

Comprehensive
Annual
Financial
Report

County of Rockingham

Virginia

Fiscal Year Ended

June 30, 2013

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2013



Prepared by:

Department of Finance
20 East Gay Street
Harrisonburg, Virginia 22802
(540) 564-3010

www.rockinghamcountyva.gov

COUNTY OF ROCKINGHAM, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2013

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INTRODUCTORY SECTION



JOSEPH S. PAXTON
County Administrator



ROCKINGHAM COUNTY

BOARD OF SUPERVISORS

PABLO CUEVAS

Election District No. 1

FREDERICK E. EBERLY

Election District No. 2

DEE E. FLOYD

Election District No. 3

WILLIAM B. KYGER, JR.

Election District No. 4

MICHAEL A. BREEDEN

Election District No. 5

November 25, 2013

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, 2013. 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 economic downturn that began in 2008 in the United States and Virginia presented significant fiscal challenges for the County. The Commonwealth of Virginia reduced funding for its share of education, transportation, and social services costs, and for those services provided by the County's five elected 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 in personal property taxes due to the declining value of automobiles. In recent years, the Board of Supervisors took action to reduce staffing levels (the County has ninety-four less employees in fiscal year 2013 than fiscal year 2009) to meet a lower demand for services and help to balance the reduction in revenues with similar reductions in costs. Timely and prudent action by the Board resulted in the County maintaining a strong local financial position. Further, the Board authorized strategic investments by the County to position the community to take advantage of opportunities for business growth and expansion as the economy recovers.

The Board of Supervisors and School Board are to be commended for collaborating to maintain a high quality education system, which is critical to create an educated workforce. The Board of Supervisors and its management team, working with the Constitutional Officers and the School Board, met in May 2012 for a strategic review of County operations, with the goal of continuing to provide high quality services within a constrained financial environment. The Board continues to use these deliberations as the basis for the important decisions made to set direction for the County.

Within the general government component of County operations, the function providing the Board with the greatest pressure for increased funding is public safety, which includes both law enforcement and fire and rescue services. Law enforcement in Virginia counties is a service funded by both the Commonwealth and the respective county. Due to reduced state funding, Rockingham County increased its local-only funding this past year by adding five new positions. In addition, the County has increased paid staffing in fire and rescue services (added five positions since 2009) to supplement the volunteer service in their efforts to respond to higher call volumes, and to meet the community's demand for faster response times. The County has also worked with the School Division to create a Fire and Rescue Tech program at Massanutten Technical School, which has been successful in developing an expanded pool of qualified applicants to meet the increased demand.

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. Two elementary schools (Cub Run and River Bend) were constructed by 2009 and East Rockingham High School welcomed its first students in August 2010. Student population leveled off during the economic downturn, but the additional capacity provides sufficient space for growth in all areas of the County as the economy recovers. The debt incurred to fund this construction created a significant increase in annual debt service payments for the County, which further challenged the two Boards during a time of restrained revenue growth. However, debt service payments for education declined this past fiscal year for the first time in four years.

Significant events and actions during this past year include:

- SRI-Shenandoah Valley, a research facility located in the County's economic development park, Innovation Village @ Rockingham, completed the build-out of the facility and continued the growth of this internationally-renowned research facility;
- The County continued its focus on fiscally sound, green energy initiatives by supplying methane gas, generated at the Rockingham County landfill, to the RMH Sentara Hospital facility, which uses the energy as a source to heat the hospital complex;
- In cooperation with the Virginia Department of Transportation (VDOT), the County began a number of critical transportation infrastructure projects:
 - Began reconstruction of the Airport Road (Rt. 727) bridge and approach in Mt. Crawford, providing better access to Dynamic Aviation, the County's fastest growing employer, as well as a number of residences and farms, and
 - Completed construction of the Springbrook Road bridge in the Town of Broadway which links the eastern and western sides of the Town;

- Rockingham County entered into a private-public partnership with Southeast Connector, LLC to construct a new road in the County that, when completed, will connect RMH Sentara with the Spotswood Trail (a major transportation corridor in the County). Right-of-way acquisition is complete, and the design-build construction of this new four-lane limited access highway is underway. This work is part of a larger project to construct a primary road to provide a critical transportation link between western and eastern Rockingham County, and open land for important commercial and residential development for the Harrisonburg Metro Area. Construction of all links of this road are expected to be completed by the end of 2014;
 - Began the design of Reservoir Street widening project in partnership with the City of Harrisonburg (City) to improve Reservoir Street east from the City to the new RMH Sentara facility; and,
 - Completed Safe Routes to Schools project, installing sidewalks along Erickson Avenue and Rawley Pike (US Route 33), near Mountain View Elementary School.
- The Board approved the design of a filter system replacement for the Three Springs Water Treatment Plant to protect the County's investment in its water system, and to add long-term capacity for growth in demand;
 - Received approval from the Virginia Department of Environmental Quality for Part A of the expansion design for the County Landfill; the Board authorized the development of the detailed plans (Part B) required for approval of a new disposal area, which will provide space for the disposal of solid waste for the County and City for an additional fifteen years. The current cell has approximately eight to ten years remaining for disposal;
 - Approved a substantial upgrade of the County's 15 year old financial management software, to meet current demands;
 - In a cooperative effort with the City of Harrisonburg, approved the acquisition of the building formerly occupied by the U.S. Social Security Administration to provide additional operational space for human services. The estimated project cost is two million dollars, which includes the renovation of the existing building and the construction of a second floor. The building will provide critical space for the children services unit of the Harrisonburg-Rockingham Social Services District.

Looking to the future, there are several projects and financial issues which need to be part of the County's long-term financial planning.

These items include:

- Evaluating partnerships with the City and Towns within the County to develop water supply resources and related delivery infrastructure;
- Development of additional secure housing capacity to meet an increasing inmate population, either through an expansion of the regional jail, developing a lower-level security facility locally, or negotiating a long-term lease or membership in a regional jail from an adjacent county; and,

- Meeting the financial commitment required for the phase-in of the increased cost of the local share of the school professional employees (teachers) retirement system, which is required to reduce the unfunded liability to an acceptable level. Over the past several years, the Virginia General Assembly used revisions to the contribution rate for teachers as a means to soften the financial burden of the financial downturn on the Commonwealth and localities, but the rate must now be increased to restore the fund's fiscal integrity.

The Board of Supervisors took measured actions in 2012 to increase the real estate rate from \$.60 to \$.64 per \$100 of assessed value, and the personal property rate from \$2.80 to \$2.85 per \$100 of assessed value. These actions came only after the Board met with management to review operations for efficiencies and reductions. The Board made the difficult decision to increase tax rates to maintain the County's financial stability and to support critical services for this community. There were no tax increases in 2013.

The economy of the region remains relatively strong, influenced by the steady growth at four local universities and colleges (James Madison University, Blue Ridge Community College, 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 which impact the funding received from other governments, the County is meeting critical service demands for its citizens. As a result of the Commonwealth's budgetary difficulties and continued uncertainty of federal funding, management has implemented a restrained, targeted strategy for local operations with close coordination with the school system and constitutional officers.

Rockingham County holds a financial rating from the United States' three largest credit rating agencies - Standard & Poor's, Moody's Investor Service, and Fitch Ratings, including a "AA+" from Standard & Poor's, and a "AA" from Moody's and Fitch. These strong ratings signify the recognition by the credit ratings agencies of the strong leadership of the Board and the County's economic viability.

The policies and actions by the Board of Supervisors encourage steady, sustainable growth, fostering a strong local economy and helping to make 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 thirty-one consecutive years. This award certifies the County's 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 entrusted to us throughout the year, which allow for the implementation of the Board's policies. We look forward to continuing to work with you to provide high quality, efficient and effective services for our community.

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 26, 2013

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, 2013. 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.

PBMares, LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the County's financial statements for the year ended June 30, 2013. 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 77,551. The independent city of Harrisonburg, with an estimated population of 50,862 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 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 forming 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 supplementary information 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 supplementary information would not give the reader an accurate depiction of the overall results of the operations of County government.

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

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

The Board establishes a time and place for a public hearing on the budget. A hearing must be held at least seven days prior to the adoption of the budget. Except for the School's budget, which may only be increased or decreased by major category or as a whole, the Board may insert new items of expenditure or may increase, decrease, or remove items of expenditure (other than debt service or other legal requirements). On April 25, 2012, the Board approved the budget for fiscal year 2013. During the fiscal year 2013, 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 4.6%). Major industries with headquarters or divisions located within the County's boundaries include a chemical manufacturer, brewery, book 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 and serves as the cornerstone in the County's Innovation Village at Rockingham, which consists of 365 acres of prime development property.

According to the 2007 U.S. Census of Agriculture 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.

The County experienced renewed growth in building activity for fiscal year 2013. There was over \$117 million authorized for new construction and renovations in the County for this fiscal year compared to \$60 million last fiscal year. Current fiscal year projects, each of which involved an investment of \$1 million or more, included:

- Bridgewater Retirement Community
- White Wave Foods
- SRI International
- The Reserve at Stonepart (apartment)

Long-Term Financial Planning

Unassigned fund balance in the General Fund totaled over \$25.8 million, which represents 25% of total General Fund expenditures. An additional \$16.8 million, which represents another 16% 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 consideration of 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 July 2013, Fitch, Inc. affirmed the County's implied General Obligation (GO) at 'AA' and a Stable Outlook. Some of the key rating drivers included a strong financial profile and favorable debt profile.

Relevant Financial Policies

Historically there had been either limited or no formal financial 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. The Board adopted a revision to its Investment Policy Guidelines in October 2011 as the first step in this process. In April 2012, the Board further adopted Financial Policy Guidelines which included the following:

- Guidelines and Objectives
- Accounting, Auditing and Financial Reporting
- Operating Budget
- Revenues
- Debt
- Reserves
- Investments
- Capital Improvement Budget
- Utility and Solid Waste Funds

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.

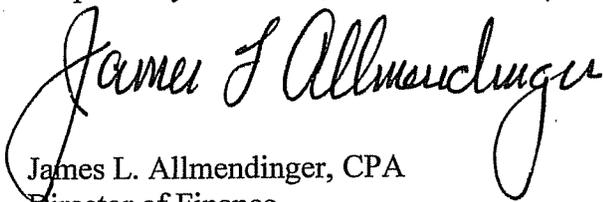
Awards and Acknowledgements

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, 2012. This was the 31st 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, looping initial "J".

James L. Allmendinger, CPA
Director of Finance

COUNTY OF ROCKINGHAM, VIRGINIA

Directory of Principal Officials
June 30, 2013

Board of Supervisors

Frederick E. Eberly, Chairman
District 2
Pablo Cuevas, Vice-Chairman
District 1

Dee E. Floyd
District 3

Michael A. Breeden
District 5

William B. Kyger, Jr.
District 4

County Administrator

Joseph S. Paxton

School Board

Dan Breeden, Chairman
District 5
Bob May, Vice-Chairman
District 4

Anthony Slater
District 1

John Myers, Jr.
District 3

Lowell Fulk
District 2

Superintendent of Schools

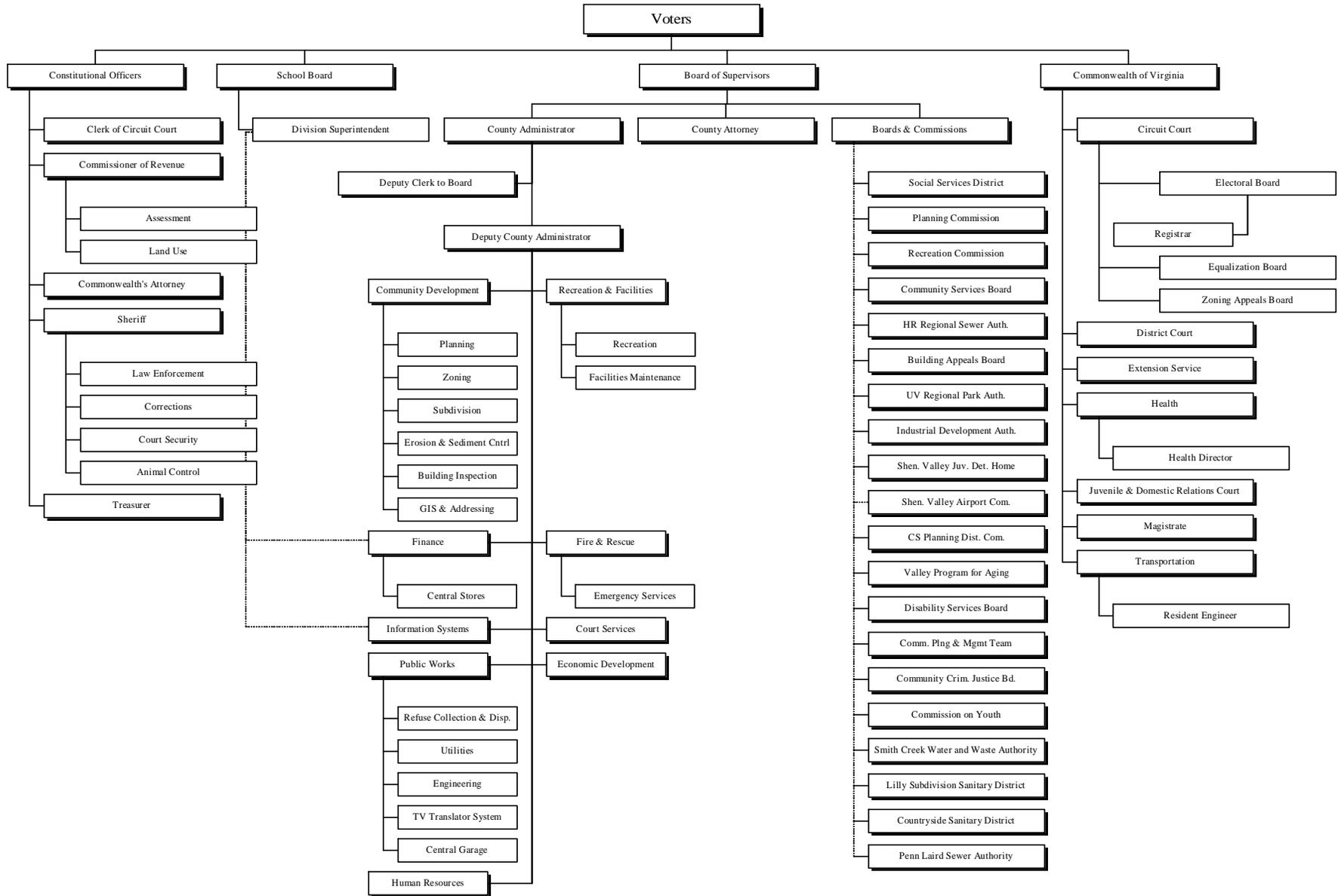
Dr. Carol Fenn

Other Officials

Stephen G. King
Thomas H. Miller
Lowell R. Barb
Bryan F. Hutcheson
L. Todd Garber
Marsha L. Garst
Chaz W. Evans-Haywood
James L. Allmendinger
Donald D. Driver, Jr.
Terri M. Perry
Katherine S. McQuain
Rhonda G. Henderson
Barry E. Hertzler
Ann Marie Freeman
Stephen N. Riddlebarger
Douglas L. Geib
Jeremy C. Holloway
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, 2013





Government Finance Officers Association

**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, 2012

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 the *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 from material misstatement.

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

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

Opinions

In our opinion, 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 20 to the financial statements, the County adopted Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity: Omnibus*, in 2013.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information on pages 16-31 and 89-90, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's 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 financials. The accompanying schedules listed in the table of contents as supplementary information, supplemental schedules, introductory section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2013 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

YBMares, LLP

Harrisonburg, Virginia
November 26, 2013

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, 2013. 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 position, excluding component units, totaled \$31,062 at June 30, 2013. Of this amount, there was \$63,064 invested in the County's capital assets, net of related debt, \$2,897 in restricted funds assets, and a negative \$34,899 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 \$49,753. Approximately 45 percent of this total amount, \$25,803 is available for spending at the government's discretion (unassigned fund balance). There is an additional \$16,771 in the General Capital Projects Fund assigned to unspecified future capital outlays that could be returned to the General Fund at the Board of Supervisors' (Board) discretion.
- At the end of the current fiscal year, the unassigned fund balance in the General Fund was \$25,803, which represents 25 percent of total General Fund expenditures. As mentioned above, an additional \$16,771 which represents 16 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 position* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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.

The government-wide financial statements can be found on pages 32-35 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 36-38 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 41-44 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 statements 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 45 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

Net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$31,062 at the close of the most recent fiscal year. This is an improvement of \$11,373 in comparison with the prior year. The explanation for this change is provided below.

By far, the largest portion of the County's net position, \$63,064, 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 position, \$2,897, represents resources that are subject to external restrictions on how they may be used. There was an increase of \$325 in restricted net assets reported in connection with the County's governmental activities.

The unrestricted portion of the County's net position for the primary government changed from a negative \$46,373 to a negative \$34,899. 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.

The largest portion of the component unit School Board's net position 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 Position
June 30, 2013 and 2012

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 61,348	\$ 56,415	\$ 13,430	\$ 10,551	\$ 74,778	\$ 66,966
Capital assets, net	53,475	55,916	44,229	45,583	97,704	101,499
Total assets	114,823	112,331	57,659	56,134	172,482	168,465
Other liabilities	7,544	6,137	544	515	8,088	6,652
Noncurrent liabilities	110,650	118,699	22,682	23,425	133,332	142,124
Total liabilities	118,194	124,836	23,226	23,940	141,420	148,776
Net Position:						
Net investment in capital assets	34,110	34,324	28,954	29,166	63,064	63,490
Restricted	2,897	2,572	-	-	2,897	2,572
Unrestricted (deficit)	(40,378)	(49,401)	5,479	3,028	(34,899)	(46,373)
Total net position	\$ (3,371)	\$ (12,505)	\$ 34,433	\$ 32,194	\$ 31,062	\$ 19,689

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2013	2012	2013	2012
Current and other assets	\$ 25,510	\$ 23,351	\$ 6,582	\$ 5,942
Capital assets, net	148,854	155,670	8	19
Total assets	174,364	179,021	6,590	5,961
Other liabilities	20,935	18,451	1,304	1,275
Noncurrent liabilities	9,074	7,764	724	646
Total liabilities	30,009	26,215	2,028	1,921
Net Position:				
Investment in capital assets, net of related debt	148,854	155,670	8	19
Restricted	-	-	2,161	2,151
Unrestricted	(4,499)	(2,864)	2,393	1,870
Total net position	\$ 144,355	\$ 152,806	\$ 4,562	\$ 4,040

County of Rockingham, Virginia
Summary Statement of Changes in Net Position
Years Ended June 30, 2013 and 2012

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 8,379	\$ 7,756	\$ 11,590	\$ 9,582	\$ 19,969	\$ 17,338
Operating grants and contributions	9,309	8,845	-	-	9,309	8,845
Capital grants and contributions	2,576	58	-	-	2,576	58
General revenues:						
General property taxes	70,601	67,972	-	-	70,601	67,972
Other local taxes	9,631	9,512	-	-	9,631	9,512
Intergovernmental non-categorical aid	8,004	8,038	-	-	8,004	8,038
Use of money and property	1,472	1,068	68	40	1,540	1,108
Miscellaneous	345	337	1,062	979	1,407	1,316
Total revenues	110,317	103,586	12,720	10,601	123,037	114,187
Expenses:						
General government administration	5,070	4,942	-	-	5,070	4,942
Judicial administration	3,639	3,529	-	-	3,639	3,529
Public safety	21,387	20,970	-	-	21,387	20,970
Public works	5,255	2,588	10,544	10,038	15,799	12,626
Health and social services	4,703	4,835	-	-	4,703	4,835
Education	50,100	44,255	-	-	50,100	44,255
Parks, recreation and cultural	2,200	2,235	-	-	2,200	2,235
Community development	4,009	4,162	-	-	4,009	4,162
Interest	4,757	5,557	-	-	4,757	5,557
Total expenses	101,120	93,073	10,544	10,038	111,664	103,111
Change in net position before transfers	9,197	10,513	2,176	563	11,373	11,076
Transfers	(63)	-	63	-	-	-
Change in net position	9,134	10,513	2,239	563	11,373	11,076
Net position, beginning, as restated	(12,505)	(23,018)	32,194	31,631	19,689	8,613
Net position, ending	\$ (3,371)	\$ (12,505)	\$ 34,433	\$ 32,194	\$ 31,062	\$ 19,689

County of Rockingham, Virginia
Summary Statement of Changes in Net Position (Continued)
Years Ended June 30, 2013 and 2012

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2013	2012	2013	2012
Revenues:				
Program revenues:				
Charges for services	\$ 4,899	\$ 5,057	\$ -	\$ -
Operating grants and contributions	67,344	69,055	14,869	14,696
Capital grants and contributions	82	94	-	-
General revenues:				
Grants and contributions not restricted to specific programs	50,100	44,255	6,338	6,242
Intergovernmental non-categorical aid	107	99	-	-
Use of money and property	37	39	33	21
Miscellaneous	361	360	38	34
Total revenues	122,930	118,959	21,278	20,993
Expenses:				
Health and social services	-	-	20,756	21,112
Education	131,381	127,704	-	-
Total expenses	131,381	127,704	20,756	21,112
Change in net position	(8,451)	(8,745)	522	(119)
Net position, beginning	152,806	161,551	4,040	4,159
Net position, ending	<u>\$ 144,355</u>	<u>\$ 152,806</u>	<u>\$ 4,562</u>	<u>\$ 4,040</u>

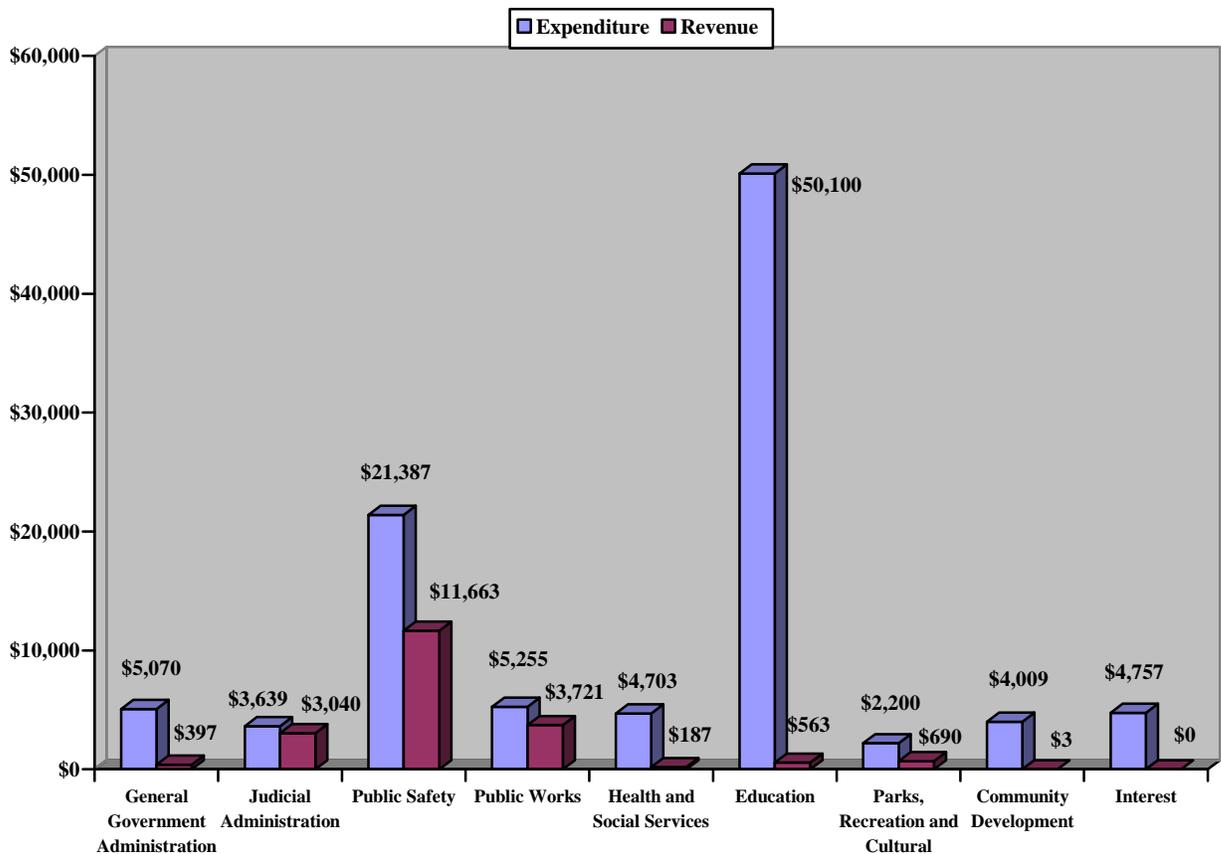
Governmental activities. Governmental activities reduced the deficit in the County’s net position by \$9,134 compared to \$10,513 in fiscal year 2012. Key factors of this change are as follows:

- Total revenues increased \$6,731 (from \$103,586 to \$110,317) compared to last year.
- Total expenses increased by \$8,047 (from \$93,073 to \$101,120) compared to last year.

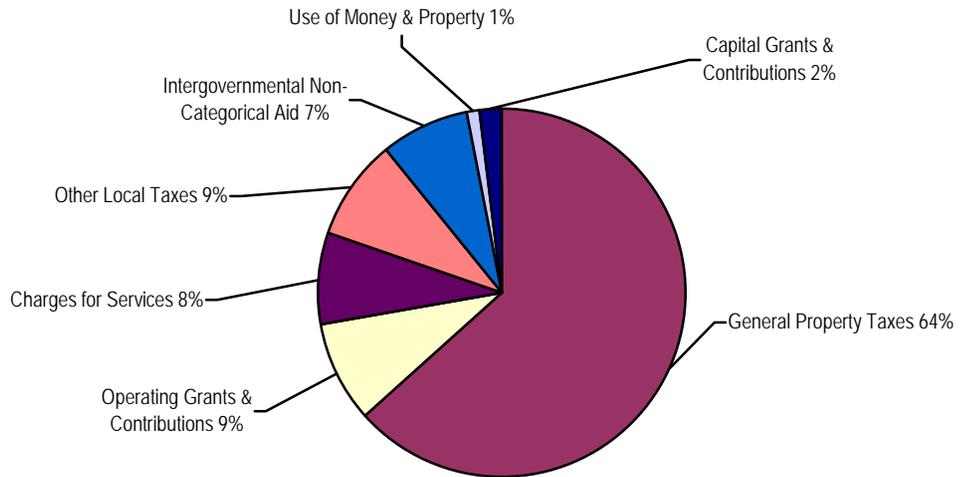
An explanation of the key components for the revenue and expense changes is outlined on page 26 under the Financial Analysis of the Government’s Funds.

Business-type activities. Business-type activities also increased the County’s net assets by \$2,239 compared to an increase of \$563 last fiscal year. Each of these businesses is monitored on a regular basis to assure that they are operating as a self-sustaining enterprise.

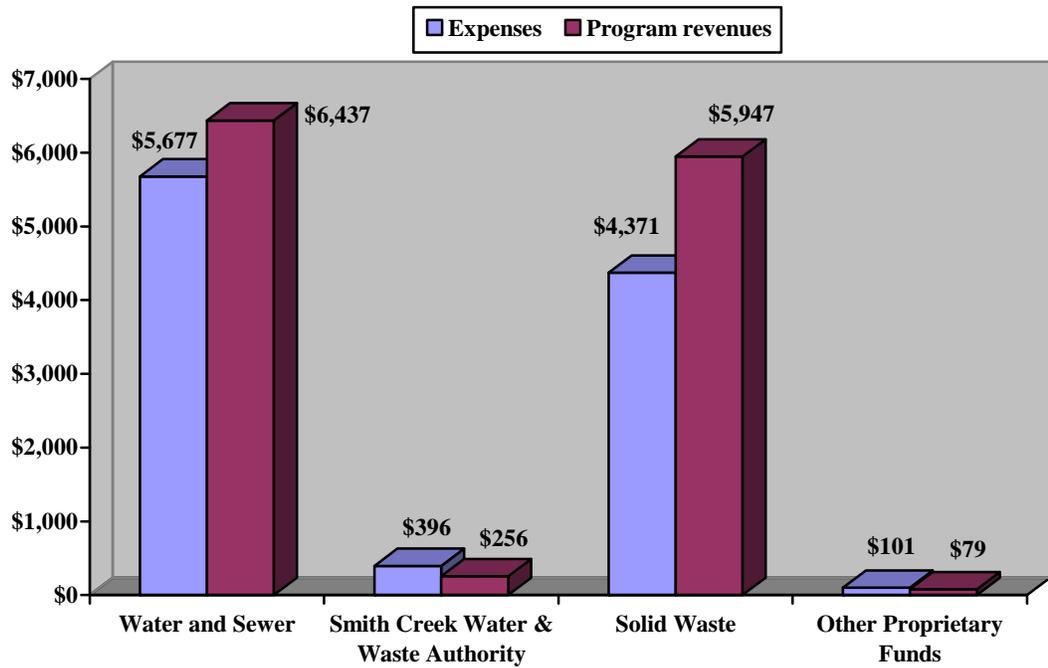
Expenses and Program Revenues - Governmental Activities



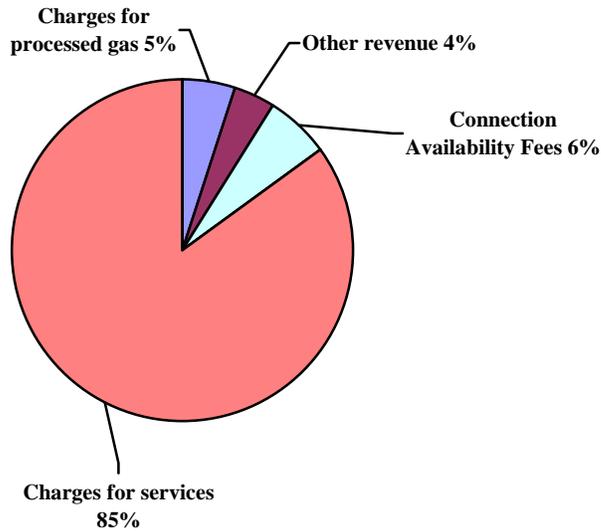
Revenues by Source - Governmental Activities



Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Component Unit – School Board. The School Board’s net position decreased by \$8,451 this fiscal year compared to a decrease of \$8,745 in fiscal year 2012. Key elements of this decrease are as follows:

1. Revenues increased by \$3,971 (from \$118,959 to \$122,930) primarily due to an increase in the appropriation from the County’s General Fund of \$5,845 (from \$44,255 to \$50,100).
2. Expenses also increased in each category by a total of \$3,677 (from \$127,704 to \$131,381) due to higher operating costs as follows:

Instruction	\$	2,642
Administration, attendance and health		131
Pupil transportation services		326
Operation and maintenance services		544
School food services		34
	\$	<u>3,677</u>

3. Included in the Expenses listed above are depreciation and amortization totaling \$8,934 which are a non-cash reduction in net position.

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 \$49,753, an increase of \$3,132 in comparison with the prior year.

Approximately 52 percent of this total amount (\$25,803) constitutes unassigned general fund balance, which is available for spending at the government's discretion. In addition, another 34 percent of this total amount (\$16,771) constitutes fund balance assigned to future unspecified capital outlays in the General Capital Projects Fund. However, these funds 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 \$25,803, while total fund balance reached \$29,456. 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 25 percent of total General Fund expenditures, while total fund balance represents 28 percent of that same amount.

The fund balance of the County's General Fund decreased \$2,305 during the current fiscal year from \$31,761 at the end of fiscal year 2012. This is significantly better than the original budget which projected a \$7,139 decrease, and the final budget projecting a \$9,729 decrease. The key factors influencing these results are as follows:

- Total revenues increased by \$3,750 compared to last year. The largest revenue changes were:
 - General property taxes increased \$2,936 primarily due to an increase in real property taxes of \$1,915, which included a full year tax rate change from \$0.60 to \$0.64 in calendar year 2012. Personal property taxes also contributed \$1,058 to the increase due to more vehicles and higher values.
- Total expenditures increased by \$5,524 compared to last year. Many of the expenditure categories remained relatively flat. The key components with changes were:
 - Education expenses increased \$5,845 compared to the prior fiscal year total of \$44,255.
 - Interest and fiscal charges decreased \$920 compared to the prior fiscal year of \$6,068.

The General Capital Projects Fund has a total fund balance of \$19,801, of which \$16,771 is assigned to unspecified future capital outlays. The County had capital outlays of \$2,797 during the current fiscal year which were funded by revenues and transfers from the General Fund.

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 position of these funds increased \$2,239 this fiscal year to \$34,433. The largest portion of the net position, \$28,954, continues to reflect the County's investment in capital assets. The unrestricted net position of the proprietary funds increased from \$3,028 last fiscal year to \$5,479 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 \$4,129 increase in appropriations between the original and final amended budget. The following are the largest components of the increase:

- \$1,630 supplemental appropriation in education for employee bonuses.
- \$787 supplemental appropriations in public safety which included \$218 for an ambulance and related equipment.
- \$540 supplemental appropriation in principal for the redemption of debt.
- \$359 supplemental appropriations in judicial administration which included \$232 for projects of the Clerk of the Circuit Court to be funded by the State's Technology Trust Fund.
- \$358 supplemental appropriations in public works for a variety of operating and capital needs.

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 results were \$7,425 over the final budget.

Total revenues were \$2,814 over the final budgeted amounts and the key factors for this were:

- General property taxes were \$2,358 over the final budget amount. Personal property taxes accounted for \$748 of this increase due to higher vehicle values. Machinery and tools taxes accounted for \$663 of this increase over budget due to more capital investments by businesses. All of the other components also showed improvement over the final budget amount.
- Other local taxes were \$669 over the final budget amount. Local sales and use taxes accounted for \$281 of this increase due to the improved economy. Most of the other components also showed improvement over the final budget amount.

Total expenditures were \$5,035 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 \$2,105. The remaining funds were left unspent at year-end by the School Board in recognition of the need to conserve resources.
- Community development expenditures were \$1,050 less than the final budget due to economic development funds not being spent by year-end.
- Public safety expenditures were \$702 less than the final budget primarily due to containment of costs.
- 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, 2013, amounted to \$97,704 (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 \$97,704 compared to \$101,499 last year.

County of Rockingham, Virginia Summary Statement of Capital Assets June 30, 2013 and 2012

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Non-Depreciable Assets:						
Land	\$ 4,068	\$ 4,068	\$ 1,579	\$ 1,550	\$ 5,647	\$ 5,618
Easements	-	-	198	198	198	198
Construction in progress	41	110	430	628	471	738
Depreciable Capital Assets:						
Buildings	48,282	48,282	413	378	48,695	48,660
Improvements	10,709	10,577	62,383	62,133	73,092	72,710
Machinery and equipment	16,972	16,760	4,489	4,519	21,461	21,279
Software	1,559	1,595	-	-	1,559	1,595
Accumulated depreciation and amortization	(28,156)	(25,476)	(25,263)	(23,823)	(53,419)	(49,299)
Total	\$ 53,475	\$ 55,916	\$ 44,229	\$ 45,583	\$ 97,704	\$ 101,499

There were no major capital expenditures during the current fiscal year for the primary government

County of Rockingham, Virginia
Summary Statement of Capital Assets (Continued)
June 30, 2013 and 2012

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2013	2012	2013	2012
Non-Depreciable Assets:				
Land	\$ 5,470	\$ 5,470	\$ -	\$ -
Easements	37	37	-	-
Construction in progress	-	2,223	-	-
Depreciable Capital Assets:				
Buildings	176,686	176,667	-	-
Improvements	49,782	46,685	3	3
Machinery and equipment	34,874	33,726	513	525
Software	49	49	-	-
Accumulated depreciation and amortization	(118,044)	(109,187)	(508)	(509)
Total	\$ 148,854	\$ 155,670	\$ 8	\$ 19

The only major capital event of the component unit School Board during the current fiscal year was the following:

- Renovations on Ottobine Elementary School were completed and totaled \$2,299.

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 \$84,827. 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, 2013 and 2012

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 84,827	\$ 90,685	\$ -	\$ -	\$ 84,827	\$ 90,685
Capital leases	19,364	21,592	-	-	19,364	21,592
Unamortized premiums	3,647	3,900	467	524	4,114	4,424
Revenue bonds	-	-	14,809	16,003	14,809	16,003
Landfill obligation	-	-	7,048	6,556	7,048	6,556
Compensated absences	1,471	1,418	154	164	1,625	1,582
Other postemployment benefits	1,341	1,104	204	177	1,545	1,281
Total	\$ 110,650	\$ 118,699	\$ 22,682	\$ 23,424	\$ 133,332	\$ 142,123

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 2012 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 2013 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
77,551	\$7,033,869,867	\$84,826,760	.0121	\$1,094

More detailed information about the County’s long-term obligations is presented in Note 7 of the financial statements.

Economic Factors and Next Year’s Budget and Rates

- The unemployment rate for August 2013 in Rockingham County was 4.6 percent, which is an improvement from the 5.5 percent rate a year ago. This compares favorably to the Virginia statewide unemployment rate of 5.8 percent and the United States national average of 7.3 percent.
- The County is encountering its 5th consecutive year of significant revenue challenges.
- Fiscal year 2014 General Fund Revenue is budgeted to remain stable at \$112,432 in comparison to the fiscal year 2013 Amended Budget of \$112,884.
- 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 2014 General Fund Expenditures are budgeted to remain stable at \$112,432 in comparison to the fiscal year 2013 Amended Budget of \$112,884.
- The unassigned fund balance in the General Fund at fiscal year-end was \$25,803. The County has appropriated \$5,677 of this amount for spending in the fiscal year 2014 budget. The drawdown in the fund balance is used for one-time capital and maintenance expenditures and, therefore, lessens the need to raise taxes.

All of these factors were considered in preparing the County’s budget for fiscal year 2014.

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, P.O. 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 POSITION

June 30, 2013

	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	\$ 49,818,065	\$ 11,655,013	\$ 61,473,078	\$ 19,542,135	\$ 4,609,998
Receivables, net:					
Property taxes	3,674,081	-	3,674,081	-	-
Utility taxes	137,581	-	137,581	-	-
Trade and other accounts	672,325	1,592,259	2,264,584	293,395	56,674
Accrued interest	108,166	23,980	132,146	19,463	10,648
Due from other governments	3,685,395	-	3,685,395	2,799,187	1,827,831
Internal balances	173,000	(173,000)	-	-	-
Prepaid items	317,588	48,503	366,091	2,606,286	76,830
Inventory	53,464	98,304	151,768	249,373	-
Restricted cash	307,077	-	307,077	-	-
Investment in Harrisonburg-Rockingham Social Services District	2,401,160	-	2,401,160	-	-
Financing costs, net of accumulated amortization	-	184,714	184,714	-	-
Capital assets, net of accumulated depreciation and amortization:					
Land	4,068,144	1,578,460	5,646,604	5,469,535	-
Easements	-	197,842	197,842	36,654	-
Buildings	48,282,231	412,497	48,694,728	176,685,780	-
Improvements other than buildings	10,708,429	62,384,113	73,092,542	49,782,320	3,156
Machinery and equipment	16,972,320	4,488,920	21,461,240	34,874,499	513,612
Software	1,559,098	-	1,559,098	49,407	-
Construction in progress	40,863	430,104	470,967	-	-
Less: accumulated depreciation and amortization	(28,156,490)	(25,262,529)	(53,419,019)	(118,043,968)	(508,288)
Total assets	114,822,497	57,659,180	172,481,677	174,364,066	6,590,461

LIABILITIES

Accounts payable	1,912,549	324,976	2,237,525	2,504,206	1,199,093
Accrued payroll	428,079	44,062	472,141	15,338,900	100,354
Accrued liabilities	394,548	-	394,548	-	-
Accrued interest	2,031,702	174,590	2,206,292	-	-
Unearned revenue	2,276,696	270	2,276,966	1,252,618	5,000
Insurance and benefit claims	500,400	-	500,400	1,584,600	-
Due to other governments	-	-	-	254,625	-
Noncurrent liabilities:					
Due within one year:					
Bonds payable	5,761,687	1,206,719	6,968,406	-	-
Capital leases	1,766,268	-	1,766,268	-	-
Compensated absences	860,406	90,630	951,036	2,467,857	183,995
Due in more than one year:					
Bonds payable, net	82,711,889	14,069,107	96,780,996	-	-
Capital leases	17,597,914	-	17,597,914	-	-
Landfill obligation	-	7,048,218	7,048,218	-	-
Compensated absences	610,135	64,136	674,271	1,042,764	200,608
Other postemployment benefits	1,341,157	203,603	1,544,760	5,563,782	339,113
Total liabilities	118,193,430	23,226,311	141,419,741	30,009,352	2,028,163

NET POSITION

Net investment in capital assets	34,110,413	28,953,581	63,063,994	148,854,227	8,480
Restricted:					
Nonexpendable trust principal	11,143	-	11,143	-	-
Nonexpendable minority interest	-	-	-	-	2,161,138
Harrisonburg-Rockingham Social Services District	2,401,160	-	2,401,160	-	-
Park maintenance	11,677	-	11,677	-	-
Judicial administration	96,496	-	96,496	-	-
Public safety	91,962	-	91,962	-	-
Debt service	284,869	-	284,869	-	-
Unrestricted (deficit)	(40,378,653)	5,479,288	(34,899,365)	(4,499,513)	2,392,680
Total net position	\$ (3,370,933)	\$ 34,432,869	\$ 31,061,936	\$ 144,354,714	\$ 4,562,298

See Notes to Financial Statements.

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

Functions/Programs	Net (Expense) Revenue and Changes in Net Position								
	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	\$ 5,069,756	\$ 1,359	\$ 395,203	\$ -	\$ (4,673,194)	\$ -	\$ (4,673,194)	\$ -	\$ -
Judicial administration	3,638,701	1,005,202	2,034,608	-	(598,891)	-	(598,891)	-	-
Public safety	21,386,705	5,495,186	6,129,746	38,354	(9,723,419)	-	(9,723,419)	-	-
Public works	5,254,845	1,183,823	-	2,537,447	(1,533,575)	-	(1,533,575)	-	-
Health and social services	4,702,838	-	186,696	-	(4,516,142)	-	(4,516,142)	-	-
Education	50,100,041	-	562,808	-	(49,537,233)	-	(49,537,233)	-	-
Parks, recreation and cultural	2,199,897	690,110	-	-	(1,509,787)	-	(1,509,787)	-	-
Community development	4,009,340	2,975	-	-	(4,006,365)	-	(4,006,365)	-	-
Interest	4,756,975	-	-	-	(4,756,975)	-	(4,756,975)	-	-
Total governmental activities	101,119,098	8,378,655	9,309,061	2,575,801	(80,855,581)	-	(80,855,581)	-	-
Business-type activities:									
Water and sewer	6,172,688	6,561,857	-	-	-	389,169	389,169	-	-
Solid waste	4,371,047	5,027,936	-	-	-	656,889	656,889	-	-
Total business-type activities	10,543,735	11,589,793	-	-	-	1,046,058	1,046,058	-	-
Total primary government	\$ 111,662,833	\$ 19,968,448	\$ 9,309,061	\$ 2,575,801	(80,855,581)	1,046,058	(79,809,523)	-	-
Component Units:									
Rockingham County School Board:									
Education:									
Instruction	\$ 99,897,237	\$ 2,962,948	\$ 64,329,563	\$ 81,465	-	-	-	(32,523,261)	-
Administration, attendance and health	5,346,780	-	-	-	-	-	-	(5,346,780)	-
Pupil transportation services	9,084,535	-	-	-	-	-	-	(9,084,535)	-
Operation and maintenance services	11,810,101	-	-	-	-	-	-	(11,810,101)	-
School food services	5,242,451	1,936,378	3,014,214	-	-	-	-	(291,859)	-
Total school board	131,381,104	4,899,326	67,343,777	81,465	-	-	-	(59,056,536)	-

Harrisonburg-Rockingham Social

Services District:

Social Services:

Public assistance	5,838,876	-	4,803,986	-	-	-	-	-	(1,034,890)
Comprehensive services	9,028,213	-	5,193,142	-	-	-	-	-	(3,835,071)
Administration:									
Welfare	5,889,242	-	4,872,498	-	-	-	-	-	(1,016,744)

Total social services district 20,756,331 - 14,869,626 - - - - - (5,886,705)

Total component units \$ 152,137,435 \$ 4,899,326 \$ 82,213,403 \$ 81,465 - - - (59,056,536) (5,886,705)

General Revenues:

Taxes:

General property taxes	70,601,427	-	70,601,427	-	-
Other local taxes:					
Local sales and use	4,881,368	-	4,881,368	-	-
Consumer utility	1,035,484	-	1,035,484	-	-
Motor vehicle licenses	1,236,520	-	1,236,520	-	-
Other	2,477,774	-	2,477,774	-	-
Grants and contributions not restricted to specific programs	-	-	-	50,100,041	6,337,742
Intergovernmental, non-categorical aid	8,003,995	-	8,003,995	107,026	-
Use of money and property	1,472,098	67,248	1,539,346	37,184	32,633
Miscellaneous	345,024	1,062,069	1,407,093	360,536	38,138
Transfers	(63,336)	63,336	-	-	-

Total general revenues 89,990,354 1,192,653 91,183,007 50,604,787 6,408,513

Change in net position 9,134,773 2,238,711 11,373,484 (8,451,749) 521,808

Net position, beginning, as restated (12,505,706) 32,194,158 19,688,452 152,806,463 4,040,490

Net position, ending \$ (3,370,933) \$ 34,432,869 \$ 31,061,936 \$ 144,354,714 \$ 4,562,298

COUNTY OF ROCKINGHAM, VIRGINIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013**

	General	General Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 25,182,835	\$ 20,128,035	\$ 192,522	\$ 45,503,392
Receivables, net:				
Property taxes	3,674,081	-	-	3,674,081
Utility taxes	137,581	-	-	137,581
Trade and other accounts	614,148	55,091	-	669,239
Accrued interest	61,598	41,410	463	103,471
Due from other governments	2,715,392	970,003	-	3,685,395
Prepaid items	317,588	-	-	317,588
Inventory	45,800	-	-	45,800
Advance to other funds	173,000	-	-	173,000
Restricted cash	-	-	307,077	307,077
Investment in Harrisonburg-Rockingham Social Services District	3,116,396	-	-	3,116,396
Total assets	\$ 36,038,419	\$ 21,194,539	\$ 500,062	\$ 57,733,020
LIABILITIES				
Accounts payable	\$ 866,873	\$ 1,003,504	\$ 3,578	\$ 1,873,955
Accrued payroll	427,742	-	337	428,079
Accrued liabilities	-	389,998	-	389,998
Deferred revenue	5,287,973	-	-	5,287,973
Total liabilities	6,582,588	1,393,502	3,915	7,980,005
FUND BALANCES				
Nonspendable:				
Prepaid items	317,588	-	-	317,588
Inventory	45,800	-	-	45,800
Advance to other funds	173,000	-	-	173,000
Nonexpendable trust principal	-	-	11,143	11,143
Restricted for:				
Harrisonburg-Rockingham Social Services District	3,116,396	-	-	3,116,396
Park maintenance	-	-	11,677	11,677
Judicial administration	-	-	96,496	96,496
Public safety	-	-	91,962	91,962
Debt service	-	-	284,304	284,304
Committed to:				
Capital projects	-	3,030,043	-	3,030,043
Assigned to:				
Capital outlay	-	16,770,994	-	16,770,994
Debt service	-	-	565	565
Unassigned:				
General fund	25,803,047	-	-	25,803,047
Total fund balances	29,455,831	19,801,037	496,147	49,753,015
Total liabilities and fund balances	\$ 36,038,419	\$ 21,194,539	\$ 500,062	\$ 57,733,020

See Notes to Financial Statements.

COUNTY OF ROCKINGHAM, VIRGINIA

**RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2013**

	Governmental Funds
Total fund balances - total governmental funds	\$ 49,753,015
Amounts reported for governmental activities in the Statement of Net Position 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	\$ 81,631,085
Less accumulated depreciation and amortization	<u>(28,156,490)</u>
Net capital assets	53,474,595
Deferred revenue represents amounts that were not available to fund current expenditures and, therefore, is not reported as revenue in the governmental funds.	
	3,405,893
Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Investment in Harrisonburg-Rockingham Social Services District	(715,236)
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 Position.	
	3,396,508
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	(88,473,576)
Capital leases	(19,364,182)
Compensated absences	(1,470,541)
Arbitrage payable	(4,550)
Interest payable	(2,031,702)
Other postemployment benefits	<u>(1,341,157)</u>
	<u>(112,685,708)</u>
Net position of governmental activities	\$ <u><u>(3,370,933)</u></u>

See Notes to Financial Statements.

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 Year Ended June 30, 2013

	General	General Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
General property taxes	\$ 70,546,928	\$ -	\$ -	\$ 70,546,928
Other local taxes	9,631,146	-	-	9,631,146
Permits, privilege fees and regulatory licenses	888,111	-	-	888,111
Fines and forfeitures	133,407	-	33,935	167,342
Use of money and property	1,347,291	109,323	1,054	1,457,668
Charges for services	3,657,806	-	-	3,657,806
Miscellaneous	345,024	-	-	345,024
Recovered costs	3,616,102	49,152	-	3,665,254
Reimbursement from component unit	-	562,808	-	562,808
Intergovernmental	16,668,916	2,537,447	119,686	19,326,049
Total revenues	106,834,731	3,258,730	154,675	110,248,136
Expenditures:				
Current:				
General government administration	4,463,079	-	-	4,463,079
Judicial administration	3,329,371	-	41,897	3,371,268
Public safety	20,538,239	-	37,619	20,575,858
Public works	2,705,553	-	-	2,705,553
Health and social services	4,557,024	-	-	4,557,024
Education	50,100,041	-	-	50,100,041
Parks, recreation and cultural	2,126,961	-	-	2,126,961
Community development	3,154,781	-	-	3,154,781
Capital outlay	-	2,796,798	-	2,796,798
Debt service:				
Principal	8,086,516	-	-	8,086,516
Interest and fiscal charges	5,148,228	-	-	5,148,228
Total expenditures	104,209,793	2,796,798	79,516	107,086,107
Revenues over expenditures	2,624,938	461,932	75,159	3,162,029
Other financing sources (uses):				
Transfers in	30,448	4,900,000	-	4,930,448
Transfers out	(4,960,000)	-	-	(4,960,000)
Other financing sources (uses), net	(4,929,552)	4,900,000	-	(29,552)
Net change in fund balances	(2,304,614)	5,361,932	75,159	3,132,477
Fund balance, beginning, as restated	31,760,445	14,439,105	420,988	46,620,538
Fund balance, ending	\$ 29,455,831	\$ 19,801,037	\$ 496,147	\$ 49,753,015

See Notes to Financial Statements.

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, 2013**

	Governmental Funds	
Net change in fund balances - total governmental funds	\$	3,132,477
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	\$	668,787
Less depreciation and amortization expense		<u>(2,985,722)</u>
Excess of depreciation and amortization over capital outlays		(2,316,935)
<p>The net effect of miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position.</p>		
		(124,361)
<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		54,499
Change in investment in Harrisonburg-Rockingham Social Service District		<u>(88,303)</u>
		(33,804)
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>		
Principal repayments:		
General obligation debt		8,086,516
<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		138,304
Compensated absences		(52,116)
Arbitrage		(181)
Other postemployment benefits		(237,582)
Amortization of premium		<u>253,130</u>
		101,555
<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		4,918,271
Total expenses		<u>(4,628,946)</u>
		<u>289,325</u>
Change in net position of governmental activities	\$	<u>9,134,773</u>

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 Year Ended June 30, 2013

	General Fund			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
General property taxes	\$ 68,189,000	\$ 68,189,000	\$ 70,546,928	\$ 2,357,928
Other local taxes	8,962,400	8,962,400	9,631,146	668,746
Permits, privilege fees and regulatory licenses	664,225	664,225	888,111	223,886
Fines and forfeitures	132,000	132,000	133,407	1,407
Use of money and property	1,316,603	1,316,603	1,347,291	30,688
Charges for services	3,370,495	3,881,212	3,657,806	(223,406)
Miscellaneous	217,000	277,750	345,024	67,274
Recovered costs	3,425,690	3,603,437	3,616,102	12,665
Intergovernmental	16,600,335	17,134,169	16,668,916	(465,253)
Total revenues	102,877,748	104,160,796	106,834,731	2,673,935
Expenditures:				
Current:				
General government administration	4,529,822	4,667,495	4,463,079	(204,416)
Judicial administration	3,137,110	3,495,636	3,329,371	(166,265)
Public safety	20,453,826	21,240,468	20,538,239	(702,229)
Public works	2,352,817	2,710,827	2,705,553	(5,274)
Health and social services	4,817,526	4,926,551	4,557,024	(369,527)
Education	50,575,000	52,205,000	50,100,041	(2,104,959)
Parks, recreation and cultural	2,259,178	2,268,312	2,126,961	(141,351)
Community development	4,005,088	4,204,734	3,154,781	(1,049,953)
Debt service:				
Principal	7,830,647	8,370,647	8,086,516	(284,131)
Interest and fiscal charges	5,155,319	5,155,319	5,148,228	(7,091)
Total expenditures	105,116,333	109,244,989	104,209,793	(5,035,196)
Revenues over (under) expenditures	(2,238,585)	(5,084,193)	2,624,938	7,709,131
Other financing sources (uses):				
Transfers in	-	314,745	30,448	(284,297)
Transfers out	(4,900,000)	(4,960,000)	(4,960,000)	-
Total other financing uses, net	(4,900,000)	(4,645,255)	(4,929,552)	(284,297)
Net change in fund balance	(7,138,585)	(9,729,448)	(2,304,614)	7,424,834
Fund balance, beginning, as restated	7,138,585	9,729,448	31,760,445	22,030,997
Fund balance, ending	\$ -	\$ -	\$ 29,455,831	\$ 29,455,831

See Notes to Financial Statements.

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 June 30, 2013

	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	\$ 8,197,948	\$ 111,994	\$ 3,187,224	\$ 157,847	\$ 11,655,013	\$ 10,332,968
Trade and other accounts receivable	669,536	30,240	878,645	13,838	1,592,259	3,086
Accrued interest	17,101	205	6,380	294	23,980	19,561
Prepaid items	14,600	-	33,903	-	48,503	-
Inventory	98,304	-	-	-	98,304	7,664
Total current assets	8,997,489	142,439	4,106,152	171,979	13,418,059	10,363,279
Noncurrent Assets:						
Financing costs, net of accumulated amortization	81,896	41,338	40,365	21,115	184,714	-
Capital assets:						
Land	262,198	-	1,295,662	20,600	1,578,460	-
Easements	177,211	-	-	20,631	197,842	-
Buildings	12,995	-	390,602	8,900	412,497	-
Improvements other than buildings	34,878,599	6,616,233	18,866,360	2,022,921	62,384,113	-
Machinery and equipment	905,147	361,546	3,187,865	34,362	4,488,920	-
Construction in progress	-	-	430,104	-	430,104	-
Less accumulated depreciation and amortization	(11,356,870)	(1,525,741)	(12,086,628)	(293,290)	(25,262,529)	-
Total capital assets, net of accumulated depreciation and amortization	24,879,280	5,452,038	12,083,965	1,814,124	44,229,407	-
Total noncurrent assets	24,961,176	5,493,376	12,124,330	1,835,239	44,414,121	-
Total assets	33,958,665	5,635,815	16,230,482	2,007,218	57,832,180	10,363,279
LIABILITIES						
Current Liabilities:						
Accounts payable and deposits	224,722	11,082	85,769	3,403	324,976	158,831
Compensated absences	42,773	-	47,857	-	90,630	-
Accrued payroll	19,434	-	24,628	-	44,062	-
Accrued interest	101,215	24,718	37,381	11,276	174,590	-
Advance from other funds	95,000	-	-	78,000	173,000	-
Unearned revenue	-	-	-	270	270	1,644,234
Insurance and benefit claims	-	-	-	-	-	2,085,000
Revenue bonds	425,000	172,419	565,000	44,300	1,206,719	-
Total current liabilities	908,144	208,219	760,635	137,249	2,014,247	3,888,065
Noncurrent Liabilities:						
Compensated absences	24,050	-	40,086	-	64,136	-
Other postemployment benefits	89,217	-	114,386	-	203,603	-
Revenue bonds	8,466,275	2,171,406	2,665,419	766,007	14,069,107	-
Landfill obligation	-	-	7,048,218	-	7,048,218	-
Total noncurrent liabilities	8,579,542	2,171,406	9,868,109	766,007	21,385,064	-
Total liabilities	9,487,686	2,379,625	10,628,744	903,256	23,399,311	3,888,065
NET POSITION						
Net investment in capital assets	15,988,005	3,108,213	8,853,546	1,003,817	28,953,581	-
Unrestricted (deficit)	8,482,974	147,977	(3,251,808)	100,145	5,479,288	6,475,214
Total net position	\$ 24,470,979	\$ 3,256,190	\$ 5,601,738	\$ 1,103,962	\$ 34,432,869	\$ 6,475,214

See Notes to Financial Statements.

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 Year Ended June 30, 2013

	Business-type Activities - Enterprise Funds				Totals	Governmental Activities - Internal Service Funds
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Other Proprietary Funds		
Operating revenues:						
Charges for services	\$ 5,434,042	\$ 226,603	\$ 5,027,936	\$ 77,662	\$ 10,766,243	\$ 20,304,176
Sale of processed gas	-	-	694,237	-	694,237	-
Connection fees	15,919	27,600	-	-	43,519	-
Other revenue	157,927	900	208,780	225	367,832	-
Total operating revenues	5,607,888	255,103	5,930,953	77,887	11,871,831	20,304,176
Operating expenses:						
Personal services	814,010	-	973,795	-	1,787,805	-
Fringe benefits	298,229	-	405,868	-	704,097	-
Contractual services	188,093	51,510	808,974	7,550	1,056,127	1,968,497
Regional Sewer Authority assessment:						
Operations and maintenance	873,060	-	-	-	873,060	-
Debt service	1,613,084	-	-	-	1,613,084	-
Risk financing and benefit payments	-	-	-	-	-	17,008,375
Internal services	70,196	-	55,011	-	125,207	-
Electrical services	327,228	12,323	56,923	-	396,474	-
Repairs and maintenance	40,009	-	222,479	-	262,488	-
Landfill closure	-	-	491,877	-	491,877	-
Other charges	295,417	103,436	363,703	21,787	784,343	40,713
Depreciation and amortization	747,177	157,221	866,767	43,186	1,814,351	-
Total operating expenses	5,266,503	324,490	4,245,397	72,523	9,908,913	19,017,585
Operating income (loss)	341,385	(69,387)	1,685,556	5,364	1,962,918	1,286,591
Nonoperating revenues (expenses):						
Connection availability fees	780,031	-	-	-	780,031	-
Interest revenue	49,551	603	16,238	856	67,248	60,715
Interest expense	(401,614)	(67,804)	(117,565)	(26,520)	(613,503)	-
Amortization of financing costs	(5,834)	(3,212)	(8,085)	(1,534)	(18,665)	-
Loss on sale of capital assets	(2,654)	-	-	-	(2,654)	-
Total nonoperating revenues (expenses), net	419,480	(70,413)	(109,412)	(27,198)	212,457	60,715
Income (loss) before transfers	760,865	(139,800)	1,576,144	(21,834)	2,175,375	1,347,306
Other financing sources (uses):						
Transfers in	11,102	-	1,668	60,000	72,770	-
Transfers out	-	-	(9,434)	-	(9,434)	(33,784)
Total other financing sources (uses), net	11,102	-	(7,766)	60,000	63,336	(33,784)
Change in net position	771,967	(139,800)	1,568,378	38,166	2,238,711	1,313,522
Total net position, beginning	23,699,012	3,395,990	4,033,360	1,065,796	32,194,158	5,161,692
Total net position, ending	\$ 24,470,979	\$ 3,256,190	\$ 5,601,738	\$ 1,103,962	\$ 34,432,869	\$ 6,475,214

See Notes to Financial Statements.

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2013**

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,650,133
Receipts from customers	5,374,313	251,214	4,653,648	85,523	10,364,698	-
Claims and benefits paid	-	-	-	-	-	(16,749,511)
Payments to suppliers for goods and services	(3,236,748)	(173,702)	(1,487,304)	(31,433)	(4,929,187)	(2,279,928)
Payments to employees for services	(1,112,520)	-	(1,364,880)	-	(2,477,400)	-
Internal activity - payments to other funds	(70,196)	-	(55,011)	-	(125,207)	-
Other receipts, net	157,927	900	903,017	225	1,062,069	-
Net cash provided by operating activities	1,112,776	78,412	2,649,470	54,315	3,894,973	1,620,694
Cash Flows from Noncapital Financing Activities:						
Transfers from other funds	11,102	-	1,668	60,000	72,770	-
Transfers to other funds	-	-	(9,434)	-	(9,434)	(33,784)
Net cash provided by (used in) noncapital financing activities	11,102	-	(7,766)	60,000	63,336	(33,784)
Cash Flows From Capital and Related Financing Activities:						
Payment of advance from other funds	(95,000)	-	-	(27,778)	(122,778)	-
Connection availability fees	780,031	-	-	-	780,031	-
Principal paid on bonds	(425,000)	(174,128)	(550,000)	(44,978)	(1,194,106)	-
Interest paid and fiscal charges on outstanding debt	(424,224)	(62,925)	(162,727)	(25,219)	(675,095)	-
Acquisition and construction of capital assets	(137,041)	-	(330,592)	-	(467,633)	-
Net cash used in capital and related financing activities	(301,234)	(237,053)	(1,043,319)	(97,975)	(1,679,581)	-
Cash Flows From Investing Activities:						
Interest received on investment securities	40,551	684	11,492	714	53,441	50,660
Net cash provided by investing activities	40,551	684	11,492	714	53,441	50,660
Net increase (decrease) in cash and cash equivalents	863,195	(157,957)	1,609,877	17,054	2,332,169	1,637,570
Cash and Cash Equivalents:						
Beginning	7,334,753	269,951	1,577,347	140,793	9,322,844	8,695,398
Ending	\$ 8,197,948	\$ 111,994	\$ 3,187,224	\$ 157,847	\$ 11,655,013	\$ 10,332,968

See Notes to Financial Statements.

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2013**

	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)	\$ 341,385	\$ (69,387)	\$ 1,685,556	\$ 5,364	\$ 1,962,918	\$ 1,286,591
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization	747,177	157,221	866,767	43,186	1,814,351	-
Change in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable	(75,648)	(2,989)	(374,288)	7,591	(445,334)	1,051
Due from other governments	-	-	-	-	-	265,039
Prepaid items	1,011	-	(121)	-	890	-
Inventory	15,170	-	-	-	15,170	642
Increase (decrease) in:						
Accounts payable and deposits	83,962	(6,433)	(35,104)	(1,826)	40,599	(271,360)
Accrued liabilities	(281)	-	14,783	-	14,502	-
Unearned revenue	-	-	-	-	-	79,867
Insurance and benefit claims	-	-	-	-	-	258,864
Landfill obligation	-	-	491,877	-	491,877	-
Net cash provided by operating activities	\$ 1,112,776	\$ 78,412	\$ 2,649,470	\$ 54,315	\$ 3,894,973	\$ 1,620,694
Schedule of Noncash Capital and Related Financing Activities:						
Capital assets acquired through incurrence of accounts payable	\$ -	\$ -	\$ 4,284	\$ -	\$ 4,284	\$ -

COUNTY OF ROCKINGHAM, VIRGINIA

**STATEMENT OF NET POSITION
FIDUCIARY FUNDS**

June 30, 2013

	Agency Funds
<hr/>	
ASSETS	
Cash, cash equivalents and temporary cash investments	\$ 1,588,794
Accounts receivable	<u>116,479</u>
Total assets	<u>1,705,273</u>
LIABILITIES	
Accounts payable	<u>1,705,273</u>
Total liabilities	<u><u>\$ 1,705,273</u></u>

See Notes to Financial Statements.

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.

In determining how to define the financial reporting entity, management considered all potential component units using the standards prescribed under GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an Amendment of GASB Statements No. 14 and 34*. Component units include any legally separate organizations for which the Board of Supervisors is financially accountable. Financial accountability results where 1) there is fiscal dependence and a financial benefit or burden relationship, 2) there is a voting majority of the organization's governing body appointed by the Board of Supervisors and a financial benefit or burden relationship, or 3) there is a voting majority of the organization's governing body appointed by the Board of Supervisors and the Board of Supervisors has the ability to impose its will on the organization.

Even if financial accountability is not established, a potential component unit may still need to be reported simply because it would be misleading to exclude it.

Blended component units, although legally separate entities, are, in substance, part of the County's operations, and functions as an integral part of the primary government, so data from these units would be combined with data of the County. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the County.

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 and City's approvals. 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 Position 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 components of net position 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.

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, Emergency Medical Services, and Soil and Water Conservation.

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, by June 5 and December 5 in the same year as levied. Personal property taxes are due and collectible annually by 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 Position 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. The Joint Judicial Complex Fund has restricted a portion of its cash balance in accordance with its debt agreement.

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, roads, 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 Position. 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 Position 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 Position, 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 position of the primary government. The corresponding capital assets are reported as position 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 position, 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.

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.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Assets, Liabilities and Equity (Continued)

10. Fund Equity (Continued)

Assigned – amounts constrained by the County’s intent but are neither restricted nor 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 Board of Supervisors, as the highest level of authority within the County, establishes the commitment of fund balance to purposes through the approval of the annual budget plan by resolution, in conjunction with the resolutions associated with the establishment of fee and tax rates, and acceptance or appropriation of funds. All subsequent changes to the budget plan to add, reduce, or redirect resources to other purposes are also accomplished by Board resolution. As a result, all unrestricted amounts directed toward a purpose are shown as committed. Balances shown as assigned in the General Fund represent encumbrances which would otherwise be unassigned.

The County considers restricted balances to be expended first in cases where both restricted and unrestricted amounts are available. When utilizing unrestricted balances, committed balances are applied first, followed by assigned then unassigned balances.

F. Encumbrances

Encumbrance accounting, the recording of purchase orders, contracts, and other commitments for the expenditures of monies to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in all governmental funds. Encumbrances outstanding at year-end are reported as restricted, committed, or assigned fund balance, depending on the governmental fund, since they do not constitute expenditures or liabilities. Encumbrances are normally re-appropriated each year by Board resolution.

G. 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.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

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.

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 invested consistent with state law, while observing the primary goal of preservation of principal and providing necessary liquidity to meet cash flow needs.

As of June 30, 2013, the County's investment policy establishes the maximum percentages of the portfolio permitted in each of the following instruments:

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 Sector Limit and Issuer Limit should be applied to the total investment portfolio value at the date of acquisition.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Credit Risk:

As of June 30, 2013, as required by state statute, the 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.

As of June 30, 2013, 37% was invested in "AA+" U. S. Agency Securities and 63% was invested in "AAAm" rated STIF and Money Market Funds. All credit ratings presented in this paragraph are Standard & Poor's ratings.

Concentration of Credit Risk:

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. If certain investments in any one issuer represent 5% of total investments, there must be a disclosure for the amount and issuer. At June 30, 2013 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:

STIF and Money Market Funds	61%
U.S. Treasury Notes	16%
Corporate obligations	7%
Federal National Mortgage Association	6%
Federal Home Loan Mortgage Corporation	6%

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

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.

	Fair Value	Investment Maturities (in years)	
		Less Than 1 Year	1 – 2 Years
U. S. Agencies	\$ 82,507,494	\$ 56,339,323	\$ 26,168,171

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

To manage the volatility of the Investment Portfolio, the County shall determine an appropriate duration or weighted average maturity target for each component of the Investment Portfolio. At no time shall the duration of the weighted average maturity of any component of the Investment Portfolio exceed two years.

The average duration of the Investment Portfolio will not deviate by more than +/- 25% of the average duration of the performance benchmark.

Note 3. Receivables and Deferred Revenue

Receivables at June 30, 2013 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	\$ 4,474,081	\$ -	\$ -	\$ -
Utility taxes	137,581	-	-	-
Trade and other accounts	614,148	55,091	689,436	32,640
Gross receivables	5,225,810	55,091	689,436	32,640
Less allowance for uncollectible accounts	800,000	-	19,900	2,400
Net receivables	\$ 4,425,810	\$ 55,091	\$ 669,536	\$ 30,240

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 3. Receivables and Deferred Revenue (Continued)

Primary Government (Continued)

	Solid Waste Fund	Nonmajor Proprietary Funds	Internal Service Funds	Totals
Property taxes	\$ -	\$ -	\$ -	\$ 4,474,081
Utility taxes	-	-	-	137,581
Trade and other accounts	887,645	15,738	3,086	2,297,784
Gross receivables	887,645	15,738	3,086	6,909,446
Less allowance for uncollectible accounts	9,000	1,900	-	833,200
Net receivables	\$ 878,645	\$ 13,838	\$ 3,086	\$ 6,076,246

The County determines its allowance for uncollectible accounts using historical collection data and specific account analysis. The total allowance for uncollectible accounts amounted to \$833,200 as of June 30, 2013.

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)	\$ 3,405,893	\$ -
Advance collection of 2013-2014 taxes (General Fund)	-	643,116
Personal Property Tax Relief Act – state reimbursement (General Fund)	-	1,238,964
	\$ 3,405,893	\$ 1,882,080

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Due From Other Governments

Amounts due from other governments include the following:

Primary Government:	
General Fund:	
Commonwealth of Virginia:	
Local sales and use taxes	\$ 818,664
Communications sales and use taxes	257,758
Categorical aid:	
Shared costs:	
Commissioner of the revenue	18,468
Commonwealth attorney	63,369
Sheriff	479,124
Clerk of circuit court	53,520
Treasurer	16,514
Other	46,349
Federal government:	
Boarding and care of prisoners	26,424
Categorical aid:	
Ground safety transportation	6,697
Other	2,306
City of Harrisonburg	618,337
Other governments	<u>307,862</u>
Total General Fund	<u>2,715,392</u>
Capital Projects Fund:	
Commonwealth of Virginia:	
Revenue sharing	952,107
Federal government:	
Safe routes to schools	<u>17,896</u>
Total Capital Projects Fund	<u>970,003</u>
Total Primary Government	<u>\$ 3,685,395</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Due From Other Governments (Continued)

Component Unit - School Board:	
School Operating Fund:	
Commonwealth of Virginia:	
State sales tax receipts	\$ 2,067,459
Other	85,055
Federal government:	
Education grants	<u>585,198</u>
Total School Operating Fund	<u>2,737,712</u>
School Cafeteria Fund:	
Federal government:	
School food program	<u>48,368</u>
Total School Cafeteria Fund	<u>48,368</u>
Massanutten Technical Center:	
Commonwealth of Virginia:	
Education grants	6,881
Federal government:	
Education grants	<u>6,226</u>
Total Massanutten Technical Center	<u>13,107</u>
Total Component Unit - School Board	<u>\$ 2,799,187</u>
Component Unit - Harrisonburg-Rockingham Social Services District:	
Operating fund:	
Commonwealth of Virginia:	
Public assistance and administration	\$ 406,487
Federal government:	
Public assistance and administration	<u>409,173</u>
Total Operating Fund	<u>815,660</u>
Special Revenue – Comprehensive Services Act:	
Commonwealth of Virginia:	
Comprehensive Services Act	<u>1,012,171</u>
Total Special Revenue Fund	<u>1,012,171</u>
Total Component Unit - Harrisonburg-Rockingham Social Services District	<u>\$ 1,827,831</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2013 is as follows:

Primary Government:

	Beginning Balance	Increases	(Deletions)/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets, not being depreciated or amortized:				
Land	\$ 4,068,144	\$ -	\$ -	\$ 4,068,144
Construction in progress	109,973	40,863	(109,973)	40,863
Total capital assets, not being depreciated or amortized	4,178,117	40,863	(109,973)	4,109,007
Capital assets, being depreciated or amortized:				
Buildings	48,282,231	-	-	48,282,231
Improvements other than buildings	10,577,343	131,086	-	10,708,429
Machinery and equipment	16,760,082	496,838	(284,600)	16,972,320
Software	1,595,002	-	(35,904)	1,559,098
Total capital assets being depreciated or amortized	77,214,658	627,924	(320,504)	77,522,078
Less accumulated depreciation or amortization for:				
Buildings	(15,027,972)	(1,584,287)	-	(16,612,259)
Improvements other than buildings	(2,804,375)	(422,641)	-	(3,227,016)
Machinery and equipment	(6,146,807)	(902,914)	270,212	(6,779,509)
Software	(1,497,730)	(75,880)	35,904	(1,537,706)
Total accumulated depreciation or amortization	(25,476,884)	(2,985,722)	306,116	(28,156,490)
Total capital assets being depreciated or amortized, net	51,737,774	(2,357,798)	(14,388)	49,365,588
Governmental activities capital assets, net	\$ 55,915,891	\$ (2,316,935)	\$ (124,361)	\$ 53,474,595

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

Governmental activities:	
General government administration	\$ 471,026
Judicial administration	323,806
Public safety	1,165,395
Public works	28,052
Health and social services	57,475
Parks, recreation and cultural	105,622
Community development	834,346
Total depreciation and amortization expense - governmental activities	\$ 2,985,722

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	\$ 29,200	\$ -	\$ 1,578,460
Easements	197,842	-	-	197,842
Construction in progress	628,354	37,924	(236,174)	430,104
Total capital assets, not being depreciated or amortized	2,375,456	67,124	(236,174)	2,206,406
Capital assets, being depreciated or amortized:				
Buildings	378,127	34,370	-	412,497
Improvements other than buildings	62,132,829	15,110	236,174	62,384,113
Machinery and equipment	4,519,302	346,745	(377,127)	4,488,920
Total capital assets being depreciated or amortized	67,030,258	396,225	(140,953)	67,285,530
Less accumulated depreciation or amortization for:				
Buildings	(104,029)	(19,967)	-	(123,996)
Improvements other than buildings	(20,787,540)	(1,478,458)	-	(22,265,998)
Machinery and equipment	(2,931,082)	(315,926)	374,473	(2,872,535)
Total accumulated depreciation or amortization	(23,822,651)	(1,814,351)	374,473	(25,262,529)
Total capital assets being depreciated or amortized, net	43,207,607	(1,418,126)	233,520	42,023,001
Business-type activities capital assets, net	\$ 45,583,063	\$ (1,351,002)	\$ (2,654)	\$ 44,229,407

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

Business-type activities:	
Water and Sewer	\$ 747,177
Solid Waste	866,767
Smith Creek Water & Waste Authority	157,221
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	\$ 1,814,351

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	\$ 5,469,535	\$ -	\$ -	\$ 5,469,535
Easements	36,654	-	-	36,654
Construction in progress	2,223,434	-	(2,223,434)	-
Total capital assets, not being depreciated or amortized	7,729,623	-	(2,223,434)	5,506,189
Capital assets, being depreciated or amortized:				
Buildings	176,666,855	18,925	-	176,685,780
Improvements other than buildings	46,684,935	873,951	2,223,434	49,782,320
Machinery and equipment	33,726,037	1,225,889	(77,427)	34,874,499
Software	49,407	-	-	49,407
Total capital assets being depreciated or amortized	257,127,234	2,118,765	2,146,007	261,392,006
Less accumulated depreciation or amortization for:				
Buildings	(70,289,126)	(5,353,984)	-	(75,643,110)
Improvements other than buildings	(14,722,304)	(1,577,717)	-	(16,300,021)
Machinery and equipment	(24,126,241)	(2,002,616)	77,427	(26,051,430)
Software	(49,407)	-	-	(49,407)
Total accumulated depreciation or amortization	(109,187,078)	(8,934,317)	77,427	(118,043,968)
Total capital assets being depreciated or amortized, net	147,940,156	(6,815,552)	2,223,434	143,348,038
School Board capital assets, net	\$ 155,669,779	\$ (6,815,552)	\$ -	\$ 148,854,227

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

Instruction	\$ 7,521,812
Administration, attendance and health	3,475
Pupil transportation services	738,033
Operation and maintenance services	670,997
Total depreciation and amortization expense - Component Unit - School Board	\$ 8,934,317

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	-	(11,556)	513,612
Total capital assets being depreciated or amortized	528,324	-	(11,556)	516,768
Less accumulated depreciation or amortization for:				
Improvements other than buildings	(1,314)	(105)	-	(1,419)
Machinery and equipment	(508,107)	(10,318)	11,556	(506,869)
Total accumulated depreciation or amortization	(509,421)	(10,423)	11,556	(508,288)
Harrisonburg-Rockingham Social Services District capital assets, net	\$ 18,903	\$ (10,423)	\$ -	\$ 8,480

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

Administration – Welfare	\$ 8,525
Comprehensive Services Act	1,898
Total depreciation and amortization expense - Component Unit - Harrisonburg-Rockingham Social Services District	\$ 10,423

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Commitments

The County has active projects and significant commitments as of June 30, 2013 and they are as follows:

Primary Government:

Governmental Activities

Project	Expended to June 30, 2013	Remaining Commitment
Reservoir Street expansion	\$ 100,665	\$ 1,899,335
Safe routes to school – sidewalks	71,260	58,574
Rockingham bicycle and pedestrian plan	1,062	17,640
Southeast connector roadway	2,452,498	5,588,782
Computer financial software conversion	34,661	213,389
Eastside athletic park	6,202	-
	<u>\$ 2,666,348</u>	<u>\$ 7,777,720</u>

Business-type Activities

Project	Expended to June 30, 2013	Remaining Commitment
Landfill phase five expansion	<u>\$ 430,104</u>	<u>\$ 86,074</u>

These projects are being financed through grants, revenue sharing agreements, and internal funding.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Obligations

The following is a summary of long-term liability activity of the primary government for the year ended June 30, 2013:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and notes payable:					
General obligation bonds	\$ 90,685,311	\$ -	\$ (5,858,551)	\$ 84,826,760	\$ 5,761,687
Capital leases	21,592,147	-	(2,227,965)	19,364,182	1,766,268
Unamortized premiums	3,899,946	-	(253,130)	3,646,816	-
	116,177,404	-	(8,339,646)	107,837,758	7,527,955
Compensated absences	1,418,425	1,000,389	(948,273)	1,470,541	860,406
Governmental activities long-term liabilities	\$ 117,595,829	\$ 1,000,389	\$ (9,287,919)	\$ 109,308,299	\$ 8,388,361

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

Year Ending June 30,	General Obligation Bonds		Capital Leases	
	Principal	Interest	Principal	Interest
2014	\$ 5,761,687	\$ 4,059,338	\$ 1,766,268	\$ 679,474
2015	5,674,158	3,773,395	1,507,706	621,684
2016	5,805,656	3,485,798	1,532,443	562,663
2017	5,958,636	3,183,329	1,420,430	504,607
2018	5,105,034	2,900,476	1,440,938	452,004
2019-2023	25,871,671	10,595,264	5,571,397	1,551,089
2024-2028	25,382,598	4,233,823	4,375,000	713,475
2029-2030	5,267,320	207,447	1,750,000	63,420
	\$ 84,826,760	\$ 32,438,870	\$ 19,364,182	\$ 5,148,416

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Obligations (Continued)

General Obligation Bonds:

\$3,500,000 1993 series, issued November 1993, due in annual maturities of \$20,000 through December 2013, plus interest at 5.0%	\$ 20,000
\$3,800,000 1994A series, issued May 1994, due in annual maturities of \$195,000 through July 2013, plus interest at 6.3%	195,000
\$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%	2,240,000
\$7,471,945 1996B series, issued November 1996, due in annual maturities of \$418,021 to \$445,122 through July 2016, plus interest at 5.23%	1,725,342
\$8,421,223 1999A series, issued November 1999, due in annual maturities of \$438,523 to \$517,103 through July 2019, plus interest at 5.7% to 6.1%	3,328,884
\$4,190,343 2000 series, issued November 2000, due in annual maturities of \$217,298 to \$247,440 through July 2020, plus interest at 5.1%	1,852,814
\$5,077,993 2003 series, issued November 2003, due in annual maturities of \$249,001 to \$297,277 through July 2023, plus interest at 4.6% to 5.35%	2,987,678
\$9,404,190 2005 series, issued November 2005, due in annual maturities of \$448,192 to \$545,699 through July 2025, plus interest at 4.6% to 5.1%	6,417,990
\$13,147,200 2006 series, issued November 2006, due in annual maturities of \$626,938 to \$744,134 through July 15, 2026, plus interest at 4.23% to 5.1%	9,581,506
\$10,610,000 2007 series, issued May 2007, due in annual maturities of \$410,000 to \$810,000 through July 15, 2027, plus interest at 4.1% to 5.1%	8,855,000
\$6,364,713 2007 series, issued November 2007, due in annual maturities of \$295,914 to \$371,160 through July 2028, plus interest at 4.35% to 5.1%	4,946,964

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Obligations (Continued)

General Obligation Bonds: (Continued)

\$11,630,000 2008 series, issued May 2008, due in annual maturities of \$420,000 to \$900,000 through July 2028, plus interest at 4.6% to 5.1%	\$ 10,140,000
\$12,701,410 2008 series, issued December 2008, due in annual maturities of \$587,800 to \$742,320 through July 2028, plus interest at 4.1% to 5.35%	10,375,582
\$24,560,000 2009 series, issued May 2009, due in annual maturities of \$875,000 to \$1,855,000 through July 2029, plus interest at 4.05% to 5.05%	<u>22,160,000</u>
Total General Obligation Bonds	<u>\$ 84,826,760</u>

All general obligation bonds were issued for the purpose of school construction and renovation.

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 with a final payment of \$284,297 in July 2013, plus interest at 5.0%	\$ 284,297
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Human Services Building:

Payments to the City of Harrisonburg Redevelopment and Housing Authority in semi-annual installments ranging from \$118,713 to \$133,876 through February 2016, plus interest at 6.08%	378,464
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Emergency Communications Center:

\$7,150,000 lease purchase contract due in annual installments ranging from \$488,258 to \$609,297, through December 2019, plus interest payable semi-annually at 3.76%	3,826,421
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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 2.96%	8,925,000
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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 4.62%	<u>5,950,000</u>
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Total Capital Leases	<u>\$ 19,364,182</u>
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COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Obligations (Continued)

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.

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

	Governmental Activities			
	Joint Judicial Complex	Human Services Building	Emergency Communications Center	SRI
Capital assets:				
Land	\$ 1,254,155	\$ 162,300	\$ -	\$ -
Buildings	9,419,396	1,311,904	-	18,249,809
Improvements other than buildings	-	8,518	-	-
Machinery and equipment	156,767	84,132	9,449,729	-
Less: accumulated depreciation	(6,078,820)	(857,927)	(1,191,558)	(1,983,811)
	<u>\$ 4,751,498</u>	<u>\$ 708,927</u>	<u>\$ 8,258,171</u>	<u>\$ 16,265,998</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	\$ 16,003,238	\$ -	\$ (1,194,106)	\$ 14,809,132	\$ 1,206,719
Landfill obligation	6,556,341	491,877	-	7,048,218	-
Compensated absences	164,211	123,866	(133,311)	154,766	90,630
Unamortized premiums	523,407	-	(56,713)	466,694	-
Business-type activities long-term liabilities	<u>\$ 23,247,197</u>	<u>\$ 615,743</u>	<u>\$ (1,384,130)</u>	<u>\$ 22,478,810</u>	<u>\$ 1,297,349</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Obligations (Continued)

Annual requirements to amortize the revenue bonds are as follows:

Year Ending June 30,	Revenue Bonds	
	Principal	Interest
2014	\$ 1,206,719	\$ 620,594
2015	1,243,025	569,234
2016	1,279,512	514,128
2017	1,321,189	456,057
2018	968,062	405,799
2019-2023	4,594,848	1,405,557
2024-2028	3,717,246	504,847
2029	478,531	11,626
	<u>\$ 14,809,132</u>	<u>\$ 4,487,842</u>

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 \$95,000 through October 2023, plus interest payable semi-annually ranging from 4.1%-5.1%	\$ 825,000
Infrastructure Revenue Bonds (Virginia Pooled Financing Program): \$3,065,000 issued June 2007, due in annual installments of \$130,000 to \$230,000 through October 2026, plus interest payable semi-annually ranging from 4.1%-4.87%	2,455,000
Infrastructure Revenue Bonds (Virginia Pooled Financing Program): \$6,215,000 issued in June 2008, due in annual installments of \$235,000 to \$465,000 through October 2028, plus interest payable semi-annually ranging from 3.10%-4.91%	5,350,000

Solid Waste Fund

Infrastructure Revenue Bonds (Virginia Pooled Financing Program): \$3,015,000 issued June 2007, due in annual installments of \$335,000 to \$385,000 through October 2016, plus interest payable semi-annually ranging from 4.79%-4.8%	1,435,000
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 4.78%-5.13%	1,590,000

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Obligations (Continued)

Smith Creek Water & Waste Authority

Virginia Revolving Loan Fund:

\$2,078,500 issued November 2001, due in semi-annual installments of \$53,342 to \$69,737 through September 2022, including interest at 3.0% \$ 1,162,686

Wastewater System Revenue Refunding Bond, Series 2012:

\$1,250,936 issued in April 2012, due in annual installments of \$66,684 to \$94,236 through August 2027, including interest at 2.66% 1,181,139

Countryside Sanitary District

Virginia Revolving Loan Fund:

\$171,288 issued June 2006, due in semi-annual installments of \$3,852 to \$5,763 through April 2026, including interest at 3.25% 123,402

Lilly Subdivision Sanitary District

Infrastructure Revenue Bonds (Virginia Pooled Financing Program):

\$456,490 issued April 2008, due in semi-annual installments of \$8,593 to \$13,531 through August 2028, including interest at 3.05% 337,331

Penn Laird Sewer Authority

Wastewater System Revenue Refunding Bond Series 2012:

\$370,232 issued April 2012, due in annual installments of \$19,737 to \$27,890 through August 2027, including interest at 2.66% 349,574

\$ 14,809,132

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 15.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Obligations (Continued)

The following is a summary of long-term liability activity transactions of the Component Unit - School Board, for the year ended June 30, 2013:

Component Unit - School Board:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 3,322,082	\$ 932,204	\$ (743,665)	\$ 3,510,621	\$ 2,467,857

The following is a summary of long-term liability activity of the Component Unit - Harrisonburg-Rockingham Social Services District, for the year ended June 30, 2013:

Component Unit - Harrisonburg-Rockingham Social Services District:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 386,115	\$ 226,967	\$ (228,479)	\$ 384,603	\$ 183,995

Note 8. 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 through September 1, 2013, and \$1,003,131 thereafter, with final maturity September 1, 2030. The bonds currently outstanding total \$27,661,480. 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 \$8,860,000. In November 2008, the Authority issued \$33,219,297 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 \$30,762,095.

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 and maintenance, capital outlay, construction, and debt service expenditures for the ensuing year will approximate \$767,000, \$28,700, \$105,000, and \$1,615,000, 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.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. 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.

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 service 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 were vested as of January 1, 2013 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 55 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2013 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.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Defined Benefit Pension Plan (Continued)

A. Plan Description (Continued)

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. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. 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.

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 most recent report may be obtained from the VRS website at www.varetire.org/pdf/publications/2012-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 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the County, the District, and the School Board. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to five years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. The County elected to not phase in the increase, but rather provided a 5% salary increase to all employees on July 1, 2012. 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, 2013, the contribution rate for the County and the District was 12.95% for the School Board's professional employees, 11.66%; and for the School Board's non-professional employees, 9.31% of annual covered payroll, exclusive of the employee's share.

For the years ended June 30, 2013, 2012, and 2011, total employer and employee contributions made to the VRS statewide teacher cost-sharing pool for professional employees by the School Board were \$5,891,991, \$6,327,045, and \$5,058,323, 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 9. Defined Benefit Pension Plan (Continued)

C. Annual Pension Cost (APC)

For fiscal year 2013, the County, the District, and the School Board's non-professional employees' annual pension costs of \$3,271,952 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, 2013	\$ 2,621,880	100%	\$ -
June 30, 2012	2,830,106	100%	-
June 30, 2011	2,878,026	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 (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2013	\$ 650,072	100%	\$ -
June 30, 2012	883,810	100%	-
June 30, 2011	880,732	100%	-

The fiscal year 2013 required contributions were determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, 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 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. 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, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 29 years.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Defined Benefit Pension Plan (Continued)

D. Funded Status and Funding Progress

As of June 30, 2012, the most recent actuarial valuation date, the County and District's Plan was 72.51% funded. The actuarial accrued liability for benefits was \$83,439,563, and the actuarial value of assets was \$60,499,611, resulting in UAAL of \$22,939,952. The covered payroll (annual payroll of active employees covered by the Plan) was \$19,424,552, and ratio of the UAAL to the covered payroll was 118.10%.

At June 30, 2012, the most recent actuarial valuation date, the Plan for the School Board's non-professional employees was 81.26% funded. The actuarial accrued liability for benefits was \$28,662,758, and the actuarial value of assets was \$23,290,469, resulting in UAAL of \$5,372,289. The covered payroll (annual payroll of active employees covered by the Plan) was \$7,416,122, and ratio of the UAAL to the covered payroll was 72.44%.

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.

Note 10. Other Postemployment Benefits – County (Including the District) 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.

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 system 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.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits – County (Including the District) and School Board Sponsored (Continued)

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 performed as of July 1, 2012. The annual cost of OPEB under GASB Statement No. 45 is called the annual required contribution or ARC. The estimated pay-as-you-go amount for OPEB benefits for the County’s plan is \$203,800 and the annual benefit cost is \$546,882. The percentage of annual OPEB cost contributed is 37.27%. The pay-as-you-go amount for OPEB benefits for the School Board’s plan is \$672,300 and the annual benefit cost is \$1,794,092. The percentage of OPEB cost contributed is 37.47%.

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, 2013, the County has recorded a liability of \$1,544,760, the District has recorded a liability of \$339,113, and the School Board has recorded a liability of \$5,563,782 on the Statement of Net Position.

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)	\$ 549,401	\$ 1,801,354
Interest on net OPEB obligation	61,632	177,680
Adjustment to annual required contribution	(64,151)	(184,942)
Annual OPEB cost	546,882	1,794,092
Estimated contributions made	(203,800)	(672,300)
Increase in net OPEB obligation	343,082	1,121,792
Net OPEB obligation, beginning of year	1,540,791	4,441,990
Net OPEB obligation at year-end	<u>\$ 1,883,873</u>	<u>\$ 5,563,782</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits – County (Including the District) 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, 2013	\$ 546,882	37.27%	\$ 1,883,873
June 30, 2012	520,085	32.75%	1,540,791
June 30, 2011	561,139	32.17%	1,191,023

School Board:

Fiscal Year Ended	Annual OPEB Costs	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 1,794,092	37.47%	\$ 5,563,782
June 30, 2012	1,710,246	35.52%	4,441,990
June 30, 2011	1,720,154	39.15%	3,339,303

D. Funding Status and Funding Progress

As of July 1, 2012, the most recent roll-forward actuarial valuation date, the plans were not funded. The actuarial value of assets was \$-0- resulting in UAAL of \$5,123,700 for the County and District’s plan and a UAAL of \$18,076,500 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 10. Other Postemployment Benefits – County (Including the District) 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, 2012	\$ -	\$ 5,123,700	\$ 5,123,700	0.00%	\$ 20,246,176	25.31%
July 1, 2011	-	4,776,809	4,776,809	0.00%	19,683,587	24.27%
July 1, 2010	-	5,080,764	5,080,764	0.00%	19,873,211	25.57%
B. Component Unit – School Board employees:						
July 1, 2012	\$ -	\$ 18,076,500	\$ 18,076,500	0.00%	\$ 65,858,167	27.45%
July 1, 2011	-	16,988,165	16,988,165	0.00%	63,276,512	26.85%
July 1, 2010	-	17,358,002	17,358,002	0.00%	64,051,489	27.10%

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, 2012 roll-forward 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 seven percent, reduced by decrements to an ultimate rate of five percent after five 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 11. 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, 2013, 2012, and 2011, the School Board paid \$561,054, \$335,060, and \$339,685, respectively, for professional employees and \$51,740, \$57,236, and \$57,036, 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 1.11% and 0.6% for the School Board's professional employees and 0.74% and 0.77% for the School Board's non-professional employees, for each of the fiscal years ended June 30, 2013 and 2012, 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, 2012 actuarial valuation, any UAAL is being amortized as a level percentage of the projected payroll on an open basis, over a period of 29 years.

C. Funded Status and Funding Progress

As of the actuarial valuation performed at June 30, 2012, the Plan for the School Board's non-professional employees was 32.44% funded. The AAL was \$878,498, and the actuarial value of assets was \$284,974, with a resulting UAAL of \$593,524.

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.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. 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, 2013	\$ 51,740	100%	\$ -
June 30, 2012	57,236	100%	-
June 30, 2011	57,036	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, 2012	\$ 284,974	\$ 878,498	\$ 593,524	32.44%	\$ 7,416,122	8.00%
June 30, 2011	278,318	872,651	594,333	31.89%	7,411,488	8.02%
June 30, 2010	228,358	839,801	611,443	27.19%	7,352,390	8.32%

Note 12. Advances To/From Other Funds

Interfund balances as of June 30, 2013 are as follows:

Payable Fund	Receivable Fund General Fund:
Primary Government:	
Water and Sewer	\$ 95,000
Lilly Subdivision Sanitary District	78,000
Total primary government	\$ 173,000

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 of \$95,000 annually plus interest at 5.5%. The advance from the General Fund to the Lilly Subdivision Sanitary District includes an advance 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 13. Interfund Transfers

A summary of interfund transfer activity is presented as follows:

Transfer to Fund	Transfer From Fund			Total Transferred In
	General Fund	Self-Insurance Fund	Solid Waste Fund	
Primary Government:				
Governmental activities::				
General Fund	\$ -	\$ 30,448	\$ -	\$ 30,448
General Capital Projects Fund	4,900,000	-	-	4,900,000
Business-type activities:				
Water and Sewer Fund	-	1,668	9,434	11,102
Solid Waste Fund	-	1,668	-	1,668
Lilly Subdivision Sanitary District	60,000	-	-	60,000
Total transferred out	\$ 4,960,000	\$ 33,784	\$ 9,434	\$ 5,003,218

The transfer from the General Fund to the General Capital Projects Fund was for road improvements and future capital projects. The transfer from the General Fund to the Lilly Subdivision Sanitary District was to transfer operating funds.

The transfers from the Self-Insurance Fund to the General Fund, Water and Sewer Fund, and Solid Waste Fund were to cover the cost of the employees' portion of health insurance.

The transfer from the Solid Waste Fund to the Water and Sewer Fund was for the purchase of a utility crane.

Note 14. Major Customers

The Water and Sewer Fund has one major customer. For the year ended June 30, 2013, water and sewer revenue from this customer was approximately \$2.4 million. Accounts receivable from this customer was approximately \$274,000 at June 30, 2013.

The Solid Waste Fund has two major customers. Revenues from these customers for the year ended June 30, 2013 were approximately \$2.7 million. Accounts receivable from these customers were approximately \$222,000 at June 30, 2013.

The Smith Creek Water & Waste Authority has one major customer. For the year ended June 30, 2013, revenue from this customer was approximately \$72,000. Accounts receivable from this customer was approximately \$7,700 at June 30, 2013.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 15. Landfill Closure and Postclosure Care Cost

An agreement between the County and City of Harrisonburg divided the closure and post-closure liability pro rata for all cells active as of December 31, 2011. The City's liability for closure and post-closure was capped at that amount calculated pursuant to the regulations and percentage of waste disposed in the active cells as of December 31, 2011. The City of Harrisonburg's landfill closure and postclosure care liability totals \$2,697,965.

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. The County has recorded \$7,048,218 as landfill closure and postclosure liability at June 30, 2013.

The Solid Waste Fund will report the County's estimated liability of closure and postclosure care of \$5,886,000 for the active cell as the remaining estimated capacity is filled. These amounts are based on the cost to perform all closure and postclosure care in 2013. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The estimated remaining life of the landfill is approximately nine years and does not account for future expansion.

Note 16. 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.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 16. Risk Management (Continued)

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 2013 and 2012:

Fiscal Year Ended	Beginning Liability	Claims and Changes in Estimates	Claim Payments	Ending Liability
June 30, 2013	\$ 1,826,136	\$ 17,008,375	\$ 16,749,511	\$ 2,085,000
June 30, 2012	1,684,000	17,284,039	17,141,903	1,826,136

Note 17. Pending GASB Statements

At June 30, 2013, 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. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. Statement No. 65 will be effective for periods beginning after December 15, 2012.

GASB Statement No. 66, *Technical Corrections – 2012*, will improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Statement No. 66 will be effective for periods beginning after December 15, 2012.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, will improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. Statement No. 68 will be effective for fiscal years beginning after June 15, 2014.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 17. Pending GASB Statements (Continued)

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013.

Management has not determined the effects these new Statements may have on prospective financial statements.

Note 18. 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 of Finance, City of Harrisonburg, 345 South Main Street, Harrisonburg, VA, 22801.

In fiscal year 2013, the County's contributions to the HRECC totaled approximately \$1,462,000.

Note 19. Contingency

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.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 20. Restatement

Change in Accounting

In accordance with the adoption of GASB No. 61, *The Financial Reporting Entity: Omnibus*, the County has presented their interest in the Harrisonburg-Rockingham Social Services District (District) as an asset, entitled "Investment in Harrisonburg-Rockingham Social Services District," and has restricted fund balance in the General Fund for this same amount. The beginning fund balance in the General Fund has been restated and increased by \$2,777,600 to reflect the asset that was not required to be reported as an investment in the prior year. In addition, beginning net position has been restated and increased by \$2,150,667 to reflect this change in the entity-wide statements for the fiscal year ended June 30, 2013.

The following shows the change to beginning fund balance from the amount previously reported:

	<u>General Fund</u>
Fund balance, June 30, 2012, as previously reported	\$ 28,982,845
Effect of change in reporting Investment in Harrisonburg-Rockingham Social Services District	<u>2,777,600</u>
Fund balance, June 30, 2012, as restated	<u>\$ 31,760,445</u>

The following shows the change to beginning net position from the amount previously reported:

	<u>Governmental Activities</u>
Net position, June 30, 2012, as previously reported	\$ (14,656,373)
Effect of change in reporting Investment in Harrisonburg-Rockingham Social Services District	<u>2,150,667</u>
Net position, June 30, 2012, as restated	<u>\$ (12,505,706)</u>

Note 21. Subsequent Events

On September 11, 2013, the Board awarded a contract of \$ 1,350,000 for a filter system replacement for the Three Springs Water Treatment Plant. Funding of this project will be from the fund balance of the Water and Sewer Fund.

On August 14, 2013, the Board authorized the execution of contracts on behalf of the Harrisonburg-Rockingham Social Services District for the acquisition, renovation, and expansion of a building. Funding of this project with a combined total of \$ 2,250,000 will be from the fund balance of the Harrisonburg-Rockingham Social Service District Fund.

**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, 2010	\$ 58,038,433	\$ 75,594,732	\$ 17,556,299	76.78%	\$ 19,873,211	88.34%
June 30, 2011	60,123,859	79,447,720	19,323,861	75.68%	19,683,587	98.17%
June 30, 2012	60,499,611	83,439,563	22,939,952	72.51%	19,424,552	118.10%
B. Component Unit - School Board non-professional employees:						
June 30, 2010	\$ 22,629,273	\$ 26,829,924	\$ 4,200,651	84.34%	\$ 7,352,390	57.13%
June 30, 2011	23,212,920	27,942,782	4,729,862	83.07%	7,411,488	63.82%
June 30, 2012	23,290,469	28,662,758	5,372,289	81.26%	7,416,122	72.44%

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, 2010	\$ 228,358	\$ 839,801	\$ 611,443	27.19%	\$ 7,352,390	8.32%
June 30, 2011	278,318	872,651	594,333	31.89%	7,411,488	8.02%
June 30, 2012	284,974	878,498	593,524	32.44%	7,416,122	8.00%

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
Component Unit - School Board non-professional employees:			
2011	\$ 57,036	100.00%	\$ -
2012	57,236	100.00%	-
2013	51,740	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 Liability (AAL)	Unfunded Actuarial Liability (UAAL)	Funded Ratio	Covered Payroll	Unfunded Actuarial 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, 2011	-	4,776,809	4,776,809	0.00%	19,683,587	24.27%
July 1, 2012	-	5,123,700	5,123,700	0.00%	19,424,552	26.38%
B. Component Unit - School Board employees:						
July 1, 2010	\$ -	\$ 17,358,002	\$ 17,358,002	0.00%	\$ 64,051,489	27.10%
July 1, 2011	-	16,988,165	16,988,165	0.00%	63,276,512	26.85%
July 1, 2012	-	18,076,500	18,076,500	0.00%	65,858,167	27.45%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - OTHER POSTEMPLOYMENT BENEFITS

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
A. Primary Government and Harrisonburg-Rockingham Social Services District, a component unit, employees:		
2011	\$ 562,464	32.09%
2012	522,032	32.63%
2013	549,401	37.09%
B. Component Unit - School Board employees:		
2011	\$ 1,723,902	39.06%
2012	1,715,705	35.41%
2013	1,801,354	37.32%

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Fund

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures 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, 2013**

	Special Revenue	Capital Projects	Permanent Fund	Total Nonmajor Governmental Funds
	Asset Forfeiture Fund	Joint Judicial Complex	Albert K. Long Trust	
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 191,958	\$ 564	\$ -	\$ 192,522
Accrued interest	415	1	47	463
Restricted cash	-	284,304	22,773	307,077
Total assets	\$ 192,373	\$ 284,869	\$ 22,820	\$ 500,062
LIABILITIES				
Accounts payable	\$ 3,578	\$ -	\$ -	\$ 3,578
Accrued payroll	337	-	-	337
Total liabilities	3,915	-	-	3,915
FUND BALANCES				
Nonspendable:				
Nonexpendable trust principal	-	-	11,143	11,143
Restricted for:				
Park maintenance	-	-	11,677	11,677
Judicial administration	96,496	-	-	96,496
Public safety	91,962	-	-	91,962
Debt service	-	284,304	-	284,304
Assigned to:				
Debt service	-	565	-	565
Total fund balances	188,458	284,869	22,820	496,147
Total liabilities and fund balances	\$ 192,373	\$ 284,869	\$ 22,820	\$ 500,062

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2013

	Special Revenue <u>Asset Forfeiture Fund</u>	Capital Projects <u>Joint Judicial Complex</u>	Permanent Fund <u>Albert K. Long Trust</u>	Total Nonmajor Governmental Funds
Revenues:				
Fines and forfeitures	\$ 33,935	\$ -	\$ -	\$ 33,935
Use of money	908	4	142	1,054
Intergovernmental	119,686	-	-	119,686
Total revenues	154,529	4	142	154,675
Expenditures:				
Current:				
Judicial administration	41,897	-	-	41,897
Public safety	37,619	-	-	37,619
Total expenditures	79,516	-	-	79,516
Net change in fund balances	75,013	4	142	75,159
Fund balance, beginning	113,445	284,865	22,678	420,988
Fund balance, ending	<u>\$ 188,458</u>	<u>\$ 284,869</u>	<u>\$ 22,820</u>	<u>\$ 496,147</u>

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 POSITION
NONMAJOR PROPRIETARY FUNDS

June 30, 2013

	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	\$ 13,795	\$ 52,348	\$ 91,704	\$ 157,847
Trade and other accounts receivable, net	4,091	802	8,945	13,838
Accrued interest	-	108	186	294
Total current assets	17,886	53,258	100,835	171,979
Noncurrent assets:				
Financing costs, net of accumulated amortization	5,682	4,629	10,804	21,115
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	(112,128)	(45,902)	(135,260)	(293,290)
Total capital assets, net of accumulated depreciation and amortization	519,774	260,120	1,034,230	1,814,124
Total noncurrent assets	525,456	264,749	1,045,034	1,835,239
Total assets	543,342	318,007	1,145,869	2,007,218
LIABILITIES				
Current liabilities:				
Accounts payable and deposits	2,215	508	680	3,403
Accrued interest	6,399	1,003	3,874	11,276
Unearned revenue	-	270	-	270
Advance from other funds	78,000	-	-	78,000
Revenue bonds	17,316	7,766	19,218	44,300
Total current liabilities	103,930	9,547	23,772	137,249
Noncurrent liabilities:				
Revenue bonds	320,015	115,636	330,356	766,007
Total noncurrent liabilities	320,015	115,636	330,356	766,007
Total liabilities	423,945	125,183	354,128	903,256
NET POSITION				
Net investment in capital assets	182,443	136,718	684,656	1,003,817
Unrestricted (deficit)	(63,046)	56,106	107,085	100,145
Total net position	\$ 119,397	\$ 192,824	\$ 791,741	\$ 1,103,962

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 NONMAJOR PROPRIETARY FUNDS
 Year Ended June 30, 2013

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
Operating revenues:				
Charges for services	\$ 35,272	\$ 12,862	\$ 29,528	\$ 77,662
Other revenue	225	-	-	225
Total operating revenues	35,497	12,862	29,528	77,887
Operating expenses:				
Contractual services	5,220	1,881	449	7,550
Other charges	17,525	3,933	329	21,787
Depreciation and amortization	11,777	6,120	25,289	43,186
Total operating expenses	34,522	11,934	26,067	72,523
Operating income	975	928	3,461	5,364
Nonoperating revenues (expenses):				
Interest revenue	-	355	501	856
Interest expense	(13,031)	(4,133)	(9,356)	(26,520)
Amortization of financing costs	(375)	(364)	(795)	(1,534)
Total nonoperating expenses, net	(13,406)	(4,142)	(9,650)	(27,198)
Loss before transfers	(12,431)	(3,214)	(6,189)	(21,834)
Transfers in	60,000	-	-	60,000
Change in net position	47,569	(3,214)	(6,189)	38,166
Total net position, beginning	71,828	196,038	797,930	1,065,796
Total net position, ending	\$ 119,397	\$ 192,824	\$ 791,741	\$ 1,103,962

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
Year Ended June 30, 2013

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
Cash Flows From Operating Activities:				
Receipts from customers	\$ 35,398	\$ 12,845	\$ 37,280	\$ 85,523
Payments to suppliers for goods and services	(23,829)	(6,976)	(628)	(31,433)
Other receipts, net	225	-	-	225
Net cash provided by operating activities	11,794	5,869	36,652	54,315
Cash Flows from Noncapital Financing Activities:				
Transfers from other funds	60,000	-	-	60,000
Net cash provided by noncapital financing activities	60,000	-	-	60,000
Cash Flows From Capital and Related Financing Activities:				
Payment of advance from other funds	(27,778)	-	-	(27,778)
Principal paid on outstanding debt	(16,800)	(7,520)	(20,658)	(44,978)
Interest paid and fiscal charges on outstanding debt	(13,421)	(4,194)	(7,604)	(25,219)
Net cash used in capital and related financing activities	(57,999)	(11,714)	(28,262)	(97,975)
Cash Flows From Investing Activities:				
Interest received on investment securities	-	310	404	714
Net cash provided by investing activities	-	310	404	714
Net increase (decrease) in cash and cash equivalents	13,795	(5,535)	8,794	17,054
Cash and Cash Equivalents:				
Beginning	-	57,883	82,910	140,793
Ending	\$ 13,795	\$ 52,348	\$ 91,704	\$ 157,847
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating income	\$ 975	\$ 928	\$ 3,461	\$ 5,364
Adjustments to reconcile operating income 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	126	(287)	7,752	7,591
Increase (decrease) in accounts payable and deposits	(1,084)	(892)	150	(1,826)
Net cash provided by operating activities	\$ 11,794	\$ 5,869	\$ 36,652	\$ 54,315

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 POSITION
INTERNAL SERVICE FUNDS**

June 30, 2013

	Central Stores	Self - Insurance	Total Internal Service Funds
ASSETS			
Current assets:			
Cash, cash equivalents and temporary cash investments	\$ 10,386	\$ 10,322,582	\$ 10,332,968
Trade and other accounts receivable	3,086	-	3,086
Accrued interest	-	19,561	19,561
Inventory	7,664	-	7,664
Total assets	21,136	10,342,143	10,363,279
LIABILITIES			
Current liabilities:			
Accounts payable	624	158,207	158,831
Unearned revenue	-	1,644,234	1,644,234
Insurance and benefit claims	-	2,085,000	2,085,000
Total liabilities	624	3,887,441	3,888,065
NET POSITION			
Unrestricted	20,512	6,454,702	6,475,214
Total net position	\$ 20,512	\$ 6,454,702	\$ 6,475,214

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
Year Ended June 30, 2013

	Central Stores	Self - Insurance	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 40,391	\$ 20,263,785	\$ 20,304,176
Total operating revenues	40,391	20,263,785	20,304,176
Operating expenses:			
Contractual services	-	1,968,497	1,968,497
Risk financing and benefit payments	-	17,008,375	17,008,375
Other charges	40,713	-	40,713
Total operating expenses	40,713	18,976,872	19,017,585
Operating income (loss)	(322)	1,286,913	1,286,591
Nonoperating revenue:			
Interest	-	60,715	60,715
Total nonoperating revenue	-	60,715	60,715
Income (loss) before transfers	(322)	1,347,628	1,347,306
Transfers out	-	(33,784)	(33,784)
Change in net position	(322)	1,313,844	1,313,522
Total net position, beginning	20,834	5,140,858	5,161,692
Total net position, ending	\$ 20,512	\$ 6,454,702	\$ 6,475,214

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2013**

	Central Stores	Self - Insurance	Total Internal Service Funds
Cash Flows From Operating Activities:			
Receipts from interfund services provided	\$ 40,697	\$ 20,609,436	\$ 20,650,133
Claims and benefits paid	-	(16,749,511)	(16,749,511)
Payments to suppliers for goods and services	(39,594)	(2,240,334)	(2,279,928)
Net cash provided by operating activities	1,103	1,619,591	1,620,694
Cash Flows From Noncapital Financing Activities:			
Transfers to other funds	-	(33,784)	(33,784)
Net cash used in noncapital financing activities	-	(33,784)	(33,784)
Cash Flows From Investing Activities:			
Interest received on investment securities	-	50,660	50,660
Net cash provided by investing activities	-	50,660	50,660
Net increase in cash and cash equivalents	1,103	1,636,467	1,637,570
Cash and Cash Equivalents:			
Beginning	9,283	8,686,115	8,695,398
Ending	<u>\$ 10,386</u>	<u>\$ 10,322,582</u>	<u>\$ 10,332,968</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ (322)	\$ 1,286,913	\$ 1,286,591
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Change in assets and liabilities:			
Decrease in:			
Accounts receivable	306	745	1,051
Inventory	642	-	642
Due from other governments	-	265,039	265,039
Increase (decrease) in:			
Accounts payable	477	(271,837)	(271,360)
Unearned revenue	-	79,867	79,867
Insurance and benefit claims	-	258,864	258,864
Net cash provided by operating activities	\$ 1,103	\$ 1,619,591	\$ 1,620,694

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.

Soil and Water Conservation – This fund is used to account for activities relating to the improvement of water quality and in conjunction with soil and water conservation.

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF NET POSITION

FIDUCIARY FUNDS

June 30, 2013

	Agency Funds							Totals
	Special Welfare	Employee Benefits	Economic Development Authority	Bond Escrow	Massanutten Technical Center	Emergency Medical Services	Soil and Water Conservation	
ASSETS								
Cash, cash equivalents and temporary cash investments	\$ 53,552	\$ 166,190	\$ 9,349	\$ 359,681	\$ 704,206	\$ 295,816	\$ -	\$ 1,588,794
Accounts receivable	-	10,751	31	741	21,104	7,704	76,148	116,479
Total assets	\$ 53,552	\$ 176,941	\$ 9,380	\$ 360,422	\$ 725,310	\$ 303,520	\$ 76,148	\$ 1,705,273
LIABILITIES								
Accounts payable	\$ 53,552	\$ 176,941	\$ 9,380	\$ 360,422	\$ 725,310	\$ 303,520	\$ 76,148	\$ 1,705,273

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended June 30, 2013**

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<u>SPECIAL WELFARE</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 49,942	\$ 131,778	\$ 128,168	\$ 53,552
LIABILITIES				
Accounts payable	\$ 49,942	\$ 131,778	\$ 128,168	\$ 53,552
<u>EMPLOYEE BENEFITS</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 103,766	\$ 416,052	\$ 353,628	\$ 166,190
Accounts receivable	10,751	-	-	10,751
Total assets	\$ 114,517	\$ 416,052	\$ 353,628	\$ 176,941
LIABILITIES				
Accounts payable	\$ 114,517	\$ 416,052	\$ 353,628	\$ 176,941
<u>ECONOMIC DEVELOPMENT AUTHORITY</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 8,414	\$ 12,066	\$ 11,131	\$ 9,349
Accounts receivable	9	31	9	31
Total assets	\$ 8,423	\$ 12,097	\$ 11,140	\$ 9,380
LIABILITIES				
Accounts payable	\$ 8,423	\$ 12,097	\$ 11,140	\$ 9,380

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended June 30, 2013**

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<u>BOND ESCROW</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 315,502	\$ 149,497	\$ 105,318	\$ 359,681
Accounts receivable	351	741	351	741
Total assets	\$ 315,853	\$ 150,238	\$ 105,669	\$ 360,422
LIABILITIES				
Accounts payable	\$ 315,853	\$ 150,238	\$ 105,669	\$ 360,422

MASSANUTTEN TECHNICAL CENTER

ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 707,199	\$ 4,726,519	\$ 4,729,512	\$ 704,206
Accounts receivable	57,258	21,104	57,258	21,104
Total assets	\$ 764,457	\$ 4,747,623	\$ 4,786,770	\$ 725,310
LIABILITIES				
Accounts payable	\$ 764,457	\$ 4,747,623	\$ 4,786,770	\$ 725,310

EMERGENCY MEDICAL SERVICES

ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 280,033	\$ 1,428,709	\$ 1,412,926	\$ 295,816
Accounts receivable	4,166	7,704	4,166	7,704
Total assets	\$ 284,199	\$ 1,436,413	\$ 1,417,092	\$ 303,520
LIABILITIES				
Accounts payable	\$ 284,199	\$ 1,436,413	\$ 1,417,092	\$ 303,520

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended June 30, 2013**

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<u>SOIL AND WATER CONSERVATION</u>				
ASSETS				
Accounts receivable	\$ 56,123	\$ 231,402	\$ 211,377	\$ 76,148
LIABILITIES				
Accounts payable	\$ 56,123	\$ 231,402	\$ 211,377	\$ 76,148
 <u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 1,464,856	\$ 6,864,621	\$ 6,740,683	\$ 1,588,794
Accounts receivable	128,658	260,982	273,161	116,479
Total assets	\$ 1,593,514	\$ 7,125,603	\$ 7,013,844	\$ 1,705,273
LIABILITIES				
Accounts payable	\$ 1,593,514	\$ 7,125,603	\$ 7,013,844	\$ 1,705,273

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, 2013

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash, cash equivalents and temporary cash investments	\$ 11,179,118	\$ 1,564,315	\$ 58,987	\$ 721,420	\$ 13,523,840
Trade and other accounts receivable	253,094	32,450	-	7,851	293,395
Accrued interest	-	2,949	342	1,306	4,597
Due from other governments	2,737,712	48,368	-	13,107	2,799,187
Prepaid items	2,415,578	142,466	-	48,242	2,606,286
Inventory	85,155	103,318	-	60,900	249,373
Total assets	\$ 16,670,657	\$ 1,893,866	\$ 59,329	\$ 852,826	\$ 19,476,678
LIABILITIES					
Accounts payable	\$ 2,090,819	\$ 31,063	\$ 57,279	\$ 204,808	\$ 2,383,969
Accrued payroll	14,576,838	447,739	-	314,323	15,338,900
Deferred revenue	3,000	-	-	-	3,000
Due to other governments	-	-	-	254,625	254,625
Total liabilities	16,670,657	478,802	57,279	773,756	17,980,494
FUND BALANCES					
Nonspendable:					
Prepaid items	2,415,578	142,466	-	48,242	2,606,286
Inventory	85,155	103,318	-	60,900	249,373
Assigned to:					
Capital outlay	-	-	2,050	-	2,050
Cafeteria	-	1,169,280	-	-	1,169,280
Textbooks	-	-	-	18,170	18,170
Unassigned	(2,500,733)	-	-	(48,242)	(2,548,975)
Total fund balances	-	1,415,064	2,050	79,070	1,496,184
Total liabilities and fund balances	\$ 16,670,657	\$ 1,893,866	\$ 59,329	\$ 852,826	\$ 19,476,678
Total Fund balances					\$ 1,496,184
Amounts reported for governmental activities in the Statement of Net Position 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				\$ 266,898,195	
Less accumulated depreciation and amortization				(118,043,968)	
Net capital assets					148,854,227
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 Position.					
					3,078,706
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				(3,510,621)	
Other postemployment benefits				(5,563,782)	
					(9,074,403)
Net position of governmental activities					\$ 144,354,714

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 Year Ended June 30, 2013

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Use of money and property	\$ 24,012	\$ 7,555	\$ 2,829	\$ 2,788	\$ 37,184
Charges for services	2,410,201	1,936,378	-	552,747	4,899,326
Miscellaneous	301,618	-	-	64,695	366,313
Appropriation from Primary Government	49,550,041	-	-	550,000	50,100,041
Intergovernmental	60,355,442	3,014,214	-	4,075,370	67,445,026
Total revenues	112,641,314	4,958,147	2,829	5,245,600	122,847,890
Expenditures:					
Current:					
Education	112,641,314	5,182,877	-	5,237,081	123,061,272
Reimbursement to primary government	-	-	562,808	-	562,808
Capital outlay	-	-	573,873	-	573,873
Total expenditures	112,641,314	5,182,877	1,136,681	5,237,081	124,197,953
Net change in fund balances	-	(224,730)	(1,133,852)	8,519	(1,350,063)
Fund balances, beginning	-	1,639,794	1,135,902	70,551	2,846,247
Fund balances, ending	\$ -	\$ 1,415,064	\$ 2,050	\$ 79,070	\$ 1,496,184

Net change in fund balances \$ (1,350,063)

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	\$ 2,037,300	
Less depreciation and amortization expense	(8,934,317)	
Excess of depreciation and amortization over capital outlays		(6,897,017)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to increase net position. 81,465

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	(188,539)	
Other postemployment benefits	(1,121,792)	
		(1,310,331)

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	15,446,620	
Total expenses	(14,422,423)	
		1,024,197

Change in net position of governmental activities \$ (8,451,749)

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING BALANCE SHEET

NONMAJOR FUNDS OF THE DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

June 30, 2013

	School Textbook Fund	Massanutten Technical Center - Operating Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash, cash equivalents and temporary cash investments	\$ 17,213	\$ 704,207	\$ 721,420
Trade and other accounts receivable	1,161	6,690	7,851
Accrued interest	-	1,306	1,306
Due from other governments	-	13,107	13,107
Prepaid items	-	48,242	48,242
Inventory	60,900	-	60,900
Total assets	\$ 79,274	\$ 773,552	\$ 852,826
LIABILITIES			
Accounts payable	\$ 204	\$ 204,604	\$ 204,808
Accrued payroll	-	314,323	314,323
Due to other governments	-	254,625	254,625
Total liabilities	204	773,552	773,756
FUND BALANCES			
Nonspendable:			
Prepaid items	-	48,242	48,242
Inventory	60,900	-	60,900
Assigned to:			
Textbooks	18,170	-	18,170
Unassigned	-	(48,242)	(48,242)
Total fund balances	79,070	-	79,070
Total liabilities and fund balances	\$ 79,274	\$ 773,552	\$ 852,826

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, 2013

	School Textbook Fund	Massanutten Technical Center - Operating Fund	Total Nonmajor Governmental Funds
Revenues:			
Use of money and property	\$ -	\$ 2,788	\$ 2,788
Charges for services	-	552,747	552,747
Miscellaneous	5,777	58,918	64,695
Appropriation from Primary Government	550,000	-	550,000
Intergovernmental	-	4,075,370	4,075,370
Total revenues	555,777	4,689,823	5,245,600
Expenditures:			
Current:			
Education	547,258	4,689,823	5,237,081
Total expenditures	547,258	4,689,823	5,237,081
Net change in fund balances	8,519	-	8,519
Fund balance, beginning	70,551	-	70,551
Fund balance, ending	\$ 79,070	\$ -	\$ 79,070

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 NET POSITION - SCHOOL BOARD
FIDUCIARY FUNDS**

June 30, 2013

	Agency Funds		
	Massanutten		
	School	Technical	
	Activity	Center	
	Fund	Activity	Fund
		Fund	Totals
ASSETS			
Cash, cash equivalents and temporary cash investments	\$ 1,362,882	\$ 94,712	\$ 1,457,594
Accounts receivable	25,539	140	25,679
Total assets	\$ 1,388,421	\$ 94,852	\$ 1,483,273
LIABILITIES			
Accounts payable	\$ 1,388,421	\$ 94,852	\$ 1,483,273
Total liabilities	\$ 1,388,421	\$ 94,852	\$ 1,483,273

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - SCHOOL BOARD
ALL AGENCY FUNDS
Year Ended June 30, 2013**

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<u>SCHOOL ACTIVITY FUND</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 1,369,979	\$ 4,217,216	\$ 4,224,313	\$ 1,362,882
Accounts receivable	28,554	25,539	28,554	25,539
Total assets	\$ 1,398,533	\$ 4,242,755	\$ 4,252,867	\$ 1,388,421
LIABILITIES				
Accounts payable	\$ 1,398,533	\$ 4,242,755	\$ 4,252,867	\$ 1,388,421
<u>MASSANUTTEN TECHNICAL CENTER ACTIVITY FUND</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 122,945	\$ 193,642	\$ 221,875	\$ 94,712
Accounts receivable	1,341	140	1,341	140
Total assets	\$ 124,286	\$ 193,782	\$ 223,216	\$ 94,852
LIABILITIES				
Accounts payable	\$ 124,286	\$ 193,782	\$ 223,216	\$ 94,852
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 1,492,924	\$ 4,410,858	\$ 4,446,188	\$ 1,457,594
Accounts receivable	29,895	25,679	29,895	25,679
Total assets	\$ 1,522,819	\$ 4,436,537	\$ 4,476,083	\$ 1,483,273
LIABILITIES				
Accounts payable	\$ 1,522,819	\$ 4,436,537	\$ 4,476,083	\$ 1,483,273

**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, 2013

	Operating Fund	Special Revenue Comprehensive Services Act	Total Governmental Funds
ASSETS			
Cash, cash equivalents and temporary cash investments	\$ 4,523,500	\$ 86,498	\$ 4,609,998
Trade and other accounts receivable	7,578	49,096	56,674
Accrued interest	9,739	909	10,648
Due from other governments	815,660	1,012,171	1,827,831
Prepaid items	75,338	1,492	76,830
Total assets	\$ 5,431,815	\$ 1,150,166	\$ 6,581,981
LIABILITIES			
Accounts payable	\$ 311,880	\$ 887,213	\$ 1,199,093
Accrued payroll	97,791	2,563	100,354
Deferred revenue	5,000	-	5,000
Total liabilities	414,671	889,776	1,304,447
FUND BALANCES			
Nonspendable:			
Prepaid items	75,338	1,492	76,830
Restricted for minority interest	2,028,190	132,948	2,161,138
Assigned to:			
Social services	2,913,616	125,950	3,039,566
Total fund balances	5,017,144	260,390	5,277,534
Total liabilities and fund balances	\$ 5,431,815	\$ 1,150,166	\$ 6,581,981
Fund balances			\$ 5,277,534

Amounts reported for governmental activities in the Statement of Net Position 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	\$ 516,768	
Less accumulated depreciation and amortization	(508,288)	
Net capital assets		8,480

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	(384,603)	
Other postemployment benefits	(339,113)	
		(723,716)

Net position of governmental activities **\$ 4,562,298**

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, 2013

	Operating Fund	Special Revenue Comprehensive Services Act	Total Governmental Funds
Revenues:			
Use of money and property	\$ 29,176	\$ 3,457	\$ 32,633
Miscellaneous	1,114,361	1,900,000	3,014,361
Appropriation from General Fund	1,561,519	1,800,000	3,361,519
Intergovernmental	9,676,484	5,193,142	14,869,626
Total revenues	12,381,540	8,896,599	21,278,139
Expenditures:			
Current:			
Health and social services	11,643,321	9,024,707	20,668,028
Total expenditures	11,643,321	9,024,707	20,668,028
Net change in fund balances	738,219	(128,108)	610,111
Fund balances, beginning	4,278,925	388,498	4,667,423
Fund balances, ending	\$ 5,017,144	\$ 260,390	\$ 5,277,534

Net change in fund balances \$ 610,111

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	(10,423)	
Excess of depreciation and amortization over capital outlays		(10,423)

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	1,512	
Other postemployment benefits	(79,392)	
		(77,880)

Change in net position of governmental activities \$ 521,808

SUPPLEMENTAL SCHEDULES

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2013**

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	\$ 45,007,000	\$ 45,007,000	\$ 45,416,923	\$ 409,923
Real and personal public service corporation property taxes	1,320,000	1,320,000	1,508,546	188,546
Personal property taxes	10,800,000	10,800,000	11,547,649	747,649
Machinery and tools taxes	9,500,000	9,500,000	10,163,208	663,208
Merchants' capital taxes	1,000,000	1,000,000	1,146,850	146,850
Penalties and interest	562,000	562,000	763,752	201,752
Total general property taxes	68,189,000	68,189,000	70,546,928	2,357,928
Other local taxes:				
Local sales and use taxes	4,600,000	4,600,000	4,881,368	281,368
Consumer utility taxes	987,400	987,400	1,035,484	48,084
Utility gross receipts taxes	400,000	400,000	385,368	(14,632)
Bank stock taxes	25,000	25,000	45,179	20,179
Motor vehicle licenses	1,150,000	1,150,000	1,236,520	86,520
Taxes on recordation and wills	800,000	800,000	969,920	169,920
Hotel and motel room taxes	200,000	200,000	187,605	(12,395)
Food and beverage taxes	800,000	800,000	889,702	89,702
Total other local taxes	8,962,400	8,962,400	9,631,146	668,746
Permits, privilege fees and regulatory licenses:				
Animal licenses	25,000	25,000	24,019	(981)
Permits and other licenses	639,225	639,225	864,092	224,867
Total permits, privilege fees and regulatory licenses	664,225	664,225	888,111	223,886
Fines and forfeitures	132,000	132,000	133,407	1,407
Use of money and property:				
Revenue from use of money	35,000	35,000	48,468	13,468
Revenue from use of property	1,281,603	1,281,603	1,298,823	17,220
Total use of money and property	1,316,603	1,316,603	1,347,291	30,688

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2013**

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	\$ 240,500	\$ 240,500	\$ 230,263	\$ (10,237)
Commonwealth attorney's fees	468,800	490,300	454,483	(35,817)
Law enforcement and traffic control	240,862	322,862	304,049	(18,813)
EMS transport	420,000	540,217	378,332	(161,885)
Correction and detention	630,883	767,883	821,576	53,693
Parks and recreation	690,000	690,000	689,968	(32)
Computer services	3,000	3,000	1,359	(1,641)
Garage fees	675,000	825,000	774,801	(50,199)
Planning and community development	1,450	1,450	2,975	1,525
Total charges for services	3,370,495	3,881,212	3,657,806	(223,406)
Miscellaneous	217,000	277,750	345,024	67,274
Recovered costs:				
City of Harrisonburg:				
Judicial administration	275,694	291,680	301,399	9,719
Public safety	2,460,524	2,603,197	2,689,936	86,739
Public works	329,178	348,266	359,870	11,604
Other entities:				
Public safety	324,294	324,294	264,897	(59,397)
Public works	36,000	36,000	-	(36,000)
Total recovered costs	3,425,690	3,603,437	3,616,102	12,665
Total revenue from local sources	86,277,413	87,026,627	90,165,815	3,139,188
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Communications sales and use taxes	1,590,000	1,590,000	1,630,304	40,304
Mobile home titling taxes	60,000	60,000	61,894	1,894
Rental vehicle taxes	5,000	5,000	4,398	(602)
Personal property tax relief	5,640,000	5,640,000	5,665,207	25,207
Recordation taxes	280,000	280,000	250,208	(29,792)
Total non-categorical aid	7,575,000	7,575,000	7,612,011	37,011

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2013**

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	\$ 770,395	\$ 770,395	\$ 761,512	\$ (8,883)
Sheriff	5,420,313	5,450,895	5,250,597	(200,298)
Commissioner of the revenue	181,156	181,156	181,304	148
Treasurer	159,867	159,867	163,240	3,373
Registrar/Electoral Board	47,000	47,000	42,574	(4,426)
Clerk of circuit court	534,187	766,595	663,683	(102,912)
Jail operations	522,355	522,355	405,813	(116,542)
Total shared costs	7,635,273	7,898,263	7,468,723	(429,540)
Other categorical aid:				
Emergency medical services	80,200	80,200	78,833	(1,367)
Community corrections	419,233	421,303	391,609	(29,694)
Fire program	152,400	152,400	164,088	11,688
Hazardous materials program	10,000	10,000	10,000	-
Victim witness	24,000	24,000	17,462	(6,538)
Records preservation	-	21,941	21,941	-
Domestic violence	40,000	40,000	38,923	(1,077)
OEMS training	-	98,036	16,211	(81,825)
Other	-	6,505	15,146	8,641
Total other categorical aid	725,833	854,385	754,213	(100,172)
Total categorical aid	8,361,106	8,752,648	8,222,936	(529,712)
Total revenue from the Commonwealth	15,936,106	16,327,648	15,834,947	(492,701)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2013**

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	\$ 380,000	\$ 380,000	\$ 391,984	\$ 11,984
Categorical aid:				
Victim witness	49,541	49,541	52,385	2,844
FEMA	-	10,844	10,844	-
Highway safety	42,495	79,845	44,971	(34,874)
Welfare	100,000	100,000	186,696	86,696
Domestic violence coordinator	27,193	27,193	20,993	(6,200)
State criminal alien assistance	60,000	60,000	31,078	(28,922)
Homeland security program	-	38,209	68,989	30,780
Other	5,000	60,889	26,029	(34,860)
Total categorical aid	284,229	426,521	441,985	15,464
Total revenue from the federal government	664,229	806,521	833,969	27,448
Total intergovernmental	16,600,335	17,134,169	16,668,916	(465,253)
Total General Fund	\$ 102,877,748	\$ 104,160,796	\$ 106,834,731	\$ 2,673,935
Special Revenue Fund:				
Asset Forfeiture Fund:				
Revenue from local sources:				
Fines and forfeitures:				
Seized funds - judicial administration	\$ -	\$ -	\$ 19,057	\$ 19,057
Seized funds - public safety	14,130	40,659	14,878	(25,781)
Total fines and forfeitures	14,130	40,659	33,935	(6,724)
Revenue from use of money	-	-	908	908
Total revenue from local sources	14,130	40,659	34,843	(5,816)
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Seized funds - judicial administration	-	41,000	59,843	18,843
Seized funds - public safety	-	-	59,843	59,843
Total intergovernmental	-	41,000	119,686	78,686
Total Special Revenue Fund	\$ 14,130	\$ 81,659	\$ 154,529	\$ 72,870

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2013**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
Capital Projects Funds:				
General Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 109,323	\$ 109,323
Miscellaneous:				
City of Harrisonburg share	109,917	109,917	49,152	(60,765)
Reimbursement from component unit	-	1,062,808	562,808	(500,000)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VDOT Revenue Sharing	-	-	50,332	50,332
TPOF Grant	-	-	2,452,265	2,452,265
Total revenue from the Commonwealth	-	-	2,502,597	2,502,597
Revenue from the federal government:				
Categorical aid:				
Safe Routes to Schools	-	-	34,850	34,850
Total intergovernmental	-	-	2,537,447	2,537,447
Total General Capital Projects Fund	109,917	1,172,725	3,258,730	2,086,005
Joint Judicial Complex Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	4	4
Total Joint Judicial Complex Fund	-	-	4	4
Total Capital Projects Funds	\$ 109,917	\$ 1,172,725	\$ 3,258,734	\$ 2,086,009
Permanent Fund:				
Albert K. Long Trust Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 142	\$ 142
Total Permanent Fund	\$ -	\$ -	\$ 142	\$ 142
Grand Total Revenues - Primary Government	\$ 103,001,795	\$ 105,415,180	\$ 110,248,136	\$ 4,832,956
Component Units:				
Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of property	\$ 23,200	\$ 23,200	\$ 24,012	\$ 812
Charges for services	2,224,500	2,224,500	2,410,201	185,701
Miscellaneous	120,000	120,000	301,618	181,618
Appropriation from General Fund	50,025,000	51,655,000	49,550,041	(2,104,959)
Total revenue from local sources	52,392,700	54,022,700	52,285,872	(1,736,828)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2013**

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: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Rolling stock tax	\$ 60,000	\$ 60,000	\$ 73,097	\$ 13,097
Categorical aid:				
State sales tax receipts	11,498,120	11,498,120	11,602,010	103,890
Basic school aid	28,538,286	28,538,286	28,516,993	(21,293)
Other state school funds	15,680,912	15,680,912	15,493,701	(187,211)
Total categorical aid	55,717,318	55,717,318	55,612,704	(104,614)
Total revenue from the Commonwealth	55,777,318	55,777,318	55,685,801	(91,517)
Revenue from the federal government:				
Categorical aid:				
Title I	1,670,000	1,670,000	1,680,124	10,124
Title VIB	2,588,000	2,588,000	2,386,331	(201,669)
Other school funds	485,000	485,000	569,257	84,257
Total revenue from the federal government	4,783,000	4,783,000	4,669,641	(113,359)
Total intergovernmental	60,560,318	60,560,318	60,355,442	(204,876)
Total School Operating Fund	112,953,018	114,583,018	112,641,314	(1,941,704)
School Textbook Fund:				
Revenue from local sources:				
Miscellaneous	-	-	5,777	5,777
Local governments:				
Appropriation from the General Fund	550,000	550,000	550,000	-
Total School Textbook Fund	550,000	550,000	555,777	5,777
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money	8,000	8,000	7,555	(445)
Charges for services	2,301,424	2,301,424	1,936,378	(365,046)
Total revenue from local sources	2,309,424	2,309,424	1,943,933	(365,491)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	90,000	90,000	96,650	6,650
Revenue from the federal government:				
Categorical aid:				
School food program grant	2,857,220	2,857,220	2,917,564	60,344
Total intergovernmental	2,947,220	2,947,220	3,014,214	66,994
Total School Cafeteria Fund	5,256,644	5,256,644	4,958,147	(298,497)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2013**

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: (Continued)				
School Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 2,829	\$ 2,829
Total School Capital Projects Fund	-	-	2,829	2,829
Massanutten Technical Center - Operating Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	2,788	2,788
Charges for services	643,600	643,600	552,747	(90,853)
Miscellaneous	6,000	6,000	11,418	5,418
House project	40,000	40,000	47,500	7,500
Total revenue from local sources	689,600	689,600	614,453	(75,147)
Intergovernmental:				
Revenue from the Commonwealth	293,944	293,944	382,335	88,391
Revenue from the federal government	176,574	176,574	156,528	(20,046)
Local governments:				
Appropriation from Rockingham County School Board	2,783,815	2,823,815	2,634,169	(189,646)
Appropriation from the City of Harrisonburg	957,531	967,531	902,338	(65,193)
Total local governments	3,741,346	3,791,346	3,536,507	(254,839)
Total intergovernmental	4,211,864	4,261,864	4,075,370	(186,494)
Total Massanutten Technical Center - Operating Fund	4,901,464	4,951,464	4,689,823	(261,641)
Total Revenues - Component Unit - School Board	\$ 123,661,126	\$ 125,341,126	\$ 122,847,890	\$ (2,493,236)
Component Unit - Harrisonburg-Rockingham				
Social Services District:				
Operating Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 29,176	\$ 29,176
Miscellaneous:				
City of Harrisonburg share	1,076,223	1,076,223	1,076,223	-
Other	24,482	24,482	38,138	13,656
Total miscellaneous	1,100,705	1,100,705	1,114,361	13,656
Appropriation from the General Fund	1,561,519	1,561,519	1,561,519	-
Total revenue from local sources	2,662,224	2,662,224	2,705,056	42,832

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2013**

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: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Social services administration:				
Public assistance and administration	\$ 6,571,973	\$ 6,571,973	\$ 4,803,986	\$ (1,767,987)
Total revenue from the Commonwealth	6,571,973	6,571,973	4,803,986	(1,767,987)
Revenue from the federal government:				
Categorical aid:				
Social services administration:				
Welfare	5,687,929	5,687,929	4,872,498	(815,431)
Total intergovernmental	12,259,902	12,259,902	9,676,484	(2,583,418)
Total Harrisonburg-Rockingham Social Services District - Operating Fund	14,922,126	14,922,126	12,381,540	(2,540,586)
Special Revenue Fund:				
Comprehensive Services Act Fund:				
Revenue from local sources:				
Revenue from use of money				
	-	-	3,457	3,457
Miscellaneous:				
City of Harrisonburg share	1,900,000	1,900,000	1,900,000	-
Appropriation from the General Fund				
	1,800,000	1,800,000	1,800,000	-
Total revenue from local sources	3,700,000	3,700,000	3,703,457	3,457
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Social services administration:				
Comprehensive Services Act	6,168,960	6,168,960	4,804,516	(1,364,444)
Revenue from the federal government:				
Categorical aid:				
Social services administration:				
Comprehensive Services Act	-	-	388,626	388,626
Total intergovernmental	6,168,960	6,168,960	5,193,142	(975,818)
Total Comprehensive Services Act Fund	9,868,960	9,868,960	8,896,599	(1,360,987)
Total Revenues - Component Unit - Harrisonburg-Rockingham Social Services District	\$ 24,791,086	\$ 24,791,086	\$ 21,278,139	\$ (3,901,573)
Grand Total Revenues - Component Units	\$ 148,452,212	\$ 150,132,212	\$ 144,126,029	\$ (6,394,809)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2013**

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	\$ 156,883	\$ 156,883	\$ 156,717	\$ (166)
General and financial:				
Executive administration	413,189	413,189	396,641	(16,548)
Legal services	448,429	448,429	436,316	(12,113)
Independent auditor and actuarial services	75,500	75,500	75,500	-
Commissioner of the revenue	531,692	531,692	519,979	(11,713)
Reassessment and equalization	266,717	266,717	234,060	(32,657)
Treasurer	505,062	529,262	498,843	(30,419)
Fiscal services	702,799	788,082	751,655	(36,427)
Human resources	207,679	207,679	201,488	(6,191)
Technology	876,878	876,878	825,387	(51,491)
Land use assessment	56,485	56,485	52,530	(3,955)
Central switchboard	65,920	65,920	64,885	(1,035)
Total general and financial	4,150,350	4,259,833	4,057,284	(202,549)
Board of elections:				
Electoral board and officials	83,801	111,991	105,871	(6,120)
Registrar	138,788	138,788	143,207	4,419
Total board of elections	222,589	250,779	249,078	(1,701)
Total general government administration	4,529,822	4,667,495	4,463,079	(204,416)
Judicial administration:				
Courts:				
Circuit court	156,128	156,128	144,292	(11,836)
General district court	21,193	21,193	20,126	(1,067)
Magistrate	6,050	6,050	6,306	256
Juvenile and domestic relations court	35,340	35,340	23,371	(11,969)
Clerk of the circuit court	884,047	1,154,150	1,082,657	(71,493)
Department of court services	522,504	584,427	530,759	(53,668)
Total courts	1,625,262	1,957,288	1,807,511	(149,777)
Commonwealth attorney	1,511,848	1,538,348	1,521,860	(16,488)
Total judicial administration	3,137,110	3,495,636	3,329,371	(166,265)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2013**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 5,064,849	\$ 5,251,682	\$ 5,062,266	\$ (189,416)
Fire and rescue services:				
Fire department	4,976,379	5,344,385	4,989,542	(354,843)
Volunteer fire companies	710,034	710,034	706,990	(3,044)
Ambulance and rescue squads	259,050	334,890	328,931	(5,959)
Fire extinction service	17,686	17,686	17,223	(463)
Total fire and rescue services	5,963,149	6,406,995	6,042,686	(364,309)
Correction and detention:				
County operated institutions	7,044,490	7,200,453	7,071,530	(128,923)
Building inspections	557,781	557,781	540,621	(17,160)
Other protection:				
Animal control	355,526	355,526	359,020	3,494
Emergency services	1,468,031	1,468,031	1,462,116	(5,915)
Total other protection	1,823,557	1,823,557	1,821,136	(2,421)
Total public safety	20,453,826	21,240,468	20,538,239	(702,229)
Public works:				
General administration	63,985	76,785	82,262	5,477
Garage operations	708,577	858,577	868,508	9,931
Maintenance:				
General properties	379,986	395,986	396,371	385
Courthouse	218,378	298,588	292,729	(5,859)
School office building	111,316	122,316	122,668	352
Extension/central garage building	53,253	57,253	61,252	3,999
Human Services/Health department building	152,395	169,795	162,142	(7,653)
TV translator system	10,000	10,000	11,205	1,205
County administration complex	268,496	284,996	280,193	(4,803)
District courts	252,247	274,347	271,425	(2,922)
Sheriff department	134,184	162,184	156,798	(5,386)
Total public works	2,352,817	2,710,827	2,705,553	(5,274)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2013**

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	\$ 588,887	\$ 602,486	\$ 594,173	\$ (8,313)
Mental health and mental retardation:				
Community Services Board	397,478	397,478	397,478	-
Social services:				
Property tax relief for elderly/handicapped	247,000	342,426	322,426	(20,000)
Appropriation to the Harrisonburg-Rockingham Social Services District	3,361,519	3,361,519	3,022,723	(338,796)
Institutional care	222,642	222,642	220,224	(2,418)
Total health and social services	4,817,526	4,926,551	4,557,024	(369,527)
Education:				
Appropriation to the Rockingham County School Board	50,575,000	52,205,000	50,100,041	(2,104,959)
Total education	50,575,000	52,205,000	50,100,041	(2,104,959)
Parks, recreation and cultural:				
Parks and recreation:				
Administration	180,537	183,037	175,240	(7,797)
Maintenance	145,490	139,490	133,788	(5,702)
Athletic events/programs	1,187,285	1,199,919	1,072,067	(127,852)
Total parks and recreation	1,513,312	1,522,446	1,381,095	(141,351)
Cultural:				
Regional library	745,866	745,866	745,866	-
Total parks, recreation and cultural	2,259,178	2,268,312	2,126,961	(141,351)
Community development:				
Planning and community development	630,135	650,635	598,471	(52,164)
Geographic information systems	168,108	168,108	122,244	(45,864)
Economic development	2,020,736	2,020,736	1,633,134	(387,602)
Soil and water conservation district	34,000	34,000	34,000	-
Cooperative extension program	110,824	110,824	101,188	(9,636)
Gypsy moth program	750	750	50	(700)
Environmental management	125,080	180,080	155,170	(24,910)
Contributions, grants and other	915,455	1,039,601	510,524	(529,077)
Total community development	4,005,088	4,204,734	3,154,781	(1,049,953)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2013**

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	\$ 1,972,096	\$ 2,512,096	\$ 2,227,965	\$ (284,131)
Principal - School Board	5,858,551	5,858,551	5,858,551	-
Total principal	7,830,647	8,370,647	8,086,516	(284,131)
Interest and fiscal charges - County	793,392	793,392	788,852	(4,540)
Interest and fiscal charges - School Board	4,361,927	4,361,927	4,359,376	(2,551)
Total interest and fiscal charges	5,155,319	5,155,319	5,148,228	(7,091)
Total debt service	12,985,966	13,525,966	13,234,744	(291,222)
Total General Fund	\$ 105,116,333	\$ 109,244,989	\$ 104,209,793	\$ (5,035,196)
Special Revenue Fund:				
Asset Forfeiture Fund:				
Judicial administration:				
Commonwealth attorney	\$ -	\$ 41,000	\$ 41,897	\$ 897
Public safety:				
Law enforcement	14,130	40,659	37,619	(3,040)
Total Asset Forfeiture Fund	14,130	81,659	79,516	(2,143)
Total Special Revenue Fund	\$ 14,130	\$ 81,659	\$ 79,516	\$ (2,143)
General Capital Projects Fund:				
Capital projects	\$ 5,412,000	\$ 6,602,058	\$ 2,796,798	\$ (3,805,260)
Total General Capital Projects Fund	\$ 5,412,000	\$ 6,602,058	\$ 2,796,798	\$ (3,805,260)
Grand Total Expenditures - Primary Government	\$ 110,542,463	\$ 115,928,706	\$ 107,086,107	\$ (8,842,599)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2013**

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	\$ 86,951,179	\$ 88,099,709	\$ 86,675,848	\$ (1,423,861)
Administration, attendance and health	5,444,189	5,359,859	5,290,830	(69,029)
Pupil transportation services	8,522,583	9,088,383	9,037,295	(51,088)
Operation and maintenance services	12,035,067	12,035,067	11,637,341	(397,726)
Total School Operating Fund	112,953,018	114,583,018	112,641,314	(1,941,704)
School Textbook Fund:				
Education:				
Purchase of textbooks	550,000	550,000	547,258	(2,742)
Total School Textbook Fund	550,000	550,000	547,258	(2,742)
School Cafeteria Fund:				
Education:				
School food services	5,358,598	5,463,598	5,182,877	(280,721)
Total School Cafeteria Fund	5,358,598	5,463,598	5,182,877	(280,721)
School Capital Projects Fund:				
Reimbursement to primary government	-	562,808	562,808	-
Capital projects	220,000	720,000	573,873	(146,127)
Total School Capital Projects Fund	220,000	1,282,808	1,136,681	(146,127)
Massanutten Technical Center - Operating Fund:				
Education:				
Secondary	3,711,836	3,762,415	3,629,660	(132,755)
Continuing education	1,189,628	1,189,049	1,060,163	(128,886)
Total Massanutten Technical Center - Operating Fund	4,901,464	4,951,464	4,689,823	(261,641)
Total Expenditures - Component Unit - School Board	\$ 123,983,080	\$ 126,830,888	\$ 124,197,953	\$ (2,632,935)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2013**

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	\$ 8,832,148	\$ 8,832,148	\$ 5,838,876	\$ (2,993,272)
Administration:				
Welfare	6,089,978	6,182,558	5,804,445	(378,113)
Total Operating Fund	14,922,126	15,014,706	11,643,321	(3,371,385)
Special Revenue Fund:				
Comprehensive Services Act Fund:				
Comprehensive Services Act	9,868,960	9,868,960	9,024,707	(844,253)
Total Comprehensive Services Act Fund	9,868,960	9,868,960	9,024,707	(844,253)
Total Expenditures - Component Unit - Harrisonburg-Rockingham Social Services District	\$ 24,791,086	\$ 24,883,666	\$ 20,668,028	\$ (4,215,638)
Grand Total Expenditures - Component Units	\$ 148,774,166	\$ 151,714,554	\$ 144,865,981	\$ (6,848,573)

STATISTICAL SECTION

COUNTY OF ROCKINGHAM, VIRGINIA

STATISTICAL SECTION TABLE OF 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 POSITION/ASSETS BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Primary government:										
Governmental activities:										
Net investment in capital assets	\$ 14,393,817	\$ 13,858,239	\$ 21,591,028	\$ 28,293,610	\$ 34,024,527	\$ 33,331,094	\$ 31,494,506	\$ 31,571,104	\$ 34,323,744	\$ 34,110,413
Restricted	435,684	4,223,450	5,060,638	4,007,776	2,141,716	351,245	422,337	1,383,005	420,988	2,897,307
Unrestricted (deficit)	(13,000,411)	(9,391,928)	(13,707,781)	(33,175,692)	(44,397,535)	(71,164,591)	(68,208,673)	(58,123,750)	(49,401,105)	(40,378,653)
Total governmental activities net assets (deficit)	\$ 1,829,090	\$ 8,689,761	\$ 12,943,885	\$ (874,306)	\$ (8,231,292)	\$ (37,482,252)	\$ (36,291,830)	\$ (25,169,641)	\$ (14,656,373)	\$ (3,370,933)
Total governmental activities net position (deficit)										\$ (3,370,933)
Business-type activities:										
Net investment in capital assets	\$ 19,043,067	\$ 22,919,503	\$ 24,988,500	\$ 27,157,689	\$ 30,339,570	\$ 32,111,181	\$ 30,738,179	\$ 29,369,801	\$ 29,166,125	\$ 28,953,581
Restricted	2,018,084	192,676	-	-	-	-	-	-	-	-
Unrestricted (deficit)	(478,118)	(16,595)	1,257,682	1,296,143	1,170,036	145,128	1,153,253	2,261,627	3,028,033	5,479,288
Total business-type activities net assets	\$ 20,583,033	\$ 23,095,584	\$ 26,246,182	\$ 28,453,832	\$ 31,509,606	\$ 32,256,309	\$ 31,891,432	\$ 31,631,428	\$ 32,194,158	\$ 34,432,869
Total business-type activities net position										\$ 34,432,869
Primary government:										
Net investment in capital assets	\$ 33,436,884	\$ 36,777,742	\$ 46,579,528	\$ 55,451,299	\$ 64,364,097	\$ 65,442,275	\$ 62,232,685	\$ 60,940,905	\$ 63,489,869	\$ 63,063,994
Restricted	2,453,768	4,416,126	5,060,638	4,007,776	2,141,716	351,245	422,337	1,383,005	420,988	2,897,307
Unrestricted (deficit)	(13,478,529)	(9,408,523)	(12,450,099)	(31,879,549)	(43,227,499)	(71,019,463)	(67,055,420)	(55,862,123)	(46,373,072)	(34,899,365)
Total primary government net assets	\$ 22,412,123	\$ 31,785,345	\$ 39,190,067	\$ 27,579,526	\$ 23,278,314	\$ (5,225,943)	\$ (4,400,398)	\$ 6,461,787	\$ 17,537,785	\$ 31,061,936
Total primary government net position										\$ 31,061,936
Component units: (1)										
Component unit - school board:										
Net investment in capital assets	\$ 71,481,509	\$ 78,091,201	\$ 86,187,275	\$ 97,992,458	\$ 106,448,102	\$ 150,698,882	\$ 166,440,045	\$ 161,143,761	\$ 155,669,779	\$ 148,854,227
Restricted	7,124,235	22,976	-	-	-	-	-	-	-	-
Unrestricted (deficit)	1,339,750	(614,223)	(5,126,115)	7,669,973	17,399,200	11,635,128	2,949,404	407,514	(2,863,316)	(4,499,513)
Total component unit - school board net assets	\$ 79,945,494	\$ 77,499,954	\$ 81,061,160	\$ 105,662,431	\$ 123,847,302	\$ 162,334,010	\$ 169,389,449	\$ 161,551,275	\$ 152,806,463	\$ 144,354,714
Total component unit - school board net position										\$ 144,354,714

Component unit - Harrisonburg-Rockingham Social Services District												
Net investment in capital assets	\$ 84,871	\$ 109,194	\$ 170,053	\$ 194,573	\$ 162,869	\$ 119,199	\$ 78,918	\$ 40,063	\$ 18,903	\$ 8,480		
Restricted (4)	-	-	-	-	-	-	-	-	-	-	2,161,138	
Unrestricted	1,480,989	1,295,333	1,283,243	1,405,048	1,774,814	2,345,485	3,629,702	4,118,759	4,021,587	2,392,680		
Total component unit - HRSSD net assets	\$ 1,565,860	\$ 1,404,527	\$ 1,453,296	\$ 1,599,621	\$ 1,937,683	\$ 2,464,684	\$ 3,708,620	\$ 4,158,822	\$ 4,040,490			
Total component unit - HRSSD net position												\$ 4,562,298
Component units:												
Net investment in capital assets	\$ 71,566,380	\$ 78,200,395	\$ 86,357,328	\$ 98,187,031	\$ 106,610,971	\$ 150,818,081	\$ 166,518,963	\$ 161,183,824	\$ 155,688,682	\$ 148,862,707		
Restricted	7,124,235	22,976	-	-	-	-	-	-	-	-	2,161,138	
Unrestricted (deficit)	2,820,739	681,110	(3,842,872)	9,075,021	19,174,014	13,980,613	6,579,106	4,526,273	1,158,271	(2,106,833)		
Total component units net assets	\$ 81,511,354	\$ 78,904,481	\$ 82,514,456	\$ 107,262,052	\$ 125,784,985	\$ 164,798,694	\$ 173,098,069	\$ 165,710,097	\$ 156,846,953			
Total component units net position												\$ 148,917,012
Total reporting entity: (2)												
Net investment in capital assets	\$ 68,375,203	\$ 81,292,187	\$ 92,025,796	\$ 91,525,876	\$ 93,738,763	\$ 103,933,620	\$ 121,884,712	\$ 121,414,263	\$ 124,593,294	\$ 123,453,125		
Restricted	9,578,003	4,439,102	5,060,638	4,007,776	2,141,716	351,245	422,337	1,383,005	420,988	5,058,445		
Unrestricted	25,970,271	24,958,537	24,618,089	39,307,926	53,182,820	55,287,886	46,390,622	49,374,616	49,370,456	51,467,378		
Total reporting entity net assets	\$ 103,923,477	\$ 110,689,826	\$ 121,704,523	\$ 134,841,578	\$ 149,063,299	\$ 159,572,751	\$ 168,697,671	\$ 172,171,884	\$ 174,384,738			
Total reporting entity net position												\$ 179,978,948

Notes:

- (1) Component Unit net position/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 "Net investment in capital assets" 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 "Net investment in capital assets."
- (3) This table reports financial information based on the accrual basis of accounting. The County implemented GASB Statement No. 63 in fiscal year 2013. This standard eliminated the use of the term "net assets" and now refers to this measurement as "net position."
- (4) The County implemented GASB Statement No. 61 in fiscal year 2013. As a result, the net position of the Harrisonburg-Rockingham Social Services District includes the restricted components of the County as well as the minority interest, which is also restricted.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 3

CHANGES IN NET POSITION/ASSETS

Page 1

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Primary government:										
Expenses:										
Governmental activities:										
General government administration	\$ 3,950,687	\$ 4,331,629	\$ 4,564,294	\$ 4,911,660	\$ 4,932,635	\$ 5,172,496	\$ 4,927,727	\$ 4,694,851	\$ 4,941,835	\$ 5,194,117
Judicial administration	2,595,053	2,690,201	3,109,327	3,537,795	3,496,761	4,231,590	3,678,728	3,462,425	3,528,685	3,638,701
Public safety	13,949,886	15,625,806	16,728,591	18,690,616	19,040,217	20,558,230	19,529,025	20,392,396	20,970,030	21,372,315
Public works	1,760,352	1,878,903	2,187,373	2,510,342	2,567,406	2,515,660	2,384,927	2,453,101	2,587,532	5,144,874
Health and social services	3,008,207	3,327,684	4,402,543	4,811,248	4,792,353	5,087,755	5,212,611	5,005,635	4,834,979	4,702,838
Education	42,671,090	33,315,177	39,932,203	60,500,234	57,109,186	78,046,276	48,129,186	40,665,573	44,255,322	50,100,041
Parks, recreation and cultural	1,632,593	2,174,207	2,083,985	2,201,115	2,642,462	2,166,951	2,090,895	2,170,122	2,235,340	2,199,897
Community development	2,221,753	2,618,587	3,830,069	2,491,258	3,415,397	6,142,118	6,182,334	5,038,071	4,161,755	4,009,340
Interest	2,380,870	2,449,883	2,572,000	3,077,757	3,811,072	5,773,990	6,335,856	5,860,063	5,557,308	4,756,975
Total governmental activities	74,170,491	68,412,077	79,410,385	102,732,025	101,807,489	129,695,066	98,471,289	89,742,237	93,072,786	101,119,098
Business-type activities:										
Water and sewer	2,573,701	2,862,348	3,330,466	3,833,638	4,233,280	4,675,849	5,616,481	5,942,628	6,272,040	6,160,039
Solid waste	3,569,076	2,509,976	3,541,130	3,680,963	4,244,472	3,864,456	3,792,474	3,693,575	3,766,051	4,362,003
Total business-type activities	6,142,777	5,372,324	6,871,596	7,514,601	8,477,752	8,540,305	9,408,955	9,636,203	10,038,091	10,522,042
Total primary government expenses	80,313,268	73,784,401	86,281,981	110,246,626	110,285,241	138,235,371	107,880,244	99,378,440	103,110,877	111,641,140
Program revenue:										
Governmental activities:										
Charges for services:										
General government administration	4,945	6,145	4,764	2,877	5,729	1,511	4,058	4,815	2,200	1,359
Judicial administration	1,346,906	1,206,212	1,213,214	1,157,469	1,149,624	1,286,689	1,073,326	914,178	924,169	1,005,202
Public safety	3,123,080	3,440,187	3,974,894	4,124,597	4,604,090	4,073,797	4,090,326	5,171,000	5,053,378	5,495,186
Public works	539,784	590,386	757,503	826,007	1,014,447	1,021,587	956,152	1,098,549	1,078,306	1,183,823
Health and social services	32,856	2,429	52,834	26,086	-	5,665	7,953	83,232	34,717	-
Parks, recreation and cultural	279,036	276,009	300,701	326,290	324,628	405,709	467,229	696,685	660,369	690,110
Community development	4,232	7,150	7,615	3,011	2,727	1,786	4,017	1,467	3,085	2,975
Operating grants and contributions:										
General government administration	387,113	440,535	446,138	472,051	512,537	478,451	429,322	393,503	410,967	395,203
Judicial administration	1,858,291	1,627,479	1,819,324	2,032,672	2,031,766	2,177,711	2,124,717	2,088,186	2,003,636	2,034,608
Public safety	6,095,750	6,483,737	6,556,093	7,382,949	7,200,334	6,942,243	6,444,716	6,307,124	6,275,040	6,129,746
Public works	-	-	-	117,009	-	-	1,667	-	-	-
Health and social services	82,283	99,123	116,012	121,558	139,069	163,829	143,987	147,726	155,737	186,696
Education	-	-	-	-	-	-	-	-	-	562,808
Community development	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	259,573	778,954	372,230	163,721	-	83,950	118,588	269,312	22,000	38,354
Public works	-	-	-	-	-	-	-	-	36,410	2,537,447
Total governmental activities	14,132,294	15,087,649	17,426,453	17,020,634	17,221,591	16,895,913	16,124,377	17,435,424	16,660,014	20,263,517

COUNTY OF ROCKINGHAM, VIRGINIA

Table 3

CHANGES IN NET POSITION/ASSETS

Page 2

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Primary government:										
Program revenue:										
Business-type activities:										
Charges for services:										
Water and sewer	\$ 2,809,116	\$ 4,163,147	\$ 4,772,135	\$ 4,285,196	\$ 5,618,815	\$ 5,128,660	\$ 6,075,853	\$ 5,696,405	\$ 6,044,184	\$ 6,561,144
Solid waste	2,805,457	2,388,453	2,329,945	2,377,044	3,180,166	2,699,300	2,353,901	2,572,712	3,538,098	5,027,936
Operating grants and contributions:										
Water and sewer	-	22,701	10,000	-	-	-	-	-	-	-
Solid waste	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	5,631,697	6,591,126	9,259,593	9,197,326	10,807,860	8,843,650	8,429,754	8,269,117	9,582,282	11,589,080
Total primary government revenues	19,763,991	21,678,775	26,686,046	26,217,960	28,029,451	25,739,563	24,554,131	25,704,541	26,242,296	31,852,597
Net (expense) revenue:										
Governmental activities	(60,038,197)	(53,324,428)	(61,983,932)	(85,711,391)	(84,585,898)	(112,799,153)	(82,346,912)	(72,306,813)	(76,412,772)	(80,855,581)
Business-type activities	(511,080)	1,218,802	2,387,997	1,682,725	2,330,108	303,345	(979,201)	(1,367,086)	(455,809)	1,067,038
Total primary government, net expense	(60,549,277)	(52,105,626)	(59,595,935)	(84,028,666)	(82,255,790)	(112,495,808)	(83,326,113)	(73,673,899)	(76,868,581)	(79,788,543)
Governmental activities:										
Taxes:										
General property taxes	43,256,851	44,310,735	48,387,991	53,409,714	58,574,698	65,895,837	66,376,392	64,490,691	67,972,029	70,601,427
Local sales and use	3,709,024	4,173,990	4,358,695	4,528,481	4,764,451	4,567,854	4,168,753	4,732,665	4,991,019	4,881,368
Consumer utility and communications sales and use	1,570,123	1,552,430	1,554,418	2,070,502	2,809,135	2,667,992	2,676,009	2,680,007	1,028,014	1,035,484
Motor vehicles licenses	1,135,372	1,158,694	1,182,848	1,194,912	1,193,657	1,176,765	1,169,718	1,179,162	1,227,744	1,236,520
Other	1,460,257	2,014,632	2,868,462	2,252,937	1,575,825	1,584,576	1,705,225	536,127	2,265,454	2,477,774
Intergovernmental, non-categorical aid	6,316,216	6,027,401	6,605,919	6,502,475	6,226,104	6,589,500	6,389,141	8,065,994	8,037,774	8,003,995
Use of money and property	573,390	988,875	1,490,446	1,875,536	1,665,526	786,523	839,375	964,574	1,067,549	1,472,098
Miscellaneous	173,659	116,108	184,897	119,643	463,242	279,146	232,721	779,782	336,457	345,024
Gain on sale of capital assets	-	592,234	-	-	-	-	-	-	-	-
Transfers	(810,567)	(750,000)	(395,620)	(61,000)	(43,726)	-	(20,000)	-	-	(63,336)
Total governmental activities	57,384,325	60,185,099	66,238,056	71,893,200	77,228,912	83,548,193	83,537,334	83,429,002	86,926,040	89,990,354
Business-type activities:										
Use of money and property	79,486	124,469	213,845	265,494	381,280	199,683	34,080	40,269	39,839	67,961
Miscellaneous	332,868	278,209	153,136	198,431	300,660	243,675	560,244	1,066,813	978,700	1,040,376
Transfers	810,567	750,000	395,620	61,000	43,726	-	20,000	-	-	63,336
Total business-type activities	1,222,921	1,152,678	762,601	524,925	725,666	443,358	614,324	1,107,082	1,018,539	1,171,673
Total primary government	58,607,246	61,337,777	67,000,657	72,418,125	77,954,578	83,991,551	84,151,658	84,536,084	87,944,579	91,162,027
Changes in net assets:										
Governmental activities	(2,653,872)	6,860,671	4,254,124	(13,818,191)	(7,356,986)	(29,250,960)	1,190,422	11,122,189	10,513,268	
Business-type activities	711,841	2,371,480	3,150,598	2,207,650	3,055,774	746,703	(364,877)	(260,004)	562,730	
Total primary government	\$ (1,942,031)	\$ 9,232,151	\$ 7,404,722	\$ (11,610,541)	\$ (4,301,212)	\$ (28,504,257)	\$ 825,545	\$ 10,862,185	\$ 11,075,998	
Changes in net position:										
Governmental activities										9,134,773
Business-type activities										2,238,711
Total primary government										<u>\$ 11,373,484</u>

COUNTY OF ROCKINGHAM, VIRGINIA

Table 3

CHANGES IN NET POSITION/ASSETS

Page 3

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Component units: (2)										
Component unit - school board:										
Expenses:										
Instruction	\$ 76,718,694	\$ 82,963,375	\$ 82,718,284	\$ 90,637,877	\$ 92,264,138	\$ 98,007,696	\$ 96,112,008	\$ 94,760,403	\$ 97,309,064	\$ 99,897,237
Administration, attendance and health	2,701,575	3,207,704	3,577,646	3,830,297	4,168,083	5,385,017	4,891,885	4,618,967	5,216,029	5,346,780
Pupil transportation	5,260,280	5,790,881	6,327,098	6,959,384	7,426,354	8,086,880	7,184,619	8,281,464	8,758,765	9,084,535
Operation and maintenance services	6,773,293	7,445,756	8,131,472	9,285,011	9,598,863	10,227,516	9,919,463	10,893,761	11,211,522	11,810,101
School food services	3,831,693	3,989,993	4,226,604	4,466,752	4,597,701	4,766,860	4,768,548	4,906,946	5,207,956	5,242,451
Total expenses	95,285,535	103,397,709	104,981,104	115,179,321	118,055,139	126,473,969	122,876,523	123,461,541	127,703,336	131,381,104
Program revenues:										
Charges for services	3,909,179	4,277,812	4,574,290	4,990,446	5,130,225	5,638,328	5,321,960	4,954,423	5,056,717	4,899,326
Operating grants and contributions	51,934,037	58,007,681	62,089,635	70,737,460	72,165,686	77,327,118	72,018,553	69,346,071	69,054,491	67,343,777
Capital grants and contributions	1,034,559	1,079,671	2,200,194	2,623,344	1,103,648	3,559,527	3,854,048	345,977	93,627	81,465
Total program revenues	56,877,775	63,365,164	68,864,119	78,351,250	78,399,559	86,524,973	81,194,561	74,646,471	74,204,835	72,324,568
Net expense	(38,407,760)	(40,032,545)	(36,116,985)	(36,828,071)	(39,655,580)	(39,948,996)	(41,681,962)	(48,815,070)	(53,498,501)	(59,056,536)
General revenues and other changes in net assets:										
Grants and contributions not restricted to specific programs	42,671,090	33,315,177	39,932,203	60,500,234	57,109,186	78,046,276	48,129,186	40,665,573	44,255,322	50,100,041
Intergovernmental, non-categorical aid	127,102	130,361	132,008	129,462	130,477	91,946	93,380	91,783	99,154	107,026
Use of money and property	63,665	127,926	94,518	268,268	408,396	144,563	55,765	54,306	38,899	37,184
Miscellaneous	3,494,320	4,013,541	403,245	531,478	192,392	152,919	459,070	165,234	360,314	360,536
Total general revenues and other changes in net assets	46,356,177	37,587,005	40,561,974	61,429,442	57,840,451	78,435,704	48,737,401	40,976,896	44,753,689	50,604,787
Total general revenues and other changes in net position										
Total component unit - school board change in net assets	\$ 7,948,417	\$ (2,445,540)	\$ 4,444,989	\$ 24,601,371	\$ 18,184,871	\$ 38,486,708	\$ 7,055,439	\$ (7,838,174)	\$ (8,744,812)	
Total component unit - school board change in net position										\$ (8,451,749)
Component unit - HRSSD:										
Expenses:										
Public assistance	\$ 3,650,031	\$ 4,124,818	\$ 4,928,848	\$ 5,024,090	\$ 4,769,948	\$ 5,107,848	\$ 5,730,436	\$ 5,998,480	\$ 6,200,265	\$ 5,838,876
Comprehensive services	5,438,545	6,362,925	7,500,224	8,599,794	10,237,263	10,533,322	10,236,725	10,114,771	9,196,586	9,028,213
Welfare	3,614,985	4,042,064	4,765,237	5,141,691	5,611,589	6,138,996	5,820,207	5,676,427	5,714,686	5,889,242
Food stamp	217,461	237,799	251,499	206,329	-	-	-	-	-	-
Fuel assistance	24,529	17,430	20,892	14,855	-	-	-	-	-	-
Total expenses	12,945,551	14,785,036	17,466,700	18,986,759	20,618,800	21,780,166	21,787,368	21,789,678	21,111,537	20,756,331
Program revenues:										
Operating grants and contributions	9,550,620	10,449,895	12,409,206	13,149,808	14,121,228	14,843,978	15,969,252	15,401,915	14,695,587	14,869,626
Total program revenues	9,550,620	10,449,895	12,409,206	13,149,808	14,121,228	14,843,978	15,969,252	15,401,915	14,695,587	14,869,626
Net expense	(3,394,931)	(4,335,141)	(5,057,494)	(5,836,951)	(6,497,572)	(6,936,188)	(5,818,116)	(6,387,763)	(6,415,950)	(5,886,705)

COUNTY OF ROCKINGHAM, VIRGINIA

Table 3

CHANGES IN NET POSITION/ASSETS

Page 4

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General revenues and other changes in net assets:										
Grants and contributions not restricted to specific programs	\$ 3,542,594	\$ 3,928,685	\$ 4,802,418	\$ 5,642,819	\$ 6,472,194	\$ 7,147,789	\$ 6,971,699	\$ 6,790,737	\$ 6,242,334	\$ 6,337,742
Use of money and property	17,396	36,235	61,494	82,948	109,362	42,704	15,357	22,423	21,059	32,633
Miscellaneous	159,585	208,888	242,351	257,509	254,078	272,696	74,996	24,805	34,225	38,138
Total general revenues and other changes in net assets	3,719,575	4,173,808	5,106,263	5,983,276	6,835,634	7,463,189	7,062,052	6,837,965	6,297,618	
Total general revenues and other changes in net position										6,408,513
Total component unit - HRSSD change in net assets	\$ 324,644	\$ (161,333)	\$ 48,769	\$ 146,325	\$ 338,062	\$ 527,001	\$ 1,243,936	\$ 450,202	\$ (118,332)	
Total component unit - HRSSD change in net position										\$ 521,808
Total component units change in net assets	\$ 8,273,061	\$ (2,606,873)	\$ 4,493,758	\$ 24,747,696	\$ 18,522,933	\$ 39,013,709	\$ 8,299,375	\$ (7,387,972)	\$ (8,863,144)	
Total component units change in net position										\$ (7,929,941)
Total reporting entity change in net assets	\$ 6,331,030	\$ 6,625,278	\$ 11,898,480	\$ 13,137,155	\$ 14,221,721	\$ 10,509,452	\$ 9,124,920	\$ 3,474,213	\$ 2,212,854	
Total reporting entity change in net position										\$ 3,443,543

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.

(3) This table reports financial information based on the accrual basis of accounting. The County implemented GASB Statement No. 63 in fiscal year 2013. This standard eliminated the term "net assets" and now refers to this measurement as "net position."

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,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Primary government:										
Governmental activities:										
General government administration	\$ 392,058	\$ 446,680	\$ 549,977	\$ 474,928	\$ 518,266	\$ 479,962	\$ 433,380	\$ 398,318	\$ 413,167	\$ 396,562
Judicial administration	3,205,197	2,833,691	3,099,657	3,247,642	3,181,390	3,464,400	3,198,043	3,002,364	2,927,805	3,039,810
Public safety	9,478,403	10,702,878	10,903,217	11,671,267	11,804,424	11,099,990	10,653,630	11,747,436	11,350,418	11,663,286
Public works	539,784	590,386	757,503	943,016	1,014,447	1,021,587	957,819	1,098,549	1,114,716	3,721,270
Health and social services	115,139	101,552	168,846	147,644	139,069	169,494	151,940	230,958	190,454	186,696
Education	-	-	-	-	-	-	-	-	-	562,808
Parks, recreation and cultural	279,036	276,009	300,701	326,290	324,628	405,709	467,229	696,685	660,369	690,110
Community development	122,677	136,453	1,646,552	209,847	239,367	254,771	262,336	261,114	3,085	2,975
Total governmental activities	14,132,294	15,087,649	17,426,453	17,020,634	17,221,591	16,895,913	16,124,377	17,435,424	16,660,014	20,263,517
Business-type activities:										
Water and sewer	2,809,116	4,185,848	6,644,129	4,529,423	6,921,642	6,059,169	6,075,853	5,696,405	6,044,184	6,561,144
Solid waste	2,822,581	2,405,278	2,615,464	4,667,903	3,886,218	2,784,481	2,353,901	2,572,712	3,538,098	5,027,936
Total business-type activities	5,631,697	6,591,126	9,259,593	9,197,326	10,807,860	8,843,650	8,429,754	8,269,117	9,582,282	11,589,080
Total primary government	\$ 19,763,991	\$ 21,678,775	\$ 26,686,046	\$ 26,217,960	\$ 28,029,451	\$ 25,739,563	\$ 24,554,131	\$ 25,704,541	\$ 26,242,296	\$ 31,852,597
Component units:										
Component unit - school board:										
Instruction	\$ 53,037,748	\$ 59,294,355	\$ 64,604,063	\$ 73,831,357	\$ 73,762,964	\$ 81,522,836	\$ 75,488,678	\$ 69,684,411	\$ 69,099,190	\$ 67,373,976
Pupil transportation services	-	-	-	-	-	-	760,680	-	-	-
Operation and maintenance services	-	-	-	-	-	-	13,723	-	-	-
School food services	3,840,027	4,070,809	4,260,056	4,519,893	4,636,595	5,002,137	4,931,480	4,962,060	5,105,645	4,950,592
Total component unit - school board	56,877,775	63,365,164	68,864,119	78,351,250	78,399,559	86,524,973	81,194,561	74,646,471	74,204,835	72,324,568
Component unit - HRSSD:										
Public assistance	2,025,719	2,305,594	2,803,610	2,886,219	3,394,896	3,851,693	4,329,056	4,351,937	4,557,975	4,803,986
Comprehensive services	3,365,709	3,639,558	4,558,941	5,096,538	5,985,528	6,500,946	6,633,186	5,960,163	5,234,401	5,193,142
Welfare	4,159,192	4,504,743	5,046,655	5,167,051	4,740,804	4,491,339	5,007,010	5,089,815	4,903,211	4,872,498
Total component unit - HRSSD	9,550,620	10,449,895	12,409,206	13,149,808	14,121,228	14,843,978	15,969,252	15,401,915	14,695,587	14,869,626
Total component units	\$ 66,428,395	\$ 73,815,059	\$ 81,273,325	\$ 91,501,058	\$ 92,520,787	\$ 101,368,951	\$ 97,163,813	\$ 90,048,386	\$ 88,900,422	\$ 87,194,194
Total reporting entity	\$ 86,192,386	\$ 95,493,834	\$ 107,959,371	\$ 117,719,018	\$ 120,550,238	\$ 127,108,514	\$ 121,717,944	\$ 115,752,927	\$ 115,142,718	\$ 119,046,791

COUNTY OF ROCKINGHAM, VIRGINIA

Table 5

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund:										
Reserved	\$ 1,585,765	\$ 1,081,608	\$ 839,896	\$ 772,073	\$ 1,003,102	\$ 928,288	\$ 1,097,948	\$ -	\$ -	\$ -
Unreserved	25,574,115	26,573,025	19,866,713	18,757,693	26,580,573	22,588,259	27,255,072	-	-	-
Nonspendable	-	-	-	-	-	-	-	808,957	667,271	536,388
Restricted (2)	-	-	-	-	-	-	-	-	-	3,116,396
Assigned	-	-	-	-	-	-	-	2,851	7,551	-
Unassigned	-	-	-	-	-	-	-	28,661,725	28,308,023	25,803,047
Total General Fund	\$ 27,159,880	\$ 27,654,633	\$ 20,706,609	\$ 19,529,766	\$ 27,583,675	\$ 23,516,547	\$ 28,353,020	\$ 29,473,533	\$ 28,982,845	\$ 29,455,831
All Other Governmental Funds:										
Reserved	\$ 435,684	\$ 4,223,450	\$ 5,060,638	\$ 4,007,776	\$ 2,141,716	\$ 351,245	\$ 422,337	\$ -	\$ -	\$ -
Unreserved	4,193,201	4,451,532	5,600,527	11,856,272	20,326,913	18,761,704	10,102,262	-	-	-
Nonspendable	-	-	-	-	-	-	-	11,143	11,143	11,143
Restricted	-	-	-	-	-	-	-	1,371,862	409,284	484,439
Assigned	-	-	-	-	-	-	-	12,822,866	14,439,666	19,801,602
Total all other governmental funds	\$ 4,628,885	\$ 8,674,982	\$ 10,661,165	\$ 15,864,048	\$ 22,468,629	\$ 19,112,949	\$ 10,524,599	\$ 14,205,871	\$ 14,860,093	\$ 20,297,184

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.
- (2) In fiscal year 2013, the County implemented GASB 61, *The Financial Reporting Entity: Omnibus*, which effectively changed the reporting of the County's interest in the Harrisonburg-Rockingham Social Services District. As such, the County reports its interest in the Social Services District as an asset and Restricted Net Position, beginning with fiscal year 2013.

COUNTY OF ROCKINGHAM, VIRGINIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year		
	2004	2005	2006
Revenues:			
General property taxes	\$ 43,549,045	\$ 44,316,136	\$ 48,094,569
Other local taxes	7,874,776	8,899,746	9,964,423
Permits, privilege fees and licenses	883,449	1,091,022	985,817
Fines and forfeitures	272,038	341,372	345,805
Use of money and property	573,597	989,271	1,491,226
Charges for services	2,521,638	2,736,286	2,846,255
Miscellaneous	185,356	125,108	180,897
Recovered costs	1,913,080	2,138,396	2,194,187
Reimbursement from component unit	-	-	-
Intergovernmental	14,858,098	14,807,578	17,659,528
Total revenues	72,631,077	75,444,915	83,762,707
Expenditures:			
General government administration	3,744,157	3,903,904	4,250,012
Judicial administration	2,399,019	2,401,199	2,927,878
Public safety	13,545,603	18,562,820	17,683,188
Public works	1,741,907	1,856,947	2,181,679
Health and social services	2,963,451	3,283,105	4,108,260
Education	42,671,090	33,315,177	39,932,203
Parks, recreation and cultural	1,513,347	1,696,824	1,754,520
Community development	2,164,328	2,543,545	3,771,777
Capital outlay	2,821,843	4,421,217	6,994,594
Debt service:			
Principal	3,930,375	3,363,146	12,260,303
Interest and fiscal charges	2,272,171	2,563,385	2,387,346
Total expenditures	79,767,291	77,911,269	98,251,760
Revenues over (under) expenditures	(7,136,214)	(2,466,354)	(14,489,053)
Other financing sources (uses):			
Transfers in	6,857,283	3,939,188	10,283,452
Transfers out	(7,667,850)	(4,689,188)	(10,679,072)
Issuance of debt	13,577,993	7,150,000	9,404,190
Premium on issuance debt	314,582	-	518,642
Insurance recoveries	-	14,970	-
Proceeds from sale of property	-	592,234	-
Total other financing sources (uses), net	13,082,008	7,007,204	9,527,212
Net change in fund balance	\$ 5,945,794	\$ 4,540,850	\$ (4,961,841)

Table 6
Page 1

June 30,									
2007	2008	2009	2010	2011	2012	2013			
\$ 53,700,795	\$ 58,855,180	\$ 65,570,241	\$ 66,216,435	\$ 64,487,098	\$ 67,611,207	\$ 70,546,928			
10,046,832	10,343,068	9,997,187	9,719,705	9,127,961	9,512,231	9,631,146			
957,006	1,176,374	749,140	803,462	904,624	692,745	888,111			
207,283	155,677	148,535	238,435	274,412	274,611	167,342			
1,876,615	1,646,317	771,924	833,742	957,222	1,059,359	1,457,668			
2,662,046	3,288,037	2,850,575	2,801,305	3,573,280	3,406,935	3,657,806			
241,223	463,242	279,146	232,721	779,782	336,457	345,024			
2,715,669	2,480,181	3,048,135	2,759,777	3,217,501	3,381,843	3,665,254			
-	-	-	-	-	-	562,808			
16,980,026	16,346,450	16,688,669	15,910,457	17,531,492	16,941,563	19,326,049			
89,387,495	94,754,526	100,103,552	99,516,039	100,853,372	103,216,951	110,248,136			
4,429,174	4,563,051	4,659,357	4,398,991	4,149,027	4,196,686	4,463,079			
3,249,146	3,173,240	3,827,879	3,343,653	3,123,597	3,188,815	3,371,268			
20,304,161	21,242,649	19,874,198	18,910,325	19,817,574	20,309,292	20,575,858			
2,480,757	2,628,117	2,482,615	2,352,738	2,522,534	2,580,230	2,705,553			
4,517,523	4,748,614	5,044,027	5,168,646	4,955,083	4,777,502	4,557,024			
60,500,234	57,109,186	78,046,276	48,129,186	40,665,573	44,255,322	50,100,041			
2,061,923	2,115,026	2,064,277	2,023,049	2,212,498	2,154,894	2,126,961			
2,355,778	3,122,860	5,783,273	4,467,357	4,211,445	3,399,091	3,154,781			
3,026,051	9,740,578	12,088,043	1,969,136	354,404	4,325,301	2,796,798			
14,179,314	4,760,106	5,173,395	6,166,108	7,781,938	7,797,795	8,086,516			
2,822,878	3,459,559	5,473,153	6,318,727	6,257,914	6,068,489	5,148,228			
119,926,939	116,662,986	144,516,493	103,247,916	96,051,587	103,053,417	107,086,107			
(30,539,444)	(21,908,460)	(44,412,941)	(3,731,877)	4,801,785	163,534	3,162,029			
10,517,916	19,658,172	13,556,253	-	4,000,000	4,890,000	4,930,448			
(10,578,916)	(19,701,898)	(16,071,679)	(20,000)	(4,000,000)	(4,890,000)	(4,960,000)			
33,757,200	35,494,713	37,261,410	-	-	-	-			
869,284	1,115,963	2,244,149	-	-	-	-			
-	-	-	-	-	-	-			
-	-	-	-	-	-	-			
34,565,484	36,566,950	36,990,133	(20,000)	-	-	(29,552)			
\$ 4,026,040	\$ 14,658,490	\$ (7,422,808)	\$ (3,751,877)	\$ 4,801,785	\$ 163,534	\$ 3,132,477			

COUNTY OF ROCKINGHAM, VIRGINIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year		
	2004	2005	2006
Debt Service as a percentage of noncapital expenditures:			
Primary government:			
Total debt service	\$ 6,202,546	\$ 5,926,531	\$ 6,147,649
Total expenditures	\$ 79,767,291	\$ 77,911,269	\$ 98,251,760
Less: Capital outlay - primary government	(2,922,826)	(7,365,247)	(8,292,345)
Noncapital expenditures	\$ 76,844,465	\$ 70,546,022	\$ 89,959,415
Debt service as a percentage of noncapital expenditures	8.07%	8.40%	6.83%
Component units - School Board and HRSSD:			
Expenditures:			
School board	\$ 92,605,357	\$ 106,275,713	\$ 112,940,930
HRSSD	12,924,157	14,794,697	17,507,539
Less: Capital outlay - school board	(4,693,088)	(10,634,666)	(12,132,999)
Less: Capital outlay - HRSSD	(26,764)	(62,982)	(108,097)
Noncapital expenditures	\$ 100,809,662	\$ 110,372,762	\$ 118,207,373
Total reporting entity:			
Total noncapital expenditures	\$ 130,560,527	\$ 143,047,977	\$ 163,224,530
Debt service as a percentage of noncapital expenditures	4.75%	4.14%	3.77%

Table 6
Page 2

June 30,							
2007	2008	2009	2010	2011	2012	2013	
\$ 7,002,192	\$ 8,219,665	\$ 10,646,548	\$ 12,484,835	\$ 14,039,852	\$ 13,866,284	\$ 13,234,744	
\$ 119,926,939	\$ 116,662,986	\$ 144,516,493	\$ 103,247,916	\$ 96,051,587	\$ 103,053,417	\$ 107,086,107	
(5,178,774)	(12,251,238)	(12,330,838)	(1,012,486)	(967,936)	(4,807,614)	(668,787)	
\$ 114,748,165	\$ 104,411,748	\$ 132,185,655	\$ 102,235,430	\$ 95,083,651	\$ 98,245,803	\$ 106,417,320	
6.10%	7.87%	8.05%	12.21%	14.77%	14.11%	12.44%	
\$ 126,615,863	\$ 140,207,962	\$ 156,426,408	\$ 138,094,883	\$ 117,956,384	\$ 120,957,761	\$ 124,197,953	
19,003,775	20,551,545	21,623,271	21,729,506	21,608,529	21,028,646	20,668,028	
(15,933,797)	(26,060,681)	(36,916,024)	(21,949,313)	(2,405,403)	(3,307,213)	(2,037,300)	
(81,992)	(30,132)	(17,503)	(16,646)	-	-	-	
\$ 129,603,849	\$ 134,668,694	\$ 141,116,152	\$ 137,858,430	\$ 137,159,510	\$ 138,679,194	\$ 142,828,681	
\$ 178,316,728	\$ 176,379,713	\$ 188,815,003	\$ 185,875,702	\$ 185,478,384	\$ 186,794,179	\$ 193,713,080	
3.93%	4.66%	5.64%	6.72%	7.57%	7.42%	6.83%	

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) For the "Total Reporting Entity" amounts, 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.
- (4) 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.
- (5) 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
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
2012	66,900,268	4,991,019	1,227,744	1,028,014	827,202	1,438,252	76,412,499
2013	69,783,176	4,881,368	1,236,520	1,035,484	969,920	1,507,854	79,414,322
Change 2004-2013	62.64%	31.61%	8.91%	-34.05%	37.56%	99.68%	56.39%

Notes:

(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 (1)	Commercial Property (1)	Industrial Property (1)	Farm Property (1)	Exempt & Nontaxable Property (1) (2)	Total Assessed Value	Percent Growth	Assessed Value of Tax Deferred Land Use (3)	Total Taxable Value	Total Direct Tax Rate	Tax Value as a Percentage of Assessed Value
2004	\$ 2,670,095,900	\$ 403,147,700	\$ 133,543,700	\$ 980,876,800	\$ 495,791,400	\$ 4,683,455,500	0.00%	\$ 338,584,023	\$ 3,849,080,077	\$ 0.71	82.18%
2005	2,766,436,000	379,025,500	179,948,800	995,250,300	629,380,300	4,950,040,900	5.39%	332,959,949	3,987,700,651	0.71	80.56%
2006	4,175,920,000	561,138,500	199,329,900	1,563,332,100	808,595,000	7,308,315,500	32.27%	750,057,133	5,749,663,367	0.58	78.67%
2007	4,423,051,100	604,443,100	199,611,300	1,628,213,900	835,705,200	7,691,024,600	4.98%	750,071,941	6,105,247,359	0.58	79.38%
2008	4,590,978,700	610,682,700	261,590,000	1,656,580,500	847,847,400	7,967,679,300	3.47%	756,364,258	6,363,467,642	0.60	79.87%
2009	4,716,212,700	611,433,100	260,782,100	1,677,385,800	872,697,500	8,138,511,200	2.10%	753,312,347	6,512,501,353	0.60	80.02%
2010	4,879,919,700	718,626,400	277,930,600	1,915,838,000	987,038,600	8,779,353,300	7.30%	931,781,985	6,860,189,315	0.60	78.14%
2011	4,945,640,600	717,918,900	244,690,500	1,924,739,900	1,003,185,100	8,836,175,000	0.65%	922,202,345	6,910,787,555	0.60	78.21%
2012	4,999,192,200	728,316,900	254,690,200	1,944,432,200	1,139,922,400	9,066,553,900	2.54%	938,573,459	6,988,058,041	0.64	77.08%
2013	5,035,839,700	734,537,700	258,387,400	1,956,029,000	1,148,229,700	9,133,023,500	0.73%	950,926,733	7,033,867,067	0.64	77.02%

Source:

Rockingham County real estate records.

Notes:

- (1) Real estate assessed values are assessed for comparison to fair market value every four years. (2006 and 2010)
- (2) Nontaxable and exempt property includes principally real estate owned by governmental, religious, charitable or educational entities.
- (3) Rockingham County has adopted land use valuation for agricultural and open space land. Rather than fair market value, the value of this property is based upon its "use" value.

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	Total Direct Rate
2004	\$ 0.71	\$ 2.80	\$ 0.71	\$ 2.55	\$ 0.87	\$ 0.44	\$ 8.08
2005	0.71	2.80	0.71	2.55	0.87	0.44	8.08
2006	0.71/0.58	2.80	0.71	2.55	0.87	0.44	8.02
2007	0.58	2.80	0.58	2.55	0.87	0.44	7.82
2008	0.58/0.60	2.80	0.60	2.55	0.87	0.44	7.85
2009	0.60	2.80	0.60	2.55	0.87	0.44	7.86
2010	0.60	2.80	0.60	2.55	0.87	0.44	7.86
2011	0.60	2.80	0.60	2.55	0.87	0.44	7.86
2012	0.64	2.85	0.64	2.55	0.87	0.44	7.99
2013	0.64	2.85	0.64	2.55	0.87	0.44	7.99

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
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
2012	0.07-0.12	0.30-0.75	0.07-0.46	0.30-0.75	0.30-0.38	0.38-0.46
2013	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, Mt. Crawford, and Timberville.

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

COUNTY OF ROCKINGHAM, VIRGINIA

Table 10

PRINCIPAL PROPERTY TAXPAYERS
Current and Nine Years Ago
(Unaudited)

2013							
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Property Taxes Paid	Rank	Percentage of Total Property Taxes Paid	
Great Eastern Resort Management	\$ 388,663,590	1	4.7%	\$ 2,651,880	2	3.6%	
MillerCoors (formerly Adolph Coors Company)	224,970,915	2	2.7%	3,988,036	1	5.4%	
Merck & Co., Inc.	108,588,830	3	1.3%	1,518,250	4	2.1%	
Wal-Mart Retail and Distribution Centers	95,842,545	4	1.2%	1,022,314	6	1.4%	
RR Donnelley & Sons Co.	93,616,380	5	1.1%	1,567,501	3	2.1%	
Marshall's	65,196,340	6	0.8%	686,041	8	0.9%	
White Wave (formerly Morningstar Foods)	64,624,420	7	0.8%	1,051,491	5	1.4%	
Sunnyside Retirement Community	52,954,300	8	0.6%	(2)			
Cargill (formerly Rocco)	47,135,010	9	0.6%	686,109	7	0.9%	
Sysco	34,791,275	10	0.4%	418,837	10	0.6%	
Dynamic Aviation	(1)			525,805	9	0.7%	
Total	\$ 1,176,383,605		14.2%	\$ 14,116,262		19.1%	

2004							
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Property Taxes Paid	Rank	Percentage of Total Property Taxes Paid	
Great Eastern Resort Management	\$ 156,635,280	1	3.1%	\$ 1,171,935	3	2.7%	
Adolph Coors Company	118,711,790	2	2.3%	2,287,277	1	5.3%	
Merck & Co., Inc.	86,471,790	3	1.7%	1,378,492	2	3.2%	
Marshall's	59,801,130	4	1.2%	567,320	7	1.3%	
Dominion Virginia Power	59,555,773	5	1.2%	448,965	9	1.0%	
RR Donnelley & Sons Co.	41,195,050	6	0.8%	667,037	5	1.6%	
Rocco	40,794,330	7	0.8%	641,644	6	1.5%	
Morningstar Foods	37,477,025	8	0.7%	772,294	4	1.8%	
WLR Foods	32,980,195	9	0.6%	533,547	8	1.2%	
Sysco	24,949,555	10	0.5%	(2)			
Perdue	(1)			396,115	10	0.9%	
Total	\$ 658,571,918		12.9%	\$ 8,864,626		20.5%	

Source:

Rockingham County Commissioner of the Revenue

Notes:

(1) Not in Top 10 Taxable Assessed Value

(2) Not in Top 10 Property Taxes Paid

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
2003	\$ 28,095,459	\$ 27,080,003	96.39%	\$ 1,012,448	\$ 28,092,451	99.99%
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%	1,544,009	35,699,555	100.00%
2007	36,959,743	35,490,137	96.02%	1,469,606	36,959,743	100.00%
2008	39,591,283	38,147,864	96.35%	1,441,306	39,589,170	99.99%
2009	40,502,223	38,979,011	96.24%	1,433,775	40,412,786	99.78%
2010	42,621,495	40,949,099	96.08%	1,492,815	42,441,914	99.58%
2011	42,997,402	41,455,415	96.41%	1,048,969	42,504,384	98.85%
2012	46,418,364	44,793,454	96.50%	NA	NA	NA

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			
2004	\$ 35,564,257	\$ 1,378,386	\$ 8,500,000	\$ 5,563,989	\$ 6,704,358	\$ 3,755,282	\$ 61,466,272	2.18%	\$ 869
2005	32,836,917	1,147,886	8,500,000	12,292,954	6,535,858	3,889,068	65,202,683	2.17%	914
2006	39,993,674	917,386	-	11,487,565	4,599,162	4,349,794	61,347,581	1.95%	843
2007	61,425,569	686,886	-	10,648,215	10,853,322	4,816,988	88,430,980	2.47%	1,196
2008	76,742,419	493,886	-	27,271,926	17,808,546	5,490,179	127,806,956	3.43%	1,709
2009	112,010,877	315,859	-	26,355,902	19,696,028	5,733,433	164,112,099	4.45%	2,169
2010	106,724,577	142,359	-	25,396,463	18,816,715	6,073,972	157,154,086	4.17%	2,059
2011	100,641,607	68,859	-	23,517,864	17,687,978	6,388,768	148,305,076	3.88%	1,938
2012	94,585,257	-	-	21,592,147	16,526,645	6,141,390	138,845,439	3.50%	1,796
2013	88,473,576	-	-	19,364,182	15,275,826	7,048,218	130,161,802	NA	1,678

General bonded debt outstanding:

Fiscal Year	General Obligation Bonds	Literary Loans	Total	Percentage of Actual Taxable Value of Property	Debt Per Capita
2004	\$ 35,564,257	\$ 1,378,386	\$ 36,942,643	0.98%	\$ 522
2005	32,836,917	1,147,886	33,984,803	0.88%	476
2006	39,993,674	917,386	40,911,060	1.02%	562
2007	61,425,569	686,886	62,112,455	1.08%	840
2008	76,742,419	493,886	77,236,305	1.26%	1,033
2009	112,010,877	315,859	112,326,736	1.76%	1,485
2010	106,724,577	142,359	106,866,936	1.63%	1,400
2011	100,641,607	68,859	100,710,466	1.46%	1,316
2012	94,585,257	-	94,585,257	1.37%	1,224
2013	88,473,576	-	88,473,576	1.27%	1,141

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, 2013
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Town of Bridgewater, Virginia	\$ 1,264,724	6.21%	\$ 78,517
Town of Broadway, Virginia	340,000	4.15%	14,122
Town of Dayton, Virginia	477,438	1.86%	8,862
Town of Elkton, Virginia	-	2.98%	-
Town of Grottoes, Virginia	463,736	2.58%	11,987
Town of Timberville, Virginia	-	2.17%	-
Subtotal, overlapping debt			<u>113,489</u>
County Direct Debt			<u>107,837,758</u>
Total direct and overlapping debt			<u><u>\$ 107,951,247</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	
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
2012	5,776,771	4,497,157	1,279,614	435,000	429,278	864,278	1.48
2013	6,424,821	4,519,326	1,905,495	425,000	424,224	849,224	2.24

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
2012	332,243	133,565	198,678	110,064	125,961	236,025	0.84
2013	255,706	167,269	88,437	174,128	62,925	237,053	0.37

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
2012	14,240	6,728	7,512	7,281	4,433	11,714	0.64
2013	13,217	5,814	7,403	7,520	4,194	11,714	0.63

Solid Waste Fund							
Fiscal Year	Utility Service	Operating Expenses	Net Available Revenue	Debt Service			Coverage
	Charges			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
2012	4,412,861	2,225,688	2,187,173	535,000	188,935	723,935	3.02
2013	5,938,147	3,378,630	2,559,517	550,000	162,727	712,727	3.59

Lilly Subdivision Sanitary District							
Fiscal Year	Utility Service	Operating Expenses	Net Available Revenue	Debt Service			Coverage
	Charges			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
2012	37,261	19,398	17,863	16,300	14,132	30,432	0.59
2013	35,497	22,745	12,752	16,800	13,421	30,221	0.42

Penn Laird Sewer Authority							
Fiscal Year	Utility Service	Operating Expenses	Net Available Revenue	Debt Service			Coverage
	Charges			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
2012	27,445	1,349	26,096	975	25,096	26,071	1.00
2013	30,029	778	29,251	20,658	7,604	28,262	1.03

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
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	3,819,155,000	49,909	11,376	5.5%
2012	77,297	3,964,444,000	51,288	11,245	5.6%
2013	77,551	N/A	N/A	11,331	5.1%

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 Seven Years Ago
(Unaudited)**

	Fiscal Year June 30,	
	2013	2006
Employer	Rank	Rank
Rockingham County School Board	1	1
The Rockingham Memorial Hospital	2	-
Cargill Meat Solutions	3	2
Great Eastern Resort Management	4	7
Wal Mart	5	-
Merck Sharp & Dohme Corp	6	3
R.R. Donnelley and Sons Company	7	-
Marshall's	8	6
Pilgrim's Pride Corp	9	5
County of Rockingham	10	9

Source:

Virginia Employment Commission.

Note:

Fiscal year 2006 information is available and shown here instead of fiscal year 2004 information, which is unavailable.

COUNTY OF ROCKINGHAM, VIRGINIA

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

Function/Program	Fiscal Year			June 30,
	2004	2005	2006	2007
General government administration:				
Legislative	5	5	5	5
General and financial:				
Commissioner of the revenue	16	16	16	18.3
Treasurer	8	8	8	8.3
Executive administration and legal	6	6	6	7.5
Finance	10	10	10	9.7
Human resources	2	2	2	2
Information systems	12.5	10	11	11
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	15
Court services	12.5	13.5	13.5	11
Commonwealth attorney	14	14	21	24
Public safety:				
Sheriff	158	166	165	174
Fire and rescue	41	44	57	58.5
Building inspections	22	26	28	28.5
Other protection	2	2	2	2
Public works:				
General administration	4	5	4	0.8
Garage operations	2	2	2	2
Maintenance	16	18	19	18.4
Parks, recreation and cultural	8	9.5	9.5	9.6
Community development:				
Extension	1	1	1	1
Economic development	-	-	-	-
Soil and water conservation	1	1	1	6
Water and sewer:				
Utilities/water treatment	16.5	17	21	24.5
Solid waste:				
Landfill	21	21	22	20.3
Container site	9.5	8	8	12.9
Component unit school board:				
Education:				
Instruction	1,317	1,351	1,377	1,361
Administration, attendance and health	40	46	46	47
Pupil transportation services	201	207	210	215
Operation and maintenance services	97	99	100	104
School food services	115	113	112	115
Component unit HRSSD:				
Social services:				
Services	37	40	43	50
Public assistance	33	37	38	44
Comprehensive Services Act	1	1	1	2
Administration	7	8	8	9
Totals	2,253	2,324	2,384	2,421

Source:

Rockingham County Department of Human Resources.

Table 17

2008	2009	2010	2011	2012	2013
5	5	5	5	5	5
18.3	18.3	14	13	13	13
8.3	8.3	8	6	6	6
7.5	8	8	8	8	8
10.5	10.5	9.4	9.4	9.4	9.4
3	2.5	2.4	2.4	2.4	2.4
11	11	11	11	11	11
1.5	1.5	1.4	1.4	1.4	1.4
2	2	2	2	2	2
15	15	15	13	14	14
11	8.5	6.5	8.5	9.5	9.5
25	26.5	24.0	27.5	25.9	25.9
175	173	167	161.5	161.5	166.5
62.5	65.5	66	70	71	70
26.8	26.8	22.5	21.0	20.0	20.5
2	2	2	2	2	2
0.8	1	0.8	0.7	0.6	0.6
2	2	2	2	2	2
18.4	19.4	16.4	15.4	16.6	16.6
10.6	10.6	12.6	9.6	8.6	9.6
1	1	-	-	-	-
-	0.5	0.5	0.5	1.3	1.3
6	6	6.5	-	-	-
25.5	27.8	24.5	22.4	19.1	19.5
23.0	21.3	20.6	19.7	19.2	17.8
12.9	12.7	13.1	13.1	13.1	12.4
1,483	1,481	1,446	1,410	1,414	1,413
48	63	63	61	62	62
219	223	228	229	239	236
106	110	110	114	115	115
116	114	113	116	119	113
53	52	52	53	53	52
44	44	39	40	42	41
3	3	2.8	2.8	3.5	3.5
9	9	9	9	10	10
2,565	2,586	2,524	2,480	2,500	2,492

COUNTY OF ROCKINGHAM, VIRGINIA

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal Year		
	2004	2005	2006
Police: (1)			
Calls for service	17,807	20,505	13,670
Adult arrest	4,951	4,752	3,024
Juvenile arrest	322	294	130
Traffic citations	3,019	2,685	1,491
Fire: (2)			
Total fire runs	7,016	7,420	10,164
Total rescue runs	8,442	8,764	11,775
Public service: (3)			
Garbage collected (ton)	67,519	94,949	86,505
Recycle collected (ton)	22,709	16,750	13,158
Parks and recreation: (4)			
Recreation program attendance	14,838	15,040	15,720
Water and sewer: (3)			
New water connections	260	318	309
New wastewater connections	184	371	335
Average daily water consumption (gallons)	32,469,325	36,650,733	48,994,375
Average daily sewage treatment (gallons)	27,089,625	37,309,686	56,185,433
Transportation: (5)			
Total route miles	1,098	1,109	1,114
Education: (6)			
Average daily membership	10,782	10,860	11,151
Kindergarteners	774	859	872
Grades 1-12	10,008	10,001	10,279

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,						
2007	2008	2009	2010	2011	2012	2013
19,686	19,329	18,903	18,861	19,739	20,913	21,124
5,639	5,050	4,748	3,776	4,100	3,899	4,162
267	296	189	259	241	175	202
1,851	1,704	2,068	3,304	4,329	4,236	1,879
10,116	10,608	10,861	9,510	10,000	9,589	10,329
12,226	12,590	12,847	13,648	14,594	15,294	13,631
87,088	89,649	78,445	76,445	76,466	79,062	108,882
10,658	15,114	12,299	17,392	28,761	24,861	24,323
16,350	18,231	19,800	20,455	42,709	42,849	42,304
85	197	151	87	46	54	97
96	238	156	92	38	2	97
51,917,933	58,222,109	55,403,500	62,389,333	62,629,583	61,788,500	58,389,558
45,444,975	39,950,162	49,059,001	55,244,955	57,871,485	60,180,000	50,065,833
1,126	1,127	1,129	1,132	1,135	1,135	1,138
11,388	11,340	11,400	11,376	11,343	11,236	11,223
916	882	816	875	880	832	852
10,472	10,458	10,584	10,501	10,463	10,404	10,371

COUNTY OF ROCKINGHAM, VIRGINIA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal Year		
	2004	2005	2006
Police Stations: (1)	1	1	1
Fire Companies (not County owned): (2)	12	12	12
Rescue Squads (not County owned): (2)	9	9	9
Streets: (4)			
Centerline Mileage:			
Interstate	58	58	58
Primary	159	170	170
Secondary	881	881	886
Number of street lights	10	10	10
Traffic signals	27	31	32
Parks and Recreation: (5)			
Parks - number of acres	28	28	28
Neighborhood parks - number of acres	28	28	28
Baseball/softball diamonds	31	31	32
Soccer/football fields	13	13	13
Basketball courts	13	13	13
Parks with playground equipment	1	1	1
Picnic shelters	4	4	4
Community centers	3	3	3
Water: (3)			
Wells (County owned)	3	3	3
Water lines (feet)	369,583	394,969	444,139
Fire hydrants	479	512	576
Storage capacity (MGPD)	6,588,000	6,588,000	10,088,000
Average daily consumption (MGPD)	1,067,484	1,204,955	1,610,774
Peak consumption (MGPD)	1,868,098	2,108,671	2,818,854
Wastewater: (3)			
Sanitary sewers (feet)	301,007	330,799	409,498

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,							
2007	2008	2009	2010	2011	2012	2013	
1	1	1	1	1	1	1	1
12	12	12	12	12	12	12	12
9	9	10	10	10	10	10	10
54	54	54	54	54	54	54	54
184	184	184	184	184	186	186	186
888	889	891	894	895	897	898	898
16	16	16	16	16	16	16	16
33	35	35	37	39	40	41	41
28	28	28	22	22	22	22	22
28	28	28	22	22	22	22	22
32	32	32	31	31	31	31	31
13	13	13	13	13	13	13	13
13	13	13	13	13	13	13	13
1	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	2	2	2
455,503	488,664	503,321	505,685	516,154	526,623	534,150	
592	643	678	684	703	778	803	
10,088,000	10,088,000	10,088,000	10,088,000	10,088,000	10,088,000	10,088,000	
1,925,997	1,940,737	1,995,682	2,079,644	2,059,054	2,031,403	2,076,660	
3,068,500	3,035,000	2,549,500	2,988,500	3,120,000	3,519,000	2,979,000	
429,585	466,242	495,002	552,812	560,023	567,234	571,944	

COMPLIANCE SECTION

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2013**

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	\$ 6,114
<u>Pass-through payments:</u>			
<u>Department of Social Services:</u>			
State Administrative Matching Grants for Food Stamp Program	Not provided	10.561	783,545
<u>Department of Agriculture and Consumer Services</u>			
<u>Child Nutrition Cluster:</u>			
Commodity Distributions	40623	10.555	384,535
<u>Department of Education:</u>			
<u>Child Nutrition Cluster:</u>			
School Breakfast Program	40591/40623	10.553	503,147
National School Lunch Program	40623	10.555	2,029,883
Schools and Roads - Grants to States	43841	10.665	30,186
			<u>2,563,216</u>
<u>Department of Forest Services:</u>			
Cooperative Forestry Assistance	Not provided	10.664	943
			<u>943</u>
			<u>3,738,353</u>
DEPARTMENT OF TRANSPORTATION:			
<u>Pass-through payments:</u>			
<u>Federal Highway Administration:</u>			
Highway Planning and Construction	SRTS-082-754 / SRTS-082-153	20.205	34,850
<u>Department of Motor Vehicles:</u>			
State and Community Highway Safety	154AL1252081 / 154AL1353039	20.607	38,857
			<u>38,857</u>
			<u>73,707</u>
SOCIAL SECURITY ADMINISTRATION:			
<u>Direct payments:</u>			
<u>Social Security Administration:</u>			
Reward for Incarceration Notification		96.000	5,600
			<u>5,600</u>
			<u>5,600</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2013**

Federal Grantor/State Pass-Through Grantor/ Program Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Expenditures
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	\$ 6,662
Temporary Assistance to Needy Families	Not provided	93.558	900,815
Refugee and Entrant Assistance - State Administered Programs	Not provided	93.566	29,612
Low-Income Home Energy Assistance	Not provided	93.568	42,651
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Not provided	93.596	124,706
Chafee Education and Training Vouchers Program (ETV)	Not provided	93.599	6,543
Child Welfare Services - State Grants	Not provided	93.645	4,172
Foster Care - Title IV-E	Not provided	93.658	1,016,462
Adoption Assistance	Not provided	93.659	934,576
Social Services Block Grant	Not provided	93.667	1,087,235
Chafee Foster Care Independent Living	Not provided	93.674	18,919
State Children's Insurance Program	Not provided	93.767	18,140
Medical Assistance Program (Medicaid; Title XIX)	Not provided	93.778	<u>474,142</u>
Total Department of Health and Human Services			<u>4,664,635</u>
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	<u>31,078</u>
<u>Pass-through payments:</u>			
<u>Department of Criminal Justice Services:</u>			
Violence Against Women Formula Grants	12P9349VA11 / 13Q9349VA12	16.588	20,993
Edward Byrne Formula Grant Program	12C5678CR09	16.579	6,257
Crime Victim Assistance - Discretionary Grants	13P9573VW12	16.575	52,385
Federal Forfeiture - Equitable Sharing Program	Not provided	16.922	<u>119,686</u>
			<u>199,321</u>
Total Department of Justice, Office of Justice Programs, Bureau of Justice Assistance			<u>230,399</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2013**

Federal Grantor/State Pass-Through Grantor/ Program Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Expenditures
DEPARTMENT OF DEFENSE:			
<u>Direct payments:</u>			
<u>Bureau of Land Management:</u>			
Payments to States in Lieu of Real Estate Taxes		12.112	\$ 391,249
Total Department of Defense			<u>391,249</u>
DEPARTMENT OF EDUCATION:			
<u>Pass-through payments:</u>			
<u>Department of Education:</u>			
Title I Grants to Local Educational Agencies	42892 / 42901	84.010	1,680,124
Special Education Cluster:			
Special Education - Grants to States	43071	84.027	2,322,872
Special Education - Preschool Grants	62521	84.173	63,459
Adult Education - State Grant Program	61111/42801	84.002	156,528
Vocational Education - Basic Grants to States	61095	84.048	172,543
English Language Acquisition Grants	60512	84.365	33,584
Statewide Data Systems	47944	84.384	36,611
Improving Teacher Quality State Grants	61480	84.367	330,263
Total Department of Education			<u>4,795,984</u>
DEPARTMENT OF HOMELAND SECURITY:			
<u>Pass-through payments:</u>			
<u>Department of Emergency Management:</u>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Not provided	97.036	18,802
State Homeland Security Program	2010 SHSP / 2012 SHSP	97.073	68,989
Emergency Management Performance Grants	Not provided	97.042	10,844
Total Department of Homeland Security			<u>98,635</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2013**

Federal Grantor/State Pass-Through Grantor/ Program Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Expenditures
DEPARTMENT OF THE INTERIOR:			
<u>Pass-through payments:</u>			
<u>Department of Environmental Quality:</u>			
Rents and Royalties Paid on Federal Land	Not provided	15.000	\$ 735
Total Department of the Interior			<u>735</u>
Total Federal Awards Expended			<u>\$ 13,999,297</u>

See Notes to Schedule of Expenditures of Federal Awards.

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 and Special Education.

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 \$384,535 at the time received were consumed during the year ended June 30, 2013. These commodities were included in the determination of federal awards expended during the year ended June 30, 2013.



**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, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Rockingham, Virginia (County) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 26, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

YBMares, LLP

Harrisonburg, Virginia
November 26, 2013



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the County of Rockingham, Virginia's (County) compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2013. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

YBMares, LLP

Harrisonburg, Virginia
November 26, 2013

COUNTY OF ROCKINGHAM, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

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: Unmodified

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
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Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
93.558	Temporary Assistance to Needy Families
93.778	Medical Assistance Program

Special Education Cluster:

84.027	Special Education – Grants to States
84.173	Special Education – Preschool Grants

Dollar threshold used to distinguish between type A and type B programs \$419,979

Auditee qualified as low-risk auditee? Yes No

COUNTY OF ROCKINGHAM, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

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, 2013

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.