

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

Fiscal Year Ended June 30, 2008



Prepared by:

Department of Finance
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Harrisonburg, Virginia 22802
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COUNTY OF ROCKINGHAM, VIRGINIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED JUNE 30, 2008

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INTRODUCTORY SECTION



JOSEPH S. PAXTON
County Administrator



ROCKINGHAM COUNTY

BOARD OF SUPERVISORS

PABLO CUEVAS
Election District No. 1

FREDERICK E. EBERLY
Election District No. 2

DEE E. FLOYD
Election District No. 3

WILLIAM B. KYGER, JR.
Election District No. 4

MICHAEL A. BREEDEN
Election District No. 5

November 24, 2008

Board of Supervisors
County of Rockingham
20 East Gay Street
Harrisonburg, VA 22802

Gentlemen:

It is my pleasure to submit to you the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008. This report has been prepared in accordance with Section 15.2-2503 of the *Code of Virginia*, 1950, as amended.

Upon completing your review of this introductory section, you are encouraged to turn to the narrative introduction, overview, and analysis found in the management's discussion and analysis (MD&A) for a more detailed overview of the County's financial position.

The slow down in the national economy is impacting Virginia as state government is collecting less tax revenue from gasoline sales (transportation), personal and corporate income and retail sales (general fund). Through this fiscal year, the state held local governments harmless from direct cuts; however, the General Assembly in the fiscal year 08-09 approved a \$50 million reduction statewide in funding of local government services, excepting K-12 education. Rockingham County, anticipating these reductions, factored its share of the reduction (approximately \$250,000) into its budget preparation. The steady local economy helped to soften the impact of these reductions and no critical local government services have been impacted. With the slowdown continuing to have a negative impact on State revenues, the County expects to be challenged to evaluate local government services and to find ways to operate more efficiently and effectively.

The CAFR reports an increase in cost to provide fire and rescue services, as more County paid personnel are necessary to assist the volunteer agencies. The County is finding it increasingly difficult to meet this need with volunteers. The demand for growth in County funding is challenging for the Board of Supervisors and staff. Training requirements, increased operational costs, and a greater number of calls for services contribute to the need for increased County involvement.

K-12 education is the primary focus of service delivery and the Board of Supervisors continues to support County schools with substantial expenditures for capital projects. All four County middle schools have been renovated within the past five years. The County opened the new Cub Run Elementary in the fall of 2008, Riverbend Elementary is scheduled to open in the fall of 2009, and East Rockingham High School in the fall of 2010. These three new schools represent the first new school construction projects that do not replace existing facilities since the construction of Lacey Spring Elementary School in the 1980's. As a result, along with one-time capital expenditures for these schools, the County will have significant additional annual operating and maintenance expenses.

Other significant events and actions during the period are as follows:

- Substantial completion on an addition to the County Administration Center and began renovations to the existing facility.
- Secured financing, completed design, and started construction of the first phase of the SRI-Shenandoah Valley research facility at the Rockingham Center for Research and Technology on Route 11 North.
- Continued construction of the Pleasant Run water and sewer project to serve the new Rockingham Memorial Hospital and to improve services for existing County customers east of the City of Harrisonburg (City).
- Completed construction of the Penn Laird sewer project.
- Started construction of the Harrisonburg-Rockingham Regional Sewer Authority (HRRSA) wastewater plant expansion and upgrades to meet Chesapeake Bay standards.
- Completed design of the McGaheysville sewer project which will convey wastewater from the existing McGaheysville sewer treatment plant to the HRRSA facility. This project will allow the County to remove the McGaheysville plant from active operation.
- Completed construction and started use of Phase III (piggyback) of the landfill expansion; estimated to provide 9 years of additional space for solid waste disposal for the County and City.
- Continued construction of the infrastructure for an 800 MHz two-way communications system for the County and City.
- Increased full-time Fire and Rescue field staff by 6 positions to provide 24-7 staffing for one crew in the Broadway and Elkton/McGaheysville areas.

Looking to the future, a number of issues under discussion by the Board may result in capital projects, and need to be considered in the County's financial planning. These issues include:

- Discussions with the City and the Commonwealth of Virginia to acquire additional operational space for social services, community services board, health department, and other related state and federal agencies; and
- Beginning research to locate the next disposal area for the County landfill, which is key for the area as it serves both the County and City; and
- Beginning the design for a new connector road to link western and eastern Rockingham County along an approved conceptual route that redirects traffic around downtown Harrisonburg; and
- Continue to study and plan for an expansion of the regional jail to provide secure housing for the increase in inmate population; and
- Discussion with the City on opportunities to partner in water supply and service to County and City customers.

The economy of the immediate metropolitan region continues to be stable; despite economic challenges in other areas of Virginia and the United States. The State budget problems however will undoubtedly be passed down to localities. Given the level of State shortfalls, it is anticipated that some cuts, or lack of increases, will come in State funding for Schools. State budget problems combined with the financial challenges being faced by County residents, and the County increase in debt service from the construction of the new school facilities, will present County budget challenges for future years. In addition, fluctuating fuel costs continue to make budgets difficult to forecast.

In other economic news,

- Extensive site work and construction of residential units has begun at the Preston Lake development, approved by the Board in 2006. This project will set a standard for future developments in the County with its mix of upscale commercial design and layout, and various options for housing.
- Construction of the new medical complex for Rockingham Memorial Hospital is underway with completion projected for 1st quarter 2010.

County staff will continue to focus on the Board's objective of encouraging steady, sustainable growth, which fosters a strong local economy and makes Rockingham County "***A Great Place to Be***". For more information on the services provided by the County please refer to our website at www.rockinghamcountyva.gov.

The Government Finance Officers Association of the United States and Canada has awarded the County a Certificate of Achievement for Excellence in Financial Reporting for the 26th consecutive year. This award certifies our continuing efforts to achieve the highest standards in government accounting and financial reporting.

On behalf of the County's management team and staff, I extend our sincerest appreciation to the members of the Board of Supervisors for the confidence expressed and resources rendered to us throughout the year, which allow the implementation of the Board's policies. We look forward to continuing to work together with you in providing an efficient and effective level of service to the citizens of Rockingham County.

Respectfully submitted,


Joseph S. Paxton



JOSEPH S. PAXTON
County Administrator



ROCKINGHAM COUNTY

BOARD OF SUPERVISORS

PABLO CUEVAS
Election District No. 1

FREDERICK E. EBERLY
Election District No. 2

DEE E. FLOYD
Election District No. 3

WILLIAM B. KYGER, JR.
Election District No. 4

MICHAEL A. BREEDEN
Election District No. 5

November 24, 2008

To the Board of Supervisors, County Administrator,
The Citizens of the County of Rockingham, and
The Financial Community:

The Finance Department is pleased to present the County of Rockingham's (the County) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008. The report is designed to present fairly 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 County in all material respects, and to demonstrate compliance with applicable finance-related legal and contractual provisions. The report adheres to the principle of full disclosure so that the reader may gain the maximum understanding of the County's financial affairs.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

PBGH, LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the County's financial statements for the year ended June 30, 2008. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the Government

The County of Rockingham, located in the heart of the Shenandoah Valley, is the third largest county in Virginia in land area with 853.65 square miles and an estimated population of 74,160. The independent city of Harrisonburg, with an estimated population of 44,700 serves as the County seat, and is the largest city in western Virginia between the Roanoke and the Washington, D.C. metropolitan areas.

The County was established in 1778 by an act of the Virginia General Assembly, and is organized under the traditional form of County government. Under this form, the County's governmental operations are directed by a five-member Board of Supervisors (Board) who are elected by election districts. The Board is responsible for establishing the policies and ordinances that provide the direction for the government and for approving the annual budget.

This report includes the financial activities of the County (primary government); as well as, the financial activities of the County's component units. Component units are legally separate entities for which the primary government is financially accountable and, therefore, are included in the primary government's CAFR.

The County provides a full range of services including law enforcement, emergency medical response, and fire protection; judicial services; correctional facilities; disposal of solid waste; utility services; planning and zoning; and recreational and cultural activities.

The County provides courthouse and jail facilities; as well as, the services of the Sheriff, Commonwealth's Attorney, and Clerk of the Circuit Court for the City of Harrisonburg (City). The total costs of these services are presented in this report and supporting schedules. The City reimburses the County for one-half of the net local cost incurred in the provision of these services.

Discretely presented component units are reported in a separate column 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 those of the primary government. The Rockingham County School Board is a legally separate entity and is reported as a discretely presented component unit. The County has consolidated social service operations with the City which is named the Harrisonburg-Rockingham Social Services District (District). The District is also a separate legal entity and is a discretely presented component unit in the government-side financial statements.

The School, School Textbook, and School Cafeteria Funds are included in the supporting statistical schedules in this report since the Board is required to approve the budget for these operations. The County believes that the omission of these funds from the Statistical Section would not give the reader an accurate depiction of the overall results of the operations of County government.

Additional information on the financial reporting entity can be found in Note 1.A. in the notes to the financial statements.

State law requires the County Administrator to submit a balanced budget to the Board no later than April 15th of each year. Each department and agency prepares its budget request for review and amendment by the County Administrator prior to inclusion in the County's general operating budget. The School Board and Social Services Administrative Board prepare their budgets and transmit them to the County Administrator. The County Administrator then submits his recommendation to the Board's Finance Committee for consideration and recommendation to the full Board.

The Board establishes a time and place for a public hearing on the budget. A hearing must be held at least seven days prior to the adoption of the budget. Except for the School's budget, which may only be increased or decreased by major category or as a whole, the Board may insert new items of expenditure or may increase, decrease, or remove items of expenditure (other than debt service or other legal requirements). On April 25, 2007, the Board approved the budget for fiscal year 2008. During the fiscal year 2008, as is customary, the Board also approved supplemental budget amendments.

Local Economy

The County continues to enjoy a stable and diverse local economy and local indicators point to continued stability. The County has a varied manufacturing, industrial, distribution, services, and higher education base that adds to the relative stability of the unemployment rate (currently 3.3%). Major industries with headquarters or divisions located within the County's boundaries include a chemical manufacturer, brewery, printer, foodservice marketer and distributor, retail distributors, four-season resort, and several poultry processors. Higher education also has a major presence within the area with a state university, private university, and a private college with a combined full-time enrollment of over 21,000 students.

According to the most recent report published in 2002 by the U.S. Census of Agriculture, Rockingham County is 2nd in the country in market value of poultry and poultry products sold, and is 39th in the country in market value of total agricultural products sold. Rockingham County's total cash receipts from agricultural production ranks 1st in the state (\$446 million) and exceeds the combined totals of the next four ranking counties.

The County continued to experience a favorable amount of building activity for fiscal year 2008. Over \$121 million was authorized for new construction and renovations in the County for this time period including four projects, each of which involved an investment of one million dollars or more. These four projects were: White Wave Foods (expansion); Bridgewater Retirement Community (addition); Dayton Methodist Church (new sanctuary); Vision of Hope Church (new sanctuary).

Long-Term Financial Planning

Unreserved, undesignated fund balance in the General Fund totaled over \$24.8 million, which represents 24 percent of total General Fund expenditures. While there are no formal policy guidelines, the Board reviews this data for budgetary and planning purposes. One of the key goals is to ensure that operational costs for needed services are funded from on-going revenues to protect the quality of life for County residents.

The Board approved the Capital Improvements Plan which totaled over \$179 million, of which over \$128 million is designated for the five-year period through 2013. This Capital Improvements Plan also included an outline of the various funding sources.

School projects totaling up to \$90 million have been authorized and will require bond funding typically through the Virginia Public School Authority. The debt service to retire these bonds will provide pressure on revenue resources of the County in future years. Since these are new and not replacement school facilities, there will also be a significant impact on the cost of school operations.

The Board, with the assistance of staff, is aware that these capital projects require long-term financial planning, and the Board optimistically looks forward to addressing these challenges.

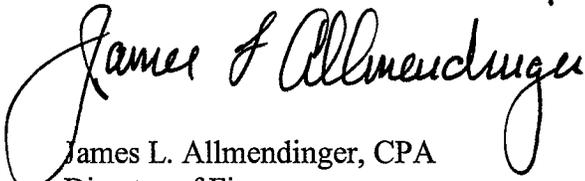
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Rockingham for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2007. This was the 26th consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Finance Department expresses its appreciation to County staff that assisted and contributed in the preparation of this report. A special thank you is extended to the Board members and the County Administrator for their continued strong leadership and dedicated pursuit of excellence in financial reporting.

Respectfully submitted,



James L. Allmendinger, CPA
Director of Finance

COUNTY OF ROCKINGHAM, VIRGINIA

Directory of Principal Officials
June 30, 2008

Board of Supervisors

Dee E. Floyd, Chairman
District 3
Frederick E. Eberly, Vice-Chairman
District 2
Pablo Cuevas
District 1
William B. Kyger, Jr.
District 4
Michael A. Breeden
District 5

County Administrator

Joseph S. Paxton

School Board

Anthony Slater, Chairman
District 1
John Myers, Jr., Vice-Chairman
District 3
Gayl Brunk
District 2
William Gamble
District 4
W. R. Good
District 5

Superintendent of Schools

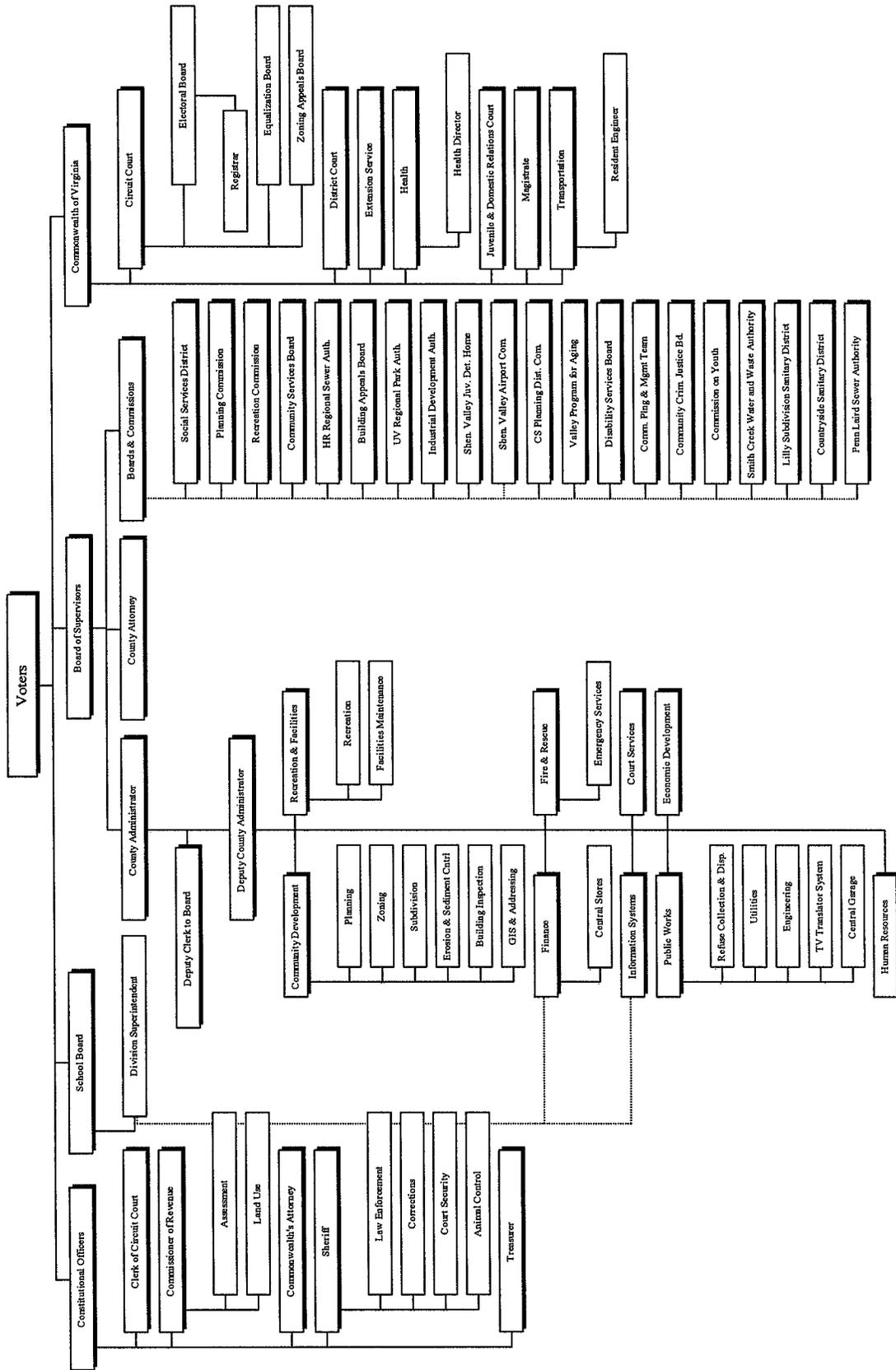
Dr. Carol Fenn

Other Officials

Stephen G. King
Thomas H. Miller
Deanna Bolton
Donald W. Farley
L. Todd Garber
Marsha L. Garst
Chaz W. Evans-Haywood
James L. Allmendinger
Donald D. Driver, Jr.
Franklin P. O'Byrne
Wendell J. Eberly
Rhonda G. Henderson
Warren G. Heidt
Ann Marie Freeman
Stephen N. Riddlebarger
Douglas L. Geib
Robert A. Symons
William L. Vaughn
Deputy County Administrator
County Attorney
Acting Commissioner of the Revenue
Sheriff
Treasurer
Commonwealth Attorney
Clerk of the Circuit Court
Director of Finance
Director of Social Services
Director of Information Services
Director of Parks and Recreation
Director of Planning
Director of Public Works
Director of Court Services
Director of Human Resources
Registrar
Director of Fire and Rescue
Director of Community Development

**COUNTY OF ROCKINGHAM, VIRGINIA
GOVERNMENT ORGANIZATIONAL CHART**

JUNE 30, 2008



Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Rockingham
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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



Oliver S. Cox

President

Jeffrey R. Emery

Executive Director

FINANCIAL SECTION



www.pbgh.com

Mensel D. Dean
Gregory W. Geisert
Herman W. Hale
John L. Vincie, III
Keith L. Wampler
Daniel B. Martin
Sean R. O'Connell
Kevin D. Humphries
Bradford R. Jones

Virginia B. Miller
John E. Zigler, Jr.
Michael T. Kennison
Michael A. Garber
Donald W. Knotts
Daniel J. Bender
Lawrence W. Schwartz
Helaine S. Weissman

INDEPENDENT AUDITORS' REPORT

To the Honorable Members of the Board of Supervisors
County of Rockingham, Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Rockingham, Virginia, (County) as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Specifications for Audits of Counties, Cities and Towns, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Rockingham, Virginia, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparisons for the General and E-911 Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 24, 2008 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis (pages 13 to 30) and the required supplementary information (page 81) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Rockingham, Virginia's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the Table of Contents as supplementary information and supplemental schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

PBGH, LLP

Harrisonburg, Virginia
November 24, 2008

Management's Discussion and Analysis

As management of the County of Rockingham, Virginia, (County) we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with the letters of transmittal in the Introductory Section of this report and the County's financial statements following this analysis. **All amounts, unless otherwise indicated, are expressed in thousands of dollars.**

Financial Highlights

- The County's total net assets, excluding component units, totaled \$23,278 at June 30, 2008. Of this amount, there was \$64,364 invested in the County's capital assets, net of related debt, \$2,142 in restricted net assets, and a negative \$43,228 in unrestricted funds as a result of recording the debt for the component unit – School Board within the governmental activities. Debt is recorded within the primary government since the County is legally obligated to make payments for this debt; however, the corresponding assets are reported in the component unit – School Board statements since the School Board holds title to the assets.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$50,052, an increase of \$14,658 in comparison with the prior year. Approximately 90 percent of this total amount, \$45,030 is available for spending at the government's discretion (unreserved, undesignated fund balance).
- During the current fiscal year, the unreserved, undesignated fund balance in the General Fund increased by \$7,757, from \$17,077 to \$24,834. The unreserved, undesignated fund balance in the General Fund of \$24,834 at the end of the current fiscal year represents 24 percent of total General Fund expenditures, excluding transfers out.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or declining.

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government administration, judicial administration, public safety, public works, health and social services, education, parks, recreation and cultural, and community development. The business-type activities of the County include water and sewer, solid waste, and other proprietary fund operations.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate school board and a legally separate social services district for which the County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 31-33 of this report.

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

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

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

The County maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Special Revenue E-911 Fund, and the General Capital Projects Fund, all of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 34-39 of this report.

Proprietary funds. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer activities and for its solid waste operation. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County has two internal service funds. The Central Stores Fund accounts for providing office supplies to various departments or agencies of the County and recording the related costs. The Self-Insurance Fund accounts for the costs associated with providing health insurance benefits and managing claims for employees of the County and its component units.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer, Smith Creek Water & Waste Authority, and Solid Waste Funds, all of which are considered to be major funds of the County. Conversely, the non-major enterprise funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 40-43 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 44 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-80 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 81 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$23,278 at the close of the most recent fiscal year. This is a decrease of 16 percent in comparison with the prior year. The explanation for this decrease is provided below.

By far, the largest portion of the County's net assets, \$64,364, reflects its investment in capital assets (e.g. land, buildings, improvements, machinery and equipment, and construction in progress, net of accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to its citizens; consequently, these assets are not readily available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves would not likely be used to liquidate these liabilities.

An additional portion of the County's net assets, \$2,142, represents resources that are subject to external restrictions on how they may be used. There was a decrease of \$1,866 in restricted net assets reported in connection with the County's governmental activities. This was mostly due to unspent funds in the prior fiscal year being expended this current fiscal year for the new E-911 communications system.

The unrestricted portion of the County's net assets for the primary government changed from a negative \$31,880 to a negative \$43,228. This negative balance is due to the County financing the necessary capital asset projects of the component unit School Board. Since the County is legally obligated for the retirement of the debt, it is required to record the liability for this financing; however, the capital asset which statutorily is owned by the School Board is recorded with the component unit. Please refer to Note 1(E)(9) of the financial statements for further explanation.

Net assets in the governmental activities decreased by \$7,357 during the current fiscal year. While revenues increased by \$5,519 primarily due to additional general property taxes, the offsetting key factor contributing to this outcome were the education expenses for school capital projects.

By far, the largest portion of the component unit School Board's net assets reflects its investment in capital assets (e.g. land, buildings, improvements, machinery and equipment, and construction in progress, net of accumulated depreciation). As explained above and in note 1(E)(9) of this report, the School Board does not have taxing authority by law and, therefore, cannot incur debt through general obligation bonds for its capital assets.

County of Rockingham, Virginia
Summary Statement of Net Assets
June 30, 2008 and 2007

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 57,980	\$ 40,515	\$ 14,563	\$ 10,325	\$ 72,543	\$ 50,840
Capital assets, net	46,917	36,526	41,392	34,911	88,309	71,437
Total assets	104,897	77,041	55,955	45,236	160,852	122,277
Other liabilities	7,027	3,711	1,016	983	8,043	4,694
Noncurrent liabilities	106,101	74,204	23,430	15,799	129,531	90,003
Total liabilities	113,128	77,915	24,446	16,782	137,574	94,697
Net Assets:						
Investment in capital assets, net of related debt	34,024	28,294	30,339	27,158	64,364	55,452
Restricted	2,142	4,008	-	-	2,142	4,008
Unrestricted (deficit)	(44,397)	(33,176)	1,170	1,296	(43,228)	(31,880)
Total net assets	\$ (8,231)	\$ (874)	\$ 31,509	\$ 28,454	\$ 23,278	\$ 27,580

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2008	2007	2008	2007
Current and other assets	\$ 31,157	\$ 24,669	\$ 4,948	\$ 4,653
Capital assets, net	119,304	97,992	163	195
Total assets	150,461	122,661	5,111	4,848
Other liabilities	23,502	13,800	2,862	2,973
Noncurrent liabilities	3,112	3,199	311	275
Total liabilities	26,614	16,999	3,173	3,248
Net Assets:				
Investment in capital assets, net of related debt	106,448	97,992	163	195
Unrestricted (deficit)	17,399	7,670	1,775	1,405
Total net assets	\$ 123,847	\$ 105,662	\$ 1,938	\$ 1,600

County of Rockingham, Virginia
Summary Statement of Changes in Net Assets
Years Ended June 30, 2008 and 2007

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 7,101	\$ 6,466	\$ 8,799	\$ 6,662	\$ 15,900	\$ 13,128
Operating grants and contributions	10,120	10,333	-	20	10,120	10,353
Capital grants and contributions	-	221	2,009	2,515	2,009	2,736
General revenues:						
General property taxes	58,575	53,410	-	-	58,575	53,410
Other local taxes	10,343	10,047	-	-	10,343	10,047
Intergovernmental non-categorical aid	6,226	6,502	-	-	6,226	6,502
Use of money and property	1,666	1,876	381	266	2,047	2,142
Miscellaneous	463	120	301	198	764	318
Total revenues	94,494	88,975	11,490	9,661	105,984	98,636
Expenses:						
General government administration	4,933	4,912	-	-	4,933	4,912
Judicial administration	3,497	3,538	-	-	3,497	3,538
Public safety	19,040	18,691	-	-	19,040	18,691
Public works	2,567	2,510	8,479	7,514	11,046	10,024
Health and social services	4,792	4,811	-	-	4,792	4,811
Education	57,109	60,500	-	-	57,109	60,500
Parks, recreation and cultural	2,643	2,201	-	-	2,643	2,201
Community development	3,415	2,491	-	-	3,415	2,491
Interest	3,811	3,078	-	-	3,811	3,078
Total expenses	101,807	102,732	8,479	7,514	110,286	110,246
Changes in net assets before transfers	(7,313)	(13,757)	3,011	2,147	(4,302)	(11,610)
Transfers	(44)	(61)	44	61	-	-
Change in net assets	(7,357)	(13,818)	3,055	2,208	(4,302)	(11,610)
Net assets, beginning	(874)	12,944	28,454	26,246	27,580	39,190
Net assets, ending	\$ (8,231)	\$ (874)	\$ 31,509	\$ 28,454	\$ 23,278	\$ 27,580

County of Rockingham, Virginia
Summary Statement of Changes in Net Assets (Continued)
Years Ended June 30, 2008 and 2007

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2008	2007	2008	2007
Revenues:				
Program revenues:				
Charges for services	\$ 5,130	\$ 4,990	\$ -	\$ -
Operating grants and contributions	72,166	70,738	14,121	13,150
Capital grants and contributions	1,104	2,623	-	-
General revenues:				
Grants and contributions not restricted to specific programs	57,109	60,500	6,472	5,643
Intergovernmental non-categorical aid	131	129	-	-
Use of money and property	408	268	110	83
Miscellaneous	192	532	254	258
Total revenues	136,240	139,780	20,957	19,134
Expenses:				
Health and social services	-	-	20,619	18,987
Education	118,055	115,179	-	-
Total expenses	118,055	115,179	20,619	18,987
Change in net assets	18,185	24,601	338	147
Net assets, beginning	105,662	81,061	1,600	1,453
Net assets, ending	<u>\$ 123,847</u>	<u>\$ 105,662</u>	<u>\$ 1,938</u>	<u>\$ 1,600</u>

Governmental activities. As previously mentioned, governmental activities decreased the County's net assets by \$7,357. Key factors of this net decrease are as follows:

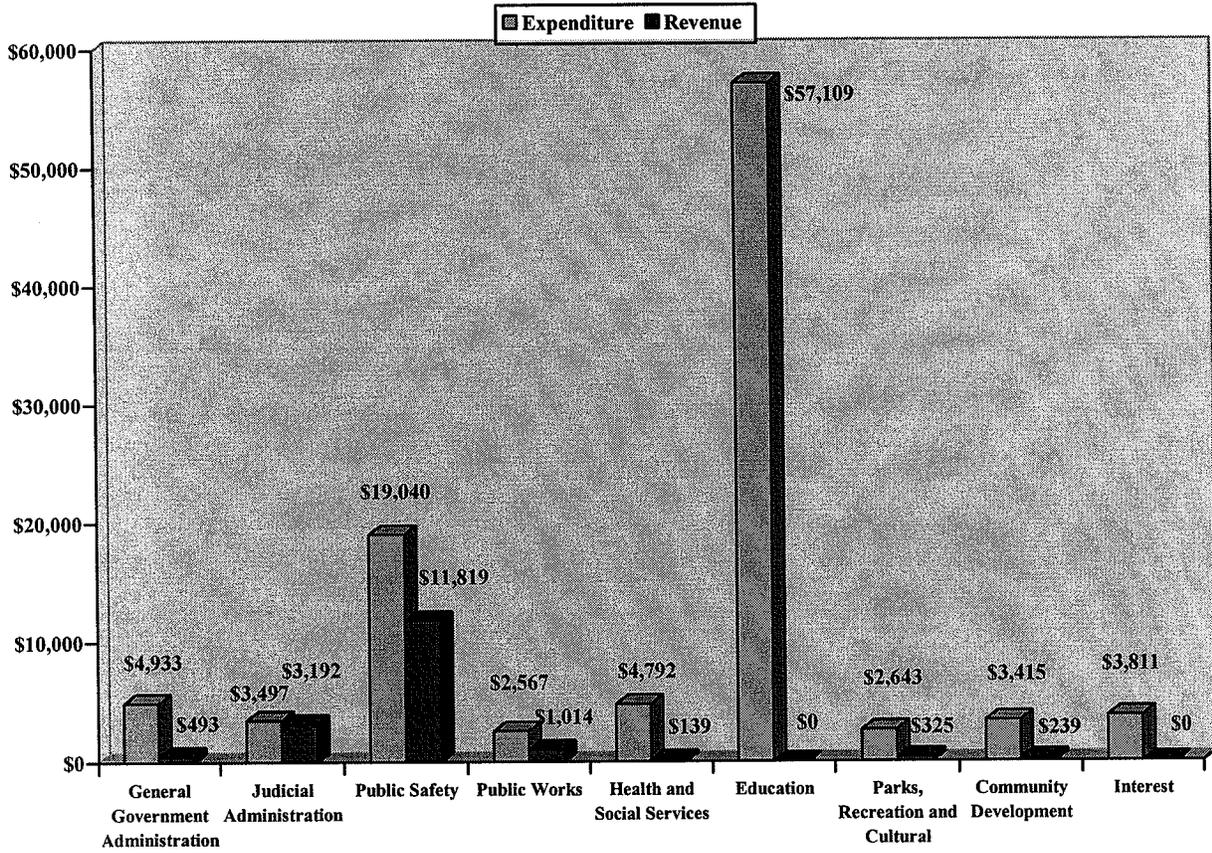
While most revenue categories remained relatively stable, general property taxes increased \$5,165 (10 percent). This was due to two factors: namely; there was an increase in the real property tax rate from 58 to 60 cents for the June 2008 semi-annual levy; and a stable local economy continued to foster commercial and residential building growth. Real property taxes, personal property taxes, and machinery & tools taxes contributed to most of this increase.

Expenses decreased \$925 over the last fiscal year. For the most part, increases in expenses closely paralleled any growth in the demand for services. There were, however, three categories which had the most impact as follows: education continued to be abnormally high due to \$19,111 incurred almost entirely due for school capital projects; community development increased \$924 due to economic grants in place to stimulate business investment; and interest expense increased \$733 due to higher school debt service.

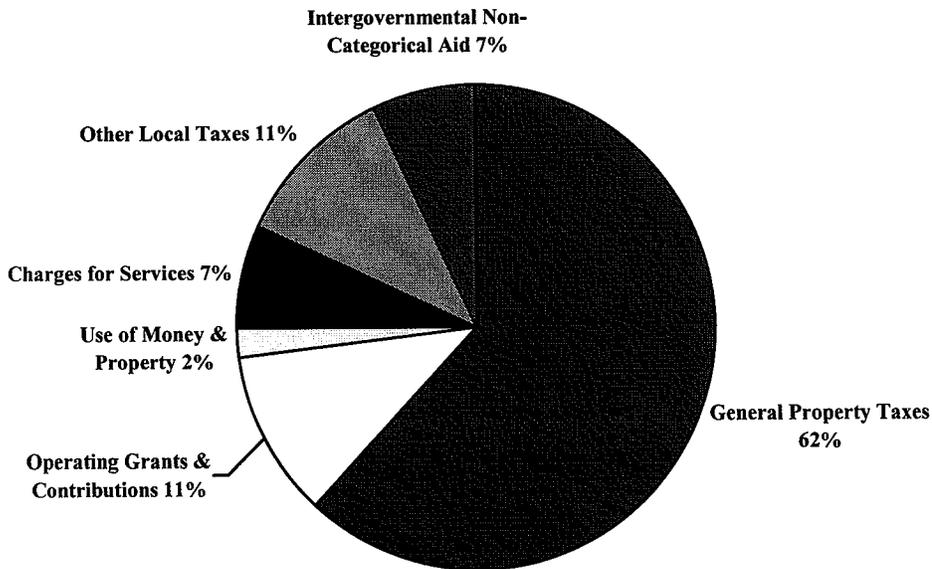
Business-type activities. Business-type activities increased the County's net assets by \$3,055 compared to \$2,208 last fiscal year. Key factors of this change are as follows:

- Capital grants and contributions decreased by \$506 (20 percent) compared to last year. This was mostly the result of \$2,271 received for capital costs and expansion of the sanitary landfill of the Solid Waste Fund in the prior year.
- Program revenues increased by \$2,137 (32 percent) compared to last year. This was mainly the result of :
 1. Charges for services increased \$1,336 due to more customers, higher usage, and a solid waste rate increase effective September 1, 2007.
 2. Connection availability fees increased \$768 due to more water and sewer connections in the current fiscal year.
- Expenses for business-type activities increased \$965 (13 percent) compared to last year. Key factors for this change were:
 1. Personal services and fringe benefits increased \$143.
 2. Contractual services increased \$105.
 3. Landfill closure increased \$210.
 4. Regional Sewer Authority assessment for operations and maintenance increased \$117.

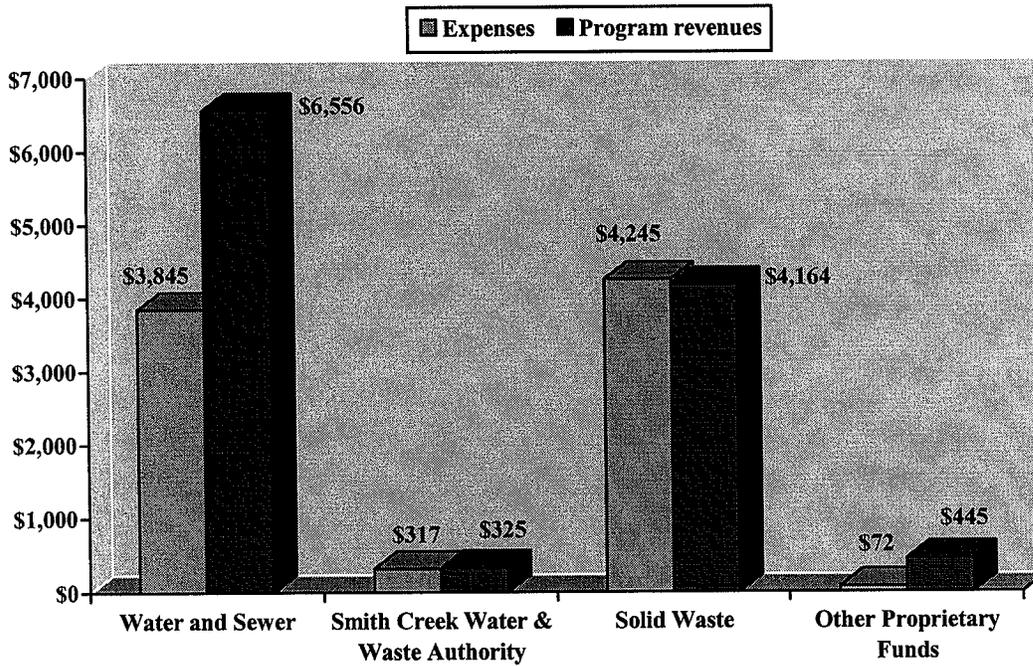
Expenses and Program Revenues - Governmental Activities



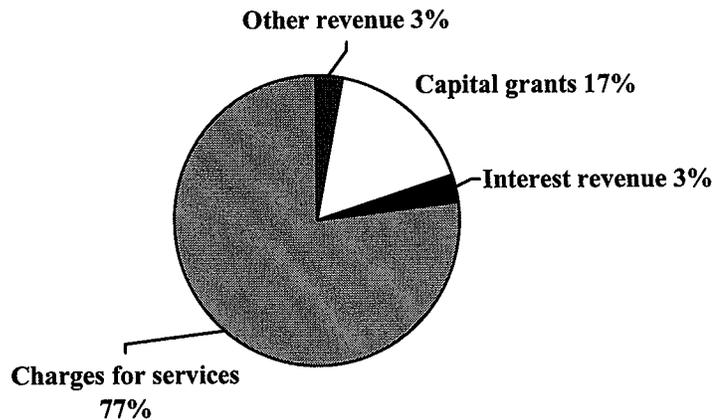
Revenues by Source - Governmental Activities



Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Component Unit – School Board. The School Board’s net assets increased by \$18,185 this fiscal year. Key elements of this increase are as follows:

- Operating grants and contributions increased \$1,428 over the prior fiscal year. The State provided \$1,573 of this increase through State sales tax receipts, basic school aid, and other state school funding.
- Grants and contributions not restricted to specific programs decreased \$3,391 over the prior year; even though the County appropriated \$19,111 to the School Capital Projects Fund for two new elementary schools and a new high school.
- Expenses of the School Board increased by \$2,876 over the prior fiscal year. Increases in expenses occurred in each major category and closely paralleled inflation and the needs of the educational system. The largest category was Instruction which increased \$2,500.

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$50,052, an increase of \$14,658 in comparison with the prior year.

Approximately 90 percent of this total amount (\$45,030) constitutes *unreserved, undesignated fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved or designated* to indicate that it is not available for new spending because it has already been committed 1) for an advance to other funds (\$625), 2) for the new governmental radio system (\$1,818), 3) for designated capital projects (\$1,707), or 4) for a variety of other restricted purposes (\$741).

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund was \$24,834, while total fund balance reached \$27,584. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 24 percent of total General Fund expenditures, while total fund balance represents 27 percent of that same amount.

The fund balance of the County's General Fund increased by \$8,054 during the current fiscal year. This is significantly better than the original budget expecting a \$1,692 decrease and the final budget showing a \$2,449 decrease. The key factors influencing this result are as follows:

- Revenue increased \$6,144 from the prior fiscal year. The largest component of this increase was general property taxes which increased \$5,154 over the prior fiscal year. The three main revenue sources of this increase were:
 - Real property taxes increased \$2,189 as a result of commercial, industrial and residential real estate market growth and a two cent increase in the real property tax rate starting with the June 2008 semi-annual levy.
 - Personal property taxes increased \$1,539 as a result of more vehicles and higher values.
 - Machinery and tools taxes increased \$1,322 as a result of more investment in machinery and tools by manufacturers in the County.

- Expenditures decreased \$1,023 over the prior fiscal year. While most of the expenditure categories remained relatively flat, the key components affecting this decrease were:
 1. Education expenses decreased \$3,391 over the prior fiscal year. This is primarily due to a transfer of funds to the School Capital Projects Fund of \$19,111 this fiscal year compared to \$24,626 last fiscal year, while the transfer of funds for school operating costs increased \$2,124.
 2. Interest expense increased \$661 over the prior fiscal year. This is the result of additional School Board debt.
 3. Community development increased \$924 over the prior fiscal year. This was due to economic grants executed to stimulate business investment.

The Special Revenue E-911 Fund has a total fund balance of \$1,818, all of which is reserved for E-911 activities. Revenue decreased \$1,096 due to the State eliminating the E-911 fee effective January 1, 2007 and authorizing a new Virginia Communications Tax structure which is remitted to the General Fund and decreased \$418 due to less grant funds this year. Transfer in from the General Fund increased \$570. Expenditures increased \$386 this fiscal year due to a net result of lower operation and maintenance costs of \$74 and more infrastructure purchases of \$467 for the new system.

The General Capital Projects Fund has a total fund balance of \$20,326, of which the entire amount is unreserved and undesignated. The County had capital outlays of \$9,741 during the current fiscal year which were funded by 1) a transfer of \$17,500 from the General Fund and 2) revenues of \$712.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net assets of these funds increased \$3,055 this fiscal year to \$31,509. The largest portion of these net assets, \$30,339, continues to reflect the County's investment in capital assets. The unrestricted net assets of the proprietary funds increased from \$1,296 last fiscal year to \$1,170 this fiscal year.

Other factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

During the year there was a \$38,862 increase in appropriations between the original and final amended budget. The following are the largest components of the increase:

- \$1,500 carry-over for addition to the County administration building.
- \$751 supplemental appropriation for an economic development grant.
- \$6,708 supplemental appropriation to transfer to the School Capital Projects Fund the amount of permanent financing received for the new Cub Run Elementary School.
- \$17,500 supplemental appropriation to transfer to the Capital Projects Fund for the construction of the SRI project.
- \$12,403 supplemental appropriation to transfer to the School Capital Projects Fund the amount of permanent financing received for the new River Bend Elementary School.

The increase in appropriations was possible because of a number of factors including: receiving permanent financing for the construction of two new elementary schools; receiving permanent financing through a lease purchase contract for the SRI project; the receipt of additional anticipated revenues generated from the economic development grant; the reduction of other expenditures; and the use of the unreserved, undesignated fund balance in the General Fund.

There were also significant differences between the final amended budget for the General Fund and actual amounts (presented using the basis of budgeting). Actual revenues over expenditures were \$10,492 compared to the final budget.

Actual total revenues were \$4,383 over the final budgeted amounts and the key factors for this were:

1. General property taxes were \$3,674 over the final budget amount. Personal property taxes accounted for \$2,538 of this increase and was the result of more vehicles and higher values in the current year. Machinery and tools taxes accounted for \$630 of this increase and was due to more investment in machinery and tools by manufacturers in the County.
2. Other local taxes were \$558 over the final budget amount. This increase was primarily the result of the new communications sales and use tax enacted by the Virginia General Assembly that became effective January 1, 2008.

Actual total expenditures were \$6,109 under the final budgeted amounts and the key factors were:

1. The appropriation to the Rockingham County School Board for general operations was less than the final budget by \$3,763. These funds were left unspent at year-end by the School Board in recognition of the need to be conservative given the substantial school capital projects.
2. Community development expenditures were \$822 less than the final budget due to economic development funds not being spent by year-end.
3. All other expenditure categories were less than the final budget amounts to varying degrees, but primarily due to containment of costs.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2008, amounts to \$88,309 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, and machinery and equipment. The total increase in the County's investment in capital assets for the current fiscal year was 24 percent (a 28 percent increase for governmental activities and a 19 percent increase for business-type activities).

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

Governmental Activities

- Construction In Progress
 - The governmental radio system upgrade continued; construction in progress as of the close of this fiscal year was \$8,925, an increase of \$2,543 during this current fiscal year.
 - The addition to the County Administration building was on schedule; construction in progress as of the close of this fiscal year was \$3,771.
 - The SRI building was commenced; construction in progress as of the close of this fiscal year was \$5,006.

Business-Type Activities

- Construction In Progress
 - Construction in progress was completed on the Penn Laird sewer line.
 - Construction in progress was completed on the solid waste site expansion phase 3 project.
 - Construction in progress began on the Pleasant Run water and sewer lines and totaled \$3,893.
- Improvements
 - The water line for the Lilly Subdivision Sanitary District totaled \$412.
 - The sewer line for the Penn Laird Sewer Authority totaled \$1,073.
 - The solid waste site expansion phase 3 project totaled \$6,530.
 - The water line for the Leisure Living subdivision totaled \$542.
- Machinery and Equipment
 - Purchased an articulated hauler and water truck for the solid waste fund totaled \$354.

County of Rockingham, Virginia
Summary Statement of Capital Assets
June 30, 2008 and 2007

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2008	2007	2008	2007	2008	2007
Non-Depreciable Assets:						
Land	\$ 3,199	\$ 3,199	\$ 1,644	\$ 1,616	\$ 4,843	\$ 4,815
Construction in progress	17,824	6,562	4,605	5,649	22,429	12,211
Depreciable Capital Assets:						
Buildings	24,853	24,853	85	85	24,938	24,938
Improvements	10,209	9,945	47,863	39,046	58,072	48,991
Machinery and equipment	7,944	7,468	5,288	4,723	13,232	12,191
Accumulated depreciation	(17,112)	(15,501)	(18,093)	(16,208)	(35,205)	(31,709)
Total	\$ 46,917	\$ 36,526	\$ 41,392	\$ 34,911	\$ 88,309	\$ 71,437

Major capital events of the component unit School Board during the current fiscal year include the following:

- Land
 - Land purchased for the new River Bend Elementary School and East Rockingham High School complex totaled \$2,380.
- Construction In Progress
 - Plains Elementary School renovation were completed.
 - Construction continued on the new Cub Run Elementary School which added \$14,462 to Construction in Progress.
 - Construction began on the new River Bend Elementary School which added \$1,355 to Construction in Progress.
 - Construction began on the new East Rockingham High School which added \$5,762 to Construction in Progress.
- Improvements
 - The Plains Elementary School renovation totaled \$1,586.
 - The J Frank Hillyard Middle School expansion and renovation totaled \$12,198.
 - The Wilbur S. Pence Middle School renovation totaled \$7,135.

County of Rockingham, Virginia
Summary Statement of Capital Assets (Continued)
June 30, 2008 and 2007

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2008	2007	2008	2007
Non-Depreciable Assets:				
Land	\$ 5,394	\$ 3,014	\$ -	\$ -
Construction in progress	25,108	23,849	-	-
Depreciable Capital Assets:				
Buildings	101,257	101,257	-	-
Improvements	44,457	23,299	3	3
Machinery and equipment	24,412	23,216	521	491
Accumulated depreciation	(81,324)	(76,643)	(361)	(299)
Total	\$ 119,304	\$ 97,992	\$ 163	\$ 195

More detailed information about the County's capital assets is presented in Note 5 of the financial statements.

Long-term obligations. At the end of the current fiscal year, the County had total bonded debt outstanding of \$74,663. All bonded debt issued by the County is for educational purposes, primarily for the construction of school facilities.

County of Rockingham, Virginia
Summary Statement of Long-Term Obligations
June 30, 2008 and 2007

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 74,169	\$ 59,865	\$ -	\$ -	\$ 74,169	\$ 59,865
Literary fund loans	494	687	-	-	494	687
Capital leases	27,272	10,648	-	-	27,272	10,648
Unamortized premium	2,573	1,560	454	201	3,027	1,761
Revenue bonds	-	-	17,355	10,652	17,355	10,652
Landfill obligation	-	-	5,490	4,817	5,490	4,817
Compensated absences	1,593	1,444	131	129	1,724	1,573
Total	\$106,101	\$ 74,204	\$ 23,430	\$ 15,799	\$129,531	\$ 90,003

Article VII, Section 10(b), Constitution of Virginia, stipulates that no debt shall be contracted by or on behalf of any county or district thereof unless approved by an affirmative vote of a majority of the qualified voters of the County. No referendum was called to issue general obligation debt in the 2008 fiscal year.

The ratio of net bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the County's debt position to management, citizens, and investors. Data for the County at the end of the 2008 fiscal year is as follows:

Estimated Population	Assessed Valuation of All Taxable Property	Net Bonded Debt	Ratio of Debt to Assessed Valuation	Net Bonded Debt per Capita
74,160	\$7,866,454,942	\$74,663,358	.0095	\$1,007

More detailed information about the County's long-term obligations is presented in Note 6 of the financial statements.

Economic factors and next year's budget and rates

- The unemployment rate for September 2008 in Rockingham County was 3.3 percent, which is higher than the 2.4 percent rate a year ago. This, however, compares favorably to the Virginia statewide unemployment rate of 4.2 percent and the United States national average of 6.0 percent.
- In April 2008, the Virginia General Assembly approved action for the 2008-2010 biennium to reduce funding of core local services by \$100 million in response to shrinking revenue growth without identifying the extent to which the specific programs were to be reduced, thereby continuing to shift the financial burden to local governments. This reduction equals to \$1.07 million for Rockingham County for this biennium period.
- In October 2008, Governor Kaine announced a revenue reforecast which projected a shortfall of just over \$2.5 billion for the 2008-2010 biennium due to continuing uncertainty and the downturn in the national economy. The Governor is scheduled to release a formal plan in December 2008 to further address this shortfall, which is expected to further impact local governments, such as Rockingham County. Any local expenditures that are dependent upon a state grant for funding will not be incurred until the County has received approval of the grant.
- Federal revenues are primarily from grant sources, and with the federal fiscal year not beginning until October 1, it is difficult to project which grants will be approved. However, it is important to point out that those expenditures dependent upon federal grants will not be incurred until the grant is approved and the County has assurances that it will receive those funds.
- Revenue estimates continue to be projected conservatively by staff to be responsible to the County's citizens in funding planned levels of service for next year.

All of these factors were considered in preparing the County's budget for the 2009 fiscal year.

As mentioned earlier in the Financial Highlights, the unreserved, undesignated fund balance in the General Fund at fiscal year-end was \$24,834. The County has appropriated \$12,795 of this amount for spending in the 2009 fiscal year budget. This use of available fund balance is to offset one-time capital project expenditures and thus lessen the need to raise taxes. The Board of Supervisors addressed the need for additional on-going funding to meet increased school debt service requirements and approved an increase in the real estate tax rate from 58 to 60 cents effective for calendar year 2008. This change is included in the General Fund revenues for the 2009 fiscal year budget.

Operating revenues in the Water and Sewer Fund were budgeted to increase due to increasing the rates for monthly usage and connections. These increases were effective July 1, 2008. The Board approved these rate changes to meet higher infrastructure costs and to build reserves to offset the costs of complying with the Chesapeake Bay clean water standards.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, County of Rockingham, PO Box 1252, Harrisonburg, Virginia 22803, telephone (540)564-3010. The County's website address is www.rockinghamcountyva.gov.

BASIC FINANCIAL STATEMENTS

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF NET ASSETS

June 30, 2008

	Primary Government			Component Units	
	Governmental	Business-type	Totals	School	Harrisonburg- Rockingham Social Services
	Activities	Activities	Totals	Board	District
ASSETS					
Cash, cash equivalents and temporary cash investments	\$ 36,174,757	\$ 7,419,622	\$ 43,594,379	\$ 12,021,128	\$ 1,766,203
Receivables, net:					
Property taxes	2,628,662	-	2,628,662	-	-
Utility taxes	191,978	-	191,978	-	-
Trade and other accounts	345,149	792,642	1,137,791	588,034	33,688
Accrued interest	116,818	19,815	136,633	14,102	7,471
Due from other governments	2,824,788	-	2,824,788	3,492,398	3,039,058
Internal balances	625,500	(625,500)	-	-	-
Prepaid items	340,103	40,999	381,102	1,860,719	101,876
Inventory	46,600	144,863	191,463	324,513	-
Restricted cash	14,685,439	6,601,202	21,286,641	12,856,262	-
Financing costs, net of accumulated amortization	-	169,244	169,244	-	-
Capital assets, net of accumulated depreciation:					
Land	3,198,581	1,644,790	4,843,371	5,394,537	-
Buildings	24,853,234	84,613	24,937,847	101,256,476	-
Improvements other than buildings	10,209,229	47,862,895	58,072,124	44,457,533	3,156
Machinery and equipment	7,943,943	5,287,932	13,231,875	24,411,949	521,022
Construction in progress	17,824,287	4,604,513	22,428,800	25,107,858	-
Less: accumulated depreciation	(17,111,987)	(18,092,621)	(35,204,608)	(81,323,989)	(361,309)
Total assets	104,897,081	55,955,009	160,852,090	150,461,520	5,111,165
LIABILITIES					
Accounts payable	2,674,228	781,350	3,455,578	9,722,868	2,599,105
Accrued payroll	900,402	103,927	1,004,329	11,199,818	203,541
Accrued liabilities	143,497	-	143,497	-	-
Accrued interest	1,789,794	130,151	1,919,945	-	-
Unearned revenue	1,245,932	-	1,245,932	950,560	59,831
Insurance and benefit claims payable	273,076	-	273,076	914,209	-
Due to other governments	-	-	-	715,092	-
Noncurrent liabilities:					
Due within one year	6,159,365	821,421	6,980,786	1,884,990	187,535
Due in more than one year	99,942,079	22,608,554	122,550,633	1,226,681	123,470
Total liabilities	113,128,373	24,445,403	137,573,776	26,614,218	3,173,482
NET ASSETS					
Invested in capital assets, net of related debt	34,024,527	30,339,570	64,364,097	106,448,102	162,869
Restricted:					
Nonexpendable trust	11,143	-	11,143	-	-
Expendable:					
Park maintenance	10,895	-	10,895	-	-
E-911	1,818,001	-	1,818,001	-	-
Law enforcement	17,380	-	17,380	-	-
Debt service	284,297	-	284,297	-	-
Unrestricted (deficit)	(44,397,535)	1,170,036	(43,227,499)	17,399,200	1,774,814
Total net assets	\$ (8,231,292)	\$ 31,509,606	\$ 23,278,314	\$ 123,847,302	\$ 1,937,683

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2008

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets											
	Program Revenues					Primary Government					Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business-type Activities	Totals	School Board	Harrisonburg-Rockingham Social Services District		
Primary Government:												
Governmental activities:												
General government administration	\$ 4,932,635	\$ 5,729	\$ 512,537	\$ -	\$ (4,414,369)	\$ -	\$ (4,414,369)	\$ -	\$ -	\$ -	\$ -	
Judicial administration	3,496,761	1,149,624	2,031,766	-	(315,371)	-	(315,371)	-	-	-	-	
Public safety	19,040,217	4,604,090	7,200,334	-	(7,235,793)	-	(7,235,793)	-	-	-	-	
Public works	2,567,406	1,014,447	-	-	(1,552,959)	-	(1,552,959)	-	-	-	-	
Health and social services	4,792,353	-	139,069	-	(4,653,284)	-	(4,653,284)	-	-	-	-	
Education	57,109,186	-	-	-	(57,109,186)	-	(57,109,186)	-	-	-	-	
Parks, recreation and cultural	2,642,462	324,628	-	-	(2,317,834)	-	(2,317,834)	-	-	-	-	
Community development	3,415,397	2,727	236,640	-	(3,176,030)	-	(3,176,030)	-	-	-	-	
Interest	3,811,072	-	-	-	(3,811,072)	-	(3,811,072)	-	-	-	-	
Total governmental activities	101,807,489	7,101,245	10,120,346	-	(84,585,898)	-	(84,585,898)	-	-	-	-	
Business-type activities:												
Water and sewer	4,233,280	5,618,815	-	1,302,827	-	2,688,362	2,688,362	-	-	-	-	
Solid waste	4,244,472	3,180,166	-	706,052	-	(358,254)	(358,254)	-	-	-	-	
Total business-type activities	8,477,752	8,798,981	-	2,008,879	-	2,330,108	2,330,108	-	-	-	-	
Total primary government	\$ 110,285,241	\$ 15,900,226	\$ 10,120,346	\$ 2,008,879	(84,585,898)	2,330,108	(82,255,790)	-	-	-	-	
Component Units:												
Rockingham County School Board:												
Education:												
Instruction	\$ 92,264,138	\$ 2,875,188	\$ 69,784,128	\$ 1,103,648	-	-	-	(18,501,174)	-	-	-	
Administration, attendance and health	4,168,083	-	-	-	-	-	-	(4,168,083)	-	-	-	
Pupil transportation services	7,426,354	-	-	-	-	-	-	(7,426,354)	-	-	-	
Operation and maintenance services	9,598,863	-	-	-	-	-	-	(9,598,863)	-	-	-	
School food services	4,597,701	2,255,037	2,381,558	-	-	-	-	38,894	-	-	-	
Total school board	118,055,139	5,130,225	72,165,686	1,103,648	-	-	(39,655,580)	-	-	-	-	

Harrisonburg-Rockingham Social Services District:

Social Services:

Public assistance

Comprehensive services

Administration:

Welfare

4,769,948	-	3,394,896	-	-	-	(1,375,052)
10,237,263	-	5,985,528	-	-	-	(4,251,735)
5,611,589	-	4,740,804	-	-	-	(870,785)

Total social services district

20,618,800	-	14,121,228	-	-	-	(6,497,572)
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Total component units

\$ 138,673,939	\$ 5,130,225	\$ 86,286,914	\$ 1,103,648	-	-	(39,655,580)	(6,497,572)
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General Revenues:

Taxes:

General property taxes

Other local taxes:

Local sales and use

Consumer utility and communications sales and use

Motor vehicle licenses

Other

Grants and contributions not restricted to specific programs

Intergovernmental, non-categorical aid

Use of money and property

Miscellaneous

Transfers

	58,574,698	-	58,574,698	-	-	-	-
	4,764,451	-	4,764,451	-	-	-	-
	2,809,135	-	2,809,135	-	-	-	-
	1,193,657	-	1,193,657	-	-	-	-
	1,575,825	-	1,575,825	-	-	-	-
	-	-	-	57,109,186	-	6,472,194	-
	6,226,104	-	6,226,104	130,477	-	-	-
	1,665,526	381,280	2,046,806	408,396	109,362	109,362	-
	463,242	300,660	763,902	192,392	254,078	254,078	-
	(43,726)	43,726	-	-	-	-	-

Total general revenues and transfers

77,228,912	725,666	77,954,578	57,840,451	6,835,634
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Change in net assets

Net assets, beginning

Net assets, ending

(7,356,986)	3,055,774	(4,301,212)	18,184,871	338,062
(874,306)	28,453,832	27,579,526	105,662,431	1,599,621
\$ (8,231,292)	\$ 31,509,606	\$ 23,278,314	\$ 123,847,302	\$ 1,937,683

COUNTY OF ROCKINGHAM, VIRGINIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008**

	General	Special Revenue E-911	General Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash, cash equivalents and temporary cash investments	\$ 25,393,343	\$ 2,181,668	\$ 7,688,628	\$ 18,429	\$ 35,282,068
Receivables, net:					
Property taxes	2,628,662	-	-	-	2,628,662
Utility taxes	191,978	-	-	-	191,978
Trade and other accounts	342,435	-	-	-	342,435
Accrued interest	68,660	3,274	42,055	459	114,448
Due from other governments	2,777,641	13,756	33,391	-	2,824,788
Prepaid items	340,103	-	-	-	340,103
Inventory	37,499	-	-	-	37,499
Advance to other funds	625,500	-	-	-	625,500
Restricted cash	-	-	14,379,166	306,273	14,685,439
Total assets	\$ 32,405,821	\$ 2,198,698	\$ 22,143,240	\$ 325,161	\$ 57,072,920
LIABILITIES					
Accounts payable	\$ 491,711	\$ 380,697	\$ 1,698,838	\$ 544	\$ 2,571,790
Accrued payroll	900,402	-	-	-	900,402
Accrued liabilities	-	-	85,000	-	85,000
Deferred revenue	3,430,033	-	33,391	-	3,463,424
Total liabilities	4,822,146	380,697	1,817,229	544	7,020,616
FUND BALANCES					
Reserved for:					
Advance to other funds	625,500	-	-	-	625,500
Inventory	37,499	-	-	-	37,499
Prepaid items	340,103	-	-	-	340,103
Nonexpendable trust principal	-	-	-	11,143	11,143
Park maintenance	-	-	-	10,895	10,895
E-911	-	1,818,001	-	-	1,818,001
Law enforcement	-	-	-	17,380	17,380
Debt service	-	-	-	284,297	284,297
Unreserved:					
Designated:					
Capital projects	1,706,667	-	-	-	1,706,667
Encumbrances	39,500	-	131,663	-	171,163
Undesignated:					
General fund	24,834,406	-	-	-	24,834,406
Capital projects funds	-	-	20,194,348	902	20,195,250
Total fund balances	27,583,675	1,818,001	20,326,011	324,617	50,052,304
Total liabilities and fund balances	\$ 32,405,821	\$ 2,198,698	\$ 22,143,240	\$ 325,161	\$ 57,072,920

COUNTY OF ROCKINGHAM, VIRGINIA

**RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2008**

	Governmental Funds
Total fund balances - total governmental funds	\$ 50,052,304
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>	
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.</p>	
Governmental capital assets	\$ 64,029,274
Less accumulated depreciation	<u>(17,111,987)</u>
Net capital assets	46,917,287
<p>Deferred revenue represents amounts that were not available to fund current expenditures and therefore is not reported as revenue in the governmental funds.</p>	
	2,501,426
<p>Internal service funds are used by management to charge the costs of goods provided to other departments or funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.</p>	
	247,426
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.</p>	
General obligation bonds, including unamortized premiums	(76,742,419)
Literary loans	(493,886)
Capital leases	(27,271,926)
Compensated absences	(1,593,213)
Arbitrage payable	(58,497)
Interest payable	<u>(1,789,794)</u>
	<u>(107,949,735)</u>
Net assets of governmental activities	\$ <u><u>(8,231,292)</u></u>

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2008

	General	Special Revenue E-911	General Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
General property taxes	\$ 58,855,180	\$ -	\$ -	\$ -	\$ 58,855,180
Other local taxes	10,343,068	-	-	-	10,343,068
Permits, privilege fees and regulatory licenses	1,176,374	-	-	-	1,176,374
Fines and forfeitures	133,148	-	-	22,529	155,677
Use of money and property	863,038	51,096	711,891	20,292	1,646,317
Charges for services	3,288,037	-	-	-	3,288,037
Miscellaneous	463,242	-	-	-	463,242
Recovered costs	2,480,181	-	-	-	2,480,181
Intergovernmental	16,269,577	76,873	-	-	16,346,450
Total revenues	93,871,845	127,969	711,891	42,821	94,754,526
Expenditures:					
Current:					
General government administration	4,563,051	-	-	-	4,563,051
Judicial administration	3,173,240	-	-	-	3,173,240
Public safety	17,697,158	3,533,138	-	12,353	21,242,649
Public works	2,628,117	-	-	-	2,628,117
Health and social services	4,748,614	-	-	-	4,748,614
Education	57,109,186	-	-	-	57,109,186
Parks, recreation and cultural	2,115,026	-	-	-	2,115,026
Community development	3,122,860	-	-	-	3,122,860
Capital outlay	-	-	9,740,578	-	9,740,578
Debt service:					
Principal	4,368,842	391,264	-	-	4,760,106
Interest and fiscal charges	3,222,364	228,214	-	8,981	3,459,559
Total expenditures	102,748,458	4,152,616	9,740,578	21,334	116,662,986
Revenues over (under) expenditures	(8,876,613)	(4,024,647)	(9,028,687)	21,487	(21,908,460)
Other financing sources (uses):					
Issuance of debt	35,494,713	-	-	-	35,494,713
Premium on issuance of debt	1,115,963	-	-	-	1,115,963
Transfers in	10,872	2,147,300	17,500,000	-	19,658,172
Transfers out	(19,691,026)	-	-	(10,872)	(19,701,898)
Total other financing sources (uses), net	16,930,522	2,147,300	17,500,000	(10,872)	36,566,950
Net change in fund balances	8,053,909	(1,877,347)	8,471,313	10,615	14,658,490
Fund balance, beginning	19,529,766	3,695,348	11,854,698	314,002	35,393,814
Fund balance, ending	\$ 27,583,675	\$ 1,818,001	\$ 20,326,011	\$ 324,617	\$ 50,052,304

COUNTY OF ROCKINGHAM, VIRGINIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2008

	Governmental Funds	
Net change in fund balances - total governmental funds		\$ 14,658,490
Reconciliation of amounts reported for governmental activities in the Statement of Activities:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Expenditures for capital assets	\$ 12,251,238	
Less depreciation expense	<u>(1,859,738)</u>	
Excess of capital outlays over depreciation		10,391,500
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in deferred revenue		(280,482)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		
Debt issued or incurred:		
General obligation debt	(35,494,713)	
Premium on general obligation debt	(1,115,963)	
Principal repayments:		
General obligation debt	<u>4,760,106</u>	
		(31,850,570)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Accrued interest	(414,070)	
Compensated absences	(149,502)	
Arbitrage	(40,452)	
Amortization of premium	<u>103,009</u>	
		(501,015)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net income of the internal service funds are reported with governmental activities.		
Total revenues	2,692,076	
Total expenses	<u>(2,466,985)</u>	
		<u>225,091</u>
Change in net assets of governmental activities		<u><u>\$ (7,356,986)</u></u>

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 Year Ended June 30, 2008

	General Fund			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
General property taxes	\$ 54,430,000	\$ 55,181,000	\$ 58,855,180	\$ 3,674,180
Other local taxes	9,784,820	9,784,820	10,343,068	558,248
Permits, privilege fees and regulatory licenses	1,129,290	1,129,290	1,176,374	47,084
Fines and forfeitures	184,000	184,000	133,148	(50,852)
Use of money and property	810,203	810,203	863,038	52,835
Charges for services	2,689,353	2,958,353	3,288,037	329,684
Miscellaneous	77,000	80,375	463,242	382,867
Recovered costs	2,729,232	2,861,149	2,480,181	(380,968)
Intergovernmental	16,138,328	16,499,536	16,269,577	(229,959)
Total revenues	87,972,226	89,488,726	93,871,845	4,383,119
Expenditures:				
Current:				
General government administration	4,752,966	4,914,966	4,563,051	(351,915)
Judicial administration	3,291,539	3,619,951	3,173,240	(446,711)
Public safety	17,515,006	18,219,037	17,697,158	(521,879)
Public works	2,378,775	2,746,197	2,628,117	(118,080)
Health and social services	4,666,583	4,811,565	4,748,614	(62,951)
Education	41,761,480	60,872,156	57,109,186	(3,762,970)
Parks, recreation and cultural	2,103,151	2,115,728	2,115,026	(702)
Community development	3,391,644	3,945,220	3,122,860	(822,360)
Debt service:				
Principal	4,368,932	4,368,932	4,368,842	(90)
Interest and fiscal charges	3,243,543	3,243,543	3,222,364	(21,179)
Total expenditures	87,473,619	108,857,295	102,748,458	(6,108,837)
Revenues over (under) expenditures	498,607	(19,368,569)	(8,876,613)	10,491,956
Other financing sources (uses):				
Issuance of debt	-	35,494,713	35,494,713	-
Premium on issuance of debt	-	1,115,963	1,115,963	-
Transfers in	-	-	10,872	10,872
Transfers out	(2,191,026)	(19,691,026)	(19,691,026)	-
Total other financing sources (uses), net	(2,191,026)	16,919,650	16,930,522	10,872
Net change in fund balance	(1,692,419)	(2,448,919)	8,053,909	10,502,828
Fund balance, beginning	1,692,419	2,448,919	19,529,766	17,080,847
Fund balance, ending	\$ -	\$ -	\$ 27,583,675	\$ 27,583,675

See Notes to Financial Statements.

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - E-911 FUND
 Year Ended June 30, 2008

	E-911 Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Other local taxes	\$ 77,051	\$ 77,051	\$ -	\$ (77,051)
Use of money	8,450	8,450	51,096	42,646
Intergovernmental	80,179	80,179	76,873	(3,306)
Total revenues	165,680	165,680	127,969	(37,711)
Expenditures:				
Current:				
Public safety	1,688,129	4,086,129	3,533,138	(552,991)
Debt service:				
Principal	391,264	391,264	391,264	-
Interest and fiscal charges	233,587	233,587	228,214	(5,373)
Total expenditures	2,312,980	4,710,980	4,152,616	(558,364)
Revenues under expenditures	(2,147,300)	(4,545,300)	(4,024,647)	520,653
Other financing sources:				
Transfers in	2,147,300	2,147,300	2,147,300	-
Net change in fund balance	-	(2,398,000)	(1,877,347)	520,653
Fund balance, beginning	-	2,398,000	3,695,348	1,297,348
Fund balance, ending	\$ -	\$ -	\$ 1,818,001	\$ 1,818,001

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 June 30, 2008

	Business-Type Activities - Enterprise Funds				Totals	Governmental Activities - Internal Service Funds
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Other Proprietary Funds		
ASSETS						
Current Assets:						
Cash, cash equivalents and temporary cash investments	\$ 4,764,664	\$ 596,526	\$ 1,978,770	\$ 79,662	\$ 7,419,622	\$ 3,844,291
Trade and other accounts receivable	380,090	54,372	263,375	94,805	792,642	2,946
Accrued interest	12,847	1,676	5,124	168	19,815	10,303
Prepaid items	20,679	-	20,320	-	40,999	-
Inventory	144,863	-	-	-	144,863	9,101
Restricted cash	6,434,924	14,452	-	151,826	6,601,202	-
Total current assets	11,758,067	667,026	2,267,589	326,461	15,019,143	3,866,641
Noncurrent Assets:						
Financing costs, net of accumulated amortization	111,062	7,458	28,500	22,224	169,244	-
Capital assets:						
Land	307,897	-	1,295,662	41,231	1,644,790	-
Buildings	12,995	-	62,718	8,900	84,613	-
Improvements other than buildings	23,452,636	6,592,841	15,886,657	1,930,761	47,862,895	-
Machinery and equipment	874,273	361,546	4,046,643	5,470	5,287,932	-
Construction in progress	4,516,532	-	87,981	-	4,604,513	-
Less accumulated depreciation	(8,007,299)	(623,378)	(9,382,217)	(79,727)	(18,092,621)	-
Total capital assets (net of accumulated depreciation)	21,157,034	6,331,009	11,997,444	1,906,635	41,392,122	-
Total noncurrent assets	21,268,096	6,338,467	12,025,944	1,928,859	41,561,366	-
Total assets	33,026,163	7,005,493	14,293,533	2,255,320	56,580,509	3,866,641
LIABILITIES						
Current Liabilities:						
Accounts payable and deposits	469,904	3,549	154,327	153,570	781,350	443,607
Compensated absences	34,311	-	43,741	-	78,052	-
Accrued payroll	52,267	-	51,660	-	103,927	-
Accrued interest	60,791	18,763	33,839	16,758	130,151	-
Advance from other funds	515,000	-	-	110,500	625,500	-
Deferred revenue	-	-	-	-	-	1,234,494
Insurance and benefit claims payable	-	-	-	-	-	1,187,285
Revenue bonds	190,000	107,912	270,000	9,874	577,786	-
Landfill obligation	-	-	165,583	-	165,583	-
Total current liabilities	1,322,273	130,224	719,150	290,702	2,462,349	2,865,386
Noncurrent Liabilities:						
Compensated absences	26,096	-	27,102	-	53,198	-
Revenue bonds	10,652,042	2,854,289	2,736,323	988,106	17,230,760	-
Landfill obligation	-	-	5,324,596	-	5,324,596	-
Total noncurrent liabilities	10,678,138	2,854,289	8,088,021	988,106	22,608,554	-
Total liabilities	12,000,411	2,984,513	8,807,171	1,278,808	25,070,903	2,865,386
NET ASSETS						
Invested in capital assets, net of related debt	16,860,978	3,376,266	9,019,621	1,082,705	30,339,570	-
Unrestricted (deficit)	4,164,774	644,714	(3,533,259)	(106,193)	1,170,036	1,001,255
Total net assets	\$ 21,025,752	\$ 4,020,980	\$ 5,486,362	\$ 976,512	\$ 31,509,606	\$ 1,001,255

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds				Totals	Governmental Activities - Internal Service Funds
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Other Proprietary Funds		
Operating revenues:						
Charges for services	\$ 3,817,300	\$ 179,331	\$ 3,180,166	\$ 49,164	\$ 7,225,961	\$ 11,464,306
Connection fees	57,542	20,000	-	-	77,542	-
Other revenue	126,493	1,802	172,205	160	300,660	-
Total operating revenues	4,001,335	201,133	3,352,371	49,324	7,604,163	11,464,306
Operating expenses:						
Personal services	912,637	-	1,010,364	-	1,923,001	-
Fringe benefits	327,640	-	369,670	-	697,310	-
Contractual services	245,401	20,537	602,486	13,210	881,634	1,086,211
Regional Sewer Authority assessment:						
Operations and maintenance	477,179	-	-	-	477,179	-
Debt service	104,067	-	-	-	104,067	-
Risk financing and benefit payments	-	-	-	-	-	9,441,275
Internal services	98,111	-	28,204	-	126,315	-
Electrical services	346,740	5,701	31,311	4,421	388,173	-
Repairs and maintenance	87,268	-	52,188	-	139,456	-
Landfill closure	-	-	677,442	-	677,442	-
Other charges	463,174	6,078	385,491	8,735	863,478	45,663
Depreciation	615,006	179,269	1,066,374	23,600	1,884,249	-
Total operating expenses	3,677,223	211,585	4,223,530	49,966	8,162,304	10,573,149
Operating income (loss)	324,112	(10,452)	(871,159)	(642)	(558,141)	891,157
Nonoperating revenues (expenses):						
Connection availability fees	1,380,998	-	-	114,480	1,495,478	-
Interest revenue	247,905	25,934	105,417	2,024	381,280	87,763
Interest expense	(164,161)	(105,012)	(17,487)	(21,365)	(308,025)	-
Amortization of financing costs	(2,963)	(525)	(3,455)	(480)	(7,423)	-
Total nonoperating revenues (expenses), net	1,461,779	(79,603)	84,475	94,659	1,561,310	87,763
Income (loss) before contributions and transfers	1,785,891	(90,055)	(786,684)	94,017	1,003,169	978,920
Capital contributions	926,076	97,260	706,052	279,491	2,008,879	-
Transfers in	-	-	-	43,726	43,726	-
Change in net assets	2,711,967	7,205	(80,632)	417,234	3,055,774	978,920
Total net assets, beginning	18,313,785	4,013,775	5,566,994	559,278	28,453,832	22,335
Total net assets, ending	\$ 21,025,752	\$ 4,020,980	\$ 5,486,362	\$ 976,512	\$ 31,509,606	\$ 1,001,255

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 Year Ended June 30, 2008**

	Business-type Activities - Enterprise Funds					Governmental Activity - Internal Service Fund
	Smith Creek				Totals	
	Water and Sewer	Water & Waste Authority	Solid Waste	Other Proprietary Funds		
Cash Flows From Operating Activities:						
Receipts from interfund services provided	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,699,533
Receipts from customers	3,875,741	211,248	3,870,395	58,227	8,015,611	-
Claims and benefits paid	-	-	-	-	-	(8,253,990)
Payments to suppliers for goods and services	(1,696,189)	(197,023)	(1,338,691)	(12,265)	(3,244,168)	(684,793)
Payments to employees for services	(1,229,479)	-	(1,370,039)	-	(2,599,518)	-
Internal activity - payments to other funds	(98,111)	-	(28,204)	-	(126,315)	-
Other receipts, net	126,493	1,802	172,205	160	300,660	-
Net cash provided by operating activities	978,455	16,027	1,305,666	46,122	2,346,270	3,760,750
Cash Flows From Capital and Related Financing Activities:						
Capital contributions	926,076	310,261	706,052	279,491	2,221,880	-
Proceeds from issuance of debt	6,485,175	-	-	839,290	7,324,465	-
Financing costs	(63,664)	-	-	(15,897)	(79,561)	-
Payment of advance from other funds	(65,000)	-	-	(6,500)	(71,500)	-
Connection availability fees	1,380,998	-	-	28,798	1,409,796	-
Principal paid on bonds	(136,896)	(104,581)	(121,363)	(6,401)	(369,241)	-
Interest paid on outstanding debt	(130,042)	(105,936)	(17,487)	(9,117)	(262,582)	-
Transfer from other funds for capital purposes	-	-	-	43,726	43,726	-
Acquisition and construction of capital assets	(4,790,123)	(94,211)	(2,097,953)	(1,155,281)	(8,137,568)	-
Net cash provided by (used in) capital and related financing activities	3,606,524	5,533	(1,530,751)	(1,891)	2,079,415	-
Cash Flows From Investing Activities:						
Receipts from collection of loan	43,370	-	-	-	43,370	-
Interest received on investment securities	267,431	28,077	104,433	3,362	403,303	77,460
Net cash provided by investing activities	310,801	28,077	104,433	3,362	446,673	77,460
Net increase (decrease) in cash and cash equivalents	4,895,780	49,637	(120,652)	47,593	4,872,358	3,838,210
Cash and Cash Equivalents:						
Beginning	6,303,808	561,341	2,099,422	183,895	9,148,466	6,081
Ending	\$ 11,199,588	\$ 610,978	\$ 1,978,770	\$ 231,488	\$ 14,020,824	\$ 3,844,291

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 Year Ended June 30, 2008**

	Business-type Activities - Enterprise Funds					Governmental Activity - Internal Service Fund
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Other Proprietary Funds	Totals	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 324,112	\$ (10,452)	\$ (871,159)	\$ (642)	\$ (558,141)	\$ 891,157
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	615,006	179,269	1,066,374	23,600	1,884,249	-
Change in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable	899	11,917	690,229	9,063	712,108	733
Prepaid items	(20,679)	-	(20,320)	-	(40,999)	-
Inventory	(84,878)	-	-	-	(84,878)	3,474
Increase (decrease) in:						
Accounts payable	133,197	(164,707)	(242,644)	14,101	(260,053)	443,607
Accrued liabilities	10,798	-	9,995	-	20,793	-
Deferred revenue	-	-	-	-	-	1,234,494
Insurance and benefit claims payable	-	-	-	-	-	1,187,285
Landfill obligation	-	-	673,191	-	673,191	-
Net cash provided by operating activities	\$ 978,455	\$ 16,027	\$ 1,305,666	\$ 46,122	\$ 2,346,270	\$ 3,760,750
Schedule of Noncash Capital and Related Financing Activities:						
Capital assets acquired through incurrence of accounts payable	\$ 155,703	\$ -	\$ 22,264	\$ 50,172	\$ 228,139	\$ -

COUNTY OF ROCKINGHAM, VIRGINIA

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

June 30, 2008

	Agency Funds
<hr/>	
ASSETS	
Cash, cash equivalents and temporary cash investments	\$ 1,945,300
Accounts receivable	78,575
Prepaid items	<u>34,608</u>
Total assets	<u>2,058,483</u>
LIABILITIES	
Accounts payable	<u>2,058,483</u>
Total liabilities	<u><u>\$ 2,058,483</u></u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies

The financial statements of the County of Rockingham, Virginia (County), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As required by GAAP, these financial statements present the activities of the County and its component units. Blended component units, although legally separate entities, are in substance, part of the County's operations and, therefore, data from these units are combined with data of the primary government.

In determining how to define the financial reporting entity, management considered all potential component units using the standards prescribed under GASB Statement No. 14, *The Financial Reporting Entity* and amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. Component units include any legally separate organizations for which the Board of Supervisors is financially accountable. Financial accountability results where the Board of Supervisors appoints a voting majority of the organization's governing body and 1) is able to impose its will on that organization or 2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County. Financial accountability may also result where an organization is fiscally dependent on the county regardless of whether the organization has 1) a separately elected governing board, 2) a governing board appointed by higher level of government, or 3) a jointly appointed board.

A. Reporting Entity

The County was created by an act of the General Assembly of Virginia in 1778, and provides a wide range of municipal services contemplated by statute or charter. As required by accounting principles generally accepted in the United States of America, these financial statements present the County (primary government) and its component units, entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the County's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. Each blended and discretely presented component unit has a June 30 year end.

Blended Component Units:

The Lilly Subdivision Sanitary District, the Smith Creek Water & Waste Authority, the Penn Laird Sewer Authority, and the Countryside Sanitary District serve the citizens of the primary government that are in their respective districts and authority and are governed by a board comprised of the primary government's Board of Supervisors. The districts and authorities are reported as enterprise funds.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Discretely Presented Component Units:

School Board

The School Board is responsible for elementary and secondary education within the County's jurisdiction and is elected by the voters of the County. The School Board is fiscally dependent upon the government because the County's Board of Supervisors approves the School Board's budget, levies taxes and must approve any debt issuances of the School Board. The School Board is presented as a governmental fund type and consists of four special revenue funds and one capital projects fund which include the following:

School Operating Fund accounts for the general operations of the School Board. Financing is provided by specific allocations from the state and federal governments, by appropriation from the General Fund of the primary government by the Board of Supervisors, and charges for services.

School Textbook Fund accounts for centralized school textbook operation.

School Cafeteria Fund accounts for the centralized School cafeteria operations.

School Capital Projects Fund accounts for financial resources used for the acquisition or construction of major capital facilities of the School Board, other than those financed by the Massanutten Technical Center.

Massanutten Technical Center - Operating Fund accounts for the general operations of the Massanutten Technical Center. The Massanutten Technical Center funds are under the control of the Massanutten Technical Center Board of Control appointed by the Rockingham County School Board and Harrisonburg City School Board.

Additionally, the School Board reports two agency funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds consist of the School Activity Fund and Massanutten Technical Center Activity Fund.

The Component Unit - School Board does not issue a separate set of financial statements. All financial information of the School Board is presented with this Comprehensive Annual Financial Report.

Complete financial statements for the School Activity Fund, Massanutten Technical Center - Operating Fund, and Massanutten Technical Center Activity Fund can be obtained from their respective administrative offices.

School Activity Funds
Rockingham County School Board
100 Mt. Clinton Pike
Harrisonburg, Virginia 22802

Massanutten Technical Center
325 Pleasant Valley Road
Harrisonburg, Virginia 22801

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Harrisonburg-Rockingham Social Services District

The Harrisonburg-Rockingham Social Services District (District) is a regional district created by the governing bodies of the County of Rockingham and City of Harrisonburg to provide social services for the residents of the County of Rockingham and the City of Harrisonburg. The City and County each appoint 50% of the governing board. The District is a legally separate organization and its financial statements are presented as a discrete presentation of the County's financial statements because of the District's fiscal dependency on the County and the County has the ability to impose its will on the District. The District cannot enter into a contract or issue debt without the County's approval. The District is presented as a governmental fund type consisting of two funds as follows:

Social Services Operating Fund accounts for the general operations of the District. Financing is provided by specific allocations from the state and federal governments, by appropriation from the General Fund of the County by the Board of Supervisors, and by the City of Harrisonburg.

Special Revenue Fund – Comprehensive Services Act (CSA) accounts for funds designated for the CSA program.

The Component Unit - Harrisonburg-Rockingham Social Services District does not issue a separate set of financial statements. All financial information of the District is presented with this Comprehensive Annual Financial Report.

B. Government-Wide and Fund Financial Statements

Government-Wide Statements: The Statement of Net Assets and the Statement of Activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. *Direct expenses* are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a *particular* function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. *Program revenues* include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as *general revenues*.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements: The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus*. The government-wide, proprietary, and fiduciary fund financial statements are reported using the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from the property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within 75 days after year-end, except property taxes which are recognized as revenue if they have been collected within 45 days after year-end. Property taxes, sales taxes, franchise taxes, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt, acquisitions under capital leases and sales of capital assets are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues to fund the program.

All governmental and business-type activities and enterprise funds of the County follow Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Operating expenses include cost of services, administrative expenses and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses.

The County reports the following major governmental funds:

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

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

E-911 Fund. This fund is used to account for funds designated for the E-911 emergency telephone system.

The County reports the following major enterprise funds:

Water and Sewer Fund. This fund accounts for services to the general public which are financed primarily by charges to users of such services.

Smith Creek Water & Waste Authority. This fund accounts for services provided to those areas within the Smith Creek Water & Waste Authority and is financed primarily by charges to users of such services.

Solid Waste Fund. This fund accounts for the operation, maintenance, and development of various landfills and disposal sites.

The County reports the following internal service funds:

Central Stores Fund. This fund accounts for revenue and expenses associated with providing office supplies to other departments or agencies of the County on a cost-reimbursement basis.

Self-Insurance Fund. This fund accounts for the costs associated with providing health insurance benefits to employees of the County, School Board, and Harrisonburg-Rockingham Social Services District and with managing claims pertaining thereto.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

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

The County reports the following fund type:

Agency Funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds consist of the following: Special Welfare, Employee Benefits, Rockingham County Industrial Development Authority, Bond Escrow, Disability Services Board, Massanutten Technical Center and Upper Valley Regional Park Authority.

D. Budgetary Data

The Board of Supervisor's fiscal control is exercised through two distinct processes: budgeting and appropriations. The County budget is developed for informative and fiscal planning purposes only and presents an itemized listing of contemplated expenditures and estimated revenues for the ensuing fiscal year. Certain expenditures are mandated by statute and need to be included in the County budget. Mandated expenditures include the matching share of the expenditures of the Treasurer and Commissioner of the Revenue, support of public schools, Sheriff, Commonwealth Attorney, Clerk of Circuit Court, jail, voter registration, social service programs, and the operating costs of the state/local public health program. The Board of Supervisors approves the budget after a public hearing.

When the budget becomes effective at the beginning of the fiscal year, the Board of Supervisors must make appropriations before money may be expended for any budgeted program, project or operation. Appropriations are made on an annual basis with supplemental appropriations made as needed. Such appropriations may be greater than contemplated in the annual budget. All appropriations lapse at year-end.

The County Administrator is authorized to transfer budgeted amounts within the primary government functions. The discretely presented component units, the School Board and the District, are authorized to transfer budgeted amounts within their major categories. The County may amend its budget to increase the aggregate amount to be appropriated during the current fiscal year as shown in the currently adopted budget. A supplemental appropriation which exceeds one percent of the total expenditures shown in the currently adopted budget, must be accomplished by publishing a notice of a meeting and a public hearing in a newspaper having general circulation in that locality seven days prior to the meeting date. The notice shall state the County's intent to amend the amounts to be appropriated and include a brief synopsis of the proposed action.

The budgets are prepared using the same accounting basis and practices as are used to account for and prepare the financial reports for each fund; thus, the budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. Budgetary compliance is monitored and reported at the operating function level. Budgetary control is maintained at the subfunction level by the encumbrance of estimated purchase orders prior to release of purchase orders to vendors. Purchase orders which will result in an overrun of function balances are not released until additional appropriations are made.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Assets, Liabilities and Equity

1. Deposits and Investments

The County considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Cash of individual funds other than the Special Welfare, Upper Valley Regional Park Authority, School Activity and the Massanutten Technical Center Activity Fund is combined to form a pool of cash and investments. The pool consists primarily of government and corporate obligations, commercial paper and an external local government investment pool. The government and corporate securities are stated at fair value based on quoted market prices and the investment in the local government investment pool (a 2a7-like pool) is reported at the pool's share price. Interest earned as a result of pooling is distributed to the appropriate funds utilizing a formula based on average monthly balances.

Investments are stated at fair value based on quoted market prices.

2. Property Taxes

Property taxes are levied as of January 1 with real estate values determined every four years and personal property values assessed annually. The last general real property reassessment was effective January 1, 2006. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are due and collectible twice a year, on June 5 and December 5 in the same year as levied. Personal property taxes are due and collectible annually on December 5 in the same year as levied. That portion of the taxes receivable which is not collected within 45 days after June 30 is shown as deferred revenue. A penalty of 10% of the tax is assessed after the applicable payment date. Interest is charged to all unpaid accounts beginning July 1 and January 1, as applicable, at an annual rate of 10%.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements using the consumption method.

4. Inventory

Inventories are stated at cost using the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Assets, Liabilities and Equity (Continued)

5. Restricted Cash

In accordance with the capital lease for the Joint Judicial Complex, half of the highest annual lease payment is required to be restricted to provide additional security for the bondholders. This amount is classified as restricted cash on the Statement of Net Assets because its use is limited by applicable bond covenants. The Albert K. Long Trust Fund's cash balance is restricted in accordance with the trust agreement. General Capital Projects, School Capital Projects, Smith Creek Water & Waste Authority, Lilly Subdivision Sanitary District, and Water and Sewer Funds have restricted a portion of their cash balances in accordance with their debt agreements.

6. Capital Assets

Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000. Capital assets are accounted for at cost. Assets acquired by gift are accounted for at the asset's fair market value at the date the property was received. The Commonwealth of Virginia, not the County, has primary responsibility to construct and maintain infrastructure, such as streets and bridges, within the County. The County may, at its option, contribute to improvements to the road system. Such expenditures would be expensed during the year incurred. Interest incurred during construction on governmental activities' capital assets is not capitalized.

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

Buildings	20 to 30 years
Improvements other than buildings	10 to 50 years
Machinery and equipment	5 to 15 years

7. Compensated Absences

Employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement based on full-time or part-time status. In the primary government and the discretely presented component unit, the District, an employee can accumulate up to 42 days of vacation and no more than \$5,000 of sick leave liability. Also, in the primary government, compensatory time can be earned at 1 ½ hours in lieu of overtime pay. Compensatory time must be used within 90 days after earning the time. If not used in the specified time period, payment of the time is made to the employee.

Compensated absences are accrued when incurred in proprietary funds and reported as a fund liability. In prior years, the General Fund was responsible for paying the liability for compensated absences for general government employees.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Assets, Liabilities and Equity (Continued)

7. Compensated Absences (Continued)

In the discretely presented component unit, the School Board, a 12-month employee can accumulate up to 36 days of vacation and an unlimited amount of sick leave. An employee earns one day of sick leave at the end of each month worked up to a maximum of 12 days per year. Upon retirement after age 55, all full-time school employees will be compensated at one day for every three days of unused sick leave up to a maximum of two months of salary.

Compensated absences that are expected to be liquidated with expendable available resources are reported as expenditures and fund liabilities of the governmental fund that will pay it. A liability for these amounts is reported in governmental funds only if they have matured.

All amounts accrued for compensated absences are recorded on the entity-wide statements.

8. Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Net Asset Deficit

By law, the School Board does not have taxing authority and, therefore, it cannot incur debt through general obligation bonds to fund the acquisition, construction or improvement to its capital assets. That responsibility lies with the local governing body who issues the debt on behalf of the School Board. However, the *Code of Virginia* requires the School Board to hold title to the capital assets (buildings and equipment) due to their responsibility for maintaining the asset.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Assets, Liabilities and Equity (Continued)

9. Net Asset Deficit (Continued)

In the Statement of Net Assets, this scenario presents a dilemma for the primary government. Debt issued on behalf of the School Board is reported as a liability of the primary government, thereby reducing the net assets of the primary government. The corresponding capital assets are reported as assets of the Component Unit - School Board (title holder), thereby increasing their net assets.

The Virginia General Assembly legislature amended the *Code of Virginia* to allow a tenancy in common with the School Board whenever the locality incurs a financial obligation which is payable over more than one fiscal year for any school property. The tenancy in common terminates when the associated debt has been paid in full. For financial reporting purposes, the legislation permits the locality to report the portion of the school property related to any outstanding financial obligation, thus eliminating a potential deficit from financing capital assets with debt. The legislation also allows local governments to elect not to acquire a tenancy in common by adopting a resolution to that effect.

The County concluded that, while joint tenancy would resolve a deficit in the primary government's net assets, the continual computation process that would be required to allocate principal, interest, asset amount, and depreciation between the County and the School Board would be cumbersome and not provide any added benefit to the financial statements. Therefore, the Board of Supervisors adopted a resolution declining tenancy in common for current and future obligations.

10. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Any deficits in fund balances will be remedied through the issuance of debt or interfund transfers.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments

Deposits. All cash of the County is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the *Code of Virginia* or covered by federal depository insurance.

Investments. The LGIP is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The fair value of the position of the LGIP is the same as the value of the pool shares, i.e., the LGIP maintains a stable net asset value of \$1 per share.

Investment Policy:

State statutes authorize local governments and other public bodies to invest in obligations of the United States or its agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, bankers' acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

The goal of the County is to obtain the highest possible yield on available financial assets while observing the primary goal of preservation of principle, providing necessary cash flow, and investing consistent with state law.

The County's investment policy establishes the maximum percentages of the portfolio permitted in each of the following instruments:

U. S. Treasury Obligations	100% maximum
U. S. Government Agency Securities and Instruments of Government Sponsored Corporations	100% maximum
Bankers' Acceptances	40% maximum
Repurchase Agreements	25% maximum
Certificate of Deposits – Commercial Banks	100% maximum
Certificate of Deposits – Savings and Loan Associations	10% maximum
Commercial Paper	35% maximum
Corporate Notes	35% maximum
Local Government Investment Pool	75% maximum
Money Market Funds	100% maximum

Further, no more than 25% of the total portfolio can be invested in Commercial Paper, Corporate Notes, Repurchase Agreements, or Bankers' Acceptances with any one institution, and no more than 5% of total portfolio in any one issue for any Bankers' Acceptance, Corporate Note, or Commercial Paper. No more than 80% of the total portfolio can be invested in Certificates of Deposits with no more than 10% with any one commercial bank and no more than \$100,000 in any one Savings and Loan Association. No more than 50% of available investment balance can be invested in the LGIP.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Credit Risk:

As required by state statute, the Policy requires that commercial paper have a short-term debt rating of no less than “A-1” (or its equivalent) from at least two of the following; Moody’s Investors Service, Standard & Poor’s and Fitch Investor’s Service. Corporate notes, negotiable certificates of deposit and bank deposit notes maturing in less than one year must have a short-term debt rating of at least “A-1” by Standard & Poor’s and “P-1” by Moody’s Investor Service. Notes having a maturity of greater than one year must be rated “AA” by Standard & Poor’s and “Aa” by Moody’s Investor Service.

As of June 30, 2008, 56% was invested in “AAA” U. S. Agency Securities, 36% was invested in “AAAm” rated Money Market Funds, and 8% was invested in the LGIP with a “AAAm” rating. All credit ratings presented in this paragraph are Standard and Poor’s ratings.

Concentration of Credit Risk:

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government’s investment in a single issuer. If certain investments in any one issuer represent 5% of total investments, there must be a disclosure for the amount and issuer. At June 30, 2008 the portion of the County’s portfolio, excluding the LGIP, U. S. Government guaranteed obligations and money market mutual funds, that exceed 5% of the total portfolio are as follows:

Federal National Mortgage Association	14%
Federal Home Loan Mortgage Corporation	7%
Federal Home Loan Bank	31%

Interest Rate Risk:

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment.

As a means of limiting exposure to fair value losses arising from rising interest rates, the County’s policy limits the investment of operating funds to investments with a stated maturity of no more than two years from the date of purchase. The allowable percentage of portfolio permitted in each maturity range is as follows:

Overnight	100% maximum
2 – 29 days	70% maximum
30 days – 1 year	70% maximum
1 – 2 years	30% maximum

	Fair Value	Investment Maturities (in years)	
		Less Than 1 Year	1 – 2 Years
U. S. Agencies	\$ 65,488,746	\$ 63,988,986	\$ 1,499,760

Interest rate risk does not apply to the local government investment pool since it is a 2a7-like pool.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 3. Receivables

Receivables at June 30, 2008 for the County's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Primary Government

	General Fund	Water and Sewer Fund	Smith Creek Water & Waste Authority
Property taxes	\$ 3,428,662	\$ -	\$ -
Utility taxes	191,978	-	-
Trade and other accounts	342,435	388,690	55,172
Gross receivables	3,963,075	388,690	55,172
Less allowance for uncollectible accounts	800,000	8,600	800
Net receivables	\$ 3,163,075	\$ 380,090	\$ 54,372

	Solid Waste Fund	Nonmajor Proprietary Funds	Internal Service Funds	Totals
Property taxes	\$ -	\$ -	\$ -	\$ 3,428,662
Utility taxes	-	-	-	191,978
Trade and other accounts	274,875	94,955	2,946	1,159,073
Gross receivables	274,875	94,955	2,946	4,779,713
Less allowance for uncollectible accounts	11,500	150	-	821,050
Net receivables	\$ 263,375	\$ 94,805	\$ 2,946	\$ 3,958,663

The County determines its allowance for uncollectible delinquent property tax accounts using historical collection data and specific account analysis. The allowance amounted to \$800,000 as of June 30, 2008.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 3. Receivables (Continued)

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable (General Fund)	\$ 2,377,851	\$ -
Advance collection of 2008-2009 taxes (General Fund)	-	654,884
Personal Property Tax Relief Act – state reimbursement (General Fund)	-	307,114
Intergovernmental (General Fund)	90,184	-
Due from other governments (Capital Projects)	33,391	-
	<u>\$ 2,501,426</u>	<u>\$ 961,998</u>

Component Units - School Board and Harrisonburg-Rockingham Social Services District

The component units' receivables are considered fully collectible and, therefore, an allowance for uncollectible accounts is not applicable for those receivables.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Due From Other Governments

Amounts due from other governments include the following:

Primary Government:

General Fund:

Commonwealth of Virginia:

Local sales taxes	\$	869,701
Communications tax		293,729
Categorical aid:		
Shared costs:		
Commissioner of the revenue		16,711
Commonwealth attorney		72,317
Sheriff		503,285
Clerk of circuit court		44,111
Treasurer		17,111
Registrar and electoral board		59,658
Other categorical aid:		
Clerk technology trust fund		21,335
Soil conservation		57,050
Other		35,144

Federal government:

Boarding and care of prisoners		105,651
Categorical aid:		
Project safe neighborhoods		24,769
COPS grants		40,987
Ground safety transportation		8,289
Other		6,277

County of Augusta 15,906

City of Harrisonburg 346,498

Other governments 239,112

Total General Fund 2,777,641

Special Revenue Fund:

E-911 Communications:

Commonwealth of Virginia:

Compensation Board salary		13,756
Total Special Revenue Fund		<u>13,756</u>

Capital Projects Fund:

Town of Mt. Crawford		33,391
Total Capital Projects Fund		<u>33,391</u>

Total Primary Government \$ 2,824,788

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Due From Other Governments (Continued)

Component Unit - School Board:	
School Operating Fund:	
Commonwealth of Virginia:	
State sales tax receipts	\$ 2,002,910
Federal government:	
Education grants	<u>1,462,214</u>
Total School Operating Fund	<u>3,465,124</u>
School Cafeteria Fund:	
Commonwealth of Virginia:	
School food program	<u>670</u>
Total School Cafeteria Fund	<u>670</u>
Massanutten Technical Center:	
Federal government:	
Education grants	<u>26,604</u>
Total Massanutten Technical Center	<u>26,604</u>
Total Component Unit - School Board	<u>\$ 3,492,398</u>
Component Unit - Harrisonburg-Rockingham Social Services District:	
Operating fund:	
Commonwealth of Virginia:	
Public assistance and administration	\$ 263,087
Other state funds	4,411
Federal government:	
Public assistance and administration	<u>346,426</u>
Total Operating Fund	<u>613,924</u>
Special Revenue – Comprehensive Service Act:	
Commonwealth of Virginia:	
Comprehensive Services Act	1,723,921
City of Harrisonburg:	
Comprehensive Services Act	<u>701,213</u>
Total Special Revenue Fund	<u>2,425,134</u>
Total Component Unit - Harrisonburg-Rockingham Social Services District	<u>\$ 3,039,058</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2008 is as follows:

Primary Government:

	Beginning Balance	Increases	(Deletions)/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,198,581	\$ -	\$ -	\$ 3,198,581
Construction in progress	6,561,726	11,442,143	(179,582)	17,824,287
Total capital assets, not being depreciated	9,760,307	11,442,143	(179,582)	21,022,868
Capital assets, being depreciated:				
Buildings	24,853,234	-	-	24,853,234
Improvements other than buildings	9,944,733	264,496	-	10,209,229
Machinery and equipment	7,468,461	544,599	(69,117)	7,943,943
Total capital assets being Depreciated	42,266,428	809,095	(69,117)	43,006,406
Less accumulated depreciation for:				
Buildings	(9,003,166)	(820,616)	-	(9,823,782)
Improvements other than buildings	(819,622)	(383,982)	-	(1,203,604)
Machinery and equipment	(5,678,160)	(655,140)	248,699	(6,084,601)
Total accumulated depreciation	(15,500,948)	(1,859,738)	248,699	(17,111,987)
Total capital assets being depreciated, net	26,765,480	(1,050,643)	179,582	25,894,419
Governmental activities capital assets, net	\$ 36,525,787	\$ 10,391,500	\$ -	\$ 46,917,287

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government administration	\$ 380,721
Judicial administration	380,031
Public safety	647,797
Public works	20,707
Health and social services	43,730
Parks, recreation and cultural	94,033
Community development	292,719
Total depreciation expense - governmental activities	\$ 1,859,738

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

	Beginning Balance	Increases	(Deletions)/ Reclassifications	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,616,395	\$ 28,395	\$ -	\$ 1,644,790
Construction in progress	5,649,023	4,352,533	(5,397,043)	4,604,513
Total capital assets, not being depreciated	7,265,418	4,380,928	(5,397,043)	6,249,303
Capital assets, being depreciated:				
Buildings	84,613	-	-	84,613
Improvements other than buildings	39,046,563	3,419,289	5,397,043	47,862,895
Machinery and equipment	4,722,442	565,490	-	5,287,932
Total capital assets being depreciated	43,853,618	3,984,779	5,397,043	53,235,440
Less accumulated depreciation for:				
Buildings	(58,469)	(1,853)	-	(60,322)
Improvements other than buildings	(13,541,016)	(1,494,798)	-	(15,035,814)
Machinery and equipment	(2,608,887)	(387,598)	-	(2,996,485)
Total accumulated depreciation	(16,208,372)	(1,884,249)	-	(18,092,621)
Total capital assets being depreciated, net	27,645,246	2,100,530	5,397,043	35,142,819
Business-type activities capital assets, net	\$ 34,910,664	\$ 6,481,458	\$ -	\$ 41,392,122

Depreciation expense was charged to functions/programs of the primary government as follows:

Business-type activities:	
Water and Sewer	\$ 615,006
Solid Waste	1,066,374
Smith Creek Water & Waste Authority	179,269
Lilly Subdivision Sanitary District	6,750
Countryside Sanitary District	6,120
Penn Laird Sewer Authority	10,730
Total depreciation expense - business-type activities	\$ 1,884,249

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

Component Unit - School Board:

	Beginning Balance	Increases	(Deletions)/ Reclassifications	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 3,013,783	\$ 2,380,754	\$ -	\$ 5,394,537
Construction in progress	23,849,093	21,599,518	(20,340,753)	25,107,858
Total capital assets, not being depreciated	26,862,876	23,980,272	(20,340,753)	30,502,395
Capital assets, being depreciated:				
Buildings	101,256,476	-	-	101,256,476
Improvements other than buildings	23,299,417	931,927	20,226,789	44,457,533
Machinery and equipment	23,216,344	1,148,482	47,123	24,411,949
Total capital assets being Depreciated	147,772,237	2,080,409	20,273,312	170,125,958
Less accumulated depreciation for:				
Buildings	(50,129,064)	(2,966,279)	-	(53,095,343)
Improvements other than buildings	(8,355,486)	(911,677)	-	(9,267,163)
Machinery and equipment	(18,158,105)	(807,876)	4,498	(18,961,483)
Total accumulated depreciation	(76,642,655)	(4,685,832)	4,498	(81,323,989)
Total capital assets being depreciated, net	71,129,582	(2,605,423)	20,277,810	88,801,969
School capital assets, net	\$ 97,992,458	\$ 21,374,849	\$ (62,943)	\$ 119,304,364

Depreciation expense was charged to functions of the Component Unit - School Board as follows:

Instruction	\$ 3,962,711
Administration, attendance and health	24,826
Pupil transportation services	399,338
Operation and maintenance services	298,957
	<u>\$ 4,685,832</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

Component Unit - Harrisonburg-Rockingham Social Services District:

	Beginning Balance	Increases	(Deletions)/ Reclassifications	Ending Balance
Capital assets being depreciated:				
Improvements other than buildings	\$ 3,156	\$ -	\$ -	\$ 3,156
Machinery and equipment	490,890	30,132	-	521,022
Total capital assets being depreciated	494,046	30,132	-	524,178
Less accumulated depreciation for:				
Improvements other than buildings	(789)	(105)	-	(894)
Machinery and equipment	(298,684)	(61,731)	-	(360,415)
Total accumulated depreciation	(299,473)	(61,836)	-	(361,309)
Harrisonburg-Rockingham Social Services District capital assets, net	\$ 194,573	\$ (31,704)	\$ -	\$ 162,869

Depreciation expense was charged to the function of the Component Unit - Harrisonburg-Rockingham Social Services District as follows:

Administration – Welfare	\$ 60,888
Administration- Comprehensive Services Act	948
	<u>\$ 61,836</u>

Construction Commitments

The County and its component units have active construction projects as of June 30, 2008. The governmental projects of the Primary Government include the E-911 system upgrade, the administration building addition, the SRI project, and other minor projects with commitments below \$500,000. The business-type projects of the Primary Government include the Pleasant Run Water and Sewer, the McGaheysville Sewer, and other minor projects with commitments below \$500,000.

The projects of the component unit-School Board include the construction of the two new elementary schools and the new high school.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

Primary Government:

At June 30, 2008 the construction commitments are as follows:

Governmental Activities

Project	Expended to June 30, 2008	Remaining Commitment
E-911 system upgrade	\$ 8,925,511	\$ 1,011,587
Administration building addition	3,770,977	1,301,026
SRI project	5,005,838	12,767,634
Others	121,961	487,499
	<u>\$ 17,824,287</u>	<u>\$ 15,567,746</u>

Business-type Activities

Project	Expended to June 30, 2008	Remaining Commitment
Pleasant Run water and sewer	\$ 4,065,138	\$ 623,129
McGaheysville sewer	249,780	4,869,684
Others	289,595	66,100
	<u>\$ 4,604,513</u>	<u>\$ 5,558,913</u>

Component Unit – School Board

Project	Expended to June 30, 2008	Remaining Commitment
Cub Run Elementary School	\$ 17,860,449	\$ 150,000
River Bend Elementary School	1,354,965	10,032,997
East Rockingham High School	5,892,444	37,491,593
	<u>\$ 25,107,858</u>	<u>\$ 47,674,590</u>

These projects are being financed through various sources, including general obligation bonds, revenue bonds, capital leases, and internal funding.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Obligations

The following is a summary of long-term liability activity of the primary government for the year ended June 30, 2008:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and notes payable:					
General obligation bonds	\$ 59,865,576	\$ 17,994,713	\$ (3,690,817)	\$ 74,169,472	\$ 4,079,344
Literary fund loans	686,886	-	(193,000)	493,886	178,027
Capital leases	10,648,215	17,500,000	(876,289)	27,271,926	916,072
Unamortized premium	1,559,993	1,115,963	(103,009)	2,572,947	-
	<u>72,760,670</u>	<u>36,610,676</u>	<u>(4,863,115)</u>	<u>104,508,231</u>	<u>5,173,443</u>
Compensated absences	1,443,711	1,118,563	(969,061)	1,593,213	985,922
Governmental activities long-term Liabilities	<u>\$ 74,204,381</u>	<u>\$ 37,729,239</u>	<u>\$ (5,832,176)</u>	<u>\$ 106,101,444</u>	<u>\$ 6,159,365</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Obligations (Continued)

Annual requirements to amortize long-term debt are as follows:

Year Ending June 30,	General Obligation Bonds		Literary Fund Loans		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 4,079,344	\$ 3,563,880	\$ 178,027	\$ 14,862	\$ 916,072	\$ 1,405,355
2010	4,457,243	3,467,846	173,500	9,476	959,331	1,363,184
2011	4,487,293	3,228,222	73,500	4,271	1,878,497	1,294,217
2012	4,418,535	2,991,144	68,859	2,066	1,925,623	1,198,399
2013	4,435,879	2,755,628	-	-	1,972,095	1,100,599
2014-2018	20,561,807	10,401,124	-	-	7,923,793	4,137,751
2019-2023	16,650,713	5,620,811	-	-	5,571,515	2,397,010
2024-2028	14,178,658	1,812,459	-	-	4,375,000	1,113,919
2029-2030	900,000	20,700	-	-	1,750,000	99,015
	<u>\$ 74,169,472</u>	<u>\$ 33,861,814</u>	<u>\$ 493,886</u>	<u>\$ 30,675</u>	<u>\$ 27,271,926</u>	<u>\$ 14,109,449</u>

General Obligation Bonds:

\$1,840,000 1990 series, issued August 1990, due in annual maturities of \$110,000 to \$120,000 through July 2010, plus interest at 7.1%	\$ 350,000
\$1,033,884 1992A series, issued November 1992, due in annual maturities of \$55,002 to \$63,848 through July 2012, plus interest at 6.10% to 6.35%	300,143
\$5,200,000 1992B series, issued December 1992, due in annual maturities of \$160,000 to \$240,000 through December 2012, plus interest at 5.85%	1,000,000
\$3,500,000 1993 series, issued November 1993, due in annual maturities of \$20,000 to \$140,000 through December 2013, plus interest at 4.85% to 5.0%	370,000
\$3,800,000 1994A series, issued May 1994, due in annual maturities of \$195,000 through July 2013, plus interest at 6.1% to 6.3%	1,170,000
\$11,200,000 1996A series, issued May 1996, due in annual maturities of \$560,000 through July 2016, plus interest at 5.3% to 6.1%	5,040,000
\$7,471,945 1996B series, issued November 1996, due in annual maturities of \$375,732 to \$445,122 through July 2016, plus interest at 5.1% to 6.1%	3,701,713

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Obligations (Continued)

General Obligation Bonds: (Continued)

\$8,421,223 1999A series, issued November 1999, due in annual maturities of \$392,600 to \$517,103 through July 2019, plus interest at 5.35% to 6.1%	\$ 5,396,703
\$4,190,343 2000 series, issued November 2000, due in annual maturities of \$194,430 to \$247,440 through July 2020, plus interest at 5.1% to 5.85%	2,883,719
\$5,077,993 2003 series, issued November 2003, due in annual maturities of \$229,438 to \$297,277 through July 2023, plus interest at 4.6% to 5.35%	4,180,242
\$9,404,190 2005 series, issued November 2005, due in annual maturities of \$417,892 to \$545,699 through July 2025, plus interest at 4.6% to 5.1%	8,585,761
\$13,147,200 2006 series, issued November 2006, due in annual maturities of \$560,722 to \$744,134 through July 15, 2026, plus interest at 4.2% to 5.1%	12,586,478
\$10,610,000 2007 series, issued May 2007, due in annual maturities of \$315,000 to \$810,000 through July 15, 2027, plus interest at 4.1% to 5.1%	10,610,000
\$6,364,713 2007 series, issued November 2007, due in annual maturities of \$375,000 through July 2028, plus interest at 4.35% to 5.1%	6,364,713
\$11,630,000 2008 series, issued May 2008, due in annual maturities of \$345,000 to \$900,000 through July 2028, plus interest at 4.1% to 5.1%	<u>11,630,000</u>
Total General Obligation Bonds	\$ <u>74,169,472</u>

State Literary Fund Loans: (interest rate on all loans at 3% except as noted below)

\$242,027 issued January 1989, with final payment of \$4,527 in January 2009, plus interest at 4%	\$ 4,527
\$2,000,000, issued July 1989, due in annual installments of \$100,000 through July 2009	200,000
\$1,465,359, issued October 1991, due in annual installments of \$73,500 through October 2010, with final payment of \$68,859 on October 2011	<u>289,359</u>
Total State Literary Fund Loans	\$ <u>493,886</u>

All general obligation bonds and state literary fund loans were issued for the purpose of school construction and renovation.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Obligations (Continued)

Capital Leases:

Joint Judicial Complex:

Payments to the City of Harrisonburg Redevelopment and Housing Authority in annual installments ranging from \$402,500 to \$540,000 through June 2014, plus interest payable semi-annually ranging from 4.5%-5.0% \$ 2,880,000

Human Services Building:

Payments to the City of Harrisonburg Redevelopment and Housing Authority in semi-annual installments ranging from \$82,616 to \$133,994, through February 2016, plus interest at 6.08% 875,134

Emergency Communications Center:

\$7,150,000 lease purchase contract due in annual installments ranging from \$391,264 to \$609,297, through December 2019, plus interest payable semi-annually at 3.76% 6,016,792

SRI Project – tax exempt:

\$10,500,000 lease purchase contract due in annual installments of \$525,000 through October 2029, plus interest payable semi-annually at 4.67% 10,500,000

SRI Project – taxable:

\$7,000,000 lease purchase contract due in annual installments of \$350,000 through October 2029, plus interest payable semi-annually at 7.14% 7,000,000

Total Capital Leases

\$ 27,271,926

Pursuant to Article VII, Section 10, (b) of the Constitution of Virginia, no debt shall be contracted by or on behalf of any county or district thereof unless approved by a majority vote of the qualified voters of said county. There is no limit on the amount of debt which a county may incur. Repayment of the capital leases will be funded through the General Fund. Repayment of the revenue bonds will be funded through the Water and Sewer Fund, the Smith Creek Water & Waste Authority, Lilly Subdivision Sanitary District, Penn Laird Sewer Authority, Solid Waste Fund, and the Countryside Sanitary District.

The capital leases with the City of Harrisonburg Redevelopment and Housing Authority are a result of Public Facility Lease Revenue Bonds issued under a Trust Agreement among the County of Rockingham, Virginia, the City of Harrisonburg, Virginia, and SunTrust Bank and Wachovia Securities, as Trustees. The bonds associated with the first capital lease were issued to refund bonds used to finance the acquisition and construction of a Joint Judicial Complex which the Housing Authority leases to the County and the City under a lease agreement. The second capital lease bonds were issued to finance the acquisition, construction and equipping of a human services building. The bonds associated with the Emergency Communications Center lease were issued to finance the acquisition and construction of emergency use equipment and radio towers throughout the County. The bonds associated with the SRI Project lease were issued to finance the costs to construct and equip a research facility for the benefit of and use by SRI International in the County's technology park.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Obligations (Continued)

The assets acquired through capital leases, included in the Statement of Net Assets, are as follows:

	Governmental Activities			
	Joint Judicial Complex	Human Services Building	Emergency Communications Center	SRI
Capital assets:				
Land	\$ 1,254,155	\$ 162,300	\$ -	\$ -
Construction in progress	-	-	8,438,142	5,005,838
Buildings	9,419,396	1,311,904	-	-
Improvements other than buildings	-	8,518	-	-
Machinery and equipment	156,767	84,132	-	-
Less: accumulated depreciation	(4,505,270)	(639,277)	-	-
	<u>\$ 6,325,048</u>	<u>\$ 927,577</u>	<u>\$ 8,348,142</u>	<u>\$ 5,005,838</u>

The following is a summary of long-term liability activity for the County's business-type activities:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type activities:					
Revenue bonds	\$ 10,651,873	\$ 7,054,290	\$ (350,982)	\$ 17,355,181	\$ 577,786
Landfill obligation	4,816,988	673,191	-	5,490,179	165,583
Compensated absences	128,457	157,271	(154,478)	131,250	78,052
Unamortized premium	201,449	270,175	(18,259)	453,365	-
Business-type activities long-term Liabilities	<u>\$ 15,798,767</u>	<u>\$ 8,154,927</u>	<u>\$ (523,719)</u>	<u>\$ 23,429,975</u>	<u>\$ 821,421</u>

Annual requirements to amortize long-term debt are as follows:

Year Ending June 30,	Revenue Bonds	
	Principal	Interest
2009	\$ 577,786	\$ 702,948
2010	824,693	713,362
2011	844,183	681,541
2012	888,820	647,524
2013	898,609	610,246
2014-2018	4,575,545	2,453,975
2019-2023	3,810,355	1,562,399
2024-2028	3,349,383	602,994
2029-2033	719,658	155,204
2034-2038	294,364	111,865
2039-2043	362,135	58,619
2044-2048	209,650	5,899
	<u>\$ 17,355,181</u>	<u>\$ 8,306,576</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Obligations (Continued)

Water and Sewer Fund:

Infrastructure Revenue Bonds (Virginia Pooled Financing Program): \$1,580,000 issued June 2004, due in annual installments of \$60,000 to \$100,000 through October 2023, plus interest payable semi-annually ranging from 2.9%-5.1%	\$ 1,255,000
Infrastructure Revenue Bonds (Virginia Pooled Financing Program): \$3,065,000 issued June 2007, due in annual installments of \$45,000 \$230,000 through October 2026, plus interest payable semi-annually ranging from 4.1%-4.86%	3,020,000
Infrastructure Revenue Bonds (Virginia Pooled Financing Program): \$6,215,000 issued in June 2008, due in annual payments of \$205,000 to \$465,000 through October 2028, plus interest payable semi-annually ranging from 2.125% to 4.687%	6,215,000

Solid Waste

Infrastructure Revenue Bonds (Virginia Pooled Financing Program): \$3,015,000 issued June 2007, due in annual installments of \$110,000 to \$385,000 through October 2016, plus interest payable semi-annually ranging from 4.1%-4.8%	2,905,000
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Smith Creek Water & Waste Authority

Virginia Revolving Loan Fund: \$2,078,500 issued November 2001, due in semi-annual installments of \$89,899 to \$136,396 through September 2022, including interest at 3.0%	1,654,618
Taxable Waste Water System Revenue Bond, Series 2005: \$1,333,000 issued in September 2005, interest only first year, then due in monthly installments of \$5,746 through September 2045, including interest at 4.125%	1,307,583

Countryside Sanitary District

Virginia Revolving Loan Fund: \$171,288 issued June 2006, due in semi-annual installments of \$5,857 through April 2026, including interest at 3.25%	158,690
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COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Obligations (Continued)

Lilly Subdivision

Infrastructure Revenue Bonds (Virginia Pooled Financing Program):

\$456,490 issued April 2008, due in semi-annual installments of
\$15,615 through August 2028, including interest at 3.05% \$ 456,490

Penn Laird Sewer Authority

Taxable Waste Water System Revenue Bond:

\$382,800 issued August 2007, interest only first year then
due in monthly installments of \$1,677 through August 2047,
including interest at 4.25% 382,800

\$ 17,355,181

Information relative to the County's landfill obligation is contained in Note 11.

The following is a summary of long-term debt transactions of the Component Unit - School Board, for the year ended June 30, 2008:

Component Unit - School Board:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Post-retirement benefits	\$ 36,280	\$ -	\$ -	\$ 36,280	-
Compensated absences	3,162,479	3,077,926	(3,165,014)	3,075,391	1,884,990
	<u>\$ 3,198,759</u>	<u>\$ 3,077,926</u>	<u>\$ (3,165,014)</u>	<u>\$ 3,111,671</u>	<u>\$ 1,884,990</u>

In addition to providing pension benefits, the Component Unit - School Board provides partial payment of health insurance premiums for school employees who retire before they reach age 65 provided they have been employed by the School for ten consecutive years. This benefit continues until the employee reaches age 65. The School Board pays \$10 per month per individual. For the year ended June 30, 2008, there were 80 participants and the School Board recognized an expenditure of \$9,940.

The following is a summary of long-term transactions of the Component Unit - Harrisonburg-Rockingham Social Services District, for the year ended June 30, 2008:

Component Unit - Harrisonburg-Rockingham Social Services District:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 275,454	\$ 274,818	\$ (239,267)	\$ 311,005	\$ 187,535

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Government Services Provided by Authorities

The County of Rockingham, City of Harrisonburg, and the Towns of Bridgewater and Dayton entered into a guaranty agreement with the Harrisonburg-Rockingham Regional Sewer Authority (Authority) dated December 15, 1992. Under the terms of this agreement, these municipalities jointly and severally guaranteed the Authority's 2007 Sewer Revenue Bonds and 2008 Sewer Revenue and Refunding Bonds. In December 2007, the Authority issued \$30,000,000 Sewer Revenue Bonds to upgrade and expand its treatment plant. As of June 30, 2008, \$12,575,653 had been drawn. In June 2008, the Authority issued \$12,650,000 Sewer Revenue and Refunding Bonds, Series 2008. Proceeds from the 2008 Bonds are escrowed to refund \$14,560,000 principal amount of the 1998 Revenue Refunding Bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$1,120,952, which is being netted against the new debt amortized over the remaining life of the new debt. This advance refunding was undertaken to reduce total debt service payments over the next 12 years by \$2,011,876 and resulted in an economic gain of \$1,010,777.

The 2007 bond issue consists of Revenue Bonds with an outstanding total of \$12,575,653. Currently, the Authority is making interest only payments.

The 2008 bond issue consists of Revenue and Refunding Bonds. The bonds currently outstanding of \$12,650,000 are to be retired in annual principal installments increasing from \$770,000 in 2008 to \$1,170,000 in 2021. The bonds bear interest ranging from 2.95% to 4.8%.

The County is obligated for 3.407% of the above debt service.

The Authority bills the localities a monthly charge which includes an assessment for their respective shares of the Authority's debt service and operating expenditures based on the locality usage of the sewage treatment facilities. Based on the current average usage, the County's assessment for the Authority's operating and debt service expenditures for the ensuing year will approximate \$479,000 and \$315,000, respectively. To obtain a copy of the audited financial statements, contact the Authority at 856 North River Road, P. O. Box 8, Mt. Crawford, Virginia, 22841.

Note 8. Defined Benefit Pension Plan

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Administering Entity: Virginia Retirement System (System)

The County of Rockingham, and its component units, the Harrisonburg-Rockingham Social Services District (District) and the Rockingham County School Board (School Board), contribute to the Virginia Retirement System (VRS), an agent and cost sharing multiple-employer defined benefit pension plan administered by the VRS.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Defined Benefit Pension Plan (Continued)

A. Plan Description (Continued)

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters and sheriffs) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service (1.85% sheriff's and if the employer elects, to other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases limited to 5% per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months of reported compensation. 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 downloaded from their website at <http://www.varetire.org/pdf/publications/2007annurept.pdf> or obtained by writing to the System at P. O. Box 2500, Richmond, Virginia, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5% of their annual reported salary to the VRS. This 5% member contribution has been assumed by the County, the District, and the School Board. In addition, the County, the District, and the School Board are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. For the fiscal year ended June 30, 2008, the contribution rate for the County and the District was 12.64% and for the School Board's non-professional employees was 10.71% of annual covered payroll.

For the years ended June 30, 2008, 2007, and 2006, total employer and employee contributions made to the VRS statewide teacher cost-sharing pool for professional employees by the School Board were \$8,679,211, \$7,732,501, and \$5,858,024, respectively, and were equal to 100% of the required contribution for professional employees for each year.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Defined Benefit Pension Plan (Continued)

C. Annual Pension Cost (APC)

For fiscal year 2008, the County, the District, and the School Board's non-professional employees' annual pension costs of \$3,340,063 were equal to the required and actual contributions. The required contributions were determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return, (b) projected salary increases ranging from 3.75% to 5.60% per year, and (c) 2.5% per year cost-of-living adjustment. Both (a) and (b) included an inflation component of 2.5%. The actuarial value of the assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County, the District, and the School Board's non-professional employees unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis within a period of 21 years.

Three-year trend information for the County and the District is as follows:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2008	\$ 2,575,425	100%	\$ -
June 30, 2007	2,432,502	100%	-
June 30, 2006	2,196,623	100%	-

The District and the County contribute to a combined account. Therefore, separate annual pension cost for this component unit and the primary government are not available.

Three-year trend information for the Component Unit - School Board non-professional employees, is as follows:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2008	\$ 764,638	100%	\$ -
June 30, 2007	719,395	100%	-
June 30, 2006	569,587	100%	-

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Defined Benefit Pension Plan (Continued)

D. Funded Status and Funding Progress

As of June 30, 2007, the most recent actuarial valuation date, the Plan was 87.69% funded. The actuarial accrued liability for benefits was \$55,248,012, and the actuarial value of assets was \$48,446,087, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,801,925. The covered payroll (annual payroll of active employees covered by the Plan) was \$19,377,279, and ratio of the UAAL to the covered payroll was 35.10%.

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 liability for benefits.

Note 9. Advances To/From Other Funds

Interfund balances as of June 30, 2008 are as follows:

<u>Payable Fund</u>	<u>Receivable Fund</u>
	General Fund:
Primary Government:	
Water and Sewer	\$ 515,000
Lilly Subdivision Sanitary District	110,500
Total primary government	<u>\$ 625,500</u>

The advance from the General Fund to the Water and Sewer Fund is an interest bearing loan to aid in the construction of a water filtration plant and is to be repaid through 2014 with principal payments ranging from \$70,000 to \$95,000 annually plus interest at 5.5%. The advance from the General Fund to the Lilly Subdivision Sanitary District is to be repaid through 2024 with annual principal payments of \$6,500 plus interest at 3.25%.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Interfund Transfers

A summary of interfund transfer activity is presented as follows:

	Transfer From Fund		Total Transferred In
	General Fund	Joint Judicial Complex	
Transfer To Fund:			
Primary government:			
Governmental activities:			
General Fund	\$ -	\$ 10,872	\$ 10,872
General Capital Projects Fund	17,500,000	-	17,500,000
E-911 Fund	2,147,300	-	2,147,300
Lilly Subdivision Sanitary District	43,726	-	43,726
Total Transferred Out	\$ 19,691,026	\$ 10,872	\$ 19,701,898

The transfer from the Joint Judicial Complex to the General Fund was for the reduction of principal and interest paid on the Joint Judicial Complex debt.

The transfer from the General Fund to the General Capital Projects Fund was for capital project expenditures.

The transfer from the General Fund to the E-911 Fund was to transfer funds for the Emergency Communications Center operations.

The transfer from the General Fund to the Lilly Subdivision Sanitary District was to provide funding for new water line construction.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Landfill Closure and Postclosure Care Cost

Effective July 1, 1994, the County and the City of Harrisonburg (City) entered into an agreement to operate a consolidated landfill. Under the terms of the agreement, the operating and closure capital costs of the landfill are to be funded through fees and charges of the landfill. The remaining capital costs will be funded by the County and the City based on their respective usage before the agreement and based on their respective share of the total population after the agreement.

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Solid Waste Fund reports a portion of these closure and postclosure care costs as an operating expense in each period based on the landfill capacity used as of each balance sheet date. This liability has been calculated for only the County's share of the capital cost, which amounts to approximately 69% at June 30, 2008. The \$5,490,179 reported as landfill closure and postclosure care liability at June 30, 2008, represents the cumulative amount reported to date based on the use of 100% of the landfill's old cell, and the use of 45% of the landfill's new cell. The Solid Waste Fund will report the County's estimated liability of closure and postclosure care of \$4,030,000 for the new cell as the remaining estimated capacity is filled. These amounts are based on the cost to perform all closure and postclosure care in 2008. The County closed the landfill's old cell in 2001. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City of Harrisonburg is responsible for the remaining 31% of the landfill closure and postclosure care liability as of June 30, 2008 estimated at \$2,421,000.

Note 12. Major Customers

The Water and Sewer Fund has one major customer. For the year ended June 30, 2008, water and sewer revenue from this customer was approximately \$2.08 million. Accounts receivable from this customer was approximately \$165,000 at June 30, 2008.

The Solid Waste Fund has two major customers. Revenues from these customers for the year ended June 30, 2008 were approximately \$1.7 million. Accounts receivable from these customers were approximately \$134,000 at June 30, 2008.

The Smith Creek Water & Waste Authority has one major customer. For the year ended June 30, 2008, revenue from this customer was approximately \$91,000. Accounts receivable from this customer was approximately \$7,000 at June 30, 2008.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Risk Management

The County and its component units are exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets, errors and omissions; employee health and accident claims; and natural disasters. The County and its component units have chosen to retain a portion of the risks through a self-insurance program and have also purchased insurance to transfer other risks to outside parties. There has been no significant reduction in insurance coverage during the past year. A description of the County and its component units' risk management program is presented below:

Auto, Liability and Workers' Compensation Insurance

The County has coverage with the Virginia Association of Counties Group Self Insurance Association (Association) for auto, liability, and workers' compensation insurance. Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County pays the Association contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members the proportion in which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of losses. Settled claims from these risks have not exceeded commercial coverage in any of the last three fiscal years.

Health Insurance

County employees, retirees and employee dependents are eligible for medical benefits from a health insurance internal-service fund. Funding is provided by charges to County departments, employees, and retirees. The program is supplemented by stop loss protection, which limits the County's annual liability.

Based on the requirements of GASB Statement No. 10, the County records an estimated liability for indemnity healthcare claims. Since the County established this fund beginning July 1, 2007, the following represents the change in the fund's claims liability for 2008:

Beginning Liability	Claims and Changes in Estimates	Claim Payments	Ending Liability
\$ -	\$ 10,628,560	\$ 9,441,275	\$ 1,187,285

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 14. Pending GASB Statements

At June 30, 2008, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the County. The statements which might impact the County are as follows:

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and required supplemental information. Statement No. 45 will be effective for periods beginning after December 15, 2007.

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, identifies circumstances requiring a liability to be reported for pollution remediation. Statement No. 49 will be effective for periods beginning after December 15, 2007.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, establishes accounting and financial reporting requirements for intangible assets, particularly in the areas of recognition, initial measurement, and amortization to reduce inconsistencies of reporting among state and local governments. Statement No. 51 will be effective for periods beginning after June 15, 2009.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Statement No. 53 will be effective for periods beginning after June 15, 2009.

Note 15. Summary Disclosure of Subsequent Events and Contingencies

In August 2008, the Rockingham County Board of Supervisors authorized participation in the Fall 2008 Virginia Public School Authority Subsidy Bond sale totaling \$15 million. These bonds will be issued in order for the County to pay a portion of the costs for constructing River Bend Elementary School and East Rockingham High School.

Subsequent to year-end, the credit and liquidity crisis in the United States and throughout the global financial system has resulted in substantial volatility in financial markets and the banking system. These and other economic events have had a significant adverse impact on investment portfolios. As a result, the County's investments have likely incurred a significant decline in fair value since June 30, 2008.

Federal and State-Assisted Programs

The County has received proceeds from several federal and state grant programs. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. Based on past experience, no provision has been made in the accompanying financial statements for the refund of grant monies.

**REQUIRED SUPPLEMENTARY
INFORMATION**

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued (Asset) Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued (Asset) Liability as a Percentage of Covered Payroll
A. Primary Government and Harrisonburg-Rockingham Social Services District, a component unit - employees:						
June 30, 2005	\$ 38,149,903	\$ 44,774,077	\$ 6,624,174	85.21%	\$ 16,610,874	39.88%
June 30, 2006	41,793,896	47,610,989	5,817,093	87.78%	18,007,185	32.30%
June 30, 2007	48,446,087	55,248,012	6,801,925	87.69%	19,377,279	35.10%
B. Component Unit - School Board non-professional employees:						
June 30, 2005	\$ 16,566,313	\$ 18,273,228	\$ 1,706,915	90.66%	\$ 6,052,483	28.20%
June 30, 2006	17,700,619	19,268,311	1,567,692	91.86%	6,235,148	25.14%
June 30, 2007	19,890,722	21,105,170	1,214,448	94.25%	6,695,940	18.14%

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Fund

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Asset Forfeiture Fund – This fund is used to account for confiscated funds collected for law enforcement purposes.

Capital Projects Fund

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Joint Judicial Complex – This fund is used to account for financial resources established as a debt service reserve for one-half of the maximum annual debt service payment for the lease reserve bonds issued to permit the construction of a new jail and a lower courts complex built jointly by the City of Harrisonburg, Virginia and the County of Rockingham, Virginia. The amounts included in the combining statements reflect the County's share (50%) of this project.

Permanent Fund

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Albert K. Long Trust – This fund is used to account for the trust principal amount received and the related interest income. The interest portion of the trust can be used for upkeep and maintenance of the Albert K. Long Park.

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2008

	Special Revenue Asset Forfeiture Fund	Capital Projects Joint Judicial Complex	Permanent Fund Albert K. Long Trust	Total Nonmajor Governmental Funds
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 17,885	\$ 544	\$ -	\$ 18,429
Accrued interest	39	358	62	459
Restricted cash	-	284,297	21,976	306,273
Total assets	\$ 17,924	\$ 285,199	\$ 22,038	\$ 325,161
LIABILITIES				
Accounts payable	\$ 544	\$ -	\$ -	\$ 544
Total liabilities	544	-	-	544
FUND BALANCES				
Reserved for:				
Nonexpendable trust principal	-	-	11,143	11,143
Expendable:				
Park maintenance	-	-	10,895	10,895
Law enforcement	17,380	-	-	17,380
Debt service	-	284,297	-	284,297
Unreserved:				
Designated for subsequent years' expenditures	-	902	-	902
Total fund balances	17,380	285,199	22,038	324,617
Total liabilities and fund balances	\$ 17,924	\$ 285,199	\$ 22,038	\$ 325,161

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2008

	Special Revenue Asset Forfeiture Fund	Capital Projects Joint Judicial Complex	Permanent Fund Albert K. Long Trust	Total Nonmajor Governmental Funds
Revenues:				
Fines and forfeitures	\$ 22,529	\$ -	\$ -	\$ 22,529
Use of money and property	135	19,181	976	20,292
Total revenues	22,664	19,181	976	42,821
Expenditures:				
Current:				
Public safety	12,353	-	-	12,353
Debt service:				
Interest and fiscal charges	-	8,981	-	8,981
Total expenditures	12,353	8,981	-	21,334
Revenues over expenditures	10,311	10,200	976	21,487
Other financing uses:				
Transfers out	-	(10,872)	-	(10,872)
Net change in fund balances	10,311	(672)	976	10,615
Fund balance, beginning	7,069	285,871	21,062	314,002
Fund balance, ending	\$ 17,380	\$ 285,199	\$ 22,038	\$ 324,617

NONMAJOR PROPRIETARY FUNDS

Lilly Subdivision Sanitary District - This fund is used to account for the provision of water and sewer services to the Lilly Subdivision Sanitary District, a blended component unit.

Countryside Sanitary District - This fund is used to account for the provision of water and sewer services to the Countryside Sanitary District, a blended component unit.

Penn Laird Sewer Authority - This fund is used to account for the provision of water and sewer services to the Penn Laird Sewer Authority, a blended component unit.

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS**

June 30, 2008

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
ASSETS				
Current assets:				
Cash, cash equivalents and temporary cash investments	\$ 17,711	\$ 61,951	\$ -	\$ 79,662
Trade and other accounts receivable	2,983	4,619	87,203	94,805
Accrued interest	-	168	-	168
Restricted cash	151,826	-	-	151,826
Total current assets	172,520	66,738	87,203	326,461
Noncurrent assets:				
Financing costs, net of accumulated amortization	7,565	6,444	8,215	22,224
Capital assets:				
Land	20,600	-	20,631	41,231
Buildings	8,900	-	-	8,900
Improvements other than buildings	551,726	306,022	1,073,013	1,930,761
Machinery and equipment	5,470	-	-	5,470
Less accumulated depreciation	(53,696)	(15,301)	(10,730)	(79,727)
Total capital assets (net of accumulated depreciation)	533,000	290,721	1,082,914	1,906,635
Total noncurrent assets	540,565	297,165	1,091,129	1,928,859
Total assets	713,085	363,903	1,178,332	2,255,320
LIABILITIES				
Current liabilities:				
Accounts payable and deposits	64,238	513	88,819	153,570
Accrued interest	3,693	1,289	11,776	16,758
Advance from other funds	110,500	-	-	110,500
Revenue bonds	-	6,610	3,264	9,874
Total current liabilities	178,431	8,412	103,859	290,702
Noncurrent liabilities:				
Revenue bonds	456,490	152,080	379,536	988,106
Total noncurrent liabilities	456,490	152,080	379,536	988,106
Total liabilities	634,921	160,492	483,395	1,278,808
NET ASSETS				
Invested in capital assets, net of related debt	235,901	138,475	708,329	1,082,705
Unrestricted (deficit)	(157,737)	64,936	(13,392)	(106,193)
Total net assets	\$ 78,164	\$ 203,411	\$ 694,937	\$ 976,512

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS
Year Ended June 30, 2008**

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
Operating revenues:				
Charges for services	\$ 29,094	\$ 16,401	\$ 3,669	\$ 49,164
Other revenue	160	-	-	160
Total operating revenues	29,254	16,401	3,669	49,324
Operating expenses:				
Contractual services	11,876	1,334	-	13,210
Electrical services	4,421	-	-	4,421
Other charges	4,543	4,192	-	8,735
Depreciation	6,750	6,120	10,730	23,600
Total operating expenses	27,590	11,646	10,730	49,966
Operating income (loss)	1,664	4,755	(7,061)	(642)
Nonoperating revenues (expenses):				
Connection availability fees	-	-	114,480	114,480
Interest revenue	52	2,579	(607)	2,024
Interest expense	(4,327)	(5,262)	(11,776)	(21,365)
Amortization of financing costs	(31)	(363)	(86)	(480)
Total nonoperating revenues (expenses), net	(4,306)	(3,046)	102,011	94,659
Income (loss) before contributions and transfers	(2,642)	1,709	94,950	94,017
Capital contributions	-	-	279,491	279,491
Transfers in	43,726	-	-	43,726
Change in net assets	41,084	1,709	374,441	417,234
Total net assets, beginning	37,080	201,702	320,496	559,278
Total net assets, ending	\$ 78,164	\$ 203,411	\$ 694,937	\$ 976,512

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
Year Ended June 30, 2008

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
Cash Flows From Operating Activities:				
Receipts from customers	\$ 30,878	\$ 25,201	\$ 2,148	\$ 58,227
Payments to suppliers for goods and services	(5,797)	(6,468)	-	(12,265)
Other receipts (payments), net	160	-	-	160
Net cash provided by operating activities	25,241	18,733	2,148	46,122
Cash Flows From Capital and Related Financing Activities:				
Capital grants	-	-	279,491	279,491
Proceeds from issuance of debt	456,490	-	382,800	839,290
Financing costs	(7,596)	-	(8,301)	(15,897)
Payment of advance from other funds	(6,500)	-	-	(6,500)
Connection availability fees	-	-	28,798	28,798
Principal paid on outstanding debt	-	(6,401)	-	(6,401)
Interest paid on outstanding debt	(3,803)	(5,314)	-	(9,117)
Transfer from other funds for capital purposes	43,726	-	-	43,726
Acquisition and construction of capital assets	(353,318)	-	(801,963)	(1,155,281)
Net cash provided by (used in) capital and related financing activities	128,999	(11,715)	(119,175)	(1,891)
Cash Flows From Investing Activities:				
Interest received on investment securities	187	2,753	422	3,362
Net increase (decrease) in cash and cash equivalents	154,427	9,771	(116,605)	47,593
Cash and Cash Equivalents:				
Beginning	15,110	52,180	116,605	183,895
Ending	\$ 169,537	\$ 61,951	\$ -	\$ 231,488
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ 1,664	\$ 4,755	\$ (7,061)	\$ (642)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	6,750	6,120	10,730	23,600
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	1,784	8,800	(1,521)	9,063
Increase (decrease) in accounts payable	15,043	(942)	-	14,101
Net cash provided by operating activities	\$ 25,241	\$ 18,733	\$ 2,148	\$ 46,122
Schedule of Noncash Capital and Related Financing Activities:				
Capital assets acquired through incurrence of accounts payable	\$ 44,264	\$ -	\$ 5,908	\$ 50,172

INTERNAL SERVICE FUNDS

Central Stores – This fund accounts for the costs of providing office supplies to various departments or agencies of the County.

Self-Insurance – This fund accounts for the costs associated with providing health insurance benefits to employees of the County, School Board, and Harrisonburg-Rockingham Social Services District, and with managing claims pertain thereto.

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS**

June 30, 2008

	Central Stores	Self - Insurance	Total Internal Service Funds
ASSETS			
Current assets:			
Cash, cash equivalents and temporary cash investments	\$ 11,042	\$ 3,833,249	\$ 3,844,291
Trade and other accounts receivable	2,645	301	2,946
Accrued interest	-	10,303	10,303
Inventory	9,101	-	9,101
Total assets	22,788	3,843,853	3,866,641
LIABILITIES			
Current liabilities:			
Accounts payable	530	443,077	443,607
Deferred revenue	-	1,234,494	1,234,494
Insurance and benefit claims payable	-	1,187,285	1,187,285
Total liabilities	530	2,864,856	2,865,386
NET ASSETS			
Unrestricted	22,258	978,997	1,001,255
Total net assets	\$ 22,258	\$ 978,997	\$ 1,001,255

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 Year Ended June 30, 2008

	Central Stores	Self - Insurance	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 45,586	\$ 11,418,720	\$ 11,464,306
Total operating revenues	45,586	11,418,720	11,464,306
Operating expenses:			
Contractual services	-	1,086,211	1,086,211
Risk financing and benefit payments	-	9,441,275	9,441,275
Other charges	45,663	-	45,663
Total operating expenses	45,663	10,527,486	10,573,149
Operating income (loss)	(77)	891,234	891,157
Nonoperating revenue:			
Interest revenue	-	87,763	87,763
Total nonoperating revenue	-	87,763	87,763
Change in net assets	(77)	978,997	978,920
Total net assets, beginning	22,335	-	22,335
Total net assets, ending	\$ 22,258	\$ 978,997	\$ 1,001,255

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS**

Year Ended June 30, 2008

	Central Stores	Self - Insurance	Total Internal Service Funds
Cash Flows From Operating Activities:			
Receipts from interfund services provided	\$ 46,620	\$ 12,652,913	\$ 12,699,533
Claims and benefits paid	-	(8,253,990)	(8,253,990)
Payments to suppliers for goods and services	(41,659)	(643,134)	(684,793)
Net cash provided by operating activities	4,961	3,755,789	3,760,750
Cash Flows From Investing Activities:			
Interest received on investment securities	-	77,460	77,460
Net increase in cash and cash equivalents	4,961	3,833,249	3,838,210
Cash and Cash Equivalents:			
Beginning	6,081	-	6,081
Ending	\$ 11,042	\$ 3,833,249	\$ 3,844,291
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ (77)	\$ 891,234	\$ 891,157
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Change in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	1,034	(301)	733
Inventory	3,474	-	3,474
Increase in:			
Accounts payable	530	443,077	443,607
Deferred revenue	-	1,234,494	1,234,494
Insurance and benefit claims payable	-	1,187,285	1,187,285
Net cash provided by operating activities	\$ 4,961	\$ 3,755,789	\$ 3,760,750

FIDUCIARY FUNDS

Special Welfare – This fund is used to account for assets held by the County for individuals under custody of the Harrisonburg-Rockingham Social Services District.

Employee Benefits – This fund is used to account for assets held by the County for employees selecting voluntary benefits through payroll deductions and benefits provided through COBRA.

Industrial Development Authority – This fund is used to account for assets held by the County for the Rockingham County Industrial Development Authority.

Bond Escrow – This fund is used to account for subdivision, sediment and erosion control bonds held by the County for developers.

Disability Services Board – This fund is used to account for assets held by the County for the Blue Ridge Disability Services Board.

Workforce Investment Board – This fund is used to account for assets held by the County for the Shenandoah Valley Workforce Investment Board.

Massanutten Technical Center – This fund is used to account for assets held by the County for the Massanutten Technical Center.

Park Authority – This fund is used to account for assets held by the County for the Upper Valley Regional Park Authority.

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

June 30, 2008

	Agency Funds						Totals
	Special Welfare	Employee Benefits	Industrial Development Authority	Bond Escrow	Massanutten Technical Center	Park Authority	
ASSETS							
Cash, cash equivalents and temporary cash investments	\$ 78,426	\$ 454,917	\$ 25,019	\$ 374,630	\$ 924,095	\$ 88,213	\$ 1,945,300
Accounts receivable	-	28,351	71	1,060	49,093	-	78,575
Prepaid items	-	-	-	-	34,608	-	34,608
Total assets	\$ 78,426	\$ 483,268	\$ 25,090	\$ 375,690	\$ 1,007,796	\$ 88,213	\$ 2,058,483
LIABILITIES							
Accounts payable	\$ 78,426	\$ 483,268	\$ 25,090	\$ 375,690	\$ 1,007,796	\$ 88,213	\$ 2,058,483
Total liabilities	\$ 78,426	\$ 483,268	\$ 25,090	\$ 375,690	\$ 1,007,796	\$ 88,213	\$ 2,058,483

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended June 30, 2008**

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<u>SPECIAL WELFARE</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 79,691	\$ 173,095	\$ 174,360	\$ 78,426
LIABILITIES				
Accounts payable	\$ 79,691	\$ 173,095	\$ 174,360	\$ 78,426
<u>EMPLOYEE BENEFITS</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 327,553	\$ 381,027	\$ 253,663.00	\$ 454,917
Accounts receivable	33,500	28,351	33,500	28,351
Total assets	\$ 361,053	\$ 409,378	\$ 287,163	\$ 483,268
LIABILITIES				
Accounts payable	\$ 361,053	\$ 409,378	\$ 287,163	\$ 483,268
<u>INDUSTRIAL DEVELOPMENT AUTHORITY</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 34,167	\$ 1,388	\$ 10,536	\$ 25,019
Accounts receivable	226	71	226	71
Total assets	\$ 34,393	\$ 1,459	\$ 10,762	\$ 25,090
LIABILITIES				
Accounts payable	\$ 34,393	\$ 1,459	\$ 10,762	\$ 25,090

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended June 30, 2008**

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
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BOND ESCROW

ASSETS

Cash, cash equivalents and temporary cash investments	\$ 512,972	\$ 127,231	\$ 265,573	\$ 374,630
Accounts receivable	3,400	1,060	3,400	1,060
Total assets	\$ 516,372	\$ 128,291	\$ 268,973	\$ 375,690

LIABILITIES

Accounts payable	\$ 516,372	\$ 128,291	\$ 268,973	\$ 375,690
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DISABILITY SERVICES BOARD

ASSETS

Cash, cash equivalents and temporary cash investments	\$ 10,684	\$ 30,057	\$ 40,741	\$ -
Accounts receivable	73	-	73	-
Total assets	\$ 10,757	\$ 30,057	\$ 40,814	\$ -

LIABILITIES

Accounts payable	\$ 10,757	\$ 30,057	\$ 40,814	\$ -
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WORKFORCE INVESTMENT BOARD

ASSETS

Cash, cash equivalents and temporary cash investments	\$ -	\$ 1,021,745	\$ 1,021,745	\$ -
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LIABILITIES

Accounts payable	\$ -	\$ 1,021,745	\$ 1,021,745	\$ -
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**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended June 30, 2008**

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<u>MASSANUTTEN TECHNICAL CENTER</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 825,543	\$ 4,601,650	\$ 4,503,098	\$ 924,095
Accounts receivable	43,246	49,093	43,246	49,093
Prepaid items	-	34,608	-	34,608
Total assets	\$ 868,789	\$ 4,685,351	\$ 4,546,344	\$ 1,007,796
LIABILITIES				
Accounts payable	\$ 868,789	\$ 4,685,351	\$ 4,546,344	\$ 1,007,796
 <u>PARK AUTHORITY</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 78,183	\$ 731,594	\$ 721,564	\$ 88,213
LIABILITIES				
Accounts payable	\$ 78,183	\$ 731,594	\$ 721,564	\$ 88,213
 <u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 1,868,793	\$ 7,067,787	\$ 6,991,280	\$ 1,945,300
Accounts receivable	80,445	78,575	80,445	78,575
Prepaid items	-	34,608	-	34,608
Total assets	\$ 1,949,238	\$ 7,180,970	\$ 7,071,725	\$ 2,058,483
LIABILITIES				
Accounts payable	\$ 1,949,238	\$ 7,180,970	\$ 7,071,725	\$ 2,058,483

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

School Operating Fund – This fund accounts for the general operations of the School Board. Financing is provided by specific allocations from the state and federal governments, by appropriation from the General Fund of the primary government by the Board of Supervisors, and charges for services.

School Cafeteria Fund – This fund accounts for the centralized school cafeteria operations.

School Capital Projects Fund – This fund accounts for financial resources for the acquisition or construction of major capital facilities of the School Board, other than those financed by the Massanutten Technical Center.

School Textbook Fund – This fund accounts for the centralized school textbook operation.

Massanutten Technical Center – Operating Fund – This fund accounts for the general operations of the Massanutten Technical Center.

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD**

June 30, 2008

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash, cash equivalents and temporary cash investments	\$ 6,101,579	\$ 1,211,581	\$ -	\$ 1,756,366	\$ 9,069,526
Trade and other accounts receivable	559,336	4,955	-	23,511	587,802
Accrued interest	-	3,206	-	2,963	6,169
Due from other governments	3,465,124	670	-	26,604	3,492,398
Prepaid items	1,713,325	112,786	-	34,608	1,860,719
Inventory	94,190	41,150	-	189,173	324,513
Restricted cash	-	-	12,856,262	-	12,856,262
Total assets	\$ 11,933,554	\$ 1,374,348	\$ 12,856,262	\$ 2,033,225	\$ 28,197,389
LIABILITIES					
Accounts payable	\$ 1,255,818	\$ 19,706	\$ 7,895,060	\$ 211,115	\$ 9,381,699
Accrued payroll	10,677,736	340,468	1,765	179,849	11,199,818
Due to other governments	-	-	-	715,092	715,092
Total liabilities	11,933,554	360,174	7,896,825	1,106,056	21,296,609
FUND BALANCES					
Reserved for:					
Inventory	94,190	41,150	-	189,173	324,513
Prepaid items	1,713,325	112,786	-	-	1,826,111
Capital outlay	-	-	4,959,437	-	4,959,437
Unreserved:					
Designated for subsequent years' expenditures	-	860,238	-	737,996	1,598,234
Undesignated (deficit)	(1,807,515)	-	-	-	(1,807,515)
Total fund balances	-	1,014,174	4,959,437	927,169	6,900,780
Total liabilities and fund balances	\$ 11,933,554	\$ 1,374,348	\$ 12,856,262	\$ 2,033,225	\$ 28,197,389

Total Fund balances \$ 6,900,780

Amounts reported for governmental activities in the Statement of Net Assets are different because:

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

Governmental capital assets	\$ 200,628,353
Less accumulated depreciation	<u>(81,323,989)</u>
Net Capital Assets	119,304,364

Internal service funds are used by management to charge the costs of goods provided to other departments or funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.

753,829

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.

Post-retirement benefits	(36,280)
Compensated absences	<u>(3,075,391)</u>
	<u>(3,111,671)</u>

Net assets of governmental activities

\$ 123,847,302 94

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD**

Year Ended June 30, 2008

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Use of money and property	\$ 26,339	\$ 38,794	\$ 310,107	\$ 33,156	\$ 408,396
Charges for services	2,080,368	2,255,037	-	794,820	5,130,225
Miscellaneous	141,813	-	-	50,579	192,392
Appropriation from General Fund	37,998,510	-	19,110,676	-	57,109,186
Intergovernmental	65,423,636	2,381,558	1,103,648	4,490,969	73,399,811
Total revenues	105,670,666	4,675,389	20,524,431	5,369,524	136,240,010
Expenditures:					
Current:					
Education	105,230,666	4,598,705	-	5,458,782	115,288,153
Capital outlay	-	-	24,919,809	-	24,919,809
Total expenditures	105,230,666	4,598,705	24,919,809	5,458,782	140,207,962
Revenues over (under) expenditures	440,000	76,684	(4,395,378)	(89,258)	(3,967,952)
Other financing sources (uses):					
Transfers in	-	-	-	440,000	440,000
Transfers out	(440,000)	-	-	-	(440,000)
Net change in fund balances	-	76,684	(4,395,378)	350,742	(3,967,952)
Fund balances, beginning	-	937,490	9,354,815	576,427	10,868,732
Fund balances, ending	\$ -	\$ 1,014,174	\$ 4,959,437	\$ 927,169	\$ 6,900,780

Net change in fund balances \$ (3,967,952)

Reconciliation of amounts reported for governmental activities in the Statement of Activities:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays were more than depreciation in the current period.

Expenditure for capital assets	\$ 26,060,681
Less depreciation expense	<u>(4,685,832)</u>
Excess of capital outlay over depreciation	21,374,849

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net assets. (62,943)

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

Compensated absences	87,088
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The net income of the internal service funds are reported with governmental activities.

Total revenues	8,859,993
Total expenses	<u>(8,106,164)</u>
	<u>753,829</u>

Change in net assets of governmental activities \$ 18,184,871 ⁹⁵

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING BALANCE SHEET

NONMAJOR FUNDS OF THE DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

June 30, 2008

	School Textbook Fund	Massanutten Technical Center - Operating Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash, cash equivalents and temporary cash investments	\$ 832,271	\$ 924,095	\$ 1,756,366
Trade and other accounts receivable	3,985	19,526	23,511
Accrued interest	-	2,963	2,963
Due from other governments	-	26,604	26,604
Prepaid items	-	34,608	34,608
Inventory	189,173	-	189,173
Total assets	\$ 1,025,429	\$ 1,007,796	\$ 2,033,225
LIABILITIES			
Accounts payable	\$ 93,720	\$ 117,395	\$ 211,115
Accrued payroll	4,540	175,309	179,849
Due to other government	-	715,092	715,092
Total liabilities	98,260	1,007,796	1,106,056
FUND BALANCES			
Reserved for:			
Inventory	189,173	-	189,173
Unreserved:			
Designated for subsequent years' expenditures	737,996	-	737,996
Total fund balances	927,169	-	927,169
Total liabilities and fund balances	\$ 1,025,429	\$ 1,007,796	\$ 2,033,225

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR FUNDS OF THE DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 Year Ended June 30, 2008

	School Textbook Fund	Massanutten Technical Center - Operating Fund	Total Nonmajor Governmental Funds
Revenues:			
Use of money and property	\$ -	\$ 33,156	\$ 33,156
Charges for services	-	794,820	794,820
Miscellaneous	-	50,579	50,579
Intergovernmental	762,027	3,728,942	4,490,969
Total revenues	762,027	4,607,497	5,369,524
Expenditures:			
Current:			
Education	851,285	4,607,497	5,458,782
Total expenditures	851,285	4,607,497	5,458,782
Revenues under expenditures	(89,258)	-	(89,258)
Other financing sources:			
Transfers in	440,000	-	440,000
Net change in fund balances	350,742	-	350,742
Fund balance, beginning	576,427	-	576,427
Fund balance, ending	\$ 927,169	\$ -	\$ 927,169

FIDUCIARY FUNDS OF THE SCHOOL BOARD

School Activity Fund – This fund accounts for the activity funds at each individual school.

Massanutten Technical Center – Activity Fund – This fund accounts for activities to raise funds for school use. The Massanutten Technical Center Funds are under control of the Massanutten Technical Center Board of Control appointed by the Rockingham County School Board and Harrisonburg City School Board.

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS - SCHOOL BOARD
FIDUCIARY FUNDS**

June 30, 2008

	Agency Funds		Totals
	School Activity Fund	Massanutten Technical Center Activity Fund	
ASSETS			
Cash, cash equivalents and temporary cash investments	\$ 997,721	\$ 84,202	\$ 1,081,923
Accounts receivable	66,484	-	66,484
Total assets	\$ 1,064,205	\$ 84,202	\$ 1,148,407
LIABILITIES			
Accounts payable	\$ 1,064,205	\$ 84,202	\$ 1,148,407
Total liabilities	\$ 1,064,205	\$ 84,202	\$ 1,148,407

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - SCHOOL BOARD
ALL AGENCY FUNDS
Year Ended June 30, 2008**

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<u>SCHOOL ACTIVITY FUND</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 926,868	\$ 4,169,366	\$ 4,098,513	\$ 997,721
Accounts receivable	25,149	66,484	25,149	66,484
Total assets	\$ 952,017	\$ 4,235,850	\$ 4,123,662	\$ 1,064,205
LIABILITIES				
Accounts payable	\$ 952,017	\$ 4,235,850	\$ 4,123,662	\$ 1,064,205

MASSANUTTEN TECHNICAL CENTER ACTIVITY FUND

ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 119,378	\$ 171,884	\$ 207,060	\$ 84,202
Total assets	\$ 119,378	\$ 171,884	\$ 207,060	\$ 84,202
LIABILITIES				
Accounts payable	\$ 119,378	\$ 171,884	\$ 207,060	\$ 84,202

TOTALS - ALL AGENCY FUNDS

ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 1,046,246	\$ 4,341,250	\$ 4,305,573	\$ 1,081,923
Accounts receivable	25,149	66,484	25,149	66,484
Total assets	\$ 1,071,395	\$ 4,407,734	\$ 4,330,722	\$ 1,148,407
LIABILITIES				
Accounts payable	\$ 1,071,395	\$ 4,407,734	\$ 4,330,722	\$ 1,148,407

**DISCRETELY PRESENTED COMPONENT UNIT –
HARRISONBURG – ROCKINGHAM SOCIAL SERVICES DISTRICT**

Social Services Operating Fund - This fund accounts for the general operations of the Social Services District. Financing is provided by specific allocations from state and federal governments, by appropriation from the General Fund of the County by the Board of Supervisors and by the City of Harrisonburg.

Special Revenue Fund - Comprehensive Services Act (CSA) – This fund is used to account for funds designated for the CSA program.

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT - HARRISONBURG-ROCKINGHAM
SOCIAL SERVICES DISTRICT
June 30, 2008**

	Operating Fund	Special Revenue <u>Comprehensive</u> Services Act	Total Governmental Funds
ASSETS			
Cash, cash equivalents and temporary cash investments	\$ 1,766,203	\$ -	\$ 1,766,203
Trade and other accounts receivable	33,688	-	33,688
Accrued interest	7,471	-	7,471
Due from other governments	613,924	2,425,134	3,039,058
Prepaid items	99,494	2,382	101,876
Total assets	\$ 2,520,780	\$ 2,427,516	\$ 4,948,296
LIABILITIES			
Accounts payable	\$ 370,992	\$ 2,228,113	\$ 2,599,105
Accrued payroll	198,683	4,858	203,541
Deferred revenue	-	59,831	59,831
Total liabilities	569,675	2,292,802	2,862,477
FUND BALANCES			
Reserved for minority interest	837,544	74,859	912,403
Unreserved, undesignated	1,113,561	59,855	1,173,416
Total fund balances	1,951,105	134,714	2,085,819
Total liabilities and fund balances	\$ 2,520,780	\$ 2,427,516	\$ 4,948,296
Fund balances			\$ 2,085,819

Amounts reported for governmental activities in the Statement of Net Assets are different because:

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

Governmental capital assets	\$ 524,178	
Less accumulated depreciation	<u>(361,309)</u>	
Net capital assets		162,869

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.

Compensated absences		<u>(311,005)</u>
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Net assets of governmental activities		\$ 1,937,683
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COUNTY OF ROCKINGHAM, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
DISCRETELY PRESENTED COMPONENT UNIT - HARRISONBURG-ROCKINGHAM
SOCIAL SERVICES DISTRICT
Year Ended June 30, 2008**

	Operating Fund	Special Revenue Comprehensive Services Act	Total Governmental Funds
Revenues:			
Use of money and property	\$ 106,656	\$ 2,706	\$ 109,362
Miscellaneous	1,317,529	2,077,131	3,394,660
Appropriation from General Fund	1,670,787	1,660,825	3,331,612
Intergovernmental	8,320,081	5,801,147	14,121,228
Total revenues	11,415,053	9,541,809	20,956,862
Expenditures:			
Current:			
Health and social services	10,304,686	10,246,859	20,551,545
Total expenditures	10,304,686	10,246,859	20,551,545
Revenues over (under) expenditures	1,110,367	(705,050)	405,317
Other financing sources (uses):			
Transfers in	-	839,764	839,764
Transfers out	(839,764)	-	(839,764)
Net change in fund balances	270,603	134,714	405,317
Fund balances, beginning	1,680,502	-	1,680,502
Fund balances, ending	\$ 1,951,105	\$ 134,714	\$ 2,085,819

Net change in fund balances \$ 405,317

Reconciliation of amounts reported for governmental activities in the Statement of Activities:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Expenditure for capital assets	\$ 30,132	
Less depreciation expense	(61,836)	
Excess of depreciation over capital outlays		(31,704)

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

Compensated absences		(35,551)
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Change in net assets of governmental activities \$ 338,062

SUPPLEMENTAL SCHEDULES

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2008**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 37,405,000	\$ 37,405,000	\$ 37,690,135	\$ 285,135
Real and personal public service corporation property taxes	995,000	995,000	942,738	(52,262)
Personal property taxes	8,210,000	8,210,000	10,748,491	2,538,491
Machinery and tools taxes	6,300,000	7,051,000	7,680,755	629,755
Merchants' capital taxes	1,000,000	1,000,000	1,073,031	73,031
Penalties and interest	520,000	520,000	720,030	200,030
Total general property taxes	54,430,000	55,181,000	58,855,180	3,674,180
Other local taxes:				
Local sales and use taxes	4,800,000	4,800,000	4,764,451	(35,549)
Consumer utility taxes	932,000	932,000	980,970	48,970
Utility gross receipts taxes	325,000	325,000	329,977	4,977
Communications sales and use taxes	1,273,820	1,273,820	1,828,165	554,345
Bank stock taxes	14,000	14,000	13,205	(795)
Motor vehicle licenses	1,180,000	1,180,000	1,193,657	13,657
Taxes on recordation and wills	1,140,000	1,140,000	1,096,756	(43,244)
Hotel and motel room taxes	120,000	120,000	135,887	15,887
Total other local taxes	9,784,820	9,784,820	10,343,068	558,248
Permits, privilege fees and regulatory licenses:				
Animal licenses	14,000	14,000	20,279	6,279
Permits and other licenses	1,115,290	1,115,290	1,156,095	40,805
Total permits, privilege fees and regulatory licenses	1,129,290	1,129,290	1,176,374	47,084
Fines and forfeitures	184,000	184,000	133,148	(50,852)
Use of money and property:				
Revenue from use of money	600,000	600,000	671,558	71,558
Revenue from use of property	210,203	210,203	191,480	(18,723)
Total use of money and property	810,203	810,203	863,038	52,835

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2008**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Revenue from local sources:				
Charges for services:				
Excess fees of clerk	\$ 666,500	\$ 666,500	\$ 542,836	\$ (123,664)
Commonwealth attorney's fees	260,100	277,100	304,596	27,496
Law enforcement and traffic control	158,661	158,661	194,132	35,471
Correction and detention	793,832	793,832	1,186,243	392,411
Parks and recreation	301,000	323,000	323,652	652
Computer services	1,000	1,000	5,729	4,729
Health	25,000	25,000	-	(25,000)
Garage fees	470,000	700,000	728,122	28,122
Planning and community development	13,260	13,260	2,727	(10,533)
Total charges for services	2,689,353	2,958,353	3,288,037	329,684
Miscellaneous	77,000	80,375	463,242	382,867
Recovered costs:				
City of Harrisonburg:				
Judicial administration	319,772	335,228	291,588	(43,640)
Public safety	1,815,027	1,902,756	1,647,428	(255,328)
Public works	313,537	328,692	285,902	(42,790)
Other entities:				
Public safety	280,896	294,473	254,840	(39,633)
Public works	-	-	423	423
Total recovered costs	2,729,232	2,861,149	2,480,181	(380,968)
Total revenue from local sources	71,833,898	72,989,190	77,602,268	4,613,078
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
ABC profits	30,000	30,000	30,914	914
Wine taxes	32,000	32,000	32,404	404
Mobile home titling taxes	100,000	100,000	102,075	2,075
Rental vehicle taxes	3,600	3,600	8,892	5,292
Personal property tax relief	5,860,000	5,860,000	5,580,893	(279,107)
Recordation taxes	225,000	225,000	271,536	46,536
Total non-categorical aid	6,250,600	6,250,600	6,026,714	(223,886)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2008**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Shared costs:				
Commonwealth attorney	\$ 750,000	\$ 842,000	\$ 849,591	\$ 7,591
Sheriff	5,900,000	5,900,000	5,969,930	69,930
Commissioner of the revenue	220,000	220,000	223,646	3,646
Treasurer	200,000	200,000	203,972	3,972
Medical examiner	480	480	-	(480)
Registrar/Electoral Board	52,000	52,000	59,658	7,658
Clerk of circuit court	581,240	640,240	647,607	7,367
Jail operations	562,000	562,000	535,879	(26,121)
Total shared costs	8,265,720	8,416,720	8,490,283	73,563
Other categorical aid:				
Emergency medical services	63,000	115,767	115,767	-
Community corrections grant	352,473	358,555	353,093	(5,462)
Soil conservation	285,461	285,461	236,640	(48,821)
Fire program	130,000	139,109	139,109	-
Hazardous materials program	6,000	6,000	6,000	-
Victim witness grant	-	-	13,377	13,377
Resource officers grant	30,000	30,000	27,424	(2,576)
OEMS grants	24,970	80,164	56,038	(24,126)
Methamphetamine grant	47,583	14,319	14,319	-
Domestic violence victim grant	54,758	54,758	27,354	(27,404)
Other	-	33,773	35,847	2,074
Total other categorical aid	994,245	1,117,906	1,024,968	(92,938)
Total categorical aid	9,259,965	9,534,626	9,515,251	(19,375)
Total revenue from the Commonwealth	15,510,565	15,785,226	15,541,965	(243,261)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2008**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Intergovernmental:				
Revenue from the federal government:				
Non-categorical aid:				
Payment for federal lands	\$ 195,000	\$ 195,000	\$ 199,390	\$ 4,390
Categorical aid:				
Victim witness grant	69,908	69,908	53,509	(16,399)
FEMA funding	10,844	10,844	10,844	-
Highway safety	22,544	22,544	36,348	13,804
Welfare	100,000	100,000	139,069	39,069
Domestic violence coordinator grant	32,387	32,387	25,435	(6,952)
COPS	10,770	80,325	81,643	1,318
Gang task force	13,125	13,125	-	(13,125)
Project safe neighborhoods	58,060	58,060	24,769	(33,291)
Criminal justice record improvement	115,125	115,125	37,031	(78,094)
Other	-	16,992	119,574	102,582
Total categorical aid	432,763	519,310	528,222	8,912
Total revenue from the federal government	627,763	714,310	727,612	13,302
Total intergovernmental	16,138,328	16,499,536	16,269,577	(229,959)
Total General Fund	\$ 87,972,226	\$ 89,488,726	\$ 93,871,845	\$ 4,383,119
Special Revenue Funds:				
E-911 Fund:				
Revenue from local sources:				
Other local taxes:				
Emergency telephone service taxes	\$ 77,051	\$ 77,051	\$ -	\$ (77,051)
Revenue from use of money	8,450	8,450	51,096	42,646
Total revenue from local sources	85,501	85,501	51,096	(34,405)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Shared costs:				
Emergency communications center	80,179	80,179	76,873	(3,306)
Total E-911 Fund	165,680	165,680	127,969	(37,711)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2008**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
Special Revenue Funds:				
Asset Forfeiture Fund:				
Revenue from local sources:				
Fines and forfeitures:				
Seized funds - judicial administration	\$ 15,000	\$ 15,000	\$ 10,604	\$ (4,396)
Seized funds - public safety	40,000	40,000	11,925	(28,075)
Total fines and forfeitures	55,000	55,000	22,529	(32,471)
Revenue from use of money	-	-	135	135
Total revenue from local sources	55,000	55,000	22,664	(32,336)
Total Asset Forfeiture Fund	55,000	55,000	22,664	(32,336)
Total Special Revenue Funds	\$ 220,680	\$ 220,680	\$ 150,633	\$ (70,047)
Capital Projects Funds:				
General Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 711,891	\$ 711,891
Total General Capital Projects Fund	-	-	711,891	711,891
Joint Judicial Complex Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	19,181	19,181
Total Joint Judicial Complex Fund	-	-	19,181	19,181
Total Capital Projects Funds	\$ -	\$ -	\$ 731,072	\$ 731,072
Permanent Fund:				
Albert K. Long Trust:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 976	\$ 976
Total Permanent Fund	\$ -	\$ -	\$ 976	\$ 976
Grand Total Revenues - Primary Government	\$ 88,192,906	\$ 89,709,406	\$ 94,754,526	\$ 5,045,120

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2008**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of property	\$ 24,000	\$ 24,000	\$ 26,339	\$ 2,339
Charges for services	1,795,000	1,915,000	2,080,368	165,368
Miscellaneous	47,500	112,187	141,813	29,626
Appropriation from General Fund	41,761,480	41,761,480	37,998,510	(3,762,970)
Total revenue from local sources	43,627,980	43,812,667	40,247,030	(3,565,637)
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Rolling stock tax	50,000	50,000	47,798	(2,202)
Categorical aid:				
State sales tax receipts	12,107,425	12,107,425	11,580,820	(526,605)
Basic school aid	31,917,818	31,917,818	31,804,062	(113,756)
Other state school funds	16,702,553	16,737,691	16,921,737	184,046
Total categorical aid	60,727,796	60,762,934	60,306,619	(456,315)
Total revenue from the Commonwealth	60,777,796	60,812,934	60,354,417	(458,517)
Revenue from the federal government:				
Categorical aid:				
National forest receipts	80,000	80,000	82,679	2,679
Title I	1,360,000	1,480,000	1,442,143	(37,857)
Title VIB	2,300,000	2,306,000	2,400,085	94,085
Other school funds	767,100	1,165,464	1,144,312	(21,152)
Total revenue from the federal government	4,507,100	5,031,464	5,069,219	37,755
Total intergovernmental	65,284,896	65,844,398	65,423,636	(420,762)
Total School Operating Fund	108,912,876	109,657,065	105,670,666	(3,986,399)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2008**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - School Board:				
School Textbook Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Financial assistance/textbook rental	\$ 771,093	\$ 771,093	\$ 762,027	\$ (9,066)
Total School Textbook Fund	771,093	771,093	762,027	(9,066)
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money	30,000	30,000	38,794	8,794
Charges for services	2,354,665	2,354,665	2,255,037	(99,628)
Total revenue from local sources	2,384,665	2,384,665	2,293,831	(90,834)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	82,000	82,000	89,365	7,365
Revenue from the federal government:				
Categorical aid:				
School food program grant	2,179,754	2,269,283	2,292,193	22,910
Total intergovernmental	2,261,754	2,351,283	2,381,558	30,275
Total School Cafeteria Fund	4,646,419	4,735,948	4,675,389	(60,559)
School Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	310,107	310,107
Appropriation from General Fund	24,893,181	44,003,857	19,110,676	(24,893,181)
Total revenue from local sources	24,893,181	44,003,857	19,420,783	(24,583,074)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Lottery	849,640	849,640	846,528	(3,112)
Other state revenues	257,179	257,179	257,120	(59)
Total intergovernmental	1,106,819	1,106,819	1,103,648	(3,171)
Total School Capital Projects Fund	26,000,000	45,110,676	20,524,431	(24,586,245)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2008**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - School Board:				
Massanutten Technical Center - Operating Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 33,156	\$ 33,156
Charges for services	628,450	668,364	794,820	126,456
Miscellaneous	6,000	6,000	11,878	5,878
House project	20,000	20,000	38,701	18,701
Total revenue from local sources	654,450	694,364	878,555	184,191
Intergovernmental:				
Revenue from the Commonwealth	337,331	394,525	396,194	1,669
Revenue from the federal government	175,319	192,534	196,109	3,575
Local governments:				
Appropriation from Rockingham County	2,774,797	2,774,797	2,259,931	(514,866)
Appropriation from the City of Harrisonburg	1,076,934	1,076,934	876,708	(200,226)
Total local governments	3,851,731	3,851,731	3,136,639	(715,092)
Total intergovernmental	4,364,381	4,438,790	3,728,942	(709,848)
Total Massanutten Technical Center - Operating Fund	5,018,831	5,133,154	4,607,497	(525,657)
Total Revenues - Component Unit - School Board	\$ 145,349,219	\$ 165,407,936	\$ 136,240,010	\$ (29,167,926)
Component Unit - Harrisonburg-Rockingham				
Social Services District:				
Operating Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 106,656	\$ 106,656
Miscellaneous:				
City of Harrisonburg share	2,434,369	1,063,451	1,063,451	-
Other	182,187	182,187	254,078	71,891
Total miscellaneous	2,616,556	1,245,638	1,317,529	71,891
Appropriation from the General Fund	3,236,630	1,670,787	1,670,787	-
Total revenue from local sources	5,853,186	2,916,425	3,094,972	178,547

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2008**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - Harrisonburg-Rockingham				
Social Services District: (Continued)				
Operating Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Social services administration:				
Public assistance and administration	\$ 3,716,514	\$ 3,716,514	\$ 3,394,896	\$ (321,618)
Comprehensive Services Act	5,168,773	-	184,381	184,381
Total revenue from the Commonwealth	8,885,287	3,716,514	3,579,277	(137,237)
Revenue from the federal government:				
Categorical aid:				
Social services administration:				
Welfare	6,700,833	6,679,436	4,740,804	(1,938,632)
Total intergovernmental	15,586,120	10,395,950	8,320,081	(2,075,869)
Total Harrisonburg-Rockingham Social Services District - Operating Fund	21,439,306	13,312,375	11,415,053	(1,897,322)
Special Revenue Fund:				
Comprehensive Services Act Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	2,706	2,706
Miscellaneous:				
City of Harrisonburg share	-	2,077,131	2,077,131	-
Appropriation from the General Fund	-	1,660,825	1,660,825	-
Total revenue from local sources	-	3,737,956	3,740,662	2,706
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Social services administration:				
Comprehensive Services Act	-	6,480,194	5,801,147	(679,047)
Total Comprehensive Services Act Fund	-	10,218,150	9,541,809	(676,341)
Total Revenues - Component Unit - Harrisonburg-Rockingham Social Services District	\$ 21,439,306	\$ 23,530,525	\$ 20,956,862	\$ (2,573,663)
Grand Total Revenues - Component Units	\$ 166,788,525	\$ 188,938,461	\$ 157,196,872	\$ (31,741,589)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2008**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of Supervisors	\$ 177,492	\$ 177,492	\$ 153,016	\$ (24,476)
General and financial:				
Executive administration	443,540	443,540	415,452	(28,088)
Legal services	421,441	488,441	458,756	(29,685)
Independent auditor	114,000	114,000	101,500	(12,500)
Commissioner of the revenue	668,669	668,669	587,037	(81,632)
Reassessment and equalization	177,401	177,401	171,463	(5,938)
Treasurer	543,823	551,323	531,193	(20,130)
Fiscal services	667,739	698,739	643,102	(55,637)
Human resources	235,632	235,632	219,629	(16,003)
Information systems	1,009,166	1,009,166	946,345	(62,821)
Land use assessment	42,626	42,626	40,846	(1,780)
Central switchboard	54,019	62,019	59,690	(2,329)
Total general and financial	4,378,056	4,491,556	4,175,013	(316,543)
Board of elections:				
Electoral board and officials	75,487	115,987	106,344	(9,643)
Registrar	121,931	129,931	128,678	(1,253)
Total board of elections	197,418	245,918	235,022	(10,896)
Total general government administration	4,752,966	4,914,966	4,563,051	(351,915)
Judicial administration:				
Courts:				
Circuit court	201,289	201,289	170,760	(30,529)
General district court	22,250	22,250	25,217	2,967
Juvenile and domestic relations court	27,101	27,101	21,195	(5,906)
Clerk of the circuit court	910,887	994,887	979,479	(15,408)
Department of court services	716,291	868,703	516,657	(352,046)
Total courts	1,877,818	2,114,230	1,713,308	(400,922)
Commonwealth attorney	1,413,721	1,505,721	1,459,932	(45,789)
Total judicial administration	3,291,539	3,619,951	3,173,240	(446,711)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2008**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 5,107,762	\$ 5,255,797	\$ 5,067,615	\$ (188,182)
Fire and rescue services:				
Fire department	3,823,357	4,050,690	3,964,267	(86,423)
Volunteer fire companies	606,103	650,842	644,744	(6,098)
Ambulance and rescue squads	581,997	638,548	581,627	(56,921)
Fire extinction service	13,474	13,474	12,340	(1,134)
Total fire and rescue services	5,024,931	5,353,554	5,202,978	(150,576)
Correction and detention:				
County operated institutions	6,328,241	6,495,614	6,354,184	(141,430)
Building inspections	758,602	789,602	744,671	(44,931)
Other protection:				
Animal control	240,341	269,341	278,638	9,297
Emergency services	55,129	55,129	49,072	(6,057)
Total other protection	295,470	324,470	327,710	3,240
Total public safety	17,515,006	18,219,037	17,697,158	(521,879)
Public works:				
General administration	72,713	98,713	89,924	(8,789)
Garage operations	563,049	793,049	775,669	(17,380)
Maintenance:				
General properties	333,083	347,283	348,307	1,024
Courthouse	227,437	255,011	248,890	(6,121)
School office building	160,047	162,047	130,265	(31,782)
Extension/central garage building	57,075	70,008	66,559	(3,449)
Human Services/Health department building	141,547	148,480	135,558	(12,922)
TV translator system	59,602	59,602	60,608	1,006
County administration complex	235,614	259,546	246,906	(12,640)
District courts	333,064	356,914	327,526	(29,388)
Sheriff department	195,544	195,544	197,905	2,361
Total public works	2,378,775	2,746,197	2,628,117	(118,080)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2008**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Health and social services:				
Health:				
Supplement to local health department	\$ 649,437	\$ 649,437	\$ 620,395	\$ (29,042)
Mental health and mental retardation:				
Community Services Board	337,500	337,500	337,500	-
Social services:				
Property tax relief for elderly/handicapped	165,000	215,000	178,096	(36,904)
Appropriation to the Harrisonburg-Rockingham Social Services District				
	3,236,630	3,331,612	3,331,612	-
Institutional care				
	278,016	278,016	281,011	2,995
Total health and social services	4,666,583	4,811,565	4,748,614	(62,951)
Education:				
Appropriation to the Rockingham County School Board				
	41,761,480	60,872,156	57,109,186	(3,762,970)
Total education	41,761,480	60,872,156	57,109,186	(3,762,970)
Parks, recreation and cultural:				
Parks and recreation:				
Administration	124,445	124,445	120,972	(3,473)
Maintenance	239,964	219,166	239,273	20,107
Athletic events/programs	982,742	1,008,117	998,781	(9,336)
Total parks and recreation	1,347,151	1,351,728	1,359,026	7,298
Cultural:				
Regional library	756,000	764,000	756,000	(8,000)
Total parks, recreation and cultural	2,103,151	2,115,728	2,115,026	(702)
Community development:				
Planning and community development	667,912	667,912	691,255	23,343
Geographic information systems	174,905	174,905	161,818	(13,087)
Economic development	733,632	1,484,632	1,205,001	(279,631)
Soil and water conservation district	285,461	285,461	269,601	(15,860)
Cooperative extension program	210,779	210,779	198,714	(12,065)
Gypsy moth program	12,000	12,000	2,792	(9,208)
Environmental management	192,345	192,345	182,375	(9,970)
Contributions, grants, and other	1,114,610	917,186	411,304	(505,882)
Total community development	3,391,644	3,945,220	3,122,860	(822,360)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2008**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Debt service:				
Principal - County	\$ 485,116	\$ 485,116	\$ 485,026	\$ (90)
Principal - School Board	3,883,816	3,883,816	3,883,816	-
Total principal	4,368,932	4,368,932	4,368,842	(90)
Interest and fiscal charges - County	225,712	225,712	224,802	(910)
Interest and fiscal charges - School Board	3,017,831	3,017,831	2,997,562	(20,269)
Total interest and fiscal charges	3,243,543	3,243,543	3,222,364	(21,179)
Total debt service	7,612,475	7,612,475	7,591,206	(21,269)
Total General Fund	\$ 87,473,619	\$ 108,857,295	\$ 102,748,458	\$ (6,108,837)
Special Revenue Funds:				
E-911 Fund:				
Public safety:				
E-911 communication system	\$ 1,688,129	\$ 4,086,129	\$ 3,533,138	\$ (552,991)
Debt service:				
Principal	391,264	391,264	391,264	-
Interest and fiscal charges	233,587	233,587	228,214	(5,373)
Total debt service	624,851	624,851	619,478	(5,373)
Total E-911 Fund	2,312,980	4,710,980	4,152,616	(558,364)
Asset Forfeiture Fund:				
Public safety:				
Law enforcement	55,000	55,000	12,353	(42,647)
Total Asset Forfeiture Fund	55,000	55,000	12,353	(42,647)
Total Special Revenue Funds	\$ 2,367,980	\$ 4,765,980	\$ 4,164,969	\$ (601,011)
Capital Projects Funds:				
General Capital Projects Fund:				
Capital projects	\$ 6,750,000	\$ 25,965,741	\$ 9,740,578	\$ (16,225,163)
Total General Capital Projects Fund	6,750,000	25,965,741	9,740,578	(16,225,163)
Joint Judicial Complex Fund:				
Debt service:				
Interest and fiscal charges	-	-	8,981	8,981
Total Joint Judicial Complex Fund	-	-	8,981	8,981
Total Capital Projects Funds	\$ 6,750,000	\$ 25,965,741	\$ 9,749,559	\$ (16,216,182)
Grand Total Expenditures - Primary Government	\$ 96,591,599	\$ 139,589,016	\$ 116,662,986	\$ (22,926,030)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2008**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction	\$ 87,063,901	\$ 87,726,962	\$ 83,693,092	\$ (4,033,870)
Administration, attendance and health	4,243,678	4,144,684	4,132,845	(11,839)
Pupil transportation services	7,700,149	7,819,080	7,795,724	(23,356)
Operation and maintenance services	9,905,148	9,966,339	9,609,005	(357,334)
Total School Operating Fund	108,912,876	109,657,065	105,230,666	(4,426,399)
School Textbook Fund:				
Education:				
Purchase of textbooks	1,161,093	1,161,093	851,285	(309,808)
Total School Textbook Fund	1,161,093	1,161,093	851,285	(309,808)
School Cafeteria Fund:				
Education:				
School food services	4,646,419	4,735,948	4,598,705	(137,243)
Total School Cafeteria Fund	4,646,419	4,735,948	4,598,705	(137,243)
School Capital Projects Fund:				
Capital projects	26,000,000	45,110,676	24,919,809	(20,190,867)
Total School Capital Projects Fund	26,000,000	45,110,676	24,919,809	(20,190,867)
Massanutten Technical Center - Operating Fund:				
Education:				
Secondary	3,523,117	3,523,117	3,041,630	(481,487)
Continuing education	849,066	859,066	850,721	(8,345)
Dayton Learning Center	646,648	750,971	715,146	(35,825)
Total Massanutten Technical Center - Operating Fund	5,018,831	5,133,154	4,607,497	(525,657)
Total Expenditures - Component Unit - School Board	\$ 145,739,219	\$ 165,797,936	\$ 140,207,962	\$ (25,589,974)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2008**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - Harrisonburg-Rockingham				
Social Services District:				
Operating Fund:				
Social services:				
Public assistance	\$ 6,919,009	\$ 6,968,804	\$ 4,769,948	\$ (2,198,856)
Comprehensive Services Act	8,115,534	-	-	-
Administration:				
Welfare	6,079,337	6,298,571	5,534,738	(763,833)
Food stamp	300,092	-	-	-
Fuel assistance	25,334	-	-	-
Total Operating Fund	21,439,306	13,267,375	10,304,686	(2,962,689)
Special Revenue Fund:				
Comprehensive Services Act Fund:				
Comprehensive Services Act	-	11,057,914	10,246,859	(811,055)
Total Comprehensive Services Act Fund	-	11,057,914	10,246,859	(811,055)
Total Expenditures - Component Unit - Harrisonburg-Rockingham Social Services District	\$ 21,439,306	\$ 24,325,289	\$ 20,551,545	\$ (3,773,744)
Grand Total Expenditures - Component Units	\$ 167,178,525	\$ 190,123,225	\$ 160,759,507	\$ (29,363,718)

STATISTICAL SECTION

COUNTY OF ROCKINGHAM, VIRGINIA

STATISTICAL SECTION CONTENTS

The statistical section of the County's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the County's overall financial health. This information has not been audited by the independent auditor.

Contents	Pages
Financial Trends These tables contain trend information to help the reader understand how the County's financial performance and well being have changed over time.	117 - 130
Revenue Capacity These tables contain information to help the reader assess the County's most significant local revenue sources, the property tax, as well as other revenue sources.	131 - 135
Debt Capacity These tables present information to help the reader assess the affordability of the County's current level of outstanding debt and the County's ability to issue additional debt in the future.	136 - 138
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	139 - 140
Operating Information These tables contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	141 - 146

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial report for the relevant year. The County implemented GASB 34 in fiscal year 2002; tables presenting government-wide information include information beginning in that year.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 1

STATISTICAL SECTION

Comments Relative to Statistical Section

The following statistical table recommended by the National Council on Governmental Accounting is not included for the reason stated below:

The table showing legal debt margin is omitted because counties in the State of Virginia are not subject to the 10% legal debt margin as cities and towns are. The only restriction counties must follow is pursuant to Article VII, Section 10 (b) of the Constitution of Virginia, no debt shall be contracted by or on behalf of any county or district thereof unless approved by a majority vote of the qualified voters of said county.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 2

NET ASSETS BY COMPONENT
Last Seven Fiscal Years (1)
(accrual basis of accounting)
(Unaudited)

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Primary government:							
Governmental activities:							
Invested in capital assets, net of related debt	\$ 12,155,566	\$ 12,203,256	\$ 14,393,817	\$ 13,858,239	\$ 21,591,028	\$ 28,293,610	\$ 34,024,527
Restricted	621,406	641,075	435,684	4,223,450	5,060,638	4,007,776	2,141,716
Unrestricted (deficit)	(14,611,426)	(8,361,369)	(13,000,411)	(9,391,928)	(13,707,781)	(33,175,692)	(44,397,535)
Total governmental activities net assets (deficit)	\$ (1,834,454)	\$ 4,482,962	\$ 1,829,090	\$ 8,689,761	\$ 12,943,885	\$ (874,306)	\$ (8,231,292)
Business-type activities:							
Invested in capital assets, net of related debt	\$ 19,241,957	\$ 19,694,606	\$ 19,043,067	\$ 22,919,503	\$ 24,988,500	\$ 27,157,689	\$ 30,339,570
Restricted	-	-	2,018,084	192,676	-	-	-
Unrestricted (deficit)	204,121	176,586	(478,118)	(16,595)	1,257,682	1,296,143	1,170,036
Total business-type activities net assets	\$ 19,446,078	\$ 19,871,192	\$ 20,583,033	\$ 23,095,584	\$ 26,246,182	\$ 28,453,832	\$ 31,509,606
Primary government:							
Invested in capital assets, net of related debt	\$ 31,397,523	\$ 31,897,862	\$ 33,436,884	\$ 36,777,742	\$ 46,579,528	\$ 55,451,299	\$ 64,364,097
Restricted	621,406	641,075	2,453,768	4,416,126	5,060,638	4,007,776	2,141,716
Unrestricted (deficit)	(14,407,305)	(8,184,783)	(13,478,529)	(9,408,523)	(12,450,099)	(31,879,549)	(43,227,499)
Total primary government net assets	\$ 17,611,624	\$ 24,354,154	\$ 22,412,123	\$ 31,785,345	\$ 39,190,067	\$ 27,579,526	\$ 23,278,314
Component units: (2)							
Component unit - school board:							
Invested in capital assets, net of related debt	\$ 73,226,795	\$ 70,748,895	\$ 71,481,509	\$ 78,091,201	\$ 86,187,275	\$ 97,992,458	\$ 106,448,102
Restricted	-	-	7,124,235	22,976	-	-	-
Unrestricted (deficit)	6,038	1,248,182	1,339,750	(614,223)	(5,126,115)	7,669,973	17,399,200
Total component unit - school board net assets	\$ 73,232,833	\$ 71,997,077	\$ 79,945,494	\$ 77,499,954	\$ 81,061,160	\$ 105,662,431	\$ 123,847,302

Component unit - Harrisonburg-Rockingham Social Services District (HRSSD)

Invested in capital assets, net of related debt	\$ 90,578	\$ 91,562	\$ 84,871	\$ 109,194	\$ 170,053	\$ 194,573	\$ 162,869
Unrestricted	712,964	1,149,654	1,480,989	1,295,333	1,283,243	1,405,048	1,774,814
Total component unit - HRSSD net assets	\$ 803,542	\$ 1,241,216	\$ 1,565,860	\$ 1,404,527	\$ 1,453,296	\$ 1,599,621	\$ 1,937,683
Component units:							
Invested in capital assets, net of related debt	\$ 73,317,373	\$ 70,840,457	\$ 71,566,380	\$ 78,200,395	\$ 86,357,328	\$ 98,187,031	\$ 106,610,971
Restricted	-	-	7,124,235	22,976	-	-	-
Unrestricted (deficit)	719,002	2,397,836	2,820,739	681,110	(3,842,872)	9,075,021	19,174,014
Total component units net assets	\$ 74,036,375	\$ 73,238,293	\$ 81,511,354	\$ 78,904,481	\$ 82,514,456	\$ 107,262,052	\$ 125,784,985
Total reporting entity: (3)							
Invested in capital assets, net of related debt	\$ 65,326,891	\$ 67,660,056	\$ 68,375,203	\$ 81,292,187	\$ 92,025,796	\$ 91,525,876	\$ 93,738,763
Restricted	621,406	641,075	9,578,003	4,439,102	5,060,638	4,007,776	2,141,716
Unrestricted (deficit)	25,699,702	29,291,316	25,970,271	24,958,537	24,618,089	39,307,926	53,182,820
Total reporting entity net assets	\$ 91,647,999	\$ 97,592,447	\$ 103,923,477	\$ 110,689,826	\$ 121,704,523	\$ 134,841,578	\$ 149,063,299

Notes:

- (1) This table reports financial information based on the accrual basis of accounting. The County implemented GASB 34, the new reporting standard, in fiscal year 2002. Therefore, ten years of data is not available but will be accumulated over time.
- (2) Component Unit net assets are included in this table due to public schools and social services being significant portions of the County operations. In Virginia, the County issues debt to finance the construction of facilities for these component units because the component units do not have borrowing or taxing authority.
- (3) The sum of the rows for the Reporting Entity identified as "Invested in capital assets, net of related debt" and "Unrestricted" do not equal the sum of the rows from the total Primary Government and the total Component Units because the outstanding debt for the schools has not been subtracted from the total Primary Governments "Invested in capital assets" since the debt for the school board does not correspond to the capital assets of the Primary Government. However, when the Primary Government and the Component Units are combined, the outstanding debt needs to be accounted for by reducing the balance classified as "Invested in capital assets, net of related debt."

COUNTY OF ROCKINGHAM, VIRGINIA

Table 3
Page 1

CHANGES IN NET ASSETS
Last Seven Fiscal Years (1)
(accrual basis of accounting)
(Unaudited)

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Primary government:							
Expenses:							
Governmental activities:							
General government administration	\$ 3,902,963	\$ 3,939,890	\$ 3,950,687	\$ 4,331,629	\$ 4,564,294	\$ 4,911,660	\$ 4,932,635
Judicial administration	2,431,187	2,506,361	2,595,053	2,690,201	3,109,327	3,537,795	3,496,761
Public safety	12,662,544	13,010,712	13,949,886	15,625,806	16,728,591	18,690,616	19,040,217
Public works	1,792,802	1,782,907	1,760,352	1,878,903	2,187,373	2,510,342	2,567,406
Health and social services	2,514,942	2,693,816	3,008,207	3,327,684	4,402,543	4,811,248	4,792,353
Education	31,225,243	33,798,748	42,671,090	33,315,177	39,932,203	60,500,234	57,109,186
Parks, recreation and cultural	1,422,312	1,111,503	1,632,593	2,174,207	2,083,985	2,201,115	2,642,462
Community development	1,342,947	1,400,302	2,221,753	2,618,587	3,830,069	2,491,258	3,415,397
Interest	2,779,634	2,382,799	2,380,870	2,449,883	2,572,000	3,077,757	3,811,072
Total governmental activities	60,074,574	62,627,038	74,170,491	68,412,077	79,410,385	102,732,025	101,807,489
Business-type activities:							
Water and sewer	2,059,717	2,232,039	2,573,701	2,862,348	3,330,466	3,833,638	4,233,280
Solid waste	2,762,090	3,112,398	3,569,076	2,509,976	3,541,130	3,680,963	4,244,472
Total business-type activities	4,821,807	5,344,437	6,142,777	5,372,324	6,871,596	7,514,601	8,477,752
Total primary government expenses	64,896,381	67,971,475	80,313,268	73,784,401	86,281,981	110,246,626	110,285,241
Program revenue:							
Governmental activities:							
Charges for services:							
General government administration	4,574	5,415	4,945	6,145	4,764	2,877	5,729
Judicial administration	778,468	975,080	1,346,906	1,206,212	1,213,214	1,157,469	1,149,624
Public safety	2,756,358	2,876,282	3,123,080	3,440,187	3,974,894	4,124,597	4,604,090
Public works	394,893	420,554	539,784	590,386	757,503	826,007	1,014,447
Health and social services	16,057	25,927	32,856	2,429	52,834	26,086	-
Parks, recreation and cultural	267,256	284,397	279,036	276,009	300,701	326,290	324,628
Community development	11,451	21,112	4,232	7,150	7,615	3,011	2,727
Operating grants and contributions:							
General government administration	433,351	395,922	387,113	440,535	446,138	472,051	512,537
Judicial administration	1,550,408	1,514,726	1,858,291	1,627,479	1,819,324	2,032,672	2,031,766
Public safety	5,855,190	6,014,815	6,095,750	6,483,737	6,556,093	7,382,949	7,200,334
Public works	16,460	-	-	-	-	117,009	-
Health and social services	125,669	98,394	82,283	99,123	116,012	121,558	139,069
Community development	3,170	139,860	118,445	129,303	1,638,937	206,836	236,640
Capital grants and contributions:							
General government administration	-	-	-	-	99,075	-	-
Judicial administration	-	-	-	-	67,119	57,501	-
Public safety	18,691	12,787	259,573	778,954	372,230	163,721	-
Total governmental activities	12,231,996	12,785,271	14,132,294	15,087,649	17,426,453	17,020,634	17,221,591

COUNTY OF ROCKINGHAM, VIRGINIA

Table 3

Page 2

CHANGES IN NET ASSETS
Last Seven Fiscal Years (1)
(accrual basis of accounting)
(Unaudited)

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Primary government:							
Program revenue:							
Business-type activities:							
Charges for services:							
Water and sewer	\$ 1,966,550	\$ 2,351,194	\$ 2,809,116	\$ 4,163,147	\$ 4,772,135	\$ 4,285,196	\$ 5,618,815
Solid waste	2,678,472	2,587,332	2,805,457	2,388,453	2,329,945	2,377,044	3,180,166
Operating grants and contributions:							
Water and sewer	-	-	-	22,701	10,000	-	-
Solid waste	18,234	18,822	17,124	16,825	24,025	19,906	-
Capital grants and contributions:							
Water and sewer	-	-	-	-	1,861,994	244,227	1,302,827
Solid waste	-	-	-	-	261,494	2,270,953	706,052
Total business-type activities	4,663,256	4,957,348	5,631,697	6,591,126	9,259,593	9,197,326	10,807,860
Total primary government revenues	16,895,252	17,742,619	19,763,991	21,678,775	26,686,046	26,217,960	28,029,451
Net (expense) revenue:							
Governmental activities	(47,842,578)	(49,841,767)	(60,038,197)	(53,324,428)	(61,983,932)	(85,711,391)	(84,585,898)
Business-type activities	(158,551)	(387,089)	(511,080)	1,218,802	2,387,997	1,682,725	2,330,108
Total primary government, net expense	(48,001,129)	(50,228,856)	(60,549,277)	(52,105,626)	(59,595,935)	(84,028,666)	(82,255,790)
Governmental activities:							
Taxes:							
General property taxes	37,905,366	41,452,338	43,256,851	44,310,735	48,387,991	53,409,714	58,574,698
Local sales and use	3,405,473	3,479,862	3,709,024	4,173,990	4,358,695	4,528,481	4,764,451
Consumer utility and communications sales and use	1,509,605	1,562,062	1,570,123	1,552,430	1,554,418	2,070,502	2,809,135
Motor vehicles licenses	1,086,260	1,102,769	1,135,372	1,158,694	1,182,848	1,194,912	1,193,657
Other	1,233,296	1,455,244	1,460,257	2,014,632	2,868,462	2,252,937	1,575,825
Intergovernmental, non-categorical aid	5,949,658	6,294,699	6,316,216	6,027,401	6,605,919	6,502,475	6,226,104
Use of money and property	976,559	756,135	573,390	988,875	1,490,446	1,875,536	1,665,526
Miscellaneous	272,789	156,333	173,659	116,108	184,897	119,643	463,242
Gain on sale of capital assets	-	-	-	592,234	-	-	-
Transfers	(23,152)	(100,259)	(810,567)	(750,000)	(395,620)	(61,000)	(43,726)
Total governmental activities	52,315,854	56,159,183	57,384,325	60,185,099	66,238,056	71,893,200	77,228,912
Business-type activities:							
Use of money and property	294,179	106,833	79,486	124,469	213,845	265,494	381,280
Miscellaneous	211,400	605,111	332,868	278,209	153,136	198,431	300,660
Transfers	23,152	100,259	810,567	750,000	395,620	61,000	43,726
Total business-type activities	528,731	812,203	1,222,921	1,152,678	762,601	524,925	725,666
Total primary government	52,844,585	56,971,386	58,607,246	61,337,777	67,000,657	72,418,125	77,954,578
Changes in net assets:							
Governmental activities	4,473,276	6,317,416	(2,653,872)	6,860,671	4,254,124	(13,818,191)	(7,356,986)
Business-type activities	370,180	425,114	711,841	2,371,480	3,150,598	2,207,650	3,055,774
Total primary government	\$ 4,843,456	\$ 6,742,530	\$ (1,942,031)	\$ 9,232,151	\$ 7,404,722	\$ (11,610,541)	\$ (4,301,212)

COUNTY OF ROCKINGHAM, VIRGINIA

Table 3
Page 3

CHANGES IN NET ASSETS
Last Seven Fiscal Years (1)
(accrual basis of accounting)
(Unaudited)

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Component units: (3)							
Component unit - school board:							
Expenses:							
Instruction	\$ 69,656,968	\$ 73,743,072	\$ 76,718,694	\$ 82,963,375	\$ 82,718,284	\$ 90,637,877	\$ 92,264,138
Administration, attendance and health	2,596,316	2,779,792	2,701,575	3,207,704	3,577,646	3,830,297	4,168,083
Pupil transportation	4,376,845	4,686,549	5,260,280	5,790,881	6,327,098	6,959,384	7,426,354
Operation and maintenance services	6,175,379	7,075,922	6,773,293	7,445,756	8,131,472	9,285,011	9,598,863
School food services	3,650,577	3,570,536	3,831,693	3,989,993	4,226,604	4,466,752	4,597,701
Total expenses	86,456,085	91,855,871	95,285,535	103,397,709	104,981,104	115,179,321	118,055,139
Program revenues:							
Charges for services	3,706,917	4,217,990	3,909,179	4,277,812	4,574,290	4,990,446	5,130,225
Operating grants and contributions	46,715,522	48,030,050	51,934,037	58,007,681	62,089,635	70,737,460	72,165,686
Capital grants and contributions	1,158,218	1,033,219	1,034,559	1,079,671	2,200,194	2,623,344	1,103,648
Total program revenues	51,580,657	53,281,259	56,877,775	63,365,164	68,864,119	78,351,250	78,399,559
Net expense	(34,875,428)	(38,574,612)	(38,407,760)	(40,032,545)	(36,116,985)	(36,828,071)	(39,655,580)
General revenues and other changes in net assets:							
Grants and contributions not restricted to specific programs	31,225,243	33,798,748	42,671,090	33,315,177	39,932,203	60,500,234	57,109,186
Intergovernmental, non-categorical aid	128,825	128,943	127,102	130,361	132,008	129,462	130,477
Use of money and property	76,753	59,034	63,665	127,926	94,518	268,268	408,396
Miscellaneous	3,248,430	3,352,131	3,494,320	4,013,541	403,245	531,478	192,392
Total general revenues and other changes in net assets	34,679,251	37,338,856	46,356,177	37,587,005	40,561,974	61,429,442	57,840,451
Total component unit - school board change in net assets	\$ (196,177)	\$ (1,235,756)	\$ 7,948,417	\$ (2,445,540)	\$ 4,444,989	\$ 24,601,371	\$ 18,184,871
Component unit - HRSSD:							
Expenses:							
Public assistance	\$ 2,431,115	\$ 2,835,959	\$ 3,650,031	\$ 4,124,818	\$ 4,928,848	\$ 5,024,090	\$ 4,769,948
Comprehensive services act	3,891,140	5,274,645	5,438,545	6,362,925	7,500,224	8,599,794	10,237,263
Welfare	3,260,283	3,388,831	3,614,985	4,042,064	4,765,237	5,141,691	5,611,589
Food stamp	227,781	226,125	217,461	237,799	251,499	206,329	-
Fuel assistance	23,240	19,406	24,529	17,430	20,892	14,855	-
Total expenses	9,833,559	11,744,966	12,945,551	14,785,036	17,466,700	18,986,759	20,618,800
Program revenues:							
Operating grants and contributions	7,174,747	8,839,166	9,550,620	10,449,895	12,409,206	13,149,808	14,121,228
Total program revenues	7,174,747	8,839,166	9,550,620	10,449,895	12,409,206	13,149,808	14,121,228
Net expense	(2,658,812)	(2,905,800)	(3,394,931)	(4,335,141)	(5,057,494)	(5,836,951)	(6,497,572)

COUNTY OF ROCKINGHAM, VIRGINIA

Table 3
Page 4

CHANGES IN NET ASSETS
Last Seven Fiscal Years (1)
(accrual basis of accounting)
(Unaudited)

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
General revenues and other changes in net assets:							
Grants and contributions not restricted to specific programs	\$ 2,549,438	\$ 3,169,437	\$ 3,542,594	\$ 3,928,685	\$ 4,802,418	\$ 5,642,819	\$ 6,472,194
Use of money and property	31,987	8,558	17,396	36,235	61,494	82,948	109,362
Miscellaneous	149,412	165,479	159,585	208,888	242,351	257,509	254,078
Total general revenues and other changes in net assets	2,730,837	3,343,474	3,719,575	4,173,808	5,106,263	5,983,276	6,835,634
Total component unit - HRSSD change in net assets	\$ 72,025	\$ 437,674	\$ 324,644	\$ (161,333)	\$ 48,769	\$ 146,325	\$ 338,062
Total component units change in net assets	\$ (124,152)	\$ (798,082)	\$ 8,273,061	\$ (2,606,873)	\$ 4,493,758	\$ 24,747,696	\$ 18,522,933
Total reporting entity change in net assets	\$ 4,719,304	\$ 5,944,448	\$ 6,331,030	\$ 6,625,278	\$ 11,898,480	\$ 13,137,155	\$ 14,221,721

Notes:

- (1) This table reports financial information based on the accrual basis of accounting. The County implemented GASB 34, the new reporting standards, in fiscal year 2002. Therefore, ten years of data is not available but will be accumulated over time.
- (2) Net (expense) revenue is the difference between the expenses and program revenues. This difference indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and other general revenues. Numbers in a parentheses are net expenses indicating that expenses were greater than program revenues and, therefore, general revenues were needed to finance that function or program. Numbers without parentheses are net revenues, demonstrating that program revenues were more than sufficient to cover expenses.
- (3) Component units were included in this table due to their significance to the County.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 4

PROGRAM REVENUES BY FUNCTION/PROGRAM
Last Seven Fiscal Years (1)
(accrual basis of accounting)
(Unaudited)

Function/Program	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Primary government:							
Governmental activities:							
General government administration	\$ 437,925	\$ 401,337	\$ 392,058	\$ 446,680	\$ 549,977	\$ 474,928	\$ 518,266
Judicial administration	2,328,876	2,489,806	3,205,197	2,833,691	3,099,657	3,247,642	3,181,390
Public safety	8,630,239	8,903,884	9,478,403	10,702,878	10,903,217	11,671,267	11,804,424
Public works	411,353	420,554	539,784	590,386	757,503	943,016	1,014,447
Health and social services	141,726	124,321	115,139	101,552	168,846	147,644	139,069
Parks, recreation and cultural	267,256	284,397	279,036	276,009	300,701	326,290	324,628
Community development	14,621	160,972	122,677	136,453	1,646,552	209,847	239,367
Total governmental activities	12,231,996	12,785,271	14,132,294	15,087,649	17,426,453	17,020,634	17,221,591
Business-type activities:							
Water and sewer	1,966,550	2,351,194	2,809,116	4,185,848	6,644,129	4,529,423	6,921,642
Solid waste	2,696,706	2,606,154	2,822,581	2,405,278	2,615,464	4,667,903	3,886,218
Total business-type activities	4,663,256	4,957,348	5,631,697	6,591,126	9,259,593	9,197,326	10,807,860
Total primary government	\$ 16,895,252	\$ 17,742,619	\$ 19,763,991	\$ 21,678,775	\$ 26,686,046	\$ 26,217,960	\$ 28,029,451
Component units:							
Component unit - school board:							
Instruction	\$ 47,938,281	\$ 49,627,624	\$ 53,037,748	\$ 59,294,355	\$ 64,604,063	\$ 73,831,357	\$ 73,762,964
School food services	3,642,376	3,653,635	3,840,027	4,070,809	4,260,056	4,519,893	4,636,595
Total component unit - school board	51,580,657	53,281,259	56,877,775	63,365,164	68,864,119	78,351,250	78,399,559
Component unit - HRSSD:							
Public assistance	1,480,148	1,708,367	2,025,719	2,305,594	2,803,610	2,886,219	3,394,896
Comprehensive services	2,405,728	3,433,703	3,365,709	3,639,558	4,558,941	5,096,538	5,985,528
Welfare	3,288,871	3,697,096	4,159,192	4,504,743	5,046,655	5,167,051	4,740,804
Total component unit - HRSSD	7,174,747	8,839,166	9,550,620	10,449,895	12,409,206	13,149,808	14,121,228
Total component units	\$ 58,755,404	\$ 62,120,425	\$ 66,428,395	\$ 73,815,059	\$ 81,273,325	\$ 91,501,058	\$ 92,520,787
Total reporting entity	\$ 75,650,656	\$ 79,863,044	\$ 86,192,386	\$ 95,493,834	\$ 107,959,371	\$ 117,719,018	\$ 120,550,238

Note:

(1) This table reports financial information based on the accrual basis of accounting. The County implemented GASB 34, the new reporting standard, in fiscal year 2002. Therefore, ten years of data is not available but will be accumulated over time.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 5

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund:										
Reserved	\$ 972,549	\$ 3,964,405	\$ 3,497,888	\$ 2,896,089	\$ 2,205,041	\$ 1,585,765	\$ 1,081,608	\$ 839,896	\$ 772,073	\$ 1,003,102
Unreserved	18,580,269	16,793,735	19,641,357	20,306,938	22,827,035	25,574,115	26,573,025	19,866,713	18,757,693	26,580,573
Total General Fund	\$ 19,552,818	\$ 20,758,140	\$ 23,139,245	\$ 23,203,027	\$ 25,032,076	\$ 27,159,880	\$ 27,654,633	\$ 20,706,609	\$ 19,529,766	\$ 27,583,675
All Other Governmental Funds:										
Reserved	\$ 1,676,466	\$ -	\$ -	\$ 681,336	\$ 641,075	\$ 435,684	\$ 4,223,450	\$ 5,060,638	\$ 4,007,776	\$ 2,141,716
Unreserved, reported in:										
Capital projects funds	-	1,382,788	308,558	32,517	169,820	4,193,201	4,451,532	5,600,527	11,856,272	20,326,913
Special revenue funds	120,121	235,818	401,471	-	-	-	-	-	-	-
Total all other governmental funds	\$ 1,796,587	\$ 1,618,606	\$ 710,029	\$ 713,853	\$ 810,895	\$ 4,628,885	\$ 8,674,982	\$ 10,661,165	\$ 15,864,048	\$ 22,468,629

COUNTY OF ROCKINGHAM, VIRGINIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years (1)

(modified accrual basis of accounting)

(Unaudited)

	1999	2000	2001	Fiscal 2002
Revenues:				
General property taxes	\$ 35,921,902	\$ 36,602,625	\$ 36,802,773	\$ 37,629,080
Other local taxes	6,366,226	6,823,283	7,388,875	7,234,718
Permits, privilege fees and licenses	585,878	432,093	529,528	564,038
Fines and forfeitures	197,379	245,756	179,883	198,166
Use of money and property	1,484,963	1,531,052	1,965,753	977,396
Charges for services	1,253,709	1,648,572	1,728,948	1,998,313
Miscellaneous	68,256	458,593	808,221	274,834
Recovered costs	845,762	1,198,966	1,416,419	1,485,705
Intergovernmental	7,451,149	10,271,732	12,411,291	13,931,784
Total revenues	54,175,224	59,212,672	63,231,691	64,294,034
Expenditures:				
General government administration	2,905,821	2,844,829	3,303,140	3,534,242
Judicial administration	1,571,550	1,743,050	1,995,772	2,224,122
Public safety	9,140,743	10,396,069	11,529,163	12,357,708
Public works	1,167,082	1,494,111	1,629,314	1,695,038
Health and social services	1,907,179	2,344,336	2,274,100	2,473,227
Education	30,496,226	32,244,724	35,666,854	38,730,770
Parks, recreation and cultural	1,163,826	1,140,002	1,276,111	1,432,932
Community development	1,191,790	1,451,244	1,345,459	1,330,798
Capital outlay	657,925	3,764,468	1,356,819	231,379
Debt service:				
Principal	3,958,548	4,132,760	4,497,894	5,424,690
Interest and fiscal charges	2,847,313	2,672,818	2,895,769	2,821,598
Total expenditures	57,008,003	64,228,411	67,770,395	72,256,504
Revenues over (under) expenditures	(2,832,779)	(5,015,739)	(4,538,704)	(7,962,470)
Other financing sources (uses):				
Transfers in	1,021,161	3,384,197	197,924	226,744
Transfers out	(1,009,518)	(3,384,036)	(1,197,924)	(249,896)
Issuance of debt	10,176,399	8,421,223	4,193,986	768,250
Payment to refunded bond escrow agent	-	(10,000,000)	-	-
Premium on issuance debt	-	-	-	-
Insurance recoveries	-	-	-	-
Proceeds from sale of property	104,799	-	-	25,705
Total other financing sources (uses), net	10,292,841	(1,578,616)	3,193,986	770,803
Net change in fund balance	\$ 7,460,062	\$ (6,594,355)	\$ (1,344,718)	\$ (7,191,667)

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Year					
2003	2004	2005	2006	2007	2008
\$ 41,485,976	\$ 43,549,045	\$ 44,316,136	\$ 48,094,569	\$ 53,700,795	\$ 58,855,180
7,599,937	7,874,776	8,899,746	9,964,423	10,046,832	10,343,068
566,961	883,449	1,091,022	985,817	957,006	1,176,374
280,512	272,038	341,372	345,805	207,283	155,677
756,500	573,597	989,271	1,491,226	1,876,615	1,646,317
2,334,588	2,521,638	2,736,286	2,846,255	2,662,046	3,288,037
206,725	185,356	125,108	180,897	241,223	463,242
1,439,817	1,913,080	2,138,396	2,194,187	2,715,669	2,480,181
14,457,379	14,858,098	14,807,578	17,659,528	16,980,026	16,346,450
69,128,395	72,631,077	75,444,915	83,762,707	89,387,495	94,754,526
3,680,361	3,744,157	3,903,904	4,250,012	4,429,174	4,563,051
2,374,371	2,399,019	2,401,199	2,927,878	3,249,146	3,173,240
12,677,941	13,545,603	18,562,820	17,683,188	20,304,161	21,242,649
1,778,941	1,741,907	1,856,947	2,181,679	2,480,757	2,628,117
2,649,174	2,963,451	3,283,105	4,108,260	4,517,523	4,748,614
33,798,748	42,671,090	33,315,177	39,932,203	60,500,234	57,109,186
1,424,179	1,513,347	1,696,824	1,754,520	2,061,923	2,115,026
1,338,739	2,164,328	2,543,545	3,771,777	2,355,778	3,122,860
226,616	2,821,843	4,421,217	6,994,594	3,026,051	9,740,578
4,693,313	3,930,375	3,363,146	12,260,303	14,179,314	4,760,106
2,450,662	2,272,171	2,563,385	2,387,346	2,822,878	3,459,559
67,093,045	79,767,291	77,911,269	98,251,760	119,926,939	116,662,986
2,035,350	(7,136,214)	(2,466,354)	(14,489,053)	(30,539,444)	(21,908,460)
451,675	6,857,283	3,939,188	10,283,452	10,517,916	19,658,172
(560,934)	(7,667,850)	(4,689,188)	(10,679,072)	(10,578,916)	(19,701,898)
-	13,577,993	7,150,000	9,404,190	33,757,200	35,494,713
-	-	-	-	-	-
-	314,582	-	518,642	869,284	1,115,963
-	-	14,970	-	-	-
-	-	592,234	-	-	-
(109,259)	13,082,008	7,007,204	9,527,212	34,565,484	36,566,950
\$ 1,926,091	\$ 5,945,794	\$ 4,540,850	\$ (4,961,841)	\$ 4,026,040	\$ 14,658,490

COUNTY OF ROCKINGHAM, VIRGINIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years (1)

(modified accrual basis of accounting)

(Unaudited)

	1999	2000	2001	Fiscal 2002
Debt Service as a percentage of noncapital expenditures:				
Primary government:				
Total debt service	\$ 6,805,861	\$ 6,805,578	\$ 7,393,663	\$ 8,246,288
Total expenditures	\$ 57,008,003	\$ 64,228,411	\$ 67,770,395	\$ 72,256,504
Less: Capital outlay - primary government	799,796	3,444,165	1,484,705	520,406
Noncapital expenditures	\$ 56,208,207	\$ 60,784,246	\$ 66,285,690	\$ 71,736,098
Debt service as a percentage of noncapital expenditures	12.11%	11.20%	11.15%	11.50%
Component units - School Board and HRSSD: (2, 3)				
Expenditures:				
School board	\$ 69,400,604	\$ 84,421,116	\$ 84,796,618	\$ 86,380,339
HRSSD	7,406,234	7,911,039	8,622,529	9,803,498
Less: Capital outlay - school board	4,396,013	13,919,739	9,006,507	7,053,993
Less: Capital outlay - HRSSD	5,519	49,616	61,457	31,486
Noncapital expenditures	\$ 72,405,306	\$ 78,362,800	\$ 84,351,183	\$ 89,098,358
Total reporting entity:				
Total noncapital expenditures	\$ 96,957,554	\$ 105,684,395	\$ 113,617,596	\$ 117,722,659
Debt service as a percentage of noncapital expenditures	7.02%	6.44%	6.51%	7.00%

Table 6
Page 2

Year					
2003	2004	2005	2006	2007	2008
\$ 7,143,975	\$ 6,202,546	\$ 5,926,531	\$ 6,147,649	\$ 7,002,192	\$ 8,219,665
\$ 67,093,045	\$ 79,767,291	\$ 77,911,269	\$ 98,251,760	\$ 119,926,939	\$ 116,662,986
820,817	2,922,826	7,365,247	8,292,345	5,178,774	12,251,238
\$ 66,272,228	\$ 76,844,465	\$ 70,546,022	\$ 89,959,415	\$ 114,748,165	\$ 104,411,748
10.78%	8.07%	8.40%	6.83%	6.10%	7.87%
\$ 84,756,765	\$ 92,605,357	\$ 106,275,713	\$ 112,940,930	\$ 126,615,863	\$ 140,207,962
11,776,529	12,924,157	14,794,697	17,507,539	19,003,775	20,551,545
1,395,345	4,693,088	10,634,666	12,132,999	15,933,797	26,060,681
32,252	26,764	62,982	108,097	81,992	30,132
\$ 95,105,697	\$ 100,809,662	\$ 110,372,762	\$ 118,207,373	\$ 129,603,849	\$ 134,668,694
\$ 123,802,115	\$ 130,560,527	\$ 143,047,977	\$ 163,224,530	\$ 178,316,728	\$ 176,379,713
5.77%	4.75%	4.14%	3.77%	3.93%	4.66%

COUNTY OF ROCKINGHAM, VIRGINIA

Table 6

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Page 3

Last Ten Fiscal Years (1)

(modified accrual basis of accounting)

(Unaudited)

Notes:

- (1) For the years 1999 through 2001, the amount used for capital outlay was obtained from the increase to the General Fixed Asset Account Group, which is no longer used under the GASB 34 reporting model. For fiscal years 2002 through 2008, the amounts used for capital outlay were obtained from the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities.
- (2) Expenditures of the School Board do not include those associated with the School Activity Funds or the Massanutten Technical Center Activity Funds.
- (3) In Virginia, the County issues debt to finance the construction of school facilities for the public schools because the public schools do not have borrowing or taxing authority. Therefore, the debt service payments related to school facilities are presented as debt service of the primary government. Debt service as a percentage of noncapital expenditures for the total reporting entity more appropriately reflects the unique Virginia school debt requirement.
- (4) Prior to implementation of GASB 34, the County's contribution to the public schools and social services district were reported as transfers out. Implementation of GASB 34 required that the contribution to component units be reported as expenditures. For comparability, the fiscal years 1999 through 2001 have been restated on this table to reflect the transfers as expenditures.
- (5) For the reporting entity totals, the total noncapital expenditures have been reduced by the amounts given by the primary government to the public schools, Massanutten Technical Center and the social services district so those expenditures are not included twice.
- (6) In fiscal year 2006, a short-term note of \$8,500,000 was paid in full with the issuance of new debt. The amount shown as debt service has been reduced by this amount.
- (7) In fiscal year 2007, a short-term note of \$10,000,000 was paid in full with the issuance of new debt. The amount shown as debt service has been reduced by this amount.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 7

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Fiscal Year June 30,	Property	Local Sales and Use	Motor Vehicle	Consumer Utility and			Total
				Local Sales and Use	Motor Vehicle	Communications Sales and Use	
1999	\$ 35,396,646	\$ 2,952,037	\$ 981,889	\$ 1,439,482	\$ 388,327	\$ 604,491	\$ 41,762,872
2000	35,945,344	3,263,036	1,011,534	1,497,905	392,182	658,626	42,768,627
2001	36,232,694	3,549,252	1,044,124	1,528,635	422,660	844,204	43,621,569
2002	37,080,936	3,405,473	1,086,260	1,509,605	521,828	711,552	44,315,654
2003	40,899,975	3,479,862	1,102,769	1,562,062	573,736	881,508	48,499,912
2004	42,906,378	3,709,024	1,135,372	1,570,123	705,107	755,150	50,781,154
2005	43,718,481	4,173,990	1,158,694	1,552,430	1,099,537	1,089,069	52,792,201
2006	47,371,332	4,358,695	1,182,848	1,554,418	1,339,981	1,528,481	57,335,755
2007	53,030,324	4,528,481	1,194,912	2,070,502	1,229,289	1,023,648	63,077,156
2008	58,135,150	4,764,451	1,193,657	2,809,135	1,096,756	479,069	68,478,218
Change 1999-2008		64.24%	21.57%	95.15%	182.43%	-20.75%	63.97%

Note:

(1) Property tax revenue does not include penalties and interest collected on delinquent tax collections.

Table 8

COUNTY OF ROCKINGHAM, VIRGINIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Calendar Years

(Unaudited)

Calendar Year	Residential Property	Commercial Property	Industrial Property	Farm Property	Nontaxable Property	Total Assessed Value	Total Taxable Assessed Value	Percent Growth	Total Direct Tax Rate	Actual Taxable Value	Value as a Percentage of Actual Value
1998	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 362,358,900	\$3,099,765,400	\$2,891,935,450	N/A	0.68	\$ 2,891,816,614	100.00%
1999	N/A	N/A	N/A	N/A	375,185,300	3,185,500,904	2,983,270,464	3.16%	0.68	2,983,182,729	100.00%
2000	N/A	N/A	N/A	N/A	139,583,223	3,298,471,470	3,093,609,910	3.70%	0.71	3,093,518,518	100.00%
2001	N/A	N/A	N/A	N/A	401,135,000	3,391,234,650	3,188,012,740	3.05%	0.71	3,187,903,303	100.00%
2002	N/A	N/A	N/A	N/A	144,077,065	3,957,473,750	3,630,296,110	13.87%	0.71	3,630,180,728	100.00%
2003	2,621,240,300	311,011,200	74,694,400	1,059,924,520	480,514,300	4,085,982,820	3,759,025,750	3.55%	0.71	3,758,922,211	100.00%
2004	2,704,721,500	339,385,200	75,199,000	980,876,800	494,591,600	4,188,863,900	3,864,864,330	2.82%	0.71	3,864,760,780	100.00%
2005	2,719,118,100	426,343,400	179,948,800	995,250,300	629,380,300	4,320,660,600	4,001,623,870	3.54%	0.71	4,001,525,015	100.00%
2006	4,175,920,000	561,138,500	199,329,900	1,563,332,100	808,595,000	6,499,720,800	5,777,597,000	44.38%	0.58	5,777,597,000	100.00%
2007	4,423,051,100	604,443,100	199,611,300	1,628,213,900	835,705,200	6,855,319,400	6,135,110,530	6.19%	0.58	6,135,110,530	100.00%

Source:

Rockingham County land books

Notes:

(1) Rockingham County land books did not provide land classification break downs prior to 2003.

(2) Values are reassessed every four years. (2006, 2002 and 1998)

COUNTY OF ROCKINGHAM, VIRGINIA

Table 9

**DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years
(Unaudited)**

Rockingham County

Fiscal Year June 30,	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Farm Machinery
1999	\$ 0.68/0.68	\$ 2.80	\$ 0.68	\$ 2.55	\$ 0.87	\$ 0.44
2000	0.68/0.71	2.80	0.68	2.55	0.87	0.44
2001	0.71/0.71	2.80	0.71	2.55	0.87	0.44
2002	0.71/0.71	2.80	0.71	2.55	0.87	0.44
2003	0.71/0.71	2.80	0.71	2.55	0.87	0.44
2004	0.71/0.71	2.80	0.71	2.55	0.87	0.44
2005	0.71/0.71	2.80	0.71	2.55	0.87	0.44
2006	0.71/0.58	2.80	0.71	2.55	0.87	0.44
2007	0.58	2.80	0.58	2.55	0.87	0.44
2008	0.58/0.60	2.80	0.60	2.55	0.87	0.44

Note:

(1) Public Service Corporations are taxed at the real estate and the personal property tax rates for those classes of assessed values established by the State Corporation Commission.

Overlapping Governments

Fiscal Year June 30,	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Farm Machinery
1999	\$ 0.05-0.17	\$ 0.20-0.75	\$ 0.11-0.17	\$ 0.30-0.75	\$ -	\$ -
2000	0.05-0.17	0.20-0.75	0.07-0.17	0.30-0.75	-	-
2001	0.05-0.17	0.20-0.75	0.07-0.17	0.30-0.75	0.30	0.30
2002	0.05-0.16	0.20-0.75	0.07-0.16	0.30-0.75	0.30	0.30
2003	0.05-0.16	0.20-0.75	0.07-0.16	0.30-0.75	0.30	0.30
2004	0.05-0.16	0.20-0.75	0.07-0.16	0.30-0.75	0.30	0.30
2005	0.05-0.16	0.20-0.75	0.07-0.16	0.30-0.75	0.30	0.30
2006	0.05-0.16	0.20-0.75	0.07-0.16	0.30-0.75	0.30	0.30
2007	0.07-0.12	0.30-0.75	0.07-0.12	0.30-0.75	0.30-0.46	0.30-0.46
2008	0.05-0.12	0.20-0.75	0.07-0.12	0.30-0.75	0.46	0.46

Notes:

(1) The above table shows ranges of tax rates since individual towns set varying rates. People residing in the following towns pay property taxes to the town in addition to the taxes paid to the County. The towns included in the above table include Bridgewater, Broadway, Dayton, Elkton, Grottoes, Mt. Crawford, and Timberville.

(2) Information obtained from the Rockingham County Commissioner of the Revenue.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 10

**PRINCIPAL PROPERTY TAXPAYERS
Current Year and Eight Years Ago
(Unaudited)**

Taxpayer	Fiscal Year					
	2008			2000		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Adolph Coors Company	\$ 409,337,365	1	5.30%	\$ 61,840,265	3	2.00%
Great Eastern Resort Management	303,914,000	2	3.93%	74,951,625	1	2.42%
Wal-Mart	105,919,830	3	1.37%	-	-	-
Merck & Company, Inc.	90,982,250	4	1.18%	74,756,010	2	2.42%
White Wave (Morningstar Foods)	56,308,720	5	0.73%	-	-	-
Marshall's	55,015,345	6	0.71%	56,005,245	4	1.81%
R.R. Donnelley & Sons Co.	46,575,000	7	0.60%	-	-	-
Cargill (formerly Rocco)	44,880,755	8	0.58%	24,478,820	5	0.79%
Sysco	30,240,840	9	0.39%	17,705,235	7	0.57%
Perdue	19,400,955	10	0.25%	-	-	-
Pilgrim's Pride (formerly WLR Foods)	16,445,645	11	0.21%	17,735,918	6	0.57%
Total	<u>\$ 1,179,020,705</u>		<u>15.25%</u>	<u>\$ 327,473,118</u>		<u>10.58%</u>

Source:

Under the State Code of Virginia, the Rockingham County Commissioner of the Revenue is required to keep all assessment books for a term of six years. After six years have passed, the records may be destroyed. The information remaining from ten years ago does not leave accurate information for the fiscal year 1998. Fiscal year 2000 information is available and shown here instead of fiscal year 1998. Only the top seven taxpayers were available and shown here for fiscal year 2000.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 11

REAL PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Calendar Years
(Unaudited)

Calendar Year	Taxes Levied for the Calendar Year	Collected Within the Calendar Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1998	\$ 21,202,522	\$ 20,318,991	95.83%	\$ 863,585	\$ 21,182,576	99.91%
1999	22,277,733	21,392,701	96.03%	860,463	22,253,164	99.89%
2000	23,484,723	22,428,050	95.50%	1,026,206	23,454,256	99.87%
2001	25,485,227	24,297,305	95.34%	1,148,078	25,445,383	99.84%
2002	27,739,199	26,608,312	95.92%	1,078,874	27,687,186	99.81%
2003	28,516,719	27,410,447	96.12%	1,039,098	28,449,545	99.76%
2004	29,203,059	28,174,266	96.48%	909,923	29,084,189	99.59%
2005	32,319,333	31,059,882	96.10%	1,045,699	32,105,581	99.34%
2006	36,854,856	35,356,073	95.93%	1,213,610	36,569,683	99.23%
2007	36,996,841	35,490,137	95.93%	-	35,490,137	95.93%

Source:

Rockingham County Treasurer.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 12

RATIOS OF OUTSTANDING DEBT BY TYPE AND GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Governmental Activities			Business-Type Activities				Total Primary Government	Percentage of		Debt Per Capita
	General Obligation Bonds	Literary Fund Loans	Note Payable	Capital Leases	Revenue Bonds	Landfill Obligation	Personal Income		Income		
1999	\$ 36,169,548	\$ 2,712,685	\$ -	\$ 7,517,638	\$ 429,495	\$ 3,473,183	\$ 50,302,549	6.62%	\$	756	
2000	41,158,963	2,407,494	-	7,121,878	406,866	3,691,454	54,786,655	6.43%		809	
2001	41,528,637	2,134,890	-	6,717,257	383,044	3,324,699	54,088,527	6.83%		787	
2002	37,525,719	1,862,286	-	6,349,740	1,745,138	2,912,310	50,395,193	7.34%		726	
2003	33,457,927	1,620,336	-	5,966,169	2,410,071	3,174,899	46,629,402	8.34%		669	
2004	35,249,675	1,378,386	8,500,000	5,563,989	6,678,696	3,755,282	61,126,028	6.52%		863	
2005	32,538,064	1,147,886	8,500,000	12,292,954	6,511,479	3,889,068	64,879,451	6.50%		908	
2006	39,217,840	917,386	-	11,487,565	4,576,066	4,349,794	60,548,651	7.13%		830	
2007	59,865,576	686,886	-	10,648,215	10,651,873	4,816,988	86,669,538	N/A		1,169	
2008	74,169,472	493,886	-	27,271,926	17,355,181	5,490,179	124,780,644	N/A		1,683	

General bonded debt outstanding:

Fiscal Year	General Obligation Bonds	Literary Fund Loans	Total	Percentage of		Debt Per Capita
				Actual Value of Property	Taxable Value of Property	
1999	\$ 36,169,548	\$ 2,712,685	\$ 38,882,233	1.34%	\$	585
2000	41,158,963	2,407,494	43,566,457	1.46%		643
2001	41,528,637	2,134,890	43,663,527	1.41%		636
2002	37,525,719	1,862,286	39,388,005	1.24%		568
2003	33,457,927	1,620,336	35,078,263	0.97%		503
2004	35,249,675	1,378,386	36,628,061	0.97%		517
2005	32,538,064	1,147,886	33,685,950	0.87%		472
2006	39,217,840	917,386	40,135,226	1.00%		550
2007	59,865,576	686,886	60,552,462	1.05%		817
2008	74,169,472	493,886	74,663,358	1.22%		1,007

Notes:

(1) Details regarding the County's outstanding debt may be found in the notes to the basic financial statements.

(2) Population and personal income data can be found in table 15.

(3) See table 8 for property value data.

N/A - Per capita personal income was unavailable at fiscal year end.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 13

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

Year Ended June 30, 2008

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Town of Bridgewater, Virginia	\$ 2,205,300	6.07%	\$ 133,921
Town of Broadway, Virginia	-	4.01%	-
Town of Dayton, Virginia	-	1.89%	-
Town of Elkton, Virginia	-	2.89%	-
Town of Grottoes, Virginia	704,513	0.25%	1,740
Town of Mt. Crawford, Virginia	-	0.47%	-
Town of Timberville, Virginia	208,378	1.79%	3,733
Subtotal, overlapping debt			<u>139,394</u>
County Direct Debt			<u>104,508,231</u>
Total direct and overlapping debt			<u><u>\$ 104,647,625</u></u>

COUNTY OF ROCKINGHAM, VIRGINIA

Table 14

PLEGGED-REVENUE COVERAGE
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Water and Sewer Fund						
	Utility Service Charges	Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
1999	\$ 1,746,775	\$ 1,059,829	\$ 686,946	\$ 21,497	\$ 77,983	\$ 99,480	6.91
2000	1,836,538	1,178,799	657,739	22,629	75,470	98,099	6.70
2001	1,893,123	1,464,886	428,237	23,822	72,348	96,170	4.45
2002	2,038,336	1,461,306	577,030	25,076	69,163	94,239	6.12
2003	2,174,747	1,566,451	608,296	26,397	65,861	92,258	6.59
2004	2,804,100	1,816,675	987,425	331,571	67,119	398,690	2.48
2005	3,499,380	1,978,876	1,520,504	85,000	91,768	176,768	8.60
2006	4,781,488	2,379,487	2,402,001	75,000	101,597	176,597	13.60
2007	4,272,477	2,781,574	1,490,903	80,000	104,124	184,124	8.10
2008	5,630,238	3,062,217	2,568,021	136,896	130,042	266,938	9.62

Fiscal Year	Smith Creek Water & Waste Authority Fund						
	Utility Service Charges	Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2004	\$ 109,694	\$ 19,327	\$ 90,367	\$ 79,804	\$ 60,416	\$ 140,220	0.64
2005	745,161	28,735	716,426	82,217	103,237	185,454	3.86
2006	2,060,090	27,700	2,032,390	3,184,701	100,676	3,285,377	0.62
2007	504,602	37,089	467,513	97,996	107,731	205,727	2.27
2008	227,067	32,316	194,751	104,581	105,936	210,517	0.93

Fiscal Year	Countryside Sanitary District Fund						
	Utility Service Charges	Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2006	\$ 25,760	\$ 7,693	\$ 18,067	\$ -	\$ 1,392	\$ 1,392	12.98
2007	18,776	6,089	12,687	6,197	4,137	10,334	1.23
2008	18,980	5,526	13,454	6,401	5,314	11,715	1.15

Fiscal Year	Solid Waste Fund						
	Landfill Charges	Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2007	\$ 4,823,118	\$ 2,537,100	\$ 2,286,018	\$ -	\$ 10,628	\$ 10,628	215.09
2008	3,457,788	3,157,156	300,632	121,363	17,487	138,850	2.17

Notes:

- (1) Utility service charges include all revenues of the fund except gains on sales of capital assets.
- (2) Operating expenses are exclusive of depreciation and amortization, interest expense and losses on sales of capital assets.
- (3) Smith Creek Water & Waste Authority began making payments on its outstanding debt in fiscal year 2004.
- (4) In fiscal year 2006, the Smith Creek Water & Waste Authority received a grant of \$1.9 million and a new loan, which was used to repay a short-term loan of \$3.1 million.
- (5) In fiscal year 2007, the Solid Waste Fund issued bonds totaling \$3.015 million, none of which were retired during the fiscal year.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 15

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Years

(Unaudited)

Fiscal Year	(1) Population	(2) Personal Income	(2) Per Capita Personal Income	(3) School Enrollment	(4) Unemployment Rate
1999	66,500	\$ 2,214,000,000	\$ 33,293	10,580	1.3%
2000	67,725	2,385,241,000	35,220	10,570	1.9%
2001	68,700	2,538,595,000	36,952	10,693	2.5%
2002	69,400	2,565,374,000	36,965	10,720	3.5%
2003	69,700	2,710,384,000	38,886	10,891	3.5%
2004	70,800	2,820,181,000	39,833	10,781	3.0%
2005	71,432	3,010,183,000	42,141	10,860	3.3%
2006	72,907	3,147,218,000	43,168	10,279	2.7%
2007	74,160	N/A	N/A	10,472	2.7%
2008	74,160	N/A	N/A	11,430	3.5%

Sources:

(1) Estimated by the Weldon Cooper Center, University of Virginia, on a calendar year basis for all years.

(2) Bureau of Economic Analysis - Harrisonburg/Rockingham County (calendar year).

(3) County of Rockingham School Division as of September 30 each year.

(4) Virginia Employment Commission (fiscal year end).

N/A - Information unavailable at fiscal year end

COUNTY OF ROCKINGHAM, VIRGINIA

Table 16

PRINCIPAL EMPLOYERS
Current Year and Two Years Ago
(Unaudited)

Employer	Fiscal Year					
	2008			2006		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Rockingham County School Board	1,000 and over	1	2.36%	1,000 and over	1	4.73%
Cargill Meat Solutions	1,000 and over	2	2.36%	1,000 and over	2	2.57%
Great Eastern Resort Management	1,000 and over	3	2.36%	500 to 999	7	1.28%
Wal-Mart	1,000 and over	4	2.36%	-	-	-
R.R. Donnelley & Sons Co.	500 to 999	5	1.18%	-	-	-
Merck & Company, Inc.	500 to 999	6	1.18%	500 to 999	3	1.28%
Pilgrim's Pride	500 to 999	7	1.18%	500 to 999	5	1.28%
Perdue Products	500 to 999	8	1.18%	500 to 999	4	1.28%
Stellar Management Grouping	500 to 999	9	1.18%	500 to 999	8	1.28%
Marshall's	500 to 999	10	1.18%	500 to 999	6	1.28%
County of Rockingham	500 to 999	11	1.18%	500 to 999	9	1.37%
Virginia Poultry Growers Coop, Inc.	500 to 999	12	1.18%	500 to 999	10	1.28%

Source:

Virginia Employment Commission.

Note:

Fiscal year 2006 information is available and shown here instead of fiscal year 1999.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 17

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government administration:										
Legislative	5	5	5	5	5	5	5	5	5	5
General and financial:										
Commissioner of the revenue	15	15	16	15	16	16	16	16	18.3	18.3
Treasurer	8	9	9	9	8	8	8	8	8.3	8.3
Executive administration and legal	4	4	4	4	4	6	6	6	7.5	7.5
Finance	11	12	13	13	11	10	10	10	9.7	10.5
Human resources	-	-	2	2	2	2	2	2	2	3
Information systems	9	10	13	14	12.5	12.5	10	11	11	11
Central switchboard	1	1	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Board of elections	2	2	2	2	2	2	2	2	2	2
Judicial administration:										
Courts:										
Clerk of the circuit court	12	13	13	13	13	13	13	13	15	15
Court services	7	10	10	11	12	12.5	13.5	13.5	11	11
Commonwealth attorney	9	10	10	10.5	13	14	14	21	24	25
Public safety:										
Sheriff	155	147	156	158	159	158	166	165	174	175
Fire and rescue	27	28	37	38.5	39.5	41	44	57	58.5	62.5
Building inspections	14	17	20	22	23	22	26	28	28.5	26.8
Other protection	2	2	2	2	2	2	2	2	2	2
Public works:										
General administration	4	3	3	3	4	4	5	4	0.8	0.8
Garage operations	2	2	2	2	2	2	2	2	2	2
Maintenance	13	13	15	15.5	15	16	18	19	18.4	18.4
Parks, recreation and cultural	7	7	9	9	8	8	9.5	9.5	9.6	10.6
Community development:										
Planning and community development	1	1	1	1	1	1	1	1	1	1
Extension	1	1	-	-	-	-	-	-	-	-
Economic development	1	1	1	1	1	1	1	1	6	6
Soil and water conservation	1	1	1	1	1	1	1	1	-	-
Nutrient management	1	1	-	-	-	-	-	-	-	-

COUNTY OF ROCKINGHAM, VIRGINIA

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal			
	1999	2000	2001	2002
Police:				
Calls for service	8,332	14,928	14,056	14,750
Adult arrest	4,501	4,993	4,775	4,731
Juvenile arrest	205	317	293	369
Traffic citations	3,737	4,097	3,291	4,583
Fire:				
Total fire runs	5,903	6,330	6,469	6,256
Total rescue runs	7,305	8,234	7,372	7,344
Public service:				
Garbage collected (ton)	N/A	N/A	N/A	52,187
Recycle collected (ton)	N/A	N/A	N/A	26,292
Parks and recreation:				
Recreation program attendance	11,430	12,890	13,465	13,615
Aquatics program attendance	42	30	30	-
Water and sewer:				
New water connections	123	88	202	169
New wastewater connections	165	273	63	219
Average daily water consumption (gallons)	20,897,083	21,268,148	20,079,250	25,259,064
Average daily sewage treatment (gallons)	18,958,820	20,129,967	23,366,307	25,219,729
Transportation:				
Total route miles	1,102	1,102	1,104	1,105
Education:				
Average daily membership	10,570	10,580	10,693	10,720
Kindergarteners	750	793	830	781
Grades 1-12	9,820	9,787	9,863	9,939

Table 18

Year	2003	2004	2005	2006	2007	2008
	15,654	17,807	20,505	13,670	19,686	19,329
	4,843	4,951	4,752	3,024	5,639	5,050
	302	322	294	130	267	296
	3,939	3,019	2,685	1,491	1,851	1,704
	6,453	7,016	7,420	10,164	10,116	10,608
	7,730	8,442	8,764	11,775	12,226	12,590
	120,069	67,519	39,416	30,964	35,635	27,160
	40,891	22,709	16,750	13,158	10,658	15,114
	13,787	14,838	15,040	15,720	16,350	18,231
	-	-	-	-	-	-
	544	260	318	309	85	197
	149	184	371	335	96	238
	26,516,367	32,469,325	36,650,733	48,994,375	51,917,933	58,222,109
	24,438,880	27,089,625	37,309,686	56,185,433	45,444,975	39,950,162
	1,105	1,098	1,109	1,114	1,126	1,127
	10,891	10,782	10,860	11,151	11,388	11,340
	786	774	859	872	916	882
	10,105	10,008	10,001	10,279	10,472	10,458

COUNTY OF ROCKINGHAM, VIRGINIA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal			
	1999	2000	2001	2002
Police Stations	1	1	1	1
Fire Companies (not County owned)	12	12	12	12
Rescue Squads (not County owned)	9	9	9	9
Refuse Collection:				
Collection trucks				
Other public works				
Streets:				
Centerline Mileage:				
Interstate	58	58	58	58
Primary	159	159	159	159
Secondary	885	885	887	888
Number of street lights	10	10	10	10
Traffic signals	23	23	24	26
Parks and Recreation:				
Parks - number of acres	28	28	28	28
Neighborhood parks - number of acres	28	28	28	28
Baseball/softball diamonds	26	26	29	29
Soccer/football fields	9	9	9	9
Basketball courts	11	13	13	13
Parks with playground equipment	1	1	1	1
Picnic shelters	4	4	4	4
Community centers	2	2	2	2
Water:				
Wells (County owned)	5	5	5	3
Water lines (feet)	276,817	282,747	299,857	316,766
Fire hydrants	357	365	388	410
Storage capacity (MGPD)	4,588,000	4,588,000	4,588,000	4,588,000
Average daily consumption (MGPD)	687,027	699,226	660,139	829,142
Peak consumption (MGPD)	1,200,547	1,223,645	1,155,243	1,450,998
Wastewater:				
Sanitary sewers (feet)	212,074	222,354	240,394	274,411

Source:

Department heads for Rockingham County.

Table 19

Year	2003	2004	2005	2006	2007	2008
	1	1	1	1	1	1
	12	12	12	12	12	12
	9	9	9	9	9	9
	58	58	58	58	54	54
	159	159	170	170	184	184
	888	881	881	886	888	889
	10	10	10	10	16	16
	27	27	31	32	33	35
	28	28	28	28	28	28
	28	28	28	28	28	28
	31	31	31	32	32	32
	13	13	13	13	13	13
	13	13	13	13	13	13
	1	1	1	1	1	1
	4	4	4	4	4	4
	2	3	3	3	3	3
	3	3	3	3	3	3
	354,868	369,583	394,969	444,139	455,503	488,664
	460	479	512	576	592	643
	4,588,000	6,588,000	6,588,000	10,088,000	10,088,000	10,088,000
	871,771	1,067,484	1,204,955	1,610,774	1,925,997	1,940,737
	1,525,599	1,868,098	2,108,671	2,818,854	3,068,500	3,035,000
	283,487	301,007	330,799	409,498	429,585	466,242

COMPLIANCE SECTION

COUNTY OF ROCKINGHAM, VIRGINIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2008**

Federal Grantor/State Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures
DEPARTMENT OF AGRICULTURE:		
<u>Direct payments:</u>		
<u>Department of Agriculture:</u>		
Cooperative Law Enforcement	10.000	\$ 5,866
Water and Waste Disposal Systems for Rural Communities - grant	10.760	376,751
Water and Waste Disposal Systems for Rural Communities - loan	10.760	382,800
		<u>765,417</u>
<u>Pass-through payments:</u>		
<u>Department of Social Services:</u>		
State Administrative Matching Grants for Food Stamp Program	10.561	616,908
<u>Department of Agriculture and Consumer Services:</u>		
Commodity Distributions	10.555	385,529
<u>Department of Education:</u>		
<u>Child Nutrition Cluster:</u>		
School Breakfast Program	10.553	367,147
National School Lunch Program	10.555	1,539,518
Schools and Roads - Grants to States	10.665	82,679
		<u>1,989,344</u>
Total Department of Agriculture		<u>3,757,198</u>
DEPARTMENT OF TRANSPORTATION:		
<u>Pass-through payments:</u>		
<u>Department of Motor Vehicles:</u>		
State and Community Highway Safety	20.607	30,482
Total Department of Transportation		<u>30,482</u>
SOCIAL SECURITY ADMINISTRATION:		
<u>Direct payments:</u>		
<u>Social Security Administration:</u>		
Reward for Incarceration Notification	96.000	5,400
Total Social Security Administration		<u>5,400</u>

COUNTY OF ROCKINGHAM, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2008

Federal Grantor/State Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures
DEPARTMENT OF LABOR:		
<u>Pass-through payments:</u>		
<u>Virginia Employment Commission:</u>		
Workforce Investment Act (WIA) Cluster:		
WIA Administrative	17.000	\$ 37,455
WIA Adult Program	17.258	202,064
WIA Youth Activities	17.259	223,965
WIA Adult Dislocated Workers	17.260	408,261
		408,261
Total Department of Labor		871,745
DEPARTMENT OF HEALTH AND HUMAN SERVICES:		
<u>Pass-through payments:</u>		
<u>Department of Social Services:</u>		
Promoting Safe and Stable Families	93.556	5,349
Temporary Assistance to Needy Families	93.558	611,125
Refugee and Entrant Assistance - State Administered Programs	93.566	2,732
Low-Income Home Energy Assistance	93.568	11,621
Child Care Cluster:		
Child Care and Development Block Grant	93.575	405,153
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	399,055
Chafee Education and Training Vouchers Program (ETV)	93.599	6,764
Child Welfare Services - State Grants	93.645	9,400
Foster Care - Title IV-E	93.658	1,456,390
Adoption Assistance	93.659	227,591
Social Services Block Grant	93.667	629,801
Chafee Foster Care Independent Living	93.674	16,303
State Children's Insurance Program	93.767	21,577
Medical Assistance Program (Medicaid; Title XIX)	93.778	460,104
		460,104
Total Department of Health and Human Services		4,262,965

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2008**

Federal Grantor/State Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures
DEPARTMENT OF JUSTICE, OFFICE OF JUSTICE PROGRAMS, BUREAU OF JUSTICE ASSISTANCE:		
<u>Direct payments:</u>		
<u>Department of Criminal Justice:</u>		
State Criminal Alien Assistance Program	16.606	\$ 96,684
Community Prosecution and Project Safe Neighborhoods	16.609	24,769
		<u>121,453</u>
<u>Department of Community Oriented Policing Services:</u>		
Public Safety Partnership and Community Policing Grant	16.710	81,643
<u>Pass-through payments:</u>		
<u>Department of Criminal Justice Services:</u>		
Violence Against Women Formula Grants	16.588	25,435
Byrne Formula Grant Program	16.579	37,031
Crime Victim Assistance - Discretionary Grants	16.575	53,509
Edward Byrne Memorial Justice Assistance Grant Program	16.738	691
		<u>116,666</u>
Total Department of Justice, Office of Justice Programs, Bureau of Justice Assistance		<u>319,762</u>
DEPARTMENT OF DEFENSE:		
<u>Direct payments:</u>		
<u>Bureau of Land Management:</u>		
Payments to States in Lieu of Real Estate Taxes	12.112	199,327
Total Department of Defense		<u>199,327</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2008**

Federal Grantor/State Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures
DEPARTMENT OF EDUCATION:		
<u>Pass-through payments:</u>		
<u>Department of Education:</u>		
Title I Grants to Local Educational Agencies	84.010	\$ 1,442,143
Special Education Cluster:		
Special Education - Grants to States	84.027	2,400,085
Special Education - Preschool Grants	84.173	70,200
Adult Education - State Grant Program	84.002	196,109
Vocational Education - Basic Grants to States	84.048	169,451
Safe and Drug-Free Schools and Communities - State Grants	84.186	38,338
Fund for the Improvement of Education	84.215	206,862
State Grants for Innovative Programs	84.298	11,612
Education Technology State Grants	84.318	15,870
Advanced Placement Program	84.330	212
Reading First State Grants	84.357	155,217
English Language Acquisition Grants	84.365	91,526
Improving Teacher Quality State Grants	84.367	385,025
		5,182,650
Total Department of Education		
DEPARTMENT OF HOMELAND SECURITY:		
<u>Pass-through payments:</u>		
<u>Department of Emergency Management:</u>		
State Domestic Preparedness Equipment Support Program	97.004	16,799
Emergency Management Performance Grants	97.042	10,844
		27,643
Total Department of Homeland Security		

COUNTY OF ROCKINGHAM, VIRGINIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2008**

Federal Grantor/State Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures
DEPARTMENT OF THE INTERIOR:		
<u>Pass-through payments:</u>		
<u>Department of Environmental Quality:</u>		
Rents and Royalties paid on Federal Land	15.000	\$ 63
Total Department of the Interior		<u>63</u>
ENVIRONMENTAL PROTECTION AGENCY:		
<u>Pass-through payments:</u>		
<u>Virginia Water Supply Revolving Fund:</u>		
Capitalization Grants for Drinking Water State Revolving Funds	66.468	<u>244,294</u>
Total Environmental Protection Agency		<u>244,294</u>
Total Federal Awards Expended		<u><u>\$ 14,901,529</u></u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Significant Accounting Policies

Basis of Presentation and Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County of Rockingham, Virginia and component units of the Rockingham County School Board and the Harrisonburg-Rockingham Social Services District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Federal Financial Assistance – The Single Audit Act Amendments of 1996 (Public Law 104-156) and OMB Circular A-133 define federal financial assistance as grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations or other assistance. Nonmonetary deferral assistance including food commodities is considered federal assistance and, therefore, is reported on the Schedule of Expenditures of Federal Awards. Federal financial assistance does not include direct federal cash assistance to individuals.

Direct Payments – Assistance received directly from the Federal government is classified as direct payments on the Schedule of Expenditures of Federal Awards.

Pass-through Payments – Assistance received in a pass-through relationship from entities other than the Federal government is classified as pass-through payments on the Schedule of Expenditures of Federal Awards.

Major Programs – The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish the criteria to be used in defining major programs. Major programs for the County of Rockingham, Virginia and its component units were determined using a risk-based approach in accordance with OMB Circular A-133.

Catalog of Federal Domestic Assistance – The Catalog of Federal Domestic Assistance (CFDA) is a government-wide compendium of individual federal programs. Each program included in the catalog is assigned a five-digit program identification number (CFDA Number), which is reflected in the accompanying schedule.

Cluster of Programs – Closely related programs that share common compliance requirements are grouped into clusters of programs. A cluster of programs is considered as one federal program for determining major programs. The following are the clusters administered by the County of Rockingham, Virginia and its component units: Child Nutrition, Special Education, Child Care, and Workforce Investment Act (WIA).

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 2. Non-Cash Assistance

The County of Rockingham, Virginia participated in a federal program in which non-cash benefits are provided through the state to eligible program participants.

Food Distribution Program (CFDA Number 10.555) – The value of food commodities was calculated using the U.S. Department of Agriculture’s Food and Nutrition Service commodity price lists. The accompanying schedule includes commodity distributions of \$385,529 for CFDA Number 10.555.

Note 3. Loan Outstanding

The County had the following loan balance at June 30, 2008. This loan program is also included in the federal expenditures presented in the Schedule of Expenditures of Federal Awards.

<u>Program Title Outstanding</u>	<u>Federal CFDA Number</u>	<u>Amount</u>
Water and Waste Disposal Systems for Rural Communities	10.760	\$ 382,800



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INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Honorable Members of the Board of Supervisors
County of Rockingham, Virginia

We have audited the financial statements of the County of Rockingham, Virginia, (County) as of and for the year ended June 30, 2008, and have issued our report thereon dated November 24, 2008. 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 the Specifications for Audits of Counties, Cities and Towns, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures 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 County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential, will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the County in a separate letter dated November 24, 2008.

This report is intended solely for the information of the Board of Supervisors, management, the Auditor of Public Accounts, and other federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.

PBGH, L2P

Harrisonburg, Virginia
November 24, 2008



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Members of the Board of Supervisors
County of Rockingham, Virginia

Compliance

We have audited the compliance of the County of Rockingham, Virginia's (County) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia that are applicable to each of its major federal programs for the year ended June 30, 2008. The County's major federal programs are identified in the Summary of Independent Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

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

A control deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

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

This report is intended solely for the information and use of the Board of Supervisors, management, the Auditor of Public Accounts, and other federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties.

PBGH, LLP

Harrisonburg, Virginia
November 24, 2008

COUNTY OF ROCKINGHAM, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008**

I. SUMMARY OF INDEPENDENT AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified	_____ Yes	√ _____ No
Significant deficiencies identified that are not considered to be material weaknesses	_____ Yes	√ _____ None Reported
Noncompliance material to financial statements noted	_____ Yes	√ _____ No

Federal awards

Internal control over major programs:

Material weaknesses identified	_____ Yes	√ _____ No
Significant deficiencies identified that are not considered to be material weaknesses	_____ Yes	√ _____ None Reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____ Yes	√ _____ No
--	-----------	------------

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
10.760	Water and Waste Disposal Systems for Rural Communities (loan and grant)
93.658	Foster Care – Title IV-E
93.778	Medical Assistance Program (Medicaid; Title XIX)

Child Nutrition Cluster:

10.553	School Breakfast Program
10.555	National School Lunch Program

Dollar threshold used to distinguish between type A and type B programs \$447,046

Auditee qualified as low-risk auditee? √ _____ Yes _____ No

COUNTY OF ROCKINGHAM, VIRGINIA

Page 2

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008**

II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

A. Significant Deficiencies in Internal Control

None Reported

B. Compliance Findings

None

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

COUNTY OF ROCKINGHAM, VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2008

The prior year single audit disclosed no findings in the Schedule of Findings and Questioned Costs and no uncorrected or unresolved findings exist from prior audit's Summary Schedule of Prior Audit Findings.