

*Comprehensive Annual
Financial Report*



Rockingham County, Virginia

Fiscal Year Ended June 30, 2016

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2016



Prepared by:

Department of Finance
20 East Gay Street
Harrisonburg, Virginia 22802
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www.rockinghamcountyva.gov

COUNTY OF ROCKINGHAM, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2016

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INTRODUCTORY SECTION



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

ROCKINGHAM COUNTY

November 28, 2016

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

Gentlemen:

It is my pleasure to submit to you the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. This report has been prepared in accordance with Section 15.2-2503 of the *Code of Virginia*, 1950, as amended. The report is designed to present fairly the respective financial position of the government activities, 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.

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 been established for this purpose. Internal controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgements by management.

Upon completing your review of this introductory section, you are encouraged to review 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 MD&A immediately follows the independent auditors report, compliments this letter and should be read in conjunction with it.

PBMares, LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the County's financial statements for the year ended June 30, 2016. The independent auditor's report is located at the front of the financial section of this report.

20 EAST GAY STREET, HARRISONBURG, VIRGINIA 22802

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Website: rockinghamcountyva.gov

The December, 2015 retirement of James Allmendinger as the County's Director of Finance after 13 years of service and June, 2016 retirement of Joseph Paxton as the County Administrator after 38 years of service have resulted in a significant transition in the County's financial leadership. Mr. Paxton began his local government career with Rockingham County in January of 1978, and served as purchasing and accounting officer, Director of Finance, Assistant County Administrator, Deputy County Administrator, and was appointed County Administrator by the Board of Supervisors effective January 1, 2004. The service of these two individuals to the County is acknowledged.

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 79,134. The independent city of Harrisonburg, with an estimated population of 52,478 serves as the County seat, and is the largest city in western Virginia between the Roanoke and the Washington, D.C. metropolitan areas.

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

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

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

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

Discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from 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 Economic Development Authority is a separate legal entity and is reported as a discretely presented component unit. The County has consolidated social service operations with the City which is named the Harrisonburg-Rockingham Social Services District (District). The District is also a separate legal entity and is a discretely presented component unit in the government-side financial statements.

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

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

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

The Board establishes a time and place for a public hearing on the budget. A hearing must be held at least seven days prior to the adoption of the budget. Except for the School's budget, which may only be increased or decreased by major category or as a whole, the Board may insert new items of expenditure or may increase, decrease or remove items of expenditure (other than debt service or other legal requirements). On April 22, 2015 the Board approved the budget for fiscal year 2016. During the fiscal year 2016, 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 3.7%). Major industries with headquarters or divisions located within the County's boundaries include a chemical manufacturer, brewery, printer, foodservice marketer and distributor, retail distributors, four-season resort, and several poultry processors. Higher education also has a major presence within the area with a state university, private university, and a private college with a combined full-time enrollment of over 26,848 students.

According to the 2012 U.S. Census of Agriculture, Rockingham County is ranked 1st in the state for total value of agricultural products sold (\$659 million) with 1,902 farms totaling 222,049 acres. Also from the census, Rockingham County is ranked 1st in the state for the following four commodity group sales: Milk and other dairy products from cows, cattle and calves, poultry and eggs, and other crops and hay. Rockingham County further ranked 1st in the state for all five livestock categories.

The 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 continues a restrained, targeted strategy for local operations with close coordination with the School Board and the Constitutional Officers.

The downturn in the economy that started in 2008 presented fiscal challenges for all local governments, including 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. Funding continues to lag behind 2008 levels in many areas. With the leadership of the Board and support from the Constitutional Officers and School Board, the County continues to be poised to meet the challenges ahead. Building inspections for 2016 were at their highest levels since 2008. There have been expansions of existing businesses, including Miller-Coors, Merck, Sysco, Shenandoah Growers and Virginia Poultry Growers Cooperative. Private commercial development continues along the new Stone Spring Road corridor, particularly in the area of Port Republic Road and Reservoir Street.

Significant events and actions during this past year include:

- Completed pilot programs in County middle and high schools to allow the School Board to evaluate the appropriate technological devices and associated software packages to be utilized to implement a technology-based instruction program.
- Working with the Virginia Department of Transportation (VDOT), the County began and continued a number of critical road infrastructure projects:
 - Completed acquisition of right-of-way and began utility relocations for the 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; with construction expected to be initiated in 2017.
 - Completed design of the Massanetta Springs Road improvement project in cooperation with the Preston Lake development. The project will begin from just north of the Massanetta Springs conference center and extend to Route 33, with construction expected to be initiated in 2017.
 - Initiated design of a third lane on Route 33 eastbound, between Stone Spring Road and Massanetta Springs Road.
- Progress to secure Part B approval from the Virginia Department of Environmental Quality and construct (bid in fall of 2016) the next disposal area for the County Landfill. The approval of the Part B plan will provide an estimated 30 years of additional disposal area. The initial phase for the new disposal cell construction provides space for an estimated 6 of the 30 years. The current cell has approximately two years of disposal life remaining;
- Began construction of a new landfill entrance;
- Continue the phased upgrade of the County's financial management software. Payroll and human resources modules were implemented in early 2015. The next phases are the Commissioner of the Revenue, Treasurer, and Utilities billing systems to be implemented in Fiscal Year 2017;

- Acquired an existing volunteer EMS agency-owned facility in the McGaheysville area of the County and began renovations to the facility to strategically locate a County-owned emergency response station to serve the area east of Interstate 81. This facility will be operational in no later than November of 2016.
- In response to a continued increase in inmate population at the Rockingham Regional Jail, the County and the City of Harrisonburg purchased membership in the Middle River Regional Jail, to provide additional capacity for inmates and reduce overcrowding at the Rockingham facility. The County and City joined existing members Augusta County and the Cities of Staunton and Waynesboro to comprise the Middle River Regional Jail Authority, which governs the jail's operations.

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 the seven towns in 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.
- 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 on the General Assembly to increase the rate to restore the fund's fiscal integrity.
- Analyze the options provided in the Fire Programs Board evaluation to meet the increased demand for County-funded fire and rescue services.
- School renovations to the Pleasant Valley Elementary School and John Wayland Elementary School are scheduled to begin in the spring of 2017. The renovations are based on a facility assessment study presented in November, 2015 to include replacement of HVAC systems, windows, exterior doors, lighting, floors and other areas as needed. School construction is set to begin for a new Dayton Learning Center at the same time.

The Board of Supervisors and School Board are to be commended for collaborating to maintain a high-quality education system, which is critical for the development of an educated workforce. An educated workforce stimulates economic activity by encouraging private sector business investment in our community.

The Board of Supervisors and its management team, working with the Constitutional Officers and the School Board, developed a five-year strategic capital and operational plan (2020 Plan) for the County in 2014, with the goal to provide the high quality of services necessary to sustain positive economic growth for our community, while operating within a restrained financial environment. It is important for the Board to annually revisit this plan to analyze changes to the identified needs in the community and the priorities set forth, to evaluate the resources available, and make modifications to the plan if necessary.

During the strategic planning session, public safety was identified as 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 calls for service resulted in the County adding three deputy sheriff positions two years ago. However, due to limited state funding, the County and City are responsible for 100% of the cost. Increasing fire and emergency medical service calls, coupled with a declining volunteer support, resulted in the County adding fire and rescue responders. The 2020 Plan includes adding up to forty public safety positions to meet an increasing call load, with the largest number of new positions (30) in fire & rescue. Staff continues to look to federal grant funding and other options to fund the cost of the new fire & rescue staffing level. The County was awarded a Staffing for Adequate Fire and Emergency Response (SAFER) grant which will provide funding to offset salary expenses for nine new positions in Fiscal Year 2017. That grant covers a two year period, which means that additional County funding will be required for the years that follow.

The Schools' instructional technology initiative for the County's K-12 education is being phased in over a five-year period. In addition to capital costs, the program when fully implemented will increase school operational costs by almost \$4M per year. This cost will be partially offset by elimination of some current school operational costs. However, the net cost of the program, when fully implemented, equates to three cents on the real estate tax rate over a five-year period.

Awards and Acknowledgements

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 "AAA" from Standard & Poor's, and a "AA" from Moody's and Fitch. In 2015, the County was notified by Standard & Poor's that after a review of the County's financial position the firm was upgrading Rockingham County from a "AA+" to "AAA" indicating that the agency found the County's economy strong and that the actions taken by the Board to sustain the County's financial strength were significant. These strong ratings reflect 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.

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-four 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, we extend our sincerest appreciation to the members of County staff that assisted and contributed in the preparation of this report and to 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,



Stephen G. King
County Administrator



Patricia D. Davidson
Director of Finance

COUNTY OF ROCKINGHAM, VIRGINIA

Directory of Principal Officials
June 30, 2016

Board of Supervisors

William B. Kyger, Jr., Chairman
District 4
Rick L. Chandler, Vice-Chairman
District 3

Michael A. Breeden
District 5

Frederick E. Eberly
District 2

Pablo Cuevas
District 1

County Administrator

Joseph S. Paxton

School Board

Renee A. Reed, Chairman
District 4
LaDonna A. Shiflet, Vice-Chairman
District 3

Dan Breeden
District 5

Lowell Fulk
District 2

Charlette E. McQuilkin
District 1

Superintendent of Schools

Dr. Carol Fenn

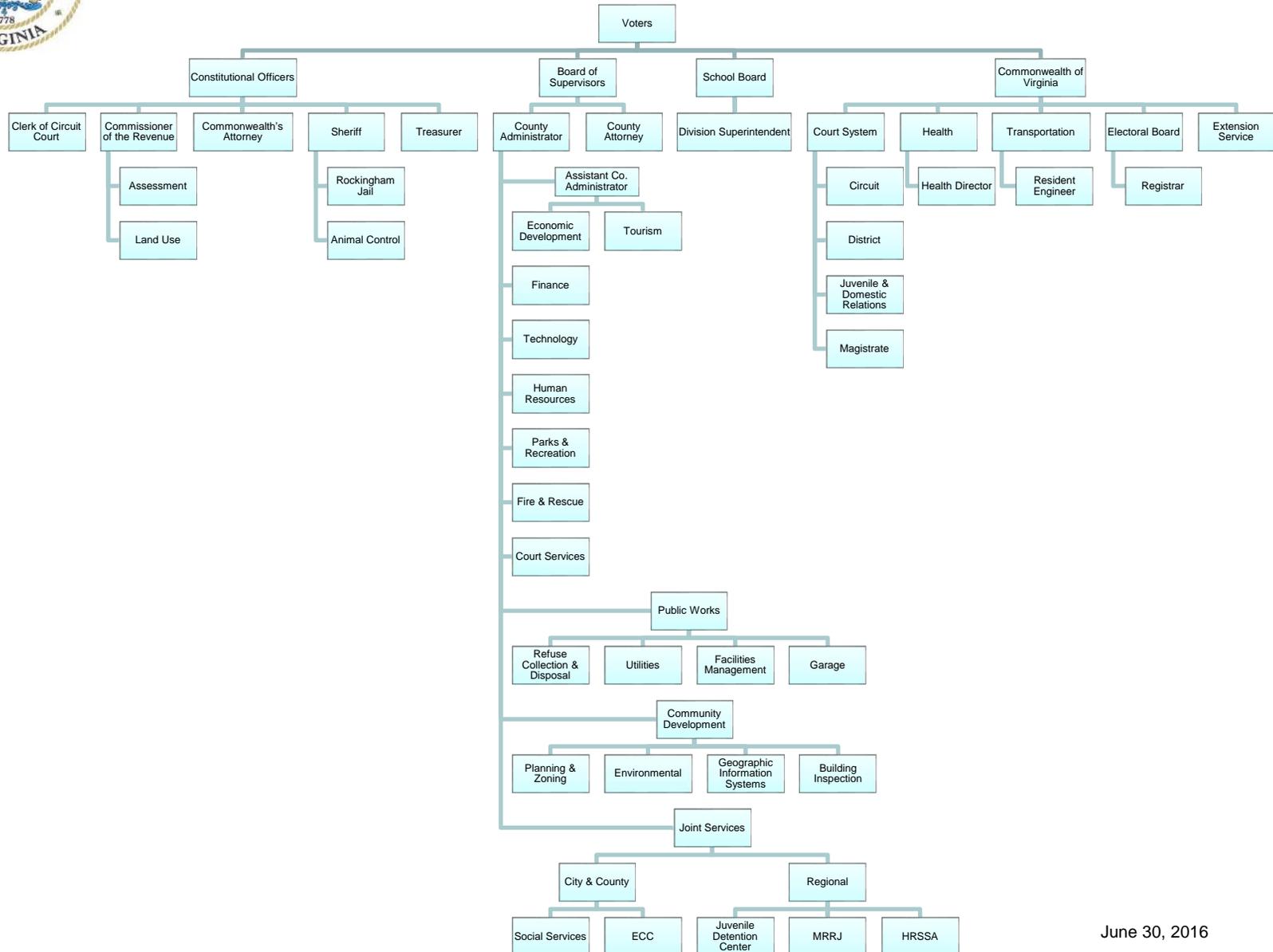
Other Officials

Stephen G. King
George K. Anas
Thomas H. Miller
Lowell R. Barb
Bryan F. Hutcheson
L. Todd Garber
Marsha L. Garst
Chaz W. Haywood
Patricia D. Davidson
Donald D. Driver, Jr.
Terri M. Perry
Katherine S. McQuain
Rhonda G. Cooper
Barry E. Hertzler
Ann Marie Freeman
Jennifer J. Mongold
Lisa B. Gooden
Jeremy C. Holloway
Casey Armstrong

Deputy County Administrator
Assistant County Administrator
County Attorney
Commissioner of the Revenue
Sheriff
Treasurer
Commonwealth Attorney
Clerk of the Circuit Court
Director of Finance
Director of Social Services
Director of Technology
Director of Parks and Recreation
Director of Planning
Director of Public Works
Director of Court Services
Director of Human Resources
Registrar
Director of Fire and Rescue
Director of Community Development



Rockingham County, VA Government Organizational Chart



June 30, 2016



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, 2015

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, the aggregate remaining fund information, and the budgetary comparison of the County of Rockingham, Virginia (County), as of and for the year ended June 30, 2016, 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, the aggregate remaining fund information, and the budgetary comparison of the County, as of June 30, 2016, 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.

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 14-28 and 108-115, 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, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedules listed in the table of contents as supplementary information, supplemental schedules, introductory section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2016 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.

PBMares, LLP

Harrisonburg, Virginia
November 28, 2016

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, 2016. 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 \$38,558 at June 30, 2016. Of this amount, there was \$64,965 invested in the County's capital assets, net of related debt, \$5,742 in restricted funds assets, and a negative \$32,149 in unrestricted funds.
- The negative \$32,149 in unrestricted funds is a result of recording \$67,585 in 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 to 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 \$44,983. Approximately 60 percent of this total amount, \$27,067 is available for spending at the government's discretion (unassigned fund balance). There is an additional \$14,457 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 \$27,067, which represents 23 percent of total General Fund expenditures. As mentioned above, an additional \$14,457, which represents 12 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 deferred outflows of resources and liabilities and deferred inflows of resources, with the difference 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, legally separate social services district, and a legally separate economic development authority 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 29-32 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 four 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 two 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 33-36 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 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 38-41 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 42 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 pension plans and 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 plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$38,558 at the close of the most recent fiscal year. This is an increase of \$296 in comparison with the prior year's net position. The explanation for this change is provided below.

By far, the largest portion of the County's net position, \$64,965, 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. The balance did not significantly change from the prior year balance of \$67,072 to \$64,965.

An additional portion of the County's net position, \$5,742, represents resources that are subject to external restrictions on how they may be used. There was an increase of \$5,506 in restricted net assets reported in connection with the County's business-type activities and governmental activities.

The unrestricted portion of the County's net position for the primary government's governmental activities decreased from negative \$29,046 to negative \$32,149. This change in the unrestricted portion of the County's net position was significantly impacted by recording the purchase of membership in Middle River Regional Jail Authority.

The unrestricted portion of the County's net position for the primary government is also lower than the preferred balance 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)(10) 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, equipment, and construction in progress, net of accumulated depreciation and amortization). As explained above and in Note 1(E)(10) of the financial statements, 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, 2016 and 2015

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 61,819	\$ 65,291	\$ 22,718	\$ 15,934	\$ 84,537	\$ 81,225
Capital assets, net	48,987	49,680	50,494	46,195	99,481	95,875
Total assets	110,806	114,971	73,212	62,129	184,018	177,100
Deferred outflows of resources	2,392	2,306	699	143	3,091	2,449
Other liabilities	7,017	8,435	1,559	679	8,576	9,114
Noncurrent liabilities	106,690	105,206	31,162	22,890	137,852	128,096
Total liabilities	113,707	113,641	32,721	23,569	146,428	137,210
Deferred inflows of resources	1,999	3,831	124	246	2,123	4,077
Net position:						
Net investment in capital assets	34,854	33,590	30,111	33,482	64,965	67,072
Restricted	196	236	5,546	-	5,742	236
Unrestricted (deficit)	(37,558)	(34,021)	5,409	4,975	(32,149)	(29,046)
Total net position	\$ (2,508)	\$ (195)	\$ 41,066	\$ 38,457	\$ 38,558	\$ 38,262

	Component Units			
	School Board		Harrisonburg- Rockingham Social Services District	
	2016	2015	2016	2015
Current and other assets	\$ 29,376	\$ 27,866	\$ 6,851	\$ 5,753
Capital assets, net	129,762	135,289	2,451	2,575
Total assets	159,138	163,155	9,302	8,328
Deferred outflows of resources	11,394	9,562	473	409
Other liabilities	22,821	20,774	1,342	1,211
Noncurrent liabilities	116,945	109,442	2,474	2,206
Total liabilities	139,766	130,216	3,816	3,417
Deferred inflows of resources	9,052	16,650	355	654
Net Position:				
Net investment in capital assets	129,762	135,289	2,451	2,575
Restricted	-	-	1,741	1,393
Unrestricted (deficit)	(108,048)	(109,438)	1,412	698
Total net position	\$ 21,714	\$ 25,851	\$ 5,604	\$ 4,666

County of Rockingham, Virginia
Summary Statement of Changes in Net Position
Years Ended June 30, 2016 and 2015

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 9,415	\$ 10,291	\$ 12,059	\$ 11,912	\$ 21,474	\$ 22,203
Operating grants and contributions	9,818	9,302	953	1,638	10,771	10,940
Capital grants and contributions	254	2,395	-	871	254	3,266
General revenues:						
General property taxes	77,183	71,962	-	-	77,183	71,962
Other local taxes	11,217	10,374	-	-	11,217	10,374
Intergovernmental non-categorical aid	8,984	7,839	27	-	9,011	7,839
Use of money and property	1,720	1,460	60	94	1,780	1,554
Miscellaneous	681	365	850	838	1,531	1,203
Total revenues	119,272	113,988	13,949	15,353	133,221	129,341
Expenses:						
General government administration	5,437	6,040	-	-	5,437	6,040
Judicial administration	3,884	3,815	-	-	3,884	3,815
Public safety	36,779	23,826	-	-	36,779	23,826
Public works	4,340	6,869	11,340	11,434	15,680	18,303
Health and social services	5,762	5,715	-	-	5,762	5,715
Education	55,512	53,791	-	-	55,512	53,791
Parks, recreation and cultural	2,343	2,209	-	-	2,343	2,209
Community development	3,904	3,584	-	-	3,904	3,584
Interest	3,624	4,171	-	-	3,624	4,171
Total expenses	121,585	110,020	11,340	11,434	132,925	121,454
Change in net position before transfers	(2,313)	3,968	2,609	3,919	296	7,887
Transfers	-	871	-	(871)	-	-
Change in net position	(2,313)	4,839	2,609	3,048	296	7,887
Net position, beginning	(195)	(5,034)	38,457	35,409	38,262	30,375
Net position, ending	\$ (2,508)	\$ (195)	\$ 41,066	\$ 38,457	\$ 38,558	\$ 38,262

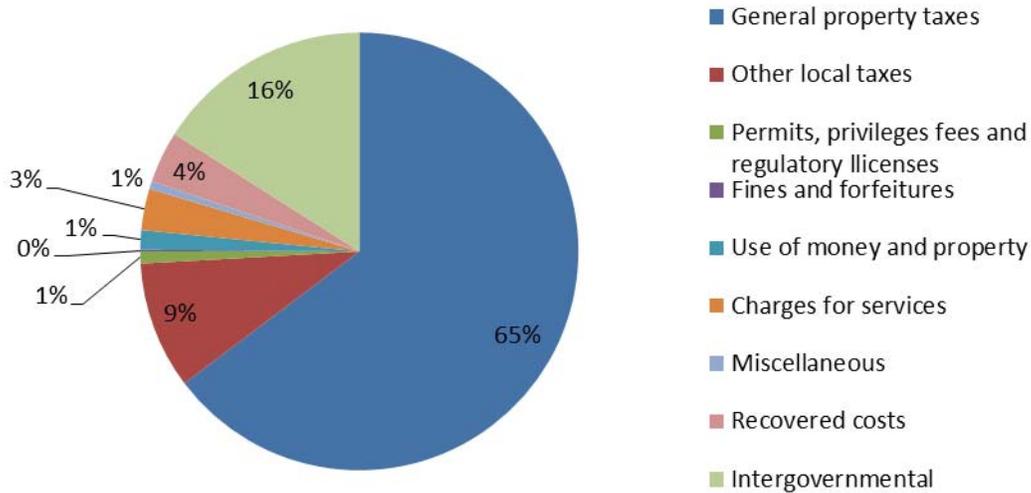
County of Rockingham, Virginia
Summary Statement of Changes in Net Position (Continued)
Years Ended June 30, 2016 and 2015

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2016	2015	2016	2015
Revenues:				
Program revenues:				
Charges for services	\$ 5,426	\$ 5,436	\$ -	\$ -
Operating grants and contributions	72,855	72,138	16,034	16,200
Capital grants and contributions	83	72	-	-
General revenues:				
Grants and contributions not restricted to specific programs	55,512	53,791	7,723	6,739
Intergovernmental non-categorical aid	75	73	-	-
Use of money and property	36	46	12	21
Miscellaneous	586	626	49	58
Total revenues	134,573	132,182	23,818	23,018
Expenses:				
Health and social services	-	-	22,880	22,073
Education	138,710	136,995	-	-
Total expenses	138,710	136,995	22,880	22,073
Change in net position	(4,137)	(4,813)	938	945
Net position, beginning	25,851	30,664	4,666	3,721
Net position, ending	<u>\$ 21,714</u>	<u>\$ 25,851</u>	<u>\$ 5,604</u>	<u>\$ 4,666</u>

Governmental activities. Governmental activities increased the deficit in the County’s net position by \$2,313 compared to an increase in net position of \$4,977 in fiscal year 2015. Key factors for this change are as follows:

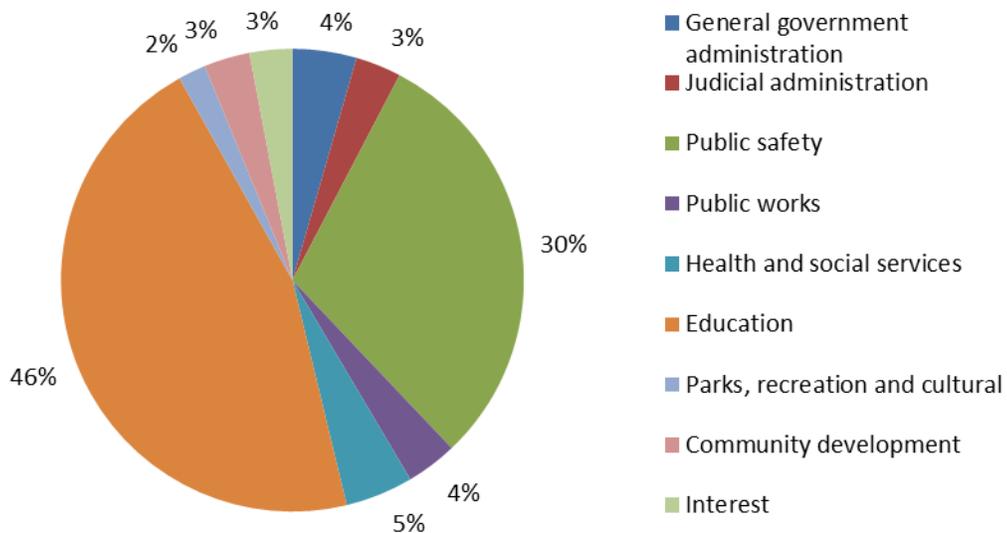
Total revenues increased \$5,284 (from \$113,988 to \$119,272) compared to last year. Revenues by source are shown in the chart below. Revenues from general property taxes make up 65% of total revenues.

Revenues by Source - Governmental Activities



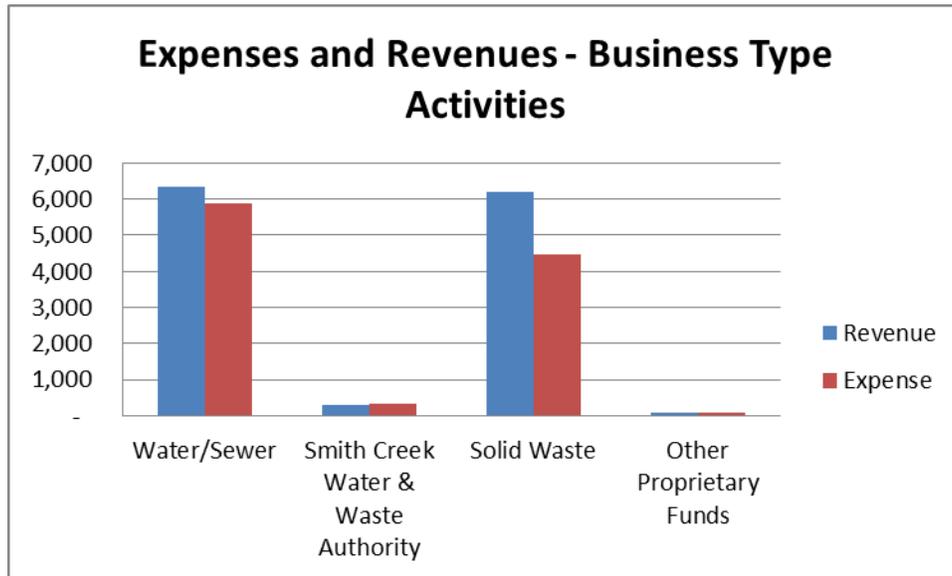
Total expenses increased by \$11,565 (from \$110,020 to \$121,585) compared to last year. The local transfer to Education in the amount of \$55,511 makes up 46% of total Governmental activities with Public Safety coming in second at 30% of the total.

Expenditures by Type – Governmental Activities



A detailed explanation of the key components for the revenue and expense changes is outlined on pages 22-23 under the Financial Analysis of the Government’s Funds.

Business-type activities. Business-type activities increased the County’s net position by \$2,609 compared to an increase of \$3,048 last fiscal year. Each of these businesses is monitored on a regular basis to assure that they are operating as a self-sustaining enterprise.



Component Unit – School Board. The School Board’s net position decreased by \$4,137 this fiscal year compared to a decrease of \$4,813 in fiscal year 2015. Key elements of this decrease are as follows:

1. Revenues increased by \$2,391 (from \$132,182 to \$134,573) primarily due to an increase in the grants and contributions not restricted to specific programs (from \$53,791 to \$55,512).
2. Expenses also increased by a total of \$1,715 (from \$136,995 to \$138,710) due to modestly higher operating costs as follows:

Instruction	\$	1,304
Administration, attendance and health		537
Pupil transportation services		143
Operation and maintenance services		(329)
School food services		60
	\$	<u>1,715</u>

3. Included in 2016 Expenses listed above are depreciation and amortization totaling \$8,878 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 \$44,983, a decrease of \$1,368 in comparison with the prior year.

Approximately 60 percent of this total amount (\$27,067) constitutes unassigned general fund balance, which is available for spending at the government's discretion. In addition, another 32 percent of this total amount (\$14,457) 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 \$27,067, while total fund balance reached \$30,331. 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 23 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 increased \$2,044 during the current fiscal year compared to an increase of \$505 for fiscal year 2015. This \$2,044 increase is significantly better than the original budget which projected a \$3,450 decrease, and the final budget projecting a \$5,711 decrease. The key factors influencing these results are as follows:

- Total revenues increased by \$7,612 compared to last year. The largest revenue changes were:
 - General property taxes increased \$5,192 primarily due to an increase in the real estate tax rate of 2 cents in June 2016. Other local taxes increased \$842. Local sales and use tax makes up \$719 of the increase due to additional businesses locating to the County.
- Total expenditures increased by \$4,196 compared to last year. Many of the expenditure categories remained relatively flat. The key components with changes were:
 - General government administration increased \$399 compared to the prior fiscal year total of \$4,804.
 - Public safety increased \$199 compared to the prior fiscal year total of \$26,010.
 - Health and social services increased \$407 compared to the prior fiscal year total of \$5,400.
 - Education increased \$2,754 compared to the prior fiscal year increase of \$2,335.
 - Community development increased \$337 compared to prior fiscal year total of \$2,753

The General Capital Projects Fund has a total fund balance of \$14,457, of which the entire amount is assigned to unspecified future capital outlays. The County had capital outlays of \$4,528 during the current fiscal year, which were funded by revenues and the fund balance.

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

Net position of these funds increased \$2,609 this fiscal year to \$41,066. The largest portion of the net position, \$30,111, continues to reflect the County's investment in capital assets.

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 \$2,425, increase in appropriations between the original and final amended budget. The following are the largest components of the increase:

- \$945 supplemental appropriation for a transfer to the School Capital Projects Fund for the purchase of school buses, an architect for building renovations at John Wayland Elementary school, Pleasant Valley Elementary school and Dayton Learning Center and the funding of the elementary technology initiative.
- \$334 supplemental appropriation for public safety on areas to include personnel, vehicles and machinery & equipment.
- \$216 supplemental appropriation for public works for building maintenance and repairs projects.

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, revenues exceeded expenditures before transfers by \$2,844, which was \$7,754 favorable to final budget.

Total revenues were \$2,607 over the final budgeted amounts and the key factors for this were:

- General property taxes were \$1,585 over the final budget amount. Real property taxes were \$881 over the final budget due to higher than expected delinquent payments received and an increase in the assessed values. Personal property taxes were higher by \$575 due to an increase in the number of vehicles and an improved economy resulting in new vehicle purchases.
- Other local taxes were \$1,001 over the final budget amount due to sales and use tax, consumer utility tax and tax on recordation and wills being higher due to the improved economy.
- Both categorical and non-categorical aid from the Commonwealth of Virginia were lower by a combined \$175. This difference was due to a number of factors.

Total expenditures were \$5,147 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 \$3,079. The remaining funds were left unspent at year-end by the School Board in recognition of the need to conserve resources.
- Most of the 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, 2016, amounted to \$99,481 (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 increased to \$99,481 compared to \$95,875 last year.

County of Rockingham, Virginia Summary Statement of Capital Assets June 30, 2016 and 2015

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Non-Depreciable Assets:						
Land	\$ 3,226	\$ 3,226	\$ 2,449	\$ 2,449	\$ 5,675	\$ 5,675
Easements	-	-	227	198	227	198
Construction in progress	1,971	579	5,255	3,260	7,226	3,839
Depreciable Capital Assets:						
Buildings	48,508	48,508	412	421	48,920	48,929
Improvements	11,541	11,142	67,848	63,799	79,389	74,941
Machinery and equipment	18,570	18,012	5,469	5,197	24,039	23,209
Software	1,612	1,612	44	44	1,656	1,656
Accumulated depreciation and amortization	(36,441)	(33,399)	(31,210)	(29,173)	(67,651)	(62,572)
Total	\$ 48,987	\$ 49,680	\$ 50,494	\$ 46,195	\$ 99,481	\$ 95,875

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

- Construction in progress under Governmental Activities of \$1,196 for the new Albert Long Park and \$110 for an Eagle court recording system.
- Machinery and equipment under Governmental Activities of \$490 for 35 voting machines, a core switch and a firewall.
- Construction in progress under Business-type Activities of \$2,665 for new landfill entrance and earthwork for a new landfill cell.
- Improvements under Business-type Activities of \$3,835 for water and sewer lines along Route 33 East to serve the new Albert Long Park and future businesses.
- Machinery and equipment under Business-type Activities of \$128 included the purchase of a sewage pump, transfer switches and two new trucks.

County of Rockingham, Virginia
Summary Statement of Capital Assets (Continued)
June 30, 2016 and 2015

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2016	2015	2016	2015
Non-Depreciable Assets:				
Land	\$ 5,470	\$ 5,470	\$ -	\$ -
Easements	37	37	-	-
Construction in progress	243	12	-	11
Depreciable Capital Assets:				
Buildings	176,685	176,685	703	703
Improvements	52,624	51,441	1,929	1,908
Machinery and equipment	39,332	37,438	582	573
Software	49	49	-	-
Accumulated depreciation and amortization	(144,678)	(135,843)	(763)	(620)
Total	\$ 129,762	\$ 135,289	\$ 2,451	\$ 2,575

The increase in improvements for the component unit School Board was the purchase of \$1,894 for the updating of several offices and paving of bus loops during the current fiscal year.

The increase in machinery and equipment for the component unit School Board was the purchase of \$1,016 for the replacement of 11 passenger buses and 8 other vehicles during the current fiscal year.

There were no major capital events for the component unit Social Services District.

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 \$67,585. 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, 2016 and 2015

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 67,585	\$ 73,391	\$ -	\$ -	\$ 67,585	\$ 73,392
Capital leases	14,133	16,090	-	-	14,133	16,090
Note payable	8,714	-	-	-	8,714	-
Unamortized premiums	2,888	3,141	2,003	353	4,891	3,493
Revenue bonds	-	-	18,380	12,359	18,380	12,359
Landfill obligation	-	-	9,699	9,157	9,699	9,157
Compensated absences	760	755	180	160	940	915
Net pension liability	10,556	9,962	658	641	11,214	10,603
Other postemployment benefits	2,054	1,867	242	220	2,296	2,087
Total	\$ 106,690	\$ 105,206	\$ 31,162	\$ 22,890	\$ 137,852	\$ 128,096

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 2016 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
79,134	\$7,388,700,410	\$70,472,680	.0095	\$893

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 2016 in Rockingham County was 3.4 percent, which is lower than the 4.4 percent rate a year ago. This compares favorably to the Virginia statewide unemployment rate of 4.0 percent and the United States national average of 5 percent.
- The County is encountering its 9th consecutive year of significant revenue challenges.
- Fiscal year 2017 General Fund Revenue is budgeted to increase 8.56% to \$126,055 in comparison to the fiscal year 2016 Amended Budget of \$116,113.
- 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 2017 General Fund Expenditures are budgeted to increase 4.16% to \$126,055 in comparison to the fiscal year 2016 Amended Budget of \$121,024.
- The unassigned fund balance in the General Fund at fiscal year-end was \$27,067. The County has appropriated \$4,685 of this amount for spending in the fiscal year 2017 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 2017.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2016

	Primary Government			Component Units		
	Governmental	Business-type	Totals	School	Harrisonburg- Rockingham Social Services District	Economic Development Authority
	Activities	Activities		Board		
ASSETS						
Cash, cash equivalents and temporary cash investments	\$ 417,650	\$ -	\$ 417,650	\$ 10,500	\$ -	\$ 8,537
Investments	44,958,067	16,009,721	60,967,788	19,604,783	3,486,075	-
Receivables, net:						
Property taxes	3,540,906	-	3,540,906	-	-	-
Utility taxes	210,848	-	210,848	-	-	-
Trade and other accounts	1,123,188	1,125,456	2,248,644	400,516	59,683	6,018
Accrued interest	137,269	44,229	181,498	29,316	9,955	-
Due from other governments	6,849,469	-	6,849,469	5,857,048	3,174,864	-
Internal balances	204,176	(204,176)	-	-	-	-
Prepaid items	470,162	65,806	535,968	3,306,528	119,453	-
Inventory	43,812	131,219	175,031	166,909	-	-
Restricted cash	-	5,545,857	5,545,857	-	-	-
Investment in Harrisonburg-Rockingham Social Services District	3,862,701	-	3,862,701	-	-	-
Capital assets, net of accumulated depreciation and amortization:						
Land	3,225,766	2,449,023	5,674,789	5,469,535	-	-
Easements	-	227,156	227,156	36,654	-	-
Buildings	48,508,579	411,606	48,920,185	176,685,780	703,015	-
Improvements other than buildings	11,540,744	67,848,546	79,389,290	52,623,784	1,929,189	-
Machinery and equipment	18,570,012	5,468,702	24,038,714	39,331,788	582,275	-
Software	1,611,529	44,004	1,655,533	49,407	-	-
Construction in progress	1,971,484	5,254,929	7,226,413	243,066	-	-
Less: accumulated depreciation and amortization	(36,441,063)	(31,209,953)	(67,651,016)	(144,677,812)	(763,174)	-
Total assets	110,805,299	73,212,125	184,017,424	159,137,802	9,301,335	14,555
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	-	549,286	549,286	-	-	-
Pension plan	2,392,181	150,137	2,542,318	11,394,000	473,458	-
Total deferred outflows of resources	2,392,181	699,423	3,091,604	11,394,000	473,458	-

LIABILITIES

Accounts payable	776,569	1,296,878	2,073,447	1,714,472	1,106,245	7,750
Accrued payroll	896,727	85,501	982,228	17,230,108	235,717	-
Accrued liabilities	390,137	-	390,137	-	-	-
Accrued interest	1,687,064	176,900	1,863,964	-	-	-
Unearned revenue	2,637,120	-	2,637,120	1,604,553	-	3,000
Insurance and benefit claims	629,201	-	629,201	1,887,602	-	-
Due to other governments	-	-	-	384,137	-	-
Noncurrent liabilities:						
Due within one year:						
Bonds payable	5,958,636	1,631,189	7,589,825	-	-	-
Capital leases	1,850,430	-	1,850,430	-	-	-
Note payable	887,201	-	887,201	-	-	-
Compensated absences	506,022	96,885	602,907	2,537,228	25,736	-
Due in more than one year:						
Bonds payable, net	64,514,044	18,752,129	83,266,173	-	-	-
Note payable	7,826,952	-	7,826,952	-	-	-
Capital leases	12,282,453	-	12,282,453	-	-	-
Landfill obligation	-	9,699,486	9,699,486	-	-	-
Compensated absences	254,217	83,083	337,300	931,910	17,089	-
Net pension liability	10,555,806	657,580	11,213,386	105,060,600	1,875,750	-
Other postemployment benefits	2,054,480	241,812	2,296,292	8,414,896	555,464	-
Total liabilities	113,707,059	32,721,443	146,428,502	139,765,506	3,816,001	10,750

DEFERRED INFLOWS OF RESOURCES

Pension plan	1,998,916	124,524	2,123,440	9,052,485	355,204	-
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NET POSITION

Net investment in capital assets	34,854,168	30,110,695	64,964,863	129,762,202	2,451,305	-
Restricted:						
Nonexpendable minority interest	-	-	-	-	1,740,887	-
Capital projects	-	5,545,857	5,545,857	-	-	-
Judicial administration	83,687	-	83,687	-	-	-
Public safety	112,113	-	112,113	-	-	-
Unrestricted (deficit)	(37,558,463)	5,409,029	(32,149,434)	(108,048,391)	1,411,396	3,805
Total net position	\$ (2,508,495)	\$ 41,065,581	\$ 38,557,086	\$ 21,713,811	\$ 5,603,588	\$ 3,805

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

Functions/Programs	Net (Expense) Revenue and Changes in Net Position										
	Program Revenues				Primary Government			Component Units			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	School Board	Harrisonburg-Rockingham Social Services District	Economic Development Authority	
Primary Government:											
Governmental activities:											
General government administration	\$ 5,436,798	\$ 2,383	\$ 461,210	\$ -	\$ (4,973,205)	\$ -	\$ (4,973,205)	\$ -	\$ -	\$ -	
Judicial administration	3,883,941	1,119,539	2,271,957	-	(492,445)	-	(492,445)	-	-	-	
Public safety	36,779,233	6,483,239	6,784,253	-	(23,511,741)	-	(23,511,741)	-	-	-	
Public works	4,339,985	1,022,145	-	253,442	(3,064,398)	-	(3,064,398)	-	-	-	
Health and social services	5,761,798	2,428	200,944	-	(5,558,426)	-	(5,558,426)	-	-	-	
Education	55,511,622	-	-	-	(55,511,622)	-	(55,511,622)	-	-	-	
Parks, recreation and cultural	2,343,553	785,225	-	-	(1,558,328)	-	(1,558,328)	-	-	-	
Community development	3,903,620	508	100,000	-	(3,803,112)	-	(3,803,112)	-	-	-	
Interest	3,624,534	-	-	-	(3,624,534)	-	(3,624,534)	-	-	-	
Total governmental activities	121,585,084	9,415,467	9,818,364	253,442	(102,097,811)	-	(102,097,811)	-	-	-	
Business-type activities:											
Water and sewer	6,765,919	6,570,101	952,584	-	-	756,766	756,766	-	-	-	
Solid waste	4,574,428	5,488,882	-	-	-	914,454	914,454	-	-	-	
Total business-type activities	11,340,347	12,058,983	952,584	-	-	1,671,220	1,671,220	-	-	-	
Total primary government	\$ 132,925,431	\$ 21,474,450	\$ 10,770,948	\$ 253,442	(102,097,811)	1,671,220	(100,426,591)	-	-	-	
Component Units:											
Rockingham County School Board:											
Education:											
Instruction	\$ 106,353,926	\$ 3,403,922	\$ 69,582,525	\$ 83,333	-	-	-	(33,284,146)	-	-	
Administration, attendance and health	6,431,820	-	-	-	-	-	-	(6,431,820)	-	-	
Pupil transportation services	9,339,985	-	-	-	-	-	-	(9,339,985)	-	-	
Operation and maintenance services	11,417,995	-	-	-	-	-	-	(11,417,995)	-	-	
School food services	5,166,363	2,022,411	3,272,352	-	-	-	-	128,400	-	-	
Total school board	138,710,089	5,426,333	72,854,877	83,333	-	-	-	(60,345,546)	-	-	

Harrisonburg-Rockingham Social

Services District:

Social Services:

Public assistance	6,397,049	-	4,748,681	-	-	-	-	-	(1,648,368)	-
Comprehensive services	8,883,443	-	5,113,599	-	-	-	-	-	(3,769,844)	-
Administration:										
Welfare	7,515,831	-	6,069,231	-	-	-	-	-	(1,446,600)	-
VJCCA	83,474	-	102,030	-	-	-	-	-	18,556	-

Total social services district

	<u>22,879,797</u>	<u>-</u>	<u>16,033,541</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,846,256)</u>	<u>-</u>
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Economic Development Authority:

Economic development

	<u>881,658</u>	<u>7,000</u>	<u>-</u>	<u>871,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,096)</u>
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Total component units

	<u>\$ 162,471,544</u>	<u>\$ 5,433,333</u>	<u>\$ 88,888,418</u>	<u>\$ 954,895</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(60,345,546)</u>	<u>(6,846,256)</u>	<u>(3,096)</u>
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General Revenues:

Taxes:

General property taxes	77,182,964	-	77,182,964	-	-	-	-	-	-	-
Other local taxes:										
Local sales and use	6,105,799	-	6,105,799	-	-	-	-	-	-	-
Consumer utility	1,156,055	-	1,156,055	-	-	-	-	-	-	-
Motor vehicle licenses	1,227,518	-	1,227,518	-	-	-	-	-	-	-
Other	2,727,603	-	2,727,603	-	-	-	-	-	-	-
Grants and contributions not restricted to specific programs	-	-	-	-	55,511,622	7,722,610	7,500	-	-	-
Intergovernmental, non-categorical aid	8,984,272	26,640	9,010,912	75,166	-	-	-	-	-	-
Use of money and property	1,720,204	59,852	1,780,056	35,649	12,362	19	-	-	-	-
Miscellaneous	680,439	850,605	1,531,044	586,358	48,660	-	-	-	-	-

Total general revenues

	<u>99,784,854</u>	<u>937,097</u>	<u>100,721,951</u>	<u>56,208,795</u>	<u>7,783,632</u>	<u>7,519</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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Change in net position

	<u>(2,312,957)</u>	<u>2,608,317</u>	<u>295,360</u>	<u>(4,136,751)</u>	<u>937,376</u>	<u>4,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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Net position, beginning

	<u>(195,538)</u>	<u>38,457,264</u>	<u>38,261,726</u>	<u>25,850,562</u>	<u>4,666,212</u>	<u>(618)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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Net position, ending

	<u>\$ (2,508,495)</u>	<u>\$ 41,065,581</u>	<u>\$ 38,557,086</u>	<u>\$ 21,713,811</u>	<u>\$ 5,603,588</u>	<u>\$ 3,805</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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COUNTY OF ROCKINGHAM, VIRGINIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016**

	General	General Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 417,650	\$ -	\$ -	\$ 417,650
Investments	25,337,236	14,631,940	350,866	40,320,042
Receivables, net:				
Property taxes	3,540,906	-	-	3,540,906
Utility taxes	210,848	-	-	210,848
Trade and other accounts	1,076,469	44,209	-	1,120,678
Accrued interest	87,777	40,886	1,002	129,665
Due from other governments	3,113,344	150,229	-	3,263,573
Prepaid items	470,162	-	-	470,162
Inventory	38,298	-	-	38,298
Advance to other funds	204,176	-	-	204,176
Investment in Harrisonburg-Rockingham Social Services District	2,551,574	-	-	2,551,574
Total assets	\$ 37,048,440	\$ 14,867,264	\$ 351,868	\$ 52,267,572
LIABILITIES				
Accounts payable	\$ 595,385	\$ 25,645	\$ 2,083	\$ 623,113
Accrued payroll	896,087	-	640	896,727
Accrued liabilities	-	384,998	-	384,998
Unearned revenue	1,948,924	-	153,345	2,102,269
Total liabilities	3,440,396	410,643	156,068	4,007,107
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	3,277,112	-	-	3,277,112
Total deferred inflows of resources	3,277,112	-	-	3,277,112
FUND BALANCES				
Nonspendable:				
Prepaid items	470,162	-	-	470,162
Inventory	38,298	-	-	38,298
Advance to other funds	204,176	-	-	204,176
Restricted for:				
Harrisonburg-Rockingham Social Services District	2,551,574	-	-	2,551,574
Judicial administration	-	-	83,687	83,687
Public safety	-	-	112,113	112,113
Assigned to:				
Capital outlay	-	14,456,621	-	14,456,621
Unassigned:				
General fund	27,066,722	-	-	27,066,722
Total fund balances	30,330,932	14,456,621	195,800	44,983,353
Total liabilities, deferred inflows of resources and fund balances	\$ 37,048,440	\$ 14,867,264	\$ 351,868	\$ 52,267,572

COUNTY OF ROCKINGHAM, VIRGINIA

**RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2016**

	Governmental Funds
Total fund balances - total governmental funds	\$ 44,983,353
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	\$ 85,428,114
Less accumulated depreciation and amortization	<u>(36,441,063)</u>
Net capital assets	48,987,051
Unearned revenue represents amounts that were not available to fund current expenditures and, therefore, is not reported as revenue in the governmental funds.	3,277,112
Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Investment in Harrisonburg-Rockingham Social Services District	1,311,127
Deferred outflows of resources represent a consumption of net position that applies to a future period and, therefore, are not recognized as expenditures in the governmental funds.	2,392,181
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.	3,336,145
Long-term due from other government - pension	3,063,529
Long-term due from other government - other postemployment benefits	522,367
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	
General obligation bonds, including unamortized premiums	(70,472,680)
Capital leases	(14,132,883)
Note payable	(8,714,153)
Compensated absences	(760,239)
Arbitrage payable	(5,139)
Interest payable	(1,687,064)
Other postemployment benefits	(2,054,480)
Net pension liability	<u>(10,555,806)</u>
	(108,382,444)
Deferred inflows of resources represent an acquisition of net position that applies to a future period and, therefore, are not recognized as revenue in the governmental funds.	<u>(1,998,916)</u>
Net position of governmental activities	<u><u>\$ (2,508,495)</u></u>

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 Year Ended June 30, 2016

	General	General Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
General property taxes	\$ 77,123,724	\$ -	\$ -	\$ 77,123,724
Other local taxes	11,216,975	-	-	11,216,975
Permits, privilege fees and regulatory licenses	1,056,984	-	-	1,056,984
Fines and forfeitures	120,967	-	30,549	151,516
Use of money and property	1,670,228	40,478	954	1,711,660
Charges for services	3,643,395	-	-	3,643,395
Miscellaneous	614,274	62,486	3,679	680,439
Recovered costs	4,563,572	-	-	4,563,572
Intergovernmental	18,710,012	253,442	92,624	19,056,078
Total revenues	118,720,131	356,406	127,806	119,204,343
Expenditures:				
Current:				
General government administration	5,203,673	-	-	5,203,673
Judicial administration	3,772,657	-	54,677	3,827,334
Public safety	26,209,928	-	76,404	26,286,332
Public works	2,944,236	-	-	2,944,236
Health and social services	5,807,989	-	-	5,807,989
Education	54,948,442	563,180	-	55,511,622
Parks, recreation and cultural	2,214,981	-	36,634	2,251,615
Community development	3,090,881	-	-	3,090,881
Capital outlay	-	3,965,319	-	3,965,319
Debt service:				
Principal	7,762,776	-	-	7,762,776
Interest and fiscal charges	3,921,002	-	-	3,921,002
Total expenditures	115,876,565	4,528,499	167,715	120,572,779
Revenues over (under) expenditures	2,843,566	(4,172,093)	(39,909)	(1,368,436)
Other financing sources (uses):				
Transfers in	-	800,000	-	800,000
Transfers out	(800,000)	-	-	(800,000)
Other financing sources (uses), net	(800,000)	800,000	-	-
Net change in fund balances	2,043,566	(3,372,093)	(39,909)	(1,368,436)
Fund balance, beginning	28,287,366	17,828,714	235,709	46,351,789
Fund balance, ending	\$ 30,330,932	\$ 14,456,621	\$ 195,800	\$ 44,983,353

COUNTY OF ROCKINGHAM, VIRGINIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2016**

	Governmental Funds	
Net change in fund balances - total governmental funds	\$	(1,368,436)
Reconciliation of amounts reported for governmental activities in the Statement of Activities:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which depreciation and amortization exceeded capital outlays in the current period.		
Expenditures for capital assets	\$	2,724,796
Less depreciation and amortization expense		<u>(3,394,540)</u>
Excess of depreciation and amortization over capital outlays		(669,744)
The net effect of miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position.		(23,086)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Unearned revenue		59,240
Investment in Harrisonburg-Rockingham Social Services District		96,852
Due from other government - pension		267,261
Long-term due from other government - other postemployment benefits		<u>44,290</u>
		467,643
Deferred outflows of resources - pension contributions		2,392,181
The issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Issuance of note payable - Middle River Regional Jail Authority		(10,771,794)
Principal repayments:		
General obligation debt		7,762,776
Note payable - payment recorded in public safety		<u>980,462</u>
		8,743,238
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued interest		43,540
Compensated absences		(5,279)
Arbitrage		(204)
Other postemployment benefits		(187,011)
Amortization of premium		253,132
Pension expense		<u>(1,066,738)</u>
		(962,560)
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		6,424,735
Total expenses		<u>(6,545,134)</u>
		(120,399)
Change in net position of governmental activities	\$	<u><u>(2,312,957)</u></u>

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 Year Ended June 30, 2016

	General Fund			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
General property taxes	\$ 75,539,000	\$ 75,539,000	\$ 77,123,724	\$ 1,584,724
Other local taxes	10,216,300	10,216,300	11,216,975	1,000,675
Permits, privilege fees and regulatory licenses	1,082,275	1,082,275	1,056,984	(25,291)
Fines and forfeitures	101,500	101,500	120,967	19,467
Use of money and property	1,264,500	1,393,304	1,670,228	276,924
Charges for services	3,917,608	3,923,108	3,643,395	(279,713)
Miscellaneous	181,000	324,728	614,274	289,546
Recovered costs	4,349,340	4,364,365	4,563,572	199,207
Intergovernmental	18,496,128	19,168,298	18,710,012	(458,286)
Total revenues	115,147,651	116,112,878	118,720,131	2,607,253
Expenditures:				
Current:				
General government administration	5,100,189	5,170,665	5,203,673	33,008
Judicial administration	3,773,671	4,107,666	3,772,657	(335,009)
Public safety	25,878,961	26,478,518	26,209,928	(268,590)
Public works	3,035,568	3,251,844	2,944,236	(307,608)
Health and social services	5,773,948	6,239,302	5,807,989	(431,313)
Education	57,081,186	58,027,006	54,948,442	(3,078,564)
Parks, recreation and cultural	2,342,181	2,344,681	2,214,981	(129,700)
Community development	3,991,092	3,678,161	3,090,881	(587,280)
Debt service:				
Principal	7,775,277	7,775,277	7,762,776	(12,501)
Interest and fiscal charges	3,845,906	3,950,684	3,921,002	(29,682)
Total expenditures	118,597,979	121,023,804	115,876,565	(5,147,239)
Revenues over (under) expenditures	(3,450,328)	(4,910,926)	2,843,566	7,754,492
Other financing uses:				
Transfers out	-	(800,000)	(800,000)	-
Total other financing uses	-	(800,000)	(800,000)	-
Net change in fund balance	(3,450,328)	(5,710,926)	2,043,566	7,754,492
Fund balance, beginning	3,450,328	5,710,926	28,287,366	22,576,440
Fund balance, ending	\$ -	\$ -	\$ 30,330,932	\$ 30,330,932

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 June 30, 2016

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Other Proprietary Funds	Totals	
ASSETS						
Current Assets:						
Investments	\$ 9,077,747	\$ -	\$ 6,811,679	\$ 120,295	\$ 16,009,721	\$ 11,467,292
Trade and other accounts receivable	567,935	26,096	514,241	17,184	1,125,456	3,757
Accrued interest	24,786	-	19,112	331	44,229	30,418
Prepaid items	22,266	-	43,540	-	65,806	-
Inventory	131,219	-	-	-	131,219	5,514
Restricted cash	908,408	-	4,637,449	-	5,545,857	-
Total current assets	10,732,361	26,096	12,026,021	137,810	22,922,288	11,506,981
Noncurrent Assets:						
Capital assets:						
Land	262,198	-	2,166,225	20,600	2,449,023	-
Easements	206,525	-	-	20,631	227,156	-
Buildings	12,995	-	398,611	-	411,606	-
Improvements other than buildings	39,732,313	6,616,233	19,477,079	2,022,921	67,848,546	-
Machinery and equipment	1,116,227	361,546	3,956,567	34,362	5,468,702	-
Software	-	-	44,004	-	44,004	-
Construction in progress	1,986,911	-	3,268,018	-	5,254,929	-
Less accumulated depreciation and amortization	(13,689,351)	(1,965,675)	(15,140,981)	(413,946)	(31,209,953)	-
Total capital assets, net of accumulated depreciation and amortization	29,627,818	5,012,104	14,169,523	1,684,568	50,494,013	-
Total noncurrent assets	29,627,818	5,012,104	14,169,523	1,684,568	50,494,013	-
Total assets	40,360,179	5,038,200	26,195,544	1,822,378	73,416,301	11,506,981
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	549,286	-	-	-	549,286	-
Pension plan	72,782	-	77,355	-	150,137	-
Total deferred outflows of resources	622,068	-	77,355	-	699,423	-
LIABILITIES						
Current Liabilities:						
Accounts payable and deposits	371,909	14,724	907,804	2,441	1,296,878	613,223
Compensated absences	46,458	-	50,427	-	96,885	-
Accrued payroll	40,644	-	44,857	-	85,501	-
Accrued interest	116,650	19,177	31,857	9,216	176,900	-
Advance from other funds	-	96,722	-	107,454	204,176	-
Unearned revenue	-	-	-	-	-	2,139,404
Insurance and benefit claims	-	-	-	-	-	2,516,803
Revenue bonds	585,000	187,857	810,000	48,332	1,631,189	-
Total current liabilities	1,160,661	318,480	1,844,945	167,443	3,491,529	5,269,430
Noncurrent Liabilities:						
Compensated absences	36,264	-	46,819	-	83,083	-
Other postemployment benefits	105,425	-	136,387	-	241,812	-
Revenue bonds	11,253,247	1,623,568	5,250,195	625,119	18,752,129	-
Net pension liability	312,323	-	345,257	-	657,580	-
Landfill obligation	-	-	9,699,486	-	9,699,486	-
Total noncurrent liabilities	11,707,259	1,623,568	15,478,144	625,119	29,434,090	-
Total liabilities	12,867,920	1,942,048	17,323,089	792,562	32,925,619	5,269,430
DEFERRED INFLOWS OF RESOURCES						
Pension plan	59,144	-	65,380	-	124,524	-
NET POSITION						
Net investment in capital assets	17,789,571	3,200,679	8,109,328	1,011,117	30,110,695	-
Restricted	908,408	-	4,637,449	-	5,545,857	-
Unrestricted (deficit)	9,357,204	(104,527)	(3,862,347)	18,699	5,409,029	6,237,551
Total net position	\$ 28,055,183	\$ 3,096,152	\$ 8,884,430	\$ 1,029,816	\$ 41,065,581	\$ 6,237,551

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Other Proprietary Funds	Totals	
Operating revenues:						
Charges for services	\$ 6,172,155	\$ 282,879	\$ 5,488,882	\$ 74,626	\$ 12,018,542	\$ 25,562,593
Sale of processed gas	-	-	561,182	-	561,182	-
Connection fees	36,841	3,600	-	-	40,441	-
Intergovernmental	1,962	-	24,678	-	26,640	-
Other revenue	140,901	150	134,936	13,436	289,423	-
Total operating revenues	6,351,859	286,629	6,209,678	88,062	12,936,228	25,562,593
Operating expenses:						
Personal services	877,440	-	1,033,861	-	1,911,301	-
Fringe benefits	309,494	-	383,236	-	692,730	-
Contractual services	306,730	72,872	754,428	12,189	1,146,219	2,567,475
Regional Sewer Authority assessment:						
Operations and maintenance	939,447	-	-	-	939,447	-
Debt service	1,558,926	-	-	-	1,558,926	-
Risk financing and benefit payments	-	-	-	-	-	23,474,862
Internal services	73,856	-	44,345	-	118,201	-
Electrical services	367,889	12,018	61,509	-	441,416	-
Repairs and maintenance	-	-	368,719	-	368,719	-
Landfill closure	-	-	542,661	-	542,661	-
Other charges	548,631	118,507	299,150	17,545	983,833	34,550
Depreciation and amortization	884,940	145,489	980,707	43,186	2,054,322	-
Total operating expenses	5,867,353	348,886	4,468,616	72,920	10,757,775	26,076,887
Operating income (loss)	484,506	(62,257)	1,741,062	15,142	2,178,453	(514,294)
Nonoperating revenues (expenses):						
Connection availability fees	884,184	68,400	-	-	952,584	-
Interest revenue	34,328	-	23,130	2,394	59,852	34,177
Interest expense	(402,245)	(52,601)	(105,812)	(21,914)	(582,572)	-
Total nonoperating revenues (expenses), net	516,267	15,799	(82,682)	(19,520)	429,864	34,177
Change in net position	1,000,773	(46,458)	1,658,380	(4,378)	2,608,317	(480,117)
Total net position, beginning	27,054,410	3,142,610	7,226,050	1,034,194	38,457,264	6,717,668
Total net position, ending	\$ 28,055,183	\$ 3,096,152	\$ 8,884,430	\$ 1,029,816	\$ 41,065,581	\$ 6,237,551

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2016**

	Business-type Activities - Enterprise Funds					Governmental Activity - Internal Service Funds
	Smith Creek				Totals	
	Water and Sewer	Water & Waste Authority	Solid Waste	Other Proprietary Funds		
Cash Flows From Operating Activities:						
Receipts from interfund services provided	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,831,683
Receipts from customers	6,244,855	296,070	5,534,469	75,628	12,151,022	-
Claims and benefits paid	-	-	-	-	-	(21,883,205)
Payments to suppliers for goods and services	(3,758,374)	(211,814)	(1,437,152)	(30,281)	(5,437,621)	(2,013,235)
Payments to employees for services	(1,203,956)	-	(1,450,387)	-	(2,654,343)	-
Internal activity - payments to other funds	(73,856)	-	(44,345)	-	(118,201)	-
Other receipts, net	142,863	150	720,796	13,436	877,245	-
Net cash provided by operating activities	1,351,532	84,406	3,323,381	58,783	4,818,102	1,935,243
Cash Flows From Capital and Related Financing Activities:						
Advance from other funds	-	84,257	-	1,161	85,418	-
Connection availability fees	884,184	68,400	-	-	952,584	-
Proceeds from issuance of bond	-	-	4,000,000	-	4,000,000	-
Premium on issuance of bond	-	-	688,323	-	688,323	-
Proceeds from issuance of refunding bonds	9,630,000	-	-	-	9,630,000	-
Premium on issuance of refunding bonds	1,236,254	-	-	-	1,236,254	-
Payment to refunded bonds escrow agent	(6,245,000)	-	-	-	(6,245,000)	-
Principal paid on bonds	(540,000)	(182,562)	(595,000)	(46,950)	(1,364,512)	-
Interest paid and fiscal charges on outstanding debt	(565,731)	(54,501)	(138,860)	(22,614)	(781,706)	-
Deferred charge on refunding	(594,715)	-	-	-	(594,715)	-
Acquisition and construction of capital assets	(3,257,123)	-	(2,260,039)	-	(5,517,162)	-
Net cash provided by (used in) capital and related financing activities	547,869	(84,406)	1,694,424	(68,403)	2,089,484	-
Cash Flows From Investing Activities:						
(Purchases) proceeds on sale of investments, net	(1,017,538)	-	(399,584)	7,286	(1,409,836)	(1,960,086)
Interest received on investment securities	26,545	-	19,228	2,334	48,107	24,843
Net cash provided by (used in) investing activities	(990,993)	-	(380,356)	9,620	(1,361,729)	(1,935,243)
Net change in cash and cash equivalents	908,408	-	4,637,449	-	5,545,857	-
Cash and Cash Equivalents:						
Beginning	-	-	-	-	-	-
Ending	\$ 908,408	\$ -	\$ 4,637,449	\$ -	\$ 5,545,857	\$ -

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2016**

	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)	\$ 484,506	\$ (62,257)	\$ 1,741,062	\$ 15,142	\$ 2,178,453	\$ (514,294)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization	884,940	145,489	980,707	43,186	2,054,322	-
Pension expense	(39,927)	-	(64,976)	-	(104,903)	-
Change in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable	35,859	9,591	45,587	1,002	92,039	74,672
Prepaid items	(2,719)	-	(1,798)	-	(4,517)	825,854
Inventory	10,452	-	-	-	10,452	679
Increase (decrease) in:						
Accounts payable and deposits	(44,484)	(8,417)	48,452	(547)	(4,996)	588,111
Accrued liabilities	27,493	-	33,657	-	61,150	-
Unearned revenue	-	-	-	-	-	194,418
Insurance and benefit claims	-	-	-	-	-	765,803
Deferred outflows	(4,588)	-	(1,971)	-	(6,559)	-
Landfill obligation	-	-	542,661	-	542,661	-
Net cash provided by operating activities	\$ 1,351,532	\$ 84,406	\$ 3,323,381	\$ 58,783	\$ 4,818,102	\$ 1,935,243

Schedule of Noncash Capital and Related Financing Activities:

Capital assets acquired through incurrence of accounts payable	\$ 133,892	\$ -	\$ 702,058	\$ -	\$ 835,950	\$ -
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COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2016

	Agency Funds
<hr/>	
ASSETS	
Cash, cash equivalents and temporary cash investments	\$ 1,806,469
Accounts receivable	<u>203,865</u>
Total assets	<u>2,010,334</u>
LIABILITIES	
Accounts payable	<u>2,010,334</u>
Total liabilities	<u><u>\$ 2,010,334</u></u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies

The financial statements of the County of Rockingham, Virginia (County), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As required by GAAP, these financial statements present the activities of the County and its component units.

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

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

Note 1. Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Discretely Presented Component Units: (Continued)

1) School Board (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	Massanutten Technical Center
Rockingham County School Board	325 Pleasant Valley Road
100 Mt. Clinton Pike	Harrisonburg, Virginia 22801
Harrisonburg, Virginia 22802	

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 the District is fiscally dependent on the County and has a financial benefit or burden relationship with the County. 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 – Children's 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.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Discretely Presented Component Units: (Continued)

3) Economic Development Authority

The Economic Development Authority of Rockingham County, Virginia (Authority), formerly the Industrial Development Authority, was created as a governmental subdivision of the Commonwealth of Virginia by ordinance of the Board of Supervisors of the County of Rockingham, Virginia on December 11, 1972, pursuant to the provisions of the Economic Development and Revenue Bond Act, Title 15.2, Chapter 49, Sections 15.2-4900 et. seq. (formerly Title 15.1, Chapter 33, Sections 15.1-1373, et. seq.) of the *Code of Virginia* of 1950, as amended. The Authority is governed by seven directors appointed by the Board of Supervisors of the County of Rockingham, Virginia. The Authority is empowered, among other things, to acquire, own, lease, and dispose of any of its facilities and to make loans or grants in furtherance of its purposes as set forth by law, including to promote industry and develop trade by indicating manufacturing, economic, governmental, nonprofit and commercial enterprises and institutions of higher education to locate in or remain in the Commonwealth of Virginia and further the use of its agricultural products and natural resources.

The Authority is specifically authorized to issue revenue bonds for any of its purposes, including the payment of the cost of its facilities and the payment or retirement of bonds previously issued by the Authority. All bonds issued by the Authority are payable solely from the revenues and receipts derived from the leasing or sale by the Authority of its facilities or any part thereof, or from the payments received by the Authority in connection with its loans. In addition, depending upon the financing structure, the bonds of the Authority may be further secured by a deed of trust or other collateral documents. No bonds of the Authority shall be deemed to constitute a debt or pledge of the faith or credit of the Commonwealth of Virginia or any political subdivision thereof, including the County.

The Authority is reported as a discretely presented component unit because the voting majority of the Authority's governing body is appointed by the Board of Supervisors and there is a benefit and burden relationship. The Authority is fiscally dependent on the County. The Authority does not issue separate financial statements but is included in the County's financial statements for fiscal year ended June 30, 2016 as a discretely presented component unit.

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

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.

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items.

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

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

The County reports the following major governmental funds:

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

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

The County reports the following major enterprise funds:

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

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

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, Bond Escrow, Massanutten Technical Center, Emergency Medical Services, Soil and Water Conservation, and Laird L. Conrad Law Library.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

D. Budgetary Data

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

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, 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 (level 1 inputs) 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.

2. Property Taxes

Property taxes are levied as of January 1 with real estate values reassessed every four years and personal property values assessed annually. The last general real property reassessment was effective January 1, 2014. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are due and collectible twice a year, by June 5 and December 5 in the same year as levied. Personal property taxes are due and collectible annually by December 5 in the same year as levied. That portion of the taxes receivable which is not collected within 45 days after June 30 is shown as deferred revenue. A penalty of 10% of the tax is assessed after the applicable payment date. Interest is charged to all unpaid accounts beginning July 1 and January 1, as applicable, at an annual rate of 10%.

3. Prepaid Items

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

4. Inventory

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

5. Restricted Cash

A portion of the Water and Sewer and Solid Waste Funds' cash balances are restricted in accordance with bond agreements.

6. Capital Assets

Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and are accounted for at cost. Assets acquired by gift are accounted for at the asset's acquisition 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 of 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 and discretely presented component units, the School Board and the District, have three items that qualify for reporting in this category. The first item is a deferred charge on refunding resulting from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunded or refunding debt. The two additional items are the employer's fiscal year 2016 Virginia Retirement System contributions plus the changes in proportion and differences between employer contributions and are reported in the government-wide Statement of Net Position for the County, School Board, and District, the Water and Sewer Fund and Solid Waste Fund.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

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. Four types of items qualify for reporting in this category. Accordingly, one item, unavailable revenue, which arises under the modified accrual basis of accounting, 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 that the amounts become available. The three additional items, the net difference between projected and actual earnings on the Virginia Retirement System's plan investments plus the difference between expected and actual experience plus the changes in proportion and differences between employer contributions and proportionate share of contributions, are reported in the government-wide Statement of Net Position for the County, School Board, and District, the Water and Sewer Fund and Solid Waste Fund.

8. Compensated Absences

Legacy employees, hired before January 1, 2014, 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.

Employees hired on or after January 1, 2014, accumulate paid time off (PTO) for subsequent use or for payment upon termination, death or retirement based on full-time status. In the primary government and the discretely presented component unit, the District, an employee may carry forward to a new calendar year PTO leave balance of no more than the applicable maximum annual hours per year.

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. The County receives payment from the State Compensation Board for certain employees. For those employees, compensated absences balances are not accrued by the County, as the County's policy is to not pay for those employees' compensated absences balances.

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.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

8. Compensated Absences (Continued)

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

Compensated absences 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.

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.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

10. Net Position Deficit (Continued)

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

The County concluded, 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.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

11. Fund Equity (Continued)

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

The Board of Supervisors, as the highest level of authority within the County, establishes the commitment of fund balance to purposes through the approval of the annual budget plan by resolution, in conjunction with the resolutions associated with the establishment of fee and tax rates, and acceptance or appropriation of funds. All subsequent changes to the budget plan to add, reduce, or redirect resources to other purposes are also accomplished by Board resolution. As a result, all unrestricted amounts directed toward a purpose are shown as committed. Balances shown as assigned in the General Fund represent encumbrances which would otherwise be unassigned.

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

F. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County of Rockingham and its component units, the Harrisonburg-Rockingham Social Services District and the Rockingham County School Board, retirement plans and the additions to/deductions from the County, the Harrisonburg-Rockingham Social Services District, and the Rockingham County School Board's retirement plans net fiduciary positions have been determined on the same basis as they were reported by the VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

G. Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

H. Subsequent Events

The County has evaluated subsequent events through November 28, 2016, the date on which the financial statements were available to be issued.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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 Act. At year end, none of the County's deposits were exposed to custodial credit risk.

Investments. The State Treasurer's Local Government Investment Pool (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 of the Code of Virginia, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The fair value of the position of the LGIP is the same as the value of the pool shares, i.e., the LGIP maintains a stable net asset value of \$1 per share. The maturity of the LGIP is less than one year.

Investment Policy:

State statutes authorize local governments and other public bodies to invest in obligations of the United States or its agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, bankers' acceptances, repurchase agreements, and the 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, 2016, the County's investment policy establishes the maximum percentages of the portfolio permitted in each of the following instruments:

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Credit Risk:

As of June 30, 2016, 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, 2016, 25% was invested in “AA+” U. S. Agency Securities, 11% was invested in “AAA, AA, A+, and A-” Corporate obligations, and 64% was invested in “AAAm” rated Short-Term Investment Funds (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, 2016, 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	64%
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	
		Less Than 1 Year	1 - 5 Years
U.S. Agencies	\$ 21,136,108	\$ 12,482	\$ 21,123,626
STIF and money market	54,409,306	54,409,306	-
Corporate obligations	8,128,185	2,496,229	5,631,956
	<u>\$ 83,673,599</u>		

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.

The County categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The County has the following recurring fair value measurements as of June 30, 2016:

- U.S. Treasury securities of \$14,996,553 are valued using quoted market prices (Level 1 inputs).
- Federal agency notes and bonds of \$6,139,555 are valued using quoted market prices (Level 1 inputs).
- Money market funds of \$54,409,306 are valued using quoted market prices (Level 1 inputs).
- Corporate notes and bonds of \$8,128,185 are valued using quoted market prices (Level 1 inputs).

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 3. Receivables and Unearned Revenues

Receivables at June 30, 2016 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	\$ 4,340,906	\$ -	\$ -	\$ -
Utility taxes	210,848	-	-	-
Trade and other accounts	1,076,469	44,209	601,635	35,496
Gross receivables	5,628,223	44,209	601,635	35,496
Less allowance for uncollectable accounts	800,000	-	33,700	9,400
Net receivables	\$ 4,828,223	\$ 44,209	\$ 567,935	\$ 26,096

	Solid Waste Fund	Nonmajor Proprietary Funds	Internal Service Funds	Totals
Property taxes	\$ -	\$ -	\$ -	\$ 4,340,906
Utility taxes	-	-	-	210,848
Trade and other accounts	535,241	21,384	3,757	2,318,191
Gross receivables	535,241	21,384	3,757	6,869,945
Less allowance for uncollectable accounts	21,000	4,200	-	868,300
Net receivables	\$ 514,241	\$ 17,184	\$ 3,757	\$ 6,001,645

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 3. Receivables and Unearned Revenues (Continued)

Primary Government (Continued)

The County determines its allowance for uncollectible accounts using historical collection data and specific account analysis. The total allowance for uncollectible accounts amounted to \$868,300 as of June 30, 2016.

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:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (General Fund)	\$ 3,277,112	\$ -
Advance collection of 2016-2017 taxes (General Fund)	-	927,971
Personal Property Tax Relief Act – state reimbursement (General Fund)	-	1,020,953
Equitable Sharing Program (Asset Forfeiture Fund)	-	153,345
	<u>\$ 3,277,112</u>	<u>\$ 2,102,269</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Due From Other Governments

Amounts due from other governments include the following:

Primary Government:

Governmental Funds:

General Fund:

Commonwealth of Virginia:

Local sales and use taxes \$ 1,045,533

Communications sales and use taxes 251,798

Categorical aid:

Shared costs:

Commissioner of the Revenue 16,675

Commonwealth Attorney 75,877

Sheriff 503,259

Clerk of Circuit Court 49,098

Treasurer 15,623

Other 33,119

Federal government:

Boarding and care of prisoners 11,592

Categorical aid:

Homeland Security Program 45,469

Ground transportation 11,043

Emergency Management Performance 19,022

Bureau of Justice Assistance 26,440

Other 2,094

City of Harrisonburg 1,006,702

Total General Fund 3,113,344

General Capital Projects Fund:

Commonwealth of Virginia:

Revenue sharing 150,229

Total General Capital Projects Fund 150,229

Total Governmental Funds 3,263,573

Government-wide:

Governmental Activities:

City of Harrisonburg – pension plan 3,063,529

City of Harrisonburg – other postemployment benefits 522,367

Total Governmental Activities 3,585,896

Total Primary Government \$ 6,849,469

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Due From Other Governments (Continued)

Component Unit - School Board:

Governmental Funds:

School Operating Fund:

Commonwealth of Virginia:

State sales tax receipts \$ 2,360,098

Other 217,995

Federal government:

Education grants 1,050,484

Total School Operating Fund 3,628,577

School Cafeteria Fund:

Federal government:

School food program 99,765

Total School Cafeteria Fund 99,765

Massanutten Technical Center:

Commonwealth of Virginia:

Education grants 10,523

Federal government:

Education grants 80,486

Total Massanutten Technical Center 91,009

Government-wide:

Governmental Activities:

City of Harrisonburg – pension plan 1,976,114

City of Harrisonburg – other postemployment benefits 61,583

Total Governmental Activities 2,037,697

Total Component Unit – School Board \$ 5,857,048

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Due From Other Governments (Continued)

Component Unit - Harrisonburg-Rockingham Social Services District:

Governmental Funds:

Operating Fund:

Commonwealth of Virginia:

Public assistance and administration \$ 454,127

Federal government:

Public assistance and administration 563,298

Total Operating Fund 1,017,425

Special Revenue – Children's Services Act Fund:

Commonwealth of Virginia:

Children's Services Act 941,832

Total Special Revenue Fund 941,832

**Total Component Unit – Harrisonburg-Rockingham
Social Services District – Governmental Funds** 1,959,257

Government-wide:

Governmental Activities:

City of Harrisonburg – pension plan 937,875

City of Harrisonburg – other postemployment benefits 277,732

Total Governmental Activities 1,215,607

**Total Component Unit – Harrisonburg-Rockingham
Social Services District** \$ 3,174,864

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2016 is as follows:

Primary Government:

	Beginning Balance	Increases	(Deletions)/ Reclassifications/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated or amortized:				
Land	\$ 3,225,766	\$ -	\$ -	\$ 3,225,766
Construction in progress	578,860	1,392,624	-	1,971,484
Total capital assets, not being depreciated or amortized	3,804,626	1,392,624	-	5,197,250
Capital assets, being depreciated or amortized:				
Buildings and improvements	48,508,579	-	-	48,508,579
Improvements other than buildings	11,141,769	411,145	(12,170)	11,540,744
Machinery and equipment	18,012,529	921,027	(363,544)	18,570,012
Software	1,611,529	-	-	1,611,529
Total capital assets being depreciated or amortized	79,274,406	1,332,172	(375,714)	80,230,864
Less accumulated depreciation and amortization for:				
Buildings and improvements	(19,785,742)	(1,595,229)	-	(21,380,971)
Improvements other than buildings	(4,046,020)	(503,115)	9,736	(4,539,399)
Machinery and equipment	(8,167,082)	(1,184,584)	342,892	(9,008,774)
Software	(1,400,307)	(111,612)	-	(1,511,919)
Total accumulated depreciation and amortization	(33,399,151)	(3,394,540)	352,628	(36,441,063)
Total capital assets being depreciated or amortized, net	45,875,255	(2,062,368)	(23,086)	43,789,801
Governmental activities capital assets, net	\$ 49,679,881	\$ (669,744)	\$ (23,086)	\$ 48,987,051

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

Governmental activities:	
General government administration	\$ 573,990
Judicial administration	307,833
Public safety	1,436,135
Public works	104,457
Health and social services	50,603
Parks, recreation and cultural	82,782
Community development	838,740
Total depreciation and amortization expense - governmental activities	\$ 3,394,540

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

	Beginning Balance	Increases	(Deletions)/ Reclassifications/ Transfers	Ending Balance
Business-type activities:				
Capital assets, not being depreciated or amortized:				
Land	\$ 2,449,023	\$ -	\$ -	\$ 2,449,023
Easements	197,842	29,314	-	227,156
Construction in progress	3,260,586	5,898,477	(3,904,134)	5,254,929
Total capital assets, not being depreciated or amortized	5,907,451	5,927,791	(3,904,134)	7,931,108
Capital assets, being depreciated or amortized:				
Buildings	420,506	-	(8,900)	411,606
Improvements other than buildings	63,799,244	145,168	3,904,134	67,848,546
Machinery and equipment	5,196,771	280,153	(8,222)	5,468,702
Software	44,004	-	-	44,004
Total capital assets being depreciated or amortized	69,460,525	425,321	3,887,012	73,772,858
Less accumulated depreciation and amortization for:				
Buildings	(173,207)	(25,006)	8,900	(189,313)
Improvements other than buildings	(25,812,334)	(1,586,064)	-	(27,398,398)
Machinery and equipment	(3,179,878)	(428,584)	8,222	(3,600,240)
Software	(7,334)	(14,668)	-	(22,002)
Total accumulated depreciation and amortization	(29,172,753)	(2,054,322)	17,122	(31,209,953)
Total capital assets being depreciated and amortized, net	40,287,772	(1,629,001)	3,904,134	42,562,905
Business-type activities capital assets, net	\$ 46,195,223	\$ 4,298,790	\$ -	\$ 50,494,013

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

Business-type activities:	
Water and Sewer	\$ 884,940
Solid Waste	980,707
Smith Creek Water & Waste Authority	145,489
Lilly Subdivision Sanitary District	11,777
Countryside Sanitary District	6,121
Penn Laird Sewer Authority	25,288
Total depreciation and amortization expense - business-type activities	\$ 2,054,322

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

Component Unit – School Board:

	Beginning Balance	Increases	(Deletions)/ Reclassifications/ Transfers	Ending Balance
Capital assets, not being depreciated or amortized:				
Land	\$ 5,469,535	\$ -	\$ -	\$ 5,469,535
Easements	36,654	-	-	36,654
Construction in progress	11,913	275,805	(44,652)	243,066
Total capital assets, not being depreciated or amortized	5,518,102	275,805	(44,652)	5,749,255
Capital assets, being depreciated or amortized:				
Buildings	176,685,780	-	-	176,685,780
Improvements other than buildings	51,441,364	1,137,768	44,652	52,623,784
Machinery and equipment	37,437,627	1,937,597	(43,436)	39,331,788
Software	49,407	-	-	49,407
Total capital assets being depreciated or amortized	265,614,178	3,075,365	1,216	268,690,759
Less accumulated depreciation and amortization for:				
Buildings	(86,071,862)	(5,185,874)	-	(91,257,736)
Improvements other than buildings	(19,865,181)	(2,031,867)	-	(21,897,048)
Machinery and equipment	(29,856,510)	(1,660,547)	43,436	(31,473,621)
Software	(49,407)	-	-	(49,407)
Total accumulated depreciation and amortization	(135,842,960)	(8,878,288)	43,436	(144,677,812)
Total capital assets being depreciated and amortized, net	129,771,218	(5,802,923)	44,652	124,012,947
School Board capital assets, net	\$ 135,289,320	\$ (5,527,118)	\$ -	\$ 129,762,202

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

Component Unit - School Board:

Instruction	\$ 6,974,805
Administration, attendance and health	7,524
Pupil transportation services	927,056
Operation and maintenance services	968,903
Total depreciation and amortization expense - Component Unit - School Board	\$ 8,878,288

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/ Transfers	Ending Balance
Capital assets, not being depreciated or amortized:				
Construction in progress	\$ 10,430	\$ 10,429	\$ (20,859)	\$ -
Total capital assets, not being depreciated or amortized	10,430	10,429	(20,859)	-
Capital assets, being depreciated or amortized:				
Buildings	703,015	-	-	703,015
Improvements other than buildings	1,908,330	-	20,859	1,929,189
Machinery and equipment	573,010	20,753	(11,488)	582,275
Total capital assets being depreciated or amortized	3,184,355	20,753	9,371	3,214,479
Less accumulated depreciation and amortization for:				
Buildings	(52,726)	(35,151)	-	(87,877)
Improvements other than buildings	(51,667)	(102,266)	-	(153,933)
Machinery and equipment	(515,672)	(17,180)	11,488	(521,364)
Total accumulated depreciation and amortization	(620,065)	(154,597)	11,488	(763,174)
Total capital assets being depreciated and amortized, net	2,564,290	(133,844)	20,859	2,451,305
Harrisonburg-Rockingham Social Services District capital assets, net	\$ 2,574,720	\$ (123,415)	\$ -	\$ 2,451,305

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

Component Unit - Harrisonburg-Rockingham Social Services District:	
Administration - Welfare	\$ 154,597
Total depreciation and amortization expense - Component Unit - Harrisonburg-Rockingham Social Services District	\$ 154,597

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Commitments

The County has active projects and significant commitments as of June 30, 2016 as follows:

Primary Government:

Governmental Activities

<u>Project</u>	<u>Expended to June 30, 2016</u>	<u>Remaining Commitment</u>
Reservoir Street expansion	\$ 320,000	\$ 2,080,000
East Rockingham Emergency Response Station	25,000	675,000
Massanetta Springs Road	-	1,100,000
Computer financial software conversion - phase 2	23,235	812,865
Albert Long Park Project	1,226,444	6,764,836
	<u>\$ 1,594,679</u>	<u>\$ 11,432,701</u>

Business-type Activities

<u>Project</u>	<u>Expended to June 30, 2016</u>	<u>Remaining Commitment</u>
Landfill phase five expansion	\$ -	\$ 1,000,000
Landfill entrance	72,436	7,121,247
Albert Long Park (Roadway - General Fund)	-	250,000
Pleasant Valley water project	1,793,576	147,348
Route 33 waterline extension	1,193,881	504,019
	<u>\$ 3,059,893</u>	<u>\$ 9,022,614</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, 2016:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and notes payable:					
General obligation bonds	\$ 73,390,915	\$ -	\$ (5,805,656)	\$ 67,585,259	\$ 5,958,636
Capital leases	16,090,003	-	(1,957,120)	14,132,883	1,850,430
Note payable	-	10,771,794	(2,057,641)	8,714,153	887,201
Unamortized premiums	3,140,553	-	(253,132)	2,887,421	-
	92,621,471	10,771,794	(10,073,549)	93,319,716	8,696,267
Compensated absences	754,960	193,494	(188,215)	760,239	506,022
Governmental activities long-term activities	\$ 93,376,431	\$ 10,965,288	\$ (10,261,764)	\$ 94,079,955	\$ 9,202,289

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

Year(s) Ending June 30,	General Obligation Bonds		Capital Leases	
	Principal	Interest	Principal	Interest
2017	\$ 5,958,636	\$ 3,183,329	\$ 1,850,430	\$ 370,371
2018	5,105,034	2,900,476	1,870,938	315,180
2019	5,266,477	2,636,694	1,897,218	259,119
2020	5,425,890	2,370,235	1,919,297	202,160
2021	5,060,678	2,113,721	1,315,000	156,186
2022-2026	26,026,802	6,760,544	5,280,000	278,213
2027-2030	14,741,742	1,155,340	-	-
	\$ 67,585,259	\$ 21,120,339	\$ 14,132,883	\$ 1,581,229

Year(s) Ending June 30,	Note Payable	
	Principal	Interest
2017	\$ 887,201	\$ 189,097
2018	906,453	169,845
2019	926,124	150,175
2020	946,220	130,078
2021	966,753	109,545
2022-2025	4,081,402	223,792
	\$ 8,714,153	\$ 972,532

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Obligations (Continued)

\$11,200,000 1996A series, issued May 1996, due in final installment of \$560,000 in July 2016, plus interest at 5.80%	\$ 560,000
\$7,471,945 1996B series, issued November 1996, due in final installment of \$445,122 in July 2016, plus interest at 5.23%	445,122
\$8,421,223 1999A series, issued November 1999, due in annual maturities of \$473,794 to \$517,103 through July 2019, plus interest at 6.10%	1,980,033
\$4,190,343 2000 series, issued November 2000, due in annual maturities of \$228,913 to \$247,440 through July 2020, plus interest at 5.10%	1,189,701
\$5,077,993 2003 series, issued November 2003, due in annual maturities of \$261,295 to \$297,277 through July 2023, plus interest at 4.60% to 5.35%	2,229,124
\$9,404,190 2005 series, issued November 2005, due in annual maturities of \$467,533 to \$545,699 through July 2025, plus interest at 4.60% to 5.10%	5,055,859
\$13,147,200 2006 series, issued November 2006, due in annual maturities of \$657,658 to \$744,134 through July 15, 2026, plus interest at 4.23% to 5.10%	7,671,016
\$10,610,000 2007 series, issued May 2007, due in annual maturities of \$475,000 to \$810,000 through July 15, 2027, plus interest at 4.10% to 5.10%	7,565,000
\$6,364,713 2007 series, issued November 2007, due in annual maturities of \$308,371 to \$371,160 through July 2027, plus interest at 4.35% to 5.10%	4,047,188
\$11,630,000 2008 series, issued May 2008, due in annual maturities of \$490,000 to \$900,000 through July 2028, plus interest at 4.60% to 5.10%	8,810,000
\$12,701,410 2008 series, issued December 2008, due in annual maturities of \$595,950 to \$742,320 through July 2028, plus interest at 5.10% to 5.35%	8,607,216
\$24,560,000 2009 series, issued May 2009, due in annual maturities of \$995,000 to \$1,855,000 through July 2029, plus interest at 3.05% to 5.05%	<u>19,425,000</u>
Total General Obligation Bonds	<u><u>\$ 67,585,259</u></u>

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Obligations (Continued)

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

Capital Leases:

Emergency Communications Center:

\$7,150,000 lease purchase contract due in annual installments ranging from \$545,430 to \$609,297 through December 2019, plus interest payable semi-annually at 3.76% \$ 2,307,883

SRI Project - tax exempt:

\$7,875,000 lease purchase contract due in annual installments ranging from \$785,000 to \$795,000 through October 2024, plus interest payable semi-annually at 2.15% 7,095,000

SRI Project - taxable:

\$5,250,000 lease purchase contract due in annual installments ranging from \$520,000 to \$530,000 through October 2024, plus interest payable semi-annually at 3.35% 4,730,000

Total Capital Leases \$ 14,132,883

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 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	
	Emergency Communications Center	SRI
Capital assets:		
Buildings	\$ -	\$ 18,249,809
Machinery and equipment	9,449,729	-
Less: accumulated depreciation	<u>(2,682,123)</u>	<u>(3,808,792)</u>
	<u>\$ 6,767,606</u>	<u>\$ 14,441,017</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Obligations (Continued)

Note Payable:

Augusta County, Virginia

\$10,771,794 to become a member jurisdiction of the Middle River Regional Jail Authority, due in annual installments ranging from \$887,201 to \$1,053,439 through December 2024, plus interest payable at 2.17%

\$ 8,714,153

Total Note Payable

\$ 8,714,153

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	\$ 12,359,388	\$ 13,630,000	\$ (7,609,512)	\$ 18,379,876	\$ 1,631,189
Landfill obligation	9,156,825	542,661	-	9,699,486	-
Compensated absences	160,137	43,582	(23,751)	179,968	96,885
Unamortized premiums	353,266	1,924,577	(274,401)	2,003,442	-
Business-type activities long-term liabilities	<u>\$ 22,029,616</u>	<u>\$ 16,140,820</u>	<u>\$ (7,907,664)</u>	<u>\$ 30,262,772</u>	<u>\$ 1,728,074</u>

Annual requirements to amortize the revenue bonds are as follows:

Year(s) Ending June 30,	Revenue Bonds	
	Principal	Interest
2017	\$ 1,631,189	\$ 736,708
2018	1,278,062	687,237
2019	1,310,135	633,151
2020	1,352,415	573,842
2021	1,169,907	522,825
2022-2026	5,716,471	1,853,301
2027-2031	3,761,697	716,151
2032-2036	2,160,000	208,919
	<u>\$ 18,379,876</u>	<u>\$ 5,932,134</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Obligations (Continued)

Water and Sewer Fund

Infrastructure Revenue Bonds (Virginia Pooled Financing Program): \$1,580,000 issued June 2004, due in annual installments of \$145,000 to \$155,000 through October 2017, plus interest payable semi-annually ranging from 4.10% to 4.79%	\$ 300,000
Infrastructure Revenue Bonds (Virginia Pooled Financing Program): \$3,065,000 issued June 2007, due in annual installments of \$265,000 to \$290,000 through October 2018, plus interest payable semi-annually ranging from 4.68% to 4.73%	830,000
Infrastructure Revenue and Refunding Bonds (Virginia Pooled Financing Program): \$9,630,000 issued August 2015, due in annual installments of \$175,000 to \$805,000 through October 2035, plus interest payable semi-annually ranging from 3.13% to 5.13%	9,480,000

Solid Waste Fund

Infrastructure Revenue Bonds (Virginia Pooled Financing Program): \$3,015,000 issued June 2007, due in final installment of \$385,000 in October 2016, plus interest payable semi-annually at 4.8%	385,000
Infrastructure Revenue Bonds (Virginia Pooled Financing Program): \$2,280,000 issued June 2009, due in annual installments of \$225,000 through October 2019, plus interest payable semi-annually at 5.13%	900,000
Infrastructure Revenue Bond (Virginia Pooled Financing Program): \$4,000,000 issued May 2016, due in annual installments of \$200,000 through October 2035, plus interest payable semi-annually ranging from 3.80% to 5.13%	4,000,000

Smith Creek Water & Waste Authority

Virginia Revolving Loan Fund: \$2,078,500 issued November 2001, due in semi-annual installments of \$58,327 to \$69,737 through September 2022, including interest at 3.0%	830,388
Wastewater System Revenue Refunding Bond, Series 2012: \$1,250,936 issued in April 2012, due in annual installments of \$70,329 to \$94,236 through August 2027, including interest at 2.66%	981,037

Countryside Sanitary District

Virginia Revolving Loan Fund: \$171,288 issued June 2006, due in semi-annual installments of \$4,243 to \$5,763 through April 2026, including interest at 3.25%	99,331
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COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Obligations (Continued)

Lilly Subdivision Sanitary District

Infrastructure Revenue Bonds (Virginia Pooled Financing Program):

\$456,490 issued April 2008, due in semi-annual installments of \$9,409 to \$13,531 through August 2028, including interest at 3.05% \$ 283,769

Penn Laird Sewer Authority

Wastewater System Revenue Refunding Bond Series 2012:

\$370,232 issued April 2012, due in annual installments of \$20,815 to \$27,890 through August 2027, including interest at 2.66% 290,351

\$ 18,379,876

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 and 2015 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 16.

The following is a summary of long-term liability activity transactions of the Component Unit – School Board, for the year ended June 30, 2016:

Component Unit - School Board:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 3,306,453	\$ 953,684	\$ (790,999)	\$ 3,469,138	\$ 2,537,228

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, 2016:

Component Unit - Harrisonburg-Rockingham Social Services District:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 39,238	\$ 11,515	\$ (7,928)	\$ 42,825	\$ 25,736

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Debt Refunding

In August 2015, the County issued \$9,630,000 in revenue and revenue refunding bonds, plus a premium of \$1,236,254, with interest rates ranging from 2.83% to 5.13%. The proceeds were used to current refund \$700,000 of outstanding 2004 revenue bonds and advance refund \$5,545,000 of outstanding 2007 Series A and 2008 Series A revenue bonds which had interest rates ranging from 4.35% to 4.91%. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2007 Series A and 2008 Series A bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position.

The reacquisition price exceeded the net carrying amount of the old debt by \$594,715. This amount will be amortized over the remaining life of the refunding debt. The County advance refunded the 2007 Series A and 2008 Series A bonds to reduce its total debt service payments over 19 years by \$410,349 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$350,912.

Note 9. 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 bearing interest at 2.52% to upgrade and expand its treatment plant due in semi-annual installments of combined principal and interest of \$984,273, final maturity at September 1, 2030. The bonds currently outstanding total \$23,786,203. 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 \$6,402,377. In November 2008, the Authority issued \$33,219,297 Sewer Revenue Bonds, series 2008 bearing interest at 2.72%, due in semi-annual installments of combined principal and interest of \$1,116,129, with final maturity at September 1, 2030. The bonds currently outstanding are \$26,600,125. In February 2015, with an allonge dated September 2015, the Authority issued \$8,665,505 Sewer Revenue Bonds bearing interest at 1.2% due in semi-annual installments beginning November 1, 2017 of combined principal and interest of \$249,865 thereafter, with a final maturity at November 1, 2036. The bonds currently outstanding total \$6,622,813.

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 \$892,000, \$154,000, and \$1,580,000, respectively. To obtain a copy of the audited financial statements, contact the Authority at 856 North River Road, P. O. Box 8, Mt. Crawford, Virginia 22841.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan

Name of Plan: Virginia Retirement System (VRS)

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

Administering Entity: Virginia Retirement System (System)

A. Plan Description

All full-time, salaried permanent employees of the County of Rockingham and its component units, the Harrisonburg-Rockingham Social Services District (the District) and the Rockingham County School Board (School Board), are automatically covered by the VRS Retirement Plan or the VRS Teacher Retirement Plan upon employment. These plans are administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

Plan 1	Plan 2	Hybrid Retirement Plan
About Plan 1 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 Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	About Plan 2 Plan 2 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 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.	About the Hybrid Retirement Plan 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 Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (See “Eligible Members”) <ul style="list-style-type: none">• The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.• 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.• 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.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>Eligible Members Employees are in 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>Eligible Members 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">• Political subdivision employees.*• School division employees (teachers).• Members in Plan 1 or 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.
<p>Hybrid Opt-In Election 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>Hybrid Opt-In Election Eligible 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>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none">• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.
<p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p>	<p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p>	<p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</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>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 Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Retirement Contributions Employees contribute 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, but 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>Retirement Contributions Employees contribute 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.</p>	<p>Retirement Contributions 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>Creditable Service 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>Creditable Service Same as Plan 1.</p>	<p>Creditable Service Defined Benefit Component 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>Defined Contribution Component 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

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Vesting 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 that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component</u> 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. 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><u>Defined Contribution Component</u> 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 that 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> <ul style="list-style-type: none"> • 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. <p>After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</p> <p>Distribution is not required by law until age 70 1/2.</p>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>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.</p> <p>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.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component</u> See definition under Plan 1.</p> <p><u>Defined Contribution Component</u> 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.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier 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 1.70%.</p>	<p>Service Retirement Multiplier Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. The retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p>	<p>Service Retirement Multiplier <u>Defined Benefit Component</u> The retirement multiplier for the defined benefit component is 1.00%. For members that opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p>
<p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Sheriffs and regional jail superintendents: Same as Plan 1. Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Sheriffs and regional jail superintendents: Not applicable. Political subdivision hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component</u> Not applicable.</p>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Normal Retirement Age Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age <u>Defined Benefit Component</u> Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility 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>Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility 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>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component</u> 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>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility 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>Political subdivisions hazardous duty employees: Age 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility Age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility <u>Defined Benefit Component</u> Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Cost-of-Living Adjustment (COLA) in Retirement 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><u>Eligibility:</u> 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 one calendar year following the unreduced retirement eligibility date.</p> <p><u>Exceptions to COLA Effective Dates:</u> School Division (Teachers) and Political Subdivision Employees: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. 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. 	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1.</p> <p><u>Exceptions to COLA Effective Dates:</u> School Division (Teachers) and Political Subdivision Employees: Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component</u> Same as Plan 2.</p> <p><u>Defined Contribution Component</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p> <p><u>Exceptions to COLA Effective Dates:</u> School Division (Teachers) and Political Subdivision Employees: Same as Plan 1 and Plan 2.</p>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Cost-of-Living Adjustment (COLA) in Retirement (Continued) <u>Exceptions to COLA Effective Dates: (Continued)</u> School Division (Teachers) and Political Subdivision Employees (continued):</p> <ul style="list-style-type: none"> 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. Political Subdivision Employees: The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). 		
<p>Disability Coverage Political subdivision employees: Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage Political subdivision employees: 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>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage Employees of political subdivisions and school divisions (teachers), including Plan 1 and 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>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Purchase of Prior Service 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>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none">• Hybrid Retirement Plan members are ineligible for ported service.• The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.• Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one year period, the rate for most categories of service will change to actuarial cost. <p><u>Defined Contribution Component</u> Not applicable.</p>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

County and the District (Agent Plan)

Employees Covered by Benefit Terms

As of the June 30, 2014 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>244</u>
Inactive members:	
Vested	79
Non-vested	134
Active elsewhere in VRS	<u>255</u>
Total inactive members	<u>468</u>
Active members	<u>542</u>
Total covered employees	<u><u>1,254</u></u>

Contributions

The contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The County and the District's contractually required contribution rate for the year ended June 30, 2016 was 12.73% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County and the District were \$3,015,776 and \$2,826,572 for the years ended June 30, 2016 and 2015, respectively.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

School Board Non-Professional (Agent Plan)

Employees Covered by Benefit Terms

As of the June 30, 2014 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>217</u>
Inactive members:	
Vested	37
Non-vested	80
Active elsewhere in VRS	<u>38</u>
Total inactive members	<u>155</u>
Active members	<u>414</u>
Total covered employees	<u><u>786</u></u>

Contributions

The contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The School Board non-professional's contractually required contribution rate for the year ended June 30, 2016 was 8.15% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board for the non-professional plan were \$652,614 and \$635,842 for the years ended June 30, 2016 and 2015, respectively.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

School Board Professional (Cost-Sharing Plan)

Contributions

The contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The School Board Professional's contractually required contribution rate for the year ended June 30, 2016 was 14.06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013 adjusted for the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Teacher Retirement Plan was 18.20%; however, it was reduced to 17.64% as a result of the transfer. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of Section 51.1-145 of the *Code of Virginia*, as amended, the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2016. Contributions to the pension plan from the School Board for the professional plan were \$9,145,386 and \$8,915,766 for the years ended June 30, 2016 and 2015, respectively.

B. Net Pension Liability

The County, the District and the School Board's non-professional plan net pension liabilities were measured as of June 30, 2015. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

At June 30, 2016, the School Board reported a liability for the professional plan of \$104,163,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Board's proportion of the net pension liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2015 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2015, the School Board's proportion was 0.82758% as compared to 0.81091% at June 30, 2014.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

B. Net Pension Liability (Continued)

Actuarial Assumptions – General Employees

The total pension liability for General Employee's in the County and the District's retirement plan and the total pension liability for the General Employees in the School Board non-professional retirement plan were based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal Actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension benefits.

- Mortality Rates: 14% of deaths are assumed to be service related.
- Pre-retirement: RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years.
 - Post-retirement: RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.
 - Post-disablement: RP-2000 Disabled Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

B. Net Pension Liability (Continued)

Actuarial Assumptions – Public Safety Employees

The total pension liability for Public Safety employees in the County and the District's retirement plan was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date as of June 30, 2015.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension benefits.

Mortality Rates:	60% of deaths are assumed to be service related.
– Pre-retirement:	RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years.
– Post-retirement:	RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.
– Post-disablement:	RP-2000 Disabled Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Decrease in male and female rates of disability

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

B. Net Pension Liability (Continued)

Actuarial Assumptions – School Board Professional Plan

The total pension liability for the VRS Teacher retirement plan was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date as of June 30, 2015.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality Rates:

- Pre-retirement: RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females set back 5 years.
- Post-retirement: RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 3 years.
- Post-disablement: RP-2000 Disabled Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

B. Net Pension Liability (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non-U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non-Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
	Inflation		2.50%
		* Expected arithmetic nominal return	8.33%

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons, the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

B. Net Pension Liability (Continued)

Discount Rate

The discount rate used to measure the total pension liabilities was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the County, the District, and the School Board's retirement plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liabilities.

C. Changes in the Net Pension Liability

County and the District

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2014	\$ 89,733,347	\$ 77,428,337	\$ 12,305,010
Changes for the Year:			
Service cost	2,661,858	-	2,661,858
Interest	6,141,573	-	6,141,573
Difference between expected and actual experience	(528,816)	-	(528,816)
Contributions – employer	-	2,826,572	(2,826,572)
Contributions – employee	-	1,139,839	(1,139,839)
Net investment income	-	3,573,047	(3,573,047)
Benefit payments, including refunds of employee contributions	(3,993,176)	(3,993,176)	-
Administrative expense	-	(48,216)	48,216
Other	-	(753)	753
Net changes	4,281,439	3,497,313	784,126
Balances at June 30, 2015	\$ 94,014,786	\$ 80,925,650	\$ 13,089,136

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

C. Changes in the Net Pension Liability (Continued)

School Board Non-Professional

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2014	\$ 29,899,085	\$ 29,224,151	\$ 674,934
Changes for the Year:			
Service cost	817,545	-	817,545
Interest	2,045,747	-	2,045,747
Difference between expected and actual experience	(294,432)	-	(294,432)
Contributions – employer	-	635,842	(635,842)
Contributions – employee	-	394,565	(394,565)
Net investment income	-	1,334,387	(1,334,387)
Benefit payments, including refunds of employee contributions	(1,348,250)	(1,348,250)	-
Administrative expense	-	(18,317)	18,317
Other	-	(283)	283
Net changes	1,220,610	997,944	222,666
Balances at June 30, 2015	\$ 31,119,695	\$ 30,222,095	\$ 897,600

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liabilities of the County and the District, the School Board non-professional plan, and the School Board professional plan, using the discount rate of 7.00%, as well as what the County and the District, the School Board non-professional plan, and the School Board professional plan's net pension liabilities would be if they were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County and District net pension liability	\$ 26,473,119	\$ 13,089,136	\$ 2,111,789
School Board non-professional net pension liability (asset)	4,497,089	897,600	(2,143,567)
School Board professional net pension liability	152,431,000	104,163,000	64,426,000

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

C. Changes in the Net Pension Liability (Continued)

Detailed information about the pension plans' fiduciary net position are available in the separately issued VRS financial report. Additional financial information supporting the preparation of the VRS Political Subdivision Plan Schedules and the VRS Teacher Retirement Plan Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is presented in the separately issued VRS 2015 Comprehensive Annual Financial Report (CAFR). A copy of the 2015 VRS CAFR is publicly available through the About VRS link on the VRS website at www.varetire.org, or a copy may be obtained by submitting a request to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

D. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

County and the District

For the year ended June 30, 2016, the County and District recognized pension expense of \$1,389,323. The County and District also reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 405,549
Net difference between projected and actual earnings on pension plan investments	-	2,073,095
Employer contributions subsequent to the measurement date	3,015,776	-
Total	\$ 3,015,776	\$ 2,478,644

\$3,015,776 reported as deferred outflows of resources related to pensions resulting from the County and District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017.

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 937,252
2018	937,252
2019	937,250
2020	(333,110)
	<u>\$ 2,478,644</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

D. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

School Board Non-Professional

For the year ended June 30, 2016, the School Board recognized pension expense related to its non-professional plan of \$71,694. The School Board also reported deferred outflows of resources and deferred inflows of resources related to its non-professional plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 210,068
Net difference between projected and actual earnings on pension plan investments	-	782,417
Employer contributions subsequent to the measurement date	652,614	-
Total	<u>\$ 652,614</u>	<u>\$ 992,485</u>

\$652,614 reported as deferred outflows of resources related to pensions resulting from the School Board non-professional plan's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017.

Amounts reported as deferred inflows of resources related to pensions for the School Board non-professional plan will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2017	\$ 391,804
2018	391,804
2019	348,781
2020	(139,904)
	<u>\$ 992,485</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

D. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

School Board Professional

For the year ended June 30, 2016, the School Board recognized pension expense related to the professional plan of \$8,281,766. Since there was a change in proportionate share between June 30, 2014 and June 30, 2015, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2016, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions for the professional plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,434,000
Net difference between projected and actual earnings on pension plan investments	-	6,379,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,891,000	247,000
Employer contributions subsequent to the measurement date	8,850,386	-
Total	<u>\$ 10,741,386</u>	<u>\$ 8,060,000</u>

\$8,850,386 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions for the professional plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 2,490,000
2018	2,490,000
2019	2,490,000
2020	(1,253,000)
2021	(48,000)
	<u>\$ 6,169,000</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. 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 four dollars per year of service per month not to exceed \$120 per month based on 30 years of service in the VRS. To be eligible for this premium credit, the retiree must have a minimum of 15 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.

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, 2015. 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 \$183,210 and the annual benefit cost is \$483,470. The percentage of annual OPEB cost contributed is 37.89%. The pay-as-you-go amount for OPEB benefits for the School Board's plan is \$518,661 and the annual benefit cost is \$1,468,879. The percentage of OPEB cost contributed is 35.31%.

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, 2016, the County has recorded a liability of \$2,296,292, the District has recorded a liability of \$555,464, and the School Board has recorded a liability of \$8,414,896 on the Statement of Net Position.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits – County (Including the District) and School Board Sponsored (Continued)

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

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 Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 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)	\$ 487,643	\$ 1,481,181
Interest on net OPEB obligation	102,060	298,583
Adjustment to ARC	(106,233)	(310,785)
Annual OPEB cost	483,470	1,468,979
Contributions made	(183,210)	(518,661)
Increase in net OPEB obligation	300,260	950,318
Net OPEB obligation, beginning of year	2,551,496	7,464,578
Net OPEB obligation, end of year	<u>\$ 2,851,756</u>	<u>\$ 8,414,896</u>

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, 2016	\$ 483,470	37.89%	\$ 2,851,756
June 30, 2015	616,689	46.00%	2,551,496
June 30, 2014	589,174	43.21%	2,218,486

School Board:

Fiscal Year Ended	Annual OPEB Costs	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2016	\$ 1,468,979	35.31%	\$ 8,414,896
June 30, 2015	1,632,234	44.25%	7,464,578
June 30, 2014	1,558,743	36.43%	6,554,609

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits – County (Including the District) and School Board Sponsored (Continued)

D. Funding Status and Funding Progress

As of July 1, 2015, the most recent roll-forward actuarial valuation date, the plans were not funded. The actuarial value of assets was \$-0-, resulting in UAAL of \$4,939,233 for the County and District’s plan and a UAAL of \$15,931,442 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, present 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.

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
Primary Government and Harrisonburg-Rockingham Social Services District, a component unit - employees:						
July 1, 2015	\$ -	\$ 4,989,233	\$ 4,939,233	0%	\$ 22,493,713	21.96%
July 1, 2014	-	5,967,732	5,967,732	0%	21,178,806	28.18%
July 1, 2013	-	5,637,215	5,637,215	0%	20,159,996	27.96%
Component Unit - School Board employees:						
July 1, 2015	\$ -	\$ 15,931,442	\$ 15,931,442	0%	\$ 70,784,181	22.51%
July 1, 2014	-	17,238,883	17,238,883	0%	68,433,038	25.19%
July 1, 2013	-	16,290,692	16,290,692	0%	66,695,682	24.43%

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits – County (Including the District) and School Board Sponsored (Continued)

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, 2015 roll-forward actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate, 2.5% per annum salary scale, and an annual healthcare cost trend rate of 8% in first year of the valuation then future annual increases are assumed to grade uniformly to 5.0% over a six year period. The unfunded liability is amortized over a period of 30 years based on a level percent of payroll method on an open basis.

Note 12. 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, 2016, 2015, and 2014, the School Board paid \$665,116, \$653,356, and \$654,885, respectively, for professional employees and \$49,446, \$49,520, and \$57,312, 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 1.06% for the School Board's professional employees and 0.63% for the School Board's non-professional employees, for each of the fiscal years ended June 30, 2016 and 2015.

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, 2015 actuarial valuation, any UAAL is being amortized as a level percentage of the projected payroll on a closed basis, over a period of 27 years.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – VRS Health Insurance Credit (Continued)

C. Funded Status and Funding Progress

As of the actuarial valuation performed at June 30, 2015, the Plan for the School Board’s non-professional employees was 42.23% funded. The AAL was \$928,207, and the actuarial value of assets was \$392,008, with a resulting UAAL of \$536,199.

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.

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, 2016	\$ 49,446	100%	\$ -
June 30, 2015	49,520	100%	-
June 30, 2014	57,312	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
July 1, 2015	\$ 392,008	\$ 928,207	\$ 536,199	42.23%	\$ 7,852,919	6.83%
July 1, 2014	384,839	922,980	538,141	41.70%	7,741,274	6.95%
July 1, 2013	331,898	891,561	559,663	37.23%	7,686,804	7.28%

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Advances To/From Other Funds

Interfund balances as of June 30, 2016 are as follows:

<u>Payable Fund</u>	<u>Receivable Fund</u>
Primary Government:	General Fund:
Smith Creek Water & Waste Authority	\$ 96,722
Lilly Subdivision Sanitary District	<u>107,454</u>
	<u>\$ 204,176</u>

The advance from the General Fund to the Smith Creek Water & Waste Authority Fund is a temporary advance to cover a deficit cash balance and will be repaid in fiscal year 2017.

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%.

Note 14. Interfund Transfers

A summary of interfund transfer activity is presented as follows:

<u>Transfer to Fund</u>	<u>General Fund</u>	<u>Total Transferred In</u>
Primary Government:		
Governmental activities:		
General Capital Projects Fund	\$ 800,000	\$ 800,000
	<u>\$ 800,000</u>	<u>\$ 800,000</u>
Total transferred in	<u>\$ 800,000</u>	<u>\$ 800,000</u>

The transfer from the General Fund to the General Capital Projects Fund was to fund the County's 2020 plan.

Note 15. Major Customers

The Water and Sewer Fund has one major customer. For the year ended June 30, 2016, water and sewer revenue from this customer was approximately \$2.75 million. Accounts receivable from this customer were approximately \$215,000 at June 30, 2016.

The Solid Waste Fund has two major customers. Revenues from these customers for the year ended June 30, 2016 were approximately \$2.67 million. Accounts receivable from these customers were approximately \$266,000 at June 30, 2016.

The Smith Creek Water & Waste Authority has one major customer. For the year ended June 30, 2016, revenue from this customer was approximately \$82,000. Accounts receivable from this customer were approximately \$8,000 at June 30, 2016.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 16. 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 of Harrisonburg'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 \$9,699,486 as landfill closure and postclosure liability at June 30, 2016. The landfill's total capacity used to date is 71% for active cells.

The Solid Waste Fund will report the County's estimated liability of closure and postclosure care of \$3,836,000 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 2016. 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 17. Risk Management

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

Auto, Liability and Workers' Compensation Insurance

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 17. 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 2016, 2015 and 2014:

Fiscal Year Ended	Beginning Liability	Claims and Changes in Estimates	Claim Payments	Ending Liability
June 30, 2016	\$ 1,751,000	\$ 23,474,862	\$ 22,709,059	\$ 2,516,803
June 30, 2015	1,838,000	22,113,826	22,200,826	1,751,000
June 30, 2014	2,085,000	18,829,717	19,076,717	1,838,000

Fiscal Year Ended	Governmental Activities	Component Unit - School Board	Total
June 30, 2016	\$ 629,201	\$ 1,887,602	\$ 2,516,803
June 30, 2015	437,750	1,313,250	1,751,000
June 30, 2014	459,500	1,378,500	1,838,000

Note 18. Pending GASB Statements

At June 30, 2016, 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will improve accounting and financial reporting by state and local governments for OPEB. It will also require the recognition of the entire OPEB liability and a comprehensive measure of OPEB expense. Statement No. 75 will be effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 77, *Tax Abatement Disclosures*, requires a state or local government to disclose information about tax abatement. Statement No. 77 will be effective for fiscal years beginning after December 15, 2015.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 18. Pending GASB Statements (Continued)

GASB Statement No. 78, *Pensions Provided through Certain Multi-Employer Defined Benefit Pension Plans*, amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. Statement No. 78 will be effective for fiscal years beginning after December 15, 2015.

GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, will improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*. Statement No. 80 will be effective for reporting periods beginning after June 15, 2016.

GASB Statement No. 82, *Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No. 73*, the objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Statement No. 82 will be effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 19. 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, Virginia, 22801.

In fiscal year 2016, the County's contributions to the HRECC totaled approximately \$1,880,000.

Note 20. Middle River Regional Jail Authority

The Middle River Regional Jail Authority (MRRJA), which opened in April 2006, was established by the County of Augusta, City of Staunton and City of Waynesboro (the Original Member Jurisdictions) to house prisoners from their own jurisdictions as well as others. An agreement was executed as of July 1, 2015 among the Original Member Jurisdictions and the County of Rockingham and City of Harrisonburg to allow the County and City to become Member Jurisdictions of MRRJA, effectively allowing the County and City to no longer pay MRRJA's per diem rental fee. The Original Member Jurisdictions agreed to admit the County as an additional member jurisdiction effective July 1, 2015 for \$10,771,794. See Note 7 for details of the long-term liability associated with becoming a member jurisdiction.

The total paid by the County to become a member jurisdiction of MRRJA was \$980,462 in fiscal year 2016, which has been shown as a public safety expenditure in the General Fund, and as a reduction in the liability on the Governmental Activities Statement of Net Position. In fiscal year 2015, the County prepaid \$1,077,179 of the liability.

Note 21. 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 22. Subsequent Events

The Economic Development Authority issued debt in the amount of \$4,104,000 on July 15, 2016 on behalf of the Central Shenandoah Criminal Justice Training Academy.

On August 22, 2016, the School Board awarded a three-year lease to Lenovo for the purchase of laptops as part of the County's technology in schools initiative. The first payment of the contract in the amount of \$407,420 was paid in September 2016. The total of the three payments is \$1,222,260. In addition to the Lenovo contract, a purchase order for \$267,850 was issued for Apple computers and a purchase order for \$262,500 was issued for devices in the middle schools.

The County entered into a contract to purchase a fire truck in the amount of \$590,695 on October 17, 2016. Funding is provided by cash in the fiscal year 2017 operating budget. The contract is with Sutphen Corporation and delivery is expected in the fall of 2017.

On October 24, 2016, the School Board approved the repair and upgrade of HVAC equipment at six schools. The contract is with Moore's Electric in the amount of \$886,910.

The County issued a purchase order on November 14, 2016 in the amount of \$763,063 for the purchase of full-face self-contained breathing apparatus with 4,500 psi bottles. The funds are provided by Assistance to Firefighters Grant.

**REQUIRED SUPPLEMENTARY
INFORMATION**

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

**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, 2013	\$ 331,898	\$ 891,561	\$ 559,663	37.23%	\$ 7,686,804	7.28%
June 30, 2014	384,839	922,980	538,141	41.70%	7,741,274	6.95%
June 30, 2015	392,008	928,207	536,199	42.23%	7,852,919	6.83%

**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:			
2014	\$ 57,312	100.00%	\$ -
2015	49,520	100.00%	-
2016	49,446	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, 2013	\$ -	\$ 5,637,215	\$ 5,637,215	0.00%	\$ 20,159,996	27.96%
July 1, 2014	-	5,967,732	5,967,732	0.00%	21,178,806	28.18%
July 1, 2015	-	4,939,233	4,939,233	0.00%	22,493,713	21.96%
B. Component Unit - School Board employees:						
July 1, 2013	\$ -	\$ 16,290,692	\$ 16,290,692	0.00%	\$ 66,695,682	24.43%
July 1, 2014	-	17,238,883	17,238,883	0.00%	68,433,038	25.19%
July 1, 2015	-	15,931,442	15,931,442	0.00%	70,784,181	22.51%

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:		
2014	\$ 592,254	42.98%
2015	620,317	45.73%
2016	487,643	37.57%
B. Component Unit - School Board employees:		
2014	\$ 1,567,839	36.22%
2015	1,642,900	43.96%
2016	1,481,181	35.02%

COUNTY OF ROCKINGHAM, VIRGINIA

SCHEDULE OF CHANGES IN THE COUNTY AND THE DISTRICT
NET PENSION LIABILITY AND RELATED RATIOS - VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,	
	2014	2015
Total Pension Liability:		
Service cost	\$ 2,559,508	\$ 2,661,858
Interest	5,820,012	6,141,573
Differences between expected and actual experience	-	(528,816)
Benefit payments, including refunds of employee contributions	(3,578,397)	(3,993,176)
Net change in total pension liability	4,801,123	4,281,439
Total pension liability - beginning	84,932,224	89,733,347
Total pension liability - ending (a)	\$ 89,733,347	\$ 94,014,786
Plan Fiduciary Net Position:		
Contributions - employer	\$ 2,759,564	\$ 2,826,572
Contributions - employee	1,125,148	1,139,839
Net investment income	10,584,504	3,573,047
Benefit payments, including refunds of employee contributions	(3,578,397)	(3,993,176)
Administrative expense	(56,223)	(48,216)
Other	558	(753)
Net change in plan fiduciary net position	10,835,154	3,497,313
Plan fiduciary net position - beginning	66,593,183	77,428,337
Plan fiduciary net position - ending (b)	\$ 77,428,337	\$ 80,925,650
County and District's net pension liability - ending (a) - (b)	\$ 12,305,010	\$ 13,089,136
Plan fiduciary net position as a percentage of the total pension liability	86.29%	86.08%
Covered-employee payroll	\$ 21,677,643	\$ 22,204,022
County and District's net pension liability as a percentage of covered-employee payroll	56.76%	58.95%

Notes to Schedule:

(1) **Changes of benefit terms:** There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 are not material.

(2) **Changes of assumptions:** The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ended June 30, 2012:

LEOS:

- a. Update mortality table
- b. Adjustments to rates of service retirement for females
- c. Increase in rates of withdrawal
- d. Decrease in male and female rates of disability

NON-LEOS:

- a. Update mortality table
- b. Decrease in rates of service retirement
- c. Decrease in rates of disability retirement
- d. Reduce rates of salary increases by 0.25% per year

(3) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County and the District will present information for those years which information is available.

COUNTY OF ROCKINGHAM, VIRGINIA

SCHEDULE OF CHANGES IN THE SCHOOL BOARD NON-PROFESSIONAL
NET PENSION LIABILITY AND RELATED RATIOS - VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,	
	2014	2015
Total Pension Liability:		
Service cost	\$ 832,108	\$ 817,545
Interest	1,948,144	2,045,747
Differences between expected and actual experience	-	(294,432)
Benefit payments, including refunds of employee contributions	(1,423,602)	(1,348,250)
Net change in total pension liability	1,356,650	1,220,610
Total pension liability - beginning	28,542,435	29,899,085
Total pension liability - ending (a)	\$ 29,899,085	\$ 31,119,695
Plan Fiduciary Net Position:		
Contributions - employer	\$ 722,711	\$ 635,842
Contributions - employee	390,659	394,565
Net investment income	4,013,113	1,334,387
Benefit payments, including refunds of employee contributions	(1,423,602)	(1,348,250)
Administrative expense	(21,667)	(18,317)
Other	212	(283)
Net change in plan fiduciary net position	3,681,426	997,944
Plan fiduciary net position - beginning	25,542,725	29,224,151
Plan fiduciary net position - ending (b)	\$ 29,224,151	\$ 30,222,095
School Board non-professional net pension liability - ending (a) - (b)	\$ 674,934	\$ 897,600
Plan fiduciary net position as a percentage of the total pension liability	97.74%	97.12%
Employer's covered-employee payroll	\$ 8,867,620	\$ 7,801,742
School Board's non-professional net pension liability as a percentage of covered-employee payroll	7.61%	11.51%

Notes to Schedule:

- (1) **Changes of benefit terms:** There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 are not material.
- (2) **Changes of assumptions:** The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ended June 30, 2012:
 - a. Update mortality table
 - b. Adjustments to rates of service retirement for females
 - c. Increase in rates of withdrawal
 - d. Decrease in male and female rates of disability
- (3) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

COUNTY OF ROCKINGHAM, VIRGINIA

**SCHEDULE OF SCHOOL BOARD SHARE OF NET PENSION LIABILITY
VRS TEACHER RETIREMENT PLAN (COST-SHARING) - VIRGINIA RETIREMENT SYSTEM**

	Fiscal Year June 30,	
	2014	2015
Employer's proportion of the net pension liability	0.81091%	0.82758%
Employer's proportionate share of the net pension liability	\$ 97,996,000	\$ 104,163,000
Employer's covered-employee payroll	47,690,683	61,488,041
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	205.48%	169.40%
Plan fiduciary net position as a percentage of the total pension liability	70.88%	70.68%

Notes to Schedule:

- (1) **Changes of benefit terms:** There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 are not material.
- (2) **Changes of assumptions:** The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ended June 30, 2012:
 - a. Update mortality table
 - b. Adjustments to rates of service retirement for females
 - c. Decrease in rate of withdrawals for 3 through 9 years of service
 - d. Decrease in rates of disability
 - e. Reduce rates of salary increase by 0.25% per year
- (3) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

COUNTY OF ROCKINGHAM, VIRGINIA

SCHEDULE OF COUNTY AND DISTRICT CONTRIBUTIONS - VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,	
	2014	2015
Contractually required contribution (CRC)	\$ 2,759,564	\$ 2,826,572
Contributions in relation to the CRC	<u>2,759,564</u>	<u>2,826,572</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	\$ 21,677,643	\$ 22,204,022
Contributions as a percentage of covered-employee payroll	12.73%	12.73%

Notes to Schedule:

- (1) Valuation date: June 30, 2014
- (2) Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
- (3) Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20-29 years
Asset valuation method	5-year smoothed market
Cost-of-living adjustments	2.50%
Projected salary increases	3.50%-5.35%
Investment rate of return	7.0%, including inflation at 2.50%
- (4) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County and the District will present information for those years for which information is available.

COUNTY OF ROCKINGHAM, VIRGINIA

SCHEDULE OF SCHOOL BOARD NON-PROFESSIONAL CONTRIBUTIONS - VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,	
	2014	2015
Contractually required contribution (CRC)	\$ 722,711	\$ 635,842
Contributions in relation to the CRC	722,711	635,842
Contribution deficiency (excess)	\$ -	\$ -
Employer's covered-employee payroll	\$ 8,867,620	\$ 7,801,742
Contributions as a percentage of covered-employee payroll	8.15%	8.15%

Notes to Schedule:

- (1) Valuation date: June 30, 2014
- (2) Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
- (3) Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20-29 years
Asset valuation method	5-year smoothed market
Cost-of-living adjustments	2.50%
Projected salary increases	3.50%-5.35%
Investment rate of return	7.0%, including inflation at 2.50%

- (4) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years for which information is available.

COUNTY OF ROCKINGHAM, VIRGINIA

**SCHEDULE OF SCHOOL BOARD PROFESSIONAL CONTRIBUTIONS -
VIRGINIA RETIREMENT SYSTEM**

	Fiscal Year June 30,	
	2014	2015
Contractually required contribution (CRC)	\$ 6,915,149	\$ 8,915,766
Contributions in relation to the CRC	<u>6,915,149</u>	<u>8,915,766</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Employers covered-employee payroll	\$ 47,690,683	\$ 61,488,041
Contributions as a percentage of covered-employee payroll	14.50%	14.50%

Notes to Schedule:

- (1) Valuation date: June 30, 2014
- (2) Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
- (3) Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20-29 years
Asset valuation method	5-year smoothed market
Cost-of-living adjustments	2.50%
Projected salary increases	3.50%-5.95%
Investment rate of return	7.0%, including inflation at 2.50%
- (4) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years for which information is available.

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.

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, 2016

	Special Revenue <u>Asset Forfeiture Fund</u>	Permanent Fund <u>Albert K. Long Trust</u>	Total Nonmajor Governmental Funds
ASSETS			
Investments	\$ 350,866	\$ -	\$ 350,866
Accrued interest	1,002	-	1,002
Total assets	\$ 351,868	\$ -	\$ 351,868
LIABILITIES			
Accounts payable	\$ 2,083	\$ -	\$ 2,083
Accrued payroll	640	-	640
Unearned revenue	153,345	-	153,345
Total liabilities	156,068	-	156,068
FUND BALANCES			
Restricted for:			
Judicial administration	83,687	-	83,687
Public safety	112,113	-	112,113
Total fund balances	195,800	-	195,800
Total liabilities and fund balances	\$ 351,868	\$ -	\$ 351,868

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2016

	Special Revenue	Permanent Fund	Total
	Asset Forfeiture Fund	Albert K. Long Trust	Nonmajor Governmental Funds
Revenues:			
Fines and forfeitures	\$ 30,549	\$ -	\$ 30,549
Use of money	954	-	954
Miscellaneous	174	3,505	3,679
Intergovernmental	92,624	-	92,624
	<hr/>		
Total revenues	124,301	3,505	127,806
<hr/>			
Expenditures:			
Current:			
Judicial administration	54,677	-	54,677
Public safety	76,404	-	76,404
Parks, recreation and cultural	-	36,634	36,634
	<hr/>		
Total expenditures	131,081	36,634	167,715
	<hr/>		
Net change in fund balances	(6,780)	(33,129)	(39,909)
	<hr/>		
Fund balance, beginning	202,580	33,129	235,709
	<hr/>		
Fund balance, ending	\$ 195,800	\$ -	\$ 195,800
	<hr/> <hr/>		

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, 2016

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
ASSETS				
Current assets:				
Investments	\$ -	\$ 43,582	\$ 76,713	\$ 120,295
Trade and other accounts receivable, net	4,245	622	12,317	17,184
Accrued interest	-	119	212	331
Total current assets	4,245	44,323	89,242	137,810
Noncurrent assets:				
Capital assets:				
Land	20,600	-	-	20,600
Easements	-	-	20,631	20,631
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	(138,557)	(64,265)	(211,124)	(413,946)
Total capital assets, net of accumulated depreciation and amortization	484,445	241,757	958,366	1,684,568
Total noncurrent assets	484,445	241,757	958,366	1,684,568
Total assets	488,690	286,080	1,047,608	1,822,378
LIABILITIES				
Current liabilities:				
Accounts payable and deposits	1,096	665	680	2,441
Accrued interest	5,191	807	3,218	9,216
Advance from other funds	107,454	-	-	107,454
Revenue bonds	18,962	8,555	20,815	48,332
Total current liabilities	132,703	10,027	24,713	167,443
Noncurrent liabilities:				
Revenue bonds	264,807	90,776	269,536	625,119
Total noncurrent liabilities	264,807	90,776	269,536	625,119
Total liabilities	397,510	100,803	294,249	792,562
NET POSITION				
Net investment in capital assets	200,676	142,426	668,015	1,011,117
Unrestricted (deficit)	(109,496)	42,851	85,344	18,699
Total net position	\$ 91,180	\$ 185,277	\$ 753,359	\$ 1,029,816

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR PROPRIETARY FUNDS
Year Ended June 30, 2016**

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
Operating revenues:				
Charges for services	\$ 34,195	\$ 17,918	\$ 22,513	\$ 74,626
Miscellaneous	13,436	-	-	13,436
Total operating revenues	47,631	17,918	22,513	88,062
Operating expenses:				
Contractual services	8,739	3,450	-	12,189
Other charges	11,132	5,515	898	17,545
Depreciation and amortization	11,777	6,121	25,288	43,186
Total operating expenses	31,648	15,086	26,186	72,920
Operating income (loss)	15,983	2,832	(3,673)	15,142
Nonoperating revenues (expenses):				
Interest revenue	-	915	1,479	2,394
Interest expense	(10,780)	(3,363)	(7,771)	(21,914)
Total nonoperating expenses, net	(10,780)	(2,448)	(6,292)	(19,520)
Change in net position	5,203	384	(9,965)	(4,378)
Total net position, beginning	85,977	184,893	763,324	1,034,194
Total net position, ending	\$ 91,180	\$ 185,277	\$ 753,359	\$ 1,029,816

COUNTY OF ROCKINGHAM, VIRGINIA

**STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
Year Ended June 30, 2016**

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
Cash Flows From Operating Activities:				
Receipts from customers	\$ 35,369	\$ 18,043	\$ 22,216	\$ 75,628
Payments to suppliers for goods and services	(20,380)	(9,003)	(898)	(30,281)
Other receipts, net	13,436	-	-	13,436
Net cash provided by operating activities	28,425	9,040	21,318	58,783
Cash Flows From Capital and Related Financing Activities:				
Advance from other funds	1,161	-	-	1,161
Principal paid on outstanding debt	(18,397)	(8,284)	(20,269)	(46,950)
Interest paid and fiscal charges on outstanding debt	(11,189)	(3,429)	(7,996)	(22,614)
Net cash used in capital and related financing activities	(28,425)	(11,713)	(28,265)	(68,403)
Cash Flows From Investing Activities:				
Sale of investments, net	-	1,780	5,506	7,286
Interest received on investment securities	-	893	1,441	2,334
Net cash provided by investing activities	-	2,673	6,947	9,620
Net change in cash and cash equivalents	-	-	-	-
Cash and Cash Equivalents:				
Beginning	-	-	-	-
Ending	\$ -	\$ -	\$ -	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ 15,983	\$ 2,832	\$ (3,673)	\$ 15,142
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	11,777	6,121	25,288	43,186
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	1,174	125	(297)	1,002
Decrease in accounts payable and deposits	(509)	(38)	-	(547)
Net cash provided by operating activities	\$ 28,425	\$ 9,040	\$ 21,318	\$ 58,783

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, 2016**

	Central Stores	Self - Insurance	Total Internal Service Funds
ASSETS			
Current assets:			
Investments	\$ 11,841	\$ 11,455,451	\$ 11,467,292
Trade and other accounts receivable	2,094	1,663	3,757
Accrued interest	-	30,418	30,418
Inventory	5,514	-	5,514
Total assets	19,449	11,487,532	11,506,981
LIABILITIES			
Current liabilities:			
Accounts payable	200	613,023	613,223
Unearned revenue	-	2,139,404	2,139,404
Insurance and benefit claims	-	2,516,803	2,516,803
Total liabilities	200	5,269,230	5,269,430
NET POSITION			
Unrestricted	19,249	6,218,302	6,237,551
Total net position	\$ 19,249	\$ 6,218,302	\$ 6,237,551

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
Year Ended June 30, 2016

	Central Stores	Self - Insurance	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 34,057	\$ 25,528,536	\$ 25,562,593
Total operating revenues	34,057	25,528,536	25,562,593
Operating expenses:			
Contractual services	-	2,567,475	2,567,475
Risk financing and benefit payments	-	23,474,862	23,474,862
Other charges	34,550	-	34,550
Total operating expenses	34,550	26,042,337	26,076,887
Operating loss	(493)	(513,801)	(514,294)
Nonoperating revenue:			
Interest	-	34,177	34,177
Total nonoperating revenue	-	34,177	34,177
Change in net position	(493)	(479,624)	(480,117)
Total net position, beginning	19,742	6,697,926	6,717,668
Total net position, ending	\$ 19,249	\$ 6,218,302	\$ 6,237,551

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2016**

	Central Stores	Self - Insurance	Total Internal Service Funds
Cash Flows From Operating Activities:			
Receipts from interfund services provided	\$ 34,531	\$ 25,797,152	\$ 25,831,683
Claims and benefits paid	-	(21,883,205)	(21,883,205)
Payments to suppliers for goods and services	(33,799)	(1,979,436)	(2,013,235)
Net cash provided by operating activities	732	1,934,511	1,935,243
Cash Flows From Investing Activities:			
Purchase of investments, net	(732)	(1,959,354)	(1,960,086)
Interest received on investment securities	-	24,843	24,843
Net cash used in investing activities	(732)	(1,934,511)	(1,935,243)
Net change in cash and cash equivalents	-	-	-
Cash and Cash Equivalents:			
Beginning	-	-	-
Ending	\$ -	\$ -	\$ -
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:			
Operating loss	\$ (493)	\$ (513,801)	\$ (514,294)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Change in assets and liabilities:			
Decrease in:			
Accounts receivable	474	74,198	74,672
Inventory	679	-	679
Prepaid items	-	825,854	825,854
Increase in:			
Accounts payable	72	588,039	588,111
Unearned revenue	-	194,418	194,418
Insurance and benefit claims	-	765,803	765,803
Net cash provided by operating activities	\$ 732	\$ 1,934,511	\$ 1,935,243

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.

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, 2016**

	Agency Funds							Totals
	Special Welfare	Employee Benefits	Bond Escrow	Massanutten Technical Center	Emergency Medical Services	Soil and Water Conservation	Laird L. Conrad Law Library	
ASSETS								
Cash, cash equivalents and temporary cash investments	\$ 54,716	\$ 140,664	\$ 450,080	\$ 656,766	\$ 357,364	\$ -	\$ 146,879	\$ 1,806,469
Accounts receivable	-	10,751	1,164	99,396	3,348	88,799	407	203,865
Total assets	\$ 54,716	\$ 151,415	\$ 451,244	\$ 756,162	\$ 360,712	\$ 88,799	\$ 147,286	\$ 2,010,334
LIABILITIES								
Accounts payable	\$ 54,716	\$ 151,415	\$ 451,244	\$ 756,162	\$ 360,712	\$ 88,799	\$ 147,286	\$ 2,010,334

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended June 30, 2016**

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>SPECIAL WELFARE</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 77,020	\$ 119,799	\$ 142,103	\$ 54,716
LIABILITIES				
Accounts payable	\$ 77,020	\$ 119,799	\$ 142,103	\$ 54,716
<u>EMPLOYEE BENEFITS</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 232,327	\$ 537,938	\$ 629,601	\$ 140,664
Accounts receivable	10,751	-	-	10,751
Total assets	\$ 243,078	\$ 537,938	\$ 629,601	\$ 151,415
LIABILITIES				
Accounts payable	\$ 243,078	\$ 798,832	\$ 890,495	\$ 151,415
<u>ECONOMIC DEVELOPMENT AUTHORITY</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 6,318	\$ 7,015	\$ 13,333	-
Accounts receivable	14	18	32	-
Total assets	\$ 6,332	\$ 7,033	\$ 13,365	-
LIABILITIES				
Accounts payable	\$ 6,332	\$ 7,033	\$ 13,365	-

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended June 30, 2016**

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>BOND ESCROW</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 612,542	\$ 261,831	\$ 424,293	\$ 450,080
Accounts receivable	1,152	1,164	1,152	1,164
Total assets	\$ 613,694	\$ 262,995	\$ 425,445	\$ 451,244
LIABILITIES				
Accounts payable	\$ 613,694	\$ 262,995	\$ 425,445	\$ 451,244

MASSANUTTEN TECHNICAL CENTER

ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 380,259	\$ 4,947,102	\$ 4,670,595	\$ 656,766
Accounts receivable	101,446	99,396	101,446	99,396
Total assets	\$ 481,705	\$ 5,046,498	\$ 4,772,041	\$ 756,162
LIABILITIES				
Accounts payable	\$ 481,705	\$ 5,046,498	\$ 4,772,041	\$ 756,162

EMERGENCY MEDICAL SERVICES

ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 339,809	\$ 1,587,849	\$ 1,570,294	\$ 357,364
Accounts receivable	7,212	3,348	7,212	3,348
Total assets	\$ 347,021	\$ 1,591,197	\$ 1,577,506	\$ 360,712
LIABILITIES				
Accounts payable	\$ 347,021	\$ 1,591,197	\$ 1,577,506	\$ 360,712

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended June 30, 2016**

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>SOIL AND WATER CONSERVATION</u>				
ASSETS				
Accounts receivable	\$ 55,412	\$ 212,208	\$ 178,821	\$ 88,799
LIABILITIES				
Accounts payable	\$ 55,412	\$ 212,208	\$ 178,821	\$ 88,799
<u>LAIRD L CONRAD LAW LIBRARY</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 160,437	\$ 30,165	\$ 43,723	\$ 146,879
Accounts receivable	340	407	340	407
Total assets	\$ 160,777	\$ 30,572	\$ 44,063	\$ 147,286
LIABILITIES				
Accounts payable	\$ 160,777	\$ 30,572	\$ 44,063	\$ 147,286
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 1,808,712	\$ 7,491,699	\$ 7,493,942	\$ 1,806,469
Accounts receivable	176,327	316,541	289,003	203,865
Total assets	\$ 1,985,039	\$ 7,808,240	\$ 7,782,945	\$ 2,010,334
LIABILITIES				
Accounts payable	\$ 1,985,039	\$ 7,808,240	\$ 7,782,945	\$ 2,010,334

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, 2016**

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash, cash equivalents and temporary cash investments	\$ 500	\$ 10,000	\$ -	\$ -	\$ 10,500
Investments	10,359,379	1,680,561	78,810	656,766	12,775,516
Trade and other accounts receivable	328,061	64,447	-	6,761	399,269
Accrued interest	-	3,970	906	1,626	6,502
Due from other governments	3,628,577	99,765	-	91,009	3,819,351
Prepaid items	3,064,771	182,937	-	58,820	3,306,528
Inventory	114,847	52,062	-	-	166,909
Total assets	\$ 17,496,135	\$ 2,093,742	\$ 79,716	\$ 814,982	\$ 20,484,575
LIABILITIES					
Accounts payable	\$ 1,071,370	\$ 94,005	\$ -	\$ 89,330	\$ 1,254,705
Accrued payroll	16,424,765	463,828	-	341,515	17,230,108
Due to other governments	-	-	-	384,137	384,137
Total liabilities	17,496,135	557,833	-	814,982	18,868,950
FUND BALANCES					
Nonspendable:					
Prepaid items	3,064,771	182,937	-	58,820	3,306,528
Inventory	114,847	52,062	-	-	166,909
Assigned to:					
Capital outlay	-	-	79,716	-	79,716
Cafeteria	-	1,300,910	-	-	1,300,910
Unassigned	(3,179,618)	-	-	(58,820)	(3,238,438)
Total fund balances	-	1,535,909	79,716	-	1,615,625
Total liabilities and fund balances	\$ 17,496,135	\$ 2,093,742	\$ 79,716	\$ 814,982	\$ 20,484,575
Total Fund balances					\$ 1,615,625
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				\$ 274,440,014	
Less accumulated depreciation and amortization				(144,677,812)	
Net capital assets					129,762,202
Deferred outflows of resources represent a consumption of net position that applies to a future period and, therefore, are not recognized as expenditures in the governmental funds.					
					11,394,000
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.					
					2,901,406
Long-term due from other government - pension plan				1,976,114	
Long-term due from other government - other postemployment benefits				61,583	
					2,037,697
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				(3,469,138)	
Other postemployment benefits				(8,414,896)	
Net pension liability				(105,060,600)	
					(116,944,634)
Deferred inflows of resources represent an acquisition of net position that applies to a future period and, therefore, are not recognized as revenue in the governmental funds.					
					(9,052,485)
Net position of governmental activities					\$ 21,713,811

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
Year Ended June 30, 2016**

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Use of money and property	\$ 27,427	\$ 3,922	\$ 2,117	\$ 2,183	\$ 35,649
Charges for services	2,760,916	2,022,411	-	643,006	5,426,333
Miscellaneous	523,184	-	-	83,011	606,195
Appropriation from Primary Government	53,440,622	-	1,509,000	562,000	55,511,622
Intergovernmental	65,401,165	3,272,352	-	4,236,689	72,910,206
Total revenues	122,153,314	5,298,685	1,511,117	5,526,889	134,490,005
Expenditures:					
Current:					
Education	122,280,901	5,218,746	-	5,627,434	133,127,081
Capital outlay	-	-	1,672,232	-	1,672,232
Total expenditures	122,280,901	5,218,746	1,672,232	5,627,434	134,799,313
Revenues over (under) expenditures	(127,587)	79,939	(161,115)	(100,545)	(309,308)
Other financing sources (uses):					
Transfers in	127,587	-	-	-	127,587
Transfers out	-	-	-	(127,587)	(127,587)
Other financing sources (uses)	127,587	-	-	(127,587)	-
Net change in fund balances	-	79,939	(161,115)	(228,132)	(309,308)
Fund balances, beginning	-	1,455,970	240,831	228,132	1,924,933
Fund balances, ending	\$ -	\$ 1,535,909	\$ 79,716	\$ -	\$ 1,615,625
Net change in fund balances					\$ (309,308)
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				\$ 3,267,837	
Less depreciation and amortization expense				(8,878,288)	
Excess of depreciation and amortization over capital outlays					(5,610,451)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to increase net position.					
					83,333
Due from other government - pension plan				125,838	
Long-term due from other government - other postemployment benefits				6,018	
					131,856
Deferred outflows of resources - pension contributions					11,394,000
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				(162,685)	
Other postemployment benefits				(950,318)	
Pension expense				(8,353,460)	
					(9,466,463)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net loss of the internal service funds are reported with governmental activities.					
Total revenues				19,172,035	
Total expenses				(19,531,753)	
					(359,718)
Change in net position of governmental activities					\$ (4,136,751)

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING BALANCE SHEET

NONMAJOR FUNDS OF THE DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

June 30, 2016

	School Textbook Fund	Massanutten Technical Center - Operating Fund	Total Nonmajor Governmental Funds
ASSETS			
Investments	\$ -	\$ 656,766	\$ 656,766
Trade and other accounts receivable	-	6,761	6,761
Accrued interest	-	1,626	1,626
Due from other governments	-	91,009	91,009
Prepaid items	-	58,820	58,820
Total assets	\$ -	\$ 814,982	\$ 814,982
LIABILITIES			
Accounts payable	\$ -	\$ 89,330	\$ 89,330
Accrued payroll	-	341,515	341,515
Due to other governments	-	384,137	384,137
Total liabilities	-	814,982	814,982
FUND BALANCES			
Nonspendable:			
Prepaid items	-	58,820	58,820
Unassigned	-	(58,820)	(58,820)
Total fund balances	-	-	-
Total liabilities and fund balances	\$ -	\$ 814,982	\$ 814,982

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, 2016

	School Textbook Fund	Massanutten Technical Center - Operating Fund	Total Nonmajor Governmental Funds
Revenues:			
Use of money and property	\$ -	\$ 2,183	\$ 2,183
Charges for services	-	643,006	643,006
Miscellaneous	19,837	63,174	83,011
Appropriation from Primary Government	562,000	-	562,000
Intergovernmental	-	4,236,689	4,236,689
Total revenues	581,837	4,945,052	5,526,889
Expenditures:			
Current:			
Education	682,382	4,945,052	5,627,434
Total expenditures	682,382	4,945,052	5,627,434
Revenues under expenditures	(100,545)	-	(100,545)
Other financing uses:			
Transfers out	(127,587)	-	(127,587)
Net change in fund balances	(228,132)	-	(228,132)
Fund balance, beginning	228,132	-	228,132
Fund balance, ending	\$ -	\$ -	\$ -

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, 2016**

	Agency Funds		
	Massanutten		
	School	Technical	
	Activity	Center	
	Funds	Fund	Totals
ASSETS			
Cash, cash equivalents and temporary cash investments	\$ 1,558,341	\$ 113,096	\$ 1,671,437
Accounts receivable	17,167	6,431	23,598
Total assets	\$ 1,575,508	\$ 119,527	\$ 1,695,035
LIABILITIES			
Accounts payable	\$ 1,575,508	\$ 119,527	\$ 1,695,035
Total liabilities	\$ 1,575,508	\$ 119,527	\$ 1,695,035

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - SCHOOL BOARD
ALL AGENCY FUNDS
Year Ended June 30, 2016**

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>SCHOOL ACTIVITY FUNDS</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 1,466,142	\$ 4,340,637	\$ 4,248,438	\$ 1,558,341
Accounts receivable	58,919	17,167	58,919	17,167
Total assets	<u>\$ 1,525,061</u>	<u>\$ 4,357,804</u>	<u>\$ 4,307,357</u>	<u>\$ 1,575,508</u>
LIABILITIES				
Accounts payable	<u>\$ 1,525,061</u>	<u>\$ 4,357,804</u>	<u>\$ 4,307,357</u>	<u>\$ 1,575,508</u>
<u>MASSANUTTEN TECHNICAL CENTER ACTIVITY FUND</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 111,725	\$ 206,729	\$ 205,358	\$ 113,096
Accounts receivable	15,448	6,431	15,448	6,431
Total assets	<u>\$ 127,173</u>	<u>\$ 213,160</u>	<u>\$ 220,806</u>	<u>\$ 119,527</u>
LIABILITIES				
Accounts payable	<u>\$ 127,173</u>	<u>\$ 213,160</u>	<u>\$ 220,806</u>	<u>\$ 119,527</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 1,577,867	\$ 4,547,366	\$ 4,453,796	\$ 1,671,437
Accounts receivable	74,367	23,598	74,367	23,598
Total assets	<u>\$ 1,652,234</u>	<u>\$ 4,570,964</u>	<u>\$ 4,528,163</u>	<u>\$ 1,695,035</u>
LIABILITIES				
Accounts payable	<u>\$ 1,652,234</u>	<u>\$ 4,570,964</u>	<u>\$ 4,528,163</u>	<u>\$ 1,695,035</u>

**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 – Children’s 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, 2016**

	Operating Fund	Special Revenue Children's Services Act Fund	Total Governmental Funds
ASSETS			
Investments	\$ 3,035,928	\$ 450,147	\$ 3,486,075
Trade and other accounts receivable	7,805	51,878	59,683
Accrued interest	9,093	862	9,955
Due from other governments	1,017,425	941,832	1,959,257
Prepaid items	116,903	2,550	119,453
Total assets	\$ 4,187,154	\$ 1,447,269	\$ 5,634,423
LIABILITIES			
Accounts payable	\$ 266,347	\$ 839,898	\$ 1,106,245
Accrued payroll	229,997	5,720	235,717
Total liabilities	496,344	845,618	1,341,962
FUND BALANCES			
Nonspendable:			
Prepaid items	116,903	2,550	119,453
Restricted for minority interest	1,465,301	275,586	1,740,887
Assigned to:			
Social services	2,108,606	323,515	2,432,121
Total fund balances	3,690,810	601,651	4,292,461
Total liabilities and fund balances	\$ 4,187,154	\$ 1,447,269	\$ 5,634,423
Fund balances			\$ 4,292,461
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		\$ 3,214,479	
Less accumulated depreciation and amortization		(763,174)	
Net capital assets			2,451,305
Deferred outflows of resources represent a consumption of net position that applies to a future period and, therefore, are not recognized as expenditures in the governmental funds.			
			473,458
Long-term due from other government - pension plan		937,875	
Long-term due from other government - other postemployment benefits		277,732	
			1,215,607
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		(42,825)	
Other postemployment benefits		(555,464)	
Net pension liability		(1,875,750)	
			(2,474,039)
Deferred inflows of resources represent an acquisition of net position that applies to a future period and, therefore, are not recognized as revenue in the governmental funds.			
			(355,204)
Net position of governmental activities			\$ 5,603,588

COUNTY OF ROCKINGHAM, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT - HARRISONBURG-ROCKINGHAM
SOCIAL SERVICES DISTRICT
Year Ended June 30, 2016**

	Operating Fund	Special Revenue Children's Services Act Fund	Total Governmental Funds
Revenues:			
Use of money and property	\$ 11,449	\$ 913	\$ 12,362
Miscellaneous	1,527,792	1,900,000	3,427,792
Appropriation from Primary Government	2,138,637	2,204,841	4,343,478
Intergovernmental	10,926,956	5,113,599	16,040,555
Total revenues	14,604,834	9,219,353	23,824,187
Expenditures:			
Current:			
Health and social services	14,095,761	8,887,902	22,983,663
Total expenditures	14,095,761	8,887,902	22,983,663
Net change in fund balances	509,073	331,451	840,524
Fund balances, beginning	3,181,737	270,200	3,451,937
Fund balances, ending	\$ 3,690,810	\$ 601,651	\$ 4,292,461
Net change in fund balances			\$ 840,524
Reconciliation of amounts reported for governmental activities in the Statement of Activities:			
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which depreciation and amortization exceeded capital outlays in the current period.			
Expenditure for capital assets		\$ 31,182	
Less depreciation and amortization expense		(154,597)	
Excess of depreciation and amortization over capital outlays			(123,415)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.			(7,014)
Due from other government - pension plan		86,814	
Long-term due from other government - other postemployment benefits		45,494	
			132,308
Deferred outflows of resources - pension contributions			473,458
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		(3,587)	
Other postemployment benefits		(90,988)	
Pension expense		(283,910)	
			(378,485)
Change in net position of governmental activities			\$ 937,376

**DISCRETELY PRESENTED COMPONENT UNIT –
ECONOMIC DEVELOPMENT AUTHORITY**

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF NET POSITION

DISCRETELY PRESENTED COMPONENT UNIT - ECONOMIC DEVELOPMENT AUTHORITY

June 30, 2016

ASSETS	
Cash, cash equivalents and temporary cash investments	\$ 8,537
Accounts receivable	<u>6,018</u>
Total assets	<u>\$ 14,555</u>
LIABILITIES	
Accounts payable	\$ 7,750
Unearned revenue	<u>3,000</u>
Total liabilities	<u>10,750</u>
NET POSITION	
Unrestricted	<u>3,805</u>
Total liabilities and net position	<u>\$ 14,555</u>

COUNTY OF ROCKINGHAM, VIRGINIA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT - ECONOMIC DEVELOPMENT AUTHORITY
Year Ended June 30, 2016**

Operating Revenues	
Charges for services	\$ 7,000
Appropriation from Primary Government	<u>7,500</u>
Total operating revenues	14,500
Operating Expenditures	
Economic development	<u>881,658</u>
Operating loss	(867,158)
Nonoperating Revenues	
Revenue from use of money	<u>19</u>
Loss before capital grants and contributions	(867,139)
Capital Grants and Contributions	<u>871,562</u>
Change in net position	4,423
Net position, beginning	<u>(618)</u>
Net position, ending	<u>\$ 3,805</u>

SUPPLEMENTAL SCHEDULES

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2016**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 50,030,000	\$ 50,030,000	\$ 50,911,107	\$ 881,107
Real and personal public service corporation property taxes	1,820,000	1,820,000	2,394,495	574,495
Personal property taxes	13,222,000	13,222,000	13,116,823	(105,177)
Machinery and tools taxes	8,842,000	8,842,000	8,693,745	(148,255)
Merchants' capital taxes	1,100,000	1,100,000	1,252,944	152,944
Penalties and interest	525,000	525,000	754,610	229,610
Total general property taxes	75,539,000	75,539,000	77,123,724	1,584,724
Other local taxes:				
Local sales and use taxes	5,400,000	5,400,000	6,105,799	705,799
Consumer utility taxes	1,066,300	1,066,300	1,156,055	89,755
Utility gross receipts taxes	400,000	400,000	369,396	(30,604)
Bank stock taxes	50,000	50,000	90,826	40,826
Motor vehicle licenses	1,250,000	1,250,000	1,227,518	(22,482)
Taxes on recordation and wills	850,000	850,000	942,381	92,381
Hotel and motel room taxes	200,000	200,000	254,465	54,465
Food and beverage taxes	1,000,000	1,000,000	1,070,535	70,535
Total other local taxes	10,216,300	10,216,300	11,216,975	1,000,675
Permits, privilege fees and regulatory licenses:				
Animal licenses	23,000	23,000	18,545	(4,455)
Permits and other licenses	1,059,275	1,059,275	1,038,439	(20,836)
Total permits, privilege fees and regulatory licenses	1,082,275	1,082,275	1,056,984	(25,291)
Fines and forfeitures	101,500	101,500	120,967	19,467
Use of money and property:				
Revenue from use of money	50,000	50,000	427,199	377,199
Revenue from use of property	1,214,500	1,343,304	1,243,029	(100,275)
Total use of money and property	1,264,500	1,393,304	1,670,228	276,924

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2016**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Revenue from local sources:				
Charges for services:				
Excess fees of clerk	\$ 536,600	\$ 536,600	\$ 540,891	\$ 4,291
Commonwealth attorney	199,000	199,000	158,267	(40,733)
Law enforcement and traffic control	338,233	343,733	312,649	(31,084)
EMS transport	440,275	440,275	541,869	101,594
Correction and detention	871,000	871,000	757,963	(113,037)
Parks and recreation	800,000	800,000	785,225	(14,775)
Computer services	1,000	1,000	2,383	1,383
Health	-	-	2,428	2,428
Garage fees	730,000	730,000	541,212	(188,788)
Planning and community development	1,500	1,500	508	(992)
Total charges for services	3,917,608	3,923,108	3,643,395	(279,713)
Miscellaneous	181,000	324,728	614,274	289,546
Recovered costs:				
City of Harrisonburg:				
Judicial administration	382,509	383,933	405,106	21,173
Public safety	3,199,752	3,211,663	3,388,781	177,118
Public works	454,106	455,796	480,933	25,137
Other entities:				
Public safety	312,973	312,973	288,752	(24,221)
Total recovered costs	4,349,340	4,364,365	4,563,572	199,207
Total revenue from local sources	96,651,523	96,944,580	100,010,119	3,065,539
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Communications sales and use taxes	1,600,000	1,600,000	1,541,533	(58,467)
Mobile home titling taxes	70,000	70,000	94,379	24,379
Rental vehicle taxes	5,000	5,000	8,956	3,956
Personal property tax relief	6,500,000	6,500,000	6,633,740	133,740
Recordation taxes	300,000	300,000	241,550	(58,450)
Total non-categorical aid	8,475,000	8,475,000	8,520,158	45,158

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2016**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Shared costs:				
Commonwealth attorney	\$ 901,000	\$ 901,000	\$ 891,849	\$ (9,151)
Sheriff	5,760,000	5,760,000	5,817,906	57,906
Commissioner of the revenue	198,000	198,000	198,278	278
Treasurer	181,000	181,000	180,997	(3)
Registrar/Electoral Board	47,000	47,000	46,399	(601)
Clerk of circuit court	688,000	969,603	703,311	(266,292)
Jail operations	450,000	450,000	428,361	(21,639)
Total shared costs	8,225,000	8,506,603	8,267,101	(239,502)
Other categorical aid:				
Emergency medical services	80,000	80,000	82,343	2,343
Community corrections	425,769	425,769	430,435	4,666
Fire program	153,000	153,000	182,344	29,344
Hazardous materials program	10,000	10,000	12,469	2,469
Victim witness	24,000	21,086	17,502	(3,584)
Records preservation	-	34,640	13,101	(21,539)
Domestic violence	40,000	40,000	42,924	2,924
OEMS training	1,500	1,500	1,208	(292)
Other	-	149,566	152,293	2,727
Total other categorical aid	734,269	915,561	934,619	19,058
Total categorical aid	8,959,269	9,422,164	9,201,720	(220,444)
Total revenue from the Commonwealth	17,434,269	17,897,164	17,721,878	(175,286)
Revenue from the federal government:				
Non-categorical aid:				
Payment for federal lands	396,000	396,000	464,114	68,114

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2016**

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:				
Categorical aid:				
Victim witness	\$ 49,000	\$ 63,260	\$ 61,967	\$ (1,293)
FEMA	-	19,022	19,022	-
Highway safety	35,893	68,434	38,877	(29,557)
Welfare	150,000	150,000	200,944	50,944
Behavioral health	-	41,664	30,470	(11,194)
Domestic violence coordinator	22,520	22,520	23,171	651
SAFER	352,362	352,362	-	(352,362)
Edward Byrne crisis intervention	51,084	51,084	30,264	(20,820)
State criminal alien assistance	-	-	14,517	14,517
Homeland security program	-	45,469	45,469	-
Other	5,000	61,319	59,319	(2,000)
Total categorical aid	665,859	875,134	524,020	(351,114)
Total revenue from the federal government	1,061,859	1,271,134	988,134	(283,000)
Total intergovernmental	18,496,128	19,168,298	18,710,012	(458,286)
Total General Fund	\$ 115,147,651	\$ 116,112,878	\$ 118,720,131	\$ 2,607,253
Special Revenue Fund:				
Asset Forfeiture Fund:				
Revenue from local sources:				
Fines and forfeitures:				
Seized funds - judicial administration	\$ 39,760	\$ 39,760	\$ 15,275	\$ (24,485)
Seized funds - public safety	22,240	22,240	15,274	(6,966)
Total fines and forfeitures	62,000	62,000	30,549	(31,451)
Revenue from use of money	-	-	954	954
Miscellaneous	-	-	174	174
Total revenue from local sources	62,000	62,000	31,677	(30,323)
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Seized funds - judicial administration	40,000	40,000	26,963	(13,037)
Seized funds - public safety	28,000	29,100	65,661	36,561
Total intergovernmental	68,000	69,100	92,624	23,524
Total Special Revenue Fund	\$ 130,000	\$ 131,100	\$ 124,301	\$ (6,799)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2016**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
Capital Projects Fund:				
General Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 40,478	\$ 40,478
Miscellaneous	2,600,000	2,600,000	62,486	(2,537,514)
Total revenue from local sources	2,600,000	2,600,000	102,964	(2,497,036)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VDOT Revenue Sharing	1,750,000	1,750,000	253,442	(1,496,558)
Total revenue from the Commonwealth	1,750,000	1,750,000	253,442	(1,496,558)
Total intergovernmental	1,750,000	1,750,000	253,442	(1,496,558)
Total General Capital Projects Fund	\$ 4,350,000	\$ 4,350,000	\$ 356,406	\$ (3,993,594)
Permanent Fund:				
Albert K. Long Trust Fund:				
Revenue from local sources:				
Miscellaneous	\$ -	\$ -	\$ 3,505	\$ 3,505
Total Permanent Fund	\$ -	\$ -	\$ 3,505	\$ 3,505
Grand Total Revenues - Primary Government	\$ 119,627,651	\$ 120,593,978	\$ 119,204,343	\$ (1,389,635)
Component Units:				
Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of property	\$ 24,000	\$ 24,000	\$ 27,427	\$ 3,427
Charges for services	2,661,000	2,661,000	2,760,916	99,916
Miscellaneous	320,000	320,000	523,184	203,184
Appropriation from Primary Government	56,519,186	56,519,186	53,440,622	(3,078,564)
Total revenue from local sources	59,524,186	59,524,186	56,752,149	(2,772,037)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2016**

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	\$ 75,166	\$ 5,166
Categorical aid:				
State sales tax receipts	13,054,032	13,054,032	13,139,249	85,217
Basic school aid	30,664,436	30,664,436	30,621,373	(43,063)
Other state school funds	16,975,180	16,975,180	17,020,091	44,911
Total categorical aid	60,693,648	60,693,648	60,780,713	87,065
Total revenue from the Commonwealth	60,763,648	60,763,648	60,855,879	92,231
Revenue from the federal government:				
Categorical aid:				
Title I	1,500,000	1,500,000	1,631,771	131,771
Title VIB	2,375,000	2,375,000	2,207,202	(167,798)
Other school funds	608,000	608,000	706,313	98,313
Total revenue from the federal government	4,483,000	4,483,000	4,545,286	62,286
Total intergovernmental	65,246,648	65,246,648	65,401,165	154,517
Total School Operating Fund	124,770,834	124,770,834	122,153,314	(2,617,520)
School Textbook Fund:				
Revenue from local sources:				
Miscellaneous	-	-	19,837	19,837
Local governments:				
Appropriation from the Primary Government	562,000	562,000	562,000	-
Total School Textbook Fund	562,000	562,000	581,837	19,837
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money	6,000	6,000	3,922	(2,078)
Charges for services	2,194,603	2,194,603	2,022,411	(172,192)
Total revenue from local sources	2,200,603	2,200,603	2,026,333	(174,270)
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	90,000	90,000	99,527	9,527

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2016**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - School Board:				
School Cafeteria Fund:				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
School food program	\$ 3,077,676	\$ 3,077,676	\$ 3,172,825	\$ 95,149
Total intergovernmental	3,167,676	3,167,676	3,272,352	104,676
Total School Cafeteria Fund	5,368,279	5,368,279	5,298,685	(69,594)
School Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	2,117	2,117
Appropriation from Primary Government	439,000	1,509,000	1,509,000	-
Total revenue from local sources	439,000	1,509,000	1,511,117	2,117
Total School Capital Projects Fund	439,000	1,509,000	1,511,117	2,117
Massanutten Technical Center - Operating Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	2,183	2,183
Charges for services	643,600	643,600	643,006	(594)
Miscellaneous	6,000	6,000	18,174	12,174
House project	40,000	40,000	45,000	5,000
Total revenue from local sources	689,600	689,600	708,363	18,763
Intergovernmental:				
Revenue from the Commonwealth	377,804	377,804	419,055	41,251
Revenue from the federal government	176,573	176,573	255,017	78,444
Local governments:				
Appropriation from Rockingham County School Board	3,105,216	3,105,216	2,802,986	(302,230)
Appropriation from the City of Harrisonburg	841,538	841,538	759,631	(81,907)
Total local governments	3,946,754	3,946,754	3,562,617	(384,137)
Total intergovernmental	4,501,131	4,501,131	4,236,689	(264,442)
Total Massanutten Technical Center - Operating Fund	5,190,731	5,190,731	4,945,052	(245,679)
Total Revenues - Component Unit - School Board	\$ 136,330,844	\$ 137,400,844	\$ 134,490,005	\$ (2,910,839)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2016**

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:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 11,449	\$ 11,449
Miscellaneous:				
City of Harrisonburg share	1,468,798	1,479,132	1,479,132	-
Other	71,750	71,750	48,660	(23,090)
Total miscellaneous	1,540,548	1,550,882	1,527,792	(23,090)
Appropriation from the Primary Government	2,001,033	2,138,637	2,138,637	-
Total revenue from local sources	3,541,581	3,689,519	3,677,878	(11,641)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Social services administration:				
Public assistance and administration	7,134,523	7,386,336	4,748,681	(2,637,655)
Virginia department of juvenile justice:				
Virginia juvenile community crime control act grant	66,527	86,831	102,030	15,199
Total revenue from the Commonwealth	7,201,050	7,473,167	4,850,711	(2,622,456)
Revenue from the federal government:				
Categorical aid:				
Social services administration:				
Welfare	6,118,811	6,128,025	6,076,245	(51,780)
Total intergovernmental	13,319,861	13,601,192	10,926,956	(2,674,236)
Total Harrisonburg-Rockingham Social Services District - Operating Fund	16,861,442	17,290,711	14,604,834	(2,685,877)
Special Revenue Fund:				
Children's Services Act Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	913	913
Miscellaneous:				
City of Harrisonburg share	1,900,000	1,900,000	1,900,000	-
Appropriation from the Primary Government	1,802,556	2,130,306	2,204,841	74,535
Total revenue from local sources	3,702,556	4,030,306	4,105,754	75,448

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2016**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Special Revenue Fund:				
Children's Services Act Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Social services administration:				
Children's Services Act	\$ 5,920,000	\$ 6,092,250	\$ 4,790,104	\$ (1,302,146)
Revenue from the federal government:				
Categorical aid:				
Social services administration:				
Children's Services Act	-	-	323,495	323,495
Total intergovernmental	5,920,000	6,092,250	5,113,599	(978,651)
Total Children's Services Act Fund	9,622,556	10,122,556	9,219,353	(903,203)
Total Revenues - Component Unit - Harrisonburg-Rockingham Social Services District	\$ 26,483,998	\$ 27,413,267	\$ 23,824,187	\$ (3,589,080)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2016**

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	\$ 176,323	\$ 176,323	\$ 175,111	\$ (1,212)
General and financial:				
Executive administration	564,137	583,137	628,128	44,991
Legal services	490,928	496,928	504,158	7,230
Independent auditor and actuarial services	92,400	92,400	91,234	(1,166)
Commissioner of the revenue	568,566	568,566	585,767	17,201
Reassessment and equalization	181,551	181,551	178,631	(2,920)
Treasurer	541,929	541,929	528,322	(13,607)
Fiscal services	870,527	875,027	895,191	20,164
Human resources	268,241	258,741	246,089	(12,652)
Technology	962,899	964,399	949,414	(14,985)
Land use assessment	68,624	70,534	64,427	(6,107)
Central switchboard	47,544	60,044	59,946	(98)
Total general and financial	4,657,346	4,693,256	4,731,307	38,051
Board of elections:				
Electoral board and officials	120,060	154,626	148,991	(5,635)
Registrar	146,460	146,460	148,264	1,804
Total board of elections	266,520	301,086	297,255	(3,831)
Total general government administration	5,100,189	5,170,665	5,203,673	33,008
Judicial administration:				
Courts:				
Circuit court	228,494	228,494	227,202	(1,292)
General district court	26,425	26,425	21,398	(5,027)
Magistrate	7,225	7,225	6,905	(320)
Juvenile and domestic relations court	32,920	32,920	23,583	(9,337)
Clerk of the circuit court	1,062,908	1,379,151	1,093,433	(285,718)
Department of court services	683,293	685,293	668,187	(17,106)
Total courts	2,041,265	2,359,508	2,040,708	(318,800)
Commonwealth attorney	1,732,406	1,748,158	1,731,949	(16,209)
Total judicial administration	3,773,671	4,107,666	3,772,657	(335,009)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2016**

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	\$ 6,005,611	\$ 6,162,596	\$ 6,018,140	\$ (144,456)
Fire and rescue services:				
Fire department	5,960,385	6,136,757	6,017,706	(119,051)
Volunteer fire companies	904,855	930,355	931,912	1,557
Ambulance and rescue squads	272,403	390,842	296,105	(94,737)
Fire extinction service	20,875	20,875	23,703	2,828
Total fire and rescue services	7,158,518	7,478,829	7,269,426	(209,403)
Correction and detention:				
County operated institutions	9,868,267	9,949,347	10,020,725	71,378
Building inspections	580,298	621,479	601,035	(20,444)
Other protection:				
Animal control	386,062	386,062	420,397	34,335
Emergency services	1,880,205	1,880,205	1,880,205	-
Total other protection	2,266,267	2,266,267	2,300,602	34,335
Total public safety	25,878,961	26,478,518	26,209,928	(268,590)
Public works:				
General administration	57,211	57,211	67,091	9,880
Garage operations	764,049	764,049	633,300	(130,749)
Maintenance:				
General properties	380,628	380,628	379,686	(942)
Courthouse	325,148	346,148	331,400	(14,748)
School office building	173,774	189,050	198,512	9,462
Extension/central garage building	54,800	54,800	49,327	(5,473)
Human Services/Health department building	200,541	200,541	215,989	15,448
TV translator system	10,100	10,100	8,049	(2,051)
County administration complex	321,377	371,377	343,711	(27,666)
District courts	364,991	376,991	375,718	(1,273)
Sheriff department	173,296	173,296	181,372	8,076
Recreational facilities	209,653	327,653	160,081	(167,572)
Total public works	3,035,568	3,251,844	2,944,236	(307,608)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2016**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Over (Under)
Primary Government:				
General Fund:				
Health and social services:				
Health:				
Supplement to local health department	\$ 656,325	\$ 656,325	\$ 633,576	\$ (22,749)
Mental health and mental retardation:				
Community Services Board	731,100	731,100	731,100	-
Social services:				
Property tax relief for elderly/handicapped	390,000	390,000	400,073	10,073
Appropriation to the Harrisonburg-Rockingham				
Social Services District	3,803,589	4,268,943	4,343,478	74,535
Change in investment in the Harrisonburg-Rockingham				
Social Services District	-	-	(493,174)	(493,174)
Institutional care				
	192,934	192,934	192,936	2
Total health and social services	5,773,948	6,239,302	5,807,989	(431,313)
Education:				
Appropriation to the Rockingham				
County School Board	57,081,186	58,027,006	54,948,442	(3,078,564)
Total education	57,081,186	58,027,006	54,948,442	(3,078,564)
Parks, recreation and cultural:				
Parks and recreation:				
Administration	196,245	195,245	198,520	3,275
Athletic events/programs	1,372,540	1,376,040	1,243,065	(132,975)
Total parks and recreation	1,568,785	1,571,285	1,441,585	(129,700)
Cultural:				
Regional library	773,396	773,396	773,396	-
Total parks, recreation and cultural	2,342,181	2,344,681	2,214,981	(129,700)
Community development:				
Planning and community development	648,330	615,649	613,538	(2,111)
Appropriation to Economic Development Authority	-	-	7,500	7,500
Geographic information systems	120,896	120,896	125,773	4,877
Economic development	1,660,310	1,860,310	1,495,395	(364,915)
Soil and water conservation district	34,000	34,000	34,000	-
Cooperative extension program	139,392	139,392	116,306	(23,086)
Environmental management	194,720	194,720	180,464	(14,256)
Contributions, grants and other	1,193,444	713,194	517,905	(195,289)
Total community development	3,991,092	3,678,161	3,090,881	(587,280)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2016**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Debt service:				
Principal - County	\$ 1,969,621	\$ 1,969,621	\$ 1,957,120	\$ (12,501)
Principal - School Board	5,805,656	5,805,656	5,805,656	-
Total principal	7,775,277	7,775,277	7,762,776	(12,501)
Interest and fiscal charges - County	454,886	454,886	428,654	(26,232)
Interest and fiscal charges - School Board	3,391,020	3,495,798	3,492,348	(3,450)
Total interest and fiscal charges	3,845,906	3,950,684	3,921,002	(29,682)
Total debt service	11,621,183	11,725,961	11,683,778	(42,183)
Total General Fund	\$ 118,597,979	\$ 121,023,804	\$ 115,876,565	\$ (5,147,239)
Special Revenue Fund:				
Asset Forfeiture Fund:				
Judicial administration:				
Commonwealth attorney	\$ 79,760	\$ 79,760	\$ 54,677	\$ (25,083)
Public safety:				
Law enforcement	50,240	51,340	76,404	25,064
Total Asset Forfeiture Fund	130,000	131,100	131,081	(19)
Total Special Revenue Fund	\$ 130,000	\$ 131,100	\$ 131,081	\$ (19)
General Capital Projects Fund:				
Capital projects	\$ 9,624,000	\$ 11,995,372	\$ 3,965,319	\$ (8,030,053)
Education:				
Appropriation to the Rockingham County School Board	439,000	563,180	563,180	-
Total General Capital Projects Fund	\$ 10,063,000	\$ 12,558,552	\$ 4,528,499	\$ (8,030,053)
Permanent Fund:				
Albert K. Long Trust Fund:				
Parks, recreation and cultural:				
Other assistance	\$ -	\$ -	\$ 36,634	\$ 36,634
Total Permanent Fund	\$ -	\$ -	\$ 36,634	\$ 36,634
Grand Total Expenditures - Primary Government	\$ 128,790,979	\$ 133,713,456	\$ 120,572,779	\$ (13,140,677)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2016**

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	\$ 97,178,424	\$ 97,163,724	\$ 95,122,014	\$ (2,041,710)
Administration, attendance and health	6,192,010	6,206,710	6,323,704	116,994
Pupil transportation services	9,247,504	9,247,504	9,091,560	(155,944)
Operation and maintenance services	12,152,896	12,152,896	11,743,623	(409,273)
Total School Operating Fund	124,770,834	124,770,834	122,280,901	(2,489,933)
School Textbook Fund:				
Education:				
Purchase of textbooks and software	662,000	683,000	682,382	(618)
Total School Textbook Fund	662,000	683,000	682,382	(618)
School Cafeteria Fund:				
Education:				
School food services	5,368,279	5,368,279	5,218,746	(149,533)
Total School Cafeteria Fund	5,368,279	5,368,279	5,218,746	(149,533)
School Capital Projects Fund:				
Capital projects	669,000	1,739,000	1,672,232	(66,768)
Total School Capital Projects Fund	669,000	1,739,000	1,672,232	(66,768)
Massanutten Technical Center - Operating Fund:				
Education:				
Secondary	4,039,940	4,039,940	3,888,024	(151,916)
Continuing education	1,150,791	1,150,791	1,057,028	(93,763)
Total Massanutten Technical Center - Operating Fund	5,190,731	5,190,731	4,945,052	(245,679)
Total Expenditures - Component Unit - School Board	\$ 136,660,844	\$ 137,751,844	\$ 134,799,313	\$ (2,952,531)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
 Year Ended June 30, 2016**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - Harrisonburg-Rockingham				
Social Services District:				
Operating Fund:				
Social services:				
Public assistance	\$ 8,997,539	\$ 9,277,700	\$ 6,397,049	\$ (2,880,651)
Administration:				
Welfare	7,797,376	7,926,180	7,584,056	(342,124)
Virginia juvenile community crime control act grant	66,527	86,831	83,474	(3,357)
Capital projects	-	-	31,182	31,182
Total Operating Fund	16,861,442	17,290,711	14,095,761	(3,194,950)
Special Revenue Fund:				
Children's Services Act Fund:				
Children's Services Act	9,622,556	10,122,556	8,887,902	(1,234,654)
Total Children's Services Act Fund	9,622,556	10,122,556	8,887,902	(1,234,654)
Total Expenditures - Component Unit - Harrisonburg-Rockingham Social Services District	\$ 26,483,998	\$ 27,413,267	\$ 22,983,663	\$ (4,429,604)

STATISTICAL SECTION

COUNTY OF ROCKINGHAM, VIRGINIA

STATISTICAL SECTION TABLE OF CONTENTS

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

Contents	Tables
Financial Trends These tables contain trend information to help the reader understand how the County's financial performance and well being have changed over time.	2-6
Revenue Capacity These tables contain information to help the reader assess the County's most significant local revenue sources, the property tax, as well as other revenue sources.	7-11
Debt Capacity These tables present information to help the reader assess the affordability of the County's current level of outstanding debt and the County's ability to issue additional debt in the future.	12-14
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	15-16
Operating Information These tables contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	17-19

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

STATISTICAL SECTION
Comments Relative to Statistical Section

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

The table showing legal debt margin is omitted because counties in the State of Virginia are not subject to the 10% legal debt margin as cities and towns are.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 2
Page 1

NET POSITION/ASSETS BY COMPONENT

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Primary government:										
Governmental activities:										
Net investment in capital assets	\$ 28,293,610	\$ 34,024,527	\$ 33,331,094	\$ 31,494,506	\$ 31,571,104	\$ 34,323,744	\$ 34,110,413	\$ 34,093,586	\$ 33,589,878	\$ 34,854,168
Restricted	4,007,776	2,141,716	351,245	422,337	1,383,005	420,988	2,897,307	3,782,011	235,709	195,800
Unrestricted (deficit)	(33,175,692)	(44,397,535)	(71,164,591)	(68,208,673)	(58,123,750)	(49,401,105)	(40,378,653)	(33,093,357)	(34,021,125)	(37,558,463)
Total governmental activities net assets/ net position	\$ (874,306)	\$ (8,231,292)	\$ (37,482,252)	\$ (36,291,830)	\$ (25,169,641)	\$ (14,656,373)	\$ (3,370,933)	\$ 4,782,240	\$ (195,538)	\$ (2,508,495)
Business-type activities:										
Net investment in capital assets	\$ 27,157,689	\$ 30,339,570	\$ 32,111,181	\$ 30,738,179	\$ 29,369,801	\$ 29,166,125	\$ 28,953,581	\$ 29,032,472	\$ 33,482,569	\$ 30,110,695
Restricted	-	-	-	-	-	-	-	-	-	5,545,857
Unrestricted	1,296,143	1,170,036	145,128	1,153,253	2,261,627	3,028,033	5,479,288	7,187,340	4,974,695	5,409,029
Total business-type activities net assets/ net position	\$ 28,453,832	\$ 31,509,606	\$ 32,256,309	\$ 31,891,432	\$ 31,631,428	\$ 32,194,158	\$ 34,432,869	\$ 36,219,812	\$ 38,457,264	\$ 41,065,581
Primary government:										
Net investment in capital assets	\$ 55,451,299	\$ 64,364,097	\$ 65,442,275	\$ 62,232,685	\$ 60,940,905	\$ 63,489,869	\$ 63,063,994	\$ 63,126,058	\$ 67,072,447	\$ 64,964,863
Restricted	4,007,776	2,141,716	351,245	422,337	1,383,005	420,988	2,897,307	3,782,011	235,709	5,741,657
Unrestricted (deficit)	(31,879,549)	(43,227,499)	(71,019,463)	(67,055,420)	(55,862,123)	(46,373,072)	(34,899,365)	(25,906,017)	(29,046,430)	(32,149,434)
Total primary government net assets/ net position	\$ 27,579,526	\$ 23,278,314	\$ (5,225,943)	\$ (4,400,398)	\$ 6,461,787	\$ 17,537,785	\$ 31,061,936	\$ 41,002,052	\$ 38,261,726	\$ 38,557,086
Component units: (1)										
Component unit - school board:										
Net investment in capital assets	\$ 97,992,458	\$ 106,448,102	\$ 150,698,882	\$ 166,440,045	\$ 161,143,761	\$ 155,669,779	\$ 148,854,227	\$ 141,355,850	\$ 135,289,320	\$ 129,762,202
Unrestricted (deficit)	7,669,973	17,399,200	11,635,128	2,949,404	407,514	(2,863,316)	(4,499,513)	(5,090,456)	(109,438,758)	(108,048,391)
Total component unit - school board net assets/net position	\$ 105,662,431	\$ 123,847,302	\$ 162,334,010	\$ 169,389,449	\$ 161,551,275	\$ 152,806,463	\$ 144,354,714	\$ 136,265,394	\$ 25,850,562	\$ 21,713,811
Component unit - Harrisonburg-Rockingham Social Services District										
Net investment in capital assets	\$ 194,573	\$ 162,869	\$ 119,199	\$ 78,918	\$ 40,063	\$ 18,903	\$ 8,480	\$ 2,144,091	\$ 2,574,720	\$ 2,451,305
Restricted (4)	-	-	-	-	-	-	2,161,138	1,448,333	1,393,537	1,740,887
Unrestricted	1,405,048	1,774,814	2,345,485	3,629,702	4,118,759	4,021,587	2,392,680	1,433,092	697,955	1,411,396
Total component unit - HRSSD net assets/ net position	\$ 1,599,621	\$ 1,937,683	\$ 2,464,684	\$ 3,708,620	\$ 4,158,822	\$ 4,040,490	\$ 4,562,298	\$ 5,025,516	\$ 4,666,212	\$ 5,603,588

COUNTY OF ROCKINGHAM, VIRGINIA

Table 2
Page 2

NET POSITION/ASSETS BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Component unit - Economic Development Authority (6)										
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,805
Total component unit - EDA net position	\$ -	\$ -	\$ 3,805							
Component units:										
Net investment in capital assets	\$ 98,187,031	\$ 106,610,971	\$ 150,818,081	\$ 166,518,963	\$ 161,183,824	\$ 155,688,682	\$ 148,862,707	\$ 143,499,941	\$ 137,864,040	\$ 132,213,507
Restricted	-	-	-	-	-	-	2,161,138	1,448,333	1,393,537	1,740,887
Unrestricted (deficit)	9,075,021	19,174,014	13,980,613	6,579,106	4,526,273	1,158,271	(2,106,833)	(3,657,364)	(108,740,803)	(106,633,190)
Total component units net assets/net position	\$ 107,262,052	\$ 125,784,985	\$ 164,798,694	\$ 173,098,069	\$ 165,710,097	\$ 156,846,953	\$ 148,917,012	\$ 141,290,910	\$ 30,516,774	\$ 27,321,204
Total reporting entity: (2)										
Net investment in capital assets	\$ 91,525,876	\$ 93,738,763	\$ 103,933,620	\$ 121,884,712	\$ 121,414,263	\$ 124,593,294	\$ 123,453,125	\$ 124,167,242	\$ 128,405,019	\$ 120,646,902
Restricted	4,007,776	2,141,716	351,245	422,337	1,383,005	420,988	5,058,445	5,230,344	1,629,246	7,482,544
Unrestricted	39,307,926	53,182,820	55,287,886	46,390,622	49,374,616	49,370,456	51,467,378	52,895,376	(61,255,765)	(62,251,156)
Total reporting entity net assets/net position	\$ 134,841,578	\$ 149,063,299	\$ 159,572,751	\$ 168,697,671	\$ 172,171,884	\$ 174,384,738	\$ 179,978,948	\$ 182,292,962	\$ 68,778,500	\$ 65,878,290

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.
- (5) June 30, 2014 net position was restated for the implementation of GASB Statement No. 68.
- (6) In fiscal year 2016 the Economic Development Authority met the criteria of being reported as a discretely presented component unit.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 3
Page 1

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

	Fiscal Year June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Primary government:										
Expenses:										
Governmental activities:										
General government administration	\$ 4,911,660	\$ 4,932,635	\$ 5,172,496	\$ 4,927,727	\$ 4,694,851	\$ 4,941,835	\$ 5,194,117	\$ 5,462,554	\$ 6,039,859	\$ 5,436,798
Judicial administration	3,537,795	3,496,761	4,231,590	3,678,728	3,462,425	3,528,685	3,638,701	3,859,974	3,815,111	3,883,941
Public safety	18,690,616	19,040,217	20,558,230	19,529,025	20,392,396	20,970,030	21,372,315	23,580,101	23,826,370	36,779,233
Public works	2,510,342	2,567,406	2,515,660	2,384,927	2,453,101	2,587,532	5,144,874	6,898,649	6,868,624	4,339,985
Health and social services	4,811,248	4,792,353	5,087,755	5,212,611	5,005,635	4,834,979	4,702,838	3,769,309	5,715,170	5,761,798
Education	60,500,234	57,109,186	78,046,276	48,129,186	40,665,573	44,255,322	50,100,041	49,859,613	53,790,738	55,511,622
Parks, recreation and cultural	2,201,115	2,642,462	2,166,951	2,090,895	2,170,122	2,235,340	2,199,897	2,186,224	2,209,125	2,343,553
Community development	2,491,258	3,415,397	6,142,118	6,182,334	5,038,071	4,161,755	4,009,340	3,356,974	3,583,964	3,903,620
Interest	3,077,757	3,811,072	5,773,990	6,335,856	5,860,063	5,557,308	4,756,975	4,354,774	4,170,608	3,624,534
Total governmental activities	102,732,025	101,807,489	129,695,066	98,471,289	89,742,237	93,072,786	101,119,098	103,328,172	110,019,569	121,585,084
Business-type activities:										
Water and sewer	3,833,638	4,233,280	4,675,849	5,616,481	5,942,628	6,272,040	6,160,039	6,363,516	6,621,701	6,765,919
Solid waste	3,680,963	4,244,472	3,864,456	3,792,474	3,693,575	3,766,051	4,362,003	5,123,106	4,811,787	4,574,428
Total business-type activities	7,514,601	8,477,752	8,540,305	9,408,955	9,636,203	10,038,091	10,522,042	11,486,622	11,433,488	11,340,347
Total primary government expenses	110,246,626	110,285,241	138,235,371	107,880,244	99,378,440	103,110,877	111,641,140	114,814,794	121,453,057	132,925,431
Program revenue:										
Governmental activities:										
Charges for services:										
General government administration	2,877	5,729	1,511	4,058	4,815	2,200	1,359	2,059	3,511	2,383
Judicial administration	1,157,469	1,149,624	1,286,689	1,073,326	914,178	924,169	1,005,202	990,660	1,097,413	1,119,539
Public safety	4,124,597	4,604,090	4,073,797	4,090,326	5,171,000	5,053,378	5,495,186	6,312,309	7,276,430	6,483,239
Public works	826,007	1,014,447	1,021,587	956,152	1,098,549	1,078,306	1,183,823	1,141,301	1,104,328	1,022,145
Health and social services	26,086	-	5,665	7,953	83,232	34,717	-	17,745	1,204	2,428
Parks, recreation and cultural	326,290	324,628	405,709	467,229	696,685	660,369	690,110	756,422	805,431	785,225
Community development	3,011	2,727	1,786	4,017	1,467	3,085	2,975	3,727	2,540	508
Operating grants and contributions:										
General government administration	472,051	512,537	478,451	429,322	393,503	410,967	395,203	417,952	411,690	461,210
Judicial administration	2,032,672	2,031,766	2,177,711	2,124,717	2,088,186	2,003,636	2,034,608	2,178,098	2,135,443	2,271,957
Public safety	7,382,949	7,200,334	6,942,243	6,444,716	6,307,124	6,275,040	6,129,746	6,665,123	6,578,170	6,784,253
Public works	117,009	-	-	1,667	-	-	-	-	-	-
Health and social services	121,558	139,069	163,829	143,987	147,726	155,737	186,696	172,263	176,963	200,944
Education	-	-	-	-	-	-	562,808	-	-	-
Community development	206,836	236,640	252,985	258,319	259,647	-	-	-	-	100,000
Capital grants and contributions:										
Judicial administration	57,501	-	-	-	-	-	-	-	-	-
Public safety	163,721	-	83,950	118,588	269,312	22,000	38,354	-	-	-
Public works	-	-	-	-	-	36,410	2,537,447	2,802,447	2,394,638	253,442
Total governmental activities	17,020,634	17,221,591	16,895,913	16,124,377	17,435,424	16,660,014	20,263,517	21,460,106	21,987,761	19,487,273

COUNTY OF ROCKINGHAM, VIRGINIA

Table 3
Page 2

CHANGES IN NET POSITION/ASSETS

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Primary government:										
Program revenue:										
Business-type activities:										
Charges for services:										
Water and sewer	\$ 4,285,196	\$ 5,618,815	\$ 5,128,660	\$ 6,075,853	\$ 5,696,405	\$ 6,044,184	\$ 6,561,144	\$ 7,436,597	\$ 6,450,673	\$ 6,570,101
Solid waste	2,377,044	3,180,166	2,699,300	2,353,901	2,572,712	3,538,098	5,027,936	5,057,086	5,461,705	5,488,882
Operating grants and contributions:										
Water and sewer	-	-	-	-	-	-	-	-	1,638,030	952,584
Solid waste	19,906	-	-	-	-	-	-	-	-	-
Capital grants and contributions:										
Water and sewer	244,227	1,302,827	930,509	-	-	-	-	-	-	-
Solid waste	2,270,953	706,052	85,181	-	-	-	-	-	870,563	-
Total business-type activities	9,197,326	10,807,860	8,843,650	8,429,754	8,269,117	9,582,282	11,589,080	12,493,683	14,420,971	13,011,567
Total primary government revenues	26,217,960	28,029,451	25,739,563	24,554,131	25,704,541	26,242,296	31,852,597	33,953,789	36,408,732	32,498,840
Net (expense) revenue:										
Governmental activities	(85,711,391)	(84,585,898)	(112,799,153)	(82,346,912)	(72,306,813)	(76,412,772)	(80,855,581)	(81,868,066)	(88,031,808)	(102,097,811)
Business-type activities	1,682,725	2,330,108	303,345	(979,201)	(1,367,086)	(455,809)	1,067,038	1,007,061	2,987,483	1,671,220
Total primary government, net expense	(84,028,666)	(82,255,790)	(112,495,808)	(83,326,113)	(73,673,899)	(76,868,581)	(79,788,543)	(80,861,005)	(85,044,325)	(100,426,591)
Governmental activities:										
Taxes:										
General property taxes	53,409,714	58,574,698	65,895,837	66,376,392	64,490,691	67,972,029	70,601,427	70,208,531	71,962,305	77,182,964
Local sales and use	4,528,481	4,764,451	4,567,854	4,168,753	4,732,665	4,991,019	4,881,368	5,309,256	5,387,061	6,105,799
Consumer utility and communications sales and use	2,070,502	2,809,135	2,667,992	2,676,009	2,680,007	1,028,014	1,035,484	1,078,402	1,095,486	1,156,055
Motor vehicles licenses	1,194,912	1,193,657	1,176,765	1,169,718	1,179,162	1,227,744	1,236,520	1,209,701	1,211,564	1,227,518
Other	2,252,937	1,575,825	1,584,576	1,705,225	536,127	2,265,454	2,477,774	2,327,886	2,680,681	2,727,603
Intergovernmental, non-categorical aid	6,502,475	6,226,104	6,589,500	6,389,141	8,065,994	8,037,774	8,003,995	8,079,422	7,838,718	8,984,272
Use of money and property	1,875,536	1,665,526	786,523	839,375	964,574	1,067,549	1,472,098	1,505,611	1,460,029	1,720,204
Miscellaneous	119,643	463,242	279,146	232,721	779,782	336,457	345,024	302,430	364,608	680,439
Transfers	(61,000)	(43,726)	-	(20,000)	-	-	(63,336)	-	870,563	-
Total governmental activities	71,893,200	77,228,912	83,548,193	83,537,334	83,429,002	86,926,040	89,990,354	90,021,239	92,871,015	99,784,854
Business-type activities:										
Intergovernmental, non-categorical aid	-	-	-	-	-	-	-	-	-	26,640
Use of money and property	265,494	381,280	199,683	34,080	40,269	39,839	67,961	65,660	93,935	59,852
Miscellaneous	198,431	300,660	243,675	560,244	1,066,813	978,700	1,040,376	898,936	837,750	850,605
Transfers	61,000	43,726	-	20,000	-	-	63,336	-	(870,563)	-
Total business-type activities	524,925	725,666	443,358	614,324	1,107,082	1,018,539	1,171,673	964,596	61,122	937,097
Total primary government	72,418,125	77,954,578	83,991,551	84,151,658	84,536,084	87,944,579	91,162,027	90,985,835	92,932,137	100,721,951
Changes in net assets/net position:										
Governmental activities	(13,818,191)	(7,356,986)	(29,250,960)	1,190,422	11,122,189	10,513,268	9,134,773	8,153,173	4,839,207	(2,312,957)
Business-type activities	2,207,650	3,055,774	746,703	(364,877)	(260,004)	562,730	2,238,711	1,971,657	3,048,605	2,608,317
Total primary government	\$ (11,610,541)	\$ (4,301,212)	\$ (28,504,257)	\$ 825,545	\$ 10,862,185	\$ 11,075,998	\$ 11,373,484	\$ 10,124,830	\$ 7,887,812	\$ 295,360

COUNTY OF ROCKINGHAM, VIRGINIA

Table 3
Page 3

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

	Fiscal Year June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Component units: (2)										
Component unit - school board:										
Expenses:										
Instruction	\$ 90,637,877	\$ 92,264,138	\$ 98,007,696	\$ 96,112,008	\$ 94,760,403	\$ 97,309,064	\$ 99,897,237	\$ 100,536,652	\$ 105,050,310	\$ 106,353,926
Administration, attendance and health	3,830,297	4,168,083	5,385,017	4,891,885	4,618,967	5,216,029	5,346,780	5,552,174	5,895,218	6,431,820
Pupil transportation	6,959,384	7,426,354	8,086,880	7,184,619	8,281,464	8,758,765	9,084,535	9,338,770	9,196,500	9,339,985
Operation and maintenance services	9,285,011	9,598,863	10,227,516	9,919,463	10,893,761	11,211,522	11,810,101	11,573,942	11,746,547	11,417,995
School food services	4,466,752	4,597,701	4,766,860	4,768,548	4,906,946	5,207,956	5,242,451	5,053,123	5,105,966	5,166,363
Total expenses	115,179,321	118,055,139	126,473,969	122,876,523	123,461,541	127,703,336	131,381,104	132,054,661	136,994,541	138,710,089
Program revenues:										
Charges for services	4,990,446	5,130,225	5,638,328	5,321,960	4,954,423	5,056,717	4,899,326	5,084,433	5,436,058	5,426,333
Operating grants and contributions	70,737,460	72,165,686	77,327,118	72,018,553	69,346,071	69,054,491	67,343,777	68,365,556	72,137,991	72,854,877
Capital grants and contributions	2,623,344	1,103,648	3,559,527	3,854,048	345,977	93,627	81,465	32,720	71,650	83,333
Total program revenues	78,351,250	78,399,559	86,524,973	81,194,561	74,646,471	74,204,835	72,324,568	73,482,709	77,645,699	78,364,543
Net expense	(36,828,071)	(39,655,580)	(39,948,996)	(41,681,962)	(48,815,070)	(53,498,501)	(59,056,536)	(58,571,952)	(59,348,842)	(60,345,546)
General revenues and other changes in net assets:										
Grants and contributions not restricted to specific programs										
Intergovernmental, non-categorical aid	60,500,234	57,109,186	78,046,276	48,129,186	40,665,573	44,255,322	50,100,041	49,859,613	53,790,738	55,511,622
Use of money and property	129,462	130,477	91,946	93,380	91,783	99,154	107,026	79,643	72,671	75,166
Miscellaneous	268,268	408,396	144,563	55,765	54,306	38,899	37,184	31,489	45,918	35,649
Total general revenues and other changes in net assets/net position	61,429,442	57,840,451	78,435,704	48,737,401	40,976,896	44,753,689	50,604,787	50,482,632	54,535,733	56,208,795
Total component unit - school board change in net assets/net position	\$ 24,601,371	\$ 18,184,871	\$ 38,486,708	\$ 7,055,439	\$ (7,838,174)	\$ (8,744,812)	\$ (8,451,749)	\$ (8,089,320)	\$ (4,813,109)	\$ (4,136,751)
Component unit - HRSSD:										
Expenses:										
Public assistance	\$ 5,024,090	\$ 4,769,948	\$ 5,107,848	\$ 5,730,436	\$ 5,998,480	\$ 6,200,265	\$ 5,838,876	\$ 6,452,300	\$ 6,847,545	\$ 6,397,049
Comprehensive services	8,599,794	10,237,263	10,533,322	10,236,725	10,114,771	9,196,586	9,028,213	8,874,411	9,146,513	8,883,443
Welfare	5,141,691	5,611,589	6,138,996	5,820,207	5,676,427	5,714,686	5,889,242	6,233,209	5,997,127	7,515,831
VJCCA	-	-	-	-	-	-	-	-	82,081	83,474
Food stamp	206,329	-	-	-	-	-	-	-	-	-
Fuel assistance	14,855	-	-	-	-	-	-	-	-	-
Total expenses	18,986,759	20,618,800	21,780,166	21,787,368	21,789,678	21,111,537	20,756,331	21,559,920	22,073,266	22,879,797
Program revenues:										
Operating grants and contributions	13,149,808	14,121,228	14,843,978	15,969,252	15,401,915	14,695,587	14,869,626	15,586,617	16,200,010	16,033,541
Total program revenues	13,149,808	14,121,228	14,843,978	15,969,252	15,401,915	14,695,587	14,869,626	15,586,617	16,200,010	16,033,541
Net expense	(5,836,951)	(6,497,572)	(6,936,188)	(5,818,116)	(6,387,763)	(6,415,950)	(5,886,705)	(5,973,303)	(5,873,256)	(6,846,256)

COUNTY OF ROCKINGHAM, VIRGINIA

Table 3
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CHANGES IN NET POSITION/ASSETS
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General revenues and other changes in net assets:										
Grants and contributions not restricted to specific programs	\$ 5,642,819	\$ 6,472,194	\$ 7,147,789	\$ 6,971,699	\$ 6,790,737	\$ 6,242,334	\$ 6,337,742	\$ 6,348,530	\$ 6,739,048	\$ 7,722,610
Use of money and property	82,948	109,362	42,704	15,357	22,423	21,059	32,633	16,177	20,951	12,362
Miscellaneous	257,509	254,078	272,696	74,996	24,805	34,225	38,138	71,814	57,963	48,660
Total general revenues and other changes in net assets/net position	5,983,276	6,835,634	7,463,189	7,062,052	6,837,965	6,297,618	6,408,513	6,436,521	6,817,962	7,783,632
Total component unit - HRSSD change in net assets/net position	\$ 146,325	\$ 338,062	\$ 527,001	\$ 1,243,936	\$ 450,202	\$ (118,332)	\$ 521,808	\$ 463,218	\$ 944,706	\$ 937,376
Component unit - EDA: (4)										
Expenses:										
Economic development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 881,658
Total expenses	-	-	-	-	-	-	-	-	-	881,658
Program revenues:										
Charges for services	-	-	-	-	-	-	-	-	-	7,000
Capital grants and contributions	-	-	-	-	-	-	-	-	-	871,562
Total program revenues	-	-	-	-	-	-	-	-	-	878,562
Net revenue	-	-	-	-	-	-	-	-	-	(3,096)
General revenues and other changes in net assets:										
Grants and contributions not restricted to specific programs	-	-	-	-	-	-	-	-	-	7,500
Use of money and property	-	-	-	-	-	-	-	-	-	19
Total general revenues and other changes in net position	-	-	-	-	-	-	-	-	-	7,519
Total component unit - EDA change in net position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,423
Total component units change in net assets/net position	\$ 24,747,696	\$ 18,522,933	\$ 39,013,709	\$ 8,299,375	\$ (7,387,972)	\$ (8,863,144)	\$ (7,929,941)	\$ (7,626,102)	\$ (3,868,403)	\$ (3,194,952)
Total reporting entity change in net assets/net position	\$ 13,137,155	\$ 14,221,721	\$ 10,509,452	\$ 9,124,920	\$ 3,474,213	\$ 2,212,854	\$ 3,443,543	\$ 2,498,728	\$ 4,019,409	\$ (2,899,592)

COUNTY OF ROCKINGHAM, VIRGINIA

CHANGES IN NET POSITION/ASSETS

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

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."
- (4) In fiscal year 2016 the Economic Development Authority met the criteria of being reported as a discretely presented component unit.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 4

PROGRAM REVENUES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

Function/Program	Fiscal Year June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Primary government:										
Governmental activities:										
General government administration	\$ 474,928	\$ 518,266	\$ 479,962	\$ 433,380	\$ 398,318	\$ 413,167	\$ 396,562	\$ 420,011	\$ 415,201	\$ 463,593
Judicial administration	3,247,642	3,181,390	3,464,400	3,198,043	3,002,364	2,927,805	3,039,810	3,168,758	3,232,856	3,391,496
Public safety	11,671,267	11,804,424	11,099,990	10,653,630	11,747,436	11,350,418	11,663,286	12,977,432	13,854,600	13,267,492
Public works	943,016	1,014,447	1,021,587	957,819	1,098,549	1,114,716	3,721,270	3,943,748	3,498,966	1,275,587
Health and social services	147,644	139,069	169,494	151,940	230,958	190,454	186,696	190,008	178,167	203,372
Education	-	-	-	-	-	-	562,808	-	-	-
Parks, recreation and cultural	326,290	324,628	405,709	467,229	696,685	660,369	690,110	756,422	805,431	785,225
Community development	209,847	239,367	254,771	262,336	261,114	3,085	2,975	3,727	2,540	100,508
Total governmental activities	17,020,634	17,221,591	16,895,913	16,124,377	17,435,424	16,660,014	20,263,517	21,460,106	21,987,761	19,487,273
Business-type activities:										
Water and sewer	4,529,423	6,921,642	6,059,169	6,075,853	5,696,405	6,044,184	6,561,144	7,436,597	8,088,703	7,522,685
Solid waste	4,667,903	3,886,218	2,784,481	2,353,901	2,572,712	3,538,098	5,027,936	5,057,086	6,332,268	5,488,882
Total business-type activities	9,197,326	10,807,860	8,843,650	8,429,754	8,269,117	9,582,282	11,589,080	12,493,683	14,420,971	13,011,567
Total primary government	\$ 26,217,960	\$ 28,029,451	\$ 25,739,563	\$ 24,554,131	\$ 25,704,541	\$ 26,242,296	\$ 31,852,597	\$ 33,953,789	\$ 36,408,732	\$ 32,498,840
Component units:										
Component unit - school board:										
Instruction	\$ 73,831,357	\$ 73,762,964	\$ 81,522,836	\$ 75,488,678	\$ 69,684,411	\$ 69,099,190	\$ 67,373,976	\$ 68,376,769	\$ 72,551,314	\$ 73,069,780
Pupil transportation services	-	-	-	760,680	-	-	-	-	-	-
Operation and maintenance services	-	-	-	13,723	-	-	-	-	-	-
School food services	4,519,893	4,636,595	5,002,137	4,931,480	4,962,060	5,105,645	4,950,592	5,105,940	5,094,385	5,294,763
Total component unit - school board	78,351,250	78,399,559	86,524,973	81,194,561	74,646,471	74,204,835	72,324,568	73,482,709	77,645,699	78,364,543
Component unit - HRSSD:										
Public assistance	2,886,219	3,394,896	3,851,693	4,329,056	4,351,937	4,557,975	4,803,986	5,029,280	5,047,847	4,748,681
Comprehensive services	5,096,538	5,985,528	6,500,946	6,633,186	5,960,163	5,234,401	5,193,142	5,237,254	5,377,628	5,113,599
Welfare	5,167,051	4,740,804	4,491,339	5,007,010	5,089,815	4,903,211	4,872,498	5,320,083	5,712,054	6,069,231
VIJCA	-	-	-	-	-	-	-	-	62,481	102,030
Total component unit - HRSSD	13,149,808	14,121,228	14,843,978	15,969,252	15,401,915	14,695,587	14,869,626	15,586,617	16,200,010	16,033,541
Component unit - EDA:										
Economic development	-	-	-	-	-	-	-	-	-	878,562
Total component unit - EDA	-	878,562								
Total component units	\$ 91,501,058	\$ 92,520,787	\$ 101,368,951	\$ 97,163,813	\$ 90,048,386	\$ 88,900,422	\$ 87,194,194	\$ 89,069,326	\$ 93,845,709	\$ 95,276,646
Total reporting entity	\$ 117,719,018	\$ 120,550,238	\$ 127,108,514	\$ 121,717,944	\$ 115,752,927	\$ 115,142,718	\$ 119,046,791	\$ 123,023,115	\$ 130,254,441	\$ 127,775,486

COUNTY OF ROCKINGHAM, VIRGINIA

Table 5

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:										
Reserved	\$ 772,073	\$ 1,003,102	\$ 928,288	\$ 1,097,948	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	18,757,693	26,580,573	22,588,259	27,255,072	-	-	-	-	-	-
Nonspendable	-	-	-	-	808,957	667,271	536,388	483,343	584,337	712,636
Restricted (2)	-	-	-	-	-	-	3,116,396	2,105,608	2,058,400	2,551,574
Assigned	-	-	-	-	2,851	7,551	-	-	-	-
Unassigned	-	-	-	-	28,661,725	28,308,023	25,803,047	25,193,314	25,644,629	27,066,722
Total General Fund	\$ 19,529,766	\$ 27,583,675	\$ 23,516,547	\$ 28,353,020	\$ 29,473,533	\$ 28,982,845	\$ 29,455,831	\$ 27,782,265	\$ 28,287,366	\$ 30,330,932
All Other Governmental Funds:										
Reserved	\$ 4,007,776	\$ 2,141,716	\$ 351,245	\$ 422,337	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	11,856,272	20,326,913	18,761,704	10,102,262	-	-	-	-	-	-
Nonspendable	-	-	-	-	11,143	11,143	11,143	11,143	11,143	-
Restricted	-	-	-	-	1,371,862	409,284	484,439	193,685	224,566	195,800
Assigned	-	-	-	-	12,822,866	14,439,666	19,801,602	22,093,893	17,828,714	14,456,621
Total all other governmental funds	\$ 15,864,048	\$ 22,468,629	\$ 19,112,949	\$ 10,524,599	\$ 14,205,871	\$ 14,860,093	\$ 20,297,184	\$ 22,298,721	\$ 18,064,423	\$ 14,652,421

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

Table 6
Page 1

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
General property taxes	\$ 53,700,795	\$ 58,855,180	\$ 65,570,241	\$ 66,216,435	\$ 64,487,098	\$ 67,611,207	\$ 70,546,928	\$ 70,426,736	\$ 71,932,121	\$ 77,123,724
Other local taxes	10,046,832	10,343,068	9,997,187	9,719,705	9,127,961	9,512,231	9,631,146	9,925,245	10,374,792	11,216,975
Permits, privilege fees and licenses	957,006	1,176,374	749,140	803,462	904,624	692,745	888,111	1,003,449	1,085,078	1,056,984
Fines and forfeitures	207,283	155,677	148,535	238,435	274,412	274,611	167,342	159,842	184,583	151,516
Use of money and property	1,876,615	1,646,317	771,924	833,742	957,222	1,059,359	1,457,668	1,494,063	1,444,522	1,711,660
Charges for services	2,662,046	3,288,037	2,850,575	2,801,305	3,573,280	3,406,935	3,657,806	3,925,885	3,956,131	3,643,395
Miscellaneous	241,223	463,242	279,146	232,721	779,782	336,457	345,024	302,430	364,608	680,439
Recovered costs	2,715,669	2,480,181	3,048,135	2,759,777	3,217,501	3,381,843	3,665,254	4,134,950	5,064,878	4,563,572
Reimbursement from component unit	-	-	-	-	-	-	562,808	-	-	-
Intergovernmental	16,980,026	16,346,450	16,688,669	15,910,457	17,531,492	16,941,563	19,326,049	20,315,305	19,535,622	19,056,078
Total revenues	89,387,495	94,754,526	100,103,552	99,516,039	100,853,372	103,216,951	110,248,136	111,687,905	113,942,335	119,204,343
Expenditures:										
General government administration	4,429,174	4,563,051	4,659,357	4,398,991	4,149,027	4,196,686	4,463,079	4,787,939	4,804,695	5,203,673
Judicial administration	3,249,146	3,173,240	3,827,879	3,343,653	3,123,597	3,188,815	3,371,268	3,540,441	3,740,215	3,827,334
Public safety	20,304,161	21,242,649	19,874,198	18,910,325	19,817,574	20,309,292	20,575,858	22,919,965	26,121,456	26,286,332
Public works	2,480,757	2,628,117	2,482,615	2,352,738	2,522,534	2,580,230	2,705,553	2,852,182	2,921,785	2,944,236
Health and social services	4,517,523	4,748,614	5,044,027	5,168,646	4,955,083	4,777,502	4,557,024	5,898,577	5,400,366	5,807,989
Education	60,500,234	57,109,186	78,046,276	48,129,186	40,665,573	44,255,322	50,100,041	49,859,613	53,790,738	55,511,622
Parks, recreation and cultural	2,061,923	2,115,026	2,064,277	2,023,049	2,212,498	2,154,894	2,126,961	2,130,299	2,197,829	2,251,615
Community development	2,355,778	3,122,860	5,783,273	4,467,357	4,211,445	3,399,091	3,154,781	2,497,658	2,753,660	3,090,881
Capital outlay	3,026,051	9,740,578	12,088,043	1,969,136	354,404	4,325,301	2,796,798	4,593,950	5,048,279	3,965,319
Debt service:										
Principal	14,179,314	4,760,106	5,173,395	6,166,108	7,781,938	7,797,795	8,086,516	7,528,018	7,182,006	7,762,776
Interest and fiscal charges	2,822,878	3,459,559	5,473,153	6,318,727	6,257,914	6,068,489	5,148,228	4,751,292	4,581,066	3,921,002
Total expenditures	119,926,939	116,662,986	144,516,493	103,247,916	96,051,587	103,053,417	107,086,107	111,359,934	118,542,095	120,572,779
Revenues over (under) expenditures	(30,539,444)	(21,908,460)	(44,412,941)	(3,731,877)	4,801,785	163,534	3,162,029	327,971	(4,599,760)	(1,368,436)
Other financing sources (uses):										
Transfers in	10,517,916	19,658,172	13,556,253	-	4,000,000	4,890,000	4,930,448	4,284,869	1,947,743	800,000
Transfers out	(10,578,916)	(19,701,898)	(16,071,679)	(20,000)	(4,000,000)	(4,890,000)	(4,960,000)	(4,284,869)	(1,077,180)	(800,000)
Issuance of debt	33,757,200	35,494,713	37,261,410	-	-	-	-	-	13,125,000	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	(13,125,000)	-
Premium on issuance debt	869,284	1,115,963	2,244,149	-	-	-	-	-	-	-
Total other financing sources (uses), net	34,565,484	36,566,950	36,990,133	(20,000)	-	-	(29,552)	-	870,563	-
Net change in fund balance	\$ 4,026,040	\$ 14,658,490	\$ (7,422,808)	\$ (3,751,877)	\$ 4,801,785	\$ 163,534	\$ 3,132,477	\$ 327,971	\$ (3,729,197)	\$ (1,368,436)

COUNTY OF ROCKINGHAM, VIRGINIA

Table 6
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CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Service as a percentage of noncapital expenditures:										
Primary government:										
Total debt service	\$ 7,002,192	\$ 8,219,665	\$ 10,646,548	\$ 12,484,835	\$ 14,039,852	\$ 13,866,284	\$ 13,234,744	\$ 12,279,310	\$ 11,763,072	\$ 11,683,778
Total expenditures	\$ 119,926,939	\$ 116,662,986	\$ 144,516,493	\$ 103,247,916	\$ 96,051,587	\$ 103,053,417	\$ 107,086,107	\$ 111,359,934	\$ 118,542,095	\$ 120,572,779
Less: Capital outlay - primary government	(5,178,774)	(12,251,238)	(12,330,838)	(1,012,486)	(967,936)	(4,807,614)	(668,787)	(1,258,644)	(2,087,485)	(2,724,796)
Noncapital expenditures	\$ 114,748,165	\$ 104,411,748	\$ 132,185,655	\$ 102,235,430	\$ 95,083,651	\$ 98,245,803	\$ 106,417,320	\$ 110,101,290	\$ 116,454,610	\$ 117,847,983
Debt service as a percentage of noncapital expenditures	6.10%	7.87%	8.05%	12.21%	14.77%	14.11%	12.44%	11.15%	10.10%	9.91%
Component units - School Board, HRSSD, and EDA:										
Expenditures:										
School board	\$ 126,615,863	\$ 140,207,962	\$ 156,426,408	\$ 138,094,883	\$ 117,956,384	\$ 120,957,761	\$ 124,197,953	\$ 123,811,920	\$ 131,802,060	\$ 134,799,313
HRSSD	19,003,775	20,551,545	21,623,271	21,729,506	21,608,529	21,028,646	20,668,028	23,594,887	23,264,806	22,983,663
EDA	-	-	-	-	-	-	-	-	-	881,658
Less: Capital outlay - school board	(15,933,797)	(26,060,681)	(36,916,024)	(21,949,313)	(2,405,403)	(3,307,213)	(2,037,300)	(1,421,014)	(2,891,187)	(3,267,837)
Less: Capital outlay - HRSSD	(81,992)	(30,132)	(17,503)	(16,646)	-	-	-	(2,163,687)	(530,456)	(31,182)
Noncapital expenditures	\$ 129,603,849	\$ 134,668,694	\$ 141,116,152	\$ 137,858,430	\$ 137,159,510	\$ 138,679,194	\$ 142,828,681	\$ 143,822,106	\$ 151,645,223	\$ 155,365,615
Total reporting entity:										
Total noncapital expenditures	\$ 178,316,728	\$ 176,379,713	\$ 188,815,003	\$ 185,875,702	\$ 185,478,384	\$ 186,794,179	\$ 193,713,080	\$ 197,938,726	\$ 207,908,866	\$ 213,022,631
Debt service as a percentage of noncapital expenditures	3.93%	4.66%	5.64%	6.72%	7.57%	7.42%	6.83%	6.20%	5.66%	5.48%

COUNTY OF ROCKINGHAM, VIRGINIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

Table 6

Page 3

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
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
2015	71,270,077	5,387,061	1,211,564	1,095,486	955,372	1,034,025	691,284	81,644,869
2016	76,369,114	6,105,799	1,227,518	1,156,055	942,381	1,070,535	714,687	87,586,089
Change 2007-2016	44.01%	34.83%	2.73%	-44.17%	-23.34%	N/A	-30.18%	38.86%

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
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%
2015	5,198,957,000	765,627,500	258,445,700	2,073,139,200	1,155,559,900	9,451,729,300	0.96%	1,014,434,080	7,281,735,320	0.66/0.68	77.04%
2016	5,286,192,700	772,036,000	265,826,900	2,080,831,900	1,154,888,500	9,559,776,000	1.14%	1,016,281,990	7,388,605,510	0.70	77.29%

Source:

Rockingham County real estate records.

Notes:

- (1) Real estate assessed values are assessed for comparison to fair market value every four years. (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
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
2015	0.66/0.68	2.90	0.68	2.55	0.87	0.44	8.11
2016	0.68/0.70	2.90	0.68/0.70	2.55	0.87	0.44	8.14

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
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	0.30-0.38	0.38-0.46
2015	0.07-0.12	0.20-0.75	0.07-0.46	0.30-0.46	0.30-0.38	0.38-0.46
2016	0.07-0.12	0.20-0.75	0.07-0.46	0.30-0.46	0.30-0.38	0.38-0.46

Notes:

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

Table 10

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

Taxpayer	2016						
	Taxable Assessed		Percentage of Total County Taxable Assessed		Property Taxes Paid		Percentage of Total Property Taxes Paid
	Value	Rank	Value		Value	Rank	Value
Great Eastern Resort Management	\$ 432,354,370	1	4.90%		\$ 3,230,784	1	3.90%
MillerCoors	183,776,115	2	2.10%		2,978,070	2	3.60%
Wal-Mart Retail and Distribution Centers	105,493,615	3	1.20%		1,229,511	6	1.50%
White Wave	102,566,795	4	1.20%		1,418,627	4	1.70%
R.R. Donnelley & Sons Co.	98,616,565	5	1.10%		1,617,314	3	1.90%
Merck & Company, Inc.	84,193,625	6	1.00%		1,353,097	5	1.60%
Marshall's	77,002,875	7	0.90%		948,592	7	1.10%
Sysco	54,278,625	8	0.60%		848,267	8	1.00%
Sunnyside Retirement Community	52,851,300	9	0.60%		369,959	10	0.40%
Cargill	46,554,475	10	0.50%		673,933	9	0.80%
Total	\$ 1,237,688,360		14.10%		\$ 14,668,154		17.50%

Taxpayer	2007						
	Taxable Assessed		Percentage of Total County Taxable Assessed		Property Tax Paid		Percentage of Total Property Taxes Paid
	Value	Rank	Value		Value	Rank	Value
Great Eastern Resort Management	\$ 294,900,630	1	4.08%		\$ 1,899,576	2	3.10%
Adolph Coors Company	143,465,225	2	1.99%		7,853,379	1	12.90%
Wal-Mart Retail and Distribution Centers	100,588,000	3	1.39%		1,337,635	3	2.20%
Merck & Company, Inc.	81,645,575	4	1.13%		1,306,678	4	2.10%
Morningstar Foods	63,502,745	5	0.88%		1,181,498	5	1.90%
Marshall's	61,596,635	6	0.85%		547,154	8	0.90%
Cargill	43,775,490	7	0.61%		613,754	7	1.00%
R.R. Donnelley & Sons Co.	43,045,085	8	0.60%		685,710	6	1.10%
Sysco	30,645,860	9	0.42%		378,292	9	0.60%
Pilgrims Pride (WLR Foods)	20,864,525	10	0.29%		339,053	10	0.60%
Total	\$ 884,029,770		12.24%		\$ 16,142,729		26.40%

Source:

Rockingham County Commissioner of the Revenue.

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
2006	\$ 35,699,555	\$ 34,155,546	95.67%	\$ 1,570,466	\$ 35,726,012	100.00%
2007	36,959,743	35,490,137	96.02%	1,515,703	37,005,840	100.00%
2008	39,591,283	38,147,864	96.35%	1,487,843	39,635,707	100.00%
2009	40,502,223	38,979,011	96.24%	1,498,607	40,477,618	99.94%
2010	42,621,495	40,949,099	96.08%	1,668,893	42,617,992	99.99%
2011	42,997,402	41,455,415	96.41%	1,527,206	42,982,621	99.97%
2012	46,418,364	44,793,454	96.50%	1,546,468	46,339,922	99.83%
2013	46,847,898	45,330,910	96.76%	1,321,465	46,652,375	99.58%
2014	47,634,558	46,160,931	96.91%	930,418	47,091,349	98.86%
2015	50,861,929	49,410,225	97.15%	N/A	49,410,225	97.15%

Source:

Rockingham County Treasurer.

Note:

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

**RATIOS OF OUTSTANDING DEBT BY TYPE AND GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Governmental Activities				Business-Type	Total Primary Government	Percentage of Per Capita Personal Income	Debt Per Capita
	General Obligation Bonds	Literary Loans	Note Payable	Capital Leases	Revenue Bonds			
2007	\$ 61,425,569	\$ 686,886	\$ -	\$ 10,648,215	\$ 10,853,322	\$ 83,613,992	3.66%	\$ 1,131
2008	76,742,419	493,886	-	27,271,926	17,808,546	122,316,777	5.23%	1,636
2009	112,010,877	315,859	-	26,355,902	19,696,028	158,378,666	6.87%	2,093
2010	106,724,577	142,359	-	25,396,463	18,816,715	151,080,114	6.45%	1,974
2011	100,641,607	68,859	-	23,517,864	17,687,978	141,916,308	5.71%	1,836
2012	94,585,257	-	-	21,592,147	16,526,645	132,704,049	5.10%	1,711
2013	88,473,576	-	-	19,364,182	15,275,826	123,113,584	4.65%	1,576
2014	82,458,757	-	-	17,597,852	13,602,412	113,659,021	4.30%	1,440
2015	76,531,468	-	-	16,090,003	12,359,388	104,980,859	N/A	1,327
2016	70,472,680	-	8,714,153	14,132,883	20,383,318	113,703,034	N/A	1,437

General bonded debt outstanding:

Fiscal Year	General Obligation Bonds	Literary Loans	Total	Percentage of Actual Taxable Value of Property	Debt Per Capita
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%	1,044
2015	76,531,468	-	76,531,468	N/A	967
2016	70,472,680	-	70,472,680	N/A	893

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, 2016

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Town of Bridgewater, Virginia	\$ 2,336,500	6.22%	\$ 145,272
Town of Broadway, Virginia	415,606	4.16%	17,279
Town of Mt. Crawford, Virginia	157,812	0.52%	821
Town of Dayton, Virginia	143,698	1.81%	2,597
Town of Elkton, Virginia	-	0.71%	-
Town of Grottoes, Virginia	512,530	2.49%	12,737
Town of Timberville, Virginia	-	2.10%	-
Subtotal, overlapping debt			<u>178,706</u>
County Direct Debt			<u>93,319,716</u>
Total direct and overlapping debt			<u><u>\$ 93,498,422</u></u>

Note:

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

COUNTY OF ROCKINGHAM, VIRGINIA

Table 14

PLEDGED-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	
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
2015	7,825,015	4,960,792	2,864,223	440,000	379,548	819,548	3.49
2016	7,270,371	4,982,413	2,287,958	540,000	565,731	1,105,731	2.07

Smith Creek Water & Waste Authority Fund							
Fiscal Year	Utility Service Charges	Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
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
2015	387,037	217,177	169,860	177,419	59,655	237,074	0.72
2016	355,029	203,397	151,632	182,562	54,501	237,063	0.64

Countryside Sanitary District Fund							
Fiscal Year	Utility Service Charges	Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
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
2015	14,306	7,522	6,784	8,021	3,694	11,715	0.58
2016	18,833	8,965	9,868	8,284	3,429	11,713	0.84

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

Fiscal Year	Solid Waste Fund						Coverage
	Utility Service	Operating	Net Available	Debt Service			
	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
2015	6,193,726	3,524,940	2,668,786	580,000	108,207	688,207	3.88
2016	6,232,808	3,560,345	2,672,463	595,000	66,424	661,424	4.04

Fiscal Year	Lilly Subdivision Sanitary District						Coverage
	Utility Service	Operating	Net Available	Debt Service			
	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
2015	35,671	28,300	7,371	17,849	11,949	29,798	0.25
2016	47,631	19,871	27,760	18,397	11,189	29,586	0.94

Fiscal Year	Penn Laird Sewer Authority						Coverage
	Utility Service	Operating	Net Available	Debt Service			
	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
2015	26,338	902	25,436	19,735	8,525	28,260	0.90
2016	23,992	898	23,094	20,269	7,996	28,265	0.82

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) In fiscal year 2007, the Solid Waste Fund issued bonds totaling \$3.015 million, none of which were retired during the fiscal year.
- (4) Lilly Subdivision Sanitary District began making payments on its outstanding debt in fiscal year 2009.
- (5) 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
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	78,953	2,642,433,157	33,468	11,310	4.8%
2015	79,134	N/A	N/A	11,327	4.4%
2016	N/A	N/A	N/A	11,287	3.7%

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 Ten Years Ago
(Unaudited)

	Fiscal Year June 30,	
	2016	2007
Employer	Rank	Rank
Sentara Healthcare	1	-
Rockingham County School Board	2	1
Cargill Meat Solutions	3	2
Wal-Mart	4	3
Great Eastern Resort Management	5	7
R.R. Donnelley & Sons Co.	6	-
Marshall's	7	6
Pilgrims Pride Corp.	8	4
County of Rockingham	9	10
Merck Sharp & Dohme Corp.	10	5

Source:

Virginia Employment Commission.

COUNTY OF ROCKINGHAM, VIRGINIA

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal Year			
	2007	2008	2009	2010
General government administration:				
Legislative	5	5	5	5
General and financial:				
Commissioner of the revenue	18.3	18.3	18.3	14
Treasurer	8.3	8.3	8.3	8
Executive administration and legal	7.5	7.5	8	8
Finance	9.7	10.5	10.5	9.4
Human resources	2	3	2.5	2.4
Information systems	11	11	11	11
Central switchboard	1.5	1.5	1.5	1.4
Board of elections	2	2	2	2
Judicial administration:				
Courts:				
Clerk of the circuit court	15	15	15	15
Court services	11	11	8.5	6.5
Commonwealth attorney	24	25	26.5	24.0
Public safety:				
Sheriff	174	175	173	167
Fire and rescue	58.5	62.5	65.5	66
Building inspections	14	13	13	9.3
Other protection	2	2	2	2
Public works:				
General administration	0.8	0.8	1	0.8
Garage operations	2	2	2	2
Maintenance	18.4	18.4	19.4	16.4
Parks, recreation and cultural	9.6	10.6	10.6	12.6
Community development:				
Planning and community development	14.5	13.8	13.8	13.2
Extension	1	1	1	-
Economic development	-	-	0.5	0.5
Water and sewer:				
Utilities/water treatment	24.5	25.5	27.8	24.5
Solid waste:				
Landfill	20.3	23.0	21.3	20.6
Container site	12.9	12.9	12.7	13.1
Component unit school board:				
Education:				
Instruction	1,361	1,483	1,481	1,446
Administration, attendance and health	47	48	63	63
Pupil transportation services	215	219	223	228
Operation and maintenance services	104	106	110	110
School food services	115	116	114	113
Component unit HRSSD:				
Social services:				
Services	50	53	52	52
Public assistance	44	44	44	39
Comprehensive Services Act	2	3	3	2.8
Administration	9	9	9	9
Totals	2,414.8	2,558.6	2,579.7	2,517.5

Source:

Rockingham County Department of Human Resources.

Table 17

June 30,					
2011	2012	2013	2014	2015	2016
5	5	5	5	5	5
13	13	13	13	13.5	14
6	6	6	6	6.5	7
8	8	8	9	9	9
9.4	9.4	9.4	9.4	9.2	9.2
2.4	2.4	2.4	2.4	3	4
11	11	11	11	11	11
1.4	1.4	1.4	1.4	1.5	1.5
2	2	2	2	2	2
13	14	14	14	15	15
8.5	9.5	9.5	10	11	11
27.5	25.9	25.9	26.3	26.3	27.3
161.5	161.5	166.5	167	169	175
70	71	70	74	81	76
8.3	8	8	8	8.5	9
2	2	2	2	2	2
0.7	0.6	0.6	0.7	0.7	0.7
2	2	2	2	2	2
15.4	16.6	16.6	17	17	18
9.6	8.6	9.6	9	11	11
12.7	12	12.5	12	12.5	12
-	-	-	-	-	-
0.5	1.3	1.3	1	1	1
22.4	19.1	19.5	19.6	20.1	21.1
19.7	19.2	17.8	17.9	17.9	19
13.1	13.1	12.4	12	12	12
1,410	1,414	1,413	1,402	1,414	1,410
61	62	62	62	63	64
229	239	236	239	238	238
114	115	115	115	115	115
116	119	113	110	108	113
53	53	52	57	58.5	65
40	42	41	45	48.5	53
2.8	3.5	3.5	3.5	3.5	3.5
9	10	10	5	5	7
2,479.9	2,500.1	2,491.9	2,490.2	2,521.2	2,543.3

COUNTY OF ROCKINGHAM, VIRGINIA

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal Year			
	2007	2008	2009	2010
Police: (1)				
Calls for service	19,686	19,329	18,903	18,861
Adult arrest	5,639	5,050	4,748	3,776
Juvenile arrest	267	296	189	259
Traffic citations	1,851	1,704	2,068	3,304
Fire: (2)				
Total fire runs	10,116	10,608	10,861	9,510
Total rescue runs	12,226	12,590	12,847	13,648
Public service: (3)				
Garbage collected (ton)	87,088	89,649	78,445	76,445
Recycle collected (ton)	10,658	15,114	12,299	17,392
Parks and recreation: (4)				
Recreation program attendance	16,350	18,231	19,800	20,455
Water and sewer: (3)				
New water connections	85	197	151	87
New wastewater connections	96	238	156	92
Average daily water consumption (gallons)	51,917,933	58,222,109	55,403,500	62,389,333
Average daily sewage treatment (gallons)	45,444,975	39,950,162	49,059,001	55,244,955
Transportation: (5)				
Total route miles	1,126	1,127	1,129	1,132
Education: (6)				
Average daily membership	11,388	11,340	11,400	11,376
Kindergarteners	916	882	816	875
Grades 1-12	10,472	10,458	10,584	10,501

Sources:

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

Table 18

June 30,					
2011	2012	2013	2014	2015	2016
19,739	20,913	21,124	23,546	22,714	25,081
4,100	3,899	4,162	3,749	4,119	4,201
241	175	202	373	257	195
4,329	4,236	1,879	1,363	1,479	1,682
6,348	7,001	7,475	7,119	6,959	6,907
15,565	17,158	17,283	17,289	18,313	18,948
76,466	79,062	108,882	107,977	127,842	124,278
28,761	24,861	24,323	16,343	12,714	9,632
42,709	42,849	42,304	42,500	42,900	43,600
46	54	97	115	118	124
38	2	97	115	129	112
62,629,583	61,788,500	58,389,558	69,591,675	74,113,083	71,094,539
57,871,485	60,180,000	50,065,833	63,479,583	62,545,110	73,577,916
1,135	1,135	1,138	1,139	1,145	1,146
11,343	11,236	11,223	11,304	11,290	11,287
880	832	852	820	854	838
10,463	10,404	10,371	10,484	10,436	10,449

COUNTY OF ROCKINGHAM, VIRGINIA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal Year			
	2007	2008	2009	2010
Police Stations: (1)	1	1	1	1
Fire Companies (not County owned): (2)	10	10	10	10
Rescue Squads (not County owned): (2)	8	8	8	8
Streets: (4)				
Centerline Mileage:				
Interstate (6)	54	54	54	54
Primary (6)	184	184	184	184
Secondary (6)	888	889	891	894
Number of street lights (6)	16	16	16	16
Traffic signals (6)	33	35	35	37
Parks and Recreation: (5)				
Parks - number of acres	28	28	28	22
Neighborhood parks - number of acres	28	28	28	22
Baseball/softball diamonds	32	32	32	31
Soccer/football fields	13	13	13	13
Basketball courts	13	13	13	13
Parks with playground equipment	1	1	1	1
Picnic shelters	4	4	4	4
Community centers	3	3	3	3
Water: (3)				
Wells (County owned)	3	3	3	3
Water lines (feet)	455,503	488,664	503,321	505,685
Fire hydrants	592	643	678	684
Storage capacity (MGPD)	10,088,000	10,088,000	10,088,000	10,088,000
Average daily consumption (MGPD)	1,925,997	1,940,737	1,995,682	2,079,644
Peak consumption (MGPD)	3,068,500	3,035,000	2,549,500	2,988,500
Wastewater: (3)				
Sanitary sewers (feet)	429,585	466,242	495,002	552,812

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

June 30,					
2011	2012	2013	2014	2015	2016
1	1	1	1	1	1
10	10	10	10	10	11
8	8	8	8	7	8
54	54	54	54	54	54
186	186	186	187	192	192
895	897	898	898	899	900
16	16	16	16	16	16
39	40	41	41	42	42
22	22	22	81	81	81
22	22	22	22	19	19
31	31	31	31	31	31
13	13	13	13	13	13
13	13	13	13	13	14
1	1	1	1	1	1
4	4	3	3	3	3
3	3	3	3	3	3
2	2	2	2	2	2
516,154	526,623	534,150	538,958	553,039	577,643
703	778	803	815	854	909
10,088,000	10,088,000	10,088,000	10,088,000	10,088,000	10,088,000
2,059,054	2,031,403	2,076,660	2,287,945	2,436,595	2,337,355
3,120,000	3,519,000	2,979,000	3,267,000	3,252,000	3,188,000
560,023	567,234	571,944	572,727	586,191	588,915

COMPLIANCE SECTION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal CFDA Number	Total Federal Expenditures
DEPARTMENT OF AGRICULTURE:				
<u>Direct payments:</u>				
<u>Department of Agriculture:</u>				
Cooperative Law Enforcement	N/A	\$ -	10.U01	\$ 7,352
<u>Pass-through payments:</u>				
<u>Department of Social Services:</u>				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Not provided	-	10.561	1,004,645
Total SNAP Cluster				<u>1,004,645</u>
<u>Department of Agriculture and Consumer Services</u>				
Child Nutrition Cluster:				
Commodity Distributions	40623	-	10.555	385,519
<u>Department of Education:</u>				
Child Nutrition Cluster:				
School Breakfast Program	40591/40623	-	10.553	637,508
National School Lunch Program	40623	-	10.555	2,149,798
Total Child Nutrition Cluster				<u>3,172,825</u>
Forest Service Schools and Roads Cluster:				
Schools and Roads - Grants to States	43841	-	10.665	27,558
Total Forest Service Schools and Roads Cluster				<u>27,558</u>
Total Department of Agriculture				<u>4,212,380</u>
DEPARTMENT OF TRANSPORTATION:				
<u>Pass-through payments:</u>				
<u>Federal Highway Administration:</u>				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	107889	-	20.205	85,989
Total Highway Planning and Construction Cluster				<u>85,989</u>
<u>Department of Motor Vehicles:</u>				
Alcohol Open Container Requirements	154AL-2016-56097-6297	-	20.607	31,525
Total Department of Transportation				<u>117,514</u>
SOCIAL SECURITY ADMINISTRATION:				
<u>Direct payments:</u>				
<u>Social Security Administration:</u>				
Reward for Incarceration Notification	N/A	-	96.U01	3,000
Total Social Security Administration				<u>3,000</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal CFDA Number	Total Federal 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	\$ 36,086
TANF Cluster:				
Temporary Assistance to Needy Families	Not provided	-	93.558	686,627
Total TANF Cluster				<u>686,627</u>
Refugee and Entrant Assistance - State Administered Programs	Not provided	-	93.566	24,985
Low-Income Home Energy Assistance	Not provided	-	93.568	63,141
Child Care and Development Fund Cluster:				
Child Care and Development Block Grant	Not provided	-	93.575	(109)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Not provided	-	93.596	102,071
Total Child Care and Development Fund Cluster				<u>101,962</u>
Chafee Education and Training Vouchers Program (ETV)	Not provided	-	93.599	12,165
Stephanie Tubbs Jones Child Welfare Services Program	Not provided	-	93.645	3,975
Foster Care - Title IV-E	Not provided	-	93.658	1,104,986
Adoption Assistance	Not provided	-	93.659	1,319,090
Social Services Block Grant	Not provided	-	93.667	922,837
Chafee Foster Care Independence Program	Not provided	-	93.674	21,118
Children's Health Insurance Program	Not provided	-	93.767	41,486
Medicaid Cluster:				
Medical Assistance Program	Not provided	-	93.778	1,257,581
Total Medicaid Cluster				<u>1,257,581</u>
Total Department of Health and Human Services				<u>5,596,039</u>
DEPARTMENT OF JUSTICE, OFFICE OF JUSTICE PROGRAMS, BUREAU OF JUSTICE ASSISTANCE:				
<u>Direct payments:</u>				
<u>Department of Criminal Justice:</u>				
State Criminal Alien Assistance Program	N/A	-	16.606	14,517
Federal Forfeiture - Equitable Sharing Program	N/A	-	16.922	92,624
Criminal and Juvenile Justice and Mental Health Collaboration Program	N/A	-	16.745	30,470
				<u>137,611</u>
<u>Pass-through payments:</u>				
<u>Department of Criminal Justice Services:</u>				
Violence Against Women Formula Grants	15-S9349VA14/16-T9349VA15	-	16.588	23,171
Crime Victim Assistance - Discretionary Grants	16-S9573VW15	-	16.575	61,967
Edward Byrne Memorial Justice Assistance Grant Program	16-R1172LO15/16-C2870AD14	-	16.738	31,633
				<u>116,771</u>
Total Department of Justice, Office of Justice Programs, Bureau of Justice Assistance				<u>254,382</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal CFDA Number	Total Federal Expenditures
DEPARTMENT OF DEFENSE:				
<u>Direct payments:</u>				
<u>Bureau of Land Management:</u>				
Payments to States in Lieu of Real Estate Taxes	N/A	\$ -	12.112	\$ 463,488
Total Department of Defense				<u>463,488</u>
DEPARTMENT OF EDUCATION:				
<u>Pass-through payments:</u>				
<u>Department of Education:</u>				
Title I Grants to Local Educational Agencies	42901	-	84.010	1,631,771
<u>Special Education Cluster:</u>				
Special Education - Grants to States	43071 / 61135	-	84.027	2,207,202
Special Education - Preschool Grants	62521	-	84.173	59,429
Total Special Education Cluster				<u>2,266,631</u>
Adult Education - Basic Grants to States	Not provided	-	84.002	255,017
Career and Technical Education - Basic Grants to States	61095	-	84.048	155,755
English Language Acquisition State Grants	60512	-	84.365	73,233
Supporting Effective Instruction State Grant	61480	-	84.367	304,349
Total Department of Education				<u>4,686,756</u>
DEPARTMENT OF HOMELAND SECURITY:				
<u>Pass-through payments:</u>				
<u>Department of Emergency Management:</u>				
Emergency Management Performance Grants	Not provided	-	97.042	19,022
Homeland Security Grant Program	15VA-HSGP-0184	-	97.067	45,469
Total Department of Homeland Security				<u>64,491</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal CFDA Number	Total Federal 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.U01	\$ <u>626</u>
Total Department of the Interior				<u>626</u>
Total Federal Awards Expended				<u>\$ 15,398,676</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2016

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the County of Rockingham, Virginia and component units of the Rockingham County School Board and the Harrisonburg-Rockingham Social Services District under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

Federal Financial Assistance – The Single Audit Act Amendments of 1996 (Public Law 104-156) and Uniform Guidance 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 Uniform Guidance 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 Uniform Guidance.

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: SNAP, Child Nutrition, Forest Service Schools and Roads, Highway Planning and Construction, TANF, Child Care and Development Fund, Medicaid, and Special Education.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2016

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The County has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. 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 \$385,519 at the time received were consumed during the year ended June 30, 2016. These commodities were included in the determination of federal awards expended during the year ended June 30, 2016.



**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, the aggregate remaining fund information, and the budgetary comparison of the County of Rockingham, Virginia (County) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 28, 2016.

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.

PBMares, LLP

Harrisonburg, Virginia
November 28, 2016



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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 *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, 2016. 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 federal statutes, regulations and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance 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.

Basis for Qualified Opinion on the Medical Assistance Program

As described in the accompanying Schedule of Findings and Questioned Costs, the Harrisonburg-Rockingham Social Services District did not comply with the requirements of CFDA 93.778 Medical Assistance Program, described in finding number 2016-001 for Eligibility. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Qualified Opinion on the Medical Assistance Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 the Medical Assistance Program for the year ended June 30, 2016.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2016.

Other Matters

The County's response to the noncompliance finding identified in our audit as 2016-001 is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures 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 the Uniform Guidance, 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 a 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001, that we consider to be a material weakness.

The County's Response to Finding

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PBMares, LLP

Harrisonburg, Virginia
November 28, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016

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 weakness 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:

- Qualified for CFDA 93.778, Medical Assistance Program – Eligibility
- Unmodified for all other applicable compliance requirements of the Medical Assistance Program and for all other major programs and applicable compliance requirements.

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)

 √ Yes No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
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Medicaid Cluster:

93.778	Medical Assistance Program
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Special Education Cluster:

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

Dollar threshold used to distinguish between type A and type B programs \$750,000

Auditee qualified as low-risk auditee? √ Yes No

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016**

II. FINANCIAL STATEMENT FINDINGS

None

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

A. Department of Health and Human Services

2016-001: Eligibility – Medical Assistance Program – CFDA Number 93.778; Award period: Year Ended June 30, 2016; Pass-through entity name: Virginia Department of Social Services

Criteria and Condition: Code of Federal Regulations 42 CFR 435.916 – Periodic redeterminations of Medicaid eligibility – “The agency must redetermine the eligibility of Medicaid beneficiaries, with respect to circumstances that may change, at least every 12 months.” The program has not complied with this requirement.

Context: Of the 60 eligibility determinations tested, three redeterminations within the specified 12 month timeframe were not performed, two prior year redeterminations were not performed at all and one redetermination was approved when it should have been denied. Although the Code of Federal Regulations allows certain eligibility factors such as blindness and disability to be considered as continuing until the conditions are no longer met, other eligibility factors which may change require redeterminations be performed.

Cause: Due to limited resources within the Harrisonburg-Rockingham Social Services District (District).

Effect: Noncompliance with regulations may result in improper payments to individuals who have not received a timely redetermination of eligibility.

Questioned costs: Undeterminable

Recommendation: The Harrisonburg-Rockingham Social Services District should develop internal control procedures to ensure employees complete the annual eligibility redeterminations in a timely manner as required by program regulations.

Views of responsible officials: Management concurs with the findings. There are a number of factors which have contributed to the District’s failure to provide timely benefit renewals. Those factors, listed below, have been considered in the development of the District’s Plan of Action.

- 1- The District, like the State as a whole, experienced increased caseloads, that is, new applications, denials, and ongoing cases, as a result of the recession of 2008. Assistance cases peaked in 2013, but have not yet significantly declined. The workforce during that time did not change until fiscal year 2015.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

A. Department of Health and Human Services (Continued)

2016-001: Eligibility – Medical Assistance Program – CFDA Number 93.778; Award period: Year Ended June 30, 2016; Pass-through entity name: Virginia Department of Social Services

- 2- The Virginia Department of Social Services implemented a new automated benefit determination and management system, Virginia Client Management System, VaCMS, in October 2013. The program is a rules based Medical Assistance determination and case management system that has been developed and modified as it rolled out to local agencies. Although the system's functionality has improved and become more reliable and workable, it continues to expand and be modified through the various Medical Assistance programs. Beginning October 2016, it will encompass SNAP and all remaining assistance programs. This work increase directly impacts the work of all Benefit Specialists. The implementation of this program, although it will ultimately be a significant improvement, has had and continues to have a negative impact on the functionality and timeliness of local workers.
- 3- Because of the issues cited in items 1 and 2, the District's Board approved four (4) new Benefit Program Specialist positions in fiscal year 2015. Due to the time required to recruit and train new employees, approximately one year, they had minimal impact until fiscal year 2016. Unfortunately, during the same period, turnover created new vacancies. Across fiscal years 2015 and 2016, in a unit of forty two (42) persons, there was a termination rate of 21% (9 FTEs) with a new hire rate of 33% (14 FTEs). In effect, 33% of the staff members were undergoing their initial year of training, and therefore, provided minimal contribution to unit processing. At the same time, trained workers were carrying extra cases until the new workers became functional.
- 4- Over the last two years, management has worked to establish clear job expectations which are set within the worker's Performance Evaluation criteria. Recognizing that there are staff performance concerns, special attention has been given to the Benefit Program Specialists who have been struggling to achieve District and policy expectations.
- 5- Although District management has increased the use of local and Virginia Department of Social Services generated data to monitor unit and individual worker performance, the focus has been upon the worker who has cases which have exceeded, or are about to exceed, new application or renewal time frames. This post monitoring perspective has resulted in improved management attention to the issues of timeliness, but has been after the fact, often failing to avoid the late determination.

COUNTY OF ROCKINGHAM, VIRGINIA

CORRECTIVE ACTION PLAN Year Ended June 30, 2016

Identifying Number: 2016-001: Eligibility

Finding:

Some eligibility redeterminations for Medicaid beneficiaries were not performed at least every 12 months as required by 42 CFR 435.916.

Corrective Action Taken or Planned:

The District presents the following Action Plan:

- 1- Management staff will increase use of Virginia Department of Social Services and locally generated data. The following data reports will be utilized:

Case Eligibility Review Summary

Provides summary data by worker for cases to be reviewed over next four months and current cases not yet reviewed

Locality Active Enrollment Report

Provides case specific information of each enrollee and their renewal status

MA Renewal Manager

Provides case worker specific information for renewals due, packet sending, renewal received

Employee Review Log

Provides individual worker data by case and required activities for the worker to use as a guide in case management and processing

- 2- Because management's prior focus has been upon cases approaching, or already out of compliance, focus will now be upon data that is prospective, that is, assessing cases which need action early enough to intercede and prevent late processing.
- 3- Management staff will be reviewing timeline and status of various cases, to determine, (1) whether renewal packets have been sent, (2) whether check lists of needed information have been sent, and (3) whether cases are being processed timely.
- 4- This Corrective Action Plan will become functional October 1, 2016.

Person responsible for Corrective Action Plan:

Donald Driver, Jr., Director of Harrisonburg-Rockingham Social Services District

COUNTY OF ROCKINGHAM, VIRGINIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2016

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.