.0%. The lease term is 5 years. Ownership of the equipment does not transfer to the City at the completion of the lease term.

The Xerox lease asset and obligation are accounted for as Governmental Activities and in various proprietary funds. At June 30, 2014, the original cost of the equipment under the capital lease totaled $798,986 and there was $105,510 of accumulated depreciation on the assets.

(10) Fund Balances

All classifications of Governmental Fund balances reflect City Code requirements or City Council action in the context of adoption of the City's budget except for those required to comply with accounting standards. Reserve policies include a required review every two years to ensure adequacy and appropriateness in light of economic changes. The next bi-annual review will be in November 2015. Additional information regarding these reserve policies may be found in the City of Roanoke's Reserve and Debt Management Policies.

All fiscal year 2014 outstanding purchase commitments were re-appropriated to the 2014-15 fiscal year by City Council on May 12, 2014.

The General Fund balance of $28,662,864 is categorized as committed or unassigned. The City committed funds of $1,905,812 for outstanding purchase commitments for goods and services ordered but not received by June 30, 2014. The remaining fund balance of $26,757,052 is unassigned.

The Debt Service Fund balance of $1,406,148 is restricted for future debt service payments.

The Capital Projects Fund balance of $20,521,692 is comprised of $5,669,959, related to outstanding bond proceeds and is categorized as restricted; committed funds of $9,773,654 for outstanding purchase commitments for goods and services ordered but not received by June 30, 2014; $777,757 committed for Future Years' Expenditures; $4,300,322 committed for the Economic Community Development Reserve.

(11) Pensions and Deferred Compensation Plan

City employees participate in one of two different defined benefit 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 and incorporated a provision 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 premium 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. Employees hired after June 30, 2013 are not eligible for this supplement.

Effective July 16, 2012, City Council adopted a restatement of the Chapter of the City Code governing the Plan. The restated Chapter 22.3, Pensions and Retirement, provides for the introduction of new benefit plans and benefit tiers with effective dates of July 1, 2013 and July 1, 2014, and provides for a defined cost of living adjustment. Effective July 1, 2013, an Internal Revenue Code Section 401(h) health savings account was established as a component of the Pension Plan.

The Internal Revenue Code Section 401(h) health savings account operates similarly to a defined contribution plan. Employees eligible to participate in the City of Roanoke Pension Plan are required to contribute 1% of creditable compensation in their health savings account. Employees hired after June 30, 2013 and employees hired prior to July 1, 2014, who made an irrevocable election to forego eligibility for the monthly supplemental benefit enacted effective July 1, 2000, receive an employer paid matching contribution equal to 1% of their creditable compensation. Employees vest in the employer paid matching contribution upon the attainment of 5 years of creditable service in the pension plan. The Board of Trustees has delegated authority for the oversight of the 401(h) health savings account to the Defined Contribution Board established under Chapter 22.3 of the City Code. The Defined Contribution Board has contracted with an independent financial services organization for the custody and administration of 401(h) accounts. Assets accumulated in the individual accounts are available for use upon separation from service for reimbursement of qualified medical expenses, as defined in section 213(d) of the Internal Revenue Code, as a tax-free distribution. Non-vested employer contributions, including earnings thereon, are forfeited upon separation from service. Any balance remaining in the account is forfeited upon death or attainment of maximum age of the last eligible recipient.

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, 215 Church Ave., SW, Room 461, Roanoke, Virginia 24011.

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, 2014 was equal to the required contribution of 18.07%.

City of Roanoke Pension Plan - Annual Pension Cost

For fiscal year 2014, the City's annual pension cost of $11,136,824 was equal to the City's required and actual contributions. As stipulated by City Code, the required contribution was determined as part of the June 30, 2012 actuarial valuation using the projected unit credit actuarial cost method. Any unfunded/(overfunded) 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, and (b) projected salary increases ranging from 2.5% to 5.5% per year. Projected salary increases include an inflation component of 2.75%. 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)	Employer Contribution	Percentage of APC Contributed	Net Pension (Obligation) Asset
June 30, 2014	$11,136,824	$11,136,824	100%	-0-
June 30, 2013	$9,203,632	$9,203,632	100%	-0-
June 30, 2012	$10,337,831	$10,337,831	100%	-0-

Virginia Retirement System - Plan Description

The City contributes to the Virginia Retirement System, a mixed 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 hired prior to July 1, 2010 and members vested as of January 1, 2013 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). Non-hazardous duty employees hired after July 1, 2010 and those not vested as of January 1, 2013 are eligible for an unreduced retirement benefit when they reach their normal Social Security retirement age or when their age and service equal the sum of 90. Benefits are 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 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 for employees hired prior to July 1, 2010 and members vested as of January 1, 2013, for all others average final compensation is defined the highest consecutive 60 months of salary. Non-hazardous duty employees hired on or after January 1, 2014 become members of the VRS Hybrid Retirement Plan. The VRS Hybrid Retirement Plan combines features of a defined benefit and a defined contribution plan. Employees covered under the VRS Hybrid Plan are eligible for an unreduced benefit when they reach their normal Social Security retirement age or when their age and service equal the sum of 90. Benefits are payable monthly for life in an amount equal to 1% of their AFS for each year of credited service. Hybrid members make mandatory contributions to the defined contribution component of the plan and may make additional voluntary contributions to the plan, which the employer is required to match. Employees vest in the matching employer contributions based upon a tiered schedule. Employees are 100% vested in all matching employer contributions upon reaching 4 years of creditable service. 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 from their website at the following address: http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 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. Prior to July 1, 2012, this 5% member contribution may be assumed by the employer. Effective July 1, 2012, employers may assume up to 4% of the required employee contribution, reducing by at least an additional 1% per year until 2016 or until the member's contribution equals 5% of creditable compensation. The City elected to implement the 5% required employee contribution effective July 1, 2012. 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, 2014 was 17.27% of annual covered payroll.

Virginia Retirement System – Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the plan was 75.97% funded. The actuarial accrued liability for benefits was $53.8 million, and the actuarial value of assets was $40.9 million, resulting in an unfunded actuarial accrued liability (UAAL) of $12.9 million. The covered payroll (annual payroll of active employees covered by the plan) was $8.6 million, and the ratio of the UAAL to the covered payroll was 149.16%.

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

Virginia Retirement System - Annual Pension Cost

For fiscal year 2014, the City's annual pension cost of $1,133,488 was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.0% 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 30 years. The actuarial value of the City's assets is determined based upon a five year smoothed market value, a technique designed to minimize 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, 2014	$	1,133,488	100%	-0-
June 30, 2013		1,133,649	100%	-0-
June 30, 2012		971,795	100%	-0-

School Board 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 Professional Cost-Sharing Pool

A. Plan Description

The School Board contributes to a cost-sharing and agent multiple-employer defined benefit pension plan (Plan 1 and Plan 2) administered by the Virginia Retirement System (System). All full-time, salaried, permanent employees of participating employers must participate in one VRS cost sharing plan. Benefits vest after 5 years of service. Employees are eligible for an unreduced retirement benefit when they meet the age and service requirements for their plan. The plans also provide for a reduced benefit based on age and service requirements specific to each plan. The unreduced benefit is actuarially reduced to calculate the reduced benefit amount. A cost-of-living adjustment (COLA) based on changes in the Consumer Price Index for all Urban Consumers (CPI-U) is granted on July 1 of the second calendar year after retirement and is effective each July 1 thereafter, when provided. 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 the following address: http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

B. Funding Policies

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to mandate that the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. The Roanoke City School Board 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 School Board professional employees' contribution rate for the VRS statewide teacher pool for fiscal year ended 2014 was 11.66% of annual covered payroll.

The following table shows total employer and employee contributions made to the VRS statewide teacher pool for professional employees by the School System for the prior three years:

	Total Contributions	% of Annual Covered Payroll	Annual Covered Payroll
June 30, 2014	$ 11,961,417	16.75%	$ 71,425,124
June 30, 2013	11,618,072	16.68%	69,661,960
June 30, 2012	7,531,647	11.33%	66,367,331

C. Annual Required Contribution

Public School Division professional employees participate in a VRS statewide teacher cost-sharing pool. For fiscal year 2014, the School Board's annual required contribution was $11,961,417. The required contribution was based on an actuarial valuation. The contribution requirements for the School Board were equal to the actual contributions for 2014. Total School Board payroll for 2014 was $86,937,501. Payroll covered by VRS for School Board employees was $71,425,124.

The following table related to trend information is provided:

Fiscal Year Ended	**Annual Required Contributions (ARC)**	**Percentage of ARC Contributed**
June 30, 2014	$ 11,961,417	100%
June 30, 2013	11,618,072	100%
June 30, 2012	7,531,647	100%

Virginia Retirement System – Non-Professional's Agent Plan

A. Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the plan was 172.47% funded. The actuarial accrued liability for benefits was $833,355 and the actuarial value of assets was $1,437,266 resulting in an unfunded/(overfunded) actuarial accrued liability (UAAL) of ($603,911). The covered payroll (annual payroll of active employees covered by the plan) was $2,113,589 and the ratio of the over funded actuarial accrued liability to the covered payroll was (28.57%). The School Board's contribution rate for the fiscal year ended June 30, 2014 for non-professional employees was 12.49% of the annual covered payroll.

The valuation reflects the following changes in benefit provisions:

Effective June 30, 2010, all new members on and after this date participate in Plan 2. The provisions of Plan 2 that differ from Plan 1 are noted throughout this footnote.

There were no changes in the benefit provisions since the last actuarial valuation that had a financial impact on the Plan.

The schedule of funding progress, presented as required supplementary 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 Required Contribution

Public School Division non-professional employees hired after July 1, 2006 participate in an agent multiple-employer retirement plan. For fiscal year 2014, 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, 2011 actuarial valuation using the Entry Age Normal actuarial cost method. The actuarial assumptions included a) an investment return rate of 7.00%, b) an annual cost-of-living adjustment of 2.50% for Plan 1 members and 2.25% for Plan 2 members, and c) salary increases ranging between 3.50% and 6.20% 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 2.50%. 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, 2011 actuarial valuation was 30 years.

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 previous sections. Details regarding the City of Roanoke Pension Plan may be found previously in this footnote.

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 15.3% of annual covered payroll for the year ended June 30, 2014.

C. Annual Required Contribution

For fiscal year 2014, the School Board's annual required contribution was $449,454. The required contribution was based on an actuarial valuation. The School Board's actual contribution was $449,454. Total School Board payroll for 2014 was $86,937,501. Payroll covered by City Retirement for School Board employees was $2,937,608. Information related to trend information is presented below.

Fiscal Year Ended	Annual Required Contribution (ARC)	Percentage of ARC Contributed
June 30, 2014	$449,454	100.0%
June 30, 2013	$425,310	100.0%
June 30, 2012	$598,352	98.2%

(12) Other Postemployment Benefit Plans

Primary Government – OPEB Employees' Post-Retirement Health Plan

A. Plan Description

Employees with 15 years of active service and under the age of 65 who retire from the City of Roanoke may participate in the Employees' Post-Retirement Health 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 Council. 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 blended premium payment. For the fiscal year ended June 30, 2014, the retirees contributed $716,000 to the City of Roanoke healthcare plan for health insurance. The City contributed $241,000 to a qualified trust as defined by GASB Statement No. 45, to fund the annual required contribution (ARC) of $957,000 for fiscal year 2014. The City overfunded the plan in fiscal year 2014 by $4,000 which includes a net adjustment of $4,000 for the requisite ARC actuarial adjustment and interest as per GASB Statement No. 45. 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 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 claim per covered retiree. 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. As of the July 1, 2013 actuarial valuation, there were 1,559 active participants, 147 retired participants, and 32 spouses of retired participants in the plan.

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 asset:

	City of Roanoke Healthcare Plan
Annual Required Contribution	$ 957,000
Less interest on beginning Net OPEB asset	(24,000)
Add ARC adjustment	20,000
Annual OPEB Cost	953,000
Contributions made	(957,000)
Increase in Net OPEB asset	(4,000)
Net OPEB Asset at July 1, 2013	(336,000)
Net OPEB Asset at June 30, 2014 (Overfunded)	$ (340,000)

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:

Ended	OPEB Cost	Cost Contributed	Asset
June 30, 2014	$ 953,000	100%	$ 340,000
June 30, 2013	874,000	100%	336,000
June 30, 2012	1,274,000	105%	333,000

D. Funded Status and Funding Progress

As of July 1, 2013, the most recent biannual actuarial valuation date, the City of Roanoke healthcare plan was 20.2% funded. The actuarial accrued liability for benefits was $10,399,000, and the actuarial value of assets was $2,099,000, resulting in an unfunded actuarial accrued liability (UAAL) of $8,300,000. The covered payroll (annual payroll of active employees covered by the City plan) was $66,641,000, and the ratio of the UAAL to the covered payroll was 12.5%.

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 July 1, 2013 valuation, the projected unit credit cost method was used. The actuarial assumptions included a 2.5% inflation rate and a 7.0% 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 historical claims experience and census records with cost distributed based on the current covered population using the actuaries standard age curves, which vary by age and gender. The rates are

trended forward using an annual trend assumption of 9.0% for medical and 8.0% for pharmacy. The UAAL is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at June 30, 2014 was 24 years.

Primary Government – OPEB Line of Duty Benefits

A. Plan Description

The Line of Duty Act (LODA) provides benefits to local government employees who hold specified hazardous duty positions (Code of Virginia §9.1-400 *et seq*.). By statute, LODA benefits must be provided. The Virginia Department of Accounts administers the benefit. As of July 1, 2011, the General Assembly shifted the financial responsibility from the state government to local governments. The Line of Duty plan is a single employer OPEB plan to provide a death benefit of $100,000 to beneficiaries of public safety officers who die in the line of duty and a death benefit of $25,000 to beneficiaries of public safety employees who die within five years of becoming disabled as a result of a qualifying illness as defined in the LODA. A medical benefit is also provided to the disabled public safety employees, their surviving spouses, and their dependants. The Commonweath of Virginia has the authority to establish and amend Line of Duty Plan benefits. The City of Roanoke Line of Duty plan does not issue a stand alone financial report.

B. Funding Policies

The contribution requirements of the City of Roanoke public safety plan members and the City are established and may be amended by the Commonwealth of Virginia. 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 the fiscal year ended June 30, 2014, members of the plan did not contribute. The City contributed $81,400 to the Line of Duty plan for death benefits and health insurance based on projected pay-as-you-go financing. The City also contributed $267,700 to a qualified trust as defined by GASB Statement No. 45, to fund the annual required contribution of $349,100 for fiscal year 2014. The City overfunded the plan in fiscal year 2014 by $1,400 which includes a net adjustment of $1,400 for the requisite ARC actuarial adjustment and interest as per GASB Statement No. 45. It is the City's intent to fully fund the annual required contribution each year.

C. Annual Line of Duty Cost and Net Line of Duty Obligation

The City's annual Line of Duty cost is calculated based on the ARC of the employer, 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 public safety employees, their surviving spouses, and their dependent children. As of the July 1, 2013 actuarial valuation, there were 692 active participants, 2 retirees, 1 eligible terminated participant, 5 spouses and surviving spouses, and 2 lifetime dependent children in the plan.

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

	City of Roanoke Healthcare Plan
Annual Required Contribution	$ 349,100
Less interest on beginning Net OPEB asset	(10,900)
Add ARC adjustment	9,500
Annual OPEB Cost	347,700
Contributions made	(349,100)
Increase in Net OPEB asset	(1,400)
Net OPEB Asset at July 1, 2013	(155,400)
Net OPEB Asset at June 30, 2014 (Overfunded)	$ (156,800)

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Overfunded Net OPEB Asset
June 30, 2014	$ 347,700	100%	$ 156,800
June 30, 2013	247,000	134%	155,400
June 30, 2012	238,800	130%	72,400

D. Funded Status and Funding Progress

As of July 1, 2013, the most recent biannual actuarial valuation date, the City of Roanoke Line of Duty plan was 16.2% funded. The actuarial accrued liability and unfunded actuarial accrued liability (UAAL) for benefits was $3,147,700. The required annual contribution as a cost per active member was $341. The UAAL as a cost per active member was $4,549. The covered payroll (annual payroll of active employees covered by the City plan) was $29,740,000, and the ratio of the UAAL to the covered payroll was 7.2%.

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 July 1, 2013 valuation, the projected unit credit cost method was used. The actuarial assumptions included a 2.5% inflation rate and a 7.0% 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 historical claims experience and census records with cost distributed based on the current covered population using the actuaries standard age curves, which vary by age and gender. The rates are trended forward using an annual trend assumption of 9.0% for medical and 8.0% for pharmacy. The UAAL is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at June 30, 2014 was 24 years.

Primary Government – Health Insurance Credit Program

A. Plan Description

Employees of the City of Roanoke Sheriff's Department participate in the Virginia Retirement System (VRS) program which provides a credit toward the cost of health insurance coverage for employees retiring with 15 or more years of creditable service. The amount of monthly health insurance credit is $2.50 per year of creditable service to a maximum of $75 per month, and may not exceed the monthly health insurance premium paid the retiree.

B. Funding Policies

The contribution rate of the City of Roanoke for the fiscal year ended June 30, 2014 was 0.15% of annual covered payroll.

C. Annual Health Insurance Credit Cost and Net Health Insurance Credit Obligation

The City's annual retiree health insurance credit 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 City's annual retiree health insurance credit cost, the percentage of annual Health Insurance Credit cost contributed to the plan, and the net Health Credit obligation for the current year and the two years prior was as follows:

Fiscal Year Ended	Annual Health Insurance Credit Cost	Employer Contribution	Percentage of Annual Credit Cost Contributed	Net Health Credit (Obligation) Asset
June 30, 2014	$ 9,845	$ 9,845	100%	$ -
June 30, 2013	9,846	9,846	100%	-
June 30, 2012	11,134	11,134	100%	-

D. Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the City health insurance credit plan was 23.9% funded. The actuarial accrued liability for benefits was $324,054 and actuarial value of assets was $77,352, resulting in an unfunded actuarial accrued liability (UAAL) for benefits of $246,702. The covered payroll (annual payroll of active employees covered by the City plan) was $8,665,556, and the ratio of the UAAL to the covered payroll was 2.8%.

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, 2013 valuation, the entry age normal cost method was used. The actuarial assumptions included a 2.5% inflation rate and a 7.0% rate of return, which includes inflation at 2.5%. The UAAL is being amortized as a level percentage of pay on an open basis. The remaining amortization period at June 30, 2013 was 30 years.

School Board 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. The plan is a single employer defined benefit plan. Retirees may choose from three plan options, Traditional Preferred Provider Organization (PPO), Health Reimbursement Account and Health Savings Account which offers both provider and prescription drug coverage. Eligible dependents may remain on the plan as long as the retiree still subscribes and is eligible. Retirees and their spouses may be covered by the plan until age 65 or until they become eligible for Medicare. The dental plan is a comprehensive plan offered by the Schools through Delta Dental. Retirees and their spouses may stay in this for a period of up to 18 months after separation from the district or for a period of 60 months if they retire under the Early Retirement Opportunity Program (EROP). If the retiree dies before age 65, their covered dependents may stay in the plan for a period up to 36 months through the 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 and dental insurance, the School Board contributes zero percent of all premium payments, and the retirees contribute 100%. Employees who retired on or before July 1, 2010, participate in the plan at a group rate which is blended with that of active employees. Employees who retired after that date pay an unblended group rate. For the fiscal year ended June 30, 2014, the Roanoke City Public Schools retirees contributed $1,085,145 to the Roanoke City Public Schools Healthcare Plan. The retiree's claims amounted to $1,160,923 for the same time period.

C. Annual OPEB Cost and Net OPEB Obligation

The Roanoke City Public Schools' annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The following table shows the components of the Roanoke City Public Schools' annual OPEB cost for fiscal year end 2014, the amount actually contributed to the plan, and changes in the Roanoke City Public Schools' net OPEB obligation to the Retiree Health Benefit Fund:

	Healthcare Plan
Annual Required Contribution	$ 230,083
Interest on net OPEB Obligation	22,228
Adjustment to net OPEB liability:	(60,992)
Annual OPEB Cost	191,319
Contributions made	(716,705)
Decrease in net OPEB obligation	(525,386)
Net OPEB obligation at July 1, 2013	555,693
Net OPEB obligation at June 30, 2014	$ 30,307

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 past three years are shown below:

Fiscal Year Ended	Contribution	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	$ 716,705	$ 191,319	374.6%	$ 30,307
June 30, 2013	233,028	193,701	120.3%	555,693
June 30, 2012	714,619	180,534	395.8%	595,020

D. Funded Status and Funding Progress

As of June 30, 2014, the most recent actuarial valuation date, the Roanoke City Public Schools' Healthcare Plan was zero percent funded. The actuarial accrued liability for benefits was $1,919,200 and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $ 1,919,200. The covered payroll was $0. The plan does not have separately issued financial statements.

The Schedules of Funding Progress and Employer Contributions – Other Postemployment Benefits, presented as required supplementary 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.

E. Actuarial Valuations

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

The actuarial valuation of the liabilities as of June 30, 2014 is based on a closed group. Current retirees only are considered; no provision is made for future hires as they are not eligible to enter the plan. For the five-year projection, the actuarial valuation has assumed no new entrants. Therefore, the active population will decline each year as the exiting group ages out of coverage.

F. Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve 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 employer and plan members to 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, 2014 valuation, the projected unit credit actuarial cost method was used. Past service liability is amortized over a level dollar, open 20 year period that declines year per year. The remaining amortization period at July 1, 2014 was 10 years.

The actuarial assumptions included a 4 percent discount rate. Annual medical rates are expected to increase at an annual trend rate of 8.0% for the year ending June 30, 2014. The UAAL is being amortized as a level percentage of projected payrolls on an open basis.

(13) 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.

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 automotive liability insurance with a self insured retention of $1,000,000 per occurrence; worker's compensation has a self-insured retention of $1,250,000 per occurrence. The City purchases excess liability and worker's coverage to protect against settlements that exceed the amount of the self insured retention. The amount of settlements did not exceed insurance coverage for each of the past 6 years.

The City has property insurance coverage that includes boiler and machinery with a $25,000 per occurrence deductible for property, and a $1,000 per occurrence deductible for boiler and machinery. Flood insurance is purchased through the National Flood Insurance Program which is administered by the Federal Emergency Management Agency (FEMA) to protect properties that are located in designated flood zones. 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 four years. The City-owned Civic Center is managed by Global Spectrum, LP. 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

The City purchases a liability policy and an accidental injury medical policy to protect up to 100 active volunteers who perform tasks on behalf of the City. The amount of settlements did not exceed insurance coverage for each of the past 6 years. The City is self-insured for employee health insurance and worker's compensation with stop loss provisions to limit catastrophic claims exceeding $1,250,000 for worker's compensation and $300,000 for health insurance.

Included in long-term liabilities at June 30, 2014 were claims payables of $24,569,464 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 five years.

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

	2013-14	2012-13
Claims liability at July 1	$ 25,358,298	$ 23,991,979
Claims incurred	12,611,562	17,293,787
Claims payments	(13,400,396)	(15,927,468)
Claims liability at June 30	$ 24,569,464	$ 25,358,298

Surety Bond coverage is as follows:

Company:	Amount
Travelers Property Casualty Insurance Company:	
Public Employee Pension/Crime/Dishonesty	$1,000,000
NGM Insurance Company:	
Treasurer – Public Official Bond	1,000,000
Self-insurance program through Commonwealth of Virginia Division of Risk Management	
All Other Constitutional Officers' Employees Liability Insurance	1,000,000
City Treasurer's Bond	500,000
City Sheriff Bond	30,000
Commissioner of Revenue Bond	3,000
Clerk of Circuit Court Bond	3,000,000
City Sheriff's Liability Insurance	1,500,000

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, 2014 and determined the City had no material liability.

The City has adopted comprehensive financial policies that include a Risk Management Reserve. The purpose of the reserve is to mitigate risk exposure of the City due to its self-insurance program. The City is currently self insured for health insurance, workers' compensation, general liability and automotive claims.

The minimum funding level for the Risk Management Reserve is:
- 25% of the three year average of self-insured claims costs
- plus 10% of the three year average of fully insured premiums
- plus a $1 million to cover catastrophic claims

The Risk Management Reserve has a deficit balance as of June 30, 2014 of $4,676,475 and is underfunded by $9,369,567 compared to the computed minimum funding level of $4,693,092. This is a result of a significant increase in liabilities in a prior year. While the reserve is in a deficit position, the City continues to add to the reserve on an annual basis.

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 Liability Pool 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.

The School Board has general liability, vehicular liability, and property insurance coverages 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 four years. At Morningside Elementary School, a vendor hired to replace the roof on this building and the School Board are in dispute regarding both reimbursement for damages and payments for services.

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

	2013-14	2012-13
Claims liability at July 1	$ 7,761,765	$ 7,904,606
Claims incurred	14,977,940	14,629,042
Claims payments	(16,061,741)	(14,771,883)
Claims liability at June 30	$ 6,677,964	$ 7,761,765

(14) 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 issued general obligation bonds in its name for its share of the Conference Center construction costs and was obligated to repay this debt. The City has incurred no related future obligation.

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 if additional funding is needed for capital expenditures. The City has no equity interest in the HRCCC; however, additional funding or subsidies may be necessary to support on going operations. For the fiscal year ended June 30, 2014, 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 of eight members, designated by the participating jurisdictions. New Fire-EMS recruits are required to take a 17 week training course at the facility before being assigned to a station. Upon 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, 2014, the City paid $46,000 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.

(15) Jointly Governed Organizations

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. Roanoke 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, 2014, the City remitted approximately $1,981,000 to the Authority for services.

Roanoke Regional Airport Commission

The City and Roanoke County formed the Roanoke Regional Airport Commission (Airport Commission) in 1987 to own and operate The Roanoke Blacksburg 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.

Regional Center for Animal Care 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 the Animal Care and Protection (RCACP). The regional care center is comprised of an animal control and an animal education facility that are adjacent to each other and are 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. This debt was defeased and reissued by the participating localities in connection with the purchase and operations of the control facility. 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, 2014, the City's share was 58%, and the City remitted approximately $847,000 for its share of RCACP expenses.

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, 2014, the City of Roanoke School Board, a component unit of the City, remitted $4,722,059 to the Regional Board for services.

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. Localities using the facility are guaranteed a number of beds according to the terms of the agreement. Each locality's financial obligation is based on the number of juveniles housed at the 81 bed 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, 2014, the City remitted approximately $1.0 million 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 Blue Ridge Behavioral Health Care (BRBH) a community services board, to provide a system of comprehensive community mental health, intellectual disability and substance abuse services. BRBH is governed by a 16 member board. Roanoke 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, 2014, the City remitted approximately $622,000 to BRBH.

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 $38 million of general obligation bonds, which are to be repaid contractually by the WVWA in accordance with its operating agreement. During fiscal year 2014, the WVWA paid $2.7 million to the City in principal and interest payments on the bonds. As of June 30, 2014, the remaining principal balance of these bonds was approximately $11.0 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 Radford, Roanoke and Salem; the Counties of Bland, Craig, Giles, Montgomery, Pulaski, Roanoke and Wythe; and the Towns of Christiansburg, Dublin, Narrows, Pearisburg and Pulaski all participate in the Virginia's First Regional Industrial Facility Authority (Authority). The Authority's purpose is to enhance the member localities economic base in Virginia's First Region. The Authority 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 like the City, 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, 2014, the City remitted $30,000 to Virginia's First Regional Industrial Facility Authority.

Roanoke Valley Broadband Authority

In October 2013, the Cities of Roanoke and Salem, and the counties of Botetourt and Roanoke created the Roanoke Valley Broadband Authority (Authority). The Authority was formed in order to provide quality affordable access to broadband technologies. The Board of the Authority consists of five members of which the City appoints one member for a four year term.

(16) Related Organizations

Economic Development Authority

The Economic Development Authority issues low-interest, tax-free industrial revenue bonds in its name for the construction or renovation of properties sold or leased to enterprises locating to 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, 2014, there were ten series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of approximately $478 million.

Roanoke Redevelopment and Housing Authority

The Roanoke Redevelopment and Housing Authority (Housing Authority) is a political subdivision of the Commonwealth of Virginia created to provide low income and subsidized housing, promote self-sufficiency and foster economic development. 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, 2014, the City remitted approximately $24,000 to the Housing Authority.

(17) Subsequent Events

In September 2014, the City entered into a naming rights agreement with Carilion Medical Center, a not-for-profit healthcare organization, for the naming and sponsorship of a children's playground in the City-owned Elmwood Park. The term of the agreement is fifteen years for which Carilion, as consideration, agrees to pay an aggregate amount of $225,000 due in equal annual installments of $45,000 commencing October 1, 2014 with the final installment due October 1, 2018.

Also in September 2014, Global Spectrum, LP, which manages the City's civic center facilities, entered into a naming rights agreement with Berglund Management Group, Incorporated on behalf of the City for the naming, advertising and sponsorship of the Roanoke Civic Center (now the Berglund Center). The term of the agreement is ten years under which the Berglund Management Group is obligated to pay Global Spectrum the aggregate sum of $1,750,000 due in annual installments with $500,000 due for the first year and $138,889 annually thereafter with the final installment due October 1, 2023. The payments received from the naming rights agreement will be used to offset a portion of the City's annual subsidy for the civic center operations. The current subsidy is approximately $2.1 million per year.

(18) 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 except as noted below in Other Matters of this note 18.

Other Matters

The City failed to report program income received under the Community Development Block Grant (CDBG) program to the United States Department of Housing and Urban Development (HUD) in a timely manner during fiscal year 2013 and fiscal year 2014. The estimated amount of program income that was not reported timely is approximately $1.1 million. As a result of these failures, the City (i) may be required to repay funds to HUD; (ii) may face sanctions including reductions in grants from HUD under the CDBG program; and (iii) may be subject to other actions by HUD. The City has taken appropriate action and implemented procedures to address timely reporting in the future.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF ROANOKE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014
(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	$ 27,622,650	$ 27,622,650	$ 27,622,650	$ -
Resources (Inflows):				
General Property Taxes	$ 105,388,000	$ 105,388,000	$ 106,192,008	$ 804,008
Other Local Taxes	74,518,000	74,518,000	73,384,932	(1,133,068)
Permits, Fees, and Licenses	1,034,000	1,034,000	1,092,534	58,534
Fines and Forfeitures	1,592,000	1,592,000	1,209,575	(382,425)
Revenue from Use of Money and Property	214,000	214,000	211,268	(2,732)
Charges for Services	11,015,000	11,195,000	11,066,281	(128,719)
Intergovernmental	65,722,000	65,867,000	65,498,375	(368,625)
Miscellaneous	550,000	550,000	613,058	63,058
Transfers from Other Funds	-	266,126	266,126	0
Amounts Available for Appropriation	$ 287,655,650	$ 288,246,776	$ 287,156,808	$ (1,089,968)
Charges to Appropriations (Outflows):				
General Government				
City Treasurer	$ 1,333,650	$ 1,301,149	$ 1,273,873	$ (27,276)
Commissioner of the Revenue	1,084,192	1,106,316	1,105,846	(470)
City Council	235,035	233,592	230,112	(3,480)
City Council - Mayor Bowers	12,448	14,819	14,746	(73)
City Council - Council Member Trinkle	3,180	3,774	3,613	(161)
City Council - Council Member Lea	4,950	4,674	4,271	(403)
City Council - Council Member Bestpitch	1,500	3,513	3,232	(281)
City Council - Council Member Ferris	2,500	1,751	496	(1,255)
City Council - Council Member Price	7,536	6,734	6,198	(536)
City Council - Vice Mayor Rosen	3,236	2,448	1,001	(1,447)
City Attorney	1,082,253	1,094,829	1,094,561	(268)
City Clerk	466,915	467,745	466,491	(1,254)
Municipal Auditing	665,884	767,689	767,689	-
Department of Finance	2,920,650	2,758,336	2,757,407	(929)
Real Estate Valuation	1,082,553	1,106,576	1,105,774	(802)
Board of Equalization	11,546	10,835	9,739	(1,096)
Electoral Board	349,292	465,796	465,622	(174)
Office of Communications	403,261	397,261	396,803	(458)
City Manager	827,907	862,848	862,432	(416)
Human Resources	1,102,324	1,363,385	1,363,050	(335)
Employee Health Services	645,363	1,053,890	1,028,264	(25,626)
Department of Management and Budget	535,867	579,173	578,178	(995)
Purchasing	440,911	491,919	491,889	(30)
Director of General Services	234,333	274,936	274,567	(369)
Environmental Management	194,868	261,822	260,904	(918)

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, 2014
(UNAUDITED)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance from Final Budget Over/(Under)
Judicial Administration				
Clerk of Circuit Court	$ 1,614,941	$ 1,696,781	$ 1,678,698	$ (18,083)
Juvenile and Domestic Relations Court Services	1,127,557	1,100,957	1,098,155	(2,802)
Juvenile and Domestic Relations Court Clerk	35,405	33,202	24,035	(9,167)
Magistrates Office	6,985	6,985	5,317	(1,668)
General District Court	32,690	30,747	25,511	(5,236)
Circuit Court	493,746	568,078	566,646	(1,432)
Sheriff	2,824,041	2,991,041	2,989,967	(1,074)
Commonwealth's Attorney	1,663,997	1,658,997	1,656,119	(2,878)
Cost Collection Unit	86,750	87,050	85,650	(1,400)
Law Library	122,567	120,502	119,939	(563)
Public Safety				
Jail	14,988,362	15,151,198	15,150,779	(419)
E911	2,409,959	2,471,323	2,470,600	(723)
E911 - Wireless	601,000	366,500	364,411	(2,089)
Fire - Administration	704,828	593,937	591,450	(2,487)
Fire - Support	1,117,363	1,239,865	1,239,434	(431)
Fire - Operations	17,577,859	18,597,908	18,596,084	(1,824)
Fire - Airport Rescue	-	45,000	44,691	(309)
Emergency Management	107,780	109,028	108,850	(178)
Building Inspections	841,977	844,795	844,350	(445)
Outreach Detention	272,719	262,127	249,038	(13,089)
Youth Haven I	641,728	615,955	615,063	(892)
Police - Administration	725,357	1,307,777	1,294,706	(13,071)
Police - Investigation	3,961,636	3,566,312	3,489,995	(76,317)
Police - Patrol	12,792,466	14,205,110	14,204,489	(621)
Police - Services	2,959,073	2,923,724	2,917,796	(5,928)
Police - Training	674,163	642,876	639,154	(3,722)
Police - Animal Control	1,234,905	1,359,303	1,359,091	(212)
Public Works				
Custodial Services	680,201	605,392	600,267	(5,125)
Building Maintenance	4,288,903	4,290,294	4,289,067	(1,227)
Director of Public Works	154,962	158,943	158,603	(340)
Transportation - Streets and Traffic	5,489,775	5,598,209	5,377,335	(220,874)
Transportation - Paving Program	3,360,728	3,843,647	3,843,610	(37)
Transportation - Snow Removal	110,597	396,277	395,990	(287)
Transportation - Street Lighting	1,135,989	1,282,742	1,282,611	(131)
Transportation - Engineering and Operations	1,862,656	1,920,569	1,919,283	(1,286)
Solid Waste Management	6,449,403	6,479,404	6,479,379	(25)
Engineering	1,490,541	1,515,807	1,515,699	(108)

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, 2014
(UNAUDITED)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance from Final Budget Over/(Under)
Health and Welfare				
Human Services Support	$ 280,494	$ 322,194	$ 314,944	$ (7,250)
Health Department	1,473,975	1,446,930	1,446,929	(1)
Blue Ridge Behavioral Health Care	448,890	448,890	448,890	-
Human Services Committee	409,052	409,052	409,052	-
Social Services	23,658,765	23,374,331	23,113,762	(260,569)
Comprehensive Services Act	10,605,000	10,358,918	10,358,706	(212)
Parks, Recreation and Cultural				
Roanoke Arts Commission	269,220	277,220	269,220	(8,000)
Recreation	1,843,237	1,648,376	1,641,021	(7,355)
Parks	2,919,701	3,049,391	3,049,303	(88)
Parks & Recreation - Administration	1,223,265	1,324,810	1,323,012	(1,798)
Parks & Recreation - Sponsorships and Development	-	54,300	53,735	(565)
Libraries	3,357,200	3,422,866	3,403,725	(19,141)
Community Development				
Memberships and Affiliations	2,668,160	2,842,760	2,841,963	(797)
Economic Development	1,640,667	1,861,038	1,859,698	(1,340)
Planning, Building and Development	1,175,726	1,205,932	1,205,434	(498)
Neighborhood Support	113,584	114,514	111,302	(3,212)
Neighborhood Services	1,274,298	1,259,228	1,257,919	(1,309)
Virginia Cooperative Extension	67,267	82,267	81,984	(283)
Nondepartmental				
Residual Fringe Benefits	3,211,616	1,575	1,575	-
Transfers to Other Funds	4,143,566	94,334,152	94,316,882	(17,270)
Transfers to Debt Service Fund	13,225,490	-	-	-
Transfers to Component Unit	76,310,505	-	-	-
Miscellaneous	569,337	32,080	32,080	-
Personnel Lapse	(2,078,633)	-	-	-
Funding for Reserves	875,000	-	-	-
Contingency	2,051,855	991,187	-	(991,187)
Total Charges to Appropriations	260,033,000	262,186,183	260,399,756	(1,786,427)
Budgetary Fund Balance, June 30	$ 27,622,650	$ 26,060,593	$ 26,757,052	$ 696,459

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.	$287,156,808
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).	(27,622,650)
Transfers from other funds are a budgetary resource but not a revenue for financial reporting purposes (Exhibit E)	(266,126)
Total general fund revenues as reported on the statement of revenues, expenditures, and changes in fund balances (Exhibit E).	$259,268,032
Uses/Outflows of Resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	$260,399,756
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes (Exhibit E).	(18,423,555)
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).	(1,905,812)
Total general fund expenditures as reported on the statement of revenues, expenditures, and changes in fund balances (Exhibit E).	$240,070,389

(2) Infrastructure Assets Under Modified Approach

INFRASTRUCTURE – FLOOD REDUCTION

With the adoption of the modified approach for certain infrastructure assets, the City is required to conduct a semi-annual (January and July) assessment of the condition level of 100% of the Flood Reduction infrastructure asset. The assessment is based on the United States Army Corps of Engineers (USACE) 'Inspection, Maintenance and Operational Report' and is conducted twice a year by City personnel based on criteria contained within the inspection report. The individual components assessed are the bench cuts (14) and training walls (2), which directly impact the level of flood reduction the asset provides. These are evaluated by examining the number of obstructions or damage observed, and to what extent. These individual assessments are then used to determine an overall condition rating as defined below. Independent evaluations are conducted periodically by the USACE using the same assessment criteria. City and USACE policy require the condition level to be maintained at or above a Fair (2) rating. Any deficiencies discovered by either party that would cause the condition level to fall below Fair (2), are the responsibility of the City and will be addressed prior to the next July assessment.

Condition	Rating
Good	3
Fair	2
Poor	1

Assessment Ratings of Infrastructure Components

	Number Assessed	2014 Rating
Training Walls	2	3
Bench Cuts	14	3

As of June 30, 2014, the infrastructure as a whole had an assessment rating of 3 (Good).

Comparison of Estimated to Actual Maintenance Costs

	2012	2013	2014
Estimated	$97,370	$75,126	$131,833
Actual	$97,370	$75,126	$107,512

See Accompanying Independent Auditors' Report

(3) Schedules of Funding Progress - Pension

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
6/30/2013	$ 40,862,503	$ 53,787,875	$ 12,925,372	76.0%	$ 8,665,556	149.2%
6/30/2012	39,288,274	51,279,275	11,991,001	76.6%	7,892,701	151.9%
6/30/2011	39,390,635	50,522,039	11,131,404	78.0%	7,975,869	139.6%
6/30/2010	38,578,435	48,126,459	9,548,024	80.2%	8,031,938	118.9%
6/30/2009	38,685,812	43,883,043	5,197,231	88.2%	8,483,464	61.3%
6/30/2008	38,079,256	42,499,150	4,419,894	89.6%	8,586,861	51.5%

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
6/30/2013	$ 1,437,266	$ 833,355	$ (603,911)	172.5%	$ 2,113,589	(28.6%)
6/30/2012	1,168,380	718,966	(449,414)	162.5%	1,485,891	(30.3%)
6/30/2011	947,844	710,365	(237,479)	133.4%	1,225,391	(19.4%)
6/30/2010	784,752	514,460	(270,292)	152.5%	1,071,610	(25.2%)
6/30/2009	808,508	722,986	(85,522)	111.8%	3,583,415	(2.4%)
6/30/2008	265,363	103,514	(161,849)	256.4%	3,114,481	(5.2%)

See Accompanying Independent Auditors' Report

(4) Schedules of Funding Progress - OPEB

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
7/1/2013	$ 2,099,000	$ 10,399,000	$ 8,300,000	20.2%	$ 66,641,000	12.5%
7/1/2012[1]	1,877,000	9,728,000	7,851,000	19.3%	68,089,000	11.5%
7/1/2011[1]	1,639,000	13,190,000	11,551,000	12.4%	68,089,000	17.0%
7/1/2010[1]	1,141,000	12,816,000	11,675,000	8.9%	69,600,000	16.8%
7/1/2009	793,000	16,958,000	16,165,000	4.7%	69,600,000	23.2%
7/1/2008	362,000	19,283,000	18,921,000	1.9%	75,000,000	25.2%

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

	(a)	(b)	(b-a)	(a/b)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL (UAAL)	Funded Ratio
7/1/2013	$ 509,600	$ 3,147,700	$ 2,638,100	16.2%
7/1/2011	-	2,119,200	2,119,200	0.0%

[1] Based on the July 1, 2010 and 2012 actuarial valuations, there was a significant decrease in the acturarial accrued liability. 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 which also contibuted to a decline in the liability.

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	Actuarial Accrued Liability (AAL) -	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2014	-	$ 1,919,200	$ 1,919,200	0.0%	N/A	N/A
6/30/2013	-	2,015,639	2,015,639	0.0%	N/A	N/A
6/30/2012	-	2,166,661	2,166,661	0.0%	N/A	N/A
6/30/2011	-	2,437,419	2,437,419	0.0%	N/A	N/A
6/30/2010	-	4,083,544	4,083,544	0.0%	N/A	N/A
6/30/2009	-	7,964,432	7,964,432	0.0%	$ 85,979,029	9.3%

See Accompanying Independent Auditors' Report

(5) Schedules of Employer Contributions - OPEB

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

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2014	$ 957,000	100.4%
2013	877,000	100.0%
2012	1,278,000	105.0%
2011	1,235,000	106.0%
2010	1,528,000	113.0%
2009	1,747,000	100.0%

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

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2014	$ 349,100	100.4%
2013	248,000	133.1%
2012	238,800	100.0%

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

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2014	$ 191,319	374.6%
2013	193,701	120.3%
2012	180,534	395.8%
2011	289,043	209.6%
2010	684,706	55.8%
2009	(1,599,071)	(16.4%)

See Accompanying Independent Auditors' Report

(6) Schedule of Funding Progress - Health Insurance Credit

City - Health Insurance Credit Program Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	(b-a) / (c) UAAL as a Percentage of Covered
6/30/2013	$ 77,352	$ 324,054	$ 246,702	23.9%	$ 8,665,556	2.8%
6/30/2012	73,236	160,477	87,241	45.6%	7,892,701	1.1%
6/30/2011	76,808	158,267	81,459	48.5%	7,975,869	1.0%
6/30/2010	67,213	167,493	100,280	40.1%	8,031,938	1.2%
6/30/2009	71,592	150,405	78,813	47.6%	8,483,464	0.9%
6/30/2008	108,754	227,931	119,177	47.7%	8,586,861	1.4%

See Accompanying Independent Auditors' Report

(7) 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, $2,153,183 in supplemental appropriations were approved by City Council. These amendments consisted primarily of appropriations of prior year encumbrances, the appropriation of restricted, committed or assigned 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.

SUPPLEMENTARY INFORMATION

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CITY OF ROANOKE, VIRGINIA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2014

	Department of Technology	Fleet Management	Risk Management	Total Internal Service Funds
Assets				
Current Assets:				
Cash and Cash Equivalents	$ 4,810,133	$ 1,385,765	$ 18,728,642	**$ 24,924,540**
Due from Other Governments	7,285	3,256	-	**10,541**
Due from Other Funds	379,447	672,489	975,373	**2,027,309**
Accounts Receivable (net of allowance for uncollectibles)	12,658	11,229	-	**23,887**
Inventory	-	70,269	-	**70,269**
Other Assets	-	-	330,000	**330,000**
Total Current Assets	**5,209,523**	**2,143,008**	**20,034,015**	**27,386,546**
Capital Assets:				
Equipment and Other Capital Assets	33,181,950	35,812,309	-	**68,994,259**
Construction in Progress	62,425	-	-	**62,425**
Less Accumulated Depreciation	(21,383,048)	(24,954,963)	-	**(46,338,011)**
Capital Assets, Net	**11,861,327**	**10,857,346**	**-**	**22,718,673**
Total Assets	**$ 17,070,850**	**$ 13,000,354**	**$ 20,034,015**	**$ 50,105,219**
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Expenses	287,532	319,985	10,510	**618,027**
Due to Other Funds	7,228	33,984	126,421	**167,633**
Unearned Revenue	23,324	-	-	**23,324**
Long-Term Liabilities Due Within One Year	371,083	34,502	3,336,559	**3,742,144**
Total Current Liabilities	**689,167**	**388,471**	**3,473,490**	**4,551,128**
Long-Term Liabilities:				
Compensated Absences Payable	277,645	69,081	4,095	**350,821**
Claims Payable	-	-	24,569,464	**24,569,464**
General Obligation Bonds Payable, Net	6,429,551	-	-	**6,429,551**
Capital Lease Obligations	21,538	7,179	-	**28,717**
Less Current Maturities	(371,083)	(34,502)	(3,336,559)	**(3,742,144)**
Total Long-Term Liabilities	**6,357,651**	**41,758**	**21,237,000**	**27,636,409**
Total Liabilities	**7,046,818**	**430,229**	**24,710,490**	**32,187,537**
Net Position				
Net Investment in Capital Assets	5,841,693	10,850,167	-	**16,691,860**
Unrestricted	4,182,339	1,719,958	(4,676,475)	**1,225,822**
Total Net Position	**$ 10,024,032**	**$ 12,570,125**	**$ (4,676,475)**	**$ 17,917,682**

See Accompanying Independent Auditors' Report.

CITY OF ROANOKE, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Department of Technology	Fleet Management	Risk Management	Total Internal Service Funds
Operating Revenues				
Charges for Services	$ 6,017,001	$ 6,410,803	$ 15,735,933	**$ 28,163,737**
Other Revenue	46,094	295,016	-	**341,110**
Total Operating Revenues	**6,063,095**	**6,705,819**	**15,735,933**	**28,504,847**
Operating Expenses				
Personal Services	2,088,667	1,470,207	209,987	**3,768,861**
Other Services and Charges	1,485,560	447,974	14,170,446	**16,103,980**
Materials and Supplies	577,380	2,389,083	626,974	**3,593,437**
Depreciation	2,713,104	2,073,520	-	**4,786,624**
Total Operating Expenses	**6,864,711**	**6,380,784**	**15,007,407**	**28,252,902**
Operating Income/(Loss)	**(801,616)**	**325,035**	**728,526**	**251,945**
Nonoperating Revenues (Expenses)				
Loss on Disposal of Assets	(17,844)	(81,690)	-	**(99,534)**
Investment Income	26,970	3,378	32,444	**62,792**
Interest Expense	(361,345)	(611)	-	**(361,956)**
Net Nonoperating Revenues (Expenses)	**(352,219)**	**(78,923)**	**32,444**	**(398,698)**
Income/(Loss) Before Transfers and Contributions	**(1,153,835)**	**246,112**	**760,970**	**(146,753)**
Transfers and Contributions				
Transfers In	453,393	256,877	99,416	**809,686**
Transfers Out	(16,472)	(29,529)	-	**(46,001)**
Net Transfers and Contributions	**436,921**	**227,348**	**99,416**	**763,685**
Change in Net Position	(716,914)	473,460	860,386	616,932
Total Net Position - Beginning of Year	**10,740,946**	**12,096,665**	**(5,536,861)**	**17,300,750**
Total Net Position - End of Year	**$ 10,024,032**	**$ 12,570,125**	**$ (4,676,475)**	**$ 17,917,682**

See Accompanying Independent Auditors' Report.

CITY OF ROANOKE, VIRGINIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Department of Technology	Fleet Management	Risk Management	Total Internal Service Funds
Cash Flows From Operating Activities:				
Cash Received from Customers	$ 5,830,546	$ 5,911,250	$ 17,371,186	**$ 29,112,982**
Cash Payments to Suppliers for Goods and Services	(2,098,168)	(3,172,417)	(1,516,421)	**(6,787,006)**
Cash Payments From (to) Other Funds for Interfund Services	(25,581)	(84,160)	118,366	**8,625**
Cash Payments to Employees	(2,058,449)	(1,453,963)	(208,902)	**(3,721,314)**
Cash Payments for Claims	-	-	(14,189,230)	**(14,189,230)**
Cash Received From Other Operating Revenue	46,094	295,016	-	**341,110**
Net Cash Provided by Operating Activities	**1,694,442**	**1,495,726**	**1,574,999**	**4,765,167**
Cash Flows From Noncapital Financing Activities:				
Transfers In	453,393	256,877	99,416	**809,686**
Transfers Out	(16,472)	(29,529)	-	**(46,001)**
Net Cash Provided by Noncapital Financing Activities	**436,921**	**227,348**	**99,416**	**763,685**
Cash Flows From Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(1,637,345)	(2,744,141)	-	**(4,381,486)**
Principal Paid on Bonds and Capital Lease Obligations	(99,611)	-	-	**(99,611)**
Proceeds from Issuance of Debt	-	7,179	-	**7,179**
Interest Paid on Bonds and Capital Lease Obligations	(334,799)	(611)	-	**(335,410)**
Net Cash Used by Capital and Related Financing Activities	**(2,071,755)**	**(2,737,573)**	**-**	**(4,809,328)**
Cash Flows From Investing Activities:				
Interest Received	26,864	3,499	31,802	**62,165**
Purchase of Investments	1,123,385	684,779	4,804,694	**6,612,858**
Cash Provided (Used) by Investing Activities	**1,150,249**	**688,278**	**4,836,496**	**6,675,023**
Net Increase (Decrease) in Cash and Cash Equivalents	**1,209,857**	**(326,221)**	**6,510,911**	**7,394,547**
Cash and Cash Equivalents at July 1	**3,600,276**	**1,711,986**	**12,217,731**	**17,529,993**
Cash and Cash Equivalents at June 30	**$ 4,810,133**	**$ 1,385,765**	**$ 18,728,642**	**$ 24,924,540**
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating Income\(Loss)	$ (801,616)	$ 325,035	$ 728,526	**$ 251,945**
Depreciation	2,713,104	2,073,520	-	**4,786,624**
Increase in Due From Other Governments	(7,285)	(3,256)	-	**(10,541)**
(Increase) Decrease in Due From Other Funds	(205,565)	(504,986)	1,635,197	**924,646**
Decrease in Accounts Receivable	26,395	8,689	56	**35,140**
Decrease in Inventory	-	7,664	-	**7,664**
Decrease in Accounts Payable and Accrued Expenses	(50,717)	(448,134)	(130,124)	**(628,975)**
Increase (Decrease) in Due to Other Funds	(7,127)	33,450	130,416	**156,739**
Increase (Decrease) in Compensated Absences Payable	27,253	3,744	(238)	**30,759**
Decrease in Claims Payable	-	-	(788,834)	**(788,834)**
Total Adjustments	**2,496,058**	**1,170,691**	**846,473**	**4,513,222**
Net Cash Provided (Used) by Operating Activities	**$ 1,694,442**	**$ 1,495,726**	**$ 1,574,999**	**$ 4,765,167**

See Accompanying Independent Auditors' Report.

CITY OF ROANOKE, VIRGINIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2014

	Hotel Roanoke Conference Center Commission
Assets	
Cash and Cash Equivalents	$ 1,774,287
Investments	3,013,998
Accrued Interest Receivable	24,368
Total Assets	**$ 4,812,653**
Liabilities	
Due to Other Governments	$ 4,812,653
Total Liabilities	**$ 4,812,653**

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, 2014

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Assets				
Cash and Cash Equivalents	$ 702,247	$ 5,062,846	$ 3,990,806	$ 1,774,287
Investments	4,008,513	3,013,998	4,008,513	3,013,998
Accrued Interest Receivable	29,618	24,368	29,618	24,368
Due from Other Governments	-	102,749	102,749	-
Total Assets	**$ 4,740,378**	**$ 8,203,961**	**$ 8,131,686**	**$ 4,812,653**
Liabilities				
Due to Other Governments	$ 4,740,378	$ 8,203,961	$ 8,131,686	$ 4,812,653
Total Liabilities	**$ 4,740,378**	**$ 8,203,961**	**$ 8,131,686**	**$ 4,812,653**

See Accompanying Independent Auditors' Report.

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STATISTICAL SECTION (UNAUDITED)

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 *127*

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 *134*

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

Debt Capacity *137*

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 *140*

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 *142*

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 POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Governmental Activities										
Net Investment in Capital Assets	$ 344,420,223	$ 335,651,602	$ 329,493,504	$ 269,948,200	$ 260,869,253	$ 238,461,969	$ 225,501,044	$ 200,914,327	$ 190,962,494	$ 187,115,017
Restricted for:										
Capital Projects	5,669,959	-	-	-	46,777	70,914	105,323	139,732	205,752	276,133
Debt Service	1,406,148	1,493,056	-	-	-	-	-	-	-	-
Other Purposes	-	6,746,307	-	-	-	-	-	-	-	-
Unrestricted	29,788,078	22,261,350	29,219,419	44,235,521	25,539,839	41,697,432	45,552,401	56,691,884	52,348,145	30,519,227
Total Governmental Activities Net Position	**$ 381,284,408**	**$ 366,152,315**	**$ 358,712,923**	**$ 314,183,721**	**$ 286,455,869**	**$ 280,230,315**	**$ 271,158,768**	**$ 257,745,943**	**$ 243,516,391**	**$ 217,910,377**
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	$ 33,828,819	$ 33,675,512	$ 34,264,716	$ 33,964,073	$ 51,750,741	$ 52,067,081	$ 51,594,498	$ 50,696,302	$ 38,113,702	$ 42,009,100
Unrestricted	1,912,834	1,446,904	840,542	1,109,365	4,678,494	2,213,388	3,180,872	4,454,864	11,034,165	4,909,789
Total Business-Type Activities Net Position	**$ 35,741,653**	**$ 35,122,416**	**$ 35,105,258**	**$ 35,073,438**	**$ 56,429,235**	**$ 54,280,469**	**$ 54,775,370**	**$ 55,151,166**	**$ 49,147,867**	**$ 46,918,889**
				(1)	(1)					
Primary Government										
Net Investment in Capital Assets	$ 378,249,042	$ 369,327,114	$ 363,758,220	$ 303,912,273	$ 312,619,994	$ 290,529,050	$ 277,095,542	$ 251,610,629	$ 229,076,196	$ 229,124,117
Restricted for:										
Capital Projects	5,669,959	-	-	-	46,777	70,914	105,323	139,732	205,752	276,133
Debt Service	1,406,148	1,493,056	-	-	-	-	-	-	-	-
Other Purposes	-	6,746,307	-	-	-	-	-	-	-	-
Unrestricted	31,700,912	23,708,254	30,059,961	45,344,886	30,218,333	43,910,820	48,733,273	61,146,748	63,382,310	35,429,016
Total Primary Government Net Position	**$ 417,026,061**	**$ 401,274,731**	**$ 393,818,181**	**$ 349,257,159**	**$ 342,885,104**	**$ 334,510,784**	**$ 325,934,138**	**$ 312,897,109**	**$ 292,664,258**	**$ 264,829,266**

Information is presented on a full accrual basis of accounting.

(1) Effective in fiscal year 2011, Greater Roanoke Transit Company (GRTC) was reported as a discretely presented component unit. Accordingly, the fiscal year 2010 Net Position included $16.7 million whereas in fiscal year 2011, GRTC Net Position is no longer reported as a business-type activity. Fiscal year 2010 also included Net Position of $4.6 million for the City's Market Building Fund which was discontinued in fiscal year 2011.

Table 2
Unaudited

CITY OF ROANOKE, VIRGINIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Expenses										
Governmental Activities:										
General Government	$ 13,994,522	$ 14,036,094	$ 15,192,371	$ 13,934,968	$ 12,224,830	$ 13,859,060	$ 14,951,184	$ 11,273,712	$ 13,060,424	$ 12,505,925
Judicial Administration	8,718,527	8,704,405	8,777,516	7,644,774	7,786,140	9,167,289	8,881,939	8,696,783	7,759,108	7,093,904
Public Safety	66,886,151	66,852,582	69,882,446	63,287,015	63,976,863	66,448,271	67,457,297	63,824,918	60,338,648	56,027,791
Public Works	29,671,503	27,835,679	28,672,051	18,654,587	28,126,031	31,174,272	29,493,501	29,322,095	25,396,344	25,413,778
Health and Welfare	39,093,358	37,453,267	41,124,917	42,111,631	45,995,109	45,756,887	45,287,639	39,755,942	36,851,200	35,063,221
Parks, Recreation and Cultural	11,090,084	10,908,904	13,301,508	11,420,919	10,559,350	12,018,560	11,718,909	12,328,684	10,671,914	9,269,834
Community Development	11,305,174	11,398,126	9,452,579	10,706,299	10,010,970	9,752,877	13,009,501	11,847,813	10,388,248	9,849,351
Transportation	1,527,146	1,654,105	1,654,105	1,177,324	-	-	-	-	-	-
Education	79,397,641	79,011,455	83,072,419	74,772,599	67,945,097	66,604,559	65,494,065	61,335,067	57,899,575	54,737,434
Economic Development	414,274	3,079,428	2,022,694	3,904,121	3,510,831	1,535,584	657,348	613,075	3,046,343	7,175,953
Other	58,700	83,466	4,595	98,494	-	15,329	13,470	31,575	66,967	125,801
Interest and Fiscal Charges	12,654,695	12,047,146	11,551,668	12,002,689	13,538,201	13,124,928	10,710,840	11,916,375	11,588,440	11,652,145
Total Governmental Activities Expenses	274,811,775	273,064,657	284,708,869	259,715,420	263,673,422	269,457,616	267,675,693	250,946,039	237,067,211	228,915,137
Business-Type Activities:										
Transit Company	-	-	-	-	9,474,181	9,545,470	9,195,709	8,403,369	7,850,064	7,609,131
Civic Facilities	4,587,589	4,581,203	4,509,327	4,511,711	4,302,258	7,138,833	5,259,155	4,694,186	5,066,942	4,610,356
Parking	3,809,369	3,454,022	3,483,658	2,755,253	3,030,494	2,806,984	2,396,330	2,894,630	2,036,575	2,002,110
Stormwater Utility	69,525	-	-	-	-	-	-	-	-	-
Market Building	-	-	-	163,992	384,331	649,874	379,828	390,098	368,090	506,894
Total Business-Type Activities Expenses	8,466,483	8,035,225	7,992,985	7,430,956	17,191,264	20,141,161	17,231,022	16,382,283	15,321,671	14,728,491
Total Primary Government Expenses	283,278,258	281,099,882	292,701,854	267,146,376	280,864,686	289,598,777	284,906,715	267,328,322	252,388,882	243,643,628
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	4,188,317	4,408,777	3,700,916	6,035,893	4,152,979	4,511,088	4,467,706	4,228,015	3,234,836	3,038,133
Judicial Administration	3,928,176	3,820,609	3,782,588	3,755,301	3,734,589	4,823,817	4,594,962	5,445,812	5,132,780	5,334,458
Public Safety	5,255,890	4,952,127	4,702,979	5,323,523	6,203,883	6,453,285	6,632,394	5,894,930	5,086,196	4,768,397
Public Works	266,683	381,886	340,438	2,168,980	347,422	386,445	445,191	523,344	458,882	445,256
Health and Welfare	32,356	40,111	93,991	131,520	127,834	146,338	196,110	172,703	584,149	595,797
Parks, Recreation and Cultural	543,186	342,005	414,693	399,968	367,143	308,446	155,799	132,728	413,090	372,186
Community Development	190,372	146,061	154,041	167,314	166,176	161,228	165,144	199,255	170,493	131,038
Economic Development	-	-	-	-	-	4,974	83,541	-	-	-
Operating Grants and Contributions	62,762,426	64,201,295	64,457,688	68,572,662	70,252,704	70,986,646	69,257,682	63,164,087	59,245,639	56,208,537
Capital Grants and Contributions	6,056,338	2,168,673	3,677,359	5,665,618	718,580	265,005	3,975,312	289,043	102,934	239,246
Total Governmental Activities Program Revenues	83,223,744	80,461,544	81,324,693	92,220,779	86,071,310	88,047,272	89,973,841	80,049,917	74,428,999	71,133,048
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
Civic Facilities	2,460,384	2,701,142	2,559,400	2,405,370	1,966,484	4,312,359	2,248,649	2,413,877	2,995,440	2,788,081
Parking	3,074,017	3,365,930	3,316,277	2,840,685	2,733,270	2,804,755	2,809,958	2,686,301	2,683,159	2,600,415
Stormwater Utility	-	-	-	-	-	-	-	-	-	-
Market Building	-	-	-	10,452	198,022	224,637	255,476	268,340	277,886	308,366
Operating Grants and Contributions	-	-	-	-	4,139,626	4,393,415	4,071,749	3,896,866	3,395,701	3,252,566
Capital Grants and Contributions	480,815	-	-	-	2,348,098	1,115,208	769,852	5,783,634	1,357,967	1,010,893
Total Business-Type Activities Program Revenues	6,015,216	6,067,072	5,875,677	5,256,507	13,432,252	14,947,794	12,188,708	16,868,071	12,489,772	11,525,832
Total Primary Government Program Revenues	89,238,960	86,528,616	87,200,370	97,477,286	99,503,562	102,995,066	102,162,549	96,917,988	86,918,771	82,658,880
Net (Expense)/Revenue:										
Governmental Activities	(191,588,031)	(192,603,113)	(203,384,176)	(167,494,641)	(177,602,112)	(181,410,344)	(177,701,852)	(170,896,122)	(162,638,212)	(157,782,089)
Business-Type Activities	(2,451,267)	(1,968,153)	(2,117,308)	(2,174,449)	(3,759,012)	(5,193,367)	(5,042,314)	485,788	(2,831,899)	(3,202,659)
Total Primary Government Net Expense	$ (194,039,298)	$ (194,571,266)	$ (205,501,484)	$ (169,669,090)	$ (181,361,124)	$ (186,603,711)	$ (182,744,166)	$ (170,410,334)	$ (165,470,111)	$ (160,984,748)

Table 2
Unaudited
Continued

CITY OF ROANOKE, VIRGINIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
General Property - Real Estate and Personal Property	$ 107,151,665	$ 103,429,235	$ 105,653,485	$ 107,328,296	$ 100,801,682	$ 101,626,861	$ 98,714,420	$ 93,361,362	$ 86,651,722	$ 81,071,535
Local Portion of State Sales	19,236,561	19,437,336	19,147,211	18,602,105	18,095,643	20,448,423	21,571,956	21,987,443	20,637,376	19,663,577
Business and Professional Occupational License	12,317,760	12,063,755	11,769,433	11,276,263	11,588,503	12,479,698	12,536,783	12,690,668	12,893,280	11,335,221
Utility	9,981,896	9,812,703	9,584,366	9,937,596	9,557,889	9,735,948	9,825,738	11,409,106	13,234,488	13,857,552
Prepared Food and Beverage	13,231,279	13,737,840	17,216,380	16,030,878	11,159,911	11,496,914	11,560,944	11,061,948	10,635,894	7,995,551
Commonwealth Share - Personal Property	8,076,000	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992	8,073,460	8,121,547	7,962,068	8,325,821
Cigarette	2,332,536	2,431,242	2,456,680	2,338,732	2,515,209	2,644,599	2,882,612	2,401,764	2,133,150	1,889,419
Transient Room	3,874,018	3,391,403	2,983,586	2,918,631	2,636,536	2,754,683	2,814,253	2,666,253	2,529,645	2,250,249
Telecommunications	6,994,183	7,115,248	7,096,425	7,247,911	7,383,848	7,145,256	7,978,786	3,421,394	-	-
Motor Vehicle License Tax	2,046,686	2,069,531	2,130,312	2,002,299	1,951,813	1,937,500	1,682,310	1,795,365	1,783,689	1,761,745
Other	5,246,978	3,154,317	3,011,116	2,810,326	4,344,857	6,071,290	7,412,254	11,727,231	7,359,754	7,111,634
State Aid Not Restricted to a Specific Program	-	-	-	-	-	-	-	-	7,776,432	-
Payment from Component Unit	15,502,968	15,928,396	16,373,216	9,752,655	10,020,049	8,930,898	7,752,288	1,300,000	-	-
Grants and Contributions Not Restricted to Specific Program	-	-	-	2,880	11,226	8,379	3,372	3,107	-	239,988
Interest and Investment Income	1,450,625	1,380,818	1,071,384	960,375	1,246,826	1,618,541	2,644,762	3,737,732	3,187,105	2,387,866
Miscellaneous	1,394,408	-	-	-	130,702	-	-	4,471,167	4,005,203	6,754,063
Special Item	-	-	43,322,018	(3,492,982)	-	-	-	-	(1,575,776)	-
Transfers	(2,117,439)	(1,985,311)	(1,978,226)	(569,468)	(5,693,020)	(4,493,091)	(4,339,261)	(5,030,413)	(3,062,423)	(2,882,183)
Transfers - Capital Assets	-	-	-	-	-	-	-	-	(1,726,651)	-
Total Governmental Activities	206,720,124	200,042,505	247,913,378	195,222,489	183,827,666	190,481,891	191,114,677	185,125,674	174,424,956	161,762,038
Business-Type Activities:										
Interest and Investment Income	-	-	170,902	112,028	80,077	87,552	140,247	228,058	163,638	92,195
Gain (Loss) on Sale of Assets	-	-	-	-	-	-	-	-	(293,213)	9,896
Miscellaneous	-	-	-	-	134,681	117,823	187,010	259,040	401,378	522,955
Special Item	-	-	-	(3,204,514)	-	-	-	-	-	-
Transfers	2,117,439	1,985,311	1,978,226	569,468	5,693,020	4,493,091	4,339,261	5,030,413	3,062,423	2,882,183
Transfers - Capital Assets	953,065	-	-	-	-	-	-	-	1,726,651	-
Total Business-Type Activities	3,070,504	1,985,311	2,149,128	(2,523,018)	5,907,778	4,698,466	4,666,518	5,517,511	5,060,877	3,507,229
Total Primary Government	$ 209,790,628	$ 202,027,816	$ 250,062,506	$ 192,699,471	$ 189,735,444	$ 195,180,357	$ 195,781,195	$ 190,643,185	$ 179,485,833	$ 165,269,267
Change in Net Position										
Governmental Activities	$ 15,132,093	$ 7,439,392	$ 44,529,202	$ 27,727,848	$ 6,225,554	$ 9,071,547	$ 13,412,825	$ 14,229,552	$ 11,786,744	$ 3,979,949
Business-Type Activities	619,237	17,158	31,820	(4,697,467)	2,148,766	(494,901)	(375,796)	6,003,299	2,228,978	304,570
Total Primary Government	$ 15,751,330	$ 7,456,550	$ 44,561,022	$ 23,030,381	$ 8,374,320	$ 8,576,646	$ 13,037,029	$ 20,232,851	$ 14,015,722	$ 4,284,519

Information is presented on a full accrual basis of accounting.

Table 3
Unaudited

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

	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
General Property Tax-Real Estate and Personal Property	$ 107,151,667	$ 103,429,235	$ 105,653,485	$ 107,328,296	$ 100,801,682	$ 101,626,861	$ 98,714,420	$ 93,361,362	$ 86,651,722	$ 81,071,535	$ 75,186,290
Sales Tax	19,236,561	19,437,336	19,147,211	18,602,105	18,095,643	20,448,423	21,571,956	21,987,443	20,637,376	19,663,577	19,225,559
Business License Tax	12,317,760	12,063,755	11,769,433	11,276,263	11,588,503	12,479,698	12,536,783	12,174,159	12,893,280	11,335,221	10,828,304
Utility Consumer Tax	9,981,896	9,812,703	9,584,366	9,937,596	9,557,889	9,735,948	9,825,738	11,925,615	13,234,488	13,857,552	13,823,643
Prepared Food & Beverage Tax (1)	13,231,279	13,737,840	17,216,380	16,030,878	11,159,911	11,496,914	11,560,944	11,061,948	10,635,894	7,995,551	7,690,950
Commonwealth Share Personal Property Tax	8,076,000	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992	8,073,460	8,121,547	7,962,068	8,325,821	7,689,531
Cigarette Tax	2,332,535	2,431,242	2,456,680	2,338,732	2,515,209	2,644,599	2,882,612	2,401,764	2,133,150	1,889,419	1,895,533
Transient Room Tax (2)	3,874,018	3,391,403	2,983,586	2,918,631	2,636,536	2,754,683	2,814,253	2,666,253	2,529,645	2,250,249	2,232,754
Telecommunications (3)	6,994,183	7,115,248	7,096,425	7,247,911	7,383,848	7,145,256	7,978,786	3,421,394	-	-	-
Motor Vehicle License Tax	2,046,686	2,069,531	2,130,312	2,002,299	1,951,813	1,937,500	1,682,310	1,795,365	1,783,689	1,761,745	1,736,858
Other Taxes	5,246,978	3,154,317	3,011,116	2,810,326	4,344,857	6,071,290	7,412,254	11,727,231	7,359,754	7,111,634	8,213,700
Total Governmental Activities Tax Revenues	$ 190,489,562	$ 184,718,602	$ 189,124,986	$ 188,569,029	$ 178,111,883	$ 184,417,164	$ 185,053,516	$ 180,644,081	$ 165,821,066	$ 155,262,304	$ 148,523,122

Information is presented on a full accrual basis of accounting.
(1) Effective July 1, 2010, the Prepared Food and Beverage Tax increased from 5% to 7%. The tax rate reverted to 5% on July 1, 2012.
(2) Effective January 1, 2013, the Transient Room Tax increased from 7% to 8%.
(3) 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 4
Unaudited

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

	2013-14	2012-13	2011-12	2010-11 (1)	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
General Fund										
Restricted	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Committed	1,905,812	1,562,056	1,084,361	1,379,076	-	-	-	-	-	-
Assigned	-	-	-	1,407,485	-	-	-	-	-	-
Unassigned	26,757,052	26,060,594	26,000,436	25,535,754	-	-	-	-	-	-
Reserved	-	-	-	-	598,753	1,028,676	1,318,997	743,092	1,219,270	1,389,488
Unreserved	-	-	-	-	24,361,867	21,352,928	19,723,710	21,347,881	22,121,582	19,660,766
Total General Fund	$ 28,662,864	$ 27,622,650	$ 27,084,797	$ 28,322,315	$ 24,960,620	$ 22,381,604	$ 21,042,707	$ 22,090,973	$ 23,340,852	$ 21,050,254
All Other Governmental Funds										
Restricted	$ 7,076,107	$ 8,239,363	$ 4,686,212	$ 3,465,004	$ -	$ -	$ -	$ -	$ -	$ -
Committed	14,851,733	15,544,610	17,131,452	16,368,501	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Reserved	-	-	-	-	6,146,088	17,529,842	36,500,585	14,814,335	22,669,544	19,200,210
Unreserved, reported in:	-	-	-	-	-	-	-	-	-	-
Debt Service Fund	-	-	-	-	1,213,260	1,161,895	1,143,782	1,021,667	1,063,737	988,465
Capital Projects Fund	-	-	-	-	6,121,743	31,685,558	27,455,399	26,591,510	37,744,826	39,994,304
Total All Other Governmental Funds	$ 21,927,840	$ 23,783,973	$ 21,817,664	$ 19,833,505	$ 13,481,091	$ 50,377,295	$ 65,099,766	$ 42,427,512	$ 61,478,107	$ 60,182,979

Information is presented on a modified accrual basis of accounting.

(1) The City adopted GASB Statement No. 54 in fiscal year 2011.

Table 5
Unaudited

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

	2013-14	2012-13	2011-12	2010-11	2009-10
Revenues					
Local Taxes	$ 179,576,940	$ 178,073,456	$ 181,456,770	$ 178,308,587	$ 171,185,553
Permits, Fees and Licenses	1,092,534	966,903	857,561	969,800	880,347
Fines and Forfeitures	1,209,575	1,439,961	1,531,145	1,805,083	1,615,265
Rental Income	146,602	111,834	117,154	210,633	550,191
Investment Income	98,276	93,291	136,277	177,577	251,970
Intergovernmental	94,352,004	93,839,219	95,942,714	91,502,519	93,250,211
Charges for Services	11,066,281	10,919,251	10,262,192	11,624,417	10,834,925
Miscellaneous	5,315,274	2,915,807	1,902,037	4,717,123	703,626
Total Revenues	$ 292,857,486	$ 288,359,722	$ 292,205,850	$ 289,315,739	$ 279,272,088
Expenditures					
Current Operating:					
General Government	$ 14,333,910	$ 13,064,653	$ 13,420,641	$ 13,043,582	$ 12,671,590
Judicial Administration	8,507,385	8,327,159	8,075,746	7,336,125	7,503,476
Public Safety	65,388,178	63,848,864	62,753,894	60,845,503	61,821,748
Public Works	24,857,169	23,842,020	23,696,320	22,133,031	23,860,980
Health and Welfare	38,783,646	36,802,549	39,683,737	41,755,947	45,439,356
Parks, Recreation and Cultural	9,787,505	9,547,523	9,632,815	10,314,592	9,192,283
Community Development	11,115,802	10,829,570	9,045,363	10,481,809	9,931,020
Transportation	1,527,146	1,654,105	1,654,105	1,177,324	-
Education	74,366,181	73,870,214	78,351,405	70,232,036	63,443,415
Debt Service:					
Principal Retirement	23,529,050	24,523,873	23,426,997	20,778,546	23,566,295
Interest and Paying Agent Charges	8,611,669	9,522,590	10,936,143	11,479,778	12,768,787
Bond Issuance Cost	492,516	590,381	801,658	204,463	317,494
Capital Outlays	21,663,696	15,291,837	12,373,816	13,251,045	40,276,382
Total Expenditures	$ 302,963,853	$ 291,715,338	$ 293,852,640	$ 283,033,781	$ 310,792,826
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,106,367)	(3,355,616)	(1,646,790)	6,281,958	(31,520,738)
Other Financing Sources (Uses)					
Issuance of Bonds	$ 11,820,000	$ 12,269,104	$ 5,533,829	$ 7,121,925	$ 2,661,171
Issuance of Refunding Bonds	1,829,500	24,870,000	25,125,000	2,017,600	36,056,200
Payment to Refunded Bond Escrow Agent	(1,829,500)	(28,239,596)	(27,734,307)	(2,136,507)	(39,056,309)
Premium on Sale of Bonds	351,572	2,165,563	3,371,482	248,563	3,669,899
Transfers In	15,997,869	17,427,478	18,088,403	26,925,336	25,536,867
Transfers Out	(18,878,993)	(22,632,771)	(21,990,976)	(30,744,766)	(31,664,278)
Total Other Financing Sources (Uses)	9,290,448	5,859,778	2,393,431	3,432,151	(2,796,450)
Net Change in Fund Balances	(815,919)	2,504,162	746,641	9,714,109	(34,317,188)
Fund Balances--Beginning of Year	51,406,623	48,902,461	48,155,820	38,441,711	72,758,899
Fund Balances--End of Year	$ 50,590,704	$ 51,406,623	$ 48,902,461	$ 48,155,820	$ 38,441,711

Information is presented on an modified accrual basis of accounting.

Table 5
Unaudited
(continued)

2008-09	2007-08	2006-07	2005-06	2004-05
$ 173,518,576	$ 172,769,022	$ 164,871,887	$ 156,259,656	$ 145,738,157
1,053,443	1,475,370	1,142,724	1,469,016	1,275,026
1,558,517	1,558,039	1,540,598	1,444,566	1,354,775
845,373	968,975	1,032,990	1,462,840	796,688
1,211,719	2,241,720	3,460,986	1,978,325	1,794,290
93,064,316	96,691,241	85,531,788	79,661,592	74,579,619
11,616,042	10,955,336	11,611,220	11,142,081	11,237,776
1,536,704	1,336,850	2,897,616	2,543,147	820,779
$ 284,404,690	$ 287,996,553	$ 272,089,809	$ 255,961,223	$ 237,597,110
$ 13,094,420	$ 13,614,281	$ 12,782,063	$ 12,214,535	$ 11,677,301
8,735,663	8,441,872	8,438,366	7,347,752	6,736,070
63,808,641	64,859,294	61,964,362	58,192,222	53,777,319
24,841,431	23,663,876	23,900,264	22,798,347	22,229,895
45,128,533	44,626,860	39,290,415	36,105,373	34,754,917
10,753,820	11,165,097	10,724,981	9,697,644	8,434,669
9,559,518	11,473,754	9,074,244	9,701,539	9,066,266
-	-	-	-	-
62,856,641	62,392,633	58,669,043	55,789,730	52,676,279
22,157,734	19,822,282	19,119,311	17,140,653	14,785,327
12,286,166	11,343,116	11,103,323	11,270,985	10,084,588
79,082	-	-	141,334	104,034
44,299,810	35,471,132	44,308,692	38,370,611	40,808,400
$ 317,601,459	$ 306,874,197	$ 299,375,064	$ 278,770,725	$ 265,135,065
(33,196,769)	(18,877,644)	(27,285,255)	(22,809,502)	(27,537,955)
$ 23,912,613	$ 43,967,698	$ 12,961,171	$ 31,708,923	$ 37,662,856
-	-	-	10,631,826	-
-	-	-	(10,705,136)	-
706,843	1,199,155	407,950	705,605	1,460,022
27,214,121	26,430,553	25,211,822	30,811,378	37,134,208
(32,020,382)	(31,095,774)	(31,596,162)	(36,757,368)	(42,034,253)
19,813,195	40,501,632	6,984,781	26,395,228	34,222,833
(13,383,574)	21,623,988	(20,300,474)	3,585,726	6,684,878
86,142,473	64,518,485	84,818,959	81,233,233	74,548,355
$ 72,758,899	$ 86,142,473	$ 64,518,485	$ 84,818,959	$ 81,233,233

Table 6
Unaudited

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

	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
General Property Tax	$ 106,192,008	$ 105,475,896	$ 105,846,418	$ 104,463,578	$ 103,019,671	$ 102,177,312	$ 98,983,976	$ 93,084,689	$ 86,447,295	$ 81,199,730
Sales Tax	19,236,561	19,437,336	19,147,211	18,602,105	18,095,643	20,448,423	21,571,956	21,987,443	20,637,376	19,663,577
Utility Consumer Tax (1)	9,486,778	9,325,645	9,115,344	9,433,181	9,072,887	9,245,881	9,317,726	11,409,106	13,234,488	13,349,039
Cigarette Tax	2,332,535	2,431,242	2,456,680	2,338,732	2,515,209	2,644,599	2,882,612	2,401,764	2,133,150	1,889,419
Recordation and Probate Tax	863,485	947,178	880,865	740,733	781,542	777,182	1,243,373	1,416,300	1,314,804	1,116,447
Business, Professional, and Occupational License Tax	12,812,877	12,550,814	12,238,455	11,780,678	12,073,505	12,969,765	13,044,796	12,690,668	12,893,280	11,843,734
Transient Room Tax (2)	3,874,018	3,391,403	2,983,586	2,918,631	2,636,536	2,754,683	2,814,252	2,666,253	2,529,645	2,250,249
Admissions Tax	439,693	417,015	433,932	422,279	442,030	476,491	443,664	457,454	456,048	448,312
Telecommunications/Telephone Surcharge - E911 (1)	6,994,183	7,115,248	7,096,448	7,247,927	7,383,848	7,145,256	7,979,032	4,127,361	1,431,406	1,603,863
Motor Vehicle License Tax	2,046,686	2,069,532	2,130,313	2,002,299	1,951,813	1,937,500	1,682,310	1,795,365	1,783,689	1,761,745
Franchise Tax (1)	485,678	479,215	447,420	474,064	579,288	483,724	504,370	1,000,718	1,456,085	1,500,624
Prepared Food and Beverage Tax (3)	13,225,652	12,874,902	17,216,380	16,030,878	11,159,911	11,496,914	11,560,944	11,061,948	10,635,894	7,995,551
Bank Stock Tax	1,586,786	1,558,030	1,463,718	1,853,502	1,473,670	960,846	740,011	772,818	1,306,496	1,115,867
Total Local Taxes	**$ 179,576,940**	**$ 178,073,456**	**$ 181,456,770**	**$ 178,308,587**	**$ 171,185,553**	**$ 173,518,576**	**$ 172,769,022**	**$ 164,871,887**	**$ 156,259,656**	**$ 145,738,157**

(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.

(2) Effective January 1, 2013, the Transient Room Tax increased from 7% to 8%.

(3) Effective July 1, 2010, the Prepared Food and Beverage Tax increased from 5% to 7%. The tax rate reverted to 5% on July 1, 2012.

Table 7
Unaudited

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

	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Total Tax Levies	**$ 113,183,821**	**$ 113,209,446**	**$ 112,485,925**	**$ 112,560,131**	**$ 110,098,047**	**$ 110,034,071**	**$ 106,316,893**	**$ 101,301,039**	**$ 94,754,245**	**$ 88,719,548**
Current Tax Collections	103,746,942	103,802,153	103,693,219	102,130,123	100,833,008	98,726,769	95,621,945	89,761,174	83,902,929	78,489,950
Current Tax Collections - State Share (1)	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992	8,075,992	8,073,460	8,089,164	7,789,896	8,147,634
Collections in Subsequent Years (2)	-	4,035,198	2,628,942	2,575,148	2,293,801	3,511,730	3,376,018	3,327,325	2,544,774	2,710,209
Delinquent Tax Collections - State Share (1)	-	-	-	-	-	-	-	32,383	172,172	178,186
Total Tax Collections	**$ 111,822,934**	**$ 115,913,343**	**$ 114,398,153**	**$ 112,781,263**	**$ 111,202,801**	**$ 110,314,491**	**$ 107,071,423**	**$ 101,210,046**	**$ 94,409,771**	**$ 89,525,979**
Current Tax Collections As Percent of Levies	**98.80%**	**98.82%**	**99.36%**	**97.91%**	**98.92%**	**97.06%**	**97.53%**	**96.59%**	**96.77%**	**97.65%**
Total Tax Collections As Percent of Levies (2)	**98.80%**	**102.39%**	**101.70%**	**100.20%**	**101.00%**	**100.25%**	**100.71%**	**99.91%**	**99.64%**	**100.91%**

(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) Prior to FY 2014, the City did not have the capability of determining the levy year for delinquent collections. Effective FY 2014, delinquent collections are recorded in the levy year for which they were collected.

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 (Decline)	Estimated Actual Value	Assessment Ratio	Assessed Value	Percentage Growth (Decline)	Estimated Actual Value	Assessment Ratio	Assessed Value	Percentage Growth (Decline)	Estimated Actual Value	Assessment Ratio	Total Assessed Value	Total Estimated Actual Value
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	6,469,379,840
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	6,931,028,926
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	7,513,954,307
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	7,972,224,770
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	8,255,418,861
2010	6,698,391,113	2.04%	6,698,391,113	1.00	758,872,026	(6.28%)	1,264,786,710	0.60	359,212,368	7.20%	360,848,221	0.995	7,816,475,507	8,324,026,044
2011	6,801,971,286	1.55%	6,801,971,286	1.00	769,951,558	1.46%	1,283,252,597	0.60	353,515,462	(1.59%)	357,281,499	0.989	7,925,438,306	8,442,505,382
2012	6,794,772,298	(0.11%)	6,794,772,298	1.00	816,148,651	6.00%	1,360,247,752	0.60	360,309,314	1.92%	360,309,314	1.000	7,971,230,263	8,515,329,364
2013	6,725,168,858	(1.02%)	6,725,168,858	1.00	840,633,111	3.00%	1,401,055,185	0.60	416,800,579	15.68%	418,303,022	0.996	7,982,602,548	8,544,527,065
2014	6,679,969,872	(0.67%)	6,679,969,872	1.00	859,809,462	2.28%	1,433,015,770	0.60	414,953,913	(0.44%)	413,969,355	1.002	7,954,733,247	8,526,954,997

Table 9
Unaudited

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

	REAL PROPERTY		PERSONAL PROPERTY		PUBLIC SERVICE CORPORATIONS			
Year	Direct Tax Rate Per $100	Levy	Direct Tax Rate Per $100	Levy	Direct Tax Rate Per $100	Levy	Total Tax Levies	Total Direct Rate
2005	1.21	59,439,602	3.45	25,222,479 (1)	1.21	4,057,467	88,719,548	1.85
2006	1.21	64,754,545	3.45	26,302,920 (1)	1.21	3,696,780	94,754,245	1.83
2007	1.19 (2)	69,429,439	3.45	28,163,083 (1), (3)	1.19 (2)	3,708,517	101,301,039	1.82
2008	1.19	74,451,741	3.45	28,100,133 (1)	1.19	3,765,019	106,316,893	1.79
2009	1.19	78,114,892	3.45	27,925,972 (1)	1.19	3,993,207	110,034,071	1.76
2010	1.19	79,710,636	3.45	26,141,385 (1)	1.19	4,246,026	110,098,047	1.73
2011	1.19	80,943,458	3.45	27,385,166 (1)	1.19	4,231,507	112,560,131	1.74
2012	1.19	80,857,790	3.45	27,311,532 (1)	1.19	4,316,603	112,485,925	1.74
2013	1.19	80,029,509	3.45	28,188,385 (1)	1.19	4,991,552	113,209,446	1.75
2014	1.19	79,491,642	3.45	28,709,212 (1)	1.19	4,982,967	113,183,821	1.76

(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, 2014 AND JUNE 30, 2005

		2014			2005		
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 Clinic	Healthcare Provider	$ 211,212,100	1	2.66%	$ 56,814,598	4	0.95%
Appalachian Power	Public Utility	141,835,579	2	1.78%	86,105,642	1	1.44%
Norfolk Southern Corporation	Transportation	136,271,779	3	1.71%	76,124,656	3	1.27%
Valley View Mall LLC (Formerly Hersh, Ltd)	Shopping Mall	74,940,200	4	0.94%	53,091,185	5	0.89%
Roanoke Gas Company	Public Utility	40,859,269	5	0.51%	25,681,928	8	0.43%
Verizon Virginia, Inc	Communications	39,463,254	6	0.50%	85,902,271	2	1.44%
Steel Dynamics Roanoke Division	Primary Metals	37,763,242	7	0.47%	-	-	-
Maple Leaf Bakery	Bakery	30,080,865	8	0.38%	21,503,487	10	0.36%
Faison Roanoke Office Limited	Office Building	29,885,900	9	0.38%	27,959,900	6	0.47%
Advance Auto Parts	Auto Parts	23,783,394	10	0.30%	-	-	-
Johnson and Johnson	Lens Manufacturing	-	-	0.00%	25,786,488	7	0.43%
Times World Corporation	Newspaper	-	-	0.00%	22,978,837	9	0.38%
		$ 766,095,582		**9.63%**	**$ 481,948,992**		**8.06%**

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)**
2005	1,599,236,967
2006	1,876,508,609
2007	1,900,930,872
2008	1,925,487,309
2009	1,692,267,903
2010	1,676,331,018
2011	1,649,614,469
2012	1,732,017,118
2013	1,746,710,461
2014 thru June	872,622,942

(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	Governmental Activities Gross Bonded Debt	Business Activities Gross Bonded Debt	Gross Bonded Debt	Less Bonds Supported By Western Virginia Water Authority	Less Bonds Supported By Hotel Roanoke, LLC (C)	Less Amount Available in Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Total Estimated Actual Value	Net Bonded Debt Per Capita
2005	92,671	6,469,379,840	237,750,405	18,618,803	256,369,208	33,435,000	-	988,465 (B)	221,945,743	3.43%	2,394.99
2006	92,994	6,931,028,926	255,708,015	26,100,802	281,808,817	31,315,992	-	1,063,737	249,429,088	3.60%	2,682.21
2007	93,048	7,513,954,307	249,451,409	24,575,142	274,026,551	28,924,766	-	1,021,667	244,080,118	3.25%	2,623.16
2008	93,734	7,972,224,770	272,991,207	25,784,761	298,775,968	26,596,538	-	1,143,782	271,035,648	3.40%	2,891.54
2009	94,482	8,255,418,861	274,721,495	29,350,308	304,071,803	24,255,948	-	1,161,895	278,653,960	3.38%	2,949.28
2010	97,032	8,324,026,044	254,789,731	28,812,906	283,602,637	21,987,683	-	1,213,260	260,401,694	3.13%	2,683.67
2011	97,206 (est.)	8,442,505,382	250,315,325	27,342,979	277,658,304	19,875,450	1,355,000	1,133,011	255,294,843	3.02%	2,626.33
2012	97,206 (est.)	8,515,329,364	234,279,293	26,311,567	260,590,860	17,558,082	910,000	1,317,554	240,805,224	2.83%	2,477.27
2013	98,641 (est.)	8,544,527,065	225,402,117	26,944,093	252,346,210	13,389,900	-	1,493,056	237,463,254	2.78%	2,407.35
2014	98,913 (est.)	8,526,954,997	217,261,926	26,817,066	244,078,992	10,989,900	-	1,406,148	231,682,944	2.72%	2,342.29

Source - (A) Weldon - Cooper Center for Public Service
(B) In FY05, there was a $15.5 million transfer of fund balance from the Debt Service Fund to the General Fund to establish the Budget Stabilization Reserve.
(C) Effective FY12, Hotel Roanoke, LLC debt was excluded from total bonded debt as a result of a change in the reporting of the Hotel Roanoke, LLC Note Receivable at the entity-wide level

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)
2004-05	241,280,405 (2)	5,648,433	17,876,626 (2)	-	264,805,464	8.90%	2,863
2005-06	258,928,015	4,643,001	26,096,945	-	289,667,961	9.29%	3,074
2006-07	252,341,409	4,551,467	24,782,063	-	281,674,939	8.18%	2,968
2007-08	275,531,207	5,279,002	25,955,524	477,865	307,243,598	8.38%	3,207
2008-09	276,891,495	5,113,998	29,484,914	416,578	311,906,985	8.57%	3,215
2009-10	256,564,731	4,838,541	29,667,886	352,473	291,423,631	7.81%	3,009
2010-11	250,315,325	4,528,184	28,121,356	285,366	283,250,231	7.59%	2,924
2011-12	234,279,293	4,178,505	26,771,200	215,083	265,444,081	7.11%	2,741
2012-13	225,402,117	3,782,784	26,944,093	141,434	256,270,428	6.59%	2,650
2013-14	217,261,927	4,287,946	26,817,066	93,645	248,460,584	6.16%	2,549

(1) See Table 18 for Personal Income and Population data.
(2) The Western Virginia Water Authority was created in FY 05, 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

	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Debt Limit	$667,996,987	$672,516,886	$679,477,230	$680,197,128	$669,839,111	$656,429,496	$625,649,531	$583,442,494	$535,163,357	$491,240,359
Total Net Debt Applicable to Limit	218,489,528	224,003,579	227,263,512	240,667,032	244,769,119	263,493,652	260,060,887	234,919,976	239,565,221	214,127,613
Legal Debt Margin	$449,507,459	$448,513,307	$452,213,718	$439,530,096	$425,069,992	$392,935,844	$365,588,644	$348,522,518	$295,598,136	$277,112,746
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	32.71%	33.31%	33.45%	35.38%	36.54%	40.14%	41.57%	40.26%	44.76%	43.59%

Table 15
Unaudited

CITY OF ROANOKE, VIRGINIA
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2014

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.

Total Assessed Value of Real Estate, 2014 (1)		$ 6,679,969,872
Legal Debt Limit: 10% of $6,679,969,872		667,996,987
Debt applicable to limitation:		
General Obligation Serial Bonds - Governmental Activities	$ 159,138,800	
General Obligation Serial Bonds - Western Virginia Water Authority (WVWA)	10,989,900	
Premium on Bonds - Governmental Activities	12,547,353	
Deferred Bond Costs - Governmental Activities	(7,032,017)	
Qualified Zone Academy Bonds (QZAB)	3,037,829	
State Literary Fund Loans	1,720,000	
Virginia Public School Authority (VPSA) School Bonds	36,860,061	
Civic Facilities Enterprise Fund - Business-Type Activities	13,111,900	
Premium on Bonds - Civic Facilities Enterprise Fund Debt	956,720	
Deferred Bond Costs - Civic Facilities Enterprise Fund Debt	(444,970)	
Parking Enterprise Fund Supported Debt - Business-Type Activities	13,568,100	
Premium on Bonds - Parking Enterprise Fund Supported Debt	718,331	
Deferred Bond Costs - Parking Enterprise Fund Supported Debt	(1,093,015)	
Total Debt	244,078,992	
Less: Available in Debt Service Fund	(1,406,148)	
WVWA Supported Debt	(10,989,900)	
Parking Enterprise Fund Supported Debt	(13,568,100)	
Premium on Bonds - Parking Enterprise Fund Supported Debt	(718,331)	
Deferred Bond Costs - Parking Enterprise Fund Supported Debt	1,093,015	218,489,528
Legal Debt Margin		$ 449,507,459

(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
2004-05		12,283,849	7,860,775	20,144,624	284,024,496	7.1%
2005-06	(3)	14,765,894	9,357,973	24,123,867	298,166,075	8.1%
2006-07		17,493,085	10,549,172	28,042,257	318,422,477	8.8%
2007-08		18,181,973	9,880,643	28,062,616	334,448,507	8.4%
2008-09		20,480,823	11,121,043	31,601,866	340,360,591	9.3%
2009-10		21,869,664	11,436,671	33,306,335	324,345,350	10.3%
2010-11		19,093,669	10,346,300	29,439,969	314,114,285	9.3%
2011-12		21,033,664	10,338,250	31,371,914	318,343,912	9.9%
2012-13		22,234,068	9,209,934	31,444,002	330,390,756	9.5%
2013-14		22,092,341	8,888,882	30,981,223	340,700,280	9.1%

(1) Principal and interest payments include all general long term debt payments supported by tax revenues of the City. Debt payments made on behalf of the Roanoke Civic Center are included. Debt payments made by the Roanoke City Parking Fund, Western Virginia Water Authority and the Hotel Roanoke Conference Center Commission are excluded. The interest payment excludes federal interest subsidies for Recovery Zone Economic Development (RZED) bonds and Qualified School Construction Bonds (QSCB).
(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

	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Debt Service:										
Principal Retirement	$ 23,529,050	$ 24,523,873	$ 23,426,997	$ 20,778,546	$ 23,566,295	$ 22,157,734	$ 19,822,282	$ 19,119,311	$ 17,140,653	$ 14,785,327
Interest and Paying Agent Charges	8,611,669	9,522,590	10,936,143	11,372,995	12,768,787	12,286,166	11,189,318	11,103,323	11,270,985	10,084,588
Total Debt Service Payments	32,140,719	34,046,463	34,363,140	32,151,541	36,335,082	34,443,900	31,011,600	30,222,634	28,411,638	24,869,915
Total Government Funds Expenditures	302,963,853	291,715,338	293,852,640	283,033,781	310,792,826	317,601,459	306,874,197	299,375,064	278,770,725	265,135,065
Capital Outlays	(22,588,742)	(13,855,461)	(10,456,003)	(17,436,961)	(37,764,765)	(40,930,978)	(31,895,657)	(40,817,148)	(37,032,175)	(34,734,158)
Total Noncapital Expenditures	$ 280,375,111	$ 277,859,877	$ 283,396,637	$ 265,596,820	$ 273,028,061	$ 276,670,481	$ 274,978,540	$ 258,557,916	$ 241,738,550	$ 230,400,907
Percentage of Noncapital Expenditures	11.46%	12.25%	12.13%	12.11%	13.31%	12.45%	11.28%	11.69%	11.75%	10.79%

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)
2004-05	92,671	32,169 (est.)	2,975,832,000	12,712	3.7%	5.0%
2005-06	92,994	33,398 (est.)	3,147,681,000	12,587	3.3%	4.6%
2006-07	93,048	36,636 (est.)	3,477,315,000	12,256	3.2%	4.6%
2007-08	93,734	38,050 (est.)	3,645,705,000	12,286	3.9%	5.6%
2008-09	94,482	37,483 (est.)	3,636,678,000	12,303	7.7%	9.5%
2009-10	97,032	38,347 (est.)	3,711,143,000	12,266	7.4%	9.4%
2010-11	97,061 (est.)	40,148 (est.)	3,879,361,000	12,261	6.9%	9.1%
2011-12	97,206 (est.)	41,363 (est.)	4,031,570,000	13,006	6.5%	8.4%
2012-13	98,641 (est.)	41,363 (est.)	4,031,570,000	13,192	6.4%	7.8%
2013-14	98,913 (est.)	41,363 (est.)	4,031,570,000	13,390	5.7%	6.3%

(1) Source: Weldon - Cooper Center for Public Service, except as noted
(2) Source: Bureau of Economic Analysis
(3) Source: Roanoke City Public Schools
(4) Source: Virginia Employment Commission (Roanoke Metropolitan Statistical Area & USA)-Month of June only
(5) Source: Bureau of Labor Statistics
(6) Source: U.S. Census

Table 19
Unaudited

CITY OF ROANOKE, VIRGINIA
CONSTRUCTION STATISTICS
LAST TEN FISCAL YEARS

	COMMERCIAL CONSTRUCTION		RESIDENTIAL CONSTRUCTION	
Fiscal Year	Number of Permits	Value	Number of Permits	Value
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
2010-11	533	80,571,667	686	15,535,733
2011-12	538	69,398,478	678	14,628,255
2012-13	567	123,146,541	693	20,764,757
2013-14	583	107,120,600	709	21,150,152

Source: City of Roanoke, Planning, Building and Development Department

Table 20
Unaudited

CITY OF ROANOKE, VIRGINIA
PRINCIPAL EMPLOYERS
COMPARISON AS OF DECEMBER 31, FISCAL YEARS 2014 AND 2005

	December 31, 2013			December 31, 2004		
Employer	Rank	Ownership	Number of Employees	Rank	Ownership	Number of Employees
Carilion	1	Private	1000+	1	Private	1000+
Roanoke City Public Schools	2	Local Govt.	1000+	2	Local Govt.	1000+
City of Roanoke	3	Local Govt.	1000+	3	Local Govt.	1000+
Advance Auto Parts	4	Private	1000+	4	Private	1000+
Norfolk Southern	5	Private	1000+	6	Private	1000+
United Parcel Service	6	Private	500-999	9	Private	500-999
Triad Laboratory Alliance	7	Private	500-999	-	Private	500-999
Virginia Western Community College	8	State Govt.	500-999	14	State Govt.	500-999
United States Postal Service	9	Federal Govt.	500-999	8	Federal Govt.	500-999
Kroger	10	Private	500-999	10	Private	500-999
Anthem (Blue Cross & Blue Shield)	-	-	-	7	Private	500-999
Walmart	-	-	-	5	Private	500-999

Source: Virginia Employment Commission (VEC) and Roanoke Regional Partnership

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									
	2013	**2012**	**2011** (2)	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**
Function:										
General Government	211	218	218	159	178	195	193	184	184	188
Judicial Administration:										
Sheriff	35	34	35	33	32	35	31	31	31	31
Other	53	53	58	55	58	57	59	58	54	53
Public Safety:										
Police	305	305	305	284	309	312	305	309	304	286
Jail	173	171	171	161	159	164	165	165	173	175
Fire	254	253	258	259	250	268	270	266	264	266
Other	81	76	75	62	81	76	83	84	79	82
Public Works:										
Engineering	14	16	18	20	20	19	19	17	20	21
Maintenance	112	111	114	127	126	132	144	150	151	152
Transportation	69	83	91	86	79	86	92	82	85	91
Other/Stormwater	22	-	-	-	1	2	2	2	1	2
Health and Welfare	225	221	231	220	224	226	224	224	217	209
Parks, Recreation and Cultural	102	98	118	92	97	112	112	110	102	102
Community Development	51	52	50	42	46	47	47	48	41	35
Civic Facilities	-	-	-	- (1)	- (1)	25 (1)	31	36	35	37
Total	**1,707**	**1,691**	**1,742**	**1,600**	**1,660**	**1,756**	**1,777**	**1,766**	**1,741**	**1,730**

(1) 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.
(2) In calendar year 2011, the City began reporting full time equivalent positions instead of full time employees. Like data is unavailable in prior years for comparative purposes.

Source: City of Roanoke, Department of Finance

Table 22
Unaudited

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

Function	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
General Government										
Levied property taxes	$ 30,244,961	$ 30,301,304	$ 30,005,358	$ 29,197,629	$ 28,773,772	$ 28,765,002	$ 30,005,699	$ 30,487,405	$ 28,355,143	$ 26,943,961
Number of business licenses issued	7,253	7,400	7,129	7,458	7,121	7,481	7,369	7,427	7,200	6,900
Number of property & building permits*	4,170	4,234	4,038	4,145	3,158	3,575	3,685	3,433	5,000	5,352
Police										
Number of traffic summons	22,069	22,314	24,111	27,425	21,997	22,592	20,777	18,626	18,766	7,396
Number of assistance call responses	85,393	88,154	93,670	89,498	89,172	90,840	89,131	88,022	89,176	88,991
Number of hours of training conducted**	42,415	47,584	48,230	34,916	19,266	10,238	28,888	47,089	62,500	62,000
Fire										
Number of emergency call responses	25,299	25,251	23,805	23,941	23,630	23,231	23,369	23,686	22,203	22,579
Highways and Streets										
Number of lane miles resurfaced	61	25	24	19	41	43	46	51	57	57
Number of street lights added	27	16	10	14	52	73	7	52	90	60
Judicial Administration										
Number of criminal cases	9,585	10,225	11,792	11,562	12,671	14,917	14,516	12,790	13,103	12,500
Number of traffic cases	27,353	26,557	27,975	30,555	30,335	32,377	29,199	25,613	28,544	29,500
Number of civil cases	20,947	20,624	20,919	20,292	20,668	26,635	31,585	32,391	37,587	33,000
Parks & Recreation										
Number of participants served	133,179	188,101	140,220	130,755	117,484	135,000	160,000	200,000	231,000	213,900
Education										
Number of instructional personnel	1,120	1,115	1,101	1,073	1,113	1,220	1,188	1,193	1,157	1,096
Number of students	13,390	13,192	13,006	12,261	12,266	12,303	12,286	12,256	12,587	12,712
Libraries										
Number of volumes	245,241	341,741	311,495	319,014	402,827	410,216	273,897	320,249	378,734	374,453
Number of audio materials	13,490	12,553	12,120	11,660	12,128	10,923	11,255	10,958	13,481	13,516
Number of video materials	31,158	24,813	21,307	18,791	16,469	16,690	12,358	9,799	12,078	10,692
Number of annual library visits	509,963	686,196	660,559	659,672	707,467	669,511	650,881	548,436	375,000	434,170
Economic Development										
Number of business contacts made	838	841	840	504	537	645	349	332	200	100
Housing and Neighborhood Services										
Total housing units	45,416	45,378	45,340	45,665	45,720	45,710	45,442	47,087	45,978	46,388
Average assessed value of single-family housing units	$ 125,545	$ 127,244	$ 129,932	$ 133,340	$ 133,276	$ 132,798	$ 132,170	$ 132,778	$ 124,709	$ 109,819

Sources: Various City of Roanoke departments and Roanoke City Public Schools

* 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	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Police										
Number of vehicular units	157	160	158	165	162	157	175	165	142	156
Fire										
Number of stations (1)	11	11	11	11	12	12	12	12	13	13
Number of fire trucks	28	27	27	28	26	24	24	23	23	25
Highways and Streets										
Miles of streets (lane miles)	1,067	998	998	998	997	997	997	997	997	997
Number of street lights	9,927	9,900	9,960	9,950	9,936	9,884	9,811	9,804	9,800	9,758
Parks and Recreation										
Parks, plazas and recreation sites	70	69	69 (2)	72	72	68	69	69	71	71
Playgrounds/play areas	94	94	94 (3)	39	39	37	37	37	39	39
Football/soccer fields	24	24	24	26	26	24	24	24	21	21
Baseball/softball fields	29	29	29	31	31	30	30	30	32	32
Olympic-size swimming pools	2	2	2	2	2	2	2	2	2	2
Community centers	6	6	6	6	6	6	6	6	8	8
Education										
Elementary schools	17	17	17	17	18	19	20	21	21	21
Middle schools	5	5	5	5	5	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	7	7
Bookmobile	-	-	-	-	-	1	1	1	1	1
Kiosks	2	2	2	2	2	2	2	1	-	-

(1) Excludes non-staffed fire stations
(2) Prior to fiscal year 2012, certain separate facilities located within parks were counted as individual sites. Effective fiscal year 2012, these facilities are now included as part of the park site and not a separate site.
(3) Prior to fiscal year 2012, multiple play structures were considered a single unit. Effective fiscal year 2012, each play structure is now considered an individual unit.

Source: City of Roanoke - various departments and Roanoke City Public Schools

COMPLIANCE SECTION

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CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Expenditures
Department of Agriculture			
Passed Through Commonwealth of Virginia			
Department of Agriculture:			
Food Distribution - Commodities (1)	-	10.555	$ 1,566
Subtotal Food Distribution - Commodities			1,566
Passed Through Commonwealth of Virginia			
Department of Health:			
Summer Food Service Program for Children FY13-14	58745	10.559	27,747
Summer Food Service Program for Children FY14-15	58745	10.559	23,900
Subtotal Summer Food Service Program for Children			51,647
Passed Through Commonwealth of Virginia			
Department of Social Services:			
State Administrative Matching Grants for Food Stamp Program	-	10.561	1,882,605
Subtotal Matching Grants for Food Stamp Program			1,882,605
Passed Through Commonwealth of Virginia			
Department of Forestry:			
Urban and Community Forestry FY13-Projects	12UCF24	10.675	4,809
Urban and Community Forestry FY14-Projects	13UCF08	10.675	22,331
Subtotal Urban and Community Forestry			27,140
Subtotal Passed Through Commonwealth of Virginia			1,962,958
Total Department of Agriculture			1,962,958
Department of Housing and Urban Development			
Direct Programs:			
Community Development Block Grant FY10 (2)	B-09-MC-51-0020	14.218	(63,103)
Community Development Block Grant FY11 (2)	B-10-MC-51-0020	14.218	250
Community Development Block Grant FY12 (2)	B-11-MC-51-0020	14.218	170,582
Community Development Block Grant FY13 (2)	B-12-MC-51-0020	14.218	768,389
Community Development Block Grant FY14 (2)	B-13-MC-51-0020	14.218	1,135,964
Subtotal Community Development Block Grant			2,012,082
Direct Programs:			
Department of Housing and Urban Development (continued):			
Emergency Shelter Grant FY12 (3)	S-11-MC-51-0006	14.231	5,901
Emergency Shelter Grant FY13 (3)	S-12-MC-51-0006	14.231	15,456
Subtotal Emergency Shelter Grant			21,357
Supportive Housing Program 2013	VA0031L3F021205	14.235	122,279
Supportive Housing Program 2014	VA0031L3F021306	14.235	65,558
Subtotal Supportive Housing Program			187,837

(Continued)

CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Expenditures
Shelter Plus Care 2012 Rural Highlands (4)	VA0169C3F021000	14.238	$ 9,314
Shelter Plus Care 2013 (4)	VA0032C3F021104	14.238	12,178
Shelter Plus Care 2013 (4)	VA0032L3F021205	14.238	139,307
Subtotal Shelter Plus Care			160,799
HOME Investment in Affordable Housing 10 (5)	M-09-MC-51-0206	14.239	(1,920)
HOME Investment in Affordable Housing 13 (5)	M-12-MC-51-0206	14.239	346,763
HOME Investment in Affordable Housing 14 (5)	M-13-MC-51-0206	14.239	418,928
Subtotal HOME Investment in Affordable Housing			763,771
Continuum of Care Planning Grant FY14	VA0207L3F021200	14.267	5,623
Subtotal Continuum of Care			5,623
Lead Hazard Control FY12	VALHB0510-11	14.900	662,732
Subtotal ARRA Lead Hazard Control			662,732
Subtotal Department of Housing and Urban Development Direct Programs			3,814,201
Total Department of Housing and Urban Development			3,814,201
Department of Justice			
Direct Programs:			
U. S. Marshals Service FY13 Automotive	JLEO-13-0210	16.111	9,731
Subtotal U. S. Marshals Service			9,731
Juvenile Accountability Block Grant CY13	13-A2719JB10	16.523	21,317
Subtotal Juvenile Accountability Block Program			21,317
Safe Havens Visitation Program FY11	2010-CW-AX-K005	16.527	45,104
Safe Havens Visitation Program FY14	2013-FL-AX-K016	16.527	89,467
Subtotal Safe Havens Visitation Program			134,571
Direct Programs:			
Department of Justice (continued):			
State Criminal Alien Assistance Program FY14	2013APBX0401	16.606	18,002
Subtotal SCAAP Program			18,002
Bulletproof Vests FY12 (Police & Sheriff)	2011BUBX11058211	16.607	8,929
Bulletproof Vests FY13 (Police & Sheriff)	2012BUBX12061530	16.607	12,162
Subtotal Bulletproof Vests			21,091
COPS Secure Our Schools FY12	2011-CK-WX0003	16.710	32,579
Subtotal COPS Programs			32,579

(Continued)

CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Expenditures
Justice Assistance Grant FY13 (Bike Patrol/Tech Improve)	2012-DJ-BX-0588	16.738	$ 5,312
Justice Assistance Grant FY12 (Bike Patrol/Tech Improve)	2011-DJ-BX-2868	16.738	49,629
Justice Assistance Grant FY11 (Tech Improve Police & Sheriff)	2010-DJ-BX-1650	16.738	8,076
Subtotal Justice Assistance			63,017
Subtotal Department of Justice Direct Programs			300,308
Passed Through Commonwealth of Virginia			
Department of Criminal Justice Services:			
Juvenile Accountability Incentive Block Grant CY13	13-O3221JB11	16.523	18,440
Subtotal Juvenile Accountability Incentive Block Grant			18,440
Positive Action FY14	13-B2346JJ11	16.540	62,412
Project Back on Track FY14	13-C2242JJ11	16.540	21,119
Subtotal Juvenile Justice			83,531
Victim Witness Assistance FY14	14-T8554VW13	16.575	120,402
Subtotal Victim Witness Assistance			120,402
Police Domestic Violence Unit CY13	13-O3153VA12	16.588	25,233
Police Domestic Violence Unit CY14	14-P3153VA13	16.588	22,172
Subtotal Police Domestic Violence			47,405
Passed Through Commonwealth of Virginia			
Department of Criminal Justice Services (continued):			
Intensive Supervision Juvenile Supervision FY13	13-C2134AD11	16.592	(94)
Intensive Supervision Juvenile Supervision FY14	14-D2134AD12	16.592	47,817
Subtotal Intensive Supervision			47,723
Justice Assistance Grant FY13 (Drug Market Initiative)	13-A2629AD11	16.738	18,885
Justice Assistance Grant FY14 (Drug Market Initiative)	14-B2629AD12	16.738	75,000
Subtotal Drug Market Initiative			93,885
Subtotal Passed Through Commonwealth of Virginia			411,386
Total Department of Justice			711,694
Department of Labor			
Passed Through Commonwealth of Virginia			
Virginia Community College System/USDOL:			
Workforce Investment Act PY2011 - Adult Program	LWA 03-12-INC01	17.258	725
Workforce Investment Act PY2012 - Adult Program	LWA 3-12-04	17.258	362,744
Workforce Investment Act PY2013 - Adult Program	LWA 3-12-03	17.258	68,628
Subtotal Workforce Investment Act Adult			432,097
Workforce Investment Act PY2011 - Youth Activities	LWA 03-12-INC01	17.259	775
Workforce Investment Act PY2012 - Youth Activities	LWA 3-12-04	17.259	295,260
Workforce Investment Act PY2013 - Youth Activities	LWA 3-12-03	17.259	168,596
Subtotal Workforce Investment Act Youth			464,631

(Continued)

CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Expenditures
Workforce Investment Act Business Services - Disl. Worker	LWA 03-13-01RR	17.278	$ 10,107
Workforce Investment Act PY2011 - Dislocated Worker	LWA 03-12-INC01	17.278	1,000
Workforce Investment Act PY2012 - Dislocated Worker	LWA 3-12-04	17.278	395,363
Workforce Investment Act PY2013 - Dislocated Worker	LWA 3-12-03	17.278	55,953
Workforce Investment Act Rapid Resp. - Dislocated Worker	LWA 03-13-02RR	17.278	63,476
Subtotal Workforce Investment Dislocated Worker			525,899
Subtotal Passed Through Commonwealth of Virginia			1,422,627
Total Department of Labor			1,422,627
Department of Transportation			
Direct Programs:			
FY08 FTA Capital Assistance (pass thru to CCTM)	VA-04-0004-01	20.500	31,638
FY08 FTA Capital Assistance (pass thru to NRHS)	VA-04-0009-01	20.500	1,360
FY09 FTA Capital Assistance	VA-04-0046-00	20.500	20,842
Subtotal FTA Capital Assistance			53,840
Direct Programs:			
Department of Transportation (continued):			
FY08 FTA Capital Assistance	VA-95-0019-00	20.507	13,476
FY09 FTA Capital Assistance	VA-95-0051-00	20.507	15,377
ARRA FY10 FTA Assistance	VA-96-X010-00	20.507	72,194
FY13 FTA Capital Assistance	VA-95-X123-00	20.507	5,195
FY13 FTA Capital Assistance	VA-95-X132-00	20.507	2,412,991
FY14 Operating Assistance	VA-90-X399-00	20.507	1,833,710
FY15 Operating and Capital Assistance	VA-90-X416-00	20.507	586,787
Subtotal FTA Operating & Capital Assistance			4,939,730
FY12 FTA Operating Assistance (pass thru from DRPT)	VA-18-X034-00	20.509	236,573
FY13 FTA Operating Assistance (pass thru from DRPT)	VA-18-X033-00	20.509	72,171
Subtotal FTA Operating Assistance			308,744
Subtotal Direct Programs			5,302,314
Passed Through Commonwealth of Virginia			
Department of Motor Vehicles:			
Speed Enforcement FY13	SC-2013-53439-5154	20.600	4,075
Speed Enforcement FY14	SC-2014-54417-5665	20.600	6,666
Subtotal Highway Safety			10,741
Passed Through Commonwealth of Virginia			
Department of Emergency Management:			
Haz-Mat Emergency Response Plan	HM-HMP-0241-11-01-00	20.703	(5,537)
Subtotal Emergency Response			(5,537)
Blue Ridge Regional DUI FY13	K8-2013-53226-4941	20.601	327
Subtotal Alcohol Enforcement			327

(Continued)

CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Expenditures
Occupant Protection FY13	K2-2013-53442-5157	20.602	$ 1,979
Occupant Protection FY14	M2HVE-2014-54416-5664	20.616	6,649
Subtotal Occupant Protection			8,628
Alcohol Enforcement FY13	154AL-2013-53321-5036	20.607	4,843
Alcohol Enforcement FY14	154AL-2014-54386-5634	20.607	8,858
Subtotal Alcohol Enforcement			13,701
Passed Through Commonwealth of Virginia			
Department of Transportation:			
Roanoke River Greenway TEA21	EN03-128-129	20.205	24,997
Roanoke River Greenway TEA21, #128-129		20.205	154,272
Safe Routes to Schools - Gardent City Project	UPC 102856	20.205	191,122
Virginian Railway Passenger Station TEA21		20.205	226,594
Subtotal Roanoke River Greenway			596,985
Subtotal Passed Through Commonwealth of Virginia			624,845
Total Department of Transportation			5,927,159
National Endowment for the Arts			
Direct Programs:			
Design Our Town Program FY13 (Roanoke Arts Commission)	12-4292-7092	45.024	70,369
Subtotal Local Arts Agencies			70,369
Total National Endowment for the Arts			70,369
Environmental Protection Agency			
Direct Programs:			
Brownfield Area Plan Tech Assistance FY11	TR-83491601-0	66.814	50,244
Subtotal Brownfield Job Training			50,244
Brownfield Assessment Petroleum Based FY07	BF97346901-0	66.818	24,548
Brownfield Assessment Hazardous Materials FY09	BF97370501-0	66.818	117,148
Brownfield Assessment Hazardous Substances FY11	BF97398001-0	66.818	68,265
Subtotal Brownfield Remedial Programs			209,961
Subtotal Environmental Protection Agency Direct Programs			260,205
Total Department of Environmental Protection Agency			260,205
Substance Abuse Mental Health Services Administration			
Passed Through Commonwealth of Virginia			
Virginia Commonwealth University (VCU)			
Strategic Prevention Framework State Incentive Grant	SAMHSA SPF-SIG BRBH	93.243	19,435
Subtotal Strategic Prevention Framework' Program			19,435
Subtotal Passed Through Commonwealth of Virginia			19,435
Total Substance Abuse Mental Health Services Administration			19,435

(Continued)

CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Expenditures
Corporation for National and Community Services			
Passed Through Commonwealth of Virginia			
Department of Social Services:			
AmeriCorps	2011-2012 Formula	94.006	$ (10,628)
AmeriCorps	2012-2013 Formula	94.006	32,787
Subtotal AmeriCorps Program			22,159
Subtotal Passed Through Commonwealth of Virginia			22,159
Total Corporation for National and Community Services			22,159
Federal Emergency Management Agency			
Direct Programs:			
Assistance To Firefighters 2011	EMW-2010-FO-07086	97.044	42,097
Assistance To Firefighters 2012	EMW-2011-FR-00363	97.044	32,848
Subtotal Asistance to Firefighters Programs			74,945
Subtotal Federal Emergency Management Direct Programs			74,945
Passed Through Commonwealth of Virginia			
Department of Emergency Management:			
Emergency Management Assistance	-	97.042	33,739
Subtotal Emergency Management Assistance Programs			33,739
Passed Through Commonwealth of Virginia			
Department of Emergency Management (continued):			
State Homeland Security Heavy Tactical Rescue Team FY12	2012 SHSP TATICAL	97.073	266
State Homeland Security Haz-Mat Team Equip FY13	2012 SHSP HAZ-MAT	97.073	30,000
State Homeland Security Haz-Mat Team Equip FY14	2013 SHSP HAZ-MAT	97.073	47,913
State Homeland Security Heavy Tactical Rescue Team FY14	2013 SHSP TATICAL	97.073	7,491
Subtotal State Homeland Security Programs			85,670
Subtotal Passed Through Commonwealth of Virginia			119,408
Total Federal Emergency Management Agency			194,353
Department of Health and Human Services			
Passed Through Commonwealth of Virginia			
Department of Social Services:			
Promoting Safe and Stable Families	-	93.556	75,874
Temporary Assistance for Needy Families	-	93.558	2,185,629
Refugee & Entrant Assistance-State Administered Program	-	93.566	91,249
Low-Income Home Energy Assistance	-	93.568	177,061
Child Care and Development Block Grant	-	93.575	(2,496)
Child Care Mandatory-Child Care and Development Fund	-	93.596	253,905

(Continued)

CITY OF ROANOKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/Grant Program	Grant Number	Federal Catalogue Number	Expenditures
Department of Health and Human Services (continued)			
Education & Training Vouchers Program	-	93.599	$ 19,590
Child Welfare Services	-	93.645	12,194
Foster Care Title IV-E	-	93.658	1,513,457
Adoption Assistance	-	93.659	2,683,339
Social Services Block Grant	-	93.667	1,512,725
Foster Care Independence Program	-	93.674	50,444
Children's Insurance Program	-	93.767	58,204
Passed Through Commonwealth of Virginia Department of Social Services (continued):			
Medical Assistance Program	-	93.778	1,666,411
Subtotal Passed Through Commonwealth of Virginia			10,297,586
Total Department of Health and Human Services			10,297,586
Grand Total Federal Financial Assistance			**$ 24,702,746**

Notes:

(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 $2,012,082.
(3) The amount of federal funds passed through to subgrantees totals $21,357.
(4) The amount of federal funds passed through to subgrantees totals $160,799.
(5) The amount of federal funds passed through to subgrantees totals $763,771.

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications of Audits of Counties, Cities and Towns* (Specifications), issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, the aggregate remaining fund information of the City of Roanoke, Virginia (the City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 26, 2014. Our report includes a reference to other auditors who audited the financial statements of the School Board of the City of Roanoke, Virginia (the School Board), a 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 of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain provisions of other laws and regulations specified in the Specifications, Chapters Two and Three. 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* or the Specifications.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the Specifications in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Roanoke, VA
November 26, 2014

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

Independent Auditors' Report on Compliance for Each Major Program and Report on Internal Control over Compliance as Required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*

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

Report on Compliance for Each Major Federal Program

We have audited the City of Roanoke, Virginia's (the City's) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2014. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. The City's basic financial statements include the operations of the School Board of the City of Roanoke, Virginia (the School Board), a discretely presented component unit of the City, which received $20,074,251 in federal awards which is not included in the City's schedule of expenditures of federal awards for the year ended June 30, 2014. 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 on compliance for our unmodified and modified audit opinions on compliance. However, our audit does not provide a legal determination of the City's compliance.

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

Basis for Qualified Opinion on Community Development Block Grant

As described in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding CFDA #14.218 Community Development Block Grant as described in finding number 2014-03 for Program Income. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

Qualified Opinion on Community Development Block Grant

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Community Development Block Grant for the year ended June 30, 2014.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs for the year ended June 30, 2014.

Other Matters

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

Report on 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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 2014-03 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-01 to be a significant deficiency.

The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subject to the audit procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

KPMG LLP

Roanoke, VA
November 26, 2014

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CITY OF ROANOKE, VIRGINIA

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

(1) Summary of Auditors' Results

Basic Financial Statements

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

(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**.

Federal Awards

(d) Significant deficiencies in internal control over major programs: **Yes, finding 2014-0**1.

(e) Material weaknesses in internal control over major programs: **Yes, finding 2014-03**.

(f) The type of report issued on compliance for major programs: **qualified opinion** for - Community Development Block Grant (CFDA #14.218) and **unmodified opinion for all others**.

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

(h) Major programs:

Program	CFDA
Federal Transit and Federal Transit – Cluster	(CFDA #20.500 and #20.507);
Temporary Assistance for Needy Families (TANF)	(CFDA #93.558);
Home Investment Partnership Program (HOME)	(CFDA #14.239);
Workforce Investment Act (WIA) - Cluster	(CFDA #17.258, #17.259, & #17.278);
Social Services Block Grant (SSBG)	(CFDA #93.667);
Community Development Block Grant (CDBG)	(CFDA #14.218)

(h) Dollar threshold used to distinguish between Type A and Type B programs: **$741,082**.

(i) Auditee qualified as a low risk auditee under Section 530 of OMB Circular A-133: **Yes**.

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

None.

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

Finding 2014-01 – Subrecipient Monitoring

Federal Program
Workforce Investment Act (WIA) Cluster

Federal Agency
U.S. Department of Labor

Pass-through Entity
Commonwealth of Virginia

Condition:
The City of Roanoke (grant recipient, the City) provides State Worker's Investment Act (WIA) pass-through grants to the Western Virginia Workforce Development Board (WVWDB), as its sub-recipient. The WWVDB in turn contracts solely with Goodwill Industries to perform the operational functions of grant spending. During our testwork over the sub-recipient monitoring process at both the grant recipient and sub-recipient levels, KPMG noted that the City did not have a written and followed process in place that provided direction for the consistent review of WIA fund sub-recipient's fiscal and program operations to meet the pass through entity sub-recipient requirements of OMB Circular A-133. KPMG also noted a lack of written policy in place at the WVWBD that covers all of the sub recipient monitoring criteria as defined by VML 11-08. Specifically, there is no standardized review process that ultimately will result in written reports which record findings, any needed corrective actions, and due dates for the accomplishment of corrective actions at both the grant recipient and sub-recipient level.

Criteria:
Per the OMB Circular A-133 Compliance Supplement, Part 3, Section M, regarding Sub-recipient Monitoring, a pass-through entity is responsible for the following:

1. During- the-Award Monitoring through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
2. Ensuring that sub-recipients expending $500,000 or more in Federal awards during the sub-recipient's fiscal year for fiscal years ending after December 31, 2003 as provided in OMB Circular A-133 have met the audit requirements of OMB Circular A-133 and that the required audits are completed within 9 months of the end of the subrecipient's audit period; (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient's audit report; and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.
3. Evaluating the impact of subrecipient activities on the pass-through entity's ability to comply with applicable Federal regulations.

Cause:
With the realignment of the WVWDB becoming the fiscal agent for the Local Workforce Investment Area III in place of the City of Roanoke and upper management turnover at both the City and WVWDB shortly thereafter, current City management asserts that they were neither aware of the fiscal agent change nor of the impact this change would have to the A-133 subrecipient monitoring requirements noted above and SEFA reconciliation reporting changes. Accordingly, the City did not have a process in place to ensure that subrecipient monitoring of WIA pass-through grants was occurring or a reconciliation process to ensure that the subrecipient's expenditure amounts were properly reported on the 2013 City's Schedule of Expenditures of Federal Awards (SEFA).

Effect:
Due to the fiscal agent change and upper management turnover as noted above, there was miscommunication between the two entities of the change in the flow of pass-through funds now being directly sent to the subrecipient starting in FY13 and subsequently underreported WIA expenditures on the City's 2013 SEFA. The City was also unaware that the WVWDB was not meeting its monitoring requirements as outlined by VWL 11-08.

Management obtained the audited financial statements from the WVWDB as well as the Virginia Community College System (VCCS) WIA Compliance Review report and determined there were audit findings in the VCCS compliance report. This included an error in the City's 6/30/13 SEFA of not disclosing the full amount that was passed through to the subrecipient and failure to disclose the subrecipient as the pass-through entity in the City's SEFA.

Questioned Costs:
None.

Related Noncompliance:
Noncompliance.

Recommendation:
We recommend management implement a detailed process whereby on an ongoing basis the City conducts subrecipient monitoring activities over the WVWDB, which includes review by the responsible officials of the City of Roanoke of the subrecipients' annual audited financial statements and procedures to ensure that monitoring requirements of the WVWDB are in compliance with VML 11-08 as well and OMB Circular A-133 . Management should also ensure responsible officials of the WIA grants are knowledgeable of the OMB Circular compliance requirements by attending appropriate trainings and reviewing the OMB Circular A-133 Compliance Supplement provided by the Office of Management and Budget available on the OMB's website, www.omb.gov, on an annual basis.

Management Response:
Management concurs with KPMG's findings related to the sub-recipient monitoring of the Western Virginia Workforce Development Board (WVWDB). The City had developed a detailed monitoring procedure which was created in May 2013. The City was prepared to implement the procedure effective FY 2014 (beginning July 1, 2013). Miscommunication and subsequent turnover resulted in an earlier implementation of the transference of the fiscal agent duties by the sub-recipient than expected by the City. Despite the circumstances surrounding the events that resulted in findings in the VCCS WIA Compliance

and the City's audit reports, the City acknowledges its responsibility in ensuring that sub-recipient activities are monitored and that financial reports and statements are reviewed on a regular basis and in compliance with OMB Circular A-133. Accordingly, the City will ensure implementation of applicable procedures effective immediately and purports that adherence to this procedure will eliminate future reporting and compliance issues.

Finding 2014-02 – Cash Management

Federal Program
Workforce Investment Act (WIA) Cluster

Federal Agency
U.S. Department of Labor

Pass-through Entity
Commonwealth of Virginia

Condition:
During our testwork over the program's cash management process, KPMG determined that the Workforce Investment Act (WIA) program did not have adequate controls in place for submitting reimbursement requests. Specifically, we noted that for seven samples from the Business Services, Rapid Response and Incentive sub-grants, the City requested reimbursement prior to the expenditure occurring.

Criteria:
The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215.22) require that when entities are funded on a reimbursement basis, program costs must be paid for by the entity funds before reimbursement is requested from the Federal Government.

Cause:
The City requests cash advance payments for a majority of the WIA programs, as they are on an advance basis, and inappropriately applied this process to the sub-grants, which are on a reimbursement basis.

Effect:
The majority of the WIA grant funds do allow for cash advance payments, but advancing of funds on sub-grants are not allowed as these funds require the costs to be paid for with entity funds before reimbursement is requested from the Federal Government.

Questioned Costs:
None.

Related Noncompliance:
Noncompliance.

Recommendation:
We recommend that City of Roanoke Management strengthen existing policies and procedures and implement internal controls to ensure vendor payments are made in advance of seeking reimbursement for sub-grants.

Management Response:
The City through its fiscal agent applied for reimbursement in advance of vendor payments on several small WIA sub-grants. The City has developed a monitoring process to ensure adequate review of timeliness of payment of expenditures and corresponding reimbursement requests in accordance with federal and state regulatory guidelines. The City has discussed these findings with the fiscal agent and has implemented a quarterly audit procedure which will include any necessary training to ensure adequate internal controls exist to prevent reimbursements in advance of vendor payments.

Finding 2014-03 – Program Income

Federal Program
Community Development Block Grant (CFDA No. 14.218)

Federal Agency
U.S. Department of Housing and Urban Development

Pass-through Entity
None

Condition:
During testwork over the CDBG program it was noted that program income was not being entered into the Integrated Disbursement and Information System (IDIS) within three business days of receipt in accordance with the City's internal policy for program income. KPMG selected five samples of program income received during the fiscal year and all five samples were entered into the IDIS between two weeks and up to five months after being received. As the program income was not reported in the IDIS in a timely manner the City of Roanoke HUD department drew down on entitlement funds before using program income. Also, the annual HUD timely expenditures report was misreported due to the delay in reporting of program income until after the report was run.

Criteria:
24 CFR 570.504 requires that program income be disbursed for eligible activities before additional cash withdrawals are made from the U.S. Treasury.

Under the provisions of 24 CFR 570.902, a CDBG grantee is considered to be failing to carry out its CDBG activities in a timely manner if, 60 days prior to the end of the current program year, the balance in its line of credit exceeds 1.5 times the annual entitlement grant. In determining the appropriate corrective

action to take with respect to a HUD determination that a recipient is not carrying out its activities in a timely manner pursuant to paragraphs (a)(1) or (a)(2) of this section, HUD will consider the likelihood that the recipient will expend a sufficient amount of funds over the next program year to reduce the amount of unexpended funds to a level that will fall within the standard described in paragraph (a)(1) of this section when HUD next measures the grantee's timeliness performance. For these purposes, HUD will take into account the extent to which funds on hand have been obligated by the recipient and its subrecipients for specific activities at the time the finding is made and other relevant information.

Cause:
The City of Roanoke HUD Department did not adhere to its internal written policy to enter program income into the IDIS in a timely manner and to draw down on program income before entitlement funds as required by the CDBG program.

Effect:
KPMG noted that the City of Roanoke's May 2, 2014 timeliness report was at 1.49 however this was due to the department not recording program income in a timely fashion. As of May 2, 2014, $546,229 of program income had yet to be reported in the IDIS, which would have caused the timeliness report to exceeded the 1.5 times limit in the PR56 report.

Questioned Costs:
None.

Related Noncompliance:
Material noncompliance.

Recommendation:
We recommend City of Roanoke management:

- Follow the existing policy to enter program income into the IDIS within 3 business days of receipt of the monies.
- To implement a control to reconcile the IDIS system to the Advantage Financial Systems system on a periodic basis.
- Ensure responsible officials of the CDBG grants are knowledgeable of the OMB Circular compliance requirements by attending appropriate trainings and reviewing the OMB A-133 Circular Compliance Supplement provided by the Office of Management and Budget available on the OMB's website, www.omb.gov, on an annual basis.

Management Response:
Management concurs with the Auditor's finding that we did not timely enter program income into the Integrated Disbursement and Information System (IDIS). We have reviewed our policies and have taken steps to ensure that future program income will be entered into the IDIS within three (3) business days after being received. The City has undertaken a major infrastructure project for the West End Target Area that requires a substantial portion of available program income and entitlement funds in order to achieve its goals.

CITY OF ROANOKE, VIRGINIA

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Finding 2014-04 – Subrecipient Monitoring

Federal Program
Community Development Block Grant (CFDA No. 14.218)

Federal Agency
U.S. Department of Housing and Urban Development

Pass-through Entity
None

Condition:
The City of Roanoke (grant recipient, the City) provides Community Development and Block Grant (CDBG) pass-through grants to various entities, as its sub-recipient. During our testwork over the sub-recipient monitoring process, KPMG noted that the City did have a process in place which included a written policy maintained by the City HUD department that provides direction for consistent review of sub-recipients fiscal and program operations. This includes an annual risk analysis, which uses a point system, that helps determine the amount of monitoring necessary in the program year. KPMG noted that for three of the eight sub-recipients we selected to test no annual risk analysis had been prepared to determine the level of monitoring required.

Criteria:
Per the OMB Circular A-133 Compliance Supplement, Part 3, Section M, regarding Sub-recipient Monitoring, a pass-through entity is responsible for the following:

1. During- the-Award Monitoring through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
2. During-the-award monitoring, subrecipients may be evaluated as higher risk or lower risk to determine the need for closer monitoring. Generally, new subrecipients would require closer monitoring. For existing subrecipients, based on results of during-the-award monitoring and subrecipient audits, a subrecipient may warrant closer monitoring (e.g., if the subrecipient has (1) a history of non-compliance as either a recipient or subrecipient, (2) new personnel, or (3) new or substantially changed systems). Evaluation of subrecipient risk also may take into consideration the extent of Federal monitoring of subrecipient entities that also are recipients of prime Federal awards.

Per the client's policy, the HUD Department is required to perform annual risk analysis on each subrecipient for each grant year.

Cause:
The City of Roanoke HUD Department did not consistently adhere to its internal written policy to complete annual risk analysis for its subrecipients.

Effect:
Due to the City not performing a risk analysis for each of the sub-recipients for the current program year, the City might not have determined the need for closer monitoring.

Questioned Costs:
None.

Related Noncompliance:
Noncompliance.

Recommendation:
We recommend that City management follow the policy already in place to perform annual risk analysis on each subrecipient for each program year. Management should also ensure responsible officials of the CDBG grants are knowledgeable of the OMB Circular compliance requirements by attending appropriate trainings and reviewing the OMB Circular A-133 Compliance Supplement provided by the Office of Management and Budget available on the OMB's website, www.omb.gov, on an annual basis.

Management Response:
Upon review of the recent audit of the City of Roanoke's HUD Community Resources division management of the Community Development Block Grant program related to sub recipient monitoring, we concur that risk analysis were not properly included in the respective project files for Blue Ridge Independent Living Center, Total Action Against Poverty, and Council of Community Services. This oversight has been corrected and management will ensure that monitoring policy will be strongly enforced. A shared spreadsheet has been developed and electronically filed for access by project managers to update no less than monthly so that the Program Administrator can better track project progress and track monitoring results.

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

2014-05: Local Department of Social Services

Condition:
Three of five terminated individuals selected for testing within the Local Department of Social Services (LDSS) did not have their VDSS system access removed within three business days of termination.

Criteria:
Per the APA's *Specifications for Audits of Counties, Cities, and Towns* when a user leaves the LDSS, their access privileges must be immediately removed from all systems they were authorized to use. Former LDSS personnel's access privileges to all VDSS systems should be removed within three business days of employment termination.

Cause:
City personnel had a misunderstanding of the functionality of the VDSS systems in believing that all cases must be unlinked from an employee prior to termination of the employee in the systems. The City removed access to City terminals within three business days but not access from the VDSS system.

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

Recommendation:
Roanoke City management should establish procedures to ensure that all users are terminated from VDSS systems within three business days following termination to comply with Commonwealth's VDSS terminated users requirements.

Management Response:
This finding was reviewed with the current Acting Automation Supervisor who, in turn, contacted VDSS and was informed that the locality could terminate a user's security access without losing the capability to link the caseload to another employee. Going forward, all security accesses for terminated employees will be removed within three business days.

2014-06: Local Department of Social Services

Condition:
One of twenty-five individuals selected for testing within the Local Department of Social Services (LDSS) did not have a signed VDSS Acceptable Use Policy acknowledgement on file.

Criteria:
Per the APA's *Specifications for Audits of Counties, Cities, and Towns* each LDSS is responsible for having employees read and acknowledge their understanding of the VDSS Acceptable Use Policy.

Cause:
For one of twenty-five individuals selected for testing, documentation of the signed VDSS Acceptable Use Policy acknowledgement could not be produced.

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

Recommendation:
Roanoke City management should re-enforce existing procedures to ensure that Acceptable Use forms for all new hires required to comply with Commonwealth's Acceptable Use policy are filed accurately and timely.

Management Response:
This finding was reviewed with Automation staff and the existing policy of requiring new employees to sign the policy was re-enforced.

2014-07: Virginia Retirement System

Condition:
Four of the six months sampled for testing of the employer's contribution confirmation with the Virginia Retirement System (VRS) was outside of the 10 day submission requirement (of the following month) and/or the City of Roanoke (City) could not provide communication from VRS documenting system issues and resulting delays in the submission of information from localities.

Criteria:
Per the Virginia Auditor of Public Account's (APA) *Specifications for Audits of Counties, Cities, and Towns*, following the monthly snapshot of the employer's contributions, the employer runs the Contribution Confirmation report, which certifies/records the monthly data and allows the employer to schedule their payment. The contribution confirmation process must occur by the 10th of the following month and the agency should schedule payment in a timely manner after the contribution confirmation.

Cause:
Due to reconciling items, City personnel were at times not able to meet the 10 day requirement. Also, during the fiscal year VRS had requested employers to hold off confirming the snapshot until a code defect could be implemented in myVRS Navigator, however the City could not provide documentation to substantiate this information.

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

Recommendation:
We recommend that Roanoke City management should establish procedures to ensure that the contribution confirmation process has occurred before the 10th day of the following month or to retain communication from VRS for any delayed reporting.

Management Response:
The City is aware of the contribution confirmation deadline, the 10th of the month following month end. However staff did not document issues or conversations when issues occurred during the reconcilement process. This new upload and reconcilement process with VRS was a "work- in- process" with many obstacles occurring during this period of transition. Phone logs do reflect calls attempted and call durations during these months of non-compliance. Attempts were made to reconcile prior to submission in order to minimize any adjustments. The City experienced both technical issues and reconcilement issues regarding confirmation of data; the inability to access the system due to high volume of other users and issues/errors when two employers were trying to update one employee's record (ie. an employee terminates from the City effective the end of a month, and is hired by another locality effective the beginning of the next month). This type of error created an out of balance situation requiring manual adjustment by VRS before the City could complete the monthly reconciliation and receive a confirmation. A higher level of awareness was placed on ensuring the accuracy vs. adherence to the deadline.

Procedures have been modified to ensure emphasis is placed equally on both accuracy and deadline compliance. Going forward, any instances of non-compliance will be accompanied by documentation substantiating the issue.

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Department of Finance
City of Roanoke, Virginia

Barbara A. Dameron, CPA	Director of Finance
Andrea F. Trent	Assistant Director of Finance
Jody A. Lawson	Acting Finance Manager
Cindy M. Kirby	Administrative Assistant IV

Accounting / Accounts Payable

Kathleen H. Davis	Accountant
Katherine T. Flinchum	Account Technician
Acquenatta D. Jackson-Harris	Accountant
Leslie N. Helm, CPA	Senior Accountant
Dorothy E. Hoskins	Accountant
Cathy P. Jones	Account Technician
Tao Leng, CPA	Senior Accountant
Mary L. Ratcliffe	Senior Accountant/AP Supervisor
D. René Satterwhite	Accounting Supervisor
Randall G. Simmons	Account Technician

Payroll / Systems

Connie K. Altice	Payroll Technician
Suzanne F. Barnett	Acting Payroll Supervisor
Tasha L. Burkett	Senior Financial Systems Accountant
Kimberly H. Corpening	Financial Systems Technician
Paula S. Quinn	Senior Payroll Technician

Retirement

Kayla J. Gunter	Accountant
Harold R. Harless, Jr.	Financial Analyst
Kenneth D. McCauley	Senior Accountant
Karen B. Mullen	Retirement Account Technician

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