



Comprehensive Annual Financial Report



Fiscal Year Ended
June 30, 2010

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
Fiscal Year Ended June 30, 2010**



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, 2010

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INTRODUCTORY SECTION



JOSEPH S. PAXTON
County Administrator



ROCKINGHAM COUNTY

BOARD OF SUPERVISORS

PABLO CUEVAS

Election District No. 1

FREDERICK E. EBERLY

Election District No. 2

DEE E. FLOYD

Election District No. 3

WILLIAM B. KYGER, JR.

Election District No. 4

MICHAEL A. BREEDEN

Election District No. 5

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

Gentlemen:

It is my pleasure to submit to you the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. This report has been prepared in accordance with Section 15.2-2503 of the *Code of Virginia*, 1950, as amended.

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

The downturn in the national and Virginia economies has presented significant challenges for the County over the past three years. There have been reductions in State funding, which shifted financial burden to localities, particularly in the areas of education, transportation, social services, and services provided by Constitutional Officers (law enforcement, court security, Commonwealth's Attorney, tax collection and assessment, and court records management). There has also been a decline in local revenues, primarily due to the declining value of automobiles during the economic downturn. The County adjusted its staffing levels both in response to declining economic activity, which has required less from regulatory departments, and as a result of less state and local revenues. In fiscal year 2010 the County reduced staffing levels for County-funded positions in all areas of government. In the current fiscal year, the adjustment in staffing continued as there were several Constitutional Officers' positions unfunded. In addition, the County School Board took action to effectively reduce staffing by maintaining current staffing levels while opening a new high school and a new elementary school. The Board of Supervisors and School Board are commended for working closely together to position the County to meet the demands for services as the local economy begins to recover from the recent recession. The County Board of Supervisors and its management team, working with the Constitutional Officers and the Rockingham County School Board, continue to evaluate options for providing quality services requested by its citizens within a restrained financial environment.

It should be noted, that within the general government component of the CAFR, there has been a significant increase in the cost of fire and rescue services in the past year; which is the result of the County employing additional personnel to supplement the volunteer fire and rescue agencies in meeting an increasing service demand.

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In 2006, the Board of Supervisors and School Board agreed upon a school construction program designed to meet the education capacity needs for the next 10 years. Cub Run Elementary opened in the fall of 2008, River Bend Elementary in the fall of 2009, and East Rockingham High School welcomed its first students in August, 2010. These three new schools represented new school construction projects necessary to meet overcrowding issues at the elementary and high school level, and did not replace existing facilities. As a result, along with the significant one-time capital expenses for these schools, the County has faced additional annual operating and maintenance expenses, and debt service further challenging the Boards and management to meet this increased demand.

Other significant events and actions during this past year are:

- Completed construction of the SRI-Shenandoah Valley research facility located in the Rockingham Center for Research and Technology on North Valley Pike.
- Completed construction of facilities to pipe methane gas generated at the Rockingham County landfill to the new Rockingham Memorial Hospital facility for use in heating the complex.
- Began engineering work associated with submission of Part A of the permit application for an expansion of the disposal area at the County landfill.
- Completed construction at the Harrisonburg-Rockingham Regional Sewer Authority (HRRSA) for an expansion of the capacity of the wastewater treatment plant and an upgrade to the facility to meet Chesapeake Bay standards.
- Completed construction of a wastewater pipe system to convey wastewater from the existing McGaheysville sewer treatment plant to the HRRSA facility and removed the McGaheysville plant from active operation.

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

These issues include:

- The construction of a connector road on a new alignment linking western Rockingham County with eastern Rockingham County, redirecting traffic around downtown Harrisonburg along a route that has State Commonwealth Transportation Board approval. The significant decline in state funding available for this project places an increased pressure on local funding or creative financing by the County;
- Partnership with the City to develop water supply resources and related delivery infrastructure;
- Additional operational space for City-shared human service agencies such as the social services district, community services board, and health department, as well as, potential co-location with other related state and federal agencies;
- Design (Part B of permit) of the expansion of the County landfill to provide a long-term solution for disposal of solid waste for the County and City;
- Expansion of the regional jail to provide secure housing for an increasing inmate population.

The economy of the region continues to be relatively strong, influenced by the steadying factor of three local universities and colleges (James Madison University, Eastern Mennonite University and Seminary and Bridgewater College); and despite economic challenges in other areas of Virginia and the United States, the County is meeting the critical service demands for its citizens. However, as noted earlier, the State's budget problems are impacting local operations. Federal stimulus funding was used by the Commonwealth to offset part of the state funding shortfall at the local level in the short term; however, as these funds are depleted, and unless significant economic recovery is seen in the more populous areas of the Commonwealth, state budget problems will continue. Locally, the County has experienced some negative revenue impact primarily in its personal property tax collections. A large portion of this tax is assessed to residents for motor vehicles. The decline in automobile replacements, coupled with a decline in the value of currently-owned vehicles, reduced local revenues this year by over \$1 million. The Board of Supervisors and management team have taken steps to restructure employment levels to address the fiscal challenges, while maintaining core services required by County residents.

The policies established and actions taken by the Board of Supervisors encourages steady, sustainable growth, which fosters a strong local economy and makes Rockingham County "*A Great Place to Be*". For more information on the services provided by the County, please refer to our website at www.rockinghamcountyva.gov.

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

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

Respectfully submitted,



Joseph S. Paxton



JOSEPH S. PAXTON
County Administrator



ROCKINGHAM COUNTY

BOARD OF SUPERVISORS

PABLO CUEVAS

Election District No. 1

FREDERICK E. EBERLY

Election District No. 2

DEE E. FLOYD

Election District No. 3

WILLIAM B. KYGER, JR.

Election District No. 4

MICHAEL A. BREEDEN

Election District No. 5

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

The Finance Department is pleased to present the County of Rockingham's (the County) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. The report is designed to present fairly the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County in all material respects, and to demonstrate compliance with applicable finance-related legal and contractual provisions. The report adheres to the principle of full disclosure so that the reader may gain the maximum understanding of the County's financial affairs.

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

PBGH, LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the County's financial statements for the year ended June 30, 2010. The independent auditors' report is located at the front of the financial section of this report.

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

Profile of the Government

The County of Rockingham, located in the heart of the Shenandoah Valley, is the third largest county in Virginia in land area with 853.65 square miles and an estimated population of 75,962. The independent city of Harrisonburg, with an estimated population of 46,896 serves as the County seat, and is the largest city in western Virginia between the Roanoke and the Washington, D.C. metropolitan areas.

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

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

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

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

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

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

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

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

The Board establishes a time and place for a public hearing on the budget. A hearing must be held at least seven days prior to the adoption of the budget. Except for the School's budget, which may only be increased or decreased by major category or as a whole, the Board may insert new items of expenditure or may increase, decrease, or remove items of expenditure (other than debt service or other legal requirements). On April 22, 2009, the Board approved the budget for fiscal year 2010. During the fiscal year 2010, as is customary, the Board also approved supplemental budget amendments.

Local Economy

The County continues to enjoy a relatively stable and diverse local economy. The County has a varied manufacturing, industrial, distribution, services, and higher education base that adds to the relative stability of the unemployment rate (currently 5.6%). Major industries with headquarters or divisions located within the County's boundaries include a chemical manufacturer, brewery, printer, foodservice marketer and distributor, retail distributors, four-season resort, and several poultry processors. Higher education also has a major presence within the area with a state university, private university, and a private college with a combined full-time enrollment of over 21,000 students.

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

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

While the County experienced a stable amount of building activity for fiscal year 2010, there was over \$77 million authorized for new construction and renovations in the County for this time period including nine projects, each of which involved an investment of \$500,000 or more. These projects were: Rockingham Aviation Corp (new flight operations building); Rockingham Health Care Inc. (buildout of 1st, 2nd, and 3rd Floor Medical Office Building – RMH); Merck Sharp & Dohme Corp (manufacturing building); Bridgewater College (addition and renovation of 3-story building); RR Donnelley & Sons Co (manufacturing building); Hickory Hollow Christian School (new school building); and Town of Elkton (sludge press building).

Long-Term Financial Planning

Unreserved, undesignated fund balance in the General Fund totaled over \$21.5 million, which represents 23 percent of total General Fund expenditures. While there are no formal policy guidelines, the Board and its Finance Committee review this data regularly for budgetary and planning purposes. One of the key goals is to ensure that operational costs for critical services are funded from on-going revenues to ensure the quality of life for County residents.

The Planning Commission has recommended approval by the Board of Supervisors for the Capital Improvements Plan which totals over \$194 million, of which over \$144 million is designated for the five-year period through 2015. This Capital Improvements Plan also includes an outline of the various funding sources.

School projects totaling up to \$90 million were authorized in March 2007 and have resulted in bond funding through the Virginia Public School Authority. The debt service to retire these bonds has continued to create pressure on the revenue resources of the County. Also, since these are new and not replacement school facilities, the opening of each facility has had and will continue to have a significant impact on the cost of school operations.

The Board, with the assistance of staff, was aware that these capital projects will require long-term financial planning, and the Board has taken steps to begin to address these challenges by setting aside funds to meet start-up costs and by working with the School Division to project the funding necessary to meet operating needs.

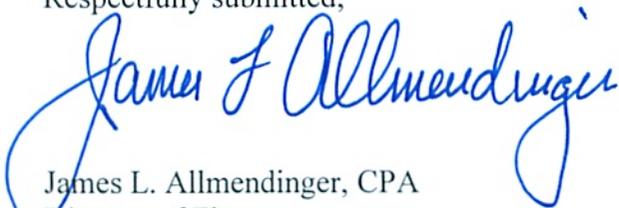
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Rockingham for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2009. This was the 28th consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



James L. Allmendinger, CPA
Director of Finance

COUNTY OF ROCKINGHAM, VIRGINIA

Directory of Principal Officials
June 30, 2010

Board of Supervisors

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

County Administrator

Joseph S. Paxton

School Board

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

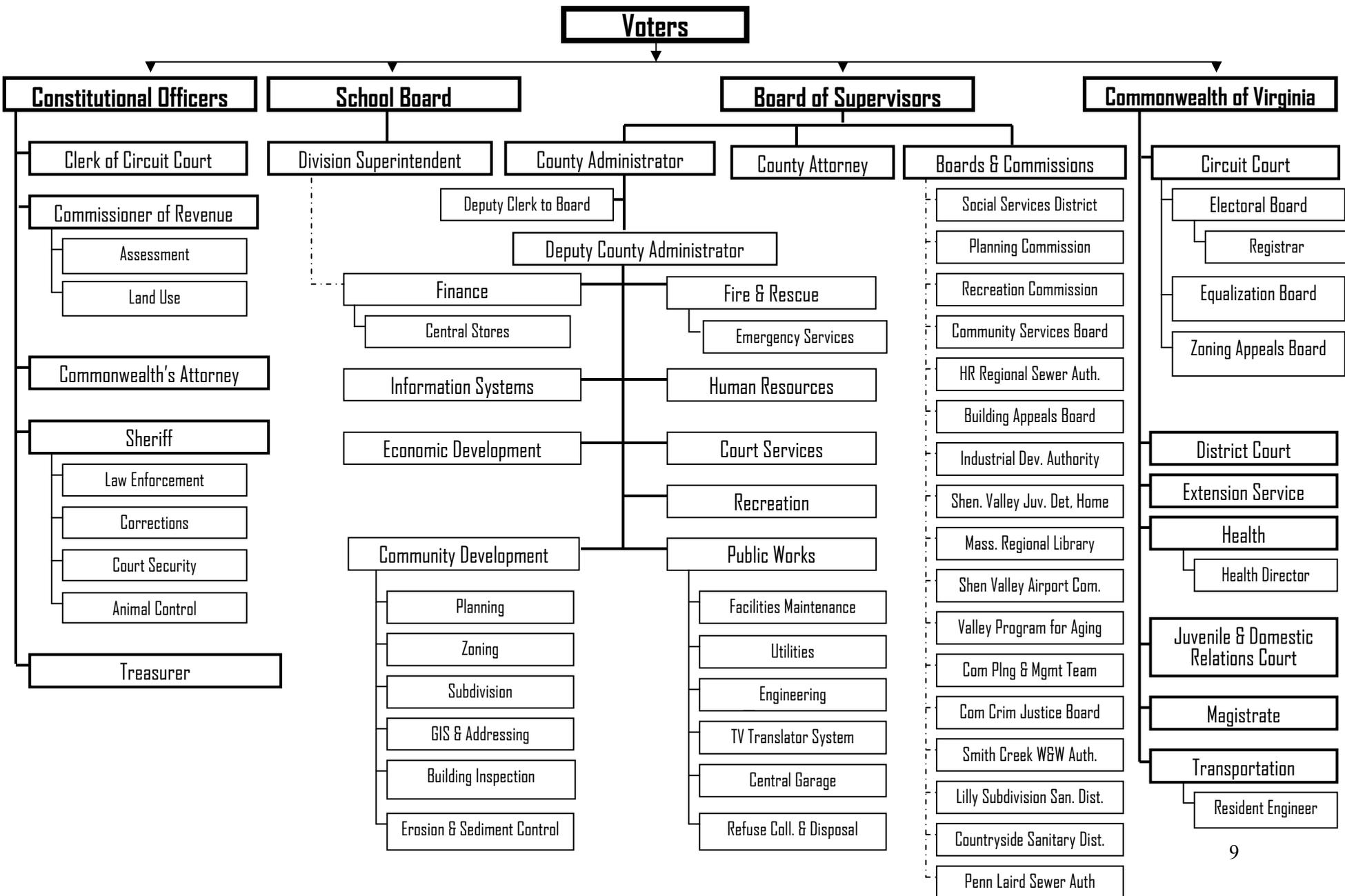
Superintendent of Schools

Dr. Carol Fenn

Other Officials

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

Rockingham County, Virginia Government Organizational Chart



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, 2009

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



President

Executive Director

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Rockingham, Virginia, (County) as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2010 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis (pages 13 to 30) and the required supplementary information (page 84) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

PBGH, LLP

Harrisonburg, Virginia
November 22, 2010

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, 2010. We encourage readers to consider the information presented here in conjunction with the letters of transmittal in the Introductory Section of this report and the County's financial statements following this analysis. **All amounts, unless otherwise indicated, are expressed in thousands of dollars.**

Financial Highlights

- The County's total net assets, excluding component units, totaled a negative \$4,400 at June 30, 2010. Of this amount, there was \$62,233 invested in the County's capital assets, net of related debt, \$422 in restricted net assets, and a negative \$67,055 in unrestricted funds as a result of recording the debt for the component unit – School Board within the governmental activities. Debt is recorded within the primary government since the County is legally obligated to make payments for this debt; however, the corresponding assets are reported in the component unit – School Board statements since the School Board holds title to the assets.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$38,878. Approximately 81 percent of this total amount, \$31,641 is available for spending at the government's discretion (unreserved, undesignated fund balance).
- At the end of the current fiscal year, the unreserved, undesignated fund balance in the General Fund was \$21,539, which represents 23 percent of total General Fund expenditures.

Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 31-34 of this report.

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 35 and 37 of this report.

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the financial statements.

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, liabilities exceeded assets by \$4,400 at the close of the most recent fiscal year. This is an improvement of \$826 in comparison with the prior year. The explanation for this change is provided below.

By far, the largest portion of the County's net assets, \$62,233, reflects its investment in capital assets (e.g. land, easements, buildings, improvements, machinery and equipment, software, and construction in progress, net of accumulated depreciation and amortization), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to its citizens; consequently, these assets are not readily available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves would not likely be used to liquidate these liabilities.

An additional portion of the County's net assets, \$422, represents resources that are subject to external restrictions on how they may be used. There was an increase of \$71 in restricted net assets reported in connection with the County's governmental activities.

The unrestricted portion of the County's net assets for the primary government changed from a negative \$71,019 to a negative \$67,055. This negative balance is due to the County financing the necessary capital asset projects of the component unit School Board. Since the County is legally obligated for the retirement of the debt, it is required to record the liability for this financing; however, the capital asset which statutorily is owned by the School Board is recorded with the component unit. Please refer to Note 1(E)(9) of the financial statements for further explanation.

Most revenue sources remained relatively stable with the exception of operating grants which decreased \$612 or 6%.

Most expense categories were lower than last year with the exception of interest which increased \$562 or 10%. The education expenses, while lower than last year, continued to be higher than normal due to \$10,979 provided for school capital projects.

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

County of Rockingham, Virginia
Summary Statement of Net Assets
June 30, 2010 and 2009

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 48,411	\$ 52,851	\$ 9,775	\$ 12,947	\$ 58,186	\$ 65,798
Capital assets, net	55,922	57,240	47,949	46,452	103,871	103,692
Total assets	104,333	110,091	57,724	59,399	162,057	169,490
Other liabilities	6,227	7,289	685	1,558	6,912	8,847
Noncurrent liabilities	134,398	140,284	25,147	25,585	159,545	165,869
Total liabilities	140,625	147,573	25,832	27,143	166,457	174,716
Net Assets:						
Investment in capital assets, net of related debt	31,495	33,331	30,738	32,111	62,233	65,442
Restricted	422	351	-	-	422	351
Unrestricted (deficit)	(68,209)	(71,164)	1,154	145	(67,055)	(71,019)
Total net assets	\$ (36,292)	\$ (37,482)	\$ 31,892	\$ 32,256	\$ (4,400)	\$ (5,226)

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2010	2009	2010	2009
Current and other assets	\$ 28,000	\$ 35,930	\$ 5,927	\$ 5,347
Capital assets, net	166,440	150,699	79	119
Total assets	194,440	186,629	6,006	5,466
Other liabilities	19,514	21,053	1,855	2,650
Noncurrent liabilities	5,537	3,242	442	351
Total liabilities	25,051	24,295	2,297	3,001
Net Assets:				
Investment in capital assets, net of related debt	166,440	150,699	79	119
Unrestricted (deficit)	2,949	11,635	3,630	2,346
Total net assets	\$ 169,389	\$ 162,334	\$ 3,709	\$ 2,465

County of Rockingham, Virginia
Summary Statement of Changes in Net Assets
Years Ended June 30, 2010 and 2009

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 6,603	\$ 6,797	\$ 8,430	\$ 7,828	\$ 15,033	\$ 14,625
Operating grants and contributions	9,403	10,015	-	-	9,403	10,015
Capital grants and contributions	119	84	-	1,016	119	1,100
General revenues:						
General property taxes	66,376	65,896	-	-	66,376	65,896
Other local taxes	9,720	9,997	-	-	9,720	9,997
Intergovernmental non-categorical aid	6,389	6,590	-	-	6,389	6,590
Use of money and property	839	786	34	200	873	986
Miscellaneous	232	279	561	243	793	522
Total revenues	99,681	100,444	9,025	9,287	108,706	109,731
Expenses:						
General government administration	4,928	5,172	-	-	4,928	5,172
Judicial administration	3,679	4,232	-	-	3,679	4,232
Public safety	19,529	20,558	-	-	19,529	20,558
Public works	2,385	2,516	9,409	8,540	11,794	11,056
Health and social services	5,212	5,088	-	-	5,212	5,088
Education	48,129	78,046	-	-	48,129	78,046
Parks, recreation and cultural	2,091	2,167	-	-	2,091	2,167
Community development	6,182	6,142	-	-	6,182	6,142
Interest	6,336	5,774	-	-	6,336	5,774
Total expenses	98,471	129,695	9,409	8,540	107,880	138,235
Changes in net assets before transfers	1,210	(29,251)	(384)	747	826	(28,504)
Transfers	(20)	-	20	-	-	-
Change in net assets	1,190	(29,251)	(364)	747	826	(28,504)
Net assets, beginning	(37,482)	(8,231)	32,256	31,509	(5,226)	23,278
Net assets, ending	\$ (36,292)	\$ (37,482)	\$ 31,892	\$ 32,256	\$ (4,400)	\$ (5,226)

County of Rockingham, Virginia
Summary Statement of Changes in Net Assets (Continued)
Years Ended June 30, 2010 and 2009

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2010	2009	2010	2009
Revenues:				
Program revenues:				
Charges for services	\$ 5,322	\$ 5,638	\$ -	\$ -
Operating grants and contributions	72,018	77,327	15,969	14,844
Capital grants and contributions	3,854	3,560	-	-
General revenues:				
Grants and contributions not restricted to specific programs	48,129	78,046	6,972	7,148
Intergovernmental non-categorical aid	94	92	-	-
Use of money and property	56	145	15	43
Miscellaneous	459	153	75	272
Total revenues	129,932	164,961	23,031	22,307
Expenses:				
Health and social services	-	-	21,787	21,780
Education	122,877	126,474	-	-
Total expenses	122,877	126,474	21,787	21,780
Change in net assets	7,055	38,487	1,244	527
Net assets, beginning	162,334	123,847	2,465	1,938
Net assets, ending	<u>\$ 169,389</u>	<u>\$ 162,334</u>	<u>\$ 3,709</u>	<u>\$ 2,465</u>

Governmental activities. Governmental activities reduced the deficit in the County's net assets by \$1,190. Key factors of this change are as follows:

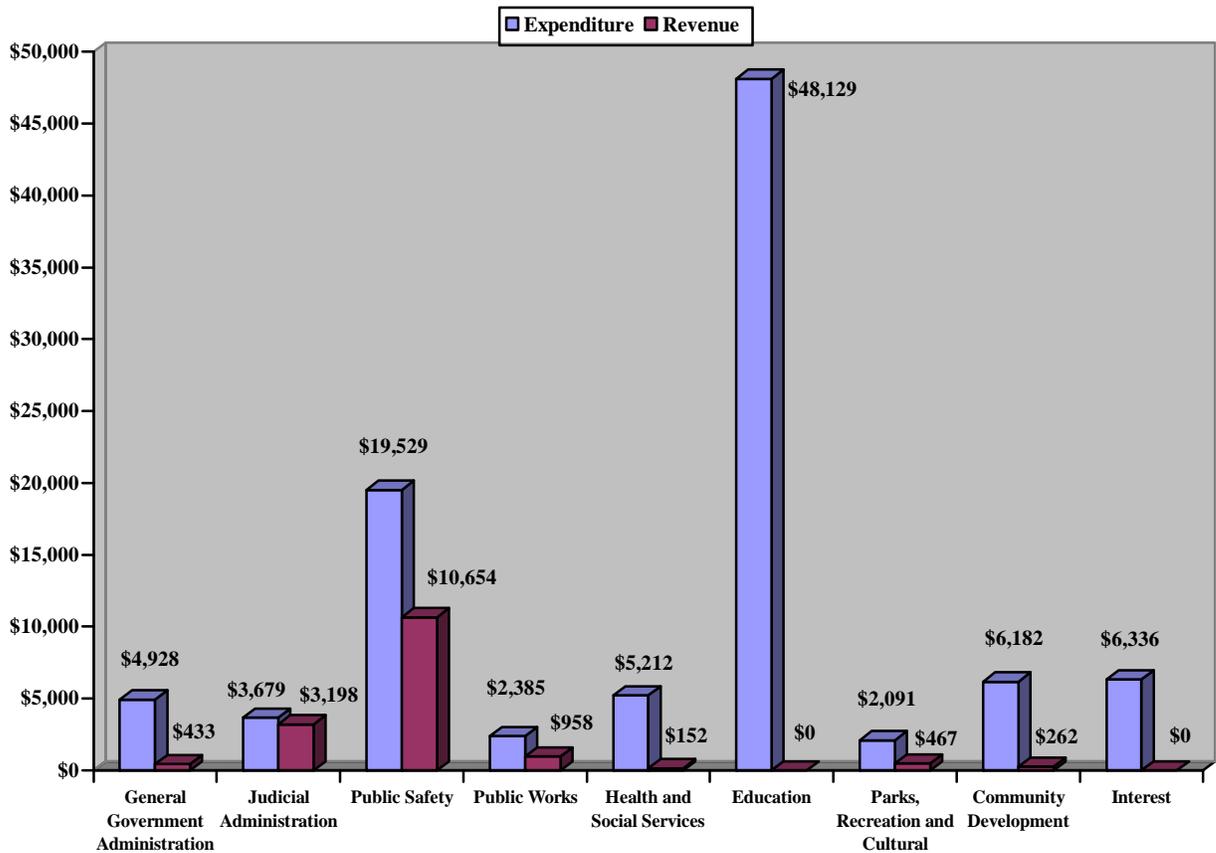
All of the revenue categories remained relatively stable with the exception of operating grants which decreased \$612 or 6%.

Expenses decreased \$31,224 compared to last fiscal year. For the most part, expense categories also remained relatively stable. An explanation of the key components resulting in this change is explained on page 23 under the Financial Analysis of the Government's Funds.

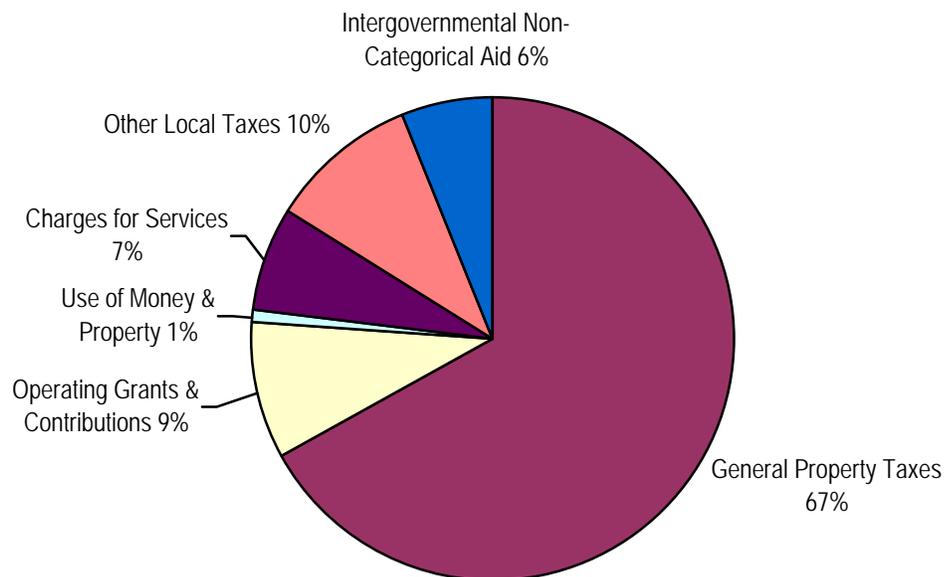
Business-type activities. Business-type activities decreased the County's net assets by \$364 compared to an increase of \$747 last fiscal year. Key factors for this change are as follows:

- Capital grants and contributions decreased by \$1,016 (100 percent) compared to last year. There were no capital grants and contributions received in the current year.
- Charges for services increased by \$602 (8 percent) compared to last year. This was mainly the result of :
 1. Water and sewer charges for services increased \$920. This was from a water and sewer rate increase effective July 1, 2009 and additional usage.
 2. Solid waste charges for services decreased \$345. This was from lower tonnage received at the landfill due to the increased capacity at the City's waste to energy steam plant.
- Expenses for business-type activities increased \$869 (10 percent) compared to last year.
 1. The Regional Sewer Authority assessments increased as follows:
 - a) Operations and maintenance \$443
 - b) Debt service \$290
 2. Interest expense increased \$241.

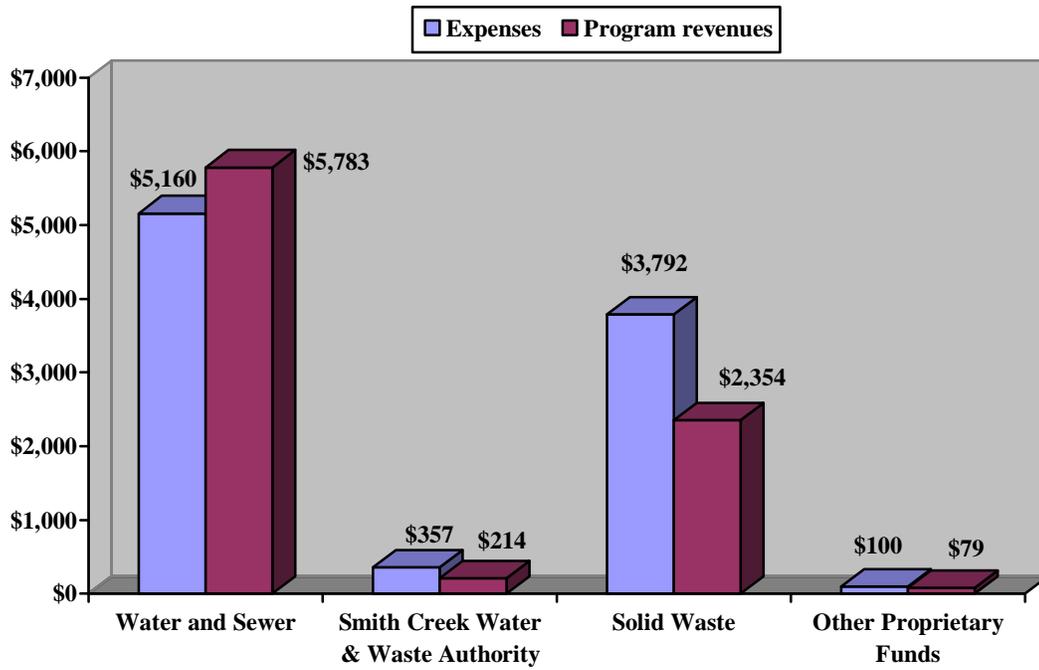
Expenses and Program Revenues - Governmental Activities



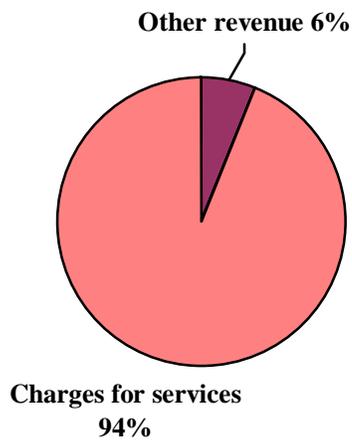
Revenues by Source - Governmental Activities



Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Component Unit – School Board. The School Board’s net assets increased by \$7,055 this fiscal year. Key elements of this increase are as follows:

1. Operating grants and contributions decreased \$5,309 from the prior year. State aid was less but was offset partially with Federal stimulus funds.
2. Grants and contributions not restricted to specific programs decreased \$29,917 from the previous year. The County’s appropriation for school capital projects was the largest component and decreased \$28,526 due to the conclusion of the new school construction.
3. Expenses decreased \$3,597 from the prior year. This is the result of school capital expenditures decreasing and education expenditures also decreasing.

In summary, the School Board had a net loss in fund balances of \$8,163; however, this loss included \$21,949 in capital asset expenditures. The net effect is a positive increase in net assets for the School Board mainly due to school construction and capital outlay.

Financial Analysis of the Government’s Funds

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

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

As of the end of the current fiscal year, the County’s governmental funds reported combined ending fund balances of \$38,878, a decrease of \$3,752 in comparison with the prior year.

Approximately 81 percent of this total amount (\$31,641) constitutes *unreserved, undesignated fund balance*, which is available for spending at the government’s discretion. The remainder of fund balance is *reserved or designated* to indicate that it is not available for new spending because it has already been committed.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund was \$21,539, while total fund balance reached \$28,353. As a measure of the General Fund’s liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 23 percent of total General Fund expenditures, while total fund balance represents 30 percent of that same amount.

The fund balance of the County's General Fund increased \$4,836 during the current fiscal year. This is significantly better than the original budget which projected a \$6,190 decrease, and the final budget projecting a \$6,978 decrease. The key factors influencing this result are as follows:

- Total revenues remained relatively stable compared to last year by decreasing \$482, less than 0.5%. The four largest revenue changes were:
 - Real estate taxes increased \$1,484 primarily due to the real property reassessment that is determined every four years on a calendar basis. While the Board maintained the real estate tax rate at 60 cents per \$100 of assessed value for calendar year 2010, there was an increase in the assessed values. The first half of the real estate tax was due in June 2010 and therefore one-half of the increase is recognized in this fiscal year.
 - Personal property taxes decreased \$1,057 primarily due to a reduction in the automobile values established by the National Automobile Dealer Association (NADA)
 - Intergovernmental revenue from the Commonwealth of Virginia increased \$812 from categorical aid specifically involving shared costs.
 - Intergovernmental revenue from the federal government decreased \$1,589 primarily due to \$1,410 less in ARRA – state fiscal stabilization categorical aid.
- Expenditures decreased \$36,480 compared to the prior fiscal year. While most of the expenditure categories remained relatively flat, the key components affecting this change were:
 1. Education expenses decreased \$36,674 compared to the prior fiscal year. This was primarily due to a transfer of funds to the School Capital Projects Fund of \$10,979 this fiscal year compared to \$39,506 last fiscal year, while the transfer of funds for school operating costs also decreased \$1,390.
 2. Public safety decreased \$982 compared to the prior fiscal year. Most of the public safety categories were less than the prior year primarily due to containment of costs.
 3. Judicial administration decreased \$484 compared to the prior fiscal year. This was due to less operating grant revenue and a containment of costs.
 4. Debt service increased \$3,284 compared to the prior fiscal year. This was primarily the result of additional School Board debt and the SRI project capital lease.

The General Capital Projects Fund has a total fund balance of \$10,102, of which the entire amount is unreserved and undesignated. The County had capital outlays of \$8,726 during the current fiscal year which were funded by 1) revenues of \$67, and 2) use of the General Capital Projects Fund Balance of \$8,659.

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

Net assets of these funds decreased \$364 this fiscal year to \$31,892. The largest portion of these net assets, \$30,738, continues to reflect the County's investment in capital assets. The unrestricted net assets of the proprietary funds increased from \$145 last fiscal year to \$1,154 this fiscal year.

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

General Fund Budgetary Highlights

During the year there was a \$1,986 increase in appropriations between the original and final amended budget. The following are the largest components of the increase:

- \$696 supplemental appropriations in judicial administration which included \$322 to complete restoration and digitizing all wills and marriage bonds and also for secure remote access.
- \$738 supplemental appropriations in public safety which included \$302 for an armored incident response vehicle.
- \$441 supplemental appropriation in education for school capital 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). Actual revenues less expenditures were \$11,815 over the final budget.

Actual total revenues were \$4,602 over the final budgeted amounts and the key factor for this was:

- General property taxes were \$5,730 over the final budget amount. Personal property taxes accounted for \$3,593 of this increase and were the result of more vehicles and higher values in the current year than anticipated. Machinery and tools taxes accounted for \$1,526 of this increase and were due to more investment in machinery and tools by manufacturers in the County than expected.

Actual total expenditures were \$7,213 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 \$5,373. The remaining funds were left unspent at year-end by the School Board in recognition of the need to be conservative given the substantial school capital projects.
- \$917 of this total will be carried over to next fiscal year for the one-time start-up costs of East Rockingham High School.
- Community development expenditures were \$597 less than the final budget due to economic development funds not being spent by year-end.
- Public safety expenditures were \$591 less than the final budget due to the armored incident response vehicle for \$302 was not delivered by year-end and other funds were not spent by year-end.
- All other expenditure categories were less than the final budget amounts to varying degrees, but primarily due to containment of costs.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2010, amounts to \$103,871 (net of accumulated depreciation and amortization). This investment in capital assets includes land, easements, construction in progress, buildings, improvements, machinery and equipment, and software. The County's investment in capital assets for the current fiscal year remained unchanged at \$103,871 this year compared to \$103,692 last year (a 2 percent decrease for governmental activities and a 3 percent increase for business-type activities).

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

Governmental Activities

- Construction In Progress
 - Construction in progress was completed on the SRI building.
- Buildings
 - The SRI building was completed for a total cost of \$16,070.

Business-Type Activities

- Construction In Progress
 - Construction in progress was completed on the McGaheysville Sewer Project.
 - Construction in progress was completed on the Belmont and Highland Park pump stations.
- Improvements
 - The Methane Utilization Project was completed for a total cost of \$2,610.
 - The Belmont and Highland Park pump stations were completed for a total cost of \$735.
 - The McGaheysville Sewer Project was completed for a total cost of \$5,549.

County of Rockingham, Virginia
Summary Statement of Capital Assets
June 30, 2010 and 2009

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2010	2009	2010	2009	2010	2009
Non-Depreciable Assets:						
Land	\$ 3,198	\$ 3,199	\$ 1,549	\$ 1,734	\$ 4,747	\$ 4,933
Easements	-	-	198	-	198	-
Construction in progress	8,961	24,620	316	6,343	9,277	30,963
Depreciable Capital Assets:						
Buildings	46,102	30,032	370	85	46,472	30,117
Improvements	10,245	10,246	61,890	52,940	72,135	63,186
Machinery and equipment	6,395	7,816	5,090	5,038	11,485	12,854
Software	1,571	-	-	-	1,571	-
Accumulated depreciation and amortization	(20,550)	(18,673)	(21,464)	(19,688)	(42,014)	(38,361)
Total	\$ 55,922	\$ 57,240	\$ 47,949	\$ 46,452	\$103,871	\$103,692

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

- **Construction In Progress**
 - Construction in progress was completed on the new River Bend Elementary School.
 - Construction on the new East Rockingham High School continued; construction in progress as of the close of this fiscal year was \$47,809, an increase of \$17,839 during this fiscal year.
- **Buildings**
 - The new River Bend Elementary School building was completed for a total cost of \$11,471.

County of Rockingham, Virginia
Summary Statement of Capital Assets (Continued)
June 30, 2010 and 2009

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2010	2009	2010	2009
	2010	2009	2010	2009
Non-Depreciable Assets:				
Land	\$ 5,370	\$ 5,406	\$ -	\$ -
Easements	37	-	-	-
Construction in progress	47,847	41,882	-	-
Depreciable Capital Assets:				
Buildings	131,671		-	-
Improvements	45,648	45,223	3	3
Machinery and equipment	28,566	25,871	525	522
Software	49	-	-	-
Accumulated depreciation and amortization	(92,748)	(86,601)	(449)	(406)
Total	\$ 166,440	\$ 150,699	\$ 79	\$ 119

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 \$102,461. 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, 2010 and 2009

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 102,319	\$ 107,351	\$ -	\$ -	\$ 102,319	\$ 107,351
Literary fund loans	142	316	-	-	142	316
Capital leases	25,397	26,356	-	-	25,397	26,356
Unamortized premium	4,406	4,659	637	694	5,043	5,353
Revenue bonds	-	-	18,180	19,002	18,180	19,002
Landfill obligation	-	-	6,074	5,733	6,074	5,733
Compensated absences	1,547	1,602	174	156	1,721	1,758
Other Post-employment benefits	587	304	82	42	669	346
Total	\$ 134,398	\$ 140,588	\$ 25,147	\$ 25,627	\$ 159,545	\$ 166,215

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 2010 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 2010 fiscal year is as follows:

Estimated Population	Assessed Valuation of All Taxable Property	Net Bonded Debt	Ratio of Debt to Assessed Valuation	Net Bonded Debt per Capita
75,962	\$8,504,257,757	\$102,460,728	.0120	\$1,349

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

Economic factors and next year’s budget and rates

- The unemployment rate for September 2010 in Rockingham County was 5.6 percent, which is higher than the 5.3 percent rate a year ago. This, however, compares favorably to the Virginia statewide unemployment rate of 6.5 percent and the United States national average of 9.2 percent.
- The County encountered its 2nd consecutive year of significant revenue shortfalls. This was mainly due to the State being faced with an approximately \$4 billion shortfall in revenue for its FY2010-2012 biennial budget.
- The County and School Board were advised to expect \$8.1 million less in state funds for the coming fiscal year. The County’s share is \$1.3 million with the largest percentage of the shortfall (\$923 thousand) in funding for the state’s share of the offices of the constitutional officers. The School Board faced a \$6.8 million state shortfall that was offset in part (\$2.9 million) by reductions in the contribution for the Virginia Retirement System (VRS).
- The County Board of Supervisors and School Board approved a number of personnel and other operating cost reductions in next year’s budget to address the revenue shortfall. However, in addition to eliminating positions and other significant cost containment measures, the Board of Supervisors also used funds set aside in the unreserved fund balance in the General Fund to balance the budget (details below).
- Federal revenues are primarily from grant sources, and with the federal fiscal year not beginning until October 1, it is difficult to project which grants will be approved. However, it is important to point out that those expenditures dependent upon federal grants will not be incurred until the grant is approved and the County has assurances that it will receive those funds.
- Revenue estimates continue to be projected conservatively by staff to be responsible to the County’s citizens in funding planned levels of service for next year.

All of these factors were considered in preparing the County's budget for the 2011 fiscal year.

The unreserved fund balance in the General Fund at fiscal year-end was \$27,255. The County has appropriated \$5,717 of this amount for spending in the 2011 fiscal year budget. The drawdown in the fund balance is used for one-time capital and maintenance expenditures and, therefore, lessens the need to raise taxes.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF NET ASSETS

June 30, 2010

	Primary Government			Component Units	
	Governmental	Business-type	Totals	School	Harrisonburg- Rockingham Social Services
	Activities	Activities		Board	District
ASSETS					
Cash, cash equivalents and temporary cash investments	\$ 39,553,827	\$ 7,185,142	\$ 46,738,969	\$ 22,111,361	\$ 3,458,750
Receivables, net:					
Property taxes	3,363,389	-	3,363,389	-	-
Utility taxes	158,178	-	158,178	-	-
Trade and other accounts	485,700	1,064,910	1,550,610	590,443	52,386
Accrued interest	27,399	4,336	31,735	7,175	2,475
Due from other governments	2,692,286	-	2,692,286	2,826,083	2,338,981
Internal balances	462,500	(462,500)	-	-	-
Prepaid items	352,616	45,856	398,472	2,171,328	74,678
Inventory	39,241	140,264	179,505	294,028	-
Restricted cash	1,275,186	1,606,531	2,881,717	-	-
Financing costs, net of accumulated amortization	-	190,757	190,757	-	-
Capital assets, net of accumulated depreciation and amortization:					
Land	3,197,581	1,549,260	4,746,841	5,369,535	-
Easements	-	197,842	197,842	36,654	-
Buildings	46,102,231	370,127	46,472,358	131,670,772	-
Improvements other than buildings	10,245,656	61,889,113	72,134,769	45,648,450	3,156
Machinery and equipment	6,395,670	5,089,562	11,485,232	28,566,246	525,168
Software	1,570,464	-	1,570,464	49,407	-
Construction in progress	8,961,064	316,099	9,277,163	47,846,854	-
Less: accumulated depreciation and amortization	(20,550,119)	(21,463,640)	(42,013,759)	(92,747,873)	(449,406)
Total assets	104,332,869	57,723,659	162,056,528	194,440,463	6,006,188

LIABILITIES

Accounts payable	562,369	346,543	908,912	5,039,744	1,623,631
Accrued payroll	1,056,445	124,415	1,180,860	11,543,921	232,126
Accrued liabilities	146,958	18,864	165,822	-	-
Accrued interest	2,515,187	195,173	2,710,360	-	-
Unearned revenue	1,576,837	-	1,576,837	1,104,783	-
Insurance and benefit claims	369,150	-	369,150	1,235,850	-
Due to other governments	-	-	-	590,040	-
Noncurrent liabilities:					
Due within one year:					
Bonds payable	5,829,839	1,072,021	6,901,860	-	-
Literary loans	73,500	-	73,500	-	-
Capital leases	1,878,497	-	1,878,497	-	-
Landfill obligation	-	62,600	62,600	-	-
Compensated absences	837,512	96,312	933,824	2,130,506	183,604
Due in more than one year:					
Bonds payable, net	100,894,738	17,744,694	118,639,432	-	-
Literary loans	68,859	-	68,859	-	-
Capital leases	23,517,966	-	23,517,966	-	-
Landfill obligation	-	6,011,372	6,011,372	-	-
Compensated absences	709,738	78,402	788,140	1,113,621	116,758
Other postemployment benefits	587,104	81,831	668,935	2,292,549	141,449
Total liabilities	140,624,699	25,832,227	166,456,926	25,051,014	2,297,568

NET ASSETS

Invested in capital assets, net of related debt	31,494,506	30,738,179	62,232,685	166,440,045	78,918
Restricted:					
Nonexpendable trust principal	11,143	-	11,143	-	-
Expendable:					
Park maintenance	11,336	-	11,336	-	-
Law enforcement	115,560	-	115,560	-	-
Debt service	284,298	-	284,298	-	-
Unrestricted (deficit)	(68,208,673)	1,153,253	(67,055,420)	2,949,404	3,629,702
Total net assets	\$ (36,291,830)	\$ 31,891,432	\$ (4,400,398)	\$ 169,389,449	\$ 3,708,620

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2010

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets								
	Expenses	Program Revenues			Primary Government			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	School Board	Harrisonburg-Rockingham Social Services District
Primary Government:									
Governmental activities:									
General government administration	\$ 4,927,727	\$ 4,058	\$ 429,322	\$ -	\$ (4,494,347)	\$ -	\$ (4,494,347)	\$ -	\$ -
Judicial administration	3,678,728	1,073,326	2,124,717	-	(480,685)	-	(480,685)	-	-
Public safety	19,529,025	4,090,326	6,444,716	118,588	(8,875,395)	-	(8,875,395)	-	-
Public works	2,384,927	956,152	1,667	-	(1,427,108)	-	(1,427,108)	-	-
Health and social services	5,212,611	7,953	143,987	-	(5,060,671)	-	(5,060,671)	-	-
Education	48,129,186	-	-	-	(48,129,186)	-	(48,129,186)	-	-
Parks, recreation and cultural	2,090,895	467,229	-	-	(1,623,666)	-	(1,623,666)	-	-
Community development	6,182,334	4,017	258,319	-	(5,919,998)	-	(5,919,998)	-	-
Interest	6,335,856	-	-	-	(6,335,856)	-	(6,335,856)	-	-
Total governmental activities	98,471,289	6,603,061	9,402,728	118,588	(82,346,912)	-	(82,346,912)	-	-
Business-type activities:									
Water and sewer	5,616,481	6,075,853	-	-	-	459,372	459,372	-	-
Solid waste	3,792,474	2,353,901	-	-	-	(1,438,573)	(1,438,573)	-	-
Total business-type activities	9,408,955	8,429,754	-	-	-	(979,201)	(979,201)	-	-
Total primary government	\$ 107,880,244	\$ 15,032,815	\$ 9,402,728	\$ 118,588	(82,346,912)	(979,201)	(83,326,113)	-	-
Component Units:									
Rockingham County School Board:									
Education:									
Instruction	\$ 96,112,008	\$ 3,055,581	\$ 69,353,452	\$ 3,079,645	-	-	-	(20,623,330)	-
Administration, attendance and health	4,891,885	-	-	-	-	-	-	(4,891,885)	-
Pupil transportation services	7,184,619	-	-	760,680	-	-	-	(6,423,939)	-
Operation and maintenance services	9,919,463	-	-	13,723	-	-	-	(9,905,740)	-
School food services	4,768,548	2,266,379	2,665,101	-	-	-	-	162,932	-
Total school board	122,876,523	5,321,960	72,018,553	3,854,048	-	-	-	(41,681,962)	-

See Notes to Financial Statements.

Harrisonburg-Rockingham Social
Services District:

Social Services:

Public assistance	5,730,436	-	4,329,056	-	-	-	-	-	(1,401,380)
Comprehensive services	10,236,725	-	6,633,186	-	-	-	-	-	(3,603,539)
Administration:									
Welfare	5,820,207	-	5,007,010	-	-	-	-	-	(813,197)
Total social services district	21,787,368	-	15,969,252	-	-	-	-	-	(5,818,116)
Total component units	\$ 144,663,891	\$ 5,321,960	\$ 87,987,805	\$ 3,854,048	-	-	-	(41,681,962)	(5,818,116)

General Revenues:

Taxes:

General property taxes	66,376,392	-	66,376,392	-	-
Other local taxes:					
Local sales and use	4,168,753	-	4,168,753	-	-
Consumer utility and communications sales and use	2,676,009	-	2,676,009	-	-
Motor vehicle licenses	1,169,718	-	1,169,718	-	-
Other	1,705,225	-	1,705,225	-	-
Grants and contributions not restricted to specific programs	-	-	-	48,129,186	6,971,699
Intergovernmental, non-categorical aid	6,389,141	-	6,389,141	93,380	-
Use of money and property	839,375	34,080	873,455	55,765	15,357
Miscellaneous	232,721	560,244	792,965	459,070	74,996
Transfers	(20,000)	20,000	-	-	-
Total general revenues and transfers	83,537,334	614,324	84,151,658	48,737,401	7,062,052
Change in net assets	1,190,422	(364,877)	825,545	7,055,439	1,243,936
Net assets, beginning	(37,482,252)	32,256,309	(5,225,943)	162,334,010	2,464,684
Net assets, ending	<u>\$ (36,291,830)</u>	<u>\$ 31,891,432</u>	<u>\$ (4,400,398)</u>	<u>\$ 169,389,449</u>	<u>\$ 3,708,620</u>

COUNTY OF ROCKINGHAM, VIRGINIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010**

	General	General Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 26,725,534	\$ 9,138,372	\$ 116,140	\$ 35,980,046
Receivables, net:				
Property taxes	3,363,389	-	-	3,363,389
Utility taxes	158,178	-	-	158,178
Trade and other accounts	398,659	82,448	-	481,107
Accrued interest	18,670	7,652	82	26,404
Due from other governments	2,688,935	-	-	2,688,935
Prepaid items	352,616	-	-	352,616
Inventory	31,539	-	-	31,539
Advance to other funds	462,500	-	-	462,500
Restricted cash	-	968,422	306,764	1,275,186
Total assets	\$ 34,200,020	\$ 10,196,894	\$ 422,986	\$ 44,819,900
LIABILITIES				
Accounts payable	\$ 551,664	\$ 10,189	\$ 92	\$ 561,945
Accrued payroll	1,056,445	-	-	1,056,445
Accrued liabilities	-	85,000	-	85,000
Deferred revenue	4,238,891	-	-	4,238,891
Total liabilities	5,847,000	95,189	92	5,942,281
FUND BALANCES				
Reserved for:				
Encumbrances	251,293	-	-	251,293
Advance to other funds	462,500	-	-	462,500
Inventory	31,539	-	-	31,539
Prepaid items	352,616	-	-	352,616
Nonexpendable trust principal	-	-	11,143	11,143
Park maintenance	-	-	11,336	11,336
Law enforcement	-	-	115,560	115,560
Debt service	-	-	284,298	284,298
Unreserved:				
Designated for subsequent years' expenditures	5,716,531	-	-	5,716,531
Undesignated:				
General fund	21,538,541	-	-	21,538,541
Capital projects funds	-	10,101,705	557	10,102,262
Total fund balances	28,353,020	10,101,705	422,894	38,877,619
Total liabilities and fund balances	\$ 34,200,020	\$ 10,196,894	\$ 422,986	\$ 44,819,900

See Notes to Financial Statements.

COUNTY OF ROCKINGHAM, VIRGINIA

**RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2010**

	Governmental Funds
Total fund balances - total governmental funds	\$ 38,877,619
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>	
<p>Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.</p>	
Governmental capital assets	\$ 76,472,666
Less accumulated depreciation and amortization	<u>(20,550,119)</u>
Net capital assets	55,922,547
<p>Deferred revenue represents amounts that were not available to fund current expenditures and, therefore, is not reported as revenue in the governmental funds.</p>	
	2,986,979
<p>Internal service funds are used by management to charge the costs of goods provided to other departments or funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.</p>	
	2,895,923
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.</p>	
General obligation bonds, including unamortized premiums	(106,724,577)
Literary loans	(142,359)
Capital leases	(25,396,463)
Compensated absences	(1,547,250)
Arbitrage payable	(61,958)
Interest payable	(2,515,187)
Other postemployment benefits	<u>(587,104)</u>
	<u>(136,974,898)</u>
Net assets of governmental activities	<u><u>\$ (36,291,830)</u></u>

See Notes to Financial Statements.

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 Year Ended June 30, 2010

	General	General Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
General property taxes	\$ 66,216,435	\$ -	\$ -	\$ 66,216,435
Other local taxes	9,719,705	-	-	9,719,705
Permits, privilege fees and regulatory licenses	803,462	-	-	803,462
Fines and forfeitures	137,134	-	101,301	238,435
Use of money and property	766,514	66,875	353	833,742
Charges for services	2,801,305	-	-	2,801,305
Miscellaneous	232,721	-	-	232,721
Recovered costs	2,759,777	-	-	2,759,777
Intergovernmental	15,910,457	-	-	15,910,457
Total revenues	99,347,510	66,875	101,654	99,516,039
Expenditures:				
Current:				
General government administration	4,398,991	-	-	4,398,991
Judicial administration	3,343,653	-	-	3,343,653
Public safety	18,879,764	-	30,561	18,910,325
Public works	2,352,738	-	-	2,352,738
Health and social services	5,168,646	-	-	5,168,646
Education	41,372,004	6,757,182	-	48,129,186
Parks, recreation and cultural	2,023,049	-	-	2,023,049
Community development	4,467,357	-	-	4,467,357
Capital outlay	-	1,969,136	-	1,969,136
Debt service:				
Principal	6,166,108	-	-	6,166,108
Interest and fiscal charges	6,318,727	-	-	6,318,727
Total expenditures	94,491,037	8,726,318	30,561	103,247,916
Revenues over (under) expenditures	4,856,473	(8,659,443)	71,093	(3,731,877)
Other financing uses:				
Transfers out	(20,000)	-	-	(20,000)
Net change in fund balances	4,836,473	(8,659,443)	71,093	(3,751,877)
Fund balance, beginning	23,516,547	18,761,148	351,801	42,629,496
Fund balance, ending	\$ 28,353,020	\$ 10,101,705	\$ 422,894	\$ 38,877,619

COUNTY OF ROCKINGHAM, VIRGINIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2010**

	Governmental Funds	
Net change in fund balances - total governmental funds		\$ (3,751,877)
Reconciliation of amounts reported for governmental activities in the Statement of Activities:		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which depreciation and amortization exceeded capital outlays in the current period.</p>		
Expenditures for capital assets	\$ 1,012,486	
Less depreciation and amortization expense	<u>(2,329,135)</u>	
Excess of capital outlays over depreciation and amortization		(1,316,649)
<p>The net effect of miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) and is to decrease net assets.</p>		
		(1,000)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in deferred revenue		159,957
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.</p>		
Principal repayments:		
General obligation debt		6,166,108
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Accrued interest	(267,770)	
Compensated absences	54,538	
Arbitrage	(2,490)	
Other postemployment benefits	(283,464)	
Amortization of premium	<u>253,131</u>	
		(246,055)
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net income of the internal service funds are reported with governmental activities.</p>		
Total revenues	4,040,944	
Total expenses	<u>(3,861,006)</u>	
		<u>179,938</u>
Change in net assets of governmental activities		<u><u>\$ 1,190,422</u></u>

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 Year Ended June 30, 2010

	General Fund			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
General property taxes	\$ 60,486,000	\$ 60,486,000	\$ 66,216,435	\$ 5,730,435
Other local taxes	9,743,400	9,743,400	9,719,705	(23,695)
Permits, privilege fees and regulatory licenses	844,400	844,400	803,462	(40,938)
Fines and forfeitures	118,600	118,600	137,134	18,534
Use of money and property	957,103	957,103	766,514	(190,589)
Charges for services	2,781,137	2,821,687	2,801,305	(20,382)
Miscellaneous	95,000	127,014	232,721	105,707
Recovered costs	2,318,694	2,392,259	2,759,777	367,518
Intergovernmental	16,204,295	17,255,536	15,910,457	(1,345,079)
Total revenues	93,548,629	94,745,999	99,347,510	4,601,511
Expenditures:				
Current:				
General government administration	4,503,025	4,519,289	4,398,991	(120,298)
Judicial administration	2,968,768	3,664,355	3,343,653	(320,702)
Public safety	18,733,400	19,471,084	18,879,764	(591,320)
Public works	2,304,548	2,386,548	2,352,738	(33,810)
Health and social services	5,210,476	5,210,476	5,168,646	(41,830)
Education	46,304,298	46,745,098	41,372,004	(5,373,094)
Parks, recreation and cultural	1,992,687	2,047,756	2,023,049	(24,707)
Community development	5,125,767	5,064,325	4,467,357	(596,968)
Debt service:				
Principal	6,166,001	6,166,108	6,166,108	-
Interest and fiscal charges	6,429,297	6,429,190	6,318,727	(110,463)
Total expenditures	99,738,267	101,704,229	94,491,037	(7,213,192)
Revenues over (under) expenditures	(6,189,638)	(6,958,230)	4,856,473	11,814,703
Other financing uses:				
Transfers out	-	(20,000)	(20,000)	-
Net change in fund balance	(6,189,638)	(6,978,230)	4,836,473	11,814,703
Fund balance, beginning	6,189,638	6,978,230	23,516,547	16,538,317
Fund balance, ending	\$ -	\$ -	\$ 28,353,020	\$ 28,353,020

See Notes to Financial Statements.

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 June 30, 2010

	Business-Type Activities - Enterprise Funds				Totals	Governmental Activities - Internal Service Funds
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Other Proprietary Funds		
ASSETS						
Current Assets:						
Cash, cash equivalents and temporary cash investments	\$ 5,744,309	\$ 433,590	\$ 888,327	\$ 118,916	\$ 7,185,142	\$ 7,096,264
Trade and other accounts receivable	578,905	40,864	391,994	53,147	1,064,910	5,154
Accrued interest	3,478	262	531	65	4,336	4,326
Due from other governments	-	-	-	-	-	14,571
Prepaid items	22,501	-	23,355	-	45,856	-
Inventory	140,264	-	-	-	140,264	7,702
Restricted cash	1,293,513	28,652	280,309	4,057	1,606,531	-
Total current assets	7,782,970	503,368	1,584,516	176,185	10,047,039	7,128,017
Noncurrent Assets:						
Financing costs, net of accumulated amortization	99,396	6,409	64,622	20,330	190,757	-
Capital assets:						
Land	232,998	-	1,295,662	20,600	1,549,260	-
Easements	177,211	-	-	20,631	197,842	-
Buildings	12,995	-	348,232	8,900	370,127	-
Improvements other than buildings	34,697,944	6,616,233	18,552,015	2,022,921	61,889,113	-
Machinery and equipment	880,511	361,546	3,813,143	34,362	5,089,562	-
Construction in progress	-	-	316,099	-	316,099	-
Less accumulated depreciation and amortization	(9,344,242)	(1,001,462)	(10,954,204)	(163,732)	(21,463,640)	-
Total capital assets (net of accumulated depreciation and amortization)	26,657,417	5,976,317	13,370,947	1,943,682	47,948,363	-
Total noncurrent assets	26,756,813	5,982,726	13,435,569	1,964,012	48,139,120	-
Total assets	34,539,783	6,486,094	15,020,085	2,140,197	58,186,159	7,128,017
LIABILITIES						
Current Liabilities:						
Accounts payable and deposits	140,310	11,691	191,707	2,835	346,543	424
Compensated absences	44,510	-	51,802	-	96,312	-
Accrued payroll	60,279	-	64,136	-	124,415	-
Accrued liabilities	18,755	-	109	-	18,864	-
Accrued interest	113,738	16,829	55,750	8,856	195,173	-
Advance from other funds	365,000	-	-	97,500	462,500	-
Unearned revenue	-	-	-	-	-	1,412,718
Insurance and benefit claims	-	-	-	-	-	1,605,000
Revenue bonds	410,000	114,909	520,000	27,112	1,072,021	-
Landfill obligation	-	-	62,600	-	62,600	-
Total current liabilities	1,152,592	143,429	946,104	136,303	2,378,428	3,018,142
Noncurrent Liabilities:						
Compensated absences	32,342	-	46,060	-	78,402	-
Other postemployment benefits	40,451	-	41,380	-	81,831	-
Revenue bonds	9,805,735	2,628,020	4,431,098	879,841	17,744,694	-
Landfill obligation	-	-	6,011,372	-	6,011,372	-
Total noncurrent liabilities	9,878,528	2,628,020	10,529,910	879,841	23,916,299	-
Total liabilities	11,031,120	2,771,449	11,476,014	1,016,144	26,294,727	3,018,142
NET ASSETS						
Invested in capital assets, net of related debt	17,735,195	3,262,040	8,700,158	1,040,786	30,738,179	-
Unrestricted (deficit)	5,773,468	452,605	(5,156,087)	83,267	1,153,253	4,109,875
Total net assets	\$ 23,508,663	\$ 3,714,645	\$ 3,544,071	\$ 1,124,053	\$ 31,891,432	\$ 4,109,875

See Notes to Financial Statements.

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2010

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Other Proprietary Funds	Totals	
Operating revenues:						
Charges for services	\$ 5,109,770	\$ 182,902	\$ 2,353,901	\$ 73,431	\$ 7,720,004	\$ 17,372,486
Connection fees	13,459	30,875	-	-	44,334	-
Other revenue	146,288	524	413,307	125	560,244	32,410
Total operating revenues	5,269,517	214,301	2,767,208	73,556	8,324,582	17,404,896
Operating expenses:						
Personal services	904,520	-	985,980	-	1,890,500	-
Fringe benefits	385,649	-	416,003	-	801,652	-
Contractual services	185,626	24,960	425,550	4,879	641,015	1,574,059
Regional Sewer Authority assessment:						
Operations and maintenance	898,946	-	-	-	898,946	-
Debt service	678,811	-	-	-	678,811	-
Risk financing and benefit payments	-	-	-	-	-	15,023,608
Internal services	64,552	-	39,568	-	104,120	-
Electrical services	326,213	4,569	43,741	-	374,523	-
Repairs and maintenance	48,011	-	79,854	-	127,865	-
Landfill closure	-	-	376,188	-	376,188	-
Other charges	520,394	39,276	212,448	14,596	786,714	43,542
Depreciation and amortization	687,752	189,159	978,896	43,185	1,898,992	-
Total operating expenses	4,700,474	257,964	3,558,228	62,660	8,579,326	16,641,209
Operating income (loss)	569,043	(43,663)	(791,020)	10,896	(254,744)	763,687
Nonoperating revenues (expenses):						
Connection availability fees	659,491	-	-	5,925	665,416	-
Interest revenue	24,534	1,547	7,515	484	34,080	24,846
Interest expense	(459,085)	(98,178)	(137,952)	(36,023)	(731,238)	-
Amortization of financing costs	(5,834)	(525)	(8,086)	(948)	(15,393)	-
Gain (loss) on sale of capital assets	5,210	-	(88,208)	-	(82,998)	-
Total nonoperating revenues (expenses), net	224,316	(97,156)	(226,731)	(30,562)	(130,133)	24,846
Income (loss) before transfers	793,359	(140,819)	(1,017,751)	(19,666)	(384,877)	788,533
Transfers in	-	-	-	20,000	20,000	-
Change in net assets	793,359	(140,819)	(1,017,751)	334	(364,877)	788,533
Total net assets, beginning	22,715,304	3,855,464	4,561,822	1,123,719	32,256,309	3,321,342
Total net assets, ending	\$ 23,508,663	\$ 3,714,645	\$ 3,544,071	\$ 1,124,053	\$ 31,891,432	\$ 4,109,875

See Notes to Financial Statements.

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2010**

	Business-type Activities - Enterprise Funds					Governmental Activity - Internal Service Funds
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Other Proprietary Funds	Totals	
Cash Flows From Operating Activities:						
Receipts from interfund services provided	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,435,634
Receipts from customers	5,135,226	233,050	2,194,850	91,163	7,654,289	-
Claims and benefits paid	-	-	-	-	-	(14,889,599)
Payments to suppliers for goods and services	(3,479,929)	(69,428)	(985,384)	(19,709)	(4,554,450)	(1,615,543)
Payments to employees for services	(1,261,731)	-	(1,356,692)	-	(2,618,423)	-
Internal activity - payments to other funds	(64,552)	-	(39,568)	-	(104,120)	-
Other receipts, net	146,288	524	413,307	125	560,244	32,410
Net cash provided by operating activities	475,302	164,146	226,513	71,579	937,540	962,902
Cash Flows from Noncapital Financing Activities:						
Transfers from other funds	-	-	-	20,000	20,000	-
Cash Flows From Capital and Related Financing Activities:						
Payment of advance from other funds	(80,000)	-	-	(6,500)	(86,500)	-
Connection availability fees	659,491	-	-	5,925	665,416	-
Principal paid on bonds	(400,000)	(111,357)	(285,000)	(26,241)	(822,598)	-
Interest paid on outstanding debt	(480,764)	(99,160)	(157,463)	(36,451)	(773,838)	-
Acquisition and construction of capital assets	(335,087)	-	(2,904,586)	-	(3,239,673)	-
Gain (loss) on disposal of capital assets	5,210	-	(88,208)	-	(82,998)	-
Net cash used in capital and related financing activities	(631,150)	(210,517)	(3,435,257)	(63,267)	(4,340,191)	-
Cash Flows From Investing Activities:						
Interest received on investment securities	27,780	1,980	9,528	546	39,834	29,137
Net cash provided by investing activities	27,780	1,980	9,528	546	39,834	29,137
Net increase (decrease) in cash and cash equivalents	(128,068)	(44,391)	(3,199,216)	28,858	(3,342,817)	992,039
Cash and Cash Equivalents:						
Beginning	7,165,890	506,633	4,367,852	94,115	12,134,490	6,104,225
Ending	\$ 7,037,822	\$ 462,242	\$ 1,168,636	\$ 122,973	\$ 8,791,673	\$ 7,096,264

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 Year Ended June 30, 2010**

	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)	\$ 569,043	\$ (43,663)	\$ (791,020)	\$ 10,896	\$ (254,744)	\$ 763,687
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization	687,752	189,159	978,896	43,185	1,898,992	-
Change in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable	11,997	19,273	(159,051)	17,732	(110,049)	20
Due from other governments	-	-	-	-	-	(10,899)
Prepaid items	(1,030)	-	(626)	-	(1,656)	122,009
Inventory	6,980	-	-	-	6,980	2,397
Increase (decrease) in:						
Accounts payable and deposits	(828,628)	(623)	(187,625)	(234)	(1,017,110)	(339)
Accrued liabilities	29,188	-	45,400	-	74,588	-
Unearned revenue	-	-	-	-	-	74,027
Insurance and benefit claims	-	-	-	-	-	12,000
Landfill obligation	-	-	340,539	-	340,539	-
Net cash provided by operating activities	\$ 475,302	\$ 164,146	\$ 226,513	\$ 71,579	\$ 937,540	\$ 962,902
Schedule of Noncash Capital and Related Financing Activities:						
Capital assets acquired through incurrence of accounts payable	\$ 16,029	\$ -	\$ 140,043	\$ -	\$ 156,072	\$ -

COUNTY OF ROCKINGHAM, VIRGINIA

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

June 30, 2010

	Agency Funds
<hr/>	
ASSETS	
Cash, cash equivalents and temporary cash investments	\$ 1,936,870
Accounts receivable	<u>119,014</u>
Total assets	<u>2,055,884</u>
LIABILITIES	
Accounts payable	<u>2,055,884</u>
Total liabilities	<u><u>\$ 2,055,884</u></u>

See Notes to Financial Statements.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies

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

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

A. Reporting Entity

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

Blended Component Units:

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Discretely Presented Component Units:

School Board

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

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

School Textbook Fund accounts for centralized school textbook operation.

School Cafeteria Fund accounts for the centralized School cafeteria operations.

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

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

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

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

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

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

Massanutten Technical Center
325 Pleasant Valley Road
Harrisonburg, Virginia 22801

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Harrisonburg-Rockingham Social Services District

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

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

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

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

B. Government-Wide and Fund Financial Statements

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items.

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

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

The County reports the following major governmental funds:

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

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

The County reports the following major enterprise funds:

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

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

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

The County reports the following internal service funds:

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

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

The County also reports the following fund type:

Agency Funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds consist of the following: Special Welfare, Employee Benefits, Rockingham County Industrial Development Authority, Bond Escrow, Workforce Investment Board, Massanutten Technical Center, Emergency Medical Services, and Upper Valley Regional Park Authority. The Upper Valley Regional Park Authority was dissolved during the year and Workforce Investment Board assets were turned over to another locality to manage.

D. Budgetary Data

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

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Assets, Liabilities and Equity

1. Deposits and Investments

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

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

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

2. Property Taxes

Property taxes are levied as of January 1 with real estate values determined every four years and personal property values assessed annually. The last general real property reassessment was effective January 1, 2010. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are due and collectible twice a year, on June 5 and December 5 in the same year as levied. Personal property taxes are due and collectible annually on December 5 in the same year as levied. That portion of the taxes receivable which is not collected within 45 days after June 30 is shown as deferred revenue. A penalty of 10% of the tax is assessed after the applicable payment date. Interest is charged to all unpaid accounts beginning July 1 and January 1, as applicable, at an annual rate of 10%.

3. Prepaid Items

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

4. Inventory

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Assets, Liabilities and Equity (Continued)

5. Restricted Cash

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

6. Capital Assets

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

The County adopted GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, during fiscal year 2010. The County's intangible assets include land easements and software and were previously recorded and classified as land and equipment, respectively. Land easements have indefinite useful lives and thus are not subject to amortization.

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

Buildings	20 to 30 years
Improvements other than buildings	10 to 50 years
Machinery and equipment	5 to 15 years
Software	3 to 5 years

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Assets, Liabilities and Equity (Continued)

7. Compensated Absences

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

Compensated absences are accrued when incurred in proprietary funds and reported as a fund liability. The General Fund is responsible for paying the liability for compensated absences for general government employees and has been used in prior years to liquidate the governmental funds' liability.

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

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

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

8. Long-Term Obligations

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Assets, Liabilities and Equity (Continued)

9. Net Asset Deficit

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

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

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

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

10. Fund Equity

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

F. Use of Estimates

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

Note 2. Deposits and Investments

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

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

Investment Policy:

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

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

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

Further, no more than 25% of the total portfolio can be invested in Commercial Paper, Corporate Notes, Repurchase Agreements, or Bankers' Acceptances with any one institution, and no more than 5% of total portfolio in any one issue for any Bankers' Acceptance, Corporate Note, or Commercial Paper. No more than 80% of the total portfolio can be invested in Certificates of Deposits with no more than 10% with any one commercial bank and no more than \$100,000 in any one Savings and Loan Association. No more than 75% of available investment balance can be invested in the LGIP.

Credit Risk:

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

As of June 30, 2010, 64% was invested in "AAA" U. S. Agency Securities, 15% was invested in "AAAm" rated Money Market Funds, and 21% was invested in the LGIP with a "AAAm" rating. 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, 2010 the portion of the County's portfolio, excluding the LGIP, U. S. Government guaranteed obligations and money market mutual funds, that exceed 5% of the total portfolio are as follows:

Federal National Mortgage Association	19%
Federal Home Loan Mortgage Corporation	21%
Federal Home Loan Bank	22%

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 in interest rates will adversely affect the fair value of an investment.

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

Overnight	100% maximum
2 – 29 days	100% maximum
30 days – 1 year	100% maximum
1 – 2 years	50% maximum
2 – 5 years	25% maximum

	Fair Value	Investment Maturities (in years)	
		Less Than 1 Year	1 – 2 Years
U. S. Agencies	\$ 74,365,622	\$ 67,336,593	\$ 7,029,029

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

Note 3. Receivables and Deferred Revenue

Receivables at June 30, 2010 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	\$ 4,163,389	\$ -	\$ -	\$ -
Utility taxes	158,178	-	-	-
Trade and other accounts	398,659	82,448	591,705	41,764
Gross receivables	4,720,226	82,448	591,705	41,764
Less allowance for uncollectible accounts	800,000	-	12,800	900
Net receivables	\$ 3,920,226	\$ 82,448	\$ 578,905	\$ 40,864

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 3. Receivables and Deferred Revenue (Continued)

	Solid Waste Fund	Nonmajor Proprietary Funds	Internal Service Funds	Totals
Property taxes	\$ -	\$ -	\$ -	\$ 4,163,389
Utility taxes	-	-	-	158,178
Trade and other accounts	403,494	54,147	5,154	1,577,371
Gross receivables	403,494	54,147	5,154	5,898,938
Less allowance for uncollectible accounts	11,500	1,000	-	826,200
Net receivables	\$ 391,994	\$ 53,147	\$ 5,154	\$ 5,072,738

The County determines its allowance for uncollectible accounts using historical collection data and specific account analysis. The total allowance for uncollectible accounts amounted to \$826,200 as of June 30, 2010.

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

	Unavailable	Unearned
Delinquent property taxes receivable (General Fund)	\$ 2,986,979	\$ -
Advance collection of 2010-2011 taxes (General Fund)	-	576,210
Personal Property Tax Relief Act – state reimbursement (General Fund)	-	675,702
	<u>\$ 2,986,979</u>	<u>\$ 1,251,912</u>

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Due From Other Governments

Amounts due from other governments include the following:

Primary Government:	
General Fund:	
Commonwealth of Virginia:	
Local sales and use taxes	\$ 779,457
Communications sales and use taxes	281,543
Categorical aid:	
Shared costs:	
Commissioner of the revenue	19,283
Commonwealth attorney	68,840
Sheriff	501,793
Clerk of circuit court	46,040
Treasurer	17,107
Soil and water	72,147
Other	16,091
Federal government:	
Boarding and care of prisoners	47,640
Categorical aid:	
COPS grants	2,151
Ground safety transportation	1,368
Other	1,919
County of Augusta	52,946
City of Harrisonburg	499,785
Other governments	280,825
Total General Fund	<u>2,688,935</u>
Internal Service Fund:	
Self-Insurance Fund:	
Federal government:	
COBRA assistance	14,571
Total Internal Service Fund	<u>14,571</u>
Total Primary Government	<u>\$ 2,703,506</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Due From Other Governments (Continued)

Component Unit - School Board:	
School Operating Fund:	
Commonwealth of Virginia:	
State sales tax receipts	\$ 1,898,008
Other	3,918
Federal government:	
Education grants	<u>837,189</u>
Total School Operating Fund	<u>2,739,115</u>
Massanutten Technical Center:	
Commonwealth of Virginia:	
Education grants	41,054
Federal government:	
Education grants	<u>34,694</u>
Total Massanutten Technical Center	<u>75,748</u>
Total Component Unit - School Board	<u>\$ 2,814,863</u>
Component Unit - Harrisonburg-Rockingham Social Services District:	
Operating fund:	
Commonwealth of Virginia:	
Public assistance and administration	\$ 375,002
Federal government:	
Public assistance and administration	<u>417,410</u>
Total Operating Fund	<u>792,412</u>
Special Revenue – Comprehensive Service Act:	
Commonwealth of Virginia:	
Comprehensive Services Act	<u>1,546,569</u>
Total Special Revenue Fund	<u>1,546,569</u>
Total Component Unit - Harrisonburg-Rockingham Social Services District	<u>\$ 2,338,981</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2010 is as follows:

Primary Government:

	Beginning Balance	Increases	(Deletions)/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets, not being depreciated or amortized:				
Land	\$ 3,198,581	\$ -	\$ (1,000)	\$ 3,197,581
Construction in progress	24,620,075	-	(15,659,011)	8,961,064
Total capital assets, not being depreciated or amortized	27,818,656	-	(15,660,011)	12,158,645
Capital assets, being depreciated or amortized:				
Buildings	30,032,422	685,291	15,384,518	46,102,231
Improvements other than buildings	10,245,656	-	-	10,245,656
Machinery and equipment	7,816,619	205,059	(1,626,008)	6,395,670
Software	-	122,136	1,448,328	1,570,464
Total capital assets being depreciated or amortized	48,094,697	1,012,486	15,206,838	64,314,021
Less accumulated depreciation or amortization for:				
Buildings	(10,714,152)	(1,250,386)	-	(11,964,538)
Improvements other than buildings	(1,592,955)	(393,641)	-	(1,986,596)
Machinery and equipment	(6,366,050)	(487,554)	1,423,079	(5,430,525)
Software	-	(197,554)	(970,906)	(1,168,460)
Total accumulated depreciation or amortization	(18,673,157)	(2,329,135)	452,173	(20,550,119)
Total capital assets being depreciated or amortized, net	29,421,540	(1,316,649)	15,659,011	43,763,902
Governmental activities capital assets, net	\$ 57,240,196	\$ (1,316,649)	\$ (1,000)	\$ 55,922,547

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

Governmental activities:	
General government administration	\$ 487,096
Judicial administration	353,302
Public safety	716,621
Public works	25,299
Health and social services	43,730
Parks, recreation and cultural	99,511
Community development	603,576
Total depreciation and amortization expense - governmental activities	\$ 2,329,135

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

	Beginning Balance	Increases	(Deletions)/ Reclassifications	Ending Balance
Business-type activities:				
Capital assets, not being depreciated or amortized:				
Land	\$ 1,734,066	\$ -	\$ (184,806)	\$ 1,549,260
Easements	-	13,036	184,806	197,842
Construction in progress	6,343,309	122,541	(6,149,751)	316,099
Total capital assets, not being depreciated or amortized	8,077,375	135,577	(6,149,751)	2,063,201
Capital assets, being depreciated or amortized:				
Buildings	84,613	285,514	-	370,127
Improvements other than buildings	52,939,864	2,991,118	5,958,131	61,889,113
Machinery and equipment	5,037,841	263,365	(211,644)	5,089,562
Total capital assets being depreciated or amortized	58,062,318	3,539,997	5,746,487	67,348,802
Less accumulated depreciation or amortization for:				
Buildings	(62,177)	(8,992)	-	(71,169)
Improvements other than buildings	(16,562,512)	(1,521,298)	-	(18,083,810)
Machinery and equipment	(3,063,394)	(368,702)	123,435	(3,308,661)
Total accumulated depreciation or amortization	(19,688,083)	(1,898,992)	123,435	(21,463,640)
Total capital assets being depreciated or amortized, net	38,374,235	1,641,005	5,869,922	45,885,162
Business-type activities capital assets, net	\$ 46,451,610	\$ 1,776,582	\$ (279,829)	\$ 47,948,363

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

Business-type activities:	
Water and Sewer	\$ 687,752
Solid Waste	978,896
Smith Creek Water & Waste Authority	189,159
Lilly Subdivision Sanitary District	11,776
Countryside Sanitary District	6,121
Penn Laird Sewer Authority	25,288
Total depreciation and amortization expense - business-type activities	\$ 1,898,992

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

Component Unit - School Board:

	Beginning Balance	Increases	(Deletions)/ Reclassifications	Ending Balance
Capital assets, not being depreciated or amortized:				
Land	\$ 5,406,189	\$ -	\$ (36,654)	\$ 5,369,535
Easements	-	-	36,654	36,654
Construction in progress	41,881,567	17,877,130	(11,911,843)	47,846,854
Total capital assets, not being depreciated or amortized	47,287,756	17,877,130	(11,911,843)	53,253,043
Capital assets, being depreciated or amortized:				
Buildings	118,917,877	1,485,853	11,267,042	131,670,772
Improvements other than buildings	45,223,279	425,171	-	45,648,450
Machinery and equipment	25,870,735	2,161,159	534,352	28,566,246
Software	-	-	49,407	49,407
Total capital assets being depreciated or amortized	190,011,891	4,072,183	11,850,801	205,934,875
Less accumulated depreciation or amortization for:				
Buildings	(56,338,308)	(3,749,870)	4,709	(60,083,469)
Improvements other than buildings	(10,562,072)	(1,336,194)	-	(11,898,266)
Machinery and equipment	(19,700,385)	(1,097,231)	80,885	(20,716,731)
Software	-	-	(49,407)	(49,407)
Total accumulated depreciation or amortization	(86,600,765)	(6,183,295)	36,187	(92,747,873)
Total capital assets being depreciated or amortized, net	103,411,126	(2,111,112)	11,886,988	113,187,002
School capital assets, net	\$ 150,698,882	\$ 15,766,018	\$ (24,855)	\$ 166,440,045

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

Instruction	\$ 5,235,608
Administration, attendance and health	8,587
Pupil transportation services	561,526
Operation and maintenance services	377,574
Total depreciation and amortization expense - component unit – School Board	\$ 6,183,295

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

Component Unit - Harrisonburg-Rockingham Social Services District:

	Beginning Balance	Increases	(Deletions)/ Reclassifications	Ending Balance
Capital assets being depreciated or amortized:				
Improvements other than buildings	\$ 3,156	\$ -	\$ -	\$ 3,156
Machinery and equipment	521,667	16,646	(13,145)	525,168
Total capital assets being depreciated or amortized	524,823	16,646	(13,145)	528,324
Less accumulated depreciation or amortization for:				
Improvements other than buildings	(999)	(105)	-	(1,104)
Machinery and equipment	(404,625)	(54,193)	10,516	(448,302)
Total accumulated depreciation or amortization	(405,624)	(54,298)	10,516	(449,406)
Harrisonburg-Rockingham Social Services District capital assets, net	\$ 119,199	\$ (37,652)	\$ (2,629)	\$ 78,918

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

Administration – Welfare	\$ 51,452
Comprehensive Services Act	2,846
Total depreciation and amortization expense - component unit - Harrisonburg-Rockingham Social Services District	\$ 54,298

Construction Commitments

The County and its component units have active construction projects as of June 30, 2010. The governmental projects of the Primary Government include the E-911 system upgrade and other minor projects with commitments below \$500,000. The business-type projects of the Primary Government include the landfill closure phase 2 and landfill upgrade phase 5.

The projects of the component unit – School Board include the construction of the new East Rockingham High School, as well as other projects with commitments below \$500,000.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

Primary Government:

At June 30, 2010 the construction commitments are as follows:

Governmental Activities

Project	Expended to June 30, 2010	Remaining Commitment
E-911 system upgrade	\$ 8,925,511	\$ 1,011,587
Others	35,553	-
	\$ 8,961,064	\$ 1,011,587

Business-type Activities

Project	Expended to June 30, 2010	Remaining Commitment
Landfill closure phase 2	\$ 111,228	\$ -
Landfill upgrade phase 5	204,871	-
	\$ 316,099	\$ -

Component Unit – School Board

Project	Expended to June 30, 2010	Remaining Commitment
East Rockingham High School	\$ 47,819,512	\$ 405,210
Others	27,339	240,821
	\$ 47,846,851	\$ 646,031

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Obligations

The following is a summary of long-term liability activity of the primary government for the year ended June 30, 2010:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and notes payable:					
General obligation bonds	\$ 107,351,538	\$ -	\$ (5,033,169)	\$ 102,318,369	\$ 5,829,839
Literary loans	315,859	-	(173,500)	142,359	73,500
Capital leases	26,355,902	-	(959,439)	25,396,463	1,878,497
Unamortized premium	4,659,339	-	(253,131)	4,406,208	-
	138,682,638	-	(6,419,239)	132,263,399	7,781,836
Compensated absences	1,601,788	70,978	(125,516)	1,547,250	837,512
Governmental activities long-term liabilities	\$ 140,284,426	\$ 70,978	\$ (6,544,755)	\$ 133,810,649	\$ 8,619,348

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

Year Ending June 30,	General Obligation Bonds		Literary Loans		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 5,829,839	\$ 4,948,270	\$ 73,500	\$ 4,271	\$ 1,878,497	\$ 1,294,217
2012	5,803,219	4,646,039	68,859	2,066	1,925,623	1,198,399
2013	5,858,551	4,351,926	-	-	1,972,095	1,100,599
2014	5,761,687	4,059,338	-	-	2,021,971	1,000,133
2015	5,674,158	3,773,395	-	-	1,507,706	897,545
2016-2020	27,561,693	1,458,532	-	-	7,340,571	3,374,641
2021-2025	25,703,819	8,033,720	-	-	4,375,000	1,856,531
2026-2030	20,125,403	1,995,885	-	-	4,375,000	618,844
	\$ 102,318,369	\$ 33,267,105	\$ 142,359	\$ 6,337	\$ 25,396,463	\$ 11,340,909

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Obligations (Continued)

General Obligation Bonds:

\$1,840,000 1990 series, issued August 1990, due in annual maturities of \$120,000 through July 2010, plus interest at 6.4% - 7.1%	\$	120,000
\$1,033,884 1992A series, issued November 1992, due in annual maturities of \$59,894 to \$63,848 through July 2012, plus interest at 5.1% to 6.35%		185,550
\$5,200,000 1992B series, issued December 1992, due in annual maturities of \$160,000 to \$200,000 through December 2012, plus interest at 5.1% - 8.1%		555,000
\$3,500,000 1993 series, issued November 1993, due in annual maturities of \$20,000 to \$65,000 through December 2013, plus interest at 4.48% to 5.0%		150,000
\$3,800,000 1994A series, issued May 1994, due in annual maturities of \$195,000 through July 2013, plus interest at 6.1% to 6.3%		780,000
\$11,200,000 1996A series, issued May 1996, due in annual maturities of \$560,000 through July 2016, plus interest at 4.6% to 6.1%		3,920,000
\$7,471,945 1996B series, issued November 1996, due in annual maturities of \$394,855 to \$445,122 through July 2016, plus interest at 5.1% to 6.1%		2,932,266
\$8,421,223 1999A series, issued November 1999, due in annual maturities of \$413,504 to \$517,103 through July 2019, plus interest at 5.1% to 6.1%		4,591,876
\$4,190,343 2000 series, issued November 2000, due in annual maturities of \$206,575 to \$247,440 through July 2020, plus interest at 4.98% to 5.85%		2,483,678
\$5,077,993 2003 series, issued November 2003, due in annual maturities of \$238,163 to \$297,277 through July 2023, plus interest at 3.1% to 5.35%		3,712,936

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Obligations (Continued)

General Obligation Bonds: (Continued)

\$9,404,190 2005 series, issued November 2005, due in annual maturities of \$433,496 to \$545,699 through July 2025, plus interest at 4.6% to 5.1%	\$ 7,734,904
\$13,147,200 2006 series, issued November 2006, due in annual maturities of \$600,580 to \$744,134 through July 15, 2026, plus interest at 4.23% to 5.1%	11,408,708
\$10,610,000 2007 series, issued May 2007, due in annual maturities of \$350,000 to \$810,000 through July 15, 2027, plus interest at 4.1% to 5.1%	9,960,000
\$6,364,713 2007 series, issued November 2007, due in annual maturities of \$285,226 to \$371,160 through July 2028, plus interest at 4.35% to 5.1%	5,812,967
\$11,630,000 2008 series, issued May 2008, due in annual maturities of \$365,000 to \$900,000 through July 2028, plus interest at 4.1% to 5.1%	11,285,000
\$12,701,410 2008 series, issued December 2008, due in annual maturities of \$577,546 to \$742,320 through July 2028, plus interest at 3.6% to 5.35%	12,125,484
\$24,560,000 2009 series, issued May 2009, due in annual maturities of \$765,000 to \$1,855,000 through July 2029, plus interest at 2.55% to 5.05%	<u>24,560,000</u>
Total General Obligation Bonds	<u>\$ 102,318,369</u>

Literary Loan: (interest rate at 3%)

\$1,465,359, issued October 1991, due in annual installments of \$73,500 through October 2010, with final payment of \$68,859 on October 2011	<u>\$ 142,359</u>
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All general obligation bonds and literary loans were issued for the purpose of school construction and renovation.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Obligations (Continued)

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

Capital Leases:

Joint Judicial Complex:

Payments to the City of Harrisonburg Redevelopment and Housing Authority in annual installments ranging from \$467,500 to \$540,000 through June 2014, plus interest payable semi-annually ranging from 4.75%-5.0% \$ 2,012,500

Human Services Building:

Payments to the City of Harrisonburg Redevelopment and Housing Authority in semi-annual installments ranging from \$49,459 to \$67,012, through February 2016, plus interest at 6.22% 694,386

Emergency Communications Center:

\$7,150,000 lease purchase contract due in annual installments ranging from \$437,079 to \$609,297, through December 2019, plus interest payable semi-annually at 3.76% 5,189,577

SRI Project – tax exempt:

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

SRI Project – taxable:

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

Total Capital Leases \$ 25,396,463

Pursuant to Article VII, Section 10, (b) of the Constitution of Virginia, no debt shall be contracted by or on behalf of any county or district thereof unless approved by a majority vote of the qualified voters of said county. There is no limit on the amount of debt which a county may incur. Repayment of the capital leases will be funded through the General Fund.

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Obligations (Continued)

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

	Governmental Activities			
	Joint Judicial Complex	Human Services Building	Emergency Communications Center	SRI
Capital assets:				
Land	\$ 1,254,155	\$ 162,300	\$ -	\$ -
Construction in progress	-	-	8,438,142	-
Buildings	9,419,396	1,311,904	-	16,069,809
Improvements other than buildings	-	8,518	-	-
Machinery and equipment	156,767	84,132	-	-
Less: accumulated depreciation	(5,134,690)	(726,737)	-	(267,830)
	<u>\$ 5,695,628</u>	<u>\$ 840,117</u>	<u>\$ 8,438,142</u>	<u>\$ 15,801,979</u>

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type activities:					
Revenue bonds	\$ 19,002,480	\$ -	\$ (822,598)	\$ 18,179,882	\$ 1,072,021
Landfill obligation	5,733,433	340,539	-	6,073,972	62,600
Compensated absences	155,595	22,510	(3,391)	174,714	96,312
Unamortized premium	693,548	-	(56,715)	636,833	-
Business-type activities long-term liabilities	<u>\$ 25,585,056</u>	<u>\$ 363,049</u>	<u>\$ (882,704)</u>	<u>\$ 25,065,401</u>	<u>\$ 1,230,933</u>

Annual requirements to amortize revenue bonds are as follows:

Year Ending June 30,	Revenue Bonds	
	Principal	Interest
2011	\$ 1,072,021	\$ 787,553
2012	1,116,592	743,315
2013	1,126,312	695,017
2014	1,146,187	646,453
2015	1,181,221	596,362
2016-2020	5,267,602	2,213,440
2021-2025	3,761,049	1,214,203
2026-2030	2,493,293	435,201
2031-2035	259,953	185,427
2036-2040	319,800	125,580
2041-2045	393,426	51,952
2046-2049	42,426	1,933
	<u>\$ 18,179,882</u>	<u>\$ 7,696,436</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Obligations (Continued)

Water and Sewer Fund:

Infrastructure Revenue Bonds (Virginia Pooled Financing Program): \$1,580,000 issued June 2004, due in annual installments of \$85,000 to \$100,000 through October 2023, plus interest payable semi-annually ranging from 4.04%-5.1%	\$ 1,085,000
Infrastructure Revenue Bonds (Virginia Pooled Financing Program): \$3,065,000 issued June 2007, due in annual installments of \$110,000 \$230,000 through October 2026, plus interest payable semi-annually ranging from 4.1%-4.87%	2,805,000
Infrastructure Revenue Bonds (Virginia Pooled Financing Program): \$6,215,000 issued in June 2008, due in annual installments of \$215,000 to \$465,000 through October 2028, plus interest payable semi-annually ranging from 3.30%-4.91%	6,010,000

Solid Waste

Infrastructure Revenue Bonds (Virginia Pooled Financing Program): \$3,015,000 issued June 2007, due in annual installments of \$290,000 to \$385,000 through October 2016, plus interest payable semi-annually ranging from 4.1%-4.8%	2,350,000
Infrastructure Revenue Bonds (Virginia Pooled Financing Program): \$2,280,000 issued June 2009, due in annual installments of \$225,000 to \$230,000 through October 2019, plus interest payable semi-annually ranging from 4.82%-5.13%	2,280,000

Smith Creek Water & Waste Authority

Virginia Revolving Loan Fund: \$2,078,500 issued November 2001, due in semi-annual installments of \$34,868 to \$68,198 through September 2022, including interest at 3.0%	1,466,587
Taxable Waste Water System Revenue Bond, Series 2005: \$1,333,000 issued in September 2005, interest only first year, then due in monthly installments of \$1,727 to \$67,359 through September 2046, including interest at 4.125%	1,276,342

Countryside Sanitary District

Virginia Revolving Loan Fund: \$171,288 issued June 2006, due in semi-annual installments of \$3,525 to \$5,718 through April 2026, including interest at 3.25%	145,253
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COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Obligations (Continued)

Lilly Subdivision

Infrastructure Revenue Bonds (Virginia Pooled Financing Program):
 \$456,490 issued April 2008, due in semi-annual installments of
 \$6,765 to \$26,455 through August 2028, including interest at 3.05% \$ 386,244

Penn Laird Sewer Authority

Taxable Waste Water System Revenue Bond:
 \$382,800 issued August 2007, interest only first year then
 due in monthly installments of \$2,373 to \$19,569 through
 August 2047, including interest at 4.25% 375,456
\$ 18,179,882

Repayment of the revenue bonds will be funded through the Water and Sewer Fund, the Smith Creek Water & Waste Authority, Lilly Subdivision Sanitary District, Penn Laird Sewer Authority, Solid Waste Fund, and the Countryside Sanitary District.

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

The following is a summary of long-term debt transactions of the Component Unit - School Board, for the year ended June 30, 2010:

Component Unit - School Board:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 3,242,043	\$ 62,347	\$ (60,263)	\$ 3,244,127	\$ 2,130,506

The following is a summary of long-term transactions of the Component Unit - Harrisonburg-Rockingham Social Services District, for the year ended June 30, 2010:

Component Unit - Harrisonburg-Rockingham Social Services District:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 350,902	\$ 60	\$ (50,600)	\$ 300,362	\$ 183,604

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Government Services Provided by Authorities

The County of Rockingham, City of Harrisonburg, and the Towns of Bridgewater, Mt. Crawford, and Dayton entered into a guaranty agreement with the Harrisonburg-Rockingham Regional Sewer Authority (Authority) dated December 15, 1992. Under the terms of this agreement, these municipalities jointly and severally guaranteed the Authority's 2007 Sewer Revenue Bonds and 2008 Sewer Revenue and Refunding Bonds. In December 2007, the Authority issued \$30,000,000 Sewer Revenue Bonds to upgrade and expand its treatment plant. In June 2008, the Authority issued \$12,650,000 Sewer Revenue and Refunding Bonds, Series 2008. The proceeds from the 2008 bonds were used to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Statement of Net Assets. In November 2008, the Authority issued \$34,000,000 Sewer Revenue Bonds, series 2008. As of June 30, 2010, \$31,436,979 has been drawn.

The 2007 bond issue consists of Revenue Bonds with an outstanding total of \$30,000,000. Currently, the Authority is making interest only payments.

The 2008 bond issue consists of Revenue and Refunding Bonds. The bonds currently outstanding of \$11,165,000 are to be retired in annual principal installments increasing from \$740,000 in 2010 to \$1,170,000 in 2021. The bonds bear interest ranging from 3.296% to 4.8%.

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

The Authority bills the localities a monthly charge which includes an assessment for their respective shares of the Authority's debt service, construction, and operating expenditures based on the locality usage of the sewage treatment facilities. Based on the current average usage, the County's assessment for the Authority's operating, construction, and debt service expenditures for the ensuing year will approximate \$665,000, \$790,000, and \$166,000, respectively. To obtain a copy of the audited financial statements, contact the Authority at 856 North River Road, P. O. Box 8, Mt. Crawford, Virginia, 22841.

Note 8. Defined Benefit Pension Plan

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)

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

Administering Entity: Virginia Retirement System (System)

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Defined Benefit Pension Plan (Continued)

A. Plan Description (Continued)

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters and sheriffs) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service (1.85% for sheriff's and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for an annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/pdf/publications/2009-annual-report.pdf> or obtained by writing to the system's Chief Financial Officer at P. O. Box 2500, Richmond, Virginia, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution has been assumed by the County, the District, and the School Board. In addition, the County, the District, and the School Board are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. For the fiscal year ended June 30, 2010, the contribution rate for the County and the District was 13.67%; for the School Board's professional employees, 13.81% for July 2009 through March 2010 and 0% for April through June 2010; and for the School Board's non-professional employees, 11.66% of annual covered payroll.

For the years ended June 30, 2010, 2009, and 2008, total employer and employee contributions made to the VRS statewide teacher cost-sharing pool for professional employees by the School Board were \$5,697,442, \$8,134,392, and \$8,679,211, respectively, and were equal to 100% of the required contribution for professional employees for each year.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Defined Benefit Pension Plan (Continued)

C. Annual Pension Cost (APC)

For fiscal year 2010, the County, the District, and the School Board's non-professional employees' annual pension costs of \$3,597,311 were equal to the required and actual contributions.

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

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2010	\$ 2,740,818	100%	\$ -
June 30, 2009	2,883,170	100%	-
June 30, 2008	2,575,425	100%	-

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

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

Fiscal Year Ended	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
June 30, 2010	\$ 856,493	100%	\$ -
June 30, 2009	865,327	100%	-
June 30, 2008	764,638	100%	-

The required contributions were determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.5%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a COLA of 2.5% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.5%. The actuarial value of the assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County, the District, and the School Board's non-professional employees unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Defined Benefit Pension Plan (Continued)

D. Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the County and District's Plan was 84.61% funded. The actuarial accrued liability for benefits was \$67,142,793, and the actuarial value of assets was \$56,808,716, resulting in an unfunded actuarial accrued liability (UAAL) of \$10,334,077. The covered payroll (annual payroll of active employees covered by the Plan) was \$20,415,259, and ratio of the UAAL to the covered payroll was 50.62%.

At June 30, 2009, the most recent actuarial valuation date, the Plan for the School Board's non-professional employees was 91.50% funded. The actuarial accrued liability for benefits was \$24,540,333, and the actuarial value of assets was \$22,455,330, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,085,003. The covered payroll (annual payroll of active employees covered by the Plan) was \$7,337,922, and ratio of the UAAL to the covered payroll was 28.41%.

The Schedule of Funding Progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

Note 9. Other Postemployment Benefits

A. Plan Description

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

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

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

The plans do not issue stand-alone financial reports.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Other Postemployment Benefits (Continued)

B. Funding Policy

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

C. Annual OPEB Cost and Net OPEB Obligation

In July 2009, the County and School Board had an actuarial valuation of postemployment benefits performed. The annual cost of OPEB under GASB Statement No. 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits for the County’s plan is \$138,756 and the annual benefit cost is \$530,182. The percentage of annual OPEB cost contributed is 26.17%. The pay as you go cost for OPEB benefits for the School Board’s plan is \$509,482 and the annual benefit cost is \$1,638,796. The percentage of OPEB cost contributed is 31.09%.

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, 2010, the County has recorded a liability of \$668,935, the District has recorded a liability of \$141,449, and the School Board has recorded a liability of \$2,292,549 on the Statement of Net Assets.

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

	County and District	School Board
Annual required contribution (ARC)	\$ 530,867	\$ 1,640,698
Interest on net OPEB obligation	16,758	46,529
Adjustment to annual required contribution	(17,443)	(48,431)
Annual OPEB cost	530,182	1,638,796
Estimated contributions made	(138,756)	(509,482)
Increase in net OPEB obligation	391,426	1,129,314
Net OPEB obligation, beginning of year	418,958	1,163,235
Net OPEB obligation at year-end	<u>\$ 810,384</u>	<u>\$ 2,292,549</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Other Postemployment Benefits (Continued)

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

Trend Information

Two-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, 2010	\$ 530,182	26.17%	\$ 810,384
June 30, 2009	552,958	24.23%	418,958

School Board:

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

D. Funding Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plans were not funded. The actuarial value of assets was \$-0- resulting in an unfunded actuarial liability (UAAL) of \$4,646,053 for the County and District’s plan and a UAAL of \$16,284,460 for the School Board’s plan.

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Other Postemployment Benefits (Continued)

D. Funding Status and Funding Progress (Continued)

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

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

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, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a four percent rate of return and an annual healthcare cost trend rate of eight percent, reduced by decrements to an ultimate rate of five percent after seven years. The unfunded liability is amortized over a period of 30 years based on a level percent of payroll method on an open basis.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Advances To/From Other Funds

Interfund balances as of June 30, 2010 are as follows:

<u>Payable Fund</u>	<u>Receivable Fund</u>
	General Fund:
Primary Government:	
Water and Sewer	\$ 365,000
Lilly Subdivision Sanitary District	97,500
Total primary government	<u>\$ 462,500</u>

The advance from the General Fund to the Water and Sewer Fund is an interest bearing loan to aid in the construction of a water filtration plant and is to be repaid through 2014 with principal payments ranging from \$80,000 to \$95,000 annually plus interest at 5.5%. The advance from the General Fund to the Lilly Subdivision Sanitary District is to be repaid through 2024 with annual principal payments of \$6,500 plus interest at 3.25%.

Note 11. Interfund Transfers

A summary of interfund transfer activity is presented as follows:

<u>Transfer To Fund:</u>	Transfer From General Fund
Primary government:	
Business-type activity:	
Lilly Subdivision Sanitary District	<u>\$ 20,000</u>

The transfer from the General Fund to the Lilly Subdivision Sanitary District was to provide assistance with expenses.

Note 12. Major Customers

The Water and Sewer Fund has one major customer. For the year ended June 30, 2010, water and sewer revenue from this customer was approximately \$2.4 million. Accounts receivable from this customer was approximately \$204,000 at June 30, 2010.

The Solid Waste Fund has two major customers. Revenues from these customers for the year ended June 30, 2010 were approximately \$1.1 million. Accounts receivable from these customers were approximately \$99,000 at June 30, 2010.

The Smith Creek Water & Waste Authority has one major customer. For the year ended June 30, 2010, revenue from this customer was approximately \$62,000. Accounts receivable from this customer was approximately \$5,000 at June 30, 2010.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Landfill Closure and Postclosure Care Cost

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

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Solid Waste Fund reports a portion of these closure and postclosure care costs as an operating expense in each period based on the landfill capacity used as of each balance sheet date. This liability has been calculated for only the County's share of the capital cost, which amounts to approximately 69% at June 30, 2010. The \$6,073,972 reported as landfill closure and postclosure care liability at June 30, 2010, represents the cumulative amount reported to date based on the use of 100% of the landfill's old cell, and the use of 51% of the landfill's new cell. The Solid Waste Fund will report the County's estimated liability of closure and postclosure care of \$3,696,000 for the new cell as the remaining estimated capacity is filled. These amounts are based on the cost to perform all closure and postclosure care in 2010. The County closed the landfill's old cell in 2001. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City of Harrisonburg is responsible for the remaining 31% of the landfill closure and postclosure care liability as of June 30, 2010 estimated at \$2,777,000.

Note 14. Risk Management

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

Auto, Liability and Workers' Compensation Insurance

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 14. 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 2010:

Beginning Liability	Claims and Changes in Estimates	Claim Payments	Ending Liability
\$ 1,593,000	\$ 15,035,608	\$ 15,023,608	\$ 1,605,000

Note 15. Pending GASB Statements

At June 30, 2010, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the County. The statements which might impact the County are as follows:

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes standards to enhance the usefulness of fund balance information by providing clearer fund balance classifications that comprise hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Statement No. 54 will be effective for periods beginning after June 15, 2010.

GASB Statement No. 59, *Financial Instruments Omnibus*, updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools. Statement No. 59 will be effective for periods beginning after June 15, 2010.

Note 16. Joint Venture

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

In fiscal year 2010, the County's contributions to the HRECC totaled \$1,629,912.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 17. Contingencies

Federal and State-Assisted Programs

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

SCHEDULE OF FUNDING PROGRESS - VIRGINIA RETIREMENT SYSTEM

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
A. Primary Government and Harrisonburg-Rockingham Social Services District, a component unit employees:						
June 30, 2007	\$ 48,446,087	\$ 55,248,012	\$ 6,801,925	87.69%	\$ 19,377,279	35.10%
June 30, 2008	54,402,789	62,401,925	7,999,136	87.18%	20,667,497	38.70%
June 30, 2009	56,808,716	67,142,793	10,334,077	84.61%	20,415,259	50.62%
B. Component Unit - School Board non-professional employees:						
June 30, 2007	\$ 19,890,722	\$ 21,105,170	\$ 1,214,448	94.25%	\$ 6,695,940	18.14%
June 30, 2008	21,950,943	23,049,050	1,098,107	95.24%	7,195,440	15.26%
June 30, 2009	22,455,330	24,540,333	2,085,003	91.50%	7,337,922	28.41%

SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS

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

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:		
2009	\$ 552,958	24.23%
2010	530,182	26.17%
B. Component Unit - School Board employees:		
2009	\$ 1,593,935	27.02%
2010	1,638,796	31.09%

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Fund

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

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

Capital Projects Fund

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

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

Permanent Fund

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2010**

	Special Revenue Asset Forfeiture Fund	Capital Projects Joint Judicial Complex	Permanent Fund Albert K. Long Trust	Total Nonmajor Governmental Funds
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 115,583	\$ 557	\$ -	\$ 116,140
Accrued interest	69	-	13	82
Restricted cash	-	284,298	22,466	306,764
Total assets	\$ 115,652	\$ 284,855	\$ 22,479	\$ 422,986
LIABILITIES				
Accounts payable	\$ 92	\$ -	\$ -	\$ 92
Total liabilities	92	-	-	92
FUND BALANCES				
Reserved for:				
Nonexpendable trust principal	-	-	11,143	11,143
Expendable:				
Park maintenance	-	-	11,336	11,336
Law enforcement	115,560	-	-	115,560
Debt service	-	284,298	-	284,298
Unreserved:				
Designated for subsequent years' expenditures	-	557	-	557
Total fund balances	115,560	284,855	22,479	422,894
Total liabilities and fund balances	\$ 115,652	\$ 284,855	\$ 22,479	\$ 422,986

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2010

	Special Revenue	Capital Projects	Permanent Fund	Total
	Asset Forfeiture Fund	Joint Judicial Complex	Albert K. Long Trust	Nonmajor Governmental Funds
Revenues:				
Fines and forfeitures	\$ 101,301	\$ -	\$ -	\$ 101,301
Use of money	269	2	82	353
Total revenues	101,570	2	82	101,654
Expenditures:				
Current:				
Public safety	30,561	-	-	30,561
Total expenditures	30,561	-	-	30,561
Net change in fund balances	71,009	2	82	71,093
Fund balance, beginning	44,551	284,853	22,397	351,801
Fund balance, ending	\$ 115,560	\$ 284,855	\$ 22,479	\$ 422,894

NONMAJOR PROPRIETARY FUNDS

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
June 30, 2010

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
ASSETS				
Current assets:				
Cash, cash equivalents and temporary cash investments	\$ 11,332	\$ 62,188	\$ 45,396	\$ 118,916
Trade and other accounts receivable	4,239	527	48,381	53,147
Accrued interest	-	37	28	65
Restricted cash	-	-	4,057	4,057
Total current assets	15,571	62,752	97,862	176,185
Noncurrent assets:				
Financing costs, net of accumulated amortization	6,811	5,719	7,800	20,330
Capital assets:				
Land	20,600	-	-	20,600
Easements	-	-	20,631	20,631
Buildings	8,900	-	-	8,900
Improvements other than buildings	596,932	306,022	1,119,967	2,022,921
Machinery and equipment	5,470	-	28,892	34,362
Less accumulated depreciation and amortization	(76,797)	(27,542)	(59,393)	(163,732)
Total capital assets (net of accumulated depreciation and amortization)	555,105	278,480	1,110,097	1,943,682
Total noncurrent assets	561,916	284,199	1,117,897	1,964,012
Total assets	577,487	346,951	1,215,759	2,140,197
LIABILITIES				
Current liabilities:				
Accounts payable and deposits	1,811	690	334	2,835
Accrued interest	7,549	1,180	127	8,856
Advance from other funds	97,500	-	-	97,500
Revenue bonds	15,813	7,050	4,249	27,112
Total current liabilities	122,673	8,920	4,710	136,303
Noncurrent liabilities:				
Revenue bonds	370,431	138,203	371,207	879,841
Total noncurrent liabilities	370,431	138,203	371,207	879,841
Total liabilities	493,104	147,123	375,917	1,016,144
NET ASSETS				
Invested in capital assets, net of related debt	168,861	133,227	738,698	1,040,786
Unrestricted (deficit)	(84,478)	66,601	101,144	83,267
Total net assets	\$ 84,383	\$ 199,828	\$ 839,842	\$ 1,124,053

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS
Year Ended June 30, 2010**

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
Operating revenues:				
Charges for services	\$ 35,088	\$ 14,801	\$ 23,542	\$ 73,431
Other revenue	125	-	-	125
Total operating revenues	35,213	14,801	23,542	73,556
Operating expenses:				
Contractual services	3,284	1,595	-	4,879
Other charges	8,770	4,604	1,222	14,596
Depreciation and amortization	11,776	6,121	25,288	43,185
Total operating expenses	23,830	12,320	26,510	62,660
Operating income (loss)	11,383	2,481	(2,968)	10,896
Nonoperating revenues (expenses):				
Connection availability fees	-	-	5,925	5,925
Interest revenue	-	323	161	484
Interest expense	(15,141)	(4,832)	(16,050)	(36,023)
Amortization of financing costs	(377)	(363)	(208)	(948)
Total nonoperating expenses, net	(15,518)	(4,872)	(10,172)	(30,562)
Loss before transfers	(4,135)	(2,391)	(13,140)	(19,666)
Transfers in	20,000	-	-	20,000
Change in net assets	15,865	(2,391)	(13,140)	334
Total net assets, beginning	68,518	202,219	852,982	1,123,719
Total net assets, ending	\$ 84,383	\$ 199,828	\$ 839,842	\$ 1,124,053

COUNTY OF ROCKINGHAM, VIRGINIA

**STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
Year Ended June 30, 2010**

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
Cash Flows From Operating Activities:				
Receipts from customers	\$ 36,929	\$ 14,482	\$ 39,752	\$ 91,163
Payments to suppliers for goods and services	(12,619)	(6,007)	(1,083)	(19,709)
Other receipts, net	125	-	-	125
Net cash provided by operating activities	24,435	8,475	38,669	71,579
Cash Flows From Capital and Related Financing Activities:				
Payment of advance from other funds	(6,500)	-	-	(6,500)
Connection availability fees	-	-	5,925	5,925
Principal paid on outstanding debt	(15,342)	(6,827)	(4,072)	(26,241)
Interest paid on outstanding debt	(15,512)	(4,888)	(16,051)	(36,451)
Net cash used in capital and related financing activities	(37,354)	(11,715)	(14,198)	(63,267)
Cash Flows From Noncapital Financing Activities:				
Transfers from other funds	20,000	-	-	20,000
Cash Flows From Investing Activities:				
Interest received on investment securities	5	376	165	546
Net increase (decrease) in cash and cash equivalents	7,086	(2,864)	24,636	28,858
Cash and Cash Equivalents:				
Beginning	4,246	65,052	24,817	94,115
Ending	\$ 11,332	\$ 62,188	\$ 49,453	\$ 122,973
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ 11,383	\$ 2,481	\$ (2,968)	\$ 10,896
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	11,776	6,121	25,288	43,185
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	1,841	(319)	16,210	17,732
Increase (decrease) in accounts payable and deposits	(565)	192	139	(234)
Net cash provided by operating activities	\$ 24,435	\$ 8,475	\$ 38,669	\$ 71,579

INTERNAL SERVICE FUNDS

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

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

June 30, 2010

	Central Stores	Self - Insurance	Total Internal Service Funds
ASSETS			
Current assets:			
Cash, cash equivalents and temporary cash investments	\$ 8,723	\$ 7,087,541	\$ 7,096,264
Trade and other accounts receivable	4,426	728	5,154
Accrued interest	-	4,326	4,326
Due from other governments	-	14,571	14,571
Inventory	7,702	-	7,702
Total assets	20,851	7,107,166	7,128,017
LIABILITIES			
Current liabilities:			
Accounts payable	424	-	424
Unearned revenue	-	1,412,718	1,412,718
Insurance and benefit claims	-	1,605,000	1,605,000
Total liabilities	424	3,017,718	3,018,142
NET ASSETS			
Unrestricted	20,427	4,089,448	4,109,875
Total net assets	\$ 20,427	\$ 4,089,448	\$ 4,109,875

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2010**

	Central Stores	Self - Insurance	Total Internal Service Funds
<hr/>			
Operating revenues:			
Charges for services	\$ 41,692	\$ 17,330,794	\$ 17,372,486
Other	-	32,410	32,410
	<hr/>		
Total operating revenues	41,692	17,363,204	17,404,896
	<hr/>		
Operating expenses:			
Contractual services	-	1,574,059	1,574,059
Risk financing and benefit payments	-	15,023,608	15,023,608
Other charges	43,542	-	43,542
	<hr/>		
Total operating expenses	43,542	16,597,667	16,641,209
	<hr/>		
Operating income (loss)	(1,850)	765,537	763,687
	<hr/>		
Nonoperating revenue:			
Interest revenue	-	24,846	24,846
	<hr/>		
Total nonoperating revenue	-	24,846	24,846
	<hr/>		
Change in net assets	(1,850)	790,383	788,533
	<hr/>		
Total net assets, beginning	22,277	3,299,065	3,321,342
	<hr/>		
Total net assets, ending	\$ 20,427	\$ 4,089,448	\$ 4,109,875
	<hr/> <hr/>		

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2010**

	Central Stores	Self - Insurance	Total Internal Service Funds
Cash Flows From Operating Activities:			
Receipts from interfund services provided	\$ 42,046	\$ 17,393,588	\$ 17,435,634
Claims and benefits paid	-	(14,889,599)	(14,889,599)
Payments to suppliers for goods and services	(41,484)	(1,574,059)	(1,615,543)
Other receipts	-	32,410	32,410
	<hr/>	<hr/>	<hr/>
Net cash provided by operating activities	562	962,340	962,902
	<hr/>	<hr/>	<hr/>
Cash Flows From Investing Activities:			
Interest received on investment securities	-	29,137	29,137
	<hr/>	<hr/>	<hr/>
Net increase in cash and cash equivalents	562	991,477	992,039
Cash and Cash Equivalents:			
Beginning	8,161	6,096,064	6,104,225
	<hr/>	<hr/>	<hr/>
Ending	\$ 8,723	\$ 7,087,541	\$ 7,096,264
	<hr/>	<hr/>	<hr/>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ (1,850)	\$ 765,537	\$ 763,687
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Change in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	354	(334)	20
Inventory	2,397	-	2,397
Due from other governments	-	(10,899)	(10,899)
Prepaid items	-	122,009	122,009
Increase (decrease) in:			
Accounts payable	(339)	-	(339)
Unearned revenue	-	74,027	74,027
Insurance and benefit claims	-	12,000	12,000
	<hr/>	<hr/>	<hr/>
Net cash provided by operating activities	\$ 562	\$ 962,340	\$ 962,902
	<hr/>	<hr/>	<hr/>

FIDUCIARY FUNDS

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

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

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

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

Workforce Investment Board – This fund is used to account for assets held by the County for the Shenandoah Valley Workforce Investment Board, which was taken over by another locality in 2010.

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

Park Authority – This fund was used to account for assets held by the County for the Upper Valley Regional Park Authority and was closed during fiscal year 2010.

Emergency Medical Services – This fund is used by the County to account for assets held by the County for the City of Harrisonburg, Virginia and Harrisonburg Rescue Squad for emergency medical services billings.

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

June 30, 2010

	Agency Funds						Totals
	Special Welfare	Employee Benefits	Industrial Development Authority	Bond Escrow	Massanutten Technical Center	Emergency Medical Services	
ASSETS							
Cash, cash equivalents and temporary cash investments	\$ 47,690	\$ 545,020	\$ 26,776	\$ 336,022	\$ 893,111	\$ 88,251	\$ 1,936,870
Accounts receivable	-	21,351	16	230	97,417	-	119,014
Total assets	\$ 47,690	\$ 566,371	\$ 26,792	\$ 336,252	\$ 990,528	\$ 88,251	\$ 2,055,884
LIABILITIES							
Accounts payable	\$ 47,690	\$ 566,371	\$ 26,792	\$ 336,252	\$ 990,528	\$ 88,251	\$ 2,055,884
Total liabilities	\$ 47,690	\$ 566,371	\$ 26,792	\$ 336,252	\$ 990,528	\$ 88,251	\$ 2,055,884

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended June 30, 2010**

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
<u>SPECIAL WELFARE</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 35,642	\$ 192,237	\$ 180,189	\$ 47,690
LIABILITIES				
Accounts payable	\$ 35,642	\$ 192,237	\$ 180,189	\$ 47,690
<u>EMPLOYEE BENEFITS</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 479,155	\$ 487,108	\$ 421,243	\$ 545,020
Accounts receivable	30,551	21,351	30,551	21,351
Total assets	\$ 509,706	\$ 508,459	\$ 451,794	\$ 566,371
LIABILITIES				
Accounts payable	\$ 509,706	\$ 508,459	\$ 451,794	\$ 566,371
<u>INDUSTRIAL DEVELOPMENT AUTHORITY</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 26,656	\$ 120	\$ -	\$ 26,776
Accounts receivable	38	16	38	16
Total assets	\$ 26,694	\$ 136	\$ 38	\$ 26,792
LIABILITIES				
Accounts payable	\$ 26,694	\$ 136	\$ 38	\$ 26,792

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended June 30, 2010**

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
<u>BOND ESCROW</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 349,168	\$ 144,925	\$ 158,071	\$ 336,022
Accounts receivable	537	230	537	230
Total assets	\$ 349,705	\$ 145,155	\$ 158,608	\$ 336,252
LIABILITIES				
Accounts payable	\$ 349,705	\$ 145,155	\$ 158,608	\$ 336,252
<u>WORKFORCE INVESTMENT BOARD</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 174,465	\$ 2,221,760	\$ 2,396,225	\$ -
LIABILITIES				
Accounts payable	\$ 174,465	\$ 2,221,760	\$ 2,396,225	\$ -
<u>MASSANUTTEN TECHNICAL CENTER</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 758,098	\$ 4,615,890	\$ 4,480,877	\$ 893,111
Accounts receivable	43,731	97,417	43,731	97,417
Total assets	\$ 801,829	\$ 4,713,307	\$ 4,524,608	\$ 990,528
LIABILITIES				
Accounts payable	\$ 801,829	\$ 4,713,307	\$ 4,524,608	\$ 990,528

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended June 30, 2010**

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
<u>PARK AUTHORITY</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 109,731	\$ 167	\$ 109,898	\$ -
LIABILITIES				
Accounts payable	\$ 109,731	\$ 167	\$ 109,898	\$ -
 <u>EMERGENCY MEDICAL SERVICES</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ -	\$ 89,663	\$ 1,412	\$ 88,251
LIABILITIES				
Accounts payable	\$ -	\$ 89,663	\$ 1,412	\$ 88,251
 <u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 1,932,915	\$ 7,751,870	\$ 7,747,915	\$ 1,936,870
Accounts receivable	74,857	119,014	74,857	119,014
Total assets	\$ 2,007,772	\$ 7,870,884	\$ 7,822,772	\$ 2,055,884
LIABILITIES				
Accounts payable	\$ 2,007,772	\$ 7,870,884	\$ 7,822,772	\$ 2,055,884

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, 2010

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash, cash equivalents and temporary cash investments	\$ 6,764,825	\$ 1,797,835	\$ 8,532,439	\$ 1,493,779	\$ 18,588,878
Trade and other accounts receivable	505,015	62,021	16	22,830	589,882
Accrued interest	-	946	2,314	584	3,844
Due from other governments	2,739,115	-	-	75,748	2,814,863
Prepaid items	2,013,199	118,730	-	39,399	2,171,328
Inventory	98,809	47,710	-	147,509	294,028
Total assets	\$ 12,120,963	\$ 2,027,242	\$ 8,534,769	\$ 1,779,849	\$ 24,462,823
LIABILITIES					
Accounts payable	\$ 1,134,119	\$ 103,443	\$ 3,563,583	\$ 238,599	\$ 5,039,744
Accrued payroll	10,986,844	346,497	3,476	207,104	11,543,921
Deferred revenue	-	-	16,990	-	16,990
Due to other governments	-	-	-	590,040	590,040
Total liabilities	12,120,963	449,940	3,584,049	1,035,743	17,190,695
FUND BALANCES					
Reserved for:					
Inventory	98,809	47,710	-	147,509	294,028
Prepaid items	2,013,199	118,730	-	-	2,131,929
Capital outlay	-	-	4,950,720	-	4,950,720
Unreserved:					
Designated for subsequent years' expenditures	-	1,410,862	-	596,597	2,007,459
Undesignated (deficit)	(2,112,008)	-	-	-	(2,112,008)
Total fund balances	-	1,577,302	4,950,720	744,106	7,272,128
Total liabilities and fund balances	\$ 12,120,963	\$ 2,027,242	\$ 8,534,769	\$ 1,779,849	\$ 24,462,823

Total Fund balances \$ 7,272,128

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

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

Governmental capital assets	\$ 259,187,918	
Less accumulated depreciation and amortization	(92,747,873)	
Net Capital Assets		166,440,045

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

1,213,952

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	(3,244,127)	
Other postemployment benefits	(2,292,549)	
		(5,536,676)

Net assets of governmental activities **\$ 169,389,449**

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
Year Ended June 30, 2010**

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Use of money and property	\$ 24,015	\$ 4,521	\$ 24,386	\$ 2,843	\$ 55,765
Charges for services	2,186,332	2,266,379	-	869,249	5,321,960
Miscellaneous	84,010	-	263,915	111,145	459,070
Appropriation from Primary Government	37,149,836	-	10,979,350	-	48,129,186
Intergovernmental	67,839,006	2,665,101	1,773,790	3,688,084	75,965,981
Total revenues	107,283,199	4,936,001	13,041,441	4,671,321	129,931,962
Expenditures:					
Current:					
Education	107,283,199	4,705,075	-	5,205,903	117,194,177
Capital outlay	-	-	20,900,706	-	20,900,706
Total expenditures	107,283,199	4,705,075	20,900,706	5,205,903	138,094,883
Net change in fund balances	-	230,926	(7,859,265)	(534,582)	(8,162,921)
Fund balances, beginning	-	1,346,376	12,809,985	1,278,688	15,435,049
Fund balances, ending	\$ -	\$ 1,577,302	\$ 4,950,720	\$ 744,106	\$ 7,272,128

Net change in fund balances \$ (8,162,921)

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

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

Expenditure for capital assets	\$ 21,949,313	
Less depreciation and amortization expense	<u>(6,183,295)</u>	
Excess of capital outlays over depreciation and amortization		15,766,018

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net assets. (24,855)

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

Compensated absences	(2,084)	
Other postemployment benefits	<u>(1,129,314)</u>	
		(1,131,398)

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	13,388,798	
Total expenses	<u>(12,780,203)</u>	
		608,595

Change in net assets of governmental activities \$ 7,055,439

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING BALANCE SHEET

NONMAJOR FUNDS OF THE DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

June 30, 2010

	School Textbook Fund	Massanutten Technical Center - Operating Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash, cash equivalents and temporary cash investments	\$ 600,668	\$ 893,111	\$ 1,493,779
Trade and other accounts receivable	1,745	21,085	22,830
Accrued interest	-	584	584
Due from other governments	-	75,748	75,748
Prepaid items	-	39,399	39,399
Inventory	147,509	-	147,509
Total assets	\$ 749,922	\$ 1,029,927	\$ 1,779,849
LIABILITIES			
Accounts payable	\$ 5,816	\$ 232,783	\$ 238,599
Accrued payroll	-	207,104	207,104
Due to other governments	-	590,040	590,040
Total liabilities	5,816	1,029,927	1,035,743
FUND BALANCES			
Reserved for:			
Inventory	147,509	-	147,509
Unreserved:			
Designated for subsequent years' expenditures	596,597	-	596,597
Total fund balances	744,106	-	744,106
Total liabilities and fund balances	\$ 749,922	\$ 1,029,927	\$ 1,779,849

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, 2010

	School Textbook Fund	Massanutten Technical Center - Operating Fund	Total Nonmajor Governmental Funds
Revenues:			
Use of money and property	\$ -	\$ 2,843	\$ 2,843
Charges for services	-	869,249	869,249
Miscellaneous	1,745	109,400	111,145
Intergovernmental	-	3,688,084	3,688,084
Total revenues	1,745	4,669,576	4,671,321
Expenditures:			
Current:			
Education	536,327	4,669,576	5,205,903
Total expenditures	536,327	4,669,576	5,205,903
Net change in fund balances	(534,582)	-	(534,582)
Fund balance, beginning	1,278,688	-	1,278,688
Fund balance, ending	\$ 744,106	\$ -	\$ 744,106

FIDUCIARY FUNDS OF THE SCHOOL BOARD

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF FIDUCIARY NET ASSETS - SCHOOL BOARD

FIDUCIARY FUNDS

June 30, 2010

	Agency Funds		
	School	Massanutten	
	Activity	Technical	
	Fund	Center	
		Activity	
		Fund	Totals
ASSETS			
Cash, cash equivalents and temporary cash investments	\$ 1,182,181	\$ 125,316	\$ 1,307,497
Accounts receivable	37,923	730	38,653
Total assets	\$ 1,220,104	\$ 126,046	\$ 1,346,150
LIABILITIES			
Accounts payable	\$ 1,220,104	\$ 126,046	\$ 1,346,150
Total liabilities	\$ 1,220,104	\$ 126,046	\$ 1,346,150

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - SCHOOL BOARD
ALL AGENCY FUNDS
Year Ended June 30, 2010**

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
<u>SCHOOL ACTIVITY FUND</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 1,172,627	\$ 4,037,974	\$ 4,028,420	\$ 1,182,181
Accounts receivable	33,700	37,923	33,700	37,923
Total assets	<u>\$ 1,206,327</u>	<u>\$ 4,075,897</u>	<u>\$ 4,062,120</u>	<u>\$ 1,220,104</u>
LIABILITIES				
Accounts payable	<u>\$ 1,206,327</u>	<u>\$ 4,075,897</u>	<u>\$ 4,062,120</u>	<u>\$ 1,220,104</u>
<u>MASSANUTTEN TECHNICAL CENTER ACTIVITY FUND</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 104,976	\$ 216,758	\$ 196,418	\$ 125,316
Accounts receivable	604	730	604	730
Total assets	<u>\$ 105,580</u>	<u>\$ 217,488</u>	<u>\$ 197,022</u>	<u>\$ 126,046</u>
LIABILITIES				
Accounts payable	<u>\$ 105,580</u>	<u>\$ 217,488</u>	<u>\$ 197,022</u>	<u>\$ 126,046</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 1,277,603	\$ 4,254,732	\$ 4,224,838	\$ 1,307,497
Accounts receivable	34,304	38,653	34,304	38,653
Total assets	<u>\$ 1,311,907</u>	<u>\$ 4,293,385</u>	<u>\$ 4,259,142</u>	<u>\$ 1,346,150</u>
LIABILITIES				
Accounts payable	<u>\$ 1,311,907</u>	<u>\$ 4,293,385</u>	<u>\$ 4,259,142</u>	<u>\$ 1,346,150</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 - Comprehensive Services Act (CSA) – This fund is used to account for funds designated for the CSA program.

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT - HARRISONBURG-ROCKINGHAM
SOCIAL SERVICES DISTRICT
June 30, 2010

	Operating Fund	Special Revenue <u>Comprehensive</u> Services Act	Total Governmental Funds
ASSETS			
Cash, cash equivalents and temporary cash investments	\$ 2,996,454	\$ 462,296	\$ 3,458,750
Trade and other accounts receivable	2,952	49,434	52,386
Accrued interest	1,950	525	2,475
Due from other governments	792,412	1,546,569	2,338,981
Prepaid items	72,807	1,871	74,678
Total assets	\$ 3,866,575	\$ 2,060,695	\$ 5,927,270
LIABILITIES			
Accounts payable	\$ 340,202	\$ 1,283,429	\$ 1,623,631
Accrued payroll	225,870	6,256	232,126
Total liabilities	566,072	1,289,685	1,855,757
FUND BALANCES			
Reserved for minority interest	1,320,201	393,215	1,713,416
Unreserved, undesignated	1,980,302	377,795	2,358,097
Total fund balances	3,300,503	771,010	4,071,513
Total liabilities and fund balances	\$ 3,866,575	\$ 2,060,695	\$ 5,927,270
Fund balances			\$ 4,071,513
Amounts reported for governmental activities in the Statement of Net Assets are different because:			
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.			
Governmental capital assets		\$ 528,324	
Less accumulated depreciation and amortization		<u>(449,406)</u>	
Net capital assets			78,918
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		(300,362)	
Other postemployment benefits		<u>(141,449)</u>	
			<u>(441,811)</u>
Net assets of governmental activities			\$ 3,708,620

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
DISCRETELY PRESENTED COMPONENT UNIT - HARRISONBURG-ROCKINGHAM
SOCIAL SERVICES DISTRICT

Year Ended June 30, 2010

	Operating Fund	Special Revenue Comprehensive Services Act	Total Governmental Funds
Revenues:			
Use of money and property	\$ 11,542	\$ 3,815	\$ 15,357
Miscellaneous	1,216,975	2,109,795	3,326,770
Appropriation from General Fund	1,697,925	2,022,000	3,719,925
Intergovernmental	9,336,066	6,633,186	15,969,252
Total revenues	12,262,508	10,768,796	23,031,304
Expenditures:			
Current:			
Health and social services	11,496,017	10,233,489	21,729,506
Total expenditures	11,496,017	10,233,489	21,729,506
Net change in fund balances	766,491	535,307	1,301,798
Fund balances, beginning	2,534,012	235,703	2,769,715
Fund balances, ending	\$ 3,300,503	\$ 771,010	\$ 4,071,513

Net change in fund balances \$ 1,301,798

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	\$ 16,646	
Less depreciation and amortization expense	(54,298)	
Excess of depreciation and amortization over capital outlays		(37,652)

The net effect of miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) and is to decrease net assets. (2,629)

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	50,540	
Other postemployment benefits	(68,121)	
		(17,581)

Change in net assets of governmental activities **\$ 1,243,936**

SUPPLEMENTAL SCHEDULES

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2010**

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	\$ 40,430,000	\$ 40,430,000	\$ 40,502,483	\$ 72,483
Real and personal public service corporation property taxes	900,000	900,000	1,167,922	267,922
Personal property taxes	6,445,000	6,445,000	10,038,278	3,593,278
Machinery and tools taxes	11,200,000	11,200,000	12,725,830	1,525,830
Merchants' capital taxes	950,000	950,000	1,077,470	127,470
Penalties and interest	561,000	561,000	704,452	143,452
Total general property taxes	60,486,000	60,486,000	66,216,435	5,730,435
Other local taxes:				
Local sales and use taxes	4,500,000	4,500,000	4,168,753	(331,247)
Consumer utility taxes	936,400	936,400	1,008,033	71,633
Utility gross receipts taxes	315,000	315,000	344,079	29,079
Communications sales and use taxes	1,700,000	1,700,000	1,667,976	(32,024)
Bank stock taxes	12,000	12,000	21,676	9,676
Motor vehicle licenses	1,190,000	1,190,000	1,169,718	(20,282)
Taxes on recordation and wills	965,000	965,000	882,174	(82,826)
Hotel and motel room taxes	125,000	125,000	159,390	34,390
Food and beverage taxes	-	-	297,906	297,906
Total other local taxes	9,743,400	9,743,400	9,719,705	(23,695)
Permits, privilege fees and regulatory licenses:				
Animal licenses	15,000	15,000	27,010	12,010
Permits and other licenses	829,400	829,400	776,452	(52,948)
Total permits, privilege fees and regulatory licenses	844,400	844,400	803,462	(40,938)
Fines and forfeitures	118,600	118,600	137,134	18,534
Use of money and property:				
Revenue from use of money	300,000	300,000	98,622	(201,378)
Revenue from use of property	657,103	657,103	667,892	10,789
Total use of money and property	957,103	957,103	766,514	(190,589)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2010**

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	\$ 463,000	\$ 466,550	\$ 257,301	\$ (209,249)
Commonwealth attorney's fees	392,000	392,000	500,280	108,280
Law enforcement and traffic control	185,187	185,187	272,201	87,014
Correction and detention	767,200	767,200	679,838	(87,362)
Parks and recreation	370,600	407,600	467,147	59,547
Computer services	2,000	2,000	4,058	2,058
Health	-	-	7,953	7,953
Garage fees	600,000	600,000	608,510	8,510
Planning and community development	1,150	1,150	4,017	2,867
Total charges for services	2,781,137	2,821,687	2,801,305	(20,382)
Miscellaneous	95,000	127,014	232,721	105,707
Recovered costs:				
City of Harrisonburg:				
Judicial administration	226,225	229,947	270,558	40,611
Public safety	1,599,794	1,625,789	1,889,549	263,760
Public works	194,159	197,353	232,208	34,855
Other entities:				
Public safety	188,516	229,170	252,028	22,858
Public works	110,000	110,000	115,434	5,434
Total recovered costs	2,318,694	2,392,259	2,759,777	367,518
Total revenue from local sources	77,344,334	77,490,463	83,437,053	5,946,590
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Mobile home titling taxes	100,000	100,000	61,250	(38,750)
Rental vehicle taxes	3,600	3,600	6,474	2,874
Personal property tax relief	5,860,000	5,860,000	5,640,921	(219,079)
Recordation taxes	75,000	75,000	299,615	224,615
Total non-categorical aid	6,038,600	6,038,600	6,008,260	(30,340)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2010**

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	\$ 840,868	\$ 840,868	\$ 751,363	\$ (89,505)
Sheriff	6,040,440	6,040,440	4,982,613	(1,057,827)
Commissioner of the revenue	220,236	220,236	194,554	(25,682)
Treasurer	207,101	207,101	183,505	(23,596)
Registrar/Electoral Board	58,007	58,007	51,258	(6,749)
Clerk of circuit court	565,310	887,497	779,086	(108,411)
Jail operations	561,186	561,186	621,645	60,459
Total shared costs	8,493,148	8,815,335	7,564,024	(1,251,311)
Other categorical aid:				
Emergency medical services	70,000	70,000	72,042	2,042
Community corrections	355,650	415,381	385,813	(29,568)
Soil conservation	293,273	293,273	258,319	(34,954)
Fire program	136,500	145,590	145,590	-
Hazardous materials program	10,000	13,083	13,083	-
Victim witness	13,590	17,453	16,918	(535)
Resource officers	60,000	33,943	27,118	(6,825)
Records preservation	-	12,022	12,022	-
Domestic violence	20,000	20,000	33,232	13,232
OEMS training	11,000	11,000	420	(10,580)
Other	5,620	12,965	8,385	(4,580)
Total other categorical aid	975,633	1,044,710	972,942	(71,768)
Total categorical aid	9,468,781	9,860,045	8,536,966	(1,323,079)
Total revenue from the Commonwealth	15,507,381	15,898,645	14,545,226	(1,353,419)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2010**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Intergovernmental:				
Revenue from the federal government:				
Non-categorical aid:				
Payment for federal lands	\$ 370,000	\$ 370,000	\$ 380,881	\$ 10,881
Categorical aid:				
Victim witness	54,360	101,209	73,235	(27,974)
FEMA	10,850	10,850	10,844	(6)
Highway safety	22,609	40,000	40,818	818
Welfare	100,000	100,000	143,987	43,987
Domestic violence coordinator	17,316	17,316	14,176	(3,140)
Edward Byrne memorial justice assistance	-	57,840	24,237	(33,603)
State criminal alien assistance	60,000	60,000	86,299	26,299
Project safe neighborhoods	30,000	30,000	40,954	10,954
ARRA - State fiscal stabilization	-	-	352,971	352,971
Methamphetamine	26,779	88,679	76,560	(12,119)
Homeland security program	-	420,233	101,824	(318,409)
Other	5,000	60,764	18,445	(42,319)
Total categorical aid	326,914	986,891	984,350	(2,541)
Total revenue from the federal government	696,914	1,356,891	1,365,231	8,340
Total intergovernmental	16,204,295	17,255,536	15,910,457	(1,345,079)
Total General Fund	\$ 93,548,629	\$ 94,745,999	\$ 99,347,510	\$ 4,601,511

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2010**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
Special Revenue Fund:				
Asset Forfeiture Fund:				
Revenue from local sources:				
Fines and forfeitures:				
Seized funds - judicial administration	\$ -	\$ 16,008	\$ 45,187	\$ 29,179
Seized funds - public safety	-	31,103	56,114	25,011
Total fines and forfeitures	-	47,111	101,301	54,190
Revenue from use of money	-	-	269	269
Total revenue from local sources	-	47,111	101,570	54,459
Total Special Revenue Fund	\$ -	\$ 47,111	\$ 101,570	\$ 54,459
Capital Projects Funds:				
General Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 66,875	\$ 66,875
Total General Capital Projects Fund	-	-	66,875	66,875
Joint Judicial Complex Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 2	\$ 2
Total Joint Judicial Complex Fund	-	-	2	2
Total Capital Projects Funds	\$ -	\$ -	\$ 66,877	\$ 66,877
Permanent Fund:				
Albert K. Long Trust Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 82	\$ 82
Total Permanent Fund	\$ -	\$ -	\$ 82	\$ 82
Grand Total Revenues - Primary Government	\$ 93,548,629	\$ 94,793,110	\$ 99,516,039	\$ 4,722,929

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2010**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of property	\$ 23,200	\$ 23,200	\$ 24,015	\$ 815
Charges for services	1,932,050	2,062,050	2,186,332	124,282
Miscellaneous	47,500	51,600	84,010	32,410
Appropriation from General Fund	42,522,930	42,522,930	37,149,836	(5,373,094)
Total revenue from local sources	44,525,680	44,659,780	39,444,193	(5,215,587)
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Rolling stock tax	50,000	50,000	54,136	4,136
Categorical aid:				
State sales tax receipts	11,315,381	11,315,381	10,798,414	(516,967)
Basic school aid	34,323,398	34,323,398	30,997,324	(3,326,074)
Other state school funds	16,253,101	16,285,601	15,345,746	(939,855)
Total categorical aid	61,891,880	61,924,380	57,141,484	(4,782,896)
Total revenue from the Commonwealth	61,941,880	61,974,380	57,195,620	(4,778,760)
Revenue from the federal government:				
Categorical aid:				
National forest receipts	40,000	40,000	39,244	(756)
Title I	1,330,000	1,363,952	1,362,506	(1,446)
ARRA - Title I	-	1,100,000	450,430	(649,570)
Title VIB	2,366,000	2,366,000	2,256,091	(109,909)
ARRA - Title VIB	-	2,847,096	1,918,380	(928,716)
ARRA - State fiscal stabilization	-	-	3,682,152	3,682,152
Other school funds	1,961,506	2,254,220	897,549	(1,356,671)
ARRA - other school funds	-	58,091	37,034	(21,057)
Total revenue from the federal government	5,697,506	10,029,359	10,643,386	614,027
Total intergovernmental	67,639,386	72,003,739	67,839,006	(4,164,733)
Total School Operating Fund	112,165,066	116,663,519	107,283,199	(9,380,320)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2010**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - School Board:				
School Textbook Fund:				
Revenue from local sources:				
Miscellaneous	\$ -	\$ -	\$ 1,745	\$ 1,745
Total School Textbook Fund	-	-	1,745	1,745
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money	25,000	25,000	4,521	(20,479)
Charges for services	2,562,521	2,562,521	2,266,379	(296,142)
Total revenue from local sources	2,587,521	2,587,521	2,270,900	(316,621)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	85,000	85,000	90,211	5,211
Revenue from the federal government:				
Categorical aid:				
School food program grant	2,427,454	2,427,454	2,574,890	147,436
Total intergovernmental	2,512,454	2,512,454	2,665,101	152,647
Total School Cafeteria Fund	5,099,975	5,099,975	4,936,001	(163,974)
School Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	24,386	24,386
Appropriation from General Fund	29,266,223	14,146,490	10,979,350	(3,167,140)
Recovered costs:				
City of Harrisonburg	-	284,960	263,915	(21,045)
Total revenue from local sources	29,266,223	14,431,450	11,267,651	(3,163,799)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Lottery	352,777	352,777	445,193	92,416
Other state revenues	-	272,934	272,934	-
Total revenue from the Commonwealth	352,777	625,711	718,127	92,416
Revenue from the federal government:				
Categorical aid:				
State fiscal stabilization	6,632,106	2,732,106	1,055,663	(1,676,443)
Total intergovernmental	6,984,883	3,357,817	1,773,790	(1,584,027)
Total School Capital Projects Fund	36,251,106	17,789,267	13,041,441	(4,747,826)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2010**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - School Board:				
Massanutten Technical Center - Operating Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 2,843	\$ 2,843
Charges for services	728,450	757,450	869,249	111,799
Miscellaneous	6,000	6,000	6,000	-
House project	20,000	20,000	103,400	83,400
Total revenue from local sources	754,450	783,450	981,492	198,042
Intergovernmental:				
Revenue from the Commonwealth	290,115	331,856	341,833	9,977
Revenue from the federal government	175,319	190,261	180,453	(9,808)
Local governments:				
Appropriation from Rockingham County School Board	2,811,808	2,811,808	2,369,047	(442,761)
Appropriation from the City of Harrisonburg	944,261	944,261	796,751	(147,510)
Total local governments	3,756,069	3,756,069	3,165,798	(590,271)
Total intergovernmental	4,221,503	4,278,186	3,688,084	(590,102)
Total Massanutten Technical Center - Operating Fund	4,975,953	5,061,636	4,669,576	(392,060)
Total Revenues - Component Unit - School Board	\$ 158,492,100	\$ 144,614,397	\$ 129,931,962	\$ (14,682,435)
Component Unit - Harrisonburg-Rockingham Social Services District:				
Operating Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 11,542	\$ 11,542
Miscellaneous:				
City of Harrisonburg share	1,141,979	1,141,979	1,141,979	-
Other	188,124	199,004	74,996	(124,008)
Total miscellaneous	1,330,103	1,340,983	1,216,975	(124,008)
Appropriation from the General Fund	1,697,925	1,697,925	1,697,925	-
Total revenue from local sources	3,028,028	3,038,908	2,926,442	(112,466)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2010**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - Harrisonburg-Rockingham				
Social Services District: (Continued)				
Operating Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Social services administration:				
Public assistance and administration	\$ 4,486,361	\$ 5,459,823	\$ 4,329,056	\$ (1,130,767)
Total revenue from the Commonwealth	4,486,361	5,459,823	4,329,056	(1,130,767)
Revenue from the federal government:				
Categorical aid:				
Social services administration:				
Welfare	6,998,811	7,381,598	5,007,010	(2,374,588)
Total intergovernmental	11,485,172	12,841,421	9,336,066	(3,505,355)
Total Harrisonburg-Rockingham Social Services District - Operating Fund	14,513,200	15,880,329	12,262,508	(3,617,821)
Special Revenue Fund:				
Comprehensive Services Act Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	3,815	3,815
Miscellaneous:				
City of Harrisonburg share	2,000,000	2,000,000	2,109,795	109,795
Appropriation from the General Fund	2,022,000	2,022,000	2,022,000	-
Total revenue from local sources	4,022,000	4,022,000	4,135,610	113,610
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Social services administration:				
Comprehensive Services Act	6,650,339	6,650,339	6,633,186	(17,153)
Total Comprehensive Services Act Fund	10,672,339	10,672,339	10,768,796	96,457
Total Revenues - Component Unit - Harrisonburg-Rockingham Social Services District	\$ 25,185,539	\$ 26,552,668	\$ 23,031,304	\$ (3,521,364)
Grand Total Revenues - Component Units	\$ 183,677,639	\$ 171,167,065	\$ 152,963,266	\$ (18,203,799)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2010**

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	\$ 153,261	\$ 153,261	\$ 140,852	\$ (12,409)
General and financial:				
Executive administration	386,768	388,652	379,330	(9,322)
Legal services	441,250	441,250	414,795	(26,455)
Independent auditor and actuarial services	90,750	90,750	89,750	(1,000)
Commissioner of the revenue	564,128	564,128	579,528	15,400
Reassessment and equalization	270,910	275,710	208,376	(67,334)
Treasurer	543,456	543,456	546,490	3,034
Fiscal services	655,409	655,409	654,180	(1,229)
Human resources	198,513	198,513	203,209	4,696
Information systems	887,129	887,129	865,706	(21,423)
Land use assessment	50,451	52,696	49,201	(3,495)
Central switchboard	60,342	60,342	61,574	1,232
Total general and financial	4,149,106	4,158,035	4,052,139	(105,896)
Board of elections:				
Electoral board and officials	73,232	80,567	79,965	(602)
Registrar	127,426	127,426	126,035	(1,391)
Total board of elections	200,658	207,993	206,000	(1,993)
Total general government administration	4,503,025	4,519,289	4,398,991	(120,298)
Judicial administration:				
Courts:				
Circuit court	151,346	151,346	136,074	(15,272)
General district court	17,350	19,112	24,327	5,215
Magistrate	5,500	5,500	6,364	864
Juvenile and domestic relations court	20,500	20,500	22,970	2,470
Clerk of the circuit court	898,798	1,252,226	1,174,764	(77,462)
Department of court services	419,292	693,993	554,430	(139,563)
Total courts	1,512,786	2,142,677	1,918,929	(223,748)
Commonwealth attorney	1,455,982	1,521,678	1,424,724	(96,954)
Total judicial administration	2,968,768	3,664,355	3,343,653	(320,702)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2010**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 4,635,732	\$ 5,086,515	\$ 4,648,618	\$ (437,897)
Fire and rescue services:				
Fire department	4,098,936	4,205,059	4,198,736	(6,323)
Volunteer fire companies	603,003	604,943	601,552	(3,391)
Ambulance and rescue squads	542,674	676,954	596,754	(80,200)
Fire extinction service	19,281	19,281	17,882	(1,399)
Total fire and rescue services	5,263,894	5,506,237	5,414,924	(91,313)
Correction and detention:				
County operated institutions	6,364,334	6,364,334	6,251,259	(113,075)
Building inspections	590,940	615,060	587,658	(27,402)
Other protection:				
Animal control	315,805	315,805	317,083	1,278
Emergency services	1,562,695	1,583,133	1,660,222	77,089
Total other protection	1,878,500	1,898,938	1,977,305	78,367
Total public safety	18,733,400	19,471,084	18,879,764	(591,320)
Public works:				
General administration	89,285	89,285	77,479	(11,806)
Garage operations	688,858	688,858	714,253	25,395
Maintenance:				
General properties	369,583	369,583	343,484	(26,099)
Courthouse	183,180	183,180	160,243	(22,937)
School office building	106,441	106,441	106,901	460
Extension/central garage building	55,110	55,110	58,684	3,574
Human Services/Health department building	114,528	114,528	106,292	(8,236)
TV translator system	28,702	77,702	84,677	6,975
County administration complex	249,484	249,484	246,085	(3,399)
District courts	279,090	279,090	269,971	(9,119)
Sheriff department	140,287	140,287	128,987	(11,300)
Research and technology center	-	33,000	55,682	22,682
Total public works	2,304,548	2,386,548	2,352,738	(33,810)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2010**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Health and social services:				
Health:				
Supplement to local health department	\$ 616,684	\$ 616,684	\$ 552,170	\$ (64,514)
Mental health and mental retardation:				
Community Services Board	357,547	357,547	357,547	-
Social services:				
Property tax relief for elderly/handicapped	180,000	180,000	202,255	22,255
Appropriation to the Harrisonburg-Rockingham Social Services District				
	3,719,925	3,719,925	3,719,925	-
Institutional care				
	336,320	336,320	336,749	429
Total health and social services	5,210,476	5,210,476	5,168,646	(41,830)
Education:				
Appropriation to the Rockingham County School Board	46,304,298	46,745,098	41,372,004	(5,373,094)
Total education	46,304,298	46,745,098	41,372,004	(5,373,094)
Parks, recreation and cultural:				
Parks and recreation:				
Administration	124,656	124,656	123,512	(1,144)
Maintenance	212,346	212,346	193,818	(18,528)
Athletic events/programs	915,635	970,704	965,669	(5,035)
Total parks and recreation	1,252,637	1,307,706	1,282,999	(24,707)
Cultural:				
Regional library	740,050	740,050	740,050	-
Total parks, recreation and cultural	1,992,687	2,047,756	2,023,049	(24,707)
Community development:				
Planning and community development	651,321	654,321	662,298	7,977
Geographic information systems	124,641	110,862	105,905	(4,957)
Economic development	3,219,520	3,262,193	2,777,746	(484,447)
Soil and water conservation district	293,273	293,273	281,326	(11,947)
Cooperative extension program	117,490	117,490	111,030	(6,460)
Environmental management	156,805	163,469	162,923	(546)
Contributions, grants and other	562,717	462,717	366,129	(96,588)
Total community development	5,125,767	5,064,325	4,467,357	(596,968)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2010**

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	\$ 959,332	\$ 959,439	\$ 959,439	\$ -
Principal - School Board	5,206,669	5,206,669	5,206,669	-
Total principal	6,166,001	6,166,108	6,166,108	-
Interest and fiscal charges - County	1,366,184	1,366,077	1,365,900	(177)
Interest and fiscal charges - School Board	5,063,113	5,063,113	4,952,827	(110,286)
Total interest and fiscal charges	6,429,297	6,429,190	6,318,727	(110,463)
Total debt service	12,595,298	12,595,298	12,484,835	(110,463)
Total General Fund	\$ 99,738,267	\$ 101,704,229	\$ 94,491,037	\$ (7,213,192)
Special Revenue Fund:				
Asset Forfeiture Fund:				
Public safety:				
Law enforcement	\$ -	\$ 47,111	\$ 30,561	\$ (16,550)
Total Asset Forfeiture Fund	-	47,111	30,561	(16,550)
Total Special Revenue Fund	\$ -	\$ 47,111	\$ 30,561	\$ (16,550)
General Capital Projects Fund:				
Capital projects	\$ 6,559,400	\$ 6,708,607	\$ 1,969,136	\$ (4,739,471)
Education:				
Appropriation to the Rockingham County School Board	6,757,182	6,757,182	6,757,182	-
Total General Capital Projects Fund	\$ 13,316,582	\$ 13,465,789	\$ 8,726,318	\$ (4,739,471)
Grand Total Expenditures - Primary Government	\$ 113,054,849	\$ 115,217,129	\$ 103,247,916	\$ (11,969,213)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2010**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction	\$ 87,447,068	\$ 91,869,071	\$ 84,788,784	\$ (7,080,287)
Administration, attendance and health	5,178,765	5,171,115	4,864,838	(306,277)
Pupil transportation services	8,457,446	8,501,546	7,684,557	(816,989)
Operation and maintenance services	11,081,787	11,121,787	9,945,020	(1,176,767)
Total School Operating Fund	112,165,066	116,663,519	107,283,199	(9,380,320)
School Textbook Fund:				
Education:				
Purchase of textbooks	851,650	851,650	536,327	(315,323)
Total School Textbook Fund	851,650	851,650	536,327	(315,323)
School Cafeteria Fund:				
Education:				
School food services	5,099,975	5,099,975	4,705,075	(394,900)
Total School Cafeteria Fund	5,099,975	5,099,975	4,705,075	(394,900)
School Capital Projects Fund:				
Capital projects	36,251,106	30,599,251	20,900,706	(9,698,545)
Total School Capital Projects Fund	36,251,106	30,599,251	20,900,706	(9,698,545)
Massanutten Technical Center - Operating Fund:				
Education:				
Secondary	3,545,538	3,545,538	3,274,186	(271,352)
Continuing education	843,605	851,105	783,949	(67,156)
Dayton Learning Center	586,810	664,993	611,441	(53,552)
Total Massanutten Technical Center - Operating Fund	4,975,953	5,061,636	4,669,576	(392,060)
Total Expenditures - Component Unit - School Board	\$ 159,343,750	\$ 158,276,031	\$ 138,094,883	\$ (20,181,148)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2010**

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	\$ 8,386,926	\$ 9,620,389	\$ 5,730,436	\$ (3,889,953)
Administration:				
Welfare	6,126,274	6,259,940	5,765,581	(494,359)
Total Operating Fund	14,513,200	15,880,329	11,496,017	(4,384,312)
Special Revenue Fund:				
Comprehensive Services Act Fund:				
Comprehensive Services Act	10,672,339	10,672,339	10,233,489	(438,850)
Total Comprehensive Services Act Fund	10,672,339	10,672,339	10,233,489	(438,850)
Total Expenditures - Component Unit - Harrisonburg-Rockingham Social Services District	\$ 25,185,539	\$ 26,552,668	\$ 21,729,506	\$ (4,823,162)
Grand Total Expenditures - Component Units	\$ 184,529,289	\$ 184,828,699	\$ 159,824,389	\$ (25,004,310)

STATISTICAL SECTION

COUNTY OF ROCKINGHAM, VIRGINIA

STATISTICAL SECTION CONTENTS

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

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

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

STATISTICAL SECTION

Comments Relative to Statistical Section

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

Table 2

NET ASSETS BY COMPONENT

Last Nine Fiscal Years (1)

(accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	
Primary government:										
Governmental activities:										
Invested in capital assets, net of related debt	\$ 12,155,566	\$ 12,203,256	\$ 14,393,817	\$ 13,858,239	\$ 21,591,028	\$ 28,293,610	\$ 34,024,527	\$ 33,331,094	\$ 31,494,506	
Restricted	621,406	641,075	435,684	4,223,450	5,060,638	4,007,776	2,141,716	351,245	422,337	
Unrestricted (deficit)	(14,611,426)	(8,361,369)	(13,000,411)	(9,391,928)	(13,707,781)	(33,175,692)	(44,397,535)	(71,164,591)	(68,208,673)	
Total governmental activities net assets (deficit)	\$ (1,834,454)	\$ 4,482,962	\$ 1,829,090	\$ 8,689,761	\$ 12,943,885	\$ (874,306)	\$ (8,231,292)	\$ (37,482,252)	\$ (36,291,830)	
Business-type activities:										
Invested in capital assets, net of related debt	\$ 19,241,957	\$ 19,694,606	\$ 19,043,067	\$ 22,919,503	\$ 24,988,500	\$ 27,157,689	\$ 30,339,570	\$ 32,111,181	\$ 30,738,179	
Restricted	-	-	2,018,084	192,676	-	-	-	-	-	
Unrestricted (deficit)	204,121	176,586	(478,118)	(16,595)	1,257,682	1,296,143	1,170,036	145,128	1,153,253	
Total business-type activities net assets	\$ 19,446,078	\$ 19,871,192	\$ 20,583,033	\$ 23,095,584	\$ 26,246,182	\$ 28,453,832	\$ 31,509,606	\$ 32,256,309	\$ 31,891,432	
Primary government:										
Invested in capital assets, net of related debt	\$ 31,397,523	\$ 31,897,862	\$ 33,436,884	\$ 36,777,742	\$ 46,579,528	\$ 55,451,299	\$ 64,364,097	\$ 65,442,275	\$ 62,232,685	
Restricted	621,406	641,075	2,453,768	4,416,126	5,060,638	4,007,776	2,141,716	351,245	422,337	
Unrestricted (deficit)	(14,407,305)	(8,184,783)	(13,478,529)	(9,408,523)	(12,450,099)	(31,879,549)	(43,227,499)	(71,019,463)	(67,055,420)	
Total primary government net assets	\$ 17,611,624	\$ 24,354,154	\$ 22,412,123	\$ 31,785,345	\$ 39,190,067	\$ 27,579,526	\$ 23,278,314	\$ (5,225,943)	\$ (4,400,398)	
Component units: (2)										
Component unit - school board:										
Invested in capital assets, net of related debt	\$ 73,226,795	\$ 70,748,895	\$ 71,481,509	\$ 78,091,201	\$ 86,187,275	\$ 97,992,458	\$ 106,448,102	\$ 150,698,882	\$ 166,440,045	
Restricted	-	-	7,124,235	22,976	-	-	-	-	-	
Unrestricted (deficit)	6,038	1,248,182	1,339,750	(614,223)	(5,126,115)	7,669,973	17,399,200	11,635,128	2,949,404	
Total component unit - school board net assets	\$ 73,232,833	\$ 71,997,077	\$ 79,945,494	\$ 77,499,954	\$ 81,061,160	\$ 105,662,431	\$ 123,847,302	\$ 162,334,010	\$ 169,389,449	

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

Invested in capital assets, net of related debt	\$ 90,578	\$ 91,562	\$ 84,871	\$ 109,194	\$ 170,053	\$ 194,573	\$ 162,869	\$ 119,199	\$ 78,918
Unrestricted	712,964	1,149,654	1,480,989	1,295,333	1,283,243	1,405,048	1,774,814	2,345,485	3,629,702

Total component unit - HRSSD net assets \$ 803,542 \$ 1,241,216 \$ 1,565,860 \$ 1,404,527 \$ 1,453,296 \$ 1,599,621 \$ 1,937,683 \$ 2,464,684 \$ 3,708,620

Component units:

Invested in capital assets, net of related debt	\$ 73,317,373	\$ 70,840,457	\$ 71,566,380	\$ 78,200,395	\$ 86,357,328	\$ 98,187,031	\$ 106,610,971	\$ 150,818,081	\$ 166,518,963
Restricted	-	-	7,124,235	22,976	-	-	-	-	-
Unrestricted (deficit)	719,002	2,397,836	2,820,739	681,110	(3,842,872)	9,075,021	19,174,014	13,980,613	6,579,106

Total component units net assets \$ 74,036,375 \$ 73,238,293 \$ 81,511,354 \$ 78,904,481 \$ 82,514,456 \$ 107,262,052 \$ 125,784,985 \$ 164,798,694 \$ 173,098,069

Total reporting entity: (3)

Invested in capital assets, net of related debt	\$ 65,326,891	\$ 67,660,056	\$ 68,375,203	\$ 81,292,187	\$ 92,025,796	\$ 91,525,876	\$ 93,738,763	\$ 103,933,620	\$ 121,884,712
Restricted	621,406	641,075	9,578,003	4,439,102	5,060,638	4,007,776	2,141,716	351,245	422,337
Unrestricted	25,699,702	29,291,316	25,970,271	24,958,537	24,618,089	39,307,926	53,182,820	55,287,886	46,390,622

Total reporting entity net assets \$ 91,647,999 \$ 97,592,447 \$ 103,923,477 \$ 110,689,826 \$ 121,704,523 \$ 134,841,578 \$ 149,063,299 \$ 159,572,751 \$ 168,697,671

Notes:

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

COUNTY OF ROCKINGHAM, VIRGINIA

Table 3
Page 1

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

	Fiscal Year June 30,								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Primary government:									
Expenses:									
Governmental activities:									
General government administration	\$ 3,902,963	\$ 3,939,890	\$ 3,950,687	\$ 4,331,629	\$ 4,564,294	\$ 4,911,660	\$ 4,932,635	\$ 5,172,496	\$ 4,927,727
Judicial administration	2,431,187	2,506,361	2,595,053	2,690,201	3,109,327	3,537,795	3,496,761	4,231,590	3,678,728
Public safety	12,662,544	13,010,712	13,949,886	15,625,806	16,728,591	18,690,616	19,040,217	20,558,230	19,529,025
Public works	1,792,802	1,782,907	1,760,352	1,878,903	2,187,373	2,510,342	2,567,406	2,515,660	2,384,927
Health and social services	2,514,942	2,693,816	3,008,207	3,327,684	4,402,543	4,811,248	4,792,353	5,087,755	5,212,611
Education	31,225,243	33,798,748	42,671,090	33,315,177	39,932,203	60,500,234	57,109,186	78,046,276	48,129,186
Parks, recreation and cultural	1,422,312	1,111,503	1,632,593	2,174,207	2,083,985	2,201,115	2,642,462	2,166,951	2,090,895
Community development	1,342,947	1,400,302	2,221,753	2,618,587	3,830,069	2,491,258	3,415,397	6,142,118	6,182,334
Interest	2,779,634	2,382,799	2,380,870	2,449,883	2,572,000	3,077,757	3,811,072	5,773,990	6,335,856
Total governmental activities	60,074,574	62,627,038	74,170,491	68,412,077	79,410,385	102,732,025	101,807,489	129,695,066	98,471,289
Business-type activities:									
Water and sewer	2,059,717	2,232,039	2,573,701	2,862,348	3,330,466	3,833,638	4,233,280	4,675,849	5,616,481
Solid waste	2,762,090	3,112,398	3,569,076	2,509,976	3,541,130	3,680,963	4,244,472	3,864,456	3,792,474
Total business-type activities	4,821,807	5,344,437	6,142,777	5,372,324	6,871,596	7,514,601	8,477,752	8,540,305	9,408,955
Total primary government expenses	64,896,381	67,971,475	80,313,268	73,784,401	86,281,981	110,246,626	110,285,241	138,235,371	107,880,244
Program revenue:									
Governmental activities:									
Charges for services:									
General government administration	4,574	5,415	4,945	6,145	4,764	2,877	5,729	1,511	4,058
Judicial administration	778,468	975,080	1,346,906	1,206,212	1,213,214	1,157,469	1,149,624	1,286,689	1,073,326
Public safety	2,756,358	2,876,282	3,123,080	3,440,187	3,974,894	4,124,597	4,604,090	4,073,797	4,090,326
Public works	394,893	420,554	539,784	590,386	757,503	826,007	1,014,447	1,021,587	956,152
Health and social services	16,057	25,927	32,856	2,429	52,834	26,086	-	5,665	7,953
Parks, recreation and cultural	267,256	284,397	279,036	276,009	300,701	326,290	324,628	405,709	467,229
Community development	11,451	21,112	4,232	7,150	7,615	3,011	2,727	1,786	4,017
Operating grants and contributions:									
General government administration	433,351	395,922	387,113	440,535	446,138	472,051	512,537	478,451	429,322
Judicial administration	1,550,408	1,514,726	1,858,291	1,627,479	1,819,324	2,032,672	2,031,766	2,177,711	2,124,717
Public safety	5,855,190	6,014,815	6,095,750	6,483,737	6,556,093	7,382,949	7,200,334	6,942,243	6,444,716
Public works	16,460	-	-	-	-	117,009	-	-	1,667
Health and social services	125,669	98,394	82,283	99,123	116,012	121,558	139,069	163,829	143,987
Community development	3,170	139,860	118,445	129,303	1,638,937	206,836	236,640	252,985	258,319
Capital grants and contributions:									
General government administration	-	-	-	-	99,075	-	-	-	-
Judicial administration	-	-	-	-	67,119	57,501	-	-	-
Public safety	18,691	12,787	259,573	778,954	372,230	163,721	-	83,950	118,588
Total governmental activities	12,231,996	12,785,271	14,132,294	15,087,649	17,426,453	17,020,634	17,221,591	16,895,913	16,124,377

COUNTY OF ROCKINGHAM, VIRGINIA

Table 3

CHANGES IN NET ASSETS

Page 2

Last Nine Fiscal Years (1)
(accrual basis of accounting)
(Unaudited)

	Fiscal Year June 30,								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Primary government:									
Program revenue:									
Business-type activities:									
Charges for services:									
Water and sewer	\$ 1,966,550	\$ 2,351,194	\$ 2,809,116	\$ 4,163,147	\$ 4,772,135	\$ 4,285,196	\$ 5,618,815	\$ 5,128,660	\$ 6,075,853
Solid waste	2,678,472	2,587,332	2,805,457	2,388,453	2,329,945	2,377,044	3,180,166	2,699,300	2,353,901
Operating grants and contributions:									
Water and sewer	-	-	-	22,701	10,000	-	-	-	-
Solid waste	18,234	18,822	17,124	16,825	24,025	19,906	-	-	-
Capital grants and contributions:									
Water and sewer	-	-	-	-	1,861,994	244,227	1,302,827	930,509	-
Solid waste	-	-	-	-	261,494	2,270,953	706,052	85,181	-
Total business-type activities	4,663,256	4,957,348	5,631,697	6,591,126	9,259,593	9,197,326	10,807,860	8,843,650	8,429,754
Total primary government revenues	16,895,252	17,742,619	19,763,991	21,678,775	26,686,046	26,217,960	28,029,451	25,739,563	24,554,131
Net (expense) revenue:									
Governmental activities	(47,842,578)	(49,841,767)	(60,038,197)	(53,324,428)	(61,983,932)	(85,711,391)	(84,585,898)	(112,799,153)	(82,346,912)
Business-type activities	(158,551)	(387,089)	(511,080)	1,218,802	2,387,997	1,682,725	2,330,108	303,345	(979,201)
Total primary government, net expense	(48,001,129)	(50,228,856)	(60,549,277)	(52,105,626)	(59,595,935)	(84,028,666)	(82,255,790)	(112,495,808)	(83,326,113)
Governmental activities:									
Taxes:									
General property taxes	37,905,366	41,452,338	43,256,851	44,310,735	48,387,991	53,409,714	58,574,698	65,895,837	66,376,392
Local sales and use	3,405,473	3,479,862	3,709,024	4,173,990	4,358,695	4,528,481	4,764,451	4,567,854	4,168,753
Consumer utility and communications sales and use	1,509,605	1,562,062	1,570,123	1,552,430	1,554,418	2,070,502	2,809,135	2,667,992	2,676,009
Motor vehicles licenses	1,086,260	1,102,769	1,135,372	1,158,694	1,182,848	1,194,912	1,193,657	1,176,765	1,169,718
Other	1,233,296	1,455,244	1,460,257	2,014,632	2,868,462	2,252,937	1,575,825	1,584,576	1,705,225
Intergovernmental, non-categorical aid	5,949,658	6,294,699	6,316,216	6,027,401	6,605,919	6,502,475	6,226,104	6,589,500	6,389,141
Use of money and property	976,559	756,135	573,390	988,875	1,490,446	1,875,536	1,665,526	786,523	839,375
Miscellaneous	272,789	156,333	173,659	116,108	184,897	119,643	463,242	279,146	232,721
Gain on sale of capital assets	-	-	-	592,234	-	-	-	-	-
Transfers	(23,152)	(100,259)	(810,567)	(750,000)	(395,620)	(61,000)	(43,726)	-	(20,000)
Total governmental activities	52,315,854	56,159,183	57,384,325	60,185,099	66,238,056	71,893,200	77,228,912	83,548,193	83,537,334
Business-type activities:									
Use of money and property	294,179	106,833	79,486	124,469	213,845	265,494	381,280	199,683	34,080
Miscellaneous	211,400	605,111	332,868	278,209	153,136	198,431	300,660	243,675	560,244
Transfers	23,152	100,259	810,567	750,000	395,620	61,000	43,726	-	20,000
Total business-type activities	528,731	812,203	1,222,921	1,152,678	762,601	524,925	725,666	443,358	614,324
Total primary government	52,844,585	56,971,386	58,607,246	61,337,777	67,000,657	72,418,125	77,954,578	83,991,551	84,151,658
Changes in net assets:									
Governmental activities	4,473,276	6,317,416	(2,653,872)	6,860,671	4,254,124	(13,818,191)	(7,356,986)	(29,250,960)	1,190,422
Business-type activities	370,180	425,114	711,841	2,371,480	3,150,598	2,207,650	3,055,774	746,703	(364,877)
Total primary government	\$ 4,843,456	\$ 6,742,530	\$ (1,942,031)	\$ 9,232,151	\$ 7,404,722	\$ (11,610,541)	\$ (4,301,212)	\$ (28,504,257)	\$ 825,545

COUNTY OF ROCKINGHAM, VIRGINIA

Table 3

CHANGES IN NET ASSETS

Page 3

Last Nine Fiscal Years (1)
(accrual basis of accounting)
(Unaudited)

	Fiscal Year June 30,								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Component units: (3)									
Component unit - school board:									
Expenses:									
Instruction	\$ 69,656,968	\$ 73,743,072	\$ 76,718,694	\$ 82,963,375	\$ 82,718,284	\$ 90,637,877	\$ 92,264,138	\$ 98,007,696	\$ 96,112,008
Administration, attendance and health	2,596,316	2,779,792	2,701,575	3,207,704	3,577,646	3,830,297	4,168,083	5,385,017	4,891,885
Pupil transportation	4,376,845	4,686,549	5,260,280	5,790,881	6,327,098	6,959,384	7,426,354	8,086,880	7,184,619
Operation and maintenance services	6,175,379	7,075,922	6,773,293	7,445,756	8,131,472	9,285,011	9,598,863	10,227,516	9,919,463
School food services	3,650,577	3,570,536	3,831,693	3,989,993	4,226,604	4,466,752	4,597,701	4,766,860	4,768,548
Total expenses	86,456,085	91,855,871	95,285,535	103,397,709	104,981,104	115,179,321	118,055,139	126,473,969	122,876,523
Program revenues:									
Charges for services	3,706,917	4,217,990	3,909,179	4,277,812	4,574,290	4,990,446	5,130,225	5,638,328	5,321,960
Operating grants and contributions	46,715,522	48,030,050	51,934,037	58,007,681	62,089,635	70,737,460	72,165,686	77,327,118	72,018,553
Capital grants and contributions	1,158,218	1,033,219	1,034,559	1,079,671	2,200,194	2,623,344	1,103,648	3,559,527	3,854,048
Total program revenues	51,580,657	53,281,259	56,877,775	63,365,164	68,864,119	78,351,250	78,399,559	86,524,973	81,194,561
Net expense	(34,875,428)	(38,574,612)	(38,407,760)	(40,032,545)	(36,116,985)	(36,828,071)	(39,655,580)	(39,948,996)	(41,681,962)
General revenues and other changes in net assets:									
Grants and contributions not restricted to specific programs	31,225,243	33,798,748	42,671,090	33,315,177	39,932,203	60,500,234	57,109,186	78,046,276	48,129,186
Intergovernmental, non-categorical aid	128,825	128,943	127,102	130,361	132,008	129,462	130,477	91,946	93,380
Use of money and property	76,753	59,034	63,665	127,926	94,518	268,268	408,396	144,563	55,765
Miscellaneous	3,248,430	3,352,131	3,494,320	4,013,541	403,245	531,478	192,392	152,919	459,070
Total general revenues and other changes in net assets	34,679,251	37,338,856	46,356,177	37,587,005	40,561,974	61,429,442	57,840,451	78,435,704	48,737,401
Total component unit - school board change in net assets	\$ (196,177)	\$ (1,235,756)	\$ 7,948,417	\$ (2,445,540)	\$ 4,444,989	\$ 24,601,371	\$ 18,184,871	\$ 38,486,708	\$ 7,055,439
Component unit - HRSSD:									
Expenses:									
Public assistance	\$ 2,431,115	\$ 2,835,959	\$ 3,650,031	\$ 4,124,818	\$ 4,928,848	\$ 5,024,090	\$ 4,769,948	\$ 5,107,848	\$ 5,730,436
Comprehensive services act	3,891,140	5,274,645	5,438,545	6,362,925	7,500,224	8,599,794	10,237,263	10,533,322	10,236,725
Welfare	3,260,283	3,388,831	3,614,985	4,042,064	4,765,237	5,141,691	5,611,589	6,138,996	5,820,207
Food stamp	227,781	226,125	217,461	237,799	251,499	206,329	-	-	-
Fuel assistance	23,240	19,406	24,529	17,430	20,892	14,855	-	-	-
Total expenses	9,833,559	11,744,966	12,945,551	14,785,036	17,466,700	18,986,759	20,618,800	21,780,166	21,787,368
Program revenues:									
Operating grants and contributions	7,174,747	8,839,166	9,550,620	10,449,895	12,409,206	13,149,808	14,121,228	14,843,978	15,969,252
Total program revenues	7,174,747	8,839,166	9,550,620	10,449,895	12,409,206	13,149,808	14,121,228	14,843,978	15,969,252
Net expense	(2,658,812)	(2,905,800)	(3,394,931)	(4,335,141)	(5,057,494)	(5,836,951)	(6,497,572)	(6,936,188)	(5,818,116)

COUNTY OF ROCKINGHAM, VIRGINIA

Table 3

Page 4

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

	Fiscal Year June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	
General revenues and other changes in net assets:										
Grants and contributions not restricted to specific programs	\$ 2,549,438	\$ 3,169,437	\$ 3,542,594	\$ 3,928,685	\$ 4,802,418	\$ 5,642,819	\$ 6,472,194	\$ 7,147,789	\$ 6,971,699	
Use of money and property	31,987	8,558	17,396	36,235	61,494	82,948	109,362	42,704	15,357	
Miscellaneous	149,412	165,479	159,585	208,888	242,351	257,509	254,078	272,696	74,996	
Total general revenues and other changes in net assets	2,730,837	3,343,474	3,719,575	4,173,808	5,106,263	5,983,276	6,835,634	7,463,189	7,062,052	
Total component unit - HRSSD change in net assets	\$ 72,025	\$ 437,674	\$ 324,644	\$ (161,333)	\$ 48,769	\$ 146,325	\$ 338,062	\$ 527,001	\$ 1,243,936	
Total component units change in net assets	\$ (124,152)	\$ (798,082)	\$ 8,273,061	\$ (2,606,873)	\$ 4,493,758	\$ 24,747,696	\$ 18,522,933	\$ 39,013,709	\$ 8,299,375	
Total reporting entity change in net assets	\$ 4,719,304	\$ 5,944,448	\$ 6,331,030	\$ 6,625,278	\$ 11,898,480	\$ 13,137,155	\$ 14,221,721	\$ 10,509,452	\$ 9,124,920	

Notes:

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

COUNTY OF ROCKINGHAM, VIRGINIA

Table 4

PROGRAM REVENUES BY FUNCTION/PROGRAM

Last Nine Fiscal Years (1)
(accrual basis of accounting)
(Unaudited)

Function/Program	Fiscal Year June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	
Primary government:										
Governmental activities:										
General government administration	\$ 437,925	\$ 401,337	\$ 392,058	\$ 446,680	\$ 549,977	\$ 474,928	\$ 518,266	\$ 479,962	\$ 433,380	
Judicial administration	2,328,876	2,489,806	3,205,197	2,833,691	3,099,657	3,247,642	3,181,390	3,464,400	3,198,043	
Public safety	8,630,239	8,903,884	9,478,403	10,702,878	10,903,217	11,671,267	11,804,424	11,099,990	10,653,630	
Public works	411,353	420,554	539,784	590,386	757,503	943,016	1,014,447	1,021,587	957,819	
Health and social services	141,726	124,321	115,139	101,552	168,846	147,644	139,069	169,494	151,940	
Parks, recreation and cultural	267,256	284,397	279,036	276,009	300,701	326,290	324,628	405,709	467,229	
Community development	14,621	160,972	122,677	136,453	1,646,552	209,847	239,367	254,771	262,336	
Total governmental activities	12,231,996	12,785,271	14,132,294	15,087,649	17,426,453	17,020,634	17,221,591	16,895,913	16,124,377	
Business-type activities:										
Water and sewer	1,966,550	2,351,194	2,809,116	4,185,848	6,644,129	4,529,423	6,921,642	6,059,169	6,075,853	
Solid waste	2,696,706	2,606,154	2,822,581	2,405,278	2,615,464	4,667,903	3,886,218	2,784,481	2,353,901	
Total business-type activities	4,663,256	4,957,348	5,631,697	6,591,126	9,259,593	9,197,326	10,807,860	8,843,650	8,429,754	
Total primary government	\$ 16,895,252	\$ 17,742,619	\$ 19,763,991	\$ 21,678,775	\$ 26,686,046	\$ 26,217,960	\$ 28,029,451	\$ 25,739,563	\$ 24,554,131	
Component units:										
Component unit - school board:										
Instruction	\$ 47,938,281	\$ 49,627,624	\$ 53,037,748	\$ 59,294,355	\$ 64,604,063	\$ 73,831,357	\$ 73,762,964	\$ 81,522,836	\$ 75,488,678	
Pupil transportation services	-	-	-	-	-	-	-	-	760,680	
Operation and maintenance services	-	-	-	-	-	-	-	-	13,723	
School food services	3,642,376	3,653,635	3,840,027	4,070,809	4,260,056	4,519,893	4,636,595	5,002,137	4,931,480	
Total component unit - school board	51,580,657	53,281,259	56,877,775	63,365,164	68,864,119	78,351,250	78,399,559	86,524,973	81,194,561	
Component unit - HRSSD:										
Public assistance	1,480,148	1,708,367	2,025,719	2,305,594	2,803,610	2,886,219	3,394,896	3,851,693	4,329,056	
Comprehensive services	2,405,728	3,433,703	3,365,709	3,639,558	4,558,941	5,096,538	5,985,528	6,500,946	6,633,186	
Welfare	3,288,871	3,697,096	4,159,192	4,504,743	5,046,655	5,167,051	4,740,804	4,491,339	5,007,010	
Total component unit - HRSSD	7,174,747	8,839,166	9,550,620	10,449,895	12,409,206	13,149,808	14,121,228	14,843,978	15,969,252	
Total component units	\$ 58,755,404	\$ 62,120,425	\$ 66,428,395	\$ 73,815,059	\$ 81,273,325	\$ 91,501,058	\$ 92,520,787	\$ 101,368,951	\$ 97,163,813	
Total reporting entity	\$ 75,650,656	\$ 79,863,044	\$ 86,192,386	\$ 95,493,834	\$ 107,959,371	\$ 117,719,018	\$ 120,550,238	\$ 127,108,514	\$ 121,717,944	

Note:

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

COUNTY OF ROCKINGHAM, VIRGINIA

Table 5

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund:										
Reserved	\$ 3,497,888	\$ 2,896,089	\$ 2,205,041	\$ 1,585,765	\$ 1,081,608	\$ 839,896	\$ 772,073	\$ 1,003,102	\$ 928,288	\$ 1,097,948
Unreserved	19,641,357	20,306,938	22,827,035	25,574,115	26,573,025	19,866,713	18,757,693	26,580,573	22,588,259	27,255,072
Total General Fund	\$ 23,139,245	\$ 23,203,027	\$ 25,032,076	\$ 27,159,880	\$ 27,654,633	\$ 20,706,609	\$ 19,529,766	\$ 27,583,675	\$ 23,516,547	\$ 28,353,020
All Other Governmental Funds:										
Reserved	\$ -	\$ 681,336	\$ 641,075	\$ 435,684	\$ 4,223,450	\$ 5,060,638	\$ 4,007,776	\$ 2,141,716	\$ 351,245	\$ 422,337
Unreserved, reported in:										
Capital projects funds	308,558	32,517	169,820	4,193,201	4,451,532	5,600,527	11,856,272	20,326,913	18,761,704	10,102,262
Special revenue funds	401,471	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 710,029	\$ 713,853	\$ 810,895	\$ 4,628,885	\$ 8,674,982	\$ 10,661,165	\$ 15,864,048	\$ 22,468,629	\$ 19,112,949	\$ 10,524,599

COUNTY OF ROCKINGHAM, VIRGINIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years (1)

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year		
	2001	2002	2003
Revenues:			
General property taxes	\$ 36,802,773	\$ 37,629,080	\$ 41,485,976
Other local taxes	7,388,875	7,234,718	7,599,937
Permits, privilege fees and licenses	529,528	564,038	566,961
Fines and forfeitures	179,883	198,166	280,512
Use of money and property	1,965,753	977,396	756,500
Charges for services	1,728,948	1,998,313	2,334,588
Miscellaneous	808,221	274,834	206,725
Recovered costs	1,416,419	1,485,705	1,439,817
Intergovernmental	12,411,291	13,931,784	14,457,379
Total revenues	63,231,691	64,294,034	69,128,395
Expenditures:			
General government administration	3,303,140	3,534,242	3,680,361
Judicial administration	1,995,772	2,224,122	2,374,371
Public safety	11,529,163	12,357,708	12,677,941
Public works	1,629,314	1,695,038	1,778,941
Health and social services	2,274,100	2,473,227	2,649,174
Education	35,666,854	38,730,770	33,798,748
Parks, recreation and cultural	1,276,111	1,432,932	1,424,179
Community development	1,345,459	1,330,798	1,338,739
Capital outlay	1,356,819	231,379	226,616
Debt service:			
Principal	4,497,894	5,424,690	4,693,313
Interest and fiscal charges	2,895,769	2,821,598	2,450,662
Total expenditures	67,770,395	72,256,504	67,093,045
Revenues over (under) expenditures	(4,538,704)	(7,962,470)	2,035,350
Other financing sources (uses):			
Transfers in	197,924	226,744	451,675
Transfers out	(1,197,924)	(249,896)	(560,934)
Issuance of debt	4,193,986	768,250	-
Premium on issuance debt	-	-	-
Insurance recoveries	-	-	-
Proceeds from sale of property	-	25,705	-
Total other financing sources (uses), net	3,193,986	770,803	(109,259)
Net change in fund balance	\$ (1,344,718)	\$ (7,191,667)	\$ 1,926,091

Table 6
Page 1

June 30,							
2004	2005	2006	2007	2008	2009	2010	
\$ 43,549,045	\$ 44,316,136	\$ 48,094,569	\$ 53,700,795	\$ 58,855,180	\$ 65,570,241	\$ 66,216,435	
7,874,776	8,899,746	9,964,423	10,046,832	10,343,068	9,997,187	9,719,705	
883,449	1,091,022	985,817	957,006	1,176,374	749,140	803,462	
272,038	341,372	345,805	207,283	155,677	148,535	238,435	
573,597	989,271	1,491,226	1,876,615	1,646,317	771,924	833,742	
2,521,638	2,736,286	2,846,255	2,662,046	3,288,037	2,850,575	2,801,305	
185,356	125,108	180,897	241,223	463,242	279,146	232,721	
1,913,080	2,138,396	2,194,187	2,715,669	2,480,181	3,048,135	2,759,777	
14,858,098	14,807,578	17,659,528	16,980,026	16,346,450	16,688,669	15,910,457	
72,631,077	75,444,915	83,762,707	89,387,495	94,754,526	100,103,552	99,516,039	
3,744,157	3,903,904	4,250,012	4,429,174	4,563,051	4,659,357	4,398,991	
2,399,019	2,401,199	2,927,878	3,249,146	3,173,240	3,827,879	3,343,653	
13,545,603	18,562,820	17,683,188	20,304,161	21,242,649	19,874,198	18,910,325	
1,741,907	1,856,947	2,181,679	2,480,757	2,628,117	2,482,615	2,352,738	
2,963,451	3,283,105	4,108,260	4,517,523	4,748,614	5,044,027	5,168,646	
42,671,090	33,315,177	39,932,203	60,500,234	57,109,186	78,046,276	48,129,186	
1,513,347	1,696,824	1,754,520	2,061,923	2,115,026	2,064,277	2,023,049	
2,164,328	2,543,545	3,771,777	2,355,778	3,122,860	5,783,273	4,467,357	
2,821,843	4,421,217	6,994,594	3,026,051	9,740,578	12,088,043	1,969,136	
3,930,375	3,363,146	12,260,303	14,179,314	4,760,106	5,173,395	6,166,108	
2,272,171	2,563,385	2,387,346	2,822,878	3,459,559	5,473,153	6,318,727	
79,767,291	77,911,269	98,251,760	119,926,939	116,662,986	144,516,493	103,247,916	
(7,136,214)	(2,466,354)	(14,489,053)	(30,539,444)	(21,908,460)	(44,412,941)	(3,731,877)	
6,857,283	3,939,188	10,283,452	10,517,916	19,658,172	13,556,253	-	
(7,667,850)	(4,689,188)	(10,679,072)	(10,578,916)	(19,701,898)	(16,071,679)	(20,000)	
13,577,993	7,150,000	9,404,190	33,757,200	35,494,713	37,261,410	-	
314,582	-	518,642	869,284	1,115,963	2,244,149	-	
-	14,970	-	-	-	-	-	
-	592,234	-	-	-	-	-	
13,082,008	7,007,204	9,527,212	34,565,484	36,566,950	36,990,133	(20,000)	
\$ 5,945,794	\$ 4,540,850	\$ (4,961,841)	\$ 4,026,040	\$ 14,658,490	\$ (7,422,808)	\$ (3,751,877)	

COUNTY OF ROCKINGHAM, VIRGINIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years (1)

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year		
	2001	2002	2003
Debt Service as a percentage of noncapital expenditures:			
Primary government:			
Total debt service	\$ 7,393,663	\$ 8,246,288	\$ 7,143,975
Total expenditures	\$ 67,770,395	\$ 72,256,504	\$ 67,093,045
Less: Capital outlay - primary government	(1,484,705)	(520,406)	(820,817)
Noncapital expenditures	\$ 66,285,690	\$ 71,736,098	\$ 66,272,228
Debt service as a percentage of noncapital expenditures	11.15%	11.50%	10.78%
Component units - School Board and HRSSD: (Notes 2, 3)			
Expenditures:			
School board	\$ 84,796,618	\$ 86,380,339	\$ 84,756,765
HRSSD	8,622,529	9,803,498	11,776,529
Less: Capital outlay - school board	(9,006,507)	(7,053,993)	(1,395,345)
Less: Capital outlay - HRSSD	(61,457)	(31,486)	(32,252)
Noncapital expenditures (Note 5)	\$ 84,351,183	\$ 89,098,358	\$ 95,105,697
Total reporting entity:			
Total noncapital expenditures	\$ 113,617,596	\$ 117,722,659	\$ 123,802,115
Debt service as a percentage of noncapital expenditures	6.51%	7.00%	5.77%

Table 6
Page 2

June 30,						
2004	2005	2006	2007	2008	2009	2010
\$ 6,202,546	\$ 5,926,531	\$ 6,147,649	\$ 7,002,192	\$ 8,219,665	\$ 10,646,548	\$ 12,484,835
\$ 79,767,291	\$ 77,911,269	\$ 98,251,760	\$ 119,926,939	\$ 116,662,986	\$ 144,516,493	\$ 103,247,916
(2,922,826)	(7,365,247)	(8,292,345)	(5,178,774)	(12,251,238)	(12,330,838)	(1,012,486)
\$ 76,844,465	\$ 70,546,022	\$ 89,959,415	\$ 114,748,165	\$ 104,411,748	\$ 132,185,655	\$ 102,235,430
8.07%	8.40%	6.83%	6.10%	7.87%	8.05%	12.21%
\$ 92,605,357	\$ 106,275,713	\$ 112,940,930	\$ 126,615,863	\$ 140,207,962	\$ 156,426,408	\$ 138,094,883
12,924,157	14,794,697	17,507,539	19,003,775	20,551,545	21,623,271	21,729,506
(4,693,088)	(10,634,666)	(12,132,999)	(15,933,797)	(26,060,681)	(36,916,024)	(21,949,313)
(26,764)	(62,982)	(108,097)	(81,992)	(30,132)	(17,503)	(16,646)
\$ 100,809,662	\$ 110,372,762	\$ 118,207,373	\$ 129,603,849	\$ 134,668,694	\$ 141,116,152	\$ 137,858,430
\$ 130,560,527	\$ 143,047,977	\$ 163,224,530	\$ 178,316,728	\$ 176,379,713	\$ 188,815,003	\$ 155,607,056
4.75%	4.14%	3.77%	3.93%	4.66%	5.64%	8.02%

COUNTY OF ROCKINGHAM, VIRGINIA

Table 6

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Page 3

Last Ten Fiscal Years (1)

(modified accrual basis of accounting)

(Unaudited)

Notes:

- (1) For 2001, the amount used for capital outlay was obtained from the increase to the General Fixed Asset Account Group, which is no longer used under the GASB 34 reporting model. For fiscal years 2002 through 2010, the amounts used for capital outlay were obtained from the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities.
- (2) Expenditures of the School Board do not include those associated with the School Activity Funds or the Massanutten Technical Center Activity Funds.
- (3) In Virginia, the County issues debt to finance the construction of school facilities for the public schools because the public schools do not have borrowing or taxing authority. Therefore, the debt service payments related to school facilities are presented as debt service of the primary government. Debt service as a percentage of noncapital expenditures for the total reporting entity more appropriately reflects the unique Virginia school debt requirement.
- (4) Prior to implementation of GASB 34, the County's contribution to the public schools and Social Services District were reported as transfers out. Implementation of GASB 34 required that the contribution to component units be reported as expenditures. For comparability, fiscal year 2001 has been restated on this table to reflect the transfers as expenditures.
- (5) For the reporting entity totals, the total noncapital expenditures have been reduced by the amounts given by the primary government to the public schools, Massanutten Technical Center, and the Social Services District so those expenditures are not included twice.
- (6) In fiscal year 2006, a short-term note of \$8,500,000 was paid in full with the issuance of new debt. The amount shown as debt service has been reduced by this amount.
- (7) In fiscal year 2007, a short-term note of \$10,000,000 was paid in full with the issuance of new debt. The amount shown as debt service has been reduced by this amount.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 7

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

Fiscal Year June 30,	Property	Local Sales and Use	Motor Vehicle	Consumer Utility and Communications Sales and Use	Recordation and Wills	Other	Total
2001	\$ 36,232,694	\$ 3,549,252	\$ 1,044,124	\$ 1,528,635	\$ 422,660	\$ 844,204	\$ 43,621,569
2002	37,080,936	3,405,473	1,086,260	1,509,605	521,828	711,552	44,315,654
2003	40,899,975	3,479,862	1,102,769	1,562,062	573,736	881,508	48,499,912
2004	42,906,378	3,709,024	1,135,372	1,570,123	705,107	755,150	50,781,154
2005	43,718,481	4,173,990	1,158,694	1,552,430	1,099,537	1,089,069	52,792,201
2006	47,371,332	4,358,695	1,182,848	1,554,418	1,339,981	1,528,481	57,335,755
2007	53,030,324	4,528,481	1,194,912	2,070,502	1,229,289	1,023,648	63,077,156
2008	58,135,150	4,764,451	1,193,657	2,809,135	1,096,756	479,069	68,478,218
2009	64,951,212	4,567,854	1,176,765	2,667,992	1,091,116	493,460	74,948,399
2010	65,511,983	4,168,753	1,169,718	2,676,009	882,174	823,051	75,231,688
Change 2001-2010	80.81%	17.45%	12.03%	75.06%	108.72%	-2.51%	72.46%

Note:

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

COUNTY OF ROCKINGHAM, VIRGINIA

Table 8

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Calendar Years

(Unaudited)

Calendar Year	Residential Property	Commercial Property	Industrial Property	Farm Property	Nontaxable Property	Total Assessed Value	Total Taxable Assessed Value	Percent Growth	Total Direct Tax Rate	Actual Taxable Value	Value as a Percentage of Actual Value
2000	N/A	N/A	N/A	N/A	\$ 139,583,223	\$ 3,298,471,470	\$ 3,093,609,910	N/A	\$ 0.71	\$ 3,093,518,518	100.00%
2001	N/A	N/A	N/A	N/A	401,135,000	3,391,234,650	3,188,012,740	3.05%	0.71	3,187,903,303	100.00%
2002	N/A	N/A	N/A	N/A	144,077,065	3,957,473,750	3,630,296,110	13.87%	0.71	3,630,180,728	100.00%
2003	\$ 2,621,240,300	\$ 311,011,200	\$ 74,694,400	\$ 1,059,924,520	480,514,300	4,085,982,820	3,759,025,750	3.55%	0.71	3,758,922,211	100.00%
2004	2,704,721,500	339,385,200	75,199,000	980,876,800	494,591,600	4,188,863,900	3,864,864,330	2.82%	0.71	3,864,760,780	100.00%
2005	2,719,118,100	426,343,400	179,948,800	995,250,300	629,380,300	4,320,660,600	4,001,623,870	3.54%	0.71	4,001,525,015	100.00%
2006	4,175,920,000	561,138,500	199,329,900	1,563,332,100	808,595,000	6,499,720,800	5,777,597,000	44.38%	0.58	5,777,597,000	100.00%
2007	4,423,051,100	604,443,100	199,611,300	1,628,213,900	835,705,200	6,855,319,400	6,135,110,530	6.19%	0.58	6,135,110,530	100.00%
2008	4,590,978,700	610,682,700	261,590,000	1,656,580,500	847,847,400	7,119,831,900	6,393,150,330	4.21%	0.58	6,393,150,330	100.00%
2009	4,879,919,700	718,626,400	277,930,600	1,915,838,000	986,695,200	7,792,314,700	6,894,241,960	4.21%	0.60	6,894,241,960	100.00%

Source:

Rockingham County land books

Notes:

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

COUNTY OF ROCKINGHAM, VIRGINIA

Table 9

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

Rockingham County

Fiscal Year June 30,	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Farm Machinery
2001	\$ 0.71/0.71	\$ 2.80	\$ 0.71	\$ 2.55	\$ 0.87	\$ 0.44
2002	0.71/0.71	2.80	0.71	2.55	0.87	0.44
2003	0.71/0.71	2.80	0.71	2.55	0.87	0.44
2004	0.71/0.71	2.80	0.71	2.55	0.87	0.44
2005	0.71/0.71	2.80	0.71	2.55	0.87	0.44
2006	0.71/0.58	2.80	0.71	2.55	0.87	0.44
2007	0.58	2.80	0.58	2.55	0.87	0.44
2008	0.58/0.60	2.80	0.60	2.55	0.87	0.44
2009	0.60	2.80	0.60	2.55	0.87	0.44
2010	0.60	2.80	0.60	2.55	0.87	0.44

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
2001	\$ 0.05-0.17	\$ 0.20-0.75	\$ 0.07-0.17	\$ 0.30-0.75	\$ 0.30	\$ 0.30
2002	0.05-0.16	0.20-0.75	0.07-0.16	0.30-0.75	0.30	0.30
2003	0.05-0.16	0.20-0.75	0.07-0.16	0.30-0.75	0.30	0.30
2004	0.05-0.16	0.20-0.75	0.07-0.16	0.30-0.75	0.30	0.30
2005	0.05-0.16	0.20-0.75	0.07-0.16	0.30-0.75	0.30	0.30
2006	0.05-0.16	0.20-0.75	0.07-0.16	0.30-0.75	0.30	0.30
2007	0.07-0.12	0.30-0.75	0.07-0.12	0.30-0.75	0.30-0.46	0.30-0.46
2008	0.05-0.12	0.20-0.75	0.07-0.12	0.30-0.75	0.46	0.46
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

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 Ten Years Ago
(Unaudited)

Taxpayer	Fiscal Year June 30,					
	2010			2000		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Great Eastern Resort Management	\$ 345,901,000	1	5.02%	\$ 74,951,625	1	2.42%
Adolph Coors Company	308,258,160	2	4.47%	61,840,265	3	2.00%
Merck & Company, Inc.	142,412,620	3	2.07%	74,756,010	2	2.42%
Wal-Mart Retail and Distribution Centers	111,133,915	4	1.61%	-	-	-
White Wave (Morningstar Foods)	76,782,555	5	1.11%	-	-	-
R.R. Donnelley & Sons Co.	61,214,980	6	0.89%	-	-	-
Marshall's	57,429,220	8	0.83%	56,005,245	4	1.81%
Sunnyside Retirement Community	53,166,160	7	0.77%	17,735,918	6	0.57%
Cargill (formerly Rocco)	46,078,295	9	0.67%	24,478,820	5	0.79%
Sysco	29,950,500	10	0.43%	17,705,235	7	0.57%
Virginia Poultry Growers	19,275,220	11	0.28%	-	-	-
Perdue Products	18,587,800	12	0.27%	-	-	-
Total	<u>\$ 1,270,190,425</u>		<u>18.42%</u>	<u>\$ 327,473,118</u>		<u>10.58%</u>

Source:

Under the State Code of Virginia, the Rockingham County Commissioner of the Revenue is required to keep all assessment books for a term of six years. After six years have passed, the records may be destroyed. Only the top seven taxpayers were available and shown here for fiscal year 2000.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 11

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

Calendar Year	Taxes Levied for the Calendar Year	Collected Within the Calendar Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	\$ 23,115,922	\$ 22,206,455	96.07%	\$ 916,997	\$ 23,123,452	100.03%
2001	23,811,974	22,762,818	95.59%	1,063,898	23,826,716	100.06%
2002	27,192,144	26,130,559	96.10%	1,094,822	27,225,381	100.12%
2003	28,095,459	27,080,003	96.39%	993,462	28,073,465	99.92%
2004	28,793,023	27,728,291	96.30%	1,092,204	28,820,495	100.10%
2005	29,636,444	28,599,152	96.50%	1,300,248	29,899,400	100.89%
2006	35,699,555	34,155,546	95.67%	1,500,859	35,656,405	99.88%
2007	36,959,743	35,490,137	96.02%	1,337,034	36,827,171	99.64%
2008	39,591,283	38,147,864	96.35%	1,000,466	39,148,330	98.88%
2009	40,502,223	38,979,011	96.24%	-	38,979,011	96.24%

Source:

Rockingham County Treasurer.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 12

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

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Per Capita Personal Income	Debt Per Capita
	General Obligation Bonds	Literary Loans	Note Payable	Capital Leases	Revenue Bonds	Landfill Obligation			
2001	\$ 41,528,637	\$ 2,134,890	\$ -	\$ 6,717,257	\$ 383,044	\$ 3,324,699	\$ 54,088,527	2.13%	\$ 787
2002	37,525,719	1,862,286	-	6,349,740	1,745,138	2,912,310	50,395,193	1.96%	726
2003	33,457,927	1,620,336	-	5,966,169	2,410,071	3,174,899	46,629,402	1.72%	669
2004	35,249,675	1,378,386	8,500,000	5,563,989	6,678,696	3,755,282	61,126,028	2.17%	863
2005	32,538,064	1,147,886	8,500,000	12,292,954	6,511,479	3,889,068	64,879,451	2.16%	908
2006	39,217,840	917,386	-	11,487,565	4,576,066	4,349,794	60,548,651	1.92%	830
2007	59,865,576	686,886	-	10,648,215	10,651,873	4,816,988	86,669,538	2.58%	1,170
2008	74,169,472	493,886	-	27,271,926	17,355,181	5,490,179	124,780,644	3.38%	1,667
2009	107,351,538	315,859	-	26,355,902	19,002,480	5,733,433	158,759,212	4.29%	2,113
2010	102,318,369	142,359	-	25,396,463	18,179,882	6,073,972	152,111,045	N/A	2,002

General bonded debt outstanding:

Fiscal Year	General Obligation Bonds	Literary Loans	Total	Percentage of Actual Taxable Value of Property	Debt Per Capita
2001	\$ 41,528,637	\$ 2,134,890	\$ 43,663,527	1.41%	\$ 636
2002	37,525,719	1,862,286	39,388,005	1.24%	568
2003	33,457,927	1,620,336	35,078,263	0.97%	503
2004	35,249,675	1,378,386	36,628,061	0.97%	517
2005	32,538,064	1,147,886	33,685,950	0.87%	472
2006	39,217,840	917,386	40,135,226	1.00%	550
2007	59,865,576	686,886	60,552,462	1.05%	818
2008	74,169,472	493,886	74,663,358	1.22%	998
2009	107,351,538	315,859	107,667,397	1.68%	1,433
2010	102,318,369	142,359	102,460,728	1.49%	1,349

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, 2010
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Town of Bridgewater, Virginia	\$ 1,626,951	5.62%	\$ 91,512
Town of Broadway, Virginia	-	3.92%	-
Town of Elkton, Virginia	-	2.93%	-
Town of Grottoes, Virginia	600,246	2.35%	14,100
Town of Timberville, Virginia	284,666	2.10%	5,965
Subtotal, overlapping debt			<u>111,577</u>
County Direct Debt			<u>132,263,399</u>
Total direct and overlapping debt			<u><u>\$ 132,374,976</u></u>

COUNTY OF ROCKINGHAM, VIRGINIA

Table 14

PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years
(Unaudited)

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

Smith Creek Water & Waste Authority Fund							
Fiscal Year	Utility Service Charges	Operating Expenses	Net Available Revenue	Debt Service		Total	Coverage
				Principal	Interest		
2004	\$ 109,694	\$ 19,327	\$ 90,367	\$ 79,804	\$ 60,416	\$ 140,220	0.64
2005	745,161	28,735	716,426	82,217	103,237	185,454	3.86
2006	2,060,090	27,700	2,032,390	3,184,701	100,676	3,285,377	0.62
2007	504,602	37,089	467,513	97,996	107,731	205,727	2.27
2008	227,067	32,316	194,751	104,581	105,936	210,517	0.93
2009	218,959	93,376	125,583	107,915	102,602	210,517	0.60
2010	215,848	68,805	147,043	111,357	99,160	210,517	0.70

Countryside Sanitary District Fund							
Fiscal Year	Utility Service Charges	Operating Expenses	Net Available Revenue	Debt Service		Total	Coverage
				Principal	Interest		
2006	\$ 25,760	\$ 7,693	\$ 18,067	\$ -	\$ 1,392	\$ 1,392	12.98
2007	18,776	6,089	12,687	6,197	4,137	10,334	1.23
2008	18,980	5,526	13,454	6,401	5,314	11,715	1.15
2009	15,748	5,408	10,340	6,610	5,103	11,713	0.88
2010	15,124	6,199	8,925	6,827	4,888	11,715	0.76

Solid Waste Fund							
Fiscal Year	Utility Service	Operating Expenses	Net Available	Debt Service			Coverage
	Charges		Revenue	Principal	Interest	Total	
2007	\$ 4,823,118	\$ 2,537,100	\$ 2,286,018	\$ -	\$ 10,628	\$ 10,628	215.09
2008	3,457,788	3,157,156	300,632	121,363	17,487	138,850	2.17
2009	2,854,735	2,717,244	137,491	270,000	130,269	400,269	0.34
2010	2,774,723	2,579,332	195,391	323,561	118,902	442,463	0.44

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

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

Notes:

- (1) Utility service charges include all revenues of the fund except gains on sales of capital assets.
- (2) Operating expenses are exclusive of depreciation and amortization, interest expense and losses on sales of capital assets.
- (3) Smith Creek Water & Waste Authority began making payments on its outstanding debt in fiscal year 2004.
- (4) In fiscal year 2006, the Smith Creek Water & Waste Authority received a grant of \$1.9 million and a new loan, which was used to repay a short-term loan of \$3.1 million.
- (5) In fiscal year 2007, the Solid Waste Fund issued bonds totaling \$3.015 million, none of which were retired during the fiscal year.
- (6) Lilly Subdivision Sanitary District began making payments on its outstanding debt in fiscal year 2009.
- (7) Penn Laird Sewer Authority began making payments on its outstanding debt in fiscal year 2009.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 15

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Years

(Unaudited)

Calendar Year	(1) Population	(2) Personal Income	(2) Per Capita Personal Income	(3) School Enrollment	(4) Unemployment Rate
2001	68,700	\$ 2,538,595,000	\$ 36,952	10,693	2.5%
2002	69,400	2,565,374,000	36,965	10,720	3.5%
2003	69,700	2,710,384,000	38,886	10,891	3.5%
2004	70,800	2,820,181,000	39,833	10,781	3.0%
2005	71,432	3,010,183,000	42,141	10,870	3.3%
2006	72,907	3,147,218,000	43,168	11,147	2.7%
2007	74,057	3,357,217,000	45,333	11,410	2.7%
2008	74,835	3,688,407,000	49,287	11,422	3.5%
2009	75,134	3,703,693,000	49,295	11,390	6.3%
2010	75,962	N/A	N/A	11,376	6.3%

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 Four Years Ago
(Unaudited)**

Employer	Fiscal Year June 30,					
	2010			2006		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Rockingham County School Board	1,000 and over	1	2.36%	1,000 and over	1	4.73%
Cargill Meat Solutions	1,000 and over	2	2.36%	1,000 and over	2	2.57%
Great Eastern Resort Management	1,000 and over	3	2.36%	500 to 999	7	1.28%
Wal-Mart	1,000 and over	4	2.36%	-	-	-
Merck & Company, Inc.	500 to 999	5	1.18%	-	-	-
R.R. Donnelly & Sons Co.	500 to 999	6	1.18%	500 to 999	3	1.28%
Marshall's	500 to 999	7	1.18%	500 to 999	6	1.28%
Perdue Products	500 to 999	8	1.18%	500 to 999	5	1.28%
Pilgrim's Pride	500 to 999	9	1.18%	500 to 999	9	1.37%
County of Rockingham	500 to 999	10	1.18%	500 to 999	10	1.28%

Source:

Virginia Employment Commission.

Note:

Fiscal year 2006 information is available and shown here instead of fiscal year 2000.

COUNTY OF ROCKINGHAM, VIRGINIA

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

Function/Program	Fiscal Year			
	2001	2002	2003	2004
General government administration:				
Legislative	5	5	5	5
General and financial:				
Commissioner of the revenue	16	15	16	16
Treasurer	9	9	8	8
Executive administration and legal	4	4	4	6
Finance	13	13	11	10
Human resources	2	2	2	2
Information systems	13	14	12.5	12.5
Central switchboard	1.5	1.5	1.5	1.5
Board of elections	2	2	2	2
Judicial administration:				
Courts:				
Clerk of the circuit court	13	13	13	13
Court services	10	11	12	12.5
Commonwealth attorney	10	10.5	13	14
Public safety:				
Sheriff	156	158	159	158
Fire and rescue	37	38.5	39.5	41
Building inspections	20	22	23	22
Other protection	2	2	2	2
Public works:				
General administration	3	3	4	4
Garage operations	2	2	2	2
Maintenance	15	15.5	15	16
Parks, recreation and cultural	9	9	8	8
Community development:				
Planning and community development				
Extension	1	1	1	1
Economic development	-	-	-	-
Soil and water conservation	1	1	1	1
Nutrient management	-	-	-	-
Water and sewer:				
Utilities/water treatment	18.5	17.5	17.5	16.5
Solid waste:				
Landfill	19.5	19	21	21
Container site	7.5	7.5	10	9.5
Component unit school board:				
Education:				
Instruction	1,262	1,297	1,322	1,317
Administration, attendance and health	37	40	40	40
Pupil transportation services	187	190	197	201
Operation and maintenance services	89	92	96	97
School food services	114	118	114	115
Component unit HRSSD:				
Social services:				
Services	28	33	36	37
Public assistance	29	31	31	33
Comprehensive Services Act	-	1	1	1
Administration	7	7	7	7
Totals	2,143	2,205	2,247	2,253

Source:

Rockingham County Department of Human Resources.

Table 17

June 30,						
2005	2006	2007	2008	2009	2010	
5	5	5	5	5	5	
16	16	18.3	18.3	18.3	14	
8	8	8.3	8.3	8.3	8	
6	6	7.5	7.5	8	8	
10	10	9.7	10.5	10.5	9.4	
2	2	2	3	2.5	2.4	
10	11	11	11	11	11	
1.5	1.5	1.5	1.5	1.5	1.4	
2	2	2	2	2	2	
13	13	15	15	15	15	
13.5	13.5	11	11	8.5	6.5	
14	21	24	25	26.5	24.0	
166	165	174	175	173	167	
44	57	58.5	62.5	65.5	66	
26	28	28.5	26.8	26.8	22.5	
2	2	2	2	2	2	
5	4	0.8	0.8	1	0.8	
2	2	2	2	2	2	
18	19	18.4	18.4	19.4	16.4	
9.5	9.5	9.6	10.6	10.6	12.6	
1	1	1	1	1	-	
-	-	-	-	0.5	0.5	
1	1	6	6	6	6.5	
-	-	-	-	-	-	
17	21	24.5	25.5	27.8	24.5	
21	22	20.3	23.0	21.3	20.6	
8	8	12.9	12.9	12.7	13.1	
1,351	1,377	1,361	1,483	1,481	1,446	
46	46	47	48	63	63	
207	210	215	219	223	228	
99	100	104	106	110	110	
113	112	115	116	114	113	
40	43	50	53	52	52	
37	38	44	44	44	39	
1	1	2	3	3	2.8	
8	8	9	9	9	9	
2,324	2,384	2,421	2,565	2,586	2,524	

COUNTY OF ROCKINGHAM, VIRGINIA

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

Function/Program	Fiscal Year			
	2001	2002	2003	2004
Police: (1)				
Calls for service	14,056	14,750	15,654	17,807
Adult arrest	4,775	4,731	4,843	4,951
Juvenile arrest	293	369	302	322
Traffic citations	3,291	4,583	3,939	3,019
Fire: (2)				
Total fire runs	6,469	6,256	6,453	7,016
Total rescue runs	7,372	7,344	7,730	8,442
Public service: (3)				
Garbage collected (ton)	N/A	52,187	120,069	67,519
Recycle collected (ton)	N/A	26,292	40,891	22,709
Parks and recreation: (4)				
Recreation program attendance	13,465	13,615	13,787	14,838
Aquatics program attendance	30	-	-	-
Water and sewer: (3)				
New water connections	202	169	544	260
New wastewater connections	63	219	149	184
Average daily water consumption (gallons)	20,079,250	25,259,064	26,516,367	32,469,325
Average daily sewage treatment (gallons)	23,366,307	25,219,729	24,438,880	27,089,625
Transportation: (5)				
Total route miles	1,104	1,105	1,105	1,098
Education: (6)				
Average daily membership	10,693	10,720	10,891	10,782
Kindergarteners	830	781	786	774
Grades 1-12	9,863	9,939	10,105	10,008

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,					
2005	2006	2007	2008	2009	2010
20,505	13,670	19,686	19,329	18,903	18,861
4,752	3,024	5,639	5,050	4,748	3,776
294	130	267	296	189	259
2,685	1,491	1,851	1,704	2,068	3,304
7,420	10,164	10,116	10,608	10,861	9,510
8,764	11,775	12,226	12,590	12,847	13,648
39,416	30,964	35,635	27,160	34,057	36,378
16,750	13,158	10,658	15,114	12,299	17,392
15,040	15,720	16,350	18,231	19,800	20,455
-	-	-	-	-	-
318	309	85	197	151	87
371	335	96	238	156	92
36,650,733	48,994,375	51,917,933	58,222,109	55,403,500	62,389,333
37,309,686	56,185,433	45,444,975	39,950,162	49,059,001	55,244,955
1,109	1,114	1,126	1,127	1,129	1,132
10,860	11,151	11,388	11,340	11,400	11,376
859	872	916	882	816	875
10,001	10,279	10,472	10,458	10,584	10,501

COUNTY OF ROCKINGHAM, VIRGINIA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal Year			
	2001	2002	2003	2004
Police Stations: (1)	1	1	1	1
Fire Companies (not County owned): (2)	12	12	12	12
Rescue Squads (not County owned): (2)	9	9	9	9
Streets: (4)				
Centerline Mileage:				
Interstate	58	58	58	58
Primary	159	159	159	159
Secondary	887	888	888	881
Number of street lights	10	10	10	10
Traffic signals	24	26	27	27
Parks and Recreation: (5)				
Parks - number of acres	28	28	28	28
Neighborhood parks - number of acres	28	28	28	28
Baseball/softball diamonds	29	29	31	31
Soccer/football fields	9	9	13	13
Basketball courts	13	13	13	13
Parks with playground equipment	1	1	1	1
Picnic shelters	4	4	4	4
Community centers	2	2	2	3
Water: (3)				
Wells (County owned)	5	3	3	3
Water lines (feet)	299,857	316,766	354,868	369,583
Fire hydrants	388	410	460	479
Storage capacity (MGPD)	4,588,000	4,588,000	4,588,000	6,588,000
Average daily consumption (MGPD)	660,139	829,142	871,771	1,067,484
Peak consumption (MGPD)	1,155,243	1,450,998	1,525,599	1,868,098
Wastewater: (3)				
Sanitary sewers (feet)	240,394	274,411	283,487	301,007

Sources:

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

Table 19

June 30,							
2005	2006	2007	2008	2009	2010		
1	1	1	1	1	1	1	1
12	12	12	12	12	12	12	12
9	9	9	9	9	10	10	10
58	58	54	54	54	54	54	54
170	170	184	184	184	184	184	184
881	886	888	889	891	891	894	894
10	10	16	16	16	16	16	16
31	32	33	35	35	35	37	37
28	28	28	28	28	28	22	22
28	28	28	28	28	28	22	22
31	32	32	32	32	32	31	31
13	13	13	13	13	13	13	13
13	13	13	13	13	13	13	13
1	1	1	1	1	1	1	1
4	4	4	4	4	4	4	4
3	3	3	3	3	3	3	3
3	3	3	3	3	3	3	3
394,969	444,139	455,503	488,664	503,321	505,685	505,685	505,685
512	576	592	643	678	684	684	684
6,588,000	10,088,000	10,088,000	10,088,000	10,088,000	10,088,000	10,088,000	10,088,000
1,204,955	1,610,774	1,925,997	1,940,737	1,995,682	2,079,644	2,079,644	2,079,644
2,108,671	2,818,854	3,068,500	3,035,000	2,549,500	2,988,500	2,988,500	2,988,500
330,799	409,498	429,585	466,242	495,002	552,812	552,812	552,812

COMPLIANCE SECTION

COUNTY OF ROCKINGHAM, VIRGINIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010**

Federal Grantor/State Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures
DEPARTMENT OF AGRICULTURE:		
<u>Direct payments:</u>		
<u>Department of Agriculture:</u>		
Cooperative Law Enforcement	10.000	\$ 5,774
<u>Pass-through payments:</u>		
<u>Department of Social Services:</u>		
State Administrative Matching Grants for Food Stamp Program	10.561	790,168
<u>Department of Agriculture and Consumer Services:</u>		
<u>Child Nutrition Cluster:</u>		
Commodity Distributions	10.555	279,451
<u>Department of Education:</u>		
<u>Child Nutrition Cluster:</u>		
School Breakfast Program	10.553	414,428
National School Lunch Program	10.555	1,871,577
Schools and Roads - Grants to States	10.665	39,244
		<u>2,325,249</u>
<u>Department of Food and Nutrition Services:</u>		
Child Nutrition Discretionary Grants Limited Availability - ARRA	10.579	9,435
		<u>3,410,077</u>
Total Department of Agriculture		
		<u>3,410,077</u>
DEPARTMENT OF TRANSPORTATION:		
<u>Pass-through payments:</u>		
<u>Department of Motor Vehicles:</u>		
State and Community Highway Safety	20.607	35,044
		<u>35,044</u>
Total Department of Transportation		
		<u>35,044</u>
SOCIAL SECURITY ADMINISTRATION:		
<u>Direct payments:</u>		
<u>Social Security Administration:</u>		
Reward for Incarceration Notification	96.000	6,000
		<u>6,000</u>
Total Social Security Administration		
		<u>6,000</u>

COUNTY OF ROCKINGHAM, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010

Federal Grantor/State Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures
DEPARTMENT OF LABOR:		
<u>Direct payments:</u>		
<u>Employee Benefits Security Administration:</u>		
Employee Benefits Security Administration - ARRA	17.151	\$ 32,410
<u>Pass-through payments:</u>		
<u>Virginia Community College Systems:</u>		
Workforce Investment Act (WIA) Cluster:		
WIA Administrative	17.000	13,230
WIA Adult Program	17.258	212,628
ARRA - WIA Adult Program	17.258	99,437
WIA Youth Activities	17.259	271,767
ARRA - WIA Youth Activities	17.259	299,151
WIA Adult Dislocated Workers	17.260	558,794
ARRA - WIA Adult Dislocated Workers	17.260	766,753
		2,221,760
Total Department of Labor		2,254,170
DEPARTMENT OF HEALTH AND HUMAN SERVICES:		
<u>Pass-through payments:</u>		
<u>Department of Social Services:</u>		
Promoting Safe and Stable Families	93.556	6,160
Temporary Assistance to Needy Families	93.558	855,024
Refugee and Entrant Assistance - State Administered Programs	93.566	19,605
Low-Income Home Energy Assistance	93.568	29,073
Child Care Cluster:		
Child Care and Development Block Grant	93.575	293,845
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	324,844
ARRA - Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	130
ARRA - Child Care and Development Block Grant	93.713	141,155
Chafee Education and Training Vouchers Program (ETV)	93.599	9,364
Child Welfare Services - State Grants	93.645	2,548
Foster Care - Title IV-E	93.658	1,347,795
ARRA - Foster Care - Title IV-E	93.658	131,194
Adoption Assistance	93.659	411,370
ARRA - Adoption Assistance	93.659	46,246
Social Services Block Grant	93.667	227,217
Chafee Foster Care Independent Living	93.674	21,916
State Children's Insurance Program	93.767	35,211
Medical Assistance Program (Medicaid; Title XIX)	93.778	458,132
Total Department of Health and Human Services		4,360,829

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010**

Federal Grantor/State Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures
DEPARTMENT OF JUSTICE, OFFICE OF JUSTICE PROGRAMS, BUREAU OF JUSTICE ASSISTANCE:		
<u>Direct payments:</u>		
<u>Department of Criminal Justice:</u>		
State Criminal Alien Assistance Program	16.606	\$ 86,299
Community Prosecution and Project Safe Neighborhoods	16.609	40,954
ARRA - JAG Grant	16.804	<u>18,264</u>
		<u>145,517</u>
<u>Department of Community Oriented Policing Services:</u>		
Public Safety Partnership and Community Policing Grant	16.710	<u>76,560</u>
<u>Pass-through payments:</u>		
<u>Department of Criminal Justice Services:</u>		
Violence Against Women Formula Grants	16.588	14,176
ARRA - Violence Against Women Formula Grants	16.588	10,225
Crime Victim Assistance - Discretionary Grants	16.575	50,754
Edward Byrne Memorial Justice Assistance Grant Program	16.738	24,737
ARRA - State Victim Assistance Formula Grant Program	16.801	12,256
ARRA - Edward Byrne Memorial Justice Assistance	16.803	<u>352,971</u>
		<u>465,119</u>
Total Department of Justice, Office of Justice Programs, Bureau of Justice Assistance		<u>687,196</u>
DEPARTMENT OF DEFENSE:		
<u>Direct payments:</u>		
<u>Bureau of Land Management:</u>		
Payments to States in Lieu of Real Estate Taxes	12.112	<u>380,881</u>
Total Department of Defense		<u>380,881</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010**

Federal Grantor/State Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures
DEPARTMENT OF EDUCATION:		
<u>Pass-through payments:</u>		
<u>Department of Education:</u>		
Title I, Part A Cluster:		
Title I Grants to Local Educational Agencies	84.010	\$ 1,362,506
ARRA - Title I Grants to Local Educational Agencies	84.389	450,430
Special Education Cluster:		
Special Education - Grants to States	84.027	2,202,091
Special Education - Preschool Grants	84.173	66,000
Adult Education - State Grant Program	84.002	180,453
Vocational Education - Basic Grants to States	84.048	163,109
Safe and Drug-Free Schools and Communities - State Grants	84.186	33,296
Reading First State Grants	84.357	237,179
English Language Acquisition Grants	84.365	53,953
ARRA - Education Technology State Grants	84.386	37,034
ARRA - State Fiscal Stabilization Fund - Education State Grants	84.394	4,737,815
Improving Teacher Quality State Grants	84.367	398,012
		<u>9,921,878</u>
<u>Office of Special Education and Rehabilitative Services:</u>		
Special Education Cluster:		
ARRA - Special Education - Grants to States	84.391	1,873,208
ARRA - Special Education - Preschool Grants	84.392	45,171
		<u>1,918,379</u>
Total Department of Education		<u>11,840,257</u>
DEPARTMENT OF HOMELAND SECURITY:		
<u>Pass-through payments:</u>		
<u>Department of Emergency Management:</u>		
State Homeland Security Program	97.073	101,824
Emergency Management Performance Grants	97.042	10,844
		<u>112,668</u>
Total Department of Homeland Security		<u>112,668</u>
ENVIRONMENTAL PROTECTION AGENCY:		
<u>Pass-through payments:</u>		
<u>Department of Environmental Quality:</u>		
ARRA - Capitalization Grants for Drinking Water State Revolving Funds	66.468	1,457
		<u>1,457</u>
Total Environmental Protection Agency		<u>1,457</u>
Total Federal Awards Expended		<u>\$ 23,088,579</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Significant Accounting Policies

Basis of Presentation and Accounting

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

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

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

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

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

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

Cluster of Programs – Closely related programs that share common compliance requirements are grouped into clusters of programs. A cluster of programs is considered as one federal program for determining major programs. The following are the clusters administered by the County of Rockingham, Virginia and its component units: Child Nutrition, Special Education, Child Care, Title 1, Part A, and Workforce Investment Act (WIA).

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 2. Non-Cash Assistance

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

Food Distribution Program (CFDA Number 10.555) – The value of food commodities was calculated using the U.S. Department of Agriculture’s Food and Nutrition Service commodity price lists. The accompanying schedule includes commodity distributions of \$279,451 for CFDA Number 10.555.

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

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

We have audited the financial statements of the County of Rockingham, Virginia, (County) as of and for the year ended June 30, 2010, and have issued our report thereon dated November 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the County in a separate letter dated November 22, 2010.

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

PBGH, LLP

Harrisonburg, Virginia
November 22, 2010



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

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

Compliance

We have audited the compliance of the County of Rockingham, Virginia (County) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia that are applicable to each of its major federal programs for the year ended June 30, 2010. The County's major federal programs are identified in the Summary of Independent Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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

PBGH, LLP

Harrisonburg, Virginia
November 22, 2010

COUNTY OF ROCKINGHAM, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010**

I. SUMMARY OF INDEPENDENT AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiencies identified that are not considered to be material weaknesses	_____ Yes	_____ <input checked="" type="checkbox"/> None Reported
Noncompliance material to financial statements noted	_____ Yes	_____ <input checked="" type="checkbox"/> No

Federal awards

Internal control over major programs:

Material weaknesses identified	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiencies identified that are not considered to be material weaknesses	_____ Yes	_____ <input checked="" type="checkbox"/> None Reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____ Yes	_____ <input checked="" type="checkbox"/> No
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Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
10.561	State Administrative Matching Grants for Food Stamp Program
93.558	Temporary Assistance to Needy Families
84.394	ARRA – State Fiscal Stabilization Fund – Education State Grants
16.803	ARRA – Edward Byrne Memorial Justice Assistance

Special Education Cluster:

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

COUNTY OF ROCKINGHAM, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010**

Identification of major programs: (Continued)

CFDA Number	Name of Federal Program or Cluster
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Title I, Part A Cluster:

84.010	Title I Grants to Local Educational Agencies
84.389	ARRA – Title I Grants to Local Educational Agencies

Workforce Investment Act (WIA) Cluster:

17.000	WIA Administrative
17.258	WIA Adult Program
17.258	ARRA – WIA Adult Program
17.259	WIA Youth Activities
17.259	ARRA – WIA Youth Activities
17.260	WIA Adult Dislocated Workers
17.260	ARRA – WIA Adult Dislocated Workers

Dollar threshold used to distinguish between type A and type B programs \$692,657

Auditee qualified as low-risk auditee? √ Yes No

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

A. Significant Deficiencies in Internal Control

None Reported

B. Compliance Findings

None

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

COUNTY OF ROCKINGHAM, VIRGINIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2010

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.