

Comprehensive Annual Financial Report



**Fiscal Year Ended
June 30, 2011**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
Fiscal Year Ended June 30, 2011**



Prepared by:

Department of Finance
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www.rockinghamcountyva.gov

COUNTY OF ROCKINGHAM, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2011

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of transmittal, County Administrator	1 – 4
Letter of transmittal, Director of Finance	5 – 9
Directory of principal officials	10
Organizational chart	11
Certificate of Achievement for Excellence in Financial Reporting – 2010	12

FINANCIAL SECTION

Independent Auditor's Report	13 and 14
Management's Discussion and Analysis	15 – 30
<i>Basic Financial Statements</i>	
Statement of net assets	31 – 32
Statement of activities	33 – 34
Balance sheet - governmental funds	35
Reconciliation of the balance sheet of the governmental funds to the statement of net assets	36
Statement of revenues, expenditures and changes in fund balances - governmental funds	37
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	38
Statement of revenues, expenditures and changes in fund balance - budget and actual - general fund	39
Statement of net assets - proprietary funds	40
Statement of revenues, expenses and changes in fund net assets - proprietary funds	41
Statement of cash flows - proprietary funds	42 – 43
Statement of fiduciary net assets - fiduciary funds	44
Notes to financial statements	45 – 87
<i>Required Supplementary Information</i>	
Schedule of funding progress - VRS	88
Schedule of funding - other postemployment benefits	89

Supplementary Information

Combining balance sheet - nonmajor governmental funds	90
Combining statement of revenues, expenditures and changes in fund balances - nonmajor governmental funds	91
Combining statement of net assets - nonmajor proprietary funds	92
Combining statement of revenues, expenses and changes in fund net assets - nonmajor proprietary funds	93
Statement of cash flows - nonmajor proprietary funds	94
Combining statement of net assets - internal service funds	95
Combining statement of revenues, expenses and changes in fund net assets - internal service funds	96
Combining statement of cash flows - internal service funds	97
Combining statement of fiduciary net assets - fiduciary funds	98
Combining statement of changes in assets and liabilities - all agency funds	99 – 101
Combining balance sheet - discretely presented component unit - School Board	102
Combining statement of revenues, expenditures and changes in fund balances - discretely presented component unit - School Board	103
Combining balance sheet - nonmajor funds of the discretely presented component unit - School Board	104
Combining statement of revenues, expenditures and changes in fund balances - nonmajor funds of the discretely presented component unit - School Board	105
Combining statement of fiduciary net assets - School Board - fiduciary funds	106
Combining statement of changes in assets and liabilities - School Board - all agency funds	107
Balance sheet - discretely presented component unit - Harrisonburg - Rockingham Social Services District	108
Statement of revenues, expenditures, and changes in fund balance - discretely presented component unit - Harrisonburg - Rockingham Social Services District	109

Supplemental Schedules

Governmental funds and discretely presented component units - schedule of revenues - budget and actual	110 – 118
Governmental funds and discretely presented component units - schedule of expenditures - budget and actual	119 – 124

STATISTICAL SECTION

Tables

1	Comments relative to statistical section	125
2	Net assets by component	126 – 127
3	Changes in net assets	128 – 131
4	Program revenues by function/program	132
5	Fund balances - governmental funds	133
6	Changes in fund balances - governmental funds	134 – 138
7	Tax revenues by source- governmental funds	139
8	Assessed value and estimated actual value of taxable property	140
9	Direct and overlapping property tax rates	141
10	Principal property taxpayers	142
11	Real property tax levies and collections	143
12	Ratios of outstanding debt by type and general bonded debt outstanding	144
13	Direct and overlapping governmental activities debt	145
14	Pledged-revenue coverage	146 – 147
15	Demographic and economic statistics	148
16	Principal employers	149
17	Full-time equivalent County government employees by function/program	150 – 151
18	Operating indicators by function/program	152 – 153
19	Capital asset statistics by function/program	154 – 155

COMPLIANCE SECTION

Schedule of Expenditures of Federal Awards	156 – 159
Note to Schedule of Expenditures of Federal Awards	160 – 161
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	162 – 163
Independent Auditor's Report on Compliance With Requirements that Could have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	164 – 165
Schedule of Findings and Questioned Costs	166 – 167
Summary Schedule of Prior Audit Findings	168

INTRODUCTORY SECTION



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

ROCKINGHAM COUNTY

JOSEPH S. PAXTON

County Administrator

November 22, 2011

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, 2011. 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 management's discussion and analysis (MD&A) for a more detailed overview of the County's financial position.

The County recently requested a financial review by the three national financial ratings agencies, Standard & Poor's, Moody's, and Fitch. The County's interest in obtaining this rating was to evaluate its financial performance and to position itself to refinance some outstanding debt obligations. Rockingham County has not requested a rating before this year. After a thorough review, the County received a AA+ rating from Standard & Poor's, a Aa2 rating from Moody's and a AA from Fitch. This was outstanding in our first effort for such a rating. The Board, subsequent to year-end, authorized the refunding of the bonds issued to construct the SRI facility in the Rockingham Center for Research and Technology; a refunding that will generate over \$2.6 million in savings over the remaining term of the bonds.

The economic downturn in the United States and Virginia presented significant challenges for the County over the past four years. The Commonwealth of Virginia reduced funding for its share of education, transportation, and social services costs, and for those services provided by the five local Constitutional Officers (i.e. law enforcement, court security, legal services, tax collection and assessment, and court records management), placing further stress on the County to meet service demands. In the early years of the recession, the County experienced a decline in local revenues, primarily due to the declining value of automobiles; however, local revenues have stabilized and are increasing, and the County has adjusted its staffing levels to meet the current demand for services, resulting in a continued strong local financial base. The actions taken by the Board of Supervisors positions the County to take advantage of opportunities as the economic recovery begins to take hold and economic expansion occurs. The Board of

Supervisors and School Board are commended for working closely together to maintain a high quality education system that allows the County to provide an educated populous to meet the workforce demands as the local economy recovers and business expansion occurs. The Board of Supervisors and its management team, working with the Constitutional Officers and the School Board, continue to evaluate options for providing quality service within a restrained financial environment.

Within the general government component of the CAFR, funding for fire and rescue services has been a challenge. In recent years the County has employed additional personnel to supplement the volunteer fire and rescue agencies in meeting an increasing service demand. To help off-set these higher costs, the Board of Supervisors implemented emergency medical transport services billing in January 2010. This program established a fee for service for transporting patients from an incident scene to a hospital, which is then billed to insurance companies. The Board has also worked with the School Board to develop a pool of qualified applicants to meet the workforce demand by creating a Fire & Rescue Tech program at the Massanutten Technical School.

In 2006, the Board of Supervisors and School Board agreed upon a school construction program expected to meet the educational facility needs through at least 2020. Cub Run Elementary opened in the fall of 2008, River Bend Elementary in the fall of 2009, and East Rockingham High School welcomed its first students in August, 2010. The construction of these three new schools addressed overcrowding issues at the elementary and high school level; however, the debt issued to fund construction resulted in a significant increase in annual debt service payments for the County, which further challenged the two Boards at a time of restrained revenue growth.

Significant events and actions during this past year include:

- Initiated design for build-out of the SRI-Shenandoah Valley research facility located in the Rockingham Center for Research and Technology; and,
- Established revised election districts and adjusted polling places as a result of updated census data; and,
- Completed sale of one year of carbon credits with two additional years to follow, for landfill gas destruction; and,
- Supplied methane gas generated at the Rockingham County landfill to the new Rockingham Memorial Hospital (RMH) facility for use in heating the complex; and,
- Obtained the "Part A" permit establishing the footprint for expansion of the disposal area at the County landfill; and,
- Completed expansion of the Harrisonburg-Rockingham Regional Sewer Authority (HRRSA) plant to increase capacity and to meet Chesapeake Bay standards.

Looking to the future, a number of issues are under discussion by the Board which may result in capital projects and, therefore, need to be part of the County's long-term financial planning.

These issues include:

- The construction of a connector road on a new alignment linking western Rockingham County with eastern Rockingham County, redirecting traffic around downtown Harrisonburg along a route that has State Commonwealth Transportation Board approval. The significant decline in state funding available for this project places an increased pressure on local funding or creative financing by the County; and,
- Partnership with the City of Harrisonburg (City) to complete a coordinated design and construction of improvements to Reservoir Street improving access to the new RMH facility; and,
- Partnership with the City to develop water supply resources and related delivery infrastructure; and,
- Additional operational space for human service agencies, including the social services district, community services board, and health department, as well as, potential co-location with other related state and federal agencies. This is a partnership with the City and Commonwealth; and,
- Design (Part B of permit) of the expansion of the County landfill to provide a long-term solution for disposal of solid waste for the County and City; and,
- Expansion of the regional jail to provide secure housing for an increasing inmate population; and,
- Undertaking a study with the City of Harrisonburg to develop a marketing strategy and brand for the Harrisonburg-Rockingham Metro Area as a means to attract prospective business investment for the community.

The economy of the region continues to be relatively strong, influenced by the steady growth at three local universities and colleges (James Madison University, Eastern Mennonite University and Bridgewater College), and a very diverse local economy. Despite the economic challenges in other areas of Virginia and the United States, the County is meeting the critical service demands for its citizens. However, as noted earlier, the State's budget shortfalls are impacting local operations. Federal stimulus funding has been used by the Commonwealth to offset part of the state funding shortfall; however, as these funds are depleted, and unless significant economic recovery is seen in the more populous areas of the Commonwealth, state budget problems will continue. Fortunately, the two local Boards were wise in their management and use of these funds, choosing to undertake capital projects such as adding capacity at the Massanutten Technical School and providing one-time pay increases for employees rather than building in an unsustainable operating cost.

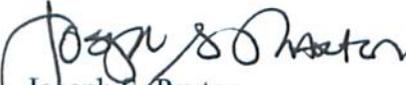
Locally, this past year the County experienced some negative revenue impact primarily in its business personal property tax collections. The County received several significant corrected assessments for business taxes paid based upon an incorrectly completed personal property return filed by the taxpayer over the past several years. Management apprised the Board of these potential overpayments early in the review process and set aside the funds received from those payments pending a potential refund, rather than using these funds to create an on-going cost. The adjustments made as a result of these payments were partially offset by higher than anticipated payments for other personal property tax revenues.

The policies established and actions taken by the Board of Supervisors encourages 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 twenty-ninth 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, 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 a high quality, efficient and effective level of service for the citizens of Rockingham County.

Respectfully submitted,


Joseph S. Paxton
County Administrator



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 22, 2011

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, 2011. 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, 2011. 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 auditor's 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 76,523. The independent city of Harrisonburg, with an estimated population of 49,134 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, 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-wide 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 May 5, 2010, the Board approved the budget for fiscal year 2011. During the fiscal year 2011, as is customary, the Board also approved supplemental budget amendments.

Local Economy

The County continues to enjoy a relatively stable and diverse local economy. The County has a varied manufacturing, industrial, distribution, services, and higher education base that adds to the relative stability of the unemployment rate (currently 5.5%). 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.

SRI International selected the County's Center to locate its new Center for Advanced Drug Research (CADRE) in the 40,000 square foot SRI-Shenandoah Valley facility. SRI is a premier research institute, which will serve as the cornerstone in the County's Center for Research and Technology, which consists of 365 acres of prime development property.

According to the 2007 U.S. Census of Agriculture recently published in February 2009, Rockingham County is ranked 1st in the state for total value of agricultural products sold (\$534 million) with 1,970 farms totaling 233,087 acres. Also from the census, Rockingham County is ranked 1st in the state for the following four commodity group sales: Milk and other dairy products from cows, cattle and calves, poultry and eggs, and other crops and hay. Rockingham County further ranked 1st in the state for all five livestock categories.

While the County experienced a somewhat slower amount of building activity for fiscal year 2011, there was over \$86 million authorized for new construction and renovations in the County for this time period including eight projects, each of which involved an investment of almost \$1 million or more. These projects were: Bridgewater Volunteer Fire Department (2-story addition); Merck Sharp & Dohme Corp (3-story manufacturing building); Miller Coors LLC (addition to existing warehouse); Rockingham County Schools (addition and remodel Ottobine Elementary School); Shen Valley LLC (warehouse); Hickory Hollow Christian School (new school building); Merck Sharp & Dohme Corp (2-story addition); and Great Eastern Resort Management (new ski lift).

Long-Term Financial Planning

Unassigned fund balance in the General Fund totaled over \$28.6 million, which represents 30 percent of total General Fund expenditures. An additional \$12.8 million, which represents another 13% of total General Fund expenditures, is assigned to future unspecified capital outlays in the General Capital Projects Fund.

Long range financial planning is in place, especially for capital projects, to ensure that resources, including borrowed funds, if necessary, are available to meet committed projects prior to their approval, and that adequate funding is planned for repayment of debt that has been or will be incurred. Annually, the County prepares a capital improvement program (CIP) projecting needs for each of the next five years; including a column providing estimates for projects extending beyond these five years. A corresponding schedule is also prepared to identify the funding sources.

In May 2011, the Board of Supervisors retained a financial advisor to consider obtaining initial credit ratings from the three national credit rating agencies, and to examine potential opportunities for refinancing existing bonds. In September 2011, as a direct result of strong current and historical financial management of the County, Rockingham received the following initial credit ratings:

- Standard & Poor's Financial Services LLC: AA+
- Moody's Investors Service, Inc.: Aa2
- Fitch, Inc.: AA

In October 2011, the County executed a refinancing proposal from SunTrust, the current lender on the outstanding SRI Project Bonds, resulting in reduced interest rates and achieving gross savings of over \$2.6 million over the remaining term of these bonds. The bonds did not extend the original term required to ultimately defease the bonds.

Relevant Financial Policies

Historically there have been either limited or no formal policy guidelines; however, the Board and its Finance Committee review the County's financial data with staff on a regular basis for budgetary and planning purposes. Staff is working with the Finance Committee to prepare draft Financial Policy Guidelines for consideration by the Board. The guidelines will address: policy objectives, capital improvement budget policies, debt policies, budget development policies, reserve policies and investment policies. The Board adopted a revision to its investment policy in October 2011 as the first step in this process.

A guiding principle for the County is to continue to ensure that operational costs for critical services are funded from on-going revenues. Fiscal stability is a necessity to preserve the quality of life for County residents.

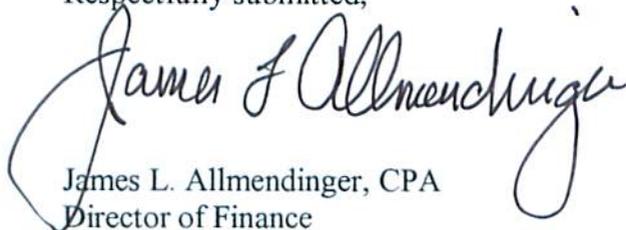
Awards and Acknowledgements

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, 2010. This was the 29th 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 accounting principles generally accepted in the United States of America 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,

A handwritten signature in black ink that reads "James L. Allmendinger". The signature is written in a cursive style with a large, sweeping initial "J".

James L. Allmendinger, CPA
Director of Finance

COUNTY OF ROCKINGHAM, VIRGINIA

Directory of Principal Officials
June 30, 2011

Board of Supervisors

Michael A. Breeden, Chairman
District 5
William B. Kyger, Jr., Vice-Chairman
District 4

Frederick E. Eberly
District 2

Dee E. Floyd
District 3

Pablo Cuevas
District 1

County Administrator

Joseph S. Paxton

School Board

Gayl Brunk, Chairman
District 2
W. R. Good, Vice-Chairman
District 5

Anthony Slater
District 1

John Myers, Jr.
District 3

William Gamble
District 4

Superintendent of Schools

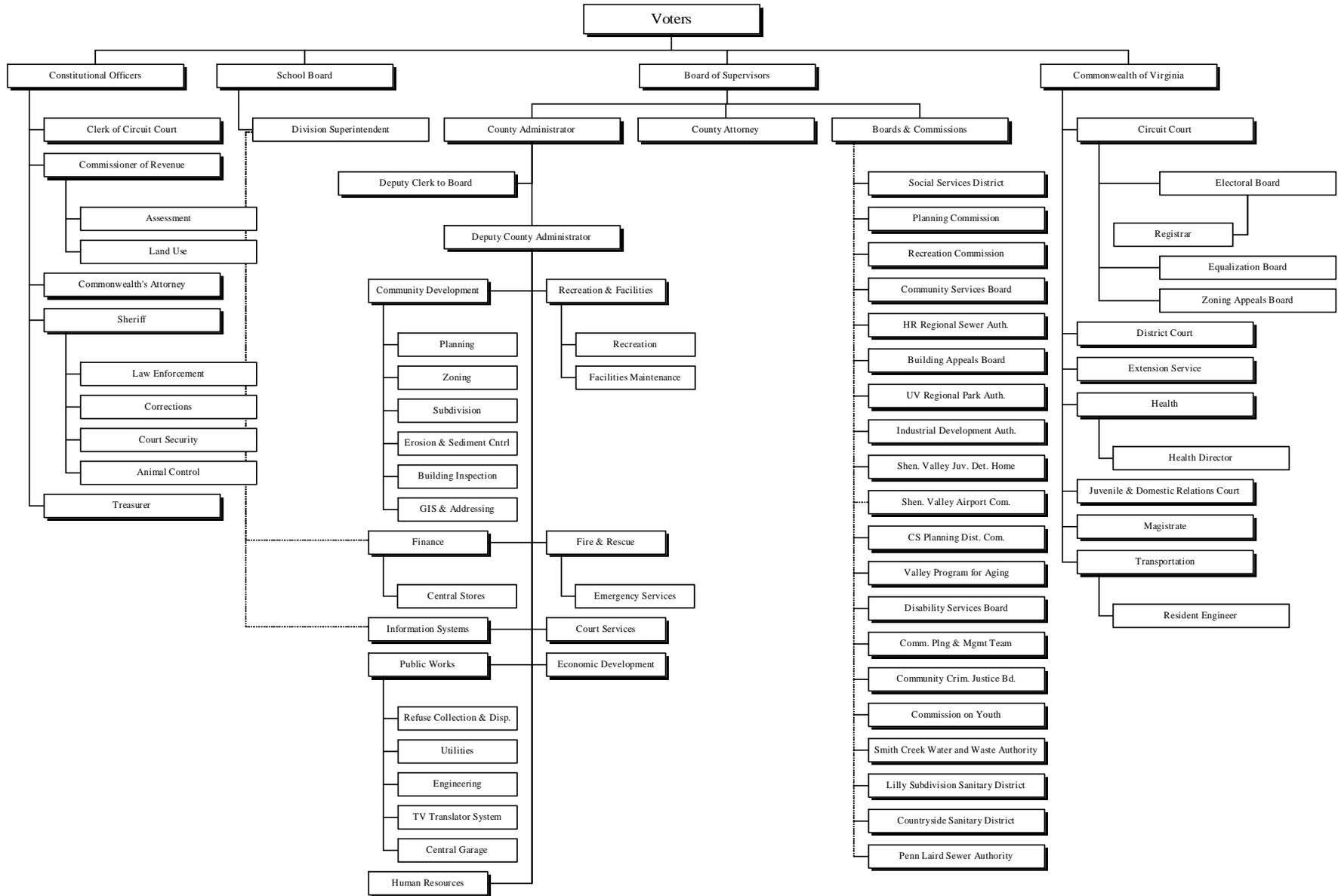
Dr. Carol Fenn

Other Officials

Stephen G. King
Thomas H. Miller
Lowell R. Barb
Donald W. Farley
L. Todd Garber
Marsha L. Garst
Chaz W. Evans-Haywood
James L. Allmendinger
Donald D. Driver, Jr.
Franklin P. O'Byrne
Katherine S. McQuain
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
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, 2011



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, 2010

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



A stylized, handwritten signature in black ink.

President

A stylized, handwritten signature in black ink.

Executive Director

FINANCIAL SECTION



INDEPENDENT AUDITOR'S 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, 2011, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit 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 as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparison for the General Fund 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 22, 2011 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 15 to 30) and the required supplementary information (pages 88 and 89) 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'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 it.

PBGH, LLP

Harrisonburg, Virginia
November 22, 2011

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, 2011. 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 \$6,462 at June 30, 2011. Of this amount, there was \$60,941 invested in the County's capital assets, net of related debt, \$1,383 in restricted net assets, and a negative \$55,862 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 \$43,679. Approximately 66 percent of this total amount, \$28,662 is available for spending at the government's discretion (unassigned fund balance). There is an additional \$12,822 in the General Capital Projects Fund assigned to unspecified future capital outlays that could be returned to the General Fund at the Board's discretion.
- At the end of the current fiscal year, the unassigned fund balance in the General Fund was \$28,662, which represents 30 percent of total General Fund expenditures. As mentioned above, an additional \$12,822 which represents 13 percent of total General Fund expenditure is assigned to future unspecified capital outlays in the General Capital Projects Fund.

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 31-34 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 five 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 and the General Capital Projects Fund, 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 35 and 37 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 immediately following the financial statements.

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 immediately following the notes to the financial statements.

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 \$6,462 at the close of the most recent fiscal year. This is an improvement of \$10,862 in comparison with the prior year. The explanation for this change is provided below.

By far, the largest portion of the County's net assets, \$60,941, reflects its investment in capital assets (e.g. land, easements, buildings, improvements, machinery and equipment, software, and construction in progress, net of accumulated depreciation and amortization), 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, \$1,383, represents resources that are subject to external restrictions on how they may be used. There was an increase of \$961 in restricted net assets reported in connection with the County's governmental activities.

The unrestricted portion of the County's net assets for the primary government changed from a negative \$67,055 to a negative \$55,862. 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.

By far, the largest portion of the component unit School Board's net assets reflects its investment in capital assets (e.g. land, easements, buildings, improvements, machinery and equipment, and construction in progress, net of accumulated depreciation and amortization). 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, 2011 and 2010

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 53,414	\$ 48,411	\$ 9,943	\$ 9,775	\$ 63,357	\$ 58,186
Capital assets, net	54,120	55,922	46,611	47,949	100,731	103,871
Total assets	107,534	104,333	56,554	57,724	164,088	162,057
Other liabilities	6,074	6,227	536	685	6,610	6,912
Noncurrent liabilities	126,630	134,398	24,386	25,147	151,016	159,545
Total liabilities	132,704	140,625	24,922	25,832	157,626	166,457
Net Assets:						
Investment in capital assets, net of related debt	31,571	31,495	29,370	30,738	60,941	62,233
Restricted	1,383	422	-	-	1,383	422
Unrestricted (deficit)	(58,124)	(68,209)	2,262	1,154	(55,862)	(67,055)
Total net assets	\$ (25,170)	\$ (36,292)	\$ 31,632	\$ 31,892	\$ 6,462	\$ (4,400)

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2011	2010	2011	2010
Current and other assets	\$ 24,435	\$ 28,000	\$ 6,273	\$ 5,927
Capital assets, net	161,144	166,440	40	79
Total assets	185,579	194,440	6,313	6,006
Other liabilities	17,453	19,514	1,570	1,855
Noncurrent liabilities	6,575	5,537	584	442
Total liabilities	24,028	25,051	2,154	2,297
Net Assets:				
Investment in capital assets, net of related debt	161,144	166,440	40	79
Unrestricted	407	2,949	4,119	3,630
Total net assets	\$ 161,551	\$ 169,389	\$ 4,159	\$ 3,709

County of Rockingham, Virginia
Summary Statement of Changes in Net Assets
Years Ended June 30, 2011 and 2010

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 7,970	\$ 6,603	\$ 8,269	\$ 8,430	\$ 16,239	\$ 15,033
Operating grants and contributions	9,196	9,403	-	-	9,196	9,403
Capital grants and contributions	269	119	-	-	269	119
General revenues:						
General property taxes	64,491	66,376	-	-	64,491	66,376
Other local taxes	9,128	9,720	-	-	9,128	9,720
Intergovernmental non-categorical aid	8,066	6,389	-	-	8,066	6,389
Use of money and property	964	839	40	34	1,004	873
Miscellaneous	780	232	1,067	561	1,847	793
Total revenues	100,864	99,681	9,376	9,025	110,240	108,706
Expenses:						
General government administration	4,695	4,928	-	-	4,695	4,928
Judicial administration	3,462	3,679	-	-	3,462	3,679
Public safety	20,392	19,529	-	-	20,392	19,529
Public works	2,453	2,385	9,636	9,409	12,089	11,794
Health and social services	5,006	5,212	-	-	5,006	5,212
Education	40,666	48,129	-	-	40,666	48,129
Parks, recreation and cultural	2,170	2,091	-	-	2,170	2,091
Community development	5,038	6,182	-	-	5,038	6,182
Interest	5,860	6,336	-	-	5,860	6,336
Total expenses	89,742	98,471	9,636	9,409	99,378	107,880
Changes in net assets before transfers	11,122	1,210	(260)	(384)	10,862	826
Transfers	-	(20)	-	20	-	-
Change in net assets	11,122	1,190	(260)	(364)	10,862	826
Net assets, beginning	(36,292)	(37,482)	31,892	32,256	(4,400)	(5,226)
Net assets, ending	\$ (25,170)	\$ (36,292)	\$ 31,632	\$ 31,892	\$ 6,462	\$ (4,400)

County of Rockingham, Virginia
Summary Statement of Changes in Net Assets (Continued)
Years Ended June 30, 2011 and 2010

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2011	2010	2011	2010
Revenues:				
Program revenues:				
Charges for services	\$ 4,954	\$ 5,322	\$ -	\$ -
Operating grants and contributions	69,346	72,018	15,402	15,969
Capital grants and contributions	346	3,854	-	-
General revenues:				
Grants and contributions not restricted to specific programs	40,666	48,129	6,791	6,972
Intergovernmental non-categorical aid	92	94	-	-
Use of money and property	54	56	22	15
Miscellaneous	165	459	25	75
Total revenues	115,623	129,932	22,240	23,031
Expenses:				
Health and social services	-	-	21,790	21,787
Education	123,461	122,877	-	-
Total expenses	123,461	122,877	21,790	21,787
Change in net assets	(7,838)	7,055	450	1,244
Net assets, beginning	169,389	162,334	3,709	2,465
Net assets, ending	<u>\$ 161,551</u>	<u>\$ 169,389</u>	<u>\$ 4,159</u>	<u>\$ 3,709</u>

Governmental activities. Governmental activities reduced the deficit in the County’s net assets by \$11,122. Key factors of this change are as follows:

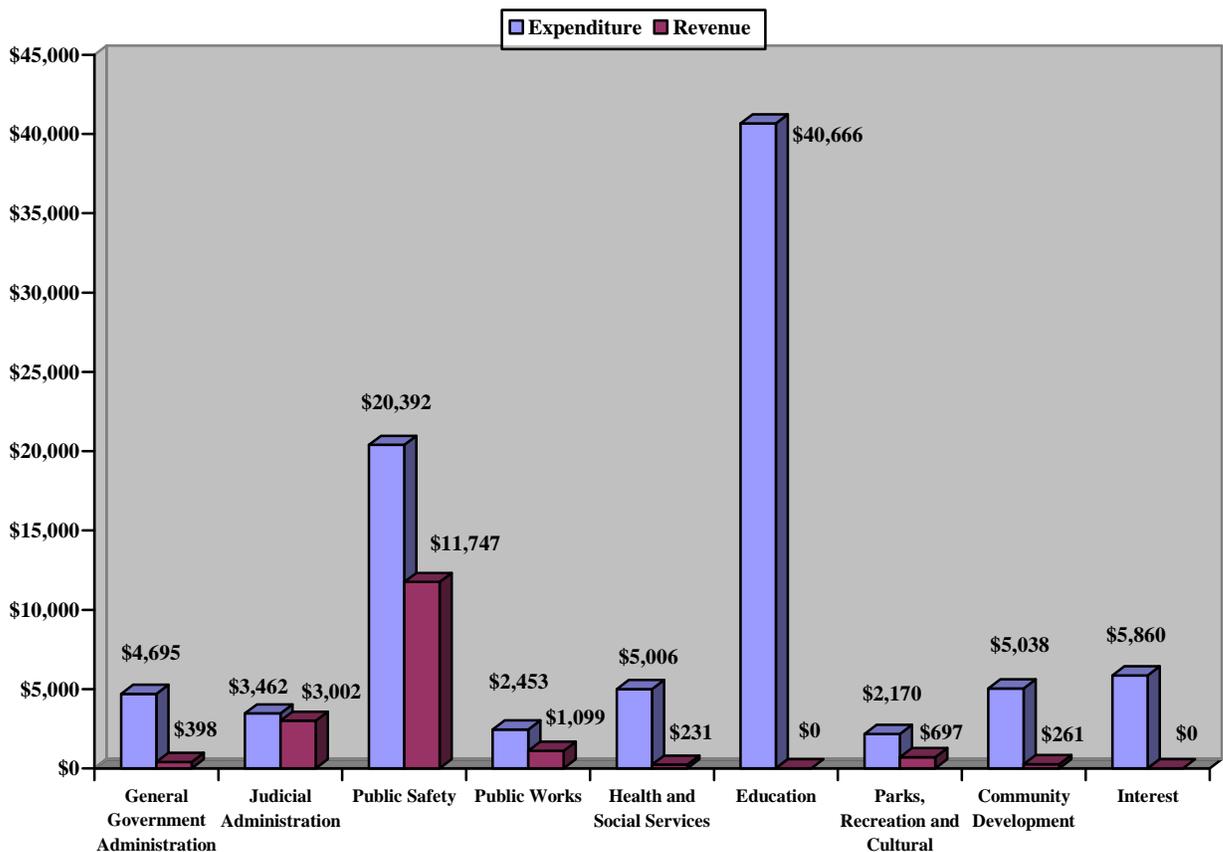
Total revenues remained relatively stable by increasing \$1,183 (from \$99,681 to \$100,864) compared to last year.

Total expenses decreased by \$8,729 (from \$98,471 to \$89,742) compared to last year.

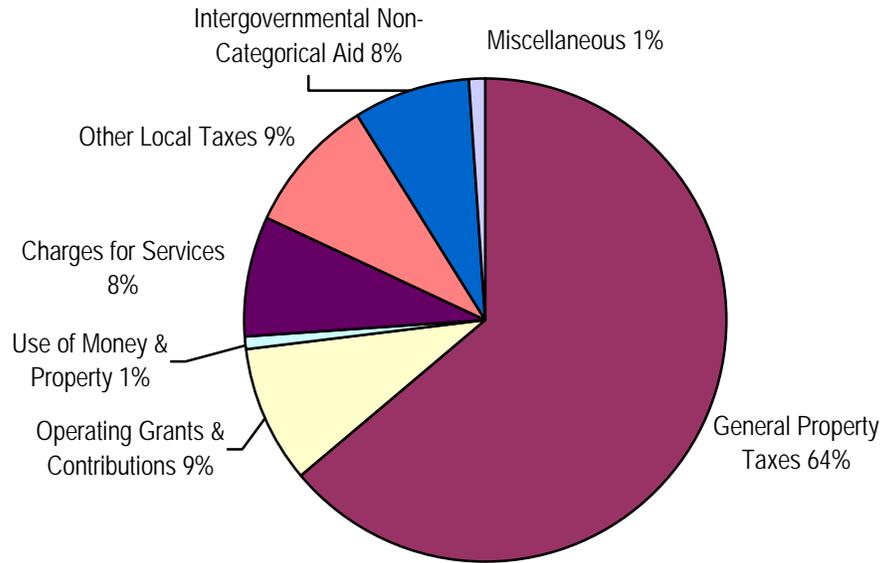
An explanation of the key components for the revenue and expense changes are outlined on page 25 under the Financial Analysis of The Government’s Funds.

Business-type activities. Business-type activities decreased the County’s net assets by \$260 compared to a decrease of \$364 last fiscal year. However, cash flow for the combined business-type activities was positive at \$233. Each of these businesses is monitored on a regular basis to assure that they are operating as a self-sustaining enterprise.

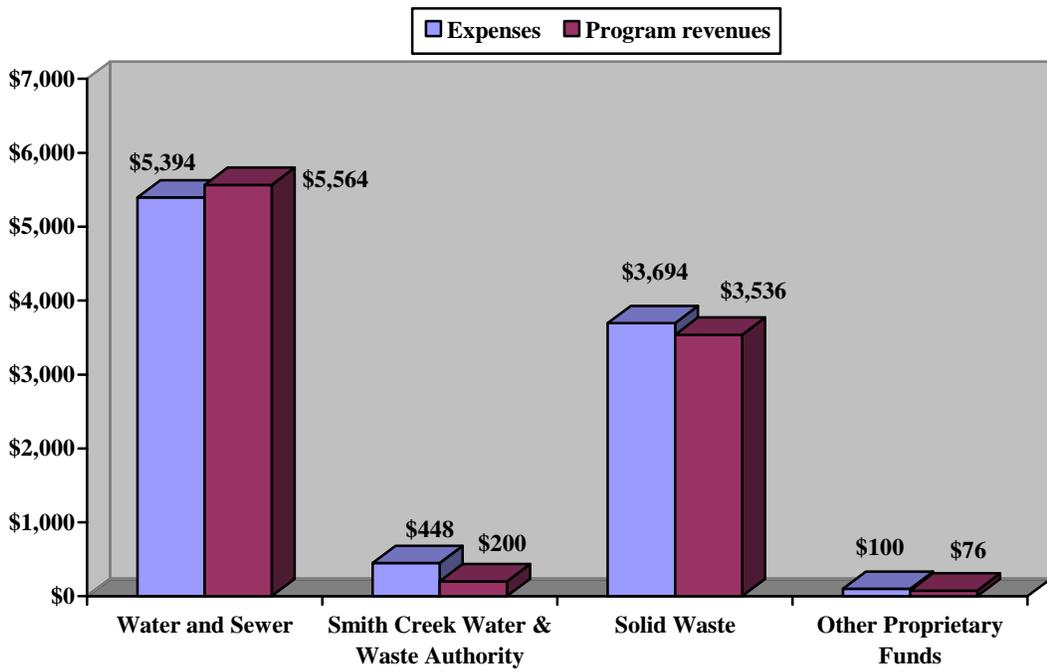
Expenses and Program Revenues - Governmental Activities



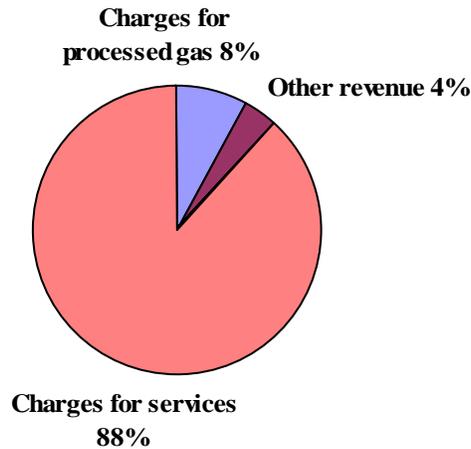
Revenues by Source - Governmental Activities



Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Component Unit – School Board. The School Board’s net assets decreased by \$7,838 this fiscal year. Key elements of this decrease are as follows:

1. Operating grants and contributions decreased \$2,672 from the prior year. State aid continued to be less but was offset partially with Federal stimulus funds.
2. Grants and contributions not restricted to specific programs decreased \$7,463 from the previous year. The County’s appropriation for school capital projects was the largest component and decreased \$10,979 due to the conclusion of the new school construction. The County’s appropriation to the School Operating Fund increased \$3,516 from \$37,150 to \$40,666.
3. Expenses increased \$584 from the prior year primarily due to the new East Rockingham High School opening this fiscal year.

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, *unassigned fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County’s governmental funds reported combined ending fund balances of \$43,679, an increase of \$4,802 in comparison with the prior year.

Approximately 66 percent of this total amount (\$28,662) constitutes unassigned general fund balance, which is available for spending at the government’s discretion. In addition, another 29 percent of this total amount (\$12,822) constitutes fund balance assigned to future unspecified capital outlays in the General Capital Projects Fund. These funds; however, may be returned to the General Fund at the Board’s discretion.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$28,662, while total fund balance reached \$29,474. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 30 percent of total General Fund expenditures, while total fund balance represents 31 percent of that same amount.

The fund balance of the County's General Fund increased \$1,121 during the current fiscal year. This is significantly better than the original budget which projected a \$5,717 decrease, and the final budget projecting a \$6,282 decrease. The key factors influencing this result are as follows:

- Total revenues remained relatively stable compared to last year by increasing \$1,420. The four largest revenue changes were:
 - General property taxes decreased \$1,729 primarily due to a decrease in machinery and tools taxes from reimbursements due to taxpayer errors in prior years.
 - Other local taxes decreased \$592; however, this is due to reclassifying \$1,660 of communication sales and use taxes to Intergovernmental Revenue this year.
 - Intergovernmental revenue from the Commonwealth of Virginia increased \$1,721 primarily due to the reclassifying of the \$1,660 communication sales and use taxes from Other local taxes this year.
 - Charges for services increased \$772 due largely to the addition this year of EMS transport fees of \$531.
- Total expenditures also remained relatively stable compared to last year by increasing \$1,156. Many of the expenditure categories remained relatively flat. The key components with changes were:
 - Public safety increased \$887 compared to the prior fiscal year primarily due to cost increases in the Sheriff and Fire department operations offset by a cost decrease in Emergency services.
 - Education expenses decreased \$706 compared to the prior fiscal year. This was due to a transfer of funds to the School Capital Projects Fund of \$4,222 last fiscal year. The transfer of funds to the School Operating Fund increased \$3,516 compared to last fiscal year.
 - Debt service increased \$1,555 compared to the prior fiscal year. This was primarily due to additional School Board debt and the SRI project capital lease.
 - Other financing uses increased this year with \$4,000 transferred to the General Capital Projects Fund for future unspecified capital outlays. The prior fiscal year had only \$20 transferred to one of the County's proprietary funds.

The General Capital Projects Fund has a total fund balance of \$13,792, of which \$12,822 is assigned to unspecified future capital outlays. The County had capital outlays of \$354 during the current fiscal year which were funded by 1) revenues of \$44, and 2) use of the General Capital Projects Fund Balance of \$310.

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 decreased \$260 this fiscal year to \$31,632. The largest portion of these net assets, \$29,370, continues to reflect the County's investment in capital assets. The unrestricted net assets of the proprietary funds increased from \$1,154 last fiscal year to \$2,262 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 \$1,954 increase in appropriations between the original and final amended budget. The following are the largest components of the increase:

- \$477 supplemental appropriations in judicial administration which included \$331 for projects of the Clerk of the Circuit Court to be funded by the State's Technology Trust Fund.
- \$874 supplemental appropriations in public safety which included \$302 for the carryover of an armored incident response vehicle.

The increase in appropriations was possible because of a number of factors including the receipt of federal and state grants and the reduction of other expenditures.

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 less expenditures were \$7,402 over the final budget.

Actual total revenues were \$1,532 over the final budgeted amounts and the key factor for this was:

- Other local taxes were \$915 over the final budget amount. Local sales and use taxes accounted for \$833 of this increase and was the result of improved economic conditions in the current year compared to what was originally anticipated.

Actual total expenditures were \$5,870 under the final budgeted amounts and the key factors were:

- The appropriation to the Rockingham County School Board for general operations was less than the final budget by \$4,357. The remaining 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.
- Community development expenditures were \$611 less than the final budget due to economic development funds not being spent by year-end.
- 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, 2011, amounts to \$100,731 (net of accumulated depreciation and amortization). This investment in capital assets includes land, easements, construction in progress, buildings, improvements, machinery and equipment, and software. The County's investment in capital assets for the current fiscal year remained relatively unchanged at \$100,731 this year compared to \$103,871 last year.

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

Governmental Activities

- Construction In Progress
 - Construction in progress was completed on the E911 system upgrade.
- Machinery and Equipment
 - The E911 system upgrade was completed for a total cost of \$8,926.

**County of Rockingham, Virginia
Summary Statement of Capital Assets
June 30, 2011 and 2010**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Non-Depreciable Assets:						
Land	\$ 3,198	\$ 3,198	\$ 1,549	\$ 1,549	\$ 4,747	\$ 4,747
Easements	-	-	198	198	198	198
Construction in progress	36	8,961	657	316	693	9,277
Depreciable Capital Assets:						
Buildings	46,102	46,102	378	370	46,480	46,472
Improvements	10,496	10,245	61,954	61,890	72,450	72,135
Machinery and equipment	15,823	6,395	5,289	5,090	21,112	11,485
Software	1,586	1,571	-	-	1,586	1,571
Accumulated depreciation and amortization	(23,121)	(20,550)	(23,414)	(21,464)	(46,535)	(42,014)
Total	\$ 54,120	\$ 55,922	\$ 46,611	\$ 47,949	\$ 100,731	\$103,871

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

- Construction In Progress
 - Construction in progress was completed on the new East Rockingham High School.
 - Renovations on Ottobine Elementary School began this fiscal year; construction in progress as of the close of this fiscal year was \$236.
- Buildings
 - The new East Rockingham High School building was completed for a total cost of \$44,971.

County of Rockingham, Virginia
Summary Statement of Capital Assets (Continued)
June 30, 2011 and 2010

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2011	2010	2011	2010
	2011	2010	2011	2010
Non-Depreciable Assets:				
Land	\$ 5,470	\$ 5,370	\$ -	\$ -
Easements	37	37	-	-
Construction in progress	249	47,847	-	-
Depreciable Capital Assets:				
Buildings	176,667	131,671	-	-
Improvements	46,099	45,648	3	3
Machinery and equipment	33,008	28,566	525	525
Software	49	49	-	-
Accumulated depreciation and amortization	(100,435)	(92,748)	(488)	(449)
Total	\$ 161,144	\$ 166,440	\$ 40	\$ 79

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 \$96,557. 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, 2011 and 2010

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 96,488	\$ 102,319	\$ -	\$ -	\$ 96,488	\$ 102,319
Literary fund loans	69	142	-	-	69	142
Capital leases	23,518	25,397	-	-	23,518	25,397
Unamortized premiums	4,153	4,406	580	637	4,733	5,043
Revenue bonds	-	-	17,108	18,180	17,108	18,180
Landfill obligation	-	-	6,389	6,074	6,389	6,074
Compensated absences	1,550	1,547	176	174	1,726	1,721
Other post-employment benefits	852	587	133	82	985	669
Total	\$ 126,630	\$ 134,398	\$ 24,386	\$ 25,147	\$ 151,016	\$ 159,545

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 2011 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 2011 fiscal year is presented as actual amounts as follows:

Estimated Population	Assessed Valuation of All Taxable Property	Net Bonded Debt	Ratio of Debt to Assessed Valuation	Net Bonded Debt per Capita
76,523	\$8,674,869,200	\$96,557,389	.0111	\$1,261

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 2011 in Rockingham County was 5.5 percent, which is slightly lower than the 5.6 percent rate a year ago. This compares favorably to the Virginia statewide unemployment rate of 6.4 percent and the United States national average of 8.8 percent.
- The County is encountering its 3rd consecutive year of significant revenue challenges. This is mainly due to the State being faced with an approximately \$4 billion shortfall in revenue for its fiscal year 2010-2012 biennial budget. The State has not made up the shortfalls from the past two fiscal years but the budget cuts have stabilized.
- Fiscal year 2012 revenue is budgeted to be fairly flat at \$98,761 in comparison to the fiscal year 2011 Amended Budget of \$99,235.
- 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 mention 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.
- Fiscal year 2012 General Fund Expenditures of \$104,353 have been budgeted to be approximately \$1 million less relative to the fiscal year 2011 Amended Budget of \$105,368.
- The unassigned fund balance in the General Fund at fiscal year-end was \$28,662. The County has appropriated \$5,592 of this amount for spending in the fiscal year 2012 budget. The drawdown in the fund balance is used for one-time capital and maintenance expenditures and, therefore, lessens the need to raise taxes.
- The Real Estate Tax Rate will remain at \$0.60.
- All of these factors were considered in preparing the County's budget for fiscal year 2012.

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, 2011

	Primary Government			Component Units	
	Governmental	Business-type	Totals	School	Harrisonburg- Rockingham Social Services
	Activities	Activities		Board	District
ASSETS					
Cash, cash equivalents and temporary cash investments	\$ 44,593,256	\$ 8,578,644	\$ 53,171,900	\$ 18,511,502	\$ 3,785,631
Receivables, net:					
Property taxes	3,265,251	-	3,265,251	-	-
Utility taxes	158,600	-	158,600	-	-
Trade and other accounts	532,995	909,237	1,442,232	263,330	116,722
Accrued interest	21,779	3,771	25,550	5,647	2,049
Due from other governments	2,719,243	-	2,719,243	2,879,388	2,276,873
Internal balances	374,827	(374,827)	-	-	-
Prepaid items	425,350	61,096	486,446	2,518,578	91,585
Inventory	46,808	142,386	189,194	257,049	-
Restricted cash	1,276,451	446,284	1,722,735	-	-
Financing costs, net of accumulated amortization	-	175,365	175,365	-	-
Capital assets, net of accumulated depreciation and amortization:					
Land	3,197,581	1,549,260	4,746,841	5,469,535	-
Easements	-	197,842	197,842	36,654	-
Buildings	46,102,231	378,127	46,480,358	176,666,855	-
Improvements other than buildings	10,495,446	61,954,577	72,450,023	46,098,758	3,156
Machinery and equipment	15,823,488	5,288,697	21,112,185	33,007,723	525,168
Software	1,586,171	-	1,586,171	49,407	-
Construction in progress	35,554	657,043	692,597	249,363	-
Less: accumulated depreciation and amortization	(23,121,072)	(23,414,051)	(46,535,123)	(100,434,534)	(488,261)
Total assets	107,533,959	56,553,451	164,087,410	185,579,255	6,312,923

LIABILITIES

Accounts payable	699,317	241,194	940,511	1,830,786	1,401,309
Accrued payroll	754,755	90,818	845,573	12,804,617	168,687
Accrued liabilities	149,552	19,650	169,202	-	-
Accrued interest	2,367,873	184,416	2,552,289	-	-
Unearned revenue	1,764,936	-	1,764,936	1,217,972	-
Insurance and benefit claims	336,800	-	336,800	1,347,200	-
Due to other governments	-	-	-	252,130	-
Noncurrent liabilities:					
Due within one year:					
Bonds payable	5,803,219	1,116,591	6,919,810	-	-
Literary loans	68,859	-	68,859	-	-
Capital leases	1,925,669	-	1,925,669	-	-
Landfill obligation	-	62,600	62,600	-	-
Compensated absences	901,535	97,247	998,782	2,151,162	190,152
Due in more than one year:					
Bonds payable, net	94,838,388	16,571,387	111,409,775	-	-
Capital leases	21,592,195	-	21,592,195	-	-
Landfill obligation	-	6,326,168	6,326,168	-	-
Compensated absences	648,166	78,615	726,781	1,084,810	188,603
Other postemployment benefits	852,336	133,337	985,673	3,339,303	205,350
Total liabilities	132,703,600	24,922,023	157,625,623	24,027,980	2,154,101

NET ASSETS

Invested in capital assets, net of related debt	31,571,104	29,369,801	60,940,905	161,143,761	40,063
Restricted:					
Nonexpendable trust principal	11,143	-	11,143	-	-
Park maintenance	11,445	-	11,445	-	-
Law enforcement	106,544	-	106,544	-	-
Capital outlay	969,569	-	969,569	-	-
Debt service	284,304	-	284,304	-	-
Unrestricted (deficit)	(58,123,750)	2,261,627	(55,862,123)	407,514	4,118,759
Total net assets	\$ (25,169,641)	\$ 31,631,428	\$ 6,461,787	\$ 161,551,275	\$ 4,158,822

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2011

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets								
	Expenses	Program Revenues			Primary Government			Component Units	
		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	\$ 4,694,851	\$ 4,815	\$ 393,503	\$ -	\$ (4,296,533)	\$ -	\$ (4,296,533)	\$ -	\$ -
Judicial administration	3,462,425	914,178	2,088,186	-	(460,061)	-	(460,061)	-	-
Public safety	20,392,396	5,171,000	6,307,124	269,312	(8,644,960)	-	(8,644,960)	-	-
Public works	2,453,101	1,098,549	-	-	(1,354,552)	-	(1,354,552)	-	-
Health and social services	5,005,635	83,232	147,726	-	(4,774,677)	-	(4,774,677)	-	-
Education	40,665,573	-	-	-	(40,665,573)	-	(40,665,573)	-	-
Parks, recreation and cultural	2,170,122	696,685	-	-	(1,473,437)	-	(1,473,437)	-	-
Community development	5,038,071	1,467	259,647	-	(4,776,957)	-	(4,776,957)	-	-
Interest	5,860,063	-	-	-	(5,860,063)	-	(5,860,063)	-	-
Total governmental activities	89,742,237	7,969,926	9,196,186	269,312	(72,306,813)	-	(72,306,813)	-	-
Business-type activities:									
Water and sewer	5,942,628	5,696,405	-	-	-	(246,223)	(246,223)	-	-
Solid waste	3,693,575	2,572,712	-	-	-	(1,120,863)	(1,120,863)	-	-
Total business-type activities	9,636,203	8,269,117	-	-	-	(1,367,086)	(1,367,086)	-	-
Total primary government	\$ 99,378,440	\$ 16,239,043	\$ 9,196,186	\$ 269,312	(72,306,813)	(1,367,086)	(73,673,899)	-	-
Component Units:									
Rockingham County School Board:									
Education:									
Instruction	\$ 94,760,403	\$ 2,794,819	\$ 66,543,615	\$ 345,977	-	-	-	(25,075,992)	-
Administration, attendance and health	4,618,967	-	-	-	-	-	-	(4,618,967)	-
Pupil transportation services	8,281,464	-	-	-	-	-	-	(8,281,464)	-
Operation and maintenance services	10,893,761	-	-	-	-	-	-	(10,893,761)	-
School food services	4,906,946	2,159,604	2,802,456	-	-	-	-	55,114	-
Total school board	123,461,541	4,954,423	69,346,071	345,977	-	-	-	(48,815,070)	-

Harrisonburg-Rockingham Social

Services District:

Social Services:

Public assistance	5,998,480	-	4,351,937	-	-	-	-	-	(1,646,543)
Comprehensive services	10,114,771	-	5,960,163	-	-	-	-	-	(4,154,608)
Administration:									
Welfare	5,676,427	-	5,089,815	-	-	-	-	-	(586,612)

Total social services district 21,789,678 - 15,401,915 - - - - - (6,387,763)

Total component units \$ 145,251,219 \$ 4,954,423 \$ 84,747,986 \$ 345,977 - - - (48,815,070) (6,387,763)

General Revenues:

Taxes:

General property taxes	64,490,691	-	64,490,691	-	-
Other local taxes:					
Local sales and use	4,732,665	-	4,732,665	-	-
Consumer utility	1,020,285	-	1,020,285	-	-
Motor vehicle licenses	1,179,162	-	1,179,162	-	-
Other	2,195,849	-	2,195,849	-	-
Grants and contributions not restricted to specific programs	-	-	-	40,665,573	6,790,737
Intergovernmental, non-categorical aid	8,065,994	-	8,065,994	91,783	-
Use of money and property	964,574	40,269	1,004,843	54,306	22,423
Miscellaneous	779,782	1,066,813	1,846,595	165,234	24,805

Total general revenues 83,429,002 1,107,082 84,536,084 40,976,896 6,837,965

Change in net assets 11,122,189 (260,004) 10,862,185 (7,838,174) 450,202

Net assets, beginning (36,291,830) 31,891,432 (4,400,398) 169,389,449 3,708,620

Net assets, ending \$ (25,169,641) \$ 31,631,428 \$ 6,461,787 \$ 161,551,275 \$ 4,158,822

COUNTY OF ROCKINGHAM, VIRGINIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011**

	General	General Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 27,891,099	\$ 12,890,925	\$ 108,110	\$ 40,890,134
Receivables, net:				
Property taxes	3,265,251	-	-	3,265,251
Utility taxes	158,600	-	-	158,600
Trade and other accounts	457,217	72,354	-	529,571
Accrued interest	15,778	5,171	60	21,009
Due from other governments	2,719,243	-	-	2,719,243
Prepaid items	395,658	-	-	395,658
Inventory	38,472	-	-	38,472
Advance to other funds	374,827	-	-	374,827
Restricted cash	-	969,569	306,882	1,276,451
Total assets	\$ 35,316,145	\$ 13,938,019	\$ 415,052	\$ 49,669,216
LIABILITIES				
Accounts payable	\$ 636,842	\$ 61,143	\$ 1,057	\$ 699,042
Accrued payroll	754,755	-	-	754,755
Accrued liabilities	-	85,000	-	85,000
Deferred revenue	4,451,015	-	-	4,451,015
Total liabilities	5,842,612	146,143	1,057	5,989,812
FUND BALANCES				
Nonspendable:				
Prepaid items	395,658	-	-	395,658
Inventory	38,472	-	-	38,472
Advance to other funds	374,827	-	-	374,827
Nonexpendable trust principal	-	-	11,143	11,143
Restricted for:				
Park maintenance	-	-	11,445	11,445
Law enforcement	-	-	106,544	106,544
Debt service	-	-	284,304	284,304
Capital outlay	-	969,569	-	969,569
Assigned to:				
Operations	2,851	-	-	2,851
Capital outlay	-	12,822,307	-	12,822,307
Debt service	-	-	559	559
Unassigned:				
General fund	28,661,725	-	-	28,661,725
Total fund balances	29,473,533	13,791,876	413,995	43,679,404
Total liabilities and fund balances	\$ 35,316,145	\$ 13,938,019	\$ 415,052	\$ 49,669,216

COUNTY OF ROCKINGHAM, VIRGINIA

**RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2011**

	Governmental Funds	
Total fund balances - total governmental funds	\$ 43,679,404	
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	\$ 77,240,471	
Less accumulated depreciation and amortization	(23,121,072)	
Net capital assets	<u>54,119,399</u>	
Deferred revenue represents amounts that were not available to fund current expenditures and, therefore, is not reported as revenue in the governmental funds.		2,990,572
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.		3,103,776
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.		
General obligation bonds, including unamortized premiums	(100,641,607)	
Literary loans	(68,859)	
Capital leases	(23,517,864)	
Compensated absences	(1,549,701)	
Arbitrage payable	(64,552)	
Interest payable	(2,367,873)	
Other postemployment benefits	<u>(852,336)</u>	
		<u>(129,062,792)</u>
Net assets of governmental activities		<u><u>\$ (25,169,641)</u></u>

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 Year Ended June 30, 2011

	General	General Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
General property taxes	\$ 64,487,098	\$ -	\$ -	\$ 64,487,098
Other local taxes	9,127,961	-	-	9,127,961
Permits, privilege fees and regulatory licenses	904,624	-	-	904,624
Fines and forfeitures	236,182	-	38,230	274,412
Use of money and property	911,996	44,575	651	957,222
Charges for services	3,573,280	-	-	3,573,280
Miscellaneous	776,932	-	2,850	779,782
Recovered costs	3,217,501	-	-	3,217,501
Intergovernmental	17,531,492	-	-	17,531,492
Total revenues	100,767,066	44,575	41,731	100,853,372
Expenditures:				
Current:				
General government administration	4,149,027	-	-	4,149,027
Judicial administration	3,123,597	-	-	3,123,597
Public safety	19,766,944	-	50,630	19,817,574
Public works	2,522,534	-	-	2,522,534
Health and social services	4,955,083	-	-	4,955,083
Education	40,665,573	-	-	40,665,573
Parks, recreation and cultural	2,212,498	-	-	2,212,498
Community development	4,211,445	-	-	4,211,445
Capital outlay	-	354,404	-	354,404
Debt service:				
Principal	7,781,938	-	-	7,781,938
Interest and fiscal charges	6,257,914	-	-	6,257,914
Total expenditures	95,646,553	354,404	50,630	96,051,587
Revenues over (under) expenditures	5,120,513	(309,829)	(8,899)	4,801,785
Other financing sources (uses):				
Transfers in	-	4,000,000	-	4,000,000
Transfers out	(4,000,000)	-	-	(4,000,000)
Other financing sources (uses), net	(4,000,000)	4,000,000	-	-
Net change in fund balances	1,120,513	3,690,171	(8,899)	4,801,785
Fund balance, beginning	28,353,020	10,101,705	422,894	38,877,619
Fund balance, ending	\$ 29,473,533	\$ 13,791,876	\$ 413,995	\$ 43,679,404

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, 2011**

	Governmental Funds	
Net change in fund balances - total governmental funds	\$	4,801,785
Reconciliation of amounts reported for governmental activities in the Statement of Activities:		
<p>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 and amortization expense. This is the amount by which depreciation and amortization exceeded capital outlays in the current period.</p>		
Expenditures for capital assets	\$	967,936
Less depreciation and amortization expense		<u>(2,771,084)</u>
Excess of depreciation and amortization over capital outlays		(1,803,148)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in deferred revenue		3,593
<p>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.</p>		
Principal repayments:		
General obligation debt		7,781,938
<p>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.</p>		
Accrued interest		147,314
Compensated absences		(2,451)
Arbitrage		(2,594)
Other postemployment benefits		(265,232)
Amortization of premium		<u>253,131</u>
		130,168
<p>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.</p>		
Total revenues		3,790,650
Total expenses		<u>(3,582,797)</u>
		<u>207,853</u>
Change in net assets of governmental activities	\$	<u>11,122,189</u>

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 Year Ended June 30, 2011

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
General property taxes	\$ 64,657,000	\$ 64,657,000	\$ 64,487,098	\$ (169,902)
Other local taxes	8,213,400	8,213,400	9,127,961	914,561
Permits, privilege fees and regulatory licenses	934,000	934,000	904,624	(29,376)
Fines and forfeitures	102,500	102,500	236,182	133,682
Use of money and property	787,103	787,103	911,996	124,893
Charges for services	3,055,754	3,449,754	3,573,280	123,526
Miscellaneous	113,500	134,782	776,932	642,150
Recovered costs	3,154,623	3,278,371	3,217,501	(60,870)
Intergovernmental	16,828,452	17,678,356	17,531,492	(146,864)
Total revenues	97,846,332	99,235,266	100,767,066	1,531,800
Expenditures:				
Current:				
General government administration	4,258,339	4,271,351	4,149,027	(122,324)
Judicial administration	3,014,487	3,491,250	3,123,597	(367,653)
Public safety	19,127,055	20,000,993	19,766,944	(234,049)
Public works	2,338,556	2,626,461	2,522,534	(103,927)
Health and social services	4,777,850	4,957,123	4,955,083	(2,040)
Education	45,022,930	45,022,930	40,665,573	(4,357,357)
Parks, recreation and cultural	2,133,028	2,267,363	2,212,498	(54,865)
Community development	4,834,024	4,822,750	4,211,445	(611,305)
Debt service:				
Principal	7,781,836	7,781,836	7,781,938	102
Interest and fiscal charges	6,274,758	6,274,758	6,257,914	(16,844)
Total expenditures	99,562,863	101,516,815	95,646,553	(5,870,262)
Revenues over (under) expenditures	(1,716,531)	(2,281,549)	5,120,513	7,402,062
Other financing uses:				
Transfers out	(4,000,000)	(4,000,000)	(4,000,000)	-
Net change in fund balance	(5,716,531)	(6,281,549)	1,120,513	7,402,062
Fund balance, beginning	5,716,531	6,281,549	28,353,020	22,071,471
Fund balance, ending	\$ -	\$ -	\$ 29,473,533	\$ 29,473,533

COUNTY OF ROCKINGHAM, VIRGINIA

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011**

	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	\$ 6,969,326	\$ 265,529	\$ 1,219,270	\$ 124,519	\$ 8,578,644	\$ 8,190,446
Trade and other accounts receivable	484,368	32,117	358,273	34,479	909,237	3,815
Accrued interest	3,065	124	524	58	3,771	3,850
Prepaid items	20,684	-	40,412	-	61,096	148,462
Inventory	142,386	-	-	-	142,386	8,336
Restricted cash	404,583	35,621	-	6,080	446,284	-
Total current assets	8,024,412	333,391	1,618,479	165,136	10,141,418	8,354,909
Noncurrent Assets:						
Financing costs, net of accumulated amortization	93,563	5,884	56,536	19,382	175,365	-
Capital assets:						
Land	232,998	-	1,295,662	20,600	1,549,260	-
Easements	177,211	-	-	20,631	197,842	-
Buildings	12,995	-	356,232	8,900	378,127	-
Improvements other than buildings	34,748,905	6,616,233	18,566,518	2,022,921	61,954,577	-
Machinery and equipment	880,511	361,546	4,012,278	34,362	5,288,697	-
Construction in progress	153,637	-	503,406	-	657,043	-
Less accumulated depreciation and amortization	(10,085,963)	(1,190,620)	(11,930,550)	(206,918)	(23,414,051)	-
Total capital assets (net of accumulated depreciation and amortization)	26,120,294	5,787,159	12,803,546	1,900,496	46,611,495	-
Total noncurrent assets	26,213,857	5,793,043	12,860,082	1,919,878	46,786,860	-
Total assets	34,238,269	6,126,434	14,478,561	2,085,014	56,928,278	8,354,909
LIABILITIES						
Current Liabilities:						
Accounts payable and deposits	173,557	16,071	49,100	2,466	241,194	990
Compensated absences	49,554	-	47,693	-	97,247	-
Accrued payroll	41,533	-	49,285	-	90,818	-
Accrued liabilities	19,536	-	114	-	19,650	-
Accrued interest	109,979	15,818	50,406	8,213	184,416	-
Advance from other funds	280,000	-	-	94,827	374,827	-
Unearned revenue	-	-	-	-	-	1,522,465
Insurance and benefit claims	-	-	-	-	-	1,684,000
Revenue bonds	435,000	118,578	535,000	28,013	1,116,591	-
Landfill obligation	-	-	62,600	-	62,600	-
Total current liabilities	1,109,159	150,467	794,198	133,519	2,187,343	3,207,455
Noncurrent Liabilities:						
Compensated absences	31,863	-	46,752	-	78,615	-
Other postemployment benefits	65,982	-	67,355	-	133,337	-
Revenue bonds	9,352,582	2,509,439	3,857,538	851,828	16,571,387	-
Landfill obligation	-	-	6,326,168	-	6,326,168	-
Total noncurrent liabilities	9,450,427	2,509,439	10,297,813	851,828	23,109,507	-
Total liabilities	10,559,586	2,659,906	11,092,011	985,347	25,296,850	3,207,455
NET ASSETS						
Invested in capital assets, net of related debt	16,737,295	3,194,763	8,411,008	1,026,735	29,369,801	-
Unrestricted (deficit)	6,941,388	271,765	(5,024,458)	72,932	2,261,627	5,147,454
Total net assets	\$ 23,678,683	\$ 3,466,528	\$ 3,386,550	\$ 1,099,667	\$ 31,631,428	\$ 5,147,454

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Other Proprietary Funds	Totals	
Operating revenues:						
Charges for services	\$ 5,051,234	\$ 198,314	\$ 2,572,712	\$ 74,607	\$ 7,896,867	\$ 18,739,380
Sale of processed gas	-	-	699,046	-	699,046	-
Connection fees	7,445	-	-	-	7,445	-
Other revenue	107,448	625	259,493	201	367,767	396
Total operating revenues	5,166,127	198,939	3,531,251	74,808	8,971,125	18,739,776
Operating expenses:						
Personal services	844,486	-	954,165	-	1,798,651	-
Fringe benefits	358,897	-	413,333	-	772,230	-
Contractual services	116,549	57,584	396,375	5,140	575,648	1,626,826
Regional Sewer Authority assessment:						
Operations and maintenance	902,745	-	-	-	902,745	-
Debt service	1,161,140	-	-	-	1,161,140	-
Risk financing and benefit payments	-	-	-	-	-	16,068,274
Internal services	70,189	-	45,692	-	115,881	-
Electrical services	337,645	5,484	65,266	-	408,395	-
Repairs and maintenance	46,109	-	52,769	-	98,878	-
Landfill closure	-	-	328,405	-	328,405	-
Other charges	361,181	101,264	277,127	15,934	755,506	44,400
Depreciation and amortization	741,721	189,158	983,146	43,186	1,957,211	-
Total operating expenses	4,940,662	353,490	3,516,278	64,260	8,874,690	17,739,500
Operating income (loss)	225,465	(154,551)	14,973	10,548	96,435	1,000,276
Nonoperating revenues (expenses):						
Connection availability fees	364,805	-	-	-	364,805	-
Interest revenue	33,173	1,553	4,803	740	40,269	37,303
Interest expense	(447,590)	(94,594)	(169,211)	(34,726)	(746,121)	-
Amortization of financing costs	(5,833)	(525)	(8,086)	(948)	(15,392)	-
Total nonoperating revenues (expenses), net	(55,445)	(93,566)	(172,494)	(34,934)	(356,439)	37,303
Change in net assets	170,020	(248,117)	(157,521)	(24,386)	(260,004)	1,037,579
Total net assets, beginning	23,508,663	3,714,645	3,544,071	1,124,053	31,891,432	4,109,875
Total net assets, ending	\$ 23,678,683	\$ 3,466,528	\$ 3,386,550	\$ 1,099,667	\$ 31,631,428	\$ 5,147,454

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2011**

	Business-type Activities - Enterprise Funds					Governmental Activity - Internal Service Funds
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Other Proprietary Funds	Totals	
Cash Flows From Operating Activities:						
Receipts from interfund services provided	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,865,037
Receipts from customers	5,153,216	207,061	2,606,433	93,275	8,059,985	-
Claims and benefits paid	-	-	-	-	-	(16,137,736)
Payments to suppliers for goods and services	(2,891,646)	(159,952)	(964,805)	(21,443)	(4,037,846)	(1,671,294)
Payments to employees for services	(1,192,033)	-	(1,359,791)	-	(2,551,824)	-
Internal activity - payments to other funds	(70,189)	-	(45,692)	-	(115,881)	-
Other receipts, net	107,448	625	958,539	201	1,066,813	396
Net cash provided by operating activities	1,106,796	47,734	1,194,684	72,033	2,421,247	1,056,403
Cash Flows From Capital and Related Financing Activities:						
Payment of advance from other funds	(85,000)	-	-	(2,673)	(87,673)	-
Connection availability fees	364,805	-	-	-	364,805	-
Principal paid on bonds	(410,000)	(114,912)	(520,000)	(27,112)	(1,072,024)	-
Interest paid on outstanding debt	(469,502)	(95,605)	(213,115)	(35,369)	(813,591)	-
Acquisition and construction of capital assets	(204,598)	-	(415,745)	-	(620,343)	-
Net cash used in capital and related financing activities	(804,295)	(210,517)	(1,148,860)	(65,154)	(2,228,826)	-
Cash Flows From Investing Activities:						
Interest received on investment securities	33,586	1,691	4,810	747	40,834	37,779
Net cash provided by investing activities	33,586	1,691	4,810	747	40,834	37,779
Net increase (decrease) in cash and cash equivalents	336,087	(161,092)	50,634	7,626	233,255	1,094,182
Cash and Cash Equivalents:						
Beginning	7,037,822	462,242	1,168,636	122,973	8,791,673	7,096,264
Ending	\$ 7,373,909	\$ 301,150	\$ 1,219,270	\$ 130,599	\$ 9,024,928	\$ 8,190,446

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2011**

	Business-type Activities - Enterprise Funds					Governmental Activity - Internal Service Funds
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Other Proprietary Funds	Totals	
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 225,465	\$ (154,551)	\$ 14,973	\$ 10,548	\$ 96,435	\$ 1,000,276
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization	741,721	189,158	983,146	43,186	1,957,211	-
Change in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable	94,537	8,747	33,721	18,668	155,673	1,339
Due from other governments	-	-	-	-	-	14,571
Prepaid items	1,817	-	(17,057)	-	(15,240)	(148,462)
Inventory	(2,122)	-	-	-	(2,122)	(634)
Increase (decrease) in:						
Accounts payable and deposits	33,247	4,380	(142,607)	(369)	(105,349)	566
Accrued liabilities	12,131	-	7,712	-	19,843	-
Unearned revenue	-	-	-	-	-	109,747
Insurance and benefit claims	-	-	-	-	-	79,000
Landfill obligation	-	-	314,796	-	314,796	-
Net cash provided by operating activities	\$ 1,106,796	\$ 47,734	\$ 1,194,684	\$ 72,033	\$ 2,421,247	\$ 1,056,403
Schedule of Noncash Capital and Related Financing Activities:						
Capital assets acquired through incurrence of accounts payable	\$ 48,267	\$ -	\$ 14,101	\$ -	\$ 62,368	\$ -

COUNTY OF ROCKINGHAM, VIRGINIA

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

June 30, 2011

	Agency Funds
<hr/>	
ASSETS	
Cash, cash equivalents and temporary cash investments	\$ 1,507,854
Accounts receivable	<u>56,018</u>
Total assets	<u>1,563,872</u>
LIABILITIES	
Accounts payable	<u>1,563,872</u>
Total liabilities	<u><u>\$ 1,563,872</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 GAAP, 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 within 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 within 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. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

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 and amortization 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.

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 also 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 Economic Development Authority, Bond Escrow, Massanutten Technical Center, and Emergency Medical Services.

D. Budgetary Data

The Board of Supervisors' 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 GAAP. 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, 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, 2010. 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, Smith Creek Water & Waste Authority, Water and Sewer Funds, and Penn Laird Sewer Authority 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 and 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Capitalized interest is amortized using the straight-line method over the useful life of the asset.

The County’s intangible assets include land easements and software and were previously recorded and classified as land and equipment, respectively. Land easements have indefinite useful lives and thus are not subject to amortization.

Capital assets are depreciated or amortized 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
Software	3 to 5 years

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Assets, Liabilities and Equity (Continued)

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. In the District, an employee will receive an accrued sick leave payout upon leaving their employment after five years of vested service. 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. The General Fund is responsible for paying the liability for compensated absences for general government employees and has been used in prior years to liquidate the governmental funds' liability.

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.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Assets, Liabilities and Equity (Continued)

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.

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 classifications of fund balance as follows:

Nonspendable fund balance – amounts that are not in a spendable form or are required to be maintained intact (such as prepaid items, inventory, and the principal of a permanent fund that is legally or contractually required to be maintained intact).

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, creditors, or laws and regulations of other governments), or by law through constitutional provisions or enabling legislation.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Assets, Liabilities and Equity (Continued)

10. Fund Equity (Continued)

Committed fund balance – amounts constrained to specific purposes by the Board of Supervisors. To be reported as committed, amounts cannot be used for any other purpose unless the Board of Supervisors takes the action to remove or change the constraint.

Assigned – amounts constrained by the County’s intent but are neither restricted or committed.

Unassigned fund balance – residual balance of the General Fund that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The County will consider the use of restricted, committed, or assigned funds prior to the use of unassigned fund balance.

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.

Note 2. Deposits and Investments

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

Custodial Credit Risk (Deposits). This is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. The County’s investment policy requires all deposits to be insured under FDIC or comply with the Virginia Security for Public Deposits Act. At year end, none of the County’s deposits were exposed to custodial credit risk.

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. The maturity of the LGIP is less than one year.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

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 principal, providing necessary cash flow, and investing consistent with state law.

As of June 30, 2011, 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 75% of available investment balance can be invested in the LGIP.

Credit Risk:

As of June 30, 2011, 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.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

As of June 30, 2011, 18% was invested in “AAA” U. S. Agency Securities, 35% was invested in “A1” U. S. Agency Securities, 39% 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 & Poor’s ratings.

Subsequent to year end, Standard & Poor’s downgraded the credit quality of the debt of the United States to AA+ which will have a rating impact on most of the County’s investments. Fitch Ratings and Moody’s Investors Services have affirmed their AAA rating for the United States but Moody’s has left the debt on “outlook negative.”

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, 2011 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	11%
Federal Home Loan Mortgage Corporation	24%
Federal Home Loan Bank	12%

Interest Rate Risk:

Interest rate risk is defined as the risk that changes of 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	100% maximum
30 days – 1 year	100% maximum
1 – 2 years	50% maximum
2 – 5 years	25% maximum

	Fair Value	Investment Maturities (in years)	
		Less Than 1 Year	1 – 2 Years
U. S. Agencies	\$ 68,452,502	\$ 63,086,839	\$ 5,365,663

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 2. Deposits and Investments (Continued)

In October 2011, the County adopted a revised investment policy with the maximum percentage of total investment portfolio permitted in each eligible security as follows:

Permitted Investment	Sector Limit	Issuer Limit
U. S. Treasury Obligations	100%	100%
Federal Agency Obligations	100%	35%
Municipal Obligations	20%	5%
Commercial Paper	25%	5%
Bankers' Acceptances	25%	5%
Corporate Notes	20%	5%
Negotiable Certificates of Deposit and Bank Deposit Notes	20%	5%
Money Market Mutual Funds	100%	50%
LGIP	100%	100%
Repurchase Agreements	35%	35%

The new policy requires that commercial paper, with a maturity of 270 days or less, have a short-term debt rating of no less than "A-1" (or its equivalent) by at least two of the Nationally Recognized Statistical Rating Organizations (NRSROs). Corporate notes with final maturity of less than five years must have a rating of at least "AA" by Standard & Poor's and "Aa" by Moody's Investors Service. Negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks, maturing in one year or less, must have a rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investors Service. Negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks, maturing over one year but less than five years, must have a rating of at least "AA" by Standard & Poor's and "Aa" by Moody's Investors Service. Federal agency obligations, with final maturity less than five years, must have a rating of at least "AA" (or its equivalent) by at least two of the NRSROs, one of which will be either Moody's Investors Service or Standard & Poor's. Municipal obligations, with final maturity less than five years, must have a rating of at least "AA" by Standard & Poor's and/or "Aa" by Moody's Investors Service. Bankers' Acceptances, with a maturity of 180 days or less, must have a short-term debt rating of no less than "A-1" (or its equivalent) by at least two of the NRSROs. Money market mutual funds must be rated at least "AAA" or the equivalent by at least two of the following: Moody's Investors Service, Standard & Poor's, Fitch Investors Service, or Duff and Phelps, Inc.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 3. Receivables and Deferred Revenue

Receivables at June 30, 2011 for the County's individual major funds and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Primary Government

	General Fund	General Capital Projects	Water and Sewer Fund	Smith Creek Water & Waste Authority
Property taxes	\$ 4,065,251	\$ -	\$ -	\$ -
Utility taxes	158,600	-	-	-
Trade and other accounts	457,217	72,354	499,868	33,317
Gross receivables	4,681,068	72,354	499,868	33,317
Less allowance for uncollectible accounts	800,000	-	15,500	1,200
Net receivables	\$ 3,881,068	\$ 72,354	\$ 484,368	\$ 32,117

	Solid Waste Fund	Nonmajor Proprietary Funds	Internal Service Funds	Totals
Property taxes	\$ -	\$ -	\$ -	\$ 4,065,251
Utility taxes	-	-	-	158,600
Trade and other accounts	370,773	35,779	3,815	1,473,123
Gross receivables	370,773	35,779	3,815	5,696,974
Less allowance for uncollectible accounts	12,500	1,300	-	830,500
Net receivables	\$ 358,273	\$ 34,479	\$ 3,815	\$ 4,866,474

The County determines its allowance for uncollectible accounts using historical collection data and specific account analysis. The total allowance for uncollectible accounts amounted to \$830,500 as of June 30, 2011.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 3. Receivables and Deferred Revenue (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)	\$ 2,990,572	\$ -
Advance collection of 2011-2012 taxes (General Fund)	-	590,164
Personal Property Tax Relief Act – state reimbursement (General Fund)	-	870,279
	<u>\$ 2,990,572</u>	<u>\$ 1,460,443</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.

Note 4. Due From Other Governments

Amounts due from other governments include the following:

Primary Government:		
General Fund:		
Commonwealth of Virginia:		
Local sales and use taxes	\$	871,024
Communications sales and use taxes		252,748
Categorical aid:		
Shared costs:		
Commissioner of the revenue		18,450
Commonwealth attorney		66,948
Sheriff		488,867
Clerk of circuit court		55,624
Treasurer		16,506
Soil and water		76,133
Other		42,356
Federal government:		
Boarding and care of prisoners		18,981
Categorical aid:		
Homeland security program		23,001
Ground safety transportation		7,130
Project Safe Neighborhoods		11,385
Other		4,651

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Due From Other Governments (Continued)

Primary Government: (Continued)	
General Fund: (Continued)	
County of Augusta	\$ 7,896
City of Harrisonburg	408,948
Other governments	<u>348,595</u>
Total General Fund	<u>2,719,243</u>
Total Primary Government	<u>\$ 2,719,243</u>
Component Unit - School Board:	
School Operating Fund:	
Commonwealth of Virginia:	
State sales tax receipts	\$ 1,916,106
Federal government:	
Education grants	<u>923,511</u>
Total School Operating Fund	<u>2,839,617</u>
Massanutten Technical Center:	
Federal government:	
Education grants	<u>39,771</u>
Total Massanutten Technical Center	<u>39,771</u>
Total Component Unit - School Board	<u>\$ 2,879,388</u>
Component Unit - Harrisonburg-Rockingham Social Services District:	
Operating fund:	
Commonwealth of Virginia:	
Public assistance and administration	\$ 401,052
Federal government:	
Public assistance and administration	<u>422,666</u>
Total Operating Fund	<u>823,718</u>
Special Revenue – Comprehensive Service Act:	
Commonwealth of Virginia:	
Comprehensive Services Act	1,210,527
City of Harrisonburg:	
Comprehensive Services Act	<u>242,628</u>
Total Special Revenue Fund	<u>1,453,155</u>
Total Component Unit - Harrisonburg-Rockingham Social Services District	<u>\$ 2,276,873</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets

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

Primary Government:

	Beginning Balance	Increases	(Deletions)/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets, not being depreciated or amortized:				
Land	\$ 3,197,581	\$ -	\$ -	\$ 3,197,581
Construction in progress	8,961,064	-	(8,925,510)	35,554
Total capital assets, not being depreciated or amortized	12,158,645	-	(8,925,510)	3,233,135
Capital assets, being depreciated or amortized:				
Buildings	46,102,231	-	-	46,102,231
Improvements other than buildings	10,245,656	249,790	-	10,495,446
Machinery and equipment	6,395,670	702,439	8,725,379	15,823,488
Software	1,570,464	15,707	-	1,586,171
Total capital assets being depreciated or amortized	64,314,021	967,936	8,725,379	74,007,336
Less accumulated depreciation or amortization for:				
Buildings	(11,964,538)	(1,515,106)	-	(13,479,644)
Improvements other than buildings	(1,986,596)	(403,519)	-	(2,390,115)
Machinery and equipment	(5,430,525)	(659,808)	200,131	(5,890,202)
Software	(1,168,460)	(192,651)	-	(1,361,111)
Total accumulated depreciation or amortization	(20,550,119)	(2,771,084)	200,131	(23,121,072)
Total capital assets being depreciated or amortized, net	43,763,902	(1,803,148)	8,925,510	50,886,264
Governmental activities capital assets, net	\$ 55,922,547	\$ (1,803,148)	\$ -	\$ 54,119,399

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

Governmental activities:	
General government administration	\$ 518,632
Judicial administration	344,611
Public safety	901,510
Public works	28,832
Health and social services	50,603
Parks, recreation and cultural	110,143
Community development	816,753
Total depreciation and amortization expense - governmental activities	\$ 2,771,084

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 or amortized:				
Land	\$ 1,549,260	\$ -	\$ -	\$ 1,549,260
Easements	197,842	-	-	197,842
Construction in progress	316,099	340,944	-	657,043
Total capital assets, not being depreciated or amortized	2,063,201	340,944	-	2,404,145
Capital assets, being depreciated or amortized:				
Buildings	370,127	8,000	-	378,127
Improvements other than buildings	61,889,113	65,464	-	61,954,577
Machinery and equipment	5,089,562	205,935	(6,800)	5,288,697
Total capital assets being depreciated or amortized	67,348,802	279,399	(6,800)	67,621,401
Less accumulated depreciation or amortization for:				
Buildings	(71,169)	(16,330)	-	(87,499)
Improvements other than buildings	(18,083,810)	(1,586,306)	-	(19,670,116)
Machinery and equipment	(3,308,661)	(354,575)	6,800	(3,656,436)
Total accumulated depreciation or amortization	(21,463,640)	(1,957,211)	6,800	(23,414,051)
Total capital assets being depreciated or amortized, net	45,885,162	(1,677,812)	-	44,207,350
Business-type activities capital assets, net	\$ 47,948,363	\$ (1,336,868)	\$ -	\$ 46,611,495

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

Business-type activities:	
Water and Sewer	\$ 741,721
Solid Waste	983,146
Smith Creek Water & Waste Authority	189,158
Lilly Subdivision Sanitary District	11,777
Countryside Sanitary District	6,120
Penn Laird Sewer Authority	25,289
Total depreciation and amortization expense - business-type activities	\$ 1,957,211

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 or amortized:				
Land	\$ 5,369,535	\$ -	\$ 100,000	\$ 5,469,535
Easements	36,654	-	-	36,654
Construction in progress	47,846,854	249,359	(47,846,850)	249,363
Total capital assets, not being depreciated or amortized	53,253,043	249,359	(47,746,850)	5,755,552
Capital assets, being depreciated or amortized:				
Buildings	131,670,772	338,531	44,657,552	176,666,855
Improvements other than buildings	45,648,450	447,969	2,339	46,098,758
Machinery and equipment	28,566,246	1,369,544	3,071,933	33,007,723
Software	49,407	-	-	49,407
Total capital assets being depreciated or amortized	205,934,875	2,156,044	47,731,824	255,822,743
Less accumulated depreciation or amortization for:				
Buildings	(60,083,469)	(4,722,692)	-	(64,806,161)
Improvements other than buildings	(11,898,266)	(1,379,785)	-	(13,278,051)
Machinery and equipment	(20,716,731)	(1,599,210)	15,026	(22,300,915)
Software	(49,407)	-	-	(49,407)
Total accumulated depreciation or amortization	(92,747,873)	(7,701,687)	15,026	(100,434,534)
Total capital assets being depreciated or amortized, net	113,187,002	(5,545,643)	47,746,850	155,388,209
School Board capital assets, net	\$ 166,440,045	\$ (5,296,284)	\$ -	\$ 161,143,761

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

Instruction	\$ 6,557,491
Administration, attendance and health	9,328
Pupil transportation services	653,164
Operation and maintenance services	481,704
Total depreciation and amortization expense - Component Unit – School Board	\$ 7,701,687

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 or amortized:				
Improvements other than buildings	\$ 3,156	\$ -	\$ -	\$ 3,156
Machinery and equipment	525,168	-	-	525,168
Total capital assets being depreciated or amortized	528,324	-	-	528,324
Less accumulated depreciation or amortization for:				
Improvements other than buildings	(1,104)	(105)	-	(1,209)
Machinery and equipment	(448,302)	(38,750)	-	(487,052)
Total accumulated depreciation or amortization	(449,406)	(38,855)	-	(488,261)
Harrisonburg-Rockingham Social Services District capital assets, net	<u>\$ 78,918</u>	<u>\$ (38,855)</u>	<u>\$ -</u>	<u>\$ 40,063</u>

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

Administration – Welfare	\$ 36,009
Comprehensive Services Act	<u>2,846</u>
Total depreciation and amortization expense - Component Unit - Harrisonburg-Rockingham Social Services District	<u>\$ 38,855</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

Construction Commitments

The County and its component units have active construction projects as of June 30, 2011.

At June 30, 2011, significant construction commitments are as follows:

Primary Government:

Governmental Activities

Project	Expended to June 30, 2011	Remaining Commitment
E-911 system upgrade	\$ 8,925,511	\$ 1,011,587

Business-type Activities

Project	Expended to June 30, 2011	Remaining Commitment
Donnelley water booster station	\$ 136,639	\$ 87,118

Component Unit – School Board:

Project	Expended to June 30, 2011	Remaining Commitment
Ottobine Elementary School renovations	\$ 223,543	\$ 1,921,122

These projects are being financed through 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, 2011:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and notes payable:					
General obligation bonds	\$ 102,318,369	\$ -	\$ (5,829,839)	\$ 96,488,530	\$ 5,803,219
Literary loans	142,359	-	(73,500)	68,859	68,859
Capital leases	25,396,463	-	(1,878,599)	23,517,864	1,925,669
Unamortized premiums	4,406,208	-	(253,131)	4,153,077	-
	132,263,399	-	(8,035,069)	124,228,330	7,797,747
Compensated absences	1,547,250	902,351	(899,900)	1,549,701	901,535
Governmental activities long-term liabilities	\$ 133,810,649	\$ 902,351	\$ (8,934,969)	\$ 125,778,031	\$ 8,699,282

Annual requirements to amortize long-term debt other than compensated absences are as follows:

Year Ending June 30,	General Obligation Bonds		Literary Loans		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 5,803,219	\$ 4,646,039	\$ 68,859	\$ 2,066	\$ 1,925,669	\$ 1,198,354
2013	5,858,551	4,351,926	-	-	1,972,095	1,100,599
2014	5,761,687	4,059,338	-	-	2,021,971	1,000,133
2015	5,674,158	3,773,395	-	-	1,507,706	897,545
2016	5,805,656	3,485,798	-	-	1,532,541	820,726
2017-2021	26,816,715	13,204,454	-	-	6,682,882	3,024,236
2022-2026	26,026,802	6,760,545	-	-	4,375,000	1,608,994
2027-2030	14,741,742	1,155,340	-	-	3,500,000	396,060
	\$ 96,488,530	\$ 41,436,835	\$ 68,859	\$ 2,066	\$ 23,517,864	\$ 10,046,647

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Obligations (Continued)

General Obligation Bonds:

\$1,033,884 1992A series, issued November 1992, due in annual maturities of \$61,808 and \$63,848 through July 2012, plus interest at 6.35%	\$ 125,656
\$5,200,000 1992B series, issued December 1992, due in annual maturities of \$160,000 and \$195,000 through December 2012, plus interest at 5.85%	355,000
\$3,500,000 1993 series, issued November 1993, due in annual maturities of \$20,000 to \$45,000 through December 2013, plus interest at 5.0%	85,000
\$3,800,000 1994A series, issued May 1994, due in annual maturities of \$195,000 through July 2013, plus interest at 6.23% to 6.3%	585,000
\$11,200,000 1996A series, issued May 1996, due in annual maturities of \$560,000 through July 2016, plus interest at 5.7% to 5.8%	3,360,000
\$7,471,945 1996B series, issued November 1996, due in annual maturities of \$402,177 to \$445,122 through July 2016, plus interest at 5.23%	2,537,411
\$8,421,223 1999A series, issued November 1999, due in annual maturities of \$420,592 to \$517,103 through July 2019, plus interest at 5.6% to 6.1%	4,178,372
\$4,190,343 2000 series, issued November 2000, due in annual maturities of \$210,485 to \$247,440 through July 2020, plus interest at 5.1%	2,277,103
\$5,077,993 2003 series, issued November 2003, due in annual maturities of \$241,691 to \$297,277 through July 2023, plus interest at 4.6% to 5.35%	3,474,773
\$9,404,190 2005 series, issued November 2005, due in annual maturities of \$439,251 to \$545,699 through July 2025, plus interest at 4.6% to 5.1%	7,301,408
\$13,147,200 2006 series, issued November 2006, due in annual maturities of \$608,922 to \$744,134 through July 15, 2026, plus interest at 4.23% to 5.1%	10,808,128

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Obligations (Continued)

General Obligation Bonds: (Continued)

\$10,610,000 2007 series, issued May 2007, due in annual maturities of \$370,000 to \$810,000 through July 15, 2027, plus interest at 4.1% to 5.1%	\$ 9,610,000
\$6,364,713 2007 series, issued November 2007, due in annual maturities of \$288,609 to \$371,160 through July 2028, plus interest at 4.35% to 5.1%	5,527,741
\$11,630,000 2008 series, issued May 2008, due in annual maturities of \$380,000 to \$900,000 through July 2028, plus interest at 4.6% to 5.1%	10,920,000
\$12,701,410 2008 series, issued December 2008, due in annual maturities of \$584,684 to \$742,320 through July 2028, plus interest at 3.6% to 5.35%	11,547,938
\$24,560,000 2009 series, issued May 2009, due in annual maturities of \$800,000 to \$1,855,000 through July 2029, plus interest at 4.05% to 5.05%	<u>23,795,000</u>
Total General Obligation Bonds	<u>\$ 96,488,530</u>

Literary Loan: (interest rate at 3%)

\$1,465,359, issued October 1991, with final payment of \$68,859 in October 2011	<u>\$ 68,859</u>
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All general obligation bonds and literary 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)

The following capital leases were entered into for general government purposes:

Capital Leases:

Joint Judicial Complex:

Payments to the City of Harrisonburg Redevelopment and Housing Authority in annual installments ranging from \$490,000 to \$540,000 through June 2014, plus interest payable semi-annually at 5.0% \$ 1,545,000

Human Services Building:

Payments to the City of Harrisonburg Redevelopment and Housing Authority in semi-annual installments ranging from \$105,156 to \$133,876, through February 2016, plus interest at 6.08% 595,366

Emergency Communications Center:

\$7,150,000 lease purchase contract due in annual installments ranging from \$455,513 to \$609,297, through December 2019, plus interest payable semi-annually at 3.76% 4,752,498

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% 9,975,000

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% 6,650,000

Total Capital Leases \$ 23,517,864

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.

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 Wells Fargo, as Trustees. The obligation associated with the first capital lease was 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 was to finance the acquisition, construction and equipping of a human services building. The obligation associated with the Emergency Communications Center was to finance the acquisition and construction of emergency use equipment and radio towers throughout the County. The obligation associated with the SRI Project lease was 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. See Note 17 for information regarding the refunding of the SRI lease revenue bonds subsequent to year end.

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		Emergency Communications Center	SRI
	Joint Judicial Complex	Human Services Building		
Capital assets:				
Land	\$ 1,254,155	\$ 162,300	\$ -	\$ -
Buildings	9,419,396	1,311,904	-	16,069,809
Improvements other than buildings	-	8,518	-	-
Machinery and equipment	156,767	84,132	8,438,142	-
Less: accumulated depreciation	(5,449,400)	(770,467)	(223,138)	(803,490)
	<u>\$ 5,380,918</u>	<u>\$ 796,387</u>	<u>\$ 8,215,004</u>	<u>\$ 15,266,319</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	\$ 18,179,882	\$ -	\$ (1,072,024)	\$ 17,107,858	\$ 1,116,591
Landfill obligation	6,073,972	314,796	-	6,388,768	62,600
Compensated absences	174,714	135,682	(134,534)	175,862	97,247
Unamortized premiums	636,833	-	(56,713)	580,120	-
Business-type activities long-term liabilities	<u>\$ 25,065,401</u>	<u>\$ 450,478</u>	<u>\$ (1,263,271)</u>	<u>\$ 24,252,608</u>	<u>\$ 1,276,438</u>

Annual requirements to amortize revenue bonds are as follows:

Year Ending June 30,	Revenue Bonds	
	Principal	Interest
2012	\$ 1,116,591	\$ 743,315
2013	1,126,312	695,018
2014	1,146,186	646,453
2015	1,181,221	596,362
2016	1,216,421	542,545
2017-2021	4,826,278	1,984,186
2022-2026	3,681,121	1,044,005
2027-2031	1,845,898	333,410
2032-2036	270,951	174,429
2037-2041	333,331	112,049
2042-2046	341,604	36,546
2047-2048	21,944	565
	<u>\$ 17,107,858</u>	<u>\$ 6,908,883</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 4.1%-5.1%	\$ 1,000,000
Infrastructure Revenue Bonds (Virginia Pooled Financing Program): \$3,065,000 issued June 2007, due in annual installments of \$115,000 to \$230,000 through October 2026, plus interest payable semi-annually ranging from 4.1%-4.87%	2,695,000
Infrastructure Revenue Bonds (Virginia Pooled Financing Program): \$6,215,000 issued in June 2008, due in annual installments of \$220,000 to \$465,000 through October 2028, plus interest payable semi-annually ranging from 3.10%-4.91%	5,795,000

Solid Waste Fund

Infrastructure Revenue Bonds (Virginia Pooled Financing Program): \$3,015,000 issued June 2007, due in annual installments of \$305,000 to \$385,000 through October 2016, plus interest payable semi-annually ranging from 4.79%-4.8%	2,060,000
Infrastructure Revenue Bonds (Virginia Pooled Financing Program): \$2,280,000 issued June 2009, due in annual installments of \$225,000 to \$230,000 through October 2019, plus interest payable semi-annually ranging from 4.82%-5.13%	2,050,000

Smith Creek Water & Waste Authority

Virginia Revolving Loan Fund: \$2,078,500 issued November 2001, due in semi-annual installments of \$50,258 to \$69,737 through September 2022, including interest at 3.0%	1,368,288
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 \$1,724 to \$67,361 through September 2046, including interest at 4.125%	1,259,729

Countryside Sanitary District

Virginia Revolving Loan Fund: \$171,288 issued June 2006, due in semi-annual installments of \$3,611 to \$5,763 through April 2026, including interest at 3.25%	138,203
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COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Obligations (Continued)

Lilly Subdivision Sanitary District

Infrastructure Revenue Bonds (Virginia Pooled Financing Program):
 \$456,490 issued April 2008, due in semi-annual installments of
 \$8,088 to \$13,531 through August 2028, including interest at 3.05% \$ 370,431

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 \$4,433 to \$19,569 through
 August 2047, including interest at 4.25% 371,207
\$ 17,107,858

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.

Information relative to the County's landfill obligation is contained in Note 13.

The following is a summary of long-term debt transactions of the Component Unit - School Board, for the year ended June 30, 2011:

Component Unit - School Board:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 3,244,127	\$ 774,304	\$ (782,459)	\$ 3,235,972	\$ 2,151,162

The following is a summary of long-term transactions of the Component Unit - Harrisonburg-Rockingham Social Services District, for the year ended June 30, 2011:

Component Unit - Harrisonburg-Rockingham Social Services District:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 300,362	\$ 225,788	\$ (147,395)	\$ 378,755	\$ 190,152

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, Mt. Crawford, 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 due in semi-annual installments of combined principal and interest of \$1,021,639, with final maturity at September 1, 2030. In June 2008, the Authority issued \$12,650,000 Sewer Revenue and Refunding Bonds, Series 2008 bearing interest from 2.95% to 4.80% with final maturity at October 1, 2021. The bonds currently outstanding are \$10,425,000. In November 2008, the Authority issued \$34,000,000 Sewer Revenue Bonds, series 2008 bearing interest at 3.55%, due in semi-annual installments of combined principal and interest of \$1,187,590, with final maturity at September 1, 2030. The bonds currently outstanding are \$33,219,297.

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, construction, 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, construction, and debt service expenditures for the ensuing year will approximate \$766,000, \$192,000, and \$1,643,000, 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 (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

VRS administers two defined benefit plans for local government employees – Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least 10 years of service credit or age 50 with at least five years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least five years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Defined Benefit Pension Plan (Continued)

A. Plan Description (Continued)

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. 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 the report may be obtained from the VRS website at www.varetire.org/pdf/publications/2010-annual-report.pdf or by writing to the System's Chief Financial Officer at P. O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5% of their compensation toward their retirement. All of the 5% member contribution may be 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, 2011, the contribution rate for the County and the District was 14.65%; for the School Board's professional employees, 8.93%; and for the School Board's non-professional employees, 11.89% of annual covered payroll.

For the years ended June 30, 2011, 2010, and 2009, total employer and employee contributions made to the VRS statewide teacher cost-sharing pool for professional employees by the School Board were \$5,058,323, \$5,697,442, and \$8,134,392, 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 2011, the County, the District, and the School Board's non-professional employees' annual pension costs of \$3,758,758 were equal to the required and actual contributions.

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

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2011	\$ 2,878,026	100%	\$ -
June 30, 2010	2,740,818	100%	-
June 30, 2009	2,883,170	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:

Fiscal Year Ended	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
June 30, 2011	\$ 880,732	100%	\$ -
June 30, 2010	856,493	100%	-
June 30, 2009	865,327	100%	-

The fiscal year 2011 required contributions were determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.0%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a COLA of 2.5% per year. Both the investment rate of return and the projected salary increases include 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 projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the unfunded actuarial accrued liability was 20 years.

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, 2010, the most recent actuarial valuation date, the County and District's Plan was 76.78% funded. The actuarial accrued liability for benefits was \$75,594,732, and the actuarial value of assets was \$58,038,433, resulting in an unfunded actuarial accrued liability (UAAL) of \$17,556,299. The covered payroll (annual payroll of active employees covered by the Plan) was \$19,873,211, and ratio of the UAAL to the covered payroll was 88.34%.

At June 30, 2010, the most recent actuarial valuation date, the Plan for the School Board's non-professional employees was 84.34% funded. The actuarial accrued liability for benefits was \$26,829,924, and the actuarial value of assets was \$22,629,273, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,200,651. The covered payroll (annual payroll of active employees covered by the Plan) was \$7,352,390, and ratio of the UAAL to the covered payroll was 57.13%.

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 (AAL) for benefits.

For the June 30, 2010 actuarial valuation, there was a change in the assumed investment rate of return, which was reduced from 7.5% to 7.0%. This change will have affected the amounts reported in the Schedule of Funding Progress.

Note 9. Other Postemployment Benefits – County and School Board Sponsored

A. Plan Description

Other postemployment benefits (OPEB) provided by the County, the Harrisonburg-Rockingham Social Services District (District) and the Rockingham County School Board (School Board) include single-employer defined benefit retiree health insurance premium plans.

The District and the County have the same plan. A retiree, eligible for the plan, is defined as a full-time employee who retires directly from the County or the District and is eligible to receive an early or regular retirement benefit from the VRS. The County will provide a premium credit toward a retiree's health insurance premium at a rate of \$2.50-\$4.00 per year of service per month not to exceed \$75-\$120 per month based on thirty years of service in the VRS. To be eligible for this premium credit, the retiree must have a minimum of fifteen years of service in the VRS and must have enrolled in the County's health insurance plan at the time of retirement. The premium credit may only be applied to the retiree's individual health insurance plan, and is not applicable to the premium charges for family members. The premium credit is made only until the employee is eligible for Medicare coverage, usually at age 65. The plan was established by the County's Board of Supervisors and any amendments to the plan must be approved by the Board.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Other Postemployment Benefits – County and School Board Sponsored (Continued)

A. Plan Description (Continued)

A School Board retiree, eligible for the School Board’s retiree health insurance premium contribution plan must have served a minimum of ten consecutive years as an employee of the School board and be eligible for retirement under VRS. The School Board will pay \$10 monthly for the retiree until the retiree becomes eligible for or obtains other health coverage. The plan was established by the School Board and any amendments to the plan must be approved by the School Board.

The plans do not issue stand-alone financial reports.

B. Funding Policy

The County’s Board of Supervisors and the School Board establish employer contribution rates for their respective plan participants. The Boards have chosen to fund the healthcare benefits on a pay-as-you-go basis.

C. Annual OPEB Cost and Net OPEB Obligation

The County and School Board had a roll forward actuarial valuation of postemployment benefits as of July 1, 2010. The annual cost of OPEB under GASB Statement No. 45 is called the annual required contribution or ARC. The estimated pay-as-you-go cost for OPEB benefits for the County’s plan is \$180,500 and the annual benefit cost is \$561,139. The percentage of annual OPEB cost contributed is 32.17%. The pay-as-you-go cost for OPEB benefits for the School Board’s plan is \$673,400 and the annual benefit cost is \$1,720,154. The percentage of OPEB cost contributed is 39.15%.

GASB Statement No. 45 does not require prefunding of OPEB liabilities and the County and School Board have elected not to prefund OPEB liabilities at this time. The difference between the OPEB annual expense and cash payments for OPEB benefits is treated as a liability in the financial statements when the liability is not prefunded. At June 30, 2011, the County has recorded a liability of \$985,673, the District has recorded a liability of \$205,350, and the School Board has recorded a liability of \$3,339,303 on the Statement of Net Assets.

The County and School Board are required to contribute the ARC of the employer an amount actuarially determined in accordance with the parameters of GASB No. 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years on an open basis. The following table shows the components of the annual OPEB costs for the year, the amounts actually contributed for the year, and the changes in the net OPEB obligations.

	County and District	School Board
Annual required contribution (ARC)	\$ 562,464	\$ 1,723,902
Interest on net OPEB obligation	32,415	91,702
Adjustment to annual required contribution	(33,740)	(95,450)
Annual OPEB cost	561,139	1,720,154
Estimated contributions made	(180,500)	(673,400)
Increase in net OPEB obligation	380,639	1,046,754
Net OPEB obligation, beginning of year	810,384	2,292,549
Net OPEB obligation at year-end	<u>\$ 1,191,023</u>	<u>\$ 3,339,303</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Other Postemployment Benefits – County and School Board Sponsored (Continued)

C. Annual OPEB Cost and Net OPEB Obligation (Continued)

Trend Information

Three-year trend information is as follows:

County and District:

Fiscal Year Ended	Annual OPEB Costs	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 561,139	32.17%	\$ 1,191,023
June 30, 2010	530,182	26.17%	810,384
June 30, 2009	552,958	24.23%	418,958

School Board:

Fiscal Year Ended	Annual OPEB Costs	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 1,720,154	39.15%	\$ 3,339,303
June 30, 2010	1,638,796	31.09%	2,292,549
June 30, 2009	1,593,935	27.02%	1,163,235

D. Funding Status and Funding Progress

As of July 1, 2010, the most recent roll forward actuarial valuation date, the plans were not funded. The actuarial value of assets was \$-0- resulting in an unfunded actuarial liability (UAAL) of \$5,080,764 for the County and District’s plan and a UAAL of \$17,358,002 for the School Board’s plan.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan are compared with past expectations and new estimates are made for the future. The schedules of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Other Postemployment Benefits – County and School Board Sponsored (Continued)

D. Funding Status and Funding Progress (Continued)

The following table shows the funding status for the County and District and the School Board.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
A. Primary Government and Harrisonburg-Rockingham Social Services District, a component unit – employees:						
July 1, 2010	\$ -	\$ 5,080,764	\$ 5,080,764	0.00%	\$ 19,873,211	25.57%
July 1, 2009	-	4,646,053	4,646,053	0.00%	20,415,259	22.76%
July 1, 2007	-	2,765,044	2,765,044	0.00%	19,377,279	14.27%
B. Component Unit – School Board employees:						
July 1, 2010	\$ -	\$ 17,358,002	\$ 17,358,002	0.00%	\$ 64,051,489	27.10%
July 1, 2009	-	16,284,460	16,284,460	0.00%	63,866,346	25.50%
July 1, 2007	-	15,047,425	15,047,425	0.00%	56,742,027	26.52%

E. Actuarial Methods and Assumptions

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

In the July 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a four percent rate of return and an annual healthcare cost trend rate of eight percent, reduced by decrements to an ultimate rate of five percent after six years. The unfunded liability is amortized over a period of 30 years based on a level percent of payroll method on an open basis.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits – VRS Health Insurance Credit

A. Plan Description

To assist retirees with the cost of health insurance coverage, the VRS administers a health insurance credit program. Retirees that have a minimum of 15 years of service and are enrolled in a qualified health insurance plan may receive a monthly credit of \$1.50 per year of creditable service. The health insurance credit is funded by the School Board on behalf of its VRS eligible employees. For the years June 30, 2011 and 2010, the School Board paid \$339,865 and \$429,062, respectively, for professional employees and \$57,036 and \$88,881, respectively, for non-professional employees toward these benefits, which was equal to the required contributions.

B. Funding Policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950, as amended, to contribute an actuarially determined percentage of their annual reported compensation to the VRS for the retiree health insurance credit. The School Board assumed the member contribution for its employees. The contribution rate of annual covered payroll was .6% and 1.04% for the School Board's professional employees and .77% and 1.21% for the School Board's non-professional employees, for the fiscal years ended June 30, 2011 and 2010, respectively.

The required contributions for the School Board were determined as part of annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions included (a) a 7.0% investment rate of return (net of administrative expenses), and (b) projected salary increases of 3.0% per year. Both (a) and (b) included an inflation component of 2.5%. The actuarial value of the School Board's assets is equal to the market value of the assets. With the June 30, 2010 actuarial valuation, any UAAL is being amortized as a level percentage of the projected payroll on an open basis, over a period of 26 years.

C. Funded Status and Funding Progress

As of the actuarial valuation performed at June 30, 2010, the Plan for the School Board's non-professional employees was 27.19% funded. The AAL was \$839,801, and the actuarial value of assets was \$228,358, with a resulting UAAL of \$611,443.

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 the plan assets is increasing or decreasing over time relative to the AAL for benefits.

For the June 30, 2010 actuarial valuation, there was a change in the assumed investment rate of return, which was reduced from 7.5% to 7.0%. This change will have affected the amounts reported in the Schedule of Funding Progress.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits – VRS Health Insurance Credit (Continued)

D. Trend information

The tables below summarize the required three-year trend information for the School Board.

Schedule of Annual Cost Contributed for the Component Unit - School Board - non-professional employees

Fiscal Year Ended	Annual OPEB Costs	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 57,036	100%	\$ -
June 30, 2010	88,881	100%	-
June 30, 2009	89,798	100%	-

Schedule of Funding Progress for the Component Unit - School Board - non-professional employees

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
June 30, 2010	\$ 228,358	\$ 839,801	\$ 611,443	27.19%	\$ 7,352,390	8.32%
June 30, 2009	164,647	778,937	614,290	21.14%	7,337,922	8.37%
June 30, 2008	154,413	894,172	739,759	17.27%	7,195,440	10.28%

Note 11. Advances To/From Other Funds

Interfund balances as of June 30, 2011 are as follows:

Payable Fund	Receivable Fund General Fund:
Primary Government:	
Water and Sewer	\$ 280,000
Lilly Subdivision Sanitary District	94,827
Total primary government	\$ 374,827

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 \$90,000 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 12. Major Customers

The Water and Sewer Fund has one major customer. For the year ended June 30, 2011, water and sewer revenue from this customer was approximately \$2.3 million. Accounts receivable from this customer was approximately \$199,000 at June 30, 2011.

The Solid Waste Fund has two major customers. Revenues from these customers for the year ended June 30, 2011 were approximately \$1.2 million. Accounts receivable from these customers were approximately \$136,000 at June 30, 2011.

The Smith Creek Water & Waste Authority has one major customer. For the year ended June 30, 2011, revenue from this customer was approximately \$69,000. Accounts receivable from this customer was approximately \$7,000 at June 30, 2011.

Note 13. 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 68% at June 30, 2011. The \$6,388,768 reported as landfill closure and postclosure care liability at June 30, 2011, represents the cumulative amount reported to date based on the use of 100% of the landfill's old cell, and the use of 55% of the landfill's new cell. The Solid Waste Fund will report the County's estimated liability of closure and postclosure care of \$3,388,000 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 2011. 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 estimated remaining life of the landfill is approximately 11 years and does not account for future expansion.

The City of Harrisonburg is responsible for the remaining 32% of the landfill closure and postclosure care liability as of June 30, 2011 estimated at \$3,059,000. The City will report the estimated liability of closure and postclosure care of \$2,175,000 for the new cell as the remaining estimated capacity is filled.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 14. 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. The following represents the change in the fund's claims liability for 2011:

Beginning Liability	Claims and Changes in Estimates	Claim Payments	Ending Liability
\$ 1,605,000	\$ 16,216,736	\$ 16,137,736	\$ 1,684,000

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 15. Pending GASB Statements

At June 30, 2011, 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. 61, *Financial Reporting Entity Omnibus*, will result in the financial reporting entity financial statements being more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. Statement No. 61 will be effective for periods beginning after June 15, 2012.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, improves financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. Statement No. 62 will be effective for periods beginning after December 15, 2011.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. Statement No. 63 will be effective for periods beginning after December 15, 2011.

Note 16. Joint Venture

The Harrisonburg-Rockingham Emergency Communications Center (HRECC) is a joint venture of the County and the City of Harrisonburg (City). The HRECC was created in August 2003, to provide for the purchase, operation and maintenance of a two-way radio system for public safety and general government operations in the County and City. The County's Board of Supervisors and the Harrisonburg City Council approve the annual operating and maintenance budget, as submitted by the HRECC Administrative Board comprised of the County Administrator and the City Manager. Both localities are contractually obligated to provide appropriations for the operating costs of the HRECC. The County has no explicit and measurable financial interest in the HRECC. Complete financial statements for the HRECC can be obtained from the Director Finance, City of Harrisonburg, 345 South Main Street, Harrisonburg, VA, 22801.

In fiscal year 2011, the County's contributions to the HRECC totaled approximately \$1,417,000.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 17. Summary Disclosure of Subsequent Events and Contingencies

In October 2011, the Rockingham County Board of Supervisors authorized the refunding of the \$17,500,000 Lease Revenue Bonds for the SRI project, reducing the interest rate on the \$10,500,000 tax-exempt bonds from 4.67% to 2.96% and reducing the interest rate on the \$7,000,000 taxable bonds from 7.14% to 4.62%.

Subsequent to year-end, the Board authorized the purchase of land and improvements adjacent to the landfill at a cost not to exceed \$866,780.

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 upon 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 - VIRGINIA RETIREMENT SYSTEM

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability(UAAL)	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
A. Primary Government and Harrisonburg-Rockingham Social Services District, a component unit employees:						
June 30, 2008	\$ 54,402,789	\$ 62,401,925	\$ 7,999,136	87.18%	\$ 20,667,497	38.70%
June 30, 2009	56,808,716	67,142,793	10,334,077	84.61%	20,415,259	50.62%
June 30, 2010	58,038,433	75,594,732	17,556,299	76.78%	19,873,211	88.34%
B. Component Unit - School Board non-professional employees:						
June 30, 2008	\$ 21,950,943	\$ 23,049,050	\$ 1,098,107	95.24%	\$ 7,195,440	15.26%
June 30, 2009	22,455,330	24,540,333	2,085,003	91.50%	7,337,922	28.41%
June 30, 2010	22,629,273	26,829,924	4,200,651	84.34%	7,352,390	57.13%

SCHEDULE OF FUNDING PROGRESS - VIRGINIA RETIREMENT SYSTEM HEALTH INSURANCE CREDIT PROGRAM

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
Component Unit - School Board non-professional employees:						
June 30, 2008	\$ 154,413	\$ 894,172	\$ 739,759	17.27%	\$ 7,195,440	10.28%
June 30, 2009	164,647	778,937	614,290	21.14%	7,337,922	8.37%
June 30, 2010	228,358	839,801	611,443	27.19%	7,352,390	8.32%

SCHEDULE OF ANNUAL COST - VIRGINIA RETIREMENT SYSTEM HEALTH INSURANCE CREDIT PROGRAM

Fiscal Year Ended June 30,	Annual OPEB Costs	Percentage of Annual OPEB Cost Contributed	Net Benefit Obligation
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Component Unit - School Board non-professional employees:

2009	\$ 89,798	100.00%	\$ -
2010	88,881	100.00%	-
2011	57,036	100.00%	-

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
A. Primary Government and Harrisonburg-Rockingham Social Services District, a component unit employees:						
July 1, 2007	\$ -	\$ 2,765,044	\$ 2,765,044	0.00%	\$ 19,377,279	14.27%
July 1, 2009	-	4,646,053	4,646,053	0.00%	20,415,259	22.76%
July 1, 2010	-	5,080,764	5,080,764	0.00%	19,873,211	25.57%
B. Component Unit - School Board employees:						
July 1, 2007	\$ -	\$ 15,047,425	\$ 15,047,425	0.00%	\$ 56,742,027	26.52%
July 1, 2009	-	16,284,460	16,284,460	0.00%	63,866,346	25.50%
July 1, 2010	-	17,358,002	17,358,002	0.00%	64,051,489	27.10%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - OTHER POSTEMPLOYMENT BENEFITS

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
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A. Primary Government and Harrisonburg-Rockingham Social Services District, a component unit employees:

2009	\$ 552,958	24.23%
2010	530,867	26.14%
2011	562,464	32.09%

B. Component Unit - School Board employees:

2009	\$ 1,593,935	27.02%
2010	1,640,698	31.05%
2011	1,723,902	39.06%

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.

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011**

	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	\$ 107,551	\$ 559	\$ -	\$ 108,110
Accrued interest	50	-	10	60
Restricted cash	-	284,304	22,578	306,882
Total assets	\$ 107,601	\$ 284,863	\$ 22,588	\$ 415,052
LIABILITIES				
Accounts payable	\$ 1,057	\$ -	\$ -	\$ 1,057
Total liabilities	1,057	-	-	1,057
FUND BALANCES				
Nonspendable:				
Nonexpendable trust principal	-	-	11,143	11,143
Restricted for:				
Park maintenance	-	-	11,445	11,445
Law enforcement	106,544	-	-	106,544
Debt service	-	284,304	-	284,304
Assigned to:				
Debt service	-	559	-	559
Total fund balances	106,544	284,863	22,588	413,995
Total liabilities and fund balances	\$ 107,601	\$ 284,863	\$ 22,588	\$ 415,052

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2011

	Special Revenue	Capital Projects	Permanent Fund	Total
	Asset Forfeiture Fund	Joint Judicial Complex	Albert K. Long Trust	Nonmajor Governmental Funds
Revenues:				
Fines and forfeitures	\$ 38,230	\$ -	\$ -	\$ 38,230
Use of money	534	8	109	651
Miscellaneous	2,850	-	-	2,850
Total revenues	41,614	8	109	41,731
Expenditures:				
Current:				
Public safety	50,630	-	-	50,630
Total expenditures	50,630	-	-	50,630
Net change in fund balances	(9,016)	8	109	(8,899)
Fund balance, beginning	115,560	284,855	22,479	422,894
Fund balance, ending	\$ 106,544	\$ 284,863	\$ 22,588	\$ 413,995

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, 2011

	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	\$ -	\$ 60,840	\$ 63,679	\$ 124,519
Trade and other accounts receivable	4,169	698	29,612	34,479
Accrued interest	-	28	30	58
Restricted cash	-	-	6,080	6,080
Total current assets	4,169	61,566	99,401	165,136
Noncurrent assets:				
Financing costs, net of accumulated amortization	6,434	5,356	7,592	19,382
Capital assets:				
Land	20,600	-	-	20,600
Easements	-	-	20,631	20,631
Buildings	8,900	-	-	8,900
Improvements other than buildings	596,932	306,022	1,119,967	2,022,921
Machinery and equipment	5,470	-	28,892	34,362
Less accumulated depreciation and amortization	(88,574)	(33,662)	(84,682)	(206,918)
Total capital assets (net of accumulated depreciation and amortization)	543,328	272,360	1,084,808	1,900,496
Total noncurrent assets	549,762	277,716	1,092,400	1,919,878
Total assets	553,931	339,282	1,191,801	2,085,014
LIABILITIES				
Current liabilities:				
Accounts payable and deposits	1,633	573	260	2,466
Accrued interest	6,965	1,123	125	8,213
Advance from other funds	94,827	-	-	94,827
Revenue bonds	16,299	7,281	4,433	28,013
Total current liabilities	119,724	8,977	4,818	133,519
Noncurrent liabilities:				
Revenue bonds	354,132	130,922	366,774	851,828
Total noncurrent liabilities	354,132	130,922	366,774	851,828
Total liabilities	473,856	139,899	371,592	985,347
NET ASSETS				
Invested in capital assets, net of related debt	172,897	134,157	719,681	1,026,735
Unrestricted (deficit)	(92,822)	65,226	100,528	72,932
Total net assets	\$ 80,075	\$ 199,383	\$ 820,209	\$ 1,099,667

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 NONMAJOR PROPRIETARY FUNDS
 Year Ended June 30, 2011

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
Operating revenues:				
Charges for services	\$ 36,611	\$ 16,529	\$ 21,467	\$ 74,607
Other revenue	201	-	-	201
Total operating revenues	36,812	16,529	21,467	74,808
Operating expenses:				
Contractual services	3,476	1,664	-	5,140
Other charges	11,245	4,682	7	15,934
Depreciation and amortization	11,777	6,120	25,289	43,186
Total operating expenses	26,498	12,466	25,296	64,260
Operating income (loss)	10,314	4,063	(3,829)	10,548
Nonoperating revenues (expenses):				
Interest revenue	-	462	278	740
Interest expense	(14,245)	(4,607)	(15,874)	(34,726)
Amortization of financing costs	(377)	(363)	(208)	(948)
Total nonoperating expenses, net	(14,622)	(4,508)	(15,804)	(34,934)
Change in net assets	(4,308)	(445)	(19,633)	(24,386)
Total net assets, beginning	84,383	199,828	839,842	1,124,053
Total net assets, ending	\$ 80,075	\$ 199,383	\$ 820,209	\$ 1,099,667

COUNTY OF ROCKINGHAM, VIRGINIA

**STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
Year Ended June 30, 2011**

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
Cash Flows From Operating Activities:				
Receipts from customers	\$ 36,681	\$ 16,358	\$ 40,236	\$ 93,275
Payments to suppliers for goods and services	(14,899)	(6,463)	(81)	(21,443)
Other receipts, net	201	-	-	201
Net cash provided by operating activities	21,983	9,895	40,155	72,033
Cash Flows From Capital and Related Financing Activities:				
Payment of advance from other funds	(2,673)	-	-	(2,673)
Principal paid on outstanding debt	(15,813)	(7,050)	(4,249)	(27,112)
Interest paid on outstanding debt	(14,829)	(4,664)	(15,876)	(35,369)
Net cash used in capital and related financing activities	(33,315)	(11,714)	(20,125)	(65,154)
Cash Flows From Investing Activities:				
Interest received on investment securities	-	471	276	747
Net increase (decrease) in cash and cash equivalents	(11,332)	(1,348)	20,306	7,626
Cash and Cash Equivalents:				
Beginning	11,332	62,188	49,453	122,973
Ending	\$ -	\$ 60,840	\$ 69,759	\$ 130,599
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ 10,314	\$ 4,063	\$ (3,829)	\$ 10,548
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	11,777	6,120	25,289	43,186
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	70	(171)	18,769	18,668
Decrease in accounts payable and deposits	(178)	(117)	(74)	(369)
Net cash provided by operating activities	\$ 21,983	\$ 9,895	\$ 40,155	\$ 72,033

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 pertaining thereto.

COUNTY OF ROCKINGHAM, VIRGINIA

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

June 30, 2011

	Central Stores	Self - Insurance	Total Internal Service Funds
ASSETS			
Current assets:			
Cash, cash equivalents and temporary cash investments	\$ 9,283	\$ 8,181,163	\$ 8,190,446
Trade and other accounts receivable	3,326	489	3,815
Accrued interest	-	3,850	3,850
Prepaid items	-	148,462	148,462
Inventory	8,336	-	8,336
Total assets	20,945	8,333,964	8,354,909
LIABILITIES			
Current liabilities:			
Accounts payable	96	894	990
Unearned revenue	-	1,522,465	1,522,465
Insurance and benefit claims	-	1,684,000	1,684,000
Total liabilities	96	3,207,359	3,207,455
NET ASSETS			
Unrestricted	20,849	5,126,605	5,147,454
Total net assets	\$ 20,849	\$ 5,126,605	\$ 5,147,454

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 Year Ended June 30, 2011

	Central Stores	Self - Insurance	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 44,043	\$ 18,695,337	\$ 18,739,380
Other	-	396	396
Total operating revenues	44,043	18,695,733	18,739,776
Operating expenses:			
Contractual services	-	1,626,826	1,626,826
Risk financing and benefit payments	-	16,068,274	16,068,274
Other charges	43,621	779	44,400
Total operating expenses	43,621	17,695,879	17,739,500
Operating income	422	999,854	1,000,276
Nonoperating revenue:			
Interest revenue	-	37,303	37,303
Total nonoperating revenue	-	37,303	37,303
Change in net assets	422	1,037,157	1,037,579
Total net assets, beginning	20,427	4,089,448	4,109,875
Total net assets, ending	\$ 20,849	\$ 5,126,605	\$ 5,147,454

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2011**

	Central Stores	Self - Insurance	Total Internal Service Funds
Cash Flows From Operating Activities:			
Receipts from interfund services provided	\$ 45,143	\$ 18,819,894	\$ 18,865,037
Claims and benefits paid	-	(16,137,736)	(16,137,736)
Payments to suppliers for goods and services	(44,583)	(1,626,711)	(1,671,294)
Other receipts	-	396	396
Net cash provided by operating activities	560	1,055,843	1,056,403
Cash Flows From Investing Activities:			
Interest received on investment securities	-	37,779	37,779
Net increase in cash and cash equivalents	560	1,093,622	1,094,182
Cash and Cash Equivalents:			
Beginning	8,723	7,087,541	7,096,264
Ending	\$ 9,283	\$ 8,181,163	\$ 8,190,446
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income	\$ 422	\$ 999,854	\$ 1,000,276
Adjustments to reconcile operating income to net cash provided by operating activities:			
Change in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	1,100	239	1,339
Inventory	(634)	-	(634)
Due from other governments	-	14,571	14,571
Prepaid items	-	(148,462)	(148,462)
Increase (decrease) in:			
Accounts payable	(328)	894	566
Unearned revenue	-	109,747	109,747
Insurance and benefit claims	-	79,000	79,000
Net cash provided by operating activities	\$ 560	\$ 1,055,843	\$ 1,056,403

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.

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

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

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

Emergency Medical Services – This fund is used by the County to account for assets held by the County for emergency medical services billings.

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

June 30, 2011

	Agency Funds						Totals
	Special Welfare	Employee Benefits	Economic Development Authority	Bond Escrow	Massanutten Technical Center	Emergency Medical Services	
ASSETS							
Cash, cash equivalents and temporary cash investments	\$ 59,480	\$ 126,969	\$ 20,699	\$ 304,871	\$ 642,096	\$ 353,739	\$ 1,507,854
Accounts receivable	-	11,351	10	145	40,106	4,406	56,018
Total assets	\$ 59,480	\$ 138,320	\$ 20,709	\$ 305,016	\$ 682,202	\$ 358,145	\$ 1,563,872
LIABILITIES							
Accounts payable	\$ 59,480	\$ 138,320	\$ 20,709	\$ 305,016	\$ 682,202	\$ 358,145	\$ 1,563,872

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended June 30, 2011**

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
<u>SPECIAL WELFARE</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 47,690	\$ 259,662	\$ 247,872	\$ 59,480
LIABILITIES				
Accounts payable	\$ 47,690	\$ 259,662	\$ 247,872	\$ 59,480
<u>EMPLOYEE BENEFITS</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 545,020	\$ 387,344	\$ 805,395	\$ 126,969
Accounts receivable	21,351	11,351	21,351	11,351
Total assets	\$ 566,371	\$ 398,695	\$ 826,746	\$ 138,320
LIABILITIES				
Accounts payable	\$ 566,371	\$ 398,695	\$ 826,746	\$ 138,320
<u>ECONOMIC DEVELOPMENT AUTHORITY</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 26,776	\$ 6,539	\$ 12,616	\$ 20,699
Accounts receivable	16	10	16	10
Total assets	\$ 26,792	\$ 6,549	\$ 12,632	\$ 20,709
LIABILITIES				
Accounts payable	\$ 26,792	\$ 6,549	\$ 12,632	\$ 20,709

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended June 30, 2011**

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
<u>BOND ESCROW</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 336,022	\$ 154,572	\$ 185,723	\$ 304,871
Accounts receivable	230	145	230	145
Total assets	\$ 336,252	\$ 154,717	\$ 185,953	\$ 305,016
LIABILITIES				
Accounts payable	\$ 336,252	\$ 154,717	\$ 185,953	\$ 305,016

MASSANUTTEN TECHNICAL CENTER

ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 893,111	\$ 4,556,863	\$ 4,807,878	\$ 642,096
Accounts receivable	97,417	40,106	97,417	40,106
Total assets	\$ 990,528	\$ 4,596,969	\$ 4,905,295	\$ 682,202
LIABILITIES				
Accounts payable	\$ 990,528	\$ 4,596,969	\$ 4,905,295	\$ 682,202

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended June 30, 2011**

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
<u>EMERGENCY MEDICAL SERVICES</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 88,251	\$ 1,670,714	\$ 1,405,226	\$ 353,739
Accounts receivable	-	4,406	-	4,406
Total assets	\$ 88,251	\$ 1,675,120	\$ 1,405,226	\$ 358,145
LIABILITIES				
Accounts payable	\$ 88,251	\$ 1,675,120	\$ 1,405,226	\$ 358,145
 <u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 1,936,870	\$ 7,035,694	\$ 7,464,710	\$ 1,507,854
Accounts receivable	119,014	56,018	119,014	56,018
Total assets	\$ 2,055,884	\$ 7,091,712	\$ 7,583,724	\$ 1,563,872
LIABILITIES				
Accounts payable	\$ 2,055,884	\$ 7,091,712	\$ 7,583,724	\$ 1,563,872

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, 2011

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash, cash equivalents and temporary cash investments	\$ 8,085,407	\$ 1,886,307	\$ 3,226,434	\$ 826,030	\$ 14,024,178
Trade and other accounts receivable	212,163	50,776	-	-	262,939
Accrued interest	-	827	1,405	335	2,567
Due from other governments	2,839,617	-	-	39,771	2,879,388
Prepaid items	2,227,150	129,417	-	43,241	2,399,808
Inventory	123,771	64,327	-	68,951	257,049
Total assets	\$ 13,488,108	\$ 2,131,654	\$ 3,227,839	\$ 978,328	\$ 19,825,929
LIABILITIES					
Accounts payable	\$ 1,322,461	\$ 71,382	\$ 89,783	\$ 346,445	\$ 1,830,071
Accrued payroll	12,165,647	378,807	6,173	253,990	12,804,617
Due to other governments	-	-	-	252,130	252,130
Total liabilities	13,488,108	450,189	95,956	852,565	14,886,818
FUND BALANCES					
Nonspendable:					
Prepaid items	2,227,150	129,417	-	43,241	2,399,808
Inventory	123,771	64,327	-	68,951	257,049
Assigned to:					
Capital outlay	-	-	3,131,883	-	3,131,883
Cafeteria	-	1,487,721	-	-	1,487,721
Textbooks	-	-	-	56,812	56,812
Unassigned:	(2,350,921)	-	-	(43,241)	(2,394,162)
Total fund balances	-	1,681,465	3,131,883	125,763	4,939,111
Total liabilities and fund balances	\$ 13,488,108	\$ 2,131,654	\$ 3,227,839	\$ 978,328	\$ 19,825,929
Total Fund balances					\$ 4,939,111
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				\$ 261,578,295	
Less accumulated depreciation and amortization				(100,434,534)	
Net capital assets					161,143,761
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.					
					2,043,678
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				(3,235,972)	
Other postemployment benefits				(3,339,303)	
					(6,575,275)
Net assets of governmental activities					\$ 161,551,275

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
Year Ended June 30, 2011**

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Use of money and property	\$ 19,812	\$ 7,091	\$ 24,038	\$ 3,365	\$ 54,306
Charges for services	2,100,613	2,159,604	-	694,206	4,954,423
Miscellaneous	146,007	-	8,227	11,000	165,234
Appropriation from Primary Government	40,665,573	-	-	-	40,665,573
Intergovernmental	62,867,810	2,802,456	322,584	3,790,981	69,783,831
Total revenues	105,799,815	4,969,151	354,849	4,499,552	115,623,367
Expenditures:					
Current:					
Education	105,799,815	4,864,988	-	5,117,895	115,782,698
Capital outlay	-	-	2,173,686	-	2,173,686
Total expenditures	105,799,815	4,864,988	2,173,686	5,117,895	117,956,384
Net change in fund balances	-	104,163	(1,818,837)	(618,343)	(2,333,017)
Fund balances, beginning	-	1,577,302	4,950,720	744,106	7,272,128
Fund balances, ending	\$ -	\$ 1,681,465	\$ 3,131,883	\$ 125,763	\$ 4,939,111

Net change in fund balances \$ (2,333,017)

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 and amortization expense. This is the amount by which depreciation and amortization were more than capital outlays in the current period.

Expenditure for capital assets	\$ 2,405,403	
Less depreciation and amortization expense	(7,701,687)	
Excess of depreciation and amortization over capital outlays		(5,296,284)

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	8,155	
Other postemployment benefits	(1,046,754)	
		(1,038,599)

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	14,986,429	
Total expenses	(14,156,703)	
		829,726

Change in net assets of governmental activities \$ **(7,838,174)**

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING BALANCE SHEET

NONMAJOR FUNDS OF THE DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

June 30, 2011

	School Textbook Fund	Massanutten Technical Center - Operating Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash, cash equivalents and temporary cash investments	\$ 183,934	\$ 642,096	\$ 826,030
Accrued interest	-	335	335
Due from other governments	-	39,771	39,771
Prepaid items	-	43,241	43,241
Inventory	68,951	-	68,951
Total assets	\$ 252,885	\$ 725,443	\$ 978,328
LIABILITIES			
Accounts payable	\$ 127,122	\$ 219,323	\$ 346,445
Accrued payroll	-	253,990	253,990
Due to other governments	-	252,130	252,130
Total liabilities	127,122	725,443	852,565
FUND BALANCES			
Nonspendable:			
Prepaid items	-	43,241	43,241
Inventory	68,951	-	68,951
Assigned to:			
Textbooks	56,812	-	56,812
Unassigned:	-	(43,241)	(43,241)
Total fund balances	125,763	-	125,763
Total liabilities and fund balances	\$ 252,885	\$ 725,443	\$ 978,328

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, 2011

	School Textbook Fund	Massanutten Technical Center - Operating Fund	Total Nonmajor Governmental Funds
Revenues:			
Use of money and property	\$ -	\$ 3,365	\$ 3,365
Charges for services	-	694,206	694,206
Miscellaneous	-	11,000	11,000
Intergovernmental	-	3,790,981	3,790,981
Total revenues	-	4,499,552	4,499,552
Expenditures:			
Current:			
Education	618,343	4,499,552	5,117,895
Total expenditures	618,343	4,499,552	5,117,895
Net change in fund balances	(618,343)	-	(618,343)
Fund balance, beginning	744,106	-	744,106
Fund balance, ending	\$ 125,763	\$ -	\$ 125,763

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, 2011

	Agency Funds		
	Massanutten		
	School	Technical	
	Activity	Center	
	Fund	Activity	Totals
	Fund	Fund	
ASSETS			
Cash, cash equivalents and temporary cash investments	\$ 1,248,837	\$ 117,134	\$ 1,365,971
Accounts receivable	33,134	13,616	46,750
Total assets	\$ 1,281,971	\$ 130,750	\$ 1,412,721
LIABILITIES			
Accounts payable	\$ 1,281,971	\$ 130,750	\$ 1,412,721
Total liabilities	\$ 1,281,971	\$ 130,750	\$ 1,412,721

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - SCHOOL BOARD
ALL AGENCY FUNDS
Year Ended June 30, 2011**

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
<u>SCHOOL ACTIVITY FUND</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 1,182,181	\$ 4,222,455	\$ 4,155,799	\$ 1,248,837
Accounts receivable	37,923	33,134	37,923	33,134
Total assets	\$ 1,220,104	\$ 4,255,589	\$ 4,193,722	\$ 1,281,971
LIABILITIES				
Accounts payable	\$ 1,220,104	\$ 4,255,589	\$ 4,193,722	\$ 1,281,971

MASSANUTTEN TECHNICAL CENTER ACTIVITY FUND

ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 125,316	\$ 187,716	\$ 195,898	\$ 117,134
Accounts receivable	730	13,616	730	13,616
Total assets	\$ 126,046	\$ 201,332	\$ 196,628	\$ 130,750
LIABILITIES				
Accounts payable	\$ 126,046	\$ 201,332	\$ 196,628	\$ 130,750

TOTALS - ALL AGENCY FUNDS

ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 1,307,497	\$ 4,410,171	\$ 4,351,697	\$ 1,365,971
Accounts receivable	38,653	46,750	38,653	46,750
Total assets	\$ 1,346,150	\$ 4,456,921	\$ 4,390,350	\$ 1,412,721
LIABILITIES				
Accounts payable	\$ 1,346,150	\$ 4,456,921	\$ 4,390,350	\$ 1,412,721

**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, 2011**

	Operating Fund	Special Revenue Comprehensive Services Act	Total Governmental Funds
ASSETS			
Cash, cash equivalents and temporary cash investments	\$ 3,586,428	\$ 199,203	\$ 3,785,631
Trade and other accounts receivable	2,292	114,430	116,722
Accrued interest	1,772	277	2,049
Due from other governments	823,718	1,453,155	2,276,873
Prepaid items	89,440	2,145	91,585
Total assets	\$ 4,503,650	\$ 1,769,210	\$ 6,272,860
LIABILITIES			
Accounts payable	\$ 326,496	\$ 1,074,813	\$ 1,401,309
Accrued payroll	164,574	4,113	168,687
Total liabilities	491,070	1,078,926	1,569,996
FUND BALANCES			
Nonspendable:			
Prepaid items	89,440	2,145	91,585
Restricted for:			
Minority interest	1,562,144	355,394	1,917,538
Assigned to:			
Social services	2,360,996	332,745	2,693,741
Total fund balances	4,012,580	690,284	4,702,864
Total liabilities and fund balances	\$ 4,503,650	\$ 1,769,210	\$ 6,272,860
Fund balances			\$ 4,702,864

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	\$ 528,324	
Less accumulated depreciation and amortization	(488,261)	
Net capital assets		40,063

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	(378,755)	
Other postemployment benefits	(205,350)	
		(584,105)

Net assets of governmental activities		\$ 4,158,822
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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, 2011

	Operating Fund	Special Revenue Comprehensive Services Act	Total Governmental Funds
Revenues:			
Use of money and property	\$ 18,637	\$ 3,786	\$ 22,423
Miscellaneous	1,109,970	2,099,643	3,209,613
Appropriation from General Fund	1,640,098	1,965,831	3,605,929
Intergovernmental	9,441,752	5,960,163	15,401,915
Total revenues	12,210,457	10,029,423	22,239,880
Expenditures:			
Current:			
Health and social services	11,498,380	10,110,149	21,608,529
Total expenditures	11,498,380	10,110,149	21,608,529
Net change in fund balances	712,077	(80,726)	631,351
Fund balances, beginning	3,300,503	771,010	4,071,513
Fund balances, ending	<u>\$ 4,012,580</u>	<u>\$ 690,284</u>	<u>\$ 4,702,864</u>
Net change in fund balances			\$ 631,351
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 and amortization expense. This is the amount by which depreciation and amortization exceeded capital outlays in the current period.			
Expenditure for capital assets		\$ -	
Less depreciation and amortization expense		(38,855)	
Excess of depreciation and amortization over capital outlays			(38,855)
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		(78,393)	
Other postemployment benefits		(63,901)	
			(142,294)
Change in net assets of governmental activities			<u>\$ 450,202</u>

SUPPLEMENTAL SCHEDULES

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2011**

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	\$ 41,335,000	\$ 41,335,000	\$ 41,360,039	\$ 25,039
Real and personal public service corporation property taxes	1,120,000	1,120,000	1,389,678	269,678
Personal property taxes	8,855,000	8,855,000	10,459,649	1,604,649
Machinery and tools taxes	11,795,000	11,795,000	9,545,346	(2,249,654)
Merchants' capital taxes	1,000,000	1,000,000	1,067,291	67,291
Penalties and interest	552,000	552,000	665,095	113,095
Total general property taxes	64,657,000	64,657,000	64,487,098	(169,902)
Other local taxes:				
Local sales and use taxes	3,900,000	3,900,000	4,732,665	832,665
Consumer utility taxes	936,400	936,400	1,020,285	83,885
Utility gross receipts taxes	303,000	303,000	398,823	95,823
Bank stock taxes	14,000	14,000	33,320	19,320
Motor vehicle licenses	1,200,000	1,200,000	1,179,162	(20,838)
Taxes on recordation and wills	920,000	920,000	792,313	(127,687)
Hotel and motel room taxes	140,000	140,000	182,941	42,941
Food and beverage taxes	800,000	800,000	788,452	(11,548)
Total other local taxes	8,213,400	8,213,400	9,127,961	914,561
Permits, privilege fees and regulatory licenses:				
Animal licenses	15,000	15,000	26,302	11,302
Permits and other licenses	919,000	919,000	878,322	(40,678)
Total permits, privilege fees and regulatory licenses	934,000	934,000	904,624	(29,376)
Fines and forfeitures	102,500	102,500	236,182	133,682
Use of money and property:				
Revenue from use of money	40,000	40,000	152,112	112,112
Revenue from use of property	747,103	747,103	759,884	12,781
Total use of money and property	787,103	787,103	911,996	124,893

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2011**

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	\$ 275,500	\$ 275,500	\$ 228,888	\$ (46,612)
Commonwealth attorney's fees	414,240	414,240	407,926	(6,314)
Law enforcement and traffic control	203,764	279,764	305,762	25,998
EMS transport	500,000	500,000	530,709	30,709
Correction and detention	726,100	726,100	616,644	(109,456)
Parks and recreation	415,000	505,000	696,576	191,576
Computer services	2,000	2,000	4,815	2,815
Health	-	-	83,232	83,232
Garage fees	518,000	746,000	697,261	(48,739)
Planning and community development	1,150	1,150	1,467	317
Total charges for services	3,055,754	3,449,754	3,573,280	123,526
Miscellaneous	113,500	134,782	776,932	642,150
Recovered costs:				
City of Harrisonburg:				
Judicial administration	212,249	221,717	258,625	36,908
Public safety	2,267,286	2,368,431	2,299,464	(68,967)
Public works	294,448	307,583	303,776	(3,807)
Other entities:				
Public safety	260,640	260,640	258,124	(2,516)
Public works	120,000	120,000	97,512	(22,488)
Total recovered costs	3,154,623	3,278,371	3,217,501	(60,870)
Total revenue from local sources	81,017,880	81,556,910	83,235,574	1,678,664
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Communications sales and use taxes	1,700,000	1,700,000	1,659,722	(40,278)
Mobile home titling taxes	90,000	90,000	66,895	(23,105)
Rental vehicle taxes	4,000	4,000	5,235	1,235
Personal property tax relief	5,860,000	5,860,000	5,665,940	(194,060)
Recordation taxes	210,000	210,000	280,531	70,531
Total non-categorical aid	7,864,000	7,864,000	7,678,323	(185,677)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2011**

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	\$ 734,000	\$ 734,000	\$ 764,298	\$ 30,298
Sheriff	5,345,000	5,345,000	5,232,847	(112,153)
Commissioner of the revenue	176,000	176,000	181,677	5,677
Treasurer	157,000	157,000	162,644	5,644
Registrar/Electoral Board	59,000	59,000	45,459	(13,541)
Clerk of circuit court	510,000	843,996	688,350	(155,646)
Jail operations	407,000	407,000	489,035	82,035
Total shared costs	7,388,000	7,721,996	7,564,310	(157,686)
Other categorical aid:				
Emergency medical services	76,000	76,000	80,179	4,179
Community corrections	340,000	340,000	390,448	50,448
Soil conservation	257,175	257,175	259,647	2,472
Fire program	131,000	131,000	152,371	21,371
Hazardous materials program	10,000	10,000	10,000	-
Victim witness	15,708	15,708	17,139	1,431
Resource officers	33,943	33,943	16,260	(17,683)
Records preservation	-	24,308	24,308	-
Domestic violence	40,000	40,000	29,979	(10,021)
OEMS training	2,000	32,085	34,140	2,055
Other	-	6,200	9,923	3,723
Total other categorical aid	905,826	966,419	1,024,394	57,975
Total categorical aid	8,293,826	8,688,415	8,588,704	(99,711)
Total revenue from the Commonwealth	16,157,826	16,552,415	16,267,027	(285,388)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 Year Ended June 30, 2011**

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	\$ 370,000	\$ 370,000	\$ 387,671	\$ 17,671
Categorical aid:				
Victim witness	68,903	68,903	72,265	3,362
FEMA	10,844	10,844	10,844	-
Highway safety	32,295	42,295	40,667	(1,628)
Welfare	100,000	100,000	147,726	47,726
Domestic violence coordinator	15,584	15,584	18,840	3,256
Edward Byrne memorial justice assistance	-	117,034	83,469	(33,565)
State criminal alien assistance	60,000	60,000	79,095	19,095
Project safe neighborhoods	8,000	8,000	37,077	29,077
Methamphetamine	-	4,000	8,089	4,089
Homeland security program	-	323,667	340,076	16,409
Other	5,000	5,614	38,646	33,032
Total categorical aid	300,626	755,941	876,794	120,853
Total revenue from the federal government	670,626	1,125,941	1,264,465	138,524
Total intergovernmental	16,828,452	17,678,356	17,531,492	(146,864)
Total General Fund	\$ 97,846,332	\$ 99,235,266	\$ 100,767,066	\$ 1,531,800

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2011**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
Special Revenue Fund:				
Asset Forfeiture Fund:				
Revenue from local sources:				
Fines and forfeitures:				
Seized funds - judicial administration	\$ 18,900	\$ 29,872	\$ 18,739	\$ (11,133)
Seized funds - public safety	11,330	22,081	19,491	(2,590)
Total fines and forfeitures	30,230	51,953	38,230	(13,723)
Revenue from use of money	-	-	534	534
Miscellaneous	-	-	2,850	2,850
Total revenue from local sources	30,230	51,953	41,614	(10,339)
Total Special Revenue Fund	\$ 30,230	\$ 51,953	\$ 41,614	\$ (10,339)
Capital Projects Funds:				
General Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 44,575	\$ 44,575
Total General Capital Projects Fund	-	-	44,575	44,575
Joint Judicial Complex Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 8	\$ 8
Total Joint Judicial Complex Fund	-	-	8	8
Total Capital Projects Funds	\$ -	\$ -	\$ 44,583	\$ 44,583
Permanent Fund:				
Albert K. Long Trust Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 109	\$ 109
Total Permanent Fund	\$ -	\$ -	\$ 109	\$ 109
Grand Total Revenues - Primary Government	\$ 97,876,562	\$ 99,287,219	\$ 100,853,372	\$ 1,566,153

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2011**

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	\$ 23,200	\$ 23,200	\$ 19,812	\$ (3,388)
Charges for services	1,880,000	1,880,000	2,100,613	220,613
Miscellaneous	77,500	77,500	146,007	68,507
Appropriation from General Fund	45,022,930	45,022,930	40,665,573	(4,357,357)
Total revenue from local sources	47,003,630	47,003,630	42,932,005	(4,071,625)
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Rolling stock tax	50,000	50,000	55,290	5,290
Categorical aid:				
State sales tax receipts	10,778,173	10,778,173	11,218,776	440,603
Basic school aid	29,651,437	29,651,437	28,011,646	(1,639,791)
Other state school funds	14,607,546	14,607,546	14,716,487	108,941
Total categorical aid	55,037,156	55,037,156	53,946,909	(1,090,247)
Total revenue from the Commonwealth	55,087,156	55,087,156	54,002,199	(1,084,957)
Revenue from the federal government:				
Categorical aid:				
National forest receipts	40,000	40,000	36,493	(3,507)
Title I	1,300,000	1,300,000	1,572,226	272,226
ARRA - Title I	-	654,000	663,401	9,401
Title VIB	2,366,000	2,366,000	2,211,574	(154,426)
ARRA - Title VIB	-	1,146,000	952,121	(193,879)
ARRA - State fiscal stabilization	-	-	2,616,538	2,616,538
Other school funds	1,918,106	1,918,106	777,201	(1,140,905)
ARRA - other school funds	-	-	36,057	36,057
Total revenue from the federal government	5,624,106	7,424,106	8,865,611	1,441,505
Total intergovernmental	60,711,262	62,511,262	62,867,810	356,548
Total School Operating Fund	107,714,892	109,514,892	105,799,815	(3,715,077)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2011**

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 Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money	\$ 20,000	\$ 20,000	\$ 7,091	\$ (12,909)
Charges for services	2,354,902	2,354,902	2,159,604	(195,298)
Total revenue from local sources	2,374,902	2,374,902	2,166,695	(208,207)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	85,000	85,000	89,603	4,603
Revenue from the federal government:				
Categorical aid:				
School food program grant	2,667,115	2,667,115	2,712,853	45,738
Total intergovernmental	2,752,115	2,752,115	2,802,456	50,341
Total School Cafeteria Fund	5,127,017	5,127,017	4,969,151	(157,866)
School Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	24,038	24,038
Appropriation from General Fund	5,176,320	5,176,320	-	(5,176,320)
Recovered costs:				
City of Harrisonburg	-	7,045	8,227	1,182
Total revenue from local sources	5,176,320	5,183,365	32,265	(5,151,100)
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
State fiscal stabilization	304,000	313,945	322,584	8,639
Total intergovernmental	304,000	313,945	322,584	8,639
Total School Capital Projects Fund	5,480,320	5,497,310	354,849	(5,142,461)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2011**

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	\$ -	\$ -	\$ 3,365	\$ 3,365
Charges for services	728,450	728,450	694,206	(34,244)
Miscellaneous	6,000	6,000	6,000	-
House project	20,000	20,000	5,000	(15,000)
Total revenue from local sources	754,450	754,450	708,571	(45,879)
Intergovernmental:				
Revenue from the Commonwealth	299,755	299,755	372,440	72,685
Revenue from the federal government	175,319	175,319	149,580	(25,739)
Local governments:				
Appropriation from Rockingham County School Board	2,684,894	2,684,894	2,493,275	(191,619)
Appropriation from the City of Harrisonburg	836,197	836,197	775,686	(60,511)
Total local governments	3,521,091	3,521,091	3,268,961	(252,130)
Total intergovernmental	3,996,165	3,996,165	3,790,981	(205,184)
Total Massanutten Technical Center - Operating Fund	4,750,615	4,750,615	4,499,552	(251,063)
Total Revenues - Component Unit - School Board	\$ 123,072,844	\$ 124,889,834	\$ 115,623,367	\$ (9,266,467)
Component Unit - Harrisonburg-Rockingham				
Social Services District:				
Operating Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 18,637	\$ 18,637
Miscellaneous:				
City of Harrisonburg share	1,085,165	1,085,165	1,085,165	-
Other	20,078	20,078	24,805	4,727
Total miscellaneous	1,105,243	1,105,243	1,109,970	4,727
Appropriation from the General Fund	1,640,098	1,640,098	1,640,098	-
Total revenue from local sources	2,745,341	2,745,341	2,768,705	23,364

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2011**

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	\$ 5,893,637	\$ 6,011,388	\$ 4,351,937	\$ (1,659,451)
Total revenue from the Commonwealth	5,893,637	6,011,388	4,351,937	(1,659,451)
Revenue from the federal government:				
Categorical aid:				
Social services administration:				
Welfare	7,131,465	7,207,630	5,089,815	(2,117,815)
Total intergovernmental	13,025,102	13,219,018	9,441,752	(3,777,266)
Total Harrisonburg-Rockingham Social Services District - Operating Fund	15,770,443	15,964,359	12,210,457	(3,753,902)
Special Revenue Fund:				
Comprehensive Services Act Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	3,786	3,786
Miscellaneous:				
City of Harrisonburg share	1,857,015	1,857,015	2,099,643	242,628
Appropriation from the General Fund	1,795,458	1,965,831	1,965,831	-
Total revenue from local sources	3,652,473	3,822,846	4,069,260	246,414
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Social services administration:				
Comprehensive Services Act	5,962,527	6,572,315	5,960,163	(612,152)
Total Comprehensive Services Act Fund	9,615,000	10,395,161	10,029,423	(365,738)
Total Revenues - Component Unit - Harrisonburg-Rockingham Social Services District	\$ 25,385,443	\$ 26,359,520	\$ 22,239,880	\$ (4,119,640)
Grand Total Revenues - Component Units	\$ 148,458,287	\$ 151,249,354	\$ 137,863,247	\$ (13,386,107)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2011**

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	\$ 149,335	\$ 152,335	\$ 158,211	\$ 5,876
General and financial:				
Executive administration	383,966	386,574	372,375	(14,199)
Legal services	423,798	423,798	411,094	(12,704)
Independent auditor and actuarial services	82,000	82,000	82,000	-
Commissioner of the revenue	537,524	538,614	512,654	(25,960)
Reassessment and equalization	152,533	152,533	153,748	1,215
Treasurer	525,526	527,707	485,432	(42,275)
Fiscal services	645,402	647,233	647,399	166
Human resources	197,408	197,408	199,552	2,144
Technology	854,805	856,940	820,963	(35,977)
Land use assessment	54,023	54,023	48,541	(5,482)
Central switchboard	61,255	61,255	61,452	197
Total general and financial	3,918,240	3,928,085	3,795,210	(132,875)
Board of elections:				
Electoral board and officials	68,782	68,892	71,304	2,412
Registrar	121,982	122,039	124,302	2,263
Total board of elections	190,764	190,931	195,606	4,675
Total general government administration	4,258,339	4,271,351	4,149,027	(122,324)
Judicial administration:				
Courts:				
Circuit court	150,246	150,246	137,850	(12,396)
General district court	18,600	18,600	18,464	(136)
Magistrate	6,050	6,050	6,885	835
Juvenile and domestic relations court	25,920	25,920	24,529	(1,391)
Clerk of the circuit court	820,789	1,186,465	997,282	(189,183)
Department of court services	510,076	621,163	541,795	(79,368)
Total courts	1,531,681	2,008,444	1,726,805	(281,639)
Commonwealth attorney	1,482,806	1,482,806	1,396,792	(86,014)
Total judicial administration	3,014,487	3,491,250	3,123,597	(367,653)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2011**

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	\$ 4,693,054	\$ 5,231,193	\$ 5,211,083	\$ (20,110)
Fire and rescue services:				
Fire department	4,598,884	4,749,546	4,657,172	(92,374)
Volunteer fire companies	603,034	603,034	603,181	147
Ambulance and rescue squads	539,578	565,167	565,879	712
Fire extinction service	17,703	17,703	18,660	957
Total fire and rescue services	5,759,199	5,935,450	5,844,892	(90,558)
Correction and detention:				
County operated institutions	6,372,304	6,531,794	6,409,984	(121,810)
Building inspections				
	520,360	520,416	522,960	2,544
Other protection:				
Animal control	335,457	335,459	339,307	3,848
Emergency services	1,446,681	1,446,681	1,438,718	(7,963)
Total other protection	1,782,138	1,782,140	1,778,025	(4,115)
Total public safety	19,127,055	20,000,993	19,766,944	(234,049)
Public works:				
General administration	61,464	61,619	64,799	3,180
Garage operations	610,768	838,768	778,067	(60,701)
Maintenance:				
General properties	309,818	309,853	301,747	(8,106)
Courthouse	167,935	182,035	186,867	4,832
School office building	99,741	124,041	124,621	580
Extension/central garage building	63,261	63,261	63,740	479
Human Services/Health department building	135,382	135,382	134,029	(1,353)
TV translator system	72,600	72,600	29,385	(43,215)
County administration complex	243,174	264,489	277,988	13,499
District courts	367,552	367,552	343,965	(23,587)
Sheriff department	126,861	126,861	138,780	11,919
Research and technology center	80,000	80,000	78,546	(1,454)
Total public works	2,338,556	2,626,461	2,522,534	(103,927)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2011**

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	\$ 551,766	\$ 551,766	\$ 549,732	\$ (2,034)
Mental health and mental retardation:				
Community Services Board	357,547	357,547	357,547	-
Social services:				
Property tax relief for elderly/handicapped	205,000	213,900	213,895	(5)
Appropriation to the Harrisonburg-Rockingham				
Social Services District	3,435,556	3,605,929	3,605,929	-
Institutional care				
	227,981	227,981	227,980	(1)
Total health and social services	4,777,850	4,957,123	4,955,083	(2,040)
Education:				
Appropriation to the Rockingham				
County School Board	45,022,930	45,022,930	40,665,573	(4,357,357)
Total education	45,022,930	45,022,930	40,665,573	(4,357,357)
Parks, recreation and cultural:				
Parks and recreation:				
Administration	159,020	159,020	152,693	(6,327)
Maintenance	331,100	331,100	286,886	(44,214)
Athletic events/programs	939,858	1,074,193	1,069,869	(4,324)
Total parks and recreation	1,429,978	1,564,313	1,509,448	(54,865)
Cultural:				
Regional library	703,050	703,050	703,050	-
Total parks, recreation and cultural	2,133,028	2,267,363	2,212,498	(54,865)
Community development:				
Planning and community development	614,446	616,021	616,562	541
Geographic information systems	94,251	94,251	96,515	2,264
Economic development	2,826,798	2,827,880	2,661,413	(166,467)
Soil and water conservation district	290,708	290,708	268,799	(21,909)
Cooperative extension program	117,008	117,008	88,656	(28,352)
Environmental management	154,492	154,492	123,773	(30,719)
Contributions, grants and other	736,321	722,390	355,727	(366,663)
Total community development	4,834,024	4,822,750	4,211,445	(611,305)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2011**

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	\$ 1,878,497	\$ 1,878,497	\$ 1,878,599	\$ 102
Principal - School Board	5,903,339	5,903,339	5,903,339	-
Total principal	7,781,836	7,781,836	7,781,938	102
Interest and fiscal charges - County	1,297,217	1,297,217	1,297,023	(194)
Interest and fiscal charges - School Board	4,977,541	4,977,541	4,960,891	(16,650)
Total interest and fiscal charges	6,274,758	6,274,758	6,257,914	(16,844)
Total debt service	14,056,594	14,056,594	14,039,852	(16,742)
Total General Fund	\$ 99,562,863	\$ 101,516,815	\$ 95,646,553	\$ (5,870,262)
Special Revenue Fund:				
Asset Forfeiture Fund:				
Public safety:				
Law enforcement	\$ 30,230	\$ 51,953	\$ 50,630	\$ (1,323)
Total Asset Forfeiture Fund	30,230	51,953	50,630	(1,323)
Total Special Revenue Fund	\$ 30,230	\$ 51,953	\$ 50,630	\$ (1,323)
General Capital Projects Fund:				
Capital projects	\$ 4,236,400	\$ 4,428,288	\$ 354,404	\$ (4,073,884)
Total General Capital Projects Fund	\$ 4,236,400	\$ 4,428,288	\$ 354,404	\$ (4,073,884)
Grand Total Expenditures - Primary Government	\$ 103,829,493	\$ 105,997,056	\$ 96,051,587	\$ (9,945,469)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2011**

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	\$ 82,643,305	\$ 84,429,205	\$ 82,223,576	\$ (2,205,629)
Administration, attendance and health	4,770,242	4,784,342	4,575,509	(208,833)
Pupil transportation services	8,396,502	8,396,502	8,211,345	(185,157)
Operation and maintenance services	11,904,843	11,904,843	10,789,385	(1,115,458)
 Total School Operating Fund	107,714,892	109,514,892	105,799,815	(3,715,077)
School Textbook Fund:				
Education:				
Purchase of textbooks	596,000	580,000	618,343	38,343
 Total School Textbook Fund	596,000	580,000	618,343	38,343
School Cafeteria Fund:				
Education:				
School food services	5,127,017	5,127,017	4,864,988	(262,029)
 Total School Cafeteria Fund	5,127,017	5,127,017	4,864,988	(262,029)
School Capital Projects Fund:				
Capital projects	7,280,320	6,191,910	2,173,686	(4,018,224)
 Total School Capital Projects Fund	7,280,320	6,191,910	2,173,686	(4,018,224)
Massanutten Technical Center - Operating Fund:				
Education:				
Secondary	3,535,982	3,535,982	3,398,226	(137,756)
Continuing education	1,214,633	1,214,633	1,101,326	(113,307)
 Total Massanutten Technical Center - Operating Fund	4,750,615	4,750,615	4,499,552	(251,063)
 Total Expenditures - Component Unit - School Board	\$ 125,468,844	\$ 126,164,434	\$ 117,956,384	\$ (8,208,050)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
 Year Ended June 30, 2011**

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	\$ 9,906,556	\$ 10,002,352	\$ 5,998,480	\$ (4,003,872)
Administration:				
Welfare	5,863,887	5,963,887	5,499,900	(463,987)
Total Operating Fund	15,770,443	15,966,239	11,498,380	(4,467,859)
Special Revenue Fund:				
Comprehensive Services Act Fund:				
Comprehensive Services Act	9,615,000	10,395,161	10,110,149	(285,012)
Total Comprehensive Services Act Fund	9,615,000	10,395,161	10,110,149	(285,012)
Total Expenditures - Component Unit - Harrisonburg-Rockingham Social Services District	\$ 25,385,443	\$ 26,361,400	\$ 21,608,529	\$ (4,752,871)
Grand Total Expenditures - Component Units	\$ 150,854,287	\$ 152,525,834	\$ 139,564,913	\$ (12,960,921)

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	Tables
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.	2-6
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.	7-11
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.	12-14
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.	15-16
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.	17-19

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

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

	Fiscal Year June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 33,331,094	\$ 31,494,506	\$ 31,571,104
Restricted	621,406	641,075	435,684	4,223,450	5,060,638	4,007,776	2,141,716	351,245	422,337	1,383,005
Unrestricted (deficit)	(14,611,426)	(8,361,369)	(13,000,411)	(9,391,928)	(13,707,781)	(33,175,692)	(44,397,535)	(71,164,591)	(68,208,673)	(58,123,750)
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)	\$ (37,482,252)	\$ (36,291,830)	\$ (25,169,641)
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	\$ 32,111,181	\$ 30,738,179	\$ 29,369,801
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	145,128	1,153,253	2,261,627
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	\$ 32,256,309	\$ 31,891,432	\$ 31,631,428
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	\$ 65,442,275	\$ 62,232,685	\$ 60,940,905
Restricted	621,406	641,075	2,453,768	4,416,126	5,060,638	4,007,776	2,141,716	351,245	422,337	1,383,005
Unrestricted (deficit)	(14,407,305)	(8,184,783)	(13,478,529)	(9,408,523)	(12,450,099)	(31,879,549)	(43,227,499)	(71,019,463)	(67,055,420)	(55,862,123)
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	\$ (5,225,943)	\$ (4,400,398)	\$ 6,461,787
Component units: (1)										
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	\$ 150,698,882	\$ 166,440,045	\$ 161,143,761
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	11,635,128	2,949,404	407,514
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	\$ 162,334,010	\$ 169,389,449	\$ 161,551,275

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	\$	119,199	\$	78,918	\$	40,063
Unrestricted		712,964		1,149,654		1,480,989		1,295,333		1,283,243		1,405,048		1,774,814		2,345,485		3,629,702		4,118,759
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	\$	2,464,684	\$	3,708,620	\$	4,158,822
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	\$	150,818,081	\$	166,518,963	\$	161,183,824
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		13,980,613		6,579,106		4,526,273
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	\$	164,798,694	\$	173,098,069	\$	165,710,097
Total reporting entity: (2)																				
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	\$	103,933,620	\$	121,884,712	\$	121,414,263
Restricted		621,406		641,075		9,578,003		4,439,102		5,060,638		4,007,776		2,141,716		351,245		422,337		1,383,005
Unrestricted		25,699,702		29,291,316		25,970,271		24,958,537		24,618,089		39,307,926		53,182,820		55,287,886		46,390,622		49,374,616
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	\$	159,572,751	\$	168,697,671	\$	172,171,884

Notes:

- (1) 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.
- (2) 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 Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 5,172,496	\$ 4,927,727	\$ 4,694,851
Judicial administration	2,431,187	2,506,361	2,595,053	2,690,201	3,109,327	3,537,795	3,496,761	4,231,590	3,678,728	3,462,425
Public safety	12,662,544	13,010,712	13,949,886	15,625,806	16,728,591	18,690,616	19,040,217	20,558,230	19,529,025	20,392,396
Public works	1,792,802	1,782,907	1,760,352	1,878,903	2,187,373	2,510,342	2,567,406	2,515,660	2,384,927	2,453,101
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	5,087,755	5,212,611	5,005,635
Education	31,225,243	33,798,748	42,671,090	33,315,177	39,932,203	60,500,234	57,109,186	78,046,276	48,129,186	40,665,573
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	2,166,951	2,090,895	2,170,122
Community development	1,342,947	1,400,302	2,221,753	2,618,587	3,830,069	2,491,258	3,415,397	6,142,118	6,182,334	5,038,071
Interest	2,779,634	2,382,799	2,380,870	2,449,883	2,572,000	3,077,757	3,811,072	5,773,990	6,335,856	5,860,063
Total governmental activities	60,074,574	62,627,038	74,170,491	68,412,077	79,410,385	102,732,025	101,807,489	129,695,066	98,471,289	89,742,237
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	4,675,849	5,616,481	5,942,628
Solid waste	2,762,090	3,112,398	3,569,076	2,509,976	3,541,130	3,680,963	4,244,472	3,864,456	3,792,474	3,693,575
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	8,540,305	9,408,955	9,636,203
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	138,235,371	107,880,244	99,378,440
Program revenue:										
Governmental activities:										
Charges for services:										
General government administration	4,574	5,415	4,945	6,145	4,764	2,877	5,729	1,511	4,058	4,815
Judicial administration	778,468	975,080	1,346,906	1,206,212	1,213,214	1,157,469	1,149,624	1,286,689	1,073,326	914,178
Public safety	2,756,358	2,876,282	3,123,080	3,440,187	3,974,894	4,124,597	4,604,090	4,073,797	4,090,326	5,171,000
Public works	394,893	420,554	539,784	590,386	757,503	826,007	1,014,447	1,021,587	956,152	1,098,549
Health and social services	16,057	25,927	32,856	2,429	52,834	26,086	-	5,665	7,953	83,232
Parks, recreation and cultural	267,256	284,397	279,036	276,009	300,701	326,290	324,628	405,709	467,229	696,685
Community development	11,451	21,112	4,232	7,150	7,615	3,011	2,727	1,786	4,017	1,467
Operating grants and contributions:										
General government administration	433,351	395,922	387,113	440,535	446,138	472,051	512,537	478,451	429,322	393,503
Judicial administration	1,550,408	1,514,726	1,858,291	1,627,479	1,819,324	2,032,672	2,031,766	2,177,711	2,124,717	2,088,186
Public safety	5,855,190	6,014,815	6,095,750	6,483,737	6,556,093	7,382,949	7,200,334	6,942,243	6,444,716	6,307,124
Public works	16,460	-	-	-	-	117,009	-	-	1,667	-
Health and social services	125,669	98,394	82,283	99,123	116,012	121,558	139,069	163,829	143,987	147,726
Community development	3,170	139,860	118,445	129,303	1,638,937	206,836	236,640	252,985	258,319	259,647
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	-	83,950	118,588	269,312
Total governmental activities	12,231,996	12,785,271	14,132,294	15,087,649	17,426,453	17,020,634	17,221,591	16,895,913	16,124,377	17,435,424

COUNTY OF ROCKINGHAM, VIRGINIA

Table 3

CHANGES IN NET ASSETS

Page 2

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 5,128,660	\$ 6,075,853	\$ 5,696,405
Solid waste	2,678,472	2,587,332	2,805,457	2,388,453	2,329,945	2,377,044	3,180,166	2,699,300	2,353,901	2,572,712
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	930,509	-	-
Solid waste	-	-	-	-	261,494	2,270,953	706,052	85,181	-	-
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	8,843,650	8,429,754	8,269,117
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	25,739,563	24,554,131	25,704,541
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)	(112,799,153)	(82,346,912)	(72,306,813)
Business-type activities	(158,551)	(387,089)	(511,080)	1,218,802	2,387,997	1,682,725	2,330,108	303,345	(979,201)	(1,367,086)
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)	(112,495,808)	(83,326,113)	(73,673,899)
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	65,895,837	66,376,392	64,490,691
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	4,567,854	4,168,753	4,732,665
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	2,667,992	2,676,009	2,680,007
Motor vehicles licenses	1,086,260	1,102,769	1,135,372	1,158,694	1,182,848	1,194,912	1,193,657	1,176,765	1,169,718	1,179,162
Other	1,233,296	1,455,244	1,460,257	2,014,632	2,868,462	2,252,937	1,575,825	1,584,576	1,705,225	536,127
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	6,589,500	6,389,141	8,065,994
Use of money and property	976,559	756,135	573,390	988,875	1,490,446	1,875,536	1,665,526	786,523	839,375	964,574
Miscellaneous	272,789	156,333	173,659	116,108	184,897	119,643	463,242	279,146	232,721	779,782
Gain on sale of capital assets	-	-	-	592,234	-	-	-	-	-	-
Transfers	(23,152)	(100,259)	(810,567)	(750,000)	(395,620)	(61,000)	(43,726)	-	(20,000)	-
Total governmental activities	52,315,854	56,159,183	57,384,325	60,185,099	66,238,056	71,893,200	77,228,912	83,548,193	83,537,334	83,429,002
Business-type activities:										
Use of money and property	294,179	106,833	79,486	124,469	213,845	265,494	381,280	199,683	34,080	40,269
Miscellaneous	211,400	605,111	332,868	278,209	153,136	198,431	300,660	243,675	560,244	1,066,813
Transfers	23,152	100,259	810,567	750,000	395,620	61,000	43,726	-	20,000	-
Total business-type activities	528,731	812,203	1,222,921	1,152,678	762,601	524,925	725,666	443,358	614,324	1,107,082
Total primary government	52,844,585	56,971,386	58,607,246	61,337,777	67,000,657	72,418,125	77,954,578	83,991,551	84,151,658	84,536,084
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)	(29,250,960)	1,190,422	11,122,189
Business-type activities	370,180	425,114	711,841	2,371,480	3,150,598	2,207,650	3,055,774	746,703	(364,877)	(260,004)
Total primary government	\$ 4,843,456	\$ 6,742,530	\$ (1,942,031)	\$ 9,232,151	\$ 7,404,722	\$ (11,610,541)	\$ (4,301,212)	\$ (28,504,257)	\$ 825,545	\$ 10,862,185

COUNTY OF ROCKINGHAM, VIRGINIA

Table 3

CHANGES IN NET ASSETS

Page 3

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Component units: (2)										
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	\$ 98,007,696	\$ 96,112,008	\$ 94,760,403
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	5,385,017	4,891,885	4,618,967
Pupil transportation	4,376,845	4,686,549	5,260,280	5,790,881	6,327,098	6,959,384	7,426,354	8,086,880	7,184,619	8,281,464
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	10,227,516	9,919,463	10,893,761
School food services	3,650,577	3,570,536	3,831,693	3,989,993	4,226,604	4,466,752	4,597,701	4,766,860	4,768,548	4,906,946
Total expenses	86,456,085	91,855,871	95,285,535	103,397,709	104,981,104	115,179,321	118,055,139	126,473,969	122,876,523	123,461,541
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	5,638,328	5,321,960	4,954,423
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	77,327,118	72,018,553	69,346,071
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	3,559,527	3,854,048	345,977
Total program revenues	51,580,657	53,281,259	56,877,775	63,365,164	68,864,119	78,351,250	78,399,559	86,524,973	81,194,561	74,646,471
Net expense	(34,875,428)	(38,574,612)	(38,407,760)	(40,032,545)	(36,116,985)	(36,828,071)	(39,655,580)	(39,948,996)	(41,681,962)	(48,815,070)
General revenues and other changes in net assets:										
Grants and contributions not restricted to specific programs										
Intergovernmental, non-categorical aid	31,225,243	33,798,748	42,671,090	33,315,177	39,932,203	60,500,234	57,109,186	78,046,276	48,129,186	40,665,573
Use of money and property	128,825	128,943	127,102	130,361	132,008	129,462	130,477	91,946	93,380	91,783
Miscellaneous	76,753	59,034	63,665	127,926	94,518	268,268	408,396	144,563	55,765	54,306
Total general revenues and other changes in net assets	32,440,821	34,986,725	42,861,857	33,573,464	40,158,729	60,897,964	57,648,059	78,282,785	48,278,331	40,811,662
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	\$ 38,486,708	\$ 7,055,439	\$ (7,838,174)
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	\$ 5,107,848	\$ 5,730,436	\$ 5,998,480
Comprehensive services act	3,891,140	5,274,645	5,438,545	6,362,925	7,500,224	8,599,794	10,237,263	10,533,322	10,236,725	10,114,771
Welfare	3,260,283	3,388,831	3,614,985	4,042,064	4,765,237	5,141,691	5,611,589	6,138,996	5,820,207	5,676,427
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	21,780,166	21,787,368	21,789,678
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	14,843,978	15,969,252	15,401,915
Total program revenues	7,174,747	8,839,166	9,550,620	10,449,895	12,409,206	13,149,808	14,121,228	14,843,978	15,969,252	15,401,915
Net expense	(2,658,812)	(2,905,800)	(3,394,931)	(4,335,141)	(5,057,494)	(5,836,951)	(6,497,572)	(6,936,188)	(5,818,116)	(6,387,763)

COUNTY OF ROCKINGHAM, VIRGINIA

Table 3

Page 4

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

	Fiscal Year June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 7,147,789	\$ 6,971,699	\$ 6,790,737
Use of money and property	31,987	8,558	17,396	36,235	61,494	82,948	109,362	42,704	15,357	22,423
Miscellaneous	149,412	165,479	159,585	208,888	242,351	257,509	254,078	272,696	74,996	24,805
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	7,463,189	7,062,052	6,837,965
Total component unit - HRSSD change in net assets	\$ 72,025	\$ 437,674	\$ 324,644	\$ (161,333)	\$ 48,769	\$ 146,325	\$ 338,062	\$ 527,001	\$ 1,243,936	\$ 450,202
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	\$ 39,013,709	\$ 8,299,375	\$ (7,387,972)
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	\$ 10,509,452	\$ 9,124,920	\$ 3,474,213

Notes:

(1) 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.

(2) 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 Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

Function/Program	Fiscal Year June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Primary government:										
Governmental activities:										
General government administration	\$ 437,925	\$ 401,337	\$ 392,058	\$ 446,680	\$ 549,977	\$ 474,928	\$ 518,266	\$ 479,962	\$ 433,380	\$ 398,318
Judicial administration	2,328,876	2,489,806	3,205,197	2,833,691	3,099,657	3,247,642	3,181,390	3,464,400	3,198,043	3,002,364
Public safety	8,630,239	8,903,884	9,478,403	10,702,878	10,903,217	11,671,267	11,804,424	11,099,990	10,653,630	11,747,436
Public works	411,353	420,554	539,784	590,386	757,503	943,016	1,014,447	1,021,587	957,819	1,098,549
Health and social services	141,726	124,321	115,139	101,552	168,846	147,644	139,069	169,494	151,940	230,958
Parks, recreation and cultural	267,256	284,397	279,036	276,009	300,701	326,290	324,628	405,709	467,229	696,685
Community development	14,621	160,972	122,677	136,453	1,646,552	209,847	239,367	254,771	262,336	261,114
Total governmental activities	12,231,996	12,785,271	14,132,294	15,087,649	17,426,453	17,020,634	17,221,591	16,895,913	16,124,377	17,435,424
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	6,059,169	6,075,853	5,696,405
Solid waste	2,696,706	2,606,154	2,822,581	2,405,278	2,615,464	4,667,903	3,886,218	2,784,481	2,353,901	2,572,712
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	8,843,650	8,429,754	8,269,117
Total primary government	\$ 16,895,252	\$ 17,742,619	\$ 19,763,991	\$ 21,678,775	\$ 26,686,046	\$ 26,217,960	\$ 28,029,451	\$ 25,739,563	\$ 24,554,131	\$ 25,704,541
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	\$ 81,522,836	\$ 75,488,678	\$ 69,684,411
Pupil transportation services	-	-	-	-	-	-	-	-	760,680	-
Operation and maintenance services	-	-	-	-	-	-	-	-	13,723	-
School food services	3,642,376	3,653,635	3,840,027	4,070,809	4,260,056	4,519,893	4,636,595	5,002,137	4,931,480	4,962,060
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	86,524,973	81,194,561	74,646,471
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	3,851,693	4,329,056	4,351,937
Comprehensive services	2,405,728	3,433,703	3,365,709	3,639,558	4,558,941	5,096,538	5,985,528	6,500,946	6,633,186	5,960,163
Welfare	3,288,871	3,697,096	4,159,192	4,504,743	5,046,655	5,167,051	4,740,804	4,491,339	5,007,010	5,089,815
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	14,843,978	15,969,252	15,401,915
Total component units	\$ 58,755,404	\$ 62,120,425	\$ 66,428,395	\$ 73,815,059	\$ 81,273,325	\$ 91,501,058	\$ 92,520,787	\$ 101,368,951	\$ 97,163,813	\$ 90,048,386
Total reporting entity	\$ 75,650,656	\$ 79,863,044	\$ 86,192,386	\$ 95,493,834	\$ 107,959,371	\$ 117,719,018	\$ 120,550,238	\$ 127,108,514	\$ 121,717,944	\$ 115,752,927

COUNTY OF ROCKINGHAM, VIRGINIA

Table 5

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund:										
Reserved	\$ 2,896,089	\$ 2,205,041	\$ 1,585,765	\$ 1,081,608	\$ 839,896	\$ 772,073	\$ 1,003,102	\$ 928,288	\$ 1,097,948	\$ -
Unreserved	20,306,938	22,827,035	25,574,115	26,573,025	19,866,713	18,757,693	26,580,573	22,588,259	27,255,072	-
Nonspendable	-	-	-	-	-	-	-	-	-	808,957
Assigned	-	-	-	-	-	-	-	-	-	2,851
Unassigned	-	-	-	-	-	-	-	-	-	28,661,725
Total General Fund	\$ 23,203,027	\$ 25,032,076	\$ 27,159,880	\$ 27,654,633	\$ 20,706,609	\$ 19,529,766	\$ 27,583,675	\$ 23,516,547	\$ 28,353,020	\$ 29,473,533
All Other Governmental Funds:										
Reserved	\$ 681,336	\$ 641,075	\$ 435,684	\$ 4,223,450	\$ 5,060,638	\$ 4,007,776	\$ 2,141,716	\$ 351,245	\$ 422,337	\$ -
Unreserved	32,517	169,820	4,193,201	4,451,532	5,600,527	11,856,272	20,326,913	18,761,704	10,102,262	-
Nonspendable	-	-	-	-	-	-	-	-	-	11,143
Restricted	-	-	-	-	-	-	-	-	-	1,371,862
Assigned	-	-	-	-	-	-	-	-	-	12,822,866
Total all other governmental funds	\$ 713,853	\$ 810,895	\$ 4,628,885	\$ 8,674,982	\$ 10,661,165	\$ 15,864,048	\$ 22,468,629	\$ 19,112,949	\$ 10,524,599	\$ 14,205,871

Note:

- (1) In fiscal year 2011, the County implemented GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which effectively changed the classifications used to report fund balances. The terms reserved and unreserved are no longer used to describe fund balance. Fund balance is now classified as nonspendable, restricted, committed, assigned, or unassigned.

COUNTY OF ROCKINGHAM, VIRGINIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year		
	2002	2003	2004
Revenues:			
General property taxes	\$ 37,629,080	\$ 41,485,976	\$ 43,549,045
Other local taxes	7,234,718	7,599,937	7,874,776
Permits, privilege fees and licenses	564,038	566,961	883,449
Fines and forfeitures	198,166	280,512	272,038
Use of money and property	977,396	756,500	573,597
Charges for services	1,998,313	2,334,588	2,521,638
Miscellaneous	274,834	206,725	185,356
Recovered costs	1,485,705	1,439,817	1,913,080
Intergovernmental	13,931,784	14,457,379	14,858,098
Total revenues	64,294,034	69,128,395	72,631,077
Expenditures:			
General government administration	3,534,242	3,680,361	3,744,157
Judicial administration	2,224,122	2,374,371	2,399,019
Public safety	12,357,708	12,677,941	13,545,603
Public works	1,695,038	1,778,941	1,741,907
Health and social services	2,473,227	2,649,174	2,963,451
Education	38,730,770	33,798,748	42,671,090
Parks, recreation and cultural	1,432,932	1,424,179	1,513,347
Community development	1,330,798	1,338,739	2,164,328
Capital outlay	231,379	226,616	2,821,843
Debt service:			
Principal	5,424,690	4,693,313	3,930,375
Interest and fiscal charges	2,821,598	2,450,662	2,272,171
Total expenditures	72,256,504	67,093,045	79,767,291
Revenues over (under) expenditures	(7,962,470)	2,035,350	(7,136,214)
Other financing sources (uses):			
Transfers in	226,744	451,675	6,857,283
Transfers out	(249,896)	(560,934)	(7,667,850)
Issuance of debt	768,250	-	13,577,993
Premium on issuance debt	-	-	314,582
Insurance recoveries	-	-	-
Proceeds from sale of property	25,705	-	-
Total other financing sources (uses), net	770,803	(109,259)	13,082,008
Net change in fund balance	\$ (7,191,667)	\$ 1,926,091	\$ 5,945,794

Table 6
Page 1

June 30,							
	2005	2006	2007	2008	2009	2010	2011
\$	44,316,136	\$ 48,094,569	\$ 53,700,795	\$ 58,855,180	\$ 65,570,241	\$ 66,216,435	\$ 64,487,098
	8,899,746	9,964,423	10,046,832	10,343,068	9,997,187	9,719,705	9,127,961
	1,091,022	985,817	957,006	1,176,374	749,140	803,462	904,624
	341,372	345,805	207,283	155,677	148,535	238,435	274,412
	989,271	1,491,226	1,876,615	1,646,317	771,924	833,742	957,222
	2,736,286	2,846,255	2,662,046	3,288,037	2,850,575	2,801,305	3,573,280
	125,108	180,897	241,223	463,242	279,146	232,721	779,782
	2,138,396	2,194,187	2,715,669	2,480,181	3,048,135	2,759,777	3,217,501
	14,807,578	17,659,528	16,980,026	16,346,450	16,688,669	15,910,457	17,531,492
	75,444,915	83,762,707	89,387,495	94,754,526	100,103,552	99,516,039	100,853,372
	3,903,904	4,250,012	4,429,174	4,563,051	4,659,357	4,398,991	4,149,027
	2,401,199	2,927,878	3,249,146	3,173,240	3,827,879	3,343,653	3,123,597
	18,562,820	17,683,188	20,304,161	21,242,649	19,874,198	18,910,325	19,817,574
	1,856,947	2,181,679	2,480,757	2,628,117	2,482,615	2,352,738	2,522,534
	3,283,105	4,108,260	4,517,523	4,748,614	5,044,027	5,168,646	4,955,083
	33,315,177	39,932,203	60,500,234	57,109,186	78,046,276	48,129,186	40,665,573
	1,696,824	1,754,520	2,061,923	2,115,026	2,064,277	2,023,049	2,212,498
	2,543,545	3,771,777	2,355,778	3,122,860	5,783,273	4,467,357	4,211,445
	4,421,217	6,994,594	3,026,051	9,740,578	12,088,043	1,969,136	354,404
	3,363,146	12,260,303	14,179,314	4,760,106	5,173,395	6,166,108	7,781,938
	2,563,385	2,387,346	2,822,878	3,459,559	5,473,153	6,318,727	6,257,914
	77,911,269	98,251,760	119,926,939	116,662,986	144,516,493	103,247,916	96,051,587
	(2,466,354)	(14,489,053)	(30,539,444)	(21,908,460)	(44,412,941)	(3,731,877)	4,801,785
	3,939,188	10,283,452	10,517,916	19,658,172	13,556,253	-	4,000,000
	(4,689,188)	(10,679,072)	(10,578,916)	(19,701,898)	(16,071,679)	(20,000)	(4,000,000)
	7,150,000	9,404,190	33,757,200	35,494,713	37,261,410	-	-
	-	518,642	869,284	1,115,963	2,244,149	-	-
	14,970	-	-	-	-	-	-
	592,234	-	-	-	-	-	-
	7,007,204	9,527,212	34,565,484	36,566,950	36,990,133	(20,000)	-
\$	4,540,850	\$ (4,961,841)	\$ 4,026,040	\$ 14,658,490	\$ (7,422,808)	\$ (3,751,877)	\$ 4,801,785

COUNTY OF ROCKINGHAM, VIRGINIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year		
	2002	2003	2004
Debt Service as a percentage of noncapital expenditures:			
Primary government:			
Total debt service	\$ 8,246,288	\$ 7,143,975	\$ 6,202,546
Total expenditures	\$ 72,256,504	\$ 67,093,045	\$ 79,767,291
Less: Capital outlay - primary government	(520,406)	(820,817)	(2,922,826)
Noncapital expenditures	\$ 71,736,098	\$ 66,272,228	\$ 76,844,465
Debt service as a percentage of noncapital expenditures	11.50%	10.78%	8.07%
Component units - School Board and HRSSD: (Notes 1, 2)			
Expenditures:			
School board	\$ 86,380,339	\$ 84,756,765	\$ 92,605,357
HRSSD	9,803,498	11,776,529	12,924,157
Less: Capital outlay - school board	(7,053,993)	(1,395,345)	(4,693,088)
Less: Capital outlay - HRSSD	(31,486)	(32,252)	(26,764)
Noncapital expenditures (Note 4)	\$ 89,098,358	\$ 95,105,697	\$ 100,809,662
Total reporting entity:			
Total noncapital expenditures	\$ 117,722,659	\$ 123,802,115	\$ 130,560,527
Debt service as a percentage of noncapital expenditures	7.00%	5.77%	4.75%

Table 6
Page 2

June 30,						
2005	2006	2007	2008	2009	2010	2011
\$ 5,926,531	\$ 6,147,649	\$ 7,002,192	\$ 8,219,665	\$ 10,646,548	\$ 12,484,835	\$ 14,039,852
\$ 77,911,269	\$ 98,251,760	\$ 119,926,939	\$ 116,662,986	\$ 144,516,493	\$ 103,247,916	\$ 96,051,587
(7,365,247)	(8,292,345)	(5,178,774)	(12,251,238)	(12,330,838)	(1,012,486)	(967,936)
\$ 70,546,022	\$ 89,959,415	\$ 114,748,165	\$ 104,411,748	\$ 132,185,655	\$ 102,235,430	\$ 95,083,651
8.40%	6.83%	6.10%	7.87%	8.05%	12.21%	14.77%
\$ 106,275,713	\$ 112,940,930	\$ 126,615,863	\$ 140,207,962	\$ 156,426,408	\$ 138,094,883	\$ 117,956,384
14,794,697	17,507,539	19,003,775	20,551,545	21,623,271	21,729,506	21,608,529
(10,634,666)	(12,132,999)	(15,933,797)	(26,060,681)	(36,916,024)	(21,949,313)	(2,405,403)
(62,982)	(108,097)	(81,992)	(30,132)	(17,503)	(16,646)	-
\$ 110,372,762	\$ 118,207,373	\$ 129,603,849	\$ 134,668,694	\$ 141,116,152	\$ 137,858,430	\$ 137,159,510
\$ 143,047,977	\$ 163,224,530	\$ 178,316,728	\$ 176,379,713	\$ 188,815,003	\$ 185,875,702	\$ 185,478,384
4.14%	3.77%	3.93%	4.66%	5.64%	6.72%	7.57%

COUNTY OF ROCKINGHAM, VIRGINIA

Table 6

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Page 3

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

Notes:

- (1) Expenditures of the School Board do not include those associated with the School Activity Funds or the Massanutten Technical Center Activity Funds.
- (2) 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.
- (3) 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, fiscal year 2001 has been restated on this table to reflect the transfers as expenditures.
- (4) 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.
- (5) 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.
- (6) 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 (1)	Local Sales and Use	Motor Vehicle	Consumer Utility and Communications Sales and Use (2)	Recordation and Wills	Other	Total
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
2009	64,951,212	4,567,854	1,176,765	2,667,992	1,091,116	493,460	74,948,399
2010	65,511,983	4,168,753	1,169,718	2,676,009	882,174	823,051	75,231,688
2011	63,822,003	4,732,665	1,179,162	1,020,285	792,313	1,403,536	72,949,964
Change 2002-2011	72.12%	38.97%	8.55%	-32.41%	51.83%	97.25%	64.61%

Note:

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

(2) In fiscal year 2011, the County implemented the Auditor of Public Accounts' requirement that communication sales and use tax be reported as non-categorical state aid instead of other local taxes.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 8

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
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%
2008	4,590,978,700	610,682,700	261,590,000	1,656,580,500	847,847,400	7,119,831,900	6,393,150,330	4.21%	0.58	6,393,150,330	100.00%
2009	4,716,212,700	599,831,800	272,383,400	1,677,385,800	872,491,000	7,266,020,200	6,542,102,800	2.33%	0.60	6,542,102,800	100.00%
2010	4,879,919,700	718,626,400	277,930,600	1,915,838,000	986,695,200	7,792,314,700	6,894,241,960	5.11%	0.60	6,894,241,960	100.00%

Source:

Rockingham County land books

Notes:

- (1) Rockingham County land books did not provide land classification breakdowns prior to 2003.
- (2) Values are reassessed every four years. (2010, 2006 and 2002)
- (3) Nontaxable property is principally governmental, religious, charitable or educational and is to be excluded from the total assessed value.
- (4) The difference between total assessed value and total taxable assessed value is principally farm land use valuation.

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
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
2009	0.60	2.80	0.60	2.55	0.87	0.44
2010	0.60	2.80	0.60	2.55	0.87	0.44
2011	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
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
2009	0.07-0.12	0.30-0.75	0.07-0.46	0.30-0.75	0.30-0.38	0.38-0.46
2010	0.07-0.12	0.30-0.75	0.07-0.46	0.30-0.75	0.30-0.38	0.38-0.46
2011	0.07-0.12	0.30-0.75	0.07-0.46	0.30-0.75	0.30-0.38	0.38-0.46

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, 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 Six Years Ago
(Unaudited)

Taxpayer	Fiscal Year June 30,					
	2011			2005		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Great Eastern Resort Management	\$ 352,653,215	1	5.12%	\$ 156,635,280	1	3.01%
Adolph Coors Company	261,016,770	2	3.79%	119,220,890	2	2.29%
Merck & Company, Inc.	134,239,665	3	1.95%	87,471,790	3	1.68%
Wal-Mart Retail and Distribution Centers	103,010,055	4	1.49%	12,620,285	10	0.24%
White Wave (Morningstar Foods)	76,782,555	5	1.11%	35,976,400	7	0.69%
R.R. Donnelley & Sons Co.	62,404,760	6	0.91%	40,164,455	6	0.77%
Marshall's	59,265,255	7	0.86%	55,756,010	4	1.07%
Sunnyside Retirement Community	53,869,760	8	0.78%	-	-	-
Cargill (formerly Rocco)	45,006,835	9	0.65%	41,528,650	5	0.80%
Sysco	29,797,340	10	0.43%	25,518,930	9	0.49%
Perdue Products	20,259,200	11	0.29%	26,860,600	8	0.52%
Virginia Poultry Growers	18,887,605	12	0.27%	12,513,310	11	0.24%
Total	<u>\$ 1,217,193,015</u>		<u>17.65%</u>	<u>\$ 614,266,600</u>		<u>11.80%</u>

Note:

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, which is the reason fiscal year 2005 is shown instead of fiscal year 2002. Fiscal year 2002 information is not available.

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
2001	\$ 23,811,974	\$ 22,762,818	95.59%	\$ 1,049,156	\$ 23,811,974	100.00%
2002	27,192,144	26,130,559	96.10%	1,061,585	27,192,144	100.00%
2003	28,095,459	27,080,003	96.39%	1,004,651	28,084,654	99.96%
2004	28,793,023	27,728,291	96.30%	1,064,732	28,793,023	100.00%
2005	29,636,444	28,599,152	96.50%	1,037,292	29,636,444	100.00%
2006	35,699,555	34,155,546	95.67%	1,539,406	35,694,952	99.99%
2007	36,959,743	35,490,137	96.02%	1,457,005	36,947,142	99.97%
2008	39,591,283	38,147,864	96.35%	1,326,418	39,474,282	99.70%
2009	40,502,223	38,979,011	96.24%	1,140,011	40,119,022	99.05%
2010	42,621,495	40,949,099	96.08%	898,969	41,848,068	98.19%

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 Per Capita Personal Income	Debt Per Capita
	General Obligation Bonds	Literary Loans	Note Payable	Capital Leases	Revenue Bonds	Landfill Obligation			
2002	\$ 37,525,719	\$ 1,862,286	\$ -	\$ 6,349,740	\$ 1,745,138	\$ 2,912,310	\$ 50,395,193	1.96%	\$ 727
2003	33,457,927	1,620,336	-	5,966,169	2,410,071	3,174,899	46,629,402	1.72%	669
2004	35,249,675	1,378,386	8,500,000	5,563,989	6,678,696	3,755,282	61,126,028	2.17%	864
2005	32,538,064	1,147,886	8,500,000	12,292,954	6,511,479	3,889,068	64,879,451	2.16%	909
2006	39,217,840	917,386	-	11,487,565	4,576,066	4,349,794	60,548,651	1.92%	832
2007	59,865,576	686,886	-	10,648,215	10,651,873	4,816,988	86,669,538	2.42%	1,172
2008	74,169,472	493,886	-	27,271,926	17,355,181	5,490,179	124,780,644	3.35%	1,669
2009	107,351,538	315,859	-	26,355,902	19,002,480	5,733,433	158,759,212	4.30%	2,098
2010	102,318,369	142,359	-	25,396,463	18,179,882	6,073,972	152,111,045	4.04%	1,993
2011	96,488,530	68,859	-	23,517,864	17,107,858	6,388,768	143,571,879	N/A	1,876

General bonded debt outstanding:

Fiscal Year	General Obligation Bonds	Literary Loans	Total	Percentage of Actual Taxable Value of Property	Debt Per Capita
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%	504
2004	35,249,675	1,378,386	36,628,061	0.97%	518
2005	32,538,064	1,147,886	33,685,950	0.87%	472
2006	39,217,840	917,386	40,135,226	1.00%	551
2007	59,865,576	686,886	60,552,462	1.05%	819
2008	74,169,472	493,886	74,663,358	1.22%	999
2009	107,351,538	315,859	107,667,397	1.68%	1,423
2010	102,318,369	142,359	102,460,728	1.57%	1,343
2011	96,488,530	68,859	96,557,389	1.40%	1,262

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, 2011
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Town of Bridgewater, Virginia	\$ 1,396,986	5.73%	\$ 80,008
Town of Broadway, Virginia	-	0.00%	-
Town of Dayton, Virginia	250,087	1.91%	4,789
Town of Elkton, Virginia	-	0.00%	-
Town of Grottoes, Virginia	545,102	2.41%	13,123
Town of Timberville, Virginia	239,806	2.19%	5,254
Subtotal, overlapping debt			<u>103,174</u>
County Direct Debt			<u>124,228,330</u>
Total direct and overlapping debt			<u><u>\$ 124,331,504</u></u>

Note:

The estimated percentage applicable is based on total assessed value of taxable property.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 14

PLEGGED-REVENUE COVERAGE
Last Ten Fiscal Years
(Unaudited)

Water and Sewer Fund							
Fiscal Year	Utility Service Charges	Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
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
2009	5,125,257	3,283,073	1,842,184	190,000	194,728	384,728	4.79
2010	5,953,542	4,012,722	1,940,820	418,154	462,610	880,764	2.20
2011	5,564,105	4,198,941	1,365,164	410,000	469,502	879,502	1.55

Smith Creek Water & Waste Authority Fund							
Fiscal Year	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
2009	218,959	93,376	125,583	107,915	102,602	210,517	0.60
2010	215,848	68,805	147,043	111,357	99,160	210,517	0.70
2011	200,492	164,332	36,160	114,912	95,605	210,517	0.17

Countryside Sanitary District Fund							
Fiscal Year	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
2009	15,748	5,408	10,340	6,610	5,103	11,713	0.88
2010	15,124	6,199	8,925	6,827	4,888	11,715	0.76
2011	16,991	6,346	10,645	7,050	4,664	11,714	0.91

Solid Waste Fund							
Fiscal Year	Utility Service	Operating Expenses	Net Available	Debt Service			Coverage
	Charges		Revenue	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
2009	2,854,735	2,717,244	137,491	270,000	130,269	400,269	0.34
2010	2,774,723	2,579,332	195,391	323,561	118,902	442,463	0.44
2011	3,536,054	2,533,132	1,002,922	520,000	213,115	733,115	1.37

Lilly Subdivision Sanitary District							
Fiscal Year	Utility Service	Operating Expenses	Net Available	Debt Service			Coverage
	Charges		Revenue	Principal	Interest	Total	
2009	\$ 37,652	\$ 20,699	\$ 16,953	\$ 54,904	\$ 10,670	\$ 65,574	0.26
2010	35,213	12,054	23,159	15,342	15,512	30,854	0.75
2011	36,812	14,721	22,091	15,813	14,829	30,642	0.72

Penn Laird Sewer Authority							
Fiscal Year	Utility Service	Operating Expenses	Net Available	Debt Service			Coverage
	Charges		Revenue	Principal	Interest	Total	
2009	\$ 18,967	\$ 1,959	\$ 17,008	\$ 3,272	\$ 27,538	\$ 30,810	0.55
2010	29,628	1,222	28,406	4,072	16,051	20,123	1.41
2011	21,745	7	21,738	4,249	15,876	20,125	1.08

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.
- (6) Lilly Subdivision Sanitary District began making payments on its outstanding debt in fiscal year 2009.
- (7) Penn Laird Sewer Authority began making payments on its outstanding debt in fiscal year 2009.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 15

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Years

(Unaudited)

Calendar Year	(1) Population	(2) Personal Income	(2) Per Capita Personal Income	(3) School Enrollment	(4) Unemployment Rate
2002	69,319	\$ 2,565,374,000	\$ 37,008	10,720	3.7%
2003	69,660	2,710,384,000	38,909	10,891	3.7%
2004	70,756	2,820,181,000	39,858	10,781	3.2%
2005	71,337	3,010,183,000	42,197	10,870	3.5%
2006	72,790	3,147,218,000	43,237	11,147	2.7%
2007	73,925	3,577,217,000	48,390	11,410	2.8%
2008	74,770	3,724,407,000	49,812	11,372	3.5%
2009	75,656	3,689,118,000	48,762	11,422	6.5%
2010	76,314	3,765,000,000	49,336	11,414	6.3%
2011	76,523	N/A	N/A	11,376	5.5%

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 Five Years Ago
(Unaudited)**

Employer	Fiscal Year June 30,					
	2011			2006		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Rockingham County School Board	1,000 and over	1	*	1,000 and over	1	4.73%
Cargill Meat Solutions	1,000 and over	2	*	1,000 and over	2	2.57%
Wal-Mart	1,000 and over	3	*	-	-	-
Great Eastern Resort Management	1,000 and over	4	*	500 to 999	7	1.28%
Merck & Company, Inc.	500 to 999	5	*	-	3	1.28%
R.R. Donnelly & Sons Co.	500 to 999	6	*	500 to 999	-	-
Marshall's	500 to 999	7	*	500 to 999	6	1.28%
Perdue Products	500 to 999	8	*	500 to 999	4	1.28%
County of Rockingham	500 to 999	9	*	500 to 999	9	1.28%
Pilgrim's Pride	500 to 999	10	*	500 to 999	5	1.37%

Source:

Virginia Employment Commission.

Note:

Fiscal year 2006 information is available and shown here instead of fiscal year 2002 information, which is unavailable.

* -- Not available for the current year.

COUNTY OF ROCKINGHAM, VIRGINIA

**FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(Unaudited)**

Function/Program	Fiscal Year			
	2002	2003	2004	2005
General government administration:				
Legislative	5	5	5	5
General and financial:				
Commissioner of the revenue	15	16	16	16
Treasurer	9	8	8	8
Executive administration and legal	4	4	6	6
Finance	13	11	10	10
Human resources	2	2	2	2
Information systems	14	12.5	12.5	10
Central switchboard	1.5	1.5	1.5	1.5
Board of elections	2	2	2	2
Judicial administration:				
Courts:				
Clerk of the circuit court	13	13	13	13
Court services	11	12	12.5	13.5
Commonwealth attorney	10.5	13	14	14
Public safety:				
Sheriff	158	159	158	166
Fire and rescue	38.5	39.5	41	44
Building inspections	22	23	22	26
Other protection	2	2	2	2
Public works:				
General administration	3	4	4	5
Garage operations	2	2	2	2
Maintenance	15.5	15	16	18
Parks, recreation and cultural	9	8	8	9.5
Community development:				
Planning and community development				
Extension	1	1	1	1
Economic development	-	-	-	-
Soil and water conservation	1	1	1	1
Water and sewer:				
Utilities/water treatment	17.5	17.5	16.5	17
Solid waste:				
Landfill	19	21	21	21
Container site	7.5	10	9.5	8
Component unit school board:				
Education:				
Instruction	1,297	1,322	1,317	1,351
Administration, attendance and health	40	40	40	46
Pupil transportation services	190	197	201	207
Operation and maintenance services	92	96	97	99
School food services	118	114	115	113
Component unit HRSSD:				
Social services:				
Services	33	36	37	40
Public assistance	31	31	33	37
Comprehensive Services Act	1	1	1	1
Administration	7	7	7	8
Totals	2,205	2,247	2,253	2,324

Source:

Rockingham County Department of Human Resources.

Table 17

June 30,						
2006	2007	2008	2009	2010	2011	
5	5	5	5	5	5	
16	18.3	18.3	18.3	14	13	
8	8.3	8.3	8.3	8	6	
6	7.5	7.5	8	8	8	
10	9.7	10.5	10.5	9.4	9.4	
2	2	3	2.5	2.4	2.4	
11	11	11	11	11	11	
1.5	1.5	1.5	1.5	1.4	1.4	
2	2	2	2	2	2	
13	15	15	15	15	13	
13.5	11	11	8.5	6.5	8.5	
21	24	25	26.5	24.0	27.5	
165	174	175	173	167	161.5	
57	58.5	62.5	65.5	66	70	
28	28.5	26.8	26.8	22.5	21.0	
2	2	2	2	2	2	
4	0.8	0.8	1	0.8	0.7	
2	2	2	2	2	2	
19	18.4	18.4	19.4	16.4	15.4	
9.5	9.6	10.6	10.6	12.6	9.6	
1	1	1	1	-	-	
-	-	-	0.5	0.5	0.5	
1	6	6	6	6.5	6.5	
21	24.5	25.5	27.8	24.5	22.4	
22	20.3	23.0	21.3	20.6	19.7	
8	12.9	12.9	12.7	13.1	13.1	
1,377	1,361	1,483	1,481	1,446	1,410	
46	47	48	63	63	61	
210	215	219	223	228	229	
100	104	106	110	110	114	
112	115	116	114	113	116	
43	50	53	52	52	53	
38	44	44	44	39	40	
1	2	3	3	2.8	2.8	
8	9	9	9	9	9	
2,384	2,421	2,565	2,586	2,524	2,486	

COUNTY OF ROCKINGHAM, VIRGINIA

**OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(Unaudited)**

Function/Program	Fiscal Year			
	2002	2003	2004	2005
Police: (1)				
Calls for service	14,750	15,654	17,807	20,505
Adult arrest	4,731	4,843	4,951	4,752
Juvenile arrest	369	302	322	294
Traffic citations	4,583	3,939	3,019	2,685
Fire: (2)				
Total fire runs	6,256	6,453	7,016	7,420
Total rescue runs	7,344	7,730	8,442	8,764
Public service: (3)				
Garbage collected (ton)	52,187	120,069	67,519	39,416
Recycle collected (ton)	26,292	40,891	22,709	16,750
Parks and recreation: (4)				
Recreation program attendance	13,615	13,787	14,838	15,040
Water and sewer: (3)				
New water connections	169	544	260	318
New wastewater connections	219	149	184	371
Average daily water consumption (gallons)	25,259,064	26,516,367	32,469,325	36,650,733
Average daily sewage treatment (gallons)	25,219,729	24,438,880	27,089,625	37,309,686
Transportation: (5)				
Total route miles	1,105	1,105	1,098	1,109
Education: (6)				
Average daily membership	10,720	10,891	10,782	10,860
Kindergarteners	781	786	774	859
Grades 1-12	9,939	10,105	10,008	10,001

Sources:

- (1) Rockingham County Sheriff's Department
- (2) Rockingham County Fire and Rescue Department
- (3) Rockingham County Public Works Department
- (4) Rockingham County Parks and Recreation Department
- (5) Virginia Department of Transportation
- (6) Rockingham County School Board

Table 18

June 30,					
2006	2007	2008	2009	2010	2011
13,670	19,686	19,329	18,903	18,861	19,739
3,024	5,639	5,050	4,748	3,776	4,100
130	267	296	189	259	241
1,491	1,851	1,704	2,068	3,304	4,329
10,164	10,116	10,608	10,861	9,510	10,000
11,775	12,226	12,590	12,847	13,648	14,594
30,964	35,635	27,160	34,057	36,378	52,021
13,158	10,658	15,114	12,299	17,392	28,761
15,720	16,350	18,231	19,800	20,455	42,709
309	85	197	151	87	46
335	96	238	156	92	38
48,994,375	51,917,933	58,222,109	55,403,500	62,389,333	62,629,583
56,185,433	45,444,975	39,950,162	49,059,001	55,244,955	57,871,485
1,114	1,126	1,127	1,129	1,132	1,135
11,151	11,388	11,340	11,400	11,376	11,343
872	916	882	816	875	880
10,279	10,472	10,458	10,584	10,501	10,463

COUNTY OF ROCKINGHAM, VIRGINIA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal Year			
	2002	2003	2004	2005
Police Stations: (1)	1	1	1	1
Fire Companies (not County owned): (2)	12	12	12	12
Rescue Squads (not County owned): (2)	9	9	9	9
Streets: (4)				
Centerline Mileage:				
Interstate	58	58	58	58
Primary	159	159	159	170
Secondary	888	888	881	881
Number of street lights	10	10	10	10
Traffic signals	26	27	27	31
Parks and Recreation: (5)				
Parks - number of acres	28	28	28	28
Neighborhood parks - number of acres	28	28	28	28
Baseball/softball diamonds	29	31	31	31
Soccer/football fields	9	13	13	13
Basketball courts	13	13	13	13
Parks with playground equipment	1	1	1	1
Picnic shelters	4	4	4	4
Community centers	2	2	3	3
Water: (3)				
Wells (County owned)	3	3	3	3
Water lines (feet)	316,766	354,868	369,583	394,969
Fire hydrants	410	460	479	512
Storage capacity (MGPD)	4,588,000	4,588,000	6,588,000	6,588,000
Average daily consumption (MGPD)	829,142	871,771	1,067,484	1,204,955
Peak consumption (MGPD)	1,450,998	1,525,599	1,868,098	2,108,671
Wastewater: (3)				
Sanitary sewers (feet)	274,411	283,487	301,007	330,799

Sources:

- (1) Rockingham County Sheriff's Department
- (2) Rockingham County Fire and Rescue Department
- (3) Rockingham County Public Works Department
- (4) Virginia Department of Transportation
- (5) Rockingham County Parks and Recreation Department

Table 19

June 30,						
2006	2007	2008	2009	2010	2011	
1	1	1	1	1	1	1
12	12	12	12	12	12	12
9	9	9	10	10	10	10
58	54	54	54	54	54	54
170	184	184	184	184	184	186
886	888	889	891	894	894	895
10	16	16	16	16	16	16
32	33	35	35	37	37	39
28	28	28	28	22	22	22
28	28	28	28	22	22	22
32	32	32	32	31	31	31
13	13	13	13	13	13	13
13	13	13	13	13	13	13
1	1	1	1	1	1	1
4	4	4	4	4	4	4
3	3	3	3	3	3	3
3	3	3	3	3	3	2
444,139	455,503	488,664	503,321	505,685	516,154	516,154
576	592	643	678	684	703	703
10,088,000	10,088,000	10,088,000	10,088,000	10,088,000	10,088,000	10,088,000
1,610,774	1,925,997	1,940,737	1,995,682	2,079,644	2,059,054	2,059,054
2,818,854	3,068,500	3,035,000	2,549,500	2,988,500	3,120,000	3,120,000
409,498	429,585	466,242	495,002	552,812	560,023	560,023

COMPLIANCE SECTION

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011**

Federal Grantor/State Pass-Through Grantor/ Program Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Expenditures
DEPARTMENT OF AGRICULTURE:			
<u>Direct payments:</u>			
<u>Department of Agriculture:</u>			
Cooperative Law Enforcement		10.000	\$ 7,037
<u>Pass-through payments:</u>			
<u>Department of Social Services:</u>			
State Administrative Matching Grants for Food Stamp Program	Not Provided	10.561	707,594
ARRA - State Administrative Matching Grants for Food Stamp Program	Not Provided	10.561	49,273
			<u>756,867</u>
<u>Department of Agriculture and Consumer Services:</u>			
<u>Child Nutrition Cluster:</u>			
Commodity Distributions	40623	10.555	335,503
<u>Department of Education:</u>			
<u>Child Nutrition Cluster:</u>			
School Breakfast Program	40591	10.553	444,391
National School Lunch Program	40623	10.555	1,932,959
Schools and Roads - Grants to States	43841	10.665	36,493
			<u>2,413,843</u>
Total Department of Agriculture			<u>3,513,250</u>
DEPARTMENT OF TRANSPORTATION:			
<u>Pass-through payments:</u>			
<u>Department of Motor Vehicles:</u>			
State and Community Highway Safety	SC-2010 50179 3799 154AL-2011 51180 4122	20.607	33,630
Total Department of Transportation			<u>33,630</u>
SOCIAL SECURITY ADMINISTRATION:			
<u>Direct payments:</u>			
<u>Social Security Administration:</u>			
Reward for Incarceration Notification		96.000	4,800
Total Social Security Administration			<u>4,800</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011**

Federal Grantor/State Pass-Through Grantor/ Program Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Expenditures
DEPARTMENT OF LABOR:			
<u>Direct payments:</u>			
<u>Employee Benefits Security Administration:</u>			
Employee Benefits Security Administration - ARRA		17.151	\$ 396
Total Department of Labor			<u>396</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
<u>Pass-through payments:</u>			
<u>Department of Social Services:</u>			
Promoting Safe and Stable Families	Not Provided	93.556	4,477
Temporary Assistance to Needy Families	Not Provided	93.558	834,130
Refugee and Entrant Assistance - State Administered Programs	Not Provided	93.566	26,212
Low-Income Home Energy Assistance	Not Provided	93.568	34,918
CCDF Cluster:			
Child Care and Development Block Grant	Not Provided	93.575	389,955
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Not Provided	93.596	374,547
ARRA - Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Not Provided	93.596	26
ARRA - Child Care and Development Block Grant	Not Provided	93.713	42,096
Chafee Education and Training Vouchers Program (ETV)	Not Provided	93.599	14,204
Child Welfare Services - State Grants	Not Provided	93.645	3,238
Foster Care - Title IV-E	Not Provided	93.658	1,180,446
ARRA - Foster Care - Title IV-E	Not Provided	93.658	61,273
Adoption Assistance	Not Provided	93.659	545,277
ARRA - Adoption Assistance	Not Provided	93.659	36,018
Social Services Block Grant	Not Provided	93.667	460,966
Chafee Foster Care Independent Living	Not Provided	93.674	18,422
State Children's Insurance Program	Not Provided	93.767	20,993
Medical Assistance Program (Medicaid; Title XIX)	Not Provided	93.778	<u>433,474</u>
Total Department of Health and Human Services			<u>4,480,672</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011**

Federal Grantor/State Pass-Through Grantor/ Program Title	Pass-Through Entity Identifying Number	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	\$ 79,095
Community Prosecution and Project Safe Neighborhoods		16.609	<u>37,076</u>
			<u>116,171</u>
<u>Department of Community Oriented Policing Services:</u>			
Public Safety Partnership and Community Policing Grant		16.710	<u>8,089</u>
<u>Pass-through payments:</u>			
<u>Department of Criminal Justice Services:</u>			
Violence Against Women Formula Grants	10WFAX0041 / 09WFAX0037	16.588	18,840
ARRA - Violence Against Women Formula Grants	10WFAX0041 / 09WFAX0037	16.588	6,031
Crime Victim Assistance - Discretionary Grants	10VAGX0095	16.575	51,417
Edward Byrne Formula Grant Program	09DJBX0099	16.579	33,232
Edward Byrne Memorial Justice Assistance Grant Program	09DJBX0099	16.738	84,083
ARRA - State Victim Assistance Formula Grant Program	09SGB90115	16.801	<u>14,817</u>
			<u>208,420</u>
Total Department of Justice, Office of Justice Programs, Bureau of Justice Assistance			<u>332,680</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	<u>386,367</u>
Total Department of Defense			<u>386,367</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011**

Federal Grantor/State Pass-Through Grantor/ Program Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Expenditures
DEPARTMENT OF EDUCATION:			
<u>Pass-through payments:</u>			
<u>Department of Education:</u>			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	42901 / 42999	84.010	\$ 1,572,226
ARRA - Title I Grants to Local Educational Agencies	42913	84.389	663,401
Special Education Cluster:			
Special Education - Grants to States	43071	84.027	2,146,524
Special Education - Preschool Grants	62521	84.173	65,050
Adult Education - State Grant Program	42801 / 61111	84.002	149,580
Vocational Education - Basic Grants to States	61095	84.048	151,842
Education Technology State Grants Cluster:			
Education Technology State Grants	61600	84.318	17,474
ARRA - Education Technology State Grants	60897	84.386	7,207
Reading First State Grants	60655	84.357	100,759
English Language Acquisition Grants	60509 / 60512	84.365	113,117
ARRA - Education for Homeless Children and Youth	86613	84.387	28,850
ARRA - State Fiscal Stabilization Fund - Education State Grants	62532	84.394	2,939,122
Improving Teacher Quality State Grants	61480	84.367	394,008
			8,349,160
<u>Office of Special Education and Rehabilitative Services:</u>			
Special Education Cluster:			
ARRA - Special Education - Grants to States	61245	84.391	903,100
ARRA - Special Education - Preschool Grants	61247	84.392	49,021
			952,121
			9,301,281
DEPARTMENT OF HOMELAND SECURITY:			
<u>Pass-through payments:</u>			
<u>Department of Emergency Management:</u>			
State Homeland Security Program	Not Provided	97.073	340,076
Emergency Management Performance Grants	Not Provided	97.042	10,844
			350,920
DEPARTMENT OF THE INTERIOR:			
<u>Pass-through payments:</u>			
<u>Department of Environmental Quality:</u>			
Rents and Royalties Paid on Federal Land	Not Provided	15.000	1,304
			1,304
Total Federal Awards Expended			\$ 18,405,300

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, CCDF, Title I, Part A, and Education Technology State Grants.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 2. Non-Cash Assistance

In addition to amounts reported on the Schedule of Expenditures of Federal Awards, the County of Rockingham, Virginia consumed non-cash assistance in the form of food commodities. Commodities with a fair value of \$335,503 at the time received were consumed during the year ended June 30, 2011. These commodities were included in the determination of federal awards expended during the year ended June 30, 2011.

**INDEPENDENT AUDITOR'S 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, 2011, and have issued our report thereon dated November 22, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions 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 22, 2011.

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 22, 2011



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON 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 (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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of the 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 on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

This report is intended solely for the information and use of 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 22, 2011

COUNTY OF ROCKINGHAM, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiencies identified?	_____ Yes	_____ <input checked="" type="checkbox"/> None Reported
Noncompliance material to financial statements noted?	_____ Yes	_____ <input checked="" type="checkbox"/> No

Federal awards

Internal control over major programs:

Material weaknesses identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiencies identified?	_____ Yes	_____ <input checked="" type="checkbox"/> None Reported

Type of auditor's 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	_____ <input checked="" type="checkbox"/> No
--	-----------	--

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
10.561	State Administrative Matching Grants for Food Stamp Program
10.561	ARRA – State Administrative Matching Grants for Food Stamp Program
93.659	Adoption Assistance
93.659	ARRA – Adoption Assistance
84.394	ARRA – State Fiscal Stabilization Fund – Education State Grants
93.658	Foster Care – Title IV-E
93.658	ARRA – Foster Care – Title IV-E

Special Education Cluster:

84.027	Special Education – Grants to States
84.173	Special Education – Preschool Grants
84.391	ARRA – Special Education – Grants to States
84.392	ARRA – Special Education – Preschool Grants

COUNTY OF ROCKINGHAM, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011**

Identification of major programs: (Continued)

CFDA Number	Name of Federal Program or Cluster
Title I, Part A Cluster:	
84.010	Title I Grants to Local Educational Agencies
84.389	ARRA – Title I Grants to Local Educational Agencies
Child Nutrition Cluster:	
10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	Commodity Distributions
CCDF Cluster:	
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.596	ARRA – Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.713	ARRA – Child Care and Development Block Grant

Dollar threshold used to distinguish between type A and type B programs \$552,159

Auditee qualified as low-risk auditee? √ Yes No

II. FINANCIAL STATEMENT 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, 2011**

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.