



# Comprehensive Annual Financial Report



## Rockingham County, Virginia

Fiscal Year Ended  
June 30, 2014

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**Fiscal Year Ended June 30, 2014**



Prepared by:

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

*[www.rockinghamcountyva.gov](http://www.rockinghamcountyva.gov)*

COUNTY OF ROCKINGHAM, VIRGINIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2014

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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

**RICK L. CHANDLER**

Election District No. 3

**WILLIAM B. KYGER, JR.**

Election District No. 4

**MICHAEL A. BREEDEN**

Election District No. 5

December 1, 2014

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, 2014. 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, and the funding continues to lag behind 2008 levels in many areas. Also, during the period 2008 to 2011, the County experienced a decline in local revenues, primarily from personal property taxes, which was due to the declining value of automobiles. During Fiscal Year 2013, the County also experienced a decline in revenue in business-related taxes, primarily from machinery & tools taxes. This decline was due to a combination of a reduction in the level of reinvestment in equipment by existing businesses, and a delay in placing newly-acquired equipment into service. However, after consultation with local business leaders, these local reductions were anticipated by management in projecting future revenues, enabling the Board of Supervisors to take measured actions to reduce staffing levels, adjust program levels to meet the demand for services and work to balance the reduction in revenues with similar reductions in costs.

Significant events and actions during this past year include:

- Working with the Virginia Department of Transportation (VDOT), the County began and continued a number of critical road infrastructure projects:
  - Completed construction of the Airport Road (Rt. 727) bridge and approach in Mt. Crawford, which provides improved access to Dynamic Aviation, the County's fastest growing employer, as well as, a number of residences and farms;

- Made substantial progress on the Stone Spring Road (Southeast Connector) Project as part of a private-public partnership with Southeast Connector, LLC to construct a roadway that, when complete, will connect the regional hospital, Sentara RMH Medical Center, with Spotswood Trail (a major transportation corridor in the County). This work is the final part of a larger project to construct a four-lane limited access road providing a critical transportation link between western and eastern Rockingham County, and open commercial properties for development in the Harrisonburg Metro Area. Completion of this road is expected in early 2015;
  - Completed design of Reservoir Street widening project in partnership with the City of Harrisonburg (City) to improve Reservoir Street east from the City limits to the new Sentara RMH facility; and,
  - Initiated design of the Massanetta Springs Road improvement project from just north of the Massanetta Springs conference center to Route 33 in conjunction with the Preston Lake development.
- Completed design and began construction of an updated filter system at the Three Springs Water Treatment Plant to continue to meet demands while reducing operating costs with a filtration system that requires less manpower and reduces energy costs;
  - Continued progress to secure Part B approval from the Virginia Department of Environmental Quality for the development of the next disposal area for the County Landfill. Part B approval is requested to add an estimated 35 years of disposal area. The initial phase for the new disposal cell construction provides space for an estimated 18 of the 35 years. The current cell has approximately four years of disposal life remaining;
  - Completed the first phase of the upgrade of the County's financial management software, which included the general ledger and accounts payable modules. Payroll and human resources modules will be implemented in early 2015;
  - Worked with the City of Harrisonburg, as part of the Harrisonburg-Rockingham Social Services District, to acquire and renovate a building formerly occupied by the U.S. Social Security Administration to provide operational space to co-locate the family services units of the District's operation.

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

These items include:

- Evaluate partnerships with the City and Towns within the County to develop water supply resources and related delivery infrastructure, and look to acquire additional wastewater treatment capacity to meet long-term needs in the County; and,

- Acquire additional capacity for secure housing to meet an increasing inmate population, either through an expansion of the regional jail, developing a lower-level security facility locally (potentially to include capacity for mental health treatment, substance abuse treatment, work release, weekend service, and re-entry programs), or negotiating a long-term lease or membership in an adjacent locality regional jail; and,
- Meet the financial commitment required by the Commonwealth to phase-in the increased cost of the local share of the school professional employee (teacher) retirement system. The increased funding is necessary to reduce the long-term unfunded liability of the system to an acceptable level. Over the past several years, the Virginia General Assembly used reduced contribution rates for teachers as a means to soften the financial burden of the economic downturn on the Commonwealth and its localities. However, the national ratings agencies are putting additional pressure of the General Assembly to increase the rate to restore the fund's fiscal integrity.

\*\*\*

The Board of Supervisors and School Board are commended for continuing to collaborate in this challenging financial climate to maintain a high-quality education system that is critical to develop an educated workforce, which encourages private sector business investment in our community. The Board of Supervisors and its management team, working with the Constitutional Officers and the School Board, met this past spring to develop a 5-year strategic capital and operational plan for the County, with the goal of providing the high quality of services which are necessary to sustain positive economic growth for our community, while operating within a restrained financial environment.

During this strategic planning session, public safety was identified as the service experiencing the greatest pressure for increased funding, including law enforcement, corrections and fire and rescue services. Law enforcement in Virginia counties is a service jointly funded by the Commonwealth and local government (in this case, 50% County/50% City). Increased service demand resulted in the County adding five positions this past year; one new position to each of five shifts. However, due to limited state funding, 100% of the cost of the new positions was borne by the County and City. An increased number of calls for fire and emergency medical response services, coupled with a decline in volunteer support, resulted in the County adding three additional personnel in fire and rescue services. The five-year plan projections include adding up to forty public safety positions to meet an increasing call load, with the largest number of new positions (30) in fire & rescue. A staff recommendation to fund a portion of the cost of the new fire & rescue staffing level is for the Board of Supervisors to establish a fire service district tax. This new tax would be designed to more closely align the cost of service with those areas that have an increased demand for service.

Also identified during this session by the school division, was the need for an expanded instructional technology program for the County's K-12 education system to prepare our youth to fill the jobs of the next century. This program, which is recommended to be phased-in over a five-year period, is estimated to cost \$2.8M in capital costs and, when fully implemented, add almost \$4M per year in operational costs to the school division's budget. While there are certainly some existing costs that will be redirected to this effort, this program is projected to add two to three cents to the real estate tax rate over that five-year period.

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The economy of the region remains relatively strong, influenced by the steady growth at three local universities and colleges (James Madison University, Eastern Mennonite University and Bridgewater College), and a very diverse local economy. Despite the economic challenges in other areas of Virginia and the United States 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 budget 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. For more information on the services provided by the County, please refer to the County's website at [www.rockinghamcountyva.gov](http://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-two 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

**RICK L. CHANDLER**

Election District No. 3

**WILLIAM B. KYGER, JR.**

Election District No. 4

**MICHAEL A. BREEDEN**

Election District No. 5

December 1, 2014

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, 2014. 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, 2014. 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 78,102. The independent city of Harrisonburg, with an estimated population of 51,034 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 15<sup>th</sup> 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 24, 2013, the Board approved the budget for fiscal year 2014. During the fiscal year 2014, as is customary, the Board also approved supplemental budget amendments.

### *Local Economy*

The County continues to enjoy a relatively stable and diverse local economy. The County has a varied manufacturing, industrial, distribution, services, and higher education base that adds to the relative stability of the unemployment rate (currently 5.1%). 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 1<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> in the state for all five livestock categories.

The County experienced renewed growth in building activity for fiscal year 2014. There was over \$239 million authorized for new construction and renovations in the County for this fiscal year compared to \$117 million last fiscal year. Current fiscal year projects, each of which involved an investment of \$1 million or more, included:

- White Wave Foods
- The Reserve at Stoneport (apartment)
- Sysco Food Services
- Bellaire AL

- Bridgewater College
- Merck Sharp & Dohme Corp.
- Interchange Commercial
- Great Eastern Resort
- Associated Developers
- Shen Valley

### *Long-Term Financial Planning*

Unassigned fund balance in the General Fund totaled over \$25.1 million, which represents 24% of total General Fund expenditures. An additional \$22.1 million, which represents another 21% 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.

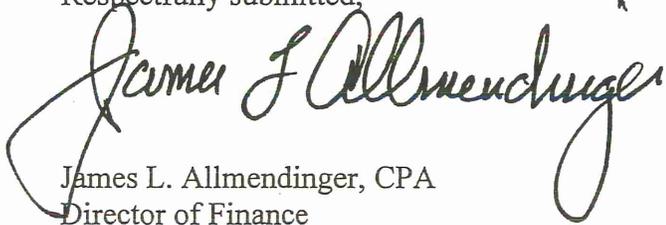
### *Awards and Acknowledgements*

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, 2013. This was the 32nd 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, 2014

### *Board of Supervisors*

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

### *County Administrator*

Joseph S. Paxton

### *School Board*

	Lowell Fulk, Chairman District 2	
	Bob May, Vice-Chairman District 4	
Dan Breeden District 5		Renee A. Reed District 3
	LaDonna A. Shiflet District 1	

### *Superintendent of Schools*

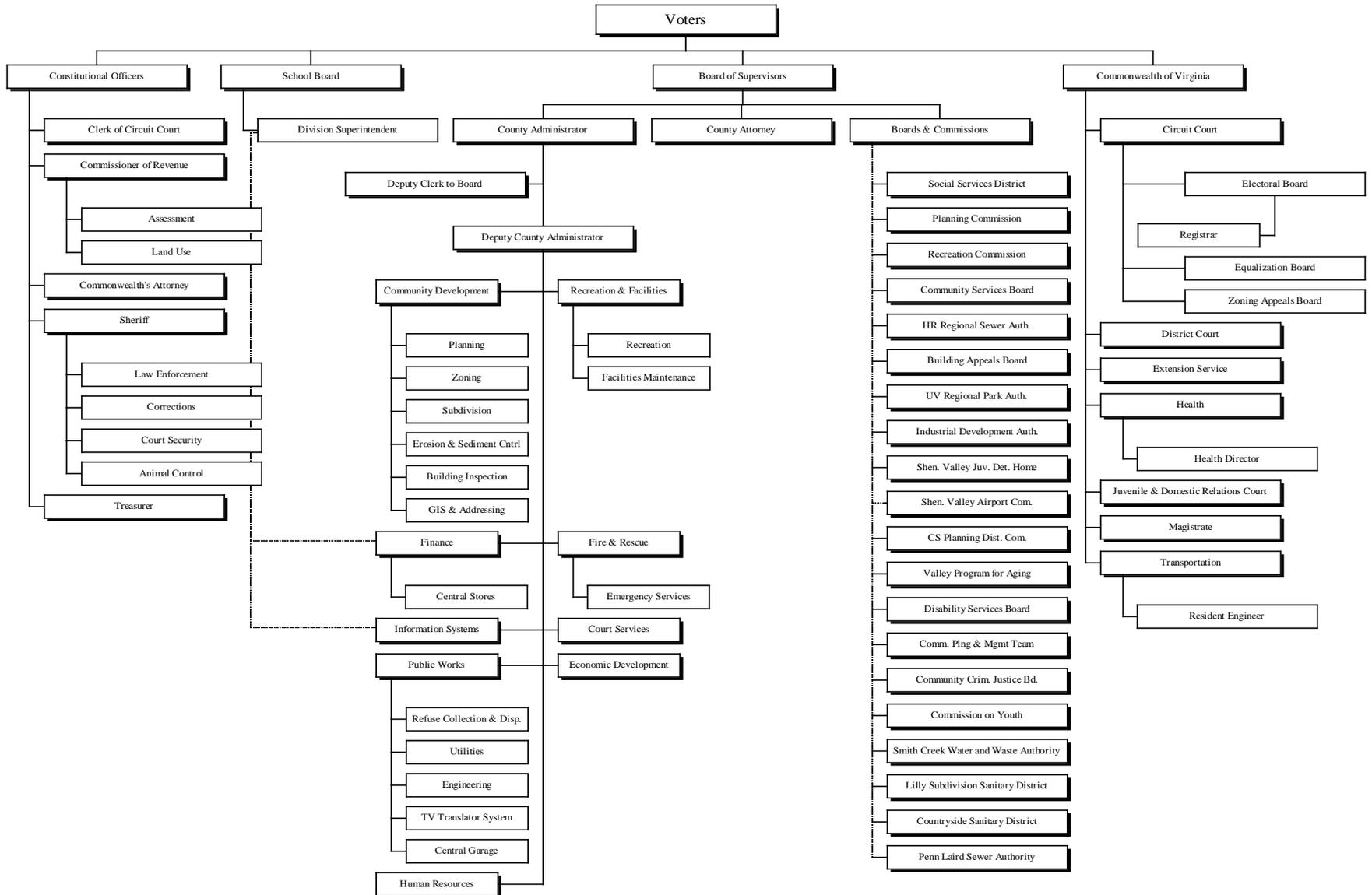
Dr. Carol Fenn

### *Other Officials*

Stephen G. King	Deputy County Administrator
William L. Vaughn	Assistant County Administrator
Thomas H. Miller	County Attorney
Lowell R. Barb	Commissioner of the Revenue
Bryan F. Hutcheson	Sheriff
L. Todd Garber	Treasurer
Marsha L. Garst	Commonwealth Attorney
Chaz W. Evans-Haywood	Clerk of the Circuit Court
James L. Allmendinger	Director of Finance
Donald D. Driver, Jr.	Director of Social Services
Terri M. Perry	Director of Information Services
Katherine S. McQuain	Director of Parks and Recreation
Rhonda G. Cooper	Director of Planning
Barry E. Hertzler	Director of Public Works
Ann Marie Freeman	Director of Court Services
Stephen N. Riddlebarger	Director of Human Resources
Lisa B. Gooden	Registrar
Jeremy C. Holloway	Director of Fire and Rescue
Casey Armstrong	Director of Community Development

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

**JUNE 30, 2014**





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, 2013**

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, 2014, 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 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 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, 2014, 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 restated net position in the Proprietary Funds and the Business-Type Activities to write-off bond issue costs in accordance with GASB Statement No. 65.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis and the required supplementary information on pages 16-31 and 100-101, 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 December 1, 2014 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  
December 1, 2014

## 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, 2014. 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 \$41,002 at June 30, 2014. Of this amount, there was \$63,126 invested in the County's capital assets, net of related debt, \$3,782 in restricted funds assets, and a negative \$25,906 in unrestricted funds as a result of recording the debt for the component unit – School Board within the governmental activities. Debt is recorded within the primary government since the County is legally obligated to make payments for this debt; however, the corresponding assets are reported in the component unit – School Board statements since the School Board holds title to the assets.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$50,081. Approximately 50 percent of this total amount, \$25,193 is available for spending at the government's discretion (unassigned fund balance). There is an additional \$22,094 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 \$25,193, which represents 24 percent of total General Fund expenditures. As mentioned above, an additional \$22,094, which represents 21 percent of total General Fund expenditures, 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 36-39 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 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 \$41,002 at the close of the most recent fiscal year. This is an improvement of \$10,125 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, \$63,126, 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, \$3,782, represents resources that are subject to external restrictions on how they may be used. There was an increase of \$885 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 \$3,371 to a positive \$4,782. This lower than preferred 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, 2014 and 2013**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 63,911	\$ 61,348	\$ 16,225	\$ 13,245	\$ 80,136	\$ 74,593
Capital assets, net	51,691	53,475	43,045	44,229	94,736	97,704
<b>Total assets</b>	<b>115,602</b>	<b>114,823</b>	<b>59,270</b>	<b>57,474</b>	<b>174,872</b>	<b>172,297</b>
Other liabilities	7,571	7,544	475	544	8,046	8,088
Noncurrent liabilities	103,249	110,650	22,575	22,682	125,824	133,332
<b>Total liabilities</b>	<b>110,820</b>	<b>118,194</b>	<b>23,050</b>	<b>23,226</b>	<b>133,870</b>	<b>141,420</b>
Net Position:						
Net investment in capital assets	34,093	34,110	29,033	28,769	63,126	62,879
Restricted	3,782	2,897	-	-	3,782	2,897
Unrestricted (deficit)	(33,093)	(40,378)	7,187	5,479	(25,906)	(34,899)
<b>Total net position, as restated</b>	<b>\$ 4,782</b>	<b>\$ (3,371)</b>	<b>\$ 36,220</b>	<b>\$ 34,248</b>	<b>\$ 41,002</b>	<b>\$ 30,877</b>

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2014	2013	2014	2013
Current and other assets	\$ 24,773	\$ 25,510	\$ 5,208	\$ 6,582
Capital assets, net	141,356	148,854	2,144	8
<b>Total assets</b>	<b>166,129</b>	<b>174,364</b>	<b>7,352</b>	<b>6,590</b>
Other liabilities	19,787	20,935	1,502	1,304
Noncurrent liabilities	10,077	9,074	824	724
<b>Total liabilities</b>	<b>29,864</b>	<b>30,009</b>	<b>2,326</b>	<b>2,028</b>
Net Position:				
Investment in capital assets, net of related debt	141,356	148,854	2,144	8
Restricted	-	-	1,449	2,161
Unrestricted	(5,091)	(4,499)	1,433	2,393
<b>Total net position</b>	<b>\$ 136,265</b>	<b>\$ 144,355</b>	<b>\$ 5,026</b>	<b>\$ 4,562</b>

**County of Rockingham, Virginia**  
**Summary Statement of Changes in Net Position**  
**Years Ended June 30, 2014 and 2013**

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 9,224	\$ 8,379	\$ 11,235	\$ 11,590	\$ 20,459	\$ 19,969
Operating grants and contributions	9,433	9,309	-	-	9,433	9,309
Capital grants and contributions	2,803	2,576	1,259	-	4,062	2,576
General revenues:						
General property taxes	70,209	70,601	-	-	70,209	70,601
Other local taxes	9,925	9,631	-	-	9,925	9,631
Intergovernmental non-categorical aid	8,079	8,004	-	-	8,079	8,004
Use of money and property	1,506	1,472	66	68	1,572	1,540
Miscellaneous	302	345	899	1,062	1,201	1,407
<b>Total revenues</b>	<b>111,481</b>	<b>110,317</b>	<b>13,459</b>	<b>12,720</b>	<b>124,940</b>	<b>123,037</b>
<b>Expenses:</b>						
General government administration	5,462	5,070	-	-	5,462	5,070
Judicial administration	3,860	3,639	-	-	3,860	3,639
Public safety	23,580	21,387	-	-	23,580	21,387
Public works	6,899	5,255	11,487	10,544	18,386	15,799
Health and social services	3,769	4,703	-	-	3,769	4,703
Education	49,860	50,100	-	-	49,860	50,100
Parks, recreation and cultural	2,186	2,200	-	-	2,186	2,200
Community development	3,357	4,009	-	-	3,357	4,009
Interest	4,355	4,757	-	-	4,355	4,757
<b>Total expenses</b>	<b>103,328</b>	<b>101,120</b>	<b>11,487</b>	<b>10,544</b>	<b>114,815</b>	<b>111,664</b>
<b>Change in net position before transfers</b>	<b>8,153</b>	<b>9,197</b>	<b>1,972</b>	<b>2,176</b>	<b>10,125</b>	<b>11,373</b>
Transfers	-	(63)	-	63	-	-
<b>Change in net position</b>	<b>8,153</b>	<b>9,134</b>	<b>1,972</b>	<b>2,239</b>	<b>10,125</b>	<b>11,373</b>
Net position, beginning, as restated	(3,371)	(12,505)	34,248	32,009	30,877	19,504
Net position, ending	\$ 4,782	\$ (3,371)	\$ 36,220	\$ 34,248	\$ 41,002	\$ 30,877

**County of Rockingham, Virginia**  
**Summary Statement of Changes in Net Position (Continued)**  
**Years Ended June 30, 2014 and 2013**

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2014	2013	2014	2013
Revenues:				
Program revenues:				
Charges for services	\$ 5,084	\$ 4,899	\$ -	\$ -
Operating grants and contributions	68,365	67,344	15,587	14,869
Capital grants and contributions	33	82	-	-
General revenues:				
Grants and contributions not restricted to specific programs	49,860	50,100	6,348	6,338
Intergovernmental non-categorical aid	80	107	-	-
Use of money and property	31	37	16	33
Miscellaneous	512	361	72	38
<b>Total revenues</b>	<b>123,965</b>	<b>122,930</b>	<b>22,023</b>	<b>21,278</b>
Expenses:				
Health and social services	-	-	21,560	20,756
Education	132,055	131,381	-	-
<b>Total expenses</b>	<b>132,055</b>	<b>131,381</b>	<b>21,560</b>	<b>20,756</b>
<b>Change in net position</b>	<b>(8,090)</b>	<b>(8,451)</b>	<b>463</b>	<b>522</b>
Net position, beginning	144,355	152,806	4,562	4,040
Net position, ending	\$ 136,265	\$ 144,355	\$ 5,025	\$ 4,562

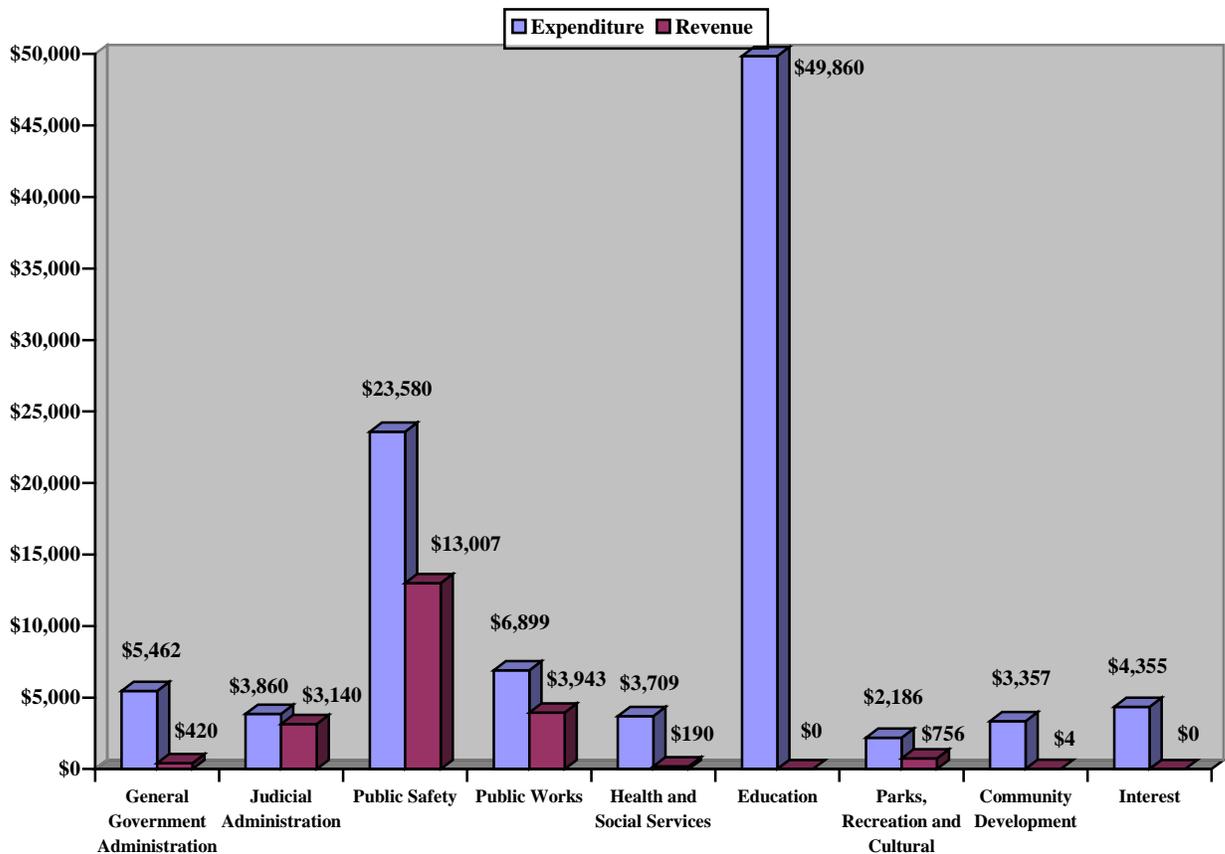
**Governmental activities.** Governmental activities reduced the deficit in the County’s net position by \$8,153 compared to \$9,134 in fiscal year 2013. Key factors of this change are as follows:

- Total revenues increased \$1,164 (from \$110,317 to \$111,481) compared to last year.
- Total expenses increased by \$2,208 (from \$101,120 to \$103,328) compared to last year.

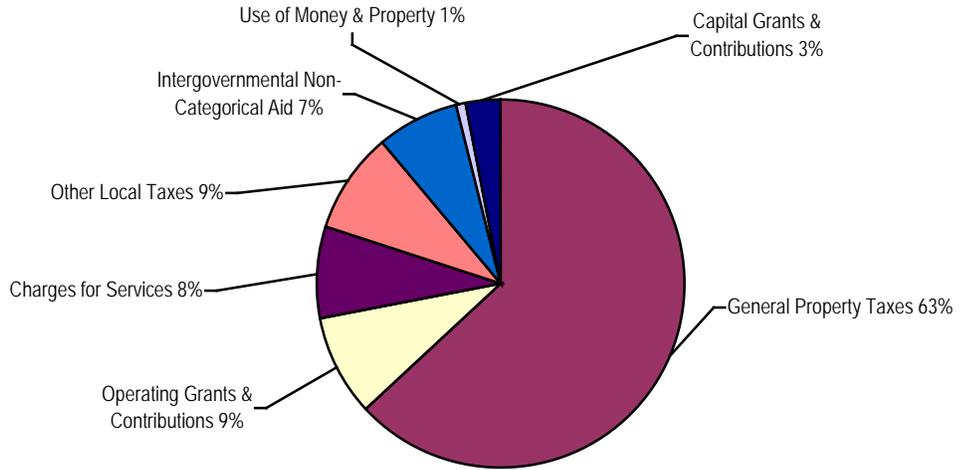
An explanation of the key components for the revenue and expense changes is outlined on page 26 under the Financial Analysis of the Government’s Funds.

**Business-type activities.** Business-type activities also increased the County’s net position by \$1,972 compared to an increase of \$2,239 last fiscal year. Each of these businesses is monitored on a regular basis to assure that they are operating as a self-sustaining enterprise.

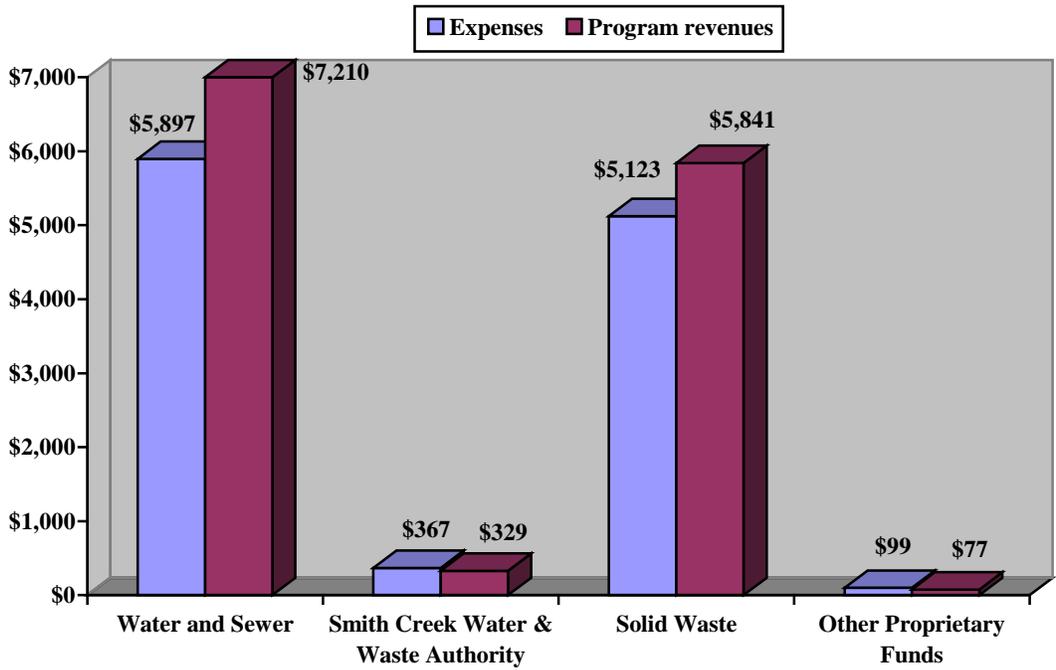
**Expenses and Program Revenues - Governmental Activities**



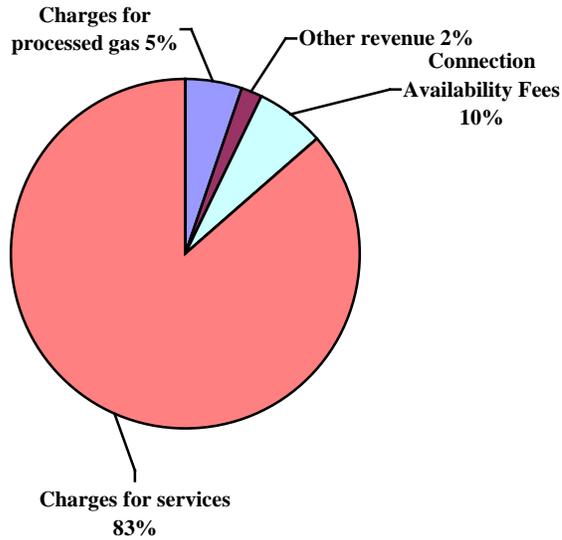
### Revenues by Source - Governmental Activities



### 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 \$8,089 this fiscal year compared to a decrease of \$8,451 in fiscal year 2013. Key elements of this decrease are as follows:

1. Revenues increased by \$1,035 (from \$122,930 to \$123,965) primarily due to an increase in the operating grants and contributions of \$1,021 (from \$67,344 to \$68,365).
2. Expenses also increased by a total of \$674 (from \$131,381 to \$132,055) due to modestly higher operating costs as follows:

Instruction	\$	640
Administration, attendance and health		205
Pupil transportation services		254
Operation and maintenance services		(236)
School food services		(189)
	\$	<u>674</u>

3. Included in the Expenses listed above are depreciation and amortization totaling \$8,952, 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 \$50,081, an increase of \$328 in comparison with the prior year.

Approximately 50 percent of this total amount (\$25,193) constitutes unassigned general fund balance, which is available for spending at the government's discretion. In addition, another 44 percent of this total amount (\$22,094) 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 \$25,193, while total fund balance reached \$27,782. 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 24 percent of total General Fund expenditures, while total fund balance represents 26 percent of that same amount.

The fund balance of the County's General Fund decreased \$1,674 during the current fiscal year from \$29,456 at the end of fiscal year 2013. This is significantly better than the original budget which projected a \$5,677 decrease, and the final budget projecting a \$7,054 decrease. The key factors influencing these results are as follows:

- Total revenues increased by \$1,716 compared to last year. The largest revenue changes were:
  - Intergovernmental increased \$656 primarily due to higher categorical aid from the Commonwealth. Recovered costs also contributed \$519 to the increase due to more vehicles and higher public safety expenditures.
- Total expenditures increased by \$2,299 compared to last year. Many of the expenditure categories remained relatively flat. The key components with changes were:
  - Public safety increased \$2,228 compared to the prior fiscal year total of \$20,538.
  - Interest and fiscal charges decreased \$397 compared to the prior fiscal year of \$5,148.

The General Capital Projects Fund has a total fund balance of \$22,094, of which the entire amount is assigned to unspecified future capital outlays. The County had capital outlays of \$4,594 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 \$1,972 this fiscal year to \$36,220. The largest portion of the net position, \$29,033, continues to reflect the County's investment in capital assets. The unrestricted net position of the proprietary funds increased from \$5,479 last fiscal year to \$7,187 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 \$2,484 increase in appropriations between the original and final amended budget. The following are the largest components of the increase:

- \$600 supplemental appropriation for the increase in temporary housing of inmates at the Middle River Regional Jail.
- \$317 supplemental appropriations for the carryover of items from the prior fiscal year, including \$194 for the purchase of an ambulance and related equipment.

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). For the fiscal year, before transfers revenue exceeded expenditures by \$2,042, which was \$5,664 favorable to final budget.

Total revenues were \$1,117 over the final budgeted amounts and the key factors for this were:

- General property taxes were \$371 over the final budget amount. Machinery and tools taxes were lower by \$1,005 since there was a significant reduction in capital investments by businesses than expected. This reduction was offset by all of the other components showing improvement over the final budget amount.
- Other local taxes were \$355 over the final budget amount. This was largely due to local sales and use taxes being higher by \$309 from an improved economy.
- Charges for services also were \$411 over the final budget amount. This was due to a number of factors, including higher fees and more usage.

Total expenditures were \$4,547 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 \$3,302. 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 \$745 less than the final budget due to economic development funds not being spent by year-end.
- Public safety expenditures were \$727 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, 2014, amounted to \$94,736 (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 \$94,736 compared to \$97,704 last year.

### County of Rockingham, Virginia Summary Statement of Capital Assets June 30, 2014 and 2013

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Non-Depreciable Assets:						
Land	\$ 4,096	\$ 4,068	\$ 1,579	\$ 1,579	\$ 5,675	\$ 5,647
Easements	-	-	198	198	198	198
Construction in progress	207	41	1,013	430	1,220	471
Depreciable Capital Assets:						
Buildings	48,282	48,282	421	413	48,703	48,695
Improvements	10,709	10,709	62,666	62,383	73,375	73,092
Machinery and equipment	17,494	16,972	4,551	4,489	22,045	21,461
Software	1,762	1,559	-	-	1,762	1,559
Accumulated depreciation and amortization	(30,859)	(28,156)	(27,383)	(25,263)	(58,242)	(53,419)
<b>Total</b>	<b>\$ 51,691</b>	<b>\$ 53,475</b>	<b>\$ 43,045</b>	<b>\$ 44,229</b>	<b>\$ 94,736</b>	<b>\$ 97,704</b>

Major capital expenditures during the current fiscal year for the primary government included:

- Machinery and equipment purchases under Governmental Activities of \$861, including an ambulance, ladder truck, and Sheriff vehicles.
- Construction in progress under Business-type Activities of \$583, including upgrades to the water filtration system, methane gas system, and landfill upgrades.

**County of Rockingham, Virginia**  
**Summary Statement of Capital Assets (Continued)**  
**June 30, 2014 and 2013**

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2014	2013	2014	2013
<b>Non-Depreciable Assets:</b>				
Land	\$ 5,470	\$ 5,470	\$ -	\$ -
Easements	37	37	-	-
Construction in progress	-	-	1,407	-
<b>Depreciable Capital Assets:</b>				
Buildings	176,686	176,686	703	-
Improvements	50,355	49,782	3	3
Machinery and equipment	35,712	34,874	551	513
Software	49	49	-	-
Accumulated depreciation and amortization	(126,953)	(118,044)	(520)	(508)
<b>Total</b>	<b>\$ 141,356</b>	<b>\$ 148,854</b>	<b>\$ 2,144</b>	<b>\$ 8</b>

There were no major capital events of the component unit School Board during the current fiscal year.

The only major capital event of the component unit Social Services District was the acquisition of a building for \$703 and the construction in progress of expanding and renovating at \$1,408.

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 \$79,065. 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, 2014 and 2013**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 79,065	\$ 84,827	\$ -	\$ -	\$ 79,065	\$ 84,827
Capital leases	17,598	19,364	-	-	17,598	19,364
Unamortized premiums	3,394	3,647	410	467	3,804	4,114
Revenue bonds	-	-	13,603	14,809	13,603	14,809
Landfill obligation	-	-	8,189	7,048	8,189	7,048
Compensated absences	1,587	1,471	159	154	1,746	1,625
Other postemployment benefits	1,605	1,341	214	204	1,819	1,545
<b>Total</b>	<b>\$ 103,249</b>	<b>\$ 110,650</b>	<b>\$ 22,575</b>	<b>\$ 22,682</b>	<b>\$ 125,824</b>	<b>\$ 133,332</b>

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 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 2014 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
78,102	\$7,146,310,394	\$79,065,072	.0111	\$1,012

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 September 2014 in Rockingham County was 4.6 percent, which is consistent with the 4.6 percent rate a year ago. This compares favorably to the Virginia statewide unemployment rate of 5.3 percent and the United States national average of 5.8 percent.
- The County is encountering its 6th consecutive year of significant revenue challenges.
- Fiscal year 2015 General Fund Revenue is budgeted to remain stable at \$107,660 in comparison to the fiscal year 2014 Amended Budget of \$107,434.
- 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 2015 General Fund Expenditures are budgeted to remain stable at \$111,509 in comparison to the fiscal year 2014 Amended Budget of \$111,056.
- The unassigned fund balance in the General Fund at fiscal year-end was \$25,193. The County has appropriated \$3,849 of this amount for spending in the fiscal year 2015 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 2015.

## **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](http://www.rockinghamcountyva.gov).

# **BASIC FINANCIAL STATEMENTS**

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2014

	Primary Government			Component Units	
	Governmental	Business-type	Totals	School	Harrisonburg- Rockingham Social Services
	Activities	Activities		Board	District
<b>ASSETS</b>					
Cash, cash equivalents and temporary cash investments	\$ 1,170,883	\$ -	\$ 1,170,883	\$ 5,168,914	\$ -
Investments	50,725,264	14,993,596	65,718,860	13,610,326	3,048,736
Receivables, net:					
Property taxes	3,353,643	-	3,353,643	-	-
Utility taxes	106,728	-	106,728	-	-
Trade and other accounts	734,378	1,125,983	1,860,361	441,233	121,174
Accrued interest	80,122	22,381	102,503	15,863	5,471
Due from other governments	3,650,007	-	3,650,007	2,543,829	1,945,254
Internal balances	82,748	(82,748)	-	-	-
Prepaid items	366,839	53,251	420,090	2,761,236	87,181
Inventory	40,059	112,870	152,929	231,749	-
Restricted cash	22,882	-	22,882	-	-
Investment in Harrisonburg-Rockingham Social Services District	3,577,183	-	3,577,183	-	-
Capital assets, net of accumulated depreciation and amortization:					
Land	4,096,329	1,578,460	5,674,789	5,469,535	-
Easements	-	197,842	197,842	36,654	-
Buildings	48,282,231	420,506	48,702,737	176,685,780	703,015
Improvements other than buildings	10,708,429	62,666,672	73,375,101	50,355,232	3,156
Machinery and equipment	17,493,730	4,550,981	22,044,711	35,711,609	550,649
Software	1,762,525	-	1,762,525	49,407	-
Construction in progress	206,864	1,013,168	1,220,032	-	1,407,509
Less: accumulated depreciation and amortization	(30,858,670)	(27,382,764)	(58,241,434)	(126,952,367)	(520,238)
<b>Total assets</b>	<b>115,602,174</b>	<b>59,270,198</b>	<b>174,872,372</b>	<b>166,129,000</b>	<b>7,351,907</b>

**LIABILITIES**

Accounts payable	1,318,587	258,985	1,577,572	2,088,669	1,378,617
Accrued payroll	540,730	55,427	596,157	14,572,667	123,414
Accrued liabilities	394,736	-	394,736	-	-
Accrued interest	1,888,127	161,336	2,049,463	-	-
Unearned revenue	2,969,016	-	2,969,016	1,318,072	-
Insurance and benefit claims	459,500	-	459,500	1,378,500	-
Due to other governments	-	-	-	429,345	-
Noncurrent liabilities:					
Due within one year:					
Bonds payable	5,674,158	1,243,024	6,917,182	-	-
Capital leases	1,507,706	-	1,507,706	-	-
Compensated absences	949,313	90,692	1,040,005	2,520,003	202,030
Due in more than one year:					
Bonds payable, net	76,784,599	12,769,369	89,553,968	-	-
Capital leases	16,090,146	-	16,090,146	-	-
Landfill obligation	-	8,189,360	8,189,360	-	-
Compensated absences	637,848	68,188	706,036	1,001,741	223,317
Other postemployment benefits	1,605,468	214,005	1,819,473	6,554,609	399,013
<b>Total liabilities</b>	<b>110,819,934</b>	<b>23,050,386</b>	<b>133,870,320</b>	<b>29,863,606</b>	<b>2,326,391</b>

**NET POSITION**

Net investment in capital assets	34,093,586	29,032,472	63,126,058	141,355,850	2,144,091
Restricted:					
Nonexpendable trust principal	11,143	-	11,143	-	-
Nonexpendable minority interest	-	-	-	-	1,448,333
Harrisonburg-Rockingham Social Services District	3,577,183	-	3,577,183	-	-
Park maintenance	11,774	-	11,774	-	-
Judicial administration	87,852	-	87,852	-	-
Public safety	94,059	-	94,059	-	-
Unrestricted (deficit)	(33,093,357)	7,187,340	(25,906,017)	(5,090,456)	1,433,092
<b>Total net position</b>	<b>\$ 4,782,240</b>	<b>\$ 36,219,812</b>	<b>\$ 41,002,052</b>	<b>\$ 136,265,394</b>	<b>\$ 5,025,516</b>

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2014

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	\$ 5,462,554	\$ 2,059	\$ 417,952	\$ -	\$ (5,042,543)	\$ -	\$ (5,042,543)	\$ -	\$ -
Judicial administration	3,859,974	990,660	2,178,098	-	(691,216)	-	(691,216)	-	-
Public safety	23,580,101	6,312,309	6,665,123	-	(10,602,669)	-	(10,602,669)	-	-
Public works	6,898,649	1,141,301	-	2,802,447	(2,954,901)	-	(2,954,901)	-	-
Health and social services	3,769,309	17,745	172,263	-	(3,579,301)	-	(3,579,301)	-	-
Education	49,859,613	-	-	-	(49,859,613)	-	(49,859,613)	-	-
Parks, recreation and cultural	2,186,224	756,422	-	-	(1,429,802)	-	(1,429,802)	-	-
Community development	3,356,974	3,727	-	-	(3,353,247)	-	(3,353,247)	-	-
Interest	4,354,774	-	-	-	(4,354,774)	-	(4,354,774)	-	-
<b>Total governmental activities</b>	<b>103,328,172</b>	<b>9,224,223</b>	<b>9,433,436</b>	<b>2,802,447</b>	<b>(81,868,066)</b>	<b>-</b>	<b>(81,868,066)</b>	<b>-</b>	<b>-</b>
Business-type activities:									
Water and sewer	6,363,516	6,177,859	-	1,258,738	-	1,073,081	1,073,081	-	-
Solid waste	5,123,106	5,057,086	-	-	-	(66,020)	(66,020)	-	-
<b>Total business-type activities</b>	<b>11,486,622</b>	<b>11,234,945</b>	<b>-</b>	<b>1,258,738</b>	<b>-</b>	<b>1,007,061</b>	<b>1,007,061</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 114,814,794</b>	<b>\$ 20,459,168</b>	<b>\$ 9,433,436</b>	<b>\$ 4,061,185</b>	<b>(81,868,066)</b>	<b>1,007,061</b>	<b>(80,861,005)</b>	<b>-</b>	<b>-</b>
Component Units:									
Rockingham County School Board:									
Education:									
Instruction	\$ 100,536,652	\$ 3,081,807	\$ 65,262,242	\$ 32,720	-	-	-	(32,159,883)	-
Administration, attendance and health	5,552,174	-	-	-	-	-	-	(5,552,174)	-
Pupil transportation services	9,338,770	-	-	-	-	-	-	(9,338,770)	-
Operation and maintenance services	11,573,942	-	-	-	-	-	-	(11,573,942)	-
School food services	5,053,123	2,002,626	3,103,314	-	-	-	-	52,817	-
<b>Total school board</b>	<b>132,054,661</b>	<b>5,084,433</b>	<b>68,365,556</b>	<b>32,720</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(58,571,952)</b>	<b>-</b>

Harrisonburg-Rockingham Social

Services District:

Social Services:

Public assistance	6,452,300	-	5,029,280	-	-	-	-	-	(1,423,020)
Comprehensive services	8,874,411	-	5,237,254	-	-	-	-	-	(3,637,157)
Administration:									
Welfare	6,233,209	-	5,320,083	-	-	-	-	-	(913,126)

**Total social services district** 21,559,920    -    15,586,617    -    -    -    -    -    (5,973,303)

**Total component units** \$ 153,614,581    \$ 5,084,433    \$ 83,952,173    \$ 32,720    -    -    -    (58,571,952)    (5,973,303)

General Revenues:

Taxes:

General property taxes	70,208,531	-	70,208,531	-	-
Other local taxes:					
Local sales and use	5,309,256	-	5,309,256	-	-
Consumer utility	1,078,402	-	1,078,402	-	-
Motor vehicle licenses	1,209,701	-	1,209,701	-	-
Other	2,327,886	-	2,327,886	-	-
Grants and contributions not restricted to specific programs	-	-	-	49,859,613	6,348,530
Intergovernmental, non-categorical aid	8,079,422	-	8,079,422	79,643	-
Use of money and property	1,505,611	65,660	1,571,271	31,489	16,177
Miscellaneous	302,430	898,936	1,201,366	511,887	71,814

Total general revenues 90,021,239    964,596    90,985,835    50,482,632    6,436,521

**Change in net position**    8,153,173    1,971,657    10,124,830    (8,089,320)    463,218

Net position, beginning, as restated (3,370,933)    34,248,155    30,877,222    144,354,714    4,562,298

Net position, ending \$ 4,782,240    \$ 36,219,812    \$ 41,002,052    \$ 136,265,394    \$ 5,025,516

COUNTY OF ROCKINGHAM, VIRGINIA

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2014**

	General	General Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash, cash equivalents and temporary cash investments	\$ 1,170,883	\$ -	\$ -	\$ 1,170,883
Investments	23,257,792	22,416,427	564,900	46,239,119
Receivables, net:				
Property taxes	3,353,643	-	-	3,353,643
Utility taxes	106,728	-	-	106,728
Trade and other accounts	687,405	44,229	-	731,634
Accrued interest	43,786	31,322	925	76,033
Due from other governments	3,166,378	483,629	-	3,650,007
Prepaid items	366,839	-	-	366,839
Inventory	33,756	-	-	33,756
Advance to other funds	82,748	-	-	82,748
Restricted cash	-	-	22,882	22,882
Investment in Harrisonburg-Rockingham Social Services District	2,105,608	-	-	2,105,608
<b>Total assets</b>	<b>\$ 34,375,566</b>	<b>\$ 22,975,607</b>	<b>\$ 588,707</b>	<b>\$ 57,939,880</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 717,200	\$ 491,716	\$ 1,903	\$ 1,210,819
Accrued payroll	539,967	-	763	540,730
Accrued liabilities	-	389,998	-	389,998
Unearned revenue	2,148,446	-	381,213	2,529,659
<b>Total liabilities</b>	<b>3,405,613</b>	<b>881,714</b>	<b>383,879</b>	<b>4,671,206</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	3,187,688	-	-	3,187,688
<b>Total deferred inflows of resources</b>	<b>3,187,688</b>	<b>-</b>	<b>-</b>	<b>3,187,688</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	366,839	-	-	366,839
Inventory	33,756	-	-	33,756
Advance to other funds	82,748	-	-	82,748
Nonexpendable trust principal	-	-	11,143	11,143
Restricted for:				
Harrisonburg-Rockingham Social Services District	2,105,608	-	-	2,105,608
Park maintenance	-	-	11,774	11,774
Judicial administration	-	-	87,852	87,852
Public safety	-	-	94,059	94,059
Assigned to:				
Capital outlay	-	22,093,893	-	22,093,893
Unassigned:				
General fund	25,193,314	-	-	25,193,314
<b>Total fund balances</b>	<b>27,782,265</b>	<b>22,093,893</b>	<b>204,828</b>	<b>50,080,986</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 34,375,566</b>	<b>\$ 22,975,607</b>	<b>\$ 588,707</b>	<b>\$ 57,939,880</b>

**COUNTY OF ROCKINGHAM, VIRGINIA**

**RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
June 30, 2014**

	Governmental Funds
Total fund balances - total governmental funds	\$ 50,080,986
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>	
<p>Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.</p>	
Governmental capital assets	\$ 82,550,108
Less accumulated depreciation and amortization	<u>(30,858,670)</u>
Net capital assets	51,691,438
<p>Unearned revenue represents amounts that were not available to fund current expenditures and, therefore, is not reported as revenue in the governmental funds.</p>	
	3,187,688
<p>Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>	
Investment in Harrisonburg-Rockingham Social Services District	1,471,575
<p>Internal service funds are used by management to charge the costs of goods provided to other departments or funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.</p>	
	3,492,656
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.</p>	
General obligation bonds, including unamortized premiums	(82,458,757)
Capital leases	(17,597,852)
Compensated absences	(1,587,161)
Arbitrage payable	(4,738)
Interest payable	(1,888,127)
Other postemployment benefits	<u>(1,605,468)</u>
	<u>(105,142,103)</u>
<b>Net position of governmental activities</b>	<u><u>\$ 4,782,240</u></u>

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 Year Ended June 30, 2014

	General	General Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
General property taxes	\$ 70,426,736	\$ -	\$ -	\$ 70,426,736
Other local taxes	9,925,245	-	-	9,925,245
Permits, privilege fees and regulatory licenses	1,003,449	-	-	1,003,449
Fines and forfeitures	99,617	-	60,225	159,842
Use of money and property	1,406,755	84,359	2,949	1,494,063
Charges for services	3,925,885	-	-	3,925,885
Miscellaneous	302,430	-	-	302,430
Recovered costs	4,134,950	-	-	4,134,950
Intergovernmental	17,325,358	2,802,447	187,500	20,315,305
<b>Total revenues</b>	<b>108,550,425</b>	<b>2,886,806</b>	<b>250,674</b>	<b>111,687,905</b>
<b>Expenditures:</b>				
Current:				
General government administration	4,787,939	-	-	4,787,939
Judicial administration	3,436,673	-	103,768	3,540,441
Public safety	22,766,609	-	153,356	22,919,965
Public works	2,852,182	-	-	2,852,182
Health and social services	5,898,577	-	-	5,898,577
Education	49,859,613	-	-	49,859,613
Parks, recreation and cultural	2,130,299	-	-	2,130,299
Community development	2,497,658	-	-	2,497,658
Capital outlay	-	4,593,950	-	4,593,950
Debt service:				
Principal	7,528,018	-	-	7,528,018
Interest and fiscal charges	4,751,292	-	-	4,751,292
<b>Total expenditures</b>	<b>106,508,860</b>	<b>4,593,950</b>	<b>257,124</b>	<b>111,359,934</b>
<b>Revenues over (under) expenditures</b>	<b>2,041,565</b>	<b>(1,707,144)</b>	<b>(6,450)</b>	<b>327,971</b>
<b>Other financing sources (uses):</b>				
Transfers in	284,869	4,000,000	-	4,284,869
Transfers out	(4,000,000)	-	(284,869)	(4,284,869)
<b>Other financing sources (uses), net</b>	<b>(3,715,131)</b>	<b>4,000,000</b>	<b>(284,869)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(1,673,566)</b>	<b>2,292,856</b>	<b>(291,319)</b>	<b>327,971</b>
Fund balance, beginning	29,455,831	19,801,037	496,147	49,753,015
Fund balance, ending	\$ 27,782,265	\$ 22,093,893	\$ 204,828	\$ 50,080,986

**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, 2014**

	Governmental Funds	
Net change in fund balances - total governmental funds	\$	327,971
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	\$	1,258,644
Less depreciation and amortization expense		<u>(3,041,801)</u>
Excess of depreciation and amortization over capital outlays		(1,783,157)
<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 unearned revenue		(218,205)
Change in investment in Harrisonburg-Rockingham Social Service District		<u>2,186,811</u>
		1,968,606
<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		7,528,018
<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		143,575
Compensated absences		(116,620)
Arbitrage		(188)
Other postemployment benefits		(264,311)
Amortization of premium		<u>253,131</u>
		15,587
<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		5,451,948
Total expenses		<u>(5,355,800)</u>
		<u>96,148</u>
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u><u>8,153,173</u></u></b>

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL - GENERAL FUND  
 Year Ended June 30, 2014

	General Fund			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>Revenues:</b>				
General property taxes	\$ 70,056,000	\$ 70,056,000	\$ 70,426,736	\$ 370,736
Other local taxes	9,570,400	9,570,400	9,925,245	354,845
Permits, privilege fees and regulatory licenses	735,350	735,350	1,003,449	268,099
Fines and forfeitures	192,000	192,000	99,617	(92,383)
Use of money and property	1,343,003	1,343,003	1,406,755	63,752
Charges for services	3,451,900	3,514,900	3,925,885	410,985
Miscellaneous	206,000	211,834	302,430	90,596
Recovered costs	3,503,007	4,247,829	4,134,950	(112,879)
Intergovernmental	17,268,672	17,562,281	17,325,358	(236,923)
<b>Total revenues</b>	<b>106,326,332</b>	<b>107,433,597</b>	<b>108,550,425</b>	<b>1,116,828</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government administration	4,767,860	4,981,198	4,787,939	(193,259)
Judicial administration	3,352,594	3,576,034	3,436,673	(139,361)
Public safety	21,326,468	23,493,535	22,766,609	(726,926)
Public works	2,611,118	2,851,591	2,852,182	591
Health and social services	4,851,998	4,892,734	5,898,577	1,005,843
Education	53,162,000	53,162,000	49,859,613	(3,302,387)
Parks, recreation and cultural	2,364,161	2,291,104	2,130,299	(160,805)
Community development	3,571,087	3,242,935	2,497,658	(745,277)
<b>Debt service:</b>				
Principal	7,783,658	7,783,658	7,528,018	(255,640)
Interest and fiscal charges	4,780,813	4,780,813	4,751,292	(29,521)
<b>Total expenditures</b>	<b>108,571,757</b>	<b>111,055,602</b>	<b>106,508,860</b>	<b>(4,546,742)</b>
<b>Revenues over (under) expenditures</b>	<b>(2,245,425)</b>	<b>(3,622,005)</b>	<b>2,041,565</b>	<b>5,663,570</b>
<b>Other financing sources (uses):</b>				
Transfers in	568,594	568,594	284,869	(283,725)
Transfers out	(4,000,000)	(4,000,000)	(4,000,000)	-
<b>Total other financing uses, net</b>	<b>(3,431,406)</b>	<b>(3,431,406)</b>	<b>(3,715,131)</b>	<b>(283,725)</b>
<b>Net change in fund balance</b>	<b>(5,676,831)</b>	<b>(7,053,411)</b>	<b>(1,673,566)</b>	<b>5,379,845</b>
Fund balance, beginning	5,676,831	7,053,411	29,455,831	22,402,420
Fund balance, ending	\$ -	\$ -	\$ 27,782,265	\$ 27,782,265

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 June 30, 2014

	Business-type Activities - Enterprise Funds				Totals	Governmental Activities - Internal Service Funds
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Other Proprietary Funds		
<b>ASSETS</b>						
Current Assets:						
Investments	\$ 9,225,964	\$ 47,250	\$ 5,582,915	\$ 137,467	\$ 14,993,596	\$ 10,859,850
Trade and other accounts receivable	584,832	31,287	495,927	13,937	1,125,983	2,744
Accrued interest	13,976	32	8,166	207	22,381	16,358
Prepaid items	17,415	-	35,836	-	53,251	-
Inventory	112,870	-	-	-	112,870	6,303
<b>Total current assets</b>	<b>9,955,057</b>	<b>78,569</b>	<b>6,122,844</b>	<b>151,611</b>	<b>16,308,081</b>	<b>10,885,255</b>
Noncurrent Assets:						
Capital assets:						
Land	262,198	-	1,295,662	20,600	1,578,460	-
Easements	177,211	-	-	20,631	197,842	-
Buildings	12,995	-	398,611	8,900	420,506	-
Improvements other than buildings	34,966,694	6,616,233	19,060,824	2,022,921	62,666,672	-
Machinery and equipment	899,744	361,546	3,255,329	34,362	4,550,981	-
Construction in progress	390,181	-	622,987	-	1,013,168	-
Less accumulated depreciation and amortization	(12,066,484)	(1,673,542)	(13,306,263)	(336,475)	(27,382,764)	-
<b>Total capital assets, net of accumulated depreciation and amortization</b>	<b>24,642,539</b>	<b>5,304,237</b>	<b>11,327,150</b>	<b>1,770,939</b>	<b>43,044,865</b>	<b>-</b>
<b>Total noncurrent assets</b>	<b>24,642,539</b>	<b>5,304,237</b>	<b>11,327,150</b>	<b>1,770,939</b>	<b>43,044,865</b>	<b>-</b>
<b>Total assets</b>	<b>34,597,596</b>	<b>5,382,806</b>	<b>17,449,994</b>	<b>1,922,550</b>	<b>59,352,946</b>	<b>10,885,255</b>
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts payable and deposits	164,284	11,274	81,503	1,924	258,985	428,484
Compensated absences	44,944	-	45,748	-	90,692	-
Accrued payroll	25,663	-	29,764	-	55,427	-
Accrued interest	97,184	22,923	30,625	10,604	161,336	-
Advance from other funds	-	-	-	82,748	82,748	-
Unearned revenue	-	-	-	-	-	1,757,429
Insurance and benefit claims	-	-	-	-	-	1,838,000
Revenue bonds	440,000	177,418	580,000	45,606	1,243,024	-
<b>Total current liabilities</b>	<b>772,075</b>	<b>211,615</b>	<b>767,640</b>	<b>140,882</b>	<b>1,892,212</b>	<b>4,023,913</b>
Noncurrent Liabilities:						
Compensated absences	26,823	-	41,365	-	68,188	-
Other postemployment benefits	88,287	-	125,718	-	214,005	-
Revenue bonds	8,008,122	1,993,988	2,046,859	720,400	12,769,369	-
Landfill obligation	-	-	8,189,360	-	8,189,360	-
<b>Total noncurrent liabilities</b>	<b>8,123,232</b>	<b>1,993,988</b>	<b>10,403,302</b>	<b>720,400</b>	<b>21,240,922</b>	<b>-</b>
<b>Total liabilities</b>	<b>8,895,307</b>	<b>2,205,603</b>	<b>11,170,942</b>	<b>861,282</b>	<b>23,133,134</b>	<b>4,023,913</b>
<b>NET POSITION</b>						
Net investment in capital assets	16,194,417	3,132,831	8,700,291	1,004,933	29,032,472	-
Unrestricted (deficit)	9,507,872	44,372	(2,421,239)	56,335	7,187,340	6,861,342
<b>Total net position</b>	<b>\$ 25,702,289</b>	<b>\$ 3,177,203</b>	<b>\$ 6,279,052</b>	<b>\$ 1,061,268</b>	<b>\$ 36,219,812</b>	<b>\$ 6,861,342</b>

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 Year Ended June 30, 2014

	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	\$ 5,811,034	\$ 252,164	\$ 5,057,086	\$ 76,523	\$ 11,196,807	\$ 21,646,075
Sale of processed gas	-	-	615,714	-	615,714	-
Connection fees	36,600	1,538	-	-	38,138	-
Other revenue	138,799	669	143,652	102	283,222	-
<b>Total operating revenues</b>	<b>5,986,433</b>	<b>254,371</b>	<b>5,816,452</b>	<b>76,625</b>	<b>12,133,881</b>	<b>21,646,075</b>
Operating expenses:						
Personal services	799,270	-	949,051	-	1,748,321	-
Fringe benefits	299,076	-	399,761	-	698,837	-
Contractual services	238,949	44,295	741,397	11,420	1,036,061	2,437,919
Regional Sewer Authority assessment:						
Operations and maintenance	959,798	-	-	-	959,798	-
Debt service	1,607,025	-	-	-	1,607,025	-
Risk financing and benefit payments	-	-	-	-	-	18,829,717
Internal services	78,954	-	56,789	-	135,743	-
Electrical services	358,463	10,050	56,692	-	425,205	-
Repairs and maintenance	45,122	-	176,212	-	221,334	-
Landfill closure	-	-	1,141,142	-	1,141,142	-
Other charges	367,344	102,371	330,355	19,404	819,474	38,891
Depreciation and amortization	758,966	147,801	1,181,011	43,185	2,130,963	-
<b>Total operating expenses</b>	<b>5,512,967</b>	<b>304,517</b>	<b>5,032,410</b>	<b>74,009</b>	<b>10,923,903</b>	<b>21,306,527</b>
<b>Operating income (loss)</b>	<b>473,466</b>	<b>(50,146)</b>	<b>784,042</b>	<b>2,616</b>	<b>1,209,978</b>	<b>339,548</b>
Nonoperating revenues (expenses):						
Connection availability fees	1,183,400	75,338	-	-	1,258,738	-
Interest revenue	40,511	-	24,333	816	65,660	46,580
Interest expense	(384,171)	(62,841)	(90,696)	(25,011)	(562,719)	-
<b>Total nonoperating revenues (expenses), net</b>	<b>839,740</b>	<b>12,497</b>	<b>(66,363)</b>	<b>(24,195)</b>	<b>761,679</b>	<b>46,580</b>
<b>Change in net position</b>	<b>1,313,206</b>	<b>(37,649)</b>	<b>717,679</b>	<b>(21,579)</b>	<b>1,971,657</b>	<b>386,128</b>
Total net position, beginning, as restated	24,389,083	3,214,852	5,561,373	1,082,847	34,248,155	6,475,214
Total net position, ending	\$ 25,702,289	\$ 3,177,203	\$ 6,279,052	\$ 1,061,268	\$ 36,219,812	\$ 6,861,342

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2014**

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,759,612
Receipts from customers	5,932,338	252,655	5,439,804	76,154	11,700,951	-
Claims and benefits paid	-	-	-	-	-	(19,076,717)
Payments to suppliers for goods and services	(3,658,967)	(156,524)	(1,310,855)	(32,303)	(5,158,649)	(2,205,796)
Payments to employees for services	(1,088,103)	-	(1,333,174)	-	(2,421,277)	-
Internal activity - payments to other funds	(78,954)	-	(56,789)	-	(135,743)	-
Other receipts, net	138,799	669	759,366	102	898,936	-
<b>Net cash provided by operating activities</b>	<b>1,245,113</b>	<b>96,800</b>	<b>3,498,352</b>	<b>43,953</b>	<b>4,884,218</b>	<b>477,099</b>
Cash Flows From Capital and Related Financing Activities:						
Advance (payment) of advance from other funds	(95,000)	-	-	4,748	(90,252)	-
Connection availability fees	1,183,400	75,338	-	-	1,258,738	-
Principal paid on bonds	(425,000)	(172,419)	(565,000)	(44,301)	(1,206,720)	-
Interest paid and fiscal charges on outstanding debt	(406,355)	(64,636)	(136,012)	(25,683)	(632,686)	-
Acquisition and construction of capital assets	(517,778)	-	(424,196)	-	(941,974)	-
<b>Net cash used in capital and related financing activities</b>	<b>(260,733)</b>	<b>(161,717)</b>	<b>(1,125,208)</b>	<b>(65,236)</b>	<b>(1,612,894)</b>	<b>-</b>
Cash Flows From Investing Activities:						
(Purchases) proceeds on sale of investments, net	(1,028,016)	64,744	(2,395,691)	20,380	(3,338,583)	(526,882)
Interest received on investment securities	43,636	173	22,547	903	67,259	49,783
<b>Net cash provided by (used in) investing activities</b>	<b>(984,380)</b>	<b>64,917</b>	<b>(2,373,144)</b>	<b>21,283</b>	<b>(3,271,324)</b>	<b>(477,099)</b>
<b>Net change in cash and cash equivalents</b>						
	-	-	-	-	-	-
Cash and Cash Equivalents:						
Beginning	-	-	-	-	-	-
Ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2014**

	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)	\$ 473,466	\$ (50,146)	\$ 784,042	\$ 2,616	\$ 1,209,978	\$ 339,548
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization	758,966	147,801	1,181,011	43,185	2,130,963	-
Change in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable	84,704	(1,047)	382,718	(99)	466,276	342
Prepaid items	(2,815)	-	(1,933)	-	(4,748)	-
Inventory	(14,566)	-	-	-	(14,566)	1,361
Increase (decrease) in:						
Accounts payable and deposits	(64,885)	192	(4,266)	(1,749)	(70,708)	269,653
Accrued liabilities	10,243	-	15,638	-	25,881	-
Unearned revenue	-	-	-	-	-	113,195
Insurance and benefit claims	-	-	-	-	-	(247,000)
Landfill obligation	-	-	1,141,142	-	1,141,142	-
<b>Net cash provided by operating activities</b>	<b>\$ 1,245,113</b>	<b>\$ 96,800</b>	<b>\$ 3,498,352</b>	<b>\$ 43,953</b>	<b>\$ 4,884,218</b>	<b>\$ 477,099</b>
Schedule of Noncash Capital and Related Financing Activities:						
Capital assets acquired through incurrence of accounts payable	\$ 4,447	\$ -	\$ -	\$ -	\$ 4,447	\$ -

**COUNTY OF ROCKINGHAM, VIRGINIA**

**STATEMENT OF NET POSITION  
FIDUCIARY FUNDS**

**June 30, 2014**

	Agency Funds
<hr/>	
<b>ASSETS</b>	
Cash, cash equivalents and temporary cash investments	\$ 1,987,770
Accounts receivable	<u>218,451</u>
<b>Total assets</b>	<u>2,206,221</u>
<b>LIABILITIES</b>	
Accounts payable	<u>2,206,221</u>
<b>Total liabilities</b>	<u><u>\$ 2,206,221</u></u>

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### 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.

#### 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:*

Blended component units, although legally separate entities, are, in substance, part of the County's operations, and function as an integral part of the primary government, so data from these units are combined with data of the County.

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 rates for user charges and bond issuances are approved by the primary government, and the primary government is primarily obligated to provide resources in case there are deficits in debt service payments. The districts and authorities are reported as enterprise funds and do not issue separate financial statements.

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Significant Accounting Policies (Continued)

##### A. Reporting Entity (Continued)

*Discretely Presented Component Units:*

1) School Board

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.

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. School Board related debt, including leases, is expected to be repaid entirely or almost entirely with the resources of the primary government. 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 independently audited financial information of the School Board is presented within this Comprehensive Annual Financial Report.

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Significant Accounting Policies (Continued)

#### A. Reporting Entity (Continued)

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

#### 2) 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.

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Significant Accounting Policies (Continued)

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

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 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 restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues, including all taxes, are presented as *general revenues*.

*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.

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Significant Accounting Policies (Continued)

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

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.

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. This fund has been judgmentally determined to be major for public interest reasons, in that the presentation is of particular importance to the financial statement users.

*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

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#### 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, Soil and Water Conservation, and Laird L. Conrad Law Library.

##### 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

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#### 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

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**Note 1. Significant Accounting Policies (Continued)**

**E. Assets, Liabilities and Equity (Continued)**

5. Restricted Cash

The Albert K. Long Trust Fund's cash balance is restricted in accordance with the trust 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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until then. The County currently does not have any items that qualify for reporting in this category.

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Significant Accounting Policies (Continued)

##### E. Assets, Liabilities and Equity (Continued)

###### 7. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has only one type of item, which arises under the modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period the amounts become available.

###### 8. 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 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.

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Significant Accounting Policies (Continued)

##### E. Assets, Liabilities and Equity (Continued)

###### 9. 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 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.

###### 10. 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.

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Significant Accounting Policies (Continued)

#### E. Assets, Liabilities and Equity (Continued)

##### 10. Net Position Deficit (Continued)

The County concluded, 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.

##### 11. Fund Equity

In the fund financial statements, governmental funds report classifications of fund balance as follows:

*Nonspendable fund balance* – amounts 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.

*Assigned* – amounts intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. The Board of Supervisors has by resolution authorized the Director of Finance to assign fund balance. The Board of Supervisors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

*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.

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Significant Accounting Policies (Continued)

##### E. Assets, Liabilities and Equity (Continued)

###### 11. Fund Equity (Continued)

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.

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

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

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 2. Deposits and Investments (Continued)

##### Investment Policy:

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

The goal of the County is to obtain the highest possible yield on available financial assets 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, 2014, 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

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#### Note 2. Deposits and Investments (Continued)

##### Credit Risk:

As of June 30, 2014, as required by state statute, the Policy requires 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, 2014, 27% was invested in “AA+” U. S. Agency Securities, 8% was invested in “AAA, AA, A+, and A-” Corporate obligations, and 65% 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, 2014, 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	65%
U.S. Treasury Notes	18%
Corporate obligations	8%

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	\$ 23,264,623	\$ 3,252,715	\$ 20,011,908
STIF and Money Market	55,148,320	55,148,320	-
Corporate Obligations	6,451,256	1,561,620	4,889,636

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 Unearned Revenues**

Receivables at June 30, 2014 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	\$ 4,153,643	\$ -	\$ -	\$ -
Utility taxes	106,728	-	-	-
Trade and other accounts	687,405	44,229	609,732	34,087
<b>Gross receivables</b>	<b>4,947,776</b>	<b>44,229</b>	<b>609,732</b>	<b>34,087</b>
Less allowance for uncollectible accounts	800,000	-	24,900	2,800
<b>Net receivables</b>	<b>\$ 4,147,776</b>	<b>\$ 44,229</b>	<b>\$ 584,832</b>	<b>\$ 31,287</b>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

**Note 3. Receivables and Unearned Revenues (Continued)**

**Primary Government (Continued)**

	Solid Waste Fund	Nonmajor Proprietary Funds	Internal Service Funds	Totals
Property taxes	\$ -	\$ -	\$ -	\$ 4,153,643
Utility taxes	-	-	-	106,728
Trade and other accounts	500,427	17,137	2,744	1,895,761
<b>Gross receivables</b>	<b>500,427</b>	<b>17,137</b>	<b>2,744</b>	<b>6,156,132</b>
Less allowance for uncollectible accounts	4,500	3,200	-	835,400
<b>Net receivables</b>	<b>\$ 495,927</b>	<b>\$ 13,937</b>	<b>\$ 2,744</b>	<b>\$ 5,320,732</b>

The County determines its allowance for uncollectible accounts using historical collection data and specific account analysis. The total allowance for uncollectible accounts amounted to \$835,400 as of June 30, 2014.

Governmental funds report *unavailable 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 *unavailable and unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable (General Fund)	\$ 3,187,688	\$ -
Advance collection of 2014-2015 taxes (General Fund)	-	693,144
Personal Property Tax Relief Act – state reimbursement (General Fund)	-	1,455,302
Equitable Sharing Program (Asset Forfeiture Fund)	-	381,213
	<b>\$ 3,187,688</b>	<b>\$ 2,529,659</b>

**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

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**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	\$ 896,687
Communications sales and use taxes	270,043
Categorical aid:	
Shared costs:	
Commissioner of the revenue	16,597
Commonwealth attorney	72,722
Sheriff	503,999
Clerk of circuit court	44,383
Treasurer	15,539
Other	74,975
Federal government:	
Boarding and care of prisoners	55,872
Categorical aid:	
Ground safety transportation	5,744
Other	2,107
City of Harrisonburg	851,808
Other governments	355,902
<b>Total General Fund</b>	<u>3,166,378</u>
General Capital Projects Fund:	
Commonwealth of Virginia:	
Revenue sharing	483,629
<b>Total General Capital Projects Fund</b>	<u>483,629</u>
<b>Total Primary Government</b>	<u>\$ 3,650,007</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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**Note 4. Due From Other Governments (Continued)**

Component Unit - School Board:	
School Operating Fund:	
Commonwealth of Virginia:	
State sales tax receipts	\$ 2,128,164
Other	3,916
Federal government:	
Education grants	269,451
<b>Total School Operating Fund</b>	<u>2,401,531</u>
School Cafeteria Fund:	
Federal government:	
School food program	51,655
<b>Total School Cafeteria Fund</b>	<u>51,655</u>
Massanutten Technical Center:	
Commonwealth of Virginia:	
Education grants	27,552
Federal government:	
Education grants	63,091
<b>Total Massanutten Technical Center</b>	<u>90,643</u>
<b>Total Component Unit - School Board</b>	<u><u>\$ 2,543,829</u></u>
Component Unit - Harrisonburg-Rockingham Social Services District:	
Operating fund:	
Commonwealth of Virginia:	
Public assistance and administration	\$ 371,934
Federal government:	
Public assistance and administration	418,454
<b>Total Operating Fund</b>	<u>790,388</u>
Special Revenue – Comprehensive Services Act Fund:	
Commonwealth of Virginia:	
Comprehensive Services Act	1,154,866
<b>Total Special Revenue Fund</b>	<u>1,154,866</u>
<b>Total Component Unit - Harrisonburg-Rockingham Social Services District</b>	<u><u>\$ 1,945,254</u></u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

**Note 5. Capital Assets**

Capital asset activity for the year ended June 30, 2014 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	\$ 28,185	\$ -	\$ 4,096,329
Construction in progress	40,863	200,662	(34,661)	206,864
<b>Total capital assets, not being depreciated or amortized</b>	<b>4,109,007</b>	<b>228,847</b>	<b>(34,661)</b>	<b>4,303,193</b>
Capital assets, being depreciated or amortized:				
Buildings	48,282,231	-	-	48,282,231
Improvements other than buildings	10,708,429	-	-	10,708,429
Machinery and equipment	16,972,320	861,031	(339,621)	17,493,730
Software	1,559,098	168,766	34,661	1,762,525
<b>Total capital assets being depreciated or amortized</b>	<b>77,522,078</b>	<b>1,029,797</b>	<b>(304,960)</b>	<b>78,246,915</b>
Less accumulated depreciation or amortization for:				
Buildings	(16,612,259)	(1,583,912)	-	(18,196,171)
Improvements other than buildings	(3,227,016)	(427,187)	-	(3,654,203)
Machinery and equipment	(6,779,509)	(981,663)	339,621	(7,421,550)
Software	(1,537,706)	(49,039)	-	(1,586,745)
<b>Total accumulated depreciation or amortization</b>	<b>(28,156,490)</b>	<b>(3,041,801)</b>	<b>339,621</b>	<b>(30,858,670)</b>
<b>Total capital assets being depreciated or amortized, net</b>	<b>49,365,588</b>	<b>(2,012,004)</b>	<b>34,661</b>	<b>47,388,245</b>
Governmental activities capital assets, net	\$ 53,474,595	\$ (1,783,157)	\$ -	\$ 51,691,438

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

Governmental activities:	
General government administration	\$ 470,086
Judicial administration	318,250
Public safety	1,227,284
Public works	53,120
Health and social services	57,475
Parks, recreation and cultural	80,973
Community development	834,613
<b>Total depreciation and amortization expense - governmental activities</b>	<b>\$ 3,041,801</b>

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	\$ 1,578,460	\$ -	\$ -	\$ 1,578,460
Easements	197,842	-	-	197,842
Construction in progress	430,104	583,064	-	1,013,168
<b>Total capital assets, not being depreciated or amortized</b>	<b>2,206,406</b>	<b>583,064</b>	<b>-</b>	<b>2,789,470</b>
Capital assets, being depreciated or amortized:				
Buildings	412,497	8,009	-	420,506
Improvements other than buildings	62,384,113	282,559	-	62,666,672
Machinery and equipment	4,488,920	72,789	(10,728)	4,550,981
<b>Total capital assets being depreciated or amortized</b>	<b>67,285,530</b>	<b>363,357</b>	<b>(10,728)</b>	<b>67,638,159</b>
Less accumulated depreciation or amortization for:				
Buildings	(123,996)	(24,205)	-	(148,201)
Improvements other than buildings	(22,265,998)	(1,785,132)	-	(24,051,130)
Machinery and equipment	(2,872,535)	(321,626)	10,728	(3,183,433)
<b>Total accumulated depreciation or amortization</b>	<b>(25,262,529)</b>	<b>(2,130,963)</b>	<b>10,728</b>	<b>(27,382,764)</b>
<b>Total capital assets being depreciated or amortized, net</b>	<b>42,023,001</b>	<b>(1,767,606)</b>	<b>-</b>	<b>40,255,395</b>
Business-type activities capital assets, net	\$ 44,229,407	\$ (1,184,542)	\$ -	\$ 43,044,865

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

Business-type activities:	
Water and Sewer	\$ 758,966
Solid Waste	1,181,011
Smith Creek Water & Waste Authority	147,801
Lilly Subdivision Sanitary District	11,776
Countryside Sanitary District	6,122
Penn Laird Sewer Authority	25,287
<b>Total depreciation and amortization expense - business-type activities</b>	<b>\$ 2,130,963</b>

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
<b>Total capital assets, not being depreciated or amortized</b>	<b>5,506,189</b>	<b>-</b>	<b>-</b>	<b>5,506,189</b>
Capital assets, being depreciated or amortized:				
Buildings	176,685,780	-	-	176,685,780
Improvements other than buildings	49,782,320	572,912	-	50,355,232
Machinery and equipment	34,874,499	880,822	(43,712)	35,711,609
Software	49,407	-	-	49,407
<b>Total capital assets being depreciated or amortized</b>	<b>261,392,006</b>	<b>1,453,734</b>	<b>(43,712)</b>	<b>262,802,028</b>
Less accumulated depreciation or amortization for:				
Buildings	(75,643,110)	(5,218,096)	-	(80,861,206)
Improvements other than buildings	(16,300,021)	(1,714,060)	-	(18,014,081)
Machinery and equipment	(26,051,430)	(2,019,955)	43,712	(28,027,673)
Software	(49,407)	-	-	(49,407)
<b>Total accumulated depreciation or amortization</b>	<b>(118,043,968)</b>	<b>(8,952,111)</b>	<b>43,712</b>	<b>(126,952,367)</b>
<b>Total capital assets being depreciated or amortized, net</b>	<b>143,348,038</b>	<b>(7,498,377)</b>	<b>-</b>	<b>135,849,661</b>
School Board capital assets, net	<u>\$ 148,854,227</u>	<u>\$ (7,498,377)</u>	<u>\$ -</u>	<u>\$ 141,355,850</u>

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

Instruction	\$ 7,379,260
Administration, attendance and health	3,114
Pupil transportation services	792,136
Operation and maintenance services	<u>777,601</u>
<b>Total depreciation and amortization expense - Component Unit - School Board</b>	<u>\$ 8,952,111</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

*Component Unit - Harrisonburg-Rockingham Social Services District:*

	Beginning Balance	Increases	(Deletions)/ Reclassifications	Ending Balance
Capital assets, not being depreciated or amortized:				
Construction in progress	\$ -	\$ 1,407,509	\$ -	\$ 1,407,509
<b>Total capital assets, not being depreciated or amortized</b>	<b>-</b>	<b>1,407,509</b>	<b>-</b>	<b>1,407,509</b>
Capital assets being depreciated or amortized:				
Buildings	-	703,015	-	703,015
Improvements other than buildings	3,156	-	-	3,156
Machinery and equipment	513,612	53,163	(16,126)	550,649
<b>Total capital assets being depreciated or amortized</b>	<b>516,768</b>	<b>756,178</b>	<b>(16,126)</b>	<b>1,256,820</b>
Less accumulated depreciation or amortization for:				
Buildings	-	(17,575)	-	(17,575)
Improvements other than buildings	(1,419)	(105)	-	(1,524)
Machinery and equipment	(506,869)	(10,396)	16,126	(501,139)
<b>Total accumulated depreciation or amortization</b>	<b>(508,288)</b>	<b>(28,076)</b>	<b>16,126</b>	<b>(520,238)</b>
<b>Total capital assets being depreciated, net</b>	<b>8,480</b>	<b>728,102</b>	<b>-</b>	<b>736,582</b>
Harrisonburg-Rockingham Social Services District capital assets, net	\$ 8,480	\$ 2,135,611	\$ -	\$ 2,144,091

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

Administration – Welfare	\$ 28,076
<b>Total depreciation and amortization expense - Component Unit - Harrisonburg-Rockingham Social Services District</b>	<b>\$ 28,076</b>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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**Note 6. Commitments**

The County has active projects and significant commitments as of June 30, 2014 and they are as follows:

**Primary Government:**

**Governmental Activities**

Project	Expended to June 30, 2014	Remaining Commitment
Reservoir Street expansion	\$ 145,910	\$ 1,854,090
Southeast Connector roadway	5,945,291	2,095,989
Computer financial software conversion	220,163	51,513
	<u>\$ 6,311,364</u>	<u>\$ 4,001,592</u>

**Business-type Activities**

Project	Expended to June 30, 2014	Remaining Commitment
Landfill phase five expansion	\$ 622,987	\$ 4,823
Filtration system	390,181	1,334,231
Albert Long Park	-	1,102,924
	<u>\$ 1,013,168</u>	<u>\$ 2,441,978</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, 2014:

**Primary Government:**

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and notes payable:					
General obligation bonds	\$ 84,826,760	\$ -	\$ (5,761,688)	\$ 79,065,072	\$ 5,674,158
Capital leases	19,364,182	-	(1,766,330)	17,597,852	1,507,706
Unamortized premiums	3,646,816	-	(253,131)	3,393,685	-
	107,837,758	-	(7,781,149)	100,056,609	7,181,864
Compensated absences	1,470,541	1,141,644	(1,025,024)	1,587,161	949,313
Governmental activities long-term liabilities	\$ 109,308,299	\$ 1,141,644	\$ (8,807,173)	\$ 101,643,770	\$ 8,131,177

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
2015	\$ 5,674,158	\$ 3,773,395	\$ 1,507,706	\$ 621,684
2016	5,805,656	3,485,798	1,532,264	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	5,266,477	2,636,694	1,462,218	398,614
2020-2024	25,926,880	9,310,604	4,984,296	1,359,130
2025-2029	23,473,231	3,048,194	4,375,000	554,925
2030	1,855,000	41,042	875,000	15,855
	\$ 79,065,072	\$ 28,379,532	\$ 17,597,852	\$ 4,469,482

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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**Note 7. Long-Term Obligations (Continued)**

General Obligation Bonds:

\$11,200,000 1996A series, issued May 1996, due in annual maturities of \$560,000 through July 2016, plus interest at 5.8%	\$ 1,680,000
\$7,471,945 1996B series, issued November 1996, due in annual maturities of \$426,587 to \$445,122 through July 2016, plus interest at 5.23%	1,307,320
\$8,421,223 1999A series, issued November 1999, due in annual maturities of \$449,297 to \$517,103 through July 2019, plus interest at 5.98% to 6.1%	2,890,361
\$4,190,343 2000 series, issued November 2000, due in annual maturities of \$220,973 to \$247,440 through July 2020, plus interest at 5.1%	1,635,516
\$5,077,993 2003 series, issued November 2003, due in annual maturities of \$252,785 to \$297,277 through July 2023, plus interest at 4.6% to 5.35%	2,738,677
\$9,404,190 2005 series, issued November 2005, due in annual maturities of \$453,567 to \$545,699 through July 2025, plus interest at 4.6% to 5.1%	5,969,798
\$13,147,200 2006 series, issued November 2006, due in annual maturities of \$636,660 to \$744,134 through July 15, 2026, plus interest at 4.23% to 5.1%	8,954,568
\$10,610,000 2007 series, issued May 2007, due in annual maturities of \$430,000 to \$810,000 through July 15, 2027, plus interest at 4.1% to 5.1%	8,445,000
\$6,364,713 2007 series, issued November 2007, due in annual maturities of \$304,005 to \$371,160 through July 2028, plus interest at 4.35% to 5.1%	4,651,050

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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**Note 7. Long-Term Obligations (Continued)**

General Obligation Bonds: (Continued)

\$11,630,000 2008 series, issued May 2008, due in annual maturities of \$445,000 to \$900,000 through July 2028, plus interest at 4.6% to 5.1%	\$ 9,720,000
\$12,701,410 2008 series, issued December 2008, due in annual maturities of \$589,432 to \$742,320 through July 2028, plus interest at 4.1% to 5.35%	9,787,782
\$24,560,000 2009 series, issued May 2009, due in annual maturities of \$910,000 to \$1,855,000 through July 2029, plus interest at 4.05% to 5.05%	<u>21,285,000</u>
<b>Total General Obligation Bonds</b>	<b><u>\$ 79,065,072</u></b>

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:

Human Services Building:

Payments to the City of Harrisonburg Redevelopment and Housing Authority in semi-annual installments ranging from \$126,090 to \$133,599 through February 2016, plus interest at 6.08%	\$ 259,689
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Emergency Communications Center:

\$7,150,000 lease purchase contract due in annual installments ranging from \$506,616 to \$609,297, through December 2019, plus interest payable semi-annually at 3.76%	3,338,163
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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%	8,400,000
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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>5,600,000</u>
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<b>Total Capital Leases</b>	<b><u>\$ 17,597,852</u></b>
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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 lease with the City of Harrisonburg Redevelopment and Housing Authority is 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 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	(6,393,530)	(901,657)	(1,688,413)	(2,592,138)
	<u>\$ 4,436,788</u>	<u>\$ 655,197</u>	<u>\$ 7,761,316</u>	<u>\$ 15,657,671</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	\$ 14,809,132	\$ -	\$ (1,206,720)	\$ 13,602,412	\$ 1,243,024
Landfill obligation	7,048,218	1,141,142	-	8,189,360	-
Compensated absences	154,766	133,376	(129,262)	158,880	90,692
Unamortized premiums	466,694	-	(56,713)	409,981	-
Business-type activities long-term liabilities	<u>\$ 22,478,810</u>	<u>\$ 1,274,518</u>	<u>\$ (1,392,695)</u>	<u>\$ 22,360,633</u>	<u>\$ 1,333,716</u>

**COUNTY OF ROCKINGHAM, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 7. Long-Term Obligations (Continued)**

Annual requirements to amortize the revenue bonds are as follows:

Year Ending June 30,	Revenue Bonds	
	Principal	Interest
2015	\$ 1,243,024	\$ 569,234
2016	1,279,512	514,128
2017	1,321,189	456,057
2018	968,062	405,799
2019	995,135	363,352
2020-2024	4,408,670	1,209,576
2025-2029	3,386,820	349,101
	<u>\$ 13,602,412</u>	<u>\$ 3,867,247</u>

Water and Sewer Fund:

Infrastructure Revenue Bonds (Virginia Pooled Financing Program): \$1,580,000 issued June 2004, due in annual installments of \$65,000 to \$95,000 through October 2023, plus interest payable semi-annually ranging from 4.1%-5.1%	\$ 765,000
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%	2,325,000
Infrastructure Revenue Bonds (Virginia Pooled Financing Program): \$6,215,000 issued in June 2008, due in annual installments of \$245,000 to \$465,000 through October 2028, plus interest payable semi-annually ranging from 3.87%-4.91%	5,115,000

Solid Waste Fund

Infrastructure Revenue Bonds (Virginia Pooled Financing Program): \$3,015,000 issued June 2007, due in annual installments of \$350,000 to \$385,000 through October 2016, plus interest payable semi-annually ranging from 4.79%-4.8%	1,100,000
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 at 5.13%	1,360,000

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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**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 \$54,955 to \$69,737 through September 2022, including interest at 3.0% \$ 1,055,202

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% 1,116,204

Countryside Sanitary District

Virginia Revolving Loan Fund:

\$171,288 issued June 2006, due in semi-annual installments of \$3,978 to \$5,763 through April 2026, including interest at 3.25% 115,635

Lilly Subdivision Sanitary District

Infrastructure Revenue Bonds (Virginia Pooled Financing Program):

\$456,490 issued April 2008, due in semi-annual installments of \$8,857 to \$13,531 through August 2028, including interest at 3.05% 320,015

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% 330,356

\$ 13,602,412

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.

A rate covenant exists with respect to the 2004 revenue bonds of the Water and Sewer Fund. The County has agreed that it will fix and collect rates, fees, and other charges to satisfy the required debt service in each fiscal year.

Information relative to the County's landfill obligation is contained in Note 15.

**COUNTY OF ROCKINGHAM, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

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**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, 2014:

***Component Unit - School Board:***

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 3,510,621	\$ 970,994	\$ (959,871)	\$ 3,521,744	\$ 2,520,003

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, 2014:

***Component Unit - Harrisonburg-Rockingham Social Services District:***

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 384,603	\$ 241,511	\$ (200,767)	\$ 425,347	\$ 202,030

**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 \$1,003,131, final maturity at September 1, 2030. The bonds currently outstanding total \$26,426,342. 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 \$8,236,685. 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 \$29,467,580.

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 and capital outlay, construction, and debt service expenditures for the ensuing year will approximate \$885,000, \$110,000, and \$1,605,000, 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**

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**Note 9. 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 they and their employer are 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.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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**Note 9. Pension Plan (Continued)**

**A. Plan Description (Continued)**

Within the VRS Plan, the System administers three different benefit plans for local government employees – Plan 1, Plan 2, and Hybrid: Each plan has different eligibility and benefit structures as set out in the table below:

<b>VRS Plan 1</b>	<b>VRS Plan 2</b>	<b>Hybrid Retirement Plan</b>
<p><b>About VRS Plan 1</b> VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p><b>About VRS Plan 2</b> VRS Plan 2 is a defined plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is on or after July 1, 2010 or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p><b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See “Eligible Members”)</p> <ul style="list-style-type: none"><li>• The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.</li><li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li><li>• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</li></ul>

**COUNTY OF ROCKINGHAM, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 9. Pension Plan (Continued)**

**A. Plan Description (Continued)**

<b>VRS Plan 1</b>	<b>VRS Plan 2</b>	<b>Hybrid Retirement Plan</b>
<p><b>Eligible Members</b> Employees are in the VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b> VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.</p>	<p><b>Eligible Members</b> Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b> VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.</p>	<p><b>Eligible Members</b> Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• State employees*</li> <li>• School division employees</li> <li>• Political subdivision employees*</li> <li>• Judges appointed or elected to an original term on or after January 1, 2014</li> <li>• Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014</li> </ul> <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• Members of the State Police Officers' Retirement System (SPORS)</li> <li>• Members of the Virginia Law Officers' Retirement System (VaLORS)</li> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</li> </ul> <p>Those employees eligible for an ORP must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or Plan 2 (as applicable) or ORP.</p>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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**Note 9. Pension Plan (Continued)**

**A. Plan Description (Continued)**

<b>VRS Plan 1</b>	<b>VRS Plan 2</b>	<b>Hybrid Retirement Plan</b>
<p><b>Retirement Contributions</b> Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p><b>Retirement Contributions</b> Same as VRS Plan 1.</p>	<p><b>Retirement Contributions</b> A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p><b>Creditable Service</b> Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p><b>Creditable Service</b> Same as VRS Plan 1.</p>	<p><b>Creditable Service</b> <b><u>Defined Benefit Component</u></b> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>
		<p><b><u>Defined Contributions Component</u></b> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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**Note 9. Pension Plan (Continued)**

**A. Plan Description (Continued)**

<b>VRS Plan 1</b>	<b>VRS Plan 2</b>	<b>Hybrid Retirement Plan</b>
<p><b>Vesting</b> Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions they make.</p>	<p><b>Vesting</b> Same as VRS Plan 1.</p>	<p><b>Vesting</b> <b><u>Defined Benefit Component</u></b> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><b><u>Defined Contributions Component</u></b> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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**Note 9. Pension Plan (Continued)**

**A. Plan Description (Continued)**

<b>VRS Plan 1</b>	<b>VRS Plan 2</b>	<b>Hybrid Retirement Plan</b>
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**Vesting (Continued)**

**Defined Contributions  
Component (Continued)**

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required by law until age 70 1/2.

**Calculating the Benefit**

The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.

An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

**Average Final Compensation**

A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.

**Calculating the Benefit**

See definition under VRS Plan 1.

**Average Final Compensation**

A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

**Calculating the Benefit**

**Defined Benefit Component**

See definition under VRS Plan 1.

**Defined Contribution  
Component**

The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

**Average Final Compensation**

Same as VRS Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

**COUNTY OF ROCKINGHAM, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**Note 9. Pension Plan (Continued)**

**A. Plan Description (Continued)**

<b>VRS Plan 1</b>	<b>VRS Plan 2</b>	<b>Hybrid Retirement Plan</b>
<p><b>Service Retirement Multiplier</b> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.</p>	<p><b>Service Retirement Multiplier</b> Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members, the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p>	<p><b>Service Retirement Multiplier</b> The retirement multiplier is 1.0%.  For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p>
<p><b>Normal Retirement Age</b> Age 65.</p>	<p><b>Normal Retirement Age</b> Normal Social Security retirement age.</p>	<p><b>Normal Retirement Age</b></p>
		<p><b>Defined Benefit Component:</b> Same as VRS Plan 2.</p>
		<p><b>Defined Contribution Component:</b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Unreduced Retirement Eligibility</b> Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b> Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least 5 years (60 months) of creditable service or when their age and service equal 90.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b></p>
<p>Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p><b>Defined Benefit Component:</b> Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least 5 years (60 months) of creditable service or when their age and service equal 90.</p>
		<p><b>Defined Contribution Component:</b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

VRS Plan 1	VRS Plan 2	Hybrid Retirement Plan
<p><b>Earliest Reduced Retirement Eligibility</b> Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility</b> Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility</b>  <b><u>Defined Benefit Component:</u></b> Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%) for a maximum COLA of 3%.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b>  <b><u>Defined Benefit Component:</u></b> Same as VRS Plan 2.</p>
<p><b><u>Eligibility:</u></b> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after on calendar year following the unreduced retirement eligibility date.</p>	<p><b><u>Eligibility:</u></b> Same as VRS Plan 1.</p>	<p><b><u>Defined Contribution Component:</u></b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p> <p><b><u>Defined Contribution Component:</u></b> Not applicable.</p> <p><b><u>Eligibility:</u></b> Same as VRS Plan 1 and VRS Plan 2.</p>

**COUNTY OF ROCKINGHAM, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 9. Pension Plan (Continued)**

**A. Plan Description (Continued)**

<b>VRS Plan 1</b>		<b>VRS Plan 2</b>		<b>Hybrid Retirement Plan</b>	
<b>Cost-of-Living (COLA) in (Continued)</b>	<b>Adjustment in Retirement</b>	<b>Cost-of-Living (COLA) in (Continued)</b>	<b>Adjustment in Retirement</b>	<b>Cost-of-Living (COLA) in (Continued)</b>	<b>Adjustment in Retirement</b>
<b><u>Exceptions to COLA Effective Dates:</u></b>		<b><u>Exceptions to COLA Effective Dates:</u></b>		<b><u>Exceptions to COLA Effective Dates:</u></b>	
The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:		Same as VRS Plan 1.		Same as VRS Plan 1 and VRS Plan 2.	
<ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul>					

**COUNTY OF ROCKINGHAM, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 9. Pension Plan (Continued)**

**A. Plan Description (Continued)**

<b>VRS Plan 1</b>	<b>VRS Plan 2</b>	<b>Hybrid Retirement Plan</b>
<p><b>Disability Coverage</b></p> <p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP) and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p><b>Disability Coverage</b></p> <p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP) and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p><b>Disability Coverage</b></p> <p>Eligible political subdivision and school division (including VRS Plan 1 and VRS Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under Virginia Sickness and Disability Program (VSDP) and are not eligible for disability retirement.</p> <p>Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP and VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>
<p><b>Purchase of Prior Service</b></p> <p>Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p><b>Purchase of Prior Service</b></p> <p>Same as VRS Plan 1.</p>	<p><b>Purchase of Prior Service</b></p> <p><b><u>Defined Benefit Component:</u></b> Same as VRS Plan 1.</p> <p><b><u>Defined Contribution Component:</u></b> Not applicable.</p>

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 9. Pension Plan (Continued)

##### A. Plan Description (Continued)

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/2013-annual-report.pdf](http://www.varetire.org/pdf/publications/2013-annual-report.pdf) or by writing to the System's Chief Financial Officer at P. O. Box 2500, Richmond, 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, 2014, the contribution rate for the County and the District was 12.95%; the School Board's professional employees was 11.66%; and the School Board's non-professional employees was 9.31% of annual covered payroll, exclusive of the employee's share.

For the years ended June 30, 2014, 2013, and 2012, total employer and employee contributions made to the VRS statewide teacher cost-sharing pool for professional employees by the School Board were \$6,873,579, \$5,891,991 and \$6,327,045, respectively, and were equal to 100% of the required contribution for professional employees for each year.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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**Note 9. Pension Plan (Continued)**

**C. Annual Pension Cost (APC)**

For fiscal year 2014, the County, the District, and the School Board's non-professional employees' annual pension costs of \$3,474,202 were equal to the required and actual contributions.

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

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2014	\$ 2,753,086	100%	\$ -
June 30, 2013	2,621,880	100%	-
June 30, 2012	2,830,106	100%	-

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

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

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2014	\$ 721,116	100%	\$ -
June 30, 2013	650,072	100%	-
June 30, 2012	883,810	100%	-

The fiscal year 2014 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 30 years.

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 9. Pension Plan (Continued)

##### D. Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the County and District's Plan was 74.55% funded. The actuarial accrued liability for benefits was \$84,932,224, and the actuarial value of assets was \$63,315,553, resulting in UAAL of \$21,616,671. The covered payroll (annual payroll of active employees covered by the Plan) was \$20,159,996, and ratio of the UAAL to the covered payroll was 107.23%.

At June 30, 2013, the most recent actuarial valuation date, the Plan for the School Board's non-professional employees was 85.09% funded. The actuarial accrued liability for benefits was \$28,542,435, and the actuarial value of assets was \$24,285,545, resulting in UAAL of \$4,256,890. The covered payroll (annual payroll of active employees covered by the Plan) was \$7,686,804, and ratio of the UAAL to the covered payroll was 55.38%.

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, 2013. The annual cost of OPEB under GASB Statement No. 45 is called the annual required contribution or ARC. The pay-as-you-go amount for OPEB benefits for the County’s plan is \$254,561 and the annual benefit cost is \$589,174. The percentage of annual OPEB cost contributed is 43.21%. The pay-as-you-go amount for OPEB benefits for the School Board’s plan is \$567,916 and the annual benefit cost is \$1,558,743. The percentage of OPEB cost contributed is 36.43%.

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, 2014, the County has recorded a liability of \$1,819,473, the District has recorded a liability of \$399,013, and the School Board has recorded a liability of \$6,554,609 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)	\$ 592,254	\$ 1,567,839
Interest on net OPEB obligation	75,355	222,551
Adjustment to annual required contribution	(78,435)	(231,647)
Annual OPEB cost	589,174	1,558,743
Contributions made	(254,561)	(567,916)
Increase in net OPEB obligation	334,613	990,827
Net OPEB obligation, beginning of year	1,883,873	5,563,782
Net OPEB obligation at year-end	<u>\$ 2,218,486</u>	<u>\$ 6,554,609</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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**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, 2014	\$ 589,174	43.21%	\$ 2,218,486
June 30, 2013	546,882	37.27%	1,883,873
June 30, 2012	520,085	32.75%	1,540,791

School Board:

Fiscal Year Ended	Annual OPEB Costs	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$ 1,558,743	36.43%	\$ 6,554,609
June 30, 2013	1,794,092	37.47%	5,563,782
June 30, 2012	1,710,246	35.52%	4,441,990

**D. Funding Status and Funding Progress**

As of July 1, 2013, the most recent roll-forward actuarial valuation date, the plans were not funded. The actuarial value of assets was \$-0-, resulting in UAAL of \$5,637,215 for the County and District’s plan and a UAAL of \$16,290,692 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 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, 2013	\$ -	\$ 5,637,215	\$ 5,637,215	0.00%	\$ 20,159,996	27.96%
July 1, 2012	-	5,123,700	5,123,700	0.00%	19,424,552	26.38%
July 1, 2011	-	4,776,809	4,776,809	0.00%	19,683,587	24.27%
B. Component Unit – School Board employees:						
July 1, 2013	\$ -	\$ 16,290,692	\$ 16,290,692	0.00%	\$ 66,695,682	24.43%
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%

**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, 2013 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 eight percent, reduced by decrements to an ultimate rate of five percent after six years. The unfunded liability is amortized over a period of 30 years based on a level percent of payroll method on an open basis.

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### 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, 2014, 2013, and 2012, the School Board paid \$654,885, \$561,054, and \$335,060, respectively, for professional employees and \$57,312, \$51,740, and \$57,236, 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% for the School Board's professional employees and 0.74% for the School Board's non-professional employees, for each of the fiscal years ended June 30, 2014 and 2013.

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, 2013 actuarial valuation, any UAAL is being amortized as a level percentage of the projected payroll on a closed basis, over a period of 30 years.

##### C. Funded Status and Funding Progress

As of the actuarial valuation performed at June 30, 2013, the Plan for the School Board's non-professional employees was 37.23% funded. The AAL was \$891,561, and the actuarial value of assets was \$331,898, with a resulting UAAL of \$559,663.

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, 2014	\$ 57,312	100%	\$ -
June 30, 2013	51,740	100%	-
June 30, 2012	57,236	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, 2013	\$ 331,898	\$ 891,561	\$ 559,663	37.23%	\$ 7,686,804	7.28%
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%

**Note 12. Advances To/From Other Funds**

Interfund balances as of June 30, 2014 are as follows:

Payable Fund	Receivable Fund
Primary Government:	General Fund:
Lilly Subdivision Sanitary District	\$ 82,748
<b>Total primary government</b>	<b>\$ 82,748</b>

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**

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**Note 13. Interfund Transfers**

A summary of interfund transfer activity is presented as follows:

Transfer to Fund	Transfer From Fund		
	General Fund	Joint Judicial Complex	Total Transferred In
<b>Primary Government:</b>			
Governmental activities:			
General Fund	\$ -	\$ 284,869	\$ 284,869
General Capital Projects Fund	4,000,000	-	4,000,000
<b>Total transferred out</b>	<b>\$ 4,000,000</b>	<b>\$ 284,869</b>	<b>\$ 4,284,869</b>

The transfer from the General Fund to the General Capital Projects Fund was for road improvements and future capital projects.

The transfer from the Joint Judicial Complex to the General Fund was to transfer the County’s portion of restricted cash, upon repayment of debt in the Joint Judicial Complex.

**Note 14. Major Customers**

The Water and Sewer Fund has one major customer. For the year ended June 30, 2014, water and sewer revenue from this customer was approximately \$2.64 million. Accounts receivable from this customer were approximately \$223,000 at June 30, 2014.

The Solid Waste Fund has two major customers. Revenues from these customers for the year ended June 30, 2014 were approximately \$2.62 million. Accounts receivable from these customers were approximately \$244,000 at June 30, 2014.

The Smith Creek Water & Waste Authority has one major customer. For the year ended June 30, 2014, revenue from this customer was approximately \$81,000. Accounts receivable from this customer were approximately \$8,800 at June 30, 2014.

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### **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 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 \$8,189,360 as landfill closure and postclosure liability at June 30, 2014.

The Solid Waste Fund will report the County's estimated liability of closure and postclosure care of \$4,963,000 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 2014. 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

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#### 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 2014 and 2013:

Fiscal Year Ended	Beginning Liability	Claims and Changes in Estimates	Claim Payments	Ending Liability
June 30, 2014	\$ 2,085,000	\$ 18,829,717	\$ 19,076,717	\$ 1,838,000
June 30, 2013	1,826,136	17,008,375	16,749,511	2,085,000

#### Note 17. Pending GASB Statements

At June 30, 2014, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the County. The statements which might impact the County are as follows:

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.

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. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date – an amendment of GASB Statement No. 68*, requires a state or local government employer (or nonemployer contributing entity in a special funding situation), to recognize a net pension liability measured as of a date (the measurement date), no earlier than the end of its prior fiscal year. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68.

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

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### **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 2014, the County's contributions to the HRECC totaled approximately \$1,454,000.

#### **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 Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the County removed debt issuance costs, previously recognized as amortizable assets, as if they had been recognized as expense in the period for which they had been incurred. The beginning net position in the Proprietary Funds has been restated to reflect the expense that was previously reported as assets in prior years. In addition, the beginning net position for the Business-Type Activities has been restated to reflect this change in the entity-wide statements for fiscal year ended June 30, 2013.

	Water and Sewer Fund	Smith Creek Water & Wastewater Authority	Solid Waste
Net position, June 30, 2013, as previously reported	\$ 24,470,979	\$ 3,256,190	\$ 5,601,738
Effect of write-off of debt issue costs	(81,896)	(41,338)	(40,365)
Net position, June 30, 2013, as restated	<u>\$ 24,389,083</u>	<u>\$ 3,214,852</u>	<u>\$ 5,561,373</u>
	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority
Net position, June 30, 2013, as previously reported	\$ 119,397	\$ 192,824	\$ 791,741
Effect of write-off of debt issue costs	(5,682)	(4,629)	(10,804)
Net position, June 30, 2013, as restated	<u>\$ 113,715</u>	<u>\$ 188,195</u>	<u>\$ 780,937</u>
		Total Proprietary Funds	Business- Type Activities
Net position, June 30, 2013, as previously reported		\$ 34,432,869	\$ 34,432,869
Effect of write-off of debt issue costs		(184,714)	(184,714)
Net position, June 30, 2013, as restated		<u>\$ 34,248,155</u>	<u>\$ 34,248,155</u>

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 21. Subsequent Events**

On September 10, 2014, the Board awarded a contract for the Albert Long water, sewer and roadwork project. The Board approved a supplemental appropriation for \$1,102,924, with \$635,267 funded from Water and Sewer fund balance and \$467,657 for the roadway work, from the Capital Projects Fund reserves.

**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, 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%
June 30, 2013	63,315,553	84,932,224	21,616,671	74.55%	20,159,996	107.23%
B. Component Unit - School Board non-professional employees:						
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%
June 30, 2013	24,285,545	28,542,435	4,256,890	85.09%	7,686,804	55.38%

**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, 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%
June 30, 2013	331,898	891,561	559,663	37.23%	7,686,804	7.28%

**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:			
2012	\$ 57,236	100.00%	\$ -
2013	51,740	100.00%	-
2014	57,312	100.00%	-

**COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS**

**SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS**

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
A. Primary Government and Harrisonburg-Rockingham Social Services District, a component unit, employees:						
July 1, 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%
July 1, 2013	-	5,637,215	5,637,215	0.00%	20,159,996	27.96%
B. Component Unit - School Board employees:						
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%
July 1, 2013	-	16,290,692	16,290,692	0.00%	66,695,682	24.43%

**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:		
2012	\$ 522,032	32.63%
2013	549,401	37.09%
2014	592,254	42.98%
B. Component Unit - School Board employees:		
2012	\$ 1,715,705	35.41%
2013	1,801,354	37.32%
2014	1,567,839	36.22%

# **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, 2014

	Special Revenue Asset Forfeiture Fund	Capital Projects Joint Judicial Complex	Permanent Fund Albert K. Long Trust	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Investments	\$ 564,900	\$ -	\$ -	\$ 564,900
Accrued interest	890	-	35	925
Restricted cash	-	-	22,882	22,882
<b>Total assets</b>	<b>\$ 565,790</b>	<b>\$ -</b>	<b>\$ 22,917</b>	<b>\$ 588,707</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,903	\$ -	\$ -	\$ 1,903
Accrued payroll	763	-	-	763
Unearned revenue	381,213	-	-	381,213
<b>Total liabilities</b>	<b>383,879</b>	<b>-</b>	<b>-</b>	<b>383,879</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Nonexpendable trust principal	-	-	11,143	11,143
Restricted for:				
Park maintenance	-	-	11,774	11,774
Judicial administration	87,852	-	-	87,852
Public safety	94,059	-	-	94,059
<b>Total fund balances</b>	<b>181,911</b>	<b>-</b>	<b>22,917</b>	<b>204,828</b>
<b>Total liabilities and fund balances</b>	<b>\$ 565,790</b>	<b>\$ -</b>	<b>\$ 22,917</b>	<b>\$ 588,707</b>

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2014

	Special Revenue	Capital Projects	Permanent Fund	Total
	Asset Forfeiture Fund	Joint Judicial Complex	Albert K. Long Trust	Nonmajor Governmental Funds
Revenues:				
Fines and forfeitures	\$ 60,225	\$ -	\$ -	\$ 60,225
Use of money	2,852	-	97	2,949
Intergovernmental	187,500	-	-	187,500
<b>Total revenues</b>	<b>250,577</b>	<b>-</b>	<b>97</b>	<b>250,674</b>
Expenditures:				
Current:				
Judicial administration	103,768	-	-	103,768
Public safety	153,356	-	-	153,356
<b>Total expenditures</b>	<b>257,124</b>	<b>-</b>	<b>-</b>	<b>257,124</b>
<b>Income (loss) before transfers</b>	<b>(6,547)</b>	<b>-</b>	<b>97</b>	<b>(6,450)</b>
Transfers out	-	(284,869)	-	(284,869)
<b>Net change in fund balances</b>	<b>(6,547)</b>	<b>(284,869)</b>	<b>97</b>	<b>(291,319)</b>
Fund balance, beginning	188,458	284,869	22,820	496,147
Fund balance, ending	<b>\$ 181,911</b>	<b>\$ -</b>	<b>\$ 22,917</b>	<b>\$ 204,828</b>

## **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, 2014

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
<b>ASSETS</b>				
Current assets:				
Investments	\$ -	\$ 49,778	\$ 87,689	\$ 137,467
Trade and other accounts receivable, net	3,792	757	9,388	13,937
Accrued interest	-	75	132	207
<b>Total current assets</b>	<b>3,792</b>	<b>50,610</b>	<b>97,209</b>	<b>151,611</b>
Noncurrent assets:				
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	(123,904)	(52,024)	(160,547)	(336,475)
<b>Total capital assets, net of accumulated depreciation and amortization</b>	<b>507,998</b>	<b>253,998</b>	<b>1,008,943</b>	<b>1,770,939</b>
<b>Total noncurrent assets</b>	<b>507,998</b>	<b>253,998</b>	<b>1,008,943</b>	<b>1,770,939</b>
<b>Total assets</b>	<b>511,790</b>	<b>304,608</b>	<b>1,106,152</b>	<b>1,922,550</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and deposits	1,096	176	652	1,924
Accrued interest	6,003	940	3,661	10,604
Advance from other funds	82,748	-	-	82,748
Revenue bonds	17,849	8,021	19,736	45,606
<b>Total current liabilities</b>	<b>107,696</b>	<b>9,137</b>	<b>24,049</b>	<b>140,882</b>
Noncurrent liabilities:				
Revenue bonds	302,166	107,614	310,620	720,400
<b>Total noncurrent liabilities</b>	<b>302,166</b>	<b>107,614</b>	<b>310,620</b>	<b>720,400</b>
<b>Total liabilities</b>	<b>409,862</b>	<b>116,751</b>	<b>334,669</b>	<b>861,282</b>
<b>NET POSITION</b>				
Net investment in capital assets	187,983	138,363	678,587	1,004,933
Unrestricted (deficit)	(86,055)	49,494	92,896	56,335
<b>Total net position</b>	<b>\$ 101,928</b>	<b>\$ 187,857</b>	<b>\$ 771,483</b>	<b>\$ 1,061,268</b>

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 NONMAJOR PROPRIETARY FUNDS  
 Year Ended June 30, 2014

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
Operating revenues:				
Charges for services	\$ 34,660	\$ 15,467	\$ 26,396	\$ 76,523
Other revenue	100	-	2	102
<b>Total operating revenues</b>	<b>34,760</b>	<b>15,467</b>	<b>26,398</b>	<b>76,625</b>
Operating expenses:				
Contractual services	7,597	1,954	1,869	11,420
Other charges	14,879	4,323	202	19,404
Depreciation and amortization	11,776	6,122	25,287	43,185
<b>Total operating expenses</b>	<b>34,252</b>	<b>12,399</b>	<b>27,358</b>	<b>74,009</b>
<b>Operating income (loss)</b>	<b>508</b>	<b>3,068</b>	<b>(960)</b>	<b>2,616</b>
Nonoperating revenues (expenses):				
Interest revenue	1	479	336	816
Interest expense	(12,296)	(3,885)	(8,830)	(25,011)
<b>Total nonoperating expenses, net</b>	<b>(12,295)</b>	<b>(3,406)</b>	<b>(8,494)</b>	<b>(24,195)</b>
<b>Change in net position</b>	<b>(11,787)</b>	<b>(338)</b>	<b>(9,454)</b>	<b>(21,579)</b>
Total net position, beginning, as restated	113,715	188,195	780,937	1,082,847
Total net position, ending	\$ 101,928	\$ 187,857	\$ 771,483	\$ 1,061,268

**COUNTY OF ROCKINGHAM, VIRGINIA**

**STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
Year Ended June 30, 2014**

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
<b>Cash Flows From Operating Activities:</b>				
Receipts from customers	\$ 34,959	\$ 15,242	\$ 25,953	\$ 76,154
Payments to suppliers for goods and services	(23,595)	(6,609)	(2,099)	(32,303)
Other receipts, net	100	-	2	102
<b>Net cash provided by operating activities</b>	<b>11,464</b>	<b>8,633</b>	<b>23,856</b>	<b>43,953</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Advance from other funds	4,748	-	-	4,748
Principal paid on outstanding debt	(17,316)	(7,767)	(19,218)	(44,301)
Interest paid and fiscal charges on outstanding debt	(12,692)	(3,948)	(9,043)	(25,683)
<b>Net cash used in capital and related financing activities</b>	<b>(25,260)</b>	<b>(11,715)</b>	<b>(28,261)</b>	<b>(65,236)</b>
<b>Cash Flows From Investing Activities:</b>				
Proceeds on sale of investments, net	13,795	2,570	4,015	20,380
Interest received on investment securities	1	512	390	903
<b>Net cash provided by investing activities</b>	<b>13,796</b>	<b>3,082</b>	<b>4,405</b>	<b>21,283</b>
<b>Net change in cash and cash equivalents</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and Cash Equivalents:</b>				
Beginning	-	-	-	-
Ending	\$ -	\$ -	\$ -	\$ -
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>				
Operating income (loss)	\$ 508	\$ 3,068	\$ (960)	\$ 2,616
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	11,776	6,122	25,287	43,185
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	299	45	(443)	(99)
Decrease in accounts payable and deposits	(1,119)	(602)	(28)	(1,749)
<b>Net cash provided by operating activities</b>	<b>\$ 11,464</b>	<b>\$ 8,633</b>	<b>\$ 23,856</b>	<b>\$ 43,953</b>

## **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, 2014**

	Central Stores	Self - Insurance	Total Internal Service Funds
<b>ASSETS</b>			
Current assets:			
Investments	\$ 11,816	\$ 10,848,034	\$ 10,859,850
Trade and other accounts receivable	2,744	-	2,744
Accrued interest	-	16,358	16,358
Inventory	6,303	-	6,303
<b>Total assets</b>	<b>20,863</b>	<b>10,864,392</b>	<b>10,885,255</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	863	427,621	428,484
Unearned revenue	-	1,757,429	1,757,429
Insurance and benefit claims	-	1,838,000	1,838,000
<b>Total liabilities</b>	<b>863</b>	<b>4,023,050</b>	<b>4,023,913</b>
<b>NET POSITION</b>			
Unrestricted	20,000	6,841,342	6,861,342
<b>Total net position</b>	<b>\$ 20,000</b>	<b>\$ 6,841,342</b>	<b>\$ 6,861,342</b>

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION  
 INTERNAL SERVICE FUNDS  
 Year Ended June 30, 2014

	Central Stores	Self - Insurance	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 38,379	\$ 21,607,696	\$ 21,646,075
<b>Total operating revenues</b>	<b>38,379</b>	<b>21,607,696</b>	<b>21,646,075</b>
Operating expenses:			
Contractual services	-	2,437,919	2,437,919
Risk financing and benefit payments	-	18,829,717	18,829,717
Other charges	38,891	-	38,891
<b>Total operating expenses</b>	<b>38,891</b>	<b>21,267,636</b>	<b>21,306,527</b>
<b>Operating income (loss)</b>	<b>(512)</b>	<b>340,060</b>	<b>339,548</b>
Nonoperating revenue:			
Interest	-	46,580	46,580
<b>Total nonoperating revenue</b>	<b>-</b>	<b>46,580</b>	<b>46,580</b>
<b>Change in net position</b>	<b>(512)</b>	<b>386,640</b>	<b>386,128</b>
Total net position, beginning	20,512	6,454,702	6,475,214
Total net position, ending	\$ 20,000	\$ 6,841,342	\$ 6,861,342

**COUNTY OF ROCKINGHAM, VIRGINIA**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
Year Ended June 30, 2014**

	Central Stores	Self - Insurance	Total Internal Service Funds
<b>Cash Flows From Operating Activities:</b>			
Receipts from interfund services provided	\$ 38,721	\$ 21,720,891	\$ 21,759,612
Claims and benefits paid	-	(19,076,717)	(19,076,717)
Payments to suppliers for goods and services	(37,291)	(2,168,505)	(2,205,796)
<b>Net cash provided by operating activities</b>	<b>1,430</b>	<b>475,669</b>	<b>477,099</b>
<b>Cash Flows From Investing Activities:</b>			
Purchase of investments, net	(1,430)	(525,452)	(526,882)
Interest received on investment securities	-	49,783	49,783
<b>Net cash used in investing activities</b>	<b>(1,430)</b>	<b>(475,669)</b>	<b>(477,099)</b>
<b>Net increase in cash and cash equivalents</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and Cash Equivalents:</b>			
Beginning	-	-	-
Ending	\$ -	\$ -	\$ -
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>			
Operating income (loss)	\$ (512)	\$ 340,060	\$ 339,548
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Change in assets and liabilities:			
Decrease in:			
Accounts receivable	342	-	342
Inventory	1,361	-	1,361
Increase (decrease) in:			
Accounts payable	239	269,414	269,653
Unearned revenue	-	113,195	113,195
Insurance and benefit claims	-	(247,000)	(247,000)
<b>Net cash provided by operating activities</b>	<b>\$ 1,430</b>	<b>\$ 475,669</b>	<b>\$ 477,099</b>

## **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.

Laird L. Conrad Law Library – This fund is used to account for the assets held by the County for the Law Library.

**COUNTY OF ROCKINGHAM, VIRGINIA**

**COMBINING STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
June 30, 2014**

	Agency Funds									Totals
	Special Welfare	Employee Benefits	Economic Development Authority	Bond Escrow	Massanutten Technical Center	Emergency Medical Services	Soil and Water Conservation	Laird L Conrad Law Library		
<b>ASSETS</b>										
Cash, cash equivalents and temporary cash investments	\$ 65,101	\$ 159,056	\$ 16,231	\$ 458,735	\$ 790,219	\$ 329,328	\$ -	\$ 169,100	\$ 1,987,770	
Accounts receivable	-	10,751	20	692	131,422	5,999	69,303	264	218,451	
<b>Total assets</b>	<b>\$ 65,101</b>	<b>\$ 169,807</b>	<b>\$ 16,251</b>	<b>\$ 459,427</b>	<b>\$ 921,641</b>	<b>\$ 335,327</b>	<b>\$ 69,303</b>	<b>\$ 169,364</b>	<b>\$ 2,206,221</b>	
<b>LIABILITIES</b>										
Accounts payable	\$ 65,101	\$ 169,807	\$ 16,251	\$ 459,427	\$ 921,641	\$ 335,327	\$ 69,303	\$ 169,364	\$ 2,206,221	

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
Year Ended June 30, 2014**

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<b><u>SPECIAL WELFARE</u></b>				
<b>ASSETS</b>				
Cash, cash equivalents and temporary cash investments	\$ 53,552	\$ 177,370	\$ 165,821	\$ 65,101
<b>LIABILITIES</b>				
Accounts payable	\$ 53,552	\$ 177,370	\$ 165,821	\$ 65,101
<b><u>EMPLOYEE BENEFITS</u></b>				
<b>ASSETS</b>				
Cash, cash equivalents and temporary cash investments	\$ 166,190	\$ 428,797	\$ 435,931	\$ 159,056
Accounts receivable	10,751	-	-	10,751
<b>Total assets</b>	<b>\$ 176,941</b>	<b>\$ 428,797</b>	<b>\$ 435,931</b>	<b>\$ 169,807</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 176,941	\$ 428,797	\$ 435,931	\$ 169,807
<b><u>ECONOMIC DEVELOPMENT AUTHORITY</u></b>				
<b>ASSETS</b>				
Cash, cash equivalents and temporary cash investments	\$ 9,349	\$ 10,048	\$ 3,166	\$ 16,231
Accounts receivable	31	20	31	20
<b>Total assets</b>	<b>\$ 9,380</b>	<b>\$ 10,068</b>	<b>\$ 3,197</b>	<b>\$ 16,251</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 9,380	\$ 10,068	\$ 3,197	\$ 16,251

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
Year Ended June 30, 2014**

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<b><u>BOND ESCROW</u></b>				
<b>ASSETS</b>				
Cash, cash equivalents and temporary cash investments	\$ 359,681	\$ 855,381	\$ 756,327	\$ 458,735
Accounts receivable	741	692	741	692
<b>Total assets</b>	<b>\$ 360,422</b>	<b>\$ 856,073</b>	<b>\$ 757,068</b>	<b>\$ 459,427</b>

<b>LIABILITIES</b>				
Accounts payable	\$ 360,422	\$ 856,073	\$ 757,068	\$ 459,427

**MASSANUTTEN TECHNICAL CENTER**

<b>ASSETS</b>				
Cash, cash equivalents and temporary cash investments	\$ 704,206	\$ 4,564,265	\$ 4,478,252	\$ 790,219
Accounts receivable	21,104	131,422	21,104	131,422
<b>Total assets</b>	<b>\$ 725,310</b>	<b>\$ 4,695,687</b>	<b>\$ 4,499,356</b>	<b>\$ 921,641</b>

<b>LIABILITIES</b>				
Accounts payable	\$ 725,310	\$ 4,695,687	\$ 4,499,356	\$ 921,641

**EMERGENCY MEDICAL SERVICES**

<b>ASSETS</b>				
Cash, cash equivalents and temporary cash investments	\$ 295,816	\$ 1,353,506	\$ 1,319,994	\$ 329,328
Accounts receivable	7,704	5,999	7,704	5,999
<b>Total assets</b>	<b>\$ 303,520</b>	<b>\$ 1,359,505</b>	<b>\$ 1,327,698</b>	<b>\$ 335,327</b>

<b>LIABILITIES</b>				
Accounts payable	\$ 303,520	\$ 1,359,505	\$ 1,327,698	\$ 335,327

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
Year Ended June 30, 2014**

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<u>SOIL AND WATER CONSERVATION</u>				
<b>ASSETS</b>				
Accounts receivable	\$ 76,148	\$ 263,926	\$ 270,771	\$ 69,303
<b>LIABILITIES</b>				
Accounts payable	\$ 76,148	\$ 263,926	\$ 270,771	\$ 69,303
<u>LAIRD L CONRAD LAW LIBRARY</u>				
<b>ASSETS</b>				
Cash, cash equivalents and temporary cash investments	\$ 207,499	\$ 33,094	\$ 71,493	\$ 169,100
Accounts receivable	439	264	439	264
<b>Total assets</b>	<b>\$ 207,938</b>	<b>\$ 33,358</b>	<b>\$ 71,932</b>	<b>\$ 169,364</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 207,938	\$ 33,358	\$ 71,932	\$ 169,364
<u>TOTALS - ALL AGENCY FUNDS</u>				
<b>ASSETS</b>				
Cash, cash equivalents and temporary cash investments	\$ 1,796,293	\$ 7,422,461	\$ 7,230,984	\$ 1,987,770
Accounts receivable	116,918	402,323	300,790	218,451
<b>Total assets</b>	<b>\$ 1,913,211</b>	<b>\$ 7,824,784</b>	<b>\$ 7,531,774</b>	<b>\$ 2,206,221</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,913,211	\$ 7,824,784	\$ 7,531,774	\$ 2,206,221

## **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, 2014

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash, cash equivalents and temporary cash investments	\$ 5,158,914	\$ 10,000	\$ -	\$ -	\$ 5,168,914
Investments	4,600,124	1,683,564	1,722	951,211	7,236,621
Trade and other accounts receivable	365,340	34,026	-	41,867	441,233
Accrued interest	-	2,413	2	1,179	3,594
Due from other governments	2,401,531	51,655	-	90,643	2,543,829
Prepaid items	2,555,164	152,321	-	53,751	2,761,236
Inventory	83,321	85,878	-	62,550	231,749
<b>Total assets</b>	<b>\$ 15,164,394</b>	<b>\$ 2,019,857</b>	<b>\$ 1,724</b>	<b>\$ 1,201,201</b>	<b>\$ 18,387,176</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,277,944	\$ 74,266	\$ -	\$ 415,743	\$ 1,767,953
Accrued payroll	13,886,450	432,745	-	253,472	14,572,667
Due to other governments	-	-	-	429,345	429,345
<b>Total liabilities</b>	<b>15,164,394</b>	<b>507,011</b>	<b>-</b>	<b>1,098,560</b>	<b>16,769,965</b>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid items	2,555,164	152,321	-	53,751	2,761,236
Inventory	83,321	85,878	-	62,550	231,749
Assigned to:					
Capital outlay	-	-	1,724	-	1,724
Cafeteria	-	1,274,647	-	-	1,274,647
Textbooks	-	-	-	40,091	40,091
Unassigned	(2,638,485)	-	-	(53,751)	(2,692,236)
<b>Total fund balances</b>	<b>-</b>	<b>1,512,846</b>	<b>1,724</b>	<b>102,641</b>	<b>1,617,211</b>
<b>Total liabilities and fund balances</b>	<b>\$ 15,164,394</b>	<b>\$ 2,019,857</b>	<b>\$ 1,724</b>	<b>\$ 1,201,201</b>	<b>\$ 18,387,176</b>

Total Fund balances \$ 1,617,211

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	\$ 268,308,217	
Less accumulated depreciation and amortization	(126,952,367)	
Net capital assets		141,355,850

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.

3,368,686

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	(3,521,744)	
Other postemployment benefits	(6,554,609)	
		(10,076,353)

**Net position of governmental activities** \$ 136,265,394

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD  
Year Ended June 30, 2014

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Use of money and property	\$ 21,980	\$ 6,089	\$ -	\$ 3,420	\$ 31,489
Charges for services	2,489,109	2,002,626	-	592,698	5,084,433
Miscellaneous	450,964	-	-	80,687	531,651
Appropriation from Primary Government	49,197,613	-	-	662,000	49,859,613
Intergovernmental	61,305,230	3,103,314	-	4,017,217	68,425,761
<b>Total revenues</b>	<b>113,464,896</b>	<b>5,112,029</b>	<b>-</b>	<b>5,356,022</b>	<b>123,932,947</b>
Expenditures:					
Current:					
Education	113,464,896	5,014,247	-	5,332,451	123,811,594
Miscellaneous	-	-	326	-	326
<b>Total expenditures</b>	<b>113,464,896</b>	<b>5,014,247</b>	<b>326</b>	<b>5,332,451</b>	<b>123,811,920</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>97,782</b>	<b>(326)</b>	<b>23,571</b>	<b>121,027</b>
Fund balances, beginning	-	1,415,064	2,050	79,070	1,496,184
Fund balances, ending	\$ -	\$ 1,512,846	\$ 1,724	\$ 102,641	\$ 1,617,211

Net change in fund balances \$ 121,027

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	\$ 1,421,014	
Less depreciation and amortization expense	(8,952,111)	
Excess of depreciation and amortization over capital outlays		(7,531,097)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to increase net position. 32,720

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	(11,123)	
Other postemployment benefits	(990,827)	
		(1,001,950)

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	16,240,707	
Total expenses	(15,950,727)	
		289,980

**Change in net position of governmental activities \$ (8,089,320)**

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING BALANCE SHEET

NONMAJOR FUNDS OF THE DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

June 30, 2014

	School Textbook Fund	Massanutten Technical Center - Operating Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Investments	\$ 160,992	\$ 790,219	\$ 951,211
Trade and other accounts receivable	2,267	39,600	41,867
Accrued interest	-	1,179	1,179
Due from other governments	-	90,643	90,643
Prepaid items	-	53,751	53,751
Inventory	62,550	-	62,550
<b>Total assets</b>	<b>\$ 225,809</b>	<b>\$ 975,392</b>	<b>\$ 1,201,201</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 123,168	\$ 292,575	\$ 415,743
Accrued payroll	-	253,472	253,472
Due to other governments	-	429,345	429,345
<b>Total liabilities</b>	<b>123,168</b>	<b>975,392</b>	<b>1,098,560</b>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid items	-	53,751	53,751
Inventory	62,550	-	62,550
Assigned to:			
Textbooks	40,091	-	40,091
Unassigned	-	(53,751)	(53,751)
<b>Total fund balances</b>	<b>102,641</b>	<b>-</b>	<b>102,641</b>
<b>Total liabilities and fund balances</b>	<b>\$ 225,809</b>	<b>\$ 975,392</b>	<b>\$ 1,201,201</b>

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, 2014

	School Textbook Fund	Massanutten Technical Center - Operating Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 3,420	\$ 3,420
Charges for services	-	592,698	592,698
Miscellaneous	19,438	61,249	80,687
Appropriation from Primary Government	662,000	-	662,000
Intergovernmental	-	4,017,217	4,017,217
<b>Total revenues</b>	<b>681,438</b>	<b>4,674,584</b>	<b>5,356,022</b>
<b>Expenditures:</b>			
Current:			
Education	657,867	4,674,584	5,332,451
<b>Total expenditures</b>	<b>657,867</b>	<b>4,674,584</b>	<b>5,332,451</b>
<b>Net change in fund balances</b>	<b>23,571</b>	<b>-</b>	<b>23,571</b>
Fund balance, beginning	79,070	-	79,070
Fund balance, ending	\$ 102,641	\$ -	\$ 102,641

## **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, 2014**

	Agency Funds		
	Massanutten		
	School	Technical	
	Activity	Center	
	Fund	Activity	Totals
	Fund	Fund	
<b>ASSETS</b>			
Cash, cash equivalents and temporary cash investments	\$ 1,386,810	\$ 77,418	\$ 1,464,228
Accounts receivable	22,591	-	22,591
<b>Total assets</b>	<b>\$ 1,409,401</b>	<b>\$ 77,418</b>	<b>\$ 1,486,819</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,409,401	\$ 77,418	\$ 1,486,819
<b>Total liabilities</b>	<b>\$ 1,409,401</b>	<b>\$ 77,418</b>	<b>\$ 1,486,819</b>

**COUNTY OF ROCKINGHAM, VIRGINIA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - SCHOOL BOARD  
ALL AGENCY FUNDS  
Year Ended June 30, 2014**

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<b><u>SCHOOL ACTIVITY FUND</u></b>				
<b>ASSETS</b>				
Cash, cash equivalents and temporary cash investments	\$ 1,362,882	\$ 4,192,370	\$ 4,168,442	\$ 1,386,810
Accounts receivable	25,539	22,591	25,539	22,591
<b>Total assets</b>	<b>\$ 1,388,421</b>	<b>\$ 4,214,961</b>	<b>\$ 4,193,981</b>	<b>\$ 1,409,401</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,388,421	\$ 4,214,961	\$ 4,193,981	\$ 1,409,401
<b><u>MASSANUTTEN TECHNICAL CENTER ACTIVITY FUND</u></b>				
<b>ASSETS</b>				
Cash, cash equivalents and temporary cash investments	\$ 94,712	\$ 184,788	\$ 202,082	\$ 77,418
Accounts receivable	140	-	140	-
<b>Total assets</b>	<b>\$ 94,852</b>	<b>\$ 184,788</b>	<b>\$ 202,222</b>	<b>\$ 77,418</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 94,852	\$ 184,788	\$ 202,222	\$ 77,418
<b><u>TOTALS - ALL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash, cash equivalents and temporary cash investments	\$ 1,457,594	\$ 4,377,158	\$ 4,370,524	\$ 1,464,228
Accounts receivable	25,679	22,591	25,679	22,591
<b>Total assets</b>	<b>\$ 1,483,273</b>	<b>\$ 4,399,749</b>	<b>\$ 4,396,203</b>	<b>\$ 1,486,819</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,483,273	\$ 4,399,749	\$ 4,396,203	\$ 1,486,819

**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, 2014

	Operating Fund	Special Revenue Comprehensive Services Act Fund	Total Governmental Funds
<b>ASSETS</b>			
Investments	\$ 2,888,503	\$ 160,233	\$ 3,048,736
Trade and other accounts receivable	9,288	111,886	121,174
Accrued interest	4,741	730	5,471
Due from other governments	790,388	1,154,866	1,945,254
Prepaid items	84,960	2,221	87,181
<b>Total assets</b>	<b>\$ 3,777,880</b>	<b>\$ 1,429,936</b>	<b>\$ 5,207,816</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 330,803	\$ 1,047,814	\$ 1,378,617
Accrued payroll	120,032	3,382	123,414
Unearned revenue	-	151,844	151,844
<b>Total liabilities</b>	<b>450,835</b>	<b>1,203,040</b>	<b>1,653,875</b>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid items	84,960	2,221	87,181
Restricted for minority interest	1,329,255	119,078	1,448,333
Assigned to:			
Social services	1,912,830	105,597	2,018,427
<b>Total fund balances</b>	<b>3,327,045</b>	<b>226,896</b>	<b>3,553,941</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,777,880</b>	<b>\$ 1,429,936</b>	<b>\$ 5,207,816</b>
Fund balances			\$ 3,553,941

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	\$ 2,664,329	
Less accumulated depreciation and amortization	(520,238)	
Net capital assets		2,144,091

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds. 151,844

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	(425,347)	
Other postemployment benefits	(399,013)	
		(824,360)

**Net position of governmental activities** **\$ 5,025,516**

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, 2014

	Operating Fund	Special Revenue Comprehensive Services Act Fund	Total Governmental Funds
<b>Revenues:</b>			
Use of money and property	\$ 13,193	\$ 2,984	\$ 16,177
Miscellaneous	1,210,046	1,900,000	3,110,046
Appropriation from General Fund	1,610,298	1,700,000	3,310,298
Intergovernmental	10,197,519	5,237,254	15,434,773
<b>Total revenues</b>	<b>13,031,056</b>	<b>8,840,238</b>	<b>21,871,294</b>
<b>Expenditures:</b>			
<b>Current:</b>			
Health and social services	14,721,155	8,873,732	23,594,887
<b>Total expenditures</b>	<b>14,721,155</b>	<b>8,873,732</b>	<b>23,594,887</b>
<b>Net change in fund balances</b>	<b>(1,690,099)</b>	<b>(33,494)</b>	<b>(1,723,593)</b>
Fund balances, beginning	5,017,144	260,390	5,277,534
Fund balances, ending	<u>\$ 3,327,045</u>	<u>\$ 226,896</u>	<u>\$ 3,553,941</u>
Net change in fund balances			\$ (1,723,593)
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 capital outlays exceeded depreciation and amortization in the current period.			
Expenditure for capital assets		\$ 2,163,687	
Less depreciation and amortization expense		(28,076)	
Excess of capital outlays over depreciation and amortization			2,135,611
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			151,844
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		(40,744)	
Other postemployment benefits		(59,900)	
			(100,644)
<b>Change in net position of governmental activities</b>			<u>\$ 463,218</u>

# **SUPPLEMENTAL SCHEDULES**

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
Year Ended June 30, 2014**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over Under
	Original	Final		
<b>Primary Government:</b>				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 45,634,000	\$ 45,634,000	\$ 46,031,557	\$ 397,557
Real and personal public service corporation property taxes	1,420,000	1,420,000	1,591,159	171,159
Personal property taxes	11,477,000	11,477,000	11,988,972	511,972
Machinery and tools taxes	9,900,000	9,900,000	8,895,471	(1,004,529)
Merchants' capital taxes	1,100,000	1,100,000	1,187,670	87,670
Penalties and interest	525,000	525,000	731,907	206,907
<b>Total general property taxes</b>	<b>70,056,000</b>	<b>70,056,000</b>	<b>70,426,736</b>	<b>370,736</b>
Other local taxes:				
Local sales and use taxes	5,000,000	5,000,000	5,309,256	309,256
Consumer utility taxes	995,400	995,400	1,078,402	83,002
Utility gross receipts taxes	420,000	420,000	408,890	(11,110)
Bank stock taxes	25,000	25,000	56,887	31,887
Motor vehicle licenses	1,200,000	1,200,000	1,209,701	9,701
Taxes on recordation and wills	870,000	870,000	730,498	(139,502)
Hotel and motel room taxes	200,000	200,000	206,275	6,275
Food and beverage taxes	860,000	860,000	925,336	65,336
<b>Total other local taxes</b>	<b>9,570,400</b>	<b>9,570,400</b>	<b>9,925,245</b>	<b>354,845</b>
Permits, privilege fees and regulatory licenses:				
Animal licenses	23,000	23,000	21,245	(1,755)
Permits and other licenses	712,350	712,350	982,204	269,854
<b>Total permits, privilege fees and regulatory licenses</b>	<b>735,350</b>	<b>735,350</b>	<b>1,003,449</b>	<b>268,099</b>
Fines and forfeitures	192,000	192,000	99,617	(92,383)
Use of money and property:				
Revenue from use of money	50,000	50,000	49,055	(945)
Revenue from use of property	1,293,003	1,293,003	1,357,700	64,697
<b>Total use of money and property</b>	<b>1,343,003</b>	<b>1,343,003</b>	<b>1,406,755</b>	<b>63,752</b>

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
Year Ended June 30, 2014**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over Or (Under)
	Original	Final		
Primary Government:				
General Fund:				
Revenue from local sources:				
Charges for services:				
Excess fees of clerk	\$ 220,000	\$ 228,000	\$ 192,291	\$ (35,709)
Commonwealth attorney	439,800	439,800	452,824	13,024
Law enforcement and traffic control	286,875	335,875	353,800	17,925
EMS transport	370,000	370,000	444,615	74,615
Correction and detention	745,500	745,500	913,525	168,025
Parks and recreation	697,000	697,000	756,325	59,325
Computer services	1,000	1,000	2,059	1,059
Health	-	-	17,745	17,745
Garage fees	690,000	696,000	788,974	92,974
Planning and community development	1,725	1,725	3,727	2,002
<b>Total charges for services</b>	<b>3,451,900</b>	<b>3,514,900</b>	<b>3,925,885</b>	<b>410,985</b>
Miscellaneous	206,000	211,834	302,430	90,596
Recovered costs:				
City of Harrisonburg:				
Judicial administration	255,444	315,030	314,037	(993)
Public safety	2,650,235	3,268,437	3,212,575	(55,862)
Public works	287,375	354,409	352,327	(2,082)
Other entities:				
Public safety	309,953	309,953	256,011	(53,942)
<b>Total recovered costs</b>	<b>3,503,007</b>	<b>4,247,829</b>	<b>4,134,950</b>	<b>(112,879)</b>
<b>Total revenue from local sources</b>	<b>89,057,660</b>	<b>89,871,316</b>	<b>91,225,067</b>	<b>1,353,751</b>
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Communications sales and use taxes	1,630,000	1,630,000	1,602,564	(27,436)
Mobile home titling taxes	60,000	60,000	70,921	10,921
Rental vehicle taxes	5,000	5,000	3,803	(1,197)
Personal property tax relief	5,640,000	5,640,000	5,644,177	4,177
Recordation taxes	290,000	290,000	333,169	43,169
<b>Total non-categorical aid</b>	<b>7,625,000</b>	<b>7,625,000</b>	<b>7,654,634</b>	<b>29,634</b>

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
Year Ended June 30, 2014**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Shared costs:				
Commonwealth attorney	\$ 859,000	\$ 859,000	\$ 854,442	\$ (4,558)
Sheriff	5,773,000	5,810,597	5,594,841	(215,756)
Commissioner of the revenue	193,000	193,000	191,571	(1,429)
Treasurer	178,000	178,000	176,533	(1,467)
Registrar/Electoral Board	47,000	47,000	46,448	(552)
Clerk of circuit court	700,692	782,968	624,812	(158,156)
Jail operations	450,000	450,000	464,864	14,864
<b>Total shared costs</b>	<b>8,200,692</b>	<b>8,320,565</b>	<b>7,953,511</b>	<b>(367,054)</b>
Other categorical aid:				
Emergency medical services	80,200	80,200	79,384	(816)
Community corrections	438,711	438,711	424,571	(14,140)
Fire program	153,000	153,000	172,789	19,789
Hazardous materials program	10,000	12,908	10,000	(2,908)
Victim witness	24,000	24,000	35,604	11,604
Records preservation	-	13,084	13,084	-
Domestic violence	40,000	40,000	44,308	4,308
OEMS training	-	27,083	114,637	87,554
Other	-	12,547	19,405	6,858
<b>Total other categorical aid</b>	<b>745,911</b>	<b>801,533</b>	<b>913,782</b>	<b>112,249</b>
<b>Total categorical aid</b>	<b>8,946,603</b>	<b>9,122,098</b>	<b>8,867,293</b>	<b>(254,805)</b>
<b>Total revenue from the Commonwealth</b>	<b>16,571,603</b>	<b>16,747,098</b>	<b>16,521,927</b>	<b>(225,171)</b>

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
Year Ended June 30, 2014**

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	\$ 396,000	\$ 396,000	\$ 424,788	\$ 28,788
Categorical aid:				
Victim witness	49,000	49,000	35,604	(13,396)
FEMA	-	19,022	-	(19,022)
Highway safety	75,069	108,669	41,092	(67,577)
Welfare	150,000	150,000	172,263	22,263
Domestic violence coordinator	20,000	20,000	21,668	1,668
Edward Byrne crisis intervention	-	63,408	63,408	-
State criminal alien assistance	-	-	33,187	33,187
Other	7,000	9,084	11,421	2,337
<b>Total categorical aid</b>	<b>301,069</b>	<b>419,183</b>	<b>378,643</b>	<b>(40,540)</b>
<b>Total revenue from the federal government</b>	<b>697,069</b>	<b>815,183</b>	<b>803,431</b>	<b>(11,752)</b>
<b>Total intergovernmental</b>	<b>17,268,672</b>	<b>17,562,281</b>	<b>17,325,358</b>	<b>(236,923)</b>
<b>Total General Fund</b>	<b>\$ 106,326,332</b>	<b>\$ 107,433,597</b>	<b>\$ 108,550,425</b>	<b>\$ 1,116,828</b>
Special Revenue Fund:				
Asset Forfeiture Fund:				
Revenue from local sources:				
Fines and forfeitures:				
Seized funds - judicial administration	\$ 19,870	\$ 19,870	\$ 31,508	\$ 11,638
Seized funds - public safety	12,130	12,130	28,717	16,587
<b>Total fines and forfeitures</b>	<b>32,000</b>	<b>32,000</b>	<b>60,225</b>	<b>28,225</b>
Revenue from use of money	-	-	2,852	2,852
<b>Total revenue from local sources</b>	<b>32,000</b>	<b>32,000</b>	<b>63,077</b>	<b>31,077</b>
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Seized funds - judicial administration	-	105,000	60,597	(44,403)
Seized funds - public safety	-	204,476	126,903	(77,573)
<b>Total intergovernmental</b>	<b>-</b>	<b>309,476</b>	<b>187,500</b>	<b>(121,976)</b>
<b>Total Special Revenue Fund</b>	<b>\$ 32,000</b>	<b>\$ 341,476</b>	<b>\$ 250,577</b>	<b>\$ (90,899)</b>

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
Year Ended June 30, 2014**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over Under
	Original	Final		
<b>Primary Government:</b>				
Capital Projects Fund:				
General Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 84,359	\$ 84,359
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VDOT Revenue Sharing	1,673,209	1,673,209	502,601	(1,170,608)
TPOF Grant	2,120,000	2,120,000	1,878,896	(241,104)
<b>Total revenue from the Commonwealth</b>	<b>3,793,209</b>	<b>3,793,209</b>	<b>2,381,497</b>	<b>(1,411,712)</b>
Revenue from the federal government:				
Categorical aid:				
Safe Routes to Schools	231,488	231,488	420,950	189,462
<b>Total intergovernmental</b>	<b>4,024,697</b>	<b>4,024,697</b>	<b>2,802,447</b>	<b>(1,222,250)</b>
<b>Total General Capital Projects Fund</b>	<b>\$ 4,024,697</b>	<b>\$ 4,024,697</b>	<b>\$ 2,886,806</b>	<b>\$ (1,137,891)</b>
Permanent Fund:				
Albert K. Long Trust Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 97	\$ 97
<b>Total Permanent Fund</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 97</b>	<b>\$ 97</b>
<b>Grand Total Revenues - Primary Government</b>	<b>\$ 110,383,029</b>	<b>\$ 111,799,770</b>	<b>\$ 111,687,905</b>	<b>\$ (111,865)</b>
<b>Component Units:</b>				
Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of property	\$ 24,000	\$ 24,000	\$ 21,980	\$ (2,020)
Charges for services	2,270,000	2,270,000	2,489,109	219,109
Miscellaneous	145,000	145,000	450,964	305,964
Appropriation from General Fund	52,500,000	52,500,000	49,197,613	(3,302,387)
<b>Total revenue from local sources</b>	<b>54,939,000</b>	<b>54,939,000</b>	<b>52,159,666</b>	<b>(2,779,334)</b>

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
Year Ended June 30, 2014**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over Under
	Original	Final		
Component Units:				
Component Unit - School Board:				
School Operating Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Rolling stock tax	\$ 70,000	\$ 70,000	\$ 79,643	\$ 9,643
Categorical aid:				
State sales tax receipts	12,654,661	12,654,661	12,206,380	(448,281)
Basic school aid	27,606,516	28,106,516	28,346,225	239,709
Other state school funds	16,117,476	16,117,476	16,393,849	276,373
<b>Total categorical aid</b>	<b>56,378,653</b>	<b>56,878,653</b>	<b>56,946,454</b>	<b>67,801</b>
<b>Total revenue from the Commonwealth</b>	<b>56,448,653</b>	<b>56,948,653</b>	<b>57,026,097</b>	<b>77,444</b>
Revenue from the federal government:				
Categorical aid:				
Title I	1,670,000	1,670,000	1,132,839	(537,161)
Title VIB	2,525,000	2,525,000	2,527,953	2,953
Other school funds	645,000	645,000	618,341	(26,659)
<b>Total revenue from the federal government</b>	<b>4,840,000</b>	<b>4,840,000</b>	<b>4,279,133</b>	<b>(560,867)</b>
<b>Total intergovernmental</b>	<b>61,288,653</b>	<b>61,788,653</b>	<b>61,305,230</b>	<b>(483,423)</b>
<b>Total School Operating Fund</b>	<b>116,227,653</b>	<b>116,727,653</b>	<b>113,464,896</b>	<b>(3,262,757)</b>
School Textbook Fund:				
Revenue from local sources:				
Miscellaneous	-	-	19,438	19,438
Local governments:				
Appropriation from the General Fund	662,000	662,000	662,000	-
<b>Total School Textbook Fund</b>	<b>662,000</b>	<b>662,000</b>	<b>681,438</b>	<b>19,438</b>
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money	6,000	6,000	6,089	89
Charges for services	2,200,416	2,200,416	2,002,626	(197,790)
<b>Total revenue from local sources</b>	<b>2,206,416</b>	<b>2,206,416</b>	<b>2,008,715</b>	<b>(197,701)</b>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	90,000	90,000	88,889	(1,111)
Revenue from the federal government:				
Categorical aid:				
School food program grant	3,044,180	3,044,180	3,014,425	(29,755)
<b>Total intergovernmental</b>	<b>3,134,180</b>	<b>3,134,180</b>	<b>3,103,314</b>	<b>(30,866)</b>
<b>Total School Cafeteria Fund</b>	<b>5,340,596</b>	<b>5,340,596</b>	<b>5,112,029</b>	<b>(228,567)</b>

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
Year Ended June 30, 2014**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - School Board:				
Massanutten Technical Center - Operating Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 3,420	\$ 3,420
Charges for services	643,600	643,600	592,698	(50,902)
Miscellaneous	6,000	6,000	17,249	11,249
House project	40,000	40,000	44,000	4,000
<b>Total revenue from local sources</b>	<b>689,600</b>	<b>689,600</b>	<b>657,367</b>	<b>(32,233)</b>
Intergovernmental:				
Revenue from the Commonwealth	341,198	341,198	400,384	59,186
Revenue from the federal government	176,573	176,573	321,936	145,363
Local governments:				
Appropriation from Rockingham County School Board	2,842,448	2,842,448	2,514,759	(327,689)
Appropriation from the City of Harrisonburg	881,795	881,795	780,138	(101,657)
<b>Total local governments</b>	<b>3,724,243</b>	<b>3,724,243</b>	<b>3,294,897</b>	<b>(429,346)</b>
<b>Total intergovernmental</b>	<b>4,242,014</b>	<b>4,242,014</b>	<b>4,017,217</b>	<b>(224,797)</b>
<b>Total Massanutten Technical Center - Operating Fund</b>	<b>4,931,614</b>	<b>4,931,614</b>	<b>4,674,584</b>	<b>(257,030)</b>
<b>Total Revenues - Component Unit - School Board</b>	<b>\$ 127,161,863</b>	<b>\$ 127,661,863</b>	<b>\$ 123,932,947</b>	<b>\$ (3,728,916)</b>
Component Unit - Harrisonburg-Rockingham				
Social Services District:				
Operating Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 13,193	\$ 13,193
Miscellaneous:				
City of Harrisonburg share	1,138,232	1,138,232	1,138,232	-
Other	35,890	58,321	71,814	13,493
<b>Total miscellaneous</b>	<b>1,174,122</b>	<b>1,196,553</b>	<b>1,210,046</b>	<b>13,493</b>
Appropriation from the General Fund	1,610,298	1,610,298	1,610,298	-
<b>Total revenue from local sources</b>	<b>2,784,420</b>	<b>2,806,851</b>	<b>2,833,537</b>	<b>26,686</b>

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
Year Ended June 30, 2014**

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:				
Operating Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Social services administration:				
Public assistance and administration	\$ 6,855,093	\$ 6,855,093	\$ 5,029,280	\$ (1,825,813)
<b>Total revenue from the Commonwealth</b>	<b>6,855,093</b>	<b>6,855,093</b>	<b>5,029,280</b>	<b>(1,825,813)</b>
Revenue from the federal government:				
Categorical aid:				
Social services administration:				
Welfare	5,578,529	5,586,410	5,168,239	(418,171)
<b>Total intergovernmental</b>	<b>12,433,622</b>	<b>12,441,503</b>	<b>10,197,519</b>	<b>(2,243,984)</b>
<b>Total Harrisonburg-Rockingham Social Services District - Operating Fund</b>	<b>15,218,042</b>	<b>15,248,354</b>	<b>13,031,056</b>	<b>(2,217,298)</b>
Special Revenue Fund:				
Comprehensive Services Act Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	2,984	2,984
Miscellaneous:				
City of Harrisonburg share	1,900,000	1,900,000	1,900,000	-
Appropriation from the General Fund	1,700,000	1,700,000	1,700,000	-
<b>Total revenue from local sources</b>	<b>3,600,000</b>	<b>3,600,000</b>	<b>3,602,984</b>	<b>2,984</b>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Social services administration:				
Comprehensive Services Act	5,978,605	5,978,605	4,895,698	(1,082,907)
Revenue from the federal government:				
Categorical aid:				
Social services administration:				
Comprehensive Services Act	-	-	341,556	341,556
<b>Total intergovernmental</b>	<b>5,978,605</b>	<b>5,978,605</b>	<b>5,237,254</b>	<b>(741,351)</b>
<b>Total Comprehensive Services Act Fund</b>	<b>9,578,605</b>	<b>9,578,605</b>	<b>8,840,238</b>	<b>(738,367)</b>
<b>Total Revenues - Component Unit - Harrisonburg-Rockingham Social Services District</b>	<b>\$ 24,796,647</b>	<b>\$ 24,826,959</b>	<b>\$ 21,871,294</b>	<b>\$ (2,955,665)</b>
<b>Grand Total Revenues - Component Units</b>	<b>\$ 151,958,510</b>	<b>\$ 152,488,822</b>	<b>\$ 145,804,241</b>	<b>\$ (6,684,581)</b>

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
Year Ended June 30, 2014**

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	\$ 160,275	\$ 171,275	\$ 164,465	\$ (6,810)
General and financial:				
Executive administration	414,189	528,528	523,796	(4,732)
Legal services	442,952	445,952	451,098	5,146
Independent auditor and actuarial services	88,400	88,400	87,350	(1,050)
Commissioner of the revenue	547,103	547,103	528,294	(18,809)
Reassessment and equalization	289,899	289,899	216,692	(73,207)
Treasurer	512,203	519,293	510,188	(9,105)
Fiscal services	881,949	897,749	867,126	(30,623)
Human resources	210,905	210,905	209,057	(1,848)
Technology	872,722	910,131	872,606	(37,525)
Land use assessment	58,162	58,162	53,668	(4,494)
Central switchboard	67,718	67,718	65,566	(2,152)
<b>Total general and financial</b>	<b>4,386,202</b>	<b>4,563,840</b>	<b>4,385,441</b>	<b>(178,399)</b>
Board of elections:				
Electoral board and officials	87,189	111,889	104,073	(7,816)
Registrar	134,194	134,194	133,960	(234)
<b>Total board of elections</b>	<b>221,383</b>	<b>246,083</b>	<b>238,033</b>	<b>(8,050)</b>
<b>Total general government administration</b>	<b>4,767,860</b>	<b>4,981,198</b>	<b>4,787,939</b>	<b>(193,259)</b>
Judicial administration:				
Courts:				
Circuit court	148,496	159,496	162,198	2,702
General district court	25,600	25,600	19,669	(5,931)
Magistrate	6,925	6,925	6,601	(324)
Juvenile and domestic relations court	46,000	46,000	35,194	(10,806)
Clerk of the circuit court	1,000,440	1,136,427	1,026,815	(109,612)
Department of court services	543,218	619,671	613,677	(5,994)
<b>Total courts</b>	<b>1,770,679</b>	<b>1,994,119</b>	<b>1,864,154</b>	<b>(129,965)</b>
Commonwealth attorney	1,581,915	1,581,915	1,572,519	(9,396)
<b>Total judicial administration</b>	<b>3,352,594</b>	<b>3,576,034</b>	<b>3,436,673</b>	<b>(139,361)</b>

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
Year Ended June 30, 2014**

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	\$ 5,569,783	\$ 5,712,095	\$ 5,423,757	\$ (288,338)
Fire and rescue services:				
Fire department	5,184,917	5,766,745	5,666,264	(100,481)
Volunteer fire companies	853,508	853,508	717,237	(136,271)
Ambulance and rescue squads	269,871	280,705	204,238	(76,467)
Fire extinction service	18,796	18,796	19,871	1,075
<b>Total fire and rescue services</b>	<b>6,327,092</b>	<b>6,919,754</b>	<b>6,607,610</b>	<b>(312,144)</b>
Correction and detention:				
County operated institutions	7,013,904	8,423,997	8,297,898	(126,099)
Building inspections	595,274	617,274	613,435	(3,839)
Other protection:				
Animal control	366,573	366,573	370,073	3,500
Emergency services	1,453,842	1,453,842	1,453,836	(6)
<b>Total other protection</b>	<b>1,820,415</b>	<b>1,820,415</b>	<b>1,823,909</b>	<b>3,494</b>
<b>Total public safety</b>	<b>21,326,468</b>	<b>23,493,535</b>	<b>22,766,609</b>	<b>(726,926)</b>
Public works:				
General administration	63,488	63,488	62,067	(1,421)
Garage operations	842,077	863,512	879,536	16,024
Maintenance:				
General properties	399,207	430,407	435,194	4,787
Courthouse	202,195	208,195	207,186	(1,009)
School office building	125,741	125,741	127,837	2,096
Extension/central garage building	49,187	49,187	51,349	2,162
Human Services/Health department building	181,944	181,944	181,464	(480)
TV translator system	10,100	10,100	8,258	(1,842)
County administration complex	287,759	296,259	278,755	(17,504)
District courts	284,250	301,250	294,674	(6,576)
Sheriff department	165,170	173,170	177,788	4,618
Recreational facilities	-	148,338	143,689	(4,649)
Research and technology center	-	-	4,385	4,385
<b>Total public works</b>	<b>2,611,118</b>	<b>2,851,591</b>	<b>2,852,182</b>	<b>591</b>

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
Year Ended June 30, 2014**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>Primary Government:</b>				
General Fund:				
Health and social services:				
Health:				
Supplement to local health department	\$ 616,061	\$ 616,061	\$ 611,118	\$ (4,943)
Mental health and mental retardation:				
Community Services Board	472,478	472,478	472,478	-
Social services:				
Property tax relief for elderly/handicapped	294,000	334,736	334,735	(1)
Appropriation to the Harrisonburg-Rockingham				
Social Services District	3,310,298	3,310,298	3,310,298	-
Change in investment in the Harrisonburg-Rockingham				
Social Services District	-	-	1,010,788	1,010,788
Institutional care				
	159,161	159,161	159,160	(1)
<b>Total health and social services</b>	<b>4,851,998</b>	<b>4,892,734</b>	<b>5,898,577</b>	<b>1,005,843</b>
Education:				
Appropriation to the Rockingham				
County School Board	53,162,000	53,162,000	49,859,613	(3,302,387)
<b>Total education</b>	<b>53,162,000</b>	<b>53,162,000</b>	<b>49,859,613</b>	<b>(3,302,387)</b>
Parks, recreation and cultural:				
Parks and recreation:				
Administration	177,958	177,958	172,693	(5,265)
Maintenance	135,338	-	-	-
Athletic events/programs	1,298,463	1,360,744	1,205,204	(155,540)
<b>Total parks and recreation</b>	<b>1,611,759</b>	<b>1,538,702</b>	<b>1,377,897</b>	<b>(160,805)</b>
Cultural:				
Regional library	752,402	752,402	752,402	-
<b>Total parks, recreation and cultural</b>	<b>2,364,161</b>	<b>2,291,104</b>	<b>2,130,299</b>	<b>(160,805)</b>
Community development:				
Planning and community development	635,125	616,371	592,844	(23,527)
Geographic information systems	119,942	119,942	115,956	(3,986)
Economic development	1,471,575	1,488,954	994,019	(494,935)
Soil and water conservation district	34,000	34,000	34,000	-
Cooperative extension program	117,130	117,130	102,596	(14,534)
Gypsy moth program	475	475	45	(430)
Environmental management	140,596	152,030	145,105	(6,925)
Contributions, grants and other	1,052,244	714,033	513,093	(200,940)
<b>Total community development</b>	<b>3,571,087</b>	<b>3,242,935</b>	<b>2,497,658</b>	<b>(745,277)</b>

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
Year Ended June 30, 2014**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>Primary Government:</b>				
General Fund:				
Debt service:				
Principal - County	\$ 2,021,971	\$ 2,021,971	\$ 1,766,331	\$ (255,640)
Principal - School Board	5,761,687	5,761,687	5,761,687	-
<b>Total principal</b>	<b>7,783,658</b>	<b>7,783,658</b>	<b>7,528,018</b>	<b>(255,640)</b>
Interest and fiscal charges - County	711,475	711,475	684,754	(26,721)
Interest and fiscal charges - School Board	4,069,338	4,069,338	4,066,538	(2,800)
<b>Total interest and fiscal charges</b>	<b>4,780,813</b>	<b>4,780,813</b>	<b>4,751,292</b>	<b>(29,521)</b>
<b>Total debt service</b>	<b>12,564,471</b>	<b>12,564,471</b>	<b>12,279,310</b>	<b>(285,161)</b>
<b>Total General Fund</b>	<b>\$ 108,571,757</b>	<b>\$ 111,055,602</b>	<b>\$ 106,508,860</b>	<b>\$ (4,546,742)</b>
Special Revenue Fund:				
Asset Forfeiture Fund:				
Judicial administration:				
Commonwealth attorney	\$ 19,870	\$ 124,870	\$ 103,768	\$ (21,102)
Public safety:				
Law enforcement	12,130	276,449	153,356	(123,093)
<b>Total Asset Forfeiture Fund</b>	<b>32,000</b>	<b>401,319</b>	<b>257,124</b>	<b>(144,195)</b>
<b>Total Special Revenue Fund</b>	<b>\$ 32,000</b>	<b>\$ 401,319</b>	<b>\$ 257,124</b>	<b>\$ (144,195)</b>
General Capital Projects Fund:				
Capital projects	\$ 8,354,191	\$ 8,534,541	\$ 4,593,950	\$ (3,940,591)
<b>Total General Capital Projects Fund</b>	<b>\$ 8,354,191</b>	<b>\$ 8,534,541</b>	<b>\$ 4,593,950</b>	<b>\$ (3,940,591)</b>
<b>Grand Total Expenditures - Primary Government</b>	<b>\$ 116,957,948</b>	<b>\$ 119,991,462</b>	<b>\$ 111,359,934</b>	<b>\$ (8,631,528)</b>

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
Year Ended June 30, 2014**

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	\$ 89,984,356	\$ 89,963,706	\$ 87,458,067	\$ (2,505,639)
Administration, attendance and health	5,503,647	5,524,297	5,471,928	(52,369)
Pupil transportation services	8,746,604	9,246,604	9,100,620	(145,984)
Operation and maintenance services	11,993,046	11,993,046	11,434,281	(558,765)
<b>Total School Operating Fund</b>	<b>116,227,653</b>	<b>116,727,653</b>	<b>113,464,896</b>	<b>(3,262,757)</b>
School Textbook Fund:				
Education:				
Purchase of textbooks	662,000	662,000	657,867	(4,133)
<b>Total School Textbook Fund</b>	<b>662,000</b>	<b>662,000</b>	<b>657,867</b>	<b>(4,133)</b>
School Cafeteria Fund:				
Education:				
School food services	5,426,044	5,426,044	5,014,247	(411,797)
<b>Total School Cafeteria Fund</b>	<b>5,426,044</b>	<b>5,426,044</b>	<b>5,014,247</b>	<b>(411,797)</b>
School Capital Projects Fund:				
Miscellaneous	-	-	326	326
<b>Total School Capital Projects Fund</b>	<b>-</b>	<b>-</b>	<b>326</b>	<b>326</b>
Massanutten Technical Center - Operating Fund:				
Education:				
Secondary	3,788,186	3,788,736	3,639,284	(149,452)
Continuing education	1,143,428	1,142,878	1,035,300	(107,578)
<b>Total Massanutten Technical Center -         Operating Fund</b>	<b>4,931,614</b>	<b>4,931,614</b>	<b>4,674,584</b>	<b>(257,030)</b>
<b>Total Expenditures - Component Unit -           School Board</b>	<b>\$ 127,247,311</b>	<b>\$ 127,747,311</b>	<b>\$ 123,811,920</b>	<b>\$ (3,935,391)</b>

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
Year Ended June 30, 2014**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - Harrisonburg-Rockingham				
Social Services District:				
Operating Fund:				
Social services:				
Public assistance	\$ 9,033,523	\$ 9,033,523	\$ 6,452,300	\$ (2,581,223)
Administration:				
Welfare	6,184,519	6,214,831	6,105,168	(109,663)
Capital projects	2,500,000	2,500,000	2,163,687	(336,313)
<b>Total Operating Fund</b>	<b>17,718,042</b>	<b>17,748,354</b>	<b>14,721,155</b>	<b>(3,027,199)</b>
Special Revenue Fund:				
Comprehensive Services Act Fund:				
Comprehensive Services Act	9,578,605	9,628,605	8,873,732	(754,873)
<b>Total Comprehensive Services Act Fund</b>	<b>9,578,605</b>	<b>9,628,605</b>	<b>8,873,732</b>	<b>(754,873)</b>
<b>Total Expenditures - Component Unit -           Harrisonburg-Rockingham Social Services District</b>	<b>\$ 27,296,647</b>	<b>\$ 27,376,959</b>	<b>\$ 23,594,887</b>	<b>\$ (3,782,072)</b>
<b>Grand Total Expenditures - Component Units</b>	<b>\$ 154,543,958</b>	<b>\$ 155,124,270</b>	<b>\$ 147,406,807</b>	<b>\$ (7,717,463)</b>

# **STATISTICAL SECTION**

# COUNTY OF ROCKINGHAM, VIRGINIA

## STATISTICAL SECTION TABLE OF CONTENTS

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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
<b>Financial Trends</b> 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
<b>Revenue Capacity</b> 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
<b>Debt Capacity</b> 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
<b>Demographic and Economic Information</b> 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
<b>Operating Information</b> 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**

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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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Primary government:										
Governmental activities:										
Net investment in capital assets	\$ 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	\$ 34,093,586
Restricted	4,223,450	5,060,638	4,007,776	2,141,716	351,245	422,337	1,383,005	420,988	2,897,307	3,782,011
Unrestricted (deficit)	(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)	(33,093,357)
<b>Total governmental activities net assets (deficit)</b>	<b>\$ 8,689,761</b>	<b>\$ 12,943,885</b>	<b>\$ (874,306)</b>	<b>\$ (8,231,292)</b>	<b>\$ (37,482,252)</b>	<b>\$ (36,291,830)</b>	<b>\$ (25,169,641)</b>	<b>\$ (14,656,373)</b>		
<b>Total governmental activities net position (deficit)</b>									<b>\$ (3,370,933)</b>	<b>\$ 4,782,240</b>
Business-type activities:										
Net investment in capital assets	\$ 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	\$ 29,032,472
Restricted	192,676	-	-	-	-	-	-	-	-	-
Unrestricted (deficit)	(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	7,187,340
<b>Total business-type activities net assets</b>	<b>\$ 23,095,584</b>	<b>\$ 26,246,182</b>	<b>\$ 28,453,832</b>	<b>\$ 31,509,606</b>	<b>\$ 32,256,309</b>	<b>\$ 31,891,432</b>	<b>\$ 31,631,428</b>	<b>\$ 32,194,158</b>		
<b>Total business-type activities net position</b>									<b>\$ 34,432,869</b>	<b>\$ 36,219,812</b>
Primary government:										
Net investment in capital assets	\$ 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	\$ 63,126,058
Restricted	4,416,126	5,060,638	4,007,776	2,141,716	351,245	422,337	1,383,005	420,988	2,897,307	3,782,011
Unrestricted (deficit)	(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)	(25,906,017)
<b>Total primary government net assets</b>	<b>\$ 31,785,345</b>	<b>\$ 39,190,067</b>	<b>\$ 27,579,526</b>	<b>\$ 23,278,314</b>	<b>\$ (5,225,943)</b>	<b>\$ (4,400,398)</b>	<b>\$ 6,461,787</b>	<b>\$ 17,537,785</b>		
<b>Total primary government net position</b>									<b>\$ 31,061,936</b>	<b>\$ 41,002,052</b>
Component units: (1)										
Component unit - school board:										
Net investment in capital assets	\$ 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	\$ 141,355,850
Restricted	22,976	-	-	-	-	-	-	-	-	-
Unrestricted (deficit)	(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)	(5,090,456)
<b>Total component unit - school board net assets</b>	<b>\$ 77,499,954</b>	<b>\$ 81,061,160</b>	<b>\$ 105,662,431</b>	<b>\$ 123,847,302</b>	<b>\$ 162,334,010</b>	<b>\$ 169,389,449</b>	<b>\$ 161,551,275</b>	<b>\$ 152,806,463</b>		
<b>Total component unit - school board net position</b>									<b>\$ 144,354,714</b>	<b>\$ 136,265,394</b>

Component unit - Harrisonburg-Rockingham Social Services District																							
Net investment in capital assets	\$	109,194	\$	170,053	\$	194,573	\$	162,869	\$	119,199	\$	78,918	\$	40,063	\$	18,903	\$	8,480	\$	2,144,091			
Restricted (4)		-		-		-		-		-		-		-		-		-		2,161,138	1,448,333		
Unrestricted		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		1,433,092			
<b>Total component unit - HRSSD net assets</b>	<b>\$</b>	<b>1,404,527</b>	<b>\$</b>	<b>1,453,296</b>	<b>\$</b>	<b>1,599,621</b>	<b>\$</b>	<b>1,937,683</b>	<b>\$</b>	<b>2,464,684</b>	<b>\$</b>	<b>3,708,620</b>	<b>\$</b>	<b>4,158,822</b>	<b>\$</b>	<b>4,040,490</b>							
<b>Total component unit - HRSSD net position</b>																				<b>\$</b>	<b>4,562,298</b>	<b>\$</b>	<b>5,025,516</b>
Component units:																							
Net investment in capital assets	\$	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	\$	143,499,941			
Restricted		22,976		-		-		-		-		-		-		-		-		2,161,138	1,448,333		
Unrestricted (deficit)		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)		(3,657,364)			
<b>Total component units net assets</b>	<b>\$</b>	<b>78,904,481</b>	<b>\$</b>	<b>82,514,456</b>	<b>\$</b>	<b>107,262,052</b>	<b>\$</b>	<b>125,784,985</b>	<b>\$</b>	<b>164,798,694</b>	<b>\$</b>	<b>173,098,069</b>	<b>\$</b>	<b>165,710,097</b>	<b>\$</b>	<b>156,846,953</b>							
<b>Total component units net position</b>																				<b>\$</b>	<b>148,917,012</b>	<b>\$</b>	<b>141,290,910</b>
Total reporting entity: (2)																							
Net investment in capital assets	\$	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	\$	124,167,242			
Restricted		4,439,102		5,060,638		4,007,776		2,141,716		351,245		422,337		1,383,005		420,988		5,058,445		5,230,344			
Unrestricted		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		52,895,376			
<b>Total reporting entity net assets</b>	<b>\$</b>	<b>110,689,826</b>	<b>\$</b>	<b>121,704,523</b>	<b>\$</b>	<b>134,841,578</b>	<b>\$</b>	<b>149,063,299</b>	<b>\$</b>	<b>159,572,751</b>	<b>\$</b>	<b>168,697,671</b>	<b>\$</b>	<b>172,171,884</b>	<b>\$</b>	<b>174,384,738</b>							
<b>Total reporting entity net position</b>																				<b>\$</b>	<b>179,978,948</b>	<b>\$</b>	<b>182,292,962</b>

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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Primary government:										
Expenses:										
Governmental activities:										
General government administration	\$ 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	\$ 5,462,554
Judicial administration	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	3,859,974
Public safety	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	23,580,101
Public works	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	6,898,649
Health and social services	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	3,769,309
Education	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	49,859,613
Parks, recreation and cultural	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	2,186,224
Community development	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	3,356,974
Interest	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	4,354,774
<b>Total governmental activities</b>	<b>68,412,077</b>	<b>79,410,385</b>	<b>102,732,025</b>	<b>101,807,489</b>	<b>129,695,066</b>	<b>98,471,289</b>	<b>89,742,237</b>	<b>93,072,786</b>	<b>101,119,098</b>	<b>103,328,172</b>
Business-type activities:										
Water and sewer	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	6,363,516
Solid waste	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	5,123,106
<b>Total business-type activities</b>	<b>5,372,324</b>	<b>6,871,596</b>	<b>7,514,601</b>	<b>8,477,752</b>	<b>8,540,305</b>	<b>9,408,955</b>	<b>9,636,203</b>	<b>10,038,091</b>	<b>10,522,042</b>	<b>11,486,622</b>
<b>Total primary government expenses</b>	<b>73,784,401</b>	<b>86,281,981</b>	<b>110,246,626</b>	<b>110,285,241</b>	<b>138,235,371</b>	<b>107,880,244</b>	<b>99,378,440</b>	<b>103,110,877</b>	<b>111,641,140</b>	<b>114,814,794</b>
Program revenue:										
Governmental activities:										
Charges for services:										
General government administration	6,145	4,764	2,877	5,729	1,511	4,058	4,815	2,200	1,359	2,059
Judicial administration	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	990,660
Public safety	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	6,312,309
Public works	590,386	757,503	826,007	1,014,447	1,021,587	956,152	1,098,549	1,078,306	1,183,823	1,141,301
Health and social services	2,429	52,834	26,086	-	5,665	7,953	83,232	34,717	-	17,745
Parks, recreation and cultural	276,009	300,701	326,290	324,628	405,709	467,229	696,685	660,369	690,110	756,422
Community development	7,150	7,615	3,011	2,727	1,786	4,017	1,467	3,085	2,975	3,727
Operating grants and contributions:										
General government administration	440,535	446,138	472,051	512,537	478,451	429,322	393,503	410,967	395,203	417,952
Judicial administration	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	2,178,098
Public safety	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	6,665,123
Public works	-	-	117,009	-	-	1,667	-	-	-	-
Health and social services	99,123	116,012	121,558	139,069	163,829	143,987	147,726	155,737	186,696	172,263
Education	-	-	-	-	-	-	-	-	562,808	-
Community development	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	778,954	372,230	163,721	-	83,950	118,588	269,312	22,000	38,354	-
Public works	-	-	-	-	-	-	-	36,410	2,537,447	2,802,447
<b>Total governmental activities</b>	<b>15,087,649</b>	<b>17,426,453</b>	<b>17,020,634</b>	<b>17,221,591</b>	<b>16,895,913</b>	<b>16,124,377</b>	<b>17,435,424</b>	<b>16,660,014</b>	<b>20,263,517</b>	<b>21,460,106</b>

COUNTY OF ROCKINGHAM, VIRGINIA

Table 3  
Page 2

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Primary government:										
Program revenue:										
Business-type activities:										
Charges for services:										
Water and sewer	\$ 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	\$ 7,436,597
Solid waste	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	5,057,086
Operating grants and contributions:										
Water and sewer	22,701	10,000	-	-	-	-	-	-	-	-
Solid waste	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	-	-	-	-	-
<b>Total business-type activities</b>	<b>6,591,126</b>	<b>9,259,593</b>	<b>9,197,326</b>	<b>10,807,860</b>	<b>8,843,650</b>	<b>8,429,754</b>	<b>8,269,117</b>	<b>9,582,282</b>	<b>11,589,080</b>	<b>12,493,683</b>
<b>Total primary government revenues</b>	<b>21,678,775</b>	<b>26,686,046</b>	<b>26,217,960</b>	<b>28,029,451</b>	<b>25,739,563</b>	<b>24,554,131</b>	<b>25,704,541</b>	<b>26,242,296</b>	<b>31,852,597</b>	<b>33,953,789</b>
Net (expense) revenue:										
Governmental activities	(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)	(81,868,066)
Business-type activities	1,218,802	2,387,997	1,682,725	2,330,108	303,345	(979,201)	(1,367,086)	(455,809)	1,067,038	1,007,061
<b>Total primary government, net expense</b>	<b>(52,105,626)</b>	<b>(59,595,935)</b>	<b>(84,028,666)</b>	<b>(82,255,790)</b>	<b>(112,495,808)</b>	<b>(83,326,113)</b>	<b>(73,673,899)</b>	<b>(76,868,581)</b>	<b>(79,788,543)</b>	<b>(80,861,005)</b>
Governmental activities:										
Taxes:										
General property taxes	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	70,208,531
Local sales and use	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	5,309,256
Consumer utility and communications sales and use	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	1,078,402
Motor vehicles licenses	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	1,209,701
Other	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	2,327,886
Intergovernmental, non-categorical aid	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	8,079,422
Use of money and property	988,875	1,490,446	1,875,536	1,665,526	786,523	839,375	964,574	1,067,549	1,472,098	1,505,611
Miscellaneous	116,108	184,897	119,643	463,242	279,146	232,721	779,782	336,457	345,024	302,430
Gain on sale of capital assets	592,234	-	-	-	-	-	-	-	-	-
Transfers	(750,000)	(395,620)	(61,000)	(43,726)	-	(20,000)	-	-	(63,336)	-
<b>Total governmental activities</b>	<b>60,185,099</b>	<b>66,238,056</b>	<b>71,893,200</b>	<b>77,228,912</b>	<b>83,548,193</b>	<b>83,537,334</b>	<b>83,429,002</b>	<b>86,926,040</b>	<b>89,990,354</b>	<b>90,021,239</b>
Business-type activities:										
Use of money and property	124,469	213,845	265,494	381,280	199,683	34,080	40,269	39,839	67,961	65,660
Miscellaneous	278,209	153,136	198,431	300,660	243,675	560,244	1,066,813	978,700	1,040,376	898,936
Transfers	750,000	395,620	61,000	43,726	-	20,000	-	-	63,336	-
<b>Total business-type activities</b>	<b>1,152,678</b>	<b>762,601</b>	<b>524,925</b>	<b>725,666</b>	<b>443,358</b>	<b>614,324</b>	<b>1,107,082</b>	<b>1,018,539</b>	<b>1,171,673</b>	<b>964,596</b>
<b>Total primary government</b>	<b>61,337,777</b>	<b>67,000,657</b>	<b>72,418,125</b>	<b>77,954,578</b>	<b>83,991,551</b>	<b>84,151,658</b>	<b>84,536,084</b>	<b>87,944,579</b>	<b>91,162,027</b>	<b>90,985,835</b>
Changes in net assets:										
Governmental activities	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	2,371,480	3,150,598	2,207,650	3,055,774	746,703	(364,877)	(260,004)	562,730		
<b>Total primary government</b>	<b>\$ 9,232,151</b>	<b>\$ 7,404,722</b>	<b>\$(11,610,541)</b>	<b>\$(4,301,212)</b>	<b>\$(28,504,257)</b>	<b>\$ 825,545</b>	<b>\$ 10,862,185</b>	<b>\$ 11,075,998</b>		
Changes in net position:										
Governmental activities									9,134,773	8,153,173
Business-type activities									2,238,711	1,971,657
<b>Total primary government</b>									<b>\$ 11,373,484</b>	<b>\$ 10,124,830</b>

COUNTY OF ROCKINGHAM, VIRGINIA

Table 3  
Page 3

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Component units: (2)										
Component unit - school board:										
Expenses:										
Instruction	\$ 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	\$ 100,536,652
Administration, attendance and health	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	5,552,174
Pupil transportation	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	9,338,770
Operation and maintenance services	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	11,573,942
School food services	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	5,053,123
<b>Total expenses</b>	<b>103,397,709</b>	<b>104,981,104</b>	<b>115,179,321</b>	<b>118,055,139</b>	<b>126,473,969</b>	<b>122,876,523</b>	<b>123,461,541</b>	<b>127,703,336</b>	<b>131,381,104</b>	<b>132,054,661</b>
Program revenues:										
Charges for services	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	5,084,433
Operating grants and contributions	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	68,365,556
Capital grants and contributions	1,079,671	2,200,194	2,623,344	1,103,648	3,559,527	3,854,048	345,977	93,627	81,465	32,720
<b>Total program revenues</b>	<b>63,365,164</b>	<b>68,864,119</b>	<b>78,351,250</b>	<b>78,399,559</b>	<b>86,524,973</b>	<b>81,194,561</b>	<b>74,646,471</b>	<b>74,204,835</b>	<b>72,324,568</b>	<b>73,482,709</b>
<b>Net expense</b>	<b>(40,032,545)</b>	<b>(36,116,985)</b>	<b>(36,828,071)</b>	<b>(39,655,580)</b>	<b>(39,948,996)</b>	<b>(41,681,962)</b>	<b>(48,815,070)</b>	<b>(53,498,501)</b>	<b>(59,056,536)</b>	<b>(58,571,952)</b>
General revenues and other changes in net assets:										
Grants and contributions not restricted to specific programs	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	49,859,613
Intergovernmental, non-categorical aid	130,361	132,008	129,462	130,477	91,946	93,380	91,783	99,154	107,026	79,643
Use of money and property	127,926	94,518	268,268	408,396	144,563	55,765	54,306	38,899	37,184	31,489
Miscellaneous	4,013,541	403,245	531,478	192,392	152,919	459,070	165,234	360,314	360,536	511,887
<b>Total general revenues and other changes in net assets</b>	<b>37,587,005</b>	<b>40,561,974</b>	<b>61,429,442</b>	<b>57,840,451</b>	<b>78,435,704</b>	<b>48,737,401</b>	<b>40,976,896</b>	<b>44,753,689</b>		
<b>Total general revenues and other changes in net position</b>									<b>50,604,787</b>	<b>50,482,632</b>
<b>Total component unit - school board change in net assets</b>	<b>\$ (2,445,540)</b>	<b>\$ 4,444,989</b>	<b>\$ 24,601,371</b>	<b>\$ 18,184,871</b>	<b>\$ 38,486,708</b>	<b>\$ 7,055,439</b>	<b>\$ (7,838,174)</b>	<b>\$ (8,744,812)</b>		
<b>Total component unit - school board change in net position</b>									<b>\$ (8,451,749)</b>	<b>\$ (8,089,320)</b>
Component unit - HRSSD:										
Expenses:										
Public assistance	\$ 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	6,452,300
Comprehensive services	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	8,874,411
Welfare	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	6,233,209
Food stamp	237,799	251,499	206,329	-	-	-	-	-	-	-
Fuel assistance	17,430	20,892	14,855	-	-	-	-	-	-	-
<b>Total expenses</b>	<b>14,785,036</b>	<b>17,466,700</b>	<b>18,986,759</b>	<b>20,618,800</b>	<b>21,780,166</b>	<b>21,787,368</b>	<b>21,789,678</b>	<b>21,111,537</b>	<b>20,756,331</b>	<b>21,559,920</b>
Program revenues:										
Operating grants and contributions	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	15,586,617
<b>Total program revenues</b>	<b>10,449,895</b>	<b>12,409,206</b>	<b>13,149,808</b>	<b>14,121,228</b>	<b>14,843,978</b>	<b>15,969,252</b>	<b>15,401,915</b>	<b>14,695,587</b>	<b>14,869,626</b>	<b>15,586,617</b>
<b>Net expense</b>	<b>(4,335,141)</b>	<b>(5,057,494)</b>	<b>(5,836,951)</b>	<b>(6,497,572)</b>	<b>(6,936,188)</b>	<b>(5,818,116)</b>	<b>(6,387,763)</b>	<b>(6,415,950)</b>	<b>(5,886,705)</b>	<b>(5,973,303)</b>

COUNTY OF ROCKINGHAM, VIRGINIA

Table 3  
Page 4

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General revenues and other changes in net assets:										
Grants and contributions not restricted to specific programs	\$ 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	\$ 6,348,530
Use of money and property	36,235	61,494	82,948	109,362	42,704	15,357	22,423	21,059	32,633	16,177
Miscellaneous	208,888	242,351	257,509	254,078	272,696	74,996	24,805	34,225	38,138	71,814
<b>Total general revenues and other changes in net assets</b>	<b>4,173,808</b>	<b>5,106,263</b>	<b>5,983,276</b>	<b>6,835,634</b>	<b>7,463,189</b>	<b>7,062,052</b>	<b>6,837,965</b>	<b>6,297,618</b>		
<b>Total general revenues and other changes in net position</b>									<b>6,408,513</b>	<b>6,436,521</b>
<b>Total component unit - HRSSD change in net assets</b>	<b>\$ (161,333)</b>	<b>\$ 48,769</b>	<b>\$ 146,325</b>	<b>\$ 338,062</b>	<b>\$ 527,001</b>	<b>\$ 1,243,936</b>	<b>\$ 450,202</b>	<b>\$ (118,332)</b>		
<b>Total component unit - HRSSD change in net position</b>									<b>\$ 521,808</b>	<b>\$ 463,218</b>
<b>Total component units change in net assets</b>	<b>\$ (2,606,873)</b>	<b>\$ 4,493,758</b>	<b>\$ 24,747,696</b>	<b>\$ 18,522,933</b>	<b>\$ 39,013,709</b>	<b>\$ 8,299,375</b>	<b>\$ (7,387,972)</b>	<b>\$ (8,863,144)</b>		
<b>Total component units change in net position</b>									<b>\$ (7,929,941)</b>	<b>\$ (7,626,102)</b>
<b>Total reporting entity change in net assets</b>	<b>\$ 6,625,278</b>	<b>\$ 11,898,480</b>	<b>\$ 13,137,155</b>	<b>\$ 14,221,721</b>	<b>\$ 10,509,452</b>	<b>\$ 9,124,920</b>	<b>\$ 3,474,213</b>	<b>\$ 2,212,854</b>		
<b>Total reporting entity change in net position</b>									<b>\$ 3,443,543</b>	<b>\$ 2,498,728</b>

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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Primary government:										
Governmental activities:										
General government administration	\$ 446,680	\$ 549,977	\$ 474,928	\$ 518,266	\$ 479,962	\$ 433,380	\$ 398,318	\$ 413,167	\$ 396,562	\$ 420,011
Judicial administration	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	3,168,758
Public safety	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	12,977,432
Public works	590,386	757,503	943,016	1,014,447	1,021,587	957,819	1,098,549	1,114,716	3,721,270	3,943,748
Health and social services	101,552	168,846	147,644	139,069	169,494	151,940	230,958	190,454	186,696	190,008
Education	-	-	-	-	-	-	-	-	562,808	-
Parks, recreation and cultural	276,009	300,701	326,290	324,628	405,709	467,229	696,685	660,369	690,110	756,422
Community development	136,453	1,646,552	209,847	239,367	254,771	262,336	261,114	3,085	2,975	3,727
<b>Total governmental activities</b>	<b>15,087,649</b>	<b>17,426,453</b>	<b>17,020,634</b>	<b>17,221,591</b>	<b>16,895,913</b>	<b>16,124,377</b>	<b>17,435,424</b>	<b>16,660,014</b>	<b>20,263,517</b>	<b>21,460,106</b>
Business-type activities:										
Water and sewer	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	7,436,597
Solid waste	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	5,057,086
<b>Total business-type activities</b>	<b>6,591,126</b>	<b>9,259,593</b>	<b>9,197,326</b>	<b>10,807,860</b>	<b>8,843,650</b>	<b>8,429,754</b>	<b>8,269,117</b>	<b>9,582,282</b>	<b>11,589,080</b>	<b>12,493,683</b>
<b>Total primary government</b>	<b>\$ 21,678,775</b>	<b>\$ 26,686,046</b>	<b>\$ 26,217,960</b>	<b>\$ 28,029,451</b>	<b>\$ 25,739,563</b>	<b>\$ 24,554,131</b>	<b>\$ 25,704,541</b>	<b>\$ 26,242,296</b>	<b>\$ 31,852,597</b>	<b>\$ 33,953,789</b>
Component units:										
Component unit - school board:										
Instruction	\$ 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	\$ 68,376,769
Pupil transportation services	-	-	-	-	-	760,680	-	-	-	-
Operation and maintenance services	-	-	-	-	-	13,723	-	-	-	-
School food services	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	5,105,940
<b>Total component unit - school board</b>	<b>63,365,164</b>	<b>68,864,119</b>	<b>78,351,250</b>	<b>78,399,559</b>	<b>86,524,973</b>	<b>81,194,561</b>	<b>74,646,471</b>	<b>74,204,835</b>	<b>72,324,568</b>	<b>73,482,709</b>
Component unit - HRSSD:										
Public assistance	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	5,029,280
Comprehensive services	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	5,237,254
Welfare	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	5,320,083
<b>Total component unit - HRSSD</b>	<b>10,449,895</b>	<b>12,409,206</b>	<b>13,149,808</b>	<b>14,121,228</b>	<b>14,843,978</b>	<b>15,969,252</b>	<b>15,401,915</b>	<b>14,695,587</b>	<b>14,869,626</b>	<b>15,586,617</b>
<b>Total component units</b>	<b>\$ 73,815,059</b>	<b>\$ 81,273,325</b>	<b>\$ 91,501,058</b>	<b>\$ 92,520,787</b>	<b>\$ 101,368,951</b>	<b>\$ 97,163,813</b>	<b>\$ 90,048,386</b>	<b>\$ 88,900,422</b>	<b>\$ 87,194,194</b>	<b>\$ 89,069,326</b>
<b>Total reporting entity</b>	<b>\$ 95,493,834</b>	<b>\$ 107,959,371</b>	<b>\$ 117,719,018</b>	<b>\$ 120,550,238</b>	<b>\$ 127,108,514</b>	<b>\$ 121,717,944</b>	<b>\$ 115,752,927</b>	<b>\$ 115,142,718</b>	<b>\$ 119,046,791</b>	<b>\$ 123,023,115</b>

COUNTY OF ROCKINGHAM, VIRGINIA

Table 5

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>General Fund:</b>										
Reserved	\$ 1,081,608	\$ 839,896	\$ 772,073	\$ 1,003,102	\$ 928,288	\$ 1,097,948	\$ -	\$ -	\$ -	\$ -
Unreserved	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	483,343
Restricted (2)	-	-	-	-	-	-	-	-	3,116,396	2,105,608
Assigned	-	-	-	-	-	-	2,851	7,551	-	-
Unassigned	-	-	-	-	-	-	28,661,725	28,308,023	25,803,047	25,193,314
<b>Total General Fund</b>	<b>\$ 27,654,633</b>	<b>\$ 20,706,609</b>	<b>\$ 19,529,766</b>	<b>\$ 27,583,675</b>	<b>\$ 23,516,547</b>	<b>\$ 28,353,020</b>	<b>\$ 29,473,533</b>	<b>\$ 28,982,845</b>	<b>\$ 29,455,831</b>	<b>\$ 27,782,265</b>
<b>All Other Governmental Funds:</b>										
Reserved	\$ 4,223,450	\$ 5,060,638	\$ 4,007,776	\$ 2,141,716	\$ 351,245	\$ 422,337	\$ -	\$ -	\$ -	\$ -
Unreserved	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	11,143
Restricted	-	-	-	-	-	-	1,371,862	409,284	484,439	193,685
Assigned	-	-	-	-	-	-	12,822,866	14,439,666	19,801,602	22,093,893
<b>Total all other governmental funds</b>	<b>\$ 8,674,982</b>	<b>\$ 10,661,165</b>	<b>\$ 15,864,048</b>	<b>\$ 22,468,629</b>	<b>\$ 19,112,949</b>	<b>\$ 10,524,599</b>	<b>\$ 14,205,871</b>	<b>\$ 14,860,093</b>	<b>\$ 20,297,184</b>	<b>\$ 22,298,721</b>

Notes:

- (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 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)

	2005	2006	2007
<b>Revenues:</b>			
General property taxes	\$ 44,316,136	\$ 48,094,569	\$ 53,700,795
Other local taxes	8,899,746	9,964,423	10,046,832
Permits, privilege fees and licenses	1,091,022	985,817	957,006
Fines and forfeitures	341,372	345,805	207,283
Use of money and property	989,271	1,491,226	1,876,615
Charges for services	2,736,286	2,846,255	2,662,046
Miscellaneous	125,108	180,897	241,223
Recovered costs	2,138,396	2,194,187	2,715,669
Reimbursement from component unit	-	-	-
Intergovernmental	14,807,578	17,659,528	16,980,026
<b>Total revenues</b>	<b>75,444,915</b>	<b>83,762,707</b>	<b>89,387,495</b>
<b>Expenditures:</b>			
General government administration	3,903,904	4,250,012	4,429,174
Judicial administration	2,401,199	2,927,878	3,249,146
Public safety	18,562,820	17,683,188	20,304,161
Public works	1,856,947	2,181,679	2,480,757
Health and social services	3,283,105	4,108,260	4,517,523
Education	33,315,177	39,932,203	60,500,234
Parks, recreation and cultural	1,696,824	1,754,520	2,061,923
Community development	2,543,545	3,771,777	2,355,778
Capital outlay	4,421,217	6,994,594	3,026,051
Debt service:			
Principal	3,363,146	12,260,303	14,179,314
Interest and fiscal charges	2,563,385	2,387,346	2,822,878
<b>Total expenditures</b>	<b>77,911,269</b>	<b>98,251,760</b>	<b>119,926,939</b>
<b>Revenues over (under) expenditures</b>	<b>(2,466,354)</b>	<b>(14,489,053)</b>	<b>(30,539,444)</b>
<b>Other financing sources (uses):</b>			
Transfers in	3,939,188	10,283,452	10,517,916
Transfers out	(4,689,188)	(10,679,072)	(10,578,916)
Issuance of debt	7,150,000	9,404,190	33,757,200
Premium on issuance debt	-	518,642	869,284
Insurance recoveries	14,970	-	-
Proceeds from sale of property	592,234	-	-
<b>Total other financing sources (uses), net</b>	<b>7,007,204</b>	<b>9,527,212</b>	<b>34,565,484</b>
<b>Net change in fund balance</b>	<b>\$ 4,540,850</b>	<b>\$ (4,961,841)</b>	<b>\$ 4,026,040</b>

**Table 6**  
**Page 1**

	2008	2009	2010	2011	2012	2013	2014
\$	58,855,180	\$ 65,570,241	\$ 66,216,435	\$ 64,487,098	\$ 67,611,207	\$ 70,546,928	\$ 70,426,736
	10,343,068	9,997,187	9,719,705	9,127,961	9,512,231	9,631,146	9,925,245
	1,176,374	749,140	803,462	904,624	692,745	888,111	1,003,449
	155,677	148,535	238,435	274,412	274,611	167,342	159,842
	1,646,317	771,924	833,742	957,222	1,059,359	1,457,668	1,494,063
	3,288,037	2,850,575	2,801,305	3,573,280	3,406,935	3,657,806	3,925,885
	463,242	279,146	232,721	779,782	336,457	345,024	302,430
	2,480,181	3,048,135	2,759,777	3,217,501	3,381,843	3,665,254	4,134,950
	-	-	-	-	-	562,808	-
	16,346,450	16,688,669	15,910,457	17,531,492	16,941,563	19,326,049	20,315,305
	94,754,526	100,103,552	99,516,039	100,853,372	103,216,951	110,248,136	111,687,905
	4,563,051	4,659,357	4,398,991	4,149,027	4,196,686	4,463,079	4,787,939
	3,173,240	3,827,879	3,343,653	3,123,597	3,188,815	3,371,268	3,540,441
	21,242,649	19,874,198	18,910,325	19,817,574	20,309,292	20,575,858	22,919,965
	2,628,117	2,482,615	2,352,738	2,522,534	2,580,230	2,705,553	2,852,182
	4,748,614	5,044,027	5,168,646	4,955,083	4,777,502	4,557,024	5,898,577
	57,109,186	78,046,276	48,129,186	40,665,573	44,255,322	50,100,041	49,859,613
	2,115,026	2,064,277	2,023,049	2,212,498	2,154,894	2,126,961	2,130,299
	3,122,860	5,783,273	4,467,357	4,211,445	3,399,091	3,154,781	2,497,658
	9,740,578	12,088,043	1,969,136	354,404	4,325,301	2,796,798	4,593,950
	4,760,106	5,173,395	6,166,108	7,781,938	7,797,795	8,086,516	7,528,018
	3,459,559	5,473,153	6,318,727	6,257,914	6,068,489	5,148,228	4,751,292
	116,662,986	144,516,493	103,247,916	96,051,587	103,053,417	107,086,107	111,359,934
	(21,908,460)	(44,412,941)	(3,731,877)	4,801,785	163,534	3,162,029	327,971
	19,658,172	13,556,253	-	4,000,000	4,890,000	4,930,448	4,284,869
	(19,701,898)	(16,071,679)	(20,000)	(4,000,000)	(4,890,000)	(4,960,000)	(4,284,869)
	35,494,713	37,261,410	-	-	-	-	-
	1,115,963	2,244,149	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	36,566,950	36,990,133	(20,000)	-	-	(29,552)	-
\$	14,658,490	\$ (7,422,808)	\$ (3,751,877)	\$ 4,801,785	\$ 163,534	\$ 3,132,477	\$ 327,971

**COUNTY OF ROCKINGHAM, VIRGINIA**

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**

**Last Ten Fiscal Years**

*(modified accrual basis of accounting)*

**(Unaudited)**

	2005	2006	2007
Debt Service as a percentage of noncapital expenditures:			
Primary government:			
Total debt service	\$ 5,926,531	\$ 6,147,649	\$ 7,002,192
Total expenditures	\$ 77,911,269	\$ 98,251,760	\$ 119,926,939
Less: Capital outlay - primary government	(7,365,247)	(8,292,345)	(5,178,774)
<b>Noncapital expenditures</b>	<b>\$ 70,546,022</b>	<b>\$ 89,959,415</b>	<b>\$ 114,748,165</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>8.40%</b>	<b>6.83%</b>	<b>6.10%</b>
Component units - School Board and HRSSD:			
Expenditures:			
School board	\$ 106,275,713	\$ 112,940,930	\$ 126,615,863
HRSSD	14,794,697	17,507,539	19,003,775
Less: Capital outlay - school board	(10,634,666)	(12,132,999)	(15,933,797)
Less: Capital outlay - HRSSD	(62,982)	(108,097)	(81,992)
<b>Noncapital expenditures</b>	<b>\$ 110,372,762</b>	<b>\$ 118,207,373</b>	<b>\$ 129,603,849</b>
Total reporting entity:			
<b>Total noncapital expenditures</b>	<b>\$ 143,047,977</b>	<b>\$ 163,224,530</b>	<b>\$ 178,316,728</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>4.14%</b>	<b>3.77%</b>	<b>3.93%</b>

**Table 6**  
**Page 2**

2008	2009	2010	2011	2012	2013	2014
\$ 8,219,665	\$ 10,646,548	\$ 12,484,835	\$ 14,039,852	\$ 13,866,284	\$ 13,234,744	\$ 12,279,310
\$ 116,662,986 (12,251,238)	\$ 144,516,493 (12,330,838)	\$ 103,247,916 (1,012,486)	\$ 96,051,587 (967,936)	\$ 103,053,417 (4,807,614)	\$ 107,086,107 (668,787)	\$ 111,359,934 (1,258,644)
\$ 104,411,748	\$ 132,185,655	\$ 102,235,430	\$ 95,083,651	\$ 98,245,803	\$ 106,417,320	\$ 110,101,290
7.87%	8.05%	12.21%	14.77%	14.11%	12.44%	11.15%
\$ 140,207,962 20,551,545 (26,060,681) (30,132)	\$ 156,426,408 21,623,271 (36,916,024) (17,503)	\$ 138,094,883 21,729,506 (21,949,313) (16,646)	\$ 117,956,384 21,608,529 (2,405,403) -	\$ 120,957,761 21,028,646 (3,307,213) -	\$ 124,197,953 20,668,028 (2,037,300) -	\$ 123,811,920 23,594,887 (1,421,014) (2,163,687)
\$ 134,668,694	\$ 141,116,152	\$ 137,858,430	\$ 137,159,510	\$ 138,679,194	\$ 142,828,681	\$ 143,822,106
\$ 176,379,713	\$ 188,815,003	\$ 185,875,702	\$ 185,478,384	\$ 186,794,179	\$ 193,713,080	\$ 198,390,475
4.66%	5.64%	6.72%	7.57%	7.42%	6.83%	6.19%

**COUNTY OF ROCKINGHAM, VIRGINIA**

**Table 6**

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**

**Page 3**

**Last Ten Fiscal Years**

*(modified accrual basis of accounting)*

**(Unaudited)**

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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	Food and Beverage	Other	Total
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	297,906	525,145	75,231,688
2011	63,822,003	4,732,665	1,179,162	1,020,285	792,313	788,452	615,084	72,949,964
2012	66,900,268	4,991,019	1,227,744	1,028,014	827,202	824,844	613,408	76,412,499
2013	69,783,176	4,881,368	1,236,520	1,035,484	969,920	889,702	618,152	79,414,322
2014	69,694,829	5,309,526	1,209,701	1,078,402	730,498	925,336	671,782	79,620,074
Change 2005-2014	59.42%	27.21%	4.40%	-30.53%	-33.56%	N/A	-38.32%	50.82%

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
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%
2014	5,131,903,600	744,413,500	260,799,200	2,069,514,600	1,155,622,900	9,362,253,800	2.45%	1,060,320,506	7,146,310,394	0.64	76.33%

Source:

Rockingham County real estate records.

Notes:

- (1) Real estate assessed values are assessed for comparison to fair market value every four years. (2006, 2010 and 2014)
- (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
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
2014	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
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
2014	0.05-0.12	0.20-0.75	0.07-0.46	0.30-0.46	0.38	0.38

Notes:

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

Table 10

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

Taxpayer	2014					
	Taxable Assessed Value		Percentage of Total County Taxable Assessed Value	Property Taxes Paid		Percentage of Total Property Taxes Paid
	Value	Rank	Value	Rank	Value	Value
Great Eastern Resort Management	\$ 425,064,930	1	5.10%	2	\$ 2,669,548	3.60%
MillerCoors	201,815,040	2	2.40%	1	3,382,657	4.60%
Merck & Company, Inc.	99,821,085	3	1.20%	5	1,295,619	1.70%
Wal-Mart Retail and Distribution Centers	96,419,910	4	1.10%	6	1,042,703	1.40%
R.R. Donnelley & Sons Co.	89,799,405	5	1.10%	4	1,470,146	2.00%
White Wave	85,906,980	6	1.00%	3	1,598,339	2.10%
Marshall's	57,334,090	7	0.70%	8	660,259	0.90%
Sunnyside Retirement Community	52,508,500	8	0.60%	(2)		
Cargill	47,027,945	9	0.60%	7	670,997	0.90%
Sysco	33,515,025	10	0.40%	10	407,672	0.60%
Dynamic Aviation	(1)			9	647,782	0.90%
<b>Total</b>	<b>\$1,189,212,910</b>		<b>14.20%</b>		<b>\$ 13,845,722</b>	<b>18.70%</b>

Taxpayer	2005					
	Taxable Assessed Value		Percentage of Total County Taxable Assessed Value	Property Tax Paid		Percentage of Total Property Taxes Paid
	Value	Rank	Value	Rank	Value	Value
Great Eastern Resort Management	\$ 168,724,180	1	3.20%	3	\$ 1,311,407	2.70%
Adolph Coors Company	107,142,530	2	2.00%	1	1,971,849	4.00%
Merck & Company, Inc.	92,961,565	3	1.80%	2	1,538,547	3.10%
Marshall's	55,756,010	4	1.10%	7	544,468	1.10%
Cargill	42,901,310	5	0.80%	6	607,470	1.20%
R.R. Donnelley & Sons Co.	40,164,455	6	0.80%	5	640,755	1.30%
Morningstar Foods	35,976,400	7	0.70%	4	734,026	1.50%
Perdue	26,860,600	8	0.50%	8	503,020	1.00%
Sysco	25,518,930	9	0.50%	9	370,086	0.80%
Pilgrims Pride (WLR Foods)	14,536,180	10	0.30%	10	220,483	0.40%
<b>Total</b>	<b>\$ 610,542,160</b>		<b>11.70%</b>		<b>\$ 8,442,111</b>	<b>17.10%</b>

Source:

Rockingham County Commissioner of the Revenue.

(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
2004	\$ 28,793,023	\$ 27,728,291	96.30%	\$ 1,125,860	\$ 28,854,151	100.00%
2005	29,636,444	28,599,152	96.50%	1,330,481	29,929,633	100.00%
2006	35,699,555	34,155,546	95.67%	1,564,719	35,720,265	100.00%
2007	36,959,743	35,490,137	96.02%	1,508,064	36,998,201	100.00%
2008	39,591,283	38,147,864	96.35%	1,479,494	39,627,358	100.00%
2009	40,502,223	38,979,011	96.24%	1,481,676	40,460,687	99.90%
2010	42,621,495	40,949,099	96.08%	1,620,927	42,570,026	99.88%
2011	42,997,402	41,455,415	96.41%	1,374,293	42,829,708	99.61%
2012	46,418,364	44,793,454	96.50%	1,047,266	45,840,720	98.76%
2013	46,847,898	45,330,910	96.76%	N/A	N/A	N/A

Source:

Rockingham County Treasurer.

Note:

Amounts shown for levies and collections represent real estate taxes only.

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			
2005	\$ 32,836,917	\$ 1,147,886	\$ 8,500,000	\$ 12,292,954	\$ 6,535,858	\$ 3,889,068	\$ 65,202,683	3.24%	\$ 914
2006	39,993,674	917,386	-	11,487,565	4,599,162	4,349,794	61,347,581	2.86%	843
2007	61,425,569	686,886	-	10,648,215	10,853,322	4,816,988	88,430,980	3.87%	1,196
2008	76,742,419	493,886	-	27,271,926	17,808,546	5,490,179	127,806,956	5.47%	1,709
2009	112,010,877	315,859	-	26,355,902	19,696,028	5,733,433	164,112,099	7.12%	2,169
2010	106,724,577	142,359	-	25,396,463	18,816,715	6,073,972	157,154,086	6.71%	2,054
2011	100,641,607	68,859	-	23,517,864	17,687,978	6,388,768	148,305,076	5.96%	1,919
2012	94,585,257	-	-	21,592,147	16,526,645	6,141,390	138,845,439	5.33%	1,790
2013	88,473,576	-	-	19,364,182	15,275,826	7,048,218	130,161,802	4.92%	1,667
2014	82,458,757	-	-	17,597,852	13,602,412	8,189,360	121,848,381	N/A	N/A

General bonded debt outstanding:

Fiscal Year	General Obligation Bonds	Literary Loans	Total	Percentage of Actual Taxable Value of Property	Debt Per Capita
2005	\$ 32,836,917	\$ 1,147,886	\$ 33,984,803	0.88%	\$ 476
2006	39,993,674	917,386	40,911,060	1.03%	562
2007	61,425,569	686,886	62,112,455	1.08%	840
2008	76,742,419	493,886	77,236,305	1.27%	1,033
2009	112,010,877	315,859	112,326,736	1.77%	1,485
2010	106,724,577	142,359	106,866,936	1.64%	1,397
2011	100,641,607	68,859	100,710,466	1.47%	1,303
2012	94,585,257	-	94,585,257	1.37%	1,220
2013	88,473,576	-	88,473,576	1.27%	1,133
2014	82,458,757	-	82,458,757	1.17%	N/A

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, 2014**  
**(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Town of Bridgewater, Virginia	\$ 1,048,204	6.29%	\$ 65,920
Town of Broadway, Virginia	472,609	4.13%	19,528
Town of Mt. Crawford, Virginia	177,847	0.55%	975
Town of Dayton, Virginia	310,280	1.86%	5,781
Town of Elkton, Virginia	-	0.73%	-
Town of Grottoes, Virginia	512,530	2.57%	13,169
Town of Timberville, Virginia	-	2.16%	-
<b>Subtotal, overlapping debt</b>			<u>105,373</u>
County Direct Debt			<u>100,056,609</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 100,161,982</u></u>

Note:

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

Table 14

**PLEGGED-REVENUE COVERAGE**  
**Last Ten Fiscal Years, if applicable**  
**(Unaudited)**

Water and Sewer Fund							
Fiscal Year	Utility Service Charges	Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
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
2014	7,210,344	4,754,001	2,456,343	425,000	517,778	942,778	2.61

Smith Creek Water & Waste Authority Fund							
Fiscal Year	Utility Service Charges	Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
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
2014	329,709	156,716	172,993	172,419	64,636	237,055	0.73

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
2014	15,946	6,277	9,669	7,767	3,948	11,715	0.83

Solid Waste Fund							
Fiscal Year	Utility Service	Operating	Net Available	Debt Service			Coverage
	Charges	Expenses	Revenue	Principal	Interest	Total	
2007	\$ 4,823,118	\$ 2,537,100	\$ 2,286,018	\$ -	\$ 10,628	\$ 10,628	215.09
2008	3,457,788	3,157,156	300,632	121,363	17,487	138,850	2.17
2009	2,854,735	2,717,244	137,491	270,000	130,269	400,269	0.34
2010	2,774,723	2,579,332	195,391	323,561	118,902	442,463	0.44
2011	3,536,054	2,533,132	1,002,922	520,000	213,115	733,115	1.37
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
2014	5,840,785	3,851,399	1,989,386	565,000	136,012	701,012	2.84

Lilly Subdivision Sanitary District							
Fiscal Year	Utility Service	Operating	Net Available	Debt Service			Coverage
	Charges	Expenses	Revenue	Principal	Interest	Total	
2009	\$ 37,652	\$ 20,699	\$ 16,953	\$ 54,904	\$ 10,670	\$ 65,574	0.26
2010	35,213	12,054	23,159	15,342	15,512	30,854	0.75
2011	36,812	14,721	22,091	15,813	14,829	30,642	0.72
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
2014	34,761	22,476	12,285	17,316	12,692	30,008	0.41

Penn Laird Sewer Authority							
Fiscal Year	Utility Service	Operating	Net Available	Debt Service			Coverage
	Charges	Expenses	Revenue	Principal	Interest	Total	
2009	\$ 18,967	\$ 1,959	\$ 17,008	\$ 3,272	\$ 27,538	\$ 30,810	0.55
2010	29,628	1,222	28,406	4,072	16,051	20,123	1.41
2011	21,745	7	21,738	4,249	15,876	20,125	1.08
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
2014	26,374	2,071	24,303	19,218	9,043	28,261	0.86

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
2005	71,337	\$ 2,011,602,936	\$ 28,199	10,870	3.5%
2006	72,790	2,143,279,682	29,445	11,147	2.7%
2007	73,925	2,284,373,198	30,901	11,410	2.8%
2008	74,770	2,338,537,221	31,276	11,372	3.5%
2009	75,656	2,305,690,941	30,476	11,422	6.5%
2010	76,523	2,342,859,939	30,616	11,414	6.3%
2011	77,297	2,487,452,867	32,180	11,376	5.5%
2012	77,551	2,602,698,926	33,561	11,245	5.6%
2013	78,102	2,646,027,951	33,879	11,331	5.1%
2014	N/A	N/A	N/A	11,310	4.8%

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 Nine Years Ago  
(Unaudited)**

Employer	Fiscal Year June 30,	
	2014	2005
	Rank	Rank
Rockingham Memorial Hospital/Sentara	1	-
Rockingham County School Board	2	1
Cargill Meat Solutions	3	2
Great Eastern Resort Management	4	5
Wal-Mart	5	-
R.R. Donnelly & Sons Co.	6	-
Marshall's	7	6
Merck Sharp & Dohme Corp.	8	4
Pilgrims Pride Corp.	9	3
County of Rockingham	10	9

Source:

Virginia Employment Commission.

**COUNTY OF ROCKINGHAM, VIRGINIA**

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

Function/Program	2005	2006	2007	2008
General government administration:				
Legislative	5	5	5	5
General and financial:				
Commissioner of the revenue	16	16	18.3	18.3
Treasurer	8	8	8.3	8.3
Executive administration and legal	6	6	7.5	7.5
Finance	10	10	9.7	10.5
Human resources	2	2	2	3
Information systems	10	11	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	15	15
Court services	13.5	13.5	11	11
Commonwealth attorney	14	21	24	25
Public safety:				
Sheriff	166	165	174	175
Fire and rescue	44	57	58.5	62.5
Building inspections	26	28	28.5	26.8
Other protection	2	2	2	2
Public works:				
General administration	5	4	0.8	0.8
Garage operations	2	2	2	2
Maintenance	18	19	18.4	18.4
Parks, recreation and cultural	9.5	9.5	9.6	10.6
Community development:				
Extension	1	1	1	1
Economic development	-	-	-	-
Soil and water conservation	1	1	6	6
Water and sewer:				
Utilities/water treatment	17	21	24.5	25.5
Solid waste:				
Landfill	21	22	20.3	23.0
Container site	8	8	12.9	12.9
Component unit school board:				
Education:				
Instruction	1,351	1,377	1,361	1,483
Administration, attendance and health	46	46	47	48
Pupil transportation services	207	210	215	219
Operation and maintenance services	99	100	104	106
School food services	113	112	115	116
Component unit HRSSD:				
Social services:				
Services	40	43	50	53
Public assistance	37	38	44	44
Comprehensive Services Act	1	1	2	3
Administration	8	8	9	9
<b>Totals</b>	<b>2,324</b>	<b>2,384</b>	<b>2,421</b>	<b>2,565</b>

Source:

Rockingham County Department of Human Resources.

**Table 17**

2009	2010	2011	2012	2013	2014
5	5	5	5	5	5
18.3	14	13	13	13	13
8.3	8	6	6	6	6
8	8	8	8	8	9
10.5	9.4	9.4	9.4	9.4	9.4
2.5	2.4	2.4	2.4	2.4	2.4
11	11	11	11	11	11
1.5	1.4	1.4	1.4	1.4	1.4
2	2	2	2	2	2
15	15	13	14	14	14
8.5	6.5	8.5	9.5	9.5	10
26.5	24.0	27.5	25.9	25.9	26.3
173	167	161.5	161.5	166.5	167
65.5	66	70	71	70	74
26.8	22.5	21.0	20.0	20.5	20
2	2	2	2	2	2
1	0.8	0.7	0.6	0.6	0.7
2	2	2	2	2	2
19.4	16.4	15.4	16.6	16.6	17
10.6	12.6	9.6	8.6	9.6	9
1	-	-	-	-	-
0.5	0.5	0.5	1.3	1.3	1
6	6.5	-	-	-	5
27.8	24.5	22.4	19.1	19.5	19.6
21.3	20.6	19.7	19.2	17.8	17.9
12.7	13.1	13.1	13.1	12.4	12
1,481	1,446	1,410	1,414	1,413	1,402
63	63	61	62	62	62
223	228	229	239	236	239
110	110	114	115	115	115
114	113	116	119	113	110
52	52	53	53	52	57
44	39	40	42	41	45
3	2.8	2.8	3.5	3.5	3.5
9	9	9	10	10	5
2,586	2,524	2,480	2,500	2,492	2,495

## COUNTY OF ROCKINGHAM, VIRGINIA

### OPERATING INDICATORS BY FUNCTION/PROGRAM

#### Last Ten Fiscal Years

(Unaudited)

Function/Program	2005	2006	2007
Police: (1)			
Calls for service	20,505	13,670	19,686
Adult arrest	4,752	3,024	5,639
Juvenile arrest	294	130	267
Traffic citations	2,685	1,491	1,851
Fire: (2)			
Total fire runs	7,420	10,164	10,116
Total rescue runs	8,764	11,775	12,226
Public service: (3)			
Garbage collected (ton)	94,949	86,505	87,088
Recycle collected (ton)	16,750	13,158	10,658
Parks and recreation: (4)			
Recreation program attendance	15,040	15,720	16,350
Water and sewer: (3)			
New water connections	318	309	85
New wastewater connections	371	335	96
Average daily water consumption (gallons)	36,650,733	48,994,375	51,917,933
Average daily sewage treatment (gallons)	37,309,686	56,185,433	45,444,975
Transportation: (5)			
Total route miles	1,109	1,114	1,126
Education: (6)			
Average daily membership	10,860	11,151	11,388
Kindergarteners	859	872	916
Grades 1-12	10,001	10,279	10,472

#### 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**

2008	2009	2010	2011	2012	2013	2014
19,329	18,903	18,861	19,739	20,913	21,124	23,546
5,050	4,748	3,776	4,100	3,899	4,162	3,749
296	189	259	241	175	202	373
1,704	2,068	3,304	4,329	4,236	1,879	1,363
10,608	10,861	9,510	10,000	9,589	10,329	10,785
12,590	12,847	13,648	14,594	15,294	13,631	14,385
89,649	78,445	76,445	76,466	79,062	108,882	107,977
15,114	12,299	17,392	28,761	24,861	24,323	16,343
18,231	19,800	20,455	42,709	42,849	42,304	42,500
197	151	87	46	54	97	115
238	156	92	38	2	97	115
58,222,109	55,403,500	62,389,333	62,629,583	61,788,500	58,389,558	69,591,675
39,950,162	49,059,001	55,244,955	57,871,485	60,180,000	50,065,833	63,479,583
1,127	1,129	1,132	1,135	1,135	1,138	1,139
11,340	11,400	11,376	11,343	11,236	11,223	11,304
882	816	875	880	832	852	820
10,458	10,584	10,501	10,463	10,404	10,371	10,484

**COUNTY OF ROCKINGHAM, VIRGINIA**

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**

**Last Ten Fiscal Years**

**(Unaudited)**

Function/Program	2005	2006	2007
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 (6)	58	58	54
Primary (6)	170	170	184
Secondary (6)	881	886	888
Number of street lights (6)	10	10	16
Traffic signals (6)	31	32	33
Parks and Recreation: (5)			
Parks - number of acres	28	28	28
Neighborhood parks - number of acres	28	28	28
Baseball/softball diamonds	31	32	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)	394,969	444,139	455,503
Fire hydrants	512	576	592
Storage capacity (MGPD)	6,588,000	10,088,000	10,088,000
Average daily consumption (MGPD)	1,204,955	1,610,774	1,925,997
Peak consumption (MGPD)	2,108,671	2,818,854	3,068,500
Wastewater: (3)			
Sanitary sewers (feet)	330,799	409,498	429,585

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
- (6) Assets are not County owned, but lie within its boundaries

**Table 19**

2008	2009	2010	2011	2012	2013	2014
1	1	1	1	1	1	1
12	12	12	12	12	12	12
9	10	10	10	10	10	10
54	54	54	54	54	54	54
184	184	184	186	186	186	187
889	891	894	895	897	898	898
16	16	16	16	16	16	16
35	35	37	39	40	41	41
28	28	22	22	22	22	81
28	28	22	22	22	22	22
32	32	31	31	31	31	31
13	13	13	13	13	13	13
13	13	13	13	13	13	13
1	1	1	1	1	1	1
4	4	4	4	4	3	3
3	3	3	3	3	3	3
3	3	3	2	2	2	2
488,664	503,321	505,685	516,154	526,623	534,150	538,958
643	678	684	703	778	803	815
10,088,000	10,088,000	10,088,000	10,088,000	10,088,000	10,088,000	10,088,000
1,940,737	1,995,682	2,079,644	2,059,054	2,031,403	2,076,660	2,287,945
3,035,000	2,549,500	2,988,500	3,120,000	3,519,000	2,979,000	3,267,000
466,242	495,002	552,812	560,023	567,234	571,944	572,727

# **COMPLIANCE SECTION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2014**

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	\$ 4,426
<u>Pass-through payments:</u>			
<u>Department of Social Services:</u>			
State Administrative Matching Grants for Food Stamp Program	Not provided	10.561	890,937
<u>Department of Agriculture and Consumer Services</u>			
<u>Child Nutrition Cluster:</u>			
Commodity Distributions	40623	10.555	380,291
<u>Department of Education:</u>			
<u>Child Nutrition Cluster:</u>			
School Breakfast Program	40591/40623	10.553	532,176
National School Lunch Program	40623	10.555	2,101,958
Total Child Nutrition Cluster			3,014,425
Schools and Roads - Grants to States	43841	10.665	29,195
<b>Total Department of Agriculture</b>			<b>3,938,983</b>
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	420,949
<u>Department of Motor Vehicles:</u>			
State and Community Highway Safety	154AL1353039 / 154AL145418	20.607	36,666
<u>Pipeline and Hazardous Material Safety Administration</u>			
Interagency Hazardous Material Public Sector Training and Planning Grant HM-HMP-0241-11-01-00		20.703	9,109
<b>Total Department of Transportation</b>			<b>466,724</b>
SOCIAL SECURITY ADMINISTRATION:			
<u>Direct payments:</u>			
<u>Social Security Administration:</u>			
Reward for Incarceration Notification		96.000	200
<b>Total Social Security Administration</b>			<b>200</b>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2014**

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	\$ 8,301
Temporary Assistance to Needy Families	Not provided	93.558	722,558
Refugee and Entrant Assistance - State Administered Programs	Not provided	93.566	10,764
Low-Income Home Energy Assistance	Not provided	93.568	63,304
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Not provided	93.596	101,681
Chafee Education and Training Vouchers Program (ETV)	Not provided	93.599	9,987
Child Welfare Services - State Grants	Not provided	93.645	4,744
Foster Care - Title IV-E	Not provided	93.658	904,829
Adoption Assistance	Not provided	93.659	1,138,647
Social Services Block Grant	Not provided	93.667	998,775
Chafee Foster Care Independent Living	Not provided	93.674	19,700
State Children's Insurance Program	Not provided	93.767	26,331
Medical Assistance Program (Medicaid; Title XIX)	Not provided	93.778	781,502
<b>Total Department of Health and Human Services</b>			4,791,123
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	33,187
Federal Forfeiture - Equitable Sharing Program		16.922	75,928
			109,115
<u>Pass-through payments:</u>			
<u>Department of Criminal Justice Services:</u>			
Violence Against Women Formula Grants	13-Q9349VA12 / 14-R9349VA13	16.588	21,668
Crime Victim Assistance - Discretionary Grants	14-Q9573VW13	16.575	35,604
Edward Byrne Memorial Justice Assistance Grant Program	13-O1172LO12 / 14-P1172LO13 14-A2870AD12	16.738	65,492
			122,764
<b>Total Department of Justice, Office of Justice Programs, Bureau of Justice Assistance</b>			231,879

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2014**

Federal Grantor/State Pass-Through Grantor/ Program Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Expenditures
DEPARTMENT OF THE TREASURY			
<u>Pass-through payments:</u>			
<u>Office of the Attorney General:</u>			
Federal Forfeiture - Equitable Sharing Program	Not provided	21.000	\$ 111,572
<b>Total Department of Treasury</b>			<u>111,572</u>
DEPARTMENT OF DEFENSE:			
<u>Direct payments:</u>			
<u>Bureau of Land Management:</u>			
Payments to States in Lieu of Real Estate Taxes		12.112	<u>424,106</u>
<b>Total Department of Defense</b>			<u>424,106</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	<u>1,132,839</u>
<u>Special Education Cluster:</u>			
Special Education - Grants to States	43071	84.027	2,527,953
Special Education - Preschool Grants	62521	84.173	<u>59,363</u>
Total Special Education Cluster			<u>2,587,316</u>
Adult Education - State Grant Program	61111/42801	84.002	321,936
Vocational Education - Basic Grants to States	61095	84.048	149,589
English Language Acquisition Grants	60512	84.365	75,573
Improving Teacher Quality State Grants	61480	84.367	<u>304,620</u>
<b>Total Department of Education</b>			<u>4,571,873</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	<u>2,218</u>
<b>Total Department of Homeland Security</b>			<u>2,218</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2014**

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	\$ 682
<b>Total Department of the Interior</b>			<u>682</u>
<b>Total Federal Awards Expended</b>			<u>\$ 14,539,360</u>

See Notes to Schedule of Expenditures of Federal Awards.

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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#### 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**

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#### **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 \$380,291 at the time received were consumed during the year ended June 30, 2014. These commodities were included in the determination of federal awards expended during the year ended June 30, 2014.



**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, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 1, 2014.

**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 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 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 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  
December 1, 2014



**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, 2014. 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 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 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, 2014.

## **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 programs to determine the auditing procedures 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 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  
December 1, 2014

**COUNTY OF ROCKINGHAM, VIRGINIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2014**

**I. SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	<u>      </u>	Yes	<u>  √  </u>	No
Significant deficiencies identified?	<u>      </u>	Yes	<u>  √  </u>	None Reported
Noncompliance material to financial statements noted?	<u>      </u>	Yes	<u>  √  </u>	No

Federal awards

Internal control over major programs:

Material weaknesses identified?	<u>      </u>	Yes	<u>  √  </u>	No
Significant deficiencies identified?	<u>      </u>	Yes	<u>  √  </u>	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?	<u>      </u>	Yes	<u>  √  </u>	No
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Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
10.561	State Administrative Matching Grants for Food Stamp Program
84.010	Title I Grants to Local Educational Agencies
93.658	Foster Care – Title IV-E
93.659	Adoption Assistance

Dollar threshold used to distinguish between type A and type B programs \$436,181

Auditee qualified as low-risk auditee?   √   Yes        No

**COUNTY OF ROCKINGHAM, VIRGINIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2014**

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, 2014**

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.